

Amelia Linzey Review / Verification

National Policy Statement for Urban Development: Section 32 Evaluation Report

Prepared for the Ministry for the Environment and Ministry of Housing and Urban Development
Prepared by Beca Limited


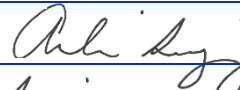
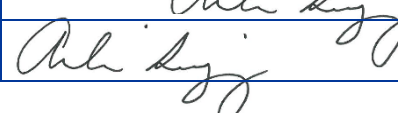
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1 Executive Summary

The Government proposes to create a new National Policy Statement on Urban Development (NPS-UD). The NPS-UD will provide clear direction to local government about how to enable opportunities for development in New Zealand's urban areas in a way that delivers well-functioning urban environments for people now and in the future. The NPS-UD focuses on the role of the planning system in enabling growth and regulating land use in urban areas. It aims to enable growth by requiring councils to provide development capacity to meet the diverse demands of communities, address unnecessary regulatory constraints, and encourage well-functioning urban environments. The NPS-UD will ensure growth is strategically planned and leads to well-functioning urban environments that contribute positively to people's well-being.

The NPS-UD will replace the National Policy Statement for Urban Development Capacity 2016 and, together with other Government initiatives, will see central government working more closely with Councils of growing cities to respond to growth pressures.

The NPS-UD contains objectives and policies in four key areas:

- **Future Development Strategy** – requires local authorities to carry out long-term planning to accommodate growth and ensure well-functioning cities.
- **Making room for growth in RMA Plans** – requires local authorities to allow for growth 'up' and 'out' in a way that contributes to a well-functioning urban environment, and to ensure their rules do not unnecessarily constrain growth.
- **Evidence for good decision-making** – requires local authorities to develop, monitor and maintain an evidence base about demand, supply and prices for housing and land, to inform their planning decisions.
- **Processes for engaging on planning** – ensures local authority planning is aligned and coordinated across urban areas, and issues of concern to hapū and iwi are taken into account.

This report assesses the proposed NPS-UD according to the requirements under section 32 of the Resource Management Act 1991 (RMA).

The purpose of this report is to evaluate whether the objectives of the NPS-UD are the most appropriate way to achieve the purpose of the RMA and whether the proposed policies are the most appropriate way to achieve those objectives. This report examines a range of matters prescribed by the RMA, including the costs and benefits of the proposed objectives and policies and providing a level of detail that corresponds to the scale and significance of the proposed framework.

The Ministry for the Environment commissioned an economic cost and benefits analysis for the NPS-UD. This analysis was undertaken by PricewaterhouseCoopers and focused on the likely impacts of six key policy areas: intensification; responsive planning; minimum car parking requirements; Housing and Business Assessments; Future Development Strategies; and targeting. The key economic findings in relation to the six key policy areas have been summarised in Chapter 8 of this report. A copy of the economic analysis is attached to this evaluation report as **Annex D**.

A Regulatory Impact Statement (RIS) has been prepared to support the NPS-UD Discussion Document version. It is a higher-level document, which is required by Cabinet when making a decision on new regulations. The RIS focuses on the content of the proposed NPS-UD holistically, rather than focusing on the individual objectives and policies as this report does. The RIS is supported by the section 32, and both documents should be read in conjunction with one another.

A key test is whether the NPS-UD will deliver a range of benefits to all New Zealanders that outweigh the costs associated with requiring local authorities to provide development capacity to meet the diverse demands of communities, address overly restrictive rules, and encourage quality, liveable urban environments.

The NPS-UD has eight objectives and twelve policies to address the resource management issues. A review of the objectives concludes that the eight objectives proposed are the most appropriate way to achieve the purpose of the Act. While we consider that further refinement of the objectives is possible, we conclude that the intent of the objectives is clear, and they will provide national guidance for decision-makers and those local authorities preparing regional and district plans.

Because of the high-level guidance provided by the proposed NPS-UD and the complexity of the marketplace and regulatory framework within which it will apply, quantification of costs and benefits of the proposed objectives and policies in real dollar terms is challenging. However, PwC identified a range of costs and benefits that relate to the social, economic, environmental and cultural outcomes.

Overall, it is considered that the set of preferred policies, combined, are the most appropriate in assisting local authorities to carry out its functions for the purpose of achieving the RMA's sustainable management purpose. Further, the benefits outweigh the costs, and there are considerable efficiencies to be gained from adopting the preferred policies. The risks of acting are also clearly identifiable and limited in their extent.

Given the evaluation presented in this report, it is concluded that the NPS meets the tests of section 32 of the Act. On balance, it is considered the NPS will promote the sustainable management of natural and physical resources.

2 Introduction and Planning Context

2.1 Purpose of this Report

This report provides an evaluation under Section 32 of the Resource Management Act 1991 (RMA) of the proposed National Policy Statement for Urban Development (NPS-UD). The NPS-UD sets out national directives for achieving development capacity and well-functioning urban environments and builds on the directives established within the National Policy Statement on Urban Development Capacity 2016 (NPS-UDC).

The report considers the appropriateness, alternatives, costs and benefits of the NPS-UD and its proposed objectives and policies as set out in the recommendations report to the Minister. A discussion document “*Planning for Successful Cities*” (Discussion Document) was prepared and released for public consultation in August 2019. Consultation on the Discussion Document was undertaken between August and October 2019. The submissions received were reviewed and used to develop reasonably practicable options beyond those in the initial Discussion Document and assessed. A summary of these submissions is included within the Recommendations Report, and aspects of these submissions have been incorporated into this evaluation report.

This report is structured in four key parts as follows:

- **Part 1:** Chapters 1-4 (including this Chapter) provide the introduction and an overview of the proposed NPS, background to its development and outlines its context from a broader statutory perspective.
- **Part 2:** Chapter 5 describes the methodology of the evaluation approach, comments on the scale and significance of the proposal, and provides a summary of the analysis of the proposed objectives of the NPS-UD.
- **Part 3:** Chapters 6-7 provide evaluation of the respective policies of the NPS-UD, and for each section broadly provides the following:
 - A summary of the preferred approach for each topic
 - Identification of the options considered for each topic
 - A table assessing the effectiveness, efficiency, benefits, costs, risks of the preferred option; and
 - A table summarising the reasonably practicable options that were evaluated.

These chapters are supported by Appendices which set out the detailed evaluation of the reasonably practicable options for each topic and the Economic Analysis undertaken by PwC.

- **Part 4:** Chapters 8-9 provide a summary of the key findings of the Economic Analysis of the proposed NPS-UD objectives and policies and the conclusion of this evaluation report.

Throughout this report, reference is made to the Ministry for the Environment (MfE) and the Ministry of Housing and Urban Development (HUD), as the Ministries involved in the development of the NPS-UD.

2.2 What is a Section 32 Report?

Under Section 52(1)(c) of the RMA, the Minister must undertake an evaluation of any proposed national policy statement in accordance with Section 32 of the RMA. Section 32 evaluations aim to transparently communicate the thinking behind RMA proposal to the community and decision-makers and to ensure that any proposed RMA provisions are robust, evidence-based, and the best means to achieve the purpose of the RMA.

The evaluation under Section 32 must examine the extent to which the:

- Objectives of the NPS-UD being evaluated are the most appropriate way to achieve the purpose of the RMA (section 6.0 of this report).
- Provisions of the proposal are the most appropriate way to achieve the objectives by identifying other reasonably practicable options for achieving the objectives; and assessing the efficiency and effectiveness of the provisions in achieving the objectives and summarising the reasons for deciding on the provisions (section 7.0 of this report).

When carrying out a Section 32 analysis of the NPS-UD, an evaluation is required of how the proposal achieves the purpose and principles contained in Part 2 of the RMA. Section 5 sets out the purpose of the RMA, which is to promote the sustainable management of natural and physical resources.

In achieving this purpose, the Minister also needs to:

- Recognise and provide for the matters of national importance identified in section 6
- Have particular regard to other matters referred to in section 7
- Take into account the principles of the Treaty of Waitangi, as required by section 8.

The evaluation report must contain all aspects of the evaluation under s32(1) and give reasons for why the provisions have been chosen, to a level of detail that corresponds to the scale and significance of the environmental, economic, social, and cultural effects that are anticipated from the implementation of the provisions.

A summary of the analysis under section 32 is included in Chapter 9 (Conclusions) of this report.

2.3 National Policy Statement Policy Intent

2.3.1 Overview

The policy intent of the NPS-UD is to enable growth by requiring local authorities to provide development capacity to meet the diverse demands of communities, address overly restrictive rules, and encourage quality, liveable urban environments. It also aims to provide for growth that is strategically planned and result in vibrant cities that contribute to the well-being of our communities by:

- Giving clear direction about planning for growth
- Supporting local government to apply more responsive, effective planning and consenting processes
- Clarifying the intended outcomes for urban development across within communities and neighbourhoods across New Zealand.

Once gazetted, the NPS-UD will direct how local authorities make certain decisions under the RMA – including the development of regional policy statements, regional plans and district plans, and in making decisions on resource consents.

The NPS-UD builds on the objectives that were established within the NPS-UDC 2016 and sets out objectives and policies in four key areas:

- In relation to the **Future Development Strategy**, the policy intent is to amend the existing NPS-UDC 2016 and require local authorities to produce Future Development Strategies (FDS) that show how and where they will provide for future development. The specific requirements of the FDS have been strengthened and provide greater clarity with the intention of guiding long-term planning in a more effective manner.

- In relation to **Making room for Growth**, the policy intent is to amend the existing NPS-UDC 2016 to acknowledge the broad range of matters that contribute to a well-functioning urban environment. In this regard, the NPS-UD is aimed at providing enough development capacity to meet the demands of communities and to address overly restrictive rules in Plans that may impact on this capacity. The provisions include requirements regarding intensification where the benefits can be realised and the need for planning to be more responsive to unanticipated or out-of-sequence developments.
- In relation to **Evidence for good decision-making**, the policy intent is to ensure planners and decision makers better understand development markets. The provisions include requiring local authorities to gather evidence about the housing market to inform their planning decisions.
- In relation to **Engagement on urban planning**, the policy intent is to expand the existing NPS-UDC provisions to make it more explicit that planning decisions should be coordinated and aligned with infrastructure decisions. The provisions also encourage local authorities to cooperate on principles and practices for partnering with hapū and iwi.

2.3.1.1 Application of NPS-UD Policies Targeting

The geographic targeting of the NPS-UD policies uses a three-tier static approach. The tiers are based on high, medium and low demand urban areas. The criteria used to classify the three tiers are population growth and size. The NPS-UD lists Councils that are Tier 1 or Tier 2, with all other urban environments with populations greater than 10,000 classified as Tier 3 (by default).

This option addresses the disadvantage of the NPS-UDC with its flexible system of centres to move between tiers. The identified disadvantage was that it did not provide adequate certainty to councils about what they needed to comply with, when population projections changed.

Tier 1 and 2 urban areas are identified because they account for over 60 per cent of New Zealand's population growth and the urban growth in these areas is putting pressure on existing housing markets. They also have a larger market demand for different housing typologies. Because of this, there are more directive policies that apply to Tiers 1 and 2.

The more directive policies applying to Tier 1 include:

- Intensification policies
- Future Development Strategy (**FDS**) preparation
- Housing and Business Development Capacity Assessment (**HBA**), monitoring provisions and housing bottom lines
- Development outcomes for zones
- Removing minimum car parking requirements

The rationale is that the largest TAs have the capability and capacity to implement all NPS-UD policies and are more likely to benefit from them, such as intensification policies that seek to improve land flexibility in existing urban boundaries.

Tier 2 captures medium-sized TAs which have the capability to implement some of the directive policies and where there will be benefits from implementing them. These urban areas also either have a high or modest to high population growth rate, which are likely to contribute to housing pressure which should be planned for. The directive policies applying to Tier 2 include all of the general NPS-UD policies and HBA and FDS requirements.

2.4 Legal / Statutory Context

The RMA is largely implemented by local government regulation (e.g. Regional and District Plans). However, it also allows central government to give direction on national, regional or local issues. The sections below set out the statutory context for the NPS-UD and provide context to the remainder of the report.

2.4.1 The Resource Management Act 1991

Under the Section 45 of the RMA, the purpose of a national policy statement (NPS) is to state objectives and policies for matters of national significance that are relevant to achieving the purpose of the RMA. In context of the proposed NPS-UD it is considered that urban development is such a matter given that:

- Urban planning decisions have significant impacts (some with national implications) on the well-being of people, communities and the environment, in particular as the environment in which most New Zealander's live and work.
- Urban areas are supported by significant physical resources which, pursuant to the RMA, need to be sustainably managed and represent significant economic investment for government and communities.
- Because of the above, the costs and benefits of planning decisions are compounded by the physical scale and population scale of urban areas (e.g. the larger the urban area the greater the potential costs and benefits of decisions).

An NPS has two main effects:

- Local authorities must amend their regional policy statements, and regional and district plans, to give effect to the NPS.
- Decision-makers on plans, policy statements, resource consents and other matters must consider the NPS as part of their process.

Section 45 of the RMA also sets out the contents of national policy statements and requires objectives and policies to be stated for matters of national significance that are relevant to achieving the purpose of the RMA.

2.4.2 Integration with other National Policy Statements and National Environmental Standards

NPSs and National Environmental Standards (NESs) set out national directives and processes for achieving sustainable management and environmental outcomes and these could require local authorities to balance potentially competing objectives. In particular, objectives in relation to 'protecting' certain aspects of the environment may compete with the NPS-UD objectives in relation to facilitating urban development and a policy framework. It is recognised that any areas of tension will need to be appropriately managed.

There are a number of national directives (proposed and existing) that are expected to interact with the NPS-UD. The following sections below identify those national directives and their interactions with the NPS-UD.

The proposed national direction is presented they were presented during public consultation. The recommendations report provides further information on the current interaction issues with the NPS-UD. Any changes in the final interaction outcomes between the NPS-UD and other relevant national direction will be addressed in the section 32AA report (as appropriate).

2.4.2.1 The Proposed National Policy Statement for Highly Productive Land (NPS-HPL)

The NPS-HPL is aimed at improving the way highly productive land is managed under the RMA to recognise the full range of values and benefits associated with the use of highly productive land for primary production; maintain the availability of highly productive land for primary production for future generations and to protect highly productive land from inappropriate subdivision, use and development.

The NPS-UD and the NPS-HPL have been drafted to align with each other. Of relevance:

- The NPS-UD will require local authorities to use their 'Future Development Strategies' to identify environmental constraints which may indicate areas where urban development is inappropriate, which would include highly productive land.
- The proposed NPS-HPL, as consulted on, required local authorities to confirm the classification of highly productive land use classes 1 – 3 within three years of the NPS-HPL taking effect. This will be in time (approximately 6 months to one year before) to support the preparation of the first Future Development Strategy under the NPS-UD in 2024.
- Nothing in the NPS-HPL will restrict development within an operative zone or land zoned for future urban development in a district plan, including land that has an interim land use class of 1 – 3, ensuring that the capacity for growth in the short and medium term will not be affected.
- Long term growth capacity identified in a spatial plan or growth strategy will be able to respond to the need to avoid development of highly productive land by identifying other greenfield land (non-highly productive) or additional intensification opportunities to maintain capacity bottom-lines.
- The NPS-HPL is expected to allow for the urbanisation of highly productive land where it is identified as such in a spatial plan or growth strategy where the change of use is either identified at a land parcel level, or supported by a cost benefits analysis which appropriately considered the cost of losing the highly productive land.
- Regional Councils are charged with confirming the location and extent of highly productive land in their jurisdiction, including determining if it is necessary to protect land use class 3. Regional Councils may determine that additional greenfield land is required for urban growth in favour of urban development to meet the future growth predictions as required under the NPS-UD.
- The NPS-HPL is expected to provide for public and private plan changes and resource consents to change highly productive land to urban and other non-rural uses, so long as a cost benefits analysis can justify the change of use, there is a shortage of development capacity and there are no other reasonable alternatives for outward urban growth, which would avoid highly productive land.
- The NPS-UD's requirement for higher-density development both in existing areas and in future urban areas should contribute to alleviating pressure for outward development onto the highly productive land resource.

2.4.2.2 The Proposed National Policy Statement for Freshwater Management (NPS-FM) and National Environmental Standards for Freshwater (NES-F)

The Government has consulted on updated national direction for freshwater management, including proposed full replacement of the NPS-FM and a new NES-F to broaden the focus to all aspect of freshwater ecosystem health, in urban and rural environments.

The proposed NPS-FM and the NES-F and the drafting of the NPS-UD are to align to give clarity to local authorities on how to appropriately consider protecting urban freshwater ecosystems and providing for urban development. Of relevance:

- Direction in the updated NPS-FM and proposed NES-F is expected to recognise the importance of urban streams and requiring development to avoid net loss of streams. However, it is expected to also recognise that in some cases piping and reclamation may be unavoidable, when providing for urban growth and the infrastructure to support it. In such cases, development must be proposed in accordance within a specified effects management hierarchy.
- Water sensitive design must be incorporated into District Plan objectives, policies and rules, to coordinate with regional plans management of streams and other freshwater bodies.

- Manage land and water use to achieve identified suspended sediment limits for catchments and/or freshwater management units and it is expected to seek to avoid sediment discharge to enclosed coastal water bodies.
- Direction in the updated NPS-FM is expected to help ensure decisions about managing freshwater environment can be made in an integrated way as part of wider decisions about urban form.
- Loss of natural wetlands is expected be avoided by urban development unless to support the development of nationally significant infrastructure.
- Recognising that, as well as their ecological function, wetlands provide associated benefits to amenity values, including urban environments, and may support well-functioning urban environments in the form of public open space, in the same way that other water bodies can.
- Constructed wetlands (or known as naturalised stormwater ponds) which are designed to provide a hydrological function to support urban development are not expected to be protected so that they can continue to be maintained and reconfigured to support urban development.

2.4.2.3 The Proposed National Policy Statement for Indigenous Biodiversity (NPS-IB)

The Government has requested feedback on a proposed NPS-IB which seeks to identify, protect, manage and restore indigenous biodiversity.

It is recognised that tension could occur between the NPS-IB and NPS-UD at a site level when the priorities of urban development and indigenous biodiversity overlap (for example, in urban areas that are shifting to higher-density developments or in cases where there is a transformation to urbanise currently non-urban areas). However, it is anticipated that the proposed NPS-IB and the NPS-UD will both encourage biodiversity in public open spaces within urban environments and identify no-go areas with high biodiversity, in a complementary manner. In particular:

- The NPS-UD describes access to public open space as one of the features of a well-functioning urban environment that local authorities must provide for. The proposed NPS-IB encourages restoration of indigenous vegetation in urban areas and providing indigenous vegetation in public open spaces is likely to be a large part of where these targets are met or would be met.
- The NPS-UD aims to ensure urban development can enhance and provide for changing amenity to meet changing demands and preferences, and to help local authorities give greater weight to the types of amenity that benefit the whole community and future generations. Encouraging increased indigenous biodiversity in urban areas with too little indigenous biodiversity is one way to achieve this.
- The proposed NPS-IB identifies areas where development should not occur because of effects on biodiversity: the NPS-IB requires local authorities to identify Significant Natural Areas that should be protected due to their high biodiversity. The 'Future Development Strategy' proposal in the NPS-UD is a way for local authorities to identify areas where urban development may not be appropriate; by way of listed or mapped 'environmental constraints'.
- The NPS-UD provides a mechanism to exempt local authorities from rezoning for intensification so that section 6 matters (including indigenous biodiversity), are protected from inappropriate development, where this can be justified.

2.4.2.4 The National Environmental Standards for Air Quality (NES-AQ)

The NES-AQ aim to set a guaranteed minimum level of health protection for all New Zealanders and require both Regional Councils and Unitary Authorities to identify areas where air quality is likely, or known, to exceed the standards.

Urban development is closely linked with managing air quality, as most discharges to air occur in urban environments where most New Zealanders live¹. The NPS-UD will provide clear direction to local government on delivering quality urban environments for people, now and in the future. Strategic planning that considers current use and future development can influence:

- A community's level of exposure to air pollution, particularly for vulnerable groups (e.g. children and the elderly)
- The type of contaminants communities are exposed to because of land-use decisions in urban environments (e.g. zoning decisions).

2.4.2.5 The New Zealand Coastal Policy Statement (NZCPS)

The NZCPS provides direction to local authorities in their management of the coastal environment in order to achieve the purpose of the RMA in relation to the coastal environment of New Zealand.

When considering providing for urban development in coastal areas, local authorities will need to balance this with the need to address coastal hazards. The NZCPS will help local authorities identify areas where development should be avoided (as required by the Future Development Strategy proposals in the NPS-UD) while allowing for new urban areas in appropriate circumstances.

2.4.3 Post-Treaty Settlement Acts

The purpose of national policy statements is to state objectives and policies for matters of national significance that are relevant to achieving the purpose of this Act, which includes anything which is significant in terms of the Treaty of Waitangi. In addition to its obligations under the Treaty of Waitangi, the Crown has made a number of commitments to individual Iwi through post-Treaty settlements. These commitments are woven throughout the settlement process, including the legislation itself, co-governance bodies appointed through the legislation, frameworks and strategy documents. Some of these commitments oblige the Crown to have particular regard to certain matters when developing and reporting on a national policy statement.

Many post-Treaty Settlement Acts are relevant to resource management matters – it is necessary to understand and keep in mind the broader context of Settlement Acts that affect:

- The way the Crown develops national direction under the RMA, including having particular regard to aspects of some Settlement Acts²; and
- To understand the obligations and commitments on local authorities, and how the NPS-UD proposals interact with local settlement arrangements.

Treaty Settlement obligations are considered in further detail in the recommendations report and in the Regulatory Impact Statement.

¹ Planning for Successful Cities: A discussion document on a proposed National Policy Statement on Urban Development. MfE. 2019

² Te Ture Whaimana o Te Awa o Waikato (the Vision and Strategy for the Waikato River): *Waikato-Tainui Raupatu Claims (Waikato River) Settlement Act 2010 (no. 24), section 17*

The Te Awa Tupua status and the for Tupua te Kawa intrinsic values for the Whanganui River: *Te Awa Tupua (Whanganui River) River Claims Settlement Act 2017 (no. 7), section 15(3)*

Te Mana Tupua and the four Ngā Toka Tupua intrinsic values of the Te-Waiū-o-Te-Ika (Whangaehu River): *Ngāti Rangī Claims Settlement Act 2019 (no. 40), section 109(3)*

Any environmental covenant prepared under the *Ngā Rohe Moana o Ngā Hapū o Ngāti Porou Act 2019* (no covenant to date)

3 The Policy Development Process of the NPS-UD

The Ministry undertook a process for developing the NPS-UD that involved:

- Extensive consultation with experts, government agencies, and the public via a discussion document; and
- Commissioning of an independent report that reviewed the analysed key urban zoning provisions within District Plans for selected 'high growth' councils, to determine the extent to which those provisions would enable or constrain urban growth and intensification³.

The below sections provide further detail on the consultation process and investigation reports and the findings from these.

In addition to the above, an independent technical advisory panel (TAP) was also established to provide review and advice to the Ministry in the development of the NPS-UD. This group consisted of professional resource management practitioners including consultant planners, a developer and an RMA lawyer. The TAP was used to provide independent commentary and input on policy development in light of response to the processes above.

3.1 Public feedback on the NPS-UD discussion document

MfE and HUD sought feedback on an NPS-UD discussion document, '*Planning for Successful Cities*'. The discussion document set out the purpose of the NPS-UD, proposals and context – including an assessment of how well the current system is performing against the Government's urban development objectives, how the NPS-UD would be supported by the UGA, sample text for how the policy proposals might be reflected in a national policy statement, and the rationale behind the policy proposals.

The discussion document included information about the consultation process, including how to make a submission and attend a workshop around the country.

During August and September 2019, officials from MfE and HUD met with key stakeholders, including hapū and Iwi, local authorities and members of the public across a range of meeting types. Both Ministries also engaged with a number of other Ministers and associated Government agencies. Public meetings were delivered through a series of 'joined-up' meetings where MfE officials toured the country, consulting on a suite of MfE policies simultaneously. Hui with hapū and Iwi representatives were also organised through the joined-up approach, across multiple policy topics.

The submission period closed on 10 October 2019. In total, 259 submissions were received and represented interests from a range of sectors and perspectives including Councils (40), business and industry including infrastructure providers (34) and with the remainder from individuals (78), Māori including hapū and Iwi (9), 'other organisations and groups' (23), central government and crown entities (12), planning or urban design professionals (20), developers (12) and professional bodies (31).

MfE also posted to their social media pages asking individuals for their opinions as to how the Ministry should plan for future growth for New Zealand cities. Common themes across these responses were mainly related to each individual's definition of quality urban environment and proposed amenity values. Re-occurring social media themes included requests for improved public transportation systems, more plants

³ Beca Ltd. 2018. *Enabling Growth – Urban Zones Research: Key Observations, Findings and Recommendations*. Prepared for the Ministry for the Environment. Wellington: Ministry for the Environment.

and green buildings, more community parks and events, waste reduction facilities and regulations, and intensification.

3.1.1 The TAP Process

The key policy issues identified through the submissions and engagements were compiled and presented to as a 'Policy Options Package' to the TAP in late November 2019. The 'Policy Options Package' included analysis of various options to address the issues identified through the submissions and engagements for the purpose of discussing initial recommendations at the meeting.

Subsequent workshops with the TAP were held on 4-6 December 2019, 16-17 January and 20 January 2020. These workshops were between the TAP and Ministry officials to discuss the policy options and provide additional evidence and information based on agency and stakeholder engagement to add to the conversation. The information from the TAP has informed the overall evaluation of the NPS-UD reported in this Section 32 Evaluation.

3.2 Consultation with Iwi Authorities and hapū

The MfE and HUD notified Iwi authorities of public consultation on the proposed National Policy Statement on Urban Development and received eight submissions from hapū, Iwi and Māori during the public consultation period. Submissions were generally supportive of the proposed policy intent.

During the public consultation period (August 21 to 10 October 2019), MfE held 14 hui around Aotearoa/New Zealand with hapū and Iwi representatives. The hui were a forum to discuss to number of national policy initiatives (including the Government's Essential Freshwater package) and catered to the interests of attendees. There was limited feedback received from the hui on the NPS-UD.

Additional engagement was undertaken in February 2020 to ensure that all Iwi holding mana whenua over one of the proposed major urban centres had sufficient opportunity to provide feedback, given the significance of those proposals in those areas. At the time of this report, two additional submissions were received following this engagement. These submissions were again generally supportive of the intent of the NPS-UD but highlighted the need to ensure outcomes for freshwater were given effect to. Matters raised in the submissions included a request for central and local government to coordinate and share information when interacting with hapū and Iwi on urban development projects, a call for greater consideration of opportunities for papakainga and kaumatua housing, and a request for the development capacity of Māori land on the urban fringe be taken into account.

4 Problem Definition for Urban Development

Aotearoa is becoming increasingly urbanised, with around 99% of all population growth occurring in urban areas. Our cities are under pressure and are not delivering the benefits we want due to a number of factors such as:

- urban land markets not adequately facilitating housing development to keep up with growth
- densities that do not support affordable housing and business floor area in urban areas where the land cost is high
- transport systems that are poorly integrated with land use and lacking high-quality options to improve access to jobs and reduce car dependency
- a complex planning system that is guided by different legislation that are not actively designed to work together (the key legislation includes the Local Government Act, the Land Transport Management Act and the Resource Management Act). The lack of alignment and connection between the three statutes creates a complex regulatory environment that constrains development and/or the timing of development.

The success of cities affects New Zealand's overall economic, social, cultural and environmental performance as they have an increasingly important role in hosting a large share of the nation's labour market activity, business growth and connections with other countries. As such, development of our cities is key to how New Zealand delivers a sustainable, productive and inclusive society in our future.

Globally recognised factors for a successful city include⁴:

- Maximising opportunities for people to interact, socially and economically
- Supporting diverse and productive economies and populations by bringing together people with varied and complementary knowledge and skills and experiences
- Contributing to the well-being of residents and raise living standards for all.

How well cities facilitate face-to-face exchanges, and how easily cities enable people to move between the places they live, work and play are key factors to the successful functioning of cities. In response to this, it is considered that urban environments must therefore provide:

- Enough housing and business space, including housing choices that let people live affordably and close to the places they need to travel to.
- A transport system that allows for the effective and efficient movement of people and goods, and promotes safe, healthy and active lifestyles.

As such, there is a relationship between well-functioning cities to 'sustainable management' (as defined under the RMA). For example:

- Effective design and a strong sense of place can contribute to improvements in physical and mental health, well-being and social functioning;
- Cities recognise historical and cultural heritage, both in a broad sense and specifically by reflecting their history and the connections to place for Māori; and
- Factors that make our cities more liveable (for example accessible public transport, great walking and cycling opportunities, ample green spaces and housing with access to services and amenities) can also help reduce our carbon footprint, increase resilience to the effects of climate change and protect ecosystems.

⁴ As examples of discussion on these factors see Clark, G 2016, *Global Cities: A Short History*, Brookings Institution Press for market factors of successful cities, and Montgomery C., 2013, *Happy City: Transforming Our Lives Through Urban Design*, Penguin for physical design response factors.

5 Improving Outcomes for Urban Development

5.1 The Urban Growth Agenda

The Urban Growth Agenda (UGA) seeks to address the fundamentals of land supply, development capacity and infrastructure provisions by removing constraints in our urban planning system.

To help achieve this, the UGA has mandated a role for central government to partner with local government and Iwi as a means of facilitating pace and scale in urban development and ensuring government investment in infrastructure is aligned to help deliver connected, thriving and sustainable urban communities. The UGA aims to:

- Improve housing affordability
- Improve housing choice
- Improve access to the things people need including work and education
- Reduce emissions
- Foster quality-built environments

5.2 The Role of the NPS-UD to Improve Urban Performance

The NPS-UDC 2016 directs local authorities to provide sufficient development capacity in their resource management plans, supported by infrastructure, to meet demand for housing and business space. While the NPS-UDC 2016 provided an important first step towards improving urban planning, it does not provide the mechanism to achieve a number of urban development outcomes that are becoming increasingly critical.

The NPS-UD will replace the National Policy Statement on Urban Development Capacity 2016 (NPS-UDC 2016). The policy intent of the NPS-UD is to enable growth by requiring local authorities to provide development capacity to meet the diverse demands of communities, address overly restrictive rules, and encourage quality, liveable urban environments. In this respect, it builds on the objectives established in the NPS-UDC 2016 and sets out new objectives and policies in four key areas:

- **Future Development Strategy** - amending the NPS-UDC 2016 and requiring local authorities to produce Future Development Strategies (FDS) that show how and where they will provide for future development.
- **Making room for Growth** - amending the NPS-UDC 2016 to acknowledge the broad range of matters that contribute to a well-functioning urban environment, including requirements regarding intensification where the benefits can be realised and the need for planning to be more responsive to unanticipated or out-of-sequence developments.
- **Evidence for good decision-making** - requiring local authorities to gather evidence about the housing market to inform their planning decisions.
- **Engagement on urban planning** – strengthening the need for planning decisions to be coordinated and aligned with infrastructure decisions and encouraging local authorities to cooperate on principles and practices for partnering with hapū and Iwi.

The above will require a change to the practice and culture of how land use is regulated. In particular, the NPS-UD will be supported through the wider UGA work by:

- New tools for infrastructure funding and financing
- Investment in modern transport systems
- A stronger partnership between central/local government and Iwi, hapū and communities.

6 Evaluation Approach

The discussion document policies were designed to support the policy development process, including public feedback. This report does not revisit the discussion document recommendations, instead it makes recommendations to support the Ministers in their decision making on the March 2020 package. This section of the report describes the approach to the evaluation process.

6.1 Scale and Significance of the Proposal

Section 32(1)(c) of the RMA states that the level of detail contained in a section 32 evaluation report is required to correspond to the scale and significance of the effects that are anticipated from the implementation of the proposal.

For the purposes of section 32(1)(c):

- **Scale** refers to the scale or reach of the issue (for example, geographical area), the anticipated size or magnitude of the expected effects from the proposal, or both; and
- **Significance** relates to the importance or impact of the issue (on the environment and/or on the community) that the proposal is intended to respond to, or the significance of the response itself (on the environment and community) i.e. whether it is at a nation, regional or local level.

The scale and significance of the NPS-UD must be determined to guide the level of the analysis required for the Section 32 assessment.

The scale of the NPS-UD is large as all local authorities with urban environments greater than 10,000 people will be required to amend their relevant plans to give effect to the NPS-UD. For some local authorities, particularly larger ones, this will mean substantial strategic planning and significant changes to their plans to give effect to the objectives and policies of the NPS-UD.

The NPS-UD will lead to changes in the planning system to enable growth by requiring local authorities to provide development capacity to meet the diverse demands of communities, address overly restrictive rules, and encourage well-functioning urban environments – ensuring growth is strategically planned and leads to cities that contribute to people's well-being. Therefore, the significance of the proposal has been assessed in regard to its impacts on local authorities, individual communities and the public as a whole. The significance of the NPS-UD is considered high as it will shape cities and other urban environments across the country through the requirements it imposes.

Overall, it is considered that the NPS-UD is of a large scale and of high significance. However, elements of the NPS-UD policy framework are transferred from the existing NPS-UDC 2016 and, therefore, are of a lower scale and significance given they are a change to existing obligations which local authorities already give effect to. The Discussion Document lists the changes and compares them to the NPS-UDC 2016 (page 10 of the Discussion Document).

The appropriateness of the NPS-UD (pursuant to Section 32 of the RMA) has been set out in Section 7 of this report, in light of the high scale and significance of the NPS-UD.

6.2 Quantification

Section 32(2)(b) of the RMA requires that, where practicable, the benefits and costs of a proposal are to be quantified. PwC have undertaken an economic analysis of the proposal ("*NPS-UD Cost benefit analysis*") focusing on six key policy areas (intensification; responsive planning; minimum car parking; Housing and

Business Assessments; Future Development Strategies; and Targeting). A copy of this economic analysis is contained in **Annex D**.

The key findings and conclusions from the cost benefit analysis have been summarised in chapter 8 of this report and considered (where relevant) in chapter 7, in particular, this is in respect of policies relating to 'intensification', 'car parking' and 'unintended and out of sequence development' topics.

6.3 Evaluation Criteria

Section 32 of the RMA requires that the evaluation examine the extent to which the objectives of the proposal are the most appropriate way to achieve the purpose of the Act. The purpose of the RMA is to promote the sustainable management of natural and physical resources.

For the purpose of this evaluation, the following criteria for assessing the appropriateness of the objectives of the NPS-UD is as follows:

1. Relevance:

- a. Is the Objective directed at addressing a resource management issue?
- b. Is the Objective focussed on achieving the purpose of the Act?

2. Usefulness:

- a. Will the Objective achieve desired benefits including Part II of the Act?
- b. Does the Objective assist Councils to carry out their statutory functions (s30 and s31)?

3. Reasonableness:

- a. Is the Objective reasonable based on an understanding of desired community outcomes (identified through consultation)?
- b. Could the Objective result in unjustifiably high costs on the community or parts of the community?

4. Achievability;

- a. Is the Objective realistically able to be achieved with the available, powers, skills, resources?
- b. Is there any degree of risk and uncertainty of achieving the Objectives?

This approach is broadly derived from the Ministry for Environment's '*A guide to section 32 of the Resource Management Act 1991*'⁵.

⁵ www.mfe.govt.nz/sites/default/files/media/RMA/guide-to-section-32-of-resource-managemnt-amendment-act-1991.pdf

7 Evaluation of Objectives Overall in Achieving the Main Issues

7.1 Proposed Objectives

The proposed NPS-UD gives national direction under the RMA to guide local authorities to make good decisions about their current and future growth. Under the NPS-UD, the proposed policy framework seeks to guide local authorities to:

- Facilitate the development of a well-functioning urban environment (with specified attributes).
- Take into account the principles of the Treaty of Waitangi in urban planning.
- Undertake long-term strategic planning to accommodate growth.
- Ensure more inclusive and better-connected cities.
- Ensure planning rules do not unreasonably restrict growth – rather make room for growth.
- Develop, monitor and maintain an evidence base about demand, supply and prices for housing and land to inform their planning decisions.
- Provide certainty for developers and community members to understand the future growth needs in urban centres.
- Ensure planning is aligned and coordinated across urban areas through coordination with between local authorities and infrastructure providers to deliver and provide for growth.

The NPS-UD will replace the NPS-UDC 2016 - building on many of the existing requirements for greater development capacity and broadening its focus and adding significant new content.

The NPS-UD proposes a range of objectives and policies, some of which target all urban environments such as responsiveness to growth policies, and some of which focus on centres which would benefit most from the policies, being higher growth Tier 1 and Tier 2 urban areas. For example, in both Tier 1 and Tier 2 urban environments directive policies for FDS and HBA apply. For Tier 1 cities, there are also directive policies for intensification, development outcomes for zones and minimum car parking requirements.

This section of the report evaluates the proposed objective framework of the NPS-UD in achieving the purpose of the RMA in respect of:

- Future development strategies;
- Well-functioning urban environments;
- Amenity values in urban environments;
- Enabling expected levels of development;
- Providing for intensification;
- Responsive planning (formerly “Providing for further greenfield development”);
- Removing the ability to impose minimum car parking requirements;
- Preparing a Housing and Business Development Capacity Assessment;
- Māori values and aspirations for urban planning;
- Targeting; and

- Addressing Climate Change.

The proposed objectives of the NPS-UD are listed in section 7.2 below. The objectives have been identified through research, consultation, testing and analysis and are considered to be the reasonably practicable options for providing national direction to local authorities in such a way that achieves the purpose and principles of the RMA.

7.2 Evaluation of Objectives

Table 1 below provides an evaluation of each proposed objective in relation to its relevance, usefulness, reasonableness and achievability. Although each objective has been considered individually below, a section 32 encourages a holistic approach to assessing objectives. This recognises that objectives often work together, interrelate and have overlapping ways of achieving the purpose of the RMA.

In considering the objectives as a whole, the following conclusions from the evaluation are made:

- The proposed objectives are considered to be relevant, useful, reasonable and achievable.
- The suite of objectives focuses on the role of the planning system in enabling growth and regulating land use in urban areas. They aim to enable growth by requiring local authorities to provide development capacity to meet the diverse demands of communities, address unnecessary regulatory constraints, and encourage well-functioning urban environments;
- The objectives set outcomes to ensure growth is strategically planned and will lead to well-functioning cities that contribute positively to people's well-being;
- The objectives support quality, liveable and well-functioning urban environments in a way that avoids or mitigates adverse effects on the environment. As such, they are considered to achieve the sustainable management purpose of the RMA;

Therefore, the proposed objectives are considered to be the most appropriate way to achieve the purpose of the NPS-UD. They are considered to be practical and achievable, and they represent the expectations of the public, stakeholders and Iwi in regard to urban development.

Table 1: Evaluation of Objectives

Objective O1: New Zealand has well-functioning urban environments that enable all people and communities to provide for their social, economic and cultural well-being, and for their health and safety, now and into the future.

Relevance

This objective recognises the importance for local authorities to provide for better wellbeing outcomes for people and communities through requiring well-functioning and liveable urban environments.

This objective has direct relevance to Part 2, Section 5(2) of the RMA, in relation to promoting the sustainable management of natural and physical resources in a way which enables people and communities to provide for their social, economic and cultural well-being over time – in particular to meet the reasonably foreseeable needs of future generations.

This objective will also assist local authorities to manage the use, development, and protection of natural and physical resources while having particular regard to “the efficient use and development of natural and physical resources”, “the maintenance and enhancement of the quality of the environment” and the “maintenance and enhancement of amenity values”, as required under section 7(b), 7(f) and 7(c) of the RMA respectively.

Usefulness

This objective clearly states the environmental outcomes sought for the development of urban environments. This is to enable current and future generations to provide for their social, cultural and economic “well-being”. The objective further directs decision-makers to consider the needs of future generations. This provides additional emphasis, and a clear linkage, to Section 5(2) of the RMA direction in relation to “the reasonably foreseeable needs of future generations”, and appropriately weights that alongside Section 7(f) of the RMA direction which relates to “the maintenance and enhancement of the quality of the environment”.

Reasonableness

This objective recognises the complexity around defining a ‘well-functioning’ urban environment and recognises that urban development will need to ensure all people, whānau, communities and future generations are able to provide for their “well-being”. Costs for local authorities to undertake the consultation required by Future Development Strategies are expected to be up to \$2 million (every three years) and between \$150,000 - \$300,000 for the first year of reporting required by Housing and Business Assessments. However, these costs are anticipated to decline as compliance becomes routinised. Other costs on communities (and local authorities) are from the typical regulatory and compliance costs – which are anticipated in any case. Overall, the objective is not anticipated to impose any unreasonable costs (balancing the costs needed to understand and provide for the wellbeing of people, communities and whanau and the positive outcomes achieved by doing this). Benefits include:

- avoiding premature redevelopment of high-potential development areas
- lowering average infrastructure cost per household through enhancing the effectiveness of intensification and responsive development.

Achievability

This objective is considered to be readily achievable and implementable within the functions and expertise of local authorities. The policy requirements which flow from the objective provide the ability for Regional Councils and territorial authorities to update their respective Regional Policy Statements and District Plans in order to successfully implement the intent of the objective.

Objective O2: Planning decisions improve housing affordability by supporting competitive land and development markets.

Relevance

This objective relates directly to a specified resource management issues: the ability of people to provide for their social and economic well-being through access to housing and through appropriate management of land resources (urban capacity and land supply) to address issues of housing affordability for people and communities. As such, it has the potential to contribute to people's well-being by addressing the issue of housing affordability by requiring that local authorities make decisions that provide for competitive land and development markets.

This objective has direct relevance to Part 2, Section 5(2) of the RMA, in relation to promoting the sustainable management of natural and physical resources (in this case urban capacity and land supply). The objective will assist local authorities to “manage the use, development, and protection of natural and physical resources” (being housing and urban land), while also having particular regard to the efficient use and development of these (section 7(b) of the RMA) by making decisions that reflect the importance of competitive land and development markets as an issue that impacts on housing resources.

Usefulness

This objective clearly states the expectations on local authorities to improve housing affordability, by ensuring that land supply is appropriate to enable housing and land and development markets to remain competitive. The objective acknowledges that local authorities cannot address all issues of housing affordability and is useful as it focuses the requirements on them in this regard.

The objective will enable local authorities to carry out their statutory functions under sections 30-31 of the RMA as well as under sections 62 (contents of Regional Policy Statements) and 75 (contents of District Plans), by requiring them to provide sufficient development capacity to support competitive land and development markets.

Reasonableness

This objective recognises the dynamics around demand for housing and development land and ensures that decisions by local authorities in respect of the provision of development capacity in urban environments is sufficient to maintain market competitiveness. This will require Council's to consider more than just the 'sufficiency' of physical housing capacity but also the availability of that capacity to maintain competitiveness in housing and development markets. This will increase monitoring requirements for Council. This objective will potentially impose costs in respect of planning (and the increased demand for some redundancy in additional supply margins to accommodate market competitiveness), in respect of infrastructure investment requirements and in respect of monitoring (both demand and market competitiveness).

The CBA from Price Waterhouse Cooper provides further assessment of potential infrastructure costs (albeit not specific to the infrastructure investment but rather in the context of a per house unit evaluation). This factor is not considered an unreasonable cost on the community, given the benefits of clear provision for future demand for development capacity.

Achievability

This objective is largely considered to be achievable, in part because it is an existing obligation under the NPS-UDC to maintain sufficient and appropriate capacity of urban development land. However, the objective increases the requirement for Council's to understand the competitiveness of land and development markets and monitoring for response to these. This will require additional resources for some local authorities.

While it is reasonable to expect that local authorities should have reliable and timely information about the uptake of resources (including development capacity) to make their decision-making timely and more achievable it is acknowledged that additional resources may be required in respect of monitoring market competitiveness.

Objective O3: Regional policy statements and district plans enable more people to live in, and more businesses and community services to be located in, areas of 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-served by existing or planned public transport;
- (c) there is high demand for housing or business land in the area, relative to other areas within the urban environment

Relevance

This objective relates directly to a specified resource management issue – being the achievement of the efficient use of urban land to enable and provide for urban development. This objective achieves this by directing intensification to urban areas where the benefits are best realised (that is, intensifying urban areas with high employment opportunities, areas with high accessibility (through existing or planned public transport) or, relative to other urban areas, areas currently experiencing a high demand for housing and / or business use). The objective has the potential to promote more efficient urban land use for housing and businesses by ensuring greater sustainable management of the physical resources including land, particularly resources of urban centres and associated services (in particular, quality public transport).

This objective has direct relevance to Part 2, Section 5(2) of the RMA, in relation to promoting the sustainable management of natural and physical resources in a way which enables people and communities to provide for their social, economic and cultural well-being over time – in particular to meet the reasonably foreseeable needs of future generations.

The objective will also assist local authorities in relation to the “maintenance and enhancement of the quality of the environment”, as required under section 7(f) of the RMA. New development, at higher densities, has the potential to enhance the quality of the environment (in particular the built environment) through a focus on appropriately locating higher density developments where the benefits of such density will be realised.

Usefulness

This objective is useful in clearly stating that there are benefits from urban developments at greater levels of density / intensity when these developments are appropriately located by demand or for employment and public transport accessibility – providing guidance from associated policy requirements for local authorities to update their Regional Policy Statements (for Regional Councils) and District Plans (for territorial authorities) in order to enable and provide for this urban intensification. This objective further recognises that the benefits of intensification rely significantly on its appropriate location in the context of the existing housing and business demand and opportunities of an urban area / environment as well as considering any future planned public transport connections / services.

The objective will enable local authorities to carry out their statutory functions under sections 30-31 of the RMA (provide sufficient development capacity to meet demand), as well as under sections 62 (contents of Regional Policy Statements) and 75 (contents of District Plans) in relation to how the NPS-UD direction is able to be implemented through Regional Policy Statements / Regional Plans / District Plans via plan change processes.

Reasonableness

This objective is considered to be reasonable in that it is not anticipated to impose any unreasonable costs on local authorities or the community apart from the typical regulatory and compliance costs – which are anticipated in any case.

The intent of the objective is also considered to be reasonable by seeking to provide for urban intensification and increased densities in locations which are best suited / where benefits can be best realised (rather than a broader requirement to provide for higher densities across an entire urban area), and recognises the sustainable management of physical resources (particularly transport). It is noted that the focus of higher density around public transport may result in potential costs for other infrastructure (e.g. water and wastewater) which are not explicitly considered. However, public transport is a key driver of accessibility and amenity for residents. It is also considered a pragmatic measurable infrastructure for local authorities (e.g. may reduce costs relative to considering a wider scope of infrastructure). Overall, costs associated with the proposed intensification policy framework are estimated at \$1.4 billion – a combination of congestion, crowding, environmental and infrastructure costs. However, benefits of the proposed policy framework are notably lower housing prices (and rent prices) and greater accessibility to employment – combined, these are estimated around \$9 billion over 24 years. Overall, the benefits are predicted to outweigh costs by a multiple of between four and seven.

Achievability

This objective is considered to be readily achievable and able to be implemented within the functions and expertise of local authorities. The policy requirements which flow from the objective provide the ability for Regional Councils and territorial authorities to update their respective Regional Policy Statements and District Plans in order to successfully implement the intent of the objective.

Objective O4: New Zealand's urban environments, including their amenity values, can develop and change over time in response to the diverse and changing needs of people, communities, and future generations.

Relevance

This objective relates directly to a specified resource management issues (amenity values and quality of the urban environment), given amenity values and quality of the environment are inherently linked. The objective has the potential to promote more efficient urban land use by ensuring greater sustainable management of physical resources.

This objective has direct relevance to Part 2, Section 5(2) of the RMA, in relation to promoting the sustainable management of natural and physical resources in a way which enables people and communities to provide for their social, economic and cultural well-being over time – in particular to meet the reasonably foreseeable needs of future generations.

This objective will assist local authorities to “manage the use, development, and protection of natural and physical resources” while having particular regard to both “the maintenance and enhancement of amenity values” and the “maintenance and enhancement of the quality of the environment”, as required under section 7(c) and 7(f) of the RMA respectively.

Usefulness

The objective will enable local authorities to carry out their statutory functions under sections 30-31 of the RMA (provide sufficient development capacity to meet demand), as well as under sections 62 (contents of Regional Policy Statements) and 75 (contents of District Plans) in relation to how the NPS-UD direction is able to be implemented through Regional Policy Statements / Regional Plans / District Plans via plan change processes.

This objective clearly states the environmental outcome sought for development in urban environments, including expectations as to what is meant when referring to “amenity values”, and assists decision-makers to provide for amenity values that are dynamic and that vary between individuals and communities, as well as varying over time. This provides additional emphasis, and a clearer linkage, to the Section 5(2) of the RMA direction in relation to “the reasonably foreseeable needs of future generations”, and appropriately weights that alongside the Section 7(c) RMA direction which specifically relates to “the maintenance and enhancement of amenity values”.

Reasonableness

This objective recognises the complexity around amenity values and requires local authorities in planning for urban development to balance the amenity values of both existing and future communities. This will benefit both existing and future communities. Beyond this, it is not anticipated to impose any unreasonable costs on the community apart from the typical regulatory and compliance costs – which are anticipated in any case.

Achievability

This objective is considered to be reasonably achievable and able to be implemented within the functions and expertise of local authorities. The policy requirements which flow from the objective provide the ability for Regional Councils and territorial authorities to update their respective Regional Policy Statements and District Plans in order to successfully implement the intent of the objective.

Objective O5: Planning decisions relating to urban environments, and FDSs, take into account the principles of the Treaty of Waitangi (Te Tiriti o Waitangi).

Relevance

This objective relates directly to a specified resource management issue (considering the principles of Te Tiriti o Waitangi). The objective has the potential to increase Iwi engagement and participation in decision-making and plan making processes to ensure the cultural well-being of Iwi is taken into account during as part of the sustainable management of natural and physical resources.

This objective has direct relevance to Part 2, Section 5(2) of the RMA, in relation to promoting the sustainable management of natural and physical resources in a way which enables people and communities to provide for their social, economic and cultural well-being over time – in particular, to ensure the cultural well-being of Iwi is recognised during urban development through opportunities for Māori involvement in decision-making and participation in the preparation of RMA planning documents and Future Development Strategies.

This objective will assist local authorities to “manage the use, development, and protection of natural and physical resources” while having particular regard to both “Kaitiakitanga” and “the ethic of stewardship”, as required under section 7(a) and 7(aa) of the RMA respectively.

Usefulness

The objective will enable local authorities to carry out their statutory functions under sections 30-31 of the RMA (provide sufficient development capacity to meet demand), as well as under sections 62 (contents of Regional Policy Statements) and 75 (contents of District Plans) in relation to how the NPS-UD direction is able to be implemented through Regional Policy Statements / Regional Plans / District Plans via plan change processes.

This objective clearly states the expectations on local authorities to ensure Iwi are engaged with and participate in decisions on urban development, as appropriate to reflect the principles of the Treaty.

Reasonableness

This objective recognises the requirement to ensure Iwi are engaged by local authorities during urban development proposals to ensure that decisions by local authorities take into account issues of concern to hapū and Iwi in a manner that reflects the principles of the Treaty. It is concluded that this objective will not impose any unreasonable costs on the community apart from the regulatory and compliance costs which are required by local authorities to meet their requirements under section 8 of the RMA – in other words, many of these costs are anticipated in any case and the objective provides certainty on these.

Achievability

This objective is considered to be readily achievable and able to be implemented within the functions and expertise of local authorities. The policy requirements which flow from the objective provide the ability for Regional Councils and territorial authorities to update their respective Regional Policy Statements and District Plans in order to successfully implement the intent of the objective.

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 and long term; and
- (c) responsive (particularly in relation to proposals that would supply significant development capacity)

Relevance

This objective relates directly to a specified resource management issue (the efficient use of urban land to enable and provide for urban development and enabling people's well-being). It is about planning ahead to ensure the needs of future generations are provided for, and that planning for urban areas recognises both constraints and infrastructure needs, in advance of urban growth. The objective promotes more efficient supply of urban land or development capacity by ensuring consideration of the release of such land over time (for current and future generations).

This objective has direct relevance to Part 2, Section 5(2) of the RMA, in relation to promoting the sustainable management in a way which enables people and communities to provide for their social, economic and cultural well-being over time – in particular focusing on reasonably foreseeable needs of future generations.

This objective will assist local authorities to “manage the use, development, and protection of natural and physical resources” while having particular regard to “the efficient use and development of natural and physical resources”, as required under section 7(b) of the RMA.

Usefulness

This objective clearly states the expectations on local authorities to make decisions on urban development proposals when providing for sufficient development capacity to meet demand – noting this demand will vary over time and therefore must be monitored and responded to promptly. Further, this objective directs local authorities to balance the certainty regarding the provisions of future urban development with the need to be responsive to demand for such development to meet demands of current generations.

The objective will enable local authorities to carry out their statutory functions under sections 30-31 of the RMA (provide sufficient development capacity to meet demand), as well as under sections 62 (contents of Regional Policy Statements) and 75 (contents of District Plans) in relation to how the NPS-UD direction is able to be implemented through Regional Policy Statements / Regional Plans / District Plans via plan change processes.

Reasonableness

This objective recognises the lack of framework for how spatial planning should interact with planning under the RMA and seeks to push the current planning system towards better spatial planning practices. The objective recognises that local authorities cannot realistically predict the exact location for every possible significant opportunity for urban development that will arise and, therefore, directs local authorities to be responsive to such opportunities when they arrive. However, this has the risk of inherent tension between the costs and benefits of long term strategic planning and short / medium term responsiveness. This risk is associated with the costs of the labour resources for local authorities in undertaking strategic assessment, if such costs are 'lost' in response to short- or medium-term response. The risk is mitigated by inclusion of part (a) of the objective but will require balancing by local authorities.

Achievability

This objective is considered to be achievable and able to be implemented within the functions and expertise of local authorities, recognising the complexity of weighting strategic and long-term planning and responsiveness to short and medium term demands that may arise. The policy requirements which flow from the objective provide the ability for Regional Councils and territorial authorities to update their respective Regional Policy Statements and District Plans in order to successfully implement the intent of the objective.

Objective O7: Local authorities have robust and frequently updated information about their urban environments and use it to inform planning decisions.

Relevance

This objective relates directly to a specified resource management issue (the efficient use of urban land to enable and provide for urban development). The objective has the potential to promote more efficient urban land use by ensuring local authorities' decisions are well-informed / evidence based to ensure greater sustainable management of physical land resources.

This objective has direct relevance to Part 2, Section 5(2) of the RMA, in relation to promoting the sustainable management of natural and physical resources in a way which enables people and communities to provide for their social, economic and cultural well-being over time – in particular to meet the reasonably foreseeable needs of future generations.

This objective will assist local authorities to “manage the use, development, and protection of natural and physical resources” while having particular regard to “the efficient use and development of natural and physical resources”, as required under section 7(b) of the RMA.

Usefulness

This objective clearly states the expectations on local authorities to make informed decisions on urban development proposals when formulating planning decision. Further, this objective directs local authorities to ensure the information / evidence on which planning decisions are based is justifiably reflective of the current urban environment.

The objective will enable local authorities to carry out their statutory functions under sections 30-31 of the RMA (provide sufficient development capacity to meet demand), as well as under sections 62 (contents of Regional Policy Statements) and 75 (contents of District Plans) in relation to how the NPS-UD direction is able to be implemented through Regional Policy Statements / Regional Plans / District Plans via plan change processes.

Reasonableness

This objective recognises the dynamic nature of urban environments and how they can impact the outcome of planning decisions. In turn, this objective directs local authorities to monitor their respective urban environments (such as monitoring the demand and supply for development capacity) in order to demonstrate well-informed, evidenced based planning decisions. It is anticipated that this objective will increase monitoring costs for local authorities however, it not anticipated that this will be unreasonable and will diminish over time as monitoring systems become embedded and more efficient. For these reasons, these costs are considered reasonable to achieve the purpose of the RMA.

Achievability

This objective is considered to be readily achievable and able to be implemented within the functions and expertise of local authorities. The policy requirements which flow from the objective provide the ability for Regional Councils and territorial authorities to update their respective Regional Policy Statements and District Plans in order to successfully implement the intent of the objective.

Objective O8: 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.

Relevance

This objective relates directly to specified resource management issues (the effects of climate change). The objective has the potential to promote more efficient and sympathetic urban development and land use (insofar as taking into account, and responding to, the potential adverse effects of climate change) by ensuring greater sustainable management and protection (from the effects of climate change) of physical land resources.

This objective has direct relevance to Part 2, Section 5(2) of the RMA, in relation to promoting the sustainable management and protection of natural and physical resources in a way which enables people and communities to provide for their social, economic and cultural well-being – in particular, ensuring consideration is afforded to the protection of physical resource resources from the effects of climate change.

This objective will assist local authorities to manage the use, development, and protection of natural and physical resources while having particular regard to “the effects of climate change”, as required under section 7(i) of the RMA.

Usefulness

This objective directs urban environments to recognise and respond to the potential effects of climate change. In turn, local authorities will be required to acknowledge the potential effects of climate change when making planning decisions. Further, this objective directs the development of New Zealand's urban environments to support reductions in greenhouse gas emissions.

The objective will enable local authorities to carry out their statutory functions under sections 30-31 of the RMA (provide sufficient development capacity to meet demand), as well as under sections 62 (contents of Regional Policy Statements) and 75 (contents of District Plans) in relation to how the NPS-UD direction is able to be implemented through Regional Policy Statements / Regional Plans / District Plans via plan change processes.

Reasonableness

This objective recognises the effects of climate change on urban environments and requires local authorities to support reductions in greenhouse gas emissions. It is noted that these are requirements of other legislation (e.g. the Zero Carbon Act). While these will result in increased costs for both monitoring and adaptation, these are not considered to be unreasonable costs in light of the potential scale of impact the alternative (not acting) could have. It is noted that the CBA from Price Waterhouse Cooper has not specifically assessed these costs, given the existing directives from other legislation and policy under the RMA to respond.

Achievability

This objective is considered to be achievable and able to be implemented within the functions and expertise of local authorities. The policy requirements which flow from the objective provide the ability for Regional Councils and territorial authorities to update their respective Regional Policy Statements and District Plans in order to successfully implement the intent of the objective.

8 Identification and Summary Evaluation of Options

This section provides an overview of the identification and summary evaluation of options considered reasonably practicable options to achieve objective(s) and evaluation of preferred options for policies.

8.1 Proposed Policies

This section of the report evaluates the proposed policies of the NPS-UD as they relate to the Objectives contained in section 8.1 above.

The proposed policies have been identified through research, consultation, testing and analysis and are considered to be the most reasonably practicable options for providing guidance to local authorities to implement the objectives of the NPS-UD.

8.2 Evaluation of Policies

For each potential policy approach, an evaluation has been undertaken relating to the costs and benefits of the policy in order to determine the effectiveness and efficiency of that approach, and whether it is the most appropriate way to achieve the relevant objectives of the NPS-UD.

A 'traffic light' rating system has been adopted to give a weighting to the sense of costs versus benefits for the various stakeholders, communities, Iwi / Māori, local authorities and the environment in relation to the potential policy approach. The 'traffic light' rating system statuses are described in the table below.

Table 2: Traffic Light Rating System - Key

Rating	Explanation
++	Benefits largely outweigh costs
+	Benefits generally outweigh costs
0	Costs balanced with benefits are neutral
—	Costs generally outweigh benefits
--	Costs largely outweigh costs

This evaluation is contained in the sections that follow and draws upon detailed analysis of the proposed policies contained in **Appendix 1** to this report.

For the purpose of this evaluation, the following potential options have been assessed for each policy package:

1. The preferred approach
2. The Discussion Document approach or options
3. Alternative options (including the status quo).

8.2.1 Future Development Strategy

8.2.1.1 Intent of the NPS-UD 'Future Development Strategy' Provisions

The intent of the Future Development Strategy approach is to support long-range land-use and infrastructure planning. For several years many local authorities across the country have been forming partnerships to develop strategies which show how their areas will accommodate growth. The existing NPS-UDC 2016 introduced a process and a product called a Future Development Strategy (FDS), which sought to deliver a strategic planning process for ensuring that planning documents provide sufficient development capacity to meet future growth needs.

8.2.1.2 Status Quo

The NPS-UDC 2016 requirements meant that five of the largest and fastest growing urban areas were required to prepare an FDS by 31 December 2018. The primary function of the NPS-UDC 2016 FDS was to show how expected feasible development capacity in the medium and long term would be accommodated. The NPS-UDC 2016 leaves local authorities with a lot of flexibility and potential ambiguity as to exactly what the FDS is intended to be. The FDS provisions in the NPS UDC 2016 have not created greater levels of agreement about the long-term strategic land use and infrastructure planning that is expected, in part because only two of the areas that were required to complete their FDS have done so.

The NPS-UD intends to strengthen and broaden the existing requirements of the NPS-UDC 2016 (status quo) in order to:

- Support better spatial planning in the current system (including by better aligning land-use and infrastructure planning);
- Strengthen the role of the FDS to inform RMA plans and strategies prepared under other legislation;
- Ensure that urban development promotes a “well-functioning” urban environment and is informed by issues of concern to hapū and Iwi, along with their values and aspirations; and
- Improve ongoing implementation of FDSs.

The purpose of this section is to examine whether the provisions in the proposal are the most appropriate way to achieve the objective which are:

- **Objective 2:** Planning decisions improve housing affordability by supporting competitive land and development markets.
- **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 and long term; and
 - (c) responsive (particularly in relation to proposals that would supply significant development capacity).

8.2.1.3 Options to achieve Objectives O2 and O6

For the purpose of this evaluation, the following potential approaches have been considered:

1. Discussion Document Approach –introduce provisions that would require:
 - local authorities across six identified Major Urban Centres (MUC) to produce or update an FDS every three years, in time to inform long-term plans (LTPs)
 - As well as demonstrating where and how development capacity for the medium and long term will be located, FDSs must also to demonstrate how quality urban environments will be achieved in the medium and long term, how residential development capacity bottom lines will be met, and how development capacity will be spatially allocated
 - that the FDS continue to show where urban development must be avoided, and the broad locations for urban development and future infrastructure corridors/locations
 - that the FDS identify how the strategy will be implemented, including local authority contributions to infrastructure funding and identification of potential financing gaps
 - that FDSs are informed by the latest housing and business development capacity assessment (HBA), An analysis of costs and benefits of different spatial scenarios, LTPs and infrastructure strategies, hapū and Iwi issues of concern, and other national direction (e.g. NPS-HPL), and
 - local authorities to have particular regard to the FDS when preparing changes to RMA planning documents.
2. Alternative Approach 1 – status quo – retaining the current approach (the NPS-UDC 2016)
3. Alternative Approach 2 – amend the ‘Discussion Document’ approach – so that the FDS is more clearly positioned as a strategic integrating document, that fits within a responsive planning system:
 - The MUC local authorities produce an FDS to inform an LTP, however it is to be produced every 6 years, then reviewed and if necessary, updated every 3 years. (in time to inform LTP)
 - That it is clarified that FDS need to be informed by an analysis of the advantages and disadvantages of different spatial scenarios (rather than a CBA as in discussion document)
 - That it is made explicit that local authorities consider FDS in RMA decisions, but not as strong as in DD which was have particular regard to it.
 - That when preparing and reviewing FDS, LAs must also engage with development community.
 - That it is clarified that local authorities must follow the special consultative procedures of Section 83 of the Local Government Act when preparing or updating their FDS
 - To support an FDS, local authorities are required to prepare an implementation plan that they keep up to date annually, rather than implementation actions being part of FDS.

It is considered that the preferred approach is ‘Alternative Approach 2’ (amend the ‘Discussion Document’ approach) to clarify and provide certainty to the FDS.

The following table evaluates the costs, benefits and risks of acting / not acting for the approach identified in the ‘preferred approach’. The purpose of this evaluation is to determine the effectiveness and efficiency of the ‘preferred approach’, and whether it is the most appropriate way to achieve relevant Objectives of the NPS-UD. An overall summary of the ‘preferred approach’ is included in the following table, with the detailed evaluation following.

Table 3: Future Development Strategy Policy Assessment – Evaluation of the ‘Preferred Approach’

<p>Policy 2: Local authorities, at all times, provide sufficient development capacity to meet expected demand for housing and for business land of the short term, medium term and long term.</p> <p>Policy 10: Local authorities:</p> <ul style="list-style-type: none"> (a) that share jurisdiction over urban environments work together when implementing this national policy statement; and (b) engage with providers of development infrastructure and other infrastructure to achieve integrated land use and infrastructure planning; and (c) engage with the developer sector to identify significant opportunities for urban development. <p>Part 3 – Sub Part 4 – Future Development Strategy</p>		
Summary of Preferred Approach	<p>Introduce a policy package that strengthens and clarifies the FDS requirements, with some alterations to the ‘Discussion Document’ approach to ensure the FDS is positioned as a strategic integrated document that fits within a responsive planning system. This approach applies to tier 1 and 2 local authorities (discussed in section 8.2.10 of this report)</p> <p>The ‘preferred approach’ requires:</p> <ul style="list-style-type: none"> a. local authorities produce an FDS to inform a Long Term Plan, however it is to be produced every 6 years (instead of every 3 years as proposed in the ‘Discussion Document’ approach), then reviewed and if necessary, updated every 3 years. b. As well as demonstrating where and how development capacity for the medium and long term will be located, FDS must also demonstrate how well-functioning urban environments will be achieved in the medium and long term, how residential development capacity bottom lines will be met, and how development capacity will be spatially allocated. c. That an FDS should continue to show the broad locations for urban development and future infrastructure corridors / locations and also show constraints on urban development (rather than areas where urban development should be avoided as in the discussion document) d. To support FDS, local authorities are required to prepare an implementation plan that they keep up to date annually, (instead of the way in which the strategy will be implemented being part of the FDS document as in the ‘Discussion Document’ approach) e. That an FDS is informed by the latest housing and business development capacity assessment (HBA), advantages and disadvantages of different spatial scenarios (rather than a cost benefit analysis as in the ‘Discussion Document’ approach), Long Term Plans and infrastructure strategies, hapū and Iwi issues of concern, and other national directions (e.g. NPS-HPL) f. That it is made explicit that local authorities consider FDS in RMA decisions (the ‘Discussion Document’ approach suggested that local authorities should have particular regard to the FDS in RMA decisions). g. That when preparing and reviewing FDS, local authorities must also engage with the development community. h. That it is clarified that local authorities must follow the special consultative procedures of Section 83 of the Local Government Act when preparing or updating their FDS 	
Overall Evaluation of Preferred Approach	<p>This approach strengthens and clarifies the FDS requirements that were introduced by the NPS-UDC 2016. Specifically, it provides greater direction about the processes that inform FDS and what an FDS must show. Through the requirement to engage with the development community it also introduces a process for ensuring the FDS is able to respond to significant development opportunities. The ‘preferred approach’ provides greater certainty about the rigour of the consultation process that is required to prepare an FDS and clarifies the weight that should be attributed to an FDS in subsequent RMA decisions. The ‘preferred approach’ also better positions the FDS as a strategic document by clarifying that it should be produced every 6 years and clarifies what is meant by keeping the FDS up to date during that time.</p> <p>These requirements if planned for, and aligned with other related processes, may not require significantly more work from local authorities, but will create much more certainty about best practise and greater certainty about the rigour and robustness for the process.</p> <p>Overall, it is likely that this approach will provide an effective medium and long-term planning tool.</p>	
	+ +	
Effectiveness and Efficiency	<p><u>Effectiveness</u></p> <p>The approach is considered to provide effective direction in relation to the development of FDSs by MUC authorities. It responds to feedback on the first FDSs prepared under the NPS-UDC 2016 and submission feedback on the NPS-UD. The approach provides clarity on the process required, outcomes sought and the timeframes for implementation and is therefore considered to result in an effective planning tool.</p>	<p><u>Efficiency</u></p> <p>The development of FDSs under the proposed approach will require substantial Council resources both during the development and implementation phases. However, for a number of local authorities, they have already been carrying out similar spatial planning processes and this approach seeks to leverage on those to reduce unnecessary duplication. This approach provides flexibility to allows local authorities to align the creation of the FDS with other planning processes.</p>
Risk of Acting / Not Acting	<p>The opportunities for effective planning provided by the development of FDSs will not be fully realised if there is no change to the FDSs requirements set out by the NPS-UDC 2016. Specifically, the timing of the FDSs is not well aligned with other council processes (such as the long-term plan) and there is uncertainty around the role of FDSs and its implementation/statutory weighting. In the absence of greater clarity, these issues will continue to hinder the effective implementation of FDSs.</p>	

Costs	Benefits
<u>Existing Community</u> <ul style="list-style-type: none"> No costs identified. 	<u>Existing Community</u> <ul style="list-style-type: none"> Existing community will benefit from greater visibility and certainty in relation to long term planning outcomes. Community engagement is encourage in the preparation of an FDS.
++	
<u>Future Generations</u> <ul style="list-style-type: none"> No costs identified. 	<u>Future Generations</u> <ul style="list-style-type: none"> Will benefit from quality urban environments that have been developed in a carefully planned and wholistic manner.
++	
<u>Iwi / Māori</u> <ul style="list-style-type: none"> Cost associated with being involved with and contributing expertise o FDS processes. 	<u>Iwi / Māori</u> <ul style="list-style-type: none"> Will benefit greater visibility and certainty in relation to long term planning outcomes.
+	
<u>Owners</u> <ul style="list-style-type: none"> No costs identified 	<u>Owners</u> <ul style="list-style-type: none"> Will benefit from greater visibility and certainty in relation to long term planning outcomes.
++	
<u>Renters</u> <ul style="list-style-type: none"> No costs identified 	<u>Renters</u> <ul style="list-style-type: none"> Will benefit from greater visibility and certainty in relation to long term planning outcomes.
++	
<u>Developers</u> <ul style="list-style-type: none"> Costs associated with being involved with and contributing expertise to FDS processes (that is, time cost). 	<u>Developers</u> <ul style="list-style-type: none"> Will benefit from greater visibility and certainty in relation to long term planning outcomes in particular in relation to areas identified for redevelopment and infrastructure provisions.
+	
<u>Businesses</u> <ul style="list-style-type: none"> No costs identified 	<u>Businesses</u> <ul style="list-style-type: none"> Will benefit from greater visibility and certainty in relation to long term planning outcomes.
++	
<u>Local Authority</u> <ul style="list-style-type: none"> Substantial costs associated with the development, management and ongoing review of FDSs for Major Urban Centres who will have more stringent requirements for the development of FDS). 	<u>Local Authority</u> <ul style="list-style-type: none"> Will benefit from greater visibility and certainty in relation to long term planning outcomes and will be able to allocate project/infrastructure funding accordingly.
+	
<u>Natural Environment</u> <ul style="list-style-type: none"> No costs identified. 	<u>Natural Environment</u> <ul style="list-style-type: none"> Potentially enhanced environmental outcomes as a result of an early identification of areas that should be protected from development and potentially enhanced.
++	

8.2.1.4 Summary Evaluation of the Discussion Document Approach and Alternative Approaches

The Discussion Document and each of the 'Alternative Approaches' identified in section 8.2.1.3 have been evaluated to determine their effectiveness, efficiency and whether they are an appropriate way to achieve the relevant Objectives of the NPS-UD. A summary of the evaluation of these evaluations has been included in the following table. The detailed evaluations informing this summary table is included in **Appendix 1**.

Table 4: Future Development Strategy Assessment - Summary Evaluation of the Discussion Document and Alternative Approaches

Options	Ability to Achieve the Objective/s	Impacts	Risks	Overall Assessment
	<i>Are they met? How?</i>	<i>Net effects</i>	<i>Identified risks</i>	<i>Preferred? Why?</i>
Discussion Document – Option 1 – introduce provisions to strengthen and clarify the FDS requirements to more effectively guide long-term planning	The objective is met in part. This approach strengthens and clarifies the FDS requirements that were introduced by the NPS-UDC 2016. It is considered that revised requirements for FDSs outlined by this approach will improve and enhance long term strategic planning outcomes however that some greater clarity could be provided in relation to community engagement and the timeframes around its development and implementation.	+	The opportunities for effective planning provided by the development of FDSs will not be fully realised if there is no change to the FDSs requirements set out by the NPS-UDC 2016.	This is not the preferred option. It is considered that some greater direction and clarity could be provided to contribute towards the development of an efficient FDS and medium and long term planning tool.
Alternative option 1 – Status quo – retaining the current approach (FDSs under the NPS-UDC 2016)	The objective is not met. The status quo requires local authorities in high-growth urban areas to develop FDSs that describe how they will provide sufficient development capacity in medium and long term across an agreed area and how they can meet the minimum development capacity housing targets. Overall, it is considered that the status quo provides a missed opportunity to effectively implement a tool that could support medium- and long-term planning outcomes.	--	The timing of the FDSs is not well aligned with other council processes (such as the long-term plan) and there is uncertainty around the role of FDSs and its implementation/statutory weighting. In the absence of greater clarity, these issues will continue to hinder the effective implementation of FDSs.	This is not the preferred option. The status quo is not efficient in achieving medium- and long-term planning outcomes and that further refinements to FDS requirements are needed.
Alternative option 2 – Amend Discussion Document approach.	The objective is met. This approach strengthens and clarifies the FDS requirements that were introduced by the NPS-UDC 2016. Specifically, it provides greater guidance in relation to the matters that must be addressed within the FDS, limits the requirement to produce an FDS to identified Major Urban Centre (MUC) local authorities and provides updated timeframes. Overall, it is likely that this approach will provide an effective medium- and long-term planning tool.	++	The opportunities for effective planning provided by the development of FDSs will not be fully realised if there is no change to the FDSs requirements set out by the NPS-UDC 2016	This is the preferred option as it provides more clarity and certainty about the practical difference between reviewing and updating FDs and enables integration with LTPs and RLTPs, while improving implementation costs for Councils because the preparation of a full FDS would be less-frequent, comparative to the other approaches.

8.2.2 Well-functioning urban environments

8.2.2.1 Intent of the NPS-UD 'Well-functioning urban developments' Provisions

The intent of the provisions is to identify what is meant by 'well-functioning' urban environments and the requirements of planning processes to deliver to these. These provisions identify those factors that contribute to quality or good urban outcomes, nationally consistent factors that are anticipated. By articulating a central government perspective on what contributes to 'well-functioning' urban environments it is anticipated that there will be greater certainty for Council's in planning and providing for growth and urban development.

The existing NPS-UD 2106 had a particular focus on ensuring that local authorities provided sufficient opportunities for housing and business needs to meet projected demand but did give some direction on the function of those environments. While the preamble referenced "well-functioning urban environments", the provisions themselves referred to the link between "effective and efficient" urban environments and wellbeing. Policies A3 and A4 gave specific reference to the following:

- Enabling a range of dwelling types and locations, working environments and places to locate businesses
- Limiting adverse impacts on competitive land markets
- Promoting the efficient use of land and infrastructure
- The importance of taking benefits of urban development at a range of scales (locally, regionally, and nationally) into account.

While it made reference to wellbeing and the importance of well-functioning urban environments, it gave limited guidance on how and where that capacity should be provided in order to meet communities' needs and provide for their wellbeing. Alongside the introduction of the intensification and carparking provisions, it was proposed to add the importance of "access" to give further direction on *where* to enable development capacity.

While the provisions themselves had limited substantive changes, the 'Discussion Document' approach proposed to include a preamble with a longer list of features that contributed to a "quality" urban environment, rather than a "well-functioning" urban environment.

Through consultation, it became clear that "quality" was causing confusion.

The purpose of this section is to examine whether the provisions in the proposal are the most appropriate way to achieve the following objective, which is:

- **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.

8.2.2.2 Options to achieve Objectives O1

For the purpose of this evaluation, the following potential approaches have been considered:

1. Discussion Document Approach –introduce a policy option for public comment that:
 - Set out a non-exhaustive description of the features of a quality urban environment
 - Ensures planning decisions consider whether quality urban environments can be achieved

- Provides a comprehensive description of a quality urban environment in the preamble to the NPS-UD
2. Alternative Approach 1 – status quo – retaining the current approach.
 3. Alternative Approach 2 – Clarify – clarify what the policy aims to achieve (combining NPS-UD structure and NPS-UDC wording)
 4. Alternative Approach 3 – Directive – prepare a more directive policy approach (either including direction on site-level features that contribute to “quality” or providing direction to achieve functions, in addition to a list of functions).
 5. Alternative Approach 4 – Broaden the list of features for a more comprehensive list of ‘well-functioning urban environments’

The Ministry has confirmed the preferred approach is ‘Alternative Approach 2’ (clarify what the policy aims to achieve). This approach is considered and assessed to be similar to ‘Alternative Approach 4’, however will involve the redrafting of the ‘Discussion Document’ approach to enable greater clarity on the provisions, rather than setting out an exhaustive description of what constitutes a ‘well-functioning urban environment’.

The following table evaluates the costs, benefits and risks associated with Alternative Approach 2. The purpose of this evaluation is to determine the effectiveness and efficiency of the ‘preferred approach’, and whether it is the most appropriate way to achieve relevant Objectives of the NPS-UD. An overall summary of the ‘preferred approach’ is included in the following table, with the detailed evaluation following. Given the similarities between the ‘preferred approach’ and the status quo, the following evaluation will differentiate (where applicable) the costs and benefits of both retaining the status quo and adopting ‘Alternative Approach 2’ (clarifying what the policy aims to achieve).

Table 5: Well-functioning Urban Environments Policy Assessment – Evaluation of the ‘Preferred Approach’

Policy 1: Planning decisions contribute to well-functioning urban environments, which are urban environments that, as a minimum:		
<div><div>(a) have or enable a variety of homes that:</div><div><div>(i) meet the needs, in terms of type, price, and location, of different households; and</div><div>(ii) enable Māori to express their cultural traditions and norms; and</div></div><div>(b) have or enable a variety of sites that are suitable for different business sectors in terms of location and site size; and</div><div>(c) have a good accessibility for all people between housing, jobs, and community services, including by way of public or active transport; and</div><div>(d) support and limit as much as possible adverse impacts on the competitive operation of land and development markets; and</div><div>(e) support reductions in greenhouse gas emissions; and</div><div>(f) are resilient to the likely current and future effects of climate change.</div></div>		
Summary of Preferred Approach	<div>The preferred approach is to redraft the provisions for clarity, with reference to other policy directives of the NPS-UD as appropriate. The provisions will maintain a focus on the functions of urban environments, rather than extending it to include site-level features. To make this clear, the provisions will use the term “well-functioning urban environments” rather than “quality urban environments”. The reference to accessibility will also be made clearer and more specifically targeted to those matters that contribute to this ‘functioning’ which includes the accessibility to and between activities and the role of Cities in respect of climate change adaptation and mitigation.</div> <div>Structurally, this bears a stronger resemblance to the NPS-UDC 2016 (that is, the status quo) approach than to the ‘Discussion Document’ approach. The list of features of a well-functioning urban environment will sit in the policy, while competitive operation of land and development markets will be included as will the role of cities in supporting reductions in greenhouse gases and in improving communities resilience to the effects of climate change (these latter elements of this policy are discussed in section 8.2.11 of this report).</div>	
Overall Evaluation of Preferred Approach	<div>The redrafting of the policy for clarification (Alternative Approach 2) will provide clearer guidance and direction to local authorities during the decision-making and plan-making processes in regard to the development of “well-functioning” urban environments. In particular, the policy specifically gives guidance on the scope of the functions, features and values to be considered in plan making and consent decision to ensure Council’s recognises its responsibilities in contributing to well-functioning urban environments.</div> <div>Clarification of the policy will ensure that decision-makers and plan users will better understand what is required to develop a “well-functioning” urban environment. This approach is expected to ensure that local authorities will have regard to, and balance the needs of, enabling housing choice (affordability), providing well-functioning labour markets and a productive economy alongside elements of the ‘quality’ of such environments (e.g. the amenity or aesthetic coherence of these environments). This is considered appropriate as it recognises that many of the natural and physical characteristics of urban environments that contribute to its overall functioning are not limited to these characteristics alone. Overall, the benefits to communities of consideration of these functional factors are considered to outweigh the costs that are assessed to be incurred (by requiring specific consideration of these matters). In particular, these benefits will include both built form outcomes but also the provision of outcomes important for communities social and cultural wellbeing (including health) as well as appropriately recognising and strengthening the culture and traditions of Māori. The policy also recognises the role of urban environments in both impacting on and responding to climate change.</div> <div>++</div>	
Effectiveness and Efficiency	<div><div>Effectiveness</div><div>This option will be effective by providing clear direction to decision-makers and plan-users on the scope of the functions, features and values to be considered in plan-making and consent decisions as to what constitutes developing “well-functioning” urban environments – taking a broad consideration of what contributes to the social, economic, cultural and environmental factors that contribute to this.</div></div>	<div><div>Efficiency</div><div>This option is considered to have a higher level of efficiency, compared with the ‘Discussion Document’ approach, given the greater detail and clarity provided to local authorities and developers.</div></div>
Risk of Acting / Not Acting	<div>Any risks associated with clarifying the policy approach outlined within the ‘Discussion Document’ approach are considered to outweigh the risks associated with not acting. The risk of retaining the status quo is that the consideration of ‘quality urban environments’ remains dominated by consideration of ‘existing amenity’ values (the amenity characteristics of the existing environment). This in turn limits the potential and perceived values of future generations and provision for future generations to provide for their wellbeing. The approach recognises the contribution of a wider range of factors that contribute to well-functioning urban environments.</div>	
Costs		Benefits
<div><div>Existing Community</div><div><div>No direct or indirect costs identified.</div></div></div>		<div><div>Existing Community</div><div><div>New Benefits:</div><div><div>Consideration of market competitiveness will assist in providing for housing affordability and contribute to the community’s economic wellbeing.</div><div>Consideration of response and adaptation to climate change recognises the importance of these matters to people’s wellbeing.</div></div><div>Status Quo Benefits:</div><div><div>Encouraging development that considers the existing urban environment whilst enabling the provisions of a range of building typologies.</div><div>Enables development of a range of housing typologies to ensure inclusive urban environments (insofar as providing a mix of housing which can provide the different needs of families, couples, individuals and elderly).</div></div></div></div>

	<ul style="list-style-type: none"> Enabling a range of dwelling types and business locations will facilitate 'face-to-face' transactions between people, and between people and businesses - generating prosperity and wellbeing of people and communities. Emphasis on increased accessibility between housing, jobs, opportunities for social interaction, services and public open spaces will benefit communities social and economic wellbeing through better access to potential places of employment, access to goods and services, and therefore the potential to reduce commuting times between home, work and goods and services.
++	
<u>Future Generations</u> <ul style="list-style-type: none"> No direct or indirect costs identified. 	<u>Future Generations</u> <p><i>New Benefits:</i></p> <ul style="list-style-type: none"> Encourages urban development that will have positive impacts on existing urban environments in respect of land markets (housing affordability) and response and adaptation to climate change. Emphasis on urban environments supporting a reduction in greenhouse gas emissions could in turn produce urban environments with improved air quality given reduced emissions. <p><i>Status Quo Benefits:</i></p> <ul style="list-style-type: none"> Enables development of a range of housing typologies to fulfil the different needs of future generations. Enables more working environments and therefore the potential for communities to have better access to potential places of employment, access to goods and services, and therefore the potential to reduce commuting times between home, work and goods and services.
++	
<u>Iwi / Māori</u> <ul style="list-style-type: none"> No direct or indirect costs have been identified. 	<u>Iwi / Māori</u> <ul style="list-style-type: none"> The role of Māori culture and traditions are specifically recognised as an element to achieving a well-functioning and liveable urban environments. In some instances, these values are not recognised in urban environments as they are seen as 'historic' or natural environment values
++	
<u>Owners</u> <ul style="list-style-type: none"> No direct or indirect costs have been identified 	<u>Owners (as for existing community and in addition)</u> <p><i>Status Quo Benefits:</i></p> <ul style="list-style-type: none"> Provides greater certainty with regard to expectations relating to 'quality / well-functioning' urban environments within planning process for developments adjoining or in proximity to landowners
++	
<u>Renters</u> <ul style="list-style-type: none"> No direct or indirect costs have been identified. 	<u>Renters (as for existing community and in addition)</u> <p><i>New Benefits:</i></p> <ul style="list-style-type: none"> Potential benefits for renters, where the functions recognise the important of competitive land markets which in turn may result in more equitable rental markets..
++	
<u>Developers</u> <p><i>New Costs:</i></p> <ul style="list-style-type: none"> Council's consideration of existing working environments, business locations and the potential of competitive operation of land and development markets and the benefits and costs of urban developments at the national, inter-regional, regional, district and local level (as appropriate) may increase the costs and time associated with resource consent applications. <p><i>Status Quo Costs:</i></p> <ul style="list-style-type: none"> Potential increase in urban design input to resource consent applications given the importance of the "functionality" of development and the requirement for developments to demonstrate their positive impacts on the urban environment (given the Council "must have regard" to such impacts). 	<u>Developers</u> <p><i>New Benefits:</i></p> <ul style="list-style-type: none"> Provides greater certainty with regard to expectations relating to the elements that contribute and enhance the "functionality" of a proposed urban development within planning process and the wider RMA framework. <p><i>Status Quo Benefits:</i></p> <ul style="list-style-type: none"> Encourages the development of a range of housing types and sizes that will likely improve enablement of new development in urban areas. Direction and clarification as to the key elements / matters local authorities will consider during assessment of resource consent applications are transparent and therefore reduce risk on applications being declined if they can demonstrate alignment with the policy.
+	

Costs	Benefits
<p><u>Businesses</u></p> <ul style="list-style-type: none"> No direct or indirect costs have been identified. 	<p><u>Businesses</u></p> <p><i>Status Quo Benefits:</i></p> <ul style="list-style-type: none"> Will likely provide additional opportunities for business to locate within the urban environment, given consideration is not restricted to the immediate surrounds. Rather, the benefits associated with the establishment of the business can be recognised, if appropriate, at a district, regional, inter-regional or national level. Enabling different housing types and sizes will increase density of surrounding neighbourhoods. Therefore, the catchment area of businesses will increase. Enabling different housing typologies and sizes will increase the density of neighbourhoods surrounding established businesses. In turn, an increase to the catchment area of established businesses will increase the likelihood of people purchasing goods and services.
++	
<p><u>Local Authority</u></p> <p><i>New Costs:</i></p> <ul style="list-style-type: none"> Costs for local authorities in relation to reviewing / amending statutory planning documents to give effect to the policy direction (local authorities will need to identify and describe the environment outcomes to be sought in urban environments and provide guidance on how decisions will be made on consent applications in response to potential adverse impacts on the competitive operation of land and development markets). <p><i>Status Quo Costs:</i></p> <ul style="list-style-type: none"> May require a lengthier process (than current state) to assess and balance the potential adverse effects and perceived benefits of urban development during the decision-making process, with a more specific requirement to consider impacts in relation to potential competitive operation of land and development markets and development capacity and the perceived benefits and positive impacts of urban development at a national, inter-regional, regional, district and local level (as appropriate). 	<p><u>Local Authority</u></p> <p><i>New Benefits:</i></p> <ul style="list-style-type: none"> Clarification on the list of functions and features that are considered important to developing a “well-functioning” urban environment will enable a consistent approach during the decision-making and plan-making process. <p><i>Status Quo Benefits:</i></p> <ul style="list-style-type: none"> Guides local authorities to consider wider matters, such as the potential for development to adversely impact the competitive operation of land and development markets when considering proposals for development (particularly for applications involving the establishment and / or expansion of business or commercial activities within urban environments). Guides local authorities to consider matters beyond the site and the immediate environs (that is, from a nation to local scale, as appropriate).
+	
<p><u>Natural Environment</u></p> <ul style="list-style-type: none"> Emphasis on the listed matters for well-functioning urban environments may detract from or compete with resources for protection of natural environments or require balancing consideration on these values alongside one another. 	<p><u>Natural Environment</u></p> <ul style="list-style-type: none"> Potential to encourage the provision of access to facilities, such as public open space and / or reserves or public access to the coast, in developments that seek to offset and / or mitigate the potential adverse effects in relation to urban development. This can be a benefit both for the immediate occupants of new developments (where such mitigation has been provided) as well as potentially for the wider local community who may also benefit from such enhancements. Emphasis on urban environments to increase accessibility by public and active transport and urban environments support emissions reduction are expected to reduce carbon emissions generated from private vehicle use (particularly noticed in areas where the alternative – public and active transport – is not, or is inadequately provided as a viable and reasonably practicable option).
+	

8.2.2.3 Summary Evaluation of the Discussion Document Approach and Alternative Approaches

The 'Discussion Document' approach and each of the 'Alternative Approaches' identified in section 7.2.2.2 have been evaluated to determine their effectiveness, efficiency and whether they are an appropriate way to achieve the relevant Objectives of the NPS-UD. A summary of the evaluation of these evaluations has been included in the following table. The detailed evaluations informing this summary table is included in **Appendix 1**.

Table 6: Well-functioning Urban Environments Assessment - Summary Evaluation of the Discussion Document and Alternative Approaches

Options	Ability to Achieve the Objective/s	Impacts	Risks	Overall Assessment
	<i>Are they met? How?</i>	<i>Net effects</i>	<i>Identified risks</i>	<i>Preferred? Why?</i>
Discussion Document – Option 1 – introduce a policy that will give direction on what is meant by quality urban environments, both in existing and future urban environments.	Consider the risk is that the objective will not be met as focusing on the term “quality” could lead to confusion about what councils and communities need to achieve the outcomes of ‘well-functioning’ environments. “Quality” is perceived differently between communities / urban environments and dominated by issues of aesthetic appearance and form, not the functioning of urban areas. Consider that such an approach will not ensure nationally consistent understanding of features that contribute to a well-functioning and liveable urban environment.	-	Pressure on local authorities to provide more housing and room for growth can lead to poor quality / functioning urban environments when guidance is not afforded to what and where development should occur and what features and functions of an urban environment impact on the natural and physical environment. The absence of the recognition of the importance of “quality / well-functioning” urban environments can have both a local and national impact on the development of urban settings.	This is not the preferred option. The confusion generated by the term “quality” urban environments will constitute a policy framework that is not consistently adopted at a national scale – making for varying degrees of urban environments that may or may not achieve the desired intent of the provision. The important functions that contribute to “well-functioning” urban environments would be split across multiple objectives and policies, which makes the direction less clear.
Alternative option 1 – Status quo – retaining the current approach (no amenity values policy under the NPS-UDC 2016)	The objectives are partially met. The current split of concepts for “well-functioning” urban environments would be split across a range of objectives and policies in the NPS-UDC 2016 and therefore lack a particular emphasis / direction. Important factors are also missing, particularly accessibility and the role of Māori placemaking.	-	A continued requirement for local authorities to provide development capacity without the policy direction on factors that make such capacity well-functioning considered likely to reduce or fail to meet the wellbeing of the population of these urban environments.	This is not the preferred option. The intent of the provisions to broaden the existing focus from just providing development capacity to providing for capacity in way that enables people and communities to provide for their wellbeing and create liveable ‘quality’ urban environments is not achieved by retaining the status quo. The split of directives in the policies would make the overall policy direction less clear.
Alternative option 2 – Clarify – clarify what the policy aims to achieve.	<p>This meets the objective. The revision of the Discussion Document policy approach brings the list of features of a “well-functioning” urban environment (enabling homes to meet needs, sites for businesses to meet needs, homes, jobs and places to recreate are accessible by public or active transport) into a policy (rather than sit at the objective level) and combines this with aspects of the Discussion Document approach, where relevant, to better achieve the intent and outcome of the objective.</p> <p>Further, this approach brings together policy regarding Māori place-making and introduces new direction about responding to climate change – both of which align with the objective.</p>	++	There no identified risks associated with improving the clarity of the ‘Discussion Document’ approach.	This is the preferred option. The confusion arising in the Discussion Document approach (that is, what the term “quality” urban environments means) will be avoided through a clearer policy framework that places emphasis on “well-functioning” urban environments, rather than “quality” urban environments and better defines the features that contribute to and achieve a “well-functioning” urban environment to provide clarity to both plan-users and decision-makers.

Options	Ability to Achieve the Objective/s	Impacts	Risks	Overall Assessment
	<i>Are they met? How?</i>	<i>Net effects</i>	<i>Identified risks</i>	<i>Preferred? Why?</i>
Alternative Approach – Option 3 – prepare a more directive policy	This does not meet the objectives. This approach references the “functions” of a well-functioning urban environment and gives direction on how to achieve it (including direction on site-level features of a well-functioning urban environment). This descriptive approach significantly reduces the autonomy of local authorities during the decision-making process compared with the other approaches as direction on ‘site-level’ features would be inherently more prescriptive. Further, this approach creates challenges in providing direction on ‘site-level features’ that can be applied across all of New Zealand’s urban environments – which is the scale at which the NPS-UD is intended to influence.	-	Applying such specific “features” to a national framework is high-risk given the granular nature and the local specificity of such “features” that contribute to a ‘well-functioning’ urban environment. The intent of the policy may not be achieved due to the potential challenges with implementation.	This is not the preferred approach. The directive approach limits the factors that local authorities can consider during the decision-making and plan-making process about developing ‘well-functioning’ urban environments. In turn this would limit a community’s ability to influence how their city develops.
Alternative Approach – Option 4 – broaden the list of features of well-functioning urban environments	The objectives are partially met. This approach would be similar to ‘option 2’ above but would comprise a longer list of “features” of ‘well-functioning’ urban environments (for example, heritage, wellbeing, reduced impact on natural environment etc.). These matters are required to be considered by other policy directives. Inclusion in this policy potentially underemphasises other features listed that are considered integral / necessary for ‘well-functioning’ urban environments.	0	There is a risk that adding all elements or features of urban environments will detract from consideration of those that are considered integral to support social and economic functioning of these urban areas. There is potential to create an inconsistent application of the policy among local authorities with regard to what ‘features’ are integral and what ‘features’ are not in achieving ‘well-functioning’ urban environments.	This is not the preferred approach. Broadening the list of ‘features’ which contribute to a ‘well-functioning’ urban environment has the potential to detract from important ‘features’ listed.

8.2.3 Amenity values in urban environments

8.2.3.1 Intent of the NPS-UD 'Amenity in urban environments' Provisions

The intent of the amenity provisions of the NPS-UD is to allow urban environments to change in response to changing needs, and to ensure local authorities don't unduly prioritise maintaining and enhancing existing amenity values enjoyed by individuals at the expense of changing and diverse urban outcomes for wider communities. The intent of the NPS-UD with respect to amenity is similar to the NPS-UDC OA3 which sought recognition that urban environments change over time. However, there was no supporting policy to effectively implement the policy, and there was no express recognition that amenity values may also change, although inference could be drawn from the NPS-UDC preamble.

The purpose of this section is to examine whether the provisions in the proposal are the most appropriate way to achieve the objective, which is:

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

8.2.3.2 Options to achieve Objective O4

For the purpose of this evaluation, the following potential approaches have been considered:

1. Discussion Document Approach –introduce a policy option for public comment that would:
 - Require decision-makers making planning and consent decisions to recognise that amenity values vary among individuals and communities and change over time.
2. Alternative Approach 1 – status quo – retaining the current approach (no amenity policy under the NPS-UDC).
3. Alternative Approach 2 – Amending the policies to provide more clarity and direction for decision-makers and integrating the amenity provisions with other parts of the NPS-UD.
4. Alternative Approach 3 – Removing amenity provisions from the NPS-UD and addressing the issue through the RMA reform.

8.2.3.3 Preferred Approach – Evaluation

It is considered that the preferred approach is Alternative Approach 2 (amending the policy in the decision document to provide more clarity and direction for decision-makers and integrating amenity provisions with other parts of the NPS-UD). It is noted that in the longer-term, Alternative Approach 3 (remove amenity provisions from the NPS-UD and address the issue through the RMA reform) also offers an additional option for addressing / setting expectations in relation to amenity values within urban environments.

The following table evaluates the costs, benefits and risks of acting / not acting for Alternative Approach 2. The purpose of this evaluation is to determine the effectiveness and efficiency of the 'preferred approach', and whether it is the most appropriate way to achieve relevant Objectives of the NPS-UD. An overall summary of the 'preferred approach' is included in the following table, with the detailed evaluation following.

Table 7: Amenity values in urban environments Policy Assessment – Evaluation of the ‘Preferred Approach’

Policy 6: When making planning decisions that affect urban environments, decision-makers have particular regard to the following matters: <ul style="list-style-type: none"> (a) the planned urban built form of that environment as anticipated by RMA planning documents that have given effect to this national policy statement: (b) the planned urban built form may involve significant changes to an area, and those changes: <ul style="list-style-type: none"> (iii) may detract from amenity values appreciated by some people but improve amenity values appreciated by other people and communities, and future generations; and (iv) 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. 		
Summary of Preferred Approach	In the short term, the preferred approach is a combination of both amending the policies of the discussion document to provide more clarity and direction for decision-makers and integrating amenity provisions with other parts of the NPS-UD (Alternative Approach 2).	
Overall Evaluation of Preferred Approach	<p>The integration of a policy framework that recognises amenity values can change over time will catalyse a shift in focus for decision-makers from preserving or maintaining the existing and short-term or ‘existing environment’ amenity values of the current urban environment, to considering a wider array of amenity values for both existing and future communities and that the nature of amenity value will change over time. It places emphasis on long term, community wide amenity outcomes. Retaining ‘amenity specific’ provisions (Discussion Document Approach and Alternative Approach 2) avoids the risk for the intent of the focus of the ‘preferred approach’ option to be diluted, which may have occurred if it were to be entirely incorporated as one (of a number of other) matters which may be addressed through other provisions (such as the ‘Quality Urban Environments’ or ‘Intensification’ provisions) within the NPSUD.</p> <p>Alternative Approach 2 will provide benefits in the short to medium-term to both existing and future generations, and that such benefits are considered to outweigh any costs that would be incurred through this combined approach. The economic analysis recognises that the most desirable places to live are placed with excellent access to a range of factors including but not exclusive to high amenity values. Places with the highest amenities experience some of the greatest demand for housing, and this is reflected in high land values. Sometimes these places exist because they have been able to experience significant changes to amenity values to support high densities, such as the centres of our cities. In order to support intensification, changes to amenity values are needed to support people, communities and future generations to have access to a range of service which are most easily accessible in higher density areas.</p>	
	++	
Effectiveness and Efficiency	<p><u>Effectiveness</u></p> <p>Upon a detailed review of the effectiveness of adopting Alternative Approach 2, it is considered that this option can reduce the issues experienced by local authorities with considering both a policy framework encouraging development and intensification with the requirement in section 7(c) of the RMA to manage and enhance existing amenity values. The preferred approach provides decision-makers and plan users with greater clarity to recognise and provide for changing amenity values and the license to decide that they may not be an adverse effect. This approach increases the scope of the values that can be considered in plan making and consent decisions with respect to amenity values.</p>	<p><u>Efficiency</u></p> <p>It is considered that given the costs relative to the benefits, this option has a high level of efficiency. The policy contains a sufficient degree of detail to assist decision makers with the competing interests that are raised by submitters. By recognising that amenity values are diverse (positive to some while negative to others) this will help decision-makers to efficiently make decisions. The current prevailing approach appears to be to focus on change to amenity values as a negative, which fails to consider potential positive amenity values for future generations of such change.</p>
Risk of Acting / Not Acting	Any risks associated with the implementation of the ‘preferred approach’ to the Discussion Document Approach is considered to outweigh the risks associated with not acting. The risk of not acting retains the current issues of ‘status quo’ bias to amenity values (e.g. the amenity of the existing community is not considered alongside the potential amenity values for future generations). This risks slowing the rates of urban growth and development, which will have high social and economic costs, particularly where these correlate to areas of high growth potential (e.g. where they have access to transport, infrastructure, services or employment).	
Costs	Benefits	
<p><u>Existing Community</u></p> <ul style="list-style-type: none"> ■ The cost or lost amenity arising from enabled development for those residents that currently enjoy the current form of built environment . ■ Higher densities of development can create internalised costs / effects in relation to potential amenity impacts / costs to neighbours (e.g. associated with overshadowing, blocked views etc). These costs / effects are generally able to be mitigated, through measures such as design-related ‘bulk and location’ rules and urban design guidance to manage the quality of the built environment (‘Costs and Benefits of Urban Growth’ Report, MR Cagney, 2019). 	<p><u>Existing Community</u></p> <ul style="list-style-type: none"> ■ Reduces the potential for a constraint / barrier to new development on communities in which the majority wish to change part of the built environment that is considered to no longer meet the needs of the community. ■ A more enabling policy framework for intensification / development that will potentially benefit the existing community – such as provision of communal facilities (public open space or community facilities). ■ In some cases, increased development opportunity and value uplift arising from positive development changes (‘Costs and Benefits of Urban Growth’ Report, MR Cagney, 2019). 	
	+	

Costs	Benefits
<u>Future Generations</u> <ul style="list-style-type: none"> The amenity values of / for future generations are dictated by the values of existing communities and decision-makers in the present day. 	<u>Future Generations</u> <ul style="list-style-type: none"> Development is less likely to be unduly curtailed by Councils favouring the preservation or maintenance of amenity values at the cost of development. Impacts of development proposals, in relation to future generations / communities can be directly considered by Councils during the decision-making process
+	
<u>Iwi / Māori</u> <ul style="list-style-type: none"> No direct or indirect costs have been identified. 	<u>Iwi / Māori</u> <ul style="list-style-type: none"> Identified wāhi tapu and cultural sites of significance can be valued higher with regards to development in Māori communities, with specific recognition that amenity values will differ between individuals and different groups / interests within a community.
++	
<u>Owners</u> <ul style="list-style-type: none"> Potential to enable development in communities in which the majority may wish to maintain the existing amenity values of a particular area, where a proposed development is perceived to adversely affect those existing amenity values. Higher densities of development can create internalised costs / effects in relation to potential amenity impacts / costs to neighbours (e.g. associated with overshadowing, blocked views etc). These costs / effects are generally able to be mitigated, through measures such as design-related 'bulk and location' rules and urban design guidance to manage the quality of the built environment ('Costs and Benefits of Urban Growth' Report, MR Cagney, 2019). 	<u>Owners</u> <ul style="list-style-type: none"> Provides greater certainty with regard to expectations relating to 'amenity values' within planning process and how adjoining development/s will be considered against the existing environment in relation to amenity values. Provides for urban growth and change for those owners who wish to progress it.
+	
<u>Renters</u> <ul style="list-style-type: none"> No direct or indirect costs have been identified. 	<u>Renters</u> <ul style="list-style-type: none"> Potential benefits for renters, where the certainty and enablement provided through the policy direction supports the delivery of increased housing supply, including a range of different housing types and sizes, to better meet the evolving needs of the renters. Provides for increased diversity of provision for people (renters).
++	
<u>Developers</u> <ul style="list-style-type: none"> Potential increased urban design input to resource consent applications. Potential to increase the frequency of limited notified applications on the basis of more than minor adverse amenity effects. Emphasis on amenity values has the potential for local authorities to increase pressure on developers to ensure the design of developments is such that they minimise the visual impact / amenity effects on neighbours (reducing overshadowing and / or blocking neighbours views). This could come at a cost to developers in terms of foregone development potential / additional design inputs. 	<u>Developers</u> <ul style="list-style-type: none"> Provides developers with additional means to reduce potential adverse effects on amenity values by way of recognising the potential positive contribution urban development can make to amenity in the future. Provides greater certainty with regard to expectations relating to 'amenity values' within planning process and the wider RMA framework.
+	
<u>Businesses</u> <ul style="list-style-type: none"> No direct or indirect costs have been identified. 	<u>Businesses</u> <ul style="list-style-type: none"> More potential to offset and / or mitigate adverse amenity effects through other means than built form and character. Business / retail areas that adopt features and / or built form that are perceived to have high amenity values will subsequently attract more people and, typically, increase the duration people are likely to stay in the area. In turn, the likelihood of people purchasing goods and services increases.
++	

Costs	Benefits
<p><u>Local Authority</u></p> <ul style="list-style-type: none"> ■ May require a lengthier process (than current state) to assess and balance the potential adverse effects and perceived benefits on amenity values during the decision-making process, with a more specific requirement to consider impacts in relation to future generations. ■ Costs for local authorities in relation to reviewing / amending statutory planning documents to give effect to the policy direction (local authorities will need to identify and describe the amenity outcomes to be sought in areas where growth ■ The difficulty for local authorities to weigh the values of the individuals verse the values of the wider community or a collective / community group when deciding whether the potential adverse amenity effects associated with a development are considered more than minor.is encouraged and to include those expectations in District Plans and design guidelines for ease of implementation). 	<p><u>Local Authority</u></p> <ul style="list-style-type: none"> ■ Guides local authorities to consider wider matters, such as access to services and facilities, which may positively contribute to amenity values, particularly in relation to future generations. ■ Affords specific direction to local authorities and decision makers to consider the impacts of proposals for future generations, particularly for notified application processes where the focus through public submissions received on development proposals generally focus on effects on existing residents / community.
0	
<p><u>Natural Environment</u></p> <p>No direct or indirect costs have been identified.</p>	<p><u>Natural Environment</u></p> <ul style="list-style-type: none"> ■ Potential to encourage the provision of access to facilities, such as public open space and / or reserves or public access to the coast, in developments that seek to offset and / or mitigate the potential adverse effects in relation to urban intensification. This can be a benefit both for the immediate occupants of new developments (where such mitigation has been provided) as well as potentially for the wider local community who may also benefit from such enhancements.
+	

8.2.3.4 Summary Evaluation of the Discussion Document Approach and Alternative Approaches

The Discussion Document and each of the 'Alternative Approaches' identified in section 7.2.3.2 have been evaluated to determine their effectiveness, efficiency and whether they are an appropriate way to achieve the relevant Objectives of the NPS-UD. A summary of the evaluation of these evaluations has been included in the following table. The detailed evaluations informing this summary table is included in **Appendix 1**.

Table 8: Amenity Values in Urban Environments Policy Assessment - Summary Evaluation of the Discussion Document and Alternative Approaches

Options	Ability to Achieve the Objective/s	Impacts	Risks	Overall Assessment
	<i>Are they met? How?</i>	<i>Net effects</i>	<i>Identified risks</i>	<i>Preferred? Why?</i>
<p>Discussion Document – Option 1 – recognise that amenity values vary among individuals and communities and change over time.</p>	<p>The objectives are met, in part. The proposed policy in the Discussion Document recognises and provides guidance to local authorities that amenity values can change over time and that local authorities should consider amenity values for both current and future communities.</p> <p>It is considered that a key issue in regard to amenity values is how District Plans balance the successful delivery and implementation of a policy direction which is seeking to encourage development and intensification with the requirement in section 7(c) of the RMA that requires “particular regard” be had to the “maintenance and enhancement of amenity values” and the “maintenance and enhancement of the quality of the environment”. This balance issue can be reduced through the implementation of this policy to recognise amenity values extend beyond the generally considered built form and built character of an existing environment and can vary between individuals and communities (including different groups within communities) and fluctuate over time.</p>	+	<p>The difficulty for local authorities to weigh the values of the individuals verse the values of the wider community or a collective / community group when deciding whether the potential adverse amenity effects associated with a development are considered minor.</p>	<p>This is not the preferred option. It is recognised that this option (retaining “amenity specific” provisions) avoids the risk that the intent of the provisions gets diluted. However, it is considered that amending this policy (Discussion Document P3A) to provide more clarity and direction for decision-makers and then integrate the provision with other parts of the NPS-UD is the better option. In particular, this approach is considered appropriate to catalyse the shift for decision-makers from an approach of preserving or maintaining amenity values of the existing environment, to considering and providing for amenity values both for existing and future communities and as such, explicitly acknowledging the concept of change inherently in the consideration of the maintenance and enhancement of such values.</p>

Options	Ability to Achieve the Objective/s	Impacts	Risks	Overall Assessment
	<i>Are they met? How?</i>	<i>Net effects</i>	<i>Identified risks</i>	<i>Preferred? Why?</i>
Alternative option 1 – Status quo – retaining the current approach (no amenity values policy under the NPS-UDC 2016)	The objectives are not met. While this approach would achieve the policy intent in part, the lack of a policy directing decision makers, was considered to perpetuate the tendency for local authorities and decision-makers to focus on the preservation of existing amenity values (rather than explicitly considering the ability for such values to change over time and across communities). Furthermore, this approach is considered to be at the expense of other matters that should be considered in the decision-making process – including well-functioning urban environments. On this basis, the status quo approach is considered to be inefficient, in that the identified costs are potentially high (by the weighting put to protecting amenity and existing character values, over providing and balancing these with further policy direction).	--	The risks associated with the continuation of the status quo are high and clearly outweigh any benefits associated with a continuation of the status quo. There are risks of not acting (e.g. continuing the status quo), include delaying or failing to provide for ongoing urban intensification and development, particularly in existing urban areas (where existing amenity values are protected over consideration for future amenity and provision for well-functioning urban areas).	This option is not preferred. The status quo has proven to rely heavily on approaches by decision makers that maintain and enhance 'existing amenity' values (with a presumption in favour of the status quo in respect of such values). This is considered to be potentially at the expense of other matters, including amenity values for future generations. While it is acknowledged that the maintenance and enhancement of amenity values is a specific matter under section 7 of the RMA, more specific policy direction on the nature of amenity values and the expectation that such values will change over time and for different people in the community is considered appropriate.
Alternative option 2 – Amending the objectives and policies to provide more clarity and direction for decision-makers and integrating the amenity provisions with other parts of the NPS-UD.	The objectives are met. The integration of a policy framework that recognises amenity values can change over time will catalyse the shift for decision-makers from preserving existing amenity values of the existing urban areas, to considering a wider array of amenity values for both existing and future communities. Emphasis is placed on the long term, community wide amenity outcomes and the long-term amenity values for future communities.	++	Any risks associated with the implementation of the Alternative Approach 2 to the Discussion Document policy is considered to outweigh the risks associated with not acting.	This option is preferred. This approach is considered that given the costs relative to the benefits, this option has a higher level of efficiency, when compared with the other approaches, given the intent to provide greater detail and clarity to strengthen the policy direction.
Alternative option 3 – Removing amenity provisions from the NPS-UD and addressing the issue through RMA reform.	<p>The objectives can be met, in part. Amenity values is only one of a number of matters identified in section 7 of the RMA that require balancing in the overall application of Part 2 of the RMA. The tendency / status quo for decision-makers to rely on the maintenance of amenity at the expense of other matters or of acknowledging the ability for such values to change, could indicate that Part 2 of the RMA is being incorrectly applied at the plan-making stage that will continue until such a comprehensive review is undertaken.</p> <p>However, adopting this option would require the status quo to remain until such a time that a comprehensive review of the resource management system is finalised, the option is currently unavailable, meaning this option is unlikely to be the most effective or efficient option in the short to medium term and relies on an uncertain process.</p>	+	The short-term risks of not acting (e.g. continuing the status quo) are considered to have potentially high costs / negative effects. These costs are reflected in current limitations in supply of urban land and impact on existing communities, future generations, renters, owners and Iwi / Māori. These costs outweigh any benefits associated with a continuation of the status quo. Therefore, an option that is available now is considered more efficient to address existing resource management issues. However, the long-term benefits resulting from the RMA reforms could significantly outweigh the long-term costs for communities, plan-users and decision-makers.	This option is not preferred. This option is not available at this time given the comprehensive RMA review is in an early phase. However, in the long term this could be the most effective approach. This approach recognises the tension embedded between planning for development / intensification and seeking to achieve consistency with section 7(c) of the RMA.

8.2.4 Enabling expected levels of development

8.2.4.1 Intent of the NPS-UD 'Enabling expected level of development' Provisions

The intent of the policy proposal is to ensure that zone objectives, policies, rules and assessment criteria are internally consistent with each other and provide adequate supply to maintain competitive land and development markets and as a consequence, improve housing affordability. Zone rules should be carefully considered to ensure they do not undermine the intent of a zone (articulated in the zone objectives) and inhibit urban development. This work supports the housing and business development capacity assessment (HBA) which quantifies the overall development capacity of the urban centre. The effect of spatial layers are also quantified via the HBA, as well as individual plan-making decisions, which forms part of the proposed provisions. This policy intent is more specifically discussed in section 8.2.8 of this evaluation report.

8.2.4.2 Status quo of the NPS-UD 'Enabling expected level of development' Provisions

Most zones in our major urban centres do not enable sufficient development, even when their intent is to provide new capacity. These zones are undermined by the individual and the cumulative impact of rules. The current NPS-UDC 2016 contains a responsive planning section which required local authorities to adapt and respond to evidence about urban development, market activity, and the social, economic, cultural and environmental wellbeing of people and communities and future generations, in a timely way (that is, Objective O2).

The purpose of this section is to examine whether the provisions in the proposal are the most appropriate way to achieve the objectives of the revised NPS - UD, which are Objective 2 and in part Objective 3:

- **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 business and community services to be located in, areas of urban environment in which [specific conditions] apply:

(a) ...

8.2.4.3 Options to achieve Objectives O2 and O3

For the purpose of this evaluation, the following potential approaches have been considered:

1. Discussion Document Approach –introduce policies which seek, in MUCs, to:
 - avoid the cumulative impact of rules (and objectives and policies) from unnecessary or unintentionally restricting development
 - monitor and evaluate zones to ensure appropriate uptake and amend provisions when it is found to be not occurring, and
 - ensure all plan-making decisions consider their impact on development capacity.

Following the same categories above, the policies specifically seek to address:

Cumulative impact of rules:

- include zone descriptions for each zone, which describes the expected types and nature of development in a zone, in order to maintain consistent plan and decision-making, and
- ensure zone provisions are cumulatively consistent with the zone description, so that one or more of the provisions do not unintentionally restrict development.

Monitoring and evaluation

- undertake ongoing monitoring of the all urban zones, measuring the extent of development uptake, and
- when evidence shows low uptake, local authorities must change the zone provisions to achieve greater uptake and/or identify any constraints outside their resource management plans to achieve the expected development for the zone.

Development capacity:

- have plan-making decisions supported by a comprehensive analysis to:
- demonstrate that sufficient housing and business capacity will be enabled and demonstrated with different options that meet the expectations of the future development strategy
- all benefits and costs of various options must be tested, including their ability to achieve a quality urban environment as discussed in objective 2 of the discussion document
- with all the above informed by relevant evidence and monitoring.

2. Alternative Approach 1 – status quo – retaining the current approach (the NPS-UDC 2016)
3. Alternative Approach 2 – retain the intent of the ‘Discussion Document’ approach subject to various amendments, as follows:
 - Change the way the policy is achieved;
 - Change how the policy aligns with the HBA monitoring policies of the NPS-UD;
 - Reduce the number of tier 1 urban zones where the monitoring must be undertaken;
 - Do not require separate ‘zone descriptions’; and
 - Incorporate a number of technical changes to better achieve the intent of the policies.

It is considered that the preferred approach is ‘Alternative Approach 2’ (retain the ‘Discussion Document’ approach, subject to amendments) to change the way the policy is achieved and how it aligns with other policies within the NPS-UD.

The following table evaluates the costs, benefits and risks of acting / not acting for the approach identified in the ‘preferred approach’ – noting that section 8.2.8 provides further detail on policies for provision of development capacity, for capacity assessment and for monitoring. The purpose of this evaluation is to determine the effectiveness and efficiency of the ‘preferred approach’, and whether it is the most appropriate way to achieve relevant Objectives of the NPS-UD. An overall summary of the ‘preferred approach’ is included in the following table, with the detailed evaluation following. The preferred approach is presented as a package rather than a specific policy, as the policies work as a whole to achieve the objectives, rather than individually.

Table 9: Enabling Expected Levels of Development Policy Assessment – Evaluation of the ‘Preferred Approach’

Policy 2: Local authorities, at all times, provide sufficient development capacity to meet expected demand for housing and for business land over the short term, medium term and long term.		
Part 3 – Subpart 7		
Summary of Preferred Approach	<p>To retain the intent of the ‘Discussion Document’ approach subject to various amendments to:</p> <ul style="list-style-type: none"> • Change the way the policy is achieved; • Change how the policy aligns with the HBA monitoring policies of the NPS-UD; • Reduce the number of tier 1 urban zones where the monitoring must be undertaken; • Do not require separate ‘zone descriptions’; and • Incorporate a number of technical changes to better achieve the intent of the policies. 	
Overall Evaluation of Preferred Approach	<p>This makes changes to the ‘Discussion Document’ approach to change the way the policy is achieved and how it is aligned with other policies in the NPS-UD.</p> <p>Recognising the potential conflicts with other policies within the NPS-UD, the ‘preferred approach’ replaces the ‘Discussion Document’ approach (that is, removing zone descriptions) with directions to plan-makers to describe both the intent of the outcomes (that is, the anticipated built form) and spatial distribution (that is, location principles and spread to achieve development capacity sought) in urban zone objectives.</p> <p>Further, the ‘preferred approach’ recognises that more clarity should be provided to identify when zone uptake monitoring should occur and when the corresponding evaluation and required changes to the zone should occur. The number of zones that must be monitored is reduced to key zones which provide meaningful housing intensification and development opportunities. Therefore the ‘preferred approach’ improves clarity and aligns the provisions to the HBA policy package – insofar as co-ordinating zone monitoring so that it feeds into the HBA capacity assessments to ensure any capacity issues are addressed at both an ‘urban centre’ level and ‘zone’ level.</p> <p>Overall, refining the policies will focus plan-making on lifting the performance of key urban zones which provide capacity for residential to provide new development - particularly new housing supply through narrowing the scope of the cumulative impacts assessment (with respect to the ‘Discussion Document’ approach) - and introducing time measures into the policy to ensure that monitoring, subsequent evaluations and necessary changes do occur and in a timely manner.</p>	
	++	
Effectiveness and Efficiency	<p><u>Effectiveness</u></p> <p>This approach is considered to provide effective direction in relation to focus plan-making toward lifting the performance of urban zones. The approach builds on the recognition that various district plans in major urban centres have rules that often erode the original intent of zones, objectives and the district-wide objectives they intend to meet and provides clarity on the direction to plan-makers to avoid this.</p> <p>Effectiveness will be improved by having mandatory monitoring and evaluation of zone performance to ensure that ongoing plan-making via zone redrafting improves effectiveness of urban zones.</p>	<p><u>Efficiency</u></p> <p>Focusing and refining the approach for plan-makers with respect to urban zone frameworks will result in a more efficient planning outcome by ensuring urban development envisaged in a zone is not restrained by the corresponding rule framework.</p>
Risk of Acting / Not Acting	<p>The disconnection between the cumulative impact of rules (including assessment criteria) in plans and development outcomes for urban zones will continue under the status quo. Specifically, the constraints experienced by the collective zone policies, rules and assessment criteria are failing to enable the outcomes sought in objectives will continue and needed housing capacity will fail to be sufficiently provided. Councils will continue to produce zone plan changes that, more often than not will have the zone outcome eroded via drafting which responds to consultation, submitter feedback, the hearing processes and subsequent appeals.</p>	
Costs		Benefits
<u>Existing Community</u>		<u>Existing Community</u>
<ul style="list-style-type: none"> ■ Some members of the community may perceive there are costs relating to them, as their submission and appeals may not amend policies and rules to the same extent as they have come accustomed to, where the changes sought are not aligned with the objectives (development outcomes anticipated). ■ No broader costs to the community have been identified. 		<ul style="list-style-type: none"> ■ More certainty on the type of development envisaged for areas of the district given the direction for plan-makers to include the anticipated built form (future anticipated environment) in the zone descriptions. ■ More clarity for members of the community during plan-making processes (that is, those people who may otherwise not be confident navigating proposed provision to determine the anticipated built form outcome of a zone can more confidently rely on a general zone description that should reflect the anticipated built form without navigating all the provisions).
		+
<u>Future Generations</u>		<u>Future Generations</u>
<ul style="list-style-type: none"> ■ No direct or indirect costs have been identified. 		<ul style="list-style-type: none"> ■ Long term capacity outcomes for zones (which are designed with future generations in mind) will be more likely to be achieved, to help ensure that there are sufficient numbers of homes for them to live in. ■ Recognition that amenity values change over time and, therefore, the expected levels of amenity is not described in the zone description and therefore not dictated by current generations.
		++

Costs	Benefits
<u>Iwi / Māori</u> <ul style="list-style-type: none"> No direct or indirect costs have been identified. 	<u>Iwi / Māori</u> <ul style="list-style-type: none"> Iwi will be able to comment strategically on the outcomes for zones knowing that they are confident that the collective provisions of zones will meet the overall intent. This will reduce their time commitment and effort when they provide their feedback and submissions via engagement with local authorities.
+	
<u>Owners</u> <ul style="list-style-type: none"> No direct or indirect costs have been identified. 	<u>Owners</u> <ul style="list-style-type: none"> Owners will have more certainty of the changes anticipated in their neighbourhoods.
+	
<u>Renters</u> <ul style="list-style-type: none"> No direct or indirect costs have been identified. 	<u>Renters</u> <ul style="list-style-type: none"> Potential benefits for renters, where the certainty and enablement provided through the policy direction supports the delivery of increased housing supply, including a range of different housing types and sizes, to better meet the evolving needs of renters into the future.
+	
<u>Developers</u> <ul style="list-style-type: none"> No direct or indirect costs have been identified. 	<u>Developers</u> <ul style="list-style-type: none"> Zone provisions are monitored and evaluated to ensure they do not constrain development in zones where development is anticipated – thus reducing any unnecessary consents / barriers for developers in zones where such barriers are contrary to the level of development envisaged. If an area demonstrates low uptake during Council monitoring, the area will be evaluated and, if required, the spatial extent and / or zone provisions can be amended to increase / encourage uptake. This will provide more opportunities for developers by “freeing” up development in areas that are otherwise constrained, and potentially unfeasible (such as height controls creating uneconomical developments – noting developments become more feasible at six stories or greater), given the restrictive provisions and / or spatial extent of zones. Provides more certainty to developers during the resource consent process insofar as development that are anticipated to meet the zone description should therefore be enabled through the relevant provisions (rather than constrained). Developers may be given the opportunity to comment on constraint issues via evaluation reporting, to help improve the feasibility of zones.
++	
<u>Businesses</u> <ul style="list-style-type: none"> No direct or indirect costs have been identified. 	<u>Businesses</u> <ul style="list-style-type: none"> In areas where uptake is anticipated, but not achieved, Council are directed to evaluate the zone extent and provisions and, if appropriate, amend them (through a plan change) to enable the anticipated uptake in an area. Therefore, businesses in areas where uptake is identified as ‘low’ and the subsequent revision of zone provisions and / or spatial extent enables uptake, existing businesses will benefit from the resulting intensification such as via agglomeration benefits.
+	
<u>Local Authority</u> <ul style="list-style-type: none"> Increased cost and resources to ensure monitoring and evaluation is undertaken and any subsequent plan changes are prepared and implemented when evidence shows low uptake due to cumulative zone provisions which are inconsistent with the development outcomes anticipated in the objectives. 	<u>Local Authority</u> <ul style="list-style-type: none"> More direction and guidance during the plan-making process emphasising crafting objectives and supporting policies that clearly articulate the outcomes anticipated in the zone and how they will be achieved via consistent and corresponding rules and assessment criteria. Costs of undertaking monitoring and evaluations will be focused on key urban tier 1 zones that will provide opportunities for meaningful residential capacity which should ensure the benefits outweigh costs. More direction on zone monitoring (that is, feeding into the HBA process) and evaluation.
+	
<u>Natural Environment</u> <ul style="list-style-type: none"> No direct or indirect costs have been identified. 	<u>Natural Environment</u> <ul style="list-style-type: none"> No direct or indirect benefits have been identified.
0	

8.2.4.4 Summary Evaluation of the Discussion Document Approach and Alternative Approaches

The Discussion Document and each of the 'Alternative Approaches' identified in section 7.2.4.2 have been evaluated to determine their effectiveness, efficiency and whether they are an appropriate way to achieve the relevant Objectives of the NPS-UD. A summary of the evaluation of these evaluations has been included in the following table. The detailed evaluations informing this summary table is included in **Appendix 1**.

Table 10: Enabling Expected Levels of Development Assessment - Summary Evaluation of the Discussion Document and Alternative Approaches

Options	Ability to Achieve the Objective/s	Impacts	Risks	Overall Assessment
	<i>Are they met? How?</i>	<i>Net effects</i>	<i>Identified risks</i>	<i>Preferred? Why?</i>
Discussion Document – Option 1 – introduce provisions to avoid the cumulative impact of rules, monitor and evaluate zones, and ensure development capacity is considered	The objective is met, in part. The proposed policy framework has a more granular approach (rather than the current reactive approach under the NPS-UDC 2016), looking at the efficiency of locations for providing capacity, and stepping out the process which must be taken by local authorities when capacity is found to be insufficient. While this aligns with the objectives of the NPS-UD, achieving the intent of the proposed policy is not clear and the alignment with other provisions in the NPS-UD can be strengthened.	+	There is potential for the intent of the proposed provisions to not be consistently released across the country and, therefore, varying degrees of efficiency and effectiveness will be realised between local authorities. The costs of undertaking zone monitoring and evaluations will low density zones may outweigh the benefits, and shift focus from zones which have more meaningful capacity potential.	This is not the preferred option. Elements of the proposed policy approach has the potential to create inefficiencies and ambiguity – particularly around how amenity values should be articulated in the zone descriptions, the non-statutory nature of zone descriptions, and the high level of resourcing required to undertake the required zone monitoring and assessment regimes across all zones.
Alternative option 1 – Status quo – retaining the current approach (under the NPS-UDC 2016)	The objective is not met. The NPS-UDC 2016 contains a responsive planning section that requires local authorities to adapt and respond to evidence about urban development, market activity and the social, economic, cultural and environmental wellbeing of people and communities and future generations. A proactive approach is more appropriate to achieve the objectives.	--	Retaining the status quo approach will, with respect to tier 1 centres, continue to entrench the issue of rules eroding the original intent of the zone, objectives and district-wide objectives that they are intending to meet.	This is not the preferred option. The collective impact of rules and assessment criteria often doesn't support the kinds of development envisioned by the plan and the objectives for a zone.
Alternative option 2 – Retain the Discussion Document approach subject to various amendments for clarity and alignment	The objective is met. Refining the policies of the 'Discussion Document' approach will focus plan-making on lifting the performance of urban zones to provide new development - particularly new housing supply through narrowing the scope of the cumulative impacts assessment (with respect to the 'Discussion Document' approach).	++	Any risks associated with the implementation of the Alternative Approach 2 to the Discussion Document policy is considered to outweigh the risks associated with not acting.	This is the preferred option as it refines the Discussion Document policies to ensure that the breadth of work required is focused to achieve the outcomes intended, so the benefits outweigh the costs.

8.2.5 Providing for intensification

8.2.5.1 Intent of the NPS-UD 'Providing for Intensification' Provisions

It is intended to introduce provisions in the NPS-UD that would direct local authorities to enable high-density residential development in specified areas. The most directive policies would only apply in tier 1 urban centres with lesser requirements for tier 2 and other urban environments (tier 3). The targeted areas would be where the benefits could be maximised: for example where there is, or is intended to be, good access to jobs and proximity to transport links such as public and active travel choices or proximity to town centres, and where there is high demand for more intensive development (as indicated by prices). The proposed policies ('preferred approach') would apply to development in existing and future urban areas and would provide:

- A general objective and policy for directing intensification in locations with high accessibility by public and active transport to jobs, services and amenities;
- More directive policies for how to do this in policy statements and district plans for tier one urban environments;
- Policies directing a process to undertake if there are particular environmental constraints that make enabling intensification not possible.

There are no provisions in the NPS-UD 2016 which direct local authorities on where intensification should occur. There is only a requirement that Future Development Strategies identify opportunities for intensification and resource management plans provide sufficient capacity within existing urban areas as well as greenfield areas.

The purpose of this section is to examine whether the provisions in the proposal are the most appropriate way to achieve the objective which is:

- **Objective 3:** Regional policy statements and district plans enable more people to live in, and more business and community services to be located in, areas of urban environment in which one of more of the following apply:
 - (a) the area is in and near a centre zone or other area with many employment opportunities; and
 - (b) the area is well-serviced by existing or planned public transport; and
 - (c) there is high demand for housing or for business land in the area, relative to other areas with the urban environment.

8.2.5.2 Options to achieve Objectives O3

For the purpose of this evaluation, the following potential approaches have been considered:

1. Discussion Document Approach –introduce a range of policies that would:

For All Urban Environments:

- a policy directing local authorities to enable higher density development, especially in areas where there are enabling factors such as proximity to employment, amenities and services, high demand for housing or where best use can be made of existing or planned infrastructure. Plan changes would need to be notified within 18 months of gazetting the NPS-UD (Discussion Document **Policy P6A**);

For Tier 1 Centres:

- a policy to be directly inserted into Regional Policy Statements to ensure appropriate enablement and support for urban intensification (**Discussion Document P6B**);
- a 'descriptive' policy approach (**Policy P6C** Option 1 in the discussion document) setting out how and where higher density developments are to be provided for;
- a 'prescriptive' policy approach (**Policy P6C** Option 2 in the discussion document) setting out how and where higher density developments are to be provided for; and
- a policy to be directly inserted into District Plans to support the intent of the directive policies until such time as local authorities are able to fully implement the NPS direction through Plan Change processes (**Discussion Document P6D**).

2. Alternative Approaches:

- In relation to Discussion Document Policy **P6A**, For all Urban Environments:
 - Alternative Approach 1 – 'Status Quo' - retaining the current approach (reliance on existing NPS-UDC, with no specific direction provided in relation to enabling urban intensification and higher-density activities;
 - Alternative Approach 2 – Amended Discussion Approach – amend criteria for clarity
- In relation to the 'directive' Discussion Document Policy **P6Cb**, For Tier 1 Centres:
 - Alternative Approach 1 – 'Scaled' plus 'Exceptions' Approach - a more fine grained policy approach which would apply to both higher density as well as medium density development, identifying suitable locations and level of density appropriate based on levels of public transit accessibility to jobs, amenities and services, as well as clearly identifying qualifying matters' which may make the enablement of some areas for urban intensification inappropriate
- In relation to the 'direct insertion' Discussion Document Policies **P6B** and **P6D**, For Tier 1 Centres:
 - Alternative Approach 1 – Provide policy Direction through NPS-UD
- In relation to the 'implementation timeframe' Discussion Document Policies **P6A** and **P6C**:
 - Discussion Document Approach – Plan Changes to be notified within 18 months of gazetting the NPS-UD;
 - Alternative Approach 1 - Status Quo – no specific direction / requirement, Plan Changes to be notified as soon as possible;
 - Alternative Approach 2 - Aligned with the National Planning Standards – implement the NPS-UD requirements at the same time as implementing the National Planning Standards (e.g. within the next 7 years);
 - Alternative Approach 3 - At the time of the next Plan Review – implement the NPS-UD requirements at the time of a local authorities' next District Plan / Regional Plan / Regional Policy Statement review;
 - Alternative Approach 4 – Aligned with the Future Development Strategy (FDS) – implement the NPS-UD requirements at the same time as preparing the FDS

8.2.5.3 Preferred Approach – Evaluation

The Ministry confirmed the preferred approach is a combination Alternative Approach (a)(ii) (amended Discussion Document approach), Alternative Approach (b)(i) ('scaled' plus 'exceptions' approach), Alternative Approach (c)(i) (policy direction through NPS-UD) and the Discussion Document approach. These policies are presented in Table 11 below.

The following table evaluates the costs, benefits and risks of acting / not acting for the approach identified in the 'preferred approach'. The purpose of this evaluation is to determine the effectiveness and efficiency of the 'preferred approach', and whether it is the most appropriate way to achieve relevant Objectives of the NPS-UD. An overall summary of the 'preferred approach' is included in the following table, with the detailed evaluation following.

Table 11: Providing for Intensification Policy Assessment – Evaluation of the ‘Preferred Approach’

<p>Policy 3: In relation to tier 1 urban environments, regional policy statements and district plans enable:</p> <ul style="list-style-type: none"> (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: <ul style="list-style-type: none"> (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: <ul style="list-style-type: none"> (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. <p>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.</p> <p>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:</p> <ul style="list-style-type: none"> (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. <p>Part 3 – Subpart 6</p>	
Summary of Preferred Approach	<p>The preferred approach can be summarised as follows:</p> <ul style="list-style-type: none"> • Requiring ‘general intensification’ [Alternative Approach (a)(ii) - amended Discussion Document approach] to require regional policy statements and district plans to enable height and density which reflects the degree of accessibility to locations with a range of commercial and non-commercial activities; • A ‘scaled’ approach, which seeks to provide a mix of both the ‘prescriptive’ for intensification in relation to rapid transit networks and ‘descriptive’ as to focus growth in locations with existing or planned high accessibility to jobs, service and amenities, as well as the introduction of policy direction in relation to significant constraints which may make the enablement of urban intensification in some locations inappropriate – (Alternative Approach (b)(i) – ‘scaled’ plus ‘exceptions’ approach); and • In relation to implementation timeframes, requiring plan changes to be notified within 18 months of gazetting the NPS-UD (Alternative Options (c)(i) - Discussion Document approach) • For the avoidance of doubt there will be no ‘direct insertion’ requirement policies into Regional Policy Statements and District Plans, rather such policy direction will be via the NPS-UD only (Alternative Option (c)(i) – Policy direction through NPS-UD)
Overall Evaluation of Preferred Approach	<p>Overall, the preferred approach will provide direction to local authorities, decision-makers and plan users as to the expectations in relation to providing for higher density development and which locations that are considered most appropriate for such enablement based on public transit accessibility to jobs, amenities and services. The policy approach will be efficient in that the identified benefits are considered to be potentially high, when compared to the status quo.</p> <p>The preferred ‘scaled’ policy approach to directing intensification will assist in recognising that some locations further away from jobs, services and amenities may not have the same degree of infrastructure capability or commercial feasibility to support higher density development. It also focuses the approach to tier 1 centres which have capacity within local authorities to enable and then manage ‘high density’ developments and the resource consent applications for them. Prescriptive requirements to intensify in relation to rapid transit network stops will be required, recognising the degree of certainty of these locations, and the high level of service rapid transit provides to high density job centres. A descriptive approach to intensifying in locations with high levels of access to high numbers of jobs is proposed to afford local authorities with the ability to determine what locations meet this criterion, and the level of intensity to support and be supported by these centres. The scaled approach is considered to be both effective and efficient, as it strikes a balance between seeking to enable urban intensification in the locations where the benefits of intensification can best be realised, whilst also being clear in stating that there will be areas where higher-density development would be inappropriate. In summary, this provides sufficient direction on the locations where high density is appropriate while still allowing local authorities flexibility to manage specific local issues.</p> <p>The economic analysis notes that urban areas / cities draw people in and in doing so this has the potential to increase the costs of land. This should not be seen as negative outcome as research shows that the cost of land becomes less important for house prices as the number of dwellings able to be built increases. Specifically, studies show land costs from \$5,000/sqm - \$30,000/sqm do not appear to drive house prices up in areas zoned for high-density.</p> <p>The intent of the policy – through enabling and providing for higher-density development in appropriate locations – assists in ‘decoupling’ the existing relationship between house prices and land prices and in doing so will help to make urban land more feasible for undertaking urban development at higher densities, particularly in locations with high demand (e.g. high accessibility by public transit to jobs, amenities and services). This will improve the delivery of more high-density development and a broader choice of housing options, with flow on benefits in particular for first home buyers, renters (including low income households) as well as future generations.</p>

	<p>Analysis shows that, in New Zealand, doubling the number of jobs within commuting distance of a person's home is associated with a 6.5% increase in that person's productivity. As jobs and homes are better located within proximity to each other and better connected by transport choices, we may also see an increase in productivity nationally.</p> <p>In summary, the economic analysis identifies the following overall benefits of the policy intent:</p> <ul style="list-style-type: none"> ■ Enabling higher-density development and intensification assists: <ul style="list-style-type: none"> – to decouple land prices from house prices; – to lower both house prices and rents, with the potential for associated increases in discretionary income (particularly for first home buyers and renters and low-income households); – to reduce the concentration of wealth (primarily for existing owners), with a resulting transfer of this wealth across a broader portion of society; – to lower congestion network costs; ■ Increasing the supply and choice of housing options has positive effects for equity across communities generally; ■ Increasing densities of development and activities creates agglomeration benefits (proximity of people to one another increases supply and demand) to communities, including increases to productivity, wages and employment; ■ The benefits of urban intensification are best realised by focussing enablement of higher-density development in high amenity locations – thus supporting the overall policy intent; and ■ The overall benefits associated with the preferred policy approach are potentially in the order of \$8-\$9bn over 30 years. 	
	+ +	
Effectiveness and Efficiency	<p><u>Effectiveness</u></p> <p>Overall, the proposed policy will be effective in providing a scaled approach to direct Councils, decision-makers and plan users as to the expectations in relation to providing for both higher density as well as medium density development and which areas / locations are considered most appropriate for such enablement.</p> <p>The proposed policy is highly directive and sets expected outcomes where qualifying matters (e.g. elements and factors that should support intensification) exist. The Policies provide the greatest level of directive requirement to tier 1 urban environments, where the need for intensification is considered greatest. The policies allow for exceptions to intensification, where it can be demonstrated that there are matters (qualifying matters) that need to be recognised and as such, will not undermine the intent of the policy.</p> <p>Focusing intensification within specific “walkable catchments” and in centres (where there is close proximity to employment and services) ensures that intensification is specifically directed to where the benefits are best realised. That is, increasing supply in highly productive and high amenity locations (for example, where accessibility to public transport results in low transport cost) in accordance with the policy direction of the ‘preferred approach’ (‘Costs and Benefits of Urban Growth’ Report, MR Cagney, 2019).</p> <p>Regarding ‘accessibility’ in urban environments, it is recognised that a level of guidance will need be afforded to the ‘descriptive’ approach (that is, local authorities determining the locations with high accessibility). Provision for planned transport accessibility enables provision for intensification to support such transport provision (e.g. integration of land use and public transport change).</p>	<p><u>Efficiency</u></p> <p>It is considered that given the costs relative to the benefits, this option has a high level of efficiency. The policy approach will be efficient in clearly directing that district plans must provide for both higher-density and medium density development, while also providing balance (as part of the policy direction) which recognises that some areas may not be appropriate for urban intensification due to the presence of ‘qualifying matters’ of exception at a local level.</p> <p>The inclusion of a descriptive approach for ‘qualifying matters’ recognises that local authorities are best placed to understand local constraints that may make a location incompatible with the level of density required by this policy. However, the efficiency of the policy is provided for as it maintains a presumption to enabling intensification, rather than the status quo in areas of growth demand.</p> <p>From a market perspective, the cost of land becomes less important of significant to house prices as the number of dwellings able to be built increases (as high land values are less influential on house prices if they are spread over many units) (‘Costs and Benefits of Urban Growth’ Report, MR Cagney, 2019).</p>
Risk of Acting / Not Acting	<p>Any risks associated with implementing the ‘preferred approach’ are considered to outweigh the risks associated with not acting. The risk of the relationship of intensification policy with public transport provision may impact on the delivery of such infrastructure. While the below assessment identifies potential costs / effects of the policy intent for a range of the community, such as for existing owners, Iwi / Māori and local authorities – the risks of not acting are considered to have greater potential costs / negative effects, in particular for existing communities, future generations, renters (particularly in relation to low incomes households), first home buyers, businesses and the natural environment. This is because ‘not acting’ would fail to achieve both the intent of the overall suite of NPS-UD provisions, as well as the intent of and outcomes sought specifically through the ‘Intensification’ provisions. In particular, the various benefits of intensification – as highlighted through the economic analysis – would likely not be realised, such as decoupling land prices from house prices; lowering both housing and rental costs; reducing existing concentrations of wealth; increasing the supply and choice in housing as well as the creation of agglomeration benefits and associated increases to productivity, wages and employment.</p> <p>There are both potential timing and resourcing / costs risks for local authorities associated with being required to implement the requirements, through notification of a plan change. These risks are considered to be outweighed, however, by the risks associated with ‘not acting’ – which would primarily relate to the delayed implementation of the NPS-UD which has the potential to undermine the intent of what the policy direction is seeking to achieve.</p>	

Costs	Benefits
<p><u>Existing Community</u></p> <ul style="list-style-type: none"> ■ Potential for higher densities of development in communities where the existing resident majority may wish to maintain the existing built form / character of the area. Increased density may be perceived to adversely affect existing character, sense of place and/or amenity values or exclusivity of existing areas. ■ Higher densities of development can create internalised costs / effects in relation to congestion, overcrowding as well as potential impacts / costs to neighbours (e.g. associated with overshadowing, blocked views etc). These costs / effects are generally able to be mitigated, through measures such as design-related rules to manage the quality of the built environment, or the use of congestion charging / provision of increased non-car transport options ('Costs and Benefits of Urban Growth' Report, MR Cagney, 2019). 	<p><u>Existing Community</u></p> <ul style="list-style-type: none"> ■ Reduces the potential for a constraint / barrier to new higher density development on communities in which the majority wish to change part of the built environment that is considered to no longer meet the needs of the community. ■ Provides greater certainty on expectations relating to urban intensification within planning processes and the wider RMA framework. ■ A reduction in the concentration of wealth amongst existing owners will assist in transferring / redistributing this existing wealth concentration across a wider portion of the existing community – providing benefits particularly for first home buyers. ■ Agglomeration benefits likely to occur as a result of enabling intensification, with increasing concentrations of people living and working together leading to productivity gains for existing workers / communities. ■ Potential consumer surplus benefits, associated with increased densities and greater housing choices, which may enable people to gain access to more affordable housing or to lower living costs (e.g. for housing / travel combined).
++	
<p><u>Future Generations</u></p> <ul style="list-style-type: none"> ■ The provision of higher densities of development for future generations is decided by current generations in the present day. 	<p><u>Future Generations</u></p> <ul style="list-style-type: none"> ■ Potential for a wider range of housing types / choices (with a resulting broader range of house prices) to be available in the future, as a result of increased enablement for differing densities of development (e.g. no longer a predominance of single dwellings). ■ Higher densities of development are less likely to be unduly curtailed by Councils / decision makers favouring a continuation of already established / existing built form patterns in urban areas. ■ Impacts of development proposals and Plan-making processes which seek to enable urban intensification, in relation to future generations / communities can be directly considered by Councils during the decision-making process. ■ A reduction in the concentration of wealth amongst existing owners will assist in transferring / redistributing this existing wealth concentration across a wider portion of the community – for the benefit of future generations. ■ Agglomeration benefits likely to occur as a result of enabling intensification, with increasing concentrations of people living and working together leading to productivity gains for current and future generations. ■ Potential 'consumer surplus' benefits, associated with increased densities and broader housing choices, enabling people to gain access to housing at a cheaper price than what they otherwise might have paid / been prepared to pay under 'status quo' market conditions.
++	
<p><u>Iwi / Māori</u></p> <ul style="list-style-type: none"> ■ Potential for increased pressure in relation to identification / documentation of sites of significance / wāhi tapu, as enablement for intensification may spur an increase in development applications for higher density developments in urban areas (noting this is qualified in respect of the alternative which may be increased greenfield urban development expansion which has potentially higher costs in respect of culturally significant sites). 	<p><u>Iwi / Māori</u></p> <ul style="list-style-type: none"> ■ Potential for a wider range of housing types / choices (with a resulting broader range of house prices) to be available in the future, as a result of increased enablement for differing densities of development (e.g. no longer a predominance of single dwellings). ■ Increased enablement of intensification has the potential to provide additional opportunities for Iwi as developers within urban areas to provide additional housing choice. ■ A reduction in the concentration of wealth amongst existing owners will assist in transferring / redistributing this existing wealth concentration across a wider portion of the community – for the benefit of Māori. ■ Potential 'consumer surplus' benefits, associated with increased densities and broader housing choices, enabling people to gain access to housing at a cheaper price than what they otherwise might have paid / been prepared to pay under 'status quo' market conditions.
++	
<p><u>Owners</u></p> <ul style="list-style-type: none"> ■ Potential for increased densities of development adjacent to existing built forms of a lower density to result in adverse effects to those existing property owners (scope for this to be managed). ■ Enablement of urban intensification can lead to a reduction in the existing concentration of wealth amongst existing homeowners. While this is not a direct 'cost', the impact of this reduced concentration of wealth would likely be a 'dampening' of the benefit which these existing homeowners have experienced to date. ■ Higher densities of development can create internalised costs / effects in relation to potential impacts / costs to neighbours (e.g. associated with overshadowing, blocked views, changes to aesthetics of existing neighbourhoods etc). These costs are generally able to be mitigated, through measures such as design-related rules to manage the quality of the built environment, e.g. building height, building setback, outlook, and/or private open space rules ('Costs and Benefits of Urban Growth' Report, MR Cagney, 2019). 	<p><u>Owners</u></p> <ul style="list-style-type: none"> ■ Provides greater certainty on expectations relating to urban intensification within planning process and the wider RMA framework. ■ Enabling urban intensification / higher density development will likely increase the land value of those properties recognised within the "walkable catchments" (e.g. in CBD; around rapid transit and other high accessibility locations closer to amenities and services etc). ■ Enabling intensification will 'open' select sites for subdivision and, therefore, likely increase the land value of those properties.
0	

Costs	Benefits
<p><u>Renters</u></p> <ul style="list-style-type: none"> ■ Potential costs for renters if existing rental accommodation is proposed for redevelopment to achieve higher density outcomes – can result in some existing rental stock being temporarily removed from the rental market supply. ■ Replacement / new rental stock potentially delivered in new developments could be initially at a higher rental cost (until such time as rental supply is better aligned with demand). 	<p><u>Renters</u></p> <ul style="list-style-type: none"> ■ Potential benefits for renters, where the certainty and enablement provided through the policy direction supports the delivery of increased housing supply, including a range of different housing types and sizes, to better meet the evolving needs of renters into the future. ■ Enablement of intensification opportunities and the potential delivery of a broader range of housing choices, across a wider geographic area, will have benefits across the board for lowering rental costs as rental supply is better aligned with demand. ■ Potential ‘consumer surplus’ benefits for renters, associated with increased densities and broader rental choices, enabling people to gain access to housing at a cheaper rent than what they otherwise might have paid or been prepared to pay under ‘status quo’ market conditions.
+	
<p><u>Developers</u></p> <ul style="list-style-type: none"> ■ Potential increased urban design input to resource consent applications due to greater densities of development and the need to manage built form outcomes. ■ Potential confusion, given less directive / specific policy wording, as to exactly where higher densities of development will be provided for – leads to reduced certainty of outcome sought to be achieved by the policy. 	<p><u>Developers</u></p> <ul style="list-style-type: none"> ■ Certainty provided to developers that urban intensification / higher densities of development is to be enabled / provided for in appropriate locations. ■ Increased urban design input /assessments for new development can result in improved built form / design outcomes. ■ While enabling urban intensification / higher density development will likely increase the value / cost of land, particularly in high land value locations (e.g. in CBD; closer to amenities and services etc), this land value increase in combination with the intensification enablement will provide more feasible options for developers (e.g. the ability to develop more houses on the same area of land than was previously possible).
+	
<p><u>Businesses</u></p> <ul style="list-style-type: none"> ■ Potential for costs / adverse effects resulting from land use incompatibilities / reverse sensitivity where new, higher density development seeks to establish alongside existing business operations. 	<p><u>Businesses</u></p> <ul style="list-style-type: none"> ■ Certainty provided to business that urban intensification / higher densities of development is to be enabled / provided for in appropriate locations. ■ Agglomeration benefits likely to occur as a result of enabling intensification, with increasing concentrations of people living and working together leading to productivity gains for existing and future workers / communities. ■ High densities should help to attract highly skilled workers from overseas who are more likely to work in places with higher densities, which will support productivity gains.
++	
<p><u>Local Authority</u></p> <ul style="list-style-type: none"> ■ May require a lengthier process (than current state) to assess and balance the potential adverse effects and perceived benefits of urban intensification during the decision-making process, with a more specific requirement to consider impacts in relation to future generations. ■ Costs for local authorities in relation to reviewing / amending statutory planning documents to give effect to the policy direction (local authorities will need to identify and provide for urban intensification in appropriate locations). ■ Potential costs for infrastructure providers, where upgrades to existing / provision of new infrastructure may be necessary in order to service the intensification enablement envisioned by the policy intent. ■ Costs to identify the appropriate locations with descriptive requirements, and then undertake the analysis to determine whether an ‘exemption’ applies. 	<p><u>Local Authority</u></p> <ul style="list-style-type: none"> ■ Provides direct guidance to Council as to where to provide for higher-density residential activities, but with sufficient flexibility to enable Council’s to assess and determine on an individual basis a “suitable catchment areas, and high accessibility/job density locations, as well as the density/height suitable in these locations”. ■ Affords specific direction to local authorities and decision makers to consider the impacts of proposals for future generations, particularly for notified application processes where the focus through public submissions received on higher-density development proposals generally focus on effects on existing built form character / existing residents.
0	

Costs	Benefits
<p><u>Infrastructure Providers</u></p> <ul style="list-style-type: none">■ Potential costs for infrastructure providers, where upgrades to existing / provision of new infrastructure may be necessary in order to service the intensification enablement envisioned by the policy intent.	<p><u>Infrastructure Providers</u></p> <ul style="list-style-type: none">■ Potential benefits to infrastructure providers over time in maximising the opportunities of public transport and rapid/frequent transport infrastructure (including reductions in operation costs / risks).■ Low but residual potential for urban growth and intensification to be concentrated within urban environments, with ability to service these areas rather than the periphery of existing urban environments (opportunity to achieve improved economies of scale, where planned intensification enables more efficient long-term infrastructure planning).
0	
<p><u>Natural Environment</u></p> <ul style="list-style-type: none">■ Potential for increased pressure on natural resources (e.g. such as water quality) if urban intensification is not appropriately managed in relation to potential adverse effects on the natural environment.■ Consultation / submission feedback highlighted the potential for costs in relation to enablement of urban intensification 'overriding' environmental values / key constraints (e.g. in relation to locations which may be inappropriate for intensification, such as where natural hazards are present).	<p><u>Natural Environment</u></p> <ul style="list-style-type: none">■ Potential longer-term benefits to the natural environment – associated with the more efficient use of urban land and greater use of public transport systems which may have consequential reductions in emissions associated with use of this infrastructure e.g. reducing travel distances and reliance on sole-occupancy vehicles (as people have increased opportunities to live in closer proximity to their place of work and to public transport), resulting in reduced emissions including carbon.■ Potential to encourage the provision of access to facilities, such as public open space and / or reserves or public access to the coast, in developments that seek to offset and / or mitigate the potential adverse effects in relation to urban intensification. This can be a benefit both for the immediate occupants of new developments (where such mitigation has been provided) as well as potentially for the wider local community who may also benefit from such enhancements.■ Likely benefits associated with lower congestion network costs, with associated environmental benefits (e.g. reduction in carbon emissions over time where travel distances / times decrease as urban intensification enablement is realised).
+	

8.2.5.4 Summary Evaluation of the Discussion Document Approach and Alternative Approaches

The Discussion Document and each of the ‘Alternative Approaches’ identified in section 7.2.5.2 have been evaluated to determine their effectiveness, efficiency and whether they are an appropriate way to achieve the relevant Objectives of the NPS-UD. A summary of the evaluation of these evaluations has been included in the following table. The detailed evaluations informing this summary table is included in **Appendix 1**.

Table 12: Providing for Intensification Policy Assessment - Summary Evaluation of the Discussion Document and Alternative Approaches

Options	Ability to Achieve the Objective/s	Impacts	Risks	Overall Assessment
	<i>Are they met? How?</i>	<i>Net effects</i>	<i>Identified risks</i>	<i>Preferred? Why?</i>
Discussion Document – Option 1 – A range of policies for directing intensification where the benefits can be maximised, reflecting this direction in policy statements for regions with MUC and directive policies for district plans.	These approaches, in combination with Alternative Approach (a)(ii), (b)(i) and (c)(i)., meet the objective. These approaches will provide clear guidance to Councils, decision-makers and plan users as to the expectations in relation to providing for higher density development and which areas / locations are considered most appropriate for such enablement.	-	<p>There is no provision to avoid locations which may be incompatible for intensification (that is “qualifying matters”) such as places which have RMA section 6 matters.</p> <p>The risks of acting are considered to have greater potential costs / negative effects, in particular for the natural environment and present and future communities.</p>	This is not the preferred approach. The various benefits of intensification – as highlighted through the economic analysis – will be realised through this option. However, the policy does not avoid locations which are inappropriate for intensification and urban development, such public open space and RMA section 6 matters or other significant local constraints.

Alternative Approach (a)(i) – Status quo – retaining the current approach (reliance on NPS-UDC 2016)	<p>The continuation of the status quo approach will be ineffective in providing any clear guidance to Councils, decision-makers and plan users as to the expectations in relation to providing for higher density development, including which urban areas / locations are considered most appropriate for such enablement. The status quo approach will be inefficient in that the identified costs are considered to be potentially high, when compared to the identified benefits of continuing the status quo.</p> <p>The various benefits associated with urban intensification and enablement of higher-density development, as identified in the CBA Report, would not be achieved through a continuation of the status quo approach – and as such the overall intent of what the NPS-UD is seeking to achieve is unlikely to be realised.</p>	— —	<p>The risks of not acting are considered to have greater potential costs / negative effects, in particular for existing communities, future generations, renters (particularly in relation to low incomes households), first home buyers, businesses and the natural environment. This is because ‘not acting’ would fail to achieve both the intent of the overall suite of NPS-UD provisions, as well as the intent of and outcomes sought specifically through the ‘Intensification’ provisions.</p>	<p>This is not the preferred option. This approach will not assist to improve the delivery of more high-density development and a broader choice of housing options, meaning potential flow on benefits in particular for first home buyers, renters (including low income households) as well as future generations are also unlikely to be achieved.</p>
Alternative Approach (a)(ii) – Amend Discussion Document Approach	<p>These approaches, in combination with the Discussion Document approach, meet the objective. These approaches will provide clear guidance to Councils, decision-makers and plan users as to the expectations in relation to providing for higher density development and which areas / locations are considered most appropriate for such enablement. Combined, these approaches strikes a balance between seeking to enable urban intensification in the locations where the benefits of intensification can best be realised, whilst also being clear in stating that there will be circumstances where the presence of significant local constraints (that is, “qualifying matters”) may mean that enablement for higher-density development in some areas would be inappropriate.</p>	++	<p>The risks of not acting are considered to have greater potential costs / negative effects, in particular for existing communities, future generations, renters (particularly in relation to low incomes households), first home buyers, businesses and the natural environment.</p>	<p>These form the preferred option in combination with Discussion Document Approach. As previously stated above, the various benefits of intensification – as highlighted through the economic analysis – will be best realised through this option - such as decoupling land prices from house prices; lowering both housing and rental costs; reducing existing concentrations of wealth; increasing the supply and choice in housing as well as the creation of agglomeration benefits and associated increases to productivity, wages and employment.</p> <p>This combined approach strikes a balance between seeking to enable urban intensification in the locations where the benefits of intensification can best be realised, whilst also being clear in stating that there will be circumstances where the presence of significant local constraints may mean that enablement for higher-density development in some areas would be inappropriate.</p>
Alternative Approach (b)(i) – ‘scaled’ plus ‘exceptions’		++		
Alternative Approach (c)(i) – Provide policy direction through NPS-UD		++		

Implementation Timeframe Approaches				
Alternative Approach (d)(i) – Timeframe - PCs to be notified within 18 months of gazetting the NPS-UD	<p>This option ensures the focus and intent of the NPS-UD policy direction is not undermined by delayed implementation, through the notification of plan change.</p> <p>While it is recognised that the discussion document implementation timeframe does create time / resourcing costs for Councils, it is considered such costs would be largely outweighed by the benefits of consistent implementation of the NPS-UD in a specified timeframe (18 months), which is considered to be an achievable time frame in relation to the preparation of a plan change application, with the ability to begin to realise the benefits of providing for urban intensification in the short to medium-term.</p>	++	There are both potential timing and resourcing / costs risks for local authorities associated with being required to implement the requirements, through notification of a plan change within 18 months of gazetting the NPS-UD.	This the preferred option. Although the 18-month implementation timeframe creates time/resourcing costs for Councils, it is considered such costs would be largely outweighed by the benefits of consistent implementation of the NPS-UD in a specified timeframe (18 months).
Alternative Approach (d)(ii) – Timeframe - status quo	This option achieves the objective, however, is not the most efficient or effective way. Not specifying an implementation timeframe requirement could pose a significant risk to achieving the intent of the NPS-UD, as there would be no onus on local authorities to implement the policy direction in the short-medium term	--	No onus on local authorities to implement the policy direction in the short-medium term poses a significant risk to achieving the intent of the NPS-UD	This is not the preferred option. Not specifying an implementation timeframe poses too high a risk for the intent of the NPS-UD to be undermined.
Alternative Approach (d)(iii) – Timeframe - Align with National Planning Standards (implement within next 7 years)	This option achieves the objective, however, is not the most efficient or effective way. While this is an improvement to the status quo, it is not the most effective or efficient means to achieving Objective 2. From a process perspective, this approach could prove efficient by way of providing an opportunity for Council's to potentially implement both the National Planning Standards as well as the NPS-UD through a combined, integrated plan change process which would have process efficiencies for Councils (as plan change proponents) as well as wider stakeholders (as submitters on the plan change).	-	Implementation of the NPS-UD requirements would likely be delayed, with the potential that such requirements would not be implemented through Regional Policy Statement / District Plans for the next 5-7 years.	This is not the preferred option. While this approach aligns with the timing of implementation of the NPS-UD direction (an already existing and understood timeframe requirement), implementing this timeframe creates a lengthy time before NPS-UD policy direction would be implemented through District / Regional Plans (that is, 5-7 years).
Alternative Approach (d)(iv) – At the time of next Plan review	This option achieves the objective, however, is not the most efficient or effective way. This option would align the timing of implementation of the NPS-UD direction with an already existing (and already understood by Councils) timeframe requirement in relation to undertaking their next Plan Review however, would be a much lengthier time before the NPS-UD policy direction would be implemented through District / Regional Plans.	0	This approach would be compromised by a potentially lengthy timeframe before the NPS-UD is implemented, which has the potential to undermine the overall intent of the NPS-UD.	This is not the preferred option. While this approach will have process efficiencies for Councils (as 'Proposed Plan' proponents) as well as wider stakeholders (as submitters on the 'Proposed Plan') there would be inefficiencies in relation to a potentially much lengthier time before the NPS-UD policy direction would be implemented.
Alternative Approach (d)(v) – align with FDS	This option achieves the objective, however, is not the most efficient or effective way. This option would align the timing of implementation of the NPS-UD direction with an already existing (and already understood by Councils) timeframe requirement in relation to preparation of the Future Development Strategy (required to be prepared / updated every three years). Further, this approach would provide opportunities for Councils to implement the NPS-UD direction at the same time as preparing / updating their Future Development Strategy.	+	The inconsistent implementation of the NPS-UD could lead to varying degrees of quality (that is, whether the intent of the NPS-UD is properly realised in its implementation).	This is not the preferred approach. While this approach is considered efficient, particularly from a process perspective and a technical perspective, a shorter timeframe (18 months of gazetting the NPS-UD) is preferred over this option (maximum 3 years) to ensure that the intent of the NPS-UD is implemented in a timely manner.

8.2.6 Responsive planning provisions (modified from the 'Providing for further greenfield development' in the Discussion Document)

8.2.6.1 Intent of the NPS-UD 'Responsive planning' Provisions

The intent of the policy is to enable transparency and responsiveness in planning, so that this would help increase competitive land markets, reduce delays in land supply and disincentivise land banking. It is proposed that the NPS-UD would direct local authorities to consider plan change requests for urban development in locations that are out of sequence (e.g., locations that are identified for future urban development but are dependent on land release sequence), or unanticipated, being outside of areas identified for urban development, where they would contribute significantly to development capacity and contribute well-functioning urban environments. The national direction is not intended to override or replace the consideration of environmental effects through a usual plan change process – those considerations must still take place.

The purpose of this section is to examine whether the provisions in the proposal are the most appropriate way to achieve the objectives, which are:

- **Objective 4:** New Zealand's urban environments, including their amenity values, can develop and change over time in response to the diverse and changing needs of people, communities, and future generations
- **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 and long term; and
 - (c) responsive (particularly in relation to proposals that would supply significant development capacity).

8.2.6.2 Options to achieve Objectives O4 and O6

For the purpose of this evaluation, the following potential approaches have been considered:

1. Discussion Document Approach – outlined example wording for how a policy may achieve the intent, as follows:

When considering a plan change that enables urban development that is not otherwise enabled in the plan, local authorities must provide for urban development when all of the following apply:

- a. Development enabled by the plan change would contribute to a quality urban environment, including access to transport choice.*
- b. Development enabled by the plan change would not have adverse effects on protected areas or areas identified for restoration.*
- c. Development under the plan change can occur in a way that is appropriate, safe, and resilient in the long term in respect of natural hazards and the effects of natural hazards.*
- d. Reverse sensitivities are appropriately managed within and adjacent to the location or locations that are the subject of the plan change.*
- e. Infrastructure to enable the long-term development of the land can be provided*

2. Alternative Approach 1 – status quo – retaining the current approach.
3. Alternative Approach 2 – Achieve the intent through a package of objectives and policies that:
 - a. Encourages local authorities' to actively consider plan changes that provide for out of sequence and unanticipated development;
 - b. Combined with requiring ongoing transparent engagement with the development sector through the Future Development Strategy (FDS) process.

8.2.6.3 Preferred Approach – Evaluation

The Ministry has identified the preferred approach is 'Alternative Approach 2' – achieve the intent through a package of objectives and policies.

The following table evaluates the costs, benefits and risks of acting / not acting for the approach identified in the 'preferred approach'. The purpose of this evaluation is to determine the effectiveness and efficiency of the 'preferred approach', and whether it is the most appropriate way to achieve relevant Objectives of the NPS-UD. An overall summary of the 'preferred approach' is included in the following table, with the detailed evaluation following. The 'preferred approach' is presented as a package rather than analysed policy by policy, as the policies work collectively achieve the objectives, rather than individually.

Table 13: Responsive Planning Policy Assessment – Evaluation of the ‘Preferred Approach’

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:		
<div>(a) unanticipated by RMA planning documents; or</div> <div>(b) out of sequence with planned land release</div>		
Policy 7: Local authorities:		
<div>(a) that share jurisdiction over urban environments work together when implementing this national policy statement; and</div> <div>(b) engage with providers of development infrastructure and other infrastructure to achieve integrated land use and infrastructure planning; and</div> <div>(c) engage with the developer sector to identify significant opportunities for urban development.</div>		
Summary of Preferred Approach	The preferred approach is Alternative Approach 2: to include policy direction for local authorities to actively consider out of sequence and unanticipated development; to integrate responsiveness directions into other NPS-UD policies (the FDS and engagement policies); to introduce a general policy that directs RPS' to be consistent with the direction in the NPS-UD, to provide for growth both up and out (including for unanticipated urban development); and have particular regard to the degree to which the development will provide for a well-functioning urban environment and contribute to development capacity.	
Overall Evaluation of Preferred Approach	<p>The preferred approach would limit local authorities' abilities to refuse private plan change requests outright and enhance their ability to be responsive to development opportunities presented that had previously been unanticipated. This would, in turn, provide for a more responsive system while avoiding the potential negative effects that were identified/associated with the more directive policy wording proposed in the discussion document. It would continue to provide local authorities with discretion in relation to the assessment criteria of plan changes via decision-making including having particular regard to whether the development would contribute to a well-functioning urban environment. In tandem with the densification policies proposed in the NPSUD, the responsiveness policy will improve elasticity and competitiveness in the market.</p> <p>It is likely that some of the 'out-of-sequence' or unanticipated plan change requests of scale will be in greenfield areas. Economic analysis has the following key points on the impact of greenfield development:</p> <ul style="list-style-type: none">The costs and benefits of greenfield policy are complex, multifaceted and policy interdependent.The relative magnitude of impact is specific to individual cities and locations within each city. For instance, while some greenfield locations in some cities might add significantly to urban congestion costs, others may not. While some locations might incur high infrastructure costs, others may notConnectivity and access to minimise costs per vehicle-km could significantly improve the net benefits of the greenfield development under this policy. If new greenfield developments achieved the same levels of vehicle use per household as brownfield households, the development of higher-density, transit-enabled greenfield residential area carries around half of the external costs to the public. <p>These impacts are also heavily dependent on the success of intensification policy. All else equal, the benefits of greenfield expansions are greater for a city operating a rigid planning framework. Therefore, if intensification policies are optimised, the case for greenfield expansions is, to varying degrees, reduced.</p>	
	++	
Effectiveness and Efficiency	<p><u>Effectiveness</u></p> <p>The policy has the potential to be effective in allowing local authorities to consider development proposals in areas where urban development was not necessarily envisaged. The policy could result in increased development proposals and plan changes to facilitate growth across the country and within urban environments which have overly ridged planning regimes. Local authorities would maintain their effectiveness to provide for well-functioning urban environments.</p>	<p><u>Efficiency</u></p> <p>This policy provides a transparent and consistent approach to considering out of sequence or unanticipated opportunities that considerably contribute to development capacity – embedding a level of responsiveness in the strategic plan making process for local authorities (thereby lessening the likelihood of ad-hoc plan change requests).</p>
Risk of Acting / Not Acting	It is considered that acting on this approach would likely result in some enhanced abilities for local authorities to consider unanticipated and out of sequence plan changes and could therefore be valuable to achieving the overarching policy intent in relation to providing for further greenfield development. A key risk of not acting exists in cities operating a rigid planning framework, with little opportunity for growth both outward and upward. In this case, not acting would mean house prices may continue to increase out of step with consumer ability to pay. On the other hand, cities without ridged planning framework would not necessarily receive the same benefits, however as they already have responsive planning frameworks, there would be little to no risk of acting.	
Costs		Benefits
<p><u>Existing Community</u></p> <ul style="list-style-type: none">High levels of uncertainty in relation to future redevelopment outcomes in areas that were previously not identified as ready / suitable for development.Potentially higher infrastructure costs if the required levels of densities cannot be achieved, or if the development is located in a place with inherently high costs to develop.		<p><u>Existing Community</u></p> <ul style="list-style-type: none">The potential for urban development to occur in areas that are suitable from a servicing/needs/environmental perspective that had not necessarily been identified by Council as suitable or appropriate for redevelopment.The potential for additional land to be released for urban development.The potential to bring-forward infrastructure investment to an area (assuming this would be provided by Plan Change proponent/ developer) which may not otherwise be identified / prioritised for investment by Council.
++		

Costs	Benefits
<u>Future Generations</u> <ul style="list-style-type: none"> Potential costs associated with a piecemeal planning approach where areas have been developed in an out-of-sequence manner which includes inefficient infrastructure provision and access to required social infrastructure. Potentially sustained levels of lower investment within established areas could affect the quality of these 'older' suburbs 	<u>Future Generations</u> <ul style="list-style-type: none"> Provision of additional housing supply in enabled (via Plan Change process) areas to help meet the needs of future generations. Potential benefits to local residents as a result of infrastructure investment to an area which was enabled for development.
+	
<u>Iwi / Māori</u> <ul style="list-style-type: none"> There may be more pressure to redevelop land that is or contains matters of significance to Iwi/Māori. 	<u>Iwi / Māori</u> <ul style="list-style-type: none"> Provision of additional housing supply is enabled (via Plan Change process) in areas to help meet the needs of future generations. Commercial redress land returned under a Treaty settlement would be more likely to be considered for development as this land type is more likely to be outside the urban environment and previously unanticipated for development as it was previously held by the Crown for other purposes.
0	
<u>Owners</u> <ul style="list-style-type: none"> Greater uncertainty in relation to potential and planned urban development projects within local areas. 	<u>Owners</u> <ul style="list-style-type: none"> Increased flexibility for some landowners with land holdings in un-anticipated growth areas or out-of-sequence areas to be proactive in realising urban development opportunities.
+	
<u>Renters</u> <ul style="list-style-type: none"> Similar to owners, renters will experience greater uncertainty in relation to possible development outcomes within local areas. 	<u>Renters</u> <ul style="list-style-type: none"> Renters are likely to benefit from greater housing diversity and choice.
+	
<u>Developers</u> <ul style="list-style-type: none"> Reduced levels of certainty could result in a reduced appetite for investing in and undertaking developments as their success could be a higher risk due to greater competition. 	<u>Developers</u> <ul style="list-style-type: none"> Enhanced ability to realise development opportunities. Reduction of competitive advantage to developers with land holdings in areas currently anticipated for development or sequenced for release earlier.
+	
<u>Businesses</u> <ul style="list-style-type: none"> Potentially reduced catchment areas with the population dispersion/lower densities could make businesses less viable relative to catchment area. 	<u>Businesses</u> <ul style="list-style-type: none"> Potential for new business opportunities within new centres created by unanticipated plan changes.
0	
<u>Local Authority</u> <ul style="list-style-type: none"> Greater uncertainty in relation to planned urban development projects and the efficacy of the funding that is allocated to support them via long-term plans. Potential to create inconsistencies with and undermine wider Council growth strategies and plans, and the confidence that others have in them. A likely increase in requests for plan changes would increase Council resource requirements for such processes. 	<u>Local Authority</u> <ul style="list-style-type: none"> Potential for increased investments and the realisation of urban development / increased supply of residential and business land within their jurisdictions.
-	

Costs	Benefits
<p><u>Infrastructure Providers</u></p> <ul style="list-style-type: none">A likely increase in requests for plan changes would increase demand on infrastructure providers to potentially service new growth areas with new infrastructure networks and to construction new services simultaneously.	<p><u>Infrastructure Providers</u></p> <ul style="list-style-type: none">There are no specific benefits identified as a result of this approach.
-	

8.2.6.4 Summary Evaluation of the Discussion Document Approach and Alternative Approaches

The Discussion Document approach and each of the ‘Alternative Approaches’ identified in section 7.2.6.2 have been evaluated to determine their effectiveness, efficiency and whether they are an appropriate way to achieve the relevant Objectives of the NPS-UD. A summary of the evaluation of these evaluations has been included in the following table. The detailed evaluations informing this summary table is included in **Appendix 1**.

Table 14: Responsive Planning Policy Assessment - Summary Evaluation of the Discussion Document and Alternative Approaches

Options	Ability to Achieve the Objective/s	Impacts	Risks	Overall Assessment
	<i>Are they met? How?</i>	<i>Net effects</i>	<i>Identified risks</i>	<i>Preferred? Why?</i>
Discussion Document – Option 1 – adopt the draft policy contained within the Discussion Document	The objective is not met. The wording in the Discussion Document policy was directive, directing that local authorities ‘must provide for urban development’. To ensure negative externalities were managed from such a directive policy, the policy included a list of factors that need to apply as conditions. However, this list would potentially introduce an even more stringent test than the status quo – particularly as it relates to ‘infrastructure to enable the long-term development of the land can be provided’. As worded, the policy may have the opposite effect to what was intended – with Council’s potentially using the suggested policy approach to reject greenfield developments on the basis they cannot be fully funded by the developer (or for some other minor reason that could be mitigated). Under the current system developers and councils regularly negotiate infrastructure funding for new developments.	-	It is considered that the proposed wording could result in unintended development outcomes and further consideration should be given to its precise wording.	This option is not preferred. The proposed policy is not directly supportive / consistent with the broader strategic intent of the NPS-UD overall and, as such, has the potential to undermine the wider policy framework.
Alternative option 1 – Status quo – retaining the current approach (no specific direction in relation to out of sequence or unplanned development proposals under the NPS-UDC 2016)	The objective is not met. While the status quo does not directly encourage nor discourage the consideration of unintended plan changes, it does not provide for a responsive or competitive resource management system. The status quo has demonstrated limited incentive for Councils to consider unanticipated and out of sequence plan changes and, in turn, the policy intent could not be achieved efficiently or effectively.	—	There is a risk the status quo will perpetuate current uncompetitive markets, for example while the current RMA enables private plan changes, provisions in the RPS may undermine responsiveness and the ability to consider out-of-sequence or unanticipated development.	This option is not preferred. The status quo for providing for further greenfield development does not provide direction for Council to consider unanticipated and out of sequence plan changes and therefore may undermine competitive land markets.

Options	Ability to Achieve the Objective/s	Impacts	Risks	Overall Assessment
	<i>Are they met? How?</i>	<i>Net effects</i>	<i>Identified risks</i>	<i>Preferred? Why?</i>
Alternative option 2 – achieve intent through a package of objectives and policies.	<p>The objective is met. This approach would limit Councils' abilities to refuse private plan change requests outright and enhance their ability to be responsive to development opportunities presented that had previously been unanticipated. This would, in turn, provide for a more responsive system while avoiding the potential negative effects that were identified/associated with the more directive policy wording proposed in the discussion document.</p> <p>This policy would link to well-functioning policies to ensure developments that occur as a result of this policy are not disconnected and lead to poor urban development outcomes. It would also improve the transparency of decision making and may support a culture change in planning that will lead to better responsiveness. Linking through future development strategies would help facilitate a systematic approach where Councils consider overall growth opportunities and then funding.</p> <p>It would also provide assurance to the development sector that opportunities are considered consistently, and transparently, and may facilitate competitiveness within the system as developers would know that the Council has an established system to consider new opportunities for development put forward by the development community.</p>	++	<p>It is considered that acting on this approach would likely result in some enhanced abilities for Councils to consider unanticipated and out of sequence plan changes and could therefore be valuable to achieving the overarching policy intent.</p>	<p>This is the preferred option. This option provides for a more responsive system while avoiding the potential negative effects that are identified within the Discussion Document approach above (that is, the Discussion Document approach is not directly supportive / consistent with the broader strategic intent of the NPS-UD overall and, as such, has the potential to undermine the wider policy framework).</p>

8.2.7 Removing minimum car parking requirements

8.2.7.1 Intent of the NPS-UD 'Removing Car parking Requirements' Provisions

The intent of the car parking provisions is to achieve more efficient land use, provide more space for housing, reduce development costs and ensure parking is more responsive to actual demand. Currently, there is an oversupply of car parking caused by minimum parking regulations in district plans. The NPS-UD seeks to shift the provision of car parking from minimum car parking requirements to a market based approach, to ensure that parking supply matches actual demand. A co-benefit of the provisions is to support reductions in greenhouse gas emissions via removing the subsidy on car parking which increases demand for emission generating car use.

It is proposed that the NPS-UD include policies that limits the ability for local authorities in major urban centers to regulate the number of car parks required for a development.

Central government will support implementation of this policy through the preparation of guidance at a national and at a local level for each of the six tier 1 centers. Guidance will focus on the use of alternative methods to the use of minimum car parking regulations, such as comprehensive parking management plans. It is anticipated that the first set of guidance will be ready in 2020. This section 32 evaluation does not include the guidance given it is not in a completed state to undertake a meaningful analysis.

The purpose of this section is to examine whether the provisions in the proposal are the most appropriate way to achieve the objectives, which are:

- **Objective 1:** New Zealand has well-functioning and 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 4:** New Zealand's urban environments, including their amenity values, can develop and change over time in response to the diverse and changing needs of people, communities, and future generations.

8.2.7.2 Options to achieve Objectives O1 and O4

For the purpose of this evaluation, the following potential approaches have been considered:

1. Discussion Document Approaches –three policy options for public comment:
 - Option 1: removing the ability for local authorities to regulate the requisite number of car parks.
 - Option 2: removing the ability for local authorities to set minimum car park requirements.
 - Option 3: removing the ability for local authorities to set minimum car park requirements in areas providing for more intensive development.
2. Alternative Approach 1 – status quo – retaining the current approach (no car parking policy under the NPS-UDC).
3. Alternative Approach 2 – Remove the ability for a lack of parking provision to be considered as an adverse environmental effect.
4. Alternative Approach 3 – Car parking management plans – address the intent of the policy direction through the use of car parking management plans supported by national guidance.

8.2.7.3 Preferred Approach – Evaluation

The following table evaluates the costs, benefits and risks of acting / not acting for the approach identified in the 'preferred approach'. The purpose of this evaluation is to determine the effectiveness and efficiency of the 'preferred approach', and whether it is the most appropriate way to achieve relevant Objectives of the NPS-UD. An overall summary of the 'preferred approach' is included in the following table, with the detailed evaluation following. The preferred approach is presented as a package rather than analysed policy by policy, as the policies work as a whole to achieve the objectives, rather than individually.

Table 15: Removing Minimum Car Parking Requirements Policy Assessment – Evaluation of the ‘Preferred Approach’

Policy 11: In relation to car parking: (a) district plans promote the efficient use of land; and (b) the district plans of tier 1 and tier 2 urban environments do not have set car parking minimum requirements, other than for accessible car parks. Policy 12: Local authorities are strongly encouraged to manage effects associated with the supply and demand of car parking through comprehensive parking management plans Part 3 – Subpart 8		
Summary of Preferred Approach	The preferred approach is considered to be a combination of Discussion Document option 2 (removing minimum car parking requirements but retaining the ability to use maximum parking requirements) and Alternative Approach 3 is also considered necessary to support Alternative Approach 2 by encouraging the use of comprehensive parking management plans, supported by national guidance. The ‘preferred approach’ would have a benefit to cost ratio of 8.6, with estimated benefits to be \$670 million.	
Overall Evaluation of Preferred Approach	<p>Discussion document option 2 would be the most practicable, effective and efficient policy option as it provides simplicity, is explicit in not allowing local authorities to set minimum car parking requirements in any part of their area but retains the ability to manage oversupply (and associated environmental and social impacts) through maximums. It is simple because it has one standard application across one of the six identified Major Urban Centres, rather than expecting local authorities to apply a judgement to higher and lower density areas of the urban environment. Alternative Approach 3 works hand-in-hand with discussion document option 2 and will provide an alternative and practical method to manage car parking effects.</p> <p>The economic analysis provides strong evidence to suggest that the use of minimum carparking requirements has significant cost implications for urban development and are, in fact, forcing developments to over allocate much space to carparking. In simple terms, the total floor area of a building combined with the carparking area for the building can be thought of as a building “budget”. Adding a unit / area of carparking will generally require giving-up or in other words sacrificing space that could be used for residential or business floor space. Developers will find a balance such that the value gained from another unit of floor area is equal to the value that would be given up by sacrificing another unit of parking when provided the freedom to allocate space so as to maximise value. Removing car parking minimums is more responsive to actual car parking demand, whereas car parking minimums set an artificial expectation which in effect subsidises the use of private vehicle use. The economic analysis in relation to carparking has drawn the following key conclusions:</p> <ul style="list-style-type: none"> ■ The indicative benefits of removing minimum carparking requirements will significantly outweigh the costs – the indicative benefits are estimated to be in the order of \$670m, while the indicative costs are estimated to be in the order of approximately \$78m, with a cost benefit ratio of 8.6; ■ The use of minimum carparking requirements are often forcing developments in urban areas to allocate too much space to carparking (in favour of the potential to achieve more building floor space), which affects the ability for developers to maximise the value of their developments; ■ The removal of minimum carparking requirements in mixed-use and commercial areas carries significant net benefits; ■ Despite common perceptions, case studies (such as in Christchurch) provide evidence that the removal of minimum carparking requirements did not equate to a reduced availability of carparking, but did mean that carparking provision was less dispersed from site to site, but more concentrated in some locations and better matched to the locations where demand for parking spaces is highest. <p>Other reasons:</p> <ul style="list-style-type: none"> ■ Setting minimum car parking rates which meets actual demand would be highly complex as it would need to take into consideration potentially hundreds of factors which are constantly changing. It is therefore expected that car parking rates are out pacing actual demand. ■ The nature of vehicle transport is changing, such as through the uptake of car share (app-based taxis) and could continue to change further as technology changes occur and user habits change, a more responsive approach is required in favour of current minimum parking rates. ■ Car parking rates are generally set at rates independent of location, accessibility and demand, moving to market based approach for parking minimums will result in an approach which is more responsive and dependant on location, accessibility and demand. 	
	++	
Effectiveness and Efficiency	<p><u>Effectiveness</u></p> <p>The policy approach would be effective in that the removal of minimum carparking requirements is an indirect approach to facilitate more efficient land use, reducing development costs and land market impacts. The policy approach would be effective in that the removal of minimum carparking requirements is an indirect approach to facilitate more efficient land use outcomes, reduced development costs and promoting competitive land and housing markets. In addition, the recognition of the need for accessible parking and the ability to be able to utilise ‘maximum’ parking requirements will assist to increase the overall effectiveness of this policy approach.</p> <p>Indirectly, the policy approach could be effective in supporting the reduction of gas emissions and congestion by reducing the subsidy on car parking and promoting alternatives to car ownership.</p>	<p><u>Efficiency</u></p> <p>The removal of carparking requirements is considered efficient in that it will result in responsive market-led provision for car parking. This is efficient from a supply and demand perspective. Local authorities will continue to be able to control maximum parking rates, travel demand and on and off-street parking management which is a more direct and efficient means of managing adverse effects, such as congestion, amenity values and the availability of on-street car parking.</p>
Risk of Acting / Not Acting	<p>The high social, environmental and economic costs associated with excess carparking which include inefficient land use, indirect support for private vehicle use, increased traffic congestion and adverse visual amenity impacts would continue to increase if there is no policy action.</p> <p>The risks of acting will be mitigated by a long transition timeframe as new development gradually responds to the new regulatory environment without minimum car parking rates. Land use change takes many years to occur and it can be decades until notable change occurs. This gives significant amount of time for adaptation within communities to the new parking environment.</p>	

Costs	Benefits
<p><u>Existing Community</u></p> <ul style="list-style-type: none"> ■ A likely increase in on-street carparking demand and a likely increase in on-street carparking restrictions. ■ Search costs likely to increase by more time spent searching for an available car park, which may not be in a location that is most convenient. ■ Parking management costs are likely to increase and be born on members of the community who own cars who will directly pay for the costs. 	<p><u>Existing Community</u></p> <ul style="list-style-type: none"> ■ A potential indirect result in reduction in traffic congestion and its associated costs as a result of less people choosing to drive because the costs of owning / parking a car will increase (a demand response will occur at the margin). ■ More employment opportunities and economic growth resulting from the ability for commercial / business / office activities to provide greater floor spaces in place of carparking requirements. ■ Low level increase of employment opportunities likely to arise to monitor and manage car parking space and their use. ■ Members of the community who do not own or use cars frequently will have less 'embedded' costs for car parking imposed in land costs. ■ Equity impacts may generally improve for lower income people (where car ownership is lower). Households without a car are most likely to be earning under \$30,000 combined. Presently, these households are paying for parking (embedded in housing purchased). Parking is often supplied at supermarkets, other stores and with housing.
+	
<p><u>Future Generations</u></p> <ul style="list-style-type: none"> ■ There may be an increase in carparking costs with a reduced supply overall, potentially leading to growing costs for car parking over time, if car ownership rates continue as they have been in the past. 	<p><u>Future Generations</u></p> <ul style="list-style-type: none"> ■ Market-driven carparking provision will ensure that the supply and demand for carparking are equal, greater transparency on parking costs. ■ Improved access to housing markets - More efficient land use and reduced development costs over time, particularly in urban areas where smaller land holdings can be utilised more efficiently. ■ Indirect benefits of improved environmental outcomes (such as reduced greenhouse gas emissions) as a result of an increase in mode shift from private vehicles to other modes (as the financial subsidy on car parking and therefore car use is reduced). ■ 'Park once and shop' and parking in locations further from the final destination will provide more opportunities to walk. Indirect potential for improved health outcomes and urban liveability outcomes with more active travel and chances for personal interactions. ■ Indirect potential for improved visual amenity in urban areas - as a result of less space dedicated to car parks.
+	
<p><u>Iwi / Māori</u></p> <ul style="list-style-type: none"> ■ A likely increase in on-street carparking demand and a likely increase in on-street carparking restrictions. 	<p><u>Iwi / Māori</u></p> <ul style="list-style-type: none"> ■ A potential reduction in traffic congestion and its associated costs as a result of less people choosing to drive. ■ Māori are more likely not to own a car than non-Māori, which may mean the benefits of removing car parking minimum rates on housing markets likely to be higher for Māori than non-Māori. ■ Potential increased supply of housing options, with more area within a development available for building floor space (rather than space for carparking).
0	
<p><u>Homeowners</u></p> <ul style="list-style-type: none"> ■ Private parking costs expected to increase as a result of parking scarcity. 	<p><u>Homeowners</u></p> <ul style="list-style-type: none"> ■ Potential increased supply of housing options, with more area within a development available for building floor space (rather than space for carparking). ■ Potential for lower housing costs and increased competition in housing market – with transparency on parking cost / value.
0	
<p><u>Renters</u></p> <ul style="list-style-type: none"> ■ A likely increase in on-street carparking demand and a likely increase in on-street carparking restrictions. ■ Renters who have cars may find more rental units do not automatically come with a car park. May require separate rentals for space to park their car (e.g. as per Auckland CBD accommodation). 	<p><u>Renters</u></p> <ul style="list-style-type: none"> ■ Potential increased supply of housing options and competitive market rentals. ■ Renters who do not need a car park (or need less car parking) would have more options to avoid these costs. ■ Rent for houses without car parking should be lower compared to rental houses with car parking included in a similar location. ■ Indirect benefits for existing communities noted as well.
0	

<p><u>Developers</u></p> <ul style="list-style-type: none"> ■ Reduced certainty in relation to development outcomes and assessed traffic generation from developments – transitional cost / capacity of professionals. ■ Will need to more closely understand their buyers needs when determining how many car parks to supply in their development. 	<p><u>Developers</u></p> <ul style="list-style-type: none"> ■ Enhanced flexibility in relation to land use and development options. ■ Enables developers to make more efficient decisions regarding the choice between parking and floor space. In particular, the benefits are particularly realised in areas where land values are high due to optionality for uses of space. Costs to supply car parking will be lower where there is lower land process which generally corresponds to poor transit connectivity. The impact of removing car parking minimums will either have a cost reduction on development or no impact at all, which is dependent on where the minimum car parking rates for a particular location are set.
++	
<p><u>Businesses</u></p> <ul style="list-style-type: none"> ■ A potential in overall reduction in the availability of carparks may restrict customer access to businesses. ■ Time spent searching for available car parks may increase, which would have an impact on productivity. ■ Businesses with carparks may incur additional costs to monitor and manage carpark use. 	<p><u>Businesses</u></p> <ul style="list-style-type: none"> ■ Potentially reduced development and operational costs (if on-site car parking provision is not mandated). ■ Opportunities for product and service development to provide tools to find available car parks, such as via web-based tools which are already in development and in use in Aotearoa (i.e. ParkMate). ■ Potential to better encourage shared parking facilities, particularly within commercial centres and other business / commerce hubs (e.g. business parks). ■ Businesses who own car parks, particularly those which are available at some parts of the day are more likely to be able to charge and profit for their use by non-customers and employees, as car parking numbers becomes more closely matched to actual demand. ■ Urban centres / CBDs have greater specialisation and a more efficient use of space. ■ Business has more efficiently balance the allocation of building floor space with carparking space, removing that potential for an oversupply of carparking.
++	
<p><u>Local Authority</u></p> <ul style="list-style-type: none"> ■ A requirement to update district/regional plans in order to implement national policy direction. ■ A likely requirement for additional on and off-street car parking strategies, with potential increases in monitoring and enforcement costs over time. ■ Potential for a temporary increase in applicants seeking to amend existing resource consents to provide less carparks / waive requirements to provide on-site parking. ■ Public transport costs may increase as expectations on local authorities to provide sufficient alternatives to driving that are both efficient and effective, while balancing the varying needs and wants of individuals. 	<p><u>Local Authority</u></p> <ul style="list-style-type: none"> ■ Potential reduced traffic engineering resource requirements on a per resource consent application basis can be shifted to parking strategies for areas or centres where there is actual recorded high demand in comparison to the supply of car parks ■ Some control will continue to be provided to Council by way of maximum carparking provisions, in order to manage any issues with parking over supply which would be counter to the desired outcomes for transit orientated developments and high-density areas such as central business districts.
-	
<p><u>Natural Environment</u></p> <ul style="list-style-type: none"> ■ Increased demand for off-site parking may result in use in inappropriate / natural environment areas (low risk cost). 	<p><u>Natural Environment</u></p> <ul style="list-style-type: none"> ■ Improved environmental outcomes (such as reduced greenhouse gas emissions) as a result of an increase in mode shift from private vehicles to other mode, with an associated decrease in congestion effects. ■ Less car use in favour of other modes would result in less heavy metal discharge to water bodies. ■ Fewer new stand-alone, ground level parking lots in favour of green space would reduce storm water run-off effects on streams and other water bodies.
++	

8.2.7.4 Summary Evaluation of the Discussion Document Approach and Alternative Approaches

The Discussion Document approach and each of the 'Alternative Approaches' identified in section 7.2.7.2 has been evaluated to determine their effectiveness, efficiency and whether they are an appropriate way to achieve the relevant Objectives of the NPS-UD. A summary of these evaluations has been included in the following table. The detailed evaluations informing this summary table is included in **Appendix 1**.

Table 16: Removing Minimum Car Parking Requirements Policy Assessment - Summary Evaluation of both the Discussion Document and Alternative Approaches

Options	Ability to Achieve the Objective/s	Impacts	Risks	Overall Assessment
	<i>Are they met? How?</i>	<i>Net effects</i>	<i>Identified risks</i>	<i>Preferred? Why?</i>
Discussion Document – Option 1 – removing the ability for local authorities to regulate the requisite number of car parks	The objectives are not met. The removal of car parking requirements is an indirect approach to facilitate more efficient land use outcomes, reduced development costs and a reduced reliance on private vehicle usage. However, the inability to utilise 'maximum' parking requirements has the potential to undermine the overall intent of the policy approach, as there could still be a risk of potential over supply of car parking provision in some areas.	+	There could be a potential risk in applying this policy approach, in that the inability to utilise 'maximum' car parking requirements could potentially lead to the oversupply of car parking in some circumstances.	This option is not preferred. Removing carparking requirements from District Plans would result in a fully market-led approach to the provision of carparking, which would ultimately reduce the costs of excess carparking while ensuring that the demand and supply for carparking are levelled out. Carparking will continue to be provided for the duration that there is a demand for carparking (irrespective of whether it is regulated or not). It is considered that the immediate costs of the proposed policy are mostly administrative with the potential for increased carparking costs in future. Overall, the benefits to future generations and the environment are considered to outweigh any costs that would be incurred.
Discussion Document – Option 2 – removing the ability for local authorities to set minimum car park requirements	The objectives are met. The removal of minimum carparking requirements is an indirect approach to facilitate more efficient land use outcomes, reduced development costs and a reduced reliance on private vehicle usage. In addition, the ability to be able to utilise 'maximum' parking requirements assist to increase the overall effectiveness of this policy approach.	++	The high social, environmental and economic costs associated with excess carparking which include inefficient land use, indirect support for private vehicle use, increased traffic congestion and adverse visual amenity impacts would continue to increase if there is no policy direction.	This is the preferred approaching combination with Alternative Approach 3 below. This option would be the most effective and efficient policy option as it provides simplicity, is explicit in not allowing councils to set minimum car parking requirements but retains the ability to manage oversupply (and associated environmental and social impacts) through maximums. It is simple because it has one standard application across one of the six identified Major Urban Centres, rather than expecting councils to apply a judgement to higher and lower density areas of the urban environment. Alternative Approach 3 works hand-in-hand this Option and will provide an alternative and practical method to manage car parking effects
Discussion Document – Option 3 – removing the ability for local authorities to set minimum car park requirements in areas providing for more intensive development	The objectives are met, in part. The removal of minimum carparking requirements is an indirect approach to facilitate more efficient land use outcomes, reduced development costs and a reduced reliance on private vehicle usage. In addition, the ability to be able to utilise 'maximum' parking requirements assist to increase the overall effectiveness of this policy approach. However, applying only to areas providing medium and high density residential, commercial and mixed use-areas restricts the potential benefits of more efficient land used outcomes through removal of minimum carparking in only certain developments.	0	The risk of maintaining the status quo in areas other than areas which provide for more intensive development will continue the un-responsive non-market approach, continuing to over supply car parks in favour of space and land for housing and employment when the rate of car parking is higher than actual demand. Would add another barrier to rezoning new areas for higher density, as the lack of minimum parking regulations would add to the concerns of the rezoning of some submitters.	This option is not preferred. Although this option is similar to Option 2 (that is, provides simplicity, is explicit in allowing councils to set minimum car parking requirements but retains the ability to manage oversupply through maximums), this option applies only to higher density developments. In turn, this restricts Council's ability to facilitate more efficient land use outcomes, reduce development costs and reduce reliance on private vehicle usage through removing car parking minimums from medium to high density developments only.

Alternative option 1 – Status quo – retaining the current approach (no car parking policy under the NPS-UDC 2016)	<p>The objectives are not met. Minimum car parking controls are oversupplying the number of car parks in urban areas. Car parking has a high cost of delivery, between \$30,000 and \$130,000 in our main urban areas. Minimum car parking rates bundle the costs of parking with housing and employment uses, meaning those who do not require car parking ‘must-pay’ for it. This imposes a cost on the delivery of new housing and businesses. This does not enable more people to live in new or existing urban areas, particularly in areas where there is high demand for housing, near centres or employment or well served by public transport. This is given because these areas are where land is likely be more expensive and also where the cost of car parking delivery will be highest.</p> <p>Well-functioning and liveable urban environments are supported by a range of transport options. The overwhelming majority of transport services is supplied via cars. Public transport, cycling and walking use land more efficiently than roads designed for high car volumes. Minimum car parking rates have favoured the use of cars by setting land aside on private land for car parking, in favour of other uses such as houses. This has provided a subsidy for car parking which makes car use artificially competitive in relation to other transport modes.</p>	<p>— —</p>	<p>The risk of maintaining the status quo will mean that urban centres will too slowly remove car parking accords their jurisdictions. This will continue the un-responsive non-market approach, continuing to over supply car parks in favour of space and land for housing and employment when the rate of car parking is higher than actual demand.</p>	<p>This option is not preferred. The status quo for carparking provisions allows Councils to regulate both maximum and minimum carparking provisions at their own discretion. As a result, there is an excess supply of carparking in some areas which have high social, environmental and economic costs. It is considered that greater direction to Council by way of a directive policy would be highly valuable.</p>
Alternative option 2 – Remove the ability for a lack of parking to be considered as an adverse environmental effect.	<p>The objectives are not met. This approach removes the ability of decision-makers to consider the effects of car parking via a resource consent, principally the effects of car parking spill-over to surrounding streets and sites. Decision-makers have discretion to disregard an adverse effect if a plan permits an activity with that effect per RMA section 104(2). However, there may be some circumstances when the effects of car parking should be considered and managed via conditions of consent and/or to link the development to the preparation or updating of a strategic parking management plan.</p> <p>Without the ability for local authorities to manage car parking by way of conditions of consent, where appropriate, the ability for local authorities to achieve well-functioning and liveable urban environments and provide for intensification that will meet the social economic and cultural well-being and needs of people and communities will potentially be curtailed by the provision of inappropriate and inefficient car parking.</p>	<p>0</p>	<p>The blanket approach to removing consideration of adverse parking effects may result in unintended consequences, such as a large development providing far too few car parks for the scale of the use in locations where alternative modes to cars are un-realistic and there is a significant issue with the supply and demand of surrounding car parking. Removing the ability to consider effects would also remove the impose conditions to require alternative methods of the provisions of on-site car parking, such as travel demand management.</p>	<p>This option is not preferred. This approach removes the ability of decision-makers to consider the effects of car parking via a resource consent. There may be some circumstances when the effects of car parking should be considered and managed via conditions of consent and/or to link the development to the preparation or updating of a parking area management plan. Overall, it is considered that car parking should be managed via a comprehensive parking management plan (Alternative Approach 3), or other methods.</p>
Alternative option 3 – Car parking management plans – address the intent of the policy direction through the use of car parking management plans supported by national guidance.	<p>The objectives can be met, in part. Comprehensive parking management plans provide guidance on how to manage parking in centres and other locations with parking demand pressures over the short, medium and long term, based on analysis of local circumstances. The plans can include recommendations and supporting evidence to enable councils or their agencies to implement measures to manage parking including introduction of restrictions or pricing. They will also assist in decisions regarding divesting, retaining or providing additional parking supply to meet future demand.</p> <p>These plans will be more likely to occur without car parking minimums in place; however, they are unlikely to be required in all locations. It would result in an additional layer of policy direction to assist the main policy outcome. National guidance on how best to prepare the parking area management plans should improve the success of the approach across the country.</p>	<p>+</p>	<p>The risk of implementing this alternative approach is largely one of consistency and timing depending on the approach taken by councils.</p>	<p>This option is not preferred on its own, and elements should be used to support the preferred option (refer above). Car parking management plans would empower individual councils to use car parking management plans as needed. These plans can provide guidance for assessing resource management applications which affect parking supply and demand and will also assist local authorities in decisions regarding divesting, retaining or providing additional parking supply to meet future demand.</p>

8.2.8 Providing for development capacity, Housing and Business Development Capacity Assessment and monitoring

8.2.8.1 Intent of the NPS-UD 'Providing for development capacity', 'Housing Business and Development Capacity Assessment' and 'monitoring' Provisions

This package of policies is intended to work together to ensure that local authorities' plans and planning decisions are well informed and provide enough opportunities for development, supported by infrastructure, that can respond to demands for housing and business land at all times. This is considered necessary for well-functioning urban environments that enable people to provide for their wellbeing now and into the future.

The policies expand on the RMA requirement that local authorities provide sufficient development capacity to meet demand for housing and business land.

This package of policies also carries forward some "responsive planning" and "evidence and monitoring" policies in the current National Policy Statement on Urban Development Capacity (NPS-UDC) and amend others. The NPS-UDC requires local authorities with growing urban areas to enable, in their plans and with infrastructure, sufficient commercially feasible capacity for development to meet demand for housing and business land. High and medium growth councils must also provide an additional margin of development capacity of 20% in the short and medium term and 15% in the long term, to factor in the proportion of development capacity that may not be developed. They must also set targets for sufficient housing development capacity in their regional policy statements and district plans. To support these planning requirements, high and medium growth councils must prepare three-yearly housing and business development capacity assessments (HBAs) that assess demand and development capacity, and monitor demand, supply and prices for housing and business land on a quarterly basis.

The proposed package carries forward these policies with the following amendments (in italics):

- All local authorities must provide enough plan and infrastructure-enabled, commercially feasible capacity for development that *can reasonably be expected to be realised*, to meet projected demand for housing and business land (including demand for different types and locations). *They must immediately notify the Minister and take action if they discover they do not provide sufficient development capacity.*
- Tier 1 and 2 local authorities must also provide an additional margin of development capacity of 20% in the short and medium term and 15% in the long term *to provide for choice and competition*
- Tier 1 and 2 local authorities must publish a three-yearly *HBA in time to inform long term plans (LTPs) and infrastructure strategies prepared under the LGA*, as well as RMA planning. These HBAs must *analyse the impact of planning on the affordability and competitiveness of housing markets, present a range of housing demand projections including by type and location, assess the housing development capacity that can reasonably be expected to be realised and the suitability of business land, calculate sufficient housing development capacity bottom lines to be set in RPS's and District plans, and identify whether plan changes or infrastructure could address any shortfalls in development capacity. Tier 2 HBAs can be simpler than tier 1 HBAs.*
- *All councils must monitor demand, supply and prices for housing and business land on a quarterly basis.*
- *All councils must use their evidence and monitoring to inform their planning decisions (including Section 32 reports).*

Local authorities would be required to give effect to most of these provisions in full once the NPS is gazetted. The exception to this is that local authorities would only need to update the housing part of their HBAs by 2021. They would need to produce a full HBA in time to inform 2024 LTPs.

The purpose of this section is to examine whether the proposed package of policies is the most appropriate way to achieve NPS-UD objectives. The most relevant objectives are:

- **Objective 2:** Planning decisions improve housing affordability by supporting competitive land and development markets.
- **Objective 7:** Local authorities have robust and frequently updated information about their urban environments and use that to inform planning decisions.

The package of policies also contributes to parts of two other objectives (indicated with italics):

- **Objective 3:** Regional policy statements and district plans enable more people to live in, and more business to be located in ... [areas where] *there is a high demand for housing or for business land*.
- **Objective 6:** Local authority decisions on urban development that affect urban environments are:
 - *integrated with infrastructure planning and funding decisions; and*
 - *strategic over the medium term and long term; and*
 - *responsive (...).*

8.2.8.2 Options to achieve Objectives O2 and O7 and those parts of O3 and O6 above

For the purpose of this evaluation, the following potential approaches have been considered:

1. Discussion Document Approach – amend the currently operational NPS on Urban Development Capacity (NPS-UDC) to increase the amount of development capacity local authorities must provide, require local authorities to use evidence and monitoring in planning decisions, and broaden the monitoring requirements to all local authorities; but only require tier 1 local authorities to set bottom lines for housing development capacity in their plans, and to prepare HBAs.
2. Alternative Approach 1 – status quo – retaining the current approach (the NPS-UDC 2016)
3. Alternative Approach 2 – similar to option 1, this would amend the NPS-UDC to increase the amount of development capacity local authorities must provide, require local authorities to use evidence and monitoring in planning decisions and broaden the monitoring requirements to all local authorities. It would however, strengthen some HBA policies, and require tier 2 as well as tier 1 local authorities to both set bottom lines for housing development capacity in plans, and publish an HBA (with slightly less requirements than tier 1 local authorities).

It is considered that the preferred approach is 'Alternative Approach 2'

The following table evaluates the effectiveness and efficiency, and costs and benefits of the preferred approach, and risks of acting / not acting for the approach.

Table 17: Housing and Business Development Capacity Assessment Policy Assessment – Evaluation of the ‘Preferred Approach’

Package of all policies in: <ul style="list-style-type: none"> • Subpart 1 – Providing development capacity • Subpart 3 – Evidence based decision making • Subpart 5 - Housing and Business Development Capacity Assessment (HBA) 		
Summary of Preferred Approach	<p>The preferred approach is a small change to the status quo achieved through amendments to existing NPS-UDC policies. The approach can be summarised (with the changes to the status quo in italics) as follows:</p> <ul style="list-style-type: none"> • All local authorities to provide in plans, supported by infrastructure, enough capacity for development that is feasible to develop and can reasonably be expected to be realised, to meet projected demand for housing and business land (including demand for different types and locations) • Tier 1 and 2 local authorities to also provide an additional margin of development capacity to provide for choice and competition • All councils to assess demand and development capacity and monitor demand, supply and prices for housing and business land, and use this to inform their planning decisions (including Section 32 reports) • Tier 1 and 2 local authorities to publish a housing and business development capacity assessment (HBA) that estimates demand and development capacity for housing (that is feasible and/or can reasonably be expected to be realised) and business land (that is suitable). This to be prepared every three years in time to inform long term plans (LTPs) and infrastructure strategies prepared under the LGA, as well as bottom lines for sufficient housing development capacity in local plan regulations. Tier 2 HBAs can be simpler, omitting the housing feasibility assessment and providing a single projection of business land demand. <p>Local authorities would be required to give effect to most of these provisions in full once the NPS is gazetted. The exception to this is that Tier 1 and 2 local authorities would only need to update the housing part of their HBAs in time to inform 2021 LTPs. These local authorities would need to produce a full HBA in time to inform 2024 LTPs.</p>	
Overall Evaluation of Preferred Approach	<p>Overall the preferred approach will be more effective and efficient and will have small net benefits and lesser risks compared to the status quo. The approach should result in improved evidence and monitoring, greater use of this information in RMA planning and infrastructure funding decisions, and greater likelihood that local authorities will provide enough development capacity for housing to meet demand and provide for choice and competition. This should improve housing affordability in urban places. The benefits of the approach (as with the status quo) depend in part on central government support for local authority implementation of the policies.</p> <p>Different policies in this package have very different costs. For example, the cost to local authorities of preparing HBAs and monitoring indicators has ranged between \$150,000 to \$300,000. The preferred approach would simply reduce these costs for Tier 2 local authorities. However, the cost of providing sufficient development capacity under the preferred approach will be much higher, especially if local authorities need to make plan changes and increase or bring forward infrastructure spending to do so. These costs would vary considerably with local circumstances and policies. The costs are very difficult to estimate and indeed the HBA requirements are designed to help do this.</p> <p>It isn't possible to separate the <i>benefits</i> of different policies in this package because the achievement of benefits depends on the policies working together. Good evidence and monitoring is required in order for local authorities to know how much development capacity they need to provide. The flip side of this is that the value of evidence and monitoring is only realised when it is acted on in planning decisions. Local authorities say they found the process of preparing HBA's and monitoring and the resulting information very useful for a range of different local authority planning functions. Having made the investment, they wish to continue the work.</p> <p>The national and local benefits of this package of policies will be most significant in larger urban areas that face greater housing pressures and constraints. The benefits of planning decisions that are well informed and enable sufficient capacity will be greatest in tier 1 areas, especially Auckland. The preferred approach should have net benefits for existing communities and future generations. It would also have a redistributive impact, benefitting Maori and renter households more, and possibly impacting some existing homeowners negatively in the short term.</p>	
Effectiveness and Efficiency	<p><u>Effectiveness</u></p> <p>This package of policies should improve on the effectiveness of the status quo (existing NPS-UDC) by:</p> <ul style="list-style-type: none"> • Increasing the amount of development capacity for housing local authorities need to provide to take account of the capacity that might not be realised, thereby ensuring the NPS makes a bigger difference to improve housing markets and affordability • Strengthening the likelihood that evidence and monitoring will be used in RM and LGA planning decisions, and therefore that will indeed enable sufficient development capacity • Improving the quality and accuracy of the information base underpinning the decisions, again making it more likely local authorities will provide sufficient development capacity. 	<p><u>Efficiency</u></p> <p>This package of policies should improve efficiency by:</p> <ul style="list-style-type: none"> • Synchronising the dates for preparing HBA information and long-term plans and infrastructure strategies, to enable local authorities to use one “source of truth” for the demand projections and estimates of development capacity and infrastructure requirements in all these documents • Improving the clarity of HBA requirements, reducing the need to seek legal advice or the possibility local authorities will do unintended work • Ensuring local authorities prepare evidence appropriate to their housing pressures and resources
Risk of Acting / Not Acting	<p>Any risks associated with implementing the ‘preferred approach’ are considered to outweigh the risks associated with not acting. The key risk of acting on this approach is that it will increase costs because local authorities will need to make plan changes and/or fund additional infrastructure in order to provide sufficient development capacity. This cost is outweighed by the benefits to households of being able to access more affordable housing in urban environments that they wish to live, and the wider benefits of urban development.</p> <p>The preferred approach may require some local authorities to provide additional development capacity of a magnitude or in a time period that they cannot achieve while complying with RMA plan change timeframes, their financial requirements and/or the realities of putting in place infrastructure. To mitigate this risk (by facilitating transparency and action) the preferred approach includes requirements that local authorities:</p> <ul style="list-style-type: none"> • identify in their HBA any shortfall in capacity and whether plan changes, additional infrastructure or both are needed to address the shortfall • immediately notify the minister in the event they determine there is not sufficient development capacity in the short, medium or long term. 	

<p>There is a significant risk of not acting that local authorities will not voluntarily enable sufficient development opportunities in their plans or with their infrastructure or prepare evidence of appropriate quality to inform this. In this case housing supply will continue to fall short of meeting demand and prices will continue to be unaffordable. A much lower impact risk of not acting is that tier 2 local authorities would continue to expend resources preparing information that they lack capabilities for, and which is of limited benefit to their areas.</p> <p>A risk of either acting on this approach or staying with the status quo, is that in both cases government monitoring, supporting and enforcing the policies is necessary to ensure local authority compliance with the policies as intended. Part of this is that some of the policies rely on government providing ongoing and timely data and indicators, and it might not be possible to guarantee this.</p>	
Costs	Benefits
<p><u>Existing Community</u></p> <p>The most significant costs are associated with the additional housing development capacity provided by councils (based on the information in HBAs):</p> <ul style="list-style-type: none"> the costs of additional infrastructure and public services (initially funded by local authorities but partly recouped from the existing community through rates and user charges). These costs are to some extent the “cost of doing business” but they are very hard to quantify and will vary depending on the amount of additional development capacity needed, the extent of plan changes, the cost of additional infrastructure and how this is funded. Government is spending \$1b on roading to open up capacity for an additional 1800 homes in Omokoroa (Tauranga). In other places councils might provide the additional development capacity where there is already existing infrastructure, or charge users thereby better managing demand to delay the need to increase infrastructure capacity. Auckland case studies indicate infrastructure costs may total \$100k per dwelling, while user charges recoup half of this. increased traffic congestion impacts on neighbours, and consumption of open space associated with the additional growth and development enabled. Again, these costs depend on how councils provide, service and manage the impacts of the additional development capacity, e.g. via intensification and public transport, or greenfield growth. 	<p><u>Existing Community</u></p> <p>The most significant benefits are associated with the additional housing development capacity provided by councils (based on the information in HBAs):</p> <ul style="list-style-type: none"> reduced housing shortages, arresting the severe increases in house prices and rents relative to the status quo. Between 25-30% of household income is often spent on housing, and home ownership is the primary way of accumulating wealth in NZ but has rapidly declined over the last decade. being able to live in developing urban environments with additional services and job opportunities (referred to as agglomeration in production and consumption with benefits per added household of between \$2,250 and \$10,000)
+	
<p><u>Future Generations</u></p> <ul style="list-style-type: none"> The same costs as for existing communities 	<p><u>Future Generations</u></p> <ul style="list-style-type: none"> The same benefits as for existing communities.
+	
<p><u>Iwi / Māori</u></p> <ul style="list-style-type: none"> The same costs as for existing communities. 	<p><u>Iwi / Māori</u></p> <ul style="list-style-type: none"> The benefits of reduced housing shortages and therefore lower house prices and rents relative to the status quo are likely to be higher for Māori households, which tend to spend more of their household income on housing and have experienced rapidly declining home ownership and wealth in the last decade.
++	
<p><u>Owners</u></p> <ul style="list-style-type: none"> The same cost as for existing communities Additionally, in the short-term existing homeowners may experience or perceive a reduction in the value of their property, because additional development capacity should reduce house prices and rents relative to the status quo. The impact would be greatest on those who have recently purchased a home and wish to realise a capital gain: homeowners buying and selling in the same market should not be affected. 	<p><u>Owners</u></p> <ul style="list-style-type: none"> In the long term, the same benefits as for existing communities.
0	
<p><u>Renters</u></p> <ul style="list-style-type: none"> The same costs as for existing communities. 	<p><u>Renters</u></p> <ul style="list-style-type: none"> The benefits of reduced housing shortages and therefore lower house prices and rents relative to the status quo are likely to be higher for renting households, because they tend to spend more of their household income on housing and have been increasingly locked out of home ownership in the last decade.
++	

Costs	Benefits
<u>Developers</u> <ul style="list-style-type: none"> Urban housing developers that are land banking may see the value of their land decrease as a result of additional development capacity being provided and competition from other developers. 	<u>Developers</u> <ul style="list-style-type: none"> In the long-term urban housing developers should have more opportunities to develop and face lower land prices than under the status quo
0	
<u>Businesses</u> <ul style="list-style-type: none"> Councils businesses may benefit if councils provide more suitable business land to meet their demands as a result of information required by the clearer HBA policies. 	<u>Businesses</u> <ul style="list-style-type: none"> Some businesses may benefit if councils provide more suitable business land to meet their demands as a result of information required by the clearer HBA policies.
0	
<u>Local Authority</u> <ul style="list-style-type: none"> The costs of plan changes and additional infrastructure and public services (initially funded by local authorities but recouped from the existing community and developers through rates and user charges). See costs to existing community. For some councils the preferred approach might not be able to be financed within current borrowing limits. 	<u>Local Authority</u> <ul style="list-style-type: none"> improved information should help local authorities to better undertake their core functions of planning for and providing infrastructure and services to meet the needs of their current and future communities. improved information may also help local authorities to plan and fund for growth in the right places and time periods (avoiding Tier 2 local authorities can spend less preparing their HBAs than under the status quo.
++	
<u>Natural Environment</u> <ul style="list-style-type: none"> The growth enabled by the additional development capacity may contribute to air pollution, GHG emissions and reduced open space and freshwater and coastal water quality. Again, these costs depend on how councils provide, service and manage the impacts of the additional development capacity, e.g. via intensification and public transport, or greenfield growth that is well connected. 	<u>Natural Environment</u> <ul style="list-style-type: none"> To the extent that the policy results in New Zealand's growing population being able to be concentrated in urban rather than dispersed in non-urban environments, it should reduce the pollution and loss of open space that would otherwise occur.
+	

8.2.8.3 Summary Evaluation of the Discussion Document Approach and Alternative Approaches

The Discussion Document and each of the 'Alternative Approaches' identified in section 7.2.8.2 have been evaluated to determine their effectiveness, efficiency and whether they are an appropriate way to achieve the relevant Objectives of the NPS-UD. A summary of these evaluations has been included in the following table. The detailed evaluations informing this summary table is included in **Appendix 1**.

Table 18: Housing and Business Development Capacity Assessment, Assessment - Summary Evaluation of the Discussion Document and Alternative Approaches

Options	Ability to Achieve the Objective/s	Impacts	Risks	Overall Assessment
	<i>Are they met? How?</i>	<i>Net effects</i>	<i>Identified risks</i>	<i>Preferred? Why?</i>
Discussion Document – Option 1 - amend the NPS-UDC to increase development capacity, better ensure the use of evidence and monitoring in planning decisions; and restrict housing bottom lines and HBA requirements to tier 1 councils	<p>Option 1 would meet objective 4 (“provide enough development capacity”) and objective 7 (“robust, frequently updated information is used in planning decisions”) for tier 1 councils (which serve about half of New Zealand’s population). This is because it would require them to:</p> <ul style="list-style-type: none"> provide enough (commercially feasible) development capacity to compensate for the amount that might not be realised use the bottom lines based on improved information in their HBAs to identify how much housing development capacity to provide in planning decisions prepare these HBAs in time to inform LTPs and therefore the infrastructure funding required to support development capacity. 	+	<p>The key risk of this option is that it would increase costs for tier 1 councils that need to make plan changes and/or fund additional infrastructure in order to provide sufficient development capacity.</p> <p>This cost is outweighed by the benefits to households in tier 1 areas of being able to access more affordable housing in urban environments that they wish to live, and the wider benefits of urban development.</p> <p>This option may require some councils to provide additional development capacity of a magnitude or in a time period that they cannot achieve while complying with RMA plan change timeframes, their financial requirements and/or the realities of putting in place infrastructure.</p> <p>There are also risks of this option not requiring Tier 2 councils to set housing bottom lines or produce HBAs:</p> <ul style="list-style-type: none"> it will not be possible to know whether they are providing sufficient development capacity to meet demand for housing and business land and provide for choice and competition. They may indeed not provide sufficient development capacity (and the shortfall could be significant), and this would constrain housing supply and contribute to unaffordable prices and rents in their areas. <p>There is a risk that local authorities would not comply with the policies as intended: government monitoring and support could help offset this risk.</p>	<p>This is not the preferred option because it loses some of the benefits of the status quo for tier 2 councils.</p>
Alternative option 1 – Status quo – retaining the current approach (under the NPS-UDC 2016)	<p>Alternative option 1, the status quo, goes much of the way but does not fully meet objective 4 (“provide enough development capacity”) or objective 7 (“robust, frequently updated information is used in planning decisions”). This option does require high and medium growth councils to provide sufficient (commercially feasible) development capacity to meet demand for housing and business land, including a margin; and to set bottom lines in their plans. This option also requires both high and medium growth urban areas to prepare HBAs and monitor indicators. Experience has shown us that:</p> <ul style="list-style-type: none"> the HBAs have improved the robustness and timeliness of information and led to some councils identifying short falls that they were previously unaware of and plan to address Nevertheless, some HBAs appear to have underestimated how much development capacity needs to be provided because they have not assessed the proportion of capacity that can reasonably be expected 	--	<p>The main risk with the status quo is that both tier 1 and 2 councils would continue to provide insufficient housing development capacity, and this would constrain housing supply and contribute to unaffordable prices and rents. Another (smaller) risk is that tier 2 councils would continue to expend resources preparing information that they lack capabilities for, and which is of limited benefit to their areas. There is a risk that local authorities would not comply with the policies as intended: government monitoring and support could help offset this risk.</p>	<p>This is not the preferred option as it has proved to fall short of fully meeting the objectives of the NPS and achieving the net benefits that it could. Aspects of the option limit its effectiveness and efficiency.</p>

	<p>to be developed. Some councils have subsequently undertaken this work and discovered that they have a shortfall development capacity in the short-medium term.</p> <ul style="list-style-type: none"> • In addition, the HBA deadlines did not facilitate the use of this information in the last LTPs to identify infrastructure funding • Some of the HBA provisions were ambiguous and not complied with as intended and failed to provide some of the information for planning that would have been useful <p>It is not clear whether councils have been using HBA and monitoring information in their planning decisions.</p>			
<p>Alternative option 2 – amend the NPS-UDC to increase development capacity, improve evidence and monitoring and better ensure its use in planning decisions, and allow tier 2 councils to prepare a simpler HBA than tier 1 councils.</p>	<p>Alternative option 2 would meet both objective 4 (“provide enough development capacity”) and objective 7 (“robust, frequently updated information is used in planning decisions”) for both tier 1 and 2 councils. This is because it would require them all to:</p> <ul style="list-style-type: none"> • provide enough commercially feasible development capacity to compensate for the amount that might not be realised • set housing bottom lines based on improved information in their HBAs to identify how much housing development capacity to provide in planning decisions • prepare these HBAs in time to inform LTPs and therefore the infrastructure funding required to support development capacity <p>It would also require all councils to assess demand and development capacity and undertake quarterly monitoring and use this information in their planning decisions including Section 32 reports.</p>	++	<p>Alternative option 2 would meet both objective 4 (“provide enough development capacity”) and objective 7 (“robust, frequently updated information is used in planning decisions”) for both tier 1 and 2 councils. This is because it would require them all to:</p> <ul style="list-style-type: none"> • provide enough commercially feasible development capacity to compensate for the amount that might not be realised • set housing bottom lines based on improved information in their HBAs to identify how much housing development capacity to provide in planning decisions • prepare these HBAs in time to inform LTPs and therefore the infrastructure funding required to support development capacity <p>It would also require all councils to assess demand and development capacity and undertake quarterly monitoring and use this information in their planning decisions including Section 32 reports.</p>	<p>Alternative option 2 would meet both objective 4 (“provide enough development capacity”) and objective 7 (“robust, frequently updated information is used in planning decisions”) for both tier 1 and 2 councils. This is because it would require them all to:</p> <ul style="list-style-type: none"> • provide enough commercially feasible development capacity to compensate for the amount that might not be realised • set housing bottom lines based on improved information in their HBAs to identify how much housing development capacity to provide in planning decisions • prepare these HBAs in time to inform LTPs and therefore the infrastructure funding required to support development capacity <p>It would also require all councils to assess demand and development capacity and undertake quarterly monitoring and use this information in their planning decisions including Section 32 reports.</p>

8.2.9 Māori Values and Aspiration for Urban Planning

8.2.9.1 Intent of the NPS-UD 'Māori Values and Aspiration for Urban Planning' Provisions

Currently, the degree to which Māori history, culture, values and aspirations are valued and recognised by urban decision-makers varies throughout Aotearoa/New Zealand. The intent of the provisions relating to the Treaty of Waitangi and to Māori values and aspirations is to achieve an urban planning system (and consequently urban environments) that highlights:

- The obligations of local authorities with regard to the Treaty of Waitangi and Treaty settlement legislation and provides direction on how to take into account the Treaty of Waitangi in urban planning;
- Urban environments and the plans that shape those environments reflect the values and aspirations of hapū and Iwi;
- Local authorities provide the housing capacity necessary to meet demand from Māori communities

Central government will support the implementation of this policy through the preparation of guidance. Guidance will focus on good practice examples of councils working with local hapū and Iwi to understand their values and aspirations for the urban environment and ensure those values and aspirations are reflected in the form of the urban environment. It is anticipated that the first set of guidance will be ready in 2020. This section 32 evaluation does not include the guidance as it has not been prepared yet.

The purpose of this section is to examine whether the provisions in the proposal are the most appropriate way to achieve the objectives, which are:

- **Objective O1:** New Zealand has well-functioning and urban environments that enable all people, communities, to provide for their social, economic, and cultural wellbeing, and for their health and safety, now and into the future
- **Objective O5:** Planning decisions relation to urban environments, and FDSs, take into account the principles of the Treaty of Waitangi (Te Tiriti o Waitangi)

8.2.9.2 Options to achieve Objectives O1 and O5

For the purpose of this evaluation, the following approaches have been considered:

1. Discussion Document Approach –introduce provisions:
 - requiring councils to engage with Māori communities during the preparation of their future development strategy
 - reinforcing that councils must engage with Māori communities when developing policy statements, plans and strategies that affect how development capacity is provided for in urban environments requiring councils to understand
 - consider whānau and hapū aspirations for urban development on whenua Māori within their rohe.
2. Alternative Approach 1 – status quo – retaining the current approach.
3. Alternative Approach 2 – provide specific guidance to local authorities on how to take into account the principles of te Tiriti o Waitangi in urban planning

8.2.9.3 Preferred Approach – Evaluation

It is considered that the preferred approach is 'Alternative Approach 2' to provide direction to local authorities on how to take into account the principles of te Tiriti o Waitangi in urban planning

The following table evaluates the costs, benefits and risks of acting / not acting for the approach identified in the 'preferred approach'. The purpose of this evaluation is to determine the effectiveness and efficiency of the 'preferred approach', and whether it is the most appropriate way to achieve relevant Objectives of the NPS-UD. An overall summary of the 'preferred approach' is included in the following table, with the detailed evaluation following.

Table 19: Māori Values and Aspirations for Urban Planning Policy Assessment – Evaluation of the ‘Preferred Approach’

Policy 7: Local authorities, in taking account of the principles of the Treaty of Waitangi (Te Tiriti o Waitangi) in relation to urban environments, must:		
<div>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</div> <div>b) when preparing RMA planning documents and FDSs, take into account the values and aspirations of hapū and iwi for urban development; and</div> <div>c) provide opportunities in appropriate circumstances for Māori involvement in decision-making on resource consents, designations, heritage orders, and water conservation orders relating to sites of significance to Māori and issues of cultural significance; and</div> <div>d) operate in a way that is consistent with relevant Treaty settlement Acts</div>		
Summary of Preferred Approach	The preferred approach includes specific policy direction to: Characterise well-functioning urban environments as those that reflect the relationship of Māori and their culture and traditions with their ancestral lands, water, sites, wāhi tapu and other taonga; <ul style="list-style-type: none">Require councils to undertake effective consultation, provide opportunities for Māori involvement in decision making and operate in a way that is consistent with relevant Treaty settlement Acts;Enable exemptions from the intensification policies where incompatible with a matter a national significance or a Treaty settlement Act;Require future development strategies to describe and be informed by hapū and Iwi aspirations for the urban environment;Require councils to engage with hapū and Iwi during the preparation of the future development strategy;Ensure councils understand how the market is catering for and responding to Māori housing demand.	
Overall Evaluation of Preferred Approach	This option has the potential enhance the existing approach to engagement with Māori and facilitating input into the planning process. The approach is more encompassing and broader ranging than the discussion document approach while still providing the opportunity to include policy direction to specific matters. This approach has the potential to result in a more consistent approach to engagement across New Zealand with a clear understanding of the higher-level guiding principles of te Tiriti o Waitangi and the outcomes sought through consultation.	
	++	
Effectiveness and Efficiency	<u>Effectiveness</u> The effectiveness of this approach will depend on the ultimate wording of the policies and the manner in which it is implemented by local authorities, however, it provides clear direction in relation to the desired consultation outcomes and inputs sought. The direction permits local authorities the ability to work with hapū and Iwi in the manner most appropriate to local conditions.	<u>Efficiency</u> The efficiency of this approach will depend on the ultimate wording of the policies and the manner in which it is implemented by local authorities. The policy has the ability to provide a consistent and robust cultural framework for engagement that can be implemented nation-wide.
Risk of Acting / Not Acting	This option has the potential enhance the existing approach to engagement with Māori and facilitating input into the planning process. The approach is more encompassing and broader ranging than the discussion document approach while still providing the opportunity to include policy direction to specific matters. This approach has the potential to result in a more consistent approach to engagement across New Zealand with a clear understanding of the higher-level guiding principles of te Tiriti o Waitangi and the outcomes sought through consultation.	
Costs		Benefits
<u>Existing Community</u> <ul style="list-style-type: none">No costs identified as a result of this approach.		<u>Existing Community</u> <ul style="list-style-type: none">Existing community will ultimately benefit from an enhanced environment that adequately provides for matters that are of importance to Māori and therefore New Zealand as a whole.
		++
<u>Future Generations</u> <ul style="list-style-type: none">No costs identified as a result of this approach.		<u>Future Generations</u> <ul style="list-style-type: none">Future generations will benefit from a more culturally sound urban development system and urban developments that adequately provide for matters that are of importance to Māori and therefore New Zealand as a whole.
		++
<u>Iwi / Māori</u> <ul style="list-style-type: none">There may be increased levels of upfront involvement required in the development of plans and policies.		<u>Iwi / Māori</u> <ul style="list-style-type: none">Early and effective engagement will mean that important Māori values will be recognised and can be provided for within the planning process.
		++

Costs	Benefits
<u>Owners</u> <ul style="list-style-type: none"> No costs identified as a result of this approach. 	<u>Owners</u> <ul style="list-style-type: none"> Owners will be provided with greater clarity in relation to particular features and land areas that are of significance to Māori.
+	
<u>Renters</u> <ul style="list-style-type: none"> No costs identified as a result of this approach. 	<u>Renters</u> <ul style="list-style-type: none"> There are no specific benefits identified as a result of this approach.
0	
<u>Developers</u> <ul style="list-style-type: none"> No costs identified as a result of this approach. 	<u>Developers</u> <ul style="list-style-type: none"> Developers will benefit from upfront engagement and consultation with Māori that occurred at plan and FDS level and will therefore be able to identify matters that should be provided for at the outset of a development.
++	
<u>Businesses</u> <ul style="list-style-type: none"> No costs identified as a result of this approach. 	<u>Businesses</u> <ul style="list-style-type: none"> No specific benefits identified as a result of this approach.
0	
<u>Local Authority</u> <ul style="list-style-type: none"> There will be a greater requirement for local authorities to engage with hapū and Iwi through the development of plans and policies and manage potentially competing objectives. 	<u>Local Authority</u> <ul style="list-style-type: none"> Local authorities will benefit from enhanced relationships with Māori through effective consultation and a broader understanding of the matters that are of importance in relation to specific areas.
+	
<u>Natural Environment</u> <ul style="list-style-type: none"> No costs identified as a result of this approach 	<u>Natural Environment</u> <ul style="list-style-type: none"> The natural environment is likely to benefit due to increased opportunities to protect and enhance culturally important places and features.
++	

8.2.9.4 Summary Evaluation of the Discussion Document Approach and Alternative Approaches

The Discussion Document and each of the 'Alternative Approaches' identified in section 7.2.9.2 have been evaluated to determine their effectiveness, efficiency and whether they are an appropriate way to achieve the relevant Objectives of the NPS-UD. A summary of the evaluation of these evaluations has been included in the following table. The detailed evaluations informing this summary table is included in **Appendix 1**.

Table 20: Māori Values and Aspirations for Urban Planning - Summary Evaluation of the Discussion Document and Alternative Approaches

Options	Ability to Achieve the Objective/s	Impacts	Risks	Overall Assessment
	<i>Are they met? How?</i>	<i>Net effects</i>	<i>Identified risks</i>	<i>Preferred? Why?</i>
Discussion Document – Option 1 – include provisions to ensure urban development takes into account the issues of concern to hapū and Iwi	The objective is met, in part. This approach provides improved direction in relation to Māori consultation and its desired outcomes and is likely to result in enhanced collaboration with hapū and Iwi within the planning process. Regardless, it is considered that greater guidance in relation to implementation would be beneficial for local authorities and that the principles of Te Tiriti o Waitangi should get greater acknowledgement.	+	Not acting is likely to result in a continued level of frustration by hapū and Iwi regarding to their involvement in local authority planning. The NPS-UD provides an opportunity to enhance the effectiveness of consultation with hapū and Iwi.	This is not the preferred option. It is considered that greater guidance within the NPS-UD could result in a more efficient outcomes overall due to a consistent implementation approach.

Alternative option 1 – Status quo – retaining the current approach	This objective is met. Through consultation it has become apparent that the existing approach to Māori engagement is not always effective and the views of hapū and Iwi are sometimes not satisfactorily acknowledged and provided for.	--	There is a missed opportunity of improved Māori engagement (that is, to see the values and aspirations of Māori communities expressed in the documents that shape the urban environment and in the urban environment themselves) if no action is taken.	This is not the preferred option. The proposed NPS-UD provides an opportunity to develop a system whereby hapū and Iwi involvement in planning issues can be better facilitated and an alternative approach is therefore considered to be more appropriate than the status quo.
Alternative option 2 – provide specific direction in form of objectives and policies to local authorities to take into account the principles of te Tiriti o Waitangi	The objective is met. This option has the potential to enhance the existing approach to engagement with Māori and facilitating input into the planning process. This option is more encompassing and broader ranging than the Discussion Document approach while still providing the opportunity to include policy direction to specific matters to ensure the principles of the Treaty of Waitangi are reflected in decision-making and plan-making.	++	Through consultation it has become clear that the principles of te Tiriti o Waitangi should lie at the core of effective engagement with Māori. The risk of not providing for these principles could result in an urban development system that undermines New Zealand's founding document and in turn, provides a flawed starting point for Māori engagement.	This is the preferred option. This approach has the potential to result in a more consistent approach to engagement across New Zealand with a clear understanding of the higher-level guiding principles of te Tiriti o Waitangi and the outcomes sought through consultation.

8.2.10 Targeting (application of NPS-UD Policies)

8.2.10.1 Intent of the NPS-UD ‘targeting’ Provisions

The intent of the geographic differentiation for the application of proposed NPS-UD policies is to ensure that policies are applied to those urban environments within New Zealand where those policies can have the greatest impact in meeting the objectives. Targeting is considered necessary because the costs and benefits of policies vary considerably according to the characteristics of local urban environments including population size, population growth rates, spatial extent of the urban environment, nature of the local economy and access considerations such as the presence of rapid transport networks.

The approach aims to provide greater certainty for councils about the likely obligations to them over the medium and long term. This will support decisions to invest in planning capability and capacity and allow councils to best integrate NPS-UD provisions in their plans, strategies and community engagement activities.

The purpose of this section is to examine whether the provisions in the proposal are the most appropriate way to achieve the objectives. Specifically, matters which have different provisions triggered by the size of an urban centre are:

- Intensification requirements
- Urban outcome monitoring
- Housing bottom line setting
- HBA reporting
- FDS preparation
- Monitoring and evaluating expected levels of development in zones, and
- Removal of minimum car parking requirements.

Therefore, all objectives in the NPS-UD are relevant.

8.2.10.2 Current state of ‘targeting’ Provisions

The NPS – UDC targets policies by establishing different tiers; high-growth and medium-growth councils, and all other urban environments. Councils are assigned to these tiers on a dynamic basis as modelled by growth rates and other factors, with additional requirements applying to the most rapidly growing areas. A change of population and growth rate would trigger an immediate reclassification of tier membership, resulting in a change in the application of NPS – UDC requirements. The targeting approach was based on these components:

- a. **Geographically defined area component:** These were selected as a proxy for a wider urban housing and employment market, which may cross over territorial authority boundaries.
- b. **Minimum urban population size and growth rate:** Policies apply to different urban areas according to their size and population growth. The more challenging policies are targeted at local authorities experiencing higher levels of growth and avoid imposing unnecessary costs on others.

The thresholds are defined in the NPS-UDC as below:

High-growth urban area means any urban area (as defined by Statistics New Zealand in 2016) that:

- a) has either:
 - a resident population of over 30,000 people according to the most recent Statistics New Zealand urban area resident population estimates; or
 - at any point the year a combined resident population and visitor population of over 30,000 people, using the most recent Statistics New Zealand urban area resident population estimates; and
- b) in which the resident population of that urban area is projected to grow by more than 10% between 2013 to 2023, according to the most recent statistics

Medium-growth urban area means any urban area (as defined by Statistics New Zealand in 2016) that:

- a) has a resident population of over 30,000 people according to the most recent Statistics New Zealand urban area resident population estimates; and
- b) in which the resident population of that urban area is projected to grow by between 5% and 10% between 2013 to 2023, according to the most recent Statistics New Zealand medium urban area population projections for 2013(base)-2023.

Through the implementation of the NPS-UDC, several issues were identified including:

- lack of certainty for Councils about what is required of them when the population projections changed resulting in shifting between tiers and the costs and inefficiencies associated with this process
- Urban areas with small populations where growth rates are high but where the prevalence of the risks the policies aim to manage are absent and the costs of implementing the policies subsequently outweigh the benefits were caught by the targeting model.

8.2.10.3 Options to achieve Objectives O1 – O8

Geographical differentiation for the application of NPS-UD policies

For the purpose of this evaluation, the following potential approaches have been considered:

1. Discussion Document Approach - two-tier **static model** based on: MUCs or fast-growing urban centres are listed where there is a stronger market for more intensive urban forms and housing types (based on population size and growth rate or fast-growing urban centres capturing Auckland, Hamilton, Tauranga, Wellington, Christchurch and Queenstown)' and all other urban environments, with the most directive/stringent policies apply to MUCs.
2. Alternative Option 1 – status quo – (NPS-UDC 2016) three tier **dynamic model** approach – high growth, medium growth and all urban environments based on growth rate and population size, with policies targeted across different tiers, with tier membership being triggered by changes in population size and **growth rates**.
3. Alternative Approach 2 - three-tier **static model** approach based on: – **High Demand** urban areas (large or fast growing urban areas where there is high demand intensification within existing urban boundaries), **Medium Demand** (intermediate sized urban areas experience growth where there is medium demand for intensification within existing boundaries), Low

demand (small urban areas where low demand for intensification and/or there is little capacity and capability to implement the NPS-UD directive policies). Councils will be explicitly listed in Tier 1 and Tier 2, with all other urban environments with populations greater than 10,000 falling into Tier 3. Membership would be revised in-line with the review provisions in the NPS-UD.

Approach to the application of policies to each Tier / Category

The purpose of targeting is to ensure policies apply to those urban areas that benefit from them. The policies applied to each Tier are based on the benefits of costs of applying policies, for instance, intensification policies are not likely to have a benefit where there is not a market for intensification, there are no regulatory constraints or there is not capacity or capacity to deliver the policies. This cost benefit approach to applying policies to tiers is consistent across options for the geographical application of policies and therefore does not affect the performance against the NPS-UD objectives.

There are no simple measures to identify and determine need. The application of intensification and responsive planning policies are likely to benefit areas where density is constrained, and land is scarce, and or where the benefits of removing constraints is likely to be higher. In nearly all cases larger cities exhibit these characteristics where the benefits for smaller centres is less certain. For this reason, a threshold consisting of a large population supported by a case by case assessment is preferred for targeting intensification policies.

In cities that are smaller, or not growing as fast, or have weaker regulatory constraints the expected benefits of relaxing constraints are low enough that they may be outweighed by the costs of the intensification and responsive planning policies. For instance, smaller cities generally benefit less from these policies because constraint on land use efficiently are less important. In some cases, smaller cities will not have the capability or capacity to implement intensification and responsive development policies. For this reason, these policies are not applied to what is described as low demand areas.

Table 21: Categorisation for High Demand Urban Areas

Tier/Category 1 Description: High Demand Urban Areas	Major Urban Centre List	Policies to be applied	Explanation and policies which apply
<p>Local Authorities</p> <p>Core Local authorities with large population size of 100,000 or more according to the most recent Stats NZ population projections.</p> <p>Satellite Local Authorities - Any adjacent TAs that is part of the wider urban market or could be reasonably expected to be the location of future growth for any of the identified Core local authorities.</p> <p>Regional Councils whose jurisdiction applies within the boundaries of the TAs⁶</p> <p>Note: There is no threshold value for satellite TAs or regional councils. They are part of Tier 1 because they are part of the wider housing and employment market in the urban area or could be reasonably expected to be the location of future growth for any of the Core Local Authorities.</p>	<p>Auckland Core Local authority - Auckland Council</p> <p>Wellington – Kapiti Core Local authority – Wellington City Council and Lower Hutt City Council</p> <p><i>Functional urban market</i></p> <p>Satellite TAs - Kapiti Coast District Council, Porirua City Council, Upper Hutt City Council</p> <p>Regional Council – Greater Wellington Regional Council</p> <p>Hamilton Core Local Authority – Hamilton City Council</p> <p><i>Functional urban market</i></p> <p>Satellite TAs: Waikato District Council, Waipa District Council</p> <p>Regional Council – Waikato Regional Council.</p> <p>Tauranga Core Local Authority – Tauranga city</p> <p><i>Functional urban market</i></p> <p>Satellite TA - Western Bay of Plenty District Council</p> <p>Regional Council - Bay of Plenty Regional Council.</p> <p>Christchurch Local authority – Christchurch city council, Selwyn District Council</p> <p><i>Functional urban market</i></p> <p>Satellite TA: Waimakariri</p> <p>Regional Council: Environment Canterbury.</p> <p>Queenstown Local authority – Queenstown Lakes District Council</p> <p>Regional Council: Otago Regional Council</p>	<p>The general NPS UD policies that will apply to all urban areas plus policies (including packages of policies) relating to:</p> <p>Intensification policies that direct the level of development</p> <p>Future Development Strategy preparation</p> <p>Providing development capacity', 'Housing and Business Development Capacity Assessment and monitoring provisions and bottom lines.</p> <p>Development outcomes for zones (note 3.33(1) and 3.33 (2) apply to all)</p> <p>Minimum car parking requirements.</p>	<p>Tier Description</p> <p>According to Stats NZ's new Urban Rural (UR2018) classification, the largest functional urban areas have a threshold of 100,000 people. For simplicity and consistency reasons this has been applied here.</p> <p>A large population size is a driver for housing pressures and demand for policies that enable markets to be more responsive to demand for intensification.</p> <p>These cities and their surrounding labour market areas are generally what the CBA describes as New Zealand's growth frontier, meaning they are either small with fast annual growth rates or large cities with modest annual average growth rates.</p> <p>MUCs typically tend to exhibit moderate/high growth rates. A specific growth rate threshold is not applied because in large urban centres even a relatively low growth rate can have a large impact on household numbers thereby creating housing pressure. There can also be markets within urban that could benefit from policies that are not reflected in the regional indicators such as average growth rate for a city.</p> <p>While growth is not an automatic threshold for membership, the absence of population growth can be a factor to exclude an urban centre where this affects the market demand for intensification and responsive policies.</p> <p>Reasons for application of policies to this tier</p> <p>The largest TAs have the capability and capacity to implement all NPS-UD policies and are more likely to benefit from intensification policies that seek to improve land flexibility in existing urban boundaries, as evidenced in the CBA and the explanation of policies in the relevant chapters.</p> <p>The NPS UD policies are best practice arrangements for TAs of this size which are reasonably expected to invest in or already have existing capability and capacity.</p> <p>As observed in the CBA, cities in Tier 1 will regain any costs they would have incurred under the NPS-UDC if it were to remain in force. The exceptions are Wellington where the transition costs as well as policy benefits are incurred in full.</p> <p><i>Intensification policies</i></p> <p>This tier typically includes areas where supply is constrained, and land is scarce as indicated by land values close to the inner city compared to rural land.</p> <p><i>Future Development Strategies</i></p> <p>High-growth urban areas in the NPS-UDC already need to produce an FDS to demonstrate how they will allocate development capacity over the medium and long terms. Changes to the FDS provisions extends its purpose, strengthening the strategic process of an FDS. High demand urban areas need to respond to growth pressures by planning in a strategic and integrated way to ensure that the objective of well-function urban environments is realised over the long-term. The CBA concludes that proposed FDS requirements are most likely to generate net benefits for the MUCs.</p> <p><i>Providing Development Capacity policies</i></p> <p>The HBA enhances the effectiveness of the intensification and responsiveness policies.</p> <p><i>Minimum parking requirements</i></p> <p>The CBA observes the benefits of removing minimum parking requirements significantly outweigh the costs (noting there was no data for Tauranga).</p>

⁶ Ideally, it would be advisable to use the datasets from the latest population *projections*. However, these datasets are not available until later in 2020. Therefore, the *Census 2018 usually resident TA population datasets* have been used instead.

<p>Exceptions</p> <p>Exceptions can be made where the nature of the development market means the issues the policies are designed to address are absent.</p> <p>The range of factors to consider include:</p> <ul style="list-style-type: none"> - population growth as an indicator for demand - high land value close to the urban centre as an indicator for demand and effectiveness - existing or planned rapid public transport. - regulatory constraints - unique growth drivers, for example tourism, natural disaster. <p>Submissions also noted the need to mitigate the risk of a one size fits all approach. In some cases, large urban areas will not exhibit the characteristics, including a development market, or experience the issues that the more directive intensification and responsive growth policies aim to address.</p>	<p>Dunedin</p> <p>While Dunedin has a population of over 100,000 it has a comparatively low growth rate (5.32%) for an MUC.</p> <p>The CBA observes that cities with characteristics similar to Dunedin, are less likely to benefit as much as other MUCs from directive intensification and responsive development policies.</p> <p>Given this uncertainty, coupled with not consulting on the application of these policies to Dunedin, it is considered that Dunedin is placed in Tier two – medium demand.</p> <p>Place holder text for Queenstown (if ministerial direction given to put in Tier 2):</p> <p>Queenstown's population is 39,153 but was identified as a MUC in the discussion document option because of a high growth demand and the distinct and particular characteristics of that housing market.</p>
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Table 22: Categorisation for Medium Demand Urban Areas

Tier/Category 2 Description: Medium Demand Urban Areas	Major Urban Centre List	Policies to be applied	Explanation and policies which apply
<p>Core Local Authorities</p> <p>Local Authorities not in Tier 1 with a population of over 50,000 according to the most recent Stats NZ population projections, that is not a Satellite TA under Tier 1.</p> <p>Satellite Local Authorities</p> <p>Any adjacent TAs that is part of the wider urban market or could be reasonably expected to be the location of future growth for any of the Core Tier 2 Local Authorities.</p> <p>Regional Councils whose jurisdiction applies within the boundaries of the Local Authorities.</p>	<p>Dunedin</p> <p>Core local authority: Dunedin City</p> <p><i>Functional urban market</i></p> <p>Regional Council: Otago Regional Council</p> <p>Whangarei</p> <p>Core Local Authority: Whangarei District</p> <p><i>Functional urban market</i></p> <p>Regional Council: Northland Regional Council</p> <p>Napier Hastings</p> <p>Core Local Authority: Hastings District</p> <p><i>Functional urban market</i></p> <p>Satellite TA: Napier City</p> <p>Regional Council: Hawke's Bay</p> <p>Palmerston North</p> <p>Core Local Authority: Palmerston North City</p> <p><i>Functional urban market</i></p> <p>Regional Council: Horizons Council</p> <p>New Plymouth</p> <p>Core Local Authority: New Plymouth District</p> <p><i>Functional urban market</i></p> <p>Regional Council: Taranaki Regional Council</p> <p>Nelson Tasman</p> <p>Core Local authority: Nelson City, Tasman District</p> <p>Rotorua</p> <p>Core TA: Rotorua District Council</p> <p><i>Functional urban market</i></p> <p>Regional Council: Bay of Plenty Regional Council</p>	<p>The general NPS UD policies that apply to all urban areas plus policies or packages of policies relating to:</p> <p>Future Development Strategy preparation</p> <p>Providing development capacity', 'Housing and Business Development Capacity Assessment' and "Monitoring" provisions.</p>	<p>Tier Description</p> <p>Captures medium-sized TAs which have the capability to implement <u>some</u> of the directive policies and will benefit from them.</p> <p>These cities also either have a high population or modest to high growth rate which are likely to contribute to housing pressure which should be planned for.</p> <p>Policies to be applied</p> <p><i>HBA and FDS requirements</i></p> <p>Many NPS-UDC councils have advised that they find the HBA and FDS policies beneficial and their continued application to growing cities was generally supported.</p> <p>The CBA observed that the monitoring and strategic forecasting capacity that the council are considered to carry significant value under uncertain long-term demand conditions. This is especially true for many of the cities in this tier that are approaching the population and demand levels of the smaller MUCs.</p> <p>The requirement to prepare an HBA has a broader national benefit as it provides important data to inform national responses to housing issues.</p> <p>Policies not applied</p> <p>The application of the Tier 1 policies was considered but discounted on the basis:</p> <ul style="list-style-type: none"> the benefits of the policies are less certain which means the risk of applying policies that have not been consulted on are high; and/or the TA does not do not have the capability or capacity to implement policies. <p><i>Intensification and responsive planning policies</i></p> <p>The CBA shows that while the net benefits for MUCs are likely robust to a range of possible demand conditions, for smaller cities the benefits are less certain because demand dynamics can change unpredictably over the life of the policy.</p> <p><i>Minimum parking requirements</i></p> <p>This policy will result in benefits to this tier but is not included because the application of the policy was not consulted on.</p>

<p>Exceptions</p> <p>The policies will not apply to urban areas where the benefits are unlikely to outweigh the costs of implementing the policies. The range of factors considered include:</p> <ul style="list-style-type: none">- population growth as an indicator for housing pressure- capability and capacity to deliver the policies.	<p>Invercargill</p> <p>Census information for Invercargill showed a population of just over 54,000 in 2018 and a 10-year growth rate of 6.4%. On balance, it is at the lower of the recommend Tier 2 cities and its growth rate of just over 6% is still relatively low compared with other urban environments. It was not formerly a medium growth council under the NPS-UDC.</p> <p>Far North</p> <p>Far North has a population of 65,000 people in 2018 and a growth rate of just over 14%. However, it is not recommended for inclusion in Tier two as it is primarily a rural, provincial district and its population is dispersed across a number of smaller towns.</p>
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Tier 3 – Low Demand Urban Areas

All other policies will apply to urban environments with a population of over 10,000. Policies relate to:

- Future development strategy;
- Well-functioning urban environments;
- Amenity values in urban environments;
- Enabling expected levels of development;
- Providing for intensification;
- Responsive planning (formerly “Providing for further greenfield development”);
- Removing the ability to impose minimum car parking requirements;
- Preparing a Housing and Business Development Capacity Assessment;
- Māori values and aspirations for urban planning;
- Targeting; and
- Addressing Climate Change

8.2.10.4 Preferred Approach – Evaluation

It is considered that the preferred approach is ‘Alternative Approach 2’ because it balances the benefits of applying the NPS-UD policies against the specific needs and characteristics of particular urban areas while also considering the capacity to implement policies. The approach provides more certainty for councils to inform investment in capability and capacity and time the integration of NPS -UD policies with other important planning processes.

The following table evaluates the costs, benefits and risks of acting / not acting for the approach identified in the ‘preferred approach’. The purpose of this evaluation is to determine the effectiveness and efficiency of the ‘preferred approach’, and whether it is the most appropriate way to achieve relevant Objectives of the NPS-UD. An overall summary of the ‘preferred approach’ is included in the following table, with the detailed evaluation following. The preferred approach is presented as a package rather than analysed policy by policy, as the policies work as a whole to achieve the objectives, rather than individually.

Table 23: Summary of Evaluation of Preferred Approach

<p>Summary of Preferred Approach</p>	<p>The preferred applies the list approach as set out in the discussion document, but expands the model to include three tiers, rather than just two.</p> <p>The inclusion of a ‘middle’ tier of urban areas is driven by the most recent Statistic New Zealand data that shows a significant increase in population size and growth rates for most TAs in New Zealand. Because of this it is anticipated that the councils that were not included in the MUC list that was consulted on would strongly benefit from the application future development and providing for development policies, as supported by submissions and observed by the CBA.</p> <p>The approach to differentiate the application of policies to urban areas is informed by the CBA that observes that the six MUCs in the discussion document fall along what can be described as a “frontier” between cities with existing populations large enough that even low rates of growth add large numbers of households, and cities growing fast enough that severe constraints could arise in the medium to long term if investment does not keep up. This logic has been extended to capture more cities where housing pressures may not be as high as the MUCs, but significant enough to benefit from some but not all NPS-UD policies.</p> <p>The targeting approach is based on a geographically defined area (using Statistic New Zealand TA population data sets to target dense urban areas) and using urban population size as key factor to differentiate between regions and demand for intensification and responsible development policies. The selection of membership is also informed by an assessment of whether an urban area exhibits the characteristics or issues that the policies aim to address.</p>
<p>Overall Evaluation of Preferred Approach</p>	<p>The preferred approach to targeting is the best means of achieving the objective as it provides a predictable and responsive system to ensure that the NPS-UD provisions continually enable people, communities, and whānau to provide for their social, economic, and cultural wellbeing, now and in the future such as ensuring that their housing and business space needs are appropriately met. The approach is also more responsive to the specific characteristics of an urban area.</p>

	<p>A static model, where membership is decided upfront rather than triggered by changes to thresholds, provides certainty for councils about their NPS-UD obligations. This can support investment in planning capability and capacity and ensure alignment with other complementary planning obligations. It removes the risk applying policies to smaller urban areas that do not benefit or do not have the capability to implement them.</p> <p>While population size remains a key criterion, the preferred approach to apply policies to urban areas also allows for consideration of other factors that affect demand for intensification and responsive planning policies. This approach is supported by submitter views about the risks associated with a one size fits all approach. The approach also ensures that policies only apply to urban centres that have the capability and capacity to implement them.</p> <p>The choice of which policies apply is informed by the cost benefit analysis shows that MUCs will typically benefit the most from intensification policies that improve land flexibility in existing urban boundaries and responsive planning policies that aim to improve land flexibility generally.</p> <p>Submissions noted that there are strong benefits associated with the policies that promote best practice planning, such as FDS and HBAs, and therefore these policies should be applied to TAs that benefit and can implement them. The application of some NPS-UD policies to a broader range of urban areas than what was consulted contributes to NPS-UD objectives by institutionalising best practice within councils where there is benefit.</p>	
	+ +	
Effectiveness and Efficiency	<p>Effectiveness</p> <p>The approach targets urban form policies at urban areas where there is likely to be the greatest benefits. This supports the objective by removing constraints to different urban form and housing typologies.</p> <p>The approach is feasible and practical as policies are targeted at councils which are expected to have the capacity and capability to implement the policies.</p>	<p>Efficiency</p> <p>The approach allows for a proportionate regulatory response based on what we know about what types of urban environments benefit from the policies, the risks and implementation costs. In this case urban areas that don't benefit from the policies will no longer need to apply them.</p> <p>The approach is more predictable and durable over time. This will support investment in capability and capacity to deliver on the proposed requirements and can align better with existing planning approaches.</p>
Risk of Acting / Not Acting	The risk of not acting is policies continue to be applied to smaller councils where the costs are high but the benefits largely unknown.	

Costs & Benefits	
<p>The costs and benefits of the policies to different groups are set out in the sections relevant to those chapters. However, with the targeted approach, some policies have particular impacts that are appropriate to highlight:</p> <ul style="list-style-type: none">■ For existing communities, there will be costs associated with membership to a tier 1 centres, such as intensification and car parking policies which are new under the NPS-UD.■ For future generations, there are benefits as more TAs will be required to prepare a Future Development Strategy and HBA to ensure adequate housing and business capacity is met for present and future residents.■ For Iwi / Māori, the requirement for more TAs to prepare a Future Development Strategy will trigger both costs and benefits, as identified in the FDS section of this s32.	

8.2.10.5 Summary Evaluation of the Discussion Document Approach and Alternative Approaches

The Discussion Document and each of the 'Alternative Approaches' identified in section 7.2.10.3 have been evaluated to determine their effectiveness, efficiency and whether they are an appropriate way to achieve the relevant Objectives of the NPS-UD. A summary of these evaluations been included in the following table.

Table 23: Addressing Climate Change - Summary Evaluation of the Discussion Document and Alternative Approaches

Options	Ability to Achieve the Objective/s	Impacts	Risks	Overall Assessment
	<i>Are they met? How?</i>	<i>Net effects</i>	<i>Identified risks</i>	<i>Preferred? Why?</i>
Discussion Document – Option 1 – static model	Partially meets the objective as policies are targeted at those TAs which, as shown in the CBA, are most likely to be benefit from the policies.	+	It is considered the proposal to remove a range of existing NPS UDC policies will negatively impact on the objective outlined above. Submissions identified benefits from preparing Housing and Business Assessments (HBAs) and Future Development Strategies.	This option is not preferred because the approach excludes TAs that will benefit from NPS-UD policies that support evidence-based planning decisions that support urban growth and promotes.

Alternative option 1 – status quo – retaining the current approach (three tiers dynamic model approach – high growth (list), medium growth (list) and all urban environments based on growth rates and population size, with polices targeted across different tiers	Partially meets the objective as policies are targeted at those TAs which, as shown in the CBA, are most likely to be benefit from the polices. However, it does not provide an appropriate level of certainty to councils and their local communities, particularly with the introduction of intensification requirements for tier 1 centres which did not exist in the discussion document version. More certainty and is required given these requirements.	+	It is considered that there is a risk that policies will continue to apply to TAs that either do not have the capacity and capability to implement them and/or the risks the policies aim to manage are not present in that urban area.	This option is not preferred because the targeting approach results in policies applying to TAs that do not have the capacity and capability to implement the policies and/or urban areas where the risks the policies are trying to manage are not evident.
Alternative Option 2 – three tier static model	Meets the objectives as the application of policies are targeted at those urban centres which, as shown in the CBA, are most likely to be benefit from the polices. The preferred approach is the best means of achieving the objective as it provides a predictable and responsive system to ensure that the NPS-UD provisions continually enable people, communities, and whānau to provide for their social, economic, and cultural wellbeing, now and in the future such as ensuring that their housing and business space needs are appropriately met.	++	This approach is less responsive to immediate changes in need. There is a risk that urban areas which experience a change in size or growth would benefit from immediate application of intensification policies but will now need to wait for NPS-UD review/update.	This option is preferred because it effectively targets urban form polices to those TAs that will benefit most from them and also intermediate TAs that will benefit from NPS-UD policies that support evidence-based planning decisions that support urban growth and promotes.

8.2.11 Addressing Climate Change

8.2.11.1 Intent of the NPS-UD 'addressing climate change' Provisions

The intent of this policy is to state that in making planning decisions to achieve well-functioning environments, local authorities will consider climate change mitigation and adaption, while giving flexibility to local authorities on how to give effect to this.

The purpose of this section is to examine whether the provisions in the proposal are the more appropriate way to achieve the objectives, in particular these are:

- **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 8:** New Zealand's urban environments:
 - (a) Support reduction in greenhouse gas emissions; and
 - (b) Are resilient to the current and future effects of climate change

8.2.11.2 Current state of 'addressing climate change' in national direction

RMA Section 7 requires particular regard to be had to the effects of climate change. There is no specific mention of mitigation of climate change in the RMA, except in relation to discharge consents or rules relating to discharge consents. There is currently no national direction for land use with respect to climate change adaptation or mitigation in the NPS-UDC.

8.2.11.3 Options to achieve Objectives O1 and O8

For the purpose of this evaluation, the following potential approaches have been considered:

1. Preferred approach – policies which explicitly address climate change in the context of adaptation and mitigation.
2. Status quo / Discussion Document approach (no explicit climate change policy under the NPS-UDC or Discussion Document) – Implicit reference to climate change through other policies:
 - The Discussion Document did not have explicit reference to the term climate change but was intended to be caught in the description of well-functioning urban environments including Objective 2 (c) "using land, energy and infrastructure efficiently" and (d) "responding to changing needs and conditions". The above policy approaches were intended to support Objective 2.
 - The Discussion Document policies required intensification and removing minimum car parking which have climate change mitigation co-benefits.

8.2.11.4 Preferred Approach – Evaluation

The following table evaluates the costs, benefits and risks of acting / not acting for the approach identified in the 'preferred approach'. The purpose of this evaluation is to determine the effectiveness and efficiency of the 'preferred approach', and whether it is the most appropriate way to achieve relevant Objectives of the NPS-UD. An overall summary of the 'preferred approach' is included in the following table, with the detailed evaluation following. The preferred approach is presented as a package rather than analysed policy by policy, as the policies work as a whole to achieve the objectives, rather than individually.

Table 25: Addressing Climate Change Policy Assessment – Evaluation of the ‘Preferred Approach’

Policy 1: Planning decisions contribute to well-functioning urban environments that:		
a) [...]		
f) Support reductions in greenhouse gas emissions.		
Policy 3: When making planning decisions, decisions-makers have particular regard to the following matters:		
a) [...]		
e) The current and future likely effects of climate change		
Summary of Preferred Approach	The preferred approach is to include policies which require planning decisions to consider reductions in greenhouse gas emissions (GHG) and have particular regard to the effects of climate change. Policy 1 will signal that climate change mitigation considerations are relevant when planning for well-functioning urban environments. Policy 3 will maintain the current approach to adaptation per RMA section 7(i), to have particular regard to the effects of climate change. The policy approach gives flexibility to local authorities on how to give effect to them.	
Overall Evaluation of Preferred Approach	<p>The preferred approach aligns with the proposed objective, because it addresses both adaptation and mitigation measures. The mitigation approach is consistent with the objective which seeks to ‘support’ reductions in GHG emissions. The adaptation measure continues the ‘resilient’ intent by seeking that planning for well-functioning urban environments should consider the effects of climate change.</p> <p>The policy direction supports other direction in the NPS-UD for land use intensification and removing car parking minimums which both have climate change mitigation co-benefits when implemented. The approach continues the requirement of the RMA in relation to adaptation measures.</p> <p>The extent to which the overall impact of the GHG emissions would be reduced by the policy cannot be determined in quantitative terms given many variables including how the policy may be applied at a local level. Across the NPS-UD, policies are expected to result in an overall reduction in emissions from transport due to increased density of urban development. It is expected this will occur in or near centres or areas with high employment opportunities, and where it is well-served by public transport.</p>	
	++	
Effectiveness and Efficiency	<p>Effectiveness</p> <p>This option will provide direction to decision makers and plan users on the need to consider actions which will support climate change mitigation in their planning decisions for well-functioning urban environments.</p> <p>The policy approach for adaptation would maintain and reflect the approach of RMA section 7(i). Repeating the policy approach in the NPS-UD will ensure that it is effectively applied across the nation.</p>	<p>Efficiency</p> <p>This option is efficient in that it would enable local councils to tailor their approaches to adapting and mitigating climate change through their land use planning. This will ensure that the intervention is appropriately scaled to the size of the risk of climate change or potential to reduce GHG at the local level when planning for Well-Functioning Urban Environments.</p>
Risk of Acting / Not Acting	<p>Land use within cities and other urban areas is a significant contributor to climate change. Not addressing climate change in national direction for urban environments may result in viable and attainable opportunities for GHG emission reductions being overlooked.</p> <p>Existing case law suggests, based on sections 70A and 104E of the RMA, that climate change mitigation is not a relevant matter for local authorities to consider under the RMA (West Coast Ent Inc v Buller Coal Ltd [2013] NZSC 87). This case law could cause confusion for local authorities implementing the NPS-UD. However, the Supreme Court’s decision in West Coast Ent Inc v Buller Coal Ltd was not made in the context of urban development and made in the absence of national direction on the role of cities in supporting emissions reductions. To support the appropriate interpretation of the case law guidance can be produced as needed.</p>	
Costs		Benefits
<p>Existing Community</p> <ul style="list-style-type: none">Some interventions to address climate change may result in upfront costs to the community in order to support GHG emission reductions in the context of supporting Well-Functioning Urban Environments.		<p>Existing Community</p> <ul style="list-style-type: none">Emphasis on urban environments supporting a reduction in greenhouse gas emissions could in turn produce urban environments with improved air quality given reduced emissions.The nation as a whole is more likely to meet its national GHG emissions reduction targets as a greater amount of urban growth is contained in more efficient forms of urban development via intensification and removal of minimum car parking requirements in tier 1 urban centres.
+		

Costs	Benefits
<u>Future Generations</u> <ul style="list-style-type: none"> No direct or indirect costs identified as a result of this approach. 	<u>Future Generations</u> <ul style="list-style-type: none"> Urban development occurs in such a way which is more resilient to the effects of climate change. A reduction in greenhouse gas emissions would reduce the impact of climate change. Emphasis on urban environments supporting a reduction in emissions will have other co-benefits, such as improved air quality for human health.
++	
<u>Iwi / Māori</u> <ul style="list-style-type: none"> There may be increased levels of upfront involvement required in the development of plans and policies. 	<u>Iwi / Māori</u> <ul style="list-style-type: none"> Studies have identified that Whenua Maori is more at risk from the effects of climate change due its location to areas more likely to be impacted by climate change such as being adjacent to the sea or other water bodies. Reductions in GHG would reduce the impact on this this land. Emphasis on urban environments supporting a reduction in greenhouse gas emissions could in turn produce urban environments with improved air quality given reduced emissions.
+	
<u>Owners</u> <ul style="list-style-type: none"> No direct or indirect costs identified as a result of this approach. 	<u>Owners</u> <ul style="list-style-type: none"> Emphasis on urban environments supporting a reduction in greenhouse gas emissions could in turn produce urban environments with improved air quality given reduced emissions.
+	
<u>Renters</u> <ul style="list-style-type: none"> No direct or indirect costs identified as a result of this approach. 	<u>Renters</u> <ul style="list-style-type: none"> Emphasis on urban environments supporting a reduction in greenhouse gas emissions could in turn produce urban environments with improved air quality given reduced emissions.
+	
<u>Developers</u> <ul style="list-style-type: none"> Some upfront cost may be experienced by developers to establish well-functioning urban environments which support reductions in GHG emissions, such as building infrastructure which has lower embedded levels of carbon. 	<u>Developers</u> <ul style="list-style-type: none"> No direct or indirect benefits identified as a result of this approach.
+	
<u>Businesses</u> <ul style="list-style-type: none"> No direct or indirect costs identified as a result of this approach. 	<u>Businesses</u> <ul style="list-style-type: none"> No direct or indirect benefits identified as a result of this approach.
0	
<u>Local Authority</u> <ul style="list-style-type: none"> Research may be required to determine what supporting reductions of GHG's may look like at a local level. 	<u>Local Authority</u> <ul style="list-style-type: none"> Clarification of the contribution that climate change has in a well-functioning urban environment (which was not clear in the discussion document) will assist local authorities in their decision-making role.
+	
<u>Natural Environment</u> <ul style="list-style-type: none"> No direct or indirect costs identified as a result of this approach 	<u>Natural Environment</u> <ul style="list-style-type: none"> The wider natural environment will benefit with direction for local authorities to adapt and mitigate climate change through land use planning – with emphasis on reducing of GHG at the local level when planning for well-functioning urban environments.
++	

8.2.11.5 Summary Evaluation of the Alternative Approaches

The Discussion Document and each of the 'Alternative Approaches' identified in section 7.2.10.3 have been evaluated to determine their effectiveness, efficiency and whether they are an appropriate way to achieve the relevant Objectives of the NPS-UD. A summary of these evaluations been included in the following table. Given the 'addressing climate change' policy framework was introduced post public consultation, there is no detailed evaluation included in **Appendix 1**.

Table 26: Addressing Climate Change - Summary Evaluation of the Discussion Document and Alternative Approaches

Options	Ability to Achieve the Objective/s	Impacts	Risks	Overall Assessment
	<i>Are they met? How?</i>	<i>Net effects</i>	<i>Identified risks</i>	<i>Preferred? Why?</i>
Status quo – retaining the current approach (under the NPS-UDC 2016 with no climate change policy under Discussion Document)	Partially met, direction is not explicit and could cause confusion (as evident in feedback to the Discussion Document). There is no direction to local authorities to implement the objective into their plans. Local authorities are already making decisions in relation to adaptation (via RMA section 7(i)) but are only beginning to address mitigation measures.	+	Lack of direction may result in decisions being made across the country which does not meet the intent of the objective, which may cause unintended policy decisions. Opportunities to support reductions in GHG emissions may be overlooked, however policies for intensification and removing minimum parking requirements would still result in reductions of GHG emissions.	This is not the preferred option. A lack of direction would not only leave the objective unsupported but lead to unclear direction for decision-makers and in particular local authorities in their plan-making function with respect to how to incorporate climate change mitigation.
Alternative option 1 – explicit climate change policies	The objective is met. Direction is provided to decisions-makers to consider the extent to which well-functioning urban development support reductions in GHG emissions and maintaining direction to urban environments remain resilient to the effects of climate change.	++	The degree of direction may be considered to be insufficient by some, however this is balanced with the need to provide sufficient localised flexibility.	This is the preferred option as it provides clear direction which meets the intent of the objective. It helps to draw together other topics including intensification, removing minimum car parking requirements which have climate change co-benefits in addition to their main anticipated results. This gives a clear signal that climate change mitigation and adaptation should be included in planning for Well-Functioning Urban Environments.

9 Economic Analysis

9.1 Overall Benefits and Costs

The NPS-UD seeks to achieve cities that are sustainable, accessible and competitive by improving the competitive nature of urban land markets, the affordability of housing, and the quality of urban outcomes while minimising external costs and maximising external benefits.

As previously noted, the Ministry for the Environment commissioned an economic analysis of the proposed NPS-UD. This analysis, '*NPS-UD cost benefit analysis*', (PwC, February 2020)⁷, was carried out by PricewaterhouseCoopers and builds upon MRCagney's 2019 report '*The Costs and Benefits of Urban Development*' - often utilising methods and analytical outputs throughout. The economic analysis focused on six key policy areas, as follows:

- Intensification – policies seeking to improve land flexibility in existing urban boundaries
- Responsive Planning – policies seeking to improve land flexibility generally, but particularly on the urban limit
- Minimum Car Parking – policies seeking to improve land use flexibility across both existing and future urban land (within existing land use designations)
- Housing and Business Assessments – policies establishing standards for how local governments identify housing supply requirements
- Future Development Strategies – policies designed to encourage robust and transparent strategic processes for how local authorities plan for where growth will occur.
- Targeting – addresses which cities are most likely to benefit from inclusion under the requirements of the NPS-UD

A copy of this economic analysis can be found in Annex D. The key economic findings in relation to the above-mentioned key policy areas have been summarised in sections 8.1.1-8.1.6 below.

9.1.1 Intensification

- Benefits of this policy accrue to new residents who enjoy lower house prices (and rent prices) and greater accessibility to employment – producing agglomeration economies of productivity from the resulting increase in employment density. Combined, these are estimated around NZ\$9 billion over 24 years and accrue to renters, new homebuyers, and future generations.
- Costs associated with this policy are estimated at NZ\$1.4 billion and relate to congestion, crowding, environmental, and infrastructure costs. These costs vary according to population growth. Using conservative assumptions in the base case, all six major urban centres would achieve benefits that outweigh costs by a multiple of between four and seven.
- There are large distributional consequences to the proposed intensification policy. Typically, these are transfers from existing land and property owners to renters and new homebuyers. The estimated value of these transfers to renters is around three to seven times net benefits in each city.

⁷ PwC. 2020. *NPS-UD cost benefit analysis*. Prepared for the Ministry of the Environment. Wellington: Ministry for the Environment.

9.1.2 Responsive Development

- High quality greenfield expansion can create significant levels of economic benefit by reducing housing costs in areas where infrastructure costs and congestion externalities are low and has the potential to encourage modal shift. These benefits depend, in part, on the success of intensification policies.
- There are circumstances under which potential greenfield development does not generate enough consumer surplus to offset wider social costs. Key costs of greenfield development include including driving-related externalities (especially congestion), infrastructure-related externalities and opportunity costs of foregone agglomeration benefits.
- Therefore, while high-quality greenfield development has the potential to enhance urban outcomes while improving affordability and encouraging modal shift, low-quality greenfield development can be costly.

Note: *Because the impact of greenfield expansion is case specific, concluding whether the overall effect is positive or negative at a national level is not possible – that is, the relevant magnitude of impact is specific to individual cities and locations within each city.*

9.1.3 Minimum Car Parking

- Indicative benefits of removing minimum car parking requirements in the six major urban centres would result in \$670 million and would generally accrue to consumers.
- Indicative costs of removing car parking requirements in the six major urban centres would result in approximately \$78 million and would generally accrue to local residents or local government who may incur greater parking management costs.
- Removing minimum car parking requirements result in a cost benefit ratio of 8.6.

9.1.4 Housing and Business Assessments

- Benefits are lower average infrastructure costs per household, lower average housing prices and prevention of periods of rapid increase in housing prices. These benefits are realised through enhancing the effectiveness of the intensification and responsive development policies.
- Costs associated with the proposed Housing and Business Assessments policy framework in the first year of reporting were estimated to be at \$150,000 to a maximum of \$300,000.
- The greatest values in Housing and Business Assessments are noticed when unexpected increase in growth rates occur that make the Housing and Business Assessment monitoring and reporting requirements more valuable (including reports from years before the acceleration in growth).

9.1.5 Future Development Strategies

- Benefits are similar to those generated from the proposed Housing and Business Assessments policy framework - lower average infrastructure cost per household and prevention of severe rises in housing prices. Similarly, these benefits are realised by enhancing the mechanisms intended by the intensification and responsive development policies.
- Additional benefits from Future Developed Strategies are generated from better timing of land-use review to avoid premature redevelopment of high-potential development.
- Costs for local authorities to undertake the consultation required by Future Development Strategies are expected to be up to \$2 million (every three years) – accounting for engaging consulting firms for large parts of the process (similar costs for Housing and Business Assessments).
- Costs are anticipated to decline as compliance becomes routinised and the proposed policy framework allows for compliance in 'less expensive ways' if deemed necessary.

9.1.6 Targeting

Note: The costs and benefits of the proposed in the five key policy areas are set out in the preceding sections (8.1.1-8.1.5). The key findings from the economic analysis with regard to targeting area as follows:

- Benefits of the proposed targeting approach are realised in the six identified major urban centres.
- Smaller cities generally benefit less from these policies, probably because constraints on land use efficiency are less important.
- The benefits of second tier cities are certainly less, and less certain.
- Land use flexibility is valuable when population growth is higher than expected and this comes with uncertainty.
- We suggest that second tier cities should be encouraged to opt in but not be compelled to join.
- Because demand is dynamic and can change, a mechanism to refresh the targeting of cities should be considered.

9.2 Assessment of Economic Growth and Employment

Section 32(2)(a) of the RMA requires that:

“(2) An assessment under subsection (1)(b)(ii) must –

(d) Identify and assess the benefits and costs of the environmental, economic, social, and cultural effects that are anticipated from the implementation of the provisions, including the opportunities for –

- (i) Economic growth that are anticipated to be provided or reduced; and*
- (ii) Employment that are anticipated to be provided or reduced; and...*

PwC addressed this issue throughout the economic analysis, as relevant. The key costs and benefits that are anticipated from the implementation of the proposed NPS-UD have been summarised in the preceding sections of this report.

10 Conclusion

The purpose of this report is to provide an evaluation of the proposed National Policy Statement for Urban Development. This evaluation has been undertaken in accordance with section 32 of the Resource Management Act 1991 (RMA) in order to identify the need, benefits and costs and the appropriateness of the proposal having regard to its effectiveness and efficiency relative to other means in achieving the purposes of the RMA.

The NPS-UD provides high-level direction on what the Government and the Minister want to achieve with respect to urban development outcomes. The NPS-UD supports cities that are sustainable, accessible and competitive and seeks to achieve this by: improving the competitive nature of urban land markets; improving the affordability of housing; and improving the quality of urban outcomes – while minimising external costs and maximising external benefits.

A key test is whether, on balance, the NPS-UD will deliver a range of benefits to all New Zealanders that outweigh the costs associated with requiring Councils to provide development capacity to meet the diverse demands of communities, address overly restrictive rules, and encourage quality, liveable urban environments.

The NPS-UD has eight objectives and twelve policies to address the resource management issues. A review of the objectives concludes that the eight objectives proposed are the most appropriate way to achieve the purpose of the Act. Despite this further refinement of the objectives is possible, however, for the purpose of notification of the NPS-UD, the intent of the objectives is clear, and they will provide national guidance for decision-makers and those Councils preparing regional and district plans.

Because of the high-level guidance provided by the proposed NPS-UD and the complexity of the marketplace and regulatory framework within which it will apply, quantification of costs and benefits of the proposed objectives and policies in real dollar terms is challenging. However, PwC identified a range of costs and benefits that relate to the social, economic, environmental and cultural outcomes, which are summarised in the preceding Chapter (Chapter 8 – Economic Analysis).

Overall, it is considered that the set of preferred approaches / provisions is the most appropriate in assisting the Council carrying out its functions for the purpose of achieving the RMA's sustainable management purpose, further, the benefits outweigh the costs, and there are considerable efficiencies to be gained from adopting the preferred approaches / provisions. The risks of acting are also clearly identifiable and limited in their extent.

Given the evaluation presented in this report, it is concluded that the NPS meets the tests of section 32 of the Act, and, furthermore, will promote the sustainable management of natural and physical resources.

Appendix 11: Detailed Analysis of Proposed Policies

Evaluation of the Provisions of the National Policy Statement – Future Development Strategy

Evaluation of proposed 'Future Development Strategy' provisions

The purpose of this evaluation is to determine the effectiveness and efficiency of each approach, and whether it is the most appropriate way to achieve Objective O4 and O6. Each of the approaches includes an 'overall evaluation' that summarises the approach's appropriateness to achieving Objective O4 and O6. The below assessment tables seek to provide a more comprehensive assessment of cost and benefits associated with the 'Discussion Document' approach and the 'status quo', with the subsequent assessment of 'alternative approaches' only identifying further costs and benefits, where they are in addition to / differ from those costs and benefits which have already been assessed as part of the 'Discussion Document' and 'status quo' approach.

Objective O1 and Policies P1A– P1I	
Discussion Document Approach	<p>Introduce provisions that would require:</p> <ul style="list-style-type: none">• local authorities across six identified Major Urban Centres (MUC) to produce or update an FDS every three years, in time to inform long-term plans (LTPs)• As well as demonstrating where and how development capacity for the medium and long term will be located, FDSs must also to demonstrate how quality urban environments will be achieved in the medium and long term, how residential development capacity bottom lines will be met, and how development capacity will be spatially allocated• that the FDS continue to show where urban development must be avoided, and the broad locations for urban development and future infrastructure corridors/locations• that the FDS identify how the strategy will be implemented, including local authority contributions to infrastructure funding and identification of potential financing gaps• that FDSs are informed by the latest housing and business development capacity assessment (HBA), An analysis of costs and benefits of different spatial scenarios, LTPs and infrastructure strategies, hapū and Iwi issues of concern, and other national direction (e.g. NPS-HPL), and• local authorities to have particular regard to the FDS when preparing changes to RMA planning documents.

Overall Evaluation	<p>This approach strengthens and clarifies the FDS requirements that were introduced by the NPS-UDC 2016. Specifically, it provides greater guidance in relation to the matters that must be addressed within the FDS, limits the requirement to produce an FDS to identified Major Urban Centre (MUC) local authorities and provides more clarity about timeframes. This approach has been developed in direct response to some of the lessons learnt from the FDS requirements set out in the NPS-UDC 2016 in particular in relation to their alignment with other Council processes and its statutory weighting. Overall it is considered that revised requirements for FDSs outlined by this approach will improve and enhance long term strategic planning outcomes however that some greater clarity could be provided in relation to community engagement and the timeframes around its development and implementation.</p>	
	++	
Effectiveness and Efficiency	<p><u>Effectiveness</u></p> <p>The approach provides greater direction and clarity in relation to the development of FDSs by MUC authorities. There is an opportunity to make further changes to the FDS policies so that the FDS are more strategically focussed and able to be part of a responsive planning system.</p>	<p><u>Efficiency</u></p> <p>The provision of greater clarity and direction about the content of an FDS will improve efficiency. Some further changes would be possible to focus the FDS on strategic matters.</p>
Risk of Acting / Not Acting	<p>The opportunities for effective planning provided by the development of FDSs will not be fully realised if there is no change to the FDSs requirements set out by the NPS-UDC 2016. Specifically, the focus of an FDS needs to be on more than just provisions of enough development capacity. An FDS needs to also consider how to create well-functioning urban environments. The timing of the FDSs under the NPS UDC 2016 is not well aligned with other council processes (such as the long-term plan) and there is uncertainty around what must inform an FDS and what it must show. There is also uncertainty around its implementation/statutory weighting. In the absence of greater clarity, these issues will continue to hinder the effective implementation of FDSs.</p>	
Costs		Benefits
<p><u>Existing Community</u></p> <ul style="list-style-type: none"> Time and money costs on members of the community who actively participate on the draft FDS document – noting the requirement for local authorities to consult with communities on the draft FDS document in any case. 		<p><u>Existing Community</u></p> <ul style="list-style-type: none"> Existing community will have greater visibility and certainty about the processes and intent for long-term strategic planning.
+		

<p><u>Future Generations</u></p> <ul style="list-style-type: none"> No costs identified. 	<p><u>Future Generations</u></p> <ul style="list-style-type: none"> Will benefit from quality urban environments that have been developed in a carefully planned and wholistic manner.
++	
<p><u>Iwi / Māori</u></p> <ul style="list-style-type: none"> The FDS policies require hapū and Iwi to be consulted with at various stages throughout the process and Iwi / Māori may be part of the partnership that is responsible for the FDS. There will be time and costs associated for hapū and Iwi to be involved in that process. 	<p><u>Iwi / Māori</u></p> <ul style="list-style-type: none"> Will benefit greater visibility and certainty in relation to long term planning outcomes.
+	
<p><u>Owners</u></p> <ul style="list-style-type: none"> No direct or indirect costs identified with this approach. 	<p><u>Owners</u></p> <ul style="list-style-type: none"> Will benefit from greater visibility and certainty in relation to long term planning outcomes.
++	
<p><u>Renters</u></p> <ul style="list-style-type: none"> No direct or indirect costs identified with this approach. 	<p><u>Renters</u></p> <ul style="list-style-type: none"> Will benefit from greater visibility and certainty in relation to long term planning outcomes.
++	
<p><u>Developers</u></p> <ul style="list-style-type: none"> Time and money costs on developers who actively participate on the draft FDS document – noting the requirement for local authorities to consult with communities on the draft FDS document in any case. 	<p><u>Developers</u></p> <ul style="list-style-type: none"> Will benefit from greater visibility and certainty in relation to long term planning outcomes in particular in relation to areas identified for redevelopment and infrastructure provisions.
+	

<u>Businesses</u> <ul style="list-style-type: none">■ Time and money costs on businesses that actively participate on the draft FDS document – noting the requirement for local authorities to consult with communities on the draft FDS document in any case.		<u>Businesses</u> <ul style="list-style-type: none">■ Will benefit from greater visibility and certainty in relation to long term planning outcomes.	
+			
<u>Local Authority</u> <ul style="list-style-type: none">■ Costs associated with the development, management and ongoing review of FDSs.		<u>Local Authority</u> <ul style="list-style-type: none">■ Will benefit from greater visibility and certainty in relation to long term planning outcomes and will be able to allocate project/infrastructure funding accordingly.	
+			
<u>Natural Environment</u> <ul style="list-style-type: none">■ No costs identified.		<u>Natural Environment</u> <ul style="list-style-type: none">■ Potentially enhanced environmental outcomes as a result of an early identification of areas that should be protected from development and potentially enhanced.	
++			
Alternate Approach 1		Status quo – retaining current approach	
Overall Evaluation		The status quo relies on the FDS provisions under the existing NPS-UDC 2016. The status quo requires local authorities in high-growth urban areas to develop FDSs that describe how they will provide sufficient development capacity in medium and long term across an agreed area and how they can meet the minimum development capacity housing targets. The NPS-UDC 2016 provisions leave local authorities with a lot of discretion as to what it shows and how it will fit with the overall planning system.	
		-- --	
Effectiveness and Efficiency		<u>Effectiveness</u> <p>Only two of the seven councils who were required to prepare an FDS under the NPS UDC 2016 provisions have completed the task and this suggests that the status quo has not been an effective means of ensuring that local authorities undertake strategic integrated medium- and long-term planning and funding decisions. Further refinements to FDS requirements are needed to make it an effective tool.</p>	<u>Efficiency</u> <p>The amount of discretion left to local authorities in the NPS UDC 2016 policies and the uncertainty about the FDS intent does not encourage efficiencies through consistent approaches and improved strategic planning practises. Feedback has demonstrated that the status quo is not efficient in achieving medium- and long-term planning outcomes and that further refinements to FDS requirements are needed to ensure more efficient FDS approaches.</p>

Risk of Acting / Not Acting	The opportunities for effective planning provided by the development of FDSs will not be fully realised if there is no change to the FDSs requirements set out by the NPS-UDC 2016. Specifically, the timing of the FDSs is not well aligned with other council processes (such as the long-term plan) the provisions leave local authorities with a lot of discretion as to what the FDS shows and how it will fit with the overall planning system which result in uncertainty around the role of FDSs and its implementation/statutory weighting. In the absence of greater clarity, these issues will continue to hinder the effective implementation of FDSs and limit opportunities to create more efficiency through consistency and learning of best practise.
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Costs	Benefits
<u>Existing Community</u> <ul style="list-style-type: none"> ■ Missed opportunity to effectively implement a tool that would support medium- and long-term planning outcomes. 	<u>Existing Community</u> <ul style="list-style-type: none"> ■ No benefit identified.
-- --	
<u>Future Generations</u> <ul style="list-style-type: none"> ■ Missed opportunity to effectively implement a tool that would support medium- and long-term planning outcomes. 	<u>Future Generations</u> <ul style="list-style-type: none"> ■ No benefit identified.
-- --	
<u>Iwi / Māori</u> <ul style="list-style-type: none"> ■ Missed opportunity to effectively implement a tool that would support medium- and long-term planning outcomes. 	<u>Iwi / Māori</u> <ul style="list-style-type: none"> ■ No benefit identified.
-- --	
<u>Owners</u> <ul style="list-style-type: none"> ■ Missed opportunity to effectively implement a tool that would support medium- and long-term planning outcomes. 	<u>Owners</u> <ul style="list-style-type: none"> ■ No benefit identified.
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Renters

- Missed opportunity to effectively implement a tool that would support medium- and long-term planning outcomes.

Renters

- No benefit identified.

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Developers

- Missed opportunity to effectively implement a tool that would support medium- and long-term planning outcomes.

Developers

- No benefit identified.

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Businesses

- Missed opportunity to effectively implement a tool that would support medium- and long-term planning outcomes.

Businesses

- No benefit identified.

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Local Authority

- Ongoing costs associated with the existing FDS mechanism in place.

Local Authority

- No benefit identified.

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Natural Environment

- Potential environmental degradation as a result of ineffective long-term planning.

Natural Environment

- No benefit identified.

—

<p>Alternate Approach 2 – Amended discussion document Approach</p>	<p>Introduce a policy package that strengthens and clarifies the FDS requirements, with some alterations to the ‘Discussion Document’ approach to ensure the FDS is positioned as a strategic integrated document that fits within a responsive planning system.</p> <ul style="list-style-type: none"> a. local authorities produce an FDS to inform a Long-Term Plan, however it is to be produced every 6 years (instead of every 3 years as proposed in the ‘Discussion Document’ approach), then reviewed and if necessary, updated every 3 years. b. As well as demonstrating where and how development capacity for the medium and long term will be located, FDS must also demonstrate how well-functioning urban environments will be achieved in the medium and long term, how residential development capacity bottom lines will be met, and how development capacity will be spatially allocated. c. That an FDS should continue to show the broad locations for urban development and future infrastructure corridors / locations and also show constraints on urban development (rather than areas where urban development should be avoided as in the discussion document) d. To support FDS, local authorities are required to prepare an implementation plan that they keep up to date annually, (instead of the way in which the strategy will be implemented being part of the FDS document as in the ‘Discussion Document’ approach) e. That an FDS is informed by the latest housing and business development capacity assessment (HBA), advantages and disadvantages of different spatial scenarios (rather than a cost benefit analysis as in the ‘Discussion Document’ approach), Long Term Plans and infrastructure strategies, hapū and Iwi issues of concern, and other national directions (e.g. NPS-HPL) f. That it is made explicit that local authorities consider FDS in RMA decisions (the ‘Discussion Document’ approach suggested that local authorities should have particular regard to the FDS in RMA decisions). g. That when preparing and reviewing FDS, local authorities must also engage with development community. h. That it is clarified that local authorities must follow the special consultative procedures of Section 83 of the Local Government Act when preparing or updating their FDS
<p>Overall Evaluation</p>	<p>This approach strengthens and clarifies the FDS requirements that were introduced by the NPS-UDC 2016. Specifically, it provides greater directions about the processes that inform FDS and what an FDS must show. Through the requirement to engage with the development community it also introduces a process for ensuring the FDS is able to respond to significant development opportunities. The ‘preferred approach’ provides greater certainty about the rigour of the consultation process that is required to prepare an FDS and clarifies the weight that should be attributed to an FDS in subsequent RMA decisions. The ‘preferred approach’ also better positions the FDS as a strategic document by clarifying that it should be produced every 6 years and clarifies what is meant by keeping the FDS up to date during that time.</p> <p>These requirements if planned for, and aligned with other related processes, may not require significantly more work from local authorities, but will create much more certainty about best practice and greater certainty about the rigour and robustness for the process.</p> <p>Overall, it is likely that this approach will provide an effective medium and long-term planning tool.</p> <p style="text-align: center;">++</p>

Effectiveness and Efficiency	<p><u>Effectiveness</u></p> <p>The approach provides effective direction in relation to the development of FDSs by MUC authorities. It responds to feedback on the first FDS's prepared under the NPS-UDC 2016 and submission feedback on the NPS-UD. The approach provides clarity on the process required, outcomes sought and the timeframes for implementation and is therefore considered to result in an effective planning tool.</p>	<p><u>Efficiency</u></p> <p>The development of FDSs under the proposed approach will require substantial Council resources both during the development and implementation phases. However, for a number of local authorities, they have already been carrying out similar spatial planning processes and this approach seeks to leverage on those to reduce unnecessary duplication. This approach provides flexibility to allows local authorities to align the creation of the FDS with other planning processes.</p>
Risk of Acting / Not Acting	<p>The opportunities for effective planning provided by the development of FDSs will not be fully realised if there is no change to the FDSs requirements set out by the NPS-UDC 2016. Specifically, the timing of the FDSs is not well aligned with other council processes (such as the long-term plan) and there is uncertainty around the role of FDSs and its implementation/statutory weighting. In the absence of greater clarity, these issues will continue to hinder the effective implementation of FDSs.</p>	
Costs <i>(only where they differ from Discussion Document Approach above)</i>		Benefits <i>(only where they differ from Discussion Document Approach above)</i>
<p>There will be substantial administrative to MUC Local Authorities who will have more stringent requirements for the development of FDSs. The development of FDSs requires community engagement and an assessment of costs and benefits of different spatial outcomes which will take time and resources. Furthermore, there is a requirement to regularly update the FDSs and annually update an implementation plan to ensure the FDS continues to be relevant.</p>		<p>Councils, the community and all user groups are considered to benefit from the updated requirements in relation to FDSs. It is considered that updated refinements are likely to result in an effective planning tool and provide people with clarity around future land use outcomes.</p>
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Evaluation of the Provisions of the National Policy Statement – Well-functioning Urban Environments

Evaluation of proposed ‘Well-functioning Urban Environments’ provisions

The purpose of this evaluation is to determine the effectiveness and efficiency of each approach, and whether it is the most appropriate way to achieve Objective O1. Each of the approaches includes an ‘overall evaluation’ that summarises the approach’s appropriateness to achieving Objective O1. The below assessment tables seek to provide a more comprehensive assessment of cost and benefits associated with the ‘Discussion Document’ approach and the ‘status quo’, with the subsequent assessment of ‘alternative approaches’ only identifying further costs and benefits, where they are in addition to / differ from those costs and benefits which have already been assessed as part of the ‘Discussion Document’ and ‘status quo’ approach.

Objective O2 – O3 and Policies P2A and P2B	
Discussion Document Approach	<i>Introduce of provisions that would:</i> <ul style="list-style-type: none">• Set outs a non-exhaustive description of the features of a quality urban environment• Ensures planning decisions consider whether quality urban environments can be achieved• Provides a comprehensive description of a quality urban environment in the preamble to the NPS-UD
Overall Evaluation	<p><i>Note that this analysis treats elements form Objective O2 as if they were part of a separate policy.</i></p> <p>The intent of this policy was to compile and further develop the concepts of “effective and efficient urban environments expressed in the NPS-UDC 2016. In addition to restructuring and rewording, it may several potentially significant additions:</p> <ul style="list-style-type: none">• This was now framed around the “quality” of the urban environment• A concept of accessibility was added• A concept on “responding from changing needs and conditions” was added, which was intended to include a wide range of factors including climate change and subdivision patterns that facilitated subsequent development. <p>However, the wording used was unclear, and would likely compromise the policy. The subjective nature of the term “policy” and the unclear references to access and “changing needs and conditions” would likely lead to litigation rather than provide clear rationale for decision-makers to consider.</p> <p>-</p>

Effectiveness and Efficiency	<p><u>Effectiveness</u></p> <p>The important functions that contribute to “well-functioning” urban environments are also split across multiple objectives and policies, which makes the direction less clear.</p> <p>Further, focusing on the term “quality” could lead to confusion about what is needed to achieve – for both local authorities and communities. Given the “quality” of an urban environment is perceived differently between communities / urban environments, this proposed approach will struggle to ensure nationally consistent features that contribute to a well-functioning and liveable urban environment.</p>	<p><u>Efficiency</u></p> <p>It is considered that given the costs relative to the benefits, this option has a moderate level of efficiency. The confusion generated by the term “quality” urban environments will constitute a policy framework that is not consistently adopted at a national scale – making for varying degrees of urban environments that may or may not achieve the desired intent of the provision.</p>
Risk of Acting / Not Acting	<p>Pressure on local authorities to provide more housing and room for growth can lead to poor quality / functioning urban environments when guidance is not afforded to what and where development should occur in existing urban environments and what features and functions of an urban environment impact the quality / functionality of an environment. The absence of the recognition of the importance of “quality / well-functioning” urban environments can have both a local and national impact on the development of urban settings.</p> <p>However, as drafted, these policies may cause confusion and work against achieving good urban outcomes.</p>	
Costs		Benefits
<p><u>Existing Community</u></p> <ul style="list-style-type: none"> ■ No direct or indirect costs identified. 		<p><u>Existing Community</u></p> <ul style="list-style-type: none"> ■ No direct or indirect benefits have been identified.
0		
<p><u>Future Generations</u></p> <ul style="list-style-type: none"> ■ No direct or indirect costs identified. 		<p><u>Future Generations</u></p> <ul style="list-style-type: none"> ■ No direct or indirect benefits have been identified.
0		

Iwi / Māori

- No direct or indirect costs have been identified.

Iwi / Māori

- No direct or indirect benefits have been identified.

0**Owners**

- No direct or indirect costs identified.

Owners

- No direct or indirect benefits have been identified.

0**Renters**

- No direct or indirect costs have been identified.

Renters

- No direct or indirect benefits have been identified.

0**Developers**

- Potential increase in urban design input to resource consent applications given the importance of the “quality” of development and the requirement for developments to demonstrate their positive impacts on the urban environment (given the Council “must have regard” to such impacts).
- Potential increase in litigation costs in order to obtain plan changes or notified resource consents in the face of opposition that could use the lack of clarity and subjective nature of the term “quality” against the developer.

Developers

- No direct or indirect benefits have been identified.

-**Businesses**

- No direct or indirect costs have been identified.

Businesses

- No direct or indirect benefits have been identified.

0			
<u>Local Authority</u> <ul style="list-style-type: none">■ May require an increase in resourcing and time costs in order to process plan change and resource consent requests due to the lack of clarity around the term “quality” and the other unclear references to what contributes to that “quality”.		<u>Local Authority</u> <ul style="list-style-type: none">■ No direct or indirect benefits have been identified.	
-			
<u>Natural Environment</u> <ul style="list-style-type: none">■ No direct or indirect costs have been identified.		<u>Natural Environment</u> <ul style="list-style-type: none">■ No direct or indirect benefits have been identified.	
0			
Alternate Approach 1 – Status Quo	Status quo – retaining current approach <i>No specific direction on the quality of development capacity provided, as per NPS-UDC.</i>		
Overall Evaluation	Overall, the status quo approach will continue to promote the tendency for local authorities and decision-makers to focus on the preservation or maintenance of existing amenity values and qualities of a given urban environment at the expense of other matters that should also be balanced in the decision-making process. Existing communities that may wish to change part of the built environment that is considered to no longer meet the needs of the community are unduly restricted by the general bias towards the preservation or maintenance of the amenity values and quality of the existing urban environment. Subsequently, this approach will fundamentally place the values of existing communities above the potential values of future generations. Therefore, the status quo approach will be inefficient in that the identified costs are potentially high, when compared to the identified benefits of continuing the status quo and will not provide clarity to the ambiguity around what constitutes as a “quality / well-functioning” urban environment.		
	-		
Effectiveness and Efficiency	<u>Effectiveness</u> <p>The current split of concepts for “well-functioning” urban environments are split across a range of objectives and policies in the NPS-UDC 2016 and therefore lack a particular emphasis / direction.</p>	<u>Efficiency</u> <p>Given the costs relative to the benefits, this option has a low level of efficiency. The intent of the provisions to broaden the existing focus from just providing development capacity to providing for capacity in way that enables people and communities to provide for their wellbeing and create liveable’</p>	

		quality' urban environments is not achieved by retaining the status quo.
Risk of Acting / Not Acting	Without direction on the importance of accessibility and Māori placemaking, decision makers will continue to provide for developments that do not place emphasis on the particular features that are important for providing for well-functioning urban environments and, in turn, the wellbeing of the population of these urban environments.	
Costs	Benefits	
<u>Existing Community</u>	<u>Existing Community</u>	
<ul style="list-style-type: none">No direct or indirect costs have been identified.	<ul style="list-style-type: none">No direct or indirect benefits have been identified.	
0		
<u>Future Generations</u>	<u>Future Generations</u>	
<ul style="list-style-type: none">The importance of access to opportunities is not adequately recognised and may result in continued development of an urban form that does not meet the needs of future generations.	<ul style="list-style-type: none">No direct or indirect benefits have been identified.	
—		
<u>Iwi / Māori</u>	<u>Iwi / Māori</u>	
<ul style="list-style-type: none">Māori values and aspirations are not reflected and recognised as an element to achieving a well-functioning urban environment and therefore may not be specifically addressed by local authorities through the plan-making and decision-making processes.	<ul style="list-style-type: none">No direct or indirect benefits have been identified.	
—		
<u>Owners</u>	<u>Owners</u>	
<ul style="list-style-type: none">No direct or indirect costs have been identified.	<ul style="list-style-type: none">No direct or indirect benefits have been identified.	
0		
<u>Renters</u>	<u>Renters</u>	
<ul style="list-style-type: none">No direct or indirect costs have been identified.	<ul style="list-style-type: none">No direct or indirect benefits have been identified.	

0	
<u>Developers</u> <ul style="list-style-type: none"> No direct or indirect costs have been identified. 	<u>Developers</u> <ul style="list-style-type: none"> No direct or indirect benefits have been identified.
0	
<u>Businesses</u> <ul style="list-style-type: none"> No direct or indirect costs have been identified. 	<u>Businesses</u> <ul style="list-style-type: none"> No direct or indirect benefits have been identified.
0	
<u>Local Authority</u> <ul style="list-style-type: none"> No further guidance provided for local authorities and decision makers with regard to providing 'quality / well-functioning' urban environments nor how to recognise and balance the potential positive impacts of urban development with the potential benefits and costs of urban development at a national, inter-regional, regional, district and local level (as appropriate). 	<u>Local Authority</u> <ul style="list-style-type: none"> No increase to Council costs of administering new provisions. No increase to processing applications in respect to factoring the potential positive impacts as well as the potential benefits on costs of urban development at a national, inter-regional, regional, district and local level (as appropriate) during the plan-making process.
+	
<u>Natural Environment</u> <ul style="list-style-type: none"> No direct or indirect costs have been identified. 	<u>Natural Environment</u> <ul style="list-style-type: none"> The potential impacts of urban development on the natural environment will continue to be placed above the potential social, economic and cultural benefits associated with urban development.
+	
Alternate Approach 2 – Clarify	(2) Clarify the intent and focus of the policy <i>Clarify what the policy aims to achieve (combining NPS-UD structure with some amendments and NPS-UDC wording, where appropriate). Bring through text from options above (e.g., features from objective to policy, combining other policy + new climate change)</i>

Overall Evaluation	<p>The redrafting of the policy for clarification (Alternative Approach 2) will provide clearer guidance and direction to local authorities during the decision-making and plan-making processes in regard to the development of “well-functioning” urban environments. In particular, this option will provide an opportunity to incorporate further guidance on the scope of the functions, features and values to be considered in plan making and consent decision to ensure Council's recognises its responsibilities in contributing to well-functioning urban environments.</p> <p>Clarification of the policy will ensure that decision-makers and plan users will better understand what is required to develop a “well-functioning” urban environment. This approach is expected to ensure that local authorities will have regard to, and balance the needs of, enabling housing choice (affordability), providing well-functioning labour markets and a productive economy.</p> <p>Overall, the benefits to both existing and future generations are considered to outweigh any costs that would be incurred. Benefits will extend beyond built form outcomes (such as a variety of homes, sites, accessibility etc.), and will recognise and strengthen the culture and traditions of Māori, while also ensuring future development considers its contribution to, and the need to adapt in, a changing climate.</p> <p style="text-align: center;">++</p>	
Effectiveness and Efficiency	<p><u>Effectiveness</u></p> <p>This option will provide clear direction to decision-makers and plan-users on the scope of the functions, features and values to be considered in plan making and consent decisions in respect to developing “well-functioning” urban environments. Further, this option will ensure local authorities' have a clear direction as to what contributes to a “well-functioning” urban environment and, therefore, will better guide local authorities' decisions when undertaking decision-making and plan-making processes.</p>	<p><u>Efficiency</u></p> <p>This option has a higher level of efficiency, when compared with the ‘Discussion Document’ approach, given the intent to provide greater detail and clarity on the scope of the functions, features and values to be considered in plan making and consent decisions in respect to developing “well-functioning” urban environments - strengthen the policy direction.</p>
Risk of Acting / Not Acting	<p>Any risks associated with clarifying the policy approach outlined within the ‘Discussion Document’ approach is considered to outweigh the risks associated with not acting. The risk of ‘not acting’ (that is, the status quo) will fundamentally place the values of existing communities above the potential and perceived values of future generations. This is because ‘not acting’ will result in the continued preservation and maintenance of existing amenity values and functionality of urban environments at the expense of potential urban development.</p>	
Costs (only where they differ from Discussion Document Approach above)		Benefits (only where they differ from Discussion Document Approach above)

<p><u>Local Authorities / Developers</u></p> <ul style="list-style-type: none"> No further direct or indirect costs identified. 	<p><u>Local Authorities / Developers / Existing and Future Communities</u></p> <ul style="list-style-type: none"> Clarification on the list of functions and features that are considered important to developing a 'quality / well-functioning' urban environment will enable a consistent approach during the decision-making and plan-making processes and will provide clarification as to the key elements / matters local authorities will consider during assessments of resource consent applications.
++	
<p><u>Iwi / Māori</u></p> <ul style="list-style-type: none"> No direct or indirect costs have been identified. 	<p><u>Iwi / Māori</u></p> <ul style="list-style-type: none"> Māori culture and traditions are specifically recognised as an element / matter to achieving a well-functioning and liveable urban environment during the plan-making and decision-making processes.
++	
<p><u>Owners</u></p> <ul style="list-style-type: none"> No direct or indirect costs have been identified 	<p><u>Owners</u></p> <ul style="list-style-type: none"> Emphasis on increased accessibility between housing, jobs, opportunities for social interaction, services and public open spaces will benefit landowners within proximity to public transport nodes or who may use active modes of transport.
++	
<p><u>Renters</u></p> <ul style="list-style-type: none"> No direct or indirect costs have been identified. 	<p><u>Renters</u></p> <ul style="list-style-type: none"> Emphasis on increased accessibility between housing, jobs, opportunities for social interaction, services and public open spaces will benefit overall urban affordability for renters within proximity to public transport nodes or who may use active modes of transport.
+	
<p><u>Developers</u></p> <ul style="list-style-type: none"> Council's consideration of existing working environments, business locations and the potential of competitive operation of land and development markets and the benefits and costs of urban developments at the national, inter-regional, 	<p><u>Developers</u></p>

<p>regional, district and local level (as appropriate) may increase the costs and time associated with resource consent applications.</p>	<ul style="list-style-type: none"> Provides greater certainty with regard to expectations relating to the elements that contribute and enhance the “functionality” of a proposed urban development within planning process and the wider RMA framework.
+	
<p><u>Local Authority</u></p> <ul style="list-style-type: none"> Costs for local authorities in relation to reviewing / amending statutory planning documents to give effect to the policy direction (local authorities will need to identify and describe the environment outcomes to be sought in urban environments and provide guidance on how decisions will be made on consent applications in response to potential adverse impacts on the competitive operation of land and development markets). 	<p><u>Local Authority</u></p> <ul style="list-style-type: none"> Clarification on the list of functions and features that are considered important to developing a “well-functioning” urban environment will enable a consistent approach during the decision-making and plan-making process.
+	
<p><u>Natural Environment</u></p> <ul style="list-style-type: none"> Emphasis on variety of homes, accessibility Māori placemaking potentially signals to local authorities that these elements / features are prioritised over the maintenance or enhancement of the environment when developing “well-functioning” urban environments. Reliance on the other NPS-UD provisions and the RMA is required to ensure good environmental outcomes. 	<p><u>Natural Environment</u></p> <ul style="list-style-type: none"> Potential to encourage the provision of access to facilities, such as public open space and / or reserves or public access to the coast, in developments that seek to offset and / or mitigate the potential adverse effects in relation to urban development This can be a benefit both for the immediate occupants of new developments (where such mitigation has been provided) as well as potentially for the wider local community who may also benefit from such enhancements. Emphasis on urban environments to increase accessibility by public and active transport and urban environments support emissions reduction are expected to reduce carbon emissions generated from private vehicle use (particularly noticed in areas where the alternative – public and active transport – is not, or is inadequately provided as a viable and reasonably practicable option).
+	
<p>Alternate Approach 3 – Provide a more directive policy</p>	<p><i>Prepare a more directive policy approach (either including direction on site-level features that contribute to “quality” or providing direction to achieve functions, in addition to a list of functions).</i></p>
<p>Overall Evaluation</p>	<p>This approach references the “functions” of a well-functioning urban environment and gives direction on how to achieve it (including direction on site-level features of a well-functioning urban environment). This descriptive approach significantly reduces the</p>

	autonomy of local authorities during the decision-making process compared with the other approaches as direction on ‘site-level’ features would be inherently more prescriptive. Further, this approach creates challenges in providing direction on ‘site-level features’ that can be applied across all of New Zealand’s urban environments – which is the scale at which the NPS-UD is intended to influence.	
	-	
Effectiveness and Efficiency	<u>Effectiveness</u> The descriptive approach significantly reduces the autonomy of local authorities during the decision-making process.	<u>Efficiency</u> Application of a directive approach at a national scale will be inefficient given the restriction on local decision making and increased compliance costs.
Risk of Acting / Not Acting	Applying such specific “features” to a national framework is high-risk given the granular nature and the local specificity of such “features” that contribute to a ‘well-functioning’ urban environment. The intent of the policy may not be achieved due to the potential challenges with implementation.	
Costs <i>(only where they differ from / are in addition to Discussion Document Approach above)</i>		Benefits <i>(only where they differ from / are in addition to Discussion Document Approach above)</i>
<u>Local Authorities</u> <ul style="list-style-type: none">Direction on ‘site-level features’ would inherently be more prescriptive, restricting local decision making and adding to compliance costs.		<u>All ‘user groups’</u> <ul style="list-style-type: none">No direct or indirect benefits identified beyond those already identified above.
—		
Alternate Approach 4 – Broaden the list of features of well-functioning urban environments	Broaden the list of features for a more comprehensive list of ‘well-functioning urban environments’	
Overall Evaluation	This approach would be similar to ‘option 2’ above but would comprise a longer list of “features” of ‘well-functioning’ urban environments (for example, heritage, wellbeing, reduced impact on natural environment etc.). Accentuating the ‘features’ that contribute to a ‘well-functioning’ urban environment concurrently underemphasises all ‘features’ listed - given there is no hierarchy / guidance offered to decision-makers and plan-makers on what ‘features’ are integral / necessary for ‘well-functioning’ urban environments and what ‘features’ may have greater costs of implementation than perceived benefits.	
	0	

Effectiveness and Efficiency	<p><u>Effectiveness</u></p> <p>Broadening the list of 'features' which contribute to a 'well-functioning' urban environment has the potential to underemphasise all 'features' listed.</p>	<p><u>Efficiency</u></p> <p>Potential to create an inconsistent application of the policy between local authorities with regard to what 'features' are integral and what 'features' are not in achieving 'well-functioning' urban environments.</p>
Risk of Acting / Not Acting	<p>Providing an exhaustive list of 'features' which contribute to a 'well-functioning' urban environment concurrently underemphasises all 'features' listed (in the absence of a hierarchy) and produce an inconsistent application of the policy nationally.</p>	
<p>Costs</p> <p><i>(only where they differ from / are in addition to Discussion Document Approach above)</i></p>		<p>Benefits</p> <p><i>(only where they differ from / are in addition to Discussion Document Approach above)</i></p>
<p><u>Local Authorities</u></p> <ul style="list-style-type: none"> Has the potential to understate those 'features' which contribute to a 'well-functioning' urban environment and create indifferences between local authorities as to what 'features' are integral and what 'features' are not (producing an inconsistent approach nationally). 		<p><u>All 'user groups'</u></p> <ul style="list-style-type: none"> No direct or indirect benefits identified beyond those already identified above.
0		

Evaluation of the Provisions of the National Policy Statement – Amenity Values in Urban Environments

Evaluation of proposed ‘Amenity Values in Urban Environments’ provisions

The purpose of this evaluation is to determine the effectiveness and efficiency of each approach, and whether it is the most appropriate way to achieve Objective O3. Each of the approaches includes an ‘overall evaluation’ that summarises the approach’s appropriateness to achieving Objective O3. The below assessment tables seek to provide a more comprehensive assessment of cost and benefits associated with the ‘Discussion Document’ approach and the ‘status quo’, with the subsequent assessment of ‘alternative approaches’ only identifying further costs and benefits, where they are in addition to / differ from those costs and benefits which have already been assessed as part of the ‘Discussion Document’ and ‘status quo’ approach.

Objective 4 and Policy P3A		
Discussion Document Approach	<p><i>Introduce a policy that would:</i></p> <ul style="list-style-type: none"> <i>Require decision-makers making planning and consent decisions to recognise that amenity values vary among individuals and communities and change over time.</i> 	
Overall Evaluation	<p>Overall, the proposed policy in the Discussion Document recognises and provides guidance to local authorities that amenity values can change over time and that local authorities should consider amenity values for both current and future communities.</p> <p>It is considered that a key issue in regard to amenity values is how District Plans balance the successful delivery and implementation of a policy direction which is seeking to encourage development and intensification with the requirement in section 7(c) of the RMA that requires “particular regard” be had to the “maintenance and enhancement of amenity values” and the “maintenance and enhancement of the quality of the environment”. This balance issue can be reduced through the implementation of this policy to recognise amenity values extend beyond the generally considered built form and built character of an existing environment and can vary between individuals and communities (including different groups within communities) and fluctuate over time.</p>	
	+	
Effectiveness and Efficiency	<p><u>Effectiveness</u></p> <p>Overall, the proposed policy will provide further guidance to decision-makers and plan users as to the scope of the values that can be considered in plan making and consent decisions</p>	<p><u>Efficiency</u></p> <p>It is considered that given the costs relative to the benefits, this option has a moderate level of efficiency. This approach will</p>

	with respect to amenity values and avoids the risk for the intent of the provisions to be diluted.	provide more clarity and direction for decision-makers and then integrate the provision with other parts of the NPS-UD.
Risk of Acting / Not Acting	Any risks associated with the implementation of the 'Discussion Document' approach provisions are considered to outweigh the risks associated with not acting. However, there is a risk that this approach could cause difficulty for local authorities in weighing the values of individuals verse the values of the wider community or a collective / community group when deciding whether the potential adverse amenity effects associated with a development are considered more than minor.	

Costs	Benefits
<p><u>Existing Community</u></p> <ul style="list-style-type: none"> ■ Potential to enable development in communities in which the majority may wish to maintain the existing amenity values of a particular area, where a proposed development is perceived to adversely affect those existing amenity values. <p><u>Economic Analysis:</u></p> <ul style="list-style-type: none"> ■ Higher densities of development can create internalised costs / effects in relation to potential amenity impacts / costs to neighbours (e.g. associated with overshadowing, blocked views etc). These costs / effects are generally able to be mitigated, through measures such as design-related 'bulk and location' rules and urban design guidance to manage the quality of the built environment ('Costs and Benefits of Urban Growth' Report, MR Cagney, 2019). 	<p><u>Existing Community</u></p> <ul style="list-style-type: none"> ■ Reduces the potential for a constraint / barrier to new development on communities in which the majority wish to change part of the built environment that is considered to no longer meets the needs of the community. ■ The perceived cost of enabled development by communities that wish to maintain the existing amenity values of a particular area will typically be outweighed by the perceived benefit to communities that wish to change part of the built environment ('Costs and Benefits of Urban Growth' Report, MR Cagney, 2019).
0	
<p><u>Future Generations</u></p> <ul style="list-style-type: none"> ■ The amenity values of / for future generations are dictated by the values of existing communities and decision-makers in the present day. 	<p><u>Future Generations</u></p> <ul style="list-style-type: none"> ■ Development is less likely to be unduly curtailed by Councils favouring the preservation or maintenance of amenity values at the cost of development. ■ Impacts of development proposals, in relation to future generations / communities can be directly considered by Councils during the decision-making process

+

Iwi / Māori

- No direct or indirect costs have been identified.

Iwi / Māori

- Identified wāhi tapu and cultural sites of significance can be valued higher with regards to development in Māori communities, with specific recognition that amenity values will differ between individuals and different groups / interests within a community.

++

Owners

- Potential to enable development in communities in which the majority may wish to maintain the existing amenity values of a particular area, where a proposed development is perceived to adversely affect those existing amenity values.

Economic Analysis:

- Higher densities of development can create internalised costs / effects in relation to potential amenity impacts / costs to neighbours (e.g. associated with overshadowing, blocked views etc). These costs / effects are generally able to be mitigated, through measures such as design-related 'bulk and location' rules and urban design guidance to manage the quality of the built environment ('Costs and Benefits of Urban Growth' Report, MR Cagney, 2019).

Owners

- Provides greater certainty with regard to expectations relating to 'amenity values' within planning process and how adjoining development/s will be considered against the existing environment in relation to amenity values.
- Enables consideration of landowners within the decision-making process for applications that have been identified to have more than minor adverse amenity effects.

+

Renters

- No direct or indirect costs have been identified.

Renters

- Potential benefits for renters, where the certainty and enablement provided through the policy direction supports the delivery of increased housing supply, including a range of different housing types and sizes, to better meet the evolving needs of the renters.

++

Developers

- Potential increased urban design input to resource consent applications.
- Potential to increase the frequency of limited notified applications on the basis of more than minor adverse amenity effects.

Economic Analysis:

- Emphasis on amenity values has the potential for local authorities to increase pressure on developers to ensure the design of developments is such that they minimise the visual impact / amenity effects on neighbours (reducing overshadowing and / or blocking neighbours views). This could come at a cost to developers in terms of foregone development potential / additional design inputs.

+**Developers**

- Provides developers with additional means to reduce potential adverse effects on amenity values by way of recognising the potential positive contribution urban development can make to amenity in the future.
- Provides greater certainty with regard to expectations relating to 'amenity values' within planning process and the wider RMA framework.

Businesses

- No direct or indirect costs have been identified.

Businesses

- More potential to offset and / or mitigate adverse amenity effects through other means than built form and character.

Economic Analysis:

- Business / retail areas that adopt features and / or built form that are perceived to have high amenity values will subsequently attract more people and, typically, increase the duration people are likely to stay in the area. In turn, the likelihood of people purchasing goods and services increases.

+**Local Authority**

- May require a lengthier process (than current state) to assess and balance the potential adverse effects and perceived benefits on amenity values during the decision-making process, with a more specific requirement to consider impacts in relation to future generations.
- Costs for local authorities in relation to reviewing / amending statutory planning documents to give effect to the policy direction (local authorities will need to identify and describe the amenity outcomes to be sought in areas where growth

Local Authority

- Guides local authorities to consider wider matters, such as access to services and facilities, that may positively contribute to amenity values, particularly in relation to future generations.
- Affords specific direction to local authorities and decision makers to consider the impacts of proposals for future generations, particularly for notified application processes where the focus through public submissions received on development proposals generally focus on effects on existing residents / community.

is encouraged and to include those expectations in District Plans and design guidelines for ease of implementation).	
0	
<u>Natural Environment</u> <ul style="list-style-type: none"> No direct or indirect costs have been identified. 	<u>Natural Environment</u> <ul style="list-style-type: none"> Potential to encourage the provision of access to facilities, such as public open space and / or reserves or public access to the coast, in developments that seek to offset and / or mitigate the potential adverse effects in relation to urban intensification. This can be a benefit both for the immediate occupants of new developments (where such mitigation has been provided) as well as potentially for the wider local community who may also benefit from such enhancements.
+	
Alternate Approach 1 – Status Quo	Status quo – retaining current approach <i>The draft amenity provisions would be removed from the proposed NPS-UD and the existing approach to amenity in plan-making and consenting decisions would be retained. The NPS-UDC contains no specific amenity provisions, although OA3 does provide for urban environments that, over time, develop and change in response to the changing needs of people and communities and future generations.</i>
Overall Evaluation	<p>Overall, the status quo approach will continue to promote the tendency for local authorities and decision-makers to focus on the preservation or maintenance of existing amenity values at the expense of other matters that should also be balanced in the decision-making process. Existing communities that may wish to change part of the built environment that is considered to no longer meet the needs of the community are unduly restricted by the general bias towards the preservation or maintenance of the amenity values of the existing environment. Subsequently, this approach will fundamentally place the values of existing communities above the potential values of future generations. Therefore, the status quo approach will be inefficient in that the identified costs are potentially high, when compared to the identified benefits of continuing the status quo.</p>
--	
Effectiveness and Efficiency	<div> <div> <u>Effectiveness</u> <p>The status quo has proven to rely heavily on the requirement to maintain and enhance amenity values (with a presumption in</p> </div> <div> <u>Efficiency</u> <p>It is considered that given the costs relative to the benefits, this option has a low level of efficiency. The status quo approach</p> </div> </div>

	favour of existing amenity values). This approach is at the expense of other matters that should also be considered in the decision-making process.	would not be efficient in addressing the current bias towards 'status quo' amenity, nor would it be efficient in providing direction in relation to amenity values changing over time. This approach will fundamentally place the values of existing communities above the potential values of future generations.
Risk of Acting / Not Acting	The risks associated with the continuation of the status quo are high and clearly outweigh any benefits associated with a continuation of the status quo. The risks of not acting (e.g. continuing the status quo) are considered to have potentially high costs / negative effects, in particular for existing communities, future generations, renters, owners and Iwi / Māori.	
Costs		Benefits
<u>Existing Community</u>		<u>Existing Community</u>
<ul style="list-style-type: none"> Retains potential development constraints on communities in which the majority wish to change part of the built environment that is considered to no longer meet the needs of the community 		<ul style="list-style-type: none"> Curtails development in communities in which the majority wish to maintain the existing amenity values of a particular area for which a proposed development is perceived to adversely affect the amenity values.
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<u>Future Generations</u>		<u>Future Generations</u>
<ul style="list-style-type: none"> A likely continuation of the status quo approach, which generally favours consideration of amenity effects to the existing community / individuals. 		<ul style="list-style-type: none"> No direct or indirect benefits have been identified.
--		
<u>Iwi / Māori</u>		<u>Iwi / Māori</u>
<ul style="list-style-type: none"> The current perception of amenity values as they relate to identified wāhi tapu and cultural sites of significance will continue. 		<ul style="list-style-type: none"> No direct or indirect benefits have been identified.
--		
<u>Owners</u>		<u>Owners</u>
<ul style="list-style-type: none"> Existing built form and character of the existing environment will generally continue to dictate the assessment of potential adverse amenity effects during decision-making. 		<ul style="list-style-type: none"> Given the general basis for local authorities to focus on the preservation or maintenance of amenity will curtail significant development in areas of a community that are opposed to change.

- Opportunities for, and consideration of, landowners to submit on applications that may adversely affect their amenity values will remain, more or less, at current levels.

Renters

- A continuation of the status quo approach could likely lead to the continued delivery of a limited range of dwelling types and choices (with a predominance towards continuing to deliver stand alone, single dwellings), with this having adverse impacts on renters due to limited housing options, with associated limits on rental affordability.

Renters

- No direct or indirect benefits have been identified.

Developers

- No additional methods to reduce and / or offset any potential adverse amenity effects.
- No further guidance on the expectations of 'amenity values' within the planning process and the wider RMA framework.

Developers

- No notable increase in urban design input to resource consent applications.
- No notable increase to frequency of limited notified applications on the basis of more than minor adverse amenity effects.

Businesses

- No direct or indirect costs have been identified.

Businesses

- No direct or indirect benefits have been identified.

0

Local Authority

- No further guidance provided for local authorities and decision makers with regard to the recognition of amenity values and the need to recognise that such values are variable and change over time

Local Authority

- No increase to Council costs of administering new provisions.
- No increase to processing applications in respect to balancing potential adverse amenity effects and the perceived benefits on amenity values during the decision-making process.

Natural Environment

- Continue of status quo unlikely to open up the ability to encourage the provision of access to facilities, such as public open space and / or reserves, in developments as a means of offsetting and / or mitigating the potential adverse effects in relation to amenity values.

Natural Environment

- No direct or indirect benefits have been identified.

Alternate Approach 2 - Amending

Amending the objective and policies to provide more clarity and direction for decision-makers and integrating the amenity provisions with other parts of the PS-UD, as follows:

Amending - amending the objectives and policies to provide more clarity and direction for decision-makers

The draft objective and policy would be strengthened to provide more clarity and direction for decision-makers with an expanded description of evolving urban environments and amenity values. This could include:

- *Amending the language of the objective to mirror that used in OA3 of NPS-UDC and also include specific reference to amenity values. e.g. "Urban environments, and their associated amenity values, that develop and change in response to the changing needs of people and communities and future generations"*
- *Strengthening the policy to provide more direction for decision-makers e.g. "In making planning and consent decisions, decision-makers should*
 - *Have regard to anticipated urban outcomes, and*
 - *Recognise that amenity values:*
 - *are constantly evolving, including the relationship between people, land, culture and the wider environment which increases a sense of identity and well-being*
 - *are improved by positive urban development which contributes to an agreed and coherent overall outcome."*

Integrating – integrating the amenity provisions with other parts of the NPS-UD

Amenity provisions would no longer stand alone but would be integrated into other parts of the proposed NPS-UD to reflect that consideration of changing amenity values applies throughout planning and consenting processes. This option could include any or a mix of the following:

- *Potentially incorporating amenity intent into the quality urban environments policies objectives (p.27 - O2, O3)*
- *Expanding the direction of the intensification objective (p.36 - O7) to read 'To provide for the benefits of urban intensification by allowing increased density in areas where those benefits are best realised, even when existing amenity values will change'*

Overall Evaluation	<p>The integration of a policy framework that recognises amenity values can change over time will catalyse a shift in focus for decision-makers from preserving or maintaining the existing and short-term amenity values of the current urban environment, to considering a wider array of amenity values for both existing and future communities. It places emphasis on long term, community wide amenity outcomes from the viewpoint that the scope of values to consider by decision-makers and plan makers, in terms of amenity, is greater than existing built form and character.</p> <p>Retaining 'amenity specific' provisions (Discussion Document Approach and Alternative Approach 2) avoids the risk for the intent of the focus of the 'preferred approach' option to be diluted, which may have occurred if it were to be entirely incorporated as one (of a number of other) matters which may be addressed through other provisions (such as the 'Quality Urban Environments' or 'Intensification' provisions) within the NPSUD.</p> <p>Alternative Approach 2 will provide benefits in the short to medium-term to both existing and future generations, and that such benefits are considered to outweigh any costs that would be incurred through this combined approach.</p> <p>The economic analysis recognises that the most desirable places to live are placed with excellent access to a range of factors including high amenity values. Places with the highest amenities experience some of the greatest demand for housing, and this is reflected in high land values. Sometimes these places exist because they have been able to experience significant changes to amenity values to support high densities, such as the centres of our cities. In order to support intensification, changes to amenity values are needed to support people, communities and future generations to have access to a range of service which are most easily accessible in higher density areas.</p> <p style="text-align: center;">++</p>	
Effectiveness and Efficiency	<p><u>Effectiveness</u></p> <p>Upon a detailed review of the effectiveness of adopting Alternative Approach 2, it is considered that this option can reduce the issues experienced by local authorities with considering both a policy framework encouraging development and intensification with the requirement in section 7(c) of the RMA to manage and enhance existing amenity values. The preferred approach provides decision-makers and plan users with greater clarity to recognise and provide for changing amenity values and that they may not be an adverse effect. This approach increases the scope of the values that can be considered in plan making and consent decisions with respect to amenity values.</p>	<p><u>Efficiency</u></p> <p>It is considered that given the costs relative to the benefits, this option has a high level of efficiency. The policy contains a sufficient degree of detail to assist decision makers with the competing interests that are raised by submitters. By recognising that amenity values may be deemed positive to some while negative to others will help decision-makers to efficiently make their decisions, rather than rely on the current prevailing approach to focus on the submitters who raise negative issues with respect to amenity values changing, which can be highly contested, and ultimately result in lost opportunities to change our urban environments to support greater capacity.</p>
Risk of Acting / Not Acting	<p>Any risks associated with the implementation of the 'preferred approach' to the Discussion Document Approach is considered to outweigh the risks associated with not acting. The risk of 'not acting' will fundamentally place the values of existing communities</p>	

	above the potential and perceived values of future generations. This is because 'not acting' will result in the continued preservation and maintenance of existing amenity values at the expense of potential development. In particular, existing communities, future generations, renters, owners and Iwi / Māori groups will experience greater potential costs / negative effects if the policy was not implemented.
Costs (only where they differ from Discussion Document Approach above)	Benefits (only where they differ from Discussion Document Approach above)
<u>Existing Community</u> <ul style="list-style-type: none"> No direct or indirect costs identified beyond those already identified above. 	<u>Existing Community</u> <ul style="list-style-type: none"> A more enabling policy framework for intensification / development that will potentially benefit the community – such as developments providing communal facilities (public open space, places of employment, education or community facilities) that are otherwise not generally considered as positive amenity effects during the decision-making process.
+	
<u>Local Authority</u> <ul style="list-style-type: none"> The difficulty for local authorities to weigh the values of the individuals verse the values of the wider community or a collective / community group when deciding whether the potential adverse amenity effects associated with a development are considered more than minor.is encouraged and to include those expectations in District Plans and design guidelines for ease of implementation). 	<u>Local Authority</u> <ul style="list-style-type: none"> No direct or indirect benefits identified beyond those already identified above.
0	
Alternate Approach 3 – Removal	Removal <i>Removing amenity provisions from the NPS-UD and addressing the issue through the RMA reform.</i> <i>The draft amenity provisions would be removed from the proposed NPS-UD and the existing approach to amenity in plan-making and consenting decisions would be retained. The NPS-UDC contains no specific amenity provisions, although OA3 does provide for urban environments that, over time, develop and change in response to the changing needs of people and communities and future generations.</i>
Overall Evaluation	Amenity values are only one of a number of matters identified in section 7 of the RMA that require balancing in the overall application of Part 2 of the RMA. The tendency / status quo for decision-makers to rely on the maintenance of amenity at the expense of other matters could indicate that Part 2 of the RMA is being incorrectly applied at the plan-making stage that will continue until such a comprehensive review is undertaken.

	<p>Overall, this option recognises the tension embedded between planning for development / intensification and seeking to achieve consistency with section 7(c) of the RMA. The crux of the tensions appears to be from the emphasis to rely on the “maintenance and enhancement” of amenity at the expense of the other section 7 matters – particularly, this gives rise to a tendency to favour the existing built form and character. However, adopting this option will require the status quo to remain until such a time that a comprehensive review of the resource management system is finalised, the option is currently unavailable, meaning this option is unlikely to be the most effective or efficient option in the short-medium term.</p>	
	+	
Effectiveness and Efficiency	<p><u>Effectiveness</u></p> <p>This is ultimately the most effective approach as it recognises the tension embedded between planning for development / intensification and seeking to achieve consistency with section 7(c) of the RMA. The crux of the tensions appears to be from the emphasis to rely on the “maintenance and enhancement” of amenity at the expense of other section 7 matters – particularly, this gives rise to a tendency to favour the existing built form and character.</p>	<p><u>Efficiency</u></p> <p>This option is not available at this time given the comprehensive RMA review is in an early phase. The benefits associated with adopting this option will not be recognised until the long-term – when the comprehensive review of the resource management system is finalised</p>
Risk of Acting / Not Acting	<p>The short-term risks of not acting (e.g. continuing the status quo) are considered to have potentially high costs / negative effects - for existing communities, future generations, renters, owners and Iwi / Māori – and will outweigh any benefits associated with a continuation of the status quo. Therefore, an option that is available now should be used. However, the long-term benefits resulting from the RMA reforms will significantly outweigh the long-term costs for communities, plan-users and decision-makers.</p>	
Costs (only where they differ from Discussion Document Approach above)		Benefits (only where they differ from Discussion Document Approach above)
<p><u>Future Generations</u></p> <ul style="list-style-type: none"> ■ Potential costs in the short term, with the ‘status quo’ approach retaining potential development constraints on communities in which the majority wish to change part of the built environment that is considered to no longer meet the needs of the community. 		<p><u>Future Generations</u></p> <ul style="list-style-type: none"> ■ Potential benefits for renters in the medium and longer term, where the certainty and enablement provided through RMA reform potentially supports the delivery of increased housing supply, including a range of different housing types and sizes, to better meet the evolving needs of the renters.
<p><u>Local Authority</u></p> <ul style="list-style-type: none"> ■ A likely requirement to update District and Regional Plans, in order to reflect RMA reform, including in-house training for application of updates. 		<p><u>Local Authority</u></p> <ul style="list-style-type: none"> ■ Provide clearer guidance to both decision-makers and plan-makers in relation to the provision of a clear amenity value framework. ■ Reduce the ambiguity around the assessment of amenity values in resource consent applications.



Evaluation of the Provisions of the National Policy Statement – Enabling Expected Level of Development

Evaluation of proposed ‘Enabling Expected Levels of Development’ provisions

The following table evaluates the costs, benefits and risks of acting / not acting for each of the approaches identified in Section 2.2 above. The purpose of this evaluation is to determine the effectiveness and efficiency of each approach, and whether it is the most appropriate way to achieve Objective O6. Each of the approaches includes an ‘overall evaluation’ that summarises the approach’s appropriateness to achieving Objective O6. The below assessment tables seek to provide a more comprehensive assessment of cost and benefits associated with the ‘proposed approach’, with the subsequent assessment of ‘alternative approaches’ only identifying further costs and benefits, where they are in addition to / differ from those costs and benefits which have already been assessed as part of the ‘proposed approach’.

Policy P5A – P5D	
Discussion Document Approach	<p><i>Introduce a policy package that would:</i></p> <ul style="list-style-type: none"> <i>Replace Ensure the objectives, policies, rules and assessment criteria in district plans are individually and collectively consistent with the expected levels of development for the zone;</i> <i>be clear in analysis supporting decision-making about the impact of the proposed objectives, policies, rules and assessment criteria on development capacity, and whether they are consistent with the planned level of development in the FDS;</i> <i>respond through plan changes and other methods when evidence suggests that development will not achieve the outcomes in the zone descriptions;</i> <i>show how evidence has been considered in decision-making</i>
Overall Evaluation	<p>The proposed policy framework has a more granular approach (rather than the current reactive approach under the NPS-UDC 2016), looking at the efficiency of locations for providing capacity, and stepping out the process which must be taken by local authorities when capacity is found to be insufficient. While this aligns with the objectives of the NPS-UD, achieving the intent of the proposed policy is not clear and the alignment with other provisions in the NPS-UD can be strengthened.</p>
	+

Effectiveness and Efficiency	<p><u>Effectiveness</u></p> <p>The lack clarity around the desired outcomes of the policies – particularly the term ‘zone description’ (in relation to the same in the National Planning Standards) and how amenity values should be articulated within these ‘zone descriptions’ – creates both alignment issues (with regard to other policies in the NPSUD) and the potential for the intent of the policies is lost.</p>	<p><u>Efficiency</u></p> <p>Elements of the proposed policy approach has the potential to create inefficiencies and ambiguity - particularly around how amenity values should be articulated in the zone descriptions, the non-statutory nature of zone descriptions – and will require a high level of resourcing to undertake the required zone monitoring and assessment regimes across all zones.</p>
Risk of Acting / Not Acting	<p>There is potential for the intent of the proposed provisions to not be consistently released across the country and, therefore, varying degrees of efficiency and effectiveness will be realised between local authorities. The costs of undertaking zone monitoring, and evaluations will low density zones may outweigh the benefits, and shift focus from zones which have more meaningful capacity potential.</p>	
Costs		Benefits
<p><u>Existing Community</u></p> <ul style="list-style-type: none"> ■ Some members of the community may perceive there are costs relating to them, as their submission and appeals may not amend policies and rules to the same extent as they have come accustomed to, where the changes sought are not aligned with the objectives (development outcomes anticipated). ■ No broader costs to the community have been identified. 		<p><u>Existing Community</u></p> <ul style="list-style-type: none"> ■ Certainty on the type of development envisaged for areas of the district given the direction for plan-makers to include the anticipated built form (future anticipated environment) in the zone descriptions. ■ Clarity for members of the community during plan-making processes (that is, those people who may otherwise not be confident navigating proposed provision to determine the anticipated built form outcome of a zone can more confidently rely on a general zone description that should reflect the anticipated built form without navigating all the provisions).
<p style="text-align: center;">+</p>		
<p><u>Future Generations</u></p> <ul style="list-style-type: none"> ■ The direction to include expected levels of amenity in the zone description will create a situation whereby the amenity of the built environment for future generations is dictated by the amenity values of the current generation – no recognition that amenity values change over time. 		<p><u>Future Generations</u></p> <ul style="list-style-type: none"> ■ Long term capacity outcomes for zones (which are designed with future generations in mind) will be more likely to be achieved, to help ensure that there are sufficient numbers of homes for them to live in. ■ Recognition that amenity values change over time and, therefore, the expected levels of amenity is not described in the zone description and therefore not dictated by current generations.

+

Iwi / Māori

- No direct or indirect costs have been identified.

Iwi / Māori

- Iwi will be able to comment strategically on the outcomes for zones knowing that they are confident that the collective provisions of zones will meet the overall intent. This will reduce their time commitment and effort when they provide their feedback and submissions via engagement with local authorities.

++

Owners

- No direct or indirect costs have been identified.

Owners

- Owners will have more certainty of the changes anticipated in their neighbourhoods.

+

Renters

- No direct or indirect costs have been identified.

Renters

- Potential benefits for renters, where the certainty and enablement provided through the policy direction supports the delivery of increased housing supply, including a range of different housing types and sizes, to better meet the evolving needs of renters into the future.

++

Developers

- No direct or indirect costs have been identified.

Developers

- Zone provisions are monitored and evaluated to ensure they do not constrain development in zones where development is anticipated – thus reducing any unnecessary consents / barriers for developers in zones where such barriers are contrary to the level of development envisaged.
- If an area demonstrates low uptake during Council monitoring, the area will be evaluated and, if required, the spatial extent and / or zone provisions can be amended to increase / encourage uptake. This will

	<p>provide more opportunities for developers by “freeing” up development in areas that are otherwise constrained, and potentially unfeasible (such as height controls creating uneconomical developments – noting developments become more feasible at six stories or greater), given the restrictive provisions and / or spatial extent of zones.</p> <ul style="list-style-type: none"> ■ Provides certainty to developers during the resource consent process insofar as development that are anticipated to meet the zone description should therefore be enabled through the relevant provisions (rather than constrained). ■ Developers may be given the opportunity to comment on constraint issues via evaluation reporting, to help improve the feasibility of zones.
+	
<p><u>Businesses</u></p> <ul style="list-style-type: none"> ■ No direct or indirect costs have been identified. 	<p><u>Businesses</u></p> <ul style="list-style-type: none"> ■ In areas where uptake is anticipated, but not achieved, Council are directed to evaluate the zone extent and provisions and, if appropriate, amend them (through a plan change) to enable the anticipated uptake in an area. Therefore, businesses in areas where uptake is identified as ‘low’ and the subsequent revision of zone provisions and / or spatial extent enables uptake, existing businesses will benefit from the resulting intensification such as via agglomeration benefits.
+	
<p><u>Local Authority</u></p> <ul style="list-style-type: none"> ■ Increased cost and resources to ensure monitoring and evaluation is undertaken and any subsequent plan changes are prepared and implemented when evidence shows low uptake due to cumulative zone provisions and / or the spatial extent of the zones. ■ Vague direction around when monitoring should occur and when the corresponding evaluation and required changes to a zone should occur. 	<p><u>Local Authority</u></p> <ul style="list-style-type: none"> ■ Direction and guidance during the plan-making process emphasising crafting objectives and supporting policies that clearly articulate the outcomes anticipated in the zone and how they will be achieved via consistent and corresponding rules and assessment criteria.
-	
<p><u>Natural Environment</u></p>	<p><u>Natural Environment</u></p> <ul style="list-style-type: none"> ■ No direct or indirect benefits have been identified.

<ul style="list-style-type: none">■ A focus on enabling development through zone descriptions may result in natural environment bottom lines being impinged by enabling greater development rights to achieve uptake.		
0		
Alternate Approach 1 – Status Quo	Status quo – retaining current approach <i>The current NPS-UDC 2016 contains a responsive planning section which required local authorities to adapt and respond to evidence about urban development, market activity, and the social, economic, cultural and environmental wellbeing of people and communities and future generations, in a timely way (that is, Objective O2).</i>	
Overall Evaluation	The NPS-UDC 2016 contains a responsive planning section that requires local authorities to adapt and respond to evidence about urban development, market activity and the social, economic, cultural and environmental wellbeing of people and communities and future generations. A proactive approach is more appropriate to achieve the objectives.	
Effectiveness and Efficiency		
	<u>Effectiveness</u> The collective impact of rules and assessment criteria often doesn't support the kinds of development envisioned by the plan and the objectives for a zone.	<u>Efficiency</u> It is considered that given the costs relative to the benefits, this option has a low level of efficiency. The status quo approach focuses on looking at the efficacy of locations for providing for capacity and stepping out the process which must be taken by local authorities when capacity is found to be insufficient. This is not an efficient way to ensure zones meet their intended outcomes given this approach does not adopt careful consideration of the zone rule framework that may undermine the intent of the zone and inhibit urban development.
Risk of Acting / Not Acting	Retaining the status quo approach will, with respect to tier 1 centres, continue to entrench the issue of rules eroding the original intent of the zone, objectives and district-wide objectives that they are intending to meet.	
Costs		Benefits
<u>All 'user groups'</u> <ul style="list-style-type: none">■ Indirect cost to all users' groups that the intent of zones may be comprised by the corresponding rule framework. This creates issues for all groups insofar as the intended built environment of a zone is not attainable.		<u>All 'user groups'</u> <ul style="list-style-type: none">■ No direct or indirect benefits have been identified.
Alternate Approach 2 –	Retain the intent of the 'Discussion Document' approach subject to various amendments	

Amending	<p><i>To retain the intent of the 'Discussion Document' approach subject to various amendments to:</i></p> <ul style="list-style-type: none"> • <i>Change the way the policy is achieved;</i> • <i>Change how the policy aligns with the HBA monitoring policies of the NPS-UD;</i> • <i>Reduce the number of tier 1 urban zones where the monitoring must be undertaken;</i> • <i>Do not require separate 'zone descriptions'; and</i> <p><i>Incorporate a number of technical changes to better achieve the intent of the policies.</i></p>	
Overall Evaluation	<p>This makes changes to the 'Discussion Document' approach to change the way the policy is achieved and how it is aligned with other policies in the NPS-UD.</p> <p>Recognising the potential conflicts with other policies within the NPS-UD, the 'preferred approach' replaces the 'Discussion Document' approach (that is, removing zone descriptions) with directions to plan-makers to describe both the intent of the outcomes (that is, the anticipated built form) and spatial distribution (that is, location principles and spread to achieve development capacity sought) in urban zone objectives.</p> <p>Further, the 'preferred approach' recognises that more clarity should be provided to identify when zone uptake monitoring should occur and when the corresponding evaluation and required changes to the zone should occur. The number of zones that must be monitored is reduced to key zones which provide meaningful housing intensification and development opportunities. Therefore the 'preferred approach' improves clarity and aligns the provisions to the HBA policy package – insofar as co-ordinating zone monitoring so that it feeds into the HBA capacity assessments to ensure any capacity issues are addressed at both an 'urban centre' level and 'zone' level.</p> <p>Overall, refining the policies will focus plan-making on lifting the performance of key urban zones which provide capacity for residential to provide new development - particularly new housing supply through narrowing the scope of the cumulative impacts assessment (with respect to the 'Discussion Document' approach) - and introducing time measures into the policy to ensure that monitoring, subsequent evaluations and necessary changes do occur and in a timely manner.</p>	
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Effectiveness and Efficiency	<p><u>Effectiveness</u></p> <p>This approach is considered to provide effective direction in relation to focus plan-making toward lifting the performance of urban zones. The approach builds on the recognition that various district plans in major urban centres have rules that often erode the original intent of zones, objectives and the district-wide objectives they intend to meet and provides clarity on the direction to plan-makers to avoid this.</p> <p>Effectiveness will be improved by having mandatory monitoring and evaluation of zone performance to ensure that ongoing plan-making via zone redrafting improves effectiveness of urban zones</p>	<p><u>Efficiency</u></p> <p>Focusing and refining the approach for plan-makers with respect to urban zone frameworks will result in a more efficient planning outcome by ensuring urban development envisaged in a zone is not restrained by the corresponding rule framework.</p>

Risk of Acting / Not Acting	The disconnection between the cumulative impact of rules (including assessment criteria) in plans and development outcomes for urban zones will continue under the status quo. Specifically, the constraints experienced by the collective zone policies, rules and assessment criteria are failing to enable the outcomes sought in objectives will continue and needed housing capacity will fail to be sufficiently provided. Councils will continue to produce zone plan changes that, more often than not will have the zone outcome eroded via drafting which responds to consultation, submitter feedback, the hearing processes and subsequent appeals.	
Costs <i>(only where they differ from Discussion Document Approach above)</i>	Benefits <i>(only where they differ from Discussion Document Approach above)</i>	
<u>All ‘user groups’</u> <ul style="list-style-type: none">■ No direct or indirect costs have been identified.	<u>Local Authorities</u> <ul style="list-style-type: none">■ Provides greater direction and guidance for local authorities on describing the ‘zone objectives’ (that is, the intent of the zone outcomes – including anticipated built form – and the spatial distribution of the zone to achieve the development capacity sought).■ Provides clarity around zone monitoring and evaluation – directing local authorities feed zone monitoring into the Housing and Business Assessments (ensuring capacity issues are addressed holistically from the overall capacity of the urban centre, down to the update of zones). This will ensure a more effective and efficient use of resources.	
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Evaluation of the Provisions of the National Policy Statement - Intensification

Evaluation of proposed 'Intensification' provisions

The purpose of this evaluation is to determine the effectiveness and efficiency of each approach, and whether it is the most appropriate way to achieve Objective O2, O4 and O6. Each of the approaches includes an 'overall evaluation' that summarises the approach's appropriateness to achieving Objective O2, O4 and O6. The below assessment tables seek to provide a more comprehensive assessment of cost and benefits associated with the 'Discussion Document' approach and the 'status quo', with the subsequent assessment of 'alternative approaches' only identifying further costs and benefits, where they are in addition to / differ from those costs and benefits which have already been assessed as part of the 'Discussion Document' and 'status quo' approach.

Policy P6A: Enabling high-density development in all urban areas

Policy P6B: Regional Councils must include the following objective into their regional policy statements:

To enable residential intensification that ensures the efficient use of existing urban land, infrastructure, services and facilities.

Discussion Document Approach

Introduce a range of policies that would:

For All Urban Environments:

- a) a policy directing councils to enable higher density development, especially in areas where there are enabling factors such as proximity to employment, amenities and services, high demand for housing or where best use can be made of existing or planned infrastructure. Plan changes would need to be notified within 18 months of gazetting the NPS-UD (Discussion Document Policy P6A);*

For Tier 1 Centres:

- a) a policy to be directly inserted into Regional Policy Statements to ensure appropriate enablement and support for urban intensification (Discussion Document P6B);*
- b) a 'descriptive' policy approach (Policy P6C Option 1 in the discussion document) setting out how and where higher density developments are to be provided for;*
- c) a 'prescriptive' policy approach (Policy P6C Option 2 in the discussion document) setting out how and where higher density developments are to be provided for; and*
- d) a policy to be directly inserted into District Plans to support the intent of the directive policies until such time as local authorities are able to fully implement the NPS direction through Plan Change processes (Discussion Document P6D).*

Overall Evaluation	<p>Overall, the proposed policy will provide clear guidance to Councils, decision-makers and plan users as to the expectations in relation to providing for higher density development and which areas / locations are considered most appropriate for such enablement. The policy approach will be efficient in that the identified benefits are considered to be potentially high, when compared to the status quo.</p> <p>The economic analysis notes that urban areas / cities draw people in and in doing so this has the potential to increase the costs of land. But this should not be seen as negative outcome. Rather, the intent of the policy – through enabling and providing for higher-density development in appropriate locations – assists in ‘decoupling’ the existing relationship between house prices and land prices and in doing so will help to make urban land more feasible for undertaking urban development at higher densities. This will assist to improve the delivery of more high-density development and a broader choice of housing options, with flow on benefits in particular for first home buyers, renters (including low income households) as well as future generations. The economic analysis identifies the following overall benefits of the policy intent:</p> <ul style="list-style-type: none"> ■ Enabling higher-density development / intensification assists: <ul style="list-style-type: none"> – to decouple land prices from house prices; – to lower both house prices and rents, with the potential for associated increases in discretionary income (particularly for first home buyers and renters and low-income households); – reduce the concentration of wealth (primarily for existing owners), with a resulting transfer of this wealth across a broader portion of society; – lower congestion network costs; ■ Increasing the supply and choice of housing options has positive effects for equity across communities generally; ■ Increasing densities of development and activities creates agglomeration benefits to communities, including increases to productivity, wages and employment; ■ The benefits of urban intensification are best realised by focussing enablement of higher-density development in high amenity locations – thus supporting the overall policy intent; and ■ The overall benefits associated with the policy intent are potentially in the order of \$8-\$9bn over 30 years. <p style="text-align: center;">++</p>	
Effectiveness and Efficiency	<p><u>Effectiveness</u></p> <p>Overall, the proposed policy will be effective in providing guidance to Councils, decision-makers and plan users as to the expectations in relation to providing for higher density development and which areas / locations are considered most appropriate for such enablement.</p>	<p><u>Efficiency</u></p> <p>It is considered that given the costs relative to the benefits, this option has a high level of efficiency. The policy approach will be efficient in clearly directing that district plans must provide for higher-density residential development.</p>
Risk of Acting / Not Acting	<p>Any risks associated with implementing the Discussion Document Policy P6A are considered to outweigh the risks associated with not acting. While the above assessment identifies potential costs / effects of the policy intent for a range of the community, such as for existing owners, Iwi / Māori and local authorities – the risks of not acting are considered to have greater potential costs / negative</p>	

	<p>effects, in particular for existing communities, future generations, renters (particularly in relation to low incomes households), first home buyers, businesses and the natural environment. This is because 'not acting' would fail to achieve both the intent of the overall suite of NPS-UD provisions, as well as the intent of and outcomes sought specifically through the 'Intensification' provisions. In particular, the various benefits of intensification – as highlighted through the economic analysis – would likely not be realised, such as decoupling land prices from house prices; lowering both housing and rental costs; reducing existing concentrations of wealth; increasing the supply and choice in housing as well as the creation of agglomeration benefits and associated increases to productivity, wages and employment.</p>
Costs	Benefits
<p><u>Existing Community</u></p> <ul style="list-style-type: none"> ■ Potential to enable higher densities of development in communities in which the majority may wish to maintain the existing built form / character of a particular area, where a proposed increase in density is perceived to adversely affect existing character / sense of place / amenity values. <p><u>Economic Analysis:</u></p> <ul style="list-style-type: none"> ■ Higher densities of development can create internalised costs / effects in relation to congestion, overcrowding as well as potential impacts / costs to neighbours (e.g. associated with overshadowing, blocked views etc). These costs / effects are generally able to be mitigated, through measures such as design-related rules to manage the quality of the built environment, or the use of congestion charging / provision of increased non-car transport options ('Costs and Benefits of Urban Growth' Report, MR Cagney, 2019). 	<p><u>Existing Community</u></p> <ul style="list-style-type: none"> ■ Reduces the potential for a constraint / barrier to new higher density development on communities in which the majority wish to change part of the built environment that is considered to no longer meet the needs of the community. ■ Provides greater certainty with regard to expectations relating to urban intensification within planning process and the wider RMA framework. <p><u>Economic Analysis:</u></p> <ul style="list-style-type: none"> ■ A reduction in the concentration of wealth amongst existing owners will assist in transferring / redistributing this existing wealth concentration across a wider portion of the existing community. ■ Agglomeration benefits likely to occur as a result of enabling intensification, with increasing concentrations of people living and working together leading to productivity gains for existing workers / communities. ■ Potential 'consumer surplus' benefits, associated with increased densities and broader housing choices, enabling people to gain access to housing at a cheaper price than what they otherwise might have paid / been prepared to pay under existing 'status quo' market conditions.
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<p><u>Future Generations</u></p> <ul style="list-style-type: none"> ■ The provision of higher densities of development for future generations is decided by current generations in the present day. 	<p><u>Future Generations</u></p> <ul style="list-style-type: none"> ■ Potential for a wider range of housing types / choices (with a resulting broader range of house prices) to be available in the future, as a result of increased enablement for differing densities of development (e.g. no longer a predominance of single dwellings).

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- Higher densities of development are less likely to be unduly curtailed by Councils / decision makers favouring a continuation of already established / existing built form patterns in urban areas.
 - Impacts of development proposals and Plan-making processes which seek to enable urban intensification, in relation to future generations / communities can be directly considered by Councils during the decision-making process.

Economic Analysis:

- A reduction in the concentration of wealth amongst existing owners will assist in transferring / redistributing this existing wealth concentration across a wider portion of the community – for the benefit of future generations.
- Agglomeration benefits likely to occur as a result of enabling intensification, with increasing concentrations of people living and working together leading to productivity gains for future generations.
- Potential 'consumer surplus' benefits, associated with increased densities and broader housing choices, enabling people to gain access to housing at a cheaper price than what they otherwise might have paid / been prepared to pay under 'status quo' market conditions.

Iwi / Māori

- Potential for increased pressure in relation to identification / documentation of sites of significance / wāhi tapu, as enablement for intensification may spur an increase in development applications for higher density developments in urban areas.

Iwi / Māori

- Potential for a wider range of housing types / choices (with a resulting broader range of house prices) to be available in the future, as a result of increased enablement for differing densities of development (e.g. no longer a predominance of single dwellings).
- Increased enablement of intensification has the potential to provide additional opportunities for Iwi as developers within urban areas to provide additional housing choice.

Economic Analysis:

- A reduction in the concentration of wealth amongst existing owners will assist in transferring / redistributing this existing wealth concentration across a wider portion of the community – for the benefit of Māori.
- Potential 'consumer surplus' benefits, associated with increased densities and broader housing choices, enabling people to gain access to housing at a cheaper price than what they otherwise might have paid / been prepared to pay under 'status quo' market conditions.

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Owners

- Potential for increased densities of development adjacent to existing built forms or a lower density, with the potential for adverse effects to existing property owners if the bulk and location of new developments are not appropriately managed.

Economic Analysis:

- Enablement of urban intensification can lead to a reduction in the existing concentration of wealth amongst existing homeowners. While this is not a direct 'cost', the impact of this reduced concentration of wealth would likely be a 'dampening' of the benefit which these existing homeowners have experienced to date.
- Higher densities of development can create internalised costs / effects in relation to potential impacts / costs to neighbours (e.g. associated with overshadowing, blocked views, changes to aesthetics of existing neighbourhoods etc). These

Owners

- Provides greater certainty with regard to expectations relating to urban intensification within planning process and the wider RMA framework.

costs / effects are generally able to be mitigated, through measures such as design-related rules to manage the quality of the built environment, for instances building height / building setback / 'outlook' / private open space rules ('Costs and Benefits of Urban Growth' Report, MR Cagney, 2019).

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Renters

- Potential costs for renters if existing rental accommodation is proposed for redevelopment to achieve higher density outcomes – can result in some existing rental stock being temporarily removed from the rental market supply.
- Replacement / new rental stock potentially delivered in new developments could be initially at a higher rental cost (until such time as rental supply is better aligned with demand).

Renters

- Potential benefits for renters, where the certainty and enablement provided through the policy direction supports the delivery of increased housing supply, including a range of different housing types and sizes, to better meet the evolving needs of renters into the future.

Economic Analysis:

- Enablement of intensification opportunities and the potential delivery of a broader range of housing choices, across a wider geographic area, will have benefits across the board for a lowering of rental costs as rental supply is better aligned with demand.
- Potential 'consumer surplus' benefits for renters, associated with increased densities and broader rental choices, enabling people to gain access to housing at a cheaper rent than what they otherwise might have paid / been prepared to pay under 'status quo' market conditions.

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Developers

- Potential increased urban design input to resource consent applications due to greater densities of development and the need to manage built form outcomes.
- Potential confusion, given less directive / specific policy wording, as to exactly where higher densities of development will be provided for – leads to reduced certainty of outcome sought to be achieved by the policy.

Developers

- Certainty provided to developers that urban intensification / higher densities of development is to be enabled / provided for in appropriate locations.
- Increased urban design input /assessments for new development can result in improved built form / design outcomes.

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Businesses

Businesses

<ul style="list-style-type: none"> ■ Potential for costs / adverse effects resulting from land use incompatibilities / reverse sensitivity where new, higher density development seeks to establish alongside existing business operations. 	<ul style="list-style-type: none"> ■ Certainty provided to business that urban intensification / higher densities of development is to be enabled / provided for in appropriate locations. <p><u>Economic Analysis:</u></p> <ul style="list-style-type: none"> ■ Agglomeration benefits likely to occur as a result of enabling intensification, with increasing concentrations of people living and working together leading to productivity gains for existing and future workers / communities.
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<p><u>Local Authority</u></p> <ul style="list-style-type: none"> ■ May require a lengthier process (than current state) to assess and balance the potential adverse effects and perceived benefits of urban intensification during the decision-making process, with a more specific requirement to consider impacts in relation to future generations. ■ Costs for local authorities in relation to reviewing / amending statutory planning documents to give effect to the policy direction (local authorities will need to identify and provide for urban intensification in appropriate locations). ■ Potential costs for infrastructure providers, where upgrades to existing / provision of new infrastructure may be necessary in order to service the intensification enablement envisioned by the policy intent. 	<p><u>Local Authority</u></p> <ul style="list-style-type: none"> ■ Provides direct guidance to Council as to where to provide for higher-density residential activities, but with sufficient flexibility to enable Council's to assess and determine on an individual basis a "suitable catchment areas". ■ Affords specific direction to local authorities and decision makers to consider the impacts of proposals for future generations, particularly for notified application processes where the focus through public submissions received on higher-density development proposals generally focus on effects on existing built form character / existing residents.
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<p><u>Infrastructure Providers</u></p> <ul style="list-style-type: none"> ■ Potential costs for infrastructure providers, where upgrades to existing / provision of new infrastructure may be necessary in order to service the intensification enablement envisioned by the policy intent. 	<p><u>Infrastructure Providers</u></p> <ul style="list-style-type: none"> ■ Potential benefits to infrastructure providers over time, where urban growth and intensification is better concentrated within the urban environment, with lesser need to service new growth areas on the periphery of existing urban environments through provision of new infrastructure (e.g. achieving economies of scale, where planned intensification enables more efficient long-term infrastructure planning.
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<p><u>Natural Environment</u></p> <ul style="list-style-type: none"> ■ Potential for increased pressure on natural resources (e.g. such as water quality) if urban intensification is not appropriately managed in relation to potential adverse effects on the natural environment. 	<p><u>Natural Environment</u></p> <ul style="list-style-type: none"> ■ Potential longer-term benefits to the natural environment – associated with the more efficient use of urban land and potential flow-on impacts for reducing travel distances (where people have increased opportunities to

<ul style="list-style-type: none"> ■ Consultation / submission feedback highlighted the potential for costs in relation to enablement of urban intensification ‘overriding’ environmental values / key constraints (e.g. in relation to locations which may be inappropriate for intensification, such as where natural hazards are present or on highly productive land for instance). 	<p>live in closer proximity to their place of work), such as reduced carbon emissions.</p> <ul style="list-style-type: none"> ■ Potential to encourage the provision of access to facilities, such as public open space and / or reserves or public access to the coast, in developments that seek to offset and / or mitigate the potential adverse effects in relation to urban intensification. This can be a benefit both for the immediate occupants of new developments (where such mitigation has been provided) as well as potentially for the wider local community who may also benefit from such enhancements. <p><u>Economic Analysis:</u></p> <ul style="list-style-type: none"> ■ Likely benefits associated with lower congestion network costs, with associated environmental benefits (e.g. reduction in carbon emissions over time where travel distances / times decrease as urban intensification enablement is realised).
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Alternate Approach (a)(i) – Status Quo	(1) Status quo – retaining current approach The draft intensification provisions would be removed from the proposed NPS-UD, with continued reliance on the provisions of the NPS-UDC (e.g. no specific direction as to where to enable and provide for urban intensification and high-density activities for all urban environments).	
Overall Evaluation	Overall, the continuation of the status quo approach will be ineffective in providing any clear guidance to Councils, decision-makers and plan users as to the expectations in relation to providing for higher density development, including which urban areas / locations are considered most appropriate for such enablement. The status quo approach will be inefficient in that the identified costs are considered to be potentially high, when compared to the identified benefits of continuing the status quo. The various benefits associated with urban intensification and enablement of higher-density development, as identified in the CBA Report, would not be achieved through a continuation of the status quo approach – and as such the overall intent of what the NPS-UD is seeking to achieve is unlikely to be realised.	
Effectiveness and Efficiency	<u>Effectiveness</u> This approach will not assist to improve the delivery of more high-density development and a broader choice of housing options, meaning potential flow on benefits in particular for first home buyers, renters (including low income households) as well as future generations are also unlikely to be achieved.	<u>Efficiency</u> It is considered that given the costs relative to the benefits, the ‘status quo’ approach has a high level of cost and inefficiency. The ‘status quo’ approach will not be efficient in clearly directing that district plans must provide for higher-density residential development.

Risk of Acting / Not Acting	The risks of not acting are considered to have greater potential costs / negative effects, in particular for existing communities, future generations, renters (particularly in relation to low incomes households), first home buyers, businesses and the natural environment. This is because 'not acting' would fail to achieve both the intent of the overall suite of NPS-UD provisions, as well as the intent of and outcomes sought specifically through the 'Intensification' provisions.	
Costs		Benefits
<u>Existing Community</u> <ul style="list-style-type: none"> Retains potential development constraints on communities in which the majority wish to change part of the built environment that is considered to no longer meet the needs of the community. <u>Economic Analysis:</u> <ul style="list-style-type: none"> Continuation of the 'status quo' concentration of wealth amongst current owners – no improvement in relation to wider transfer of equity across communities. Unlikely to achieve improved agglomeration and associated productivity benefits. Unlikely to achieve 'consumer surplus' benefits, with continued 'status quo' delivery of a narrower range of housing choices, with less price variation, meaning potentially negative impacts particularly for first home buyers, renters and low-income households. 		<u>Existing Community</u> <ul style="list-style-type: none"> Curtails development in communities in which the majority wish to maintain the existing built form / character of a particular area for which a proposed development can perceived to adversely affect the existing character / sense of place / amenity values.
<u>Future Generations</u> <ul style="list-style-type: none"> A likely continuation of the status quo approach, which generally favours consideration of amenity effects to the existing community / individuals. <u>Economic Analysis:</u> <ul style="list-style-type: none"> Continuation of the 'status quo' concentration of wealth amongst current owners – no improvement in relation to wider transfer of equity across communities for the benefit of future generations. Unlikely to achieve improved agglomeration and associated productivity benefits for future generations. Unlikely to achieve 'consumer surplus' benefits for future generations, with continued 'status quo' delivery of a narrower range of housing choices, with less 		<u>Future Generations</u> <ul style="list-style-type: none"> No direct or indirect benefits have been identified.

price variation, meaning potentially negative impacts particularly for first home buyers, renters and low-income households.

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Iwi / Māori

- A continuation of the status quo approach could likely lead to the continued delivery of a limited range of dwelling types and choices (with a predominance towards continuing to deliver stand alone, single dwellings), with this potentially having adverse impacts on Māori due to limited housing options, with associated limits on affordability.

CBA Report Findings:

- Continuation of the 'status quo' concentration of wealth amongst current owners – no improvement in relation to wider transfer of equity across communities for the benefit of Iwi / Māori.
- Unlikely to achieve 'consumer surplus' benefits for Iwi / Māori, with continued 'status quo' delivery of a narrower range of housing choices, with less price variation, meaning potentially negative impacts, particularly for first home buyers, renters and low-income households.

Iwi / Māori

- No direct or indirect benefits have been identified.

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Owners

- Existing built form and character of the existing environment will generally continue to dictate the assessment of potential adverse effects of higher density development during decision-making.

Economic Analysis:

- Continuation of the 'status quo' concentration of wealth amongst current owners – no improvement in relation to wider transfer of equity across communities.
- Unlikely to achieve 'consumer surplus' benefits, with continued 'status quo' delivery of a narrower range of housing choices, with less price variation, meaning potentially negative impacts particularly for first home buyers.

Owners

- No notable increase in urban design input to resource consent applications.

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Renters

- A continuation of the status quo approach could likely lead to the continued delivery of a limited range of dwelling types and choices (with a predominance towards continuing to deliver stand alone, single dwellings), with this having adverse impacts on renters due to limited housing options, with associated limits on rental affordability.

Economic Analysis:

- Continued 'status quo' approach in relation to enablement of intensification opportunities with limited potential for the delivery of a broader range of housing choices, across a wider geographic area, will limit the potential for a lowering of rental costs as rental supply will continue to be mis-matched with demand.
- Unlikely to achieve 'consumer surplus' benefits, with continued 'status quo' delivery of a narrower range of housing choices, with less price variation, meaning potentially negative impacts for renters and low incomes households.

Renters

- No direct or indirect benefits have been identified.

Developers

- A continuation of the status quo approach could likely lead to the continued delivery of a limited range of dwelling types and choices, with limited ability for developers to undertake higher density development.

Economic Analysis:

- Continued 'status quo' approach unlikely to enable broader intensification opportunities, thus reducing the likelihood that more land holdings in appropriate locations within urban areas become economically viable to develop to higher densities.

Developers

- No direct or indirect benefits have been identified.

Businesses

- Potential costs in relation to economic productivity, with the benefits of intensification unlikely to be realised.

Economic Analysis:**Businesses**

- No direct or indirect benefits have been identified.

<ul style="list-style-type: none"> ■ Unlikely to achieve improved agglomeration and associated productivity benefits. 	
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<p><u>Local Authority</u></p> <ul style="list-style-type: none"> ■ No further guidance provided for local authorities and decision makers with regard to how and where to provide for higher density residential activities and urban intensification. 	<p><u>Local Authority</u></p> <ul style="list-style-type: none"> ■ No increase to Council costs of administering new provisions. ■ No increase to processing applications in respect to higher density residential activities.
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<p><u>Infrastructure Providers</u></p> <ul style="list-style-type: none"> ■ Status quo approach to infrastructure planning and provision, likely with continuing request to service new growth areas with new infrastructure. 	<p><u>Infrastructure Providers</u></p> <ul style="list-style-type: none"> ■ Likely to be little sudden increase in infrastructure demand in urban areas, if greater enablement of urban intensification is not provided for.
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<p><u>Natural Environment</u></p> <ul style="list-style-type: none"> ■ Reduced potential for longer-term benefits to the natural environment – associated with the more efficient use of urban land and potential flow-on impacts for reducing travel distances (where people have increased opportunities to live in closer proximity to their place of work), such as reduced carbon emissions. ■ Continue of status quo unlikely to open up the ability to encourage the provision of access to facilities, such as public open space and / or reserves, in developments as a means of offsetting and / or mitigating the potential adverse effects in relation to amenity values. <p><u>Economic Analysis:</u></p> <ul style="list-style-type: none"> ■ Likely costs associated with continuation of existing congestion network costs, with continuation of associated negative environmental effects (e.g. curtailed ability for a reduction in carbon emissions over time where travel distances / times decrease as a result of urban intensification enablement). 	<p><u>Natural Environment</u></p> <ul style="list-style-type: none"> ■ Consultation / submission feedback highlighted the potential for benefits in relation to environmental values / key constraints (e.g. in relation to locations which may be inappropriate for intensification, such as where natural hazards are present or on highly productive land for instance) not being 'overridden' by urban intensification priorities / directives.
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<p>Alternate Approach (a)(ii) – Amended Discussion Document Approach</p> <p>AND</p> <p>Alternative Approach (b)(i) – ‘scaled’ plus ‘exceptions’</p> <p>AND</p> <p>Alternative Approach (c)(i) – provide policy direction through NPS-UD</p>	<p>This approach can be summarised as follows:</p> <ul style="list-style-type: none"> • Requiring ‘general intensification’ [Alternative Approach (a)(ii) - amended Discussion Document approach] to require regional policy statements and district plans to enable height and density which reflects the degree of accessibility to locations with a range of commercial and non-commercial activities; • A ‘scaled’ approach, which seeks to provide a mix of both the ‘prescriptive’ for intensification in relation to rapid transit networks and ‘descriptive’ as to focus growth in locations with existing or planned high accessibility to jobs, service and amenities, as well as the introduction of policy direction in relation to significant constraints which may make the enablement of urban intensification in some locations inappropriate – (Alternative Approach (b)(i) – ‘scaled’ plus ‘exceptions’ approach); and • In relation to implementation timeframes, requiring plan changes to be notified within 18 months of gazetting the NPS-UD (Alternative Options (c)(i) - Discussion Document approach) <p>For the avoidance of doubt there will be no ‘direct insertion’ requirement policies into Regional Policy Statements and District Plans, rather such policy direction will be via the NPS-UD only (Alternative Option (c)(i) – Policy direction through NPS-UD)</p>
<p>Overall Evaluation</p>	<p>Overall, the preferred approach will provide direction to Councils, decision-makers and plan users as to the expectations in relation to providing for higher density development and which locations that are considered most appropriate for such enablement based on public transit accessibility to jobs, amenities and services. The policy approach will be efficient in that the identified benefits are considered to be potentially high, when compared to the status quo.</p> <p>The preferred ‘scaled’ policy approach to directing intensification will assist in recognising that some locations further away from high accessibility to jobs, services and amenities may not have the same degree of infrastructure capability or commercial feasibility to support higher density development. It also focuses the approach to tier 1 centres which have capacity within local authorities to enable and then manage ‘high density’ developments and the resource consent applications for them. Prescriptive requirements to intensify in relation to rapid transit network stops will be required, recognising the degree of certainty of these locations, and the high level of service rapid transit provides to high density job centres. A descriptive approach to intensifying in locations with high levels of access to high numbers of jobs is proposed to afford local authorities with the ability to determine what locations meet this criterion, and the level of intensity to support and be supported by these centres. The scaled approach is considered to be both effective and efficient, as it strikes a balance between seeking to enable urban intensification in the locations where the benefits of intensification can best be realised, whilst also being clear in stating that there will be circumstances where the presence of significant local constraints (that is, “qualifying matters”) may mean that enablement for higher-density development in some areas would be inappropriate. In summary, this provides sufficient direction on the locations where high density is appropriate while still allowing local authorities flexibility to manage specific local issues.</p> <p>The economic analysis notes that urban areas / cities draw people in and in doing so this has the potential to increase the costs of land. This should not be seen as negative outcome as research shows that the cost of land becomes less important for house prices as the number of dwellings able to be built increases. Specifically, studies show land costs from \$5,000/sqm - \$30,000/sqm do not appear to drive house prices up in areas zoned for high-density.</p>

	<p>The intent of the policy – through enabling and providing for higher-density development in appropriate locations – assists in ‘decoupling’ the existing relationship between house prices and land prices and in doing so will help to make urban land more feasible for undertaking urban development at higher densities, particularly in locations with high demand (e.g. high accessibility by public transit to jobs, amenities and services). This will assist to improve the delivery of more high-density development and a broader choice of housing options, with flow on benefits in particular for first home buyers, renters (including low income households) as well as future generations.</p> <p>Analysis shows that, in New Zealand, doubling the number of jobs within commuting distance of a person’s home associated with a 6.5% increase in that person’s productivity. As jobs and homes are better located within proximity to each other and better connected by transport choices, the more that there will be an increase in general productivity nationally.</p> <p>In summary, the economic analysis identifies the following overall benefits of the policy intent:</p> <ul style="list-style-type: none">■ Enabling higher-density development and intensification assists:<ul style="list-style-type: none">– to decouple land prices from house prices;– to lower both house prices and rents, with the potential for associated increases in discretionary income (particularly for first home buyers and renters and low-income households);– to reduce the concentration of wealth (primarily for existing owners), with a resulting transfer of this wealth across a broader portion of society;– to lower congestion network costs;■ Increasing the supply and choice of housing options has positive effects for equity across communities generally;■ Increasing densities of development and activities creates agglomeration benefits (proximity of people to one another increases supply and demand) to communities, including increases to productivity, wages and employment;■ The benefits of urban intensification are best realised by focussing enablement of higher-density development in high amenity locations – thus supporting the overall policy intent; and <p>The overall benefits associated with the preferred policy approach are potentially in the order of \$8-\$9bn over 30 years.</p>	
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Effectiveness and Efficiency	<p><u>Effectiveness</u></p> <p>Overall, the proposed policy will be effective in providing a scaled approach to direct Councils, decision-makers and plan users as to the expectations in relation to providing for both higher density as well as medium density development and which areas / locations are considered most appropriate for such enablement.</p> <p>The proposed policy to make it clear that where a qualifying matter exists it must be proven to be incompatible with the level of development to be enabled and then to provide the highest</p>	<p><u>Efficiency</u></p> <p>It is considered that given the costs relative to the benefits, this option has a high level of efficiency. The policy approach will be efficient in clearly directing that district plans must provide for both higher-density and medium density development, while also providing balance (as part of the policy direction) which recognises that some areas may not be appropriate for urban intensification due to the presence of ‘qualifying matters’ of exception at a local level.</p> <p>The inclusion of the ‘qualifying matters’ recognises that local authorities are best placed to understand local constraints that</p>

	<p>level compatible with that matter will not undermine the intent of the policy.</p> <p>Focusing intensification within specific “walkable catchments” ensures that intensification is specifically directed to where the benefits are best realised. That is, increasing supply in highly productive and high amenity locations (for example, where accessibility to public transport results in low transport cost) in accordance with the policy direction of the ‘preferred approach’ (‘Costs and Benefits of Urban Growth’ Report, MR Cagney, 2019).</p> <p>Regarding ‘accessibility’ in urban environments, it is recognised that a level of guidance will need be afforded to the ‘descriptive’ approach (that is, local authorities determining the locations with high accessibility), however blending both the ‘descriptive’ and the ‘prescriptive’ approach, as preferred, provides a more effective approach than if, for example, establishing matters / qualities that work across all tier 1 urban environments (for example, frequent public transport).</p>	<p>may make a location incompatible with the level of density required by this policy, while still ensuring that the presumption switches to enabled intensification, unless, rather than the status quo.</p> <p>From a market perspective, the cost of land becomes less important for house prices as the number of dwellings able to be built increases (as high land values are less influential on house prices if they are spread over many units) (‘Costs and Benefits of Urban Growth’ Report, MR Cagney, 2019).</p>
Risk of Acting / Not Acting	<p>Any risks associated with implementing the ‘preferred approach’ are considered to outweigh the risks associated with not acting. While the below assessment identifies potential costs / effects of the policy intent for a range of the community, such as for existing owners, Iwi / Māori and local authorities – the risks of not acting are considered to have greater potential costs / negative effects, in particular for existing communities, future generations, renters (particularly in relation to low incomes households), first home buyers, businesses and the natural environment. This is because ‘not acting’ would fail to achieve both the intent of the overall suite of NPS-UD provisions, as well as the intent of and outcomes sought specifically through the ‘Intensification’ provisions. In particular, the various benefits of intensification – as highlighted through the economic analysis – would likely not be realised, such as decoupling land prices from house prices; lowering both housing and rental costs; reducing existing concentrations of wealth; increasing the supply and choice in housing as well as the creation of agglomeration benefits and associated increases to productivity, wages and employment.</p> <p>There are both potential timing and resourcing / costs risks for local authorities associated with being required to implement the requirements, through notification of a plan change. These risks are considered to be outweighed, however, by the risks associated with ‘not acting’ – which would primarily relate to the delayed implementation of the NPS-UD which has the potential to undermine (in particular, the longer the delay) the intent of what the policy direction is seeking to achieve.</p>	
Costs <i>(only where they differ from Discussion Document Approach above)</i>		Benefits <i>(only where they differ from Discussion Document Approach above)</i>

Existing Community

- Potential to enable higher densities of development in communities in which the majority may wish to maintain the existing built form / character of a particular area, where a proposed increase in density is perceived to adversely affect existing character / sense of place / amenity values.

Economic Analysis:

- Higher densities of development can create internalised costs / effects in relation to congestion, overcrowding as well as potential impacts / costs to neighbours (e.g. associated with overshadowing, blocked views etc). These costs / effects are generally able to be mitigated, through measures such as design-related rules to manage the quality of the built environment, or the use of congestion charging / provision of increased non-car transport options ('Costs and Benefits of Urban Growth' Report, MR Cagney, 2019).

Existing Community

- Reduces the potential for a constraint / barrier to new higher density development on communities in which the majority wish to change part of the built environment that is considered to no longer meet the needs of the community.
- Provides greater certainty with regard to expectations relating to urban intensification within planning processes and the wider RMA framework.

Economic Analysis:

- A reduction in the concentration of wealth amongst existing owners will assist in transferring / redistributing this existing wealth concentration across a wider portion of the existing community – providing benefits particularly for first home buyers.
- Agglomeration benefits likely to occur as a result of enabling intensification, with increasing concentrations of people living and working together leading to productivity gains for existing workers / communities.
- Potential 'consumer surplus' benefits, associated with increased densities and broader housing choices, enabling people to gain access to housing at a cheaper price than what they otherwise might have paid / been prepared to pay under existing 'status quo' market conditions.

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Future Generations

- The provision of higher densities of development for future generations is decided by current generations in the present day.

Future Generations

- Potential for a wider range of housing types / choices (with a resulting broader range of house prices) to be available in the future, as a result of increased enablement for differing densities of development (e.g. no longer a predominance of single dwellings).
- Higher densities of development are less likely to be unduly curtailed by Councils / decision makers favouring a continuation of already established / existing built form patterns in urban areas.
- Impacts of development proposals and Plan-making processes which seek to enable urban intensification, in relation to future generations / communities can be directly considered by Councils during the decision-making process.

Economic Analysis:

	<ul style="list-style-type: none"> ■ A reduction in the concentration of wealth amongst existing owners will assist in transferring / redistributing this existing wealth concentration across a wider portion of the community – for the benefit of future generations. ■ Agglomeration benefits likely to occur as a result of enabling intensification, with increasing concentrations of people living and working together leading to productivity gains for current and future generations. ■ Potential ‘consumer surplus’ benefits, associated with increased densities and broader housing choices, enabling people to gain access to housing at a cheaper price than what they otherwise might have paid / been prepared to pay under ‘status quo’ market conditions.
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<u>Iwi / Māori</u> <ul style="list-style-type: none"> ■ Potential for increased pressure in relation to identification / documentation of sites of significance / wāhi tapu, as enablement for intensification may spur an increase in development applications for higher density developments in urban areas. 	<u>Iwi / Māori</u> <ul style="list-style-type: none"> ■ Potential for a wider range of housing types / choices (with a resulting broader range of house prices) to be available in the future, as a result of increased enablement for differing densities of development (e.g. no longer a predominance of single dwellings). ■ Increased enablement of intensification has the potential to provide additional opportunities for Iwi as developers within urban areas to provide additional housing choice. <p><u>Economic Analysis:</u></p> <ul style="list-style-type: none"> ■ A reduction in the concentration of wealth amongst existing owners will assist in transferring / redistributing this existing wealth concentration across a wider portion of the community – for the benefit of Māori. ■ Potential ‘consumer surplus’ benefits, associated with increased densities and broader housing choices, enabling people to gain access to housing at a cheaper price than what they otherwise might have paid / been prepared to pay under ‘status quo’ market conditions.
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<u>Owners</u> <ul style="list-style-type: none"> ■ Potential for increased densities of development adjacent to existing built forms of a lower density, with the potential for adverse effects to existing property 	<u>Owners</u> <ul style="list-style-type: none"> ■ Provides greater certainty with regard to expectations relating to urban intensification within planning process and the wider RMA framework.

owners if the bulk and location of new developments are not appropriately managed.

Economic Analysis:

- Enablement of urban intensification can lead to a reduction in the existing concentration of wealth amongst existing homeowners. While this is not a direct 'cost', the impact of this reduced concentration of wealth would likely be a 'dampening' of the benefit which these existing homeowners have experienced to date.
- Higher densities of development can create internalised costs / effects in relation to potential impacts / costs to neighbours (e.g. associated with overshadowing, blocked views, changes to aesthetics of existing neighbourhoods etc). These costs / effects are generally able to be mitigated, through measures such as design-related rules to manage the quality of the built environment, for instances building height / building setback / 'outlook' / private open space rules ('Costs and Benefits of Urban Growth' Report, MR Cagney, 2019).

Economic Analysis:

- Enabling urban intensification / higher density development will likely increase the land value of those properties recognised within the "walkable catchments" (e.g. in CBD; around rapid transit and other high accessibility locations closer to amenities and services etc).
- Enabling intensification will 'open' select sites for subdivision and, therefore, likely increase the land value of those properties.

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Renters

- Potential costs for renters if existing rental accommodation is proposed for redevelopment to achieve higher density outcomes – can result in some existing rental stock being temporarily removed from the rental market supply.
- Replacement / new rental stock potentially delivered in new developments could be initially at a higher rental cost (until such time as rental supply is better aligned with demand).

Renters

- Potential benefits for renters, where the certainty and enablement provided through the policy direction supports the delivery of increased housing supply, including a range of different housing types and sizes, to better meet the evolving needs of renters into the future.

Economic Analysis:

- Enablement of intensification opportunities and the potential delivery of a broader range of housing choices, across a wider geographic area, will have benefits across the board for lowering rental costs as rental supply is better aligned with demand.
- Potential 'consumer surplus' benefits for renters, associated with increased densities and broader rental choices, enabling people to gain access to housing at a cheaper rent than what they otherwise might have paid / been prepared to pay under 'status quo' market conditions.

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Developers

- Potential increased urban design input to resource consent applications due to greater densities of development and the need to manage built form outcomes.
- Potential confusion, given less directive / specific policy wording, as to exactly where higher densities of development will be provided for – leads to reduced certainty of outcome sought to be achieved by the policy.

Developers

- Certainty provided to developers that urban intensification / higher densities of development is to be enabled / provided for in appropriate locations.
- Increased urban design input /assessments for new development can result in improved built form / design outcomes.

Economic Analysis:

- While enabling urban intensification / higher density development will likely increase the value / cost of land, particularly in high land value locations (e.g. in CBD; closer to amenities and services etc), this land value increase in combination with the intensification enablement will provide more feasible options for developers (e.g. the ability to develop more houses on the same area of land than was previously possible).

+**Businesses**

- Potential for costs / adverse effects resulting from land use incompatibilities / reverse sensitivity where new, higher density development seeks to establish alongside existing business operations.

Businesses

- Certainty provided to business that urban intensification / higher densities of development is to be enabled / provided for in appropriate locations.

Economic Analysis:

- Agglomeration benefits likely to occur as a result of enabling intensification, with increasing concentrations of people living and working together leading to productivity gains for existing and future workers / communities.
- High densities should help to attract highly skilled workers from overseas who are more likely to work in places with higher densities, which will support productivity gains.

++**Local Authority**

- May require a lengthier process (than current state) to assess and balance the potential adverse effects and perceived benefits of urban intensification during the decision-making process, with a more specific requirement to consider impacts in relation to future generations.

Local Authority

- Provides direct guidance to Council as to where to provide for higher-density residential activities, but with sufficient flexibility to enable Council's to assess and determine on an individual basis a "suitable catchment areas, and high accessibility/job density locations, as well as the density/height suitable in these locations".

- Costs for local authorities in relation to reviewing / amending statutory planning documents to give effect to the policy direction (local authorities will need to identify and provide for urban intensification in appropriate locations).
- Potential costs for infrastructure providers, where upgrades to existing / provision of new infrastructure may be necessary in order to service the intensification enablement envisioned by the policy intent.
- Costs to identify the appropriate locations with descriptive requirements, and then undertake the analysis to determine whether an 'exemption' applies.

- Affords specific direction to local authorities and decision makers to consider the impacts of proposals for future generations, particularly for notified application processes where the focus through public submissions received on higher-density development proposals generally focus on effects on existing built form character / existing residents.

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Infrastructure Providers

- Potential costs for infrastructure providers, where upgrades to existing / provision of new infrastructure may be necessary in order to service the intensification enablement envisioned by the policy intent.

Infrastructure Providers

- Potential benefits to infrastructure providers over time, where urban growth and intensification is better concentrated within the urban environment, with lesser need to service new growth areas on the periphery of existing urban environments through provision of new infrastructure (e.g. achieving economies of scale, where planned intensification enables more efficient long-term infrastructure planning).

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Natural Environment

- Potential for increased pressure on natural resources (e.g. such as water quality) if urban intensification is not appropriately managed in relation to potential adverse effects on the natural environment.
- Consultation / submission feedback highlighted the potential for costs in relation to enablement of urban intensification 'overriding' environmental values / key constraints (e.g. in relation to locations which may be inappropriate for intensification, such as where natural hazards are present or on highly productive land for instance).

Natural Environment

- Potential longer-term benefits to the natural environment – associated with the more efficient use of urban land and potential flow-on impacts for reducing travel distances (where people have increased opportunities to live in closer proximity to their place of work), such as reduced carbon emissions.
- Potential to encourage the provision of access to facilities, such as public open space and / or reserves or public access to the coast, in developments that seek to offset and / or mitigate the potential adverse effects in relation to urban intensification. This can be a benefit both for the immediate occupants of new developments (where such mitigation has been provided) as well as potentially for the wider local community who may also benefit from such enhancements.

Economic Analysis:

	Likely benefits associated with lower congestion network costs, with associated environmental benefits (e.g. reduction in carbon emissions over time where travel distances / times decrease as urban intensification enablement is realised).
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10.1.1 'Descriptive / Prescriptive' Approach to Policy P6C

The 'Discussion Document' approach proposed two options for how to direct councils within major urban centres to enable intensified development – a 'descriptive' and a 'prescriptive' approach. The below section provides analysis of these two options, as well as a third 'scaled' options identified through submission analysis. The specific costs and benefits of these options for different user groups are considered to be the same as the analysis provided for the 'Discussion Document' approach to the general intensification policy unless otherwise specified below.

Policy P6C: Options for directing intensified development	
Discussion Document Approach – Options 1: 'Descriptive'	<p><i>District plans must zone for higher density residential activities within a suitable catchment area (i.e. accessible by active transport modes) around frequent public transport stops and centre).</i></p> <p><i>Higher density residential activities are those with a concentrated bulk of buildings such as terraced housing and apartments.</i></p>
Overall Evaluation	<p>Overall, the proposed policy will provide direction to Councils, decision-makers and plan users as to the expectations in relation to providing for urban intensification and higher density residential activities within 'suitable catchment areas' around frequent public transport stops and centres. The policy approach will be efficient and effective in clearly directing that district plans must provide for higher-density activities, while also allowing flexibility for Councils in relation to how they are able to implement the policy direction in a way that caters and responds to local context. This need for the policy to be flexible enough to enable Councils to reflect local context (including constraints and opportunities) in how they implement the policy direction was a key theme articulated through submission feedback on the discussion document. This 'descriptive' approach, as a means for directing locations suitable for urban intensification, was generally preferred by submitters (as opposed to the 'Prescriptive' approach discussed below.</p> <p>In addition to the economic analysis outlined above (in relation to the 'general intensification' Policy P6A), this option has additional benefits (for all user groups) in seeking to focus and direct the enablement of higher density activities specifically to those areas / locations where the benefits of such enablement can be best realised. This economic analysis highlights that the benefits of intensification are likely to be maximised (e.g. in relation to supply responsiveness within the development market) in those locations which are best suited for intensification (e.g. close to key services and amenities), rather than in locations which are more remote from these services and amenities. This provides evidence to highlight the intent of this policy is appropriately focussed.</p>

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Effectiveness and Efficiency	<p><u>Effectiveness</u></p> <p>Overall, the proposed policy will provide guidance to Councils, decision-makers and plan users as to the expectations in relation to providing for urban intensification and higher density residential activities within 'suitable catchment areas' around frequent public transport stops and centres. The more descriptive wording of the policy enables individual Councils to determine the appropriate extents of 'suitable catchment areas' within their jurisdiction.</p>	<p><u>Efficiency</u></p> <p>It is considered that given the costs relative to the benefits, this option has a high level of efficiency. The policy approach will be efficient in clearly directing that district plans must provide for higher-density residential activities and provides Council's with flexibility in how they are able to implement the policy direction at a local level, however may create inefficiencies if Council's struggle internally to determine what is 'walkable' and what is meant by 'terraced and housing apartment/ blocks'.</p>
Risk of Acting / Not Acting	<p>Any risks associated with implementing the Discussion Document Policy P6C are considered to outweigh the risks associated with not acting. While the above assessment identifies potential costs / effects of the policy intent for a range of the community, such as for existing owners, Iwi / Māori and local authorities – the risks of not acting are considered to have greater potential costs / negative effects, in particular for existing communities, future generations, renters (particularly in relation to low incomes households), first home buyers, businesses and the natural environment.</p>	
<p>Costs (only where they differ from / are in addition to Discussion Document Approach above or where they highlight a point of difference between the directive intensification options)</p>		<p>Benefits (only where they differ from / are in addition to Discussion Document Approach above)</p>
<p><u>Local Authorities</u></p> <ul style="list-style-type: none"> Directing local authorities to determine what is 'walkable' and how to enable terraced housing and apartments has the potential for the policy intent to not be achieved as this approach may result in more arguments / conflicts deciding what is 'walkable' and what is meant by 'terraced housing / apartment blocks' – subsequently resulting in lost time and resources. 		<p><u>All 'user groups'</u></p> <ul style="list-style-type: none"> The economic analysis highlights that the overall benefits which result from enabling intensification to come from a policy approach which would focus on increasing supply in highly productive (in relation to economic / business productivity) and high amenity locations. <p><u>Local Authorities</u></p> <ul style="list-style-type: none"> Greater degree of flexibility provided through this approach, enabling Councils to be able to cater their implementation of the policy direction to take account of and respond to local context and conditions. This was a key matter raised by various Councils through submission feedback on the discussion document.
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Discussion Document Approach – Options 2: ‘Prescriptive’	<p><i>District plans must:</i></p> <p>a) zone for higher density residential activities within an 800m walkable catchment of centres and frequent public transport stops, except where evidence demonstrates intensification should not be enabled; and</p> <p>b) zone all residential and mixed-use areas within 1.5km of city centres for high density development.</p> <p><i>High density is where there is a minimum overall density of 60 residential units per hectare.</i></p>	
Overall Evaluation	<p>Overall, the proposed policy will provide clear direction to Councils, decision-makers and plan users as to the expectations in relation to providing for urban intensification and higher density residential activities, with specific direction requiring enablement for higher density activities to be provided for within specified catchments / distances (e.g. 800m / 1.5km) of key services and amenities.</p> <p>While the policy approach is considered to provide benefits, when compared to the status quo, this approach is not considered to be the most effective or efficient option, as the policy requirement is somewhat ‘rigid’ / fixed and would not provide flexibility as to how Councils would be able to implement the policy direction at a local level – with the consequence being that implementation of the policy direction may not appropriately enable the consideration of local context, or specific local constraints, which may indicate that enablement of urban intensification in some locations may not always be desired nor appropriate. This matter was a key theme through submission feedback on the discussion document, with submitters raising concerns both in relation to the appropriateness of the specified catchments / distances, as well as the stated explanation / definition of what is considered to be ‘high density’ development (e.g. whether 60 residential units was considered to be an appropriate threshold, as well as issues relating to whether the figure would be used as a threshold / minimum requirement to be complied with).</p> <p>A number of technical issues were also raised, including how to define “frequent public transport” and “high density”; where to measure the 1.5km and 800m walkable catchments from and how to calculate 60 dwellings per hectare and then translate that into a zoning framework (for example, 60 dwellings/hectare was interpreted in some cases as a subdivision pattern that for a given area would be 1 dwelling for every 300m², rather than enabling the higher density typologies envisioned by the policy intent). Likewise, some submitters and feedback from agencies noted that 60 dwellings/hectare was nowhere near dense enough to provide for ‘high density’ envisioned by apartments in city centres or in high density zones.</p>	
Effectiveness and Efficiency	<p style="text-align: center;">+</p>	
	<p><u>Effectiveness</u></p> <p>While the policy would be effective in providing clear and specific guidance to Councils, decision-makers and plan users as to the expectations in relation to providing for urban intensification and higher density activities within specifically identified catchments / distances from key services and amenities, this would need to be balanced against the ‘rigid’ for fixed nature of the policy direction, which would limit the ability of individual Council’s to</p>	<p><u>Efficiency</u></p> <p>It is considered that given the costs relative to the benefits, this option has a moderate level of efficiency. The policy approach will be efficient in clearly directing that district plans must provide for higher-density residential activities within specified catchments / distances of key services and amenities.</p>

	be able to implement the policy direction at a local level in a way that responds to and addresses local context or constraints.	
Risk of Acting / Not Acting	The risks of acting / not acting are considered to be those identified above, in relation to the Discussion Document 'Descriptive' approach.	
Costs (only where they differ from / are in addition to Discussion Document Approach above)		Benefits (only where they differ from / are in addition to Discussion Document Approach above)
<u>Local Authorities</u> <ul style="list-style-type: none"> There will be process implementation costs for Councils in relation to the implementation of the policy, through the requirement to have Plan Changes notified (in relation to implementing the NPS-UD policy through District Plans) within 18 months of gazetting the NPS-UD. On balance, however, it is considered these costs to Councils would be significantly outweighed by the benefits provided for communities as a whole as a result of enabling and providing for urban intensification and higher-density activities. <u>All 'user groups'</u> <ul style="list-style-type: none"> Potential costs associated with an 'across the board' approach to enablement of intensification and higher density activities, where implementation of the specific direction of the policy may prevent or 'override' the consideration of local context. 		<u>All 'user groups'</u> <ul style="list-style-type: none"> Clear and specific policy direction provided to give certainty to Councils, decision-makers and plan users as to where and how higher-density activities should be provided for.
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Alternate Approach 1 (from submissions) – 'Scaled' + 'Exceptions' Approach	<p><i>This option provides a mix of both the 'prescriptive' and 'descriptive' option as well as providing for different levels of density (e.g. medium and high)</i></p> <ul style="list-style-type: none"> <i>Provide for a scaled approach to the enablement of both higher-density as well as medium-density activities within a walkable catchment area (i.e. accessible by active transport modes) around current and planned public transport stops and centres;</i> <i>High density activities focussed around city centre, metropolitan centre and town centre 'zones', as well as within a walkable catchment of rapid public transit stops;</i> <i>Medium density activities beyond those areas identified as suitable for 'high density activities', within a walkable catchment of public transport nodes and other centres (e.g. local centre zone).</i> <i>Providing direction in relation to qualifying matters that provide the exceptions for identifying those areas which may not be appropriate for urban intensification.</i> 	
Overall Evaluation	This policy options seeks to address the range of key issues raised through submission feedback in relation to Policy P6C in the discussion document. Submitters raised concern that both 'descriptive' and 'prescriptive' options did not adequately recognise that across 'major urban centres' (MUC) there are many types of town / local / neighbourhood centres and that the density provided in	

	<p>and around the 'core' of the MUC is not likely to be appropriate in a 'feeder' town (which were often presented as predominantly service towns for rural communities). There was also strong feedback that levels of density should be more explicitly tied to the level of public transport service available, or the size of 'centre' that would support it (and thus the services and amenities that the centres provide for).</p> <p>As a result, this proposed 'scaled' policy approach to directing intensification would assist in recognising that some centres further away from the urban 'core' may not have the same degree of infrastructure capability or commercial feasibility to support higher density development, or local authority capacity to enable and then manage 'high density' developments applications in these locations. The approach is considered to be both effective and efficient, as it strikes a balance between seeking to enable urban intensification in the locations where the benefits of intensification can best be realised, whilst also being clear in stating that there will be circumstances where the presence of significant local constraints may mean that enablement for higher-density development in some areas would be inappropriate.</p>	
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Effectiveness and Efficiency	<p><u>Effectiveness</u></p> <p>Overall, the proposed policy will be effective in providing direction to Councils, decision-makers and plan users as to the expectations in relation to providing for both higher density as well as medium density development and which areas / locations are considered most appropriate for such enablement.</p> <p>The inclusion of the 'clarifying matters' recognises that local authorities are best placed to understand local constraints that may make a location incompatible with the level of density required by this policy, while still ensuring that the presumption switches to enabled intensification, unless, rather than the status quo.</p>	<p><u>Efficiency</u></p> <p>It is considered that given the costs relative to the benefits, this option has a high level of efficiency. The policy approach will be efficient in clearly directing that district plans must provide for both higher-density and medium density development, while also providing balance (as part of the policy direction) which recognises that some areas may not be appropriate for urban intensification due to the presence of 'qualifying matters' of exception at a local level. The proposed policy to make it clear that where a qualifying matter exists it must be proven to be incompatible with the level of development to be enabled and then to provide the highest level compatible with that matter will not undermine the intent of the policy.</p>
Risk of Acting / Not Acting	The risks of acting / not acting are considered to be those identified above, in relation to the Discussion Document approach.	
<p>Costs</p> <p><i>(only where they differ from / are in addition to Discussion Document Approach above)</i></p>		<p>Benefits</p> <p><i>(only where they differ from / are in addition to Discussion Document Approach above)</i></p>
		<p><u>All 'user groups'</u></p> <ul style="list-style-type: none"> ■ Clear and specific policy direction provided to give certainty to Councils, decision-makers and plan users as to where and how both higher-density as well as medium-density activities should be provided for, as well as

	<p>clearly articulating the circumstances in which enablement of urban intensification may not be appropriate due to the local presence of significant constraints.</p> <p><u>Local Authorities / Existing Communities / Future Generations / Infrastructure Providers</u></p> <ul style="list-style-type: none"> Policy direction better enables variety in local implementation of the policy intent, recognising that different scales of intensification may be appropriate across different part of an urban area, as well as in relation to variations in local access to amenities, services as well as existing and planning infrastructure capacity.
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10.1.2 Implementation Timeframe Options

The 'Discussion Document' approach recognised it would take time for local authorities to work through the planning changes required to give effect to the policies above. Therefore, the 'Discussion Document' approached proposed various timeframes for implementation of the NPS-UD, as follows:

Policies P6A and P6C: Implementation Timeframe Requirements		
Discussion Document Approach – 18 Months	<i>The Discussion Document approach requires Plan Changes to be notified within 18 months of gazetting the NPS-UD.</i>	
Overall Evaluation	<p>This option is considered to be both effective and efficient in relation to achieving the intent of the Objective, as well as ensuring the focus and intent of the NPS-UD policy direction is not undermined by delayed implementation, through the notification of plan changes. Through submission feedback, a number of Councils submitted that the 18-month timeframe to notify plan changes to give effect to the intensification policies would not be possible for many Councils to achieve. While it is recognised that the discussion document implementation timeframe does create time / resourcing costs for Councils, it is considered such costs would be largely outweighed by the benefits of consistent implementation of the NPS-UD in a specified timeframe (18 months), which is considered to be an achievable time frame in relation to the preparation of a plan change application, with the ability to begin to realise the benefits of providing for urban intensification in the short to medium term.</p> <p>++</p>	
Effectiveness and Efficiency	<p><u>Effectiveness</u></p> <p>The discussion document approach is considered to be effective, as it would set a clear requirement for implementation of the NPS-UD direction within a clearly defined timeframe (18</p>	<p><u>Efficiency</u></p> <p>The efficiency of the discussion document approach lies in a clearly defined timeframe, applying consistently to all Councils, with the aim of seeking to achieve consistency in implementation timeframes for Councils right across the country.</p>

	months) which allows a reasonable length of time to enable the preparation of a first plan change.	This approach would therefore be effective in seeking the consistent timing of implementation of the NPS-UD requirements into Regional and District Plans.
Risk of Acting / Not Acting	There are both potential timing and resourcing / costs risks for local authorities associated with being required to implement the requirements, through notification of a plan change within 18 months of gazetting the NPS-UD. These risks are considered to be outweighed, however, by the risks associated with 'not acting' – which would primarily relate to the delayed implementation of the NPS-UD which has the potential to undermine (in particular, the longer the delay) the intent of what the policy direction is seeking to achieve.	
Costs (only where they differ from / are in addition to Discussion Document Approach above)		Benefits (only where they differ from / are in addition to Discussion Document Approach above)
<u>Local Authorities</u> <ul style="list-style-type: none"> No direct or indirect costs identified. 		<u>All 'user groups'</u> <ul style="list-style-type: none"> Benefits of implementing the NPS-UD through plan changes to District Plans / Regional Plans accrue to all other user groups.
++		
Alternative Approach 1 – Status Quo	Plan Changes to be notified as soon as possible.	
Overall Evaluation	This option achieves the objective, however, is not the most efficient or effective way. Not specifying an implementation timeframe requirement could pose a significant risk to achieving the intent of the NPS-UD, as there would be no onus on local authorities to implement the policy direction in the short-medium term	
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Effectiveness and Efficiency	Not specifying an implementation timeframe poses too high a risk for the intent of the NPS-UD to be undermined.	
Risk of Acting / Not Acting	No onus on local authorities to implement the policy direction in the short-medium term poses a significant risk to achieving the intent of the NPS-UD	
Costs (only where they differ from / are in addition to Discussion Document Approach above)		Benefits (only where they differ from / are in addition to Discussion Document Approach above)
<u>All 'user groups'</u> <ul style="list-style-type: none"> No direct or indirect costs identified. 		<u>All 'user groups'</u> <ul style="list-style-type: none"> No direct or indirect benefits have been identified.

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Alternate Approach 2 – Aligned with the National Planning Standards	Implement the NPS-UD requirements at the same time as implementing the National Planning Standards (e.g. within the next 5-7 years).	
Overall Evaluation	This option achieves the objective, however, is not the most efficient or effective way. While this is an improvement to the status quo, it is not the most effective or efficient means to achieving Objective 2. From a process perspective, this approach could prove efficient by way of providing an opportunity for Council's to potentially implement both the National Planning Standards as well as the NPS-UD through a combined, integrated plan change process which would have process efficiencies for Councils (as plan change proponents) as well as wider stakeholders (as submitters on the plan change).	
	—	
Effectiveness and Efficiency	<u>Effectiveness</u> While this approach aligns with the timing of implementation of the NPS-UD direction (an already existing and understood timeframe requirement), implementing this timeframe creates a lengthy time before NPS-UD policy direction would be implemented through District / Regional Plans (that is, 5-7 years).	<u>Efficiency</u> This approach could prove efficient, particularly from a process efficiency perspective, in providing the opportunity for Councils to potentially implement both the National Planning Standards as well as the NPS-UD through a combined, integrated plan changes process, which would have process efficiencies for Councils (as plan change proponents) as well as wider stakeholders (as submitters on the plan change).
Risk of Acting / Not Acting	Implementation of the NPS-UD requirements would likely be delayed, with the potential that such requirements would not be implemented through Regional Policy Statement / District Plans for the next 5-7 years.	
Costs (only where they differ from / are in addition to Discussion Document Approach above)	Benefits (only where they differ from / are in addition to Discussion Document Approach above)	
<u>All 'user groups'</u> ■ Potential costs for all user groups, in relation to not being able to realise the benefits of intensification (as highlighted through the economic analysis) if implementation of the NPS-UD is not required for the next 5-7 years.	<u>Local Authorities</u> ■ Affords Councils more time to be able to prepare and implement plan change applications, including the preparation of local evidence base material to support such plan changes.	
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Alternate Approach 3 – At the time of the next Plan Review	<i>Implement the NPS-UD requirements at the time of a Council's next District Plan / Regional Plan / Regional Policy Statement review.</i>	
Overall Evaluation	<p>This option achieves the objective, however, is not the most efficient or effective way. This option would align the timing of implementation of the NPS-UD direction with an already existing (and already understood by Councils) timeframe requirement in relation to undertaking their next Plan Review however, would be a much lengthier time before the NPS-UD policy direction would be implemented through District / Regional Plans.</p>	
	0	
Effectiveness and Efficiency	<p><u>Effectiveness</u></p> <p>This approach is considered to be effective, in that it would align the timing of implementation of the NPS-UD direction with an already existing (and already understood by Councils) timeframe requirement in relation to undertaking their next Plan Review. However, the overall effectiveness of this approach would be compromised by a potentially lengthy timeframe before the NPS-UD is implemented, which has the potential to undermine the overall intent of the NPS-UD.</p>	<p><u>Efficiency</u></p> <p>While this approach will have process efficiencies for Councils (as 'Proposed Plan' proponents) as well as wider stakeholders (as submitters on the 'Proposed Plan') there would be inefficiencies in relation to a potentially much lengthier time before the NPS-UD policy direction would be implemented.</p>
Risk of Acting / Not Acting	This approach would be compromised by a potentially lengthy timeframe before the NPS-UD is implemented, which has the potential to undermine the overall intent of the NPS-UD.	
<p>Costs (only where they differ from / are in addition to Discussion Document Approach above)</p>		<p>Benefits (only where they differ from / are in addition to Discussion Document Approach above)</p>
<p><u>All 'user groups'</u></p> <ul style="list-style-type: none"> Potential costs for all user groups, in relation to not being able to realise the benefits of intensification (as highlighted through the economic analysis) if implementation of the NPS-UD is not required for the next 5-10 years (depending on timing of various Councils' plan review processes). 		<p><u>Local Authorities</u></p> <ul style="list-style-type: none"> Affords Councils more time to be able to prepare and implement plan change applications, including the preparation of local evidence base material to support such plan changes. Allows implementation of the NPS-UD to be considered holistically as part of a full Plan Review process.
Alternate Approach 4 – Aligned with Preparation of	<i>Implement the NPS-UD requirements at the same time as preparing the Futured Development Strategy (FDS).</i>	

the Future Development Strategy		
Overall Evaluation	<p>This option achieves the objective, however, is not the most efficient or effective way. This option would align the timing of implementation of the NPS-UD direction with an already existing (and already understood by Councils) timeframe requirement in relation to preparation of the Future Development Strategy (required to be prepared / updated every three years). Further, this approach would provide opportunities for Councils to implement the NPS-UD direction at the same time as preparing / updating their Future Development Strategy.</p>	
	+	
Effectiveness and Efficiency	<p><u>Effectiveness</u></p> <p>While this approach is considered efficient, particularly from a process perspective and a technical perspective, a shorter timeframe (18 months of gazetting the NPS-UD) is preferred over this option (maximum 3 years) to ensure that the intent of the NPS-UD is implemented in a timely manner.</p>	<p><u>Efficiency</u></p> <p>This approach could prove efficient, particularly from a process efficiency perspective, in providing the opportunity for Councils to implement the NPS-UD direction at the same time as preparing / updating their Future Development Strategy. It is also efficient from a technical perspective, with the spatial planning approach of FDSs being closely linked to the intent of the NPS-UD policy direction – in relation to the identification of the locations which are best suited / most appropriate for urban intensification into the future.</p>
Risk of Acting / Not Acting	<p>The inconsistent implementation of the NPS-UD could lead to varying degrees of quality (that is, whether the intent of the NPS-UD is properly realised in its implementation).</p>	
<p>Costs (only where they differ from / are in addition to Discussion Document Approach above)</p>		<p>Benefits (only where they differ from / are in addition to Discussion Document Approach above)</p>
<p><u>All 'user groups'</u></p> <ul style="list-style-type: none"> No direct or indirect cost identified. 		<p><u>Local Authorities</u></p> <ul style="list-style-type: none"> Allows implementation of the NPS-UD to be considered holistically as part of the FDS process.
+		

Evaluation of the Provisions of the National Policy Statement – Response Planning Provisions (modified from the ‘Providing for further greenfield development’ in the Discussion Document’)

Evaluation of proposed ‘Responsive Planning Provisions’ provisions

The purpose of this evaluation is to determine the effectiveness and efficiency of each approach, and whether it is the most appropriate way to achieve Objective O2 and O6. Each of the approaches includes an ‘overall evaluation’ that summarises the approach’s appropriateness to achieving Objective O2 and O6. The below assessment tables seek to provide a more comprehensive assessment of cost and benefits associated with the ‘Discussion Document’ approach and the ‘status quo’, with the subsequent assessment of ‘alternative approaches’ only identifying further costs and benefits, where they are in addition to / differ from those costs and benefits which have already been assessed as part of the ‘Discussion Document’ and ‘status quo’ approach.

[No specific policy– refer to example policy below]	
Discussion Document Approach	<p>Example Policy Wording:</p> <p><i>When considering a plan change that enables urban development that is not otherwise enabled in the plan, local authorities must provide for urban development when all of the following apply:</i></p> <ul style="list-style-type: none"> <i>a. Development enabled by the plan change would contribute to a quality urban environment, including access to transport choice.</i> <i>b. Development enabled by the plan change would not have adverse effects on protected areas or areas identified for restoration.</i> <i>c. Development under the plan change can occur in a way that is appropriate, safe, and resilient in the long term in respect of natural hazards and the effects of natural hazards.</i> <i>d. Reverse sensitivities are appropriately managed within and adjacent to the location or locations that are the subject of the plan change.</i> <i>e. Infrastructure to enable the long-term development of the land can be provided</i>
Overall Evaluation	<p>While this policy option may result in the realisation of increased development opportunities, it also poses a potential risk for unintended consequences – directing that local authorities ‘must provide for urban development’. To ensure negative externalities were managed from such a directive policy, the policy included a list of factors that need to apply as conditions. However, this list would potentially introduce an even more stringent test than the status quo – particularly as it relates to ‘infrastructure to enable the long-term development of the land can be provided’. As worded, the policy may have the opposite effect to what was intended – with Council’s potentially using the suggested policy approach to reject greenfield developments on the basis they cannot be fully funded by the developer (or for some other minor reason that could be mitigated). Under the current system developers and councils regularly negotiate infrastructure funding for new developments.</p>

	Overall, the policy has the potential to undermine existing strategic planning policies, causing uncertainty and limiting desired densities and urban outcomes that can be achieved in other areas. It is recommended that more rigorous direction is provided in relation to the consideration of urban development proposals that have merit but are not directly supported by a local planning policy framework.	
Effectiveness and Efficiency	<p><u>Effectiveness</u></p> <p>The policy would be effective in requiring Council to consider development proposals in areas where urban development was not necessarily envisaged. The policy could result in increased development proposals and plan changes to facilitate growth across the country however may require a stringent test for unanticipated development than the status quo approach.</p>	<p><u>Efficiency</u></p> <p>This policy is not directly supportive/ consistent with the broader strategic intent of the NPS-UD overall and as such has the potential to undermine the wider policy framework.</p>
Risk of Acting / Not Acting	Action is needed in relation to greenfield urban development policy. It is considered that the proposed wording could result in unintended development outcomes and further consideration should be given to its precise wording. There is not considered to be any risk if no overt action is taken in relation to greenfield urban development. The RMA provides a process for unanticipated plan change requests in the interim and the 'Discussion Document' approach policy would likely provide a more stringent test.	
Costs		Benefits
<p><u>Existing Community</u></p> <ul style="list-style-type: none"> ■ High levels of uncertainty in relation to future redevelopment outcomes in areas that were previously not identified as ready / suitable for development. ■ Potentially higher infrastructure costs if the required levels of densities cannot be achieved, or if the development is located in a place with inherently high costs to develop. 		<p><u>Existing Community</u></p> <ul style="list-style-type: none"> ■ The potential for urban development to occur in areas that are suitable from a servicing/needs/environmental perspective that had not necessarily been identified by Council as suitable or appropriate for redevelopment. ■ The potential for additional land to be released for urban development.
0		
<p><u>Future Generations</u></p> <ul style="list-style-type: none"> ■ Potential costs associated with a piecemeal planning approach where areas have been developed in an out-of-sequence manner which includes inefficient infrastructure provision and access to required social infrastructure. 		<p><u>Future Generations</u></p> <ul style="list-style-type: none"> ■ Provision of additional housing supply in enabled (via Plan Change process) areas to help meet the needs of future generations.

- Potentially sustained levels of lower investment within established areas could affect the quality of these 'older' suburbs

0

Iwi / Māori

- There may be more pressure to redevelop land that is of potential significance to Iwi/Maori.

Iwi / Māori

- Provision of additional housing supply in enabled (via Plan Change process) areas to help meet the needs of future generations.

0

Owners

- Greater uncertainty in relation to potential urban development projects within local areas.

Owners

- Increased flexibility for landowners to be proactive in realising urban development opportunities.

0

Renters

- Similar to owners, renters would be disadvantaged by uncertainties in relation to possible development outcomes in local areas.

Renters

- Renters are likely to benefit from greater housing diversity and choice with potentially.

0

Developers

- Reduced levels of certainty could result in a reduced appetite for investing in and undertaking developments as their success could be a higher risk due to greater competition.

Developers

- Enhanced ability to realise development opportunities.

-

<p><u>Businesses</u></p> <ul style="list-style-type: none"> Potentially reduced catchment areas with the population dispersion/lower densities could make businesses less viable. 	<p><u>Businesses</u></p> <ul style="list-style-type: none"> Potential for new business opportunities within new centres created by unanticipated plan changes.
0	
<p><u>Local Authority</u></p> <ul style="list-style-type: none"> A likely increase in requests for plan changes would increase Council resource requirements for such processes. Potential to create inconsistencies with and undermine wider Council growth strategies and plans. 	<p><u>Local Authority</u></p> <ul style="list-style-type: none"> Potential for increased investments and the realisation of urban development / increased supply of residential and business land within their jurisdictions.
-	
<p><u>Infrastructure Providers</u></p> <ul style="list-style-type: none"> A likely increase in requests for plan changes would increase demand on infrastructure providers to potentially service new growth areas with new infrastructure networks. 	<p><u>Infrastructure Providers</u></p> <ul style="list-style-type: none"> Potential for new infrastructure to be funded by developers (rather than infrastructure providers) in order to service new growth areas.
0	
<p><u>Natural Environment</u></p> <ul style="list-style-type: none"> Potential pressure placed on highly productive land (e.g. currently rural areas being converted to new urban growth areas) as well as other natural environmental values / resources. 	<p><u>Natural Environment</u></p> <ul style="list-style-type: none"> No direct or indirect benefits to the natural environment have been identified.
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<p>Alternate Approach 1 – Status Quo</p>	<p>(1) Status quo – retaining current approach</p> <p>The draft greenfield provisions would be removed from the proposed NPS-UD, with continued reliance on the provisions of the NPS-UDC (e.g. no specific direction in relation to out of sequence or unplanned development proposals)</p>

Overall Evaluation	While the status quo does not directly encourage nor discourage the consideration of unintended plan changes, it does not provide for a responsive or competitive resource management system. The status quo has demonstrated limited incentive for Councils to consider unanticipated and out of sequence plan changes and, in turn, the policy intent could not be achieved efficiently or effectively.	
Effectiveness and Efficiency	<p><u>Effectiveness</u></p> <p>The reliance on other provisions in the UDS to achieve the intent of this policy is not the most effective way to encourage Council's consideration of plan unanticipated plan changes. Some additional guidance contained within the broader UDS UD policy framework and/or revised directive policy wording may further contribute towards realising the intended outcome of this policy.</p>	<p><u>Efficiency</u></p> <p>The status quo does not provide direction for Council to consider unanticipated and out of sequence plan changes and therefore may undermine competitive land markets. While the reliance on other provisions in the UDS indirectly supports this policy intent, there may be more efficient methods/wording that can further support the intended outcome.</p>
Risk of Acting / Not Acting	While there are no immediate risks identified with acting/not acting, there is a risk the status quo will perpetuate current uncompetitive markets, for example while the current RMA enables private plan changes, provisions in the RPS may undermine responsiveness and the ability to consider out-of-sequence or unanticipated development	
Costs		Benefits
<p><u>Existing Community</u></p> <ul style="list-style-type: none"> ■ Opportunity costs incurred as a result of areas that are appropriate for urban development but are not able to be redeveloped due to an unsupportive Council policy framework. ■ There may be costs incurred as a result if the demand for urban development is higher than through planned sequencing of urban development and restricted land availability. 		<p><u>Existing Community</u></p> <ul style="list-style-type: none"> ■ There are no direct or indirect benefits beyond those already addressed above.
<p><u>Future Generations</u></p> <ul style="list-style-type: none"> ■ In the absence of any overt directive for Council to consider unanticipated development opportunities, future generations may miss out on the timely delivery of projects and bear the consequences of potentially slow land release. 		<p><u>Future Generations</u></p> <ul style="list-style-type: none"> ■ There are no direct or indirect benefits beyond those already addressed above.

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<u>Iwi / Maori</u> <ul style="list-style-type: none"> ■ Opportunity costs incurred as a result of areas that are strategically appropriate for urban development but are not able to be redeveloped due to an unsupportive Council policy framework. 	<u>Iwi / Maori</u> <ul style="list-style-type: none"> ■ Greater certainty in relation to the processes including consultation for the redevelopment of greenfield land
0	
<u>Owners</u> <ul style="list-style-type: none"> ■ Opportunity costs of not being able to realise greenfield redevelopment opportunities in a timely manner. 	<u>Owners</u> <ul style="list-style-type: none"> ■ Owners will benefit from high levels of certainty in relation to the likely future developments and their staging. ■ Greater certainty in relation to development outcomes and processes for public participation.
0	
<u>Renters</u> <ul style="list-style-type: none"> ■ Renters may face the cost of the increasing inability of housing supply to meet housing demand including increased rents and reduced housing diversity choice. 	<u>Renters</u> <ul style="list-style-type: none"> ■ There are no direct benefits identified to renters
-	
<u>Developers</u> <ul style="list-style-type: none"> ■ Potential lost opportunities of development sites that are suitable for redevelopment but not identified for redevelopment within Council's policy framework. 	<u>Developers</u> <ul style="list-style-type: none"> ■ Developers within existing urban areas or areas planned for future development experience a competitive advantage and increase land values.
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<u>Businesses</u> <ul style="list-style-type: none"> ■ There are no direct or indirect costs identified beyond those already assessed above. 	<u>Businesses</u> <ul style="list-style-type: none"> ■ Business may benefit from a degree of certainty in relation to land release and the timing/staging of greenfield developments and evaluating business opportunities
0	

<p><u>Local Authority</u></p> <ul style="list-style-type: none"> There are no direct or indirect costs identified beyond those already assessed above. 	<p><u>Local Authority</u></p> <ul style="list-style-type: none"> There are no direct or indirect benefits identified beyond those already addressed. Local authorities would have less requirement to consider opportunities (compared with Alternative Approach Option 2) and therefore may save money on resource for consenting.
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<p><u>Natural Environment</u></p> <ul style="list-style-type: none"> There are no direct or indirect costs identified beyond those already addressed above. 	<p><u>Natural Environment</u></p> <ul style="list-style-type: none"> There are no direct or indirect benefits identified beyond those already addressed above.
0	
<p>Alternate Approach 2 – Achieve intent through a package of objectives and policies</p>	<p><i>Introduce a package of objectives and policies, as follows:</i></p> <p><i>Objective 2: New Zealand’s urban environments, including their amenity values, can develop and change over time in response to the diverse and changing needs of people, communities, whānau, and future generations</i></p> <p><i>Objective 6: Land use planning is:</i></p> <ul style="list-style-type: none"> <i>(d) Integrated with infrastructure planning and funding decisions; and</i> <i>(e) Strategic in the long term; and</i> <i>(f) Responsive</i> <p><i>Policy 5: Planning is responsive to plan changes that would add significantly to development capacity and contribute to well-functioning and liveable urban environments, even if the development capacity is:</i></p> <ul style="list-style-type: none"> <i>(c) Unanticipated by RMA planning documents; or</i> <i>(d) Out of sequence with planned land release</i> <p><i>Policy 7: Local authorities:</i></p> <ul style="list-style-type: none"> <i>(e) work together with other local authorities that share jurisdiction over urban environments for the purpose of implementing this national policy statement; and</i> <i>(f) engage with providers of development infrastructure and supporting infrastructure to achieve integrated land use and infrastructure planning; and</i> <i>(g) co-operate in a way that is consistent with relevant Treaty settlement Acts.</i>
<p>Overall Evaluation</p>	<p>The approach would limit Councils’ abilities to refuse private plan change requests outright and enhance their ability to be responsive to development opportunities presented that had previously been unanticipated. This would, in turn, provide for a more responsive system</p>

	<p>while avoiding the potential negative effects that were identified/associated with the more directive policy wording proposed in the discussion document. It would continue to provide Councils with discretion in relation to the assessment criteria of plan changes via decision-making including having particular regard to whether the development would contribute to a well-functioning urban environment and is well connected along transport corridors. In tandem with the densification policies proposed in the NPSUD, the responsiveness policy will improve elasticity and competitiveness in the market.</p> <p>It is likely that some of the 'out-of-sequence' or unanticipated plan change requests of scale will be in greenfield areas. Economic analysis has the following key points on the impact of greenfield development:</p> <ul style="list-style-type: none"> • The costs and benefits of greenfield policy are complex, multifaceted and policy interdependent. • The relative magnitude of impact is specific to individual cities and locations within each city. For instance, while some greenfield locations in some cities might add significantly to urban congestion costs, others may not. While some locations might incur high infrastructure costs, others may not • Connectivity and access to minimise costs per vehicle-km could significantly improve the net benefits of the greenfield development under this policy. If new greenfield developments achieved the same levels of vehicle use per household as brownfield households, the development of higher-density, transit-enabled greenfield residential area carries around half of the external costs to the public. <p>These impacts are also heavily dependent on the success of intensification policy. All else equal, the benefits of greenfield expansions are greater for a city operating a rigid planning framework. Therefore, if intensification policies are optimised, the case for greenfield expansions is, to varying degrees, reduced.</p>	
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Effectiveness and Efficiency	<p><u>Effectiveness</u></p> <p>The policy has the potential to be effective in allowing Council to consider development proposals in areas where urban development was not necessarily envisaged. The policy could result in increased development proposals and plan changes to facilitate growth across the country and within urban environments which have overly ridged planning regimes. Local authorities would maintain their effectiveness to provide for well-functioning urban environments.</p>	<p><u>Efficiency</u></p> <p>This policy provides a transparent and consistent approach to considering out of sequence or unanticipated opportunities that considerably contribute to development capacity – embedding a level of responsiveness in the strategic plan making process for local authorities (thereby lessening the likelihood of ad-hoc plan change requests).</p>
Risk of Acting / Not Acting	<p>It is considered that acting on this approach would likely result in some enhanced abilities for Councils to consider unanticipated and out of sequence plan changes and could therefore be valuable to achieving the overarching policy intent in relation to providing for further greenfield development.</p> <p>A key risk of not acting exists in cities operating a rigid planning framework, with little opportunity for growth both outward and upward. In this case, not acting would mean house prices may continue to increase out of step with consumer ability to pay. On the other hand,</p>	

	cities without ridged planning framework would not necessarily receive the same benefits, however as they already have responsive planning frameworks, there would be little to no risk of acting.	
Costs <i>(only where they differ from Discussion Document Approach above)</i>		Benefits <i>(only where they differ from Discussion Document Approach above)</i>
<u>Iwi / Māori:</u> <ul style="list-style-type: none"> There are no direct or indirect costs identified beyond those already assessed above. 		<u>Iwi / Māori:</u> <ul style="list-style-type: none"> Commercial redress land returned under a Treaty settlement would be more likely to be considered for development as this land type is more likely to be outside the urban environment and previously unanticipated for development as it was previously held by the Crown for other purposes.
		++
<u>Developers:</u> <ul style="list-style-type: none"> There are no direct or indirect costs identified beyond those already assessed above. 		<u>Developers:</u> <ul style="list-style-type: none"> Reduction of competitive advantage to developers with land holdings in areas currently anticipated for development or sequenced for release earlier.
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Evaluation of the Provisions of the National Policy Statement – Removing Minimum Carparking Requirements

Evaluation of proposed car parking provisions

The purpose of this evaluation is to determine the effectiveness and efficiency of each approach, and whether it is the most appropriate way to achieve Objective O1 and O3. Each of the approaches includes an 'overall evaluation' that summarises the approach's appropriateness to achieving Objective O1 and O3. The below assessment tables seek to provide a more comprehensive assessment of cost and benefits associated with the 'Discussion Document' approach and the 'status quo', with the subsequent assessment of 'alternative approaches' only identifying further costs and benefits, where they are in addition to / differ from those costs and benefits which have already been assessed as part of the 'Discussion Document' and 'status quo' approach.

Policy P7A (Option 1)		
Discussion Document Approach – Option 1	Removal the ability for local authorities to regulate the requisite number of car parks (maximums and minimums). <i>Local authorities must remove any district plan rule or standard that requires the provision of car parking for any activity.</i>	
Overall Evaluation	<p>The removal of car parking requirements is an indirect approach to facilitate more efficient land use outcomes, reduced development costs (due to excess car parking) and a reduced reliance on private vehicle usage and would result in a fully market-led approach to the provision of carparking. Carparking will continue to be provided for the duration that there is a demand for carparking (irrespective of whether it is regulated or not). However, the inability to utilise 'maximum' parking requirements has the potential to undermine the overall intent of the policy approach, as there could still be a risk of potential over supply of car parking provision in some areas.</p>	
	+	
Effectiveness and Efficiency	<u>Effectiveness</u> <p>Removing carparking requirements from District Plans would result in a fully market-led approach to the provision of carparking, which would ultimately reduce the costs of excess carparking while ensuring that the demand and supply for carparking are levelled out. Carparking will continue to be provided for the duration that there is a demand for carparking (irrespective of whether it is regulated or not). It is considered that the immediate costs of the proposed policy are mostly administrative with the potential for increased carparking costs in future.</p>	<u>Efficiency</u> <p>The removal of car parking requirements is considered efficient in that it will result in reduced Council control and a reliance on market-led provisions. This is efficient from a supply and demand perspective while continuing to provide Councils with some control in relation to the ability to impose maximum car parking requirements.</p>

Risk of Acting / Not Acting	The high social, environmental and economic costs associated with excess carparking which include inefficient land use, indirect support for private vehicle use, increased traffic congestion and adverse visual amenity impacts would continue to increase if there is no policy direction. There could be a potential risk in applying this policy approach, in that the inability to utilise ‘maximum’ car parking requirements could potentially lead to the oversupply of car parking in some circumstances.		
Costs	Benefits		
<u>Existing Community</u> <ul style="list-style-type: none">■ A likely increase in on-street carparking demand and a likely increase in on-street carparking restrictions.■ Search costs likely to increase by more time spent searching for an available car park, which may not be in a location that is most convenient.■ Parking management costs are likely to increase and be born on members of the community who own cars for fair cost recovery.	<u>Existing Community</u> <ul style="list-style-type: none">■ A potential reduction in traffic congestion and its associated costs as a result of less people choosing to drive.■ More employment opportunities and economic growth resulting from the ability for commercial / business / office activities to provide greater floor spaces in place of carparking requirements.■ More employment opportunities likely to arise to monitor and manage car parking space and their use.■ Members of the community who do not own or use cars frequently will have less costs for car parking imposed on them. The current approach of car parking minimums means that parking is usually bundled with housing and other activities such as retail. It is not possible to separate these costs unless car parking is charged for separately, which is more likely to occur when demand and supply is more evenly matched with a responsive market-based approach to minimum car parking provision.■ Equity impacts may generally improve for lower income people as car ownership is lowest in low income households. Households without a car are most likely to be earning under \$30 000 combined. Presently, these households are paying for parking as it is usually bundled into the costs of their housing and goods they purchase. Parking is often supplied at supermarkets, other stores and with housing. Parking charging is more likely to occur when supply is scarcer, and a user will pay for the scarce resource rather than being paid for by all, regardless of use.		
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Future Generations

- There may be an increase in carparking costs with a reduced supply overall, potentially leading to growing costs for car parking over time, if car ownership rates continue as they are.

Future Generations

- Market-driven carparking provision will ensure that the supply and demand for carparking are equal, rather than distorted in favour of over supply at present.
- More efficient land use and reduced development costs over time, particularly in urban areas where smaller land holdings can be utilised more efficiently.
- Improved environmental outcomes (such as reduced greenhouse gas emissions) as a result of an increase in mode shift from private vehicles to other modes as the financial subsidy on car parking and therefore car use is reduced.
- 'Park once and shop' and parking in locations further from the final destination will provide more opportunities to walk will bring improved health outcomes and urban liveability outcomes with more active travel and chances for personal interactions.
- Improved visual amenity as a result of less space dedicated to car parks, particularly those provided in dedicated outdoor parking lots or stand-alone conventionally designed car parking buildings which can be visually unappealing.
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+**Iwi / Māori**

- A likely increase in on-street carparking demand and a likely increase in on-street carparking restrictions.

Iwi / Māori

- A potential reduction in traffic congestion and its associated costs as a result of less people choosing to drive.
- Māori are more likely not to own a car than non-Māori, which may mean the benefits of removing car parking minimum rates may be higher for Māori than non-Māori.
- Potential increased supply of housing options, with more area within a development available for building floor space (rather than space for carparking).

0**Owners**

- Private parking costs expected to increase as a result of parking scarcity.

Owners

	<ul style="list-style-type: none"> ■ Commuting via buses will be faster with congestion expected to decrease (noting other public transport modes and active modes of travel are not affected in the same manner by congestion as buses are). ■ Potential increased supply of housing options, with more area within a development available for building floor space (rather than space for carparking).
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<u>Renters</u> <ul style="list-style-type: none"> ■ A likely increase in on-street carparking demand and a likely increase in on-street carparking restrictions. 	<u>Renters</u> <ul style="list-style-type: none"> ■ A potential reduction in traffic congestion and its associated costs as a result of less people choosing to drive. ■ Potential increased supply of housing options, with more area within a development available for building floor space (rather than space for carparking). ■ Potential increased number of rental housing options without car parking, which should result in more flexibility around car parking is included with the rental unit or not. Rent for houses without car parking should be lower compared to rental houses with car parking included in the same location.
+	
<u>Developers</u> <ul style="list-style-type: none"> ■ Reduced certainty in relation to development outcomes and associated traffic generation. 	<u>Developers</u> <ul style="list-style-type: none"> ■ Enhanced flexibility in relation to land use and development options. <u>Economic Analysis:</u> <ul style="list-style-type: none"> ■ Enables developers to make more efficient decisions regarding the choice between parking and floor space. In particular, the benefits are particularly realised in areas where land values are high due to optionality for uses of space. Costs to supply car parking will be lower where there is lower land process which generally corresponds to poor transit connectivity. The impact of removing car parking minimums will either have a cost reduction on development or no impact at all, which is dependent on where the minimum car parking rates for a particular location are set.
+	

Businesses

- A potential in overall reduction in the availability of carparks may restrict customer access to businesses.
- Time spent searching for available car parks may increase, which would have an impact on productivity.
- Businesses with carparks may incur additional costs to monitor and manage carpark use.

Businesses

- Potentially reduced development and operational costs (if on-site car parking provision is not mandated).
- Opportunities for product and service development to provide tools to find available car parks, such as via web-based tools which are already in development and in use in Aotearoa (i.e. ParkMate).
- Potential to better encourage shared parking facilities, particularly within commercial centres and other business / commerce hubs (e.g. business parks).
- Businesses who own car parks, particularly those which are available at some parts of the day are more likely to be able to charge and profit for their use by non-customers and employees, as car parking numbers becomes more closely matched to actual demand.

Economic Analysis:

- Urban centres / CBDs have greater specialisation and a more efficient use of space.
- Business has more efficiently balance the allocation of building floor space with carparking space, removing that potential for an oversupply of carparking.

++**Local Authority**

- A requirement to update district/regional plans in order to implement national policy direction.
- A likely requirement for additional on and off-street car parking strategies, with potential increases in monitoring and enforcement costs over time.
- Public transport costs may increase as expectations on local authorities to provide sufficient alternatives to driving that are both efficient and effective, while balancing the varying needs and wants of individuals.

Local Authority

- Potential reduced traffic engineering resource requirements on a per resource consent application basis can be shifted to parking strategies for areas or centres where there is actual recorded high demand in comparison to the supply of car parks
- Some control will continue to be provided to Council by way of maximum carparking provisions, in order to manage any issues with parking over supply which would be counter to the desired outcomes for transit orientated developments and high-density areas such as central business districts.

-

<u>Natural Environment</u> <ul style="list-style-type: none">No direct or indirect costs have been identified.		<u>Natural Environment</u> <ul style="list-style-type: none">Improved environmental outcomes (such as reduced greenhouse gas emissions) as a result of an increase in mode shift from private vehicles to other mode, with an associated decrease in congestion effects.Less car use in favour of other modes would result in less heavy metal discharge to water bodies.Fewer new stand-alone, ground level parking lots in favour of green space would reduce storm water run-off effects on streams and other water bodies.
+		
Policy P7A (Option 2)		
Discussion Document Approach - Option 2	Removing the ability for local authorities to set minimum car parking requirements. <i>District plans must not regulate car parking using minimum parking requirements.</i>	
Overall Evaluation	It is considered this approach is largely the same as that set out for Discussion Document approach - option 1 above. The key difference with this approach, however, is that Councils would still have the option of utilising 'maximum' carparking requirements. The ability to provide maximum car parking requirements can further assist in achieving the most efficient use of urban land for commercial and residential development, through the ability to control / manage any potential oversupply of car parking provision in certain locations / circumstances. This approach is therefore considered to be the most effective and efficient means of achieving the overall policy intent.	
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Effectiveness and Efficiency	<u>Effectiveness</u> The policy approach would be effective in that the removal of minimum carparking requirements is an indirect approach to facilitate more efficient land use outcomes, reduced development costs and a reduced reliance on private vehicle usage. In addition, the ability to be able to utilise 'maximum' parking requirements assist to increase the overall effectiveness of this policy approach.	<u>Efficiency</u> The removal of minimum carparking requirements is considered efficient in that it will result in reduced Council control and a reliance on market-led provisions. This is efficient from a supply and demand perspective while also providing Councils with some control in relation to the ability to impose maximum carparking requirements.
Risk of Acting / Not Acting	The high social, environmental and economic costs associated with excess carparking which include inefficient land use, indirect support for private vehicle use, increased traffic congestion and adverse visual amenity impacts would continue to increase if there is no policy direction.	

Costs (only where they differ from Discussion Document Approach above)	Benefits (only where they differ from Discussion Document Approach above)
<ul style="list-style-type: none"> It is considered that the costs of this option are effectively the same as the costs of the Discussion Document approach - option 1 approach that is outlined above. The key difference, however, is that this approach also retains the ability for Councils impose maximum carparking requirements to manage or control any potential oversupply of carparking in certain locations / circumstances. 	<ul style="list-style-type: none"> The benefit of this approach is that it would result in a true market-led car parking approach with no intervention. There are additional benefits to all 'user groups' through the ability for Councils to impose maximum parking requirements in certain locations / circumstances. This will assist to better realise the benefits of intensification as well as achieving the most efficient use of urban land resources in order to provide for intensification.

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Policy P7A (Option 3)		
Discussion Document Approach - Option 3	Removing the ability for local authorities to set minimum car parking requirements in areas providing for more intensive development <i>District Plans must not regulate car parking using minimum parking requirements in medium and high-density residential, commercial and mixed-use areas.</i>	
Overall Evaluation	<p>This is an indirect approach to facilitate more efficient land use outcomes, reduced development costs and a reduced reliance on private vehicle usage. This approach would limit the ability to reduce the costs associated with the provision of excess number of car parks and the disadvantages / cost associated with retaining minimum carparking requirements would continue to occur in the majority of areas.</p> <p>Through the consultation process it became apparent that there is some concern in relation to the removal of carparking requirements and that this would result in developers choosing not to provide carparking for new developments. While this approach would alleviate these concerns in a number of areas, it is not considered that it will result in a sustainable and efficient outcome overall.</p> <p>Further, applying only to areas providing medium and high density residential, commercial and mixed use-areas restricts the potential benefits of more efficient land used outcomes through removal of minimum carparking in only certain developments.</p>	
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Effectiveness and Efficiency	<u>Effectiveness</u> The policy approach would be effective in that the removal of minimum carparking requirements is an indirect approach to facilitate more efficient land use outcomes, reduced development costs and a reduced reliance on private vehicle usage. The overall effectiveness of this approach could be compromised, however, with the benefits of the approach only	<u>Efficiency</u> This restricts Council's ability to facilitate more efficient land use outcomes, reduce development costs and reduce reliance on private vehicle usage through removing car parking minimums from medium to high density developments only.

	<p>accruing to particular, targeted areas – meaning a ‘status quo’ approach would continue to apply in other locations.</p>	
Risk of Acting / Not Acting	<p>The risk of maintaining the status quo in areas other than areas which provide for more intensive development will continue the un-responsive non-market approach, continuing to over supply car parks in favour of space and land for housing and employment when the rate of car parking is higher than actual demand.</p> <p>Would add another barrier to rezoning new areas for higher density, as the lack of minimum parking regulations would add to the concerns of the rezoning of some submitters.</p>	
Costs <i>(only where they differ from Discussion Document Approach above)</i>		Benefits <i>(only where they differ from Discussion Document Approach above)</i>
<ul style="list-style-type: none"> This approach would see the costs identified above being incurred only to the medium and high-density zoned communities / environments. 		<ul style="list-style-type: none"> This approach would see the benefits identified in the preferred option accruing only to the medium and high-density zoned communities / environments.
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Alternate Approach 1 – Status Quo	Status quo – retaining the current approach <i>The discussion document carparking policy would be removed from the proposed NPS-UD and the existing approach to regulating car parking through District Plans would be retained. The NPS-UDC contains no specific direction in relation to carparking requirements.</i>	
Overall Evaluation	<p>The status quo for carparking provisions allows Councils to regulate both maximum and minimum carparking provisions at their own discretion. As a result, there is an excess supply of carparking in some areas which have high social, environmental and economic costs. It is considered that greater direction to Council by way of a directive policy would be valuable.</p> <p>Minimum car parking controls are oversupplying the number of car parks in urban areas. Car parking has a high cost of delivery, between \$30,000 and \$130,000 in our main urban areas. Minimum car parking rates bundle the costs of parking with housing and employment uses, meaning those who do not require car parking ‘must-pay’ for it. This imposes a cost on the delivery of new housing and businesses. This does not enable more people to live in new or existing urban areas, particularly in areas where there is high demand for housing, near centres or employment or well served by public transport. This is given because these areas are where land is likely be more expensive and also where the cost of car parking delivery will be highest.</p> <p>Well-functioning and liveable urban environments are supported by a range of transport options. The overwhelming majority of transport services is supplied via cars. Public transport, cycling and walking use land more efficiently than roads designed for high car volumes. Minimum car parking rates have favoured the use of cars by setting land aside on private land for car parking, in favour of other uses such as houses. This has provided a subsidy for car parking which makes car use artificially competitive in relation to other transport modes.</p>	

Effectiveness and Efficiency	<u>Effectiveness</u> The status quo is ineffective in achieving the strategic intent that the carparking policy seeks to achieve. The majority of District/Unitary Plans include minimum carparking requirements and are resulting in an oversupply of parking spaces in many areas. This would suggest that a national-wide policy in relation to carparking provisions would be appropriate.	<u>Efficiency</u> The status quo is inefficient in achieving the strategic intent that the car parking policy seeks to achieve.
Risk of Acting / Not Acting	The risk of maintaining the status quo will mean that urban centres will too slowly remove car parking accords their jurisdictions. This will continue the un-responsive non-market approach, continuing to over supply car parks in favour of space and land for housing and employment when the rate of car parking is higher than actual demand.	
Costs		Benefits
<u>Existing Community</u> <ul style="list-style-type: none">■ The existing community would continue to bear the cost of an oversupply of carparking that is provided in many areas. These costs include inefficient land use, indirect support for private vehicle use over other modes, imposing the cost of car parking on those who do not use cars, or use them infrequently compared to the average, increased traffic congestion and adverse visual amenity impacts.■ People who do not directly benefit from free car parking supply will continue to pay for it indirectly via their goods and services purchased.■ Traffic congestion and its associated costs will continue as people continue choosing to drive.		<u>Existing Community</u> <ul style="list-style-type: none">■ Existing communities would benefit from high levels of certainty in relation to carparking that will be provided.
<u>Future Generations</u> <ul style="list-style-type: none">■ Current issues associated with the inefficient use of urban land (where land is used for supply of carparking, rather than supply of building floor space / dwellings for example) would continue.		<u>Future Generations</u> <ul style="list-style-type: none">■ No direct or indirect benefits have been identified.
<u>Iwi / Māori</u>	<u>Iwi / Māori</u> <ul style="list-style-type: none">■ No direct or indirect benefits have been identified.	

- Current issues associated with the inefficient use of urban land (where land is used for supply of carparking, rather than supply of building floor space / dwellings for example) would continue.
- Māori are more likely not to own a car than non-Māori, which may mean the distortion of benefits and cost of car parking minimums may continue should ownership rates continue.

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Owners

- Commuting via public transport and / or active modes of transport will remain at current levels / efficiency, with the potential to decrease as congestion is expected to increase in the absence of incentivised alternatives and expected population increase.
- Continuation of an inefficient use of land, with an over allocation of space for carparking in favour of additional building floor space / housing supply.

Owners

- Private parking costs expected to remain constant with no potential of parking scarcity.

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Renters

- Commuting via public transport and / or active modes of transport will remain at current levels / efficiency, with the potential to decrease as congestion is expected to increase in the absence of incentivised alternatives and expected population increase.
- Continuation of an inefficient use of land, with an over allocation of space for carparking in favour of additional building floor space / housing supply.

Renters

- No direct or indirect benefits have been identified.

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Developers

- Minimal flexibility retained in relation to land use and development options.
- Developers are unable to make efficient decisions regarding the choice between parking and floor space given the requirement to meeting parking standards. The costs are particular realised in areas where land values are high due to optionality for uses of space.

Developers

- Certainty in relation to development outcomes and associated traffic generation.

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<p><u>Businesses</u></p> <ul style="list-style-type: none"> ■ Land eligible for development may remain unfeasible for development given the size of the site and the requirement for carparking can leave the balance of the site insufficient in regard to development proposal and feasibility. ■ Parking buildings will continue to compete, rather than compliment, businesses that require to, in some instances, oversupply parking. ■ Urban centres / CBDs are constricted in terms of maximising efficient use of space given the requirement to meet parking standards. 	<p><u>Businesses</u></p> <ul style="list-style-type: none"> ■ Customer access to businesses is retained given the requirement for parking availability. ■ Businesses with carparks may incur additional costs to monitor carpark use.
<p><u>Consent Authority</u></p> <ul style="list-style-type: none"> ■ Ongoing costs associated with the individual carparking policies and requirements of local authorities, including their review/management. 	<p><u>Consent Authority</u></p> <ul style="list-style-type: none"> ■ Council will retain a high level of control in relation to the management of carparking numbers across its jurisdiction.
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<p><u>Natural Environment</u></p> <ul style="list-style-type: none"> ■ A continuation of the status quo predominance towards use of private vehicles (rather than other transport modes), with consequential environmental costs (such as continuing carbon emissions). 	<p><u>Natural Environment</u></p> <ul style="list-style-type: none"> ■ No direct or indirect benefits have been identified.
<p>Alternative Approach 2 – Removal of car parking as an adverse effect</p>	<p>Remove lack of car parking as an adverse effect <i>Specify that over-spill of car parking cannot be considered as an adverse RMA effect and should not be a matter of consideration when determining if a consent should be notified, approved or declined. This option expands on the direction of Discussion Document approach options 1-3 to include mandatory policies directing decision makers and remove recourse consent condition which require the provision of car parking.</i></p>
<p>Overall Evaluation</p>	<p>This approach removes the ability of decision-makers to consider the effects of car parking via a resource consent, principally the effects of car parking spill-over to surrounding streets and sites. Decision-makers have discretion to disregard an adverse effect if a plan permits an activity with that effect per RMA section 104(2). However, there may be some circumstances when the effects of car parking should be considered and managed via conditions of consent and/or to link the development to the preparation or updating of a strategic parking management plan.</p> <p>Without the ability for local authorities to manage car parking by way of conditions of consent, where appropriate, the ability for local authorities to achieve well-functioning and liveable urban environments and provide for intensification that will meet the social</p>

	economic and cultural well-being and needs of people and communities will potentially be curtailed by the provision of inappropriate and inefficient car parking.	
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Effectiveness and Efficiency	<p><u>Effectiveness</u></p> <p>This approach removes the ability of decision-makers to consider the effects of car parking via a resource consent. There may be some circumstances when the effects of car parking should be considered and managed via conditions of consent and/or to link the development to the preparation or updating of a parking area management plan.</p>	<p><u>Efficiency</u></p> <p>The removal of considering a lack of carparking provision as an adverse effect is considered efficient in that it will result in reduced Council control and a reliance on market-led carparking provision. There may be some circumstances when the effects of car parking should be considered and managed via conditions of consent and/or to link the development to the preparation or updating of a parking area management plan. However, this is efficient from a supply and demand perspective.</p>
Risk of Acting / Not Acting	The blanket approach to removing consideration of adverse parking effects may result in unintended consequences, such as a large development providing far too few car parks for the scale of the use in locations where alternative modes to cars are un-realistic and there is a significant issue with the supply and demand of surrounding car parking. Removing the ability to consider effects would also remove the impose conditions to require alternative methods of the provisions of on-site car parking, such as travel demand management.	
<p>Costs</p> <p><i>(only where they differ from Discussion Document Approach above)</i></p> <ul style="list-style-type: none"> There are risks posed by completely removing the ability of councils and other decision makers from the ability to consider adverse effects of car parking. The RMA already enables decision-makers to disregard effects of a permitted activity, there is little need to repeat what is provided by the Act 		<p>Benefits</p> <p><i>(only where they differ from Discussion Document Approach above)</i></p> <ul style="list-style-type: none"> The benefit would result in a largely market-led carparking approach with no intervention. Councils would need to focus on car parking management plans as the best means to managing car parking, on an area basis rather than a site specific basis, taking a wider and more long-term view and maintaining responsiveness to changing circumstances.
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Alternate Approach 3 – Car parkin management plans	<p>Address through car parking management plans</p> <p><i>Require parking area management plans as a non-RMA tool to manage car parking instead of car park minimums.</i></p>	

Overall Evaluation	<p>Comprehensive parking management plans provide guidance on how to manage parking in centres and other locations with parking demand pressures over the short, medium and long term, based on analysis of local circumstances. The plans can include recommendations and supporting evidence to enable councils or their agencies to implement measures to manage parking including introduction of restrictions or pricing. They will also assist in decisions regarding divesting, retaining or providing additional parking supply to meet future demand.</p> <p>This management plan option would empower individual councils to use car parking management plans as needed. These will be more likely to occur without car parking minimums in place; however, they are unlikely to be required in all locations. It would result in an additional layer of policy direction to assist the main policy outcome. National guidance on how best to prepare the parking area management plans should improve the success of the approach across the country.</p> <p>Car parking management plans are best used in city, metropolitan, town and other activity centres. The plans can provide guidance for assessing resource management applications which affect parking supply and demand.</p>	
Effectiveness and Efficiency	<p><u>Effectiveness</u></p> <p>Car parking management plans would empower individual councils to use car parking management plans as needed and, therefore, will have varied results across the country depending on whether or not it is applied, and the methods and tools employed if the approach is used. Therefore, this approach cannot guarantee a consistent outcome across individual areas / jurisdictions. However, as this is a supporting policy of the main policy (to remove car parking minimums) the main intent will still be achieved.</p>	<p><u>Efficiency</u></p> <p>This approach will assist local authorities in decisions regarding divesting, retaining or providing additional parking supply to meet future demand through the provisions of an additional layer of policy direction and associated guidance. This is considered to be an efficient method for supporting the greater intent of the car parking policy. In effect it replaces the current RMA method of setting car parking minimums with a more responsive non-RMA method of car parking management plans which as well as managing supply have the added benefit of managing demand.</p>
Risk of Acting / Not Acting	<p>The high social, environmental and economic costs associated with excess carparking which include inefficient land use, indirect support for private vehicle use, increased traffic congestion and adverse visual amenity impacts would continue to increase if there is no policy direction. The risk of implementing this alternative approach is largely one of consistency and timing depending on the approach taken by councils.</p>	
<p>Costs (only where they differ from Discussion Document Approach above)</p> <ul style="list-style-type: none"> Consent authorities would be faced with ongoing costs associated with the development and implementation of individual carparking management plans. 	<p>Benefits (only where they differ from Discussion Document Approach above)</p> <ul style="list-style-type: none"> Existing communities would benefit from high levels of certainty in relation of carparking that will be provided. Consent authorities would retain control of on-street parking management across its jurisdiction where it uses car parking management plans as necessary. 	

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| | <ul style="list-style-type: none">■ Councils may use cost recovery options (such as charging for on-street car park use) more effectively by via parking management plans, by charging for on-street car parking where demand is high, money can support development of the plans and supporting mode shift to public transport.■ Car parking management plan can identify needed information and other evidence to make informed decisions such as where and when parking maximum rates should be employed.■ Supports shift to other modes such as public transport and walking■ Demand responsiveness can ensure that car parking on-street remains available, supporting car use even in higher density urban areas. |
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Evaluation of the Provisions of the National Policy Statement – Māori Values and Aspirations for Urban Planning

Evaluation of proposed 'Māori Values and Aspirations for Urban Planning' provisions

The purpose of this evaluation is to determine the effectiveness and efficiency of each approach, and whether it is the most appropriate way to achieve Objective O1, O3, O4 and O5. Each of the approaches includes an 'overall evaluation' that summarises the approach's appropriateness to achieving Objective O1, O3, O4 and O5. The below assessment tables seek to provide a more comprehensive assessment of cost and benefits associated with the 'Discussion Document' approach and the 'status quo', with the subsequent assessment of 'alternative approaches' only identifying further costs and benefits, where they are in addition to / differ from those costs and benefits which have already been assessed as part of the 'Discussion Document' and 'status quo' approach.

Objective O9 and Policies P9A and P9B		
Discussion Document Approach	Inclusion of a policy package that requires local authorities to: <ul style="list-style-type: none"> requiring councils to engage with Māori communities during the preparation of their future development strategy reinforcing that councils must engage with Māori communities when developing policy statements, plans and strategies that affect how development capacity is provided for in urban environments requiring councils to understand consider whānau and hapū aspirations for urban development on whenua Māori within their rohe 	
Overall Evaluation	This approach provides improved direction in relation to Māori consultation and its desired outcomes and is likely to result in enhanced collaboration with hapū and Iwi within the planning process. Regardless, it is considered that greater guidance in relation to implementation would be beneficial for local authorities and that the principles of Te Tiriti o Waitangi should get greater acknowledgement.	
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Effectiveness and Efficiency	<u>Effectiveness</u> This approach will enhance the opportunity for hapū and Iwi to be involved in planning matters however, it is considered that greater direction in relation to its implementation is required to maximise benefits.	<u>Efficiency</u> The effectiveness of this approach will rely on its implementation by local authorities. It is considered that greater guidance within the NPS-UD could result in a more efficient outcomes overall due to a consistent implementation approach.
Risk of Acting / Not Acting	Not acting is likely to result in a continued level of frustration by hapū and Iwi regarding their involvement in local authority planning. The NPS-UD provides an opportunity to enhance the effectiveness of consultation with hapū and Iwi.	

Costs	Benefits
<u>Existing Community</u> <ul style="list-style-type: none"> No costs identified as a result of this approach. 	<u>Existing Community</u> <ul style="list-style-type: none"> Existing community will ultimately benefit from an enhanced environment that adequately provides for matters that are of importance to Māori and therefore New Zealand as a whole.
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<u>Future Generations</u> <ul style="list-style-type: none"> No costs identified as a result of this approach. 	<u>Future Generations</u> <ul style="list-style-type: none"> Future generations will benefit from an urban development system and urban developments that reflect the principles of the Treaty of Waitangi and adequately provide for matters that are of importance to Māori and therefore New Zealand as a whole.
++	
<u>Iwi / Māori</u> <ul style="list-style-type: none"> There may be increased levels of upfront involvement required in the development of plans and policies. 	<u>Iwi / Māori</u> <ul style="list-style-type: none"> Early and effective engagement will mean that important Māori values will be recognised and can be provided for within the planning process.
0	
<u>Owners</u> <ul style="list-style-type: none"> No costs identified as a result of this approach. 	<u>Owners</u> <ul style="list-style-type: none"> Owners will be provided with greater clarity in relation to particular features and land areas that are of significance to Māori.
+	
<u>Renters</u> <ul style="list-style-type: none"> No costs identified as a result of this approach. 	<u>Renters</u> <ul style="list-style-type: none"> There are no specific benefits identified as a result of this approach.

<u>Developers</u> <ul style="list-style-type: none"> No costs identified as a result of this approach. 	<u>Developers</u> <ul style="list-style-type: none"> Developers will benefit from upfront engagement and consultation with Māori that occurred at plan and FDS level and will therefore be able to identify matters that should be provided for at the outset of a development.
+	
<u>Businesses</u> <ul style="list-style-type: none"> No costs identified as a result of this approach. 	<u>Businesses</u> <ul style="list-style-type: none"> No specific benefits identified as a result of this approach.
0	
<u>Local Authority</u> <ul style="list-style-type: none"> Some local authorities may consider this NPS will increase their requirements to engage with hapū and Iwi through the development of plans and policies and future development strategies and to do this earlier in the process compared with their previous practice around hapū and Iwi engagement. It may also require more time to work through how to manage potentially competing objectives regarding urban development and other values of importance to hapū and Iwi. 	<u>Local Authority</u> <ul style="list-style-type: none"> Local authorities will benefit from enhanced relationships with Māori through effective consultation and a broader understanding of the matters that are of importance in relation to specific areas.
0	
<u>Natural Environment</u> <ul style="list-style-type: none"> No costs identified as a result of this approach 	<u>Natural Environment</u> <ul style="list-style-type: none"> The natural environment is likely to benefit due to increased opportunities to protect and enhance culturally important places and features.
+	
Alternate Approach 1 – Status Quo	Status quo – retaining current approach

Overall Evaluation	Overall it is not considered that the status quo effectively meets the objectives in relation to engagement on urban planning. Through consultation it has become apparent that the existing approach to Māori engagement is not always effective and the views of hapū and Iwi are sometimes not satisfactorily acknowledged and provided for. The proposed NPS-UD provides an opportunity to develop a system whereby hapū and Iwi involvement in planning issues can be better facilitated and an alternative approach is therefore considered to be more appropriate than the status quo.	
Effectiveness and Efficiency	<u>Effectiveness</u> It has been demonstrated that the status quo has mixed levels of effectiveness. The proposed NPS-UD provides an opportunity to develop a system whereby hapū and Iwi involvement in planning issues can be better facilitated. An alternative approach is therefore considered more effective.	<u>Efficiency</u> The status quo is not efficient as there is insufficient guidance provided regarding Māori engagement. This results in varied approaches to Māori engagement across the country with mixed results.
Risk of Acting / Not Acting	There is a missed opportunity of improved Māori engagement (that is, to see the values and aspirations of Māori communities expressed in the documents that shape the urban environment and in the urban environment themselves) if no action is taken.	
Costs (only where they differ from Discussion Document Approach above)		Benefits (only where they differ from Discussion Document Approach above)
<u>Existing Community</u> <ul style="list-style-type: none">■ Missed opportunity of effectively engaging with Māori as part of the planning process.		<u>Existing Community</u> <ul style="list-style-type: none">■ No benefits identified as result of this approach.
<u>Future Generations</u> <ul style="list-style-type: none">■ Potentially a greater disconnect between Māori and the planning process and the input into urban development outcomes.		<u>Future Generations</u> <ul style="list-style-type: none">■ No benefit identified.
<u>Iwi / Māori</u> <ul style="list-style-type: none">■ Potentially a greater disconnect between Māori and the planning process and the input into urban development outcomes.		<u>Iwi / Māori</u> <ul style="list-style-type: none">■ No benefit identified.

<u>Owners</u>	
■ No costs identified as a result of this approach.	
0	
<u>Renters</u>	
■ No costs identified as a result of this approach.	
0	
<u>Developers</u>	
■ No costs identified as a result of this approach.	
0	
<u>Businesses</u>	
■ No costs identified as a result of this approach.	
0	
<u>Local Authority</u>	
■ Continued costs associated with insufficient Māori consultation.	

<u>Natural Environment</u>	
■ Potential loss of culturally significant places as a result of inadequate Māori consultation.	

Alternate Approach 2 -	Provide specific direction in the form of an objective and policies to local authorities to take into account the principles of te Tiriti o Waitangi

Overall Evaluation	<p>This option has the potential to enhance the existing approach to engagement with Māori and facilitating input into the planning process. This option is more encompassing and broader ranging than the Discussion Document approach while still providing the opportunity to include policy direction to specific matters to ensure the principles of the Treaty of Waitangi are reflected in decision-making and plan-making.</p> <p style="text-align: center;">++</p>	
Effectiveness and Efficiency	<p><u>Effectiveness</u></p> <p>This approach has the opportunity to provide an effective outcome for both hapū and Iwi, local authorities and the wider community, with the potential to result in a more consistent approach to engagement across New Zealand with a clear understanding of the higher-level guiding principles of te Tiriti o Waitangi and the outcomes sought through consultation. However, its success will ultimately depend on the final wording of the proposed policy.</p>	<p><u>Efficiency</u></p> <p>This approach has the opportunity to provide an efficient outcome nationally, but this will ultimately depend on the final wording of the proposed policy.</p>
Risk of Acting / Not Acting	<p>This option has the potential to enhance the existing approach to engagement with Māori and facilitating input into the planning process. The approach is more encompassing and broader ranging than the 'Discussion Document' approach while still providing the opportunity to include policy direction to specific matters. This approach has the potential to result in a more consistent approach to engagement across New Zealand with a clear understanding of the higher level guiding principles of the te Tiriti o Waitangi and the outcomes sought through consultation.</p>	
<p>Costs <i>(only where they differ from Discussion Document Approach above)</i></p> <ul style="list-style-type: none"> There are no additional costs identified in relation to this approach. 		<p>Benefits <i>(only where they differ from Discussion Document Approach above)</i></p> <ul style="list-style-type: none"> The improved engagement outcomes that this approach can provide will have wide ranging benefits to all user groups. <p style="text-align: center;">++</p>

