



March 2022

Housing intensification – increasing housing supply

The Resource Management (Enabling Housing Supply and Other Matters) Amendment Act 2021 (“Housing Enabling Act”) passed into law on 20 December 2021. The changes brought about under the Housing Enabling Act build on the National Policy Statement on Urban Development 2020 (“NPS-UD”), and are aimed at increasing housing supply by permitting greater density in residential areas.

This article looks at some of the key points arising from the NPS-UD and the Housing Enabling Act, as well as their likely impact.

National Policy Statement on Urban Development 2020

The Government implemented the NPS-UD on 20 August 2020. This directs local authorities in urban areas to amend their district plans to allow for more housing at a greater density. One of the objectives of the NPS-UD is to improve not only housing supply, but housing affordability.

The NPS-UD identifies three tiers of urban environment, ranging from having greatest (Tier 1) to least (Tier 3) urban development. The NPS-UD sets different rules for the different tier levels.

Requirement to enable intensity

In Tier 1 urban areas, local authorities must ensure their district plans and regional policy statement enable:

- In city centre zones, building heights and density that realise as much urban development capacity as possible;
- In metropolitan centre zones, building heights of at least 6 storeys that reflect the demand for housing and business use in those locations;
- Building heights of at least 6 storeys within the walkable catchments of rapid transit stops and the edge of the city centre and metropolitan zones; and
- Building heights and density commensurate with the greater of the level of accessibility by active or public transport to commercial activities and community services or relative demand for housing and business use in that location.

The NPS-UD requires the relevant Tier 1 local authorities to have notified their plan changes to give effect to these objectives by August 2022.

Restriction on minimum car parking requirements

In order to encourage public transport, the NPS-UD prohibits local authorities from having any objectives, policies, rules, or assessment criteria that have the effect of requiring a minimum number of car parks to be provided for a particular development (other than accessible car parks).

Accelerating the NPS-UD

The Housing Enabling Act accelerates the implementation of the NPS-UD by creating a new Intensification Streamlined Planning Process (ISPP) replacing the process contemplated by the NPS-UD for intensification plan changes. The ISPP involves:

- Submissions on the plan change are heard by an independent panel;
- The panel makes recommendations to the local authority; and
- The local authority either accepts the recommendations and notifies its decision, or refers the decision to the Minister for the Environment who makes the final decision.

The ISPP fast-tracks the application of the NPS-UD as there are no appeal rights against a recommendation of a panel, or a decision of a local authority or the Minister. The ISPP allows decisions to be made on such plan changes by August 2023.

Incorporating Medium Density Residential Standards

Perhaps the most significant change in the Housing Enabling Act is the incorporation of Medium Density Residential Standards (MDR Standards). The Act requires that Tier 1 and some Tier 2 areas are required to implement the MDR Standards through their plan changes and the ISPP.

The MDR Standards permit the construction of three buildings of up to three storeys per residential site in an urban environment without the need for a resource consent. The buildings are only required to have a 2.5 metre setback from the front boundary and a 1 metre setback from the side and rear boundaries. There are some exceptions where the MDR Standards will not apply.

There are indications of some opposition from community groups where the MDR Standards are proposed to be implemented in suburbs which currently have “character” protection.

Impact on infrastructure

While the Housing Enabling Act looks to remove some of the speed bumps encountered in the consenting process, it does not address other issues that contribute to the current housing shortage. A criticism raised in terms of the implementation of the Housing Enabling Act is the lack of provision for infrastructure funding for local authorities to meet those requirements.

The prohibition on minimum car parking requirements, aimed at promoting active and public transport, has raised concern over housing intensification in areas that do not have adequate public transport.

While the effects of the accelerated legislation are yet to be seen in full force, all eyes will be watching as housing intensification increases and local infrastructure is expected to not only keep up but assist in accelerating housing supply.

***Disclaimer:** This article is only intended to provide general comments on the subject matter. Specialist advice should be sought about your specific circumstances.*

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