



# Cabinet

## Minute of Decision

*NOTE: As a result of decisions taken by Cabinet, the Cabinet Minute differs from the recommendations contained in the Cabinet paper in the following ways:*

- *Recommendation 11 was amended to remove the requirement for councils to provide development capacity in line with current requirements, where this exceeds 30 years of housing demand (paragraphs: 40.2 and 43)*
- *Recommendation 18, prohibiting councils from imposing rural-urban boundary lines, was added*
- *Recommendation 19.2, directing officials to explore options to enable better management of carparking, was added*

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## Going for Housing Growth: Implementing the First Stage

**Portfolio**                      **Housing**

On 24 June 2024, following reference from the Cabinet Economic Policy Committee, Cabinet:

- 1        **noted** that in December 2023, Cabinet agreed that the Minister of Housing begin a comprehensive programme of work to advance the Going for Housing Growth package [CAB-23-MIN-0498];
- 2        **agreed** that the objective of Going for Housing Growth is to improve housing affordability and increase competition in urban land markets by significantly increasing the supply of developable land for housing, both inside and at the edge of urban areas;
- 3        **noted** that Going for Housing Growth consists of three elements:
  - 3.1      freeing up land for urban development and removing unnecessary planning barriers;
  - 3.2      improving infrastructure funding and financing to support urban growth;
  - 3.3      providing incentives for communities and councils to support growth;
- 4        **noted** that to create a credible and enduring policy shift that shapes market expectations and ensures councils are supportive and work towards the Government's goals, the three elements need to work together as a package;
- 5        **noted** that this work will consider the cumulative impact of these changes on councils and communities in a way that ensures they are enduring;

### **Making the Medium Density Residential Standards (MDRS) optional for councils**

- 6        **agreed** to amend the Resource Management Act 1991 (RMA) to require all councils currently required to implement the MDRS to carry out a ratification vote to determine whether they plan to retain, alter, or remove the MDRS from their urban areas, and subsequently notify the Minister of Housing and the Minister for the Environment of their decision in writing;
- 7        **agreed** to amend the RMA so that if the outcome of a council's ratification vote is a decision to alter or remove the MDRS, the council must start work to progress a plan change proposing removing or altering the MDRS;

- 8 **agreed** that councils that have already implemented the MDRS and National Policy Statement on Urban Development (NPS-UD) should not be able to remove the MDRS until they have implemented the Housing Growth Targets;
- 9 **noted** that, for the councils who have not yet implemented the MDRS and NPS-UD, the Minister Responsible for RMA Reform is making decisions regarding the process requirements for each council on a case-by-case basis, reflecting each council's differing circumstances, but informed by an overarching objective to get the intensification provisions of the NPS-UD in place as soon as possible;

### **Housing Growth Targets**

- 10 **agreed** to set Housing Growth Targets for Tier 1 and 2 councils that replace or amend relevant current provisions of the NPS-UD 2020;
- 11 **agreed** that, to meet Housing Growth Targets, councils must provide development capacity for at least 30 years of housing demand at any one time;
- 12 **agreed** that, to count towards Housing Growth Targets, development capacity must be 'live zoned' (enabled in an operative district or unitary plan) and assessed as being feasible to develop;
- 13 **agreed** that, to meet Housing Growth Targets, development capacity must be supported by:
- 13.1 to meet short-term demand, adequate existing development infrastructure;
  - 13.2 to meet medium-term demand, either the above applies, or adequate development infrastructure that is identified in a long-term plan or equivalent document, funded through a levy under the Infrastructure Funding and Financing Act 2020, subject to a development agreement, or subject to funding from central government;
  - 13.3 to meet long-term demand, either the above applies, or adequate development infrastructure that is identified in an Infrastructure Strategy;
- 14 **noted** that amendments to the RMA may be needed to better facilitate the use of infrastructure triggers (conditions on live-zoned land to ensure that key infrastructure is built before development occurs) and, if so, these will be progressed through a Resource Management Amendment Bill;
- 15 **agreed** to set prescriptive rules and guidance for how councils calculate matters such as demand and development capacity;
- 16 **agreed** to set new requirements that price indicators (such as urban fringe land price differentials) do not deteriorate (and ideally improve) over time;

### **Greenfield growth, effective spatial planning and greater responsiveness to market demand**

- 17 **directed** officials to explore options to improve Future Development Strategy requirements in the NPS-UD, to align with Going for Housing Growth objectives;
- 18 **agreed** that there be no ability for councils to impose a rural-urban boundary line (or equivalent) in a plan;

19 **directed** officials to explore options to:

- 19.1 improve the responsiveness policy in the NPS-UD, such as whether to better support developers to undertake private plan changes and bring forward areas of growth;
- 19.2 enable better management of carparking;

### **Strengthening the intensification provisions of the NPS-UD**

20 **agreed** to revert the NPS-UD to its original position of requiring Tier 1 councils to enable heights and densities commensurate with levels of demand and/or accessibility to businesses and services across all of their urban areas, except where subject to one of the more specific intensification requirements;

21 **agreed** to:

- 21.1 require councils to deregulate to enable intensification around strategic transport corridors, under which councils will be responsible for determining these corridors, subject to criteria set by central government;
- 21.2 simplify the definition of rapid transit, to address ambiguity in the current definition;

22 **agreed** to set minimum catchment sizes within which councils must enable intensification, with catchment sizes based on the level of service provided by the type of centre or node;

23 **agreed** to:

- 23.1 clarify that decision-makers must explicitly consider the process and evidentiary requirements in their decisions to use a qualifying matter to reduce density;
- 23.2 require that the loss of development capacity through use of an unlisted qualifying matter (including special character) is offset by a direct and corresponding increase in development capacity elsewhere;

### **Providing for mixed-use development**

24 **agreed** to issue new national direction that requires:

- 24.1 Tier 1 and 2 councils to enable a baseline level of small-scale mixed-use across their urban areas (including outside of NPS-UD intensification areas);
- 24.2 Tier 1 councils to enable a specified set of small-to-mid-scale activities, such as cafes and restaurants, retail, metro-style supermarkets and offices, in areas subject to the NPS-UD's six storey (or greater) intensification requirements;

### **Balconies and minimum floor area requirements**

25 **agreed** to remove the ability for councils to set minimum floor area requirements and minimum balcony requirements;

### **Compliance and enforcement**

26 **agreed** to require councils to prepare a transitional Housing and Business Development Capacity Assessment (HBA) before they are able to opt out or amend the application of the MDRS, demonstrating that they comply with the Housing Growth Targets, and every three years thereafter;

- 27 **agreed** to amend the NPS-UD to introduce a standing requirement for councils to provide HBAs, and relevant underpinning data and assumptions, to central government;
- 28 **agreed** to amend the RMA to provide central government with a power to require councils to amend part or all of their HBA, in the event of non-compliance with requirements;
- 29 **agreed** to amend the RMA to provide intervention powers in the event of non-compliance with Housing Growth Targets or urban national direction, including an ability to direct councils to use a specific plan change process;
- 30 **noted** that the Minister of Housing intends to:
- 30.1 undertake further work on the nature of the intervention powers referred to above and institutional settings needed to ensure compliance with housing national direction and provide sufficient and credible enforcement over the long term in order to shape market expectations of future land prices; and
- 30.2 report back to ECO by the end of 2024 with any proposed changes;

### Implementation

- 31 **agreed** that councils wishing to remove or alter the MDRS will need to do so via a variation of the existing Streamlined Planning Process set out in the RMA;
- 32 **agreed** that councils removing or altering the MDRS will need to implement the Housing Growth Targets, intensification changes, and mixed-use provisions at the same time that they remove the MDRS;
- 33 **noted** that, for councils not seeking to remove or alter the MDRS, the Minister of Housing and Minister Responsible for RMA Reform is considering implementation timeframes and processes for Housing Growth Targets, intensification changes, and mixed-use provisions;
- 34 **agreed** to delegate detailed decision-making on the design of Housing Growth Targets, improvements to requirements related to Future Development Strategies and the responsiveness policy in the NPS-UD, the process for making the MDRS optional, intensification changes, mixed-use, other urban national direction, and associated compliance and enforcement matters to the Minister of Housing and the Minister Responsible for RMA Reform;
- 35 **agreed** to progress the changes set out above through a combination of a Resource Management Amendment Bill and the national direction package currently being developed;
- 36 **invited** the Minister of Housing and Minister Responsible for RMA Reform to issue drafting instructions to the Parliamentary Counsel Office to:
- 36.1 implement the above decisions, and those made under delegated authority in paragraph 34 above; and
- 36.2 make minor, technical, or consequential changes that arise during drafting to ensure workability;
- 37 **noted** that the above drafting instructions will be integrated with broader amendments to the RMA, for which Cabinet is due to make decisions on in July 2024;

- 38 **noted** that officials will undertake targeted testing of the detailed design of the proposals in the paper under ECO-24-SUB-0100 with councils, iwi, developers and other stakeholders ahead of legislation and national direction being introduced;

### Further work

- 39 **noted** that the Minister of Housing will work with relevant Ministers to consider the relative priority of addressing a range of additional impediments to housing supply and the potential approaches to address them, including policies and rules in National and Regional Policy Statements under the RMA, slow or restrictive plan changes under the RMA, and requirements under the Wildlife Act 1953;
- 40 **noted** that additional work is needed to remove barriers to the development of housing on Māori land and to support Māori housing growth, and that the Associate Minister of Housing will report to ECO on this in 2024;
- 41 **noted** that the Minister of Housing intends to progress further work on:
- 41.1 infrastructure funding and financing to support urban growth, including work that Cabinet endorsed in May 2024 as part of a work programme for Improving Infrastructure Funding and Financing [ECO-24-MIN-0076];
  - 41.2 incentives for councils and communities to support growth, including considering financial incentives for councils to support housing growth to s 9(2)(f)(iv)

Rachel Hayward  
Secretary of the Cabinet

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**Secretary's Note:** This minute replaces ECO-24-MIN-0100. Cabinet agreed to amend paragraphs 11 and 26.