

New RMA housing supply provisions in effect - where to now?

David Allen

1 February 2022

If there is one thing in New Zealand that our major political parties can agree on, it is that the Resource Management Act 1991 (RMA) needs a shake-up. Over its 30-year history, both major political parties have regularly passed piecemeal amendments.

The result has been a complex and unwieldy piece of legislation, not helped by implementation issues and a lack of strategic direction, that has created barriers to building more homes. The same political parties have also overseen a rampant housing market that has led to a 'housing crisis' in Aotearoa New Zealand. It was fitting, then, that Labour and National stood side by side in October last year to announce another amendment to the RMA; and the Resource Management (Enabling Housing Supply and Other Matters) Amendment Act (Act) is now law.

What is the Act about?

The purpose of the Act is to accelerate the supply of housing in our main urban areas by permitting intensification in residential zones. There is no doubt we need more housing in Aotearoa New Zealand. For many the dream of owning their own home has well and truly passed (and renting costs pose serious challenges). In the Third Reading of the Bill the Minister for the Environment referred to the 'stress' due to housing costs, resultant overcrowding and homelessness. Other MPs reflected on the 'immeasurable social harm' that a lack of housing causes.

Is the Act needed?

Presently we are seeing record housing consenting and a construction boom (as recognised by several MPs when speaking on the Bill). Councils have spent the last few years amending their planning provisions to enable more infill and intensive housing in many of our residential areas. These have been successful in freeing up land for intensification. Developers have scaled up as councils have advanced planning changes to implement the provisions of the National Policy Statement on Urban Development 2020 (NPS-UD) (especially in relation to six story housing). These changes are starting to bear fruit although councils face significant infrastructure shortfalls and costs (as do other infrastructure providers) in providing the critical services to enable that supply to be delivered.

Will the Act help?

Undoubtedly it enables greater potential intensification. But there are questions as to other factors that will influence whether the availability is taken up in practice. As mentioned above while more intensive development is already contemplated, in many residential areas buyers look more towards two stories rather than three. Further there are major issues as to availability and costs of finance (especially the effects of increases to interest rates and the amendments to the Credit Contracts and Consumer Finance Act 2003), cost of construction and a shortage of skilled workers. It is perhaps telling that one MP mentioned how the Act is 'good for developers'. It may be difficult for many 'mums and dads' to obtain the finance needed to maximise housing intensity.

Will the Act deliver on the promises?

The Act has a lot to live up to and MPs have told us in the House that this Act:

- Means 'more New Zealander's can have a healthy home' (despite concerns over lack of adequate provisions and Parliament not including the Homestar 6 standards (but the Building Act still applies))
- Will 'ensure that density and livability 'go hand in hand' and that 'our communities will have their character enhanced by this Bill' (that is the ultimate test and one that faced criticism and challenge through the Select Committee process. While the Act is an improvement on the original Bill, significant 'livability' questions still remain)
- Means that the intensification delivers 'part of the solution to climate change'. However, that does not consider the fact, as recognised by one MP, that it may encourage growth 'both up and out' and may also undermine the efficiencies associated with the NPS-UD on intensive development adjacent to infrastructure connections. Nor does it consider the significant intensification already enabled in our major cities
- Is unlikely to increase infrastructure costs as it will 'shift where development happens rather than whether it happens.' This is not only interesting in calling into question the need for the Act but is the billion-dollar question (and while the Government has invested billions recently, the level of investment needed is vast). While acknowledging that significant growth is already

happening, shifting where it happens, in an ad hoc manner, may increase costs as systems need to be generally expanded and upgraded as opposed to the focused approach of the NPS-UD. Further, the Act does not change the RMA processes (recently commented on by the New Zealand Infrastructure Commission) to be completed to deliver the infrastructure that is desperately needed. Housing, and the infrastructure to support it, must be aligned to deliver 'livable' cities

- Will help New Zealander's 'locked out of housing' and 'this Bill means that my children can actually afford to live in my suburb'. Beyond a potential increase in supply, house affordability is not considered in the Act. Given the increases in the cost of land and cost of building, and the focus on controlling the financial/economic drivers behind the housing crisis, the Act itself will struggle to deliver affordability.

What next?

We now need a pause on planning responses to the housing crisis to provide a settled environment to develop and implement the outcomes of this reform and the associated NPS-UD changes. Councils having adjusted their Long-Term Planning and Annual Planning funding documents to allocate funding to support NPS-UD intensification will now need to reassess their infrastructure spend. Councils will also have to get on with the work associated with the Intensification Streamlined Planning Process. That process will take up much of the next 18 months on top of all the other legislative and policy/planning demands placed on councils. There are considerable risks that with all the reform (including the review of local government, Three Waters reform, RMA reform, freshwater planning and NPS-UD planning) resources are too stretched to ensure that it is delivered in a robust and enduring manner.

This article builds on our previous article, which can be found [here](#).

Auckland

**188 Quay Street
Auckland 1010**

**PO Box 1433
Auckland 1140
New Zealand**

**P: +64 9 358 2555
F: +64 9 358 2055**

Wellington

**Aon Centre
1 Willis Street
Wellington 6011**

**PO Box 2694
Wellington 6140
New Zealand**

**P: +64 4 499 4242
F: +64 4 499 4141**

Christchurch

**83 Victoria Street
Christchurch 8013**

**PO Box 322
Christchurch 8140
New Zealand**

**P: +64 3 379 1747
F: +64 3 379 5659**