

// **SUBMISSION**



Going for Housing Growth Discussion Paper

// Local Government New Zealand's submission

// August 2025



Ko Tātou LGNZ.

LGNZ champions, connects and supports local government. We represent the national interests of councils. Our aim is for New Zealand to be the most active and inclusive local democracy in the world.

Key Points

- Local government accepts the need for a much more enabling approach to housing. Moves to make growth pay for growth are welcome and will be crucial for ensuring local government can support development with high quality infrastructure.
- New growth targets should help bring land prices down, but will make providing infrastructure more complex – and this could be exacerbated by the introduction of rates capping.
- Intensification provisions should strongly incentivise development in areas close to good transport links and other important amenities.
- Greater standardisation of development capacity and infrastructure assessments is welcome, but needs to allow for differences in local circumstances.
- Councils should take a responsive approach to freeing up land for development where possible, but not at the expense of allowing development in flood prone or other unsuitable areas.
- Local government is strongly supportive of spatial planning, but getting governance arrangements right will be crucial if it is to be a success.
- The Government should consider how it can continue to build the social licence for greater intensification, including consideration of ideas like the New South Wales “pattern book”.

Introduction

LGNZ strongly supports taking action to address the housing crisis. The changes proposed in the Going for Housing Growth (GfHG) consultation document, which form part of the Government's wider resource management reform programme, are largely a step in the right direction. New Zealand needs a diverse range of homes to bring rent and house prices down, improve the quality of our housing stock, and address the range of consequences that have arisen from expensive, poor quality, and unsuitable housing.

We accept that both local and central government have taken decisions in the past that have restricted the supply of new housing, for a range of different reasons. Councils, by their very nature, are at the coalface of democracy and as such are more sensitive to the concerns of residents about new developments. While councils acted in good faith in heeding these concerns, this has led to an overly cautious approach in places, with the interests of existing homeowners prioritised over those struggling to find an affordable, quality home to buy or rent.

Councils have also had to grapple with a system that places much of the fiscal and political cost for accommodating growth on them, while much of the benefits flow to central government. The absence, until relatively recently, of sufficient national direction has also contributed to an insufficiently permissive approach at the local level.

New Zealand's thinking on housing policy has changed dramatically over the last five to ten years, and councils are embracing this change. A more liberalised approach to planning and clearer direction from central government are both important, but must be complemented by removing the obstacles that councils face in accommodating and encouraging growth. In particular, the effectiveness of GfHG proposals will be contingent on the successful delivery of funding and financing tools to deliver the necessary infrastructure to support new housing.

Submission

LGNZ and councils generally agree with the need to reform our resource management system, and to fill in the gaps in national direction.

LGNZ supports reforming the resource management system, both by improving how the current system operates, and replacing the Resource Management Act (RMA).

There is widespread agreement that the RMA has failed in its goal of promoting the sustainable management of natural and physical resources. For decades it has caused needless complexity and uncertainty for New Zealanders who, either directly or indirectly, are affected by the RMA in their day-to-day lives.

LGNZ has put together a list of what local government needs to see from the new resource management system, which includes the following:

- Deliver a durable system with broad support that gets housing and infrastructure built while protecting and restoring our environment
- Involve local government in the design of the parts of the system they'll be expected to implement
- Ensure local communities can input into local planning and environmental decision-making as and when suitable, and allow for councils to act in the public good in tackling complex issues with widespread effects
- Ensure any new checks on council decision-making are proportionate and avoid excessive transaction costs and litigation
- Provide for effective spatial planning that better aligns infrastructure planning with funding and financing
- Provide certainty on local government's future structure and functions.

As has been well canvassed in recent years, the extensive national direction initially envisaged when the Resource Management Act was drafted largely failed to eventuate.

The GfHG proposals, along with other national direction changes currently being developed, will help to fill these gaps. There is a risk however, that the pendulum swings too far towards centralised decision making, with communities losing the opportunity to influence how their communities look and feel, and how environmental matters are handled locally.

This submission complements our earlier submission on the Packages 1, 2, and 3, which you can find [here](#).

Ambitious housing targets will lower land prices, but bring infrastructure challenges.

LGNZ supports enabling sufficient capacity to meet 30 years of housing demand (with a 20 percent contingency margin). Constrained supply of land has been a key driver of housing unaffordability, and this will build on the good work already started under the National Policy Statement for Urban Development (NPS-UD). This needs to be accompanied by efforts to build and maintain the social licence for increased development, as discussed later in this submission.

We are pleased the Government recognises the need for growth to pay for growth, and that a more permissive approach needs to be balanced with providing some shape for how development will occur. Nonetheless, an unavoidable trade-off for this more permissive approach is greater complexity in providing infrastructure to support growth. Councils will have less ability to plan ahead, and the need to anticipate where demand for services may be risks creating some inefficiencies and a higher capital spend than necessary.

These are not unmanageable risks, but will need to be mitigated. Better funding and financing tools such as new development levies, enhanced targeted rates, and a more accessible IFF framework, must be available in time. Incentives to build close to transport links and other key amenities, and the identification of key growth areas in spatial plans will be important factors in ensuring that councils are able to oversee high quality urban development, and provide the infrastructure necessary to support it.

These changes also need to be viewed in the context of many councils struggling with funding and financing infrastructure, particularly those with small rating bases and/or large seasonal variations in population. These pressures could be heightened even further by the introduction of rates capping. International evidence shows that rates capping could constrain the ability of councils to provide infrastructure necessary to service growth, and we urge the Government not to risk undoing its good work in improving funding and financing tools through its introduction.

Growth targets shouldn't mean building in the wrong places – or not building in the right ones.

National direction needs to support councils to limit or avoid development in areas where the risk from climate change or natural disasters is unacceptably high. Given significant work is underway to understand natural hazard risks across the country, and the quality of data varies significantly, moves to open up the supply of land for housing should not come at the expense of stopping unsuitable land being developed when risks become apparent.

We are also concerned that the proposals as they stand will not alleviate unreasonable opposition to development in ideal locations. This often leads to sprawl and lower quality urban environments. While it is useful for councils to have flexibility in where they accommodate development, we believe the Government should be clear that all communities need to do their part to accommodate the growth in housing that we need, and national direction should reflect this.

We note the consultation document does propose some approaches that could mitigate the ability for some communities to unreasonably resist development, including requiring redistributed capacity to be zoned in areas with a similar land value from where it has been lost. We support these approaches being investigated further.

Standardising definitions and processes is useful, but needs to accommodate local circumstances.

LGNZ welcomes a more standardised approach to calculating demand and development capacity. We understand that smaller councils in particular can have issues with doing this work themselves, and a more consistent approach should reduce time and cost for them. The methodology should, however, mirror the best of existing practise amongst councils as much as possible, to provide certainty and minimise the need for officers to adapt to new systems. We suggest that urban and high growth councils in particular should be engaged with on the design of these new standards.

We note the concern raised in the consultation document around the definition of “infrastructure-ready”, and how councils determine what this means in practice. There may be a role for central government in providing more guidance and support for councils, particularly smaller ones with relatively less internal capacity, to conduct infrastructure assessments.

However, we are weary that what “infrastructure-ready” looks like will vary in different parts of the country, and any guidance from central government will need to allow for this. For example, land identified for development in an area in a low lying coastal area, or in an area susceptible to landslips may need mitigating works that may be unnecessary for a flat, inland area. Any changes made by the Government in this space should reflect this.

Responsive planning should not mean more housing at risk from natural hazards.

LGNZ agrees it is important for councils to be responsive to plan change requests that have the potential to bring more housing development. We agree that, given the large increase in development capacity that the GfHG changes will enable, there won't likely be large levels of demand for such requests under the new system. This may be a good thing, as it will make it easier to plan for growth.

For some councils, particularly those covering smaller areas, there may be limited further land that is suitable for accommodating growth once 30 years of growth (plus contingency) has been zoned for. We recommend that if the Government proceeds with measures for greater responsiveness such as price triggers, it ensures there are appropriate safeguards in place which will avoid, for example, flood-prone land being released for development.

As discussed in our submission on the proposed National Policy Statement for Natural Hazards, these safeguards should complement greater legal protections for councils acting to prevent development in excessively risky areas.

Greater certainty around intensification provisions will help councils get on with the job.

LGNZ is supportive of strong incentives for intensification in urban areas. While there should be a general lift in intensification, this activity should be directed as much as possible to areas well serviced by infrastructure like key public transport routes, or within walkable distances of employment and leisure.

As referred to earlier, LGNZ notes that uncertainty around the definition of terms like walkable catchments and what constitutes a rapid transit service complicated, in some instances, the implementation of the NPS-UD. In some instances, this went beyond good faith debates on the interpretation of these terms and into the exploitation of this uncertainty to undermine the policy itself.

Given these issues, LGNZ generally supports providing greater clarity for those interpreting these terms – with some exceptions.

The move to extend enable intensification across current or planned ‘key public transport corridors’ is a sensible move. However, there needs to be unambiguous guidance in place if councils are to be responsible for determining what routes come within this classification document, which proposes establishing two new categories of ‘key public transport corridors’, and gives councils the responsibility for determining which routes fall within these categories.

This approach strikes us as unnecessarily bureaucratic, and a threshold based on a simpler definition of service frequency could be an easier and more effective option for the Government to consider. We were also told by members that this approach may not be sufficiently ambitious, based on the relatively few public transport corridors that would come within the NZTA One Network Framework’s “spine” definition.

We note that the two options put forward in the consultation document for defining walkable catchments would provide very specific guidance for councils. We support this, but suggest some limited pathway is provided for councils to take an alternative approach in situations where such a highly prescriptive approach would produce perverse outcomes. The bar should be set sufficiently high so that the policy intent is not undermined.

We also note the use of the phrase “key transit corridors” in paragraph 105 differs from the language used earlier in the consultation document. It would be good for the Government to clarify that this means the same as a “key public transport corridor”, to avoid confusion as to whether these intensification provisions would also apply in areas serviced solely by private transportation, which would appear to be counter to the policy intent.

The additional detail on the Government’s spatial planning intentions is welcome.

LGNZ strongly supports the introduction of spatial planning, to address a lack of coordination between central and local government, iwi, infrastructure providers and communities about how growth should be accommodated over the long term. While a number of councils already engage in spatial planning, there is no guidance as to what they cover nor do they have any statutory weight

(aside from in Auckland), resulting in a wide variety of approaches that struggle to influence central and local decision making.

We largely support the direction indicated by the discussion document and the Resource Management Expert Advisory Group. Concise, standardised, map-based documents with statutory weight, and clear plans for implementation, could drive a step-change in how local and central government work together to facilitate growth and development.

Determining who will be involved in formulating spatial plans, and how, is a crucial part of ensuring they will deliver on the goals intended for them. We look forward to seeing more detail in due course. Striking a balance between having buy-in from central government, without undermining local decision making, will be a key balance to strike in the design of governance arrangements.

Aside from spatial planning already undertaken by councils, there are a range of initiatives that may overlap, interact with, or need to be informed by spatial planning. These include urban growth partnerships, regional land transport plans, future development strategies, and the new regional deals framework. Careful consolidation and alignment will be needed to avoid introducing additional complexity to the system. A good place to start would be for officials to undertake a stocktake of these initiatives, ahead of discussions about how they will interact with spatial plans, or whether their continued existence is even necessary.

In a similar vein, a vast range of central government agencies hold responsibility for planning and infrastructure matters, potentially complicating the ability for central government to be adequately represented in their development. Ensuring adequate representation without it becoming unwieldy should be a key focus for the Government.

LGNZ has already done some work thinking about what local government needs from a future spatial planning system, [including this work we commissioned from Sense Partners in 2021](#) during the previous Government's resource management reform process focused on housing affordability.

Councils are under pressure, and need support for implementing resource management reforms.

Councils are in the midst of an extended period of uncertainty in key policy areas, particularly resource management. The transition to a new resource management system, and the widespread upheaval this will mean for council planning activity, represents a real risk to the success of the Government's reforms.

We are therefore generally supportive of efforts to reduce the administrative burden on councils at this time. LGNZ would caution however against suspending the requirement for councils to prepare or review Housing and Business Development Capacity Assessments (HBAs), given that many of the current requirements on councils in the housing space, as well as some of the new or amended ones proposed in this consultation document, rely on the information in these HBAs.

We would encourage the Government to look at obligations on councils to consult with the public on proposals in the consultation document. When councils were required to implement the Medium

Density Residential Standards, for example, they had to spend considerable time and resource engaging with the public on something that was largely a fait accompli. If the Government takes a similarly directive approach with these reforms, as appears likely, it should consider what will be achieved through consulting with the public on policy changes which councils have little ability to change in response to community feedback.

We also support looking at whether there needs to be better targeting of some of the housing proposals. As the consultation document notes, all councils within a given urban area are subject to the same provisions under the NPS-UD, regardless of population or other relevant factors. We would encourage the Government to consider feedback in particular from tier 1 and 2 councils when considering this issue.

The Government should do more to build the social licence for housing and resource management reform

LGNZ has previously raised the concern that the public does not yet appreciate the extent of the changes that the new resource management system will usher in, and that the reduced scope of the system may come as a shock to some.

Similarly, the proposals in the GfHG consultation document represent a ramping up of the change in direction in housing policy that has taken place over the past 5-10 years. While there are big benefits that occur from this, many people in communities across the country have concerns about what this may mean for their neighbourhoods. Further, while central government may set this national direction, it is likely that local politicians will bear much of the brunt of any backlash to its effects, as public perceptions of what good housing looks like are challenged.

We believe there is more that could be done to pre-empt this. For example, New South Wales has recently launched the “NSW Housing Pattern Book”, which allows anyone to buy, initially for only \$1, a blueprint for a home from a range of designs by highly regarded architects, and access a fast-tracked approval process for getting it built. This concept could be introduced in New Zealand, perhaps on a region-by-region basis using local architects, as a means of countering concerns about low quality development and achieving greater local buy-in for new housing typologies.

Conclusion

LGNZ thanks the Government for the opportunity to submit on the Going for Housing Growth consultation document.

We welcome the opportunity to work with the Government on the issues raised in our submission. For further information if we can be of any assistance, please contact [William Blackler](#), Senior Policy Advisor.