



Matthew Whitehead
fyi-request-23530-32c0b251@requests.fyi.org.nz

Dear Matthew Whitehead

Thank you for your email of 18 July 2023 to Kāinga Ora – Homes and Communities requesting the following under the Official Information Act 1982 (the Act):

What savings, if any, have been estimated due to the NPS-UD? Is there a figure that relates to Wellington in particular?

How many extra homes do you think it will enable you to build nationally and within Wellington in the first five years after full passage into local law if fully complied with?

As you are aware, on 20 July 2023, the following part of your request was transferred to the Ministry for the Environment (the Ministry) under section 14 of the Act:

What savings, if any, have been estimated due to the NPS-UD? Is there a figure that relates to Wellington in particular?

The Ministry has identified two relevant documents in scope of your request:

1. *'Coversheet: National Policy Statement on Urban Development'*

This document is publicly available here: <https://environment.govt.nz/assets/Publications/national-policy-statement-urban-development-regulatory-impact-statement.pdf>. Within this document, you may wish to refer to the information outlined on the following pages:

- Page 23: Table 2: 'Additional costs compared to the status quo'
- Page 24: Table 3: 'Additional benefits compared to the status quo, net benefit and transfers'
- Page 16:

"The process of determining how the intensification provisions apply across an urban environment and then progressing plan changes will likely require additional spending for some councils to resource these changes. These processes may also reveal the need to spend more on infrastructure (including new or upgraded provision of transport, water and community services) in order to meet housing demand. Currently some of these costs may be hidden in existing plans that do not adequately respond to market signals of demand. Across an urban area, or nationally, there may not be an increase in costs, but they are likely to be distributed unevenly."

2. *'Cost-benefit analysis for a National Policy Statement on Urban Development: Final report for the Ministry for the Environment July 2020'*

This document is publicly available here: <https://environment.govt.nz/assets/Publications/Files/NPS-UD-CBA-final.pdf>.

Within this document, you may wish to refer to the information outlined on the following pages:

- Page 16: 'Housing and business assessments':

"HBA costs in the first year of reporting were estimated at \$150,000 to a maximum of \$300,000. We use the maximum number for cost-benefit analysis in all MUCs. Small improvements in NPS-UD effectiveness have potential to create large gains in policy benefits. In the six MUCs, it would require very small marginal changes in housing supply elasticity to generate \$300,000 worth benefits"

- Page 98: This information relates to Wellington in particular:

"We find that small enhancements to the impact of the NPS-UD on supply responsiveness result in benefits that far outweigh the costs of compliance. The case of Wellington is closest to neutral: a marginal enhancement equivalent to a change from our pessimistic intensification scenario to our preferred scenario (an elasticity shift of approximately one standard error relative to historical variance) would generate enough benefits to justify a payment of \$2.1 million every three years between now and 2043."

- Page 103: This information relates to Wellington in particular:

"The expected magnitude of intended policy benefits net of costs ranges from about \$20 million to \$50 million for the intensification policy, \$22 million to \$24 million for the responsive planning policy, and \$8 million to \$70 million for the removal of minimum parking requirements."

You have the right to seek an investigation and review by the Office of the Ombudsman of my decision relating to this request, in accordance with section 28(3) of the Act. The relevant details can be found on their website at: www.ombudsman.parliament.nz.

Please note that due to the public interest in our work the Ministry publishes responses to requests for official information on our [OIA responses page](#) shortly after the response has been sent. If you have any queries about this, please feel free to contact our Ministerial Services team: ministerials@mfe.govt.nz.

Yours sincerely



Rebecca Scannell

Director – Urban and Infrastructure Policy and Planning
Ministry for the Environment | Manatū Mō Te Taiao