



# Addendum Regulatory Impact Statement (RIS): changes to Auckland housing capacity requirements

<b>Decision sought</b>	Analysis produced for the purpose of informing: final Cabinet decisions.
<b>Agencies responsible</b>	Ministry of Housing and Urban Development (HUD) and Ministry for the Environment (MfE)
<b>Proposing Ministers</b>	Minister of Housing Minister Responsible for RMA Reform
<b>Date finalised</b>	11 February 2026

The proposal will result in:

- Amendments to the Resource Management Act 1991 (RMA) to reduce the required net plan-enabled housing capacity for Plan Change 120 (PC120) from at least the equivalent of Plan Change 78 (PC78) (just over 2 million dwellings) to a minimum of 1.6 million dwellings.
- Use of the RMA’s regulation-making power to remove or amend particular constraints on development in the city centre.

## Summary: Problem definition and options

### Context

This RIS is an addendum to two previous regulatory impact statements that were prepared in 2024 relating to Pillar 1 of Going for Housing Growth (GfHG) and making the Medium Density Residential Standards (MDRS) optional for councils.

### What is the policy problem?

In response to housing supply shortages and housing affordability challenges, the National Policy Statement on Urban Development (NPS-UD) and the MDRS were introduced to require councils – including Auckland Council – to enable more housing. Auckland Council responded by developing PC78 to meet these requirements. PC78 would have provided significant additional housing capacity (approximately 2 million net dwellings). However, Auckland Council and communities raised concerns about the limitations of PC78, relating to natural hazards, infrastructure capacity limits, and the scale and location of increased housing density.

In 2025, new legislation allowed Auckland Council to withdraw PC78 and replace it with PC120, as long as PC120 provided the same total housing capacity as PC78, still implemented the NPS-UD, and increased density around five key train stations benefiting from investment in the City Rail Link (CRL). PC120 takes a more nuanced approach by focusing growth near rapid transit routes and within walkable areas, while reducing enabled density in some suburban and hazard-prone zones.



However, while there appears to be general support for intensification around centres and transit corridors, some concerns have been expressed in the media and public forums about widespread suburban intensification and the total quantity of capacity enabled under PC120.

Despite this, because PC120 must still have the same total housing capacity as PC78, Auckland Council and the hearings panel considering submissions on the plan change have little flexibility to change zoning in response to community concerns raised through submissions unless they find other places to make up the difference. A revised requirement would give Auckland Council and the hearings panel greater flexibility to respond to submissions, while still ensuring the city delivers a substantial level of plan-enabled capacity to support housing affordability and well-functioning urban environments.

Separately, despite recent changes to the city centre zone, a range of planning rules still limit the amount of housing and business capacity that can be built. This unduly constrains the city centre's ability to grow, with potential economic and social consequences.

### **What is the policy objective?**

The objectives of this policy intervention are to:

- Ensure Auckland Council provides sufficient, well-located housing and business capacity to support long-term housing supply, affordability, and economic growth.
- Provide sufficient flexibility for Auckland Council and the hearings panel to respond to submitter feedback and evidence, including concerns raised relating to intensification.

### **What policy options have been considered, including any alternatives to regulation?**

Two options have been considered in line with Ministerial direction. These have been compared against the counterfactual.

- **Counterfactual:** PC120 would proceed under current legislation, requiring Auckland Council to enable capacity for approximately 2.07 million net new dwellings, matching the capacity enabled by PC78. There would be limited ability to reduce suburban intensification unless increased elsewhere. Requirements for intensification, including those under the NPS-UD and the additional requirement to intensify around five key stations benefiting from CRL investment, would remain.
- **Option One – Reduce capacity requirements to capacity for a minimum of 1.6 million net new dwellings and require a variation to the city centre zone:** The legislative requirement would be altered so Auckland Council may reduce capacity from what PC78 enabled by up to approximately 23 per cent, that is, enable capacity for a minimum of 1.6 million net new dwellings. Auckland Council would still need to meet NPS-UD requirements and support intensification around the five stations benefiting from investment in the CRL. Additionally, Auckland Council would need to vary PC120 to provide greater housing and business capacity in the city centre.
- **Option Two – Reduce capacity requirements to capacity for a minimum of 1.6 million net new dwellings and make direct changes to city centre provisions via RMA section 360I.** The overall capacity requirements for this option would be the same as Option One. However, rather than directing Auckland Council to prepare a variation to the city centre zone, the Minister Responsible for RMA Reform would use the recently-introduced regulation-making power under the RMA to make specific changes to Auckland's city centre zone, removing or amending particular constraints on development (such as height limits, tower dimension controls, and outlook and setback requirements) so as to enable additional housing and business capacity in the city centre.



### What consultation has been undertaken?

Officials engaged with senior officers at Auckland Council on the detail of these proposals on 9 and 10 February 2026. No other consultation has been undertaken on these proposals by officials, in line with Ministerial direction and timing constraints.

### Is the preferred option in the Cabinet paper the same as the preferred option in the RIS?

HUD and MfE consider that the Counterfactual performs better overall than Option One or Two, as it enables more capacity for housing in the short-term and avoids adding complexity to the PC120 process. The Minister’s preferred option is Option Two, on the basis that it provides more flexibility for the hearings panel and Auckland Council to respond to submitter feedback and still adequately enables housing supply across Auckland.

## Summary: Minister’s preferred option in the Cabinet paper

### Costs

- Overall, the proposal introduces moderate additional non-monetised costs. This includes:
  - One-off planning and engagement activity costs for Auckland Council, the hearings panel and submitters.
  - A risk that reducing the housing capacity requirement may result in house prices and rents decreasing by less than would otherwise be expected under the counterfactual.
  - Short-term uncertainty for landowners and developers while decisions on the plan change are finalised.
- The proposal has clear distributional impacts. At a local level, individual sites that are downzoned relative to PC120 as notified may experience reductions in land value or development opportunity. At the same time, reducing overall housing capacity across Auckland may lower the supply of developable sites relative to the counterfactual, increasing land scarcity and placing upward pressure on land and housing prices at a city-wide level, intensifying competition for remaining developable sites.

### Benefits

- Relative to the counterfactual, the proposal delivers modest non-monetised benefits, driven primarily by greater flexibility for Auckland Council and reduced uncertainty about future development for residents in areas downzoned relative to the counterfactual.
- There are location-specific benefits associated with an expected increase in capacity in the city centre. Developers may benefit from new or expanded development opportunities in the city centre, which is a high-demand location. Existing and future residents may benefit from additional housing choice in a well-serviced location, with good access to jobs, services, and public transport. Increased housing and business capacity in the city centre may also support greater investment in services, amenities, and public spaces, contributing to a more active and accessible urban environment over time.

### Balance of benefits and costs

- On balance, the benefits of the Minister’s preferred option do not clearly outweigh the costs when assessed using qualitative evidence, particularly once the risk of higher



house prices and rents associated with reduced housing capacity relative to the counterfactual is taken into account.

## Summary: HUD and MfE's preferred option

HUD and MfE's preferred option is the Counterfactual. The costs and benefits of the Counterfactual are inverse to the costs and benefits set out in the summary of the Minister's preferred option above.

### Implementation

The proposal will be implemented through legislative amendments to the RMA, which will be progressed at pace given that the PC120 process is already underway. The Minister will also follow the process for making regulations to remove or alter specific development controls in the city centre zone, so as to enable additional housing and business capacity.

There will be opportunities for further public input in light of the revised capacity requirement, and the hearings panel and Auckland Council will have scope to reduce capacity in response to submissions.

Introducing legislative change while a plan change process is under way creates a number of risks, including risks of challenge due to changes to the requirements midway through the plan change process, uncertainty for developers and landowners, and delays to the plan change process. Ultimately, not all outcomes can be fully predicted as final implementation decisions will rest with Auckland Council and the panel.

### Limitations and Constraints on Analysis

The proposals in this RIS have been developed at pace. This timeframe necessarily limits the identification of options, level of analysis and the collation and review of evidence. There has been very little engagement with stakeholders on these proposals by officials.

**I have read the Regulatory Impact Statement and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the preferred option.**

Fiona McCarthy  
Manager, Land Use and Land Markets  
**Ministry of Housing and Urban Development**  
11 February 2026

Stephanie Gard'ner  
Manager, Urban Policy  
**Ministry for the Environment**  
11 February 2026



## Quality Assurance Statement

**Reviewing Agency:** Panel consisting of members from the Ministry for Regulation, Ministry of Housing and Urban Development, and Ministry for the Environment

**QA rating:** Partially meets

**Panel Comment:** A combined RIA panel of Ministry of Housing and Urban Development, Ministry for the Environment and Ministry for Regulation officials have reviewed the Addendum RIS: Changes to Auckland housing capacity requirements and confirmed that it partially meets the requirements. Significant time constraints impacted the extent to which detailed analysis could occur. As a result, there was a lack of quantitative analysis, and insufficient engagement occurred. Despite this, the RIS uses qualitative analysis and overall is clear, concise and compelling.



## Section 1: Diagnosing the policy problem

---

1. This RIS is an addendum to the following regulatory impact statements:
  - a. Regulatory Impact Statement: Going for Housing Growth – Freeing up land for development and enabling well-functioning urban environments, which was prepared in June 2024 ('the initial RIS').
  - b. Regulatory Impact Statement: Implementing changes to the National Policy Statement on Urban Development 2020 and making the Medium Density Residential Standards optional for councils, which was prepared in September 2024 ('the second RIS').

### **What is the context behind the policy problem and how is the status quo expected to develop?**

*Council plans under the RMA have contributed to New Zealand's long-running housing crisis*

2. As set out in the initial RIS, New Zealand has a long-running housing crisis, with high house prices and a historic lack of housing supply. A key barrier to housing supply has been an ongoing shortage of developable urban land (both 'up' and 'out') to support competitive urban land markets. A key driver of these constraints on development capacity has been the RMA, and the district plans put in place by councils that sit under it.
3. District plans regulate land use and set out what development (including housing and commercial activity) is allowed. In general, district plans have restricted the ability of the market to meet demand, motivated by factors such as:
  - a. community preferences to retain character, and opposition to additional density in existing urban areas;
  - b. council desires to carefully stage growth to manage infrastructure funding and financing constraints; and
  - c. differing views about the role freeing up development capacity plays in enabling more housing development.
4. In the case of Auckland, while the Auckland Unitary Plan (AUP), which largely took effect between 2013 and 2016, took a much more enabling approach to housing than predecessor plans (enabling capacity for around 1.2 million net<sup>1</sup> new dwellings compared to what is currently built as at 2025), it continued to constrain development in many areas of high demand.

*Central government has provided direction requiring Auckland Council to enable more housing supply*

5. As set out in the initial RIS, to address issues in Auckland and other urban centres, the previous Government introduced the NPS-UD in 2020 and the MDRS in 2021.<sup>2</sup> Both instruments sought to ensure that councils were enabling more housing in their district and unitary plans, and the NPS-UD also sets requirements relating to business capacity.

---

<sup>1</sup> Net of demolitions of existing houses.

<sup>2</sup> The NPS-UD required urban councils, including Auckland, to enable greater heights and densities in accessible locations, including at least six storeys around rapid transit stops and as much height and density as possible in city centre zones. The MDRS required urban councils, including Auckland to allow up to three houses of up to three-storey development per site in most residential zones.



6. Auckland Council notified PC78 in 2022 to implement these requirements. PC78 proposed significant upzoning, enabling capacity for around 2.07 million net new dwellings<sup>3</sup>, as well as more capacity for business use. During consultation and technical work, challenges emerged, including new natural hazard information, interactions with previously-proposed major infrastructure proposals such as Auckland Light Rail, public concern about the scale and location of intensification, and views that zoning needed to better reflect infrastructure constraints.
7. As set out in the initial RIS, in 2024, through the Going for Housing Growth programme, the current Government committed to making the MDRS optional for councils. Because PC78 had not been completed, the Government determined that a tailored approach would be taken for Auckland Council and other councils in similar positions.
8. Subsequently, the Resource Management (Consenting and Other System Changes) Amendment Bill ('the Amendment Bill') was introduced in December 2024. As analysed in the second RIS, the Amendment Bill as introduced to Parliament proposed that Auckland Council could apply to withdraw the MDRS aspects of their plan change, but only if the responsible Minister was satisfied that it had implemented key aspects of the NPS-UD.
9. Auckland Council requested a different approach to that provided by the Amendment Bill as introduced. In particular, it requested to be able to withdraw PC78, and instead progress a new plan change, so that (amongst other reasons) it could better respond to natural hazard risk.
10. As such, the Amendment Bill as reported back from Select Committee<sup>4</sup> provided that Auckland Council could withdraw PC78 and prepare a new plan change, as long as it implemented the NPS-UD, enabled equivalent housing capacity to PC78, and enabled additional intensification around five stations benefiting from investment in the City Rail Link (Maungawhau (Mount Eden) Station, Kingsland Station, Morningside Station, Baldwin Avenue Station, and Mount Albert Station).<sup>5</sup> The Resource Management (Consenting and Other System Changes) Act was passed into law in August 2025.
11. While not specifically related to Auckland Council, the Amendment Act also provided a new regulation-making power<sup>6</sup> under which, following an investigation, report, and consultation with the relevant council, regulations may be made to modify or remove provisions of a district plan if the provisions have a negative impact on economic growth, development capacity, or employment.
12. Some aspects of PC78 were made operative by Auckland Council during 2025, including the city centre and metropolitan centre provisions. However, other aspects of PC78 were withdrawn by Auckland Council in October 2025, and a replacement plan change – PC120 – was notified for public submissions in November 2025. A hearings panel

---

<sup>3</sup> According to modelling completed in 2025. This represents an increase of approximately 900,000 dwellings compared to the Auckland Unitary Plan. See Balderston, K., Alferez, K., Uzzaman, W., & Garlick, P. (2025). Housing Capacity Modelling Report: Housing Intensification and Resilience (Plan Change 120). Auckland Council 2025. Retrieved from: <https://www.aucklandcouncil.govt.nz/content/dam/ac/docs/plans/unitary/pc-120/pc120-housing-capacity-modelling-report.pdf>

<sup>4</sup> No regulatory impact statement was required (or prepared) for these changes as they were progressed by the Select Committee.

<sup>5</sup> Further changes to the requirements for City Rail Link-enabled stations were subject to a Supplementary Analysis Report that is available here: <https://www.regulation.govt.nz/assets/RIS-Documents/Supplementary-Analysis-Report-Increasing-development-capacity-in-Auckland.pdf>

<sup>6</sup> Section 360I



consisting of five panel members appointed by Auckland Council and four appointed by the Minister Responsible for RMA Reform and the Minister of Conservation<sup>7</sup> was appointed in December 2025.

13. PC120 adopts a revised spatial approach, placing stronger emphasis on intensification around public transport stops and corridors (including stations benefiting from CRL investment), while reducing intensification in some suburban areas and in areas subject to natural hazard risk. As required by law, PC120 enables approximately the same housing capacity as PC78 would have – around 2.07 million net new dwellings. It also enables additional capacity for business use, partly in response to NPS-UD requirements. PC120 does not cover the city and metropolitan centre zones, given that they were recently amended through PC78.
14. As at February 2026, the initial submissions period has closed on PC120. Officials understand that more than 10,000 submissions have been received. These are in the process of being summarised by Auckland Council officers and have not yet been formally considered by the hearings panel, nor made available to central government. If the status quo continues, at a high level the next steps will be for:
  - a. further submissions (in which submitters may comment on other submissions) to be opened on PC120;
  - b. the hearings panel to begin hearings on particular plan change topics, in which submitters may speak to their submissions and present associated evidence;
  - c. the hearings panel to undertake deliberations and prepare recommendations regarding changes to PC120 to Auckland Council; and
  - d. Auckland Council to make decisions in response to hearings panel recommendations. Final decisions are currently required by mid-2027.

### **What is the policy problem or opportunity?**

15. The current requirements for PC120 were introduced to ensure Auckland Council could continue to accommodate future population growth and support intensification in areas with the greatest economic and social benefits, including along key transport corridors. While the dwellings enabled by both PC78 and PC120 far exceed expected population growth in the foreseeable future, enabling an abundance of dwellings far in excess of demand is necessary to support competitive urban land markets because, in practice, only a portion of the enabled capacity is expected to be built. This is because commercial feasibility, site constraints, and landowner decisions limit the realisation of theoretical capacity.
16. However, a wide range of views have been raised on PC120. While HUD and MfE officials have not had access to the approximately 10,000 submissions on the plan change, public commentary (including in the media, on social media, and views expressed at public meetings) indicates that many Aucklanders support intensification in the right places, particularly in the city centre, around rapid transit and in walkable catchments. However, some concerns have been expressed about:
  - a. widespread suburban intensification, particularly where there are concerns that infrastructure is limited or hazard risks are present;

---

<sup>7</sup> The Minister of Conservation has a role in the plan change as PC120 covers some matters relating to the coastal marine area.



- b. the impact of higher intensity development on neighbourhood character and amenity;
  - c. the total quantity of capacity enabled under PC120; and
  - d. misunderstandings that 2 million additional homes are expected or required to be built in Auckland.
17. The current requirement (for PC120 to enable as much capacity as PC78 would have) limits the ability to meaningfully address these concerns, because PC120 as introduced provides slightly less capacity than required by the equivalency test. As PC120 is already underway, the hearings panel and Auckland Council have limited scope to reduce capacity in one area without increasing it elsewhere, which could generate further public concern. The hearings panel and Auckland Council's limited ability to meaningfully respond to submissions could materially harm the social licence for intensification.
18. The opportunity is to adjust the capacity requirement so Auckland can still provide for long-term growth, while allowing development to be concentrated in locations where it delivers the greatest benefits. A revised requirement would provide Auckland Council and the hearings panel with the flexibility needed to respond to new information and community preferences, while still ensuring the city delivers a substantial level of plan enabled capacity to support housing affordability and well-functioning urban environments.
19. There is a separate issue relating to Auckland's city centre zone. The NPS-UD requires councils to enable building heights and density of urban form to realise as much development capacity as possible in city centre zones. While PC78 increased capacity in the city centre<sup>8</sup>, a range of provisions – such as setback requirements, tower dimension controls and height limits – still limit the amount of housing and business capacity that can be built. This may be unduly constraining the city centre's ability to grow, with potential economic and social consequences for Auckland and the wider New Zealand economy.

### **What objectives are sought in relation to the policy problem?**

20. As set out in the initial RIS:
- a. the primary 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.
  - b. the secondary objective of Going for Housing Growth is to support well-functioning urban environments. This includes supporting competitive land and development markets, improving access to employment, education and services, and assisting with emissions reduction.
21. The overall Going for Housing Growth objectives remain applicable to these proposals at a high-level. At a more specific level, the objectives of this policy intervention are to:
- a. ensure Auckland Council provides sufficient, well-located housing and business capacity to support long-term housing supply and affordability and economic growth.

---

<sup>8</sup> Modelling is expected from Auckland Council in the coming months as to the uplift in development capacity in the city centre zone resulting from the changes made through PC78.



- b. provide sufficient flexibility for Auckland Council and hearings panel to respond to submitter feedback and evidence, including concerns raised relating to intensification.

### **What consultation has been undertaken?**

22. Officials engaged with senior officers at Auckland Council on the detail of these proposals on 9 and 10 February 2026. Engagement focused on the process for responding to the proposed change in housing capacity requirements and process options for enabling more capacity in the city centre zone, rather than on the substance of the proposals themselves.
23. Aside from this engagement, no new consultation has been undertaken by officials on these proposals. However, a diverse range of views on PC120, and the prospect of changes to capacity requirements, have been expressed publicly, in the media, and on social media. This includes:
  - a. Concerns about the existing requirements for PC120 and their potential impacts, as summarised at paragraph 16 above, and corresponding support for a reduction in capacity requirements. For example, community organisations, including the Character Coalition, questioned whether the scale of housing capacity anticipated by PC120 was justified, would result in reduced prices, or aligned with infrastructure readiness.<sup>9</sup>
  - b. Support for the existing PC120 requirements, and concerns about the prospect of reducing them. For example:
    - i. The Coalition for More Homes expressed concern at suggestions that Auckland capacity requirements may be softened, arguing that “any changes to the plan, including lowering the total housing capacity that it delivers, will only serve to delay and complicate much-needed housing affordability wins”.<sup>10</sup>
    - ii. The New Zealand Initiative noted that changes to capacity requirements can impact on the goal of competitive urban land markets, arguing that “Auckland's housing costs depend not just on current rules, but on beliefs about whether those rules will last. When signals suggest reform may falter where it matters most, developers pause, investors wait, and downward pressure on land prices is delayed.”<sup>11</sup>

---

<sup>9</sup> Orsman, B. (16 January 2026). Christopher Luxon poised to water down Auckland housing intensification plan. The New Zealand Herald. Retrieved from: <https://www.nzherald.co.nz/nz/auckland/christopher-luxon-poised-to-water-down-auckland-housing-intensification-plan/D5Y45SM5CNE6VF2PB6OB7WYGEY/>

<sup>10</sup> Coalition for More Homes. (29 January 2026). Coalition for More Homes opposes proposal for fewer homes. Retrieved from <https://www.morehomes.nz/news/coalition-for-more-homes-opposes-proposal-for-fewer-homes>

<sup>11</sup> Blaschke, B. (22 January 2026). Auckland Housing Intensification Row: Why Reform Needs Durable Rules. Retrieved from <https://www.nzinitiative.org.nz/reports-and-media/opinion/auckland-housing-intensification-row-why-reform-needs-durable-rules/>



## Section 2: Assessing options to address the policy problem

---

### What criteria will be used to compare options to the status quo?

24. Proposals have been assessed against the same set of criteria used in the initial RIS to evaluate the impacts of the proposals against the status quo:
- Enabling housing** – proposals are likely 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 our urban areas.
  - Functioning of urban environments** – proposals are likely to support well-functioning urban environments. For the purposes of this RIS, this includes enabling business capacity to support economic growth.
  - Ease of implementation** – proposals are feasible, practical, and can be implemented efficiently.
  - Clarity of obligations** – regulation is as clear as possible for local government, developers, and other stakeholders. For the purposes of this RIS, this includes the durability of policy settings.
  - Flexibility for councils and communities** – proposals provide for the expression of local preferences. In the context of Auckland’s PC120, this criterion includes flexibility for the hearings panel and Auckland Council to respond to submitter feedback on the plan change.

### What scope will options be considered within?

25. The scope is limited to two options in line with Ministerial direction. This is compared against the Counterfactual.

### What options are being considered?

#### Counterfactual

26. Under this option, PC120 would proceed under existing legislation requiring equivalency of housing capacity with PC78 (approximately 2.07 million net new dwellings). The hearings panel and Auckland Council would be required to complete the current process with limited scope to reduce suburban intensification without increasing capacity elsewhere. Requirements to comply with the NPS-UD and enable intensification around five key stations benefiting from investment in the CRL would continue to apply.

#### Option One – Reduce capacity requirements to capacity for a minimum of 1.6 million net new dwellings and require variation to city centre zone

27. This option would alter the current legislation to remove the equivalency requirement. Instead, Auckland Council would be able to reduce total enabled housing capacity across the Auckland urban environment from what PC78 enabled by up to approximately 23 per cent, that is, require it to enable minimum capacity of 1.6 million net new dwellings.<sup>12</sup> While this would set the floor for enabled capacity, the total quantum

---

<sup>12</sup> This figure would be expressed as an allowable percentage reduction from PC78, rather than a stand-alone capacity minimum. This approach preserves the existing legislative structure so submissions remain relevant and can continue to be considered without reopening participation. Because PC120 is already progressed, replacing the current equivalency requirement with a directly-expressed minimum capacity requirement of 1.6 million could affect the basis on which submissions were made and raise



actually enabled would be subject to hearings panel recommendations and Auckland Council decisions. As with the counterfactual, Auckland Council would still need to comply with the NPS-UD and enable intensification around key stations benefiting from investment in the CRL.

28. Like the counterfactual, the requirement would relate to dwellings enabled, rather than (for example) dwellings built. This reflects that dwellings enabled remains within the control of councils, whereas the number of dwellings built is dependent on a range of economic factors that mostly lie outside of council control. While housing capacity does not directly translate into housing supply, there is a growing body of evidence specifically relating to Auckland which demonstrates that enabling more capacity does result in more housing being developed, as well as lower associated rents.<sup>13</sup>
29. In addition, this option would involve a new requirement for Auckland Council to undertake a variation to PC120 to provide greater housing and business capacity in Auckland's city centre, in response to current zoning constraints.
30. Any additional housing capacity enabled in the city centre would count towards the 1.6 million net new dwelling capacity requirement. This would provide additional opportunity for Auckland Council and the hearings panel to reduce capacity in other parts of the city, provided they still complied with the NPS-UD and CRL-related requirements. Additional business capacity would not count towards the capacity requirements, but would assist in more fully achieving the intent of the NPS-UD.

### **Option Two - Reduce capacity requirements to capacity for a minimum of 1.6 million net new dwellings and make direct changes to city centre provisions via RMA section 360I**

31. The overall capacity requirements for this option would be the same as Option One. However, rather than directing Auckland Council to prepare a variation to the city centre zone, the Minister Responsible for RMA Reform would use the recently-introduced regulation-making power under the RMA to make specific changes to Auckland's city centre zone. This would involve removing or amending particular constraints on development (such as height limits, tower dimension controls, and outlook and setback requirements) to enable additional housing and business capacity in the city centre. The specific controls that would be removed or amended would be determined as part of the regulation-making process.

---

natural justice and procedural fairness risks. It also means that capacity in the revised PC120 would need to be modelled using the same methodology as capacity in PC78 has been modelled, removing scope for modelling changes that have the effect of further reducing enabled capacity by more than is intended. Publicly, this requirement could still be communicated as 'at least 1.6 million homes.'

<sup>13</sup> For example, analysis of the impact of the AUP on consents, comparing outcomes in Auckland to similar cities in New Zealand that did not upzone, found the AUP led to an additional 43,500 consents within six years, or approximately 9% of the dwelling stock. See Greenaway-McGrevy, R. (2023). Can Zoning Reform Increase Housing Construction? Evidence from Auckland University of Auckland Economic Policy Centre: Working Paper No. 017. Retrieved from: <https://www.auckland.ac.nz/assets/business/our-research/docs/economic-policy-centre/Working%20paper%2017.pdf>. In relation to rents, analysis of the effects of the AUP found rents in Auckland six years after the AUP are 28% lower than they would have been otherwise. See Greenaway-McGrevy, R., & So, Y. (2024). Can Zoning Reform Reduce Housing Costs? Evidence from Rents in Auckland. University of Auckland Economic Policy Centre. Retrieved from <https://www.auckland.ac.nz/assets/business/our-research/docs/economic-policy-centre/Can%20Zoning%20Reform%20Reduce%20Housing%20Costs.%20Evidence%20from%20Rents%20in%20Auckland.pdf>



**How do the options compare to the status quo/counterfactual?**

	Counterfactual	Option One – Reduce capacity requirements to capacity for a minimum of 1.6 million net new dwellings and require variation to city centre zone	Option Two – Reduce capacity requirements to capacity for a minimum of 1.6 million net new dwellings and make direct changes to city centre provisions via RMA section 360I
Enabling housing	0	<p>-</p> <p>The minimum required housing capacity would be approximately 23 per cent lower than under the Counterfactual. How much capacity is actually enabled would be subject to hearings panel recommendations and Auckland Council decisions. While this option may result in additional housing capacity within the city centre, overall development opportunities outside of NPS-UD and CRL-enabled areas are likely to be more limited in the short-term compared with the Counterfactual. However, this option still requires a greater level of housing capacity than the original AUP (a minimum of approximately one-third more), and does not preclude achieving a level of enabled capacity consistent with the Counterfactual over the medium-to-long term.</p>	<p>-</p> <p>Similar to Option One (any further increase in housing capacity in city centre compared to Option One could be offset by further reductions in suburban areas).</p>
Functioning of urban environments	0	<p>-</p> <p>Auckland Council remains required to give effect to intensification policies in the NPS-UD, as well as requirements to enable density around five stations benefiting from investment in the CRL. It will also need to increase housing and business capacity in the city centre zone, although it will have discretion regarding how much it increases this by. However, Option One is likely to support a narrower range of housing choices, price points and typologies, and on balance reduce the competitiveness of urban land markets compared to the Counterfactual, which are core elements of the definition of a well-functioning urban environment.</p>	<p>0</p> <p>Similar to Option One, but more confidence that additional business capacity will be enabled in the city centre.</p>
Ease of implementation	0	<p>--</p> <p>Requires a legislative amendment, a targeted city-centre variation, and additional opportunities for public input in light of the revised capacity requirement. Intervening in the PC120 process at this stage may raise procedural fairness and natural justice concerns for submitters, as well as risk of challenge to decision-makers, particularly Auckland Council and the panel, and the validity of PC120. Overall, adds short-term process complexity during an active hearings process.</p>	<p>-</p> <p>Use of regulation-making power to provide additional capacity in city centre creates more work for central government than Option One, but less work for Auckland Council and hearings panel, and is likely easier to implement overall.</p>



Clarity of obligations	0	-	Both the Counterfactual and Option 1 set minimum capacity requirements and other obligations that, if supported by careful communications, should be able to be understood by Auckland Council, the hearings panel, and the public. However, Option One results in further changes to housing capacity requirements for Auckland, adding to recent policy churn. This may further undermine development certainty in Auckland.	- Similar to Option One.
Flexibility for councils and communities	0	++	Offers higher flexibility by allowing greater scope for the hearings panel and/or Auckland Council to respond to community concerns relating to intensification without requiring any reduction in capacity to be offset by increases elsewhere. The option may also prove more durable over time because it provides scope to adjust to evolving information without requiring further legislative change. Provides Auckland Council and hearings panel with more flexibility regarding city centre changes than Option Two.	+ Similar to Option One, but with less flexibility for Auckland Council and communities regarding outcomes in the city centre.
<b>Overall assessment</b>	0	-		-

Note the overall assessment reflects an overall judgement, not simple addition of pluses and minuses.

**Key for qualitative judgements**

- ++ much better than the counterfactual
- + better than the counterfactual
- 0 about the same as the counterfactual
- worse than the counterfactual
- much worse than the counterfactual

**What option is likely to best address the problem, meet the policy objectives, and deliver the highest net benefits?**

32. The preferred option depends on how the different objectives and criteria are weighted.
33. Option One delivers best on the objective to provide sufficient flexibility for Auckland Council and hearings to respond to submitter feedback and evidence, including concerns raised relating to intensification, and the associated criterion of flexibility for councils and communities.
34. The Counterfactual delivers best on the objective to ensure Auckland Council provides sufficient, well-located housing and business capacity to support long-term housing supply and affordability, and the associated criteria of enabling housing. The Counterfactual also avoids a range of implementation challenges associated with Option One and Two.
35. Option Two is similar to Option One, but with potentially lower overall implementation costs. It may also lead to better-functioning urban environments than Option One because there is more confidence in the increase in capacity in the city centre. However, Option Two results in less flexibility for Auckland Council and communities than Option One.
36. The Minister's preferred option is Option Two. This reflects a higher implicit weighting being placed on the objective and associated criterion relating to flexibility. It also reflects an assessment that an (in practice) minimum net capacity requirement of 1.6 million dwellings in the near-term still adequately enables an abundance of housing supply across Auckland and promotes well-functioning urban environments, particularly when accompanied by the retention of existing NPS-UD and CRL-related requirements. It also reflects the Minister's priority of enabling more housing and business capacity in the city centre as soon as possible and doing so in a way that provides central government with a high degree of confidence as to the outcome that will be achieved. Option Two does not preclude achieving enabled capacity of two million (or more) dwellings at some point in the future.
37. Overall, HUD and MfE consider that the costs of both Option One and Two are likely to exceed their benefits, relative to the Counterfactual.

While Options One and Two still increase housing capacity (by, at a minimum, approximately one-third) relative to the status quo under the Auckland Unitary Plan, they could result in a material reduction in capacity (up to approximately 23 per cent) relative to the Counterfactual in the near-term. While Auckland Council will still be required to comply with the NPS-UD and CRL-related requirements, it is nevertheless possible that under Options One and Two Auckland Council may reduce housing capacity in some well-located, high-demand areas where housing is likely to be commercially feasible to develop and accessibility to jobs, education and services is likely to be high. In line with the evidence that capacity enabled does affect housing supply, this may result in housing supply increasing by less than under the counterfactual, particularly in the context of residual barriers to urban development (such as land fragmentation), with possible implications for rents and house prices.

## What are the marginal costs and benefits of the preferred option in the Cabinet paper?

Affected groups	Comment	Impact	Evidence Certainty
Auckland Council and hearings panel	<p>Increase in process complexity and workload for Auckland Council (planning, policy, and governance and modelling teams), and the hearings panel. This includes:</p> <ul style="list-style-type: none"> <li>One-off planning and administrative costs associated with undertaking analysis to determine how PC120 should be changed in response to amended capacity requirements. This includes determining whether any aspects of PC120 should be withdrawn, and – for parts of PC120 that are not withdrawn – preparing new evidence and advice for the hearings panel to reflect the change in capacity requirements. There will also be one-off (but potentially significant) increased engagement and feedback obligations associated with undertaking and responding to additional opportunities for public input in light of the revised capacity requirement.</li> <li>Additional technical and modelling costs may be incurred to update housing capacity modelling and supporting evidence to demonstrate compliance with the revised capacity requirement.</li> <li>More resourcing and secretariat support may also be required to assist the hearings panel with the revised scope of, and additional process steps for, PC120.</li> </ul>	<p>Medium.</p> <p>Costs arise directly from reopening PC120 and additional opportunities for public input. Auckland Council has publicly stated that the cost of Plan Change 78, excluding internal staff time, was around \$10 million, and that \$3 million in costs have already been incurred on Plan Change 120.<sup>14</sup> Elsewhere, councils have reported previous plan changes to give effect to the NPS-UD and MDRS as costing in the region of between approximately \$500,000 and approximately \$5 million, with costs still being incurred at the point of reporting. Costs associated with making plan changes depend on the scale and complexity of</p>	<p>Medium.</p> <p>Depend on the decisions taken by Auckland Council and the hearings panel (e.g. regarding how much of PC120 is withdrawn), scope of and form of additional public input.</p>

<sup>14</sup> Russell, A., & Brett Kelly, S. (9 February 2026). Uncertainty for Auckland amid housing rule change. Retrieved from <https://www.rnz.co.nz/news/thedetail/586284/uncertainty-for-auckland-amid-housing-rule-changes>

Developers	<p>Greater uncertainty due to additional process complexity for the development sector about where development will be enabled until decisions are made on PC120, including uncertainty as to the impacts on sites they own or have an interest in.</p> <p>Developers may choose to provide further public input in light of the revised capacity requirement, which can impose time and advisory costs, especially for developers with interests in areas affected by the city centre uplift or reduced capacity elsewhere.</p> <p>Reduced developable opportunities in some locations may affect planned projects and, in limited cases, may reduce localised land values where intensification is no longer enabled. It is possible that some developers may have already entered into agreements for the sale and purchase of land or for the development of sites on the basis of notified PC120 provisions, and if so such developers could be negatively affected financially depending on the nature of such agreements.</p> <p>At the same time, reducing overall housing capacity across Auckland relative to the counterfactual may increase scarcity at a city-wide level, placing upward pressure on land prices in remaining developable areas. These effects are distributional, with localised losses at the site level and broader scarcity effects across the city.</p>	<p>Medium.</p> <p>The scale of impact varies by location and market segment. Costs are concentrated on developers holding land in areas where capacity is reduced.</p>	<p>Medium.</p> <p>Magnitude of loss depends on developer portfolios and the scale of reductions in housing capacity.</p> <p>Costs of further participation in plan change process are voluntary.</p>
Existing residents	<p>Greater uncertainty due to process complexity for residents about where development will be enabled until decisions are made on PC120, including uncertainty as to impacts on their own properties.</p> <p>Residents may choose to provide additional public input in light of the revised capacity requirements, with associated costs.</p> <p>Residents of the city centre may be affected by change due to increased intensification. These effects are location-specific and</p>	<p>Medium.</p> <p>Some of these effects are geographically limited and not experienced by most residents.</p>	<p>Low.</p> <p>Effects depend heavily on local context, community perceptions, and the scale of city centre uplift once details are finalised. Costs of further participation in</p>

	<p>vary depending on how much additional capacity is enabled through the regulation-making power.</p> <p>Some residents may experience localised reductions in land value where capacity is removed, while reduced overall housing capacity relative to the counterfactual may contribute to increased competition for land and housing at a city-wide level.</p> <p>Change to the housing capacity requirement may result in house prices and rents decreasing by less than would otherwise be expected under the counterfactual, with particular implications for renters.</p>		<p>plan change process are voluntary.</p>
<p>Future residents</p>	<p>Future residents may have fewer housing options in some neighbourhoods. This may also lead to higher competition for, and price of, land and housing if supply is constrained relative to demand.</p> <p>Change to the housing capacity requirement may result in house prices and rents decreasing by less than would otherwise be expected under the counterfactual.</p> <p>Effects are likely to be diffuse and long-term, depending on demographic growth, market behaviour and the detailed implementation of the PC120 changes.</p>	<p>Medium-High.</p> <p>Impacts are not widespread across the entire city and are moderated by continued intensification through NPS-UD provisions.</p>	<p>Medium.</p> <p>Size of costs are dependent on long-term growth patterns and market demands.</p>
<p>Iwi/Māori</p>	<p>Potential impacts on cultural heritage or urban Māori values in the city centre if significant new development is proposed.</p> <p>Additional engagement and feedback processes will likely be needed with iwi, adding to existing workloads across multiple plan development and statutory consultation processes. These engagement requirements create opportunity costs for iwi authorities with limited planning and technical capacity.</p> <p>Iwi and Māori will also be affected by fewer housing options in some neighbourhoods, and lower levels of reductions in housing costs.</p>	<p>Low.</p> <p>Impacts are limited to specific areas and depend on the scale and nature of development enabled in the city centre</p>	<p>Low.</p> <p>Precise impacts depend on site-specific cultural values and how Auckland Council structures Māori engagement and feedback processes.</p>

	Reduced development opportunities on Māori-owned land if capacity is scaled back may limit future development options or economic use of that land.		
Central government	<p>Additional policy, monitoring, and oversight effort required to support drafting, implement the legislative change, and review Auckland Council’s compliance with the revised capacity requirement.</p> <p>Use of the regulation-making power to amend city centre capacity will require material short-term resourcing to investigate the impact of provisions, identify proposed changes, and follow other legislated process steps.</p> <p>Short-term system uncertainty may require additional communications, Ministerial servicing, and cross-government alignment work.</p>	<p>Low.</p> <p>Costs are primarily one-off or short-term.</p>	Medium.
<b>Total monetised costs</b>		Unclear	
<b>Non-monetised costs</b>		<b>Medium</b>	<b>Medium</b>
<b>Additional benefits of the preferred option compared to taking no action</b>			
Auckland Council and hearings panel	Gains greater flexibility to distribute housing capacity across the city because the overall requirement is lower.	<p>Low.</p> <p>Administrative benefit.</p>	Medium.
Developers	<p>Increased enabled density in the city centre may provide new opportunities.</p> <p>Clearer development signals for the city centre will arise once changes to provisions are completed, reducing uncertainty about</p>	<p>Low-Medium.</p> <p>Benefits are location-specific, with the most positive effects</p>	<p>Medium.</p> <p>Scale of impact depends on market conditions, developer portfolios, and</p>

	zoning expectations and capacity distribution relative to the status quo.	concentrated in areas receiving additional capacity.	the scale of suburban capacity reductions.
Existing residents and businesses	<p>For residents in areas where capacity is reduced, the change may lower expectations of future intensification, resulting in reduced uncertainty over neighbourhood character and fewer concerns about potential changes to local amenity.</p> <p>For residents and businesses in the city centre, increased housing and business capacity may support more sustained investment in services, amenities, and public spaces, contributing to a more active, accessible, and well-connected urban environment over time.</p> <p>Additional capacity in the city centre may provide more housing choice in an area with proximity to jobs, services and transport, and more choices for businesses about where to locate.</p>	<p>Low.</p> <p>The benefits are highly location-specific, depending on where suburban intensification is scaled back and how residents perceive the changes.</p>	<p>Low-Medium.</p> <p>Effects vary widely by location and depend on individual resident preferences and the final changes in the city centre provisions.</p>
Future residents and businesses	<p>Additional capacity in the city centre may provide more housing and business choice in a well-serviced area.</p> <p>Increased city centre capacity may modestly improve access to jobs, services, and transport, supporting economic productivity at the household level.</p>	<p>Low.</p> <p>Benefits are modest because the additional capacity is concentrated in the city centre, and does not increase housing options in other areas.</p>	<p>Medium.</p> <p>The scale depends on demand patterns, uptake of city centre housing and business capacity, and the final changes to the city centre provisions.</p>
<b>Total monetised benefits</b>		Unclear	
<b>Non-monetised benefits</b>		<b>Low</b>	<b>Medium</b>

## Section 3: Delivering an option

---

### How will the proposal be implemented?

38. The proposal will be implemented through:
  - a. Legislative amendments to the RMA. These amendments will change the statutory housing capacity requirement that applies to PC120.
  - b. Use of the RMA's existing legislated process for making regulations to remove or alter specific development controls in the city centre zone, so as to enable additional housing and business capacity.
39. PC120 is underway. Submissions have closed and a hearings panel has been appointed. Because of this timing, the legislative change needs to take effect as soon as possible so the panel and Auckland Council can consider the new requirement before recommendations and decisions are made.
40. The changes outside of the city centre will be able to be progressed through a combination of:
  - a. Auckland Council withdrawing aspects of PC120 (for example, if it decides that retaining existing AUP zoning in a particular suburb or parts thereof is appropriate); and
  - b. For aspects of PC120 that are not withdrawn, the hearings panel will be able to consider the revised housing capacity target when it assesses submissions and evidence and makes recommendations to Auckland Council, and Auckland Council will be able to be consider the revised target when making final decisions following panel recommendations. To ensure fairness, there will be additional opportunity for public input so people can comment on PC120 in the context of the new target.<sup>15</sup>
41. The regulation making power will result in specific provisions in the city centre zone being altered to provide more housing and business capacity. The intention is for this to progress alongside PC120 so that the additional housing capacity enabled in the city centre can be taken into account by the panel with respect to the wider plan change.
42. Providing Auckland Council with the opportunity to withdraw aspects of PC120 will result in additional decision-making at the Councillor-level. Much of this decision-making will be publicly live-streamed and potentially subject to significant public interest.
43. HUD and MfE will support the implementation of this proposal. Officials will work with Auckland Council to clarify the practical steps that the legislation needs to provide for. The Minister Responsible for RMA Reform and the Minister of Housing will have authority to make any necessary detailed decisions so that the legislation reflects the intended approach.

---

<sup>15</sup> The exact form of additional public input will be confirmed following initial Cabinet policy decisions.

## **Implementation risks and mitigation**

44. Introducing legislative change while a plan change process is underway creates a number of risks. The panel and Auckland Council will need to meet procedural fairness obligations and may be exposed to additional risks of legal challenge due to changes to the requirements part-way through the plan change process. Providing submitters with an opportunity to comment in light of the new target is intended to partially mitigate this. Ultimately, not all outcomes can be fully predicted as final implementation decisions will rest with Auckland Council and the panel.
45. There is a risk that the change creates uncertainty for developers and landowners. However, maintaining the existing NPS-UD requirements will provide a degree of continuity for the planning framework. Clear communication from Auckland Council and central government will be needed to explain the new capacity requirements.
46. There is also a risk that changes to the legislated capacity requirements could delay the completion of PC120. The Minister Responsible for RMA Reform and Minister of Conservation will have discretion regarding whether or not to extend the timeframe for the completion of PC120.

## **How will the proposal be monitored, evaluated, and reviewed?**

47. The effects of the revised capacity requirement and the city centre changes will be monitored through existing and emerging data sources. This includes consents, rental data, land prices and housing prices. HUD is developing updated monitoring of land efficiency indicators that will allow trends in competitiveness of land markets to be tracked more closely.
48. Engagement with Auckland Council during implementation will help to identify any issues that arise. Council will also continue to provide information through its Housing and Business Capacity Assessment and other statutory reporting.
49. These arrangements will allow the Government to assess whether the changes to PC120 are operating as intended. Any further changes to capacity requirements for Auckland Council are likely to be implemented as part of the new planning system<sup>16</sup>, and would be informed by data on housing supply, development activity, development feasibility and feedback from Auckland Council and the development sector.

---

<sup>16</sup> The Planning Bill and the Natural Environment Bill will eventually replace the Resource Management Act. These Bills were introduced to Parliament in December 2025.