

To Te Tūāpapa Kura Kāinga – Ministry of Housing and Urban Development and the Ministry for the Environment,

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Thank you for the opportunity to submit on Going for Housing Growth Pillar 1: Providing for urban development in the new resource management system (the Discussion Document).

About the Natural Hazards Commission Toka Tū Ake (NHC Toka Tū Ake)

The Natural Hazards Commission Toka Tū Ake (NHC Toka Tū Ake) is a Crown Entity responsible for providing residential property owners who have a current contract of fire insurance for their residential property with insurance against damage from natural hazards covered by the Natural Hazards Insurance Act 2023 (NHI Act). NHC Toka Tū Ake provides limited cover for:

- building and land damage from earthquakes, landslides, tsunami, volcanic and hydrothermal activity, and fire following these hazards, and
- land damage only from storm or flood, and
- fire following these hazards.

Why NHC Toka Tū Ake is providing this submission

The NHI Act enables NHC Toka Tū Ake to engage across government on projects that include consideration of natural hazard risk and resilience.

One of our legislative functions is to facilitate research and education, and to contribute to the sharing of information, knowledge, and expertise with the Crown, public and private entities, and the public generally, including in relation to:

- natural hazards and their impacts,
- community resilience to natural hazards, and
- planning for, and recovering from, natural hazards.

We invest in research and education about natural hazards and we use and translate this information to support evidence-based, risk-informed policy and planning.

As NHC Toka Tū Ake is the ‘first loss’ insurer for residential damage resulting from natural hazards listed in the NHI Act, NHC Toka Tū Ake carries significant financial risk on behalf of the Crown. A

better understanding of natural hazards in New Zealand, through research, sharing of data and improving homeowners' resilience to the impacts of natural hazards, benefits all New Zealanders by reducing their losses when natural hazards occur.

NHC Toka Tū Ake recognises that there is a need for New Zealand to improve housing affordability and increase the supply of developable land for housing within and near urban areas. We support the standardisation of spatial planning where it is possible to do so, as it offers an opportunity to strengthen natural hazard risk reduction by ensuring baseline considerations are applied across regions.

In developing these policies, a key challenge will be to increase development and development capacity while effectively managing the risk posed by natural hazards. Developing in zones at high risk from natural hazards exposes future owners to complex and potentially hazardous situations, which could compromise the longevity and safety of these developments.

Incorporating natural hazard risk into urban development guidelines can reduce the societal and economic costs of natural hazard events and ensure homes remain insurable over time. We encourage the Resource Management Act (RMA) reforms to adopt a proactive approach to land use planning that reduces risk and builds long-term resilience to natural hazards.

In this submission we highlight the importance of careful and precautionary choices in relation to natural hazard risk, to support development in a way that will ensure resilient and sustainable communities in the future. At the start of each section, we indicate which questions from the Discussion Document we are responding to in that section.

NHC Toka Tū Ake recommends that the risk posed by natural hazards be considered more comprehensively across Pillar 1 of the Going for Housing Growth proposals

We agree that natural hazard risk is a constraint on spatial planning, intensification, and the identification of development capacity as identified in the Discussion Document. However, this risk has only been highlighted in relation to specific areas, and it is our view that natural hazard risk will have a much wider impact on the Discussion Document's proposals.

There are further areas where natural hazard risk needs to be considered, or where the lack of consideration of natural hazard risk could lead to unintended consequences. Consideration of areas of high natural hazard risk early in the policy process would contribute to more effective policy settings, that will reduce the impacts of natural hazards on people, property and the community and will enable more sustainable and resilient increase of housing capacity across New Zealand.

More clarity is needed on how, and at what scale natural hazard risks will be considered in spatial planning and national standardised zones.

Responding to questions 1, 2, 18, 21

The Discussion Document outlines several strategies aimed at freeing up land for urban development by removing unnecessary planning barriers. Proposed strategies include the use of

spatial planning, nationally standardized zones, and removing the ability for councils to impose urban-rural boundary lines in planning documentation.

In giving effect to these changes (and in response to your Question 1), we recommend that a resource management process be designed that provides local councils (or other decision makers) with flexibility to encourage developments that are resilient to, and do not enhance natural hazard risk. This will be accomplished by holistically considering natural hazard risk in relation to all aspects of the proposal, for example:

- In response to question 2 - National standardised zones should be clear on how natural hazard risk will be considered based on the type of development (for example residential or commercial development), as natural hazard risk management considerations may be different for different types of development.
- In response to question 21 - National standardised zones should not be set at a scale that is too large to account for spatial variations in hazard characteristics. This may place an unreasonable administrative burden on councils to justify avoiding natural hazard risk within a given zone.
- In response to question 18 - If rural/urban boundaries are removed, thought should be given to how natural hazard risks are determined in the new unified area to remain effective, since different considerations currently apply to rural and urban areas respectively.

Councils should be enabled to manage externalities and set effect thresholds that account for where significant natural hazard risk must be managed

Responding to questions 1, 33

We note the proposal in the Discussion Document to narrow effects management by excluding impacts borne solely by the party undertaking an activity and raising thresholds for adverse effects. Question 1 asks what the new RMA system must do to facilitate positive housing and urban development outcomes, while question 33 invites consideration of which existing rules do not align with the definition of an externality or impose a disproportionate constraint on development feasibility.

In developing policies around the proposal to narrow effects management, it will be important to balance the risk assumed by the party undertaking the activity, with any unintended consequences on neighbours that may not be immediately apparent. It will be critical to be clear about when risk is assumed 'solely' by an individual, especially in the context of natural hazard risk that is created or exacerbated by the individual's actions.

Natural hazard risks often involve cumulative and cascading effects that only become apparent over time and as individual actions compound. For example, doing minor earthworks at the top or bottom of a hill may result in the slope becoming unstable and the risk of landslide increasing, which could impact numerous other surrounding properties.

Similarly, alterations to a single property that impact overland flow paths and divert run off may impact neighbouring properties, and if numerous properties in the same area make similar alterations to their properties, the cumulative effect may result in a significant increase in natural hazard risk for an entire neighbourhood.

Managing the balance between housing demand and natural hazard risk requires an approach where externalities and indirect effects¹, such as a rise in natural hazard risk for neighbouring properties, must be assessed and managed carefully. It is not clear what thresholds Councils will be required to meet to complete regulatory justification reports to deviate from national standards in natural hazard zones, and what the administrative burden on Councils will be to meet these thresholds.

To minimise the potential administrative burden on Councils, we recommend that a simple, streamlined approach should be developed for deviating from national standards where natural hazard risk is significant. This approach should include a mechanism to consider cumulative or indirect impacts from developments that comply with the proposed national standards and therefore do not require consents.

Offsetting the loss of development capacity due to unlisted qualifying matters requires consideration of the broader natural hazard context

Responding to questions 28, 29

Question 28 asks if offsetting for the loss of capacity in directed intensification areas is required in the new resource management system. The Discussion Document proposes that Councils that modify nationally standardised zones through use of an unlisted qualifying matter may be required to offset the loss of development capacity with a corresponding development capacity increase elsewhere. We agree that it is necessary to only modify nationally standardised zones when it is essential to do so, and that Councils need to be proactive in offsetting the loss of development capacity elsewhere.

It is unclear how the broader context of natural hazard risk and exposure will be accounted for in this process. Some areas may lack sufficient developable land due to widespread natural hazard exposure. A blanket requirement to offset development capacity in such cases may compel Councils to enable development in locations exposed to natural hazard risk, as suitable alternative development capacity may not be available.

Question 29 asks how an equivalent area should be determined if development capacity offsetting is required. In areas where unlisted qualifying matters restrict development, and where natural hazard risk is localised, the indicated options of more intensive zoning or redistribution of development capacity to land of a similar value may be appropriate.

We also recommend clarification be provided around whether qualifying matters, such as natural hazards, continue to apply when assessing where capacity can be offset. We support provisions being made for a tailored approach in areas where significant natural hazard exposure is widespread, wherein councils maintain greater flexibility to carve out areas where development capacity cannot be offset due to unreasonable natural hazard risk.

¹ An externality is a cost or benefit resulting from one party's activities that falls on an uninvolved third party. Indirect effects refer to the secondary or downstream consequences of a development or activity that are not immediately visible or directly caused by the initial action but still influence natural hazard risk over time.

We welcome the opportunity to discuss our submission with you and can be reached at resilience@naturalhazards.govt.nz. We look forward to discussing how we can support your work. Please feel free to contact us at any time.

Yours sincerely,



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