

Property Council New Zealand

Submission to Auckland Council on Government's new housing rules: What it means for Auckland

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Government's new housing rules: What it means for Auckland

1. Summary

1.1 Property Council New Zealand, Auckland Region ("Property Council") welcomes the opportunity to submit to Auckland Council on Government's new housing rules: What it means for Auckland. We have prepared a list of recommendations to influence better, fairer outcomes for all. Comments and recommendations are provided on issues relevant to Property Council's members.

2. Recommendations

2.1 At a high level, we recommend Auckland Council:

- Works with Property Council to identify opportunities to apply the 400m walkable catchment standard more widely around Town Centres;
- Provides the property sector with transparent access to information on the proposed application of the NPS-UD to Auckland's Metropolitan Centres.
- Enables greater housing intensification in Metropolitan, Town and Local Centres;
- Works to ensure transport alignment between residential and mixed-use zones;
- Create THAB rules that enable greater height and more flexible design where appropriate;
- Ensures alignment between THAB rules inside and outside of walkable catchments;
- Does not include infrastructure constraints as a qualifying matter;
- Investigates the use of transparent, beneficiary pays funding models to fund necessary core infrastructure to support development;
- Works closely with Central Government to unlock further joint funding of core infrastructure to support development;
- Provides the property sector with transparent access to information regarding their proposed approach to zoning in the Auckland Light Rail corridor; and
- Collaborates with Property Council on their proposed approach to zoning in the Auckland Light Rail corridor.

3. Introduction

3.1. Property Council is the leading not-for-profit advocate for New Zealand's most significant industry, property. Our organisational purpose is, "Together, shaping cities where communities thrive".

- 3.2. The property sector shapes New Zealand’s social, economic and environmental fabric. Property Council advocates for the creation and retention of a well-designed, functional and sustainable built environment, in order to contribute to the overall prosperity and well-being of New Zealand.
- 3.3. Property is Auckland’s largest industry. Property provides a direct contribution to GDP of \$12 billion (12 percent) and employment for 71,940 Auckland residents.
- 3.4. Property Council is the collective voice of the property industry. We connect property professionals and represent the interests of 387 Auckland based member companies across the private, public and charitable sectors.

4. Proposed approach to Housing Intensification

- 4.1. Under the requirements of the National Policy Statement on Urban Development (“NPS-UD”), Auckland Council must significantly upzone large portions of Auckland. Auckland Council is required to enable developments of at least six storeys in walkable catchments around the City Centre, Metropolitan Centres and Rapid Transit Stations; unless there is a qualifying matter. The NPS-UD also requires additional intensification to occur around suburban centres. The Resource Management (Enabling Housing Supply and Other Matters) Amendment Act, (“RMA Amendment Act”), requires Auckland Council to adopt the new Medium Density Residential Standards (“MRDS”) across the rest of urban Auckland unless there is a qualifying matter.

Proposed walkable catchments around the City Centre, Metropolitan Centres and Rapid Transit

- 4.2. Auckland Council has proposed walkable catchments, with upzoning to the modified THAB standard, of 1200m for the area surrounding the City Centre and a walkable catchment of 800m for the areas surrounding Metropolitan Centres and Rapid Transit Stations.
- 4.3. Property Council supports the proposed 1200m and 800m walkable catchment standards for the areas surrounding the City Centre, Metropolitan Centres and around Rapid Transit stations. We believe that they are appropriate for Auckland’s circumstances and give due effect to the intent of the NPS-UD in enabling new housing development.
- 4.4. We congratulate Auckland Council’s work in response to the NPS-UD and RMA Amendment, especially given the short timeframe it has had to complete the zoning work. Furthermore, the global pandemic has restricted and changed the way people travel around Auckland, it is important that future planning rules account for this. Zones, when implemented, need to accurately account for the real world foot traffic patterns of pedestrians. Pedestrians often make use of ‘shortcuts’, such as public parks, to commute on foot which may not be visible via Google Maps. It is crucial that the zoning maps accurately reflect this, and we welcome amendments to be made where appropriate.

Proposed approach to intensification around Suburban Centres

- 4.5. Auckland Council has proposed an approach to intensification that would see upzoning to the modified THAB zoning standard occur in a 200m walkable catchment around larger Local Centres and smaller Town Centres, and upzoning to the same THAB standard occur in a 400m walkable catchment around larger Town Centres. We will make comments on the THAB standard in section 5.

- 4.6. Property Council's perspective on the proposed approach to suburban centres is mixed. We are in favour of applying the 200m standard for the aforementioned Local Centres, and supportive of the 400m standard for the larger Town Centres. However, we are concerned that applying the 200m standard for the some of the smaller Town Centres is inappropriate. Our view is that for many of these Town Centres, the use of a 400m walkable catchment would be more appropriate.
- 4.7. Applying a 400m standard to more of the Town Centres would be consistent with the intent of the NPS-UD, which seeks to encourage housing intensification near to areas with strong amenity value, demand for housing and transport links.
- 4.8. Accordingly, we recommend that Auckland Council re-evaluate its approach to upzoning town centres, and with work with Property Council to identify opportunities to apply the 400m walkable catchment standard more widely across Auckland's Town Centres. This will better allow people to live closer to, and get the benefits from, public amenities.

Proposed approach to zoning in Metropolitan, Town and Local Centres

- 4.9. Auckland Council has not currently proposed changes to the zoning rules in Metropolitan, Town and Local Centres. We also note that Auckland Council has classified the areas with Metropolitan Centre Zoning as 'Under Investigation'.
- 4.10. We are concerned that approach taken by Auckland Council reflects the current status quo. The implementation of the NPS-UD will change the hierarchy of centres across Auckland. We believe that Auckland Council should approach the zoning of Metropolitan, Town and Local Centres from the perspective of their future potential for growth and intensification, not their current status.
- 4.11. We are also concerned about the lack of transparency regarding Auckland Council's plans for the zoning rules within Metropolitan Centres. The lack of information provided does not provide Property Council with the basis for meaningful engagement on a major policy element of the NPS-UD response. The property sector needs transparency in order to have the certainty and confidence to invest in the future of Auckland.
- 4.12. We strongly recommend that Auckland Council provide the development community with transparent access to information on the proposed application of the NPS-UD to Auckland's Metropolitan Centres.
- 4.13. Furthermore, we firmly believe that Auckland's Metropolitan, Town and Local Centres are prime areas for further intensification. These areas have the best access to transport, amenities and are the most suitable land for higher density living in Auckland.
- 4.14. Auckland Council should reconsider the existing zones as well as the potential for greater intensification, in areas with high demand. In that regard some of the current zones that were set some time ago and could be expanded further around the transport links or changed (such as Local to Town Centre), to account for potential higher demand, particularly around key transport nodes such as Kingsland, Grafton, Morningside, Mt Albert, Remuera, Ellerslie and others that have strong development potential. A mixture of increased business zoning and THAB will provide for better urban form.

- 4.15. Council has limited the potential of some centres because of their size even though they have excellent accessibility. Limiting potential because of its a centre's existing size is counter intuitive. We recommend this is reviewed and accessibility is considered a greater indicator. While Government removed the requirements to assess demand, Council should still consider this in the assessment as part of creating the potential for intensification where people want to live and work.
- 4.16. More permissive zoning rules in Auckland's Metropolitan, Town and Local Centres would enable greater housing closer to where Aucklanders want to live, work and play. More development within Metropolitan, Town and Local Centres also reduces pressure for housing in other parts of the city and has positive environmental outcomes. Denser development patterns place less demand on transport services and lessen demand for investment in core infrastructure.
- 4.17. An additional benefit of permissive zoning rules in Auckland's Metropolitan, Town and Local Centres would be the positive impact of higher limits on the building hierarchy in Auckland. Property Council is of the view that healthy cities should have a varied skyline, where the greatest density can be found closest to the various centres across the city. Under current proposals by Auckland Council, there is the risk that Auckland develops a uniform built environment without the variation in height found in a healthy skyline.
- 4.18. We therefore recommend that Auckland Council reconsider its approach to zoning in Metropolitan, Town and Local Centres, with a view to enabling greater height and density within these areas.

Housing Intensification in Mixed-Use Areas

- 4.19. In the draft proposal, Auckland Council has not proposed any changes to the zoning rules in mixed-use and business areas. We believe that the importance of mixed-use and business areas as a source of land for higher density housing, will continue to grow overtime. For example, areas such as the mixed-use precinct bordering Ellerslie and Greenlane are expected to see future growth in residential development. As such, it is important that Auckland Council carefully consider the regulatory alignment of residential and mixed-use zones.
- 4.20. Mixed-Use Zoning holds the potential for residential developments of eight to ten storeys. The ways in which these areas relate to each other, as well as to residential zones will be of great significance. There is a need to ensure alignment between residential zones and mixed-use zones, to prevent unintended design consequences and to ensure that arbitrary boundaries do not unduly restrict otherwise viable developments in suitable precincts.
- 4.21. We would also recommend to Auckland Council the importance of ensuring that simple, common sense interventions such as the construction of walkways or cycle lanes are undertaken where appropriate to ensure development alignment between residential zones and mixed-use zones.

5. Proposed THAB Zone rules

- 5.1. Property Council members have a strong interest in the technical application of the proposed changes to THAB zone rules. We support the intent of Auckland Council in modifying the THAB zone, in line with the requirements of the NPS-UD. However, we have technical concerns regarding the impact the proposed zone rules will have on future developments.

- 5.2. We have reviewed the impact of the proposed changes on future developments, at a high level, using publicly available information. Our broad concern is that the proposed approach to the modified THAB rules is overly prescriptive and will not enable high quality developments. Consequently, we could see unintended design outcomes that lower the future quality of the built environment.
- 5.3. We are concerned that Auckland Council's proposed approach to the modified THAB rules overly privileges the preservation of the existing built environment within THAB areas, at the expense of enabling high quality intensification, as intended by the NPS-UD. Elements of the proposed rules make it more difficult for developers to build a high quality development in a previously suburban area. Some of these barriers include the current approach to building form and location on a site, deep soil requirements and communal amenity requirements.
- 5.4. One example of a barrier from the proposed THAB rules, is specifications as to where a building must be within a site. This will penalise the first new high-density development within a THAB zone and may result in unintended consequences if not addressed such as; future amenities (i.e., one apartment block facing a different way from future neighbouring apartments), and an otherwise lower quality built environment in the future. We believe that the THAB rules should reflect and enable the intended built environment of the THAB zone, which is high quality density.

Height controls

- 5.5. We believe in many cases, developments of more than six storeys are appropriate for a site's circumstances. If Auckland Council is considering maximum heights within the modified THAB zone, it is important that the rules allow for variation, with greatest height in areas with the greatest accessibility. The areas with the maximum potential height should be situated along transport corridors and close to amenities such as Train Stations.
- 5.6. It is also crucial that any maximum height restriction allows variation for factors such as topography. Site specific variation is vital for ensuring that the highest quality developments are built. Alternatively, in the modified THAB zone, Auckland Council could rely upon the Height in Relation to Boundary rules to limit heights in select circumstances, which could encourage site amalgamation and consideration of outlooks.

THAB rules and impact on skyline

- 5.7. The NPS-UD requires Auckland Council to enable buildings of at least six or more storeys within walkable catchments of the city centre, metropolitan centres and rapid transit stations. In order to give effect to the requirements of the NPS-UD, Auckland Council is proposing to upzone these catchments using a modified version of the existing Terraced Housing and Apartment Building "(THAB") zone that will enable developments of six or more storeys to be built.
- 5.8. We are concerned that the modified THAB rules will see the encouragement of a uniform 6 storey approach to development across Auckland. We believe that a healthy built environment entails a varied skyline; with greater density close to centres and along transport routes, before lowering the further out you get.
- 5.9. We would also stress that the NPS-UD sets six storeys as the minimum, in many cases developments higher than six storeys would be appropriate. We recommend rules that enable

greater height and more flexible design rules, where appropriate within the THAB zone (e.g., close to centres and along transport routes).

- 5.10. The proposed rules could also have further unintended design consequences for the city. For example, if 6 storey developments become the most feasible residential developments, we could run the risk of the city ending up with only 6 storey developments. We encourage Auckland Council to work closely with residential developers to encourage incentives for a wide range of development density and designs, including rules that support developments that are closer to eight to ten storeys in height where appropriate.

Feasibility

- 5.11. The proposed rules may also lead to feasibility issues for achieving the desired development outcomes. Ensuring development feasibility, especially for residential developments, is an important consideration that Auckland Council should be aware of. Planning regulations can often add significant costs to developments, impacting the viability of some developments while shaping the size and scale of others.

Carparking

- 5.12. One area of concern for our members, is escalating regulatory barriers to providing car parking for residential developments. While we acknowledge that the NPS-UD has removed minimum car parking requirements, we would also stress that for many developments there is still market demand for car parking and zoning rules need to be flexible enough to enable this to be provided in an efficient manner.

THAB rules outside walkable catchments

- 5.13. Under current proposals, there would be two slightly different THAB zone rules, for THAB zones within walkable catchments and THAB zones outside walkable catchments. Auckland Council, in its consultation documents, queried whether these zones should be amalgamated. We would support a single, cohesive approach to THAB zoning rules across the city. This would simplify the development process and improve ease of regulatory compliance. Auckland Council could use differing expectations of height controls to ensure that any single THAB rules had a positive impact across city.

6. Proposed approach to the City Centre Zone

- 6.1. Under the requirements of the NPS-UD, Auckland Council must enable as much development capacity as possible in the City Centre Zone. Accordingly, Auckland Council has proposed a number of changes to the City Centre Zone. These include the removal of the Gross Floor Area (GFA) standard – and the GFA bonus standard – as well as the removal of the general height control and an extension to the outlook space control.
- 6.2. Property Council supports the aforementioned changes to the City Centre Zone. The removal of general height controls and the GFA standard will enable far greater investment and development in Auckland's City Centre.
- 6.3. We firmly believe that these policy changes will serve as a catalyst for the revitalisation of Auckland's City Centre as a desirable place for people to live, work and play. A revitalised city centre will serve as a vibrant community, providing access to high quality modern living opportunities for many Aucklanders.

7. Proposed approach to Qualifying matters (excluding Special Character)

- 7.1. There are a number of qualifying matters identified in the NPS-UD, that Auckland Council must account for. On top of these, Auckland Council has proposed implementing a number of additional qualifying matters.
- 7.2. Property Council strongly opposes the proposed inclusion of infrastructure constraints as a qualifying matter. With the inclusion of infrastructure constraints as a qualifying matter, there is a high risk that significant areas of Auckland have their development capacities unduly restricted. We are worried that the inclusion of infrastructure constraints as a qualifying matter could see otherwise viable new housing developments unable to be built. Auckland is in desperate need of additional housing, and we believe that this could prove to be a significant barrier to solving Auckland's housing needs.
- 7.3. Central Government is well aware of the current infrastructure deficit and did not choose to include infrastructure constraints as a qualifying matter in the NPS-UD.
- 7.4. Instead, Central Government has recently passed the Infrastructure Funding and Financing Act, which unlocks an array of new funding arrangement for the provision of infrastructure to support development. In recent weeks, Central Government has also announced¹ a \$1.4 billion investment from the Housing Acceleration Fund, to build infrastructure to support new housing developments in Auckland.
- 7.5. Combined, we believe that these factors highlight that Central Government does not view infrastructure constraints as an applicable qualifying matter and does not want it as a barrier to development. We believe that the market can make informed decisions and work closely with Auckland Council to unlock future development and infrastructure investment.
- 7.6. We oppose the inclusion of infrastructure constraints as a qualifying matter.
- 7.7. Property Council understands the need to properly fund new infrastructure to support future developments. We have consistently supported a range of financial models that unlock infrastructure investment.
- 7.8. Instead of including infrastructure constraints as a qualifying matter, we recommend that Auckland Council make use of transparent, beneficiary pays funding models for the provision of core infrastructure. Examples of these models include targeted rates, user-pays systems, and special purpose vehicles (SPVs). These alternatives meet the legislative principles of transparency and objectivity for funding local government set out in both the *Local Government Act 2002* and *Local Governing (Rating) Act 2002*. Our approach is also consistent with the recommendation of the New Zealand Productivity Commission that local government should adopt a more transparent approach to rating tools and other funding sources¹.
- 7.9. We would also strongly urge Auckland Council to work closely with Central Government to unlock further joint funding approaches to the provision of new infrastructure to support much needed development in Auckland. Joint funding, such as that provided for in the Housing Acceleration Fund, has the potential to provide significant quantities of new infrastructure for Auckland.

¹ Local government funding and financing. Retrieved from <https://www.productivity.govt.nz/inquiries/local-government-funding-and-financing/>

8. Proposed approach to Special Character as a qualifying matter

- 8.1. The NPS-UD and RMA Amendment effectively removes the existing Special Character Overlays in the current Unitary Plan unless there is an applicable qualifying matter. Auckland Council has proposed in their draft response to include residential and business areas with special character value as a qualifying matter.
- 8.2. In order to identify the relevant areas to apply the qualifying matter to, Auckland Council conducted a site survey of the areas with the existing Special Character Overlays. Under the proposed approach, any area eligible for special character as a qualifying matter must meet certain criteria. Auckland Council has proposed that for areas within walkable catchments, 75% or more of a given area must meet the criteria for special character value and for areas outside a walkable catchment, 66% or more must meet the same criteria.
- 8.3. The outcome of the proposed approach of Auckland would see around 75% of properties, or around 70% of the current land area, in the existing Special Character Overlays, retain character protection via the qualifying matter mechanism.
- 8.4. Property Council believes that it is important to effectively balance the preservation of special character with unlocking additional development capacity for Auckland. We believe that it is crucial that Auckland Council both preserve's our cities heritage, where appropriate, but also enables development to meet our cities future housing needs.
- 8.5. In broad terms, we are comfortable with the proposed intent of Auckland Council to include special character as a qualifying matter. Property Council is also generally in favour of the proposed approach taken to implementing changes to special character zoning. We believe the proposed approach strikes the appropriate balance between character preservation and future development.
- 8.6. However, given the scale to which the draft proposals retain special character protections, we would like to highlight to Auckland Council the importance of ensuring that Auckland has sufficient development capacity. Our earlier recommendation (4.18) to provide for greater height and density rules in Metropolitan, Town and Local Centres would provide Auckland with the additional development capacity needed. We urge Auckland Council to adopt our recommendation and enable greater intensification in our Metropolitan, Town and Local Centres where accessibility, amenities and demand are all strong.

9. Proposed approach to Auckland Light Rail

- 9.1. Auckland Council has classified the entire corridor through which Auckland Light Rail will run, as 'under investigation'. Auckland Council has not disclosed any significant insight into the proposed approach to zoning changes in the substantial part of Auckland found within the corridor.
- 9.2. Property Council are strong supporters of the Auckland Light Rail project. We are concerned that there is a lack of transparency provided to the property sector with regards to the proposed zoning changes in the Auckland Light Rail Corridor. Developers need certainty and clear access to information in order to make investment decisions that shape the built environment for generations.

- 9.3. It is vital that the approach taken to the zoning changes needed for Auckland Light Rail is proactive. Auckland Light Rail is a project which will have a significant impact on the built environment of the city, and it is crucial that all stakeholders in the project are involved in decision making. We do, however, understand the difficulties faced by Auckland Council in this space, due to the lack of information currently available on the final route and specific station locations for Light Rail.
- 9.4. When looking at the intensification options associated with Auckland Light Rail, Auckland Council should be assessing the whole range of factors critical to the project's success. These include, but are not limited to, the potential for large scale zoning uplift, additional transport links to the new stations, alignment with other central and local government plans and market driven factors such as demand for housing.
- 9.5. As discussed earlier in this submission, we support the proposed 800m walkable catchment standard around rapid transit stations, such as those that will be built for Auckland Light Rail. We urge Auckland Council to ensure that these walkable catchments are not overly encumbered by qualifying matter overlays.
- 9.6. Given the clear significance of the Auckland Light Rail project to Auckland, we are disappointed with the current approach of Auckland Council of classifying the entire corridor as 'under investigation'. We recommend that Auckland Council work with Property Council to ensure that the approach to zoning and Auckland Light Rail is proactive and meets Auckland's future needs.

10. Conclusion

- 10.1. Property Council welcomes the opportunity to provide feedback on Auckland Council's draft response to Government's new housing rules: What it means for Auckland. There are various elements of the proposed approach that we support. However, we have deep concerns regarding the proposed intent of Auckland Council to include infrastructure constraints as a qualifying matter as we believe it contradicts the intent of the NPS-UD.
- 10.2. We have provided Auckland Council with a series of recommendations, including allowing for greater development capacity in Metropolitan, Town and Local Centres, that we believe would better align with the intent of the NPS-UD.
- 10.3. Property Council members invest, own, and develop property in Auckland. We wish to thank Auckland Council for the opportunity to submit on the Government's new housing rules: What it means for Auckland, as this gives our members a chance to have their say in the future of our city.
- 10.4. Any further enquires do not hesitate to contact Logan Rainey, Advocacy Advisor, via email: Logan@propertynz.co.nz or cell: 021410787.

Yours Sincerely,



Andrew Hay
Auckland Committee Chair