

Property Council New Zealand

Submission to Auckland Council on Plan Change 78: Intensification

29 September 2022

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Plan Change 78: Intensification

1. Summary

- 1.1 Property Council New Zealand, Auckland Region ("Property Council") welcomes the opportunity to submit to Auckland Council on Plan Change 78: Intensification. 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. Property Council wishes to be heard in support of our submission at a hearing.

2. Recommendations

- 2.1 At a high level, we recommend Auckland Council:

- Extend its proposed city centre walkable catchment by at least 400m (to 1.5km) to align with Tauranga City Council's walkable catchment and to better achieve intensification around the city centre and reach the Council's climate goals;
- Works with Property Council to identify opportunities to apply the 400m walkable catchment standard more widely around Town Centres;
- Enables greater housing intensification in Metropolitan, Town and Local Centres;
- Works to ensure transport alignment between residential and mixed-use zones;
- Amend THAB rules from "up to" six storeys to better enable greater height and more flexible design where appropriate;
- Create alignment between THAB rules inside and outside of walkable catchments;
- Remove prescriptive rules within Plan Changes 78 and 79 to better ensure that a site-specific approach can be taken over the proposed prescriptive approach as to where a building, turning bay and accessways are to be placed;
- Create an exemption to the proposed Low Density Residential Zone so that if a qualifying matter is not present, the RMA Amendment rules take precedence;
- Does not include infrastructure constraints as a qualifying matter and instead investigate the use of transparent, beneficiary pays funding models to fund necessary core infrastructure to support development;
- Works more 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 upzone based on current realities of Light Rail in Auckland; 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.
- 4.2. 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

- 4.3. 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.
- 4.4. Property Council's original position in our submission on the consultation document *Government's new housing rules: What it means for Auckland* supported the proposed 1200m and 800m walkable catchment standards for the areas surrounding the City Centre, Metropolitan Centres and around Rapid Transit stations. However, we have now seen Tauranga City Council release its Plan Changes proposing a more liberal 1.5km walkable catchment around its City Centre.
- 4.5. Extending Auckland's walkable catchment to 1.5kms will help reduce urban sprawl, encourage future intensification, and contribute towards the Council achieving their carbon neutral goals.

Having more people live closer to the city centre reduces our carbon footprint. Considering Auckland's population is 15 times more than Tauranga City, and five times more than the Bay of Plenty, we recommend it is necessary to extend the city centre walkable catchment, at the least to align with Tauranga City.

- 4.6. Extending the walkable catchment to at least 1.5km would better encourage more inner city living, greater density of urban form and more efficient use of sites within the City Centre. Extending the walkable catchment would also provide for greater carbon gains, as more people living closer to the City Centre will reduce transport emissions. Furthermore, intensification (as opposed to urban sprawl) can rely on existing transport networks for public transportation in and out of the city centre.
- 4.7. It is important to note, zones 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, as walking times or walkable catchments may in fact shrink in many areas. We welcome amendments to be made where appropriate.
- 4.8. We recommend Auckland Council extend its proposed city centre walkable catchment by an additional 400m (to 1.5km) to better achieve intensification around the city centre and reach the Council's climate goals.

Proposed approach to intensification around Suburban Centres

- 4.9. 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.
- 4.10. We are in favour of applying the 200m standard for Local Centres, and supportive of the 400m standard for the larger Town Centres. However, we are concerned that applying the 200m standard for 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.
- 4.11. 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.
- 4.12. Accordingly, we recommend that Auckland Council re-evaluate its approach to upzoning town centres, and 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

- 4.13. 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 (of exactly six storeys) 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. 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, we support Auckland Council's regulatory alignment of residential and mixed-use zones.
- 4.20. It is important to remember that the NPS-UD proposes six storeys as a minimum requirement. We believe 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 also recommend 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.

The Residential – Low Density Residential Zone

- 4.22. Auckland Council are proposing a new Low Density Residential Zone that would reduce the level of development enabled by the Medium Density Residential Standards in the RMA Amendment Act. The proposal would limit development within the Low Density Residential Zone to a maximum of two storeys and one house per site. Two or more houses would require a building consent.
- 4.23. Section 77G of the RMA Amendment Act allows for less building height or density requirements to accommodate one or more of the qualifying matters listed in the Amendment Act. We caution Auckland Council's approach of developing a 'blanket' Low Density Residential Zone, as this may conflict with the Act if a qualifying matter is not present on a particular site within the zone. Therefore, if a qualifying matter is not present, we recommend that this not provide an exemption and the RMA Amendment rules should take precedence.

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.
- 5.5. We are also extremely concerned about the unintended consequences that *Plan Change 79: Transport* will have in relation to the THAB zone. The combination of proposals will directly result in an increased amount of onsite concrete, decreased amenity values and a decrease in yield site. The collective result of Plan Change 78 and 79 may be in direct opposition of one another given there are site specifications as to where a building, turning bay and pedestrian accessways are to be. We specifically outline our concerns in more detail in our submission on Plan Change 79.

Height controls

- 5.6. We believe in many cases, developments of more than six storeys are appropriate for a site's circumstances. The proposal of "up to" six storey buildings within walkable catchments for THAB zones does not unlock the intention of the NPS-UD. It is important that the rules allow for variation, with greatest height in areas with the greatest accessibility. Greater heights should be encouraged along transport corridors and close to amenities such as Train Stations.
- 5.7. 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.
- 5.8. Unfortunately, the Council has taken a blanket approach limiting development to "up to" six storeys within the THAB zone which will have huge design impacts as outlined in the section below.

THAB rules and impact on skyline

- 5.9. 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 "up to" six storeys to be built within the THAB zone.
- 5.10. 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.
- 5.11. 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).
- 5.12. The proposed rules could also have further unintended design consequences for the city. For example, if six storey developments become the most feasible residential developments, we could run the risk of the city ending up with only six 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

- 5.13. 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

- 5.14. 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

- 5.15. 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 in May, queried whether these zones should be amalgamated. We continue to support a single, cohesive approach to THAB zoning rules across the city. This would simplify the development process and improve ease of regulatory compliance. However, it is important that the Council consider and encourage differing expectations of height controls to ensure that any single THAB rules had a positive impact across city. We recommend extending THAB zone rules to outside of walkable catchments.

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 announced 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.

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.
- 8.3. 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.

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

- 8.4. 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.
- 8.5. However, given the scale to which the draft proposals retain special character protections, we strongly stress to Auckland Council the importance of ensuring that Auckland has sufficient development capacity elsewhere in the city.
- 8.6. Our earlier recommendations to provide for greater height and density rules in THAB, Metropolitan, Town and Local Centres would provide Auckland with the additional development capacity needed. We strongly urge Auckland Council to adopt our recommendations and enable greater urban intensification in our Metropolitan, Town and Local Centres as well as enable greater intensification in the THAB zone, 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 strongly recommend that as an initial decision, Auckland Council upzone based on current realities of Light Rail in Auckland. This would see upzoning to the THAB zone within walkable catchments of existing centres and rapid transport stations. In the long term, 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. Waste Management

- 10.1. Auckland Council proposes additional requirements for waste management and minimisation plans, onsite collection of waste and accessibility requirements for collection. When these proposals are read in conjunction with *Plan Change 79: Transport* we are concerned with the prescriptive nature of the regulations and the risk of lost amenity given the onsite requirements for waste collection and accessibility. We stipulate more details outlining our concerns in relation to these changes in our submission on *Plan Change 79*.

11. Conclusion

- 11.1. Property Council welcomes the opportunity to provide feedback on Auckland Council's draft response to *Plan Change 78: Intensification*. There are various elements of the proposed approach that we support. However, we wish to see the city centre walkable catchment extended to at least be on par with Tauranga City Council's walkable catchment of 1.5kms. We also 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.
- 11.2. We have provided Auckland Council with a series of recommendations, including allowing for greater development capacity in THAB zones, Metropolitan, Town and Local Centres, that we believe would better align with the intent of the NPS-UD.
- 11.3. 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.
- 11.4. Any further enquires do not hesitate to contact Logan Rainey, Advocacy Advisor, via email: Logan@propertynz.co.nz or cell: 021410787. Property Council wishes to be heard in support of our submission at a hearing.

Yours Sincerely,



Leonie Freeman
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