

Submission of the Business and Housing Group

Auckland Unleashed

The Auckland Plan Discussion Document

Version 1.1

31 May 2011

Business and Housing Group Representation

This submission on Auckland Unleashed was prepared on behalf of a more than 30 member Business and Housing Group (the Group). The Group has a representative subgroup which has contributed to the preparation of this submission on the Auckland Unleashed the Auckland Plan Discussion Document. It is acknowledged that individual submissions will also be made from within the Group and that these submissions should be considered separately. The representative subgroup has the following membership:

<i>Leigh Auton</i>	<i>Auton & Associates Limited.</i>
<i>Jon Maplesden</i>	<i>Land Solutions Limited.</i>
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Business and Housing Group Submission

Auckland Unleashed_The Auckland Plan Discussion Document_Version 1.1

Executive Summary

The Business and Housing Group (the Group) supports the Mayor's Vision to achieve *'the world's most liveable city'*, to deliver a *'quality compact city'* and *'a sustainable built environment'*. The Group acknowledges and supports the Mayor and Councillors in their desire to work collaboratively with a wide range of partners to prepare and implement the Auckland Spatial Plan (the Auckland Plan). It supports their proposal to *'set up regular liaison sessions with those whose role it is to apply or work within the Auckland Plan policies'* (page 188 Auckland Unleashed). The Group welcomes the opportunity to participate actively with the Council in addressing growth related issues in the built environment including housing supply and business land supply. In making this submission the Group seeks to support, through its business activities, the promotion of economic, environmental, social and cultural wellbeing.

This submission is focused on the built environment. It canvasses issues and makes proposals toward realising a high quality urban form with defined and achievable solutions which will address population, housing and business growth projections for the foreseeable future. The Group has a role as private sector partners to deliver the Vision and provides this submission as an active contribution to the formulation of the Auckland Plan.

Housing Supply

In the 30 year life of the plan an additional 900,000 people must be housed in at least 300,000 dwelling units. At best, urban intensification together with rural and rural township development can accommodate up to 150,000 dwelling units or 450,000 people on current projections. It is not enough. Already housing development is falling well behind the 10,000 or more dwelling units required every year. Auckland housing is unaffordable for significant sections of the community and current planning provision will only cater for up to half the projected growth in population. An impending crisis is apparent with significant social and economic implications expected to escalate within the Region. It is predominantly the private sector that must deliver on this housing demand, and to do it the right planning framework and incentives are essential to support the development and investment needed.

The Auckland Plan needs to respond by providing a framework which will deliver achievable and financially viable intensification within an expanded Metropolitan Urban Limit (MUL). Likewise, the Auckland Plan must include additional greenfield land for new housing development within this expanded MUL. Both the intensification of the existing urban landscape and greenfield development is needed for Auckland's future. The Auckland Plan will need to specify where intensification will occur, what is meant by intensification and how it will occur. The Auckland Plan must also provide for and define and identify where and what sustainable development will be supported in greenfields. A high level of certainty on these matters will provide a sound basis for investment and keep pace with projected population growth and housing demand.

The Auckland Plan needs to specify priority areas and principles for urban intensification and greenfield development in the context of:

- Defining and supporting refill (regeneration), brownfield and greenfield development priorities.
- Defining achievable quality design solutions which will attract investment and are linked to present and projected community preferences.
- Analysis of changing demographics and community preferences through time.

- Establishing clear and consistent incentives which support economically viable, timely and quality urban development.
- Sequencing development with integrated provision of infrastructure and services.
- Meeting underlying growth demand while ensuring that proposed development is located and of a type that is supported by effective (market) demand.
- Providing a mixture of affordable housing product for all income levels and supporting practical collaborative options to provide high quality but affordable housing.
- Avoiding the creation of siloed communities based on demographic, social need or population decile.
- Measured Council intervention to support achievement of the Vision.
- Integrating and co-ordinating the activities of the key sector groups to achieve desired community and urban form outcomes.
- Providing certainty and clarity of planning and consenting process upon which investment decisions which support the Vision are incentivised.

Delivery of a quality and compact urban form will require intensification and quality greenfield development. Projected growth demand will require sequenced greenfield development to avoid economically limiting land price escalation. Sustainable outcomes will also need to be defined and supported by infrastructure and services consistent with establishing cohesive and liveable communities.

The MUL should continue to serve an important role in supporting development in appropriate locations. The current MUL needs to be redefined to ensure all projected growth for Auckland over the next 30 years or more is included within the line. The MUL needs to recognise 'no go' areas, for example areas of environmental or ecological significance, landscapes of significance, and sites and areas of cultural and community value.

There has been much discussion of the appropriate ratios between urban intensification and greenfield development. This is not a particularly helpful discussion. The appropriate response should be based on the best empirical evidence available. A strategic approach to making land available for intensification and greenfield development should be provided in the Auckland Plan allowing for the sequenced release of areas and land for such purposes over the 30 year period.

The Auckland Plan will succeed by defining a sequenced and integrated mix of development opportunities that can be progressed hand in hand with required infrastructure and services and market support. This approach needs to support communities and social outcomes in the process of providing for the quality urban form and realising the overarching Vision for the City.

Business Land

Projected deficits in business land supply are well documented and imminent. Delays in providing for growth and the projected demand for business land will negatively impact on growth and development in the Auckland economy, its productivity and the capacity to provide employment. Urgent planning provision for business land is required immediately and needs to be specified in the Auckland Plan and carried through into the Unitary Plan. Lead times for planning and provision of infrastructure to support business land development can take at least 5-7 years under favourable conditions. A response through the current planning process and the Auckland Plan is therefore essential to avert serious and economically limiting shortfalls.

One immediate solution is the Drury South Private Plan Change Request. Provision for this plan change should be explicitly provided for in the Auckland Plan. Other areas in the Southern and North Western sectors also need to be strategically identified in the Auckland Plan. The identification of these additional areas needs to be based on business case analysis and suitability in regard to

location, proximity to key infrastructure and services, management of environmental effects and market uptake.

An Integrated Response

Promotion of integrated planning is one of the key opportunities for the Auckland Plan. Annual Government investment in Auckland is at a level approximately 8 times that of the Council. It is imperative, therefore, that the actions of the Council and the Government as well as key partners such as the business and development sector, iwi authorities, and community groups are aligned in their various contributing activities.

Growth issues that face Auckland are in most cases well documented and this submission does not present them again in any depth. Successive documents over a long period of time have proposed and advanced various solutions and proposals. The Group refers, for example, to the Regional Growth Strategy and associated documentation and research, One Plan, the Auckland Sustainability Strategy, the series of spatial plans prepared by the parent councils and the work of the Royal Commission. There is a lot of valuable information in this documentation including the identification of blockages in achieving intensification and desired urban form.

Not all the responses needed to address growth will be dealt with by the Auckland Plan. Reform of planning and consenting processes currently being undertaken by the Central Government are a key to the successful implementation of the Plan. Likewise an aligned infrastructure implementation plan is critical to provide for infrastructure investment to be integrated with the sequenced growth of Auckland over the next thirty years.

The success of the Auckland Plan will also depend on creating the right conditions for its implementation. Success will require significant Council intervention including active participation in public/private partnerships. There will be an important role for the Council to actively support and promote development which is consistent with the Auckland Plan and Council specified design outcomes. Council support will be needed for development proposals that are consistent with the planning framework. Circumstances should be avoided where the investor and/or developer are obliged to traverse excessive process and expenditure hurdles for projects which fall within the intent of the planning framework. The costs of these processes are inevitably passed through to the community as part of the cost of development and affect their affordability and viability. Such hurdles may hamper the investment the Council wishes to encourage.

The Auckland Plan must advance a step change or transformational change if the Vision is to be achieved. An incremental approach has been a feature of recent development, particularly in regard to intensification, and has not achieved optimal outcomes. With the new governance arrangements and the provision for spatial planning to promote an integrated and co-ordinated response to Auckland's growth issues, this a watershed moment in Auckland's planning history. It must be a success. Anything else will impact negatively on Auckland's economic, environmental, social and cultural wellbeing and will have national implications. The challenge is "What will be done differently?" This question is the key point addressed in this submission.

The Group welcomes the opportunity to provide this submission on Auckland Unleashed and seeks to be actively involved in the development of the Plan as it progresses.

1.0 Introduction

The Auckland Council is acknowledged for the opportunity to make a submission on the Auckland Unleashed the Auckland Plan Discussion Document (Auckland Unleashed) as part of the development of the Auckland Spatial Plan (The Auckland Plan).

The Group welcomes the opportunity to participate in the development of the Auckland Plan. The Group has significant and wide business and commercial interests in the development of the Auckland Plan. The Group has in common a commitment to contribute to the positive management of Auckland's growth and development, a genuine desire to achieve quality built outcomes, and a key interest in building healthy, safe and cohesive communities.

Auckland is experiencing significant growth and this growth will continue for the foreseeable future. The Auckland Plan must positively manage growth and provide the guidance to build on the past and make a step change to achieve the Mayor's Vision of *'the world's most liveable city'*.

The Group's intent in making this submission is to contribute to the success of the Auckland Plan as a blueprint for the future of the Auckland urban form. The Group is committed to attaining a quality urban form and built environment. It supports the Auckland Council in its statutory obligation to promote the social, economic, environmental and cultural well-being of communities. The Group supports the proposed priority area *'Delivering a quality city in form and design'* (Clause 236 Auckland Unleashed). It is noted that a number of the Group (including the Property Council of New Zealand and Hopper Developments) are foundation signatories to the New Zealand Urban Design Protocol. The Group also supports the New Zealand Housing Strategy Vision: 'All New Zealanders have access to affordable, sustainable, good quality housing appropriate to their needs'¹.

Collectively, the Group form a significant part of the private sector development industry and will play a leadership role as private sector partners in the delivery of quality and sustainable urban built environment outcomes for Auckland City. The Group have faced and worked through many of the issues and barriers identified in Auckland Unleashed and in the Royal Commission Report in the achievement of quality urban outcomes. The Group supports many of the aspirations presented in Auckland Unleashed but is concerned that the Auckland Plan effectively delivers a practical and workable framework for future growth. The *'step change'* referred to in Auckland Unleashed can be achieved by the private, public and the community sector working co-operatively to achieve commonly understood and supported urban design outcomes.

2.0 Step Change

Auckland Unleashed, various supporting documentation and the findings of the Royal Commission in 2009 contain a considerable amount of common material. A range of problems are identified that have impacted upon the ability of Local Government to achieve the outcomes specified in previous plans such as the Regional Growth Strategy, various parent organisation growth strategies, One Plan and the Auckland Sustainability Framework.

There is also a lot of agreement on the higher level intent of what needs to be achieved. It is important to ensure that issues such as housing demand and affordable housing are addressed in the context of quality developments and urban form supporting high quality liveable urban environments which are embraced by the community.

The contentious issue is not what the problems are or what needs to be achieved. At the overarching level, there is wide agreement on these matters. The contentious issue is rather how will *'step change'* occur and how will the problems be addressed in an integrated way? Will the actions of the various sector interest groups, public, private and community deliver the outcomes intended? The

¹ Housing New Zealand Corporation (2005). Building the Future: The New Zealand Housing Strategy. p. 7.

right planning framework needs to be in place and the right incentives and conditions provided with certainty and security to achieve quality city form and design objectives. Defined quality design planning will need to be supported by sequenced provision of infrastructure and services. Proposals must support effective demand in the market, achieve uptake and create urban outcomes. Urban outcomes must support and create places of choice and produce cohesive and functioning communities.

In Auckland Unleashed reference to 'step change' appears regularly (clauses 62, 66, 68, 80, 228, 239, 240, 266, 372 and 448). The step change references refer to the top three spatial priorities (International City Centre and Southern and North Western opportunity areas), and the need for co-ordinated public and private sector efforts. In clause 80 the Council acknowledges the imperative to address the '*pressing economic, environmental and social issues that will increasingly affect us locally and globally, over the years to 2040*'. Other references to step change include economic performance through exports and internationalisation, addressing skill shortages, and improvement in public transport.

The Group asks: *What will be done differently to achieve the step change intended?* The Auckland Plan must play a key role in setting out a direction which is both achievable and will be achieved. It cannot afford to suffer the same sorts of implementation problems that have plagued the various planning documents that precede it. It is what is done differently in the provision of a unified spatial plan for the Auckland Region and the methodology of its implementation that will determine its success.

3.0 Achieving Common Understanding

An important basis for the Auckland Plan preparation and content will be the response to statistical information and projections about population growth, demographics, changing preferences, land supply and planning capacity for housing and business land. Some of this information is presented below as context for this submission. It is unfortunate however that key information dates from 2006 and that the census scheduled for 8 March 2011 was postponed due to the Christchurch earthquake.

When the census is completed, the 2006 projections will need to be reconsidered. In the meantime, the best available figures need to be used as a basis to progress. In terms of those figures, a conservative approach is favoured by using the upper limit estimations of growth and associated projections.

There can be a significant lag between identifying capacity requirements and having the planning and infrastructure in place to meet those requirements. Therefore it is preferable that provision is made for a minimum of projected and market adjusted capacity requirements. In this way, potential projected shortfalls can be avoided and, arguably, current shortfalls in the housing and business land sectors could have been avoided. This approach acknowledges that census data projections from 1996 to 2006 when compared with subsequent census data have fallen in the upper range of projections. That trend should be acknowledged by how the Auckland Plan responds to growth projections.

3.1 Population

Use maximum population projection figures for planning purposes.

Build into the Auckland Plan the capacity to respond to changing population and growth projections as they become available.

Auckland Unleashed identifies that the primary driving force of change in Auckland is the trend of population growth and change (Clause 95). Population is estimated as 1.46m for the Region (June 2010) and projected to 2.1m at 2040 (clauses 96 and 97), a 640,000 population growth.

This is a significant underestimation. Statistics NZ estimate a medium to high population range for 2011 of 1.483-1.514m. A working figure of 1.5m for current population is proposed. The high range Statistics NZ projection for 2031 is c.2.1m which may reasonably and perhaps conservatively be extrapolated to c.2.4m by 2041. A population of 2.4m by 2041, would mean a 60% population increase of c.900,000 over the thirty year life of the Auckland Plan. It is essential that these much higher figures are used as a basis for planning in the Auckland Plan to avert significant future shortages in housing and business land. Such shortages would be economically and socially damaging.

Failure to effectively embrace and manage the opportunities and challenges that growth provides will have profound impacts on the regional and national economy, including social and economic consequences for the community.

3.2 Housing Capacity

Address the current and growing shortfall of housing supply to own or to rent.

Recognise that growth capacity available will not be taken up if market and regulatory conditions do not support it.

Incremental responses based on current market practice and regulatory provision will not address the housing shortfall.

Auckland has fallen behind on housing provision and has moved into crisis.

The following figures in Table 1 for the Auckland Region residential capacity are drawn from the ARC Capacity for Growth Study (2006)² which has been used as a base document for this submission. The analysis was completed in 2008 based on district plans as at 2006. The third column (highlighted in red) shows a modified assessment of capacity. It estimates what the Region could accommodate if all potential redevelopment sites were developed to what the market currently builds under a medium population growth scenario.

The difference in the metropolitan housing theoretical capacity range 148,935–192,784 is due to a three times higher density with refill (removing existing dwellings and building to the maximum permitted density) in comparison to infill (under various assumptions) see Table 2.

It is noted that for a wide variety of reasons there may be constraints to this estimated level of supply. The modified figures (in column 3 of Table 1) for example reduce the total estimated capacity to 151,923 residential dwellings. The Group regards even this figure as being too optimistic for planning purposes.

Based on household occupancy of 3 persons per dwelling, at 2006, Table 1 indicates that operative district plans provide for 14 to 25 years of growth capacity. In a worst case scenario from 2011, if these statistics can be relied on, capacity issues could arise within 9 years. Given planning and infrastructure lag time, planning for residential capacity has significant urgency.

Auckland Unleashed (clauses 104 and 432) estimates a requirement for approximately 330,000 additional dwellings by 2040. The Department of Building and Housing report (2008) estimates under a medium growth scenario that there will be a supply shortfall of 12,000 to 43,000 at the end of 2031. Auckland Unleashed refers to a forecast shortfall of 12-90,000 units over the next 20 years based on Auckland's long-term supply (clause 433). These figures are likely to be significant underestimates of the projected shortfall.

² Gamble, S. (2010). Capacity for Growth Study 2006. Final Report. Auckland Regional Council Technical Report 2010/014.

Table 1

	Auckland Regional Residential Capacity (2006) Theoretical	Modified Auckland Regional Residential Capacity (2006) Realistic
Metropolitan Area Capacity	148,935 to 192,784	121,044
Rural Town Capacity	20,272 to 22,736	15,644
Rural Area Capacity	24,453	15,275
Region Total Capacity	193,660 to 239,973	151,923
Existing Dwellings(Census 2006)	437,988	437,988
Total Capacity	631,648 to 677,961	589,911
Total population	1.89 to 2.03 million (@ 3 persons per dwelling)	1.76million (@3 persons per dwelling)
Years to Population of 2 million (Statistics NZ Medium Growth Rate)	2036 (23 to 30 years of capacity as at 2006)	
Years to Exhaustion (as at 2006) (Statistics NZ high to low growth rate)	2029-2036	2020 to 2031 (14-25 years)

Table 2

Metropolitan area	Vacant and vacant potential	Structure plan	Infill	Refill	Res. on business land	Total
With infill	28990	30273	20302		69370	148395
With refill	28990	30273		64151	69370	192784

In simple terms, if an optimistic projected intensification housing capacity is 150,000 catering for 450,000 people, this is only half of what is needed for a 900,000 projected population growth. A further 150,000 or more dwellings will be required by 2041. The Auckland Plan must locate and make provision for them.

The current annual housing requirement is estimated at c.10,000 plus replacement stock. In the last 3 years, however, the number of consents issued has dropped to 3-4000 (3603 for the year ended March 2011) per annum related to the recession and other factors such as regulatory change and increasing construction costs. These figures also indicate that supply capacity will not be the only issue to address; the right conditions must be in place for targeted investment and development supported by market demand to occur.

Noting the current significant issues with housing affordability and shortfalls in rental availability, the provision of housing will be a critical issue to be addressed by the Auckland Plan. In doing so, conservative (i.e. high range) growth and capacity projection statistics need to be used to provide a reasonable empirical basis for decision making.

3.3 Business Land Capacity

Auckland Unleashed underestimates future-projected shortfall of business land.

The Auckland Plan needs to provide for a healthy inventory of business land that is available and suitable for purpose.

The Capacity for Growth Study (2006) page 49 states that the Region's district plans provide for 7,910ha of business zoned land with 2,406ha vacant/vacant potential or brownfield. Using an average estimated uptake of 113ha/yr from 2006 there was 19 years of capacity. Using modified figures (a market perspective), there was 15 years projected capacity (see Table 3 below) or just 9 years from 2011. There is current shortfall and this projected uptake of 113ha/yr is a significant underestimate. McDermott (2006)³ for example reports that the estimated uptake for the 10 years to 2005 was an average of 135ha/yr which he considers may be conservative.

A business capacity summary for the Auckland Region (2006) is provided by Tables 30 and 31 in the Capacity for Growth Study as adapted in Table 3 below. Modified figures based on a market perspective are bracketed (in red) and should be preferentially used for planning purposes.

Table 3

	Total	Business Sector		
		Group 1 (land extensive industrial activities)	Group 2 (land intensive activities)	Group 1 and 2 (Mixed)
Metropolitan Area Capacity	2,162 ha (1,709 ha)	1,435 ha (1,158 ha)	608 ha (491 ha)	86 ha (50 ha)
Rural Town Capacity	244 ha	169	21	54
Total Capacity	2,406 ha	1,609	629	140
Total Business Land (ha) (as %of total)	7,910	4,260 [54%]	2,587 [33%]	919 [12%]
Capacity as a Percentage of total land available	30%	38%	24%	15%
Annual average uptake Metropolitan area	113ha/year	Assessment not available by business sector due to data limitations		
Years to exhaustion Metropolitan area	19 (15)			

These projections are stated here as a background for this submission and comments which follow. The study which produced them acknowledged their limitations and, as for housing, an important issue for the Auckland Plan is whether market conditions will enable uptake of theoretical capacity. On a worst case assessment, viable capacity would be exhausted in 2020 or before based on these figures.

Auckland Unleashed does not make adequate reference to projected business land requirements. It estimates that over the next 30-40 years between 620 and 780 hectares of business land will be required. These figures are understood to be sourced from a Market Economics report⁴. They take inadequate account of the proportion of uptake for ancillary activities and whether the sites are fit for purpose or have ownership which will allow orderly uptake. Ownership is commonly tightly held and large lots are scarce for example.

The Auckland Region Greenfield Business Land Report (2007)⁵ prepared subsequently, endorsed a need for 25% more land or 775–975 hectares of greenfield land to support the future growth of Group 1 land and ancillary activities. The same report notes that existing sites tend to be 100-150 hectares

³ Phil McDermott Consultants Ltd. (May 2006). Review of Business Land Capacity in Auckland Region. Prepared for the Metropolitan Auckland Project, Revised Version. p. 4.

⁴ Group 1 Additional Greenfield Land Requirements, 2001-2031. Market Economics, April 2007.

⁵ Business Land and Economy Group (2007). Auckland Region Greenfield Business Land Report. p. 11.

in size and recommends a minimum size of 100 hectares. It also makes reference to the need for Group 1 activities to seek large land parcels which are relatively cheap amongst other criteria.

Significantly, Manukau City has in recent decades provided the largest share of land for industrial development in the Region. Manukau City Council 2010 survey⁶ of business land availability shows that if the long-term average annual uptake was applied to the three main industrial areas, there would be a 6 year supply of land for development in East Tamaki, a 11 year supply in Manukau Central, and a 3.6 year supply in the Airport Vicinity Area. It is noted that recent uptake has been significantly impacted by the global recession with only 4.6 ha developed in 2010 being the lowest recorded since annual surveys began in 1998. The highest annual uptake was 75ha in 2003.

A more recent Market Economics Report (2011)⁷ undertaken for the Drury South Plan Change Request also indicates an underestimation of the requirement for business-zoned land. Referring only to the Southern Sector it refers to a base scenario shortfall of supply of 952ha of Group 1 LEIA by 2031, and a majority scenario range of 750ha to 1100ha required above current capacity.

In consideration of at least a 5 to 7 year lag for planning and infrastructure requirements to be met to make land available, the above figures mean an immediate planning response is necessary. The Auckland Plan must specify this response and also address the significant underestimation of business land requirements. Experience within the Group suggests that additional business land requirements over the next 30 to 50 years will be in the order of 2000 to 2500ha, far in excess of the 680 to 780 hectares indicated by Auckland Unleashed over 30 to 40 years.

4.0 A Response to Spatial Planning

The Auckland Plan must:

- *Specify what development is supported;*
- *Specify where development is proposed;*
- *Ensure that it will be serviced; and*
- *Specify sequencing that integrates a planning response to activities including infrastructure and transport and will manage growth and achieve a high quality and liveable urban form.*

Detailed analysis to indicate the mix of intensification and the use of brownfields and greenfields is properly undertaken by Council with input from all sector groups. The analysis will need to have a detailed empirical basis which goes beyond what is currently available, particularly for business land. As this information is assembled, representatives of the Group are available and wish to work with the Council, particularly in offering a market perspective.

It will be important for the Auckland Plan to identify priority areas for development, focus resources on these areas and achieve successes early which can then engender support and momentum for other priority areas. Key delivery areas will include the CBD, the Waterfront, and the Southern and North Western sectors (particularly in terms of business land). The three top spatial priorities in Auckland Unleashed p25-28 of the International City Centre, the Southern Opportunity Area and the North Western Opportunity Area are therefore supported.

4.1 Quality of Development

Support the Vision by ensuring that a high quality and sustainable urban form is created or enhanced through new development.

Incentivise quality future-proofed development.

⁶ Manukau City Council (2010). Annual Business and Commercial Land Availability Survey.

⁷ Market Economics (2011). Industrial Land in the Southern Sector: A Strategic Assessment of Requirements and Opportunities.

Promote defined quality design solutions and innovation.

Build in responsiveness to change as demographics and people's preferences change.

Use master planning techniques to ensure quality urban form outcomes and support community buy-in.

The construction industry is in constant change. New materials and construction methods emerge, demographics and market preferences are changing. What will endure is the achievement of quality development extending from affordable housing to high-end development. It needs to be future-proofed and provide healthy and safe community outcomes that will endure. The Auckland Plan should address the matter of place making and how public space interfaces with the built environment. Public private partnerships will be an important means of achieving quality outcomes which are attractive, have market demand and support cohesive and functioning communities.

There is also a significant issue with the existing poor quality housing stock which requires replacement or retro-fitting to meet modern standards. The right conditions and incentives need to be in place for that to occur.

There is considerable support for sustainable and high quality development in support of the Vision. It is this approach which will promote a 'step change'.

As an example drawn from one of the Council's legacy documents, the Rodney Development Design Guide (p3) (2008) identifies spatial components which, as an example, could be explicitly addressed in the Auckland Plan:

'An integrated, efficient urban structure:

- *Obvious land-use „fronts“ and „backs“*
- *Amenities provided in the most prominent locations possible*
- *Direct, obvious, connected routes*
- *Viable alternatives to the car*
- *Recognition of ecology, landform, climate in development patterns*
- *Energy efficiency and conservation*

Positive land use outcomes:

- *Clear connection to public space*
- *Variety, choice, character, affordability, safety, pride*
- *Walkable lifestyles*
- *Mixed, street-based land uses*
- *Development viability and buildability*
- *Clear circulation/access patterns*
- *Energy efficiency and conservation'*

4.2. Brownfield Development

Future-proofed brownfield development will be an important contributor to residential and business land capacity.

Research brownfield land capacity opportunities for business to assist Auckland Plan spatial development and sequencing proposals.

Give priority to better utilising current business-zoned sites and existing infrastructure.

Assessment of brownfield sites should start with a consideration of the adequacy of existing infrastructure to support such areas for redevelopment. Issues such as soil contamination and inadequate allotment sizes will also likely need to be resolved.

The Capacity for Growth Study (2006) page 64 cites the Redevelopment Capacity on Business Land Study which concluded that *'assuming all the areas of intensification could be developed, there is capacity for approximately twice the level of business floor space and employment that currently exists (2006) and five times the current number of residential dwelling units'*. Brownfield sites, including those with under-used capacity can therefore provide new capacity for business activity within existing areas of business land. Accelerated brownfield redevelopment for business purposes should help contribute towards addressing business land shortfall.

There are challenges identified in the Capacity for Growth Study that would need to be faced through the process of Auckland Plan implementation. Such challenges include addressing the pattern of existing activities and ownership, infrastructure, accessibility, land banking, owner preference, and the economic viability of redevelopment. Effective brownfield development will have a relationship to supply which underlines the importance of sequencing greenfield release. Part of that timing need consider avoiding cost escalation of brownfields due to scarcity of business land supply.

4.3 Greenfield Development

Greenfield development will be required as an integral part of delivering the Vision.

Greenfield development presents a special opportunity to make a step change and do things differently.

Mixed use development is not favoured at the initial stages of Greenfield development.

Mixed use development needs to be programmed into Greenfield development as the development proceeds and when mixed use can be supported by the community and is economically viable.

Sequenced greenfield development must ensure that it does not compromise the market for managed intensification in existing urban areas.

Sequenced greenfield development should be an integral part of the Auckland Plan to address growth, meet demand and achieve the Vision. It must clearly set out the preferred type and location of development and how they relate to the intensification strategy. The process needs to be managed effectively to prevent too much greenfield release at any one time, which could undermine intensification objectives within the existing urban areas. Importantly this consideration will be tempered by Council providing the right incentives for intensification and not, as a failure to do so, penalising low income families and young people who aspire to afford home ownership.

Greenfields offer considerable advantages for providing services and infrastructure which are fit for purpose at the outset. Infrastructure must also be capable of adapting as a community matures and as more mixed activity or greater intensification evolves through time.

In terms of residential or business land provision, topography will be an important consideration. Geotechnically stable, flat or gently rolling land is preferred. This topography will help keep cost down. For example, it is easier to create useable outdoor living within a more intensive unit development scenario and the cost of foundations or land preparation is minimised. Land selection as well as product selection will be important in the way that affordability and market viability can be supported.

Turning to business land, particularly Group 1 (LEIA), greenfields provide the opportunity for larger lot sizes which are demanded by the market but may not be met by brownfield sites or sites within the urban context.

The population and business land projections available show that immediate action is required to programme greenfield business land in a redefined and expanded MUL. Favoured locations will be close to key infrastructure of roading, rail, power, water and waste and the Auckland International Airport (AIAL).

Acknowledging lag times of at least 5 years or more for planning and 2 to 5 or more years for infrastructure and servicing to be in place, the Auckland Plan will need to meet projected demand by setting out a sequenced approach using greenfields. There is no room for delay. Over supply will have far fewer implications than the impending under supply, which is economically costly.

4.4 Metropolitan Urban Limit

Strategically redraw the current MUL to accommodate the sequenced release of land to meet all projected land requirements for growth for the 30 year period.

Take a planned, future-proofed and sequenced response to growth within redrawn MUL parameters.

Auckland unleashed (pages 125-126) refers to the debate on the MUL and divided opinion on its merits. Later in Question 26 it requests views on *'the idea of gradual change to the way Auckland grows by having some new areas for growth (outside the MUL) while also aiming to redevelop existing areas in a better way'*.

Provision of an MUL should remain an important tool in the achievement of the Vision. Its first role should be to exclude and protect areas which are not appropriate or desirable for urban development. This includes ruling out the extension of urban development into areas of environmental or ecological significance, landscapes of significance, sites and areas of cultural and community value, as well as other practical determinants such as topography, and infrastructure and servicing constraints.

The MUL should be seen as one of many tools to avoid urban development in inappropriate locations and achieve a quality compact city. It is a valuable tool that should be set and used as part of a sophisticated and sequenced response to growth within its parameters including infrastructure planning. This approach needs to consider the 5-7 years or more lead time and investment required in both planning and infrastructure planning. The MUL also has significant market implications in terms of supply of available land for development and its price point. Identification of additional greenfield land for urban purposes is important to Auckland's future economic and social wellbeing.

For the purposes of certainty, the MUL should not be under constant review but should be redrawn with realistic conservative (relatively wide) parameters to address growth that will not otherwise be catered for by intensification and brownfield development. Certainty is also supported by limiting the review of MUL, once set, to major regional reviews and not undermining incentives to promote intensification.

Regarding the role of an MUL, Auton in rebuttal evidence for the Canterbury Regional Council in April 2011 provided the opinion that:

'...the Spatial Plan process as identified in the new legislation for Auckland will provide an opportunity to resolve the dilemma of 'balancing' land availability for greenfield industrial and residential development, with intensification policies, and provide a framework for the logical implementation of these policies. Failure to do so will continue the trend of recent years for ad hoc and non-integrated proposals to meet obvious market demand especially for industrial developments. In my opinion, it is far better to plan and allow for future industrial growth on a sequenced basis, within an agreed MUL.'

This implies, that the MUL should be wide enough to accommodate the long term (35 years in the case of Christchurch), and be developed, in my opinion, on a sequenced basis. The alternative, in a sense, is the experience of the last ten years in Auckland, where the MUL has been effectively utilised as a land release mechanism along or outside 'the line' on an ad hoc demand basis. I do not support the use of a MUL for this purpose.

This view is supported and the importance of sequencing development within the MUL is emphasised. A 'gradual' approach, as implied by Auckland Unleashed Question 26, will not be appropriate for business land and is not consistent with references to step change. A planned and sequenced approach based on growth and capacity data is preferred.

4.5 Affordable Housing

There is a severe problem with housing affordability to rent or buy in Auckland.

Affordability issues are not restricted to social housing but occur in all price bands and across the product range, for example multi-unit housing, new or existing housing.

There is not one solution to housing affordability, it requires concerted interagency intervention and a co-ordinated response.

Affordability extends to lifestyle options, proximity to services, schools, recreation and employment.

Failure to provide for affordable housing has major social and economic implications for Auckland – Council must take a leading role to find solutions.

The Royal Commission⁸ (page 77) reported that in 2008 Auckland was the second least affordable region in NZ to purchase a house, that Auckland is expensive by international standards, and referred to an affordability survey which classified Auckland housing as 'severely unaffordable'. Analysis followed of the social and economic issues which arise from a lack of affordable housing. Due to the pressure of high population growth, analysts expect that 'the gap between house prices and average household incomes will continue to widen'⁹.

The Royal Commission (pages 78-79) indicates the challenge for local government as follows:

'A wide range of interrelated factors affect the price of housing. Supply side issues, some of which are influenced by local government, include the availability of land affected by urban planning policies and land banking, development costs (and delays), construction costs and central government policy. Demand side issues include population growth, changing household composition, location and accessibility and liveability as well as wider economic factors such as the labour market, housing market cycles, investment preferences and the liquidity of debt. Further complicating the situation are increasingly diverse cultural norms, changing household and family structures, and differences in socio-economic status, which result in a multiplicity of different housing requirements among different groups and between localities.'

Housing affordability is a pressing problem exacerbated by the current low level of dwelling construction, together with high land and materials costs. A Council response is needed to promote the supply of affordable and well-designed housing and to address social issues by investing in social infrastructure and services. Failure to do so will have significant and enduring social and economic costs.

A response to housing affordability through the Auckland Plan should address the following matters:

- Land supply availability in relation to land cost.

⁸ Report of the Royal Commission on Auckland Governance (2009). Auckland Governance Report.

⁹ As reported in Gray, N., Hill, G (2010). Planning Auckland's Housing Future p. 5.

- Defined quality design solutions that specify sustainable and healthy housing which will be affordable in terms of energy and water use, access to schooling, employment and transport.
- Housing affordability is not restricted to the social housing sector.
- Providing affordable housing models with integrated public (central and local), private, and community sector involvement.
- Zoning and its influence on affordability and flexibility of choice, as well volume and development cost.
- Housing preference and range of choice within intensified scenarios, and access to greenfield development.

While the Auckland Plan will help define conditions for providing affordable housing, how the Council promotes and incentivises the implementation of the Auckland Plan will also be important including considering:

- Coherence and integration of Government agencies with regard to the provision of services.
- The approach of the Department of Building and Housing.
- Unit Title Legislation and associated regulations which impact on body corporates.
- Supporting growth in the community housing sector including Habitat for Humanity type models, social rental, niche providers, and funding for housing renovation.
- Provision of grants and term loans, interest holidays, insurance underwriting, second mortgages, G.S.T. exemption or start up loans.
- Cross-sector interventions for the bottom third of the market.
- DBH policy and exploring public/private collaboration. This includes lease arrangements, social housing management, and spatial investigation of where public land asset transfer may be advantageous to reduce land cost and avoid siloing lower decile housing (Talbot Park shows that sound housing solutions will not be enough to address social issues that require intervention and active management).
- Influencing bank policy which requires higher capital to allow people into certain types of higher density housing.
- Availability of rental properties to meet demand and the stability and security of the rental option as a matter of choice.
- Sequencing of land supply and provision of regulatory and other responses to avoid price spikes and land banking.
- Supporting mixed communities and providing choice in the market.

4.6 Infrastructure

The Auckland Plan must be supported by a fully integrated infrastructure implementation plan.

Timely, sequenced and appropriate infrastructure upgrading and provision will be an essential determinant of the success of the Auckland Plan. They go hand in hand.

A detailed overview and inventory of infrastructure, its adequacy, renewal requirements and capacity will be an essential part of the analysis required to sequence intensification and brownfield and greenfield development. Existing infrastructure such as S.H.1, the rail corridor and the Waikato water supply pipeline, is costly to provide and maintain. A feature of the planning process, therefore, must be to sustainably maximize the use of such infrastructure.

Principles identified in Auckland Unleashed (page 160) of adaptability, enabling connectivity, cost effectiveness, planning for longevity and ensuring stewardship are supported. There must be an understanding of the strategic and planning significance of infrastructure provision. An infrastructure implementation plan will therefore be a critical determinant of how the Auckland Plan is delivered through development.

4.7 Transport

Require interconnected street networks which minimize trip length, and encourage safe and pleasant walking and cycling.

Transport provision is an urban amenity issue and has implications for the liveability of communities.

Transport strategies need to be linked to intensification proposals.

Sequence and prioritise intensification areas in relation to transport and other infrastructure investment (similar to greenfield sequencing).

Make an explicit link between intensification areas and transport improvements, especially public transport.

Residential amenity requires good transport connectivity and acknowledgment of the importance of roading as public open space. Roading has a key role to support urban amenity, public safety, and options to walk and cycle. Principles which acknowledge the wider importance of transport corridors need to be included in the Auckland Plan. This will extend to how dwellings and business interface with streets and consideration of key corridors as options for improving urban amenity, providing for public transport and supporting urban intensification.

Perceptions and economic imperatives are in a state of constant change. Rising fuel costs for example are reducing congestion at the moment and have done in the past. If fuel costs continue to rise, as is likely long term, the importance of other means to get around in the City will come to the fore. The Auckland Plan needs to address these trends and the amenity of streets in the urban context, rather than focus on car use at the expense of other transport options. Benefits include reduction in energy use and reduction in the emission of carbon and air contaminants.

4.8 Intensification

Promote intensification that will add to rather than detract from public amenity and quality of life, and create places where people will choose to live.

Provide for and support defined and achievable quality design solutions, not over regulation, and specify intensification outcomes which enable innovation.

Encourage alternatives to infill housing including refill and regeneration.

Incentivise and enable quality refill and brownfield development.

Research and identify the residential capacity within the existing urban footprint and what level of intensification is achievable with market and community support.

Lower per unit infrastructure servicing cost through higher density.

Break down perception barriers created by the legacy of poor quality intensification in the past.

Avoid dispersal of retail away from central areas.

The variability of dwelling capacity projections needs to be revisited and linked to analysis of infrastructure, transport, public preference and market viability. This will provide greater clarity on what the effective rather than theoretical capacity is within the existing urban footprint. It will also be indicative of what is achievable and can be supported by the market. What is clear is that delivery of the Vision and meeting demand projections will require significant intensification.

A Department of Building and Housing Report (2008)¹⁰ states as follows:

'The region's total residential capacity 'run out' figures mask significant shortfalls in conventional density dwelling space. Under the high growth, no rural (except rural towns) and low levels of acceptance of intensification scenario, North Shore, Auckland and Manukau cities run out of conventional density space in 2014, or within 6 years. Under the low growth, all rural, high acceptance of intensification scenario these cities run out of conventional density space in 2022, 2019 and 2018 respectively, or within 10 to 14 years.

Our view is that there is insufficient conventional density zoned land within the MUL to accommodate anticipated population growth'.

Step change will require an assessment of the current process of intensification and whether that is consistent with the Vision. It will also require greenfields development to address growth. Intensification won't be enough. Additionally, there are significant practical barriers to large-scale redevelopment, such as variable tenure and the difficulty of aggregating sites, which would have to be surmounted.

The Group is comprised of larger private sector operators, but it is estimated that approximately 40% of housing development is carried out by small operators, builders and developers who may only do 5–10 dwelling units per year. The practical consideration will be how all contributing sectors are operating and what they are likely to do in the future. Step change will need to actively influence how these key contributors to urban form respond to spatial planning.

This issue is implicated by the Capacity for Growth Study (2006) page 46 which states that residential development on business zoned land is currently the largest source of residential capacity by type 46% compared with 14% vacant land and 40% infill. In real market terms, however, uptake is slow with the figures, respectively 28%, 40%, and 32%. That is a market focus on vacant land and infill.

Auckland Unleashed pages 138-142 considers re-categorising existing town centres proposed for growth. Using a categorisation system based on growth criteria is helpful in the context of the Vision. Further work will be needed on how they are identified, particularly the first 3 categories of Regeneration, Market Attractive and Emergent. The Group desires the opportunity to participate further in this regard as the Auckland Plan develops.

Master planning or structure planning methods are required for all identified intensification areas and techniques such as minimum density guidelines should be used. Mixed use provision should be specified and located within intensification areas, and suitable and complementary commercial activities should be managed in that context.

Defined quality design intensification could occur around rural satellites together with the promotion of identified mixed-use areas to support urban amenity and employment. This approach does not compromise the existing urban form within the MUL but enhances and intensifies rural satellite settlements.

Another consideration is that houses on full sites remain a popular lifestyle choice and support a greening of the City. It is important to retain this more traditional style of living as a viable option of choice as the City continues to evolve. Where there is development, higher density regeneration and integrated options are favoured.

¹⁰Department of Building and Housing (2008). Adequacy of the Auckland Region's Residential Land Supply.

4.8.1 Refill and Regeneration

Create conditions that will incentivise developers to focus on refill and regeneration.

Actively support the process by programmed provision of services and advocacy in support of Auckland Plan provisions.

Remove barriers which cause delays and escalate costs.

Refill can achieve higher density levels by sections being aggregated and design guidelines applied. Refill can also help replace existing poor quality housing stock. Cost may be kept down by having a range of model or formula developments which will have some level of consent preapproval and will preserve street amenity by having a range of street appearance typologies.

Infill or backlot intensification is piecemeal and is generally not suited to high quality urban amenity, although it may have some community support. The Capacity for Growth Study (2006) page 30 refers to infill as compromising higher density outcomes 'by creating a fragmented pattern of ownership with densities lower than permitted but at a level where redevelopment to the higher density is then no longer economically viable'.

Generally discouraging backlot infill and incentivising the redirection of resources into more intensive and higher amenity options in the context of quality design planning will support the Vision. If resources are redirected away from backlot infill they can be used for other developments with better outcomes.

As noted above, intensification through refill and regeneration should be focussed on identified and achievable priorities around the city centres and key transport corridors.

Intensive housing is attractive if well planned and well priced. Part of this affordability equation is the relative cost of land per unit. Quality design can offset the higher cost of materials such as concrete used for higher density units and produce attractive accommodation with high amenity. Location will be critical in the promotion of urban regeneration through refill, as will be the process of incentivising refill and influencing market preference.

Negative responses based on poor past performance in intensification need to be broken down by providing high amenity and services in an integrated way that is attractive and saleable. With the trends of changing demographics identified in Auckland Unleashed (Clause 108) and changing preferences in favour of more sustainable and higher density living options, the conditions can be supported to enable economically viable refill development on a significant scale.

Urban regeneration is also a preferred option for the advancement of mixed use where it is suitable. This is on the basis of ensuring its viability within existing development and communities in locations that can economically support a greater diversity of activity.

4.8.2 Housing Location

Focus on growth centres and key transport corridors.

Provide for greenfield sites on a sequenced and planned basis within a redrawn MUL.

Acknowledge the need for market demand and economic viability to achieve development uptake.

Consider incentives that will attract developer interest and investment.

Consider the suitability of street pattern for intensification.

Council and Government intervention will be required to provide the infrastructure and amenity which support the viability of development.

Auckland Unleashed (pages 138-142) considers re-categorising existing town centres earmarked for growth. There is much further assessment to do to fine tune a response to urban intensification and growth and it is understood that this is being undertaken to develop the Auckland Plan. Priority areas of intensification will need to be identified and focus given to them. These areas will include the city centres, urban areas with high amenity close to the coast, and rural satellite settlements. Successful development in these centres will support further intensification in fringe areas.

Sequencing in the Auckland Plan should proactively respond to projected growth and market demand. This should include a focus on areas that will be attractive to the market. By way of contrast, in areas with low underlying land value and low build quality, demand for more intensive housing stock will be low, for example in Massey. Sequencing should also make the best use of existing infrastructure and be integrated with the provision of infrastructure and services, transport corridor treatment and the enhancement of urban amenity associated with the intensification.

Rural satellite locations suitable for growth should be identified. Infrastructure and services are already in place (with the exception of Dairy Flat) and there are opportunities to intensify. In some cases it will also be suitable to build on mixed use opportunities and urban amenity to support placemaking and live, work and play options.

4.9 Business Land

Planning provision for the supply of business land is urgent and needs to be initiated now.

Greenfield development strategically linked with transport and other infrastructure and services will be essential.

Undertake analysis of Greenfield site suitability for purpose including the provision for larger sites.

Undertake market analysis of demand for development or redevelopment with a view to ensuring that the sequencing proposed in the Auckland Plan will be supported by the market.

Assessments available in relation to business land date from 2006 data and present widely variable projections particularly when considering theoretical capacity in relation to market adjusted capacity. From 2006 market adjusted assessments suggest a 15 year supply estimate which is optimistic in our view. Noting that it is 2011 and lag times for planning process and infrastructure provision, there is a pressing need for business land supply that will attract market uptake. The importance of providing business land to support economic performance and employment opportunity is acknowledged in Auckland Unleashed and is emphasised here.

Land tenure is also a consideration. Fragmented ownership, for example of a brownfield or a greenfield site presents challenges as to how the site can be developed in an integrated way. A high degree of unification of land tenure is an advantage to provide co-ordinated development impetus in support of economic, business and employment growth.

Part of Council consideration of greenfield options should be the risk of not providing for land capacity and the implications of rising land values and restraints on job growth. Airpark provides an example where limited land supply saw substantial price growth from 2001 to 2006 and lower uptake due to lack of availability. Already, Auckland has some of the most expensive land in Australasia. The corollary is that if there is an excess of land supply over the market uptake the implications are less severe, for example financial returns may be lower over the period. The Auckland Plan, therefore, should avoid the temptation to predict and respond to theoretical market demand, and focus on

assuring adequate inventory of Group 1 land is available at all times and that Auckland is competitive on land price.

It is acknowledged that there is an important planning process that needs to occur in the assessment of greenfields for business land. This assessment should include the factors identified in the Redevelopment of Business Land Study (2007)¹¹ such as its location in relation to essential infrastructure and services.

In the Southern Sector, a detailed strategic assessment of requirements and opportunities for industrial land has been undertaken by Market Economics (March 2011)¹² in relation to the recently lodged Drury South Plan Change Request. That study used Business Land Economy Group (BLEG) criteria to assess and rank 11 Group 1 (LEIA) opportunities. This approach is commended to the Council to help consider the establishment and priority for Group 1 business land provision in the Southern Sector and elsewhere.

The Drury South site ranked 3 in the assessment and the plan change request to establish a 223 hectare (net) industrial zone adjacent to the Drury Quarry was lodged on 3 May 2011. Substantial supporting analysis has been completed for this plan change. It should be included in the Auckland Plan as a priority and supported as an important contributor to addressing business land demand.

More broadly, primary areas for assessment of business land opportunity are in the Southern and North Western sectors. Auckland Unleashed, for example, in Map 4 provides little indication of how impending shortfalls in business land might be addressed. The Southern area of Auckland forms the industrial heartland for the City and urgently needs definition of its growth pattern for the next thirty years. The Southern Sector merits investigation and focus building on the Market Economics (2011) analysis cited above. The North Western Sector also requires focus as business land availability in the north of the City is severely restrained. In this case, there is an estimated 500ha of land with good linkages to the roading network and high quality labour pool and there is potential to expand the North Harbour Estate which has high development capacity.

The Greenfield Business Land Report (2007) presented criteria which can be used for identifying and prioritising appropriate business land in the Region. This assessment will provide assistance for the spatial identification of land for the Auckland Plan. Recommendations in the Capacity for Growth Study (2006) also need to be followed including regular business land survey. It is imperative however that the land requirements for the next thirty years, including location, are identified specifically in the Auckland Plan.

5.0 Creating the Conditions for Success

Step change will require doing things differently and promoting market support and viability for preferred outcomes.

Support public private partnerships to promote integrated and coherent development and innovation.

Support developer ability to achieve large-scale redevelopment.

New and intensive development must consistently be high quality development.

The purpose of the Auckland Plan is *'to contribute to Auckland's social, economic, environmental, and cultural well-being through a comprehensive and effective (20-30 year) strategy for Auckland's growth*

¹¹Business Land and Economy Group (2007). Auckland Region Greenfield Business Land Report.

¹²Market Economics Limited (March 2011). Industrial Land in the Southern Sector: A Strategic Assessment of Requirements and Opportunities.

and development'.¹³ The Auckland Plan is not an RMA statutory plan, and while critical, success in practice will be determined by the planning work and advocacy in the process of its implementation and funding. The construction and development industry will need to embrace the Auckland Plan principles and deliver the Plan's strategy with the co-operation and support of the Council.

The issue of desirability and of commercial marketability will be critical. Preferences are changing. For example there can be active choices made in favour of alternative accommodation such as for the "drop and go market", smaller households, and the preference of immigrants. Economic viability will be dictated by whether there is demand to support the intensification proposed. That in turn will be determined in large part by how it is managed. There are also practical preconditions such as reasonable land cost. Currently, for example, a land cost of \$1000.00 per m² will generally not be economic to develop.

The stakeholders who will deliver the Auckland Plan outcomes will need to be involved. As noted, it is the smaller developers who have been and are defining Auckland. There are many of them (as much as 40% of development). They may have vested ways of operating and at their smaller scale can operate more nimbly with faster turnover. Feasibility and acceptability issues have to be overcome to support more innovative and higher density alternatives.

An aspect of the solution will be to put in place conditions which speed up the process. Shorter planning lead times and Council support would allow some of the larger volume developers to rapidly proceed using development models that have a level of preapproval. These projects can then be rolled out in a context of good urban amenity, a relationship to the streetscape and with a range of cosmetic variations which make them variable and attractive. This formula type approach is also a means of keeping costs down in appropriate locations, or within the mix of various development and intensification.

The importance of incentivising desirable development is indicated by the lack of public funding available for intensive development within an MUL. A private sector response is required.

5.1 Community Preference and Demand

Make a bold response to changing community preferences and demographic trends and plan with the future in mind.

The likelihood of market uptake for land and development is an important question that is difficult to determine, particularly when assumptions and predictions must be made about future preferences. What is certain is that community preferences are changing as are Auckland demographics. Even in 10 years time Auckland will be a different city. The projected population changes are very significant. The Auckland Plan response needs to be bold and forward looking and acknowledge that proposals required will present challenges in acceptance in today's terms.

Market education supporting awareness and alternative and higher density dwelling options will be needed. Adaptability of housing and public space should also be considered as preferences as demographics change. There will also be cultural needs to consider including retaining and providing a range of housing choice. That choice should still include traditional housing stock and the suburban section. The challenge will be to ensure that such options are not only the preserve of the wealthy.

The Auckland Plan need also acknowledge that the traditional preference for a suburban section with land around it for children to play is strong, and needs to remain part of the breadth of choice available to Aucklanders.

¹³ Local Government (Auckland Council) Amendment Act 2010.

5.2 Providing Incentives

Incentives which support a market response will deliver the planned outcomes.

The Auckland Plan must respond to market demand for housing and business development types and locations that will engender private sector support. The Council can support the Auckland Plan and promote change by doing things differently. There will need to be incentives to intensify. It should not be left to the developer to defend and argue through the courts in support of the plans and guidelines set by the Council. In February 2011¹⁴ it was reported to Cabinet that ‘Recent work for the Department of Building and Housing concluded that even those developers that had engaged in intensive developments were reluctant to do so again due to the difficulties they had experienced’.

If development proposals are consistent with planned outcomes and design guidelines the Council needs to find ways to support easy passage through the planning and consent process. The Council should consider all the means at its disposal to create the conditions for success. These will include:

- Reviewing regulation (zoning, and district plan rules) alongside investment instruments.
- Reviewing the cost of development contributions and the application of reserve contributions in relation to infrastructure provision.
- Use of level of amenity created as an offset to development contributions.
- Better utilisation of park lands in relation to development opportunities.
- Review of the roles of private open space (decrease) versus public open space (which could be increased/improved) to meet the same requirements in an intensified scenario.
- High amenity town centre improvements supporting intensification that is attractive to people.
- Acknowledging the differences in community capacity or inclination to participate including acting as advocate in areas of low interest and as facilitator where the defined Council outcomes meet strong resistance.

Methods to support a ‘Quality Built Environment’ identified in Auckland Unleashed (pages 116-120) will all be required to support the Vision. Methods include the Auckland Urban Design Panel, design awards, resource consent incentives, design guides, master planning, and various methods to invest in street amenity, and retain significant historic and built heritage.

5.3 Council Intervention

Step change to deliver on the Vision will require Council intervention

The Council has advised that the vast majority of new dwellings (1999-2010) were outside ‘nodes and corridors’. If the Auckland Plan is to achieve step change with this track record, significant targeted intervention will be required to support the implementation of the Auckland Plan. Intervention may include:

- Council acting as an advocate and champion of the Auckland Plan and design guidelines and urban form which will deliver the outcomes it specifies.
- A focus on areas which are already considered attractive.
- Entering into public private partnerships.
- Fostering co-ordination between the central and local government in the provision of infrastructure and services including Watercare.
- Focus on need with greater public intervention in areas which are less attractive to the market.
- Use of building home start grants which can be adjusted as market affordability varies.
- Subsidising housing insulation.
- Promoting housing affordability. An example is loading a covenant onto the title with the cost (of insulation for example) registered against the property. Another example is providing

¹⁴ Auckland Spatial Plan: Government position papers on key policy issues. Urban Form and Land Use Planning (28 February 2011) p. 6.

funding to people who want to invest in energy efficiency with repayment through rates over time.

- Drawing on Government assistance to secure larger land areas for intensification.
- Incentivise and simplify the process of aggregating suitable sites.
- Council acting as a property developer, for example to amalgamate land and on-sell it.
- Limiting requirements to seek neighbour approval when master planning processes have been completed through public process.
- Relaxing regulatory constraints to allow higher density, but controlling amenity through urban design guidelines.
- Streamlining resource consent processes to reduce processing time and incentivise proposals consistent with design guidelines.
- Reassessing methods of funding and their implications on the achievability of quality urban design and form, including rates, development contributions and bonds.

5.4 Addressing Inhibitors to Achieving the Vision

Identifying and addressing the inhibitors to achieving the Vision and a quality compact urban form will be a key determinant of success and will form the foundation of step change. Some of these inhibitors have been raised in the course of the submission. There are many others to consider such as those listed by Gray (2010)¹⁵, Harrison Grierson and Market Economics (2008)¹⁶ and the Royal Commission (2009) pages 529 and 530 (see Attachment 1). Various potential solutions are also proposed in each of these documents.

For the purposes of this submission attention is drawn to the following key points:

- Plan changes can take too long.
- Consenting risk and delay with attendant consent processing and land holding costs.
- A developer is typically in an adversarial or advocacy role with the public. The Council needs to set the necessary conditions, specify and defend outcomes to provide investor and developer certainty.
- The high cost of development and financial contributions which are incorporated into sale price.
- High building materials costs.

6.0 Concluding Comments

What will be our legacy at this key point of change for the Auckland Region? Will we continue the pattern of the last few decades, always a step behind the strategic and planning document of the day? Or will genuine voice be given to step change that can be supported by the community, delivered by the market, and guided by a determined Council? It's a challenge that won't be met by one solution or one organisation but will require commitment, innovation and a willingness to embrace change.

The Auckland Plan is being prepared at a considerable pace and under extraordinary expectation following major governance and structural review in Auckland. It will require funding support and must link strongly with the Long Term Plan which is in early formation. It must also align with infrastructure planning and be delivered through the Unitary Plan which will follow.

The Auckland Plan is impacted by the delay in the 2011 census which would provide greater certainty in critical statistics for population growth in the Region and housing stock. Regardless, it is proposed that a conservative stance is taken for planning purposes by using maximum population projections

¹⁵Gray, N., Hill, G. (2010). Planning Auckland's Housing Future p. 6, 8, and 9.

¹⁶ Harrison Grierson and Market Economics (2008). Adequacy of the Region's Residential Land Supply. Prepared for the Department of Building and Housing. p. 62.

and a 900,000 projected population increase to 2041. This will pre-empt and avert shortages in housing supply and business land.

The Auckland Plan must set clear guidance but also have the capacity to adapt in terms of planning for and delivering on a 30 year Vision. There are significant challenges ahead to meet growth demand in the housing and business sectors, and urgency imposed by lag times to provide for planning process and infrastructure development. There are also a range of specific matters to provide for within these sectors to avert significant adverse social and economic implications from issues such as severe housing affordability and growing shortfall of housing stock. In the business sector data on the supply of Group 1 (LEIA) land which supports economic and employment growth requires an urgent planning response through existing processes and in the Auckland Plan.

Urban intensification and greenfield development will both have a role in addressing the issues presented. Priority areas will need to be specified and a range of mechanisms used to enable the intended development. Rezoning will be required, in some cases with urgency, to meet growth requirements and promote intensified development in priority locations.

Implementation will require Council leadership and intervention. If existing and projected shortfalls in housing and business land are to be addressed, leadership and change will be required. Adequacy of infrastructure to purpose will need to be analysed, new infrastructure provided to support growth and improvements made to infrastructure and amenity in priority intensification areas.

This submission has emphasised quality development and supported intensification using the full range of mechanisms and opportunities to incentivise and support it in a context of high amenity and promoting cohesive communities. Equally, new housing areas in greenfield locations is required to provide choice to the various communities in Auckland. Residential communities should be developed with strong social infrastructure in place, especially in their inception. A range of housing options is favoured in the context of fundamental principles established through spatial planning. Residential communities should be designed with good transport connectivity, linkages which provide for walkability and visibility, open space provision, limits on private ways, good orientation to streets and on site amenities, and houses that are well designed with a view to improved sustainability. Such criteria, amongst others, can and should apply to the full range of housing densities.

Auckland Unleashed (Clause 149) states that *'approximately 30% of Aucklanders (almost 400,000 people) live in communities of high deprivation...'* and the trend for social and economic disparity is increasing. Against that, priorities are identified of putting children and young people first, reducing inequalities and connecting communities (pages 14 and 56). Providing quality housing, employment and education are essential foundations to reverse the trend. The Auckland Plan must be a practical blueprint to make housing affordable and accessible and reduce overcrowding. Garages in an Auckland that promotes choice for its community should be used as garages not accommodation. Well located and accessible business development is required to precede and match population growth and employment need, together with opportunities for training and skill development. The alternative is to invite a continuing trend of social and economic disparity and dislocation, with significant social and economic implications for all of Auckland and its community.

The Business and Housing Group wishes to support the Auckland Council in the preparation of the Auckland Plan. The Group appreciates the opportunity to make this submission on the Auckland Plan and is available to the Council to contribute and assist through the process.

Attachment 1: Excerpts Listing Inhibitors to Intensification

1. Gray, N., Hill, G. (2010). Planning Auckland's Housing Future.

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'...Auckland's housing past creates a number of barriers for intensive housing within the existing metropolitan area:

- Land is divided into small suburban lots, generally in private ownership, and it is difficult to amalgamate these into larger parcels that can support comprehensive intensification.
- The development industry is heavily geared towards low-density housing on greenfields land, and has yet to embrace brownfields redevelopment as the future direction for Auckland.
- The quality of early intensive housing has resulted in community resistance to the compact city ideal. Many communities fear that the amenity values they prize will be undermined by large-scale urban change.
- Building and financing costs are a barrier. New Zealand has some of the highest construction costs in the world, and higher density housing costs considerably more than lower-density housing forms. Developers also struggle to obtain finance for innovative high density housing projects – at least in comparison to lower density housing.'

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'Officials, analysts and developers all agree that land availability is becoming more significant as a barrier to containing growth within the existing metropolitan area:

- Land ownership in built up areas is highly stratified, a situation made worse by sub-optimal infill housing over the past thirty years. In this context, land amalgamation (and removing barriers thereto) must be a core component of the City's future housing response.
- Underutilised land within the metropolitan limit is largely not available for housing. This includes vacant parcels of residential and business land (some of which appears to have been land banked by owners in anticipation of higher capital gain), and publicly-owned land (including reserves) which could be reconfigured to release land for housing. Our view is that mechanisms should be in place to free up this land for future development, either by market means or otherwise'.

Pages 8 & 9

'Developers have consistently argued that a combination of factors pushes prices for urban redevelopment products beyond acceptable market levels.

- The cost of purchasing redevelopment land generally reflects its existing use for housing or other purposes. Any improvements on the site add to that value, and must be amortised against future realisations
- Planning and compliance costs are significantly higher, as a result of the relatively complex nature of higher density housing, and community resistance. As a result, it can take several years to secure consents for a large scale urban redevelopment, and time and cost penalties associated with planning delays can become a significant portion of total cost.
- There is a direct relationship between density and building costs. High density housing construction (concrete and steel) can cost 2-300% more than its suburban stand alone (stick and slab) competitors.

The failure of existing policy to stimulate significant development in growth nodes and transport corridors is a concern. Our demand analysis, which points to higher than planned-for growth potential in the CBD and CBD fringe, and high-amenity centres inside/outside of the MUL, suggests these areas should also be subject to further scrutiny.

In summary, planners and decision makers need to maximise opportunities for housing growth in areas where amenity levels and infrastructure capacity are sufficient to absorb higher levels of growth – irrespective of whether this was contemplated by the ARGS. At the same time, a more robust programme of action is required to direct the balance of growth to priority areas'.

2. Harrison Grierson and Market Economics (2008). Adequacy of the Region's Residential Land Supply. Prepared for the Department of Building and Housing.

Pages 3 & 4

Research with land owners developers, planners and infrastructure providers has identified a range of rigidities and blockages within the land supply process. These can be summarised as;

- The limitation on urban expansion by the MUL. The MUL is, by design, contributing to a short supply of Greenfield land in urban areas. There is a lot of store placed on this regulatory tool as a means of achieving greater intensification but so far progress towards a Compact City future has been disappointing. As constraints on urban land supply become increasingly binding, there is potential for market power to accrue to a limited number of land owners. As the process for expansion of the MUL is long and complex, it has effectively entrenched the current volume of land. In total only around 4,500 units have been added between 2006 and 2008 through MUL extensions. Private plan changes are seeking to add a further 5,000, however these figures combined add to around 1 year's worth of regional demand growth.
- Ineffective nature of intensification policies enacted through zone changes. The market has, with few exceptions, not taken up intensification opportunities on a large scale, widening the gap between intensification objectives and market demand for house and land type development. In short, conventional density housing on Greenfield land and general urban infill tends to be taken up at a greater rate than more intensive (more in tune with the objectives of a Compact City) options.
- Landbanking. Evidence indicates large blocks of greenfield land is reasonably tightly held within the MUL. However, even without concentrated ownership, there is an inadequate supply of currently zoned Greenfield land within the MUL to alleviate growth pressures. This is an area for further research.
- Fragmentation of land holdings especially in and around town centres makes it difficult to comprehensively redevelop sites to achieve a significant increase in residential densities accompanied by high amenity levels associated with ease of access to urban facilities and public transport. In a few locations, agencies such as Housing New Zealand have both the capacity and the concentrated holdings to achieve comprehensive redevelopment. However, it is likely that Councils or central government agencies would need to play a significant role in aggregating fragmented holdings if intensification is to be achieved. If there is to be land aggregation for achieving intensification objectives, agencies may need additional powers.
- The complexity, demands and volume of regulatory processes and the capabilities/capacities available to manage and run them. Skill shortages affect both the consent processing side and the application preparation side of the process and significantly impact on the ability to achieve the aim of a Compact City

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'As noted previously, the brief required the identification of "*the rigidities or blockages (regulatory and non-regulatory) that exist in the land supply process and the extent to which they may be causing land to be inefficiently used, allocated and released, particularly for the development of higher density housing*".

Consideration was given to these blockages in the report "Housing Supply in the Auckland Region 2000 – 2005" prepared by Motu Economics and Public Policy Research (referred to from here on as the Motu Report).

The Motu Report identifies a number of factors which have been identified by Stakeholders as constraints.

The Motu findings can be summarised as:

- The limiting of urban expansion by the Metropolitan Urban Limit, leading to a shortage of land suitable for large scale development and the ineffectual nature of zone changes in achieving intensification;

- Landbanking of greenfield land by a small number of landowners;
- Fragmentation of land within the metropolitan area causing difficulty in aggregating large enough sites to undertake economically feasible medium or high intensity developments;
- Delays and associated costs arising from prolonged Council processing periods for resource consent applications;
- Infrastructure constraints precluding (until such a time as the constraint is resolved) the development of greenfield, infill and redevelopment land.

3. Report of the Royal Commission on Auckland Governance (2009).

Pages 529 & 530

A particularly difficult area for the region's councils has been planning for and managing intensification of the urban areas that are well served by public transport and have been identified for urban renewal in the RGS, the RPS, and district plans. This is a result of

- local resistance to significant change in communities, with proposals for plan changes and variations meeting staunch opposition
- too many poor examples of intensification that have led communities to have no faith that the "plans" will match the end result – this emphasises the need for proper consultation so communities are fully informed about what is proposed, followed by development which at least matches in quality what was proposed
- the difficulties of co-coordinating the necessary public sector investments at the right time and in the right order to enable comprehensive urban renewal (for example, new rail stations, transport services, increased capacity in drainage and other infrastructure, street amenity upgrades)
- private sector development constraints (significantly worse under the prevailing economic conditions), which mean it is difficult to land bank and accumulate sites large enough for higher-quality, higher-density, comprehensive urban renewal
- the difficulty of acquiring the strategic private land (on a willing buyer, willing seller basis) essential for quality urban renewal in identified growth areas.

To the above list may be added other issues identified in the discussion paper Building Sustainable Urban Communities, prepared by the Department of Internal Affairs. The paper identifies the following barriers to successfully providing large-scale, sustainable urban development projects:

- limits in capacity and capability at all levels of government and the development industry – skills and expertise in this specialised field are in short supply
- limited coordination of national, regional, and local planning and implementation – complementary planning, budgeting, and action are needed to align the different forms of local government
- ineffective coordination of land use with providers of essential services – a host of providers (for telephone, street lighting, public transport, reserves, recreation, etc), each with their own priorities, must participate and coordinate
- difficulties in funding urban development – projects need significant "start-up capital" before any income is generated off land sales, while raising money and deciding who pays for what can be problematic
- the length and nature of processes for planning and the control of development – the economics of projects become uncertain for developers when opponents can re-challenge decisions, adding delays and costs
- limits to achieving desired social outcomes and public benefits (such as affordable housing) through market mechanisms – some suburbs/social housing areas needing redevelopment may be deemed "poor" and command lower prices, making it hard for investors to profit. (This last issue could be addressed with a "value uplift levy". Such a levy captures part of the increase in land value created when development projects are approved, zoning changes are made, or public amenities and infrastructure provided. The principle is that some of the uplift in value that results from gaining development rights to change or expand land use should flow back to the community in payments).

