

Making Auckland the most Liveable City, **through high quality urban intensification**

Submission to Auckland Council on the Auckland Unitary Plan Document

By Patrick Fontein, 28th February 2014

Background and Introduction

Some background on myself will be relevant for readers of this report:

- I graduated from Auckland University with a BE(Civil) in 1987 and have a MBA majoring in Corporate Finance from the London Open Business School, 1992-1994.
- I was the Founder and sole Director of the Kensington Group of companies in 1995 and between then until 2008 completed 20 commercial and multi-unit residential development projects, ranging in size from \$5-40M each, mainly in Greater Auckland.
- Kensington's Harbourside Business Park was awarded NZ's top property development Award, the Rider Hunt Property Council Supreme Award in 2005.
- I was the founding developer and master-planner of Kensington Park in Orewa, which in 2008 won 3 international property awards.
- I was awarded a Fellowship from the NZ Property Institute in 2005 and in 2006 was awarded the NZ Property Institute "Industry Award" for leadership, innovation and excellence in the NZ property industry.
- I served as Auckland President of the Property Council of New Zealand from 2002 to 2004.
- I have served on Auckland City's (and now Auckland's) Urban Design Panel from 2004 to 2012.
- I have been the Property Council of NZ's Urban Design Champion since 2005.
- I served as the Inaugural Board Chairman of the NZ Green Building Council from 2006-2008.
- I have been providing property consultancy for Studio D4 since 2009, including property and urban design consultancy work for Auckland City Council and Auckland Council.
- I have, through SD4, provided substantial property consultancy assistance to Auckland Council in 2011-2012 in its formation of the Auckland Plan, primarily providing expert advice on the property implications of the pending Auckland Plan, and in particular focusing on the development capacity analysis of Auckland: where can / will the extra 400,000 households be accommodated?
- I have, through SD4, provided substantial property consultancy assistance to Auckland Council in 2013, assisting the Local Boards in its understanding of the property implications of the pending Unitary Plan. This consultancy assistance continued right up until this Sept '13 Unitary Plan was notified.
- I have, through SD4, provided property consultancy assistance to MBIE during 2013, via Dr Nick Smith's team, and wrote a detailed Report for MBIE in August 2013 titled "*Auckland Greenfield and Brownfield Housing Development Land: The Opportunities and Barriers to Unlocking its Potential*"
- Much of SD4's work for Auckland Council and MBIE has been carried out at the request of, or peer reviewed by, the Property Council of NZ. Ie SD4 has in effect provided detailed property analysis and reviews for PCNZ, on behalf of the wider property industry.

I provided a very detailed submission in May 2011 to the Auckland Unleashed document. This submission has been considered by Auckland Council and used in parts of its response within the Auckland Plan. More particularly my earlier submission has been considered extensively in the background technical papers by Auckland Council, including "Towards a Preferred Urban Form".

I then provided a submission to the Auckland Plan on the 31st October 2011.

In December 2011, SD4 in conjunction with Jasmx Architecture completed a Report for Auckland Council entitled: "*Auckland Plan: Total Auckland development potential*". This Report included a series of concluding comments (in relation to the Auckland Plan target of achieving 70% intensification, or 280,000 urban intensified dwellings):

- The Auckland Plan is unworkable in its present form
- Intensification to the target levels will not be achieved without significant amendments to the Plan
- Major rezoning and widespread intensification is required.
- Even with amendments, enormous political and community issues will almost certainly prohibit intensification to Council's desired targets

SD4 made 10 major recommendations to Auckland Council in December 2011, to achieve its intensification targets:

- 1. All residential intensification should be urban design led*
- 2. Council needs to overhaul the planning approval process*
- 3. Continue the town centre intensification approach*
- 4. Major up-zoning within 400-800 metres of town centres*
- 5. Major up-zoning to allow further quality intensification within neighbourhoods*
- 6. Intensification zoning needs to be bold*
- 7. Political resilience and backbone to support quality intensification, especially when facing substantial NIMBY resistance (or NIMEY)*
- 8. A major public relations campaign to show the benefits of good quality intensification to the wider community*
- 9. Auckland will need further Greenfield land, outside the MUL: the main emphasis should be on high quality, well designed development.*
- 10. 75:25 not feasible: move to 60:40 or 70:40; ie 240-280,000 intensified*

As of February 2014, SD4 is of the view that the upzoning has been nowhere near bold enough, the politicians have not shown much political resilience (especially in an Election Year!) and thus the intensification targets of the Unitary Plan will be impossible to achieve.

The main assumption of the Auckland Plan and the Unitary Plan is accommodating a further 400,000 households. So if we accept this 400,000 assumption, if the extra dwellings can not be incorporated through intensification (or in general terms brownfield), then any shortfall of the 400,000 will have to be accommodated in greenfield. So why is there now such a shortfall?

SD4 has consistently stated that Auckland Council does not sufficiently understand the property fundamentals that apply to intensification development.

So in summary form what does SD4 believe are the property fundamentals that apply to intensification development, and why has there been such a mis-match in Council's dwelling capacity numbers and SD4's:

Factors influencing the re-development likelihood of a site:

1. Improvement value v. Capital value is the biggest factor, maths $= (1 - IV/CV)$
2. Parcel size is important: the bigger the site area, the easier to develop to scale
3. The number of existing dwellings or units on a site is also important
4. The increase of value when re-developed, relative to the current improvements

If a site is to be re-developed:

1. The maximum extra dwellings able to be developed on each site
2. The likely capacity utilisation of property owners who chose to redevelop (excl refurbishments)
3. The development chance of properties within each meshblock over the next 30 years

The above constraints mean only 20-50% of technically capable intensification potential will actually be developed, Council would theoretically need to up-zone for 250-300% of the actual dwelling unit numbers desired.

Unfortunately Council uses theoretical dwelling capacity numbers and takes no or minimal account of development market reality, and often does not up-zone enough.

So in my professional view, how does the Auckland Unitary Plan, released on the 30th September 2013, address the 60-70% intensification target? Any intensification shortfall will have to be addressed by greenfield provision.

A considered view of the Unitary Plan's ability to deliver it's intensification targets.

The December 2011 Auckland Plan, had a series of supporting appendices and reports (which SD4 assisted in creating), and the intended make-up of the 400,000 future residences was as the first column in the Chart below.

Through SD4's 3-4 year involvement in capacity analysis with Auckland Council, when the draft Unitary Plan and it's draft Planning Maps was released in March 2013, SD4's detailed calculations provided the March 2013 numbers, as the 2nd column in the Chart below.

SD4 has carried out a series of detailed analysis on the development capacity of the released Sept 2013 Auckland Unitary Plan, and in our professional capacity have provided the figures as the 3rd Column of the Chart below.

Categories		Dec 2011 Auckland Plan		June 2013 UP - SD4 No.		Sept 2013 UP - SD4 No.	
1	City Centre - City Fringe	43,000	11%	35,000	9%	35,000	9%
2	Metropolitan Centres	48,000	12%	25,000	6%	20,000	5%
3	Town and Local Centres	95,000	24%	40,000	10%	25,000	6%
4	THAB / Attached Housing	63,000	16%	50,000	13%	55,000	14%
5	Suburban Infill	19,000	5%	30,000	8%	15,000	4%
6	Greenfields	132,000	33%	220,000	55%	250,000	63%
Total		400,000		400,000		400,000	

Intensification Dwellings	268,000	180,000	150,000
Intensification %	67.0%	45.0%	37.5%
Intensification Shortfall	-12,000	-100,000	-130,000

The wider property industry has had throughout 2012 and 2013 to review SD4's capacity analysis reports, and these Reports have been peer reviewed in an official capacity by other property professionals, on behalf of PCNZ.

In summary the property industry has found SD4's analysis to be robust, and by late 2013, Council's own RIMU team and Council senior staff have publically accepted the details in the above Chart.

So the property industry (as represented by PCNZ) and Council's own staff agree the intensification targets of the Unitary Plan can not be achieved.

So why do we believe that the Auckland Unitary Plan is now so far short of it's 60-70% intensification targets, ie why are we now 130,000 intensification dwellings short?

Why is the Unitary Plan's so far short of it's intensification targets.

I will outline my thoughts below in summary form:

1. City Centre-City Fringe: AP 43,000, SD4 Sept 2013 35,000 = -8,000

- *Very ambitious early target, not sufficient up-zoning in city fringe*

2. Metropolitan Centres: AP 48,000, SD4 Sept 2013 20,000 = -28,000

- *Ambitious No. Many Metro planning height reduced, down to 18 storey*
- *June-Sept; many Metro Centres height and dev potential reduced further*

3. Town and Local Centres: AP 95,000, SD4 Sept 2013 25,000 = -70,000

- *Fundamental lack of Council development economics understanding*
- *Areas of up-zoning all in the wrong areas, where apartments not viable*
- *Height required in market attractive areas; minimal provided, then cut*

4. THAB/Attached Housing: AP 63,000, SD4 Sept 2013 55,000 = -8,000

- *Will be a major area of intensification, substantial change anticipated*
- *Mar '13 UP missed lot of opportunities, Sept '13 changes reduced further*

5. Suburban Infill: AP 19,000, SD4 Sept 2013 15,000 = -4,000

- *Mixed Housing zone promised substantial low rise terrace opportunities*
- *Density restrictions in MH suburban will have huge impact on numbers and restrict opportunities for developers to provide affordable housing*

So if the Auckland Plan was to attempt to achieve a greater level of intensification, what would SD4 advocate should happen:

The basis of these comments are how (in our professional opinion) could Auckland become the most Liveable and attractive City in the World through high quality urban intensification? SD4's work takes a strong property market perspective to intensification, carefully considers where occupier and purchaser demand for property is likely to come from, and combines this to provide town centres and neighbourhoods that I believe would be enhanced by high quality urban intensification. The focus is on providing intensification opportunities that are economically viable. The main Council intervention required is a suitable planning and regulatory system, not lots of cash!

How to achieve a far greater level of high quality intensification within Auckland.

1. Tidy-up Errors / Omissions in Unitary Plan (Minor issue for 2013-2016)

- *With a fine tooth-comb, Council Planners look for all areas of missed opportunity, have a mind-set of looking for intensification opportunity*
- *Properly classify Heritage buildings; Allow re-development if not proper Heritage*

2. Up-Zone Auckland's City Fringe.

- *Especially the areas around the new City Rail Loop Stations*
- *Review all areas within 3-5km of CBD, turn to Mixed Use, greater height*

3. Increase Heights in Centres.

- *Why stop Metro at 18 levels? Why not allow 30 levels as Takapuna did?*
- *Review Town Centre Development Economics: Increase height to 8-12 levels*
- *Look for Ridge line development opportunities: (Rem Rd already has 15 levels)*

4. Land near Transport Nodes or Corridors intensified much more.

- *Vancouver has nice 4-8 lev buildings on transport corridors, so should Auckland*

5. High visual amenity land changed from Single House to Med Density

- *Change zoning of high amenity Single House sites, close to transport.*
- *Intensification with strong urban design will raise land values for incumbants*

Intensification of a further 200-300,000 extra residences within the current MUL within the next 30-50 years is possible, **but this requires far greater intensification upzoning**. Without the political resilience to upzone substantially; the sought after intensification will I believe fall substantially short. Any shortfall in intensification / brownfield will have to come from Greenfield.

Auckland Council has all of the SD4 reports provided for Auckland Council and the MBIE Report. We are happy to provide further copies of these Reports, although as part of this Submission (especially with the 5MB size limit), will restrain from attaching these at this time.

I am happy to assist Auckland Council further in whatever manner to provide further detail and analysis to support the above recommendations, especially in providing further detail on how greater high quality urban intensification could be achieved.

Patrick Fontein, 28th December 2014.