
The Auckland Unitary Plan – Development Potential

The Auckland Unitary Plan (AUP) was notified as Operative (in part) on 15 November 2016. (Some provisions are yet to be made operative, pending the resolution of a number of appeals to the Environment and High Courts.) The AUP is the rulebook for Auckland's future development, determining what we can build and where we can build it. Auckland's population is expected to increase by up to 1 million additional residents over the next 30 years and providing for that demand was a central issue during development of the AUP, with the debate between Auckland Council and submitters focussed on whether Auckland's growth should be accommodated in taller buildings or if Auckland's urban limits should be allowed to "sprawl".

Ultimately, Auckland will need to grow both up and out to meet projected demand. Under the AUP, there are four primary residential zones across Auckland. The higher density zones will serve as the focus for future intensification, while the single house zone has been used to identify areas where lower density residential neighbourhoods (often with character or heritage value) are to be preserved:

1. **Single house:** The purpose of the Residential – Single House Zone is to maintain the amenity values of established residential neighbourhoods. The particular amenity values of a neighbourhood may be based on special character informed by heritage features, large sites with significant trees, a coastal setting or other factors such as a specific neighbourhood character. This zone is generally characterised by one or two storey buildings consistent with a suburban built character.
2. **Mixed housing suburban:** The Residential – Mixed Housing Suburban Zone is the most widespread residential zone covering many established suburbs and some greenfields areas. The zone enables intensification, while retaining a suburban built character. Development within the zone is generally intended to be two storey detached and attached housing in a variety of types and sizes to provide housing choice.
3. **Mixed housing urban:** The Residential – Mixed Housing Urban Zone is a

reasonably high-intensity zone enabling a greater intensity of development than that provided previously. Over time, the appearance of neighbourhoods within this zone is intended to change, with development typically up to three storeys in a variety of sizes and forms, including detached dwellings, terrace housing and low-rise apartments. Up to two dwellings are permitted as of right subject to compliance with the standards.

4. Terrace housing and apartment buildings: The Residential – Terrace Housing and Apartment Buildings Zone is predominantly located around metropolitan, town and local centres and the public transport network to support the greatest density, height and scale of development of all the residential zones. Buildings are enabled up to five, six or seven storeys in identified Height Variation Control areas, depending on the scale of the adjoining centre, to achieve a transition in height from the centre to lower scale residential zones. This form of development will, over time, result in a change from a suburban to urban built character with a high degree of visual change.

Whilst there is speculation that the Auckland housing market may be cooling, shrewd investors and developers are pouring over the AUP to identify land with favourable zoning. A premium will inevitably be placed on land nearby town centres and transport corridors that are likely to thrive with the benefit of improved public transport networks.

The key to maximising opportunities presented by the AUP will be identifying land that is well located but also of a sufficient size to enable a feasible development to take place. Some commentators are predicting that approximately only 15% of the new zones will be utilised to their potential. This is understandable given that some well-established residential suburbs have been zoned for terraced housing and apartment buildings, but will require the amalgamation of several individually held titles before any development of real scale can be progressed. In other locations, while land has been up-zoned, new infrastructure or upgrades to provide additional capacity are required before further intensification can occur.

Investors and developers will also find more choices available as a result of the new residential zoning. House-hunters previously faced two primary options: detached dwellings or small apartments. The AUP's flexibility will allow other types of homes (duplexes and townhouses) and greater variety in terms of size. In particular, the relaxation of density rules creates many more opportunities to subdivide small sections both vertically (eg terraced housing) and horizontally (eg multi-storey flats).

The new opportunities for small-scale development could not have come at a more important time. Financing large projects has become more difficult. The apartment squeeze in Australia (particularly in Sydney, where off-the-plan purchasers are reportedly walking away from deposits) has put the pressure on New Zealand subsidiaries of Australian banks to tidy up their loan books and steer away from property. At the same time, New Zealand is in the midst of a construction boom. Our construction industry, made up of many small to medium sized businesses, is struggling to up-scale to meet the demands of new major projects. Small-scale developments can help to avoid both these issues: the capital costs are significantly lower (smaller-scale builds avoid the large land requirements and expensive

mechanical services associated with apartment complexes) and they are a more natural fit for our construction industry. As it becomes increasingly difficult to obtain funding for apartments, Auckland will rely on a more modest section-by-section approach to increasing density and alleviating the housing shortage.

As with any property development or investment, due diligence will be paramount when assessing the AUP and the impact it may have. Our team at Greenwood Roche comprises experienced advisers and would be happy to help with any queries.

Chris Moore (Partner)

Chris is one of New Zealand's leading property lawyers and is the immediate Past President of the New Zealand Law Society, following from his role as the chair of the Property Law Section of the Law Society from 2004-2013. He has over 35 years' experience in commercial leasing and commercial property issues acting for a range of public and private sector clients.

Francelle Lupis (Principal)

Francelle offers specialist advice on law reform and district and regional plan formulation. Over the last four years she has been closely involved in the Proposed Auckland Unitary Plan process, including early involvement in the draft Plan, feedback and formal submissions, convening and leading submitter working groups to reach collaborative outcomes, and participation in mediations/hearings for a large number of clients and industry groups.
