

URBAN FORM AND LAND USE PLANNING

Government interests

1. The decisions Auckland Council makes about its preferred urban form to accommodate future growth are of critical interest to the Government. Different urban forms can have direct cost implications for central government as a provider of public infrastructure. Urban form also has a significant influence on achieving government objectives in the following areas:
 - **Housing affordability and choice:** Urban form influences the supply of land and the availability and cost of different housing types in different locations;
 - **Transport:** New development influences transport demand, and the capacity and efficiency of existing transport infrastructure;
 - **Economic development:** Auckland's attractiveness as an international city is impacted by urban form, especially in relation to labour market accessibility and productivity; and
 - **Environmental outcomes:** Urban activities consume resources and can result in significant environmental and economic costs.
2. In other sectors, notably education, health and social development, an understanding of future urban form is important in determining the appropriate location, scale and timing of investment and service delivery decisions.
3. Meanwhile, Government's decisions relating to major infrastructure, such as transport, have a shaping impact on urban form. In addition, the location of schools and tertiary education programmes form key destinations that affect people's housing choices¹ and travel demand. Indeed, the Government plays multiple roles in urban systems (as regulator, investor, service provider, etc).
4. However, until now, the Government has played a relatively passive role in Auckland's urban planning, having left these decisions to local government. This has tended to place the Government in the position of reacting to the policy decisions of local government in relation to urban form, rather than adopting a more proactive approach towards achieving its objectives. Auckland's governance reforms and the advent of the Auckland spatial plan provide an opportunity for the Government to change this approach, and to positively engage with the Auckland Council on urban form issues.

Current situation and trends

Auckland's growth

5. Auckland's population grew by 600,000 people between 1976 and 2006 (30 years) and is now at 1.4 million. It is forecast to accommodate approximately 60 per cent of New Zealand's population growth (at least a further 900,000 people) by 2050, to reach between 2.3 and 2.6 million.² Associated with this growth is an extra 500,000 or so dwellings and demand for over 400 additional primary schools and 70 secondary schools.³
6. In common with many other OECD cities that have seen sustained post-war growth, road based transport has been a major shaper of Auckland's relatively dispersed urban form. While Auckland's early growth was concentrated along rail and tram lines, from the 1950s motorway construction provided accessibility to new greenfields opportunities. This was supported by zoning plans that provided for structured release

¹ Beacon Pathway, *The Determinants of Tenure and Location Choices of 20-40 year old Households in the Auckland Region*, November 2010.

² Statistics New Zealand census results and Auckland Council population forecasts.

³ Winder, P., *Spatial Plans and the Auckland Region, Past, Present and Future*, Presentation to NZ Planning Institute, September 2010.

of peripheral land, with development dominated by free-standing housing (see map attached).

7. As the urban area has developed, Auckland has become a city of many centres. The Auckland CBD has become less dominant as an employment centre, and now accounts for 13 per cent of Auckland's jobs.⁴
8. Auckland's sustained growth has presented a number of longstanding development challenges, including:
 - the need for infrastructure investment - including transport, electricity, telecommunications, water, and social infrastructure - to keep pace with growth;
 - falling housing affordability;
 - limited business land availability;
 - a wide range of income levels;
 - environmental impacts and increased pressure on resources; and
 - compromised accessibility, with associated productivity losses.
9. While a number of recent initiatives have been taken to deal with these issues, they will require continued attention if Auckland is to realise its potential and global competitiveness.

Historical approach to growth management

10. The Government understands that the most recent model for accommodating growth, pursued by Auckland's previous local authorities, was that set out in the 1999 Auckland Regional Growth Strategy. This has a strong focus on urban containment, with most urban growth targeted around town centres served by rapid transit (fixed line public transport) to create higher density communities with a mix of residential and business activities. The concept calls for much less emphasis on residential infill⁵ in existing suburban areas, and limited expansion into new greenfields⁶ areas.
11. The Auckland Regional Growth Strategy targets for population growth of different development types and in different areas, for the period 1996 to 2050, are shown in Table 1. These targets call for almost three quarters of future growth to be accommodated inside the existing urban limits, with 44 per cent of total growth to be located through additional intensification of centres and corridors, and limited infill. Only 19 per cent of future growth was earmarked for future growth areas (greenfields), and 8 per cent in existing rural locations.

⁴ Statistics NZ Business Demography data. 2010.

⁵ Defined as increasing the number of dwellings on existing lots.

⁶ Define as urban expansion into to new areas, generally on the periphery of the existing urban area or in satellite towns.

Table 1: Auckland Regional Growth Strategy growth concept: population growth targets⁷

	Population	Share of growth 1996-2050
1996 population	1,066,000	
Existing metropolitan capacity	264,000	30%
Existing rural capacity	69,000	8%
Future growth areas	165,000	19%
Future growth within existing urban areas	391,000	44%
2050 Population	1,956,000	

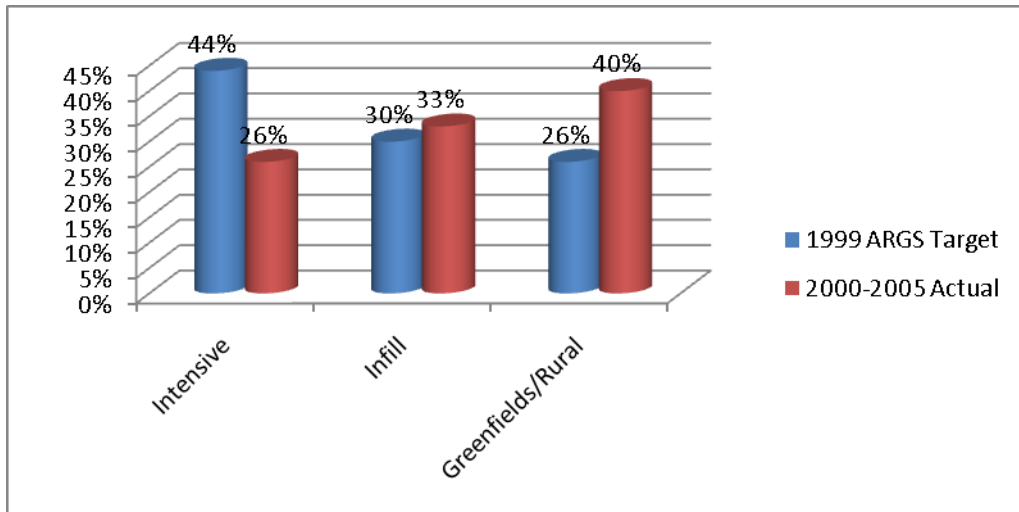
12. The Government's understanding is also that the approach to delivering the growth concept has relied on regulatory instruments, such as the use of a metropolitan urban limit (MUL) and the introduction of more intensive zoning provisions in centres. These mechanisms have often proven to be controversial with affected owners and developers.⁸ The growth concept has also been interdependent with the Auckland Regional Land Transport Strategy emphasis on substantial investment in improved passenger transport.
13. Government is aware that a 2007 evaluation of the Auckland Regional Growth Strategy⁹ found that some progress had been made towards a more compact urban form, and that almost half of the housing built since 2000 was in the form of terraced housing, town houses or apartments. It also noted the success of residential intensification in the CBD. Despite this, the level of new development in town centres has been well short of the levels targeted in the Growth Strategy.
14. This is illustrated in Figure 1, which compares the Growth Strategy targets for intensification, infill and greenfields (including rural) development with the actual growth that occurred between 2000 and 2005. Suburban infill exceeded expectations, and available greenfields development opportunities were rapidly taken up. Since 2000, 40 per cent of new residential development was in greenfields/rural locations, well above the Auckland Regional Growth Strategy target.

⁷ Auckland Regional Growth Forum. (1999). *Auckland Regional Growth Strategy*, p30.

⁸ Darroch Limited prepared for Centre for Housing Research, Aotearoa New Zealand. (2010). *Auckland Region Housing Demand Assessment*.

⁹ Technical report for the Auckland Regional Growth Forum. (2007). *Growing Smarter: An evaluation of the Auckland Regional Growth Strategy 1999*.

Figure 1: Target population allocations to 2050 and actual development 2000-05¹⁰



15. Conversely, the level of new development in town centres has remained well short of the Growth Strategy target, especially outside the CBD.¹¹ While the CBD accounted for 12 per cent of residential consents in the 2000-05 period (up from 4 per cent in 1995-2000), the level of activity in high-density growth centres and corridors contracted slightly (14 per cent of consents in 2000-05, down from 15 per cent in 1995-2000).¹² As a result, the percentage of the population living in growth centres remained virtually unchanged between 1996 and 2006, at 17 per cent.¹³
16. The review observed that very little comprehensive development (intensive development on larger sites, often requiring site amalgamation) is taking place in centres, and in general, district plans do not require or encourage this.¹⁴ It also raised concerns that continued infill development in designated growth centres and corridors was compromising the ability for more comprehensive development in the future. Other work¹⁵ shows that residential development has encroached on business areas, which has negatively impacted on the supply of business land, which is already constrained in some parts of the region.¹⁶
17. The location of employment also continued to follow a dispersed pattern over this period. Although office employment has mainly gone to centres (especially the CBD and the CBD fringe), retail and community employment, which are seen as key activities to support growth in centres, has increasingly located away from growth centres.¹⁷
18. The intensification targets set in the 1999 Auckland Regional Growth Strategy also appear to be at the ambitious end of the range of targets for Australian state capital cities, where recent metropolitan growth strategies have generally provided for a higher share of growth to take place outside of existing urban areas (see Table 2).¹⁸

¹⁰ Data is approximate as it uses data from different sources: the *Auckland Regional Growth Strategy, Growing Smarter*, and *Housing Supply in the Auckland Region 2000–2005*.

¹¹ *Growing Smarter*, p48.

¹² Motu for Centre for Housing Research Aotearoa New Zealand. (2007). *Housing Supply in the Auckland Region 2000–2005*, p54.

¹³ Auckland Regional Council. (2010) *Auckland Regional Land Transport Strategy Report on Progress 2007/09*.

¹⁴ *Growing Smarter*, p48.

¹⁵ Auckland Regional Council. (2006). *Auckland Business Land Strategy*.

¹⁶ See the Economic Development paper for a more detailed discussion of business land supply.

¹⁷ *Growing Smarter*, p33.

¹⁸ Please note that definitions differ between each of the strategies, so specific comparisons are not possible.

Table 2: Australasian urban growth targets¹⁹

Metropolitan area	Source	Target
Sydney²⁰	Metropolitan plan for Sydney (2036)	Locate at least 70 per cent of new housing within existing urban areas and up to 30 per cent of new housing in new release areas
Melbourne²¹	Melbourne @ 5 Million	Growth areas (outside of established areas) to accommodate 47 per cent of new dwellings
Brisbane	South East Queensland Regional Plan 2009–2031	Increase the proportion of additional dwellings constructed in existing urban areas to 50 per cent by 2031
Perth²²	Directions 2031 and Beyond	Increase the proportion of infill residential development from current trend (30-35 per cent) to 47 per cent between now and 2031
Adelaide²³	The 30-Year Plan for Greater Adelaide	Shift from the current 50:50 ratio of infill development to fringe development until about 70 per cent of all new housing is being built within existing urban areas
Auckland²⁴	Auckland Regional Growth Strategy	74 per cent of new residential development within the existing urban area (including 30 per cent existing capacity, and 44 per cent in centres and corridors)

Reasons for limited success

19. The Royal Commission on Auckland Governance,²⁵ the 2007 Auckland Regional Growth Strategy evaluation, and other recent studies²⁶ have pointed to a number of problems that have constrained Auckland's historic approach to growth management, including:

- local community resistance to change, and strong opposition to plan changes promoting higher densities, exacerbated by a number of poor quality examples of intensification;
- lack of engagement and partnership with the private sector for delivery of the growth concept;
- constraints on the ability for developers to acquire strategic sites and accumulate sites large enough for comprehensive urban renewal in growth centres;
- delays in getting the right planning in place (such as rules in plans) to enable centres-based development;
- inconsistent use of financial instruments, including development contributions policies that have not encouraged development;
- lack of prioritisation and poorly coordinated infrastructure investment, which has not always been aligned with growth priorities; and
- limited monitoring, review and reporting on the delivery of the strategy.

20. It would appear that the Growth Strategy growth concept overestimated the ability of local government to develop and implement regulatory or investment instruments to

¹⁹ In the Australian examples cited, "infill" relates to all development within the existing urban area.

²⁰ Metropolitan Plan for Sydney 2036, December 2010.

²¹ Melbourne @ 5 million, December 2008.

²² Western Australian Planning Commission. (2010). *Directions 2031 and beyond*.

²³ The 30-Year Plan for Greater Adelaide, February 2010.

²⁴ Auckland Regional Growth Strategy, 1999.

²⁵ *Report of the Royal Commission on Auckland Governance*, March 2009, pp 529-530.

²⁶ Darroch Limited for Centre for Housing Research, Aotearoa New Zealand. (2010). *Auckland Region Housing Demand Assessment*.

encourage development, while underestimating the importance of adopting an approach that is supported by affected property owners and developers. The opportunities for intensification that have been created have not aligned well with household and business preferences.²⁷ This, together with an over-emphasis on regulatory mechanisms (especially the MUL), appears to have been instrumental in the lack of private sector support for the growth concept. 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.²⁸

21. Successful spatial plans build widespread consensus among public and private sector stakeholders. A high degree of investor and developer buy-in to the strategic direction is crucial to success, but is challenging to secure. Investors need to see a strategic direction that is feasible and backed by a set of regulatory and funding measures (e.g. district plan rules and development contribution policies) that will work, and provide them with the incentives they need to invest in ways that support the strategic growth model.

Implications for central government

22. The limited success in achieving the growth concept has implications for some key areas of central government interest, particularly housing affordability and infrastructure investment.²⁹

- **Housing affordability:** this issue has grown in significance with international house-price bubbles. There has been a particular focus on increasing land prices in response to the adoption of urban growth limits across Australasian cities, and the increasing preference particularly at a policy level for urban containment and intensification.³⁰ While planning is only one of the factors that affect land prices and therefore housing affordability, there is evidence to suggest that urban containment policies have limited land supply, and contributed to a more rapid increase in the cost of land as a proportion of housing costs in Auckland than has been the case elsewhere in New Zealand.³¹
- **Infrastructure investment:** Current growth targets and locations appear to lack market and investor support, which will increasingly erode their credibility over time, and places risks around supporting investments. This can lead to a misdirection of investment in infrastructure, especially transport, with a risk of underutilisation of new infrastructure, while capacity problems remain elsewhere in the network. Central government needs to be confident that its investments are based on a strategy for urban form that is deliverable, with targets that are achievable.

23. From a central government perspective, it is important that these factors are taken into account in any assessment of urban form options.

²⁷ Darroch Limited for Centre for Housing Research, Aotearoa New Zealand.(2010). *Auckland Region Housing Demand Assessment*.

²⁸ Boffa Miskell Ltd for Department of Building and Housing. (2009). *Case Studies of Intensive Urban Residential Development Projects*.

²⁹ See Housing and Transport papers for a more detailed discussion of these issues.

³⁰ SGS Economics and Planning Pty Ltd. (2010). *Spatial Form and Infrastructure*. Melbourne, p39.

³¹ Grimes, Arthur and Yun Liang. 2007. "Spatial Determinants of Land Prices in Auckland: Does the Metropolitan Urban Limit Have an Effect," *Motu Working Paper 07-09*.

Government's current position

24. Planning for future urban form is the responsibility of the Auckland Council via the spatial plan, but central government actions can have an important bearing on its successful implementation. The Auckland spatial plan provides an opportunity for central government to engage directly with the Auckland Council to consider the options available, and develop a plan that is more capable of success. To this end, the Government would encourage the Auckland Council to develop the spatial plan in a way that includes:

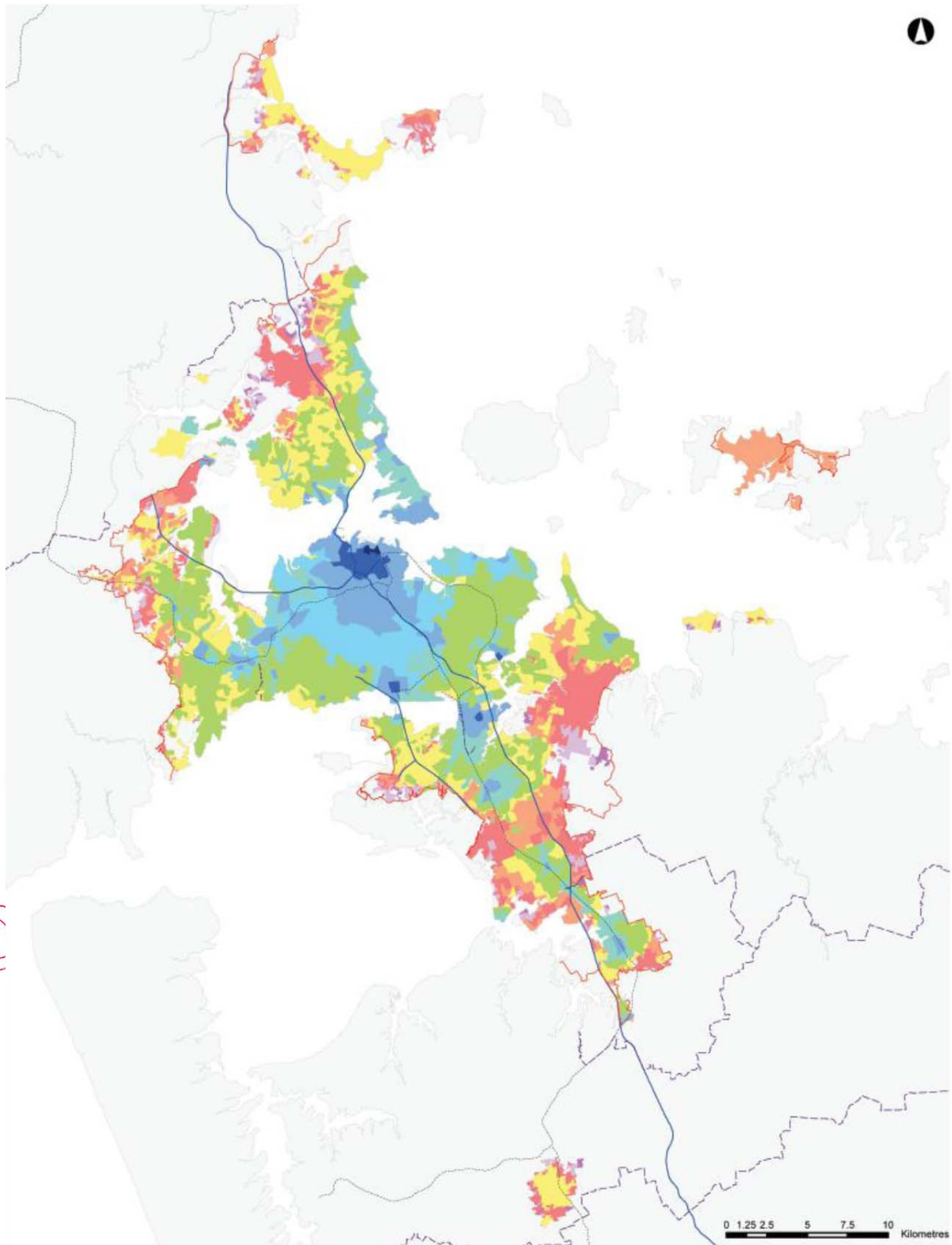
- **Support for Government objectives** - The Government understands that the new Council is likely to continue to support a quality compact urban form, but that this does not necessarily involve a rigid commitment to the existing approach of the ARGs. To enable central and local actions to be aligned, it is important that the spatial plan articulates an urban form that is credible and achievable, and supports central government objectives (e.g. housing affordability, economic growth and productivity, cost effective infrastructure, social welfare and minimisation of environmental impacts).
- **Consideration of other urban form options** - The Government would support a move from the Council to consider other urban form options in its discussion document. This should include the option of a well-planned expansion of the urban area beyond the existing footprint, with a more realistic mix of greenfields opportunities, infill, targeted intensification in sub-regional centres, and a strong CBD. Options should reflect an understanding of the market demand for housing and business development types and locations, to improve the likelihood of private sector support.
- **Rigorous evaluation** - The Government would encourage the Auckland Council to undertake a rigorous, evidenced evaluation of urban form options, with evaluation criteria that take account of government objectives for Auckland, including:
 - housing affordability and choice;
 - infrastructure costs, particularly transport;
 - economic growth and productivity;
 - social fragmentation and welfare expenditures;
 - resource use, environmental impacts and growth capacity; and
 - climate change adaptation.
- **Credible growth targets** - A key role for the Auckland spatial plan is to provide greater planning certainty for those that need to make investment decisions. The Auckland spatial plan needs to include credible targets that central government and private sector developers and investors can support. This should be based on a sound understanding of market demand for different types and locations for development, and tangible evidence that the private sector is willing to invest to support the plan's targets.
- **Infrastructure alignment** - Infrastructure funds are limited and need to be prioritised to the most cost effective investments. The Council is encouraged to adopt a realistic view of how new infrastructure will be used and in turn influence future development decisions; and to implement the necessary land use changes ahead of these investments wherever possible
- **Delivery tools** - The Government would encourage the Auckland Council to use the opportunity afforded by the spatial plan to adopt a more realistic approach to regulation (zoning and district plan rules) alongside any consideration of funding and investment instruments (development contributions, pricing or public private

partnerships) that would encourage appropriate development rather than tell people where to locate.

- **Delivery approaches** - Even with this broader approach, the Government recognises that there are significant challenges in delivering appropriate patterns of urban development. Provided the full range of existing delivery mechanisms are adequately exploited, the Government is open to the prospect of exploring with the Auckland Council the further development of different delivery approaches.

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Attachment One – Auckland’s Growth



Map Produced by
Social & Economic Monitoring & Research
Policy and Planning
Auckland Regional Council



Historic Urbanisation 1842 - 2008 Auckland Region

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|-----------------------|-----------------|-----------------|-----------------|-----------------|
| —•— TA Boundary | - - - Rail Line | Urban Area 1915 | Urban Area 1964 | Urban Area 2001 |
| — Metropolitan Limits | Urban Area 1842 | Urban Area 1940 | Urban Area 1975 | Urban Area 2006 |
| — Motorway | Urban Area 1871 | Urban Area 1945 | Urban Area 1987 | Urban Area 2008 |