

11 July 2016

NPS Urban Development Capacity,
Ministry for the Environment,
PO Box 106483,
Auckland City 1143

E-mail: npsurbandevelopment@mfe.govt.nz

Ellis Gould
Level 17 Vero Centre
48 Shortland Street
Auckland 1010
New Zealand

PO Box 1509
Auckland 1140
DX CP 22003
Tel +64 9 307 2172

Property and Commercial
Fax +64 9 309 9449

Litigation
Fax +64 9 358 5215

www.ellisgould.co.nz

Dear Sir / Madam,

NPS Urban Development Capacity – Submission by Karaka Centre Limited, Karaka Lakes Limited, Karaka Harbourside Estate Limited and Frank and Juliet Reynolds

This submission on the Proposed National Policy Statement on Urban Development Capacity is made on behalf of Karaka Centre Limited, Karaka Lakes Limited, Karaka Harbourside Estate Limited and Frank and Juliet Reynolds (“**the Submitters**”).

The Submitters’ Interests

The Submitters are entities and parties that have, over the past 20 years undertaken a number of commercial and residential developments throughout the Auckland region. With reference to residential development, being the focus of the NPS, the Submitters have developed extensive areas of land in South Auckland for greenfield rural residential and urban residential development:

- Karaka Lakes Limited has most recently undertaken the Karaka Lakes residential development in Hingaia, which currently contains 500 residential dwellings. A further 200 dwellings are to be constructed in the neighbouring Karaka Brookview development.
- Karaka Centre Limited owns the land zoned for the Hingaia Centre that will form the commercial and social heart of the wider Hingaia residential area
- Karaka Harbourside Estate Limited has undertaken the Karaka Harbourside Estate residential development in Hingaia which contains approximately 450 residential sections.
- The Reynolds own or have interests in blocks of land in and around Kingseat with an aggregate area of 300 hectares, of which 80 hectares is currently zoned for residential development. Collectively those Kingseat properties have the ability to accommodate over 2,500 new residential dwellings, together with the proposed Kingseat Town Centre and industrial estate.
- The Submitters’ Hingaia land and 80 hectares of the Kingseat land will be zoned for urban purposes pursuant to the Auckland Unitary Plan. In addition the Reynolds have sought urban zonings for their remaining 220 hectares of land at Kingseat and Karaka Harbourside Estate Limited has sought urban zonings for Pararekau Island, Hingaia and Future Urban Zoning for large tracts of land at Karaka (only a part of which is in its ownership).

The Submitters' Concerns

The Submitters strongly support the introduction of the NPS to address urban development capacity. For reasons set out in detail in the **attached** annotated version of the NPS text, however, the Submitters consider that the draft NPS requires amendment. By way of explanation:

1. The Submitters consider that the preamble and subsequent substantive text in the NPS address not only quantitative concerns (ie: concerns related to urban development capacity) but also qualitative matters (ie: concerns regarding the form of subsequent development) - The Submitters are concerned that, as a consequence, the focus of the NPS on capacity is obscured by the qualitative concerns, which will potentially dilute the effectiveness of the NPS. Further, they fear that the references to qualitative elements will be relied upon by territorial authorities to justify increasingly prescriptive controls on matters such as urban design. The Submitters do not understand that to be a focus of this NPS. They consider that, if the government wishes to address these qualitative matters then that would most appropriately be done through a separate NPS regarding the quality of urban development.
2. The Submitters support the objective and policies regarding urban development capacity but consider that they lack the necessary specificity and direction regarding how and at what rate territorial authorities will provide urban development capacity in response to shortfalls in supply - Territorial authorities will need to give effect to the NPS but the lack of precision in the current draft will allow them to claim that they are doing so without necessarily making any difference to the level of capacity provided in practice.
3. The Submitters support the provisions that promote monitoring of land supply and demand but consider that greater clarity is required as to the scale at which territorial authorities are to ensure that supply meets demand - That is, the NPS as drafted does not clearly state whether territorial authorities will need to ensure sufficient supply at a regional, district, sub-district or local level and nor does it specify whether demand must be met overall or in each market segment (eg: studio apartments; single and multi-bedroom apartments; terraced houses).
4. The Submitters consider that the NPS should encourage an oversupply of land for urban development in High Growth Urban Areas - The Submitters consider that there is rarely any adverse effect that flows from the provision of excess supply of land for urban activity, at least in areas of relatively high growth. For example, the Submitters consider that the provision of an excess supply of land will not result in a lower density of development or the waste of land, as the relevant district plan provisions will control the density and form of development. It will, however, promote competition between developers and reduce the incentive for developers to ration the release of sections and dwellings onto the market so as to maximise prices.

Relief Sought

The Submitters' preference would be for a more directed and focused NPS which imposes on territorial authorities more detailed qualitative requirements with respect to the provision of sufficient capacity to accommodate growth. To that end the Submitters seek that:

1. The superfluous provisions that address qualitative matters be deleted (see proposed changes in the **attachment**).
2. The provisions regarding urban development capacity be expanded to specify in greater detail the obligations on territorial authorities regarding the provision of sufficient capacity over specified timeframes (see proposed wording in the **attachment**).
3. Additional provisions are incorporated into the NPS that encourage councils in High-Growth Urban Areas to over-provide land zoned for urban purposes other than where there are compelling reasons to do otherwise (see proposed wording in the **attachment**).

4. The provisions regarding monitoring and obligations on territorial authorities to meet demand are expanded to provide greater guidance as to the geographical scale at which and market segments for which territorial authorities have an obligation to meet demand. [Nb: This is a policy issue for government to determine and for that reason the Submitters have not proposed specific wording but have simply identified the issue in the **attachment**.]
5. The other minor changes sought and explained in the **attachment** be implemented.

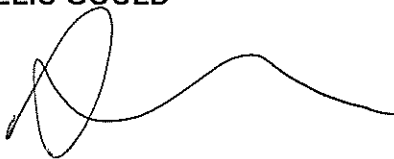
Concerns regarding the NPS Process

The Submitters are concerned by the process that has been adopted for public consultation with respect to the NPS. In that regard:

1. Their understanding is that the Minister has chosen, pursuant to section 46A of the Resource Management Act to adopt an alternative process in preference to the Board of Inquiry process set out in sections 47 to 52 of the Act.
2. The Submitters' preference would be for the Board of Inquiry process, with its public hearings, to be adopted so that the detailed wording of the NPS can be honed and refined. That will maximise the prospect that the provisions in the NPS will be focused and effective. The NPS will have the effect of regulation and will need to be given effect to by regional and district councils through their regional policy statements, regional plans and district plans. Accordingly it needs to be drafted to a high level, which is more likely to occur if the Board of Inquiry process is used.
3. The Submitters are concerned that the truncated process that has been adopted will result in a less precisely drafted and potentially more ambiguous NPS, thus compromising its effectiveness and usefulness.
4. The Submitters therefore ask that the decision regarding the process be revisited and that the submissions on the NPS be heard before a Board of Inquiry.

In the event that the process is not altered, the Submitters would welcome an opportunity to meet with staff of the Ministry for the Environment to discuss this submission.

Yours faithfully
ELLIS GOULD



Douglas Allan
Partner

Direct fax: 09 358 5215
Email: dallan@ellisgould.co.nz