

Addendum to the draft Auckland Unitary Plan

Planning for urban growth over
the next 30 years

- The Rural Urban Boundary
- Additional tools for enabling affordable neighbourhoods
- Rural Urban Boundary Maps

THE AUCKLAND
UNITARY PLAN

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Council**

Te Kaunihera o Tāmaki Makaurau



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Executive summary

Introduction

1_ This addendum covers two key issues:

1. Defining a 30 year Rural Urban Boundary; and
2. Two new options for enabling affordable neighbourhoods– sharing land value uplift from rezoning and inclusionary zoning.

Council would like your feedback on all of these options.

Part I The Rural Urban Boundary (RUB)

2_ Auckland expects its population to increase over the next thirty years by another million people. This means we need to plan for more housing, employment, business growth and infrastructure. Aucklanders have said that they want this growth to be accommodated in a high quality compact urban environment. This will allow our centres and towns to be vibrant, while also protecting the qualities of and opportunities in our rural and coastal areas. A Rural Urban Boundary (RUB) will clearly define where urban growth can and cannot go over the next thirty years.

3_ The Auckland Plan sets a 30-year goal of providing for 70% of new homes to be built within the existing metropolitan urban area (which is currently defined by the 2010 Metropolitan Urban Limit - MUL). At the same time, the Auckland Plan provides flexibility so that up to 40% of new homes can be built outside of the 2010 MUL, mainly in well-planned, new greenfield developments. The RUB is a tool to help ensure that we can achieve this goal and ensure that at all times there is sufficient land coming on stream over the next 30 years to meet our housing needs.

4_ The RUB will provide greater certainty for communities, land owners, developers, and infrastructure providers about where Auckland will experience the most change and growth. Wherever possible, the RUB will use those natural features such as ridgelines and streams to create long term 'defensible' boundaries.

5_ We intend to determine the RUB in four stages:

- **Stage 1 - Updated 2010 MUL:** *Updating the 2010 MUL to include recent Environment Court decisions and consent orders*
- **Stage 2 – The 'Edge Work':** *Revising the updated 2010 MUL, (Stage 1), around the existing metropolitan urban area by including any additional areas worthy of consideration*

- **Stage 3 - Greenfields Areas of Investigation:** *Determining a RUB in the ‘greenfield areas of investigation’ identified in the Auckland Plan. The greenfield areas include the two satellite towns of Warkworth and Pukekohe. They also include rural areas considered suitable for future urban growth in the north, northwest and south of Auckland. They are close to existing urban areas and key transport corridors.*
- **Stage 4 – Other RUB Areas include:**
 - *Setting the RUB for rural and coastal towns and serviced villages outside the ‘greenfield areas of investigation’*
 - *Setting the RUB in other areas that have not been considered in steps 1-3 above, including areas where plan changes are somewhat advanced but not yet resolved.*

6_ This Addendum includes an [e-link](#) which provides the most up to date information on the RUB options in the greenfield areas of investigation. Your feedback on these options is encouraged.

7_ Defining the RUB also involves re-zoning rural land to ‘future urban’; a zone intended to allow rural activities to continue until urban development can take place. The next challenge is releasing land within the RUB over time. This means planning for the zoning and release of land and delivery of infrastructure in an integrated, orderly and staged manner, not only meeting all the environmental and quality tests but delivering land that is practical and affordable to service, is market attractive and provides a range of residential, business and recreational choices.

8_ A coordinated approach to RUB implementation and the clarity and certainty this provides for communities and infrastructure providers -who will need to work together in subsequent stages- will be an important demonstration of the benefits of joined up planning and implementation in Auckland.

Part II Additional Tools for Enabling Affordable Neighbourhoods

9_ Part II of this Addendum discusses two different options that consider the costs of growth and where those costs fall. The first option is a non-regulatory tool in the form of “value capture” or “shared land value uplift”. When an area of rural land within the RUB is re-zoned for urban use, the value of the land may increase. Likewise when existing urban land is rezoned from low to high density use. Currently the private land owner receives the benefit of that increase in value, (sometimes referred to as a windfall gain), resulting from the rezoning decision. One option is for Council to receive a proportion of the increase in value of the land to use for the public good, e.g. to fund affordable housing or physical infrastructure need to support the planned growth.

This may reduce the cost to subsequent homeowners by sharing the cost of urban growth across different development stages, helping to improve housing affordability. Feedback on this non-regulatory tool to provide for planned urban growth is being sought as part of the evaluation of methods to promote sustainable management of our natural and physical resources. The Council is also undertaking a financial evaluation to assess the efficiency and effectiveness of such a tool. It also needs to evaluate this tool alongside others such as development contributions. As well, if the Council is to use this tool, then it would need to first advocate for a change to the Local Government Act to ensure it had the power to levy it.

10_ The second concept, which has both land-use regulatory and non-regulatory elements, being tested is “inclusionary zoning” (or retained affordable housing). Inclusionary zoning (IZ) is a regulatory tool that requires developers to make a percentage of housing units in new residential developments available to low- and moderate-income households. Inclusionary zoning can also involve some form of incentivisation (e.g. bonus development provisions). IZ is intended to ensure affordable housing is retained for the long term and to foster diverse neighbourhoods. It is a tool that is possible under the Resource Management Act, provided it can be shown to promote sustainable management of the Auckland’s resources.

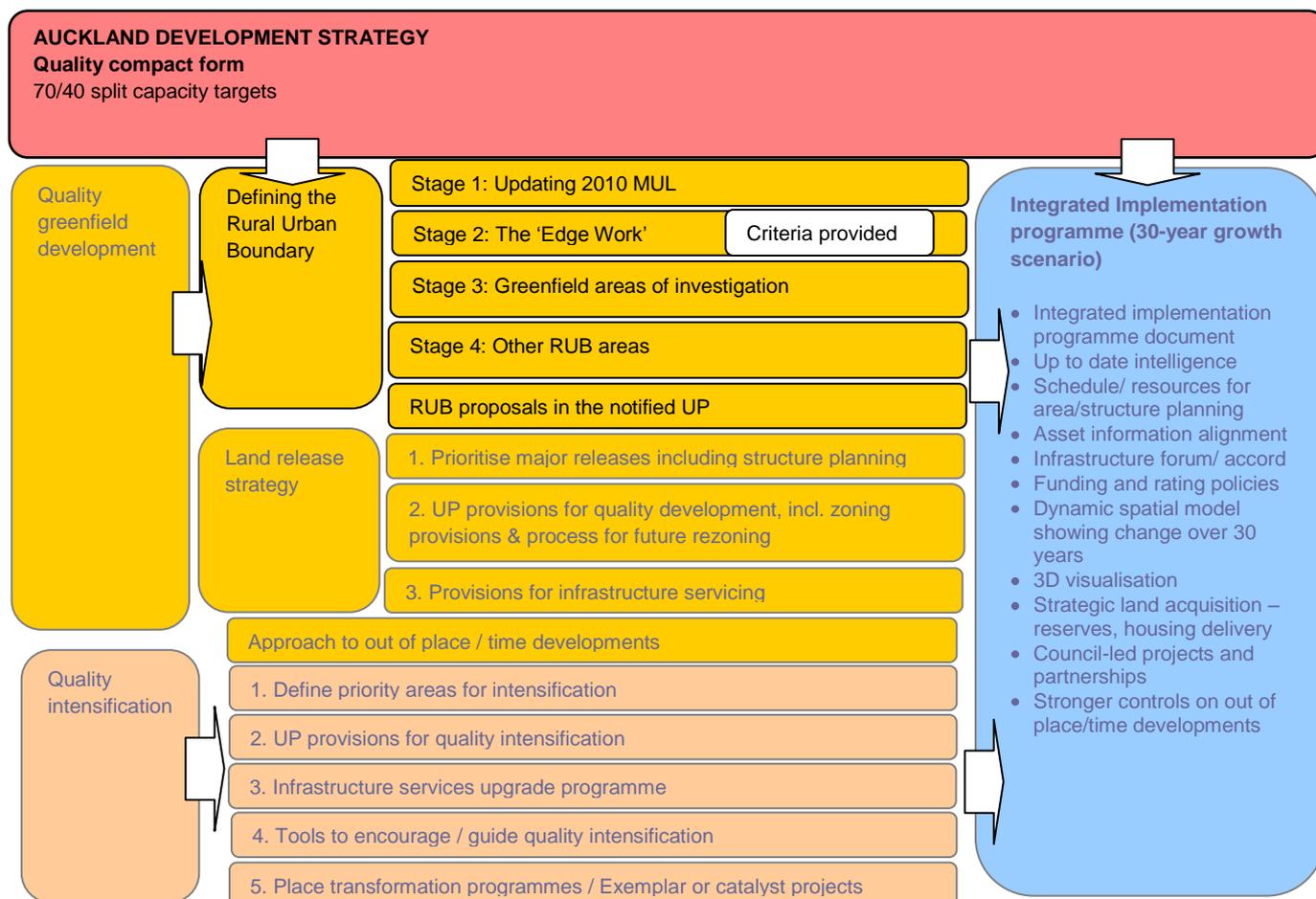
Part I The Rural Urban Boundary (RUB)

Introduction

11 This Section of the Addendum outlines progress to date on the determination of the RUB and signals how this work is intended to be included in the notified Unitary Plan. We are seeking your feedback on the ideas and options for determining the RUB. It is intended that the RUB identified through stages 1, 2 and 3 will be included in the notified Unitary Plan.

12 The RUB is a key piece of work in a wider work programme (Figure 1) that gives effect to the Auckland Plan development strategy (Section D of the Auckland Plan). Figure 1 below illustrates how the four stages of the RUB project fit within the wider development strategy context:

FIGURE 1: Implementing the Auckland Development Strategy



What is ‘the Rural Urban Boundary’?

13_ The Rural Urban Boundary (RUB) is explained in the Auckland Plan as;

“...a Rural Urban Boundary that will define the maximum extent of urban development to 2040 in the form of a permanent rural-urban interface.”(paragraph 134)

14_ It is further defined in the draft Unitary Plan as:

“ The boundary which defines the maximum extent of urban development to 2040 in the form of a permanent rural urban interface. It is defined around the following urban areas:

- *Existing metropolitan urban area of Auckland, Orewa and Whangaparaoa Peninsula*
- *The satellite towns of Pukehoke and Warkworth*
- *Rural and Coastal towns of Beachlands/Pine Harbour, Helensville, Kumeu-Huapai, Riverhead, Snells Beach/Algies Bay, Waiuku and Wellsford*
- *Serviced villages”*

15_ The RUB will help achieve well-planned, efficient urban development and infrastructure, conserve rural areas, and encourage further growth and development of existing urban areas.

16_ The RUB in the Unitary Plan will replace the Metropolitan Urban Limit (MuL) from the previous Regional Policy Statement so there is greater certainty over where Auckland will grow and change over the next 30 years. A RUB is to be defined around all significant urban areas comprising:

- The existing metropolitan urban core (expanded in the greenfield areas of investigation); Auckland’s two satellite towns (Pukekohe and Warkworth);
- Rural and coastal towns; and
- Serviced villages.

Note: currently serviced villages have access to a reticulated community wastewater service. Un-serviced villages rely on on-site wastewater treatment and disposal systems.

17_ Maps D.1 and D.2 in the Auckland Plan identify ‘greenfield areas for investigation’ which represent Council’s adopted policy on where land for long term future greenfield growth will be investigated. It is proposed that, following investigation of these areas, a RUB will delineate the future extension of the existing urban area to this new boundary.

Our future needs for housing and jobs – capacity estimates

18_ The Auckland Plan identifies the need to provide for up to 400,000 additional households and 275,000 employees by 2040. On the basis of moving to a quality compact Auckland, 70% of this future residential growth is intended to be accommodated within the existing urban area over 30 years. At the same time, provision will be made for up to 40% of new homes and new business land to be accommodated outside the *existing metropolitan urban area* in the following locations –

- additional land at the existing urban edge
- the two satellite towns – Pukekohe and Warkworth
- rural and coastal towns
- greenfield areas for investigation
- Rural villages and general rural areas.

19_ Table 1 below provides an estimate of how residential and employment growth could be allocated within each of these areas.

TABLE 1: Additional capacity requirements		
Location	Total additional housing capacity (dwellings) required	Total additional employment capacity required
In existing urban core (70%)	280,000	190,000
Outside existing urban core (up to 40%)	160,000	110,000
Greenfield areas of Investigation	90,000	61,000
Satellite towns (excluding Greenfield extensions)	20,000	14,000
Rural and coastal towns	10,000	7,000
Rural villages and general rural.	20,000	14,000
Pipeline greenfield currently outside MUL (e.g.: Hobsonville, Hingaia, etc*)	20,000	14,000

* These areas have existing urban zoning and infrastructure, or infrastructure servicing is imminent.

20_ Table 1 shows that approximately 90,000 of the estimated 160,000 new dwellings required outside of the existing urban core will be provided for in the greenfield areas for investigation (see also Figure D6, page 56 Auckland Plan). Studies to assess the suitability of these areas have been underway and require in-depth analysis and consultation with affected communities, agencies and partner organisations, especially those in the affected rural areas.

21_ The Auckland Plan does not distribute additional employment spatially. To provide an early indication of the likely employment required in each location (refer Table 1), the additional 275,000 employees (page 26, Auckland Plan) have been pro-rated based on the projection of additional housing requirements in each location. This is a guide only, but gives some idea of the potential scale of the employment challenge. Finer grained analysis will be required to refine these numbers.

Process to define the Rural Urban Boundary (RUB)

22_ The following four stages will define the RUB in the Unitary Plan:

Stage 1: Updated 2010 MUL

23_ The March 2013 Draft Unitary Plan will include an initial RUB at the edge of Auckland's *existing metropolitan urban area*. This is the Metropolitan Urban Limits (MUL) 2010 updated to reflect operative district plan changes and directions from the Environment Court for extensions of the MUL.

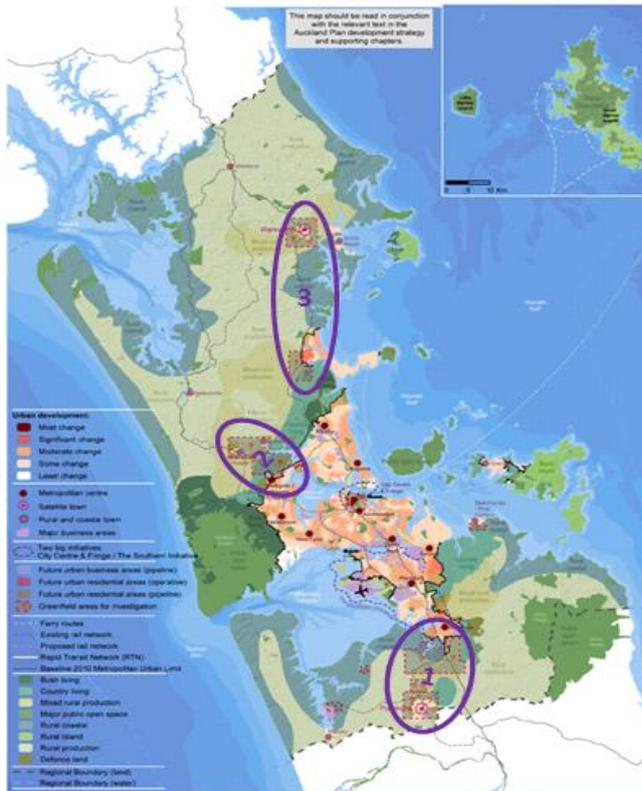
Stage 2: The Edge Work

24_ After the March 2013 Draft Unitary Plan is released, land owners have the ability to put forward areas of land for inclusion in the RUB at the urban edge. These areas will be considered against the criteria in Appendix A to this Addendum.

Stage 3: Greenfields Areas of Investigation

25_ Three major greenfield cluster areas will provide capacity for approximately 90,000 new dwellings over the next 30 years. The three clusters are shown on Map 1 below.

MAP 1: Greenfield areas of investigation



1 Northern Cluster

Warkworth
Silverdale

2 North-western Cluster

Whenuapai
Kumeu / Huapai

3 Southern Cluster

Pukekohe
Paerata
Drury / South Karaka

26_ Work to define the Rural Urban Boundary in the greenfield areas for investigation, is guided by a set of principles to ensure the resultant RUB will promote good outcomes for both urban and rural areas, be robust, durable and evidence-based.

27_ The summary principles follow. - Locate and develop a network of sustainable, liveable neighbourhoods in a way that:

- Demonstrates efficient use of land in a compact urban form and avoids urbanisation of the most highly productive farmland wherever possible.
- Protects and enhances biodiversity, air quality, water quality, and heritage values
- Recognises and provides for the relationship of Maori with their coastal lands and taonga.

- Integrates with the efficient provision of community facilities, open space, transport and utility infrastructure, wastewater etc.
- Provides for wide housing choice to cater for the diversity of future housing needs in Auckland
- Provides or supports local employment opportunities and the provision of adequate business land opportunities.
- Contributes to a modal shift to walking and cycling, and public transport, and promotes a well-connected street network, whilst providing for movement of freight.
- Promotes high-quality design with high environmental performance.
- Avoids risks from natural hazards and builds in resilience to future risks

28_ Options for a RUB in the south have been the focus of comprehensive community consultation and engagement. Feedback received during this engagement process has helped to further refine RUB options, see [e-link](#) below.

29_ The development of RUB options in the north and west, are less well advanced. However, ‘indicative’ RUB options have been developed as a starting point for feedback. Auckland Council will be undertaking a comprehensive consultation and engagement process for the indicative RUB options in the north and west. Following analysis of feedback, it is intended to include a final proposed RUB in the south, northwest and north in the notified Unitary Plan.

30_ The most up to date information on the RUB options in the greenfield areas of investigation can be found in the [e-link](#) below. Your feedback on these options is encouraged.

FIGURE 2: Process for development of the RUB for the Northern, Western and Southern Clusters of Greenfield land for investigation:



Have your say on Stage 3:

31_ The following [e-link](#) provides the most up to date information about the North, Northwest and South Cluster RUB projects, including RUB options. We encourage you to go to the [e-link](#) and learn more about the projects and provide your feedback on the options. Through this link you will find the following supporting documents:

- a. Rural Urban Boundary investigations update
- b. Southern RUB engagement and feedback report
- c. Southern RUB options maps
- d. Northern and Northwestern options maps
- e. Details of further consultation events on RUB options

32_ Refer to the below [e-link](#):

Stage 4 (Other RUB Areas):

33_ This final stage of the RUB investigations involves determining the RUB around rural and coastal towns and serviced villages outside the 'greenfield areas of investigation', examples include Kingseat, Beachlands and Glenbrook. It will also involve setting the RUB in other areas that have not been considered in steps 1-3 above, including areas where plan changes are not sufficiently advanced for them to be considered in steps 1 or 2.

34_ As per stage 2, this stage will utilise the criteria contained in **Appendix A** to this Addendum, to guide the delineation of a RUB.

Land release strategy: Staging the release of new urban land

35_ Once the Unitary Plan is made operative, it is intended that there will be a robust and permanent RUB providing greenfield land for urban growth to 2040. The newly identified land within the RUB will be zoned 'future urban'. This land will not be released for urban development all at once. As is further detailed in the Draft Unitary Plan, specific parts of the future urban zone will be identified for finer-grained structure planning and infrastructure requirements. Once this is complete, the finalised structure plan areas will be released for development in a staged and sequential manner that is aligned with funding and work programs to deliver the necessary infrastructure. Figure 3 outlines the conceptual process for the planning and staged release of future urban land within the RUB over time:

FIGURE 3: Staged release of land inside the 2040 RUB

Source: Auckland Plan



36_ The Draft Unitary Plan Policy 2.2.2.2- 19 states that:

“urban development of greenfield land within the RUB will occur as part of a staged release of land” and that “a sub-regional analysis will identify and prioritise areas for structure planning and subsequent land release following the consideration of a number of matters.”

37_ Policy 2.2.2.2 – 20 provides for a planned sequence of release in accordance with a number of principles and following *“the approval of a structure plan prepared in accordance with Appendix 1[draft Auckland Unitary Plan]”*. There are similar policies for expanding rural towns and villages.

38_ The Unitary Plan zones land and provides the regulatory framework for its proper development, including protecting the environment and ensuring quality outcomes. It will be supported by a land release strategy and implementation programme looking 30 years ahead. It will address matters such as infrastructure provision and timing, including structure planning and involvement of infrastructure providers, land owners and communities. In this way the Council, working with communities and stakeholders, will provide greater clarity and certainty about how and when areas will be developed.

Part II – Additional Tools for Enabling Affordable Neighbourhoods

Introduction

39_ The Draft Unitary Plan signals the development of new neighbourhoods on the edge of the existing metropolitan areas through the Rural Urban Boundary (RUB) process outlined in this addendum, together with the future growth of the two satellites (Pukekohe and Warkworth), as well as the redevelopment of existing neighbourhoods within the current city limits.

40_ The Auckland Plan has identified the need for these new communities to be well planned and to be serviced with physical and social infrastructure enabling them to be sustainable neighbourhoods. Infrastructure will have to be expanded to meet the needs of more people and businesses, including developing green and social infrastructure networks. At the same time, there is a call to improve the quality of existing services and amenities provided by the council.

41_ One specific, but very important aspect of sustainable neighbourhoods is housing affordability. Increasing costs of housing is widely acknowledged as one of the most significant issues facing Auckland - one that has social, economic and environmental consequences for current and future generations. The reasons why housing has become less affordable are complex and many. Likewise, any solution needs to be multifaceted. More space for housing to be built through the outward expansion of the urban area and the redevelopment of existing areas will help to ease house price pressures, but will not necessarily mean that affordable housing will be provided in all areas, or in perpetuity. The Council has determined that it needs to take a more proactive role in enabling affordable housing.

42_ The Council is looking at additional tools to help plan for and fund desired improvement to services and infrastructure to support more sustainable neighbourhoods. This involves better utilising existing planning and funding tools, as well as the potential for new tools and techniques that help to broaden the revenue base across a wider range of steps in the development process. The Auckland Plan (March 2012) and the Council's Housing Action Plan (December 2012) have identified affordable housing as being a particular area where new tools are needed.

43_ Two priority areas and corresponding actions in the Housing Action Plan currently being investigated are:

- Priority Area 5 - *Value capture through a betterment levy to enable infrastructure or affordable housing*

Action 16 - Investigate the opportunity to capture part of the windfall gain made by landowners resulting from the public decision to rezone land to urban or to substantially upzone land in order to fund infrastructure or affordable housing.

- Priority Area 6 - *Inclusionary zoning options to be tested through the draft Unitary Plan informal consultation process.*

Action 17 – Test an inclusionary zoning regulation, for informal feedback as an addendum to the Draft Unitary Plan in March 2013.

- 44_** The Auckland Plan and the Housing Action Plan discuss what is meant by affordable housing¹. As stated in the Auckland Plan, Affordable housing is usually targeted at those in household income bands between 80 to 120 % of the median household income and who are not eligible for social housing but still need assistance to either secure home ownership or long- term rental in the market. In this context affordable housing is affecting those households with household incomes up to approximately \$120,000 p.a. The Housing Action Plan sets out 32 actions Council is taking that may enable a greater supply of affordable housing. The two tools discussed in this Addendum would be intended to complement and work with the draft Unitary Plan. They also are being considered and evaluated in the context of other tools and policies such as the development contributions policy in Council’s Long Term Plan.
- 45_** Feedback is sought on the two general concepts - Shared Land Value Uplift and Inclusionary Zoning - prior to any inclusion in the Unitary Plan. This is because Priority Area 6 - Inclusionary zoning – would be incorporated into the Proposed Unitary Plan while shared land value uplift would most likely be implemented via Council’s Long Term Plan, but referred to as an “other method” to implement the regional objectives and policies of the Unitary Plan. The two options could be used together, or Council could choose one approach over the other, or Council may choose to do neither. Shared land value uplift would require a change to national legislation whereas inclusionary zoning is not precluded by the Resource Management Act, although any inclusionary zoning requirement would have to past the tests of the Resource Management Act.
- 46_** In particular, Section 32 of the Resources Management Act requires Council to evaluate a range of methods to achieve objectives, including regulatory and non-regulatory tools and to assess their advantages and disadvantages The Council’s analysis of these tools will be based on the New Zealand and Auckland context, and follow Council’s established evaluation policies and criteria. These include an evaluation of the costs and benefits of the new tools and whether they have any unintended consequences. This is consistent with requirements in the Local Government Act and the Resource Management Act to consider alternative methods to achieve environmental outcomes and to look at the effectiveness and efficiency of new tools.
- 47_** A financial evaluation is underway to assess whether shared land value uplift is an efficient tool and if it should be part of a package of tools to facilitate housing and infrastructure development in growth areas- taking into consideration the interaction of shared land value uplift with other revenue sources (such as rates, user charges and development contributions).

¹

This evaluation is likely to be completed in April or May of this year. Similarly, on-going analysis is underway of inclusionary zoning.

48_ The following sections give a general illustration of how these two options might work based on experiences in other countries. The Council is seeking early feedback on their applicability to Auckland and what the costs and benefits of them may be as an input into its evaluation of the two tools.

Option 1: Sharing Land Value Uplift² from Rezoning

What is shared land value uplift?

49_ Rezoning of land or redevelopment often sees land values increase. This increase partly comes from the extra development potential resulting from the rezoning or resource consent, as well as the long term certainty over that development potential flowing from the rezoning. The increase in value may be small in some situations or have occurred long before finalisation of a zoning or development change is made. In other cases the increase in land value may be larger, particularly where zoning controls limit the supply of similar types of land. At the moment in New Zealand, any increase in land value resulting from the rezoning decision remains with the landowner.

50_ A number of countries provide scope for local councils to obtain part of the land value uplift from landowners when land is rezoned for more intensive use (e.g. rezoning from rural to urban land use or rezoning from a low to a higher density) The revenue generated is used for some or all of the following :

- Help fund infrastructure and amenities not covered by existing funding tools
- Support the development of affordable housing
- Fund new and additional infrastructure in a development area.

² Sharing the land value uplift focuses on sharing the benefits that flow to individual land owners from overall planning decisions, particularly rezoning. Sometimes this is referred to as a “betterment levy” although in some cases “betterment” relates specifically to a levy connected specifically to infrastructure extensions. For example, the term “betterment” is mainly used in New Zealand relating to the private benefits that can flow from new public infrastructure such as roads and stormwater facilities, as set out in the Local Government Act 1974. Sometimes this same concept is referred to as a form of “value capture” or capturing “windfall gain”. For the purposes of this addendum, the term “shared land value uplift” has been used.

51_ Depending on how the revenue is used, this tool may interact with other revenue generating tools, such as development contributions.

52_ At this stage, the Council is considering whether shared land value uplift is a possible funding tool. If it is considered to be an appropriate tool, then consideration would turn to how any revenue collected would be spent. The following sections describe how shared value uplift is applied in a number of countries.

Are there different types of shared value uplift systems?

53_ Yes, a wide range of approaches are used in Canada, the UK and Australia. The ways shared value uplift schemes have been developed and implemented vary widely from jurisdiction to jurisdiction.

54_ In the UK, it is common for councils to negotiate with individual developers when they lodge planning applications as to what form of contribution to local services and amenities may be appropriate. Commonly these are referred to as Section 106 agreements. The UK planning legislation allows for these agreements, with the contribution to local services and amenities seen as a form of mitigation of the effects of the development, as well as a form of planning gain arising from the land value uplift. Practise varies across different councils. Often the contributions go towards affordable housing, mostly in the form of units to be sold at an affordable price, but sometimes in the form of a monetary contribution. The Section 106 agreements have produced tens of thousands of affordable housing units over the last fifteen years, although the number of units has dropped in the past few years because of the slow down in development following the global financial crises. Some section 106 agreements made prior to the financial crises are to be reviewed in light of the changed market conditions.³

55_ In response to concerns that case-by-case Section 106 negotiations were too cumbersome and often mixed up with mitigation of development, payment of fees to meet additional demands on infrastructure and shared land value uplift from planning permission, the government has introduced a “community infrastructure levy”. This levy can be used to support funding infrastructure that the council, local community and neighbourhoods want and can cover a wide range of services, such as new or safer road schemes, park improvements or a new health centre, but not affordable housing. The Community Infrastructure Levy is similar to

³ According to a submission to the UK parliament, Professors Tony Crook and Christine Whitehead, the numbers produced by Section 106 were significantly associated with the buoyant private market of the late 90s and mid ‘noughties’ but also with the clearer policy and better practice of local planning authorities (LPAs) and the increased numbers of shared ownership homes (which require less subsidy). Planners in the United Kingdom were provided with a tool for land value analysis designed by economists in order to negotiate with developers.

Development Contributions in New Zealand. Affordable housing contributions are still negotiated through the planning process, based on how much land value has increased due to the grant of the planning permission, and taking into account the Community Infrastructure Levy.⁴ In Canada, Vancouver City operates a system of negotiating community amenity contributions when land is rezoned (but not when it is developed for individual buildings or houses). Council policy is that 70 to 80% of the increase in property value arising from rezoning should be used for community amenity contributions, including affordable housing. The rezoning generally involves the redevelopment of existing urban land, for example rezoning from industrial to residential, and from low density to high density uses.

56_ Vancouver follows the four step process set out below as a basis for negotiating the Community Amenity Contribution:

1. The developer/landowner provides the Council with a pro forma financial analysis of the development proposal including estimated sales revenue and development costs, including contributions to infrastructure
2. The Council and the developer /landowner determine the value of the property under existing zoning
3. The Council and the developer / landowner estimate the property value increase after rezoning (land value uplift) either by comparing sales evidence or by deducting development costs (including other council contributions) and the developers profit from estimated sales revenue
4. The Council and the developer/landowner negotiate a contribution that reflects a percentage of the increase in property values due to the rezoning.

57_ The Vancouver Community Amenity Contribution is in addition to contributions to the upgrading of specified infrastructure networks, which are paid when land is developed for housing or businesses. The Community Amenity Contribution may go to improved parks and gardens, increased library services, and transportation improvements, as well as affordable housing.

58_ In 2011, The Vancouver City Council reported⁵ that they processed 36 approvals for additional density resulting in a net increase in floor area of 4.2 million square feet, mainly due to the approval of five large scale rezonings (Marine Gateway, Arbutus Centre, Telus Gardens, 5515 Boundary Road and Shannon Mews). These approvals of additional density secured approximately \$180 million in public benefit commitments. The City typically allocates the public benefits to various categories when the project is approved, and in some cases this decision is made at a later date.

⁵ Sourced from: <http://vancouver.ca/files/cov/cfsc-1b.pdf>

Allocations reflect Council adopted guidelines for determining public benefits as well as ongoing and emerging Council priorities. In 2011, the \$180 million in public benefits were allocated as follows:

- Affordable Housing: \$40.3M
- Community Facilities: \$37.2M
- Heritage Preservation: \$28.2M
- Parks and Open Spaces (including Public Art): \$22.2M
- Transportation: \$3.2M
- To be allocated: \$49.0M,

59_ The Community Amenity Contribution is part of Vancouver's response to rising house prices and reduced housing affordability due to significant growth pressures the city has experienced.

60_ In Australia, one way the public can share in the benefit of new growth is through involvement in the land development process. Government controlled agencies have the ability to buy land, rezone the land for housing or other developments, then develop the land themselves, or on sell the rezoned land to private developers who put in the necessary infrastructure and create the building sites. In this way the public can capture the benefit of the land value uplift that occurs from rezoning, but do not necessarily get involved in the more risky and capital intensive business of developing land. This approach is also used in France and the Netherlands.

61_ In Victoria, Australia, Places Victoria is a development agency set up by the State of Victoria that is involved in urban renewal as well as greenfields growth areas. It is self funding and has powers to acquire land and rezone it; in other cases it redevelops former public land, such as the Melbourne Docklands . One of the functions of the agency is to enable affordable housing. The agency's 2011/12 Annual Report outlines that Victoria Places is involved in over 2,800 hectares of development across the State. Like any land development process, the involvement of the State agency does not see all risks removed, and in a down turn , losses can be recorded.

62_ In other cases, particularly in the US, councils can use targeted rate schemes to recover part of the value uplift over time arising from urban regeneration projects and investment in infrastructure. That is, rather than the landowner paying at the time of rezoning, rates increases from rises in land values are ring fenced for specific local projects over a long time period. This approach sees existing and future landowners pay towards the contribution (and therefore perhaps has more of an effect on the price of future houses and businesses). All of these overseas examples have different legislative and tax structures to New Zealand.

What could shared value uplift be used for?

63_ Usually, local government policies indicate what projects should receive funding, based on what is appropriate for the particular jurisdiction. If analysis undertaken as part of Council's Housing Action Plan (HAP) programme shows that Auckland Council should consider obtaining part of the land value uplift arising from land rezoning, Council would also need to assess the options for allocating the funding generated to either one, or a combination, of the following:

- Affordable housing
- Infrastructure, amenities and services not covered by other funding tools
- Essential physical infrastructure, rather than additional amenities if the goal is to reduce overall costs of housing or other development ⁶. The revenue gained could complement existing funding tools, which could mean less of a reliance on these tools to fund necessary infrastructure. This is consistent with the recommendations of the Independent Review of Council's HAP.

64_ It is suggested that any funding obtained should be ringfenced in a transparent manner.⁷ Council will consider this as part of the overall evaluation of this option.

What are the legal implications - would it require a change to the Local Government Act?

65_ This depends upon what type of mechanism is put in place to share the land value uplift. In 2007, the Ministry for the Environment looked at land value uplift capture mechanisms. Under current legislation the Council can buy land and rezone it (subject to normal RMA procedures). A shared value uplift agreement can also be negotiated as a side agreement when land is rezoned; that is an agreement that is outside of the RMA process. It is not uncommon for developers and Council to enter into agreements as to how infrastructure costs can be shared, but these are one-off agreements, generally where the Council and landowners see mutual benefit in sharing costs.

66_ A general shared land value uplift requirement applying to all rezoning of land would require a change to the Local Government Act and depending on the particular form it takes may also require specific provisions to enable the mechanism under the Resource Management Act 1991.

⁶ Martin Udale, Independent Review of the HAP, January, 2013. "Action 16 {..of the Housing Action Plan} provided that any such value capture from Council is utilised to fund the 'lead in' infrastructure for new release areas."

⁷ The Independent Review of Council's HAP recommends that any revenue captured needs to be ringfenced "within a separate and accountable fund to ensure transparency of its use and application and not subsumed into general Council revenue and expenditure".

67_ What would Council need to answer to assess whether a form of shared value uplift mechanism is suitable for Auckland?

- The effects it would have on the land and housing market, including the extent to which costs transfer to the home buyer
- When and how the contribution would be levied – for example upon rezoning, or upon first resale once rezoning has occurred
- How to calculate the land value change
- The efficiency of a mechanism. What would be the costs of carrying them out, and how effective they will be in achieving their objectives and practicality of administering the mechanism
- Interaction with other funding tools such as development contributions
- Alignment with fulfilling the objectives of the Auckland Plan and the Housing Action Plan.

68_ Council is currently undertaking a financial assessment of these issues. It is intended that this assessment will be finalised by April 2013 and will help inform the evaluation of the options. In the meantime feedback is sought on whether you think this option of sharing any potential benefits of public decisions around rezoning as a possibility to do either or a combination of the following:

- share the burden of the cost of new growth most efficiently and fairly
- improve amenity and infrastructure
- additional affordable housing.

Option 2: Inclusionary Zoning (Retained Affordable Housing Requirements)

69_ This second option proposes the inclusion of a specific requirement within the Unitary Plan that larger housing developments(for example, comprising ten or more units) have to provide a proportion of housing that is affordable to low to moderate income households. Such an approach is often called “Inclusionary Zoning”, in that the effect of the rules is to see new developments include within them a range of different priced homes. The housing created from these schemes is generally affordable in perpetuity. Over time as development occurs, a stock of retained, affordable housing is built up, spread across development areas.

70_ This measure in itself will not be the solution to all housing affordability problems. It will be a complementary measure to the other objectives and policies in the draft Unitary Plan and other actions undertaken to improve housing supply and affordability. The draft Unitary Plan has objectives and policies that will increase land supply and promote a range of housing choices. This should increase the supply of more “affordable housing” relative to the median house price for an area. Inclusionary zoning aims to ensure that some of this housing remains affordable for low to moderate income households, into the long term.

What is Inclusionary Zoning?

71_ Generally Inclusionary zoning (IZ) requires developers to make a percentage of housing units in new residential developments available to low- and moderate-income households. In return, developers often receive non-monetary compensation - for example, in the form of planning bonuses or exceptions or fast-tracked consents, especially in brownfield / infill land. The percentage required, the eligibility for the affordable dwellings created and the type of developer compensation depends on local policy, as well as national-level legislation.

72_ The term IZ is used mainly in the United States and Canada, but the concept is not confined to these areas. Affordable housing requirements can also apply in the UK and Australia.

What is the purpose of Inclusionary Zoning?

73_ A lack of affordable housing is having a range of adverse environmental, economic and social outcomes (e.g. overcrowding of housing, reduced home ownership and community stability; uncertainty in rental occupation; long-term costs associated with housing needs post retirement, people having to live further from work, activities increasing transport costs; increased costs of living flowing into higher costs for businesses).

74_ More opportunities for greater choice and diversity in housing will be available through the Unitary Plan (in greenfields and brown fields areas). With proposals to expand urban areas (both outwards and upwards), there is an important opportunity to look at how affordable housing can be delivered in an integrated way (in a way that matches with other goals relating to a quality, compact Auckland).

75_ The objectives of an affordable housing requirement are:

1. Enable more housing choices for low to moderate income households to support economic outcomes (such as access to labour, jobs, reduced transport costs),
2. Assisting with creating neighbourhoods with mixed communities rather than a very divided city⁸. Mixed communities are a way of tackling deprivation by reducing the additional disadvantages that low income families face when they are concentrated in particular neighbourhoods.
3. Ensure affordable homes that are of quality design in good locations are retained for the long term (for future generations)
4. Achieve the above objectives in an effective manner (in a way that minimises administrative, transaction and compliance costs).

76_ It should be noted that inclusionary zoning requirements will produce relatively more units when a housing market is buoyant and relatively fewer in a weaker housing market. In other words, Inclusionary zoning only works when there are development opportunities available so it is important that any Inclusionary zoning requirement does not stop development from occurring.

How might Inclusionary Zoning work?

77_ A possible IZ, or retained, affordable housing⁹ requirement in the Unitary Plan is set out below in Appendix B. This is a draft provision provided to help shape feedback on option 2 – Inclusionary Zoning.

78_ In simple terms, developments of ten or more dwellings would have to provide a set percentage of the homes (e.g.10% to 20%) at an affordable price. The District Plan would need to set out criteria, by which affordability could be measured, with these criteria able to keep up with changes to incomes and bank lending interest rates. For example the criteria could refer to homes being affordable where households on 80 to 120% of median household incomes pay no more than 30% of gross income on rent or mortgage payments (based on normal bank lending criteria).

⁸ In his study of mixed communities in England, Alan Berube of the Brookings Institute in Washington summarised the key disadvantages of neighbourhoods of concentrated deprivation:

- High levels of worklessness limit job networks and employment ambitions
- Schools struggle to educate overwhelmingly poor populations
- Poor neighbourhoods experience higher levels of crime and disorder
- Area-based deprivation exacerbates health inequalities
- Concentrations of deprivation reduce private sector activity and raise prices for low income households. The case for mixed communities

⁹ The affordable housing remains affordable in perpetuity

The homes provided may be smaller than other homes in the development and may be on smaller sections to help reduce costs, but would still need to fit in with other housing. Such housing can be designed so that it is indistinguishable from higher value housing, for example, units within an apartment complex or neighbouring homes. There are successful examples found in Australia.

79_ The homes would have to be sold/rented to households that meet income limits, both the first home owner / occupier and subsequent home owners and occupiers. In this way the houses would be retained as affordable into the long term for future generations.

80_ It is suggested that the requirement to include a proportion of affordable homes be mandatory in the new growth areas that are being defined through the Rural Urban Boundary process. Provided that the requirement to provide some affordable homes is well signalled ahead of rezoning from rural to urban, the cost of providing for affordable homes will be reflected in the price that developers are willing to pay for rural land rather than in the prices of other homes in the future development. In this way, retained affordable housing requirement can become one specific way of recapturing some of the land value increases associated with decisions to rezone land.

81_ In areas identified for urban redevelopment, it is suggested that the affordable housing requirement be voluntary, based on a bonus scheme. These would apply to larger developments in the proposed Mixed Housing, Terraced Housing and Apartment zone and in metro, town, and local centre zones. This voluntary approach reflects the fact that the Unitary Plan will have already signalled these areas for more intensive development, and so the uplift in land values has already occurred. However, when areas are rezoned in the future, then a mandatory requirement could be introduced. The two main options for a bonus would be additional building height (extra storeys), or additional building coverage. It is suggested that in town centres, extra height could be available, up to 2 storeys, while in residential zones the bonus be based on extra coverage, although this would need to be evaluated against proposed coverage provisions in the draft Auckland Unitary Plan and potential impacts for storm water management

What are the costs and risks?

82_ Affordable housing schemes are not risk free and may increase the costs of other homes.

83_ A common concern is the requirement to provide affordable homes will see the cost of other houses in the development rise, while the requirement may put off some developments, reducing supply of housing overall. As a result the requirement may be counterproductive. These risks may be mitigated by ensuring that any scheme is well targeted and transparent. This is why the requirement would only be mandatory in areas where rural land is to be rezoned to urban uses, as part of the RUB process.

In these areas, most costs should be absorbed into the land price uplift that occurs when land is given an urban zoning. This is because developers are aware of how much it will cost to meet the requirement and they will take this into account when they negotiate with landowners. If the affordable housing requirement is not a clear and upfront requirement and rather is only imposed at the time of individual resource consent, then costs are more likely to be passed on to the other homes in the development. Council will have to ensure that it tests these proposals for commercial viability and deliverability as recommended by the Independent Review of the Housing Action Plan.¹⁰

84_ In areas of redevelopment, there is more of a risk that the costs of providing affordable housing will get passed onto other houses in the development, and will not be absorbed into land price negotiations. This is because in many cases the areas of redevelopment are already zoned for such development under current district plan controls. In these cases, a bonus of additional development potential helps to off-set extra costs. In the case of future rezoning of already urbanised land, there is the ability through the structure planning process to look at the potential for a mandatory requirement to be built into the new zone

85_ In addition, it is noted that a supply of retained affordable housing created by IZ “would require a well funded and established Community Housing Organisation sector to be able to commit and acquire such dwellings from developers”¹¹. The Community Housing Organisations would need the appropriate governance, accounting and management structures in place to effectively manage a growing stock of affordable housing. The Council’s HAP recognises the need to support the development of this sector and this would be an important complementary action to take while any IZ policy is being developed

Isn't it making it harder to develop new housing, rather than easier?

86_ Yes, an affordable housing requirement adds a further step into the development / resource consent process. Additional assessments and conditions will apply and Council will need to monitor outcomes. However, overseas examples of inclusionary zoning schemes show that affordable housing scheme could come with costs (such as further income assistance particularly for low income households funded from rates or taxes). The benefit of a planning-based approach is that it can tie in with other outcomes associated with developing more sustainable neighbourhoods that help to avoid long term costs. Integrated into the planning for new developments from the start, affordable homes can be part of the fabric of the area, located near shops and services and public transport, helping to ensure that the neighbourhood meets changing needs over time. The alternative of building affordable homes at later stages may see affordable homes confined to specific areas and divorced from services and transport.

¹⁰ Udale, Martin. Independent Review of the Housing Action Plan – Stage One, January 2013, p.11

¹¹ Udale, p.12.

Will people buy a home that has restrictions on its resale?

87_ The affordable homes to be provided are likely to be smaller than normal homes and on smaller sections. They will also have restrictions on their rental/resale. Will people be willing to buy such houses? There is growing evidence that people accept that to access homes that they can afford; they need to accept some trade-offs. The alternative is rental, where they do not see a build-up of equity. Community Housing providers report strong interest in their rental and mixed ownership models. To mitigate risks that affordable homes are seen as “second rate”, there will be controls on their design and location. In many cases, the homes will be a stepping stone between rental and ownership of a fee simple home.

What alternatives tools/ methods could be used to enable more affordable housing ?

88_ There are a range of tools to promote affordable housing, some of which could be alternatives to Inclusionary zoning, or work alongside it. These options include:

89_ *Reduce planning barriers to more affordable homes – free up more land and redevelopment potential:* Reducing the costs and time involved in new housing developments, including having more land available for development, is commonly called for. This is already underway as part of the Unitary Plan development, and while important, through this process there is no control over the location of affordable housing and neither is there any method to retain for the long term, affordable homes that are provided.

90_ *Council investment in housing (e.g. from rates, development of council land):* Council could develop a stock of council-controlled housing. Council ownership can provide for long term retention and ensure mix and quality. As part of the HSAP Council is looking at how it could develop land it owns, and also new land purchases, but Council will always be a small player in the property market. Council is restrained in its ability to impose new and higher rates. As discussed above, some form of contribution from land value uplift is a possibility that could apply at time of rezoning, with proceeds dedicated to construction of affordable housing (by Council, or by way of third sector – e.g. Housing Trust). However this would require legislative changes.

91_ *Central government (e.g. more state housing, more funding for income assistance):* Government is already heavily involved through Housing New Zealand and the provision of the Housing Supplement to low income households. The Government has signalled the need to build up alternative methods of delivering more affordable housing, and not just rely on central government.

92_ Community housing (not for profit) sector: This sector is growing in size and importance, but needs assistance with funding to help develop and manage a stock of affordable homes (which can include homes jointly owned by the community housing provider and the individual home owner).

93_ Other potential Unitary Plan requirements: For example, the Unitary Plan could specify that developments have a range of different houses sizes in them, such as a number of one and two bedroom units, not just 3 or 4 bedroom homes. This is an indirect way of enabling some affordable housing. This approach means that housing may be affordable in comparison to housing in the local area, but may not be affordable in comparison to regional income levels. A smaller unit in a development in a high priced housing area will not be as expensive as other larger homes in the area, but is likely to be unaffordable to those on moderate incomes.

Overseas Examples of IZ requirements

94_ There are many examples of affordable housing schemes across the UK, US, Australia and Canada.

- In South Australia (Adelaide), State Planning rules require that 15% of new homes in significant housing developments meet housing affordability criteria. Each year the State Government sets out what prices lots and houses need to be for them to be considered affordable, and therefore meet the 15% requirement. These lots and units may be sold on the open market, subject to a retention mechanism, or presold to an approved Community Housing provider. The Government of South Australia's 2012 Housing Green Paper states that as of June 2011, more than 2,000 commitments for new affordable housing have been secured through South Australia's inclusionary policy. The Green Paper has a target of opening up new markets in designated growth areas and transit oriented developments and promoting innovative approaches to housing, including the provision of more than 1,000 new affordable homes per year.
- Sydney has a number of councils that require developments to provide affordable housing, or make a monetary contribution instead. An example is the Green Square urban redevelopment in South Sydney. 3% of residential floor area and 1% of non-residential floor area developed in Green Square has to be for affordable rental housing for very low, low to moderate and moderate income households. To date, 102 units have been developed and rented to low/moderate-income households under the Green Square Affordable Housing Scheme. The scheme will ultimately provide 330 affordable rental units to Green Square¹²

¹² Information sourced from: <http://www.sydney2030.com.au/development-in-2030/city-wide-projects/affordable-housing>

- Vancouver’s Council policy requires that upon rezoning, 20% of the additional dwellings to be provided, be affordable. The Community Amenity Contribution helps to fund the purchase of these dwellings. Other sources of funding include central government grants and cash in lieu payments (i.e. a monetary contribution rather than the provision of units). As of 2008, there were commitments to a total of 2,533 affordable units in nine new neighbourhoods. However not all of these commitments had been taken up due to funding problems¹³.

Can these examples be applied in the NZ context?

95_ A requirement for retained affordable housing is not a new concept for New Zealand. Queenstown Lakes District Council has been investigating planning-based mechanisms to supply more affordable housing for a number of years and have negotiated a number of voluntary agreements. It is also in the process of settling the provisions of Plan Change 24 to its District Plan which requires the provision of affordable housing in the context of financial contributions provisions, but it is unclear what the final form of those provisions might take. In the mid 2000s, central government passed legislation that enabled local councils to develop affordable housing schemes as part of their district plans, but this legislation was repealed by the subsequent government.

96_ The development sector will take time to get used to the concept and how it works, so it is important to take a step-by-step approach. Environment and High Court decisions have established that affordable housing is a relevant issue for RMA plans to consider, but how plans are to best deal with the issue is dependent upon local context and circumstances.¹⁴ In other countries, affordable housing requirements are often enshrined in State or National level legislation, rather than local council plans.

97_ An important distinction between New Zealand and other countries is the small size of the community housing sector in this country. Having a strong and vibrant community housing sector helps to make affordable housing requirements work, as there is a ready, approved buyer for the affordable homes provided by developers. Without the sector, developers and subdividers are likely to question whether people will be willing to buy a home that is restricted in its resale value. This suggests that any requirement start at a modest level. The current Government is working toward strengthening this sector.

¹³ Information sourced from: <http://www.inclusionaryhousing.ca/2010/01/case-study-vancouver-bc/>

¹⁴ In July 2010 the Environment Court ruled that the Queenstown Lake District Council can address housing affordability under the Resource Management Act. In February 2011 the High Court found the Queenstown Lakes District Council could address affordable housing through a proposed plan change following an appeal by three parties to the 2010 decision of the Environment Court.

98_ An example what a possible IZ or retained affordable housing requirement might look like is shown in Appendix B.

99_ As with shared land value uplift, financial analysis is being undertaken on any potential inclusionary scheme.

Have Your Say

100_ We are seeking your feedback on:

- Part I of the addendum - RUB options- where growth should go
- Part II of the addendum – 2 additional tools - Shared Land Value Uplift and Inclusionary Zoning
- Your feedback on these issues will help in the finalisation of RUB and affordable neighbourhood proposals and the preparation of the Unitary Plan notified version to be published in September this year.

The best way to have your say is through the online feedback form at www.shapeauckland.co.nz

You can read more about the Rural Urban Boundary options and view maps at <http://www.aucklandcouncil.govt.nz/EN/planspoliciesprojects/plansstrategies/unitaryplan/Pages/TheRuralUrbanBoundary.aspx>

Play your part in delivering the world's most liveable city. Have your say:

Phone: 09 301 0101

On-line: www.shapeauckland.co.nz

Mail: Auckland Council, Private Bag 92300, Auckland 1142

Appendix A - Criteria for inclusion of additional areas of land at the urban edge within the Rural Urban Boundary

101_ Any request to include land within the RUB or seek an extension of the RUB will be in accordance with the Regional Policy Statement provisions of the Unitary Plan, including Section 2.2 - Enabling Quality Urban Growth. The request will be assessed against all of the following criteria.

Criteria group	The subject land:
The Auckland Plan	Is aligned to the High-level Development Strategy, Section D of the Auckland Plan.
	Offers opportunities to respond to particular types or a mix of types in the full range of residential and business development, in a manner consistent with strategic directions of the Auckland Plan.
Values to be protected	Does not compromise the protection of important environment values, including: <ul style="list-style-type: none"> a) Outstanding natural features and landscapes; b) The natural character of the coastal environment (including the coastal marine area), wetlands, lakes, rivers and their margins; c) Significant indigenous vegetation and significant habitats of indigenous fauna; d) The relationship of Maori and their culture and traditions with their ancestral lands, water, sites, waahi tapu and other taonga; e) Historic heritage values, including built heritage, archaeological sites and sites of significance to Maori.
	Does not compromise the protection of areas that are consistent with specific legislation or relevant legislation, plans and policies, including: <ul style="list-style-type: none"> a) Waitakere Range Heritage Areas Act, 2008; b) Hauraki Gulf Marine Park Act, 2000; c) New Zealand Coastal Policy Statement; d) Any identified land of significance to Maori under the Treaty of Waitangi, or opportunities there may be from treaty settlement processes that are enacted in legislation. e) Any other relevant policies and plans.
Natural hazards and risks	Avoids or mitigates, where appropriate, areas subject to hazards and risks including: <ul style="list-style-type: none"> a) Flooding; b) Coastal erosion and coastal inundation; c) Liquefaction; d) Land instability.
Effective and efficient use of land and related natural	Contributes to the effective and efficient use of the land by avoiding: <ul style="list-style-type: none"> a) Productive land for farming and cropping (in particular elite soils); b) Significant mineral resources, including existing operations of

resources	quarries and mines; c) Aquifers and their recharge areas.
Effective and efficient use of infrastructure	Contributes to the effective and efficient use of infrastructure by: a) Integrating with the cost-effective and resilient provision of transport infrastructure and services and other network utilities e.g. electricity, gas, telecommunications, water supply, wastewater and stormwater; b) Promoting the use of public transport, walking and cycling; c) Enabling the efficient movement of freight (where appropriate); d) Promoting the safe and efficient operation of transport networks (locally and regionally); e) Avoiding impacts on social infrastructure, including schools, hospitals, community centres and open space.
	Contributes to the effective and efficient use of water and wastewater infrastructure by: a) Making the best use of existing assets and networks; b) Being consistent with planned water and wastewater infrastructure including the timing and funding of infrastructure; c) Promoting the resilience of and efficient operation of water and wastewater assets and networks.
	Does not undermine the operation and planning of critical infrastructure assets and networks
Land use continuity and compatibility	Provides a compatible land use with adjoining areas or measures can be taken to mitigate potential adverse effects where land uses are not compatible.
	Is of a scale that will have minimal effects even where adjacent development is not compatible.
	Has continuity with existing urban development and is of sufficient scale to enable integrated planning.
Defensible rural-urban edge	Provides a defensible long term boundary which clearly differentiates between urban and rural areas to prevent further urban expansion, such as: a) Water catchment boundaries; b) Natural land boundaries such as ridgelines, the coast, rivers, streams and lakes; c) Land permanently protected from development (e.g. reserves, conservation areas); d) Major roads and transport routes or the limits of infrastructure catchments; e) Other legible utilities lines, installations and structures where available, such as above-ground high voltage electricity transmission lines; f) Property boundaries or cadastral lines.
Other positive outcomes	Offers other positive outcomes or enjoys a high level of consensus between interested parties.

Appendix B - Possible Retained, Affordable Housing Provision

Requirement to provide retained, affordable housing

102_ In areas subject to a structure plan as required by (relevant UP policy):

Major housing developments (structure plans enabling 10 or more lots or units) are to provide (a to be determined)¹⁵ percentage of future lots and/or units as retained, affordable units, as set out in an approved Affordable Housing Assessment. The retained affordable housing requirement is to form part of the structure plan and be incorporated in the required plan change to rezone land from Future Urban to relevant urban zones, and when urban land is rezoned to provide for significant additional housing developments.

103_ In Local, Town and Metropolitan Centres Zones:

Residential developments of more than 10 units may apply, as a restricted discretionary activity, for additional building height, up to a maximum of 2 storeys, if they incorporate retained affordable housing into the development. The additional bonus floorspace available shall be at a maximum rate of 1m² of additional floorspace for every 0.25m² of affordable housing floorspace, as set out in an approved Affordable Housing Assessment.

104_ In Terrace Housing and Apartment Mixed housing zones

Residential developments of more than 10 units may apply, as a restricted discretionary activity, for additional building coverage of up to 5% of site area if they incorporate retained affordable housing into the development. The additional bonus floorspace available shall be at a maximum rate of 1m² of additional floorspace for every 0.25m² of affordable housing floorspace, as set out in an approved Affordable Housing Assessment.

Retained Affordable Housing

105_ To be retained, affordable units, the lots or units must be:

1. offered for sale at or below the appropriate price;
2. offered for sale to eligible buyers;
3. be of reasonable quality;
4. be located within the development and
5. subject to a legally binding agreement to ensure these requirements are met in perpetuity.

Price Points

¹⁵ The percentage of lots/units to be affordable needs to be determined by reference to a range of factors, including reference to housing need and the extent to which the requirement is fair and reasonable. The percentage to be affordable would be determined prior to inclusion of any such provision in the notified version of the Unitary Plan.

106_ Dwelling units are to be affordable to households on 80 to 110% of area median income for the Auckland Region, based on these households spending no more than 30% of their income on housing (rent or mortgage repayments) and in the case of purchase, normal bank lending criteria.

107_ Area median incomes and affordable price points for lots only and lots and dwelling units (exclusive of GST) are to be published annually by the Council.

108_ For example (note this is an example only):

	Median household income	Price of affordable Lots/sections	Price of Lots plus dwellings
100%	\$80,000	\$225,000	\$405,000
80%	\$64,000	\$163,000	\$325,000
110%	\$88,000	\$252,000	\$450,000

109_ Purchase prices of dwellings may be increased by 10% where:

- The dwellings have been certified as being energy efficient (e.g. 6 star rating or similar), and
- Are located within 200m of a bus, train or ferry service with greater than one hour frequency during off-peak times (i.e. between 9am and 3pm).

Eligibility

110_ Affordable housing dwellings must be sold to eligible buyers, being either:

- a person or persons who is assessed as being eligible by the Council based on assessment of (combined) annual income and existing assets; or
- a recognised community housing provider who is registered with the council as being a pre-approved purchaser.

Quality

111_ The development must comply with the following criteria:

- the exterior appearance of affordable housing residences must be reasonably similar or complementary to other dwellings in the nature and quality of exterior building materials and finishes;
- affordable housing dwellings must be sited in no less desirable locations than other allotments or dwellings to be developed, and where possible, integrated across the development and not clustered together;
- the quality of materials used for the construction of affordable housing dwellings must be equal to those of the other dwellings in the development.

Location

112_ The affordable units must be located within the development. Off-site locations shall only be considered where the off-site location is generally within the area of the development and offers a superior outcome in terms of access to services and transport.

Retention

113_ The lot and/or dwelling is to be subject to a retention mechanism that is agreed to by the council and may involve:

- Sale to an approved Community Housing Provider, or
- Subject to a covenant or consent notice that limits rent or resale (including future dwelling in the case of a lot only) to an occupier who is approved by the council as meeting income and asset criteria ; or
- Subject to a covenant or consent notice that limits rent and resale by a formula which ensures that the dwelling remains affordable into the long term (including future dwelling in the case of a lot only).

Affordable Housing Assessment

114_ Plan Changes and Resource consent applications for developments that are required to provide retained, affordable housing or wish to claim a retained, affordable housing bonus are to provide an Affordable Housing Assessment. This assessment is to specify how the development will meet the requirements relating to retained, affordable housing and is to include:

1. the total number and type of all dwellings in the development (including affordable housing dwellings); and
2. for the affordable housing component of the development (which is required to reflect a similar mix and types of housing /dwellings as the rest of the development) the intended:
 - Price (including any proposed variances for approval);
 - Dwelling form/design – units should be of good quality, and similar to or complementary with the rest of the development,
 - Dwelling size and number of bedroom – reflecting likely demand in the area (number of one and two bedroom units for example). Dwelling units are to meet the required minimum unit sizes.
 - Dwelling location and design - where possible, affordable units should be located so as to maximise access to transport and services and be designed to be energy efficient
 - Staging - in the event that the land is to be developed in stages, the affordable housing residences must be developed concurrently with the development of surrounding allotments and residences.

- 115_** In the case of the bonus provision, the affordable housing assessment is to also address the design of the additional storeys and/or bulk of development to ensure that the impacts of are appropriately mitigated, such as their set back of additional stories from the main facade of the building, and/or additional landscape and on-site stormwater treatment to mitigate the effect of additional building coverage.
- 116_** A consent notice will be required to ensure that the affordable lots or units to be provided by way of the Affordable Housing Assessment are delivered by current or subsequent consent holders.
- 117_** Modifications of Affordable Housing Assessments shall be considered as a Discretionary Activity.