

29 January 2021

Tauranga City Council

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## Tauranga City Council Plan Change 26 – Housing choice

### 1. Recommendations

- 1.1 Property Council Bay of Plenty Branch (“Property Council”) welcomes the opportunity to provide feedback on the Tauranga City Council’s Plan Change 26 (“the Plan Change”).
- 1.2 Property Council strongly supports the intent of the Plan Change as it would enable much needed intensification opportunities to accommodate significant population growth in Tauranga. The change is necessary step to solve the city’s current housing supply constraints, by enabling greater housing choice and residential density in existing urban areas.
- 1.3 However, further work should be done on the Residential Outcomes Framework (“ROF”). We recommend adding the following criteria to the ROF to ensure better assessment process and delivery of a wider range of benefits for all:
  - **Creativity:** encouraging innovative and imaginative solutions.
  - **Collaboration:** between all decision-makers (central, regional and local government, professionals, transport operators and developers) to share knowledge of demand and likely uptake.
  - **Capacity of network infrastructure:** to determine if appropriate infrastructure capacity is available to service the development.
- 1.4 Quality urban design requires good communication and co-ordinated actions across different sectors. Therefore, we recommend setting up an urban design advisory panel of proven action-takers to provide independent design review of the projects. This will ensure industry buy-in and input is considered, and informed decisions are made in a timely fashion.
- 1.5 Property Council strongly supports good urban design. However, there is a risk that strong prescriptive approaches to design may limit innovation, cause development lag and sometimes have the opposite effect than intended. Therefore, we recommend the Council take a balanced approach to ensure innovation can occur to reach good design outcomes supported by a practical and time-critical urban design advisory panel.

## 2. Introduction

- 2.1 Property Council’s purpose is; “Together, shaping cities where communities thrive”. We believe in the creation and retention of well-designed, functional and sustainable built environments which contribute to New Zealand’s overall prosperity. We support legislation that provides a framework to enhance economic growth, development, liveability and growing communities.
- 2.2 Property Council’s Bay of Plenty Branch has 104 members. The property sector contributes \$1.6b or 14 per cent of GDP of the Bay of Plenty area and employs 8,600 people. That makes it the region’s largest economic sector.
- 2.3 Tauranga City Council (“The Council”) is proposing to make changes to the Tauranga City Plan to allow the building of different types of dwellings more easily. Different typologies will provide a range of housing choices and create great spaces to live in and great neighbourhoods. This submission responds to the issues and questions raised in the [Overview of the Plan Change and associate consultation documents](#).
- 2.4 This submission provides an overview of the current rules around housing provisions in Tauranga and proposals under the Plan Change. This submission also provides recommendations around proposed rules for residential development in Te Papa and citywide residential areas, residential activities in commercial zones and the ROF.
- 2.5 In preparing our submission we sought and received feedback from a selection of our Tauranga-based members. Comments and recommendations are provided on those issues that are relevant to Property Council and its members.

## 3. Current rules for housing provision

- 3.1 Tauranga is one of New Zealand’s fastest-growing cities. The number of people living here has doubled in the past 30 years and is expected to grow by at least 45,000 more in the next 30 years.<sup>1</sup> Tauranga communities and demographics are also changing as the population is getting older, and family sizes are getting smaller. This means that there is less need for large houses (e.g. three or four bedrooms) in Tauranga, and more demand for compact type homes such as duplexes, apartments or townhouses.
- 3.2 At the same time, the city is facing a land shortage for housing. The lack of land availability will continue to affect land prices which will continue to increase creating a huge challenge for building affordable homes in fast growing areas like Tauranga. Further to this, there is an expected shortfall of 600 homes within the next one to three years and 3,500 homes in the next four to 10 years (Property Council’s note: it is an equivalent of approximately \$10.5m rates foregone).<sup>2</sup>
- 3.3 Housing supply constraints can also have widespread effects on the economy. For example, NZIER has recently estimated the economic impact of the housing shortage in Tauranga:
- The constraint on growth will lead to cumulate foregone GDP of \$180 million over the short-term period of three years. Over the 10-year period this will lead to cumulative foregone GDP of \$2.547

<sup>1</sup> Tauranga City Council’s Draft 2020-21 Annual Plan: Consultation Document. Retrieved from [https://www.tauranga.govt.nz/Portals/0/data/council/annual\\_plans/2020-21/files/consultation-document.pdf](https://www.tauranga.govt.nz/Portals/0/data/council/annual_plans/2020-21/files/consultation-document.pdf)

<sup>2</sup> Tauranga City Council Policy Committee (2020). ‘Item 7.2: impact of a housing shortage: Assessing the effects for Tauranga City, NZIER, 2020. In Minutes of Policy Committee Meeting 4 March 2020. Tauranga City Council Retrieved from [https://infocouncil.tauranga.govt.nz/Open/2020/03/PO\\_20200304\\_AGN\\_2212\\_AT\\_files/PO\\_20200304\\_AGN\\_2212\\_AT\\_Attachment\\_10492\\_1.PDF](https://infocouncil.tauranga.govt.nz/Open/2020/03/PO_20200304_AGN_2212_AT_files/PO_20200304_AGN_2212_AT_Attachment_10492_1.PDF)

billion; Construction employment is projected to lower by 195-290 workers relative to the unconstrained market in the short term. Medium-term construction employment lower by 1,140 – 1,680 workers; and

- Median house price increase of approximately \$40,000 per annum over the short-term, and \$702,000 in total over the medium term (Property Council’s note: the current median is even higher - \$825,000 which means that foregone GDP is significantly higher than \$2.547 indicated in the NZER report).<sup>3</sup>

3.4 Increased intensification and provision of opportunities to build more compact types of dwellings, such as duplexes, apartments or townhouses is one of the options to accommodate growth and meet the changing community needs. However, current rules for residential land are a barrier to achieving a mix of housing typologies and choices for residents.

#### 4. Overview of the Plan Change

4.1 The Plan Change will enable significant intensification opportunities. This includes broad provisions for duplexes and terraced housing development, as well as more targeted provisions for apartment building focused on the Te Papa peninsula.

4.2 Property Council is strongly supportive of the intent of the Plan Change and acknowledges the role that increased intensification plays in achieving a compact city and a sustainable urban form. In particular, well-planned intensification:

- Enables housing affordability as bare land costs in most cases decreases on a per dwelling basis when density increases;
- Provides greater connectivity as intensification should be situated near key transport hubs or within the CBD itself making it easier for people to walk, cycle or use public transport. This also reduces costs of new roads and infrastructure;
- Creates positive urban design outcomes as an increase in housing typologies and choice becomes available;
- Is environmentally friendly as it creates less sprawl (i.e. reduced car usage).
- Enables protection of high-quality soils; and
- Is cheaper for local authorities as growth nodes require massive strategic investment in infrastructure (whereas infill usually requires limited or small upgrades that are not so costly).

4.3 While we support the Plan Change in principle, there is a need to work through the detail of the proposed changes to ensure they deliver on the objectives the Council has set for it. The next sections provide comments and recommendations on how this could be achieved.

#### 5. Proposed rules for residential development in Te Papa and citywide residential areas

5.1 The Council is proposing to change the City Plan to make building terraced houses, townhouses and apartments in some parts of Te Papa (e.g. in the areas within walking distance to centres, public transport, schools, open space and amenities) and citywide residential areas a ‘restricted discretionary activity’ (instead of a ‘discretionary activity’). We strongly support residential development that has access to public transport, education, employment opportunities, open space and amenities as this allows communities to connect to the CBD and access other areas of the community.

5.2 In theory, changing the status from ‘discretionary activity’ to a ‘restricted discretionary activity’ should simplify the consenting process for Council and, in theory, should be faster. However, the reality is that

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<sup>3</sup> Sourced from REINZ Monthly Property Report. December 2020

it does not always work this way in practice. ‘Restricted Discretionary’ status does not necessarily mean a faster process than notified applications without having a proper human resource skill to deal with the volume of applications.

- 5.3 Further to this, it is important to note that there continues to be a risk for developers who apply for a consent that is a ‘restricted discretionary’ or ‘discretionary activity’ as marketing and bank funding are likely to be held back until consents are obtained. If the purpose of amending the status from a ‘discretionary activity’ to a ‘restricted discretionary activity’ is to reduce Council’s workload and consent timeframes – we recommend the Council ensure consents are processed in a timely manner. This will better ensure developers have confidence in the process and can more easily or quickly obtain the necessary financing to develop.
- 5.4 The Council is proposing some amendments to the existing city living zone rules, to enable increased density while ensuring good quality development outcomes occur. The rest of Te Papa will remain zoned as suburban residential and will be subject to the changes proposed to enable duplexes and terraced houses, townhouses in that zone. We support a provision of a range of building types that can respond to a diverse range of needs and accommodate growth. As higher density living becomes more popular, urban consolidation and intensification is now increasingly viable as a long-term alternative to the sprawl.<sup>4</sup>
- 5.5 Further to this, the Council has developed and amended existing rules around what terraced houses, townhouses and apartment building developments should look like in Te Papa and citywide residential areas. This will provide a level of certainty for developers (e.g. maximum height, minimum dwelling size, visual outlook). At the same time, there is a provision for some flexibility to accommodate site specific circumstances (e.g. no requirement for sunlight admission, no minimum service (storage) area requirements, no minimum or maximum density requirements).
- 5.6 We strongly support good urban design. However, we note that strong prescriptive approach to some elements of the design may limit innovation, push up the costs of execution and sometimes have the opposite effect than intended (poor quality built form - 5m<sup>2</sup> for a rubbish bin). In particular, designs may simply be modified to meet planners’ requirements to avoid delays. Where expediency has rules, there is a tendency to do the minimum by way of design and to minimise costs to reduce exposure.<sup>5</sup>
- 5.7 We recommend a balanced approach is taken to ensure innovation can occur to reach good design outcomes. This requires further refinement for some of the proposed rules to ensure that quality compact types of homes could be built in Tauranga, while some flexibility to accommodate site specific needs is also provided (see sections 5.7-5.11).

#### *400m<sup>2</sup> section size for duplex dwellings*

- 5.8 The proposal to allow for duplex on a minimum 400m<sup>2</sup> section size is in direct conflict with Tauranga’s minimum lot size of 325 m<sup>2</sup>, which has been in place for a long time. Therefore, we recommend the Council reduce the provisions for a duplex on a minimum 400m<sup>2</sup> section size to cater for the minimum lot size of 325 m<sup>2</sup>. This will allow the Council to make it easier for people to build more duplex homes.

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<sup>4</sup> From Urban Sprawl to Compact City – An analysis of urban growth management in Auckland. Retrieved from <https://www.greaterauckland.org.nz/wp-content/uploads/2009/06/thesis.pdf>

<sup>5</sup> Dunbar R., & McDermott, P. (2011). Improving the Design, Quality and Affordability of Residential Intensification in New Zealand. *CityScope Consultants Ltd.*

*9m height limit for duplexes and townhouses*

- 5.9 The proposal is to keep nine metres height maximum. However, given New Zealand’s (and Tauranga’s) history of leaky homes, we believe that this proposal is not practical. We are concerned that keeping a nine-metres requirement would force a tight floor to ceiling configuration and would not allow for roof for articulation and roofs with good slope to push water outside of the building envelope. In many cases localised stormwater is also forcing minimum floor levels up which means that nine-meters height limit for three levels just is not practical.
- 5.10 In 2013, Tauranga City Council had the fifth highest number of leaky homes among 74 district and city councils nationwide, lodged in the Government’s Weathertight Homes Resolution Service system. It cost about \$25.2 million to repair 277 leaky homes in Tauranga City and Western Bay of Plenty.<sup>6</sup> Further to this, in 2017, Tauranga City Council received 223 claims in relation to leaky homes, which cost the Council \$6.85m in pay-outs.<sup>7</sup>
- 5.11 The proposal is a big constraint on innovation, design in roof forms and unlocking recreation and other opportunities on rooftops. Given the above, we recommend the Council undertake further work in this space to ensure provision of great design outcomes and healthy homes. We also recommend deferring the proposal to coincide with the Tauranga City Council’s Long-term Plan 2021-31 review. However, we support the following options as an interim measure for the Council to consider:
- 10.5m height, or
  - a new measure for the height definition from the ceiling of the top level, or
  - amending the intrusion rules to allow for roof forms to substantially project through the maximum height plane.
- 5.12 Further to this, developers and builders will not respond well to prescriptive design guidelines being imposed by the Council. These rules should be dealt with via land use team of experts (e.g. architects, land developers etc) and covenants introduced by developers to ensure provision of high-quality housing.

*Overarching approach to developing rules*

- 5.13 Given the examples above, we want to reiterate the importance of ensuring that the intensification imperatives and outcomes sought by the Plan Change do not result in significant adverse effects on residential character, visual amenity (e.g. shading from neighbouring buildings), or poor quality built form. There are plenty of examples across the country in this regard. For instance, the recent report on the Urban Review of Medium and High Density Housing in Christchurch showed that many apartments built in parts of Christchurch since 2016 had “monolithic” appearance and “inadequate or poor” design (e.g. poor site layout and the street interface)<sup>8</sup>. While the developments looked at in the review all complied with existing planning rules, some developers have interpreted the rules differently, which has led to calls for the District Plan to be modified.

<sup>6</sup> \$265m leaky homes bill in Tauranga (2013, March 3), *NZ Herald*. Retrieved from [https://www.nzherald.co.nz/nz/news/article.cfm?c\\_id=1&objectid=10869323](https://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&objectid=10869323)

<sup>7</sup> New home for leaky home owners (2017, December 3), *Sunlive: the Bay’s news first*. Retrieved from <https://www.sunlive.co.nz/news/168130-new-hope-leaky-home-owners.html>

<sup>8</sup> Christchurch City Council Urban Development and Transport Committee (2020). ‘Item 8: Urban Design Review of Medium and High-Density Housing in Christchurch’. In Minutes of Urban Development and Transport Committee Meeting 9 September 2020. Christchurch City Council. Retrieved from [https://christchurch.infocouncil.biz/Open/2020/09/UDATC\\_20200909\\_AGN\\_4097\\_AT.htm#PDF2\\_ReportName\\_28342](https://christchurch.infocouncil.biz/Open/2020/09/UDATC_20200909_AGN_4097_AT.htm#PDF2_ReportName_28342)



Examples of tall front fencing

Sourced from the Medium and High Density Housing in Christchurch Urban Design Review 2020

5.14 Therefore, consideration should be given to the suitability of the existing design criteria for activities to ensure that poor quality infill is avoided. This is where the ROF comes in.

#### *Residential Outcomes Framework*

5.15 We strongly support the Council’s proposal to introduce urban design assessment criteria or ROF for higher density developments supported by an urban design guide. Quality urban design is crucial part of successful implementation of urban intensification and compact city ideas. Strong urban design controls can help overcome the negative stigma associated with urban intensification.<sup>9</sup>

5.16 While we support the proposal, there are other criteria that the Council should also consider to better meet changing community needs and accommodate growth. The Ministry for the Environment (MfE) has developed the Urban Design Protocol that provides a platform to make New Zealand towns and cities more successful through quality urban design.<sup>10</sup> Importantly, these criteria have been designed to help cities become:

- competitive places that thrive economically and facilitate creativity and innovation;
- liveable places that provide a choice of housing, work and lifestyle options;
- healthy environments that sustains people and nature;
- inclusive places that offer opportunities for all citizens;
- distinctive places that have a strong identity and sense of place; and
- well-governed places that have a shared vision and sense of direction.

5.17 These criteria in the MfE’s Urban Design Protocol are very similar to the ones proposed by the Council. This includes context, character, choice, connections, sustainability, safety and security. However, there are two other criteria that could also be added to the Council’s assessment process. Given the above, we recommend adding the following:

- **Creativity:** encouraging innovative and imaginative solutions. Creativity adds richness and diversity, facilitates new ways of thinking, and supports a dynamic urban cultural life and fosters strong urban identities.

<sup>9</sup> From Urban Sprawl to Compact City – An analysis of urban growth management in Auckland. Retrieved from <https://www.greaterauckland.org.nz/wp-content/uploads/2009/06/thesis.pdf>

<sup>10</sup> New Zealand Urban Design Protocol, Ministry for the Environment, 2005 Retrieved from <https://www.mfe.govt.nz/sites/default/files/urban-design-protocol-colour.pdf>

- **Collaboration:** Quality urban design requires good communication and co-ordinated actions from all decision-makers: central, regional and local government, professionals, transport operators, developers and users.
- 5.18 Further to this, we recommend setting up an urban design advisory panel similar to Auckland Council which provides independent design review of significant projects across the region. It plays a key role in improving the quality of the built environment across the Auckland region. The panel is an independent advisory body and whilst it does not have statutory decision-making powers, it will have strong influence on the consented outcomes. Planning applications and/or proposals include recommendations from the panel in an urban design report. The delegated council officers or the planning commissioners appointed will consider the application.
- 5.19 The Council is doing further work to address matters such as capacity of network infrastructure, and natural hazards, and whether these should be included in the assessment process. We recommend the inclusion of the ‘capacity of network infrastructure’ criterion into the ROF as it will determine if appropriate infrastructure capacity is available to service the development. Particularly, if the capacity is reached it will be an indicator for the Council to spend more money in a particular area to extend the capacity of the network.
- 5.20 The Council is also considering ‘natural hazards’ criterion to assess how development addresses natural hazards in specific locations. We believe that decisions on natural hazards should be kept at the spatial planning level not when considering every individual consent.
- 5.21 We are concerned that inclusion of the ‘natural hazards’ criterion into the RFO will likely result in consent applications becoming much more complex, would cause uncertainty and delay in the consenting process. This is also contradictory to the overarching Government’s intention to speed up the consenting process to support economic recovery post lockdown. Therefore, we do not recommend the Council include the ‘Natural hazards’ criterion in the assessment process.

## 6. Residential activities in the commercial zone

- 6.1 Residential activities in the commercial zone are currently a permitted activity (i.e. no resource consent required). The Council is proposing to change this to a restricted discretionary activity, meaning people will need to apply for a resource consent to build apartments in commercial areas. Further to this, the Council has put some rules around what residential activities in the commercial zone should look like, and what elements they should include (e.g. residential activities must be located above ground floor only).
- 6.2 Mixed-use developments today are quite common, as cities are becoming more multi-functional, commercially ‘open for business’ and less self-contained. Successful planning for mix-used developments can transform a business district from one that closes at night into an area that is vibrant around the clock. It can also generate wider range of benefits for the community, such as reduced demand for transport.<sup>11</sup> However, quality and extent of the impact of the mixed-use developments depend on how these developments are planned and delivered. We are aware that Tauranga has previously experienced negative consequences of residential development in commercial areas delivering poor urban design and on-site amenity outcomes.

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<sup>11</sup> Mixed-use buildings: make the most of your building. Retrieved from <https://urban-hub.com/buildings/mixed-use-buildings-for-diversified-sustainable-sites/>

6.3 We support the proposed changes as there is a need to ensure that residential development does not compromise the purpose of the commercial zone. As stated earlier (refer to para 5.18), we strongly urge the Council to quickly process all restricted discretionary activity consent applications to prevent planning lag

**7. Regulatory imposed targets vs. market-driven demand**

7.1 At the end of last year, the Council looked to advance a process that will enable an increased housing yield over some greenfield growth areas. Assessments of the commercial feasibility of development options as well as options to for promoting density and housing diversity have been undertaken.<sup>12</sup> The report promotes regulatory imposed targets. This is disappointing given the amount of time local developers have spent over years lobbying against Council's interference in housing types and volume targets.

7.2 We oppose regulatory imposed targets on developers and builders, such as inclusionary zoning which imposes social housing and affordable housing minimum targets. We believe that it should be market driven demand that dictates housing typologies, not councils.

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<sup>12</sup> Fairgray S., McIlrath L., Lunday J., Nicol J., Bryce N. (2020). *Greenfield Housing Policy Options Assessment for Tauranga*.4Sight Consulting.

**8. Conclusion**

- 8.1 We largely support the Council's proposed amendments to the Tauranga City Plan through the proposed Plan Change. These changes are required to successfully create a compact city where people want to live and implement urban intensification to accommodate growth now and into the future. This includes an increase in dwelling density through provision of a range of building types, the advancement of mixed-use developments with the right balance between residential and commercial activities and a reaffirmed focus on the quality of development through the application of fit-for-purpose urban design criteria.
- 8.2 Our concern, however, is that strict urban design rules may limit innovation, cause development lag and sometimes have the opposite effect than intended. We recommend the Council take a balanced approach to ensure innovation can occur to reach good design outcomes.
- 8.3 Further to this, Property Council recommends including additional criteria to the ROF to ensure better assessment process and delivery of a wider range of benefits for all. These criteria include creativity, collaboration and capacity of network infrastructure. We also recommend setting up an urban design advisory panel to ensure industry buy-in and input from all decision-makers is considered, and timely informed decisions are made.
- 8.4 Property Council would like to thank the Council for the opportunity to provide feedback on the Plan Change as it gives our members a chance to have their say on future development of Tauranga. We also wish to be heard in support of our submission.
- 8.5 Any further queries do not hesitate to contact Natalia Tropicova, Senior Advocacy Advisor, via email: [natalia@propertynz.co.nz](mailto:natalia@propertynz.co.nz) or cell: 021863015.

Yours sincerely,



Scott Adams

Bay of Plenty Regional Chair  
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