

COVID-19 Recovery (Fast-Track Consenting) Act 2020 – Karaka North Village – Request for further information

Thank you for your application, received on 16 February 2021, to refer the **Karaka North Village** project (the Project) to an expert consenting panel for consideration under the COVID-19 Recovery (Fast-track Consenting) Act 2020 (the FTCA).

Following a review of your application, including the additional information provided on 25 February 2021, we request that you clarify some matters regarding the Project. Your responses to these questions will help us to understand more about the scope of the Project and any issues which may affect the development, including employment and investment certainty, which are key assessment considerations under the FTCA.

Under delegated authority from the Minister for the Environment (the Minister), I am writing to request the following further information under section 22 of the FTCA:

1. Subdivision consent

- a. The application contains information on the total number of lots sought. There is reference to 850 lots in some parts of the application and reference to “600 sections...for standalone house construction, 17 super lots for intensive comprehensive development (eg. terrace blocks), a local centre super lot, 5 larger rural amenity farm lots and utility lots” in another part of the application.

Please clarify the total number of lots proposed to be created under the subdivision, with a breakdown of each type of lots as appropriate (eg. total number of residential lots, residential super lots, local centre super lots, lots to vest as road, recreation reserve, etc.).

Please refer [Appendix 1](#) for a scheme plan with the different lot types identified. The breakdown is as follows:

- 598 stand alone sections;
- 17 superlots intended for intensive comprehensive development. These will yield a total of 252 individual lots and bring the total number of lots to 850 as per the Master Plan.
- Our application will include a comprehensive land use and subdivision application for superlots 2, 3 and 4 (a total of 52 additional lots)
- 1 local centre lot
- 4 utility lots
- 6 recreation / drainage reserves and rural amenity farm areas

The remaining 14 superlots will be consented as the development progresses, to enable the housing designs to evolve and change to suit the demands of the market and preferences of our house builder partners. We feel that this flexibility is important, so we do not design and consent all 252 higher density houses and end up having to redesign a significant portion of these due to changing buyer demand and preferences.

Appendix 1 also includes our proposed subdivision staging. We have split the site up based on geographical and physical access factors, number of lots in each stage, variety of product and establishing some of the rural amenity features upfront. Please note that stage 3 is split into two parcels and is intended to be developed concurrently.

Our latest subdivision scheme is also provided in **Appendix 1**. It shows the lot areas and dimensions for each of the 850 lots proposed. This is consistent with the approved masterplan.

- b. Further to the above, please provide an updated scheme plan showing the indicative location of each lot type. This is to allow a comparison against the approved master plan.

Please refer to the response in (a) above.

- c. Please provide any information available on the proposed subdivision staging.

Please refer to the response in (a) above.

2. Land use consent

- a. The application details that land use consent is sought for a number of dwellings, however the number of dwellings (and their location within the development) is not stated. As a minimum, please provide a range and maximum number of dwellings being sought through the fast track process. The application appears to indicate that land use consent will only be sought for lots with a single dwelling (and not on the 17 super lots for comprehensive development), and this should also be clarified.

It would also be useful if the location of these dwellings is indicated on a plan, or described with reference to plan lot numbers.

Please refer to **Appendix 1** for the plans.

Within the Karaka North Precinct, all dwellings require a land use consent. To avoid the need for 850 individual consents, we are seeking to consent upfront a dwelling parameter on each of the 598 standalone vacant lots. We will also consent the 52 comprehensive design dwellings in superlots 2, 3 and 4 as part of this application and engage with Council on a pre lodgement basis to explore options to consent dwelling parameters on the remaining 14 superlots. Accordingly, the maximum number of dwellings being sought through the fast track process is 850.

- b. Please clarify whether the applicant will be undertaking the construction of all of the proposed dwellings, or whether some residential lots will be on-sold as vacant lots for future development by other parties.

Karaka North will be completing the delivery of the subdivision, for builder partners (existing and new) and clients to complete the construction of the dwellings. We will be involved throughout the design and consenting process for each dwelling to ensure consistency with the masterplan and the outcomes sought in the design guidelines, and we will oversee the design review committee.

Karaka North will assist in the funding of the house construction by providing delayed settlement/builder terms. In our experience this enables an efficient, cost effective solution to delivering houses and an incentive to complete construction in a specified timeframe.

Ultimately, a subdivided section needs to exist first before a dwelling can be constructed. Karaka North's expertise and efficiency lies in subdivisions and not house building. Our builder partner's expertise lies in house building. We believe this arrangement will enable houses to be built faster and be more cost efficient.

- c. The application details that land use consent will be sought for the development of the local centre and the community venue building. You have indicated that site plans and concept drawings indicating general bulk and location parameters are available for these two components of the application. Please provide this documentation.

Please refer **Appendix 2** for the bulk and location plans of both the local centre and community venue building. These are being worked on now and will be finalised and lodged as part of this project's application.

- d. Please clarify whether the applicant will be constructing buildings within the local centre and the community venue, or whether the lots will be on-sold as vacant lots (consented for built development) for future construction by other parties.

Yes, we will be building and will retain ownership of the local centre and the community venue long term.

- e. The table included in Appendix 2 of your application identifies an infringement of Regulation 10 of the Resource Management (National Environmental Standard for Assessing and Managing Contaminants in Soil to Protect Human Health) Regulations 2011. Please clarify what this infringement relates to.

The results from the Detailed Site Investigation carried out in May 2020 concluded that future land subdivision and associated land disturbance was likely to be considered a restricted discretionary activity under Regulation 10 of the NES, due to remediation of soils that is required in isolated areas.

Since receiving this query we have sought to further understand the nature of the infringement under Regulation 10. We have now received expert advice that the volume / area of land disturbance for remediation will be a permitted activity under the NES. Consequently, we will no longer be seeking consent under Regulation 10 of the NES.

- f. The table included in Appendix 2 of your application identifies an infringement of Rule C1.9 'Infringements of standards', of the Auckland Unitary Plan. Please clarify what this rule infringement relates to.

The approved masterplan enables a range of dwelling typologies on the future lots that are consistent with the Mixed Housing Suburban zone and the Single House zone, with some modifications to the underlying zone development standards. These modifications were considered necessary to enable the rural character objectives to be realised, including the steep pitched roofs that reflect farm barns and out-buildings, and in turn to provide for more design flexibility and efficiency. These development restrictions are imposed on the future lots by way of consent notices, and endorsed by the approved masterplan.

These desired outcomes however result in development standard infringements of the underlying zones. Specifically the future dwellings will result in a combination of infringements for the following standards: building height, height in relation to boundary, front yard (minimum), building coverage (maximum) and landscaped area (minimum) which trigger Rule C1.9 of the AUP(OP).

3. Please clarify/briefly summarise the activities that require a water permit.

The water take permit to support the development at Karaka North has already been consented. The total approved consent is for a take of 270,000,000 litres per annum calculated as follows:

Housing:	235,000,000
Commercial:	11,700,000
Landscaping:	1,200,000
Stock:	6,800,000
Loss allowance:	15,300,000

Consent is still required to drill the water bores and for treatment and conveyance. This will be included in the application when lodged.

4. Please clarify/briefly summarise the activities that require a discharge permit.

The following activities require a discharge permit:

- A short-term environmental discharge consent is likely to be required for (contaminated) soil disturbance associated with the re-development works;
- Discharge of treated domestic-type wastewater onto or into land from a wastewater treatment plant; and
- Discharge of stormwater runoff from impervious areas (not provided for).

5. The application states that over the construction period the Project is expected to create a total of 9,078 FTE jobs. Please provide a more detailed breakdown of the jobs, including the type of jobs and whether these are direct or indirect. In addition, it would be useful if you can provide job numbers that the Project will create in FTEs per defined time period (e.g., X new FTEs over X months/years design and construction period, X new FTEs during operation, etc.)

Please ensure that if some aspects of the wider development will not be undertaken by the applicant (eg. if some of the residential lots are on-sold as vacant lots and therefore the applicant will not directly create the jobs relating to dwelling construction), that this is clearly stated in the figures provided.

A more detailed breakdown has been provided by Property Economics and is attached as **Appendix 3**.

The jobs created from this consent have been split between Development Employment (employment related to the civil construction works) and Construction Employment (employment related to the vertical construction i.e. houses, local centre and venue buildings). The balance of the employment is operational employment from the commercial activities on site and any other non-construction or development activity. The employment generated is shown through to 2033 with the majority from 2022 to 2026.

As advised in response to questions 1b and 1d we will complete the civil subdivision works (Civil Employment) and will also undertake construction of the commercial and community/venue builds (a portion of the Construction Employment). We will not be building the houses ourselves.

We have existing relationships with house builders and expect to have several build partners contracted to deliver the houses. This will either be via joint ventures or contract builds for us. This is similar to the structure of our Kiwibuild project which will see 140 homes completed in the first 9 months of this year. We will also provide delayed settlement / builder terms for other builders. This

will enable house construction to be more easily financed and sped up (greater volume built at any one time).

When assessing this application the economic reality is that the project will deliver the benefits identified by Property Economics.

6. The application provides a list of the types of anticipated and known adverse effects on the environment. Please provide further assessment/detail on the potential adverse effects of the Project.

Please note that full copies of relevant technical reports are not required, however it may be useful to provide summaries/conclusions of the effects as assessed in the technical reports completed for the Project to date.

Please refer to **Appendix 4** for a summary of the conclusions of effects assessed for the Project to date.

7. The application details that the Project includes upgrades to existing arterial and local roads. Please advise whether any consents are required/sought for these works. Please also advise whether approval is required from Auckland Transport or other bodies for this to occur, and if so, whether obtaining this approval will impact on Project timing and therefore the investment certainty objective of the FTCA.

An Integrated Transport Assessment (ITA) was prepared and provided to Auckland Transport to support the Master Plan which has now been approved. The ITA covered off the planned development at Karaka North and the associated works on Linwood and Dyke Roads. No further resource consents are required for these works to now be undertaken.

The only outstanding roading approvals from Auckland Council and Auckland Transport relate to detailed engineering plan approval (EPA), corridor access (CAR) and traffic management (TMP). These are standard requirements for work on existing and proposed roads and will not delay the project timing or delivery.

8. It is noted that the site appears to be covered by Designation 1102: Airspace Restriction Designation – Auckland International Airport Limited, under the Auckland Unitary Plan. Please advise whether this designation has any implications for the Project and consents required.

This designation has no implications for the project, nor the consents required. The subject site is located within the Outer Horizontal Surface, however as the dwellings anticipated within the masterplan will require no more than a maximum height of 8m¹, it is considered that there is sufficient height to achieve a dwelling or a terrace housing outcome on the urban zoned land within the subject site, without adversely impacting on the airspace restriction designation.

The Obstacle Limitation Surface is well in excess of 200m above mean sea level over the subject site while the site itself has a high point of approximately 40m above mean sea level. It is therefore considered that this distance to the airspace above will result in a satisfactory level of safety for aircraft whilst manoeuvring at low altitude in the vicinity of the airport.

9. The application details that engagement is ongoing with Ngāti Te Ata, Te Ākitai Waiohū and Ngāti Tamaoho with whom there is a Memorandum of Understanding (MOU). Please note that should the Minister decide to refer the Project, Schedule 6, Clause 9(5) of the FTCA requires a consent application to include:

- a. a cultural impact assessment prepared by or on behalf of the relevant iwi authority; or

¹ Except that 50 per cent of a building's roof in elevation, measured vertically from the junction between wall and roof, may exceed this height by 1m, where the entire roof slopes 15 degrees or more.

- b. if a cultural impact assessment is not provided, a statement of any reasons given by the relevant iwi authority for not providing that assessment.

We have identified the following iwi authorities as relevant to the Project: Ngāti Tamaoho Trust, Te Ākitai Waiohūa Iwi Authority, Te Ara Rangatū o Te Iwi o Ngāti Te Ata Waiohūa, Ngāi Tai ki Tāmaki Tribal Trust, Te Whakakitenga o Waikato Trust Inc and Ngāti Maru Runanga Trust. Please advise whether the applicant has, or is, engaging with the additional iwi authorities we have named and with whom the applicant does not have an MOU.

To date all discussions between the applicant and iwi authorities have been limited to Ngāti Te Ata, Te Ākitai Waiohūa and Ngāti Tamaoho. These are the iwi authorities who we have the MOU with and who engaged after being notified of the earlier consents (water take and Master Plan) by Auckland Council. We have checked with Auckland Council and the other three iwi authorities mentioned in your question were advised of the earlier applications and did not seek to engage.

We have already advised the MOU participants that we have made an application to be referred under the COVID Fasttrack legislation and we will engage with the remaining iwi authorities if we are referred by the Minister.

We expect that Ngāti Te Ata, Te Ākitai Waiohūa and Ngāti Tamaoho will wish to update their CIAs. If the other three iwi authorities choose to prepare their own CIAs then we do not see any issues. It is certainly an opportunity that we would expect to extend to them if they wish to participate.

10. Both of the relevant records of title are subject to restrictions and/or easement rights in favour of third parties/land. Please advise whether any of these restrictions and/or easements may prevent, limit or delay delivery of the Project, and whether any of the third parties are likely to be affected by the Project.

The property was previously held in 18 lots. In 2019 the two current records of title, being Lots 1 and 2 DP 536479, were created by an amalgamation subdivision which took the historical 18 lots and amalgamated them together to form two lots. The historic easements were for the benefit of and burdened on the 18 lots only. The easements were retained and dropped down to the current two amalgamated titles. Given both lots are owned by Karaka North Village Limited, the easements are essentially for and against our own land, and therefore can be extinguished at any time.

There are no third party landholdings / owners that are a party to the easements. The intention is that we would extinguish these easements as part of this subdivision consent and therefore the easements have no limitation on the delivery of the project. We are happy to have our surveyor or lawyer provide a formal letter to confirm this if required.

11. Please provide financial and other supporting information to demonstrate that the Project will be able to deliver on the employment and investment certainty objectives of the FTCA. For example, you may wish to provide:
- a. Information on how the various stages of the project will be funded;
 - b. The applicant's financial statements for the last two financial years showing its assets and liabilities and debt to equity ratio;
 - c. Business referees; and/or
 - d. Other evidence demonstrating the financial health of the company.

Please clearly highlight any information that is commercially sensitive in your response.

Attached as **Appendix 5** is a Joint Statement of Position reflecting the financial position of the Principals (Cappella Group and Karaka North Village). **This document is commercially sensitive and confidential.**

The statement of position confirms that there is sufficient equity to undertake the project with the assistance of some minor bank funding. In addition, we confirm that the land is unencumbered. The mortgage on the title is historic and there is no debt registered against it.

Cappella has undertaken a number of successful residential subdivisions with the assistance of BNZ. Cappella's contact there is Richard Clouston, Partner – Property s 9(2)(a) . Please feel free to contact Richard as he is happy to answer any questions regarding the applicant's track record and financial capability.

In addition, the principals of Karaka North Village have various facilities with ASB and own a variety of commercial property. Sam Burgess, Regional Manager Property Finance s 9(2)(a) is the appropriate contact. If you have any questions, Sam is happy to answer them.

Should you require additional proof of our financial capability then we would be happy to arrange a meeting between our accountant and yourselves.

Please provide the required information via return email to fasttrackconsenting@mfe.govt.nz within 10 working days to enable efficient processing of your application.