URBPLAN713 Assignment 1

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Section 1: Client Profile

The client is a small-to-medium Auckland-based residential developer. The company is director-led and has been operating for roughly 20 years. The director is Pākehā. The firm has so far been building 3–4-bedroom single-family homes across Auckland. This kind of operation is typical of the New Zealand residential sector. (Johnson et al., 2018; Witten et al. (2023).

The firm has no background in medium-density developments. So far, every project they have done has been standalone homes. The question the director is considering is whether they should enter the medium-density market. This is partly a response to recent policies of intensification (the Auckland Unitary Plan (operative 2016), the National Policy Statement on Urban Development 2020, and the Resource Management (Enabling Housing Supply and Other Matters) Amendment Act 2021).

The director is in their late career and, because of this, is more concerned with their reputational legacy than with just financial return. The client profile also consists of, which is consistent with Witten et al.'s (2023) findings that developers' mean age is older and that non-financial motivations do affect investment decisions. The company is asset-rich but cash-constrained. The company is struggling as the Auckland median sale price has softened, compressing build-to-sell returns (Real Estate Institute of New Zealand, 2026).

The firm has held on to a small portfolio of two to four unsold completed standalones as rental stock to service development debt during the 2022–2025 market cooling.

The director holds a genuine social-good orientation. He appears to see the firm as having a stake in contributing to Auckland's housing supply, rather than focusing purely on profits. A profile consistent with Witten et al's (2023) findings.

Section 2: The Medium Density Residential Standard and the Policy Instability Arc

The Resource Management (Enabling Housing Supply and Other Matters) Amendment Act 2021 is the government policy that shaped the decisions the client now faces through introducing the Medium Density Residential Standards (MDRS) and requiring tier-one councils to enable three dwellings of up to three storeys as a permitted activity across most urban residential land (Ministry for the Environment, 2022).

For a standalone developer thinking about entering the medium-density market, the MDRS made it universally possible. It turned three-per-site infill into a blanket-permitted activity and significantly reduced regulatory friction. But it also kicked off a period of policy instability that continues to this day.

The MDRS enabled intensification effectively everywhere. This led to a marked increase in land values due to increased development potential (Greenaway-McGrevy & Phillips, 2023) after its implementation, resulting in margin compression.

The actual evidence for the MDRS is questionable; Gurran and Phibbs (2015) argue that framing planning reform as the primary means of increasing affordability has been used to divert direct investment into affordable housing, despite limited evidence that supply-side deregulation delivers low-cost housing.

The sequence of reversals since 2023 has further narrowed the set of positions available to a small first-time entrant.

The Auckland Anniversary floods of January 2023 exposed MDRS's environmental weakness (Auckland Council, 2025b).

The National-led government made MDRS optional in 2024 (Bishop, 2024).

Auckland Council withdrew Plan Change 78 in part under the Resource Management (Consenting and Other System Changes) Amendment Act 2025 (Auckland Council, 2025c).

Plan Change 120: Housing Intensification and Resilience was notified on 3 November 2025 via the Streamlined Planning Process (Auckland Council, 2025d).

Capacity targets were subsequently walked back to 1.6 million homes in February 2026 and to 1.4 million in legislation introduced on 31 March 2026 (Auckland Council, 2026; Bishop, 2026).

Plan Change 120 downzones outer suburbs, particularly those at risk of natural hazards like flooding, and instead focuses density in walkable catchments around centres and rapid transit (Auckland Council, 2025c).

The MDRS did not particularly concern itself with housing quality. There were no design standards to ensure high-quality housing, and some argue that this deregulation without standards reproduced the regulatory conditions that led to the leaky-building era (Johnson et al., 2018).

The period of policy instability has continually reshaped the environment in which a first-time entrant can profitably commit capital. Many redevelopment projects have focused on suburban areas due to the MDRS; however, as the universality of the MDRS has been walked back over time, the centres and rapid transit areas under the NPS-UD now seem to face less policy instability risk when developed.

Overall, the MDRS led to an inflation in land values. At the same time, the policy's political instability created an extended holding period, during which developers had to take on substantial risk to develop the type of housing the MDRS wanted to promote. The indirect effect on this client has been a reluctant entry into land lording, as their completed standalone stock remained unsold due to the market's cooling.

Therefore, the MDRS's appropriateness is not clear-cut. It created the market signal that the client is now responding to. However, the Act was designed to deliver supply at scale through permissive rules and did not account for the entry dynamics of small, standalone-only developers.

Section 3: Options Over the Next Five Years

The operator has multiple options over the next five years. The first option is to exit the developer business. Complete any consented projects, decline new site acquisitions, and liquidate existing land holdings. This would allow the director to redeploy the recovered capital into diversified managed funds better suited to the director's late-career horizon. This is an acknowledgement that the business model has run its course and a structured exit.

The second option is to continue with the current business model. Sourcing sites specifically within the Single House or Mixed Housing Suburban zone to build standalone dwellings and targeting buyers who remain resistant to density, like families in the middle and outer suburbs, where standalone demand hasn't completely evaporated. This would mean accepting that the market is shrinking, as the dominant demand slowly shifts towards medium- to high-density development. However, this option comes with the cost of accepting that the business model is gradually becoming obsolete.

The third option is to pilot a medium to high-density development to test whether entrance into the medium-density market is feasible. This would be done by piloting a single, 8–12-unit, or low-rise walk-up development on an existing land holding in a Terrace Housing and Apartment Building zone in a town centre walkable catchment. The director could launch a partnership with an established medium-density builder to import construction expertise. The director could use this as an opportunity to deliver 20% of dwellings at affordable rates through partnering with a registered Community Housing Provider. Whilst the remaining properties would be sold at market prices, this would provide an opportunity to test medium-density development and to address the directors' desire for socially beneficial development. This would align the business model with the dominant development direction, moving towards medium- to high-density development.

Out of the three options, option 3 seems most aligned with the director's desires. Though this option carries substantial execution risk, it aligns the business model with one that is feasible in the long term. In contrast, option 2 acknowledges a shrinking addressable market and doesn't offer a route for recovering lost margins. Moreover, option 1 liquidates assets at a moment when prices have stagnated (REINZ, 2026), effectively locking in losses.

Furthermore, partnering with an established medium-density builder brings the construction expertise the firm lacks, and partnering with the Community Housing Provider offloads risks associated with tenant selection and long-term management of the affordable units while accessing the grant and Income-Related Rent Subsidy streams that sustain community housing delivery (Johnson et al., 2018).

Moreover, to address potential community opposition to medium-density development, the developer can utilise the Auckland City Mission's Freemans Bay development model, where early community engagement grounded in a genuine social narrative can neutralise NIMBY mobilisation before it organises. Moreover, the promise of affordable housing may help to win the community over, differentiating the client from generic speculative developers.

Chisholm et al. (2021) document disagreement among NZ practitioners over whether public housing in mixed-tenure communities should be physically buffered or not. Some defend it whilst others argue it reproduces rather than challenges socio-spatial separation. The client, however, is socially motivated and likely wants to avoid such practices. This could be achieved through integrating the affordable units visually and spatially within the development, rather than delegating them to standalone entries or amenities.

Section 4: Highland Park in 10 Years

Highland Park in 2036 will look noticeably denser than it does now. The shift towards medium- and high-density development will not have been fully realised, as the 10-year timeframe is not long enough to realise the planned character of the suburb fully. But the direction will be unmistakable. This will align well with the client's revised business model of medium to high-density developments.

Highland Park's intensification capacity derives not from the MDRS standards, which are turbulent. The intensification capacity instead derives from the town centre provisions within the NPS-UD, which have proven to be much more durable. This is evident in the move from PC78 to PC120. This change did not lead to a reduction in proposed density, as it would have in many suburban areas; it instead led to an increase in proposed density. PC120 would lead to land within the walkable catchment of the centre, being rezoned from Mixed Housing Urban to Terrace Housing and Apartment Building Zone, and an increase in height variation control for the Mixed-Use zone (Auckland Council, 2025a).

Moreover, peripheral investment in the Pakuranga Road corridor from the completion of the Eastern Busway will improve public transport accessibility over the period. However, Highland Park will not become a rapid transit node.

Kāinga Ora has zero projects across the entire Howick local board area (Kāinga Ora, n.d.) and is unlikely to establish any within the 10-year horizon, particularly given the current government's reduction of the Kāinga Ora build programme. Unlike Tamaki, where Kāinga Ora-led regeneration has arguably led to both state-led gentrification and an increase in total social housing units (Gordon et al., 2017), Highland Park's intensification will be private-market driven. This market-driven redevelopment, however, faces both similar risks, such as gentrification, and different risks, such as inadequate affordable housing provision.

The built form in 2036 will shift slightly away from low-density, detached dwellings toward a mix of standalone dwellings and townhouses. Moreover, walk-up apartments may potentially be concentrated in and around the town centre; however, they may face more opposition from NIMBY's than medium-density terrace housing. Standalone housing is likely to persist despite upzoning, as the 10-year timeframe is not long enough to realise the planned character of the suburb. There are already a multitude of medium-density developments currently under construction or recently completed in the suburb (observed in fieldwork for URBPLAN 712, 2026, by the author), and this trend is sure to continue.

Because the MDRS and NPS-UD lacked standards for housing quality, the quality of future housing is more uncertain. The quality of housing will likely not be much higher. The New Zealand construction sector's structural weaknesses in delivering durable, energy-efficient housing have been well documented (Johnson et al., 2018).

The mix of typologies will likely shift towards smaller dwellings (one- and two-bedroom units), away from the current average of larger homes in Highland Park (three to four bedrooms) (Stats NZ, 2024b).

Highland Park's town centre sits beneath overlapping planning constraints that shape where intensification can practicably occur. The W26 regionally significant volcanic viewshaft overlays the town centre and restricts building heights along specified sightlines, complicating specifically the Business Town Centre and Business Mixed Use zones it intersects; the Terrace Housing and Apartment Building-zoned land surrounding the town centre core does not intersect the W26 viewshaft and is therefore the more straightforward development target.

Highland Park is currently predominantly owner-occupied (Stats NZ, 2024a). This is likely to shift slightly towards rental over the next 10 years.

While medium-density terraced housing will continue to contribute to owner-occupied housing at more affordable price points, the potential for higher-density developments within the town centre is likely to increase the availability of rentals.

This trend may also be compounded by aging owner-occupying families (Stats NZ, 2024c) leaving the suburb, leading to their homes being acquired by investors or developers.

The land within Highland Park is likely to be attractive to developers because of lower land values and proximity to desirable neighbouring suburbs. Whilst land values continue to rise, per-unit prices will likely flatten or modestly decline as the dominant typology shifts toward smaller units.

Highland Park is already middle-income and demographically mixed (Stats NZ, 2024c). Within the next 10 years, there will likely be a demographic shift as smaller households and more young professionals enter the rental market. The suburb will not gentrify in the Ponsonby sense because there is no substantial low-income community to displace. However, the displacement of elderly populations is a genuine concern. Over the next 10 years, standalone owner-occupiers with larger lots will become attractive acquisition targets, leading to displacement.

The Highland Park Shopping Centre will remain the commercial anchor, with incremental mixed-use development along the Pakuranga Road and Aviemore Drive commercial frontages as intensification proceeds. It is almost a certainty that transport will remain predominantly car dependent. Although the Pakuranga Road corridor may benefit peripherally from the Eastern Busway project, Highland Park is unlikely to become a rapid transit node.

Under option 3, Highland Park will provide for the client's situation in 2036. Highland Park in 2036 is a prime suburb for the redevelopment of standalone dwellings into medium- and higher-density housing, especially because it offers proximity to Howick and Half Moon Bay amenities at a relatively affordable price point.

The town centre and Terrace Housing and Apartment Building provisions, preserved and strengthened under Plan Change 120, provide the client with durable planning certainty. A pilot Option 3 development delivered in the coming years on a Terrace Housing and Apartment Building-zoned site outside the W26 viewshaft would be well-matched to both the client's social-good orientation and the suburb's market conditions.

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