

18 April 2023

By Email: planning@uhcc.govt.nz

Attention: Hearing Panel for the IPI

Upper Hutt City Council
Private Bag 907
Upper Hutt 5140

Letter in support of Oyster's submission on the IPI

1. Introduction

- 1.1 The Upper Hutt City Council (**Council**) notified its intensification planning instrument (**IPI**) on 17 August 2022. Oyster Management Limited (**Oyster**) made a submission on the IPI on 30 September 2022.
- 1.2 The Council's evidence report for the IPI was notified on 6 April 2023 (**Evidence Report**). The hearing for the IPI commences on 26 April 2023.
- 1.3 Oyster has opted not to appear at the hearing for the IPI. Instead, Oyster wishes to provide written feedback to the Hearing Panel on recommendations in the Evidence Report that relate to Oyster's submission points.

2. Background to Oyster

- 2.1 Oyster is a commercial property and fund manager that manages a portfolio of office, retail, large format retail, and industrial properties throughout New Zealand. Oyster manages approximately \$2 billion in assets.
- 2.2 Oyster's office assets comprise of commercial business parks and suburban and CBD fringe offices. Its retail assets include regional shopping centres, outlet centres, suburban convenience centres, large format retail, and supermarkets, and its industrial assets comprise of logistic, manufacturing, and warehouse facilities in established industrial areas.
- 2.3 In Upper Hutt, Oyster's portfolio consists of the office property at 11-15 Jepsen Grove. 11-15 Jepsen Grove is within the new Mixed Use zone proposed under the IPI.

3. Oyster's submission

- 3.1 Oyster's submission supports the introduction of the Mixed Use zone and the application of the Mixed Use zone to 11-15 Jepsen Grove. Oyster's submission also includes specific submission points on the Mixed Use zone provisions in the IPI. In particular, Oyster's submission seeks the following:
 - (a) Retain Objective MUZ-O2, to provide for a mix of activities of a medium to high scale and density in the Mixed Use zone;
 - (b) Retain Policy MUZ-P1, to provide for activities that are consistent with the anticipated role, function, and character of the Mixed Use zone;
 - (c) Retain Rule MUZ-R1, which provides for buildings and structures, including additions and alterations, as permitted activities where the relevant standards are complied with (and restricted discretionary activities where standards are not complied with);

- (d) Amend Rule MUZ-R12, to remove the permitted activity standard that restricts the gross floor area for office activities to 250m² per tenancy;
- (e) Retain Rule MUZ-R18, which provides for light industrial activities as restricted discretionary activities where the relevant standards are complied with (and discretionary activities where standards are not complied with); and
- (f) Retain Standard MUZ-S1, to the extent it provides that the maximum building height for the Mixed Use zone is 26m.

4. Feedback on recommendations in the Evidence Report

- 4.1 Oyster generally supports the recommendations in the Evidence Report that relate to Oyster's submission points.
- 4.2 However, Oyster opposes the recommendation to retain the permitted activity standard for MUZ-R12, which limits the gross floor area for office activities to 250m² per tenancy.
- 4.3 The Evidence Report recommends retaining MUZ-R12 as notified because:¹
 - (a) The office tenancy limit of 250m² is a trigger to enable the consideration of whether more substantive proposals for offices would undermine the role and function of the City Centre zone (to give effect to Policy 30 in the Regional Policy Statement²), and whether the office activity is consistent with the planned built urban form of the Mixed Use zone; and
 - (b) Clause 3.4 of the National Policy Statement on Urban Development (**NPS-UD**) specifies that development capacity is 'plan-enabled' for business land if business use is a permitted, controlled, or restricted discretionary activity on the land. Office activities that exceed 250m² gross floor area are a restricted discretionary activity under rule MUZ-R12.2. Therefore, rule MUZ-R12 is consistent with the requirements of the NPS-UD.
- 4.4 Oyster currently leases 11-15 Jepsen Grove to the Inland Revenue Department for use as an office. The lease is a single tenancy consisting of approximately 5,000m² of office space and approximately 100m² of carparking.
- 4.5 Oyster considers that the permitted activity standard for MUZ-R12, which limits the gross floor area for office activities to 250m² per tenancy, should be deleted because:
 - (a) It is an arbitrary distinction that two or more tenancies with gross floor areas less than 250m² in the same building would be permitted, but a single tenancy with a gross floor area more than 250m² requires resource consent as a restricted discretionary activity;
 - (b) Requiring resource consent for office activities with a gross floor area greater than 250m² will increase uncertainty and impose additional costs on developers and owners of office properties within the Mixed Use zone;
 - (c) Allowing office activities with a gross floor area greater than 250m² in the Mixed Use zone will not undermine the role and function of the City Centre zone because large tenancies (such as the tenancy at 11-15 Jepsen Grove) already exist in the proposed Mixed Use zone, and due to the proximity of the Mixed Use zone to the City Centre zone (being within a walkable catchment of the edge of the City Centre zone); and
 - (d) Allowing office activities with gross floor area greater than 250m² as permitted activities will better give effect to Policy 3 of the NPS-UD. In particular, Policy 3 requires intensification to reflect the demand for housing and business use, including within a walkable catchment of

¹ Upper Hutt City Council *IPI Evidence Report* (6 April 2023) paragraphs 954-956.

² Policy 30 in the Regional Policy Statement is "Maintaining and enhancing the viability and vibrancy of regionally significant centres – district plans". The Upper Hutt City Centre is identified as a "sub-regional centre" in Policy 30.

the City Centre zone. The increase in residential development provided for in the IPI means that more land will be required for business activities in Upper Hutt, including office tenancies with a gross floor area larger than 250m², and it is appropriate to provide for these activities in the Mixed Use zone.

Yours faithfully

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