

Special Housing Areas: A practical pathway to livable homes?

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Building Better Homes Towns and Cities

- National Science Challenge
- Architecture of Decision-making project
 - Who, how, why and when housing development decisions are made
- Case study: investigation of a new initiative to increase housing supply
- Stage 1:
 - Document analysis
 - Identify rationale, critical actors, implementation processes, expected and actual outcomes

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Housing Unaffordability in New Zealand

- Since 2001, a long and steep trend of house price increases
- Affects renters and home buyers
- International survey – 8 NZ cities are ‘seriously’ or ‘severely’ unaffordable (Demographia)
- National Housing Affordability Benchmark:
 - 66.6% of renter households below benchmark
 - 81.4% of first home buyer households below benchmark

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Significant Price Jumps

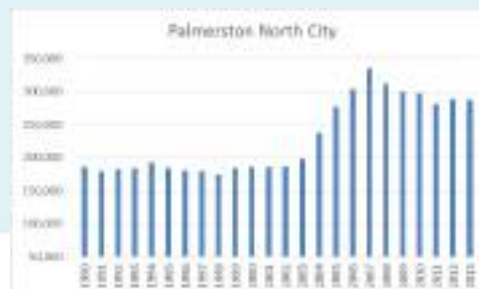
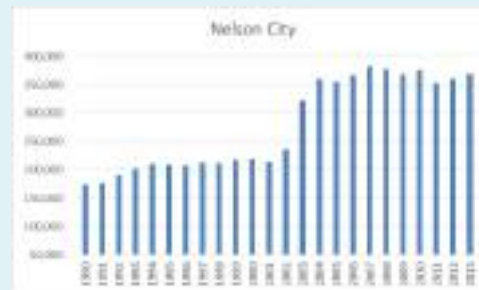
Step-Change


Steady Appreciation

Rural Areas

Small Cities

Large Cities





Popular Explanations of Housing Unaffordability

- Small scale, inefficient building industry
- Costs of materials and construction
- Slow, costly planning and regulatory processes
- Slow infrastructure development
- Restricted land supply



Government Response: Land Supply

- Continuing with demand-side, untied Accommodation Supplement
- Other supply-side options not considered
- Sell-off of public housing stock
- No capital funding for social housing providers
- No assistance to council housing



Special Housing Areas

- Established by legislation in 2013
- Aims to address:
 - Restricted land supply
 - Slow, inflexible planning and regulatory processes
- Fast-tracking development is expected to increase supply, reduce costs and make housing more affordable
- Short-term fix: 2013-2016



Role of Councils

- Councils assumed to constrain land supply through restrictive planning
- SHAs only available for councils determined in Act as experiencing “significant housing supply and affordability issues”
- Housing Accord between Minister and Council
- Council recommends to Minister land to become a SHA



Key Features of SHAs

- Central government control
- Private land owners and developers drive SHA proposals, not councils
- No public consultation on establishment of a SHA or in consenting processes, unlike usual residential developments
- Allows increased density

SHAs and Affordability

- No mandatory requirement for a proportion of SHA housing to:
 - Be affordable
 - Retain affordable housing
- Around three-quarters of SHAs have affordability requirements for around 10% of housing in the development.

2016 National SHA Outcomes

- Nine of 15 eligible councils signed Accords
- 213 SHAs established
- One-third of SHAs established in 2016
- Difficult to identify number of completed houses
- Legislation extended to 2019:
 - Slow progress with SHAs delivering housing
 - Other intended legislative and regulatory changes to address affordability delayed

Western Bay of Plenty sub-region



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WBOP Sub-region Case Study

- Tauranga city and Western Bay of Plenty district
- Combined population of over 176,000
- One of the most rapidly growing areas
- Significant internal migration
- Population aged 65+ is a key driver of growth and housing demand
- High performing economy
- Integrated settlement planning since 2000, with 50 year timeline

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Sub-region Housing Accords

- **Tauranga Council Accord:**
 - At least 1,000 dwelling lots in 2 years
 - Promote smaller dwellings and lots
 - No affordability requirements
- **WBOP Council Accord:**
 - 350-500 dwellings
 - Aim for 2 SHAs
 - Affordability requirements revoked 2017

2016 WBOP SHA Outcomes

- 11 SHAs in Tauranga
 - 6 SHAs have consents for Stage 1
 - 183 building consents issued
 - Building commenced in 1 SHA
- 1 SHA in WBOP
 - Consent application lodged for Stage 1 development for approx. 38 lots
 - No interest from developers for another SHA

Issues

- Slow delivery of housing
- Land banking facilitated through zoning of SHA?
- Most SHAs are in greenfields
- Lack of finance
- Lack of construction capacity
- Lack of developer interest in proposing SHAs
- Developers withdrawing from SHAs
- No evidence of increased affordability
- Poor outcome data collection



SHA Opportunities for Livability

- Increased density could deliver more affordable homes with lower environmental impact
- Auckland Council requires SHA homes to incorporate comfort and energy-efficiency features
- Smaller house and lot sizes could attract older downsizers
- Potential to include lifetime design features



Next Steps

- Interviews with key actors
- Establish their decision-making logics, objectives and intentions for SHAs
- Explore expectations and explanations around the pace of building
- Investigate consideration of and provision for livability and affordability
- Identify the extent to which SHA provide for groups in housing stress