

FUTURE INTENSIVE

INSIGHTS FOR AUCKLAND'S HOUSING



A RESEARCH REPORT
PREPARED FOR
THE AUCKLAND
COUNCIL BY

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Transforming Cities: Innovations
for Sustainable Futures

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EXECUTIVE SUMMARY

1. CONTEXT

Urban growth management strategies in many cities around the world have sought to mitigate the consequences of uncontrolled, low-density urban sprawl, by encouraging and facilitating urban consolidation and housing intensification. This strategy typically involves the concentration of development at higher density in, and around, existing urban centres, that provide necessary services and amenities, and good access to public transit. More recent iterations of growth management policies have sought to ensure that the resulting intensified developments also deliver high 'quality-of-life' outcomes with enhanced 'liveability' within more 'sustainable' communities and regenerated neighbourhoods (Gallent & Wang, 2009).

In Auckland, these policies have been promoted for well over two decades. Following the 2010 amalgamation of the Auckland region's existing seven local and one regional council into a new single unitary council (the Auckland Council), a similar policy approach towards urban growth management has been pursued. Thus the Auckland Plan (2012) aims to limit low-density urban sprawl and accommodate the larger part of the city's future population in higher density housing, focussed in, and around, town and neighbourhood centres.

2. AIMS

Within the Auckland context, the research project aimed to:

- examine how well intensive housing developments have been implemented and analyse house price dynamics in selected medium density case study developments;
- gather information on how well intensive housing developments met the expectations, aspirations and needs of residents;
- elucidate the interconnections and interdependence between urban planners, developers, investors and residents in creating a sustainable urban housing environment in Auckland;
- contribute to The University of Auckland's *Transforming Cities* initiative and to knowledge that would contribute to the development of the Auckland Council's long-term plan.

3. SCOPE

The project was broad in scope and included:

- a literature review of evaluative research on urban growth management and housing intensification largely from Australasian and North American cities (Chapter 2);
- an analysis of the efficacy of planning instruments in delivering the aims and visions of intensification plans and policies (Chapter 3);
- in-depth interviews with 84 residents living in medium density developments within three case study areas (Chapter 4);
- an analysis of housing price dynamics of medium density housing in these areas (Chapter 5); and
- a follow-up study in the case study area of New Lynn, where a decade earlier research had been undertaken by three of the research team: Jenny Dixon, Ann Dupuis and Penny Lysnar (Dixon, Dupuis, & Lysnar, 2001). The follow-up study provided the opportunity for a comparative analysis over time (Chapter 6).

4. CASE STUDIES

Three case study areas and developments were selected for the project:

New Lynn Comprising 293 units in nine separate developments collectively referred to as 'Ambrico Place', with an average net density of 57 units per hectare, within walking distance of what is designated as a 'metropolitan centre' in the Auckland Plan.

Albany Two developments (referred to as 'The Ridge' and 'Masons') totalling 169 units with an average net density of 67 units per hectare, within walking distance of what is designated as an 'emergent metropolitan centre' in the Auckland Plan.

Onehunga A single development (known as 'The Atrium on Main') with 112 units with an average net density of 64 units per hectare, within walking distance of what is designated as a 'town centre' in the Auckland Plan.

5. INTERNATIONAL LITERATURE

The literature review provided an overview of international research aimed at evaluating urban growth management approaches to urban consolidation and housing intensification, largely drawing on research in Australasian and North American cities. In North America, for example in Maryland, Florida, New Jersey and Oregon, 'smart growth' urban policies have been in place since the 1970s. These policies have been subject to extensive evaluation to determine the extent to which they are delivering the desired outcome of urban consolidation rather than sprawl.

- The findings from this review confirm that smart growth policies have produced intended results, although the gains in some cases are relatively modest.

More recent iterations of urban growth management approaches have shifted the focus away from smart growth to more directly address urban consolidation strategies that deliver urban lifestyles and liveability. This evaluative research tends to focus on the obstacles to achieving these aims. Importantly, the review showed that:

- Compact development can have positive outcomes, although the studies also reveal contradictions.

For instance, there is a tension between the desire for amenities that urban consolidation offers, but not at the cost of overcrowding; recognition of the advantages of good public transport is tempered with a perception that car dependence will not readily change and therefore result in traffic congestion; and that valued suburban lifestyles such as large back gardens and relative privacy will come under threat. Nevertheless:

- There is sufficient overseas research to demonstrate that residents appear willing to consider some kind of trade-off between the low-density suburb, and the amenity that more compact development can offer.

This aspect is a crucial factor in promoting urban consolidation and housing intensification as viable housing and investments options. The review of the overseas literature highlighted two key issues for cities such as Auckland:

- Will intensive housing forms meet the aspirations and needs of future occupants when the traditional suburban family home is the norm for many; and
- Will the market be prepared to invest in the associated typologies and meet residents' and community needs for an urban life style?

6. ANALYSIS OF URBAN PLANNING INSTRUMENTS

Giving effect to urban growth management strategies requires the deployment of urban planning instruments and procedures that have legal force. At the heart of New Zealand's urban planning system, under the RMA, is a link between a district plan's policy intentions and the built outcomes achieved 'on the ground'. In this project, the assumption that the outcome to planning policies is usually achieved through the district plan's stated methods (i.e. rules and assessment criteria) was assessed using two of the three case study areas (Albany and Onehunga) where medium density housing has been developed under two of the Auckland Council's legacy district plans. The assessment was based on two primary sources of information: an urban design quality assessment of the case study developments, and interviews with the resource consent officials involved. While noting that each district plan enabled higher density development, as reflected in the case study areas, we concluded that:

- The district plans had limited impact on influencing and directing the development process, especially in terms of achieving high quality medium density housing.

- While both the Auckland and North Shore District Plans sought to provide for good quality medium density housing outcomes, they both had weak policy direction with respect to how these outcomes would be achieved, especially in the quality of the actual district plan drafting.
- In the case study area of Onehunga, the Auckland City District Plan's Business 2 Zone provided no policy direction for housing developments or any other land use activities apart from business activities.
- The objectives in the plans were typically too broad, loosely written, unquantifiable, and often the policies failed to sufficiently support them.
- There was a disconnection between the weak policy direction and the rules and assessment criteria in both district plans.

In terms of the latter point, the North Shore District Plan's failure to prioritise the relevant issues led towards rule-derived outcomes. This meant that in the Albany case study area, the car parking and density controls largely determined the housing developments, rather than a design-led, good quality outcome sought by the North Shore District Plan. In this instance our findings suggest developers prefer to minimise their risk and stick to district plan rules rather than enter into long discussions with councils about urban design issues. This highlights the fundamental weaknesses in the planning instruments and processes used to deliver the plans' visions and policies for quality intensification.

7. RESIDENT INTERVIEWS

The findings from the 84 in-depth interviews provided information on residents' perceptions and experiences of living in medium density housing. The findings afforded us the opportunity to assess how effectively the outcomes of smart growth policies have met the expectations, aspirations, and needs of this group of intensive housing residents.

- With regard to the practical needs that housing fulfils, the respondents generally spoke in positive terms about the location of their housing, and proximity to public transport, shops, schools, work and other facilities.
- Generally, respondents said that both their developments and units offered a sense of security and safety. In the case of the Onehunga and Albany case study areas, this sense of security was extended to include the wider neighbourhood. New Lynn residents, however, felt less safe in their neighbourhood at night.
- A high proportion of respondents expressed the view that their housing met their social needs. This view was strongest among Ambrico Place respondents, where the agglomeration of residents with Chinese origins appears to have created a supportive environment, with easy access to services and products that met their cultural needs.
- The interview data indicated that living in medium density housing can cater well for people at various stages of their life-cycle. For example, it met the needs of students, single people, working couples, small families, and families and individuals living

with elderly parents seeking affordable housing close to amenities. The case study developments offered these groups more flexibility and options compared to detached suburban houses.

- Each of the chosen case study developments demonstrated location specific characteristics. Ambrico Place, for example, was perceived to cater well for children and offer a safe environment, supportive of families. This is reflected in the facilities that residents had access to, including playgrounds, a tennis court, nearby parks, and a well-designed and safe pedestrian route to the transit station and town centre. Unfortunately developments in Ambrico Place had been identified as leaky buildings. This impacted on people's economic situation and sense of security and was discussed at some length in many of the interviews.
- By contrast, Albany residents perceived their development's amenities as not being user-friendly for families and children. Green outdoor spaces were dominated by parking, and indoors units were small, as were the size of bedrooms. The views expressed by the residents concur with our own assessment of the Albany developments as having significant design deficiencies. Nevertheless, the Albany developments met the needs of students and younger people.
- The development in Onehunga was perceived by residents to have more of a cosmopolitan feel, with easy and safe access to a rich array of facilities, public transport, and close to the airport.
- The findings on children living in our case study developments suggest that good design is imperative in order to provide facility-rich and safe neighbourhoods for families with children.
- The findings also underscore the fact that well designed intensive housing is able to offer a far larger range of housing types, sizes and costs to meet the needs of a much wider spectrum of household types, when compared to detached suburban houses.
- Intensive housing planning pays attention to ensuring easy access for residents to local open spaces, services and facilities. All three case study areas were close or relatively close to shops, services and other facilities. For Onehunga and New Lynn residents these facilities were within easy walking distance. Albany residents however, generally found it necessary to use their cars because facilities and services (apart from the school close by) were not easily accessible by foot.
- While public transport usage was reported, and in the case of Ambrico Place, has increased over the past decade, this does not translate into regular use. What stood out instead was the high level of car usage which, in turn, highlighted issues of car parking availability and security. This finding led us to ask the question of whether car parking was a more important amenity for intensive housing residents than the availability of public transport. The low frequency of public transport use suggests that it is regarded as an attractive added extra rather than a necessity.
- Despite recent legislative changes (Unit Titles Act (2010)) body corporate issues remain problematic. Our findings indicated that much complexity still surrounds the operation of bodies corporate and their functions were not well understood by a significant proportion

of residents. Of particular concern were the communication problems with body corporate management companies experienced by people for whom English was not their first language.

- With respect to housing preferences, the stand-alone housing option appears not to have lost any popularity. Nearly three-quarters of those interviewed saw themselves living in a standalone house in the future.

8. HOUSE PRICE DYNAMICS

Examining the price characteristics and price dynamics of housing units within the case study areas offered insights into market processes and assisted in interpreting the experiences of residents. Notions of affordability, value for money, and the potential for capital gains or losses shape owners' and investors' perceptions and understandings of the merit of this housing type, and these experiences are incorporated into the popular discourses that surround medium density housing development. Using several datasets, an analysis of key attributes and price dynamics was undertaken and revealed the following points:

- In line with the New Zealand market, sale prices in all the developments in the three case studies rose during the mid-2000s but declined after 2008 only to increase once again in 2011.
- Ambrico Place (the largest of the case study developments with the longest sales history) had the lowest average prices.
- The Ridge development had the highest prices per sqm. within the case study developments.

In order to examine the relative performance of prices within the case study areas, a series of hedonic price models at different geographical scales was constructed. Arising from this analysis a set of price premiums and discounts were calculated for each of the developments and for the nine sub-developments that comprise Ambrico Place. The results showed that:

- The Ridge (Spencer) and associated Masons developments commanded substantial premiums within all of the models.
- The premiums that these developments commanded may have been 'frontloaded' and reflect the initial high average prices that they achieved.
- Despite the high average sale price of individual units (compared to the other developments in the study), the Atrium on Main in Onehunga sold at a discount. It is unclear whether the discount will be long lasting or is a reflection of the post-2008 property downturn and the financial problems encountered by the developer.
- There were significant variations in the relative price performance of different units in Ambrico Place.

- The smallest units, at 3 Ambrico Place, sold at the highest price premiums; whilst 1 Ambrico Place, with private access and tennis courts, recorded small premiums. In contrast, 6 Ambrico Place and 1c Rankin Avenue recorded discounts.

It is clear from the analysis that while the case study developments are representative of medium density housing located in proximity to town centres, and thus share broad amenity/environmental contexts, there is no single price trajectory for this dwelling type. At a general level, the sales data analysis offers some important insights.

- Medium density housing does not necessarily generate price premiums or discounts.
- The price performance of individual housing developments is contingent on highly localised and specific issues including the development history, and the on-going management, of developments.
- Smaller sized units (The Ridge (Spencer) and 3 Ambrico Place) commanded price premiums compared to other multi-unit dwellings.

Given the premiums commanded by smaller units in this study, future research on medium density housing could focus on the demand issues surrounding smaller sized units.

An analysis of ownership structures within the developments indicates that investors (rather than owners) are dominant in the Albany and Onehunga case studies. This presents a potential mismatch between what residents might prefer in their housing options, and what decisions developers and investors make with respect to multi-unit housing.

This concurs with studies of housing intensification in Australia, which show that multi-unit housing tends to be shaped by the requirements and strategies of investors, rather than the needs of owner-occupiers, and that investors have a preference for smaller units. In this respect:

- The dominant position of investors and their demand for smaller units could have very significant consequences for the future of medium density developments in Auckland, especially for family households.
- Investor demands might result in the creation of a housing stock that is less attractive to owner-occupiers and might promote residential environments that are characterised by more transient communities.
- The level of owner or tenant 'churn' within medium density developments could have significant implications for community development processes.

The analysis of the price dynamics of the case study developments reveals other significant factors with regard to investment in medium density housing. It shows, for example, that:

- The Albany developments obtained a price premium especially during the pre-2008 period, even though these developments have a number of poor design elements identified, and difficult pedestrian connections to the Albany centre and bus station.
- This contrasts with the other case study areas where the prices did not command a premium, but where the relation to town centres is much stronger.

- This suggests that amenities may not have been the key to success for the developer, but rather timing was the key in the release of the development to the market.

The analysis indicates that while developers, owners and investors are willing to invest in the initial creation of medium density housing, this does not necessarily translate into appropriate high quality living environments over the long term.

9. AMBRICO PLACE: THEN AND NOW

This research project offered a unique opportunity to compare the research findings of two separate studies of the same medium density housing complex, Ambrico Place, carried out more than a decade apart. Since the 2000/2001 research was undertaken, a number of broader contextual changes occurred: political changes, with respect to Waitakere City Council being disestablished and the Unit Titles Act (1972) being reviewed and replaced by the Unit Titles Act (2010); infrastructural changes in terms of major rail and roading changes and attempts at beautifying and revitalising the New Lynn town centre; and various changes and developments within the Ambrico Place area itself including the Manawa Wetlands upgrade and a kindergarten opening on the Ambrico Place site.

In these developments:

- Home ownership rates have increased since 2001.
- On average households were larger in 2012, occupants older and an even higher percentage of interviewees were overseas born, mostly born in China.
- It appears that a relatively stable community has been established, with nearly three-quarters of interviewees having lived in Ambrico Place for three years or more, a pertinent finding in light of Waitakere City Council's previous concerns over the high level of transience and population churn in New Lynn, and the resultant difficulty of creating a stable community. A higher proportion of residents in 2012 thought that being part of a community was important and said they felt they were part of the local community.
- Although more people told us they use public transport, fewer were frequent users, despite the improvements made to public transport facilities and infrastructure in the area since 2001. The number of cars per household also increased since 2001, largely explained by the increase in the number of adults living in the households in the sample.
- The experiences of a number of the interviewees had been blighted because of the incidence of leaky building syndrome in their development.
- Respondents expressed general satisfaction with their accommodation, yet:
- Residents still regarded their medium density housing as a transition towards owning a suburban house.

10. CONCLUSIONS

Our research has examined medium density housing in Auckland from a number of perspectives: the extent to which the case study developments reflect the urban consolidation and quality housing aims of the relevant planning policies and district plans; residents' perceptions of how the case study developments met their needs and expectations; the price dynamics of the housing units in the case study developments; and changes that have occurred to the Ambrico Place developments since the earlier study of 2001. Drawing on a review of relevant literature, our research has also been informed by a critical appraisal of the outcomes of urban growth management strategies in contexts similar to Auckland.

Overall, the case study developments indicated a reasonable level of satisfaction with the experiences of living at medium densities, and meeting a range of household needs that included bringing up children and caring for the elderly. In part, this positively supports proposals to increase the supply of higher density housing promoted by the Auckland Plan. However, we also recognise from our research that complex interactions between urban planners, developers and potential buyers (owner-occupiers and investors) profoundly influenced the physical characteristics of medium density developments. These interactions produced a specific built form that may, or may not, exhibit good design elements and may, or may not, promote long term 'successful communities'.

This poses a problem for planners, developers and the Auckland Council in terms of implementing the Auckland Plan (through the yet to be released Unitary Plan). Embedded within the Plan, is an implicit view that the built form influences the development of a 'sense of community'. Yet if living in these newer developments is viewed by residents as little more than a transitory stage in their lives, then there are implications for developing the vibrant, liveable, community-oriented local environments promoted in the Plan. The above findings also demonstrate the disjuncture between the planning visions and policies for compact development and the views and practices of residents living in those areas. This suggests that good plans and planning mechanisms on their own are not sufficient to ensure the delivery of the policy aims and quality outcomes anticipated. Our research suggests that the following key issues need consideration in order to maximise the opportunities for the Auckland Plan to deliver the quality housing intensification and urban lifestyles anticipated. In part these factors represent a misalignment between what the Auckland Plan aims to achieve and key findings from our research.

- **Effective and more flexible planning instruments and tools**

Our research points in part to the planning instruments and tools used to deliver the outcomes envisaged in plans and policies being deficient. This suggests not only that the planning instruments need to be more effective, but also more flexible to respond to changing circumstances to achieve the aims of compact development.

- **Incentivisation of housing intensification**

International experience strongly suggests a linkage between more successful housing intensification outcomes and various incentives promoted by local and regional authorities. These measures include zoning incentives, better capturing of up-zoning value for

investment in the public realm, better targeted and active promotion of strategies such as transit-oriented development in partnership with the developers and investors, and more engagement with the range of stakeholders involved in the development process.

- **Aligning infrastructure investment with housing intensification**

Our research suggests that residents in the case study developments remain car-dependent for most transport needs, and that there is an underuse of the public transport facilities in the three town centres concerned. This suggests that far better value could be leveraged off the large investments made in key public transport infrastructure such as the electrification and upgrading of the train system, the Northern Busway and the proposal for an inner city rail loop.

- **Valuing the amenities of town centres in property prices**

Our research indicates that property prices in the case study areas are not overtly being influenced by the presence, or absence, of quality amenities and services in the associated town centres. Our review of literature indicates that in some cities such as Vancouver and Portland, the reverse prevails: that quality community amenities and services, and easy access to public transit is positively reflected in property values. Better understanding of the associated price dynamics to achieve a more positive outcome will enhance the promotion of housing intensification.

- **Aspirations for suburbia**

Despite the positive responses to living at higher densities, for whatever reason, the aspiration of living in detached suburban housing remains strong for both New Zealand-born and 'new' New Zealanders. However, this aspiration needs to be understood in relation to the reasons given for living in their present accommodation: such as 'proximity/location' and 'affordability.' In this respect, the suburban 'dream' might simply be unrealistic and unaffordable. Thus, keeping in mind the low national median income of New Zealanders and Auckland's high house prices, it can be surmised there is a disjuncture between the desire and aspiration to live in a standalone home and affordability considerations. Nevertheless, the aspiration for suburbia (no matter how unrealistic) is a barrier to the promotion of visions for a compact city that needs to be better understood. We need to better understand what the necessary 'trade-offs' are between the suburban lifestyle (whether affordable or not) and the urban lifestyle envisaged for a majority of future Aucklanders.

