



**BUILDING BETTER  
HOMES, TOWNS  
AND CITIES**

Ko Ngā wā Kainga hei  
whakamāhorahora

National  
**SCIENCE**  
Challenges

**Getting the Housing We Say We Want:  
Learning from the Special Housing Area Experience in Tauranga and the  
Western Bay of Plenty**

*Paper 1 – National Policy and Initial Local Implementation*

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## EXECUTIVE SUMMARY

Findings based on the documentary information and data available to date show that:

- Special Housing Areas (SHAs) have failed to deliver the expected supply response within the original legislative timeframe from 2013-2016. The legislation now expires in 2019.
- Housing Accords and the associated SHAs involved central government intervention in local decision-making.
- Public consultation around proposals to establish SHAs is not required, although the two councils in the Western Bay of Plenty sub-region have consulted publically on those proposals. Across all SHAs established in the sub-region, over two-thirds of submissions were opposed.
- 15 SHAs were established in the sub-region by August 2017.
- Most of the SHAs are concentrated in one area, Papamoa, and most are on greenfields sites.
- The SHAs differ widely in size, proposed number of dwellings and dwelling typologies.
- Home buyer target groups are also diverse, while there is little obvious provision of rental housing.
- Neither increases in the number of dwellings delivered to market, shortening of time from start to finish, or housing affordability improvements are clear in relation to SHAs in the sub-region. This is consistent with findings around SHAs in Auckland.
- There is little evidence yet that there is potential to promote liveability and sustainability through SHAs in the sub-region, unlike in some other areas where SHA developments are encouraged to incorporate those aspects into housing and neighbourhood design.

## 1. INTRODUCTION

Over the last decade, New Zealand has seen a plethora of government commissioned reviews and working parties dealing with some aspect of the seemingly inexorable rise of house prices, problems with housing affordability, exclusion from home ownership, the rise of homelessness and increasing building costs.<sup>1</sup> New Zealand is not alone in experiencing governmental ‘busy-ness’ around housing and housing affordability, while simultaneously largely avoiding additional direct investment in the housing infrastructure or interventions in housing markets and house prices. Gurran and Phibbs note that Australia has also shown a similar pattern of repeated state and commonwealth government inquiries.<sup>2</sup> In New Zealand, as in Australia, there has developed a particular narrative around housing supply, building costs and land availability. That narrative broadly plays out as follows: the main driver of unaffordable housing is under-supply which is generated out of an under-supply of land, high land prices, and the costs embedded in the combined process of acquiring consents under the Resource Management Act (RMA) and building consent processes. In New Zealand, that narrative is manifest in the development of a central government policy around Housing Accords between central and local government and the release of land for residential development outside the usual processes of settlement planning. Those areas released for residential development under this alternative process are defined as Special Housing Areas (SHAs). Because of their inherent challenge to local planning systems that control land use, as well as the privileging of land supply as the solution, SHAs have been called “a key historical moment in the politics of housing supply and planning in New Zealand.”<sup>3</sup>

SHAs and the outcomes associated with them – whether they deliver houses, whether they impact on prevailing house prices, and whether they provide affordable housing to the households struggling to find affordable housing – is a case study in one of the Strategic Research Areas (SRA) in the Building Better Homes Towns and Cities National Science Challenge. This paper is the first of a series of research papers about SHAs, with a particular focus on the experience of SHAs in the Western Bay of Plenty sub-region, which comprises the territorial authorities of Tauranga City and Western Bay of Plenty District.

The purpose of this case study goes beyond exploring a regional experience. Indeed, it goes beyond an evaluation of SHAs. Rather, this case study treats SHAs as a window into a broader question at the heart of the SRA – *Architecture of Decision-Making*.<sup>4</sup> That is, why, despite a multitude of stakeholders in government, the building industry, and the public generally saying that we want and need affordable, fit for purpose, resilient homes that meet the needs of our diversity of households, does New Zealand persistently fails to deliver them? The SRA – *Architecture of Decision-Making* is all about identifying the deep logics,

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<sup>1</sup> For example, New Zealand Productivity Commission, 2012, *Housing Affordability Inquiry*, Wellington, Productivity Commission; New Zealand Productivity Commission, 2015, *Using Land for Housing*, Wellington, Productivity Commission; New Zealand Productivity Commission, 2017, *Better Urban Planning*, Wellington, Productivity Commission.

<sup>2</sup> N. Gurran and P. Phibbs, 2015, “Are Governments Really Interested in Fixing the Housing Problem? Policy Capture and Busy Work in Australia”, *Housing Studies*, 30(5): 711-729.

<sup>3</sup> L. Murphy, 2016, “The politics of land supply and affordable housing: Auckland’s Housing Accord and Special Housing Areas.” *Urban Studies* 53(12):2530-2547.

<sup>4</sup> For more detailed information on this SRA, see National Science Challenge Building Better Homes Towns and Cities <http://www.buildingbetter.nz/research/decision.html> and associated pages.

imperatives and interests that drive our decisions about housing and our cities and settlements. By understanding those, where the resources lie that are necessary to generating the housing New Zealand needs, and the ways key actors and regulatory agents act we hope to provide a shared knowledge platform that will allow us to do better.

The research around SHAs in Tauranga and the Western Bay of Plenty falls within one component of the research programme of the *Architecture of Decision-Making* – that is, a series of case studies which we broadly call *Life as Lived*. These case studies look into policies, programmes and activities to better understand not only their outcomes, but more importantly, what they reveal about the complex systems that generated those outcomes. This SHA case study is one of a number currently active. The others in the *Life as Lived* component are studies on: the implementation of Smarter Streets, papakāinga, and the building response to the Canterbury earthquakes recovery. Each study will have a number of reports.

This first paper on SHAs reports on a detailed review of the documentation around the Western Bay of Plenty sub-region SHAs and uses thematic analysis to identify the rationale for SHAs, the critical actors in SHAs, the implementation processes, and putative outcomes associated with SHA development. There is also data presented on the number of SHAs in operation and their production of housing to date. The paper proceeds as follows. Section 2 outlines the documentary analysis method and key focus of the study. Section 3 explores the nature of SHAs as a housing intervention model. Section 4 describes the establishment of SHAs in Tauranga and Western Bay of Plenty and their characteristics. Section 5 looks at what we know about SHA outcomes in the sub-region to date. Section 6 presents some conclusions and identifies further work.

## 2. KEY FOCUS AND RESEARCH METHOD

The key set of questions this case study addresses is: How and to what extent are SHAs resulting in:

- More housing, part of the purpose of the Housing Accords and Special Housing Areas Act (HASHAA) 2013.
- Affordable housing, part of the purpose of HASHAA.
- Liveable housing, particularly in relation to sustainability, accessibility/universal design and connectivity. While there is nothing in HASHAA that specifically refers to liveable and sustainable housing, the Act requires councils to have regard to the New Zealand Urban Design Protocol in assessing an application for a SHA.<sup>5</sup>
- Improved access to rental housing. HASHAA is concerned with housing affordability, and while the Act's rationale is clearly focused on affordable home ownership,<sup>6</sup> unaffordable rentals continue to characterise the sub-region's housing market. We want to see to what extent SHAs provide any affordable rental housing, and whether they relieve pressure on

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<sup>5</sup> Clause 34 (1) (e), Housing Accords and Special Housing Areas Act 2013. See Ministry for the Environment, 2005, *Urban Design Protocol*, Wellington, Ministry for the Environment, <http://www.mfe.govt.nz/sites/default/files/media/Extra%20downloads/Other%20documents/urban-design-protocol-bw.pdf> in which connectivity, accessibility and sustainability of the urban environment are key themes.

<sup>6</sup> Ministry of Business, Innovation and Employment, 2013, *Regulatory Impact Statement Creating Special Housing Areas*, Wellington, Ministry of Business, Innovation and Employment, pp3-4, accessed May 12, 2017, <http://www.mbie.govt.nz/info-services/housing-property/housing-affordability/document-image-library/ris-creating-special-housing-areas.pdf>

the rental market within the area, something that would be expected if they are to alleviate unaffordability.

- Housing that addresses the needs of specific groups vulnerable to housing stress, such as older people and low-income people. Again, HASHAA is silent on housing need, except in general reference to areas in “high housing need”.

Those questions have been explored initially through a documentary review of published and unpublished material, including official documents (central and local government), media reports, websites and other relevant information sources. Sources used in the analysis for this report are:

- Special housing areas and housing accords legislation (the Housing Accords and Special Housing Areas Act 2013 and 2016 amendment).
- Orders in Council.
- Regulatory impacts statements.
- Tauranga City Council and Western Bay of Plenty District Council Housing Accords.
- Development proposal for each SHA.
- Council consultation document for each SHA.
- Council policy documents and web page information relating to SHAs.
- Council minutes and agenda briefing papers relating to SHAs.
- Ministry of Business, Innovation and Employment (MBIE) SHA monitoring reports.
- SmartGrowth information relating to SHAs. This includes the Housing Affordability Pilot project specifically targeting Omokoroa SHA, and Housing Needs Assessment project.
- National Policy Statement on Urban Development Capacity.
- Newspaper articles about SHAs.

The following information for each SHA was systematically captured:

- Location and size of site.
- Date of Order in Council that established the SHA.
- Developer and landowner.
- Proposed and actual number of houses produced.
- Proposed and actual sales prices.
- Previous zoning and land use, and whether the SHA is located on greenfields or brownfields.

Additional information was collected on:

- SHA planning & regulatory framework.
- Rationale for establishing a SHA.
- Key decision makers and key nodes of decision-making in respect of SHAs.
- To what extent does decision-making around SHAs intersect with other sectors, stakeholders and activities, including industry, education, training and employment, transport and service provision.
- Nature and extent of consultation about SHAs.
- SHA outcome data.
- Proposed SHAs.

The focus on Tauranga and the Western Bay of Plenty was a purposeful research and analytic decision. Although Auckland house prices, its expanding population and problems with housing access and affordability have dominated the political narrative, provincial growth centres such as the sub-region also face considerable housing challenges. Yet while there is



a growing body of analysis and public comment on the history, nature and impacts of SHAs in Auckland, practically nothing is known about SHAs in other areas.

### 3. SHAS AS A HOUSING INTERVENTION

After mounting public debate around house prices, housing exclusion and housing affordability, central government adopted a series of strategies directed to reducing alleged planning barriers to housing supply. The establishment of Special Housing Areas under the Housing Accords and Special Housing Areas Act 2013 (HASHAA) was intended to enhance housing affordability by facilitating an increase in land and housing supply.<sup>7</sup>

This supply-side response represented a significant departure from the policy settings established by the incoming National government in 1990. The policies it introduced then were strongly demand-side oriented consisting of a demand-driven, welfare payment – the Accommodation Supplement. The Accommodation Supplement was set to assist households by subsidising a portion of housing costs deemed unaffordable. In contrast, international responses to housing unaffordability show multi-faceted interventions targeting both supply- and demand-side barriers. Responses have included mixed tenure and social mix programmes, social housing provider support, housing allowances, community regeneration, inclusionary planning and financial and tax instruments.<sup>8</sup> Alongside these varied approaches, governments, particularly in England and Australia, have also sought to address problems of affordability and supply through changing the planning system and local government planning practice, and by encouraging land release for residential development. These trends appear to have influenced the introduction of SHAs in New Zealand.<sup>9</sup>

HASHAA embodies a twofold approach: firstly to increase the volume of land for residential development; and secondly to increase the pace of consenting developments in order to bring lots and ultimately housing on to the market more quickly. The underpinning logic is that both land release and rapid consenting are expected to improve housing affordability. This logic has been consistently expressed in Productivity Commission reports, which advocate for land release and reducing planning barriers.<sup>10</sup>

HASHAA is predicated on the assumption that land supply is artificially constrained by councils' restrictive planning controls, which inhibit the operation of the market and consequently drive up the price of land. Loosening up these controls by zoning land for residential use and 'fast-tracking' consents for land subdivision, infrastructure development and building is expected to reduce the costs of supplying housing and consequently improve affordability for consumers.

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<sup>7</sup> Clause 4, *Housing Accords and Special Housing Areas Act 2013*, accessed May 25, 2017, <http://www.legislation.govt.nz/act/public/2013/0072/latest/DLM5369001.html>.

<sup>8</sup> L. Murphy, 2016, *The politics of land supply*, p.2530; A. Salvi del Pero, *et al.*, 2016, *Policies to promote access to good-quality affordable housing in OECD countries*, Paris, OECD Publishing, OECD Social, Employment and Migration Working Papers, No. 176.

<sup>9</sup> L. Murphy, 2017, "Housing affordability, urban planning and Auckland's Special Housing Areas". In Howden-Chapman, P., Early, L. and Ombler, J (eds) *Cities in New Zealand: Preferences, Patterns and Possibilities*, Wellington, Steele Roberts, pp.66-78.

<sup>10</sup> New Zealand Productivity Commission, 2012, *Housing Affordability Inquiry*; New Zealand Productivity Commission, 2017, *Better Urban Planning*.

Reflecting the predominant focus on land supply as the mechanism by which to achieve affordability, HASHAA has no mandatory requirement for a percentage of SHA housing to be affordable or for affordable housing to be retained. However the Act allows a council to prescribe an affordable housing percentage in a SHA if it wishes.<sup>11</sup>

While the availability of land is an essential precondition for building houses, and timely consenting procedures help production, there is nothing inherent in those factors that would guarantee cheaper housing. A variety of other factors come into play, particularly the ability of land owners, developers and builders to finance housing development, manage risk and secure a return.<sup>12</sup>

A council that is defined in Schedule 1 of HASHAA as experiencing “significant housing supply and affordability issues” may set up a Housing Accord with the Minister administering the Act. Under an Accord the council can recommend to the Minister that a SHA be established. In turn the Minister recommends to the Governor-General that the SHA be established by an Order in Council.

In proposing a SHA, a council must demonstrate that there is existing or planned infrastructure to support the development, that there is evidence of supplier-led demand to create the development, and also evidence of consumer demand for housing. These requirements show that, essentially, the impetus to create a SHA is driven by the market. That is, there must be private sector capacity and willingness to build houses. It is generally a developer or land owner that applies to the council for land to be created as a SHA (although a council may ‘nudge’ this process). The council then assesses the application and decides whether to recommend the proposed SHA to the Minister.

Housing consumers and the general public have no role in the decisions about SHAs, and little influence on their establishment, as the legislation does not require public consultation to be undertaken. Furthermore, in keeping with the fast-track and permissive consenting process for SHAs, the consenting processes for residential development after a SHA is established do not require consultation. No public notification of the proposed development is required and there is no legal appeal.<sup>13</sup> This is a departure from the usual process for residential developments under the RMA, the main legislation concerned with the supply, development and subdivision of land for residential housing.

SHAs were only ever envisaged as a short-term measure, while the Auckland Unitary Plan was finalised and reforms were made to the RMA. The timeframe within the HASHAA for setting up SHAs was limited to three years and house building was expected to take place within that time. However, the other measures to address housing unaffordability have not progressed as expected.

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<sup>11</sup> Clause 15(3), *Housing Accords and Special Housing Areas Act 2013*,

<sup>12</sup> J. Tookey, 2017, *The Mess We’re In: Auckland’s Housing Bubble from a Construction Sector Perspective*, Auckland, The Policy Observatory, Auckland University of Technology, accessed May 26, 2017, [https://thepolicyobservatory.aut.ac.nz/\\_data/assets/pdf\\_file/0005/75083/168465\\_The-Mess-We-Are-In\\_Proof4\\_Digital\\_PRINT-VERSION-w-May.pdf](https://thepolicyobservatory.aut.ac.nz/_data/assets/pdf_file/0005/75083/168465_The-Mess-We-Are-In_Proof4_Digital_PRINT-VERSION-w-May.pdf)

<sup>13</sup> Ministry of Business, Innovation and Employment, 2013, *Regulatory Impact Statement Creating Special Housing Areas*.

SHA development and house building since the Act's introduction in 2013 have been slow. By September 2016, nine of the fifteen councils named in Schedule 1 of the HASHAA had signed Accords, and 213 SHAs had been established in those nine areas.<sup>14</sup> The large majority of SHAs, 154, were established in Auckland. One third of the 213 SHAs were established in 2016 and there was no time to bring housing on-stream by HASHAA's original end date in September 2016.<sup>15</sup> As a consequence, HASHAA was amended in September 2016 to allow it to continue until September 2019.

#### 4. SHAS IN TAURANGA CITY AND WESTERN BAY OF PLENTY DISTRICT

Tauranga is the fifth largest city in New Zealand, with a population of 128,200. The Western Bay of Plenty district surrounding Tauranga has a population of over 47,800 spread across rural areas and six main urban settlements.<sup>16</sup> Although separate territorial authorities, these two areas in effect operate as a combined sub-regional housing market and economy. The councils work together through SmartGrowth, an integrated settlement planning approach encompassing the sub-region. SmartGrowth was set up in 2000 by the two councils, the Bay of Plenty Regional Council and the Bay of Plenty District Health Board.

The sub-region comprises one of the fastest growing urban areas in New Zealand and is defined as one of five high growth urban areas in the National Policy Statement on Urban Development Capacity, which requires councils to plan for land demand and intensification.<sup>17</sup> The sub-region contributes by far the largest proportion of the Bay of Plenty region's growth, and this pattern is projected to continue. Both councils experience significant in-migration and have a growing population aged 65 years and over.<sup>18</sup> Population projections to 2031 indicate a substantial increase in both numbers and proportions in the 65 and older age group for both councils, while only Tauranga is projected to have gains across all age groups.<sup>19</sup>

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<sup>14</sup> Ministry of Business, Innovation and Employment, 2016, *Regulatory Impact Statement Amending the Housing Accords and Special Housing Areas Act 2013*, Wellington, Ministry of Business, Innovation and Employment, accessed May 12, 2017, <http://www.mbie.govt.nz/info-services/housing-property/housing-affordability/document-image-library/signed-housing-accords/ris-amending-the-housing-accords-and-special-housing-areas-act-2013.pdf>

<sup>15</sup> Ministry of Business, Innovation and Employment, 2016, *Regulatory Impact Statement Amending the Housing Accords and Special Housing Areas Act 2013*.

<sup>16</sup> Statistics New Zealand, *Sub-national population estimates at 30 June 2016*, Wellington, Statistics New Zealand, accessed May 12, 2017, [http://www.stats.govt.nz/browse\\_for\\_stats/population/estimates\\_and\\_projections/subnational-pop-estimates-tables.aspx](http://www.stats.govt.nz/browse_for_stats/population/estimates_and_projections/subnational-pop-estimates-tables.aspx).

<sup>17</sup> New Zealand Government, 2016, *National Policy Statement on Urban Development Capacity 2016*, Wellington, Ministry for the Environment, accessed December 12, 2017 [http://www.mfe.govt.nz/sites/default/files/media/Towns%20and%20cities/National\\_Policy\\_Statement\\_on\\_Urban\\_Development\\_Capacity\\_2016-final.pdf](http://www.mfe.govt.nz/sites/default/files/media/Towns%20and%20cities/National_Policy_Statement_on_Urban_Development_Capacity_2016-final.pdf).

<sup>18</sup> SmartGrowth, 2013, *Spatial Plan for the Western Bay of Plenty SmartGrowth Strategy 2013*, accessed May 12, 2017, <https://www.smartgrowthbop.org.nz/media/1678/2013-strategy-part-11-1-30.pdf>

<sup>19</sup> N. Jackson, M. Rarere and S. Pawar, 2013, Bay of Plenty region and its Territorial Authorities Demographic Profile 1986-2031. *New Zealand Regional Demographic Profiles 1986-2031*, No. 11. Hamilton, National Institute of Demographic and Economic Analysis, University of Waikato.

Both councils are listed in Schedule 1 of the HASHAA as experiencing significant housing supply and affordability issues. The sub-region has the second least affordable housing in the country, according to *Demographia*, with housing costing 9.7 times the median household income.<sup>20</sup> The National Affordability Benchmark shows that 74.5 percent of Bay of Plenty renting households and 83.5 percent of first home buyer households are below the benchmark, indicating housing is not affordable for the large majority of renters and potential first home buyers.<sup>21</sup> Recent QV sales data show median sale prices of \$597,000 for Tauranga, and \$549,500 for Western Bay of Plenty District.<sup>22</sup> Furthermore, the sub-region's growing homeless population is increasingly documented and a transitional housing complex of 19 dwellings has been set up in Papamoa.<sup>23</sup>

#### 4.1 The Housing Accords and associated SHAs

Although two separate Housing Accords have been established, one for Tauranga, and one for Western Bay of Plenty, each Accord states that the councils will work collaboratively together on housing developments that cross territorial boundaries or that require infrastructure to be serviced by the other council.

The Tauranga Housing Accord, signed in August 2014, has three aims:<sup>24</sup>

- To increase the number of dwelling lots provided by SHAs by at least 1,000 in the first two years of the Accord.
- To promote smaller dwelling sizes (less than 189 square metres) and section sizes (less than 500 square metres), in order to achieve “a more affordable price point.”
- To maintain land supply in the area to ensure competition amongst developers. A target is set at maintaining supply of undeveloped zoned and serviced residential capacity for 8,000 dwellings.

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<sup>20</sup> W. Cox and H. Pavletich, 2017, *13<sup>th</sup> Annual Demographia International Housing Affordability Survey: 2017*, Belleville, Illinois, Demographia, p. 57, accessed May 12, 2017, <http://www.demographia.com/dhi.pdf>

<sup>21</sup> Only regional, not sub-regional, level housing affordability data is available. Since the Western Bay of Plenty sub-region comprises the most populous and urban part of the Bay of Plenty Region, these affordability measures are likely to under-estimate the unaffordability of rental and first home buyer stock in the sub-region. See Ministry of Business, Innovation and Employment, 2017, *Housing Affordability in New Zealand: Results*, Wellington, Ministry of Business, Innovation and Employment, p.15.

<sup>21</sup> Minister of Housing and Tauranga City Council, *Tauranga Housing Accord 14 August 2014*, accessed May 12, 2017, <http://www.mbie.govt.nz/info-services/housing-property/housing-affordability/document-image-library/signed-housing-accords/tauranga-housing-accord.pdf>

<sup>22</sup> <https://www.qv.co.nz/property-trends/residential-sales-prices>, accessed December 12, 2017. Personal communication with QV – data is up to October 2017.

<sup>23</sup> 350 is a minimum estimate of the number of homeless individuals in Tauranga, see Housing Workshop for Tauranga City Council councillors, 10 October 2017. For information on the Ministry of Social Development's transitional housing in Papamoa, see <https://www.msd.govt.nz/documents/about-msd-and-our-work/work-programmes/social-housing/opal-drive-factsheet-key-themes-august-2017.pdf>

<sup>24</sup> Minister of Housing and Tauranga City Council, 2014, *Tauranga Housing Accord 14 August 2014*, accessed May 12, 2017, <http://www.mbie.govt.nz/info-services/housing-property/housing-affordability/document-image-library/signed-housing-accords/tauranga-housing-accord.pdf>

The Western Bay of Plenty Housing Accord, signed in August 2014, has three goals:<sup>25</sup>

- To develop a SHA at Omokoroa in Year 1, and to consider the development of at least two other SHAs in year 2.
- To achieve up to 500 building consents in the district as a whole over two years, including in SHAs.
- To issue up to 175 building consents within SHAs over two years.

Both accords state explicitly that private sector leadership is fundamental to the establishment of SHAs. The Tauranga Accord notes that the Accord will “maintain a well-functioning, private sector-led housing market.”<sup>26</sup> Applications for establishing Tauranga SHAs have been driven by developers and land owners.<sup>27</sup> In Western Bay of Plenty, the majority of land in the only SHA is in council ownership, however, the development is being undertaken in partnership with a private developer. That Accord confirms the key role of developers, stating it “is about providing the conditions for private investment in housing and will require both Council and Government to work closely with the development sector.”<sup>28</sup>

While legislation does not require public consultation to be undertaken in the establishment of a SHA, both councils have consulted with their communities. The Western Bay of Plenty District Council consulted with directly affected and adjoining land owners, local community, iwi, and developers. Tauranga City Council also consulted with directly affected and adjoining land owners, conducted open days and requested written submissions. Across all SHAs, over two-thirds of submissions were opposed. For individual SHAs, opposed submissions ranged from one-third to 95 percent.<sup>29</sup>

## 4.2 The SHAs

Under the two Accords, 13 SHAs were created in the sub-region by August 2016, just prior to the expiry date of HASHAA. At that time the sub-region had one of the highest number of SHAs outside of Auckland. Twelve SHAs were set up in Tauranga, including one extension of an existing SHA, and one SHA in Omokoroa, the Western Bay of Plenty District’s main growth area. Under the extended HASHAA, two more SHAs were established in Tauranga in August 2017, of which one is an extension of an existing SHA. In September 2017 the Tauranga Council called for proposals for more SHAs. The council will make decisions on those proposals in March 2018.<sup>30</sup>

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<sup>25</sup> Minister of Housing and Western Bay of Plenty District Council, 2014, *Western Bay of Plenty Housing Accord, 14 August 2014*, accessed May 12, 2017, <http://www.mbie.govt.nz/info-services/housing-property/housing-affordability/document-image-library/signed-housing-accords/western-bay-of-plenty-housing-accord.pdf>

<sup>26</sup> Minister of Housing and Tauranga City Council, 2014, *Tauranga Housing Accord 14 August 2014*, accessed May 12, 2017, <http://www.mbie.govt.nz/info-services/housing-property/housing-affordability/document-image-library/signed-housing-accords/tauranga-housing-accord.pdf>

<sup>27</sup> Ministry of Business, Innovation and Employment, 2015, *Regulatory Impact Statement Establishing Special Housing Areas in Tauranga (second tranche)*, 15 June, 2015, Wellington, Ministry of Business, Innovation and Employment, accessed May 12, 2017, <http://www.mbie.govt.nz/publications-research/publications/housing-and-property/sha-tauranga-second-tranche.pdf/view>

<sup>28</sup> Minister of Housing and Western Bay of Plenty District Council, 2014, *Western Bay of Plenty Housing Accord, 14 August 2014*, accessed May 12, 2017, <http://www.mbie.govt.nz/info-services/housing-property/housing-affordability/document-image-library/signed-housing-accords/western-bay-of-plenty-housing-accord.pdf>

<sup>29</sup> A separate paper about the SHA consultation process is being prepared. This will include a thematic analysis of submissions.

<sup>30</sup> Tauranga City Council “Call for proposals for Special Housing Areas”, posted online on 27 September, 2017. <https://www.tauranga.govt.nz/council/council-news-and-updates/latest-news/artmid/456/articleid/1719>

The key characteristics of the 15 SHAs, as at August 2017, are set out in Appendix 1 and summarised in Table 1 below. Table 1 shows that most of the SHAs are concentrated in Papamoa and most are on greenfields sites. They range in size from less than 1 ha to 63 ha. Larger SHAs include reserve land. Existing zoning covers a variety of uses, including rural, residential, employment, industrial and active urban space. Non-residential land must be re-zoned residential for SHAs through a plan variation.

The proposed number of dwellings depends on the size of the SHA and ranges from 31 to 600. A variety of dwelling typologies are proposed, including stand-alone, duplex, terrace, town house and apartment. A few developers intend to include non-residential facilities within their development. One intends to include a childcare centre and café. Another includes commercial space, while a third has plans for an urban centre within the development.

Tenure is mainly fee simple, although some are unit title with a body corporate. Two SHAs indicate they will offer a leasehold land option, while one indicates a retirement village will be established. This is likely to offer a licence-to-occupy tenure. Only one SHA indicates a rental model, specifying social housing. It is also likely that investors will buy SHA housing for private rentals.

Proposed lot prices range from \$150,000-\$250,000. Proposed dwelling and lot prices range from \$350,000-\$750,000, depending on size. Only one SHA states that affordable dwellings will be a “significant focus”.<sup>31</sup>

The target groups are diverse, and most developers indicate that they seek a cross section of the market. Only one SHA intends to include social housing tenants. Eight SHAs specify a focus on smaller households, such as ‘downsizers’, ‘empty nesters’, singles and couples. Seven SHAs indicate a focus on older householders, and one SHA intends to develop a retirement village and aged residential care. Five SHAs have a focus on first home buyers, along with other types of home buyers.

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<sup>31</sup> John Cousins, “Bay iwi unveil ‘affordable’ housing plan” *Bay of Plenty Times* 9 October, 2014.

## Infobox 1: Summary of SHA Characteristics

Characteristic	Summary
Location	Concentration of SHAs in Papamoa (9). The rest in Mt Maunganui, Ohauiti, Judea, Bethlehem, Greerton, Omokoroa. Twelve are greenfields sites and three are brownfields.
Size	Range from less than 1 ha to 63 ha.
Establishment date (Order in Council)	10 established in 2015, 3 in 2016, 2 in 2017.
Owners and developers	Owners and developers are known for 14 of 15 SHAs. Two companies are involved in 2 SHAs each. All other owners/developers are involved in one SHA. They include private companies and an Iwi. Tauranga City Council owns the land of one SHA. The Omokoroa SHA includes 10 titles, 6 of which are owned by Western Bay of Plenty District Council and the balance by private companies or private trusts.
Proposed number and type of dwellings	Depending on the SHA size, dwelling numbers range from 31 to 600. Some SHAs propose different dwelling sizes and typologies, including one-bedroom, two-bedroom, duplex, terrace, town houses and apartments. One SHA includes a proposed retirement village and aged residential care facility.
Target groups	First and second home buyers, young families, downsizers, single parents, couples, retirees, professionals looking for beach views, holiday accommodation, empty nesters, low-moderate income families, social housing, builders.
Proposed sales prices	Little information is publically available. Some data refers only to section prices, other data to proposed dwelling and section packages. Proposed section prices range from \$150,000 - \$250,000, depending on size. Proposed dwelling and section prices are based on size and range from \$350,000 - \$750,000. Two SHAs intend to offer leasehold land to reduce prices.
Land use prior to SHA designation	Variety of zoning, consisting of residential, suburban residential, rural residential, rural, employment, commercial, light industrial, industrial, active open space, future urban. One SHA includes land acquired as part of Treaty settlement for cultural and commercial redress. Two SHAs were former camping grounds.

## 5. SHA DELIVERY

To date, two monitoring reports for each housing accord in the sub-region have been published by MBIE. Those monitoring reports provide data on outcomes against targets (Table 2). However, the number of new houses in SHAs cannot be easily identified, because generally 'whole of market' data is reported, including house price growth, the number of sections developed and building consents in the whole area, not specifically in SHAs.

Central government does not collect data on the number of building consents issued, or the number of houses completed in SHAs.<sup>32</sup>

### **Infobox 2: Housing Accord Targets**

The Tauranga Accord set four targets:

- to declare SHAs with a capacity of 1,000 dwellings across the first two years of the Accord;
- promoting the development of smaller dwellings (less than 189 square metres);
- promoting the development of smaller sections (less than 500 square metres); and
- maintaining supply of undeveloped zoned and serviced residential capacity for 8,000 dwellings.

The Western Bay of Plenty Accord set three targets:

- consideration of two SHAs in the district;
- an increase in building consents throughout the district (not confined to SHAs); and
- 100 property titles issued in SHAs.

The most recent Tauranga monitoring report on development, to August 2016, notes for the district as a whole:<sup>33</sup>

- Strong growth in house prices over the previous 12 months.
- Increased building consent activity.
- Undeveloped zoned and serviced capacity for a further 10,950 dwellings across the district (the target was to maintain a supply of undeveloped zoned and serviced residential capacity for 8,000 dwellings).

With regard to progress in Tauranga SHAs, the monitoring report stated, to August 2016:

- An estimated capacity of 2,970 dwellings created (the target was capacity for 1,000 dwellings).
- A total of six resource consents issued for developments in five SHAs, and three further resource consents lodged for three SHAs.
- Smaller dwellings and lot sizes in consents issued in SHAs (the target was for promoting the development of dwellings less than 189 square metres and promoting the development of sections less than 500 square metres).
- 183 dwelling consents issued in two SHAs.
- House building started in one SHA.

The most recent Western Bay of Plenty monitoring report shows only one SHA established, with a capacity for 240 dwellings in future. A consent application for stage one of the development has been received for approximately 38 lots. To date no houses have been completed. No interest has been received from developers for the establishment of a second SHA.<sup>34</sup>

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<sup>32</sup> New Zealand Parliament, 2017, *Social Services Committee 2015/16 Annual Review of appropriations within Vote building and Housing*. Pre-hearing questions for written response, February 3, 2017, 1, 7, accessed May 25, 2017, [https://www.parliament.nz/resource/mi-NZ/51SCSS\\_EVI\\_00DBSCH\\_ANR\\_72152\\_1\\_A546987/8fe87d5eaf27145ff2dc2bb2f2819b6a306c0cbb](https://www.parliament.nz/resource/mi-NZ/51SCSS_EVI_00DBSCH_ANR_72152_1_A546987/8fe87d5eaf27145ff2dc2bb2f2819b6a306c0cbb)

<sup>33</sup> Ministry of Business, Innovation and Employment and Tauranga City Council, 2016, *Tauranga Housing Accord Monitoring Report #2 12 months to August 2016*, accessed May 12, 2017, <http://www.mbie.govt.nz/info-services/housing-property/housing-affordability/document-image-library/signed-housing-accords/tauranga-housing-accord-monitoring-report-2016.pdf>

<sup>34</sup> Ministry of Business, Innovation and Employment and Western Bay of Plenty District Council, 2016, *Western Bay of Plenty Housing Accord Monitoring Report #2 12 months to August 2016*, accessed 12 May, 2017,



The monitoring data that is available suggest some progress in developing residential sections and some house building has commenced. Since that data was released, it appears that some homes have been completed in two SHAs. All 31 dwellings have been completed in the Waihi Road development and some homes have been completed in Golden Sands.<sup>35</sup>

### 5.1 SHAs delivering more housing?

It is unclear whether the pace of residential subdivision and building through SHAs is faster than it would have been otherwise under the standard RMA process. Monitoring reports give no indication of the expected development pipeline timeframe, nor whether the establishment of SHAs has sped up development. It should be noted that not all SHAs have proceeded. One Tauranga SHA has lapsed, because no resource consent for residential development was received in the required timeframe.<sup>36</sup> Furthermore, although one of the targets for the Western Bay of Plenty Accord is to consider the establishment of two SHAs, no interest has been received from developers for the establishment of a second SHA.

So far, it is not evident that the establishment of SHAs is an essential prerequisite for delivering more housing. The SHA emphasis on land release is somewhat misplaced in the sub-region, as lack of land is not holding up residential development. Land supply on its own is not the most pressing problem, as the Tauranga Housing Accord itself acknowledges. An urban land supply and demand assessment undertaken for Tauranga in 2016 estimated 10 years of greenfields supply remaining. The council regards a 7-10 year land supply as sufficient. Added to that, there is a potential further 23 years of greenfields land supply. Most of the SHAs are in areas that the council had already zoned for future residential development and therefore do not increase the existing land supply. There are substantial areas marked for development, such as Te Tumu and Tauriko West, that are not in SHAs and which are expected to deliver 20 percent of all new housing in Tauranga over the next 50 years.<sup>37</sup>

Land banking may be one reason that a council seeks to increase the provision of land through SHAs. Indeed, one of the expectations from the legislation, was that SHAs would act as a disincentive to land holding and bring on-stream “previously marginal development opportunities.”<sup>38</sup> There is also provision in HASHAA for revoking SHA status if no development progress is made in 12 months.<sup>39</sup> However, it is unlikely that this provision discouraging land holding is of critical importance for Tauranga, since apparently land banking is not a problem in the area.<sup>40</sup>

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<http://www.mbie.govt.nz/info-services/housing-property/housing-affordability/document-image-library/wbop-accord-monitoring-report-year-two.pdf>

<sup>35</sup> David Porter, “Special Housing Area scheme beginning to gain traction in Tauranga” *Bay of Plenty Times* 23 October 2016.

<sup>36</sup> “Tauranga tops in fast-tracking Special Housing Areas”, *Bay of Plenty Times*, 5 July, 2017.

<sup>37</sup> Tauranga City Council, 2016, *Tauranga City Residential Land Supply and Demand Assessment, April 2016*; Housing Workshop for Tauranga City Council councillors, 10 October 2017.

<sup>38</sup> Ministry of Business, Innovation and Employment, 2016, *Regulatory Impact Statement Amending the Housing Accords and Special Housing Areas Act*, p.2.

<sup>39</sup> Clause 18A, *Housing Accords and Special Housing Areas Act 2013*.

<sup>40</sup> David Porter, “Special Housing Area scheme beginning to gain traction in Tauranga” *Bay of Plenty Times* 23 October 2016.

Public comments from some developers in the sub-region show varied views on whether SHAs are producing housing faster. Some developers see SHAs as more likely to deliver housing rapidly as they perceive there is more certainty, and therefore fewer unanticipated delays, for developers under SHA arrangements. They have also favourably commented on closer collaboration with council officers to address problems more quickly. On the other hand, views have been expressed that the council's requirement for public consultation in the creation of a SHA offers no improvement in the standard RMA development timeline. Furthermore, one developer has attributed slow progress to what is perceived as stronger requirements for infrastructure design at the application stage for SHA residential development, compared to usual RMA consenting requirements. Another developer favours the plan change mechanism under the RMA to create more housing supply, rather than SHAs.<sup>41</sup>

What is also evident, is that SHAs may be instrumental in supporting existing developments to proceed, rather than increasing the pace of housing supply. One developer commented that the inclusion of part of its existing development under a SHA has been "pivotal" for maintaining momentum.<sup>42</sup>

## 5.2 SHAs delivering affordable housing?

While there is no mandatory requirement on councils to require housing in SHAs to be affordable, around three-quarters of SHAs have affordability requirements for around 10 percent of houses in a development.<sup>43</sup> For example, the Auckland Council requires a percentage of housing to be more affordable, at 75 percent of the Auckland median house price. The council has also imposed a retention requirement that the buyer must live in the property for at least three years.<sup>44</sup> The Queenstown Lakes District Council requires the developer in a SHA to make an affordable housing contribution of 10 percent of the residential component of the development by developed market value or by area (depending on the nature of the development). The council also requires applications for SHAs to include mechanisms for achieving affordability such as small size houses and sections, methods to reduce speculation on vacant sections and methods to retain affordability in the medium to long term.<sup>45</sup>

The approaches of the Tauranga and Western Bay of Plenty Accords to housing affordability are different, although neither places strong affordability requirements on developers. Initially affordability criteria were included in the Western Bay of Plenty Accord. Council officers recommended a minimum of 50 percent affordable housing in the first SHA, at a maximum price of \$350,000. However, MBIE advised that the Minister would be uncomfortable with a

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<sup>41</sup> R. Coles and P. Taylor, 2015, "First Experiences under the Tauranga Housing Accord", NZ Planning Institute Conference *Back to the Future 2015*; "More Special Housing Areas" *Sunlive*, 15 December, 2014; David Porter, "Special Housing Area scheme beginning to gain traction in Tauranga", *Bay of Plenty Times*, 23 October, 2016.

<sup>42</sup> David Porter, "Special Housing Area scheme beginning to gain traction in Tauranga".

<sup>43</sup> Ministry of Business, Innovation and Employment, 2016, *Regulatory Impact Statement Amending the Housing Accords and Special Housing Areas Act*, p.2.

<sup>44</sup> E. Wells, 2015, "Outside the RMA comfort zone – Learnings from implementing the Housing Accords and Special Housing Areas Act 2013". NZ Planning Institute Conference *Back to the Future 2015*; Auckland Council, 2015, *Refined and consolidated criteria for SHAs in Auckland, with guidance – September 2015*, accessed May 12, 2017,

<http://www.aucklandcouncil.govt.nz/EN/ratesbuildingproperty/housingsupply/Documents/shacriteria.pdf>

<sup>45</sup> Queenstown Lakes District Council, 2017, *Housing Accords and Special Housing Areas Act Implementation Policy*, 26 October, 2017. (Revised policy).

proportion of affordable housing as high as 50 percent.<sup>46</sup> As a consequence, the Order in Council for the Omokoroa SHA stated that a minimum of 25 percent of dwellings in each qualifying development must have a maximum land and house price of \$350,000 and a minimum of 25 percent of dwellings must have a maximum land and house price of between \$350,001 and \$400,000.<sup>47</sup> Eventually this requirement was revoked and replaced by the 2017 Order in Council, which does not prescribe any affordability criteria for the Omokoroa SHA.<sup>48</sup>

The Tauranga Accord refers to affordability in its aim to “deliver smaller dwellings at a more affordable price point.”<sup>49</sup> However, the Orders in Council for Tauranga SHAs do not include any house price affordability criteria. Associated policy does not set an affordable housing percentage, but states that affordable housing outcomes will be negotiated for each SHA on an individual basis, and will cover the type and size of dwelling and section, dwelling and section price in relation to median prices, and potential for targeting housing needs. Policy also states that delivery of affordable housing will be balanced against the need for development to be profitable and commercially viable.<sup>50</sup> It was made clear in the council’s public consultation documents for SHAs that those developments do not need to include affordable housing.

Actual sales price data has yet to be identified and analysed to assess whether SHAs are contributing to affordability. Table 1 indicates the considerable variation in proposed sales prices, and it is expected that proposed sales prices may differ from actual sales prices. One example of the possible variation between proposed price and sales price is provided by a Waihi Road SHA dwelling, currently advertised as “reduced in price” to \$469,000, whereas the proposed maximum price in the SHA proposal was \$365,000 +GST (about \$419,000) (see Appendix 1).

At this early stage, it cannot be determined whether SHAs in the sub-region will result in an increase in affordable housing. A local developer and builder have signalled that there may be difficulties in achieving affordable housing in SHAs.<sup>51</sup> It is also clear that some SHAs will include covenants that will act to exclude affordable housing and reinforce upper-quartile house prices. As one developer stated, covenants would be used “to protect owners’ investments”.<sup>52</sup> There is widespread use of restrictive covenants by private developers to restrict the use of land and contractually bind the owner to those requirements, supposedly to preserve the quality and amenity of the development. Typically covenants include

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<sup>46</sup> Western Bay of Plenty District Council Policy and Strategy Committee, 2014, *Omokoroa Special Housing Area Approval 19 November 2014*, accessed May 12, 2017, [http://www.westernbay.govt.nz/our-council/agendas-and-minutes/council-meeting-documentation/Documents/C2-Agenda-Open-%2015%20December%202016\\_Part4.pdf](http://www.westernbay.govt.nz/our-council/agendas-and-minutes/council-meeting-documentation/Documents/C2-Agenda-Open-%2015%20December%202016_Part4.pdf)

<sup>47</sup> *Housing Accords and Special Housing Areas (Western Bay of Plenty District) Order 2015*, clause 5 (1) (d) and (e), accessed May 12, 2017, <http://www.legislation.govt.nz/regulation/public/2015/0049/latest/whole.html>

<sup>48</sup> *Housing Accords and Special Housing Areas (Western Bay of Plenty District) Order 2017*, clause 6, accessed May 12, 2017 <http://www.legislation.govt.nz/regulation/public/2017/0036/latest/whole.html>

<sup>49</sup> Minister of Housing and Tauranga City Council, 2014, *Tauranga Housing Accord 14 August 2014*.

<sup>50</sup> Tauranga City Council, 2014, *Housing Accords and Special Housing Area Act 2013 Implementation Guidelines*, accessed May 12, 2017, [http://econtent.tauranga.govt.nz/data/documents/policies/housing\\_accord\\_policy.pdf](http://econtent.tauranga.govt.nz/data/documents/policies/housing_accord_policy.pdf)

<sup>51</sup> Richard Rennie, “Accord signs off on Tauranga growth spurt”, *Bay of Plenty Business News*, February 15, 2017; submission to Omokoroa SHA, contained in Western Bay of Plenty District Council Policy and Strategy Committee, 19 November, 2014, *Omokoroa Special Housing Area Approval*.

<sup>52</sup> “New Papamoa development unveiled”, *Sunlive*, 5 March, 2016.

specifications of the minimum size of the dwelling, design and shape of the dwelling, colour scheme, location of dwelling and garage on the site, building materials (e.g. excluding the use of second-hand materials), fencing and planting as well as restrictions on density, height and further subdivision.

But there is also a developer view that affordable housing is more likely to be achieved because the legislation excludes public notification of SHA development applications, thus preventing costly appeals. SHAs also enable housing density to be increased above district plan requirements, thus eliminating the need for consultation. One developer has stated an intention to build smaller units on smaller sections, aimed at achieving more affordable housing. Another developer intends to allocate a proportion of housing for social housing and for low-to-modest income families. Other developers expect that increased land release through SHAs and competition between SHA builders will bring down prices.<sup>53</sup>

### **5.3 Do SHAs promote liveable and sustainable housing?**

While there is nothing in HASHAA that specifically refers to liveable and sustainable housing, the Act requires councils to have regard to the New Zealand Urban Design Protocol in assessing an application for a SHA.<sup>54</sup>

In some areas councils have SHA establishment criteria that include provisions encouraging sustainable design and greater dwelling liveability, including accessibility, comfort and sustainable resource use. Wells suggests that in Auckland the HASHAA has been an impetus for addressing the quality of residential environments through the requirement to have regard to the New Zealand Urban Design Protocol. In addition, the council requires SHA housing to reach the Homestar6 sustainability requirements.<sup>55</sup> The Queenstown Lakes District Council has set expectations in its SHA implementation policy for “high quality residential development” in SHAs, which include healthy and comfortable homes, minimising energy consumption, water efficiency, sustainable building materials, compact housing and siting development near centres and public transport routes.<sup>56</sup>

In the sub-region, establishment criteria and targets outlined in the Tauranga Accord include requirements for small dwelling and lot sizes, which potentially deliver a lower environmental impact. The Western Bay of Plenty Accord contains no information relating to liveability or sustainability.

It is notable that SmartGrowth sees some opportunities for promoting liveability and sustainability in SHAs. In an effort to achieve best practice in “good quality” housing in the Omokoroa SHA, SmartGrowth issued a Registration of Interest in May 2017, calling for proposals to deliver affordable, sustainably-designed housing that is future-proofed for ageing.

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<sup>53</sup> R. Coles and P. Taylor, 2015, “First Experiences under the Tauranga Housing Accord”, NZ Planning Institute Conference *Back to the Future 2015*; “More Special Housing Areas”, *Sunlive*, 15 December, 2015; John Cousins, “Bay iwi unveils ‘affordable’ housing plan”, *Bay of Plenty Times*, 9 October, 2014; “Plan to build affordable Tauranga town houses”, *Bay of Plenty Times*, 1 October 2014.

<sup>54</sup> Clause 34 (1) (e), Housing Accords and Special Housing Areas Act 2013.

<sup>55</sup> Wells, 2015, “Outside the RMA comfort zone”.

<sup>56</sup> Queenstown Lakes District Council, 2014, *Housing Accords and Special Housing Areas Act 2013 Implementation Guidelines*, Queenstown, Queenstown Lakes District Council, accessed December 12, 2017, <http://www.qldc.govt.nz/assets/Uploads/Council-Documents/2014-Full-Council-Agendas/30-October-2014/5a-Housing-Accord-Lead-Policy-attachment.pdf>.

## 6. CONCLUSIONS AND FURTHER ANALYSIS

SHAs have been conceived as a short-term, stop-gap and partial supply-side response to housing unaffordability, which was not expected to extend beyond 2016. The legislation now expires in 2019. This is a strong market-led approach that prioritises land owner and developer interests. Land owners and developers are critical to the realisation of SHAs, as they are the key actors who initiate the creation of SHAs through an application to the council. Although councils as land owners may themselves be interested in establishing a SHA, in the sub-region, councils have looked to partnering with private sector interests to create a SHA.

As well as relying on the private sector and the market, the SHA model is a 'top down' process driven from the centre. It subsumes local government planning frameworks to central government directives, as proposals for SHAs must be recommended by councils to the Minister, and then if the Minister approves, recommended to the Governor-General for establishment. There is no requirement that councils consult with local communities over the establishment of a SHA, or about the nature of residential development planned within a SHA. It is notable that the two councils in the sub-region have consulted over the establishment of SHAs.

Recent commentary on the development of Auckland SHAs concludes that while they have opened up the potential for housing supply, questions remain about whether increased supply will make houses more affordable.<sup>57</sup> This is because house prices in SHAs tend to be aligned with median prices across the region. The problem of retaining any affordable housing within SHAs over time has also been raised. In addition to affordability, a range of other issues concerning the implications and outcomes of SHAs have been identified, including:<sup>58</sup>

- The dominance of SHA developments on greenfields, with implications for roading, public transport and the provision of local services, as well as the loss of productive horticultural and agricultural land.
- Lack of infrastructure to service residential development.
- Slow progress in building homes, due to lack of builder capacity and difficulties in developers accessing finance.
- Land banking, land hoarding and developers preferring to extract value-uplift from SHA designated land, rather than build housing.
- Developers withdrawing from SHAs because of a number of difficulties, including the costs of providing the requisite proportion of affordable housing.

In the sub-region there is little indication yet that SHAs will speed up house building, and developers themselves express varying views on this. There is no evidence that a lack of land is the main reason preventing residential development, given that the Tauranga City Council has identified sufficient land supply for at least the next 20 years.

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<sup>57</sup> L. Murphy, 2017, "Housing affordability, urban planning and Auckland's Special Housing Areas".

<sup>58</sup> L. Murphy, 2017, "Housing affordability, urban planning and Auckland's Special Housing Areas"; J. Tookey, 2017, *The Mess We're In*; Matt Burrows, "No Follow Through on Nick Smith's Land Banking Threat", *NewsHub*, August 27, 2016, <http://www.newshub.co.nz/home/politics/2016/08/no-follow-through-on-nick-smiths-land-banking-threat.html>; Simon Collins, "Developers walk away from fast-track process as Auckland house prices top \$1m", *The New Zealand Herald*, August 28, 2016, [http://m.nzherald.co.nz/business/news/article.cfm?c\\_id=3&objectid=11701098](http://m.nzherald.co.nz/business/news/article.cfm?c_id=3&objectid=11701098)

Nor is it certain that SHAs will result in affordable housing, since the Accords have no criteria to ensure housing affordability, in contrast to some other councils' SHA policies. Notably missing from the Accords and their targets is any consideration of groups in the sub-region identified as experiencing housing unaffordability, such as first home buyers, households in the intermediate housing market, renters and older owner-occupiers wishing to downsize. Although some developers indicate they will target some of these groups, particularly first home buyers and older households, other developers clearly intend to target high-end buyers.

Finally, SHAs present opportunities to promote liveable and sustainable housing, although there are questions about how strongly councils can make such practices mandatory. A reading of the provisions about urban and dwelling design standards, such as those in Auckland and Queenstown Lakes councils' SHA policies, show careful wording conveying expectations, rather than mandatory requirements.

### **6.1 Further analysis**

Stage 2 of this research involves interviews with key actors (land owners, developers, builders, planners, councils, housing consumers and others) in order to establish their decision-making logics, objectives and intentions around SHAs.

Themes for investigation will build on the documentary analysis undertaken so far, and will include:

- Issues identified through public consultation in the creation of SHAs and whether those have been dealt with.
- Explanations suggested for the slow pace of building.
- Actual number of dwellings built in SHAs.
- Actual sales prices of dwellings built in SHAs.
- The extent to which key actors consider liveability and affordability, and if so how they expect to achieve those objectives through SHAs.
- Views among key stakeholders as to the most effective way of meeting demand for housing, and whether this is to be achieved through SHAs. For example:
  - Why have some developers and land owners chosen to apply to create a SHA and others have not? Some not involved in SHAs are involved in land earmarked for future residential development.
  - Will non-SHA residential developments be disadvantaged?
- The extent to which SHAs are being used to meet the needs to groups vulnerable to housing need.
- Opportunities SHAs offer for housing the ageing population, a key driver of growth and housing demand in the sub-region.

## Appendix 1: Characteristics of Tauranga and WBOP SHAs Established to August 2017

\* Note SHAs are listed by date of Order in Council

Name	Location Legal description	Size	Date of Order in Council	Owner / developer	Target market	Proposed sales prices	Proposed # of dwellings	Zoning and former use
Palm Springs <sup>59</sup> Papamoa	Part of Lot 500 DP 471626	1 <sup>st</sup> tranche 63 ha	Feb 2015	Hawridge Developments Ltd	“cross section of the community” including builders, first and second home buyers, retirees.	The developers point out builders will set their own prices. Expected section prices expected from \$180,000 (small lots) and from \$230,000 (larger lots).	proposed 600	Wairakei residential zone
Papamoa Junction, Papamoa East <sup>60</sup>	Lot 1 DPS 57684 Lot 2 DPS 57684	8.3 ha	Feb 2015	Carrus Corporation	First home buyers; empty nesters.	Proposed section price points \$150,000 - \$220,000. House & section package envisaged as under \$500,000.	proposed 80  Lapsed due to no developer interest <sup>61</sup>	Zoned commercial
Zariba, Papamoa East (Terrace View) <sup>62</sup>	Lot 1 DP 429801	18.3 ha	Feb 2015	Zariba Holdings		Sections marketed at \$245,000 starting price for stage 1. <sup>63</sup>	Original SHA 233 dwelling lots; added land to total 400 lots.	Zoned employment

<sup>59</sup> Anon, nd, *Request for Development Land in the Palm Springs Subdivision to be Granted Special Housing Areas Status under the Tauranga Housing Accord Development Proposal*, accessed November 15,, 2017, [http://econtent.tauranga.govt.nz/data/a-z/files/housing\\_accord/papamoa\\_palm\\_springs.pdf](http://econtent.tauranga.govt.nz/data/a-z/files/housing_accord/papamoa_palm_springs.pdf); Tauranga City Council, 15 December, 2014, *Recommendation on Special Housing Area Requests: Papamoa East sites. DC No. 352.*

<sup>60</sup> *Housing Accords and Special Housing Areas (Tauranga City) Order 2015, LI 2015/11*; Carrus (nd) *Special Housing Area Development proposal for Papamoa Junction*; Beehive Press Release from Hon. Nick Smith “More Special Housing Areas brings total to 100”, 5 February, 2015.

<sup>61</sup> David Porter, “Special Housing Area scheme beginning to gain traction in Tauranga”, *Bay of Plenty Times*, 23 Oct 2016.

<sup>62</sup> *Housing Accords and Special Housing Areas (Tauranga City) Order 2015, LI 2015/11.*

<sup>63</sup> Anon, “New Papamoa development unveiled” *Sun Live* 5 March 2016

<p>Nga Potiki, Papamoa East<sup>64</sup></p>	<p>CRF 626787, Section 2 SO 464062, 72 Simpson Road, Papamoa, Tauranga</p> <p><i>Area 1:</i> All land as part of SEC 2 SO 464062 directly south of (and excluding) land zoned Conservation &amp; Greenbelt in the operative Tauranga City Plan (TCP) that lies within Section 2 SO 464062.</p> <p><i>Area 2:</i> All land as part of SEC 2 SO 464062 directly north of (and excluding) land zoned Conservation &amp; Greenbelt in the operative TCP that lies within Section 2 SO 464062.</p> <p><i>Expansion Area 1:</i> All land as part of Section 2 SO 464062 directly south of (and excluding) land zoned Conservation and Greenbelt in the operative TCP that lies within Section 2 SO 464062.</p> <p><i>Expansion Area 2:</i> All land as part of Section 2 SO 464062 directly north of (and excluding) land zoned Conservation and Greenbelt in the operative TCP that lies within Section 2 SO 464062.</p> <p><i>Expansion Area 3</i> All land as part of Section 2 SO 464062 zoned Conservation and Greenbelt in the operative TCP.</p>	<p>20.7 ha (1<sup>st</sup> tranche) Total 27 ha</p>	<p>Feb 2015 Expanded Oct 2015.</p>	<p>Nga Potiki a Tamapahore Trust</p>	<p>Nga Potiki people and general market. Families, older people, first home buyers, social housing. Retirement village and aged residential care.</p>	<p>A range of dwelling price points is envisaged. Envisaged that “a significant proportion” will be affordable (p.3 housing development proposal). Some dwellings on leasehold land envisaged as an affordable option. 2-4 bedroom dwellings. Limited number of 1-bedroom. Duplex, terrace, villa.</p>	<p>Original proposed 210, development proposal states 400-460 of varying typologies. Also planned within the development is retirement village and aged residential care.</p>	<p>Zoned suburban residential, residential and employment Conservation and Greenbelt zones are part of the block Te Houhou block land acquired as part of Treaty settlement for cultural and commercial redress.</p>
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<sup>64</sup> *Housing Accords and Special Housing Areas (Tauranga City) Order 2015, LI 2015/11; Housing Accords and Special Housing Areas (Tauranga— New October 2015 Area) Order 2015. 2015/250; Beehive Press Release from Hon. Nick Smith “More Special Housing Areas brings total to 100”, 5 February, 2015; Ngā Potiki a Tamapahore, 2014, The Nga Potiki Housing Development Proposal.*



Golden Sands Papamoa <sup>65</sup>	Area 1: Part of Lot 524 DP 479762 Area 1A: Part of Lot 524 DP 479762 Area 2: Part of Lot 524 DP 479762 Area 3: Lot 500 DP 460759 Area 4: Lot 523 DP 472500	1 <sup>st</sup> tranche 29.5 ha	Feb 2015  Extension – May 2016	Owner and developer Bluehaven Holdings Limited			proposed 380  560 dwelling lots approved  Extension – 273	
162 Waihi Road, Judea <sup>66</sup>	Lot 2 DP 34225	0.7 ha	Feb 2015	PMP Developments	First home buyers, retirees.	Proposed max. house price \$350,000. <sup>67</sup> Council imposed affordability criteria: 100% of the dwellings to be not greater than \$365,000 (+GST) <sup>68</sup> By 2015, homes were advertised within a price range of \$369,000-\$399,000. <sup>69</sup> A 2-bed house advertised in Dec 2017 for \$469,000. <sup>70</sup>	Proposed 31 medium density units 31 houses completed	Zoned residential Former camping ground

<sup>65</sup> *Housing Accords and Special Housing Areas (Tauranga City) Order 2015, LI 2015/11*; Beehive Press Release from Hon. Nick Smith “More Special Housing Areas brings total to 100”, 5 February, 2015.

<sup>66</sup> *Housing Accords and Special Housing Areas (Tauranga City) Order 2015, LI 2015/11*; Tauranga Housing Accord – Tauranga City Council Agenda 17 November 2014, *Recommended Special Housing Area Site Location and Assessment Summary, Attachment F*; David Porter, “Special Housing Area scheme beginning to gain traction in Tauranga”, *Bay of Plenty Times*, 23 October, 2016.

<sup>67</sup> John Borren, “Plan to build affordable Tauranga town houses” *Bay of Plenty Times* 1 October, 2014.

<sup>68</sup> Tauranga City Council Agenda 17 November 2014, *Tauranga Housing Accord – Recommended Special Housing Area Site Location and Assessment Summary, Attachment F*.

<sup>69</sup> Kiri Gillespie, “New houses get snapped up”, *Bay of Plenty Times*, 1 September, 2015, [http://www.nzherald.co.nz/bay-of-plenty-times/news/article.cfm?c\\_id=1503343&objectid=11506035](http://www.nzherald.co.nz/bay-of-plenty-times/news/article.cfm?c_id=1503343&objectid=11506035)

<sup>70</sup> See <http://www.taurangafirstnational.co.nz/buy-residential-real-estate/house-14-162-waihi-road-tauranga-nz-11923106506>, accessed 12 December, 2017.

Te Okuroa Drive / Parton Road <sup>71</sup> Papamoa	Lot 2 DP 429801 Lot 3 DP 317472 Lot 1 DPS 14276 Lot 1 DP 325745 Lot 2 DP 325745 Lot 1 DPS 82613 Lot 2 DPS 82613 Lot 3 DPS 82613	16.2 ha	Feb 2015				proposed 180	
Omokoroa <sup>72</sup>	Legal description and certificate of title in brackets  Lot 1 DPS 4524 (SA24A/1220)  Part Lot 2 DPS 65560 (SA52D/196)  Part Lot 1 DPS 65560 (SA52D/195)  SEC 1 SO 348720 (246522)	75.6 ha gross. 35 ha net for housing Stage 1: 19.7 ha gross (10 ha for housing)	Tranche 1 March 2015	Multiple landowners including WBOPDC. Six of 10 titles owned by council. Council land and Turner Trustees land to be used for stage 1. development to be jointly by council and Classic Developments.	Young families, first home owners, older people seeking to downsize.	Proposed 5 % priced under \$350,000, 25 % between \$350,000 to \$400,000 and the remainder more than \$400,000. <sup>73</sup> Affordability requirements in the Accord revoked 2017.	proposed 165 <sup>74</sup>	Zoned commercial, light industrial, future urban.  Housing affordability pilot proposes developers use Omokoroa SHA.

<sup>71</sup> *Housing Accords and Special Housing Areas (Tauranga City) Order 2015, LI 2015/11*; Beehive Press Release from Hon. Nick Smith “More Special Housing Areas brings total to 100”, 5 February, 2015.

<sup>72</sup> *Housing Accords and Special Housing Areas (Western Bay of Plenty District) Order 2015, LI 2015/49*; Western Bay of Plenty District Council Policy and Strategy Committee, 2014, *Omokoroa Special Housing Area Approval 19 November 2014*, accessed May 12, 2017, [http://www.westernbay.govt.nz/our-council/agendas-and-minutes/council-meeting-documentation/Documents/C2-Agenda-Open-%2015%20December%202016\\_Part4.pdf](http://www.westernbay.govt.nz/our-council/agendas-and-minutes/council-meeting-documentation/Documents/C2-Agenda-Open-%2015%20December%202016_Part4.pdf)

<sup>73</sup> Allison Hess, “Housing development launched in Omokoroa for 240 affordable homes”, *Bay of Plenty Times*, 25 Nov 2016.

<sup>74</sup> Beehive Press Release from Hon. Nick Smith “More Special Housing Areas brings total to 100”, 5 February, 2015.

Adler Drive Ohauti <sup>75</sup>	Lot 53 DP 326360, CT 329910; Lot 5 DP 382552; Lot 1 DPS 55067, CT SA45C/90; Lot 2 DPS 55067, CT SA45C/91	approx. 20 ha	June 2015	Landowner: Arohena Trust		No affordability criteria applied by council.	proposed 180	Zoned residential and rural.
Domain Road <sup>76</sup> Papamoa	corner of Papamoa Beach Rd and Domain Rd Part Lot 38 DPS 10608 Lot 1 DPS 8369 Lot 39 DPS 10608	0.6ha	June 2015	Sunshine Paradise Ltd	Professionals looking for beach views; holiday accommodation	No affordability criteria applied by council. Developer anticipates dwelling prices points of between \$475,000 (apartments) and \$750,000 (townhouses).	proposed 36 town houses and apartments – medium density	Suburban residential
Smith's Farm Bethlehem <sup>77</sup>	Pt Lot 2 DPS 80270 SA61C/878	Total area 41.7 ha 15 ha housing	Feb 2016  Council decided to defer the development. <sup>78</sup>	Tauranga City Council			proposed 216	Zoned rural residential, previously earmarked for a sportsfield

<sup>75</sup> *Housing Accords and Special Housing Areas (Tauranga— New June 2015 Areas) Order 2015. 2015/163*; Beehive Press Release from Hon. Nick Smith “New Special Housing Areas for Tauranga”, 29 June, 2015; Tauranga City Council Agenda 17 March 2015, *Tauranga Housing Accord – Recommended Special Housing Area Site Location and Assessment Summary, Attachment F*.

<sup>76</sup> *Housing Accords and Special Housing Areas (Tauranga— New June 2015 Areas) Order 2015. 2015/163*; Beehive Press Release from Hon. Nick Smith “New Special Housing Areas for Tauranga”, 29 June, 2015; Tauranga City Council Agenda 17 March 2015, *Tauranga Housing Accord – Recommended Special Housing Area Site Location and Assessment Summary, Attachment F*.

<sup>77</sup> Ministry of Business, Innovation and Employment and Tauranga City Council, 2016, *Tauranga Housing Accord Monitoring Report #2 12 months to August 2016*, accessed May 12, 2017, <http://www.mbie.govt.nz/info-services/housing-property/housing-affordability/document-image-library/signed-housing-accords/tauranga-housing-accord-monitoring-report-2016.pdf>; Proposed Special Housing Area and Disposal of Land Smiths Farm, Bethlehem; Housing Accords and Special Housing Areas (Tauranga—New February 2016 Area) Order 2016, 2016/8.

<sup>78</sup> “Smiths Farm development delayed” *Bay of Plenty Times*, May 18, 2016.

Girven Road, Mount Maunganui <sup>79</sup>	Part Lot 233 DP 35626 CT104148 Part Lot 227 DP 35626 CT104148 Lot 213 DP 35626 SA1105/200 Lot 214 DP 35626 CT104148 Lot 215 DP 35626 CT 104148	1 ha approx	March 2016	SNG Investment No 2 Ltd		Proposed \$400,000+ apartments and townhouses <sup>80</sup>	proposed 66	Site was Golden Grove Kiwi Holiday Park
Palm Springs extension <sup>81</sup>			May 2016	Hawridge Developments Ltd			Proposed 68	Employment
Golden Sands Area 6, Papamoa East southern extension Wairakei <sup>82</sup>	Sections 22, 24 & 25 SO 481628 & Section 27 SO 427562 Land purchased under the public works Act offer back process	14.8 ha	14 August 2017	Bluehaven Holdings Limited	Families, empty nesters, retirees. BHL proposal notes other developments they have done in the areas attract former Auckland residents.	Proposed Leasehold land - \$179,000+ Freehold land lots start at \$250,000  Ave dwelling + land price point = \$621,000	proposed 273 predominately conventional 3-4 bedroom dwellings, some duplexes	Wairakei Residential to the north of Te Okuroa Drive (Area 6), and Active Open Space to the south (Area 7). Plan Change 25 to rezone Active Open Space as residential.

<sup>79</sup> Ministry of Business, Innovation and Employment and Tauranga City Council, 2016, *Tauranga Housing Accord Monitoring Report #2 12 months to August 2016*, accessed May 12, 2017, <http://www.mbie.govt.nz/info-services/housing-property/housing-affordability/document-image-library/signed-housing-accords/tauranga-housing-accord-monitoring-report-2016.pdf>; *Housing Accords and Special Housing Areas (Tauranga—New March 2016 Area) Order 2016, 2016/66*.

<sup>80</sup> Tauranga City Council, 2015, *Proposed Special Housing Area 73 Girven Road, Mt Maunganui*.

<sup>81</sup> Ministry of Business, Innovation and Employment and Tauranga City Council, 2016, *Tauranga Housing Accord Monitoring Report #2 12 months to August 2016*, accessed May 12, 2017, <http://www.mbie.govt.nz/info-services/housing-property/housing-affordability/document-image-library/signed-housing-accords/tauranga-housing-accord-monitoring-report-2016.pdf>; Sandra Conchie, "Key housing developments in Papamoa expected to be finalised" *Bay of Plenty Times*, 22 March, 2016; Tauranga City Council, 2016, *Proposed variation and new Special Housing Areas Palm Springs and Golden Sands Papamoa East*.

<sup>82</sup> Bluehaven Holdings Ltd, 2017, *Golden Sands Papamoa Beach Application for Special Housing Area, Areas 6 & 7*; Tauranga City Council, 2016, *Proposed variation and new Special Housing Areas Palm Springs and Golden Sands Papamoa East*; Ministry of Business, Innovation and Employment and Tauranga City Council, 2016, *Tauranga Housing Accord Monitoring Report #2 12 months to August 2016*, accessed May 12, 2017, <http://www.mbie.govt.nz/info-services/housing-property/housing-affordability/document-image-library/signed-housing-accords/tauranga-housing-accord-monitoring-report-2016.pdf>; Sandra Conchie, "Key housing developments in Papamoa expected to be finalised" *Bay of Plenty Times*, 22 March, 2016.

305 Chadwick Road, Greerton <sup>83</sup>	PT ALLOT 139 GREERTON SUBS – LINE STORE	1.2 ha	14 August 2017	Celt Saxon Corp	Young families, single parents, couples, empty nesters	Apartments and townhouses Proposed \$350,000 - \$550,000 depending on # of bedrooms 2 bedroom \$375,000 - \$425,000. 3 bedroom - \$450,000 - \$550,000	Proposed 130	Zoned industrial. land to be purchased by developer
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<sup>83</sup> Tauranga City Council Agenda 20 June 2017, *Recommendation on Special Housing Area Request: 305 Chadwick Road Greerton (DC 130)*, accessed December 12, 2017 [http://econtent.tauranga.govt.nz/data/bigfiles/committee\\_meetings/2017/june/agen\\_council\\_20june2017\\_part2.pdf](http://econtent.tauranga.govt.nz/data/bigfiles/committee_meetings/2017/june/agen_council_20june2017_part2.pdf)