

GETTING THE HOUSING WE SAY WE WANT: LEARNING FROM THE SPECIAL HOUSING AREA EXPERIENCE IN TAURANGA AND THE WESTERN BAY OF PLENTY

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Special Housing Areas (SHAs) and the Housing Affordability Narrative

Over the last decade, various government commissioned reviews and working parties have investigated aspects of the seemingly inexorable rise of house prices, problems with housing affordability, exclusion from home ownership, the rise of homelessness and increasing building costs.¹ 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. Australia has shown a similar pattern of repeated government inquiries.²

New Zealand has assumed that unaffordable housing is generated out of an under-supply of land and high land prices. Resource and building consenting and planning processes are seen as creating that environment. Housing Accords between central and local government and the release of land for residential development outside the usual processes of settlement planning have been promoted as a circuit breaker. Land released under this alternative process is called Special Housing Areas (SHAs).

Housing Accords and SHAs in Tauranga City and Western Bay of Plenty District

Tauranga and the Western Bay of Plenty operate as a combined sub-regional housing market and economy. With a population over 176,000 and significant in-migration, the sub-region comprises one of the fastest growing urban areas in New Zealand. The population aged 65 years and over is a key driver of growth and housing demand. The sub-region has the second least affordable housing in the country with housing costing 9.7 times the median household income.³ Housing is not affordable for the large majority of renters and potential first home buyers.

The 2014 Tauranga Housing Accord aims to:

- Increase the number of dwelling lots provided by SHAs by at least 1,000 in the first two years.
- Promote smaller dwelling sizes (less than 189 square metres) and section sizes (less than 500 square metres).
- Maintain land supply to ensure competition amongst developers. A target capacity for 8,000 dwellings.

The 2014 Western Bay of Plenty Housing Accord aims to:

- Develop a SHA at Omokoroa in Year 1, and to consider the development of at least two other SHAs in year 2.
- Achieve up to 500 building consents in the district over two years, including in SHAs.
- Issue up to 175 building consents within SHAs over two years.

SHAs differ widely in size, proposed number of dwellings and dwelling typologies.

Summary Profile of SHAs	
Locations	Concentrated in Papamoa East. The rest are in Mt Maunganui, Ohauiti, Judea, Bethlehem, Greerton, Omokoroa. Most are greenfields sites.
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	Most are private companies. Others include an Iwi, private trusts, Tauranga City Council and Western Bay of Plenty District Council.
Proposed number and type of dwellings	Proposed dwelling numbers in each SHA range from 31 to 600. Dwelling sizes and typologies include one-bedroom, two-bedroom, duplex, terrace, town houses, apartments and larger homes. One SHA proposes a retirement village and aged residential care facility.
Target groups	A wide range including first and second home buyers, young families, downsizers, single parents, couples, retirees, professionals, holiday accommodation, empty nesters, low-moderate income families, social housing, builders.
Proposed sales prices	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.

Conclusions to Date

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

- SHAs have failed to deliver the expected supply response within the original legislative timeframe of 2013-2016. The legislation now expires in 2019.
- Housing Accords and SHAs involve central government intervention in local decision-making.
- Public consultation around proposals to establish SHAs is not required, although the two councils in the sub-region have consulted publicly on those proposals. Over two-thirds of submissions received across all SHAs in the sub-region were opposed.
- There is little targeted provision of housing affordable for low-moderate income households.
- 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.
- In some other areas SHAs are encouraged to incorporate environmentally sustainable design and universal design / accessibility.

SHA Delivery		
Number of SHAs	15	
Capacity	Tauranga - 3373 dwellings (2017)	Western BOP - Estimated 240 dwellings (2016)
Building consents	Tauranga - 514 (2017)	Western BOP - none (2016)
Resource Consents	Tauranga - 2243 lots (2017)	Western BOP - application for 38 lots (2016)
Dwelling Completes	Tauranga - 352 (2017)	Western BOP - none (2016)

SHA Outcomes	
Are SHAs delivering more housing?	Monitoring reports give no indication of whether the establishment of SHAs has sped up development. One Tauranga SHA has lapsed. In the Western Bay of Plenty no interest has been received from developers for the establishment of a second SHA. Land supply appears to be adequate without the SHAs. An urban land supply and demand assessment undertaken for Tauranga in 2016 estimated 10 years of greenfields supply. (A 7-10 year land supply is regarded as sufficient). Also, there is a potential further 23 years of greenfields land supply. ⁴
Are SHAs delivering affordable housing?	The 2017 Order in Council does not prescribe any affordability criteria for the Omokoroa SHA. The Tauranga Accord aims to "deliver smaller dwellings at a more affordable price point" but there are no affordability criteria. Only one SHA (Ngā Potiki) proposes to include social housing and affordable homeownership. 2017 monitoring data shows that SHA average house and section prices are below the average for Tauranga. However, average sales price in Papamoa East SHAs is \$623,684. ⁵
Do SHAs promote liveable and sustainable housing?	The Housing Accords and Special Housing Areas Act requires councils to have regard to the New Zealand Urban Design Protocol in assessing an application for a SHA. 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.

Next Steps

The research will explore:

- The nature and extent of public consultation that occurred around the establishment of SHAs in the sub-region, and the extent to which consultation has affected decision-making about SHA developments.
- What the submissions on the SHAs tell us about people's needs and wants concerning housing and neighbourhoods.
- Developers' views about the effectiveness of SHAs in meeting the demand for housing, and reasons why developers are or are not involved in SHAs.

Further reading: B. James, 2018, "Special Housing Areas: A practical pathway to livable homes?" pp.171-180 in E. Tracada and G.Cairns (eds) Cities, Communities and Homes: Is the Urban Future Livable? AMPS Proceedings Series 10, Derby, University of Derby.

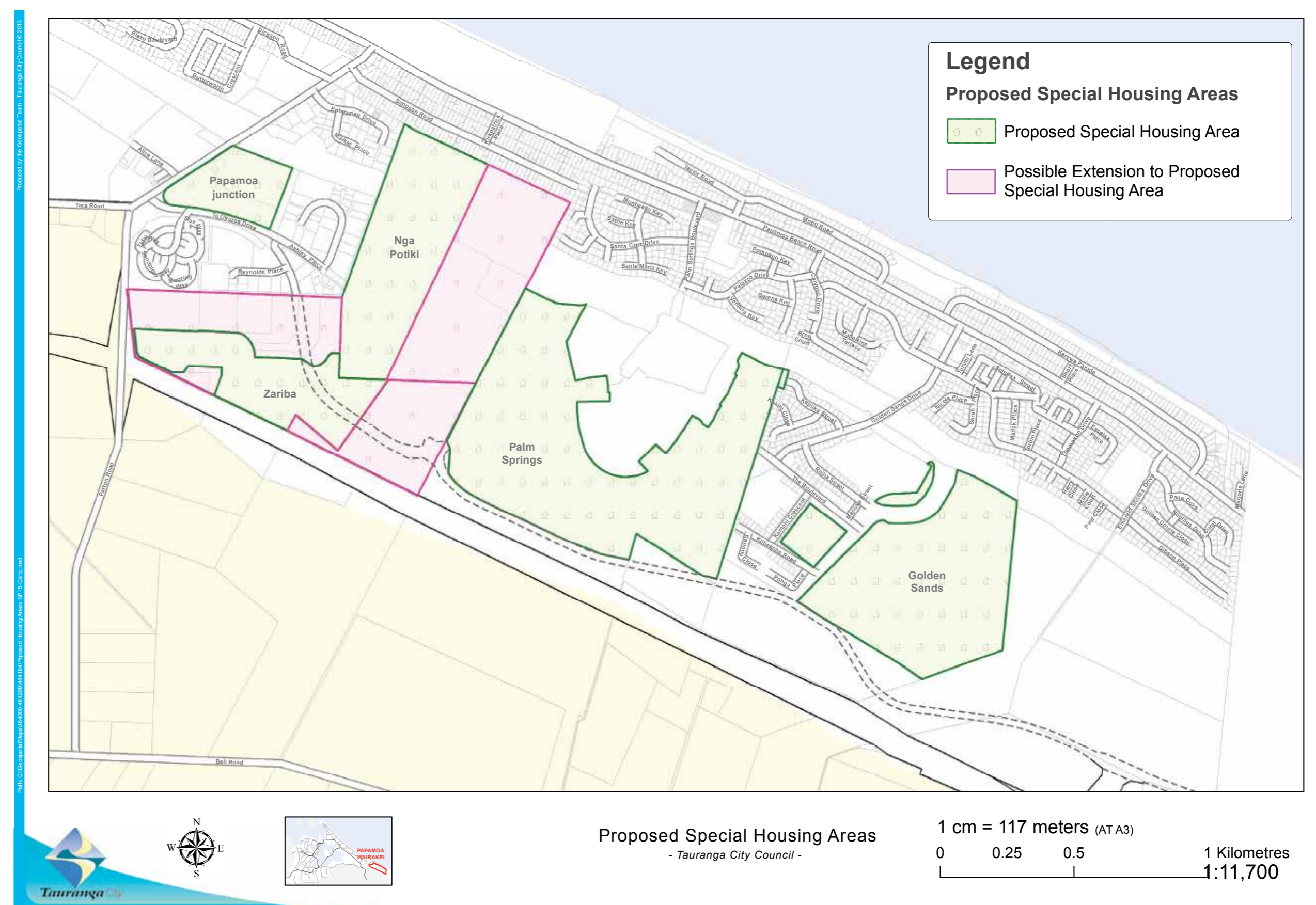
B. James, 2017, Getting the housing we say we want: Learning from the special housing area experience in Tauranga and the Western Bay of Plenty. Paper 1 - National Policy and Initial Local Implementation. Report for Building Better Homes, Towns and Cities SRA: The Architecture of Decision-Making, Life as Lived Component. December 2017. Wellington: BBHTC. <http://www.buildingbetter.nz/research/decision/publications.html>



A brownfields SHA on which 130 apartment and townhouses are proposed.



A greenfields SHA, showing earthworks and new homes.



Proposed Papamoa East SHAs, source: Tauranga City Council Consultation Document.

1 For example, New Zealand Productivity Commission, 2012, *Housing Affordability Inquiry*; New Zealand Productivity Commission, 2015, *Using Land for Housing*; New Zealand Productivity Commission, 2017, *Better Urban Planning*.
2 N. Gurr 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.
3 W. Cox and H. Pavletich, 2017, *13th Annual Demographia International Housing Affordability Survey*; 2017, Belleville, Illinois, Demographia, p. 57.
4 Tauranga City Council, 2016, *Tauranga City Residential Land Supply and Demand Assessment*, April 2016.
5 Ministry of Business, Innovation and Employment and Tauranga City Council, 2018, *Tauranga Housing Accord Monitoring Report #3*.