

Auckland knuckles down

Housing demand in our biggest city will keep builders busy for years to come. Land is being made available and the housing mix is changing, clearing the way for growth.

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PHOTOGRAPH - SHIPA/ROSS SEIFFORD

More higher-density housing is being built.

THE AUCKLAND HOUSING SHORTAGE has been building for decades, and it is now recognised as one of the city's top problems. Now, the first stages of a resolution are under way.

Looking ahead

It is generally accepted the city needs to build around 12,000 new homes a year to house 1 million more residents over the next 30 years. An average of around 6,000 new houses a year have been built over the last 20 years, with a peak of 13,000 in 2004 and a low of 2,500 in 2009.

New legislation to speed up construction has arrived, and the pipeline of work over the next decade is being predicted and monitored. But has anything changed for house builders yet?

Accord to kick-start production

The Auckland Housing Accord, a combined initiative between central government and Auckland Council, began in October 2013. Special housing areas (SHAs) designate land where qualifying residential developments can have building consents and approvals fast-tracked.

In September 2014, 17 new SHAs were added to make a total of 84 across the city. These 84 areas will be the location of around 43,000 new dwellings over the next 12 years. The largest SHA will be Redhills in West Auckland, where up to 4,200 new homes could be built.

The initial SHA target was to have 39,000 new homes consented and new sections created within the first 3 years. The first year target of 9,000 was exceeded by 22%.

Higher density allowed

November 2014 marked the beginning of Auckland Council's Unitary Plan hearings process, where over 9,400 submissions are being individually evaluated. The Unitary Plan primarily addresses the housing shortage by allowing greater housing density, and its



Hobsonville development, Auckland.

PHOTOGRAPH – SWIPA/ROSS SETFORD.

biggest influence will most likely be on the production of multi-unit dwellings in existing residential areas.

Given the sheer volume of public response, planners will be working overtime to complete their evaluations and provide recommendations to Auckland Council by the July 2016 deadline - they have to address 93,600 unique requests that have been distilled from the submission papers.

All of this suggests the Unitary Plan is unlikely to lead to any significant construction activity before 2016, and it could be even later.

Productivity Partnership monitoring the pipeline

The New Zealand Building and Construction Productivity Partnership released the second *National Construction Pipeline* report in October 2014 (see *Build* 145, pages 82-83), outlining predictions for nationwide construction through to December 2019. Predictions are made using a combination of recent data with economic forecasts and details of known planned work.

By providing visibility of the construction pipeline, the annually updated report hopes to improve industry-wide planning of resources and support coordination between public and private projects.

The October pipeline paints a picture of where things are headed in Auckland:

- Auckland residential construction will peak at \$7.3 billion in 2017, up 112% from \$3.5 billion in 2012.
- 70,800 new dwelling consents are forecast between January 2012 and December 2019, incorporating recent actual volumes. That's around 8,800 per year and 7% less than was forecast in the 2013 pipeline report, as it is now expected that high workloads will lead to resource shortages.
- 41,700 of the consents issued between 2012 and 2019 will be for detached houses, with 29,100 for multi-unit dwellings.
- In 2019, for the first time, more multi-unit dwellings will be built than detached homes, a trend that is projected to continue. Projections for 2019 are 4,800 multi-unit dwellings, more than twice as many as the 1,980 consented in 2013.

Industry views

How will those who will be building new residential properties in Auckland handle the increasing workload?

Fletcher Building multi-choices

Fletcher Building has plans to significantly increase the number of houses it builds across the market from traditional free-standing houses to higher-density multi-dwelling units.

Chief Executive Mark Adamson says the business will significantly increase production.

'Historically, we have built and sold around 300 houses per annum. We have set ourselves the goal of more than trebling the number of houses we sell each year and are creating a pathway to an annual rate of 1,000 homes sold each year.

'To meet this goal, we need to increase our investment in land and we have successfully negotiated a number of land purchases in the past year.'

In response to current and future intensification, Fletcher Building has already broadened its housing options to include apartments, terrace houses and stand-alone dwellings.

Apartment builder

Conrad Properties has four major apartment buildings under construction or about to begin in central Auckland, including the 273-unit Queens Residences in the CBD and the 84-unit Ivory Residences in Epsom.

Company director Ben Dearlove says that the company finds plenty of opportunities under the existing Auckland District Plan and isn't pushing its boundaries.

'We like to work with clean planning controls that provide certainty. While the historic protection, iwi and excavation sections of the Unitary Plan are operative, I feel the changes to the general planning controls are still some way off.

'Our focus is on developing sites with good fundamentals that comply with the current rules to meet demand, without the undue delays that others are encountering by pushing the boundaries of planning rules.' ➤

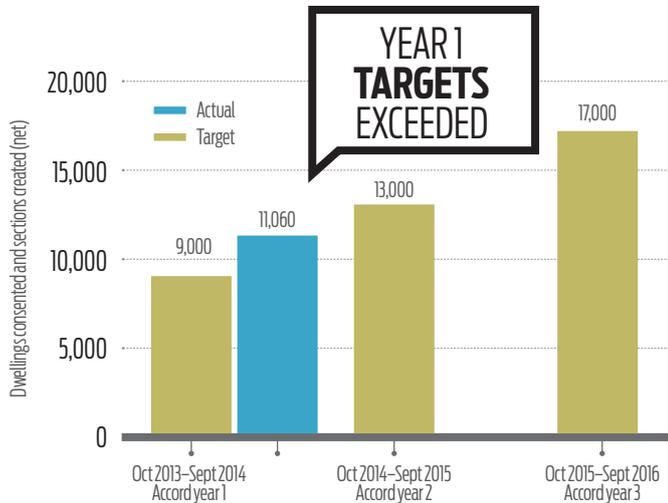


Figure 1: Auckland Housing Accord targets.

Ben says that, in the longer term, materials challenges will most likely be met from overseas.

‘I believe it’s only a matter of time before building materials will be imported from China, Southeast Asia and even India on a large scale. The quality might not be there just yet with the more complex building components, but give it 5 or 10 years, and they’ll have quality sorted out.’

Fowler Homes – a niche role

Fowler Homes Managing Director Tony Hill believes new housing areas and the Unitary Plan will assist its niche for building detached

homes to clients’ specifications. ‘Many owners of existing older inner-city homes will use the equity in their property and take the opportunity to build a high-spec house in a new city fringe housing area,’ he says.

‘These owners might have done up their old villa twice, but don’t want the burden of any more DIY, or, with greater density allowed, we expect many will subdivide their property and build a new house where their backyard once was, maybe working with their adult children to help them into their own home on the original family land.’

Master Builders Association – builders heading north

Brendon Ward, Business Development Manager at Registered Master Builders Association, says builders are generally comfortable with workloads at the moment but that changes are coming.

‘We can see that the Canterbury market may have just started dropping, and we know a number of builders are looking at an exit strategy from Christchurch,’ he says. ‘As it tapers off in the south, they see a better future for their business in Auckland.’

‘Increasingly, more multi-unit properties will be built, and everyone knows this is coming. Some builders will choose to stay with the traditional detached house, and some will switch over to focus entirely on building multi-unit places.

‘Builders are already getting prepared for this, and Master Builders holds forums on this issue to help with education around this future work.’