Finding a happy medium

Lack of stock and soaring prices are behind the increase in medium-density housing in sought-after Auckland and other locations. While the NIMBYs cry ‘not in my backyard’, the government is pushing councils to act.

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**Medium-density housing** has become a hot topic as population growth and limited land supplies create housing shortages in our main cities.

**Meeting growth forecasts**
Many councils across the country face the challenge of providing planning frameworks with sufficient density to meet growth forecasts acceptable to existing homeowners – many resistant to increased density in their suburbs.

The importance of providing affordable housing solutions has seen central government in Auckland, Christchurch and Queenstown fast-tracking medium-density housing areas.

**What defines medium-density housing?**
Medium-density housing is generally defined as groups of houses up to 3 storeys high, configured as stand-alone, semi-detached or terraced houses, or apartments.

Where multiple homes are in one structure, besides housing more people on a plot of land, the construction time and costs reduce. This offers potential for medium-density housing to provide reduced purchase prices compared to conventional stand-alone properties.

**Auckland – medium density to dominate**
In Auckland, it is expected that over half of all new homes built from 2017 will be medium density, either as part of semi-detached houses, terraced houses or low-rise apartments.

Builds from 2017 onwards will be within new planning zones defined by the Auckland Unitary Plan due for completion later this year.

New city-wide zoning includes significant new areas of Mixed Housing Urban (council’s definition for medium-density housing) in established ‘leafy’ suburbs, generating much public concern and some subsequent reframing.

An example of the possibilities in the Mixed Housing Urban zone is the impending redevelopment of a 3,123 m$^2$ motel site in Mt Wellington that is currently for sale. Under the site’s current Residential 6A classification eight stand-alone houses could be built, each on minimum site size of 375 m$^2$.

Under the upcoming new zoning and accounting for land-coverage requirements, a 3-storey apartment could provide around 30 1-bedroom apartments of a minimum permissible size of 45 m$^2$. 
Medium-density housing

** Builders moving to medium density **

Mike Greer Homes built 1,200 homes nationwide last year, of which approximately 30% were medium density. ‘We have partially changed our business model over the last 3 years as a result of the widespread change towards medium-density homes,’ says Peter Freeman, CEO Special Projects.

The company established two new offices in Auckland in the last 2 years. ‘A higher percentage of our homes in Auckland are medium density, and we also work with community housing providers including Housing New Zealand who are very focused on townhouses,’ says Peter.

‘The major factor in Auckland that will continue to drive developments is land value. In Christchurch, land value might be 25% of finished sale value. In Auckland, it’s more like 50% and the price is still going up. In this environment, the only way developers can provide a realistic price point for buyers is with 2 or 3-storey attached houses.’

** Wellington – engaging the locals **

In recent years Wellington City Council has run a suburb-by-suburb programme of assessing areas for medium-density housing, with ongoing amendment of its District Plan where rezoning is approved.

Council is responding to population growth forecasts from just over 200,000 now to 250,000 in 2043 and, of course, the land restrictions imposed by the city’s steep terrain.

Following community engagement that includes letter-drops and public meetings, planning staff define medium-density zones close to shops and with good infrastructure and public transport links. Residents in Khandallah, Newlands and Island Bay are the latest to be engaged, beginning in late 2015.

After public consultation began in Khandallah, locals formed a residents’ association to resist the new zoning. New medium-density zones have already been approved in Johnsonville and Kilbirnie, despite the Johnsonville Community Association fighting the proposal all the way to the Environment Court.

** Christchurch – back to the drawing board **

Christchurch City Council’s Replacement District Plan was criticised at the start of 2016 by the government’s Independent Hearings Panel for not proposing enough medium-density residential zones.

Council had sought community feedback on rezoning parts of the city and, after taking into account the community’s generally negative response, had scaled back its initial proposals.

The government wants council to provide more medium-density housing and has instructed council to reconsult the public about increased terrace housing in parts of Hornby, Linwood and Papanui.

Medium-density development is happening on the fringe of the CBD, however. In Welles Street and Colombo Street, there will be 200 new 3-storey apartments and terraced houses, 20% designated as affordable at under $450,000. Due for completion at the end of 2017, these developments are part of four inner-city initiatives the government is progressing with council that will provide over 1,000 new homes.

** Queenstown – fast-tracking consents **

The housing shortage in Queenstown is due to a 33% resident population increase from 22,959 to 30,700 over the last 10 years and an average daily tourist population of 17,100.

As in Auckland, a central government housing accord was developed to create 14 Special Housing Areas where qualifying developments can use a fast-tracked planning and consenting process.

To qualify, a development needs to be medium density and provide a minimum number of affordable homes working with community housing providers. The goal is 1,300 houses in 3 years.

One planned Special Housing Area is Ayrburn Farm Developments, a medium-density area of 150 houses on the Arrowtown-Lake Hayes Road. The plan for Ayrburn includes 15 homes leased to a community housing provider for $1 per year, allowing residents to live cheaply while they save a deposit for their own homes.

** The upside for homeowners **

New Zealand Planning Institute Chair Bryce Julyan says medium-density housing offers homeowners more options. ‘The different forms of this type of housing give greater choice, which is important in terms of affordability and allowing people to live closer to where they work or study.

‘Additionally, it suits the changing demographic in our cities, with more small family units, couples or single people who don’t want a traditional plot of land. They can get their preferred lifestyle in higher-density areas close to amenities.’

Bryce appreciates there is still public concern but notes, ‘Once people see more quality, modern, medium-density developments, they will probably understand it and accept it more.

‘We’re still not really used to it in this country, but more and more good examples are appearing, such as Hobsonville Point in Auckland. Public perception will change when these types of neighbourhoods become more prevalent.

‘The key is ensuring developments are high quality, with good design standards, plenty of sunlight and privacy between houses.

‘Design is a critical element that councils need to monitor and control, and documents such as the Auckland Design Manual are valuable to try to keep standards high.’