

## Impacts of the Unitary Plan on residential development

File No.: CP2018/13912

Item 14

### Te take mō te pūrongo / Purpose of the report

1. To provide evidence on the impacts of the Unitary Plan and its effects on the building types and locations of new dwelling consents.

### Whakarāpopototanga matua / Executive summary

2. The Unitary Plan became operative in part on 15 November 2016. It took approximately nine months to begin to see the Plan affecting what and where new dwellings were consented.
3. In the 10 months since new dwelling consents began to surge in August 2017, total dwellings consented are up 27 per cent compared to a year earlier. Almost all of the growth in consents have been in brownfield (existing urban) areas, reversing the trend toward more greenfield development over the previous seven years.
4. More intensive typologies, specifically apartments and terraced/townhouses, have grown to account for 54 per cent of all new dwellings consented, compared to 37 per cent two years ago. A disproportionate share of this denser development is around the rapid transit network.
5. This analysis provides an antidote to the view that relaxing development restrictions on the fringes of the urban area is necessarily the best way to reduce the housing shortage. People by and large prefer to live closer to jobs, infrastructure that works, public transport, schools, shops and other amenities. As a result, developers are showing a preference for delivering development in brownfield areas.
6. Land on the fringes is significantly cheaper. But once the lack and/or value of infrastructure and proximity to amenities is accounted for, the market is displaying a strong preference for brownfield development.

### Ngā tūtohunga / Recommendation/s

That the Planning Committee:

- a) receive the report.

### Horopaki / Context

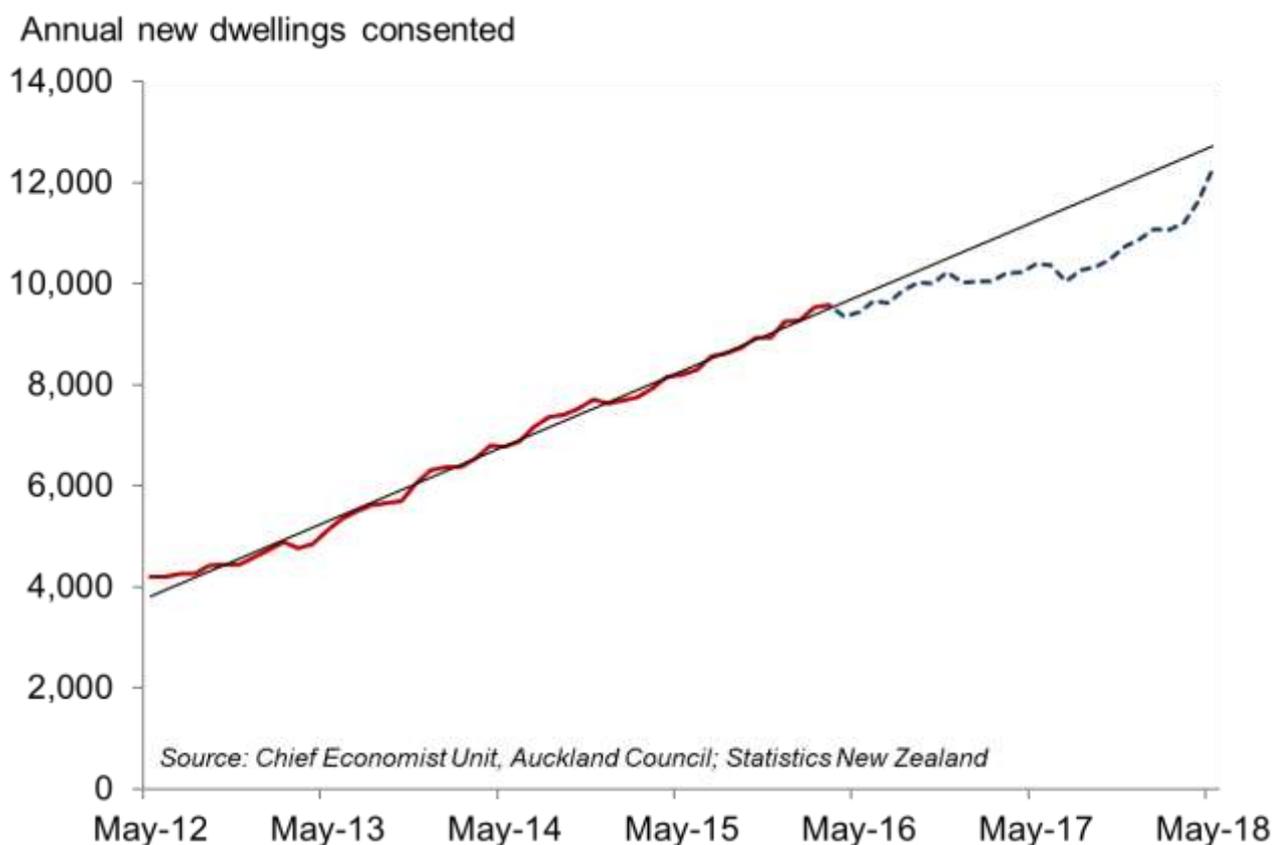
7. The Unitary Plan (the Plan) became operative in part on 15 November 2016, more than 20 months ago. It up-zoned thousands of brownfield (existing urban) properties across the city, allowing for intensification as well as growth in greenfield areas. Altogether, the Plan provided capacity for up to one million new dwellings although at the time, only an estimated 422,000 were deemed to be commercially feasible for development. This feasible growth was anticipated to be spread across brown and greenfield areas in a roughly 2:1 ratio.
8. As the Plan became operative just before Christmas 2016, and given the time required to get resource and building consents, the Chief Economist Unit had estimated an upturn in new residential building consents would begin around April or May 2017. However, growth in new dwellings consented did not occur until August 2017 but since then growth has been strong.

9. There appears to be little information in the public realm about the effects of the Plan on development patterns. This report provides information to support future discussions and decisions about important issues such as whether to remove or relax the Rural Urban Boundary.

## Tātaritanga me ngā tohutohu / Analysis and advice

10. Building consents for new dwellings grew remarkably steadily from 2012 through to April 2016 (see Figure 1). This pattern broke and growth plateaued six months before the Plan became operative in part. Anecdote suggested that many investors had bought brownfield land in advance of the Plan becoming operative and were waiting to lodge consents for more intensive development once the Plan was operative.

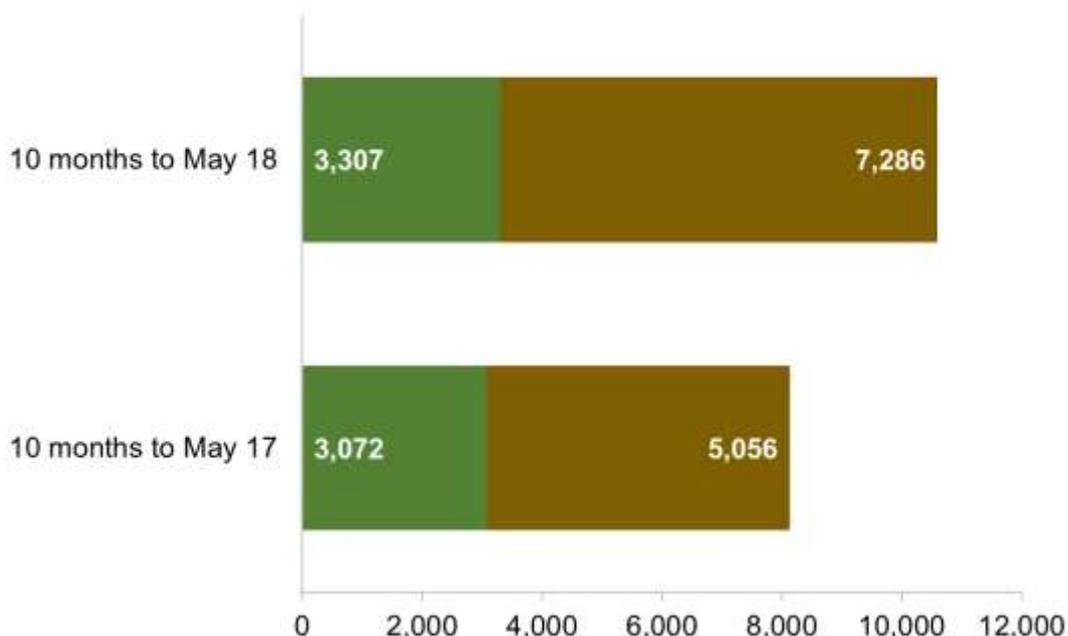
Figure 1 Annual new dwellings consented, 2012 to 2018



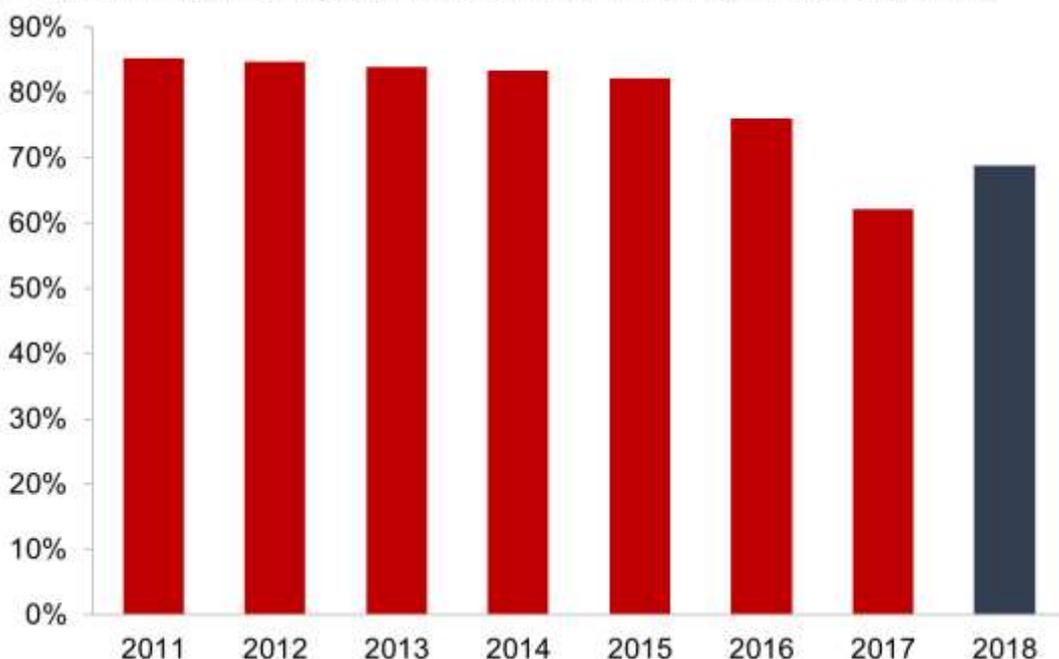
11. During the period from November 2016 to July 2017, the first few months of the Plan being operative, consent growth was even weaker, against the backdrop of a housing shortage approaching 40,000 in Auckland at the time. The data indicates that this was because developers were still making plans for more intensive development.
12. Residential construction began to surge in August 2017. The number of new dwellings consented in the 10 months to May 2018 is up 27 per cent over the same 10 months the year before, and annual consents were only 5 per cent below the all-time peak in June 2004. This annual total is despite a much tighter 2005 Building Code regulatory regime and building consent authorities' response to the leaky buildings crisis.
13. There is significant evidence to suggest the sudden resurgence in consenting activity is the result of the Plan beginning to work.
- i) **Brownfield areas dominate consents growth:** 90 per cent of all growth in new dwellings consented in the 10 months to May 2018 (since the upturn began in August 2017) is in brownfield areas where the Plan delivered the bulk of potential for greater development (see Figure 2).

Figure 2 Growth in brown and greenfield dwellings consented since growth began to surge

New dwellings consented, brown v green, 10 months to May



Share of new dwellings consented in brownfields, 10 months to May



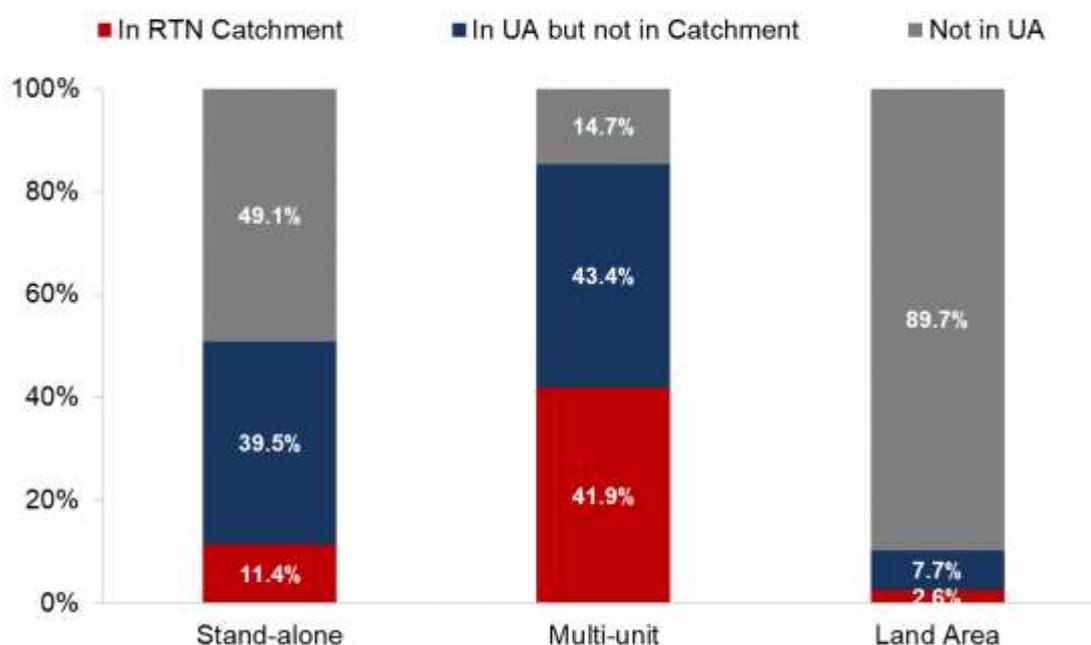
- ii) **The trend toward green and away from brownfield growth has been reversed:** The share of total new dwellings consented in brownfield areas in the 10 months since August 2017 has grown from 62 to 69 per cent. This has reversed a trend of declining brownfield development as a share of building consents over the previous seven years (see Figure 2 above).
- iii) **More intensive building typologies enabled by the Plan are being adopted:** Terraced houses and apartments were 54 per cent of new dwellings consented in the 10 months to May 2018. In the 10 months to May 2016 (i.e. the comparator 10-month period before the Plan was passed), it was just 37 per cent.

iv) **In the urban areas, the desired compact city is emerging:** In the urban area (UA, 2016 definition) around 66 per cent of new dwellings are multi-units, precisely what the Plan aimed to deliver.

14. Further, a disproportionately large number of dwellings are being consented in rapid transit network catchment areas– defined as living within 1500 metres of a train station or northern busway bus stop. This highlights that people value rapid transit access, and that development enabled by the Plan is responding:
  - i) The share of multi-unit dwellings consented in rapid transit network areas is 16 times higher than the catchment’s share of Auckland’s land area. The rapid transit network catchment covers only 2.6 per cent of Auckland’s land area, but accounts for 42 per cent of all multi-unit dwellings consented in the last 10 months (see Figure 3 and Figure 4).

Figure 3 Where consents are being issued, relative to share of Auckland's land area

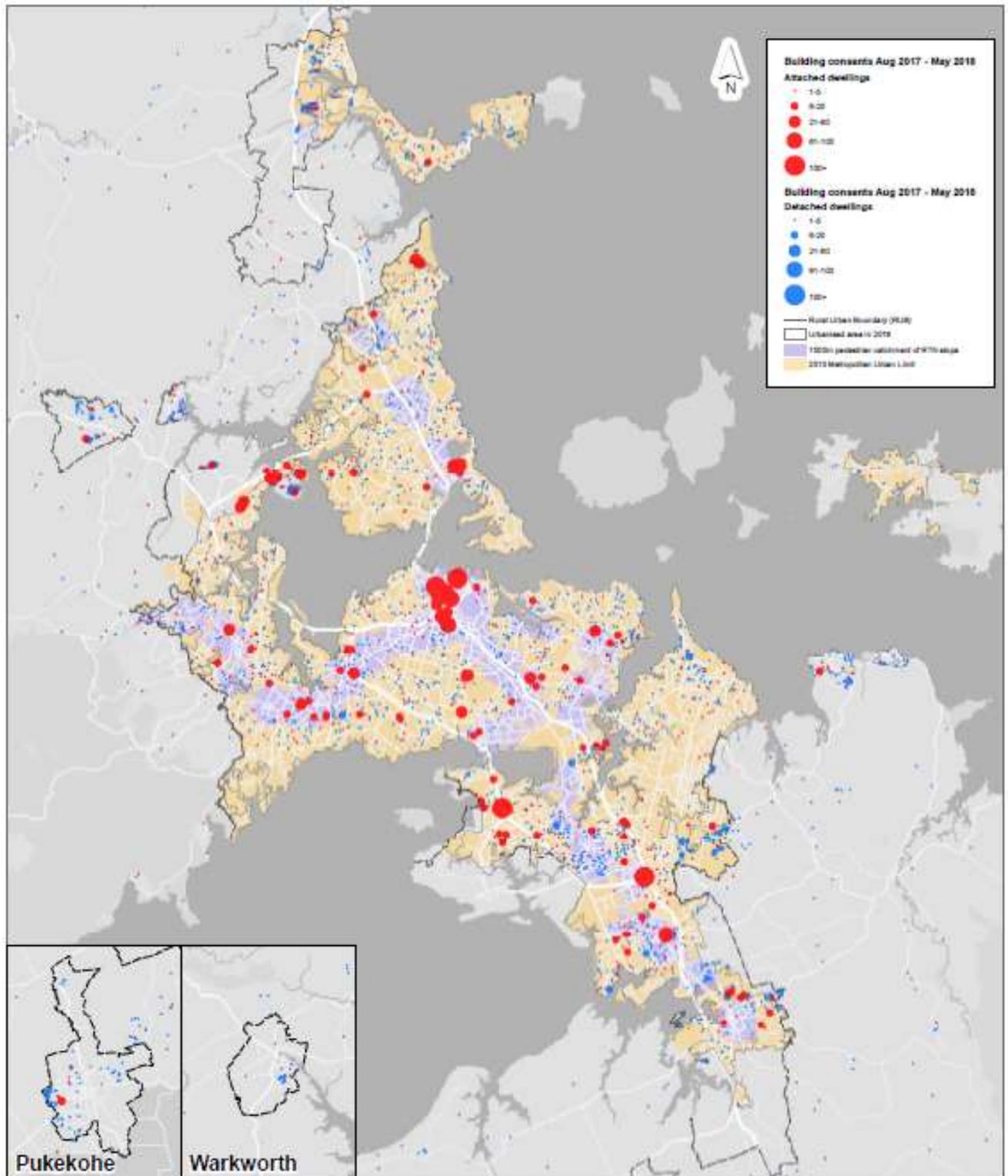
### Dwellings consented by type and area, 10 months to May 2018



Source: Chief Economist Unit, Auckland Council

- ii) 11 per cent of stand-alone homes were consented in rapid transit network catchments. This is 4.3 times more than the catchment’s share of land area.
  - iii) 81 per cent of all dwellings consented in rapid transit network catchments in the last year were multi-unit, helping to deliver the intensification that characterises transit-oriented development.
  - iv) Overall, 40 per cent of all dwellings consented in the urban area were in the rapid transit network catchments, even though the catchments account for only a quarter of Auckland’s urban area.
15. This analysis highlights that people by and large prefer to live closer to jobs, infrastructure that works, public transport, schools, shops and other amenities. As a result, developers have revealed a preference for delivering development in brownfield areas.
  16. These findings provide evidence that counter the view that relaxing development restrictions on the fringes of the region, where few amenities exist, is the best way to reduce the housing shortfall. Land on the fringes is cheaper. But once the lack and/or value of infrastructure and geographic proximity to amenities is accounted for, the market is displaying a strong preference for brownfield development.

Figure 4 New dwellings consented in RTN catchments, the urban area, and beyond



Item 14



## Ngā tāpirihanga / Attachments

There are no attachments for this report.

## Ngā kaihaina / Signatories

Author	David Norman - Chief Economist
Authoriser	Jim Quinn - Chief of Strategy