

## DRAFT FEEDBACK

**On:** The Urban Form and Transport Initiative (UFTI) Interim Report

**By:** SmartGrowth Housing Affordability Forum

**Date:** 25 March 2020

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Tauranga continues to be New Zealand's most unaffordable city and is now the eighth most unaffordable city in the world. In 2019, the median personal income was \$56,450 (Tauranga) and \$48,285 (WBOP) compared \$60,890 nationally, and the median house price was \$635k (WBOP), \$656k (Tauranga). It is notable that, Tauranga has a low percentage of public/social housing compared to other cities 2.5% compared to 4.5% nationally<sup>1</sup>. This further compounds our current housing crisis.

The SmartGrowth Housing Needs Research Report<sup>2</sup> of November 2017 identified the following key trends:

- Homeownership rates have been falling and are projected to drop to 58.1% in the Western Bay of Plenty and 54.6% in Tauranga City by 2047;
- Couple-only renter households will grow the most, increasing 112% by 2047;
- Renter occupied dwellings with people aged 65 years and older are projected to increase by 6,830 (or 222%) in Tauranga and 1,970 occupied dwellings (or 182%) in Western Bay of Plenty;
- Home prices increasing by double the rate of household incomes and rents increasing one percentage point per annum faster than incomes since 1991;
- Renter stress is increasing across the sub-region and impacting households at higher income levels;
- Nearly 90% of renters cannot affordably purchase a home priced at \$500,000 and the median home price in March 2017 was \$620,000 in Tauranga and \$550,000 in Western Bay of Plenty;
- Over 100% projected growth in couple only and one person renter households by 2047;
- An increase in households aged 65 years and older from 32% in 2017 to 43% in 2047.

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<sup>1</sup> Western Bay of Plenty Social Report 2019 [https://socialink.org.nz/wp-content/uploads/2019/08/SocialLink-Report-2019\\_010719.pdf](https://socialink.org.nz/wp-content/uploads/2019/08/SocialLink-Report-2019_010719.pdf)

<sup>2</sup> Mitchel, I. & Chris Glauzel, C., 2017. Housing Demand and Need in Tauranga and Western Bay of Plenty.

We now have a worsening affordable housing crisis in the sub-region and the community needs the Councils to agree and implement clear policy on how the local governments will act to support the provision of affordable housing largely by the private sector.

The National Policy Statement on Urban Capacity requires explicit statements on housing in strategic documents. We expected to see the response to the national policy reflected in the draft UFTI Report (see below).

*This national policy statement aims to ensure that planning decisions enable the supply of housing needed to meet demand. This will contribute to minimising artificially inflated house prices at all levels and contribute to housing affordability overall. Currently, artificially inflated house prices drive inequality, increase the fiscal burden of housing-related government subsidies, and pose a risk to the national economy...*

*This national policy statement requires councils to provide in their plans enough development capacity to ensure that demand can be met. This includes both the total aggregate demand for housing and business land, and also the demand for different types, sizes and locations.*

(Quote from preamble)

**Objective Group A – Outcomes for planning decisions**

*OA2: Urban environments that have sufficient opportunities for the development of housing and business land to meet demand, and which provide choices that will meet the needs of people and communities and future generations for a range of dwelling types and locations, working environments and places to locate businesses.*

(Our underlining)

**Policy PA3**

*PA3: When making planning decisions that affect the way and the rate at which development capacity is provided, decision-makers shall provide for the social, economic, cultural and environmental wellbeing of people and communities and future generations, whilst having particular regard to:*

- a) Providing for choices that will meet the needs of people and communities and future generations for a range of dwelling types and locations, working environments and places to locate businesses;*
- b) Promoting the efficient use of urban land and development infrastructure and other infrastructure; and*
- c) Limiting as much as possible adverse impacts on the competitive operation of land and development markets.*

(Our underlining)

The meaning of the term demand is according the quote below:

*Demand means:*

*In relation to housing, the demand for dwellings in an urban environment in the short, medium and long-term, including:*

- a) the total number of dwellings required to meet projected household growth and projected visitor accommodation growth;*
- b) demand for different types of dwellings;*
- c) the demand for different locations within the urban environment; and*
- d) the demand for different price points recognising that people will trade off (b), (c) and (d) to meet their own needs and preferences.*

(Our underlining)

## **General comments**

Housing affordability is a tangible and crucial aspect of our economy. Housing supply constraints can have widespread effects on the economy including the construction sector workforce (up to \$240m less GDP production in the medium term) and deteriorating housing and rental affordability<sup>3</sup>. We find it incomprehensible that given the housing crisis in Tauranga, all the UFTI analysis and reporting done to date, has not dealt with housing at the required level of detail required by the national policy statement. Spatial planning has to be seen to address this urgent issue, given it should be the highest priority part of future sustainability of people and places.

We expected considerable effort to be put into discussing the housing typologies, locations and price points and the local government and other tools to be used to meet affordable housing needs. A focus on urban form and transport is not enough - we also need to consider what scenarios will deliver the range and types of housing that will meet current and future project needs and demands - and encourage inclusive communities that deliver affordable living and housing across the continuum from social to affordable to market housing.

The Interim Report is lacking in such detail and appears to be formulated almost entirely around transportation planning and business case approval.

With such a lack of information it is difficult to provide comprehensive feedback on the specific transportation options outlined in Interim Report. We are disappointed that the UFTI think piece on housing has not yet been released. We need this information to be able to contribute and understand the way that housing need and demand and the urgent issue of affordability in western Bay of Plenty has been factored into the thinking and development of these scenarios.

While there is a real and urgent need to incorporate housing and cultural considerations into this planning now, we also note that the long-term nature of this type of spatial planning requires ongoing funding and commitment from successive local and central governments. How do we build community commitment and momentum to a united vision for urban sub-regional growth that can be implemented with some pace and urgency? Otherwise we are doomed to constantly re-working scenarios for growth and never meeting our community's needs now, or in the future, for affordable living and inclusive growth and communities.

## **Specific feedback**

1. The projected need for affordable housing both ownership and rental should be clearly defined. The technical report – High Level Spatial Plan does not provide the detail that the national policy statement requires on the housing demand by typology and price point.

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<sup>3</sup> Impact of housing shortage. NZIER report to Priority One 2020.  
[https://infocouncil.tauranga.govt.nz/Open/2020/03/PO\\_20200304\\_AGN\\_2212\\_AT\\_WEB.htm](https://infocouncil.tauranga.govt.nz/Open/2020/03/PO_20200304_AGN_2212_AT_WEB.htm)

2. In our view the Interim Report contains two flawed assumptions.
  - a. That by releasing more land, house prices will drop and create more affordable housing (solely market driven)
  - b. That intensification (and associated transport node development) will automatically lead to more affordable housing

Neither of these scenarios will occur without incentives and interventions by local and central government to support the private sector who are tasked with developing the vast majority of the housing stock.

3. The Interim Report contains no reference to the need for the commitment of all Councils to implement the housing toolkit to assist in addressing housing affordability and we consider this a substantial omission and one that renders the achievement of the housing needs impossible. We see a real opportunity for Council to demonstrate leadership and to facilitate action and commitment to the Housing Action Framework adopted by SmartGrowth in early 2018 as a way of addressing housing need and demand in a strategic manner. This approach would work well with both the future growth scenario of connected urban villages and two urban centres programmes.
4. We note the lack of consultation or partnership approach with Tāngata Whenua. Positively the High Level Spatial Plan Report does mention papakāinga housing,
5. **Assessment Criteria:** Housing affordability is listed as an investment objective, but we would also like to see it included as a “critical success factor”. The Objective should be more refined with a shorter timeframe of improving affordability by 2025 (not 2070).

Housing affordability needs to be measured in relation to our local population’s income and housing costs and not in relation to other high growth centres

Our suggested housing affordability Critical Success Factor for the assessment of options is, *“The Option provides for the required proportion of affordable dwellings, defined at less than 30% of household income spent in rent/mortgage in reports dwellings, in 5 years, 15 years, 25 years, and 50 years and this is evenly spread in the northern, eastern, southern and western corridors of the region”*.

We have additional assessment criteria that allow for the analysis of each option in terms of the provision of housing by price point and typology as well as the location in relation to the proximity of various amenities which is crucial for the success of affordable and intensified housing developments. These are:

- a) The Option provides for 50% of dwellings for rental by 2040 , and
- b) The Option provides for the required **total number of 1&2 person households as the total number of 1&2 bedroomed dwellings** required in the 5/15/25/50-year intervals, and
- c) The Option provides for the required defined proportion of **affordable dwellings** (defined as less than 30% of household income spent on rent/mortgage in reports) in 5 years, 15 years, 25 years and 50 years AND of which **66% are within 500m of PT services and**

- d) The defined and agreed ratio (m<sup>2</sup> per person) of **accessible public reserves** excluding active sub-regional parks (Baypark, Blake Park) and beaches, **within 10 minutes or less walking distance of medium density housing areas and affordable housing areas** (*criteria 2 and 3 above*) in the northern, eastern, southern and western corridors of the region.

**Feedback on specific programmes:**

1. We view Programme 4: Dispersed growth (base case), as unacceptable given it is a continuation of the status quo.
2. The other three programmes outlined are defined at a high level and lack sufficient detail. In the Interim Report the three other options are all ranked the same and make presumptions that nodal development and a percentage of greenfield development creates more affordable homes. However, with a commitment to a mandatory tool kit implementation and incentives, any of these programmes could deliver. However, until there is such commitment, as currently presented, none of the programmes will deliver solutions to affordable housing.
3. There is a need to consider and accept the social and financial cost of the various local government and other incentives in the anticipated housing tool kit (cost-benefit analysis of the tools) and to include this analysis in the options assessment .