

WYNYARD CENTRAL HOUSING POLICY

1 Policy objectives

- 1.1 To clarify the approach that Waterfront Auckland (WA) will take to delivering a thriving residential community.

2 Scope

- 2.1 Covers the approach to housing in Wynyard Central which consists of 65-100,000m² GFA for residential development and a potential future population 1,100-1,500 (600-800 dwellings – Stage 1).
- 2.2 The development intensity and residential/worker population mix enabled by the District Plan Change is assumed and commitments to the Innovation Precinct.

3 Principles

- 3.1 The Waterfront Plan Vision is “A world-class destination that excites the senses and celebrates our sea-loving Pacific culture and maritime history. Its supports commercially successful and innovative businesses and is a place for all people, an area rich in character and activities that link people to the city and sea”.
- 3.2 Under this vision is a goal for A Liveable Waterfront “The location of leading sustainable urban transformation and renewal in Auckland, the most liveable NZ central city urban community; a vibrant mix of residents, workers, visitors and activities. A welcoming and resilient neighbourhood that is safe, diverse and attractive, with plentiful open space and access to local services and facilities.”
- 3.3 In developing a residential strategy for Wynyard Quarter, Waterfront Auckland is committed to: Promoting diversity of household types (across cultures, ages, demographics, incomes, skills and lifestyles) and providing choices in accommodation in terms of housing sizes, typologies, price points and tenures...” (Waterfront Plan, p69)
- 3.4 Diversity is a broad concept and a priority for Waterfront Auckland. The intention is “To attract the widest range of people to live, visit and do business in the area, we will ensure accessibility for all and create a calendar of events and activities that will attract them.” (The Best Place in the World to Invest, p22).

4 Background

- 4.1 To develop this policy Waterfront Auckland commissioned some research and analysis by property and housing policy experts and reviewed a number of housing reports¹. Housing market trends, affordability trends and the current city centre apartment stock were analysed. The Auckland housing continuum, from emergency housing and social rentals for households requiring significant support, through to market home ownership, where no assistance is required, was considered, to understand the range of providers, target household groups and level of need. An example of market-delivered affordable housing, the Hobsonville Land Company Axis Series, was reviewed, and case studies were developed to examine the housing budget of typical key worker households.

¹ Urbecon *Auckland Housing 2013-2033 Forecasts and Strategies*, March 2013; Darroch Ltd for CHРАНZ, *Auckland Region Housing Market Assessment*, Nov 2010; Colliers, *Wynyard Quarter Auckland CBD and Waterfront Future Office and Residential Demand*, April 2012; Property Economics, *Wynyard Quarter Apartment Research*, May 2012; Auckland Council, *Housing Action Plan*, 2013; Dominic Foote, *Housing Diversity and Affordability*, March 2013; Martin Udale and Dominic Foote, *Residential Strategy Preliminary Analysis*, 2010; HDC, *Hobsonville Point Axis Series*, 2013

- 4.2 An inner city apartment tour and workshop with councilors has also contributed to this policy.
- 4.3 Three options in developing a housing policy were considered, representing three possible levels of intervention:
- no intervention (market housing)
 - selected interventions to ensure diversity
 - provision of “affordable housing” products by a community housing provider (funded by the developer or the public sector).
- 4.4 Option 2 forms the basis of this policy because:
- High land value and cost of remediation at the waterfront
 - No provision for subsidy for affordable housing in existing budgets
 - The large number of affordable 1 and 2 bedroom units priced under \$300,000 in close proximity to the waterfront
 - The opportunity to focus on 3+ bedroom homes and lead the market
 - The organizational priority to achieve diversity across all activities (land use, employment, housing, community infrastructure, place-making and activation, sustainability).
 - Given the high cost of development at the waterfront, the requirements for high quality urban and architectural design and sustainable building, and for a contribution towards public art and community infrastructure, it is not considered feasible to require developers to provide a proportion of units for affordable housing.

5 Context

- 5.1 Escalating housing costs and declining housing affordability in Auckland is a complex issue of national significance.
- 5.2 The Auckland Plan and Auckland Strategic Housing Action Plan identifies the Auckland Council’s commitment to advance a wide range of actions to improve housing supply, affordability, quality and choice. Driving housing opportunities on council owned land and property is a priority.
- 5.3 Waterfront Auckland recognises the need for a diverse range of housing stock as **one** mechanism to support a diverse, resilient and thriving community.
- 5.4 Waterfront Auckland acknowledges the current and future demand for both renter and owner housing stock in the city centre, the growing intermediate housing market and the difficulties being faced by first home buyers.
- 5.5 The waterfront apartment market typically caters for higher income young professionals and couples, semi-retired and retired “empty nesters” and has few children and a high level of non-permanent “lock up and leave” households. Achieving diversity at the waterfront means expanding the sub markets that are able to choose inner city housing, however the waterfront will continue to reflect a different housing market to suburban Auckland.
- 5.6 There is an estimated demand for 1,000 apartments per annum across Auckland, 400 per annum in Auckland Central²
- 5.7 Studio, one and two bedroom apartments predominate (making up approximately 93% of the housing stock) in the city centre. There is only a limited supply of apartments in the city centre catering for families. The Auckland Council City Centre Masterplan seeks an increase in residential units with three or more bedrooms and facilities to cater for a growing and changing residential population.

² Urbecon, March 2013 “Auckland Housing 2013-2033 Forecasts and Strategies”

- 5.8 A projected increase in the number of older households, couple only and one person households will increase the demand for smaller one and two bedroom dwellings offering relatively easy access, security, low maintenance and access to amenities. An increase in 65,000 empty nester and 10,000 younger singles and couples households is forecast by 2023 however families with children will remain the largest household group.
- 5.9 Research into buyer origin and relocation patterns suggests that 65% of future residents in Wynyard Central will be drawn from within 5 kms, 10% from the rest of Auckland, 5% from the rest of New Zealand and 20% from overseas.³
- 5.10 Older households looking to downsize in retirement, will be looking for high amenity and walkability, security, low maintenance, private outdoor space and good sound insulation and easy access to convenience retail, personal and medical services. They are also looking for a “sense of community”. In addition, younger professional households will be seeking lifestyle convenience, entertainment, shopping and modern design style when trading off a house in a nearby suburb. Families need proximity to open space, playgrounds, childcare and schools.
- 5.11 A thriving and vibrant community requires a permanent population of both tenants and home owners that use the facilities and services on offer. Having the balance of office workers and residents right is important in terms of sense of community, services for residents, reducing commuter traffic and providing “life” in the precinct both day and night.
- 5.12 WA notes the large stock of more affordable housing in other parts of the city centre and within walking distance of the Wynyard Quarter where many 1 and 2 bedroom apartments are available under \$300,000. 70% of the 37,000 apartments across Auckland are valued at 350,000 or less, with only 7,000 valued at \$500,000 or more. Apartments in this higher price range tend to be owner occupied rather than rented and the majority in this price range is located in Auckland CBD waterfront, Ponsonby, Parnell, Remuera and Takapuna.
- 5.13 Housing costs at the waterfront are high due to:
- Prime nature of location (land value) and amenity value
 - Cost of addressing contamination issues
 - Cost increment of high rise construction compared with low rise
- 5.14 Affordability is not simply about housing costs. Reduced travel costs for those working or studying in the city centre, lower car ownership, highly efficient and well designed buildings (lower energy and water bills, for example) will lead to reduced household costs.
- 5.15 There is a need for leasehold to resemble freehold as far as possible, to both attract buyers, but also to protect affordability and value long term. Diversity of offer between buildings is as important as within buildings because apartment buildings with extensive facilities for the occupants will have higher body corporate fees than a building with limited facilities, which is likely to be more affordable.

³ Ibid.

6 Strategy

- 6.1 The housing policy is to focus on providing for household diversity (rather than affordability).
- 6.2 A wide range of housing stock (and therefore price points) will be required through development agreements. This will ensure a diverse range of residents to support a thriving community.
- 6.3 Waterfront Auckland will seek to showcase a range of innovative housing solutions and typologies (which may include modular and prefabricated apartments and flexible designs), with the aim of reducing construction costs.
- 6.4 A high level of sustainable design will be required. In addition to the environmental benefits (such as reducing green house gas emissions and resource use), the operational efficiencies and reduced day to day running costs will create more affordable living and household resilience.
- 6.5 The provision of community facilities, together with the high quality design and place-making will enhance the “sense of place” and support the development of a stable and thriving community.
- 6.6 Waterfront Auckland will continue to explore the range of housing options that could be provided at the waterfront in response to changes in central and local government policy.

7 Implementation Mechanisms

- 7.1 Developers will be required to provide a diverse mix of housing in terms of typology and sizes. Housing policy outcomes (below) will be set out as an obligation in stage 2. The developers will be invited to test a higher mix of 3+ bedroom apartments (20-25%) as an “enhancement”. Waterfront Auckland will have sign-off rights through to developed design.
- 7.2 As “seeing is believing” demonstration projects are an important way to lead the market. Waterfront Auckland will identify a site for a catalyst exemplar residential project in order to demonstrate sustainable residential design and affordable housing. This option may be advanced if above strategies do not fully advance Waterfront Auckland’s housing diversity, urban design and sustainability outcomes. This may require capital investment if there is no market support.
- 7.3 The independent review of apartment building designs by the Technical Advisory Group will be an additional safeguard to ensure that residential projects will deliver a diversity of typology, apartment sizes and price points.

8 Policy Outcomes

- 8.1 600-800 apartments (Wynyard Central) over 10 years
- 8.2 A mix of studio, 1, 2, 3 and 4 bedroom apartments, a variety of typologies, sizes and therefore price points
- 8.3 A higher proportion of 3+ bedroom units than is current market practice at the waterfront (i.e. 15% in the Viaduct).
- 8.4 Apartments ranging from \$400,000 to over \$3 million.. attracting a diverse community of renters and owner-occupiers
- 8.5 Exemplars of high quality medium and high density residential design and sustainable building (all 7 Homestar apartments) and innovative housing solutions.

9 Evaluation and Reporting

- 9.1 Implementation of this policy is part of the wider implementation strategy for the Central Precinct on which there will be regular reporting to the Board.

10 Approval of this Policy

10.1 This Policy was approved by the Board of Waterfront Auckland on 31 July 2013.