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Affordable Housing through Inclusionary Zoning – Case of Auckland

A thesis
submitted in partial fulfilment
of the requirements for the degree
of
Master of Environmental Planning
at
The University of Waikato
by
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THE UNIVERSITY OF
WAIKATO
Te Whare Wānanga o Waikato

2018

Abstract

The main aim of this thesis is to critically evaluate Auckland Council's approach in revoking the provisions of inclusionary zoning from the Auckland Unitary Plan that sought to secure affordable housing. Auckland's major housing affordability problem has received a lot of attention at the national, regional and local level. Review of international literature suggests that there are various mechanisms to secure affordable housing using planning principles. One of these mechanisms is inclusionary zoning, which requires land developers to dedicate a certain percentage of the total number of dwellings in a development for affordable units. This mechanism can be implemented by land developers constructing the units and imposing a retention mechanism or by transferring the units or land to a community housing provider.

This thesis examines the provisions of inclusionary zoning that were part of the Proposed Auckland Unitary Plan from three dimensions; legislative, economic and socio-cultural. In order to combat the problem of affordable housing, the New Zealand government introduced legislation specifically to address this matter but this either was repealed or had short timeframes to undertake developments under the legislation. This research uncovered that inclusionary zoning is not new to New Zealand. Queenstown Lakes District Council has implemented it in the past but could not withstand the political challenges. Primary data was collected through interviews with four key stakeholders who play an active part in the provision of affordable housing either by administering it or delivering it on ground.

The critical evaluation and analysis of the primary and secondary data revealed that the provisions of inclusionary zoning in the Proposed Auckland Unitary Plan have worked to secure affordable housing, to a certain extent. But there are many opportunities, as recommended in this thesis, to increase the supply of affordable housing units through inclusionary zoning within the current legislation. One of the research findings was that while implementing inclusionary zoning in brownfield areas was more complex than that of greenfield areas, it did not prove to be economically unviable. This research also concluded that inclusionary zoning is an effective tool to encourage socially integrated developments which was well addressed in the Proposed Auckland Unitary Plan.

Acknowledgments

“No one who achieves success does so without acknowledging the help of others. The wise and confident acknowledge this help with gratitude.”

---- Alfred North Whitehead

I owe sincere thanks to my supervisor Ms. Kate Mackness, for her continuous support throughout the research. I also thank her for her patience, motivation, encouragement and valuable advice at every stage of my research.

I also extend my sincere thanks to Heather Morrell, subject librarian, for helping me in formatting the references used in this thesis. I would also like to thank the library faculty at University of Waikato for organizing workshops regarding formatting and compiling a thesis, the result of which is this well-structured thesis.

Special thanks to Lauren Baddock (nee Clews) for proofreading my thesis within a short span of time.

Last but not the least, I thank my family for their encouragement and also for their unconditional support they have shown on me all through the research. They always supported me in all the possible ways they can right from the start of this research. This thesis wouldn't have come out this good without each one of you.

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List of Abbreviations

IZ	-	Inclusionary Zoning
RMA	-	Resource Management Act
PAUP	-	Proposed Auckland Unitary Plan
QLDC	-	Queenstown Lakes District Council
PC24	-	Plan Change 24
HASHA	-	Housing Accord and Special Housing Areas Act
NPS-UDC	-	National Policy Statement on Urban Development Capacity
TA	-	Territorial Authority
SHA	-	Special Housing Area
QD	-	Qualifying Development
HOPE	-	Housing Our People in our Environment
NZPI	-	New Zealand Planning Institute
FASS	-	Faculty of Arts and Social Sciences
HLC	-	Homes. Land. Community

Chapter 1 – Introduction

1.1 Background

A key topic of debate in recent years all over New Zealand is shortage of housing. Housing is a basic necessity for human beings and it is important to have quality housing within affordable means. There has been a steep rise in housing prices in the last decade in major cities of New Zealand (MBIE, 2013 cited in Spencer 2014). Auckland, where the land value has doubled and tripled between 2000 and 2012 (Spencer 2014), is one of them. There are very few days in recent times that the media has not published news in relation to the housing crisis in Auckland.

According to Statistics New Zealand, Auckland is home to nearly one-third of the population of New Zealand. There has been an increase in population in Auckland for the past 10 years (New Zealand Productivity Commission 2012) and this is expected to grow even more in the next 30 years (Auckland Council 2012). With this trend in place it is important that housing is provided to everyone who resides in Auckland. Increasing housing supply to meet demand is one of the priorities identified in the Auckland Plan (Auckland Council 2012).

The Demographia International Housing Affordability Survey placed Auckland as the 13th least affordable out of 360 cities surveyed (Gibson 2014). Further, Auckland has been rated as severely unaffordable in all 11 surveys conducted by Demographia (Cox and Pavletich 2015).

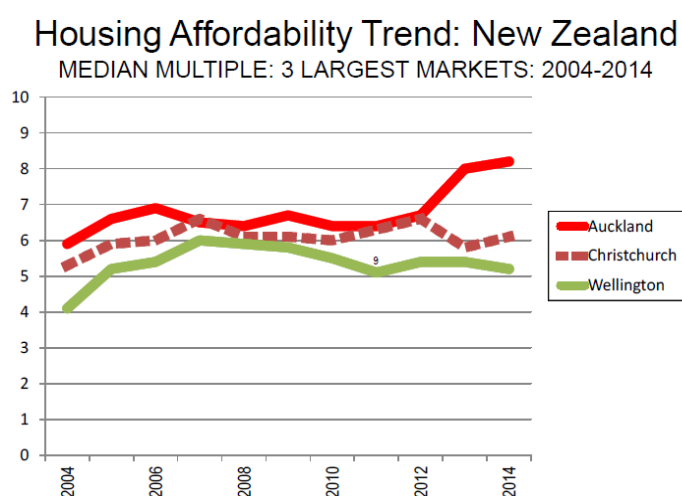


Fig. 1: Housing affordability trends in the three major cities of New Zealand in the last 10 years

Source: Cox and Pavletich (2015)

In the Proposed Auckland Unitary Plan, Auckland Council adopted the concept of retained affordable housing¹ but this was revoked by the Independent Hearings Panel later. The retained affordable housing provisions introduce inclusionary zoning (Auckland Council 2013e). Part of this research is to critique the methods adopted by Auckland Council, that were revoked, to implement affordable housing through inclusionary zoning and also to consider these from a developer's perspective.

1.2 Research Question

This research will be guided by the main objective as stated below:

“Critically evaluate the approach Auckland Council has taken to address the housing affordability issue in revoking the provisions for inclusionary zoning in the Proposed Auckland Unitary Plan.”

In order to give more insight to the main research objective, there are a set of questions formulated as follows:

1. To what extent will the current legislation support inclusionary zoning?
2. What are the economic impacts that developers face with inclusionary zoning?
3. To what extent will inclusionary zoning result in better socio-cultural outcome?

1.3 Format of the research

This research is presented in five chapters

Chapter 1: Introduction

This chapter gives a background of the research and briefs the problem statement and the research question.

Chapter 2: Literature Review

This chapter discusses the basic concepts of housing affordability and inclusionary zoning. Integrating these concepts to form a strong framework will

¹ Retained Affordable Housing:

Housing that is:

- sold or rented at or below the price as defined below
- owned or rented by occupiers who meet the relevant development controls in perpetuity

form the basis of discussion in Chapter 4. A developer's economic view and socio-cultural impacts of inclusionary zoning from an international perspective will also be discussed in this chapter. Further, in-depth insight will be provided on the historical housing reforms undertaken in New Zealand and the current measures adopted by Auckland Council.

Chapter 3: Research Methodology

This chapter details the methods used in this research for the collection of primary and secondary data. It also details how the required information has been obtained and how it was used to draw conclusions.

Chapter 4: Presentation of data and analysis

This chapter analyses and presents the information gathered from literature review, interviews from various stakeholders and other secondary data.

Chapter 5: Conclusion and Recommendations

Based on the analysis, this final chapter concludes by answering the sub-questions stated in Chapter 1 and develops recommendations to provide some solutions to utilize inclusionary zoning policies to secure more affordable housing in New Zealand, especially Auckland.

Chapter 2: Literature Review

2.1 Introduction to chapter

This chapter provides insight into provisions of affordable housing and inclusionary zoning. The first section talks about the basic definition and concepts relating to affordable housing and inclusionary zoning, and the theoretical framework binding these two concepts. This section further details the history of housing in New Zealand and the current reforms that are in place to tackle the housing affordability problem. The next section considers the concept of land value capture and its usage in different countries. Finally, the chapter concludes with the concept of social inclusion through inclusionary zoning.

2.2 Concept of Affordable Housing

The concept of affordable housing is vast and ambiguous. The term ‘affordability’ can be interpreted in many ways. It should also be noted that ‘affordability’ depends on the scale it is considered at, such as national, regional or local. As this thesis mostly revolves around the concept of affordable housing and its programs, a definition is necessary.

‘Affordable housing’ is said to be achieved if a household acquires a unit (own or rent) for an amount of up to 30 percent of the household income (Miles et al. 2000 cited in Susilawati and Armitage 2004).

While this is the basic definition, Auckland Regional Affordable Housing Strategy 2003 has an amended version. The definition reads;

“Housing is considered to be affordable if households can access suitable and adequate housing by spending a maximum of 30% of their gross income.”

(Auckland Regional Council 2003 9)

This strategy mainly focuses on the ‘suitable and adequate’ nature of housing provided to the bottom four deciles of household income. Suitable and adequate housing is better explained by considering the aspects that are involved in the design and construction of housing, such as the materials used, energy efficiency and safety of the neighborhood. Apart from this, consideration should also be given to facilities in the vicinity of the neighborhood such as transport and

community and recreational facilities, as these play a major role in calculating the household income threshold to determine housing affordability. Brown (2001 1) also supports that affordable housing units need to be strategically located where households will have easy means of “access to a range of opportunities – from good jobs and schools to transportation and safe streets.”

New Zealand’s Affordable Housing Enabling Territorial Authorities Act (2008 s. 4) defines affordable housing as;

... means housing that—

(a) is for persons living in households that—

(i) have low to moderate income; and

(ii) have no, low, or moderate legal or beneficial interests in property; and

(b) is priced so that the persons are able to meet—

(i) their housing costs; and

(ii) their other essential basic living costs

This definition from the Affordable Housing Enabling Territorial Authorities Act 2008 focuses mainly on the income status of the households and little detail about the criteria for low and moderate income is mentioned. Notwithstanding the first part of the definition, this act takes into account the housing costs as well as other essential living costs that add up to the economic aspect of affordable housing.

Affordable housing can also be defined in a few other ways;

“Affordable housing is housing that is appropriate for the needs of a range of very low to moderate income households and priced so that these households are also able to meet other basic living costs such as food, clothing, transport, medical care and education.”

(NSW Government 2015)

The Proposed Auckland Unitary Plan (PAUP) has amended the term ‘affordable housing’ to ‘retained affordable housing’ and this is defined in the following way;

“Housing that is:

- sold or rented at or below the price as defined below*
- owned or rented by occupiers who meet the relevant development controls in perpetuity.*

Price in the case of retained affordable housing means:

1. Dwellings must be sold or rented at a rate that means households on 80 to 120 per cent of the median household income for Auckland spend no more than 30 per cent of their gross income on rent or mortgage repayments, where:

a. median household income shall be determined by reference to Statistics New Zealand

b. in the case of purchase, normal bank lending criteria shall apply, and shall at a minimum be based on a 10 per cent deposit, a 30 year loan term and the average published interest rate of the 4 main trading banks. Body Corporate or Resident Society fees may be included in the calculation of purchase costs.

c. rent shall be the monthly rent set out in a tenancy agreement under the Residential Tenancies Act.

2. Purchase prices or rental of houses may be increased by 5 per cent where:

a. The dwellings have been certified as providing superior energy efficiency achieving at least 7 star level of the New Zealand Green Building Council Homestar Tool 2013 or an equivalent rating, and

b. are located within 200m of a bus, train or ferry service with greater than one hour frequency during off-peak times, i.e. between 9am and 3pm.

3. Where the development involves vacant site subdivision only, the price of the sites identified for Retained Affordable Housing must not exceed a price such that the resulting dwelling plus the site will be unable to meet the price set out above.

4. Where the development involves apartment units (vertically joined units), then the affordability of units is to be based on the value per m² of floor space. This value should be determined by dividing the price of the unit determined by the formula in clause 1 above, by 80m². ”

(Auckland Council 2013b)

The PAUP has added a new dimension to the definition of affordable housing. The Auckland Regional Affordable Housing Strategy's main focus of 'access suitable and adequate housing' has been better explained in the PAUP by considering energy efficient buildings accredited by the New Zealand Green Building Council and also taking into account the location of the dwellings close to transport facilities.

The PAUP's definition of retained affordable housing will be considered for the purpose of this research. This definition has been adopted to guide this research for three reasons. Firstly, this definition establishes a connection between household income and housing costs that provides a quantified affordability measure. Secondly, this definition directs the territorial authority to consider quality of life by using techniques such as Homestar rating. Thirdly, since this definition was developed for the Auckland region it considers important aspects that contribute to affordable housing.

2.3 The Concept of Inclusionary Zoning

There are many different tools or mechanisms through which affordable housing can be delivered. One of them is through Inclusionary Zoning. The main point of interest in this research revolves around the concept of inclusionary zoning so as to critically evaluate the approach Auckland Council has taken to provide affordable housing through inclusionary zoning.

Williams (2000 297) defines Inclusionary Zoning as

“....zoning provisions which require the mandatory provision of certain uses or facilities in identified new development proposals as a precondition before any approval may be granted by a planning authority.”

This definition is adopted for this research as it clearly links to the approach Auckland Council has planned to take through the PAUP.

Burchell and Galley (2000) identifies the “fundamental purpose of inclusionary zoning is to allow the development of affordable housing to become an integral part of other development taking place in a community.” Auckland Council through the Proposed Auckland Unitary Plan aimed to achieve this concept so that

affordable housing could be a part of large development carried out by the developer.

The other important aspect of inclusionary zoning is to create socially integrated communities. Calavita and Mallach (2010 1) describe inclusionary zoning as a means to encourage social integration in a community by also considering the planning regulations to achieve affordable housing. This element of social inclusion plays a vital role which will be detailed at a later stage of the research. Meda (2009) supports this concept by explaining the two main objectives that drive inclusionary zoning:

- a) To provide affordable housing.
- b) To integrate different classes of people based on their income.

It is a general policy that the inclusionary zoning technique allocates a set minimum amount of units that need to be affordable through planning regulations. This is generally defined by considering the median household income for that particular region/area (Burchell and Galley 2000). Auckland Council adopted this approach by incorporating regulations in the PAUP that required developments of 15 or more dwelling to ensure that at least 10% of these dwellings to be affordable. (Auckland Council 2013c).

Inclusionary zoning is implemented by residential developers who provide affordable housing as a percentage of total units in a development, selling or renting them to households whose incomes fall below specified income ceilings at prices or rents they can afford. This is achieved through regulatory directives (such as consent conditions), or through incentives such as density bonuses (Calavita and Mallach 2010).

2.4 Evolution of Inclusionary Zoning

The term 'Inclusionary Zoning' is an American concept that was adopted primarily by government agencies during the early 1970s. This later spread across Canada, Western Europe, India and South Africa. One of the main reasons for the emergence of this tool was to avoid racial and income segregation of low-income families and to integrate this with land use regulation, which is otherwise known as *exclusionary zoning*. Research reveals that the term inclusionary zoning was coined in contrast with the former term (Calavita and Mallach 2010 2). The US

County of Fairfax, Virginia was the first to enact inclusionary zoning as a mechanism and was later followed by many US cities and counties, predominantly in California (Meda 2009 160).

Apart from the US experience, inclusionary zoning has also spread to Canada and Western Europe. In Canada, it was difficult to attain affordable housing through planning regulations because of the absence of national housing policy (Meda 2009 162). In 1993 the federal government stopped funding for social housing and transferred the responsibility to provide social housing to the provinces. Mah (2009) suggests that where there is limited public funding, the concept of inclusionary zoning will be helpful to deliver affordable housing.

The concept of inclusionary zoning was not implemented in Europe until the 1990s. The direct involvement of the public sector to create affordable housing is one of the reasons for the late implementation of inclusionary zoning in Europe. This concept was considered after the European social housing programmes were significantly reduced (Meda 2009 163).

2.5 Theoretical concepts on Affordable Housing

Following on from the definition and concept of Affordable Housing, it is important to consider the measures of housing affordability. There are several parameters that determine and measure housing affordability. They are; income, house price, rents, and mortgage payments (DTZ New Zealand 2004 cited in Robinson *et al.* 2006 4).

The measure of housing affordability can be classified into two types; the Ratio Measures approach and the Residual Measures approach (Robinson *et al.* 2006). The Ratio Measures approach, also called the shelter first approach, claims that expenditure on housing takes the top priority in a household budget and the other expenditure comes later. On the contrary, the Residual Measures approach, also called the non-shelter first approach, is where the expenditure on housing comes second to the other expenditure (Robinson *et al.* 2006 5). Of these two approaches, the Ratio Measures approach is used most commonly. For the purpose of this research the concept of the Ratio Measures approach is considered, as this closely matches with the approach taken by Auckland Council in the PAUP.

2.6 Ratio Measures Approach

This approach is the most commonly used approach internationally by housing policy analysts. This approach determines the usage of household budget on housing expenditure. This ratio can be defined as *“the ratio of current median/mean market value of standard housing unit to median/mean (either before tax or disposable) income of the household.”* (Chen et al. 2010 cited in Yao 2011 22). In simple terms this approach assumes that an increase in household expenditure is directly proportional to an increase in income by keeping the percentage of expenditure on housing constant (Gabriel *et al.* 2005 19). This approach can be differentiated into three types;

- a) Simple ‘housing cost to income’ ratio
- b) Fixed ratio with benchmark
- c) Refined ratio measures (Gabriel *et al.* 2005 22)

The simple ‘housing cost to income’ ratio is a straightforward approach where the ratio of median house prices to median household incomes are calculated at different time intervals and then assessed to see whether the affordability situation is improving or worsening (Gabriel *et al.* 2005 22). Research indicates that while this ratio is used to track shifts in affordability with less parameters, this ratio is not in policymaking as only single measure tenure is applied across all tenures, locations and house types. This ratio also does not consider the quality of housing and housing density (Gabriel *et al.* 2005 24).

The fixed ratio measure approach can be considered for policy making, as this approach sets a benchmark to consider whether a household is affordable or unaffordable. Households are said to be unaffordable if the housing costs of a household are more than the determined threshold (Gabriel *et al.* 2005 23). This approach is closely related to the approach Auckland Council has undertaken as part of the Proposed Auckland Unitary Plan (PAUP). One of the pre-requisites for affordable housing, as defined in the PAUP, is that

Dwellings must be sold or rented at a rate that means households on 80 to 120 per cent of the median household income for Auckland spend no more than 30 per cent of their gross income on rent or mortgage repayments...

(Auckland Council 2013b)

It can be noted that Auckland has set a benchmark level of 30% of the gross income on rent or mortgage payments to be considered affordable or not. This benchmark is consistent with the approach taken by other nations worldwide including United States, Canada, and Australia.

There are a few advantages with the Ratio Measures approach. They include;

- This method requires fewer variables/parameters to determine the shift in affordability.
- With minimal jargon involved in understanding this approach, it becomes easy to explain to non-experts.
- The measure relies on transparent and apparently objective variables, with limited subjective assumptions about individuals' housing and non-housing consumption.

(Gabriel *et al.* 2005 24)

While there are advantages, this approach has also faced criticism, such as:

- This approach does not take into consideration the effect of expenditure on housing on the general household income (such as expenditure on health, clothing and food) (Gabriel *et al.* 2005 19).
- Bogdon and Can (1997) argues that it is unfair to set a benchmark standard as some households may be willing to spend more than the threshold which classifies them to be in the unaffordable zone.
- This approach cannot be generalized to all households as housing and non-housing expenditure varies among different households (Stone 2006).

2.7 Residual Measures Approach

This approach was the outcome of the criticism faced by the ratio approach. Ratio Measures approach identified that an approach should take into account not only expenditure on housing but also meeting basic non-housing expenditure. It is during this time that the concept of the Residual Measures approach emerged. Under this approach, housing is said to be affordable if the income after housing meets the other non- housing expenditure (Gabriel *et al.* 2005 19). Stone (2006) suggests that the difference between housing costs and income is an indicator to

establish a relationship between them. This difference is the residual income left after paying for housing.

Stone (2006) identifies that in considering this approach the size of household also has equal weight to that of housing costs and income. He further explains this clearly by providing two examples with households of different sizes but the same income. The household with the smaller size will have less non-housing costs when compared to the household of larger size. This means that the larger household will have less cost to spend on housing. On the other hand, he also considered a case of same household size but different after tax income. It was explained that the non-housing costs will remain the same, as the household size is the same but there will be a difference in percentage of allocation to costs of housing. Households with less income can afford to spend less cost on housing when compared to the household with higher income. Stone (2006) concludes stating that

....the residual income standard emerges as a sliding scale of housing affordability with the maximum affordable amount and fraction of income varying with household size, type, and income.

Most researchers believe that the residual measure approach has an edge over the ratio measure approach as there is more accurate information provided in the former for different household types (Gabriel *et al.* 2005 26). It is also believed that since the residual measure approach takes into account the non-housing costs it provides an opportunity for housing subsidies (Stone 2006 cited in Yao 2011).

Even though this approach provides us with detailed analyses of the housing costs versus non-housing costs, many researches prefer the ratio measures approach over the residual measures approach due to the complexity involved in defining the measurement criteria for the latter approach (Burke *et al.* 2004 cited in Gabriel *et al.* 2005). There can be points drawn from each of the approaches when Auckland's case is considered. The benchmark concept of the ratio measures approach can be integrated with the expenditure-income concept of the residual approach measure. It will be worthwhile to have a policy that sets housing affordability benchmarks for each different range of income groups rather than having one benchmark standard (35%) for all income groups.

2.8 Theoretical concept on Inclusionary Zoning

The above section dealt with theoretical approaches that are related solely to affordable housing. This section deals with a concept that is part of inclusionary zoning implementation.

The economics of residential zoning can be best explained through Egalitarian's market theory. For most of this theory's literature, the work of Andrew Dietderich is adopted.

Dietderich (1996) in his article focuses on the methods of achieving affordable housing through Inclusionary Zoning. He classified these methods into three types;

- *Voluntary inclusion programmes:* This is a programme where developers will have no obligation to set aside dwellings/units for affordable housing. Under this programme the developer, at their will, may allocate certain number of units to be sold at a less than market value.
- *Mandatory set-asides with density bonuses:* In this approach, it is mandatory for developers to set aside a required amount of dwellings/units for affordability purposes. This will enable an opportunity for developers to receive a density bonus for that development.
- *Mandatory set-asides without density bonuses:* This is a similar approach to the above but the only difference would be the developer would not have the perk of no density limit.

Auckland Council, in the PAUP, adopted the mandatory set-aside with density bonuses approach. This approach was only considered for 'qualifying developments' proposed under the Housing Accord and Special Housing Areas Act².

Dietderich (1996 69) identifies the effect of adopting the mandatory set-asides with density bonuses approach. He states one of the reasons for the developers opposing this approach is that by following the mandatory set-asides they are

² Literature regarding the Housing Accord and Special Housing Areas Act is discussed in section 2.12 of this chapter.

limited to the sale price of the dwelling/unit which in turn affects their short run revenue. This loss in revenue is interlinked with the supply of homes as this will be affected as the developers lack confidence in achieving their profit and increases their risk.

Dietderich (1996 75) puts forward an interesting statement that it is a false notion that the developer is only looking for profit made with the increase in density. He states that part of the developer's aim is also to have goodwill in the community. By increasing the density and providing intensified housing in an area of low-density houses, the developer does not want to lose the goodwill of the officials or community residents.

The other concern Dietderich indicates is passing on the costs of the inclusionary units to non-inclusionary units. The developer has little chance to demand more for non-inclusionary units if the housing price for such kind of dwellings/units is uniform within the vicinity of the neighborhood. But if a development has an edge on any feature such as good transport access to the site or aesthetic views, the developer has every opportunity to transfer the costs of inclusionary units onto the non-inclusionary units (Dietderich 1996 77). Even though affordable housing is provided through inclusionary zoning in this case, the objective of the approach will not be met and the affordability issue still continues.

The following table considers the key points of this approach against their adoption in the PAUP.

Table 1: Inclusionary zoning provisions in the PAUP

Key Points	PAUP relevance
Setting aside a certain percentage of any new developments for affordable housing	Rule H6.6.1.1 (1) of the PAUP requires that 10% of total dwellings in a new development must be set aside for retained affordable housing. This only applies where a new development contains more than 15 dwellings or creates more than 15 vacant sites.
Density bonus	Rule I1.3.1 (6) of the PAUP states that in the Mixed Housing Urban Zone no density limit applies if four or more dwellings are proposed on the site. Site restrictions apply to qualify for this rule. This is to

	ensure overall good urban design is maintained in the neighborhood.
Controlling the resale price of the inclusionary stock	Rule H6.6.3.1 (d) (iv) of the PAUP requires all resource consent applications involving the provision of retained affordable housing to provide details of the proposed retention mechanism. One way to achieve this is by registering a covenant on the certificate of title of the site that identifies it as subject to retained affordable housing.

2.9 History of Housing in New Zealand

There has been a drastic increase in house prices in New Zealand in the last 30 years, especially in Auckland where the house prices have increased fourfold from 1992 to 2013 (Goodyear and Fabian 2014 54). Bassett and Malpass (2013) argue that housing affordability should not be seen from an economic perspective but also from cultural value of homeownership. They noted that New Zealand's low level of poverty among elderly people is partly because of the high levels of homeownership that occurred when the house prices were low. With the current position it is difficult for many, including younger generations, to own a property in places like Auckland where the house prices are on an all time high.

There has been a shortfall of housing construction, coupled with increasing population making it more and more difficult to accommodate this increase. Bassett and Malpass (2013) lists out key trends resulting in a low rate of construction of dwellings, since the 1970s. One of them is the slowing down of the economy, which in turn left government money less available for construction of houses for first-home buyers. This has been contributing to an ongoing shortage of houses where Auckland requires 13,000 new homes to be built every year to cope with the increasing population (Auckland Council 2012). The other key trend pointed out by Bassett and Malpass was the rate of increase in floor area of the dwellings since 1974 to 2008. Since the abolition of the system of State Advances in the late 1970s, houses were built to higher specifications with larger floor areas (New Zealand Productivity Commission 2012 42). In comparison with other countries, New Zealand's houses are the largest in the world, on the basis of

an average floor area. In the recent years there has been an increase in four and five bedroom dwellings when compared with dwellings in the 1960s which were mostly three bedroom units (New Zealand Productivity Commission 2012 42 & 43).

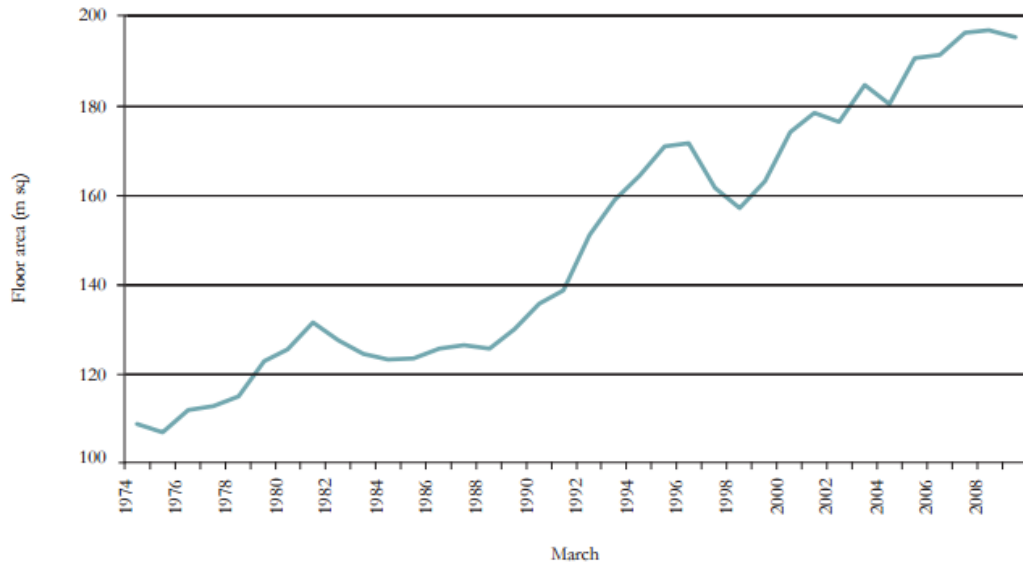


Fig. 2: Floor area per new dwelling consented between 1974 and 2010

Source: Statistics New Zealand cited in Bassett and Malpass (2013 14)

Following are the series of events that happened in New Zealand in relation to housing since 1919 to date;

Housing Act 1919

This was the first Act that provided housing for workers³ and made further provision for Housing of the People. Under this Act, the then Governor-General could set aside land for erecting dwellings for workers which are not reserved for any other purpose by the Crown. There were restrictions on the income of workers when a dwelling was planned to be disposed of.

Town Planning Act 1926

This was the first Act that controlled the use of land through zoning principles. The concept of zoning was new to New Zealand and the concept was used to separate residential areas from industrial areas, a mechanism which was more prevalent in the USA and UK. While local authorities were given power to prepare Planning Schemes, authority was still retained by central government to

³ “Worker” includes any person employed in any capacity in any industry or calling, whether by an employer or on his own account *Housing Act 1919*.

approve the scheme and subsequent changes (New Zealand Productivity Commission 2015a 4). This Act was not successful as there was lack of resources/planners required to prepare Planning Schemes (Bassett and Malpass 2013 10).

Between 1926 - 1950

The housing rules were initiated by central government rather than local authorities. During this period, central government attempted to delegate powers to local authorities regarding housing rules pertaining to a region.

Town and Country Planning Act 1953

This Act recognized the importance of town planning for the better and disciplined growth of a region. The Act required every city, borough, and town board to provide and maintain a district planning scheme. Each planning authority was responsible for the preparation and approval of its planning scheme (powers previously exercised by the Town-Planning Board). There was still significant central government involvement, however as councils had to submit their prepared scheme to the Minister of Works for checking (New Zealand Productivity Commission 2015a 7). Even though there was no direct mention of increase in housing for the people, zoning and control of subdivision were listed in the matters the district planning scheme was required to make provision for.

Mid 1950s

This is the period when District Schemes had taken effect and anyone who planned to develop their property with a dwelling that breached the basic requirements such as maximum height and building setbacks needed to get permission from the local authority. Some sanitary requirements were also introduced.

Town and Country Planning Act 1977

This Act mainly focused on a higher scale of environmental effects and links between planning decisions at all levels. There was no mention of housing for the growing population.

Resource Management Act 1991

This Act was a radical shift in the history of planning legislation in New Zealand. This Act replaced the past British style Town and Country Planning Act 1977 and replaced it with a different form of environmental planning and management (New Zealand Productivity Commission 2015a 10).

2.10 Housing reforms after 1991

There were social housing policy reforms introduced between 1991 and 1999. One of them was the introduction of the Accommodation Supplement.

“The Accommodation Supplement is designed to provide supplementary income support for low income earners and beneficiaries who cannot afford accommodation appropriate to their family size on their current income.”

(Luxton 1991)

The Accommodation Supplement was introduced irrespective of tenure and based on household incomes, housing costs and regional caps. This replaced all other subsidies such as the government subsidy to local councils to provide pensioner housing. The Accommodation Supplement is more of an income supplement rather than a housing allowance that is available for either renting or home-ownership costs.

Several housing policies were introduced between 1999 and 2008 at a local and national level. The year 2003 saw the introduction of the Auckland Regional Affordable Housing Strategy. The two main goals of this strategy are;

- *“To enable all households in the Auckland Region to live in housing that is affordable*
- *To encourage affordable housing that is well-located, appropriate to needs, well designed, integrated into communities, and provides for people’s need for choice, security, safety, and good health.”*

(Auckland Regional Council 2003 4)

Through this Housing Strategy there were Action Areas identified to support the two goals. The first two Action Areas are more relevant to this research than the other Action Areas. Action Area One aims to support initiatives that will make

housing more affordable and accessible. One of the tools identified to achieve this is through District Plans (Auckland Regional Council 2003 5). It has taken a decade to implement the strategy in the new Auckland Unitary Plan.

Action Area Two aims to contribute to initiatives which will increase the supply of “social housing” and help to diversify the range of social housing options. One of the initiatives to achieve this is by inclusionary zoning. Auckland City Council identified this mechanism but were unsuccessful in implementing it as they feared a legal challenge that it did not fit within the Resource Management Act (Auckland Regional Council 2003 5).

The next milestone was the introduction of the Affordable Housing Enabling Territorial Authorities Act 2008 (“the Affordable Housing Act”). This was the first piece of legislation that introduced the concept of inclusionary zoning for affordable housing. This is also the only legislation that provides powers to territorial authorities to adopt inclusionary zoning programmes. Section 5 of this Act states that:

“The purposes of this Act are to -

- (a) enable a territorial authority, in consultation with its community, to require persons doing developments to facilitate the provision of affordable housing—*
 - (i) for the purpose of meeting a need for it that the authority has identified by doing a housing needs assessment:*
 - (ii) in a manner that takes account of the desirability of the community having a variety of housing sizes, tenures, and costs”*

This Act provided the territorial authority with discretion to provide affordable housing through various incentives to the developer. These incentives include, but are not limited to, density bonuses, waivers of impact fees, and tax abatement (Mallach 2010). While this Act certainly would have provided a solution to the current state of Auckland’s housing crisis, most of this Act was repealed in August 2010 by the National led government elected in late 2008. The Explanatory Note to the Infrastructure Bill (63-1) outlines the reasons for repealing the Affordable Housing Act. It states that the Act was counter-productive and resulted in a decrease in supply of affordable housing. The National led government’s counter/replacement initiative was to reduce regulatory

barriers and compliance costs. It was concluded that the processes under the Affordable Housing Act were contradicting the government's initiative by creating more regulatory barriers .

2.11 HOPE Strategy

The Labour led government facilitated the New Zealand Housing Strategy in May 2005. This strategy identified 'inclusionary zoning' as one of the mechanisms to provide sustainable housing supply in New Zealand. The strategy reads;

Trial the use of planning and zoning instruments, such as inclusionary zoning and developer incentives, to increase the supply of affordable housing in high pressure areas.

(Housing New Zealand Corporation 2005 20)

Queenstown Lakes District Council (QLDC) entered into an agreement with the developer of the Jacks Point Area to set aside land for affordable housing (Housing New Zealand Corporation 2004 25). This later led to the adoption of the inclusionary policy in the HOPE (Housing Our People in our Environment) Strategy. The main idea of this strategy is to "use planning mechanisms to facilitate the provision of high quality affordable housing by the market place." (Queenstown Lakes District Council 2005 14).

Queenstown Lakes District Council had to undertake a plan change, Plan Change 24 (PC 24), to incorporate the HOPE strategy into their district plan. This has undergone a laborious process, becoming operative on 27 August 2013. Providing affordable and community housing were seen as an important aspect of this plan change, while not compromising the outstanding landscape character of the district. Queenstown Lakes District Council (QLDC) prepared comprehensive assessment criteria required as part of a resource consent application for subdivision that involved affordable housing. Following appeals, the Environment Court undertook a significant change by deleting this whole section and replacing it with very broad assessment criteria under the objectives and policies section for each zone.

The provisions of PC 24 were triggered at one of the three instances as stated below;

1. When a land is re-zoned from rural to residential as part of Structure Plan processes.
2. When up-zoning of existing urban land is proposed.
3. When seeking to exceed normal density, floor space or unit standards that are considered as discretionary or non-complying under the District Plan.

(Austin *et al.* 2007 39)

Clarke (2007) identified two types of methodologies to deal with affordable housing; inclusionary zoning and linkage zoning. As stated in the previous sections of this research, inclusionary zoning requires a minimum percentage of residential development be provided at below-market rates to serve lower income households as part of new residential developments.

Linkage zoning deals in a similar way as inclusionary zoning but requires that a development provide housing for a specified percentage of new employees generated by the development (Clarke 2007). Unlike inclusionary zoning where new affordable units are created through residential development, linkage zoning creates a demand for affordable units through non-residential development.

Linkage zoning, as developed in North America, has had to meet legal tests related to establishing a rationale nexus between the impacts caused by the development and the nature of the mitigation required and that there must be a rough proportionality between the impacts generated and the extent of mitigation required.

(Austin *et al.* 2007 44)

Linkage zoning demonstrates a direct link between the development pressures faced by the region and the demand for affordable units while providing efficient mitigation methods where the costs of mitigation must not exceed the benefits (Austin *et al.* 2007 44).

The basic principles involved in linkage zoning approach are:

1. Full time equivalent jobs are calculated that are directly generated by the development.
2. Understanding the income profile of the jobs created, especially low to moderate income jobs.

3. Number of households required will be derived from the number of workers generated by the development.

(Austin *et al.* 2007 45)

Considering the specific characteristics of Queenstown, QLDC has adopted a linkage zoning to deal with affordable housing in the district. This was because the provisions of linkage zoning matched the focus of the HOPE strategy and would cover both the residential and non-residential sectors. Linkage zoning was also adopted as it is more consistent with the effects based framework of the RMA (Austin *et al.* 2007 44).

2.12 Housing Accord and Special Housing Areas Act (HASHAA)

One of the steps taken by the New Zealand Central Government to address the housing affordability issue was the introduction of the Housing Accord and Special Housing Areas Act, abbreviated as HASHAA. This Act took effect on 16 September 2013 (Housing Accord and Special Housing Areas Act 2013). The main purpose of this Act is:

.....to enhance housing affordability by facilitating an increase in land and housing supply in certain regions or districts identified as having housing supply and affordability issues.

(Housing Accord and Special Housing Areas Act 2013)

The main intention of this Act is for the territorial authorities to identify the status of housing in their respective districts. If it is identified that a housing crisis exists, the government works closely with the territorial authority or the local council to address the housing concerns by signing the Housing Accord for that district. Auckland was the first region to sign the Housing Accord. In December 2013, Christchurch City, Wellington City, Hutt City, Upper Hutt City, Porirua, Kapiti, Tauranga and Western Bay of Plenty were added to this legislation. This Accord provides an opportunity for the local council to recommend specific areas in the district that can promote affordable housing, known as Special Housing Areas (SHA). Through this Accord, local councils have permissive powers to process resource consent applications under SHAs which is one of the key tools to address immediate housing affordability and supply issues (Office of the Minister of Housing 2013).

There are certain criteria to be met to be eligible for a qualifying development⁴. The development must be;

- (i) Predominantly residential
- (ii) Low-rise (up to 5 storeys) and
- (iii) With capacity for more than 30 dwellings to be built.

(Office of the Minister of Housing)

The number of dwellings to be built beyond 30 as stated in criterion (iii) above can be subject to local council's discretion.

As mentioned above, Auckland was the first region to sign the housing accord in October 2013. "The Accord is a three year agreement to urgently increase the supply and affordability of housing in Auckland until Auckland Council's Unitary Plan becomes fully operative in September 2016, and the Government's Resource Management Act reforms for planning processes take effect" (Ministry of Business Innovation and Employment 2016). Auckland Council identified a certain target number of dwellings that need to be built every year for three years to address the issue of housing affordability in Auckland. Since the inception of the housing accord, Auckland Council identified 154 SHAs divided into 10 tranches. All applications under these qualifying developments are assessed against the objectives, policies and rules of the PAUP. Auckland Council setup a 'one-stop shop' known as the Housing Project Office (HPO) that offered a fast tracking consenting process to enable a more integrated planning and consenting process with a strong focus on quality development.

2.13 Concept of Land Value Capture

The concept of affordable housing is to sell houses or units at below-market price to buyers through inclusionary zoning, resulting in greater number of affordable units. As discussed earlier in this chapter, Dietderich (1996) is concerned that the developers will try to pass on losses incurred through providing inclusionary affordable units to buyers of non-inclusionary units. Economists argue that these costs must not be passed on to the buyers of non-inclusionary units but rather to the owner of the property who sold the land to the developer (Calavita and

⁴ Resource consent applications for a development, which are considered in Special Housing Areas, are qualifying developments.

Mallach 2009). This issue of who pays for the costs associated with the provision of below market houses/units – known as “incidence controversy”, remains unresolved (Calavita and Mallach 2010 10).

It may often be the case that there will be an increase in land value to the properties that are located in the vicinity of an area that is proposed for development by government – this is value creation. This increase in land value also applies to any property that has remained untouched for several years. This creates an opportunity for the landowners of the untouched lands to change the land use of that land, for example from industrial to mixed zoning, or from commercial to residential – this is rezoning/upzoning. This generates profit to the land owners due to government actions (Calavita 2012). This raises an interesting debate regarding who should benefit from the increase in land value. The landowner believes this increase in land value is theirs because they own the property and they have the right to enjoy any development profits gained from it. From a land owner’s or developer’s perspective, they argue that they earned this increase in land value, as they have paid for most of the costs associated with the rezoning. Governments perceive that rezoning adds to development capacity and leads to installation of new infrastructure services. Since this will be for the community’s benefit, governments believe that an increase in land value must belong to them (Coriolis Consulting Group 2014). Ideally, the increased land value must be allocated to all three parties being the land owner, the government and the community. This approach of capturing the increase in land value is called Land Value Capture (LVC).

2.14 Applications of Land Value Capture

Most of the European countries, where this concept was implemented, captured land value that resulted from government actions in some form or another (Calavita and Mallach 2010 361). Calavita and Mallach (2010) investigated if inclusionary zoning can be an instrument to capture increase in land values and if so, under what circumstances this could be possible. In order to find answers to these questions, they have classified capture models into four categories based on the country of its implementation.

Explicit and Extensive Recapture: England and Spain

England and Spain have different kinds of capture mechanisms. The Town and Country Planning Act 1947 tried to regain the betterment gain but were not successful. The nationalization of development rights remained even though the 1947 Act failed to regain the betterment gain. The English planning system is a negotiation-based approach where the developer and local authority negotiate on the means of provision for public amenities that need to be created as part of development, including affordable housing. This is often referred to as Section 106 agreements. This negotiation process is a success in England that is able to provide both affordable housing and capture land values (Calavita and Mallach 2010 362)

In Spain, the land value capture has been set in the constitution that requires all property owners to provide close to 50% of their land for public facilities, like school, park or library, in designated planning areas. A betterment tax is also collected that ranges between 5 and 15% of the profits of the property owners or land developers that will be used for public sector. This is usually collected in the form of land. The density allowed for the entire development is then concentrated on this land and 30% of the square footage is dedicated to inclusionary housing (Calavita and Mallach 2010 362).

Explicit but Limited Recapture: Ireland

The Irish Supreme Court required landowners to surrender a part of their land value increase derived from its upzoning and planning permissions, but this was unsuccessful as Ireland lacked a sufficiently sophisticated planning system to implement this and its tradition of protecting property rights was also an issue. This was a similar case with the Town and Regional Planning Act 1934⁵, which required three-fourths of the increase in land value to be paid as betterment. Part V of the Planning and Development Act 2000, made little consideration to the recapture of land value increases which resulted in weaker laws when compared to the legislative measures undertaken in England or Spain (Calavita and Mallach 2010 363).

⁵ The Irish Government commenced the formal physical planning of Ireland with the enactment of the 1934 Town and Regional Planning Act.

Implicit and Ambiguous Recapture: France and Canada

France adopted PLD (*plafond légal de densité*; maximum legal density) in 1975 for recapturing land value. PLD requires a maximum density of one square meter of development for each square meter of land on properties located in urban areas, but Paris was set at 1.5 PLD (Calavita and Mallach 2010 364). Development rights from local authorities were sold to the developers to build higher densities. This density increased up to 2.0 (3.0 for Paris) for cities with population greater than 50,000 after 1983. In 1986, PLD was made optional and in 2000 it was totally abolished. The reason for abolishing PLD was it was seen as a disincentive to urban redevelopment and was also contributing to urban sprawl. This led to reduction of investment in the core central business districts (Calavita and Mallach 2010 364) . Today, the French planning system offers no explicit mechanism to capture increase in land values (Calavita and Mallach 2010 364).

Many Canadian provinces experimented with explicit land value recapture schemes but were not successful. It was in Vancouver and Montreal that some of the recapture schemes were able to adopt inclusionary housing mechanisms (Calavita and Mallach 2010).

No Value Recapture: United States

Land Value Recapture is not extensively considered in the American planning system and land development. The need to provide affordable housing is legalized by incentives or cost offsets that will be given to the developer for providing Inclusionary Housing (Calavita and Mallach 2009 18). Inclusionary Housing in the United States is understood to be a land use regulation rather than an illegal exaction (Calavita and Mallach 2010 365). These cost offsets or incentives include density bonuses, waivers of impact fees, fast track consenting processes, and lower parking requirements (Calavita and Mallach 2009). While these are all regulatory aspects, there is very little or no benefit to the public in relation to the increase in land value. This approach will mostly favor the developer even though they make provision for affordable housing.

2.15 Land Value Capture in Vancouver – Community Amenity Contributions

In Vancouver, capturing the increase in land value takes the form of Community Amenity Contributions (CAC).

CACs are negotiated contributions from developers who recognize that when a property is rezoned to a higher density, the increased population can create the need for more community amenities and services.

(City of Vancouver 2011)

The City of Vancouver is similar to Auckland, where there is a substantial amount of new residential and commercial development taking place throughout the year. The City of Vancouver acknowledges that with any new development there will be an increase in load on the existing social and service infrastructure. In order to lessen the impact on the community, CAC policy was introduced to pay for the costs of growth. CACs are usually in-cash contributions made by the developer through a negotiated process (City of Vancouver 2016a). Apart from the cost offsets and incentives, the negotiation-based process also considers the economic viability of the project. These negotiations must happen between both the developer and the municipality/council considering the analysis on economic implications for developers, landowners and the public (Calavita and Mallach 2010). The City of Vancouver has adopted this approach (Coriolis Consulting Group 2014). CAC policies are only provided through rezoning of private land that help to build and expand facilities like park space, libraries, childcare facilities, community centers, transportation services, cultural facilities and neighborhood houses. Apart from CACs, the property developer is entitled to pay Development Cost Levies (DCL) based on square footage.

Contribution	Applies to	Due date	Allocation	Rate approach
Development Cost Levies	All developments including those being rezoned	When the building permit is issued	DCL money will partially fund parks, childcare facilities, replacement housing, and engineering infrastructure	A flat rate, per square foot of floor space to be built
Community Amenity Contributions	Only developments that are being rezoned	Before rezoning enactment	CACs contribute to community centres, libraries, daycares, park improvements, neighbourhood houses, and more	Various approaches are used, including fixed rate targets and site-specific negotiation

Fig. 3: Comparison of DCLs and CACs in Vancouver

Source: City of Vancouver (2016b)

2.16 Social Inclusion – International perspectives

The growth of inclusionary zoning in Europe has seen a public policy shift from traditional council controlled service delivery and infrastructure provisions to more privatized models. Whilst this was seen as a positive shift, there has been a growing concern with social exclusion (Calavita and Mallach 2010 5). This issue of social exclusion was noticed in Europe later than in the United States and the former has undertaken measures to address it first in all levels of government in Western Europe (Calavita and Mallach 2010 11). These measures will be explained below under each country's approach being England, Netherlands, Germany and Colombia. The above mentioned countries promoted social inclusion through a variety of strategies that involved strong direction and support from public sector (Mallach 2010 323). Social exclusion is linked not only to unemployment, poverty and lack of access to services, but also to housing, which in turn leads to spatial segregation (Calavita and Mallach 2010). Johnston *et al.* (2000) states that spatial segregation is a residential separation of sub-groups which can happen based on various factors including racial groups, ethnicity and income levels. Increasing immigration is also seen as one of the factors in influencing spatial segregation. Calavita and Mallach (2010) argue that in order to accommodate increasing numbers of migrants, new housing must be large scale, mass produced and located in high rise buildings. This type of housing is usually carried out on inexpensive land farther away from the city or metropolitan area, and in areas where public facilities are poorly managed. Similarly, Maré *et al.* (2011) states that individual households when making their location choices tend to consider a variety of factors; closeness to the transport corridor, people in the neighborhood and future resale value.

Inclusionary zoning is seen as one of the methods that encourage social inclusion, mainly in the European and Colombian contexts and to some extent in the United States (New Jersey, for example). Each country's approach to social inclusion is detailed below.

England

Inclusionary zoning in England is mainly driven by Section 106 (S106) agreements. S106 gives power to councils to require certain proportion of housing in a development for affordable housing provided it has identified a need for

social or low cost housing within the council's jurisdictional boundaries (Whitehead 2007 cited in New Zealand Productivity Commission 2015b). This law requires developers to enter into legal agreements with the planning authority to make contributions to affordable housing on an on-going basis. The current policy on affordable housing through s106 is summarized below:

1. Planning authorities' policy must set clear targets in its local plan for the number of affordable housing required that can be sought through s106.
2. Different targets must be set for social and intermediate housing that should specify the size and type of affordable housing that will be sought.
3. The policy must identify a threshold limit on the number of dwellings that triggers provision of affordable housing.
4. Affordable housing should be provided within the same site as that of market dwellings; however, off-site locations may be considered if it has been robustly justified.

(Monk 2010 145)

A study by the Cambridge Centre for Housing and Planning Research and the University of Sheffield found that on-site provision of affordable housing created mixed communities by integrating market units with affordable units. This study also revealed that the concept of 'pepper potting' – where affordable units are scattered all around the development – played a pivotal role in contributing to mixed communities (Monk 2010).

Netherlands

Housing policy in the Netherlands considers social and tenure mix as important characteristics in provision of affordable housing. Commonly large-scale developments contain a significant percentage of social housing, with combinations of different forms of tenure and accommodation. For example, a project of 75 units housing in Amsterdam built 14 private ownership units, 60 units of work units, social rental housing, commercial rental housing and one large unit for a dozen people living communally (Mallach 2010) .

This approach has been in place since 2008, with the enactment of a new spatial planning law which allows municipalities to require a percentage of land in new developments be set aside for social rental housing, housing for sale at below-

market price, or both types. According to this law, the municipality can specify the number of affordable units required as well as their location within the development (Mallach 2010 cited in Yuniati 2013).

Germany

A similar approach to that of the Netherlands was considered in Germany for social integration in large scale developments where they contain a mix of rental and owner-occupied units. This being the case, the German housing approach also has a distinctive feature where a group of individuals forms a housing association for the purposes of constructing a housing development that will be owned cooperatively by its members (Mallach 2010 328). This is known as cobuilding. Local governments in Germany support cobuilding as it is considered cost effective. These cobuilding associations partner with nonprofit housing companies to secure a percentage of their units as social housing (Mallach 2010 328).

Bogota, Colombia

A comprehensive national reform legislation for urban development known as Law 388 has established the provisions of inclusionary zoning in Colombia. This law requires 20 percent of units built in the more developed and planned sectors of the city to be social housing and a larger percentage built in peripheral sectors to be social housing (Mallach 2010 cited in Yuniati 2013). This minimum requirement was raised to 25 percent in 2007.

However, the developers who have development particularly in expensive areas of the city have an opportunity to pay in lieu by substituting land in less expensive areas (Mallach 2010 cited in Yuniati 2013) . This shows a tendency towards trade-offs between the goals of social inclusion and affordable housing production. Whilst Bogota, as a highly segregated city, had to sacrifice the need to provide social inclusion due to its housing crisis (Mallach 2010 cited in Yuniati 2013), it was promoting social inclusion by another means - by providing affordable housing elsewhere within the city.

Chapter 3 – Research Methodology

3.1 Research approach

This research applies the inductive approach which is a ‘bottom-up’ approach in which a researcher identifies research questions and goals based on the collected empirical data (Dahlberg and McCaig 2010 21). Moreover, inductive approaches are typically used in qualitative research (Dahlberg and McCaig 2010 21). Qualitative research seeks to understand the research topic from a local population perspective. It is effective in gathering information relating to specific cultural aspects such as social contexts of particular populations (Mack *et al.* 2005). The research topic of affordable housing and inclusionary zoning mainly relates to the social context of housing standard and quality of living. Qualitative research is also used to explore an issue in depth to address ‘how’ and ‘why’ questions (Dahlberg and McCaig 2010 117). The research’s main objective, to evaluate Auckland Council’s approach on affordable housing, generates an in-depth analysis of the past and present approach Auckland Council is undertaking to combat affordable housing. Therefore, qualitative methods are used for the data collection and analysis in this research.

3.2 Qualitative Research

3.2.1 Primary and Secondary Data

Data collection to understand the concept of affordable housing and inclusionary zoning and its applicability and implementation in Auckland includes both primary and secondary data sources.

Primary data is the ‘first-hand’ data that has not been analysed or processed. Usually, primary data comprises of interviews, surveys and observations. For the purpose of this research, the author used interviews and observations to collect primary data. Secondary data is usually the ‘second-hand’ data that has been processed or analysed by a party other than the researcher.

The table below provides an overview of the data source and expected results against each sub-questions as stated in chapter 1.

Table 2: Overview of data source and expected results

Research question	Data source	Answering the question	Expected results
Extent to which the current legislation supports inclusionary zoning	Research reports, Journal articles, New Zealand Legislation, Newspaper articles.	<ul style="list-style-type: none"> ➤ Examine the historical literature relating to housing affordability in New Zealand. ➤ Understand the current legislation about Housing Accord and Special Housing Area (HASHA) Act and how it contributes to achieve affordable housing through inclusionary zoning. 	This will identify the different changes in legislation and approaches undertaken by NZ government regarding housing affordability from the past.
Economic impacts faced by developers by introducing inclusionary zoning	Interviews with experts, Research reports	<ul style="list-style-type: none"> ➤ Study the analysis undertaken by New Zealand researchers as part of Unitary Plan. 	This will identify the ground issues developers are facing/have faced in Auckland by introducing inclusionary zoning.
Extent to which inclusionary zoning results in better socio-cultural outcome	Journal articles, Research reports, Interviews with experts	<ul style="list-style-type: none"> ➤ Examine the current trend in land development/subdivisions in Auckland in terms of spatial segregation. ➤ Also seek developers view during interview process. 	This approach investigates if there is any spatial segregation issue that results from the introduction of inclusionary zoning in developments.

3.2.2 Stakeholder Interviews

There are a number of methods that are encompassed in qualitative research; one of popular ones is semi-structured interviews. These interviews usually contain a list of questions set by the researcher. All participants get asked the same questions. The order of these questions can vary depending on how the interview progresses. There is flexibility in this approach and the researcher can change the wording of the questions according to the interview situation (Dahlberg and McCaig 2010 119).

For this research, four stakeholders were selected to present their opinions and views on affordable housing and inclusionary zoning that were adopted in two major cities of New Zealand, Auckland and Queenstown. The stakeholders were selected based on purposive sampling technique. Participants in this approach are selected using specific criteria where they relate to behaviors, roles or characteristics. The two aims of this approach is “to ensure participants are relevant to the research subject and to ensure some diversity is included” (Davies 2010).

Participants used in this research are two senior officials from Auckland Council and QLDC and two land developers based in Auckland and Queenstown. I refer to these people as ‘stakeholders’ in this research. All the stakeholders have a direct connection with the provision of affordable housing either in administering it or delivering it on ground. Hence the author considers that the selected stakeholders are relevant to the research subject. The stakeholders are selected such that two of them work for public organization (Council) and two of them are private land developers to ensure some diversity is included.

Selection of stakeholders

The Auckland Council stakeholder was selected by sending an email to the general enquiries inbox of special housing area, which is available on Auckland Council’s website. Following on from that the Auckland Council stakeholder advised their willingness to assist in this research.

The QLDC stakeholder was selected by sending an email to one of the senior planners, whose contact details are available on QLDC's website. This email was forwarded onto the QLDC stakeholder selected as part of this research.

Weymouth SHA in south Auckland was the first development to utilize the inclusionary zoning provisions under the PAUP. The author considered that this case study would help in assessing the implementation of inclusionary zoning provisions by providing ground reality information. One of the other reasons for choosing Weymouth SHA as a case study in Auckland is because this development created many affordable units when compared against other developments that proceeded under the provisions of PAUP and HASHA Act. Hence, the author considered it appropriate to interview the land developer for this development. An email was sent to an official at NZ Housing Foundation (one of the land developers for Weymouth SHA) which was further forwarded onto the stakeholder selected as part of this research. This stakeholder showed interest in participating in this research.

The author met Scott Figenshow, Director, Community Housing Aotearoa, at a New Zealand Planning Institute workshop held at Massey University in Palmerston North in April 2016. Following a presentation from Mr. Figenshow at the workshop, an email was sent seeking his help in suggesting a land developer in Queenstown who would be able to assist in this research. Mr. Figenshow responded via email with the land developer's details which was received by the author. Later an email was sent to the land developer to confirm their availability.

Interview method

Four semi-structured interviews with each stakeholder were conducted for the purpose of this research. Each interview was approximately 30 minutes to 45 minutes in length. Due to time, financial and geographical constraints for this research, all the interviews were carried out over phone at a mutually convenient time.

Procedures in which stakeholders were involved

All stakeholders were advised to read through the information sheet (Appendix A) before scheduling an interview time. All these interviews followed an interview schedule (Appendix C) which was provided to the stakeholders after their consent

to participate in the interview (Appendix B). It was also anticipated that there may be some discussion topics which may be related to the research but not stated in the interview schedule. It was stressed to the stakeholders that the interviews were audio recorded and they had the right to withdraw or stop the recording at any point during the interview. All the participants were offered a transcribed version of the interview but none of them opted for this. The participants also had the right to refuse to answer any question, or ask that a question be removed from the interview schedule. None of the stakeholders chose to remove any question.

Stakeholder's risk of identification

Unless otherwise stated by the stakeholders, the author intends not to disclose the identity of each stakeholder and to instead use pseudonyms during the analysis of primary data. Whilst the author took measures to reduce the risk of the stakeholders being identified, there is always a risk factor to be considered to some extent during interviews. This is acknowledged and the stakeholders were informed in the information sheet that was provided to them. The author advised the stakeholders in the information sheet that even though pseudonyms were used, there is a possibility that they may be identified through their role at the Council for Council officers, or through the housing development project the land developer is involved in. To protect the identities of land developers, the author recruited them independently from Council officials.

3.2.3 Ethical considerations

The concept of affordable housing is partly socially sensitive given that it talks about income thresholds of people. It is important that this research does not cause any unhappiness to any person. Hence, this research is bound by ethical considerations. "The most common ethical dilemmas focus around participation, consent, confidentiality and safeguarding personal information" (Sarantakos, 2005 cited in Cullen 2005). In order to progress this research, it was considered necessary to obtain an approval from the FASS Human Research Ethics Committee at the University of Waikato. An application was made to the Ethics Committee and approval was obtained to undertake research involving stakeholders. All stakeholders were provided with a copy of the information sheet, interview schedule and two consent forms (one for the stakeholder and the other

for my record). Signed consent forms from all the stakeholders were obtained before the start of the interview. The author also outlined the confidentiality steps that have been abided by and the use of pseudonyms in the analysis. The author also briefed the participants regarding the purpose of the research and the University ethical procedures binding it. Contact details of the author and author's supervisor were provided, should the stakeholders wish to contact either of them at any time during the research.

3.3 Case Study – Auckland

In order to achieve the main research objective, the author considered a case study approach most appropriate. Auckland was selected as a case study because the problem of housing affordability in Auckland has been a topic of recent debate, making primary data to support this research easily accessible. It is necessary to consider how inclusionary zoning provisions introduced in the PAUP and tested by the HASHA Act have functioned in practice. Auckland is only the second city in New Zealand to include inclusionary zoning provisions in their District Plan, Queenstown being the first. In order to compare the approach taken by Auckland Council it was necessary to analyze the provisions that were adopted in Queenstown. Similarly, the author selected Weymouth SHA as a sub case study to analyze the ground reality of inclusionary zoning provisions implemented as part of the Auckland Housing Accord⁶ process.

3.4 Data analysis

Interview recordings, council information, reports and other secondary data created a wealth of information in analyzing the data. The interpretation of collected data is done by coding. Coding is a form of qualitative data analysis that involves identifying and categorizing data based on the research questions (Smith and Davies 2010 152). There are three different types of coding involved; descriptive coding, topic coding and analytic coding (Smith and Davies 2010 154). This research uses topic coding which aims to allow all data on a particular topic to be grouped together. Through the literature review it was identified that data analysis can be divided into three topic areas; legislative, economic and

⁶ Auckland Housing Accord will be discussed in detailed in the following chapters

socio-cultural. This process contributed to achieving the main objective of this research.

3.5 Research limitations

It must be acknowledged there are a number of limitations in undertaking this research and this research must be considered in view of these constraints. The main limitation for this research was that Auckland Council revoked the inclusionary zoning provisions included in the PAUP during the course of this research. Auckland Council notified the PAUP with inclusionary zoning policies in September 2013. This research started in June 2015. Following on from the Auckland Unitary Plan hearings, Auckland Council revoked the provisions relating to inclusionary zoning in August 2016. The literature review was still being carried out and ethics approval was obtained by this time. Hence it is to be noted that all the interview questions relate to the provisions being in place. The research question had to be amended to reflect this change.

One other limitation for this research is the sample size of the stakeholders selected for interviews. Due to time constraints only four stakeholders were interviewed. The other limitation this research identified was very limited information available that shows the financial profit or loss for developers in developments which proceeded under the PAUP or the current Auckland Unitary Plan (in part). This is mainly because the Unitary Plan for Auckland is still in its early stages and it is too early to determine the impact of development feasibilities for all developments. Hence the author relied on the analysis undertaken by Professor Laurence Murphy and Dr Michael Rehm who were commissioned to review a mandatory affordable housing requirement in greenfield and brownfield areas and a bonus-based affordable housing provision in brownfield areas.

Chapter 4 – Presentation of Data and Analysis

4.1 Introduction to chapter

This chapter considers the various reports presented as part of introducing inclusionary zoning provisions under the PAUP and accordingly presents the author's views. This chapter also provides insight into the views expressed by four interviewees carried out as part of the author's fieldwork. The four interviewees include; a senior official from Auckland Council, a senior official from Queenstown Lakes District Council, a land developer based in Auckland and a land developer based in Queenstown.

This chapter will be discussed in terms of three components considered under this research; Legislative, Economic and Socio-Cultural.

4.2 Legislative Dimension

The discussion provided in the literature review relating to legislation has taken the whole of New Zealand into account. The discussion below provides sole emphasis on Auckland's situation of the various legislative aspects which can be considered for the implementation of inclusionary zoning.

4.2.1 Affordable Housing: Enabling Territorial Authorities Act 2008

As discussed earlier, this is the first piece of legislation that enabled territorial authorities to consider affordable housing in their decision making process. This Act enabled territorial authorities to assess the level of affordable housing in their district and determine the need for an affordable housing policy accordingly. During the introduction of the Bill for this Act, it was recognized that there has been deterioration in the rate of homeownership because of rising house prices (Affordable Housing: Enabling Territorial Authorities Bill 2007).

Sue Bradford, the then Member of Parliament representing the Green Party, during the first reading of the Bill for this Act stated that whilst there is a need for affordable housing in Auckland, Councils in the Auckland region may or may not prefer to go down this path given that implementation of this Act is completely optional (Affordable Housing: Enabling Territorial Authorities Bill 2007).

After the introduction of this Act, then Waitakere City Council took the initiative to create affordable homes in Auckland. A development agreement was entered between Waitakere City Council and Housing New Zealand to redevelop the Hobsonville Airbase (Royal Commission on Auckland Governance 2009 252). This development has been undertaken and managed by Homes. Land. Community (HLC) (previously known as Hobsonville Land Company, a whole subsidiary of Housing New Zealand). Upon completion, the development will house approximately 10,000 people in 3000 homes of which 20% will be sold at an affordable price (Community Housing Aotearoa 2015).



Fig. 4: Masterplan of the Hobsonville Point development

Source: Community Housing Aotearoa (2015)

The Royal Commission on Auckland Governance (2009) in their report states that, apart from the Waitakere City Council, other local councils within Auckland region initiated affordable housing but I found little information to support this statement.

There were alternative options considered during the introduction of the Bill for this Act. One of them was to amend the Resource Management Act 1991 (RMA) to accommodate affordable housing (Affordable Housing: Enabling Territorial Authorities Bill 2007). This was not considered a viable option as it would involve changing the purpose of the RMA and incur significant compliance costs

for territorial authorities (Affordable Housing: Enabling Territorial Authorities Bill 2007).

Following on from the repeal of this Act, there was case law established, as discussed below, that the concept of affordable housing fits within the purpose of the Resource Management Act.

4.2.2 Resource Management Act 1991

Adverse effects arising out of any activity on the environment are administered by New Zealand's primary piece of environmental legislation, the Resource Management Act 1991 ("the RMA"). The purpose of this Act is

to promote the sustainable management of natural and physical resources.

sustainable management means managing the use, development, and protection of natural and physical resources in a way, or at a rate, which enables people and communities to provide for their social, economic, and cultural well-being and for their health and safety while—

(a) sustaining the potential of natural and physical resources (excluding minerals) to meet the reasonably foreseeable needs of future generations; and

(b) safeguarding the life-supporting capacity of air, water, soil, and ecosystems; and

(c) avoiding, remedying, or mitigating any adverse effects of activities on the environment.

(s5, Resource Management Act 1991)

Whilst there is no direct reference to housing affordability in the purpose of the Act, case law has established that affordable housing falls within the scope of the RMA. This case law relates to Queenstown Lakes District Council's Plan Change 24⁷(PC24) that was publicly notified on 25 October 2007. Appeals were lodged against PC24 with the Environment Court and the High Court. One of the issues

⁷ Plan Change 24 is a mechanism Queenstown Lakes District Council has chosen to introduce affordable housing into the policies of the District Plan so that it can become a relevant matter when plan changes are proposed as well as when resource consent applications are considered. (*Infinity Investment Group Holdings Limited v Queenstown Lakes District Council NZEnvC 234* [2010] Judge Whiting.)

in contention was whether the proposed plan change was within the scope of the RMA. Both the Courts upheld that

....at a broad level PC24 promotes the sustainable management of land and housing, enabling people to provide for their wellbeing while also remedying or mitigating the effects of constrained land use.... the statutory concept of sustainable management expressly recognises that the development of physical resources, such as land, might have an effect on the ability of people to provide for their social or economic wellbeing. The concept of social or economic wellbeing is obviously wide enough to include affordable and/or community housing.

(Infinity Investment Group Holdings Limited And Ors V Queenstown Lakes District Council 14 February 2011)

The Proposed Auckland Unitary Plan has seen the introduction of inclusionary zoning provisions that were similar to the provisions introduced in Queenstown Lakes District Council's PC24. Recommendations were delivered by the Auckland Unitary Plan Hearings Panel ("the panel") in July 2016. In providing recommendations on affordable housing the panel considered the issue of whether the Unitary Plan should regulate retained affordable housing. The panel was of the view that the affordable housing provisions that were notified were not resource management matters and accordingly deleted the provisions (Auckland Unitary Plan Independent Hearings Panel 2016a 12). But it must be noted that, as stated above, both the Environment Court and the High Court upheld that affordable housing falls within the scope of RMA and hence can be considered as resource management matters.

Whilst the panel noted that the Unitary Plan enabled affordable housing, it also considered that the retained affordable housing provisions did not fall within the jurisdiction of the Unitary Plan. Auckland Council in their addendum to the draft Unitary Plan suggested the affordable housing provisions be voluntary in areas of redevelopment where higher density development, like mixed use, terrace housing and apartment blocks are proposed. Auckland Council argued that since there will be greater potential for development on these sites the land value of those sites increases proportionately (Auckland Council 2013a 24).

The panel also stated that it is not possible to distinguish plan effects on price (e.g. density rules) from non-plan effects (e.g. market effects, economy etc). Therefore, a price control through land use regulations would not be within the intent of the RMA (Auckland Unitary Plan Independent Hearings Panel 2016b 59). Following are the comments made by the Auckland Council official during the interview

Some of the land values, particularly in greenfield areas where landowners thought they will have to wait for 5 or 6 years to be rezoned and get some infrastructure out to them, once the infrastructure was fast tracked and the rezoning was fast tracked their property prices went up quite substantially.

It can be inferred from the above that rezoning (particularly up-zoning) and provision of infrastructure to greenfield areas will certainly increase the value of land.

Secondly, the panel was of the view that affordable housing provisions are effectively a ‘tax’ on the supply of dwellings. Therefore this may reduce the supply resulting in inefficient/opposite outcome than intended that will have a redistribution effect on another part of the market. The panel stated that this redistribution or taxation should not occur through land use controls under the RMA (Auckland Unitary Plan Independent Hearings Panel 2016b 59). The High Court in the PC24 case stated, with regards to tax relating to affordable housing provisions, that

If PC24 is to be properly regarded as giving rise to a “power to levy” then it is my view that the express language that Parliament has used in the RMA shows that the statute must have intended an instrument like PC24 to have been within its scope (subject to scrutiny on the merits). In other words, it is included by necessary implication. Any other interpretation would undermine the full range of powers that Parliament intended to confer on territorial authorities in relation to district plans.

(Infinity Investment Group Holdings Limited And Ors V Queenstown Lakes District Council 14 February 2011)

This indicates that should affordable housing provisions be treated as a tax then the RMA makes allowance for it.

In September 2015, the Government commissioned an enquiry to investigate the processes that the fast-growing councils use to provide land for housing. This enquiry was carried out by the New Zealand Productivity Commission (“the Productivity Commission”). One of the matters that the Productivity Commission investigated was the feasibility of inclusionary zoning provisions in District Plans. The PAUP was notified with the inclusionary zoning provisions when this enquiry was carried out. The Productivity Commission considered three international case studies; England, US and South Australia, to assess the impact of inclusionary zoning provisions on the supply of affordable housing units. The Productivity Commission noted that

“...international evidence on the experience of such policies (inclusionary zoning policies) suggests that they have little impact on the overall supply of lower-priced housing. They can also have a number of other, undesirable effects, including uncertainty and delays, higher prices for non-targeted dwellings and significant administrative costs.”

(New Zealand Productivity Commission 2015b 167)

The Productivity Commission considered the Californian experience and noted that inclusionary housing policies contributed only a small portion of the affordable housing requirement. Whilst this is the case, Katz *et al.* (2003) argued that inclusionary zoning policies and other regulatory reforms have increased the number of affordable units especially where supply of affordable housing is almost non-existent. ‘Developer set-asides’, one of the most frequently used inclusionary housing tools, has proven to produce abundant affordable units in Montgomery County, Washington, D.C., integrated throughout more affluent communities. This set-aside program is not mandatory for the developer to implement. The benefit of implementing this programme is that the developer gets incentives such as density bonuses to build more units than the permitted limit under the underlying zoning (Katz *et al.* 2003 70).

“Montgomery County, MD, an affluent suburb in the Washington, D.C. metropolitan area, has for decades required that all new housing developments larger than 50 units include 12.5 percent to 15 percent of units to be affordable for households at or below the county’s median income. Over 25 years, this requirement has resulted in the production of

10,600 affordable housing units, integrated throughout more affluent communities.”

(Katz et al. 2003 70)

In addition to above tool, some communities implemented other tools such as “development allocation plans” wherein developments are granted permits based on inclusion of affordable units in that development. This is based on a point system (Katz et al. 2003 70).

Considering the case of UK, provision of affordable housing through S106 agreements was considered a success.

Government data for 2006-2007 show that, of the almost 40,000 affordable homes completed, 27,838 were delivered through the planning system. In total, affordable housing provision has risen by about 25 percent 2002-2003, and as a proportion of this total, S106 completions rose from approximately 40 percent in 2002-2003 to more than 66 percent in 2006-2007.

.... Figures for 2007-2008 show a total of 48,028 additional affordable units, of which 27,110 were delivered through the planning system.

(Monk 2010)

Whilst the total number of affordable units achieved through the planning system in the UK decreased in 2007-2008 when compared to 2006-2007, this is still a significant number and has contributed to addressing the problem of insufficient affordable housing. It must be noted that there was a global financial crisis in 2007-2008 which impacted the housing market significantly.

The success of inclusionary zoning depends on incentives offered to the developer in exchange for provision of affordable housing in a development. These incentives can include density bonuses, a mix of allotment sizes and different housing typologies to suit various sectors of the community, as is evident from the above mentioned examples. The PAUP specifically did not have any incentives for the developers in exchange for inclusionary zoning provisions for affordable housing. The Auckland Council official during the interview stated that;

The whole Special Housing Area (SHA)⁸ opportunity for the developers is a whole incentive package. It provides usually greater density opportunities because it brings the Proposed Unitary Plan forward in time and also offers a quicker consenting process.

On a similar note, the developer of Weymouth SHA⁹, when asked about incentives received from Auckland Council, mentioned that;

We are an organization that provides retained affordable housing and also we are land developer. We understand the development process, rezoning land and regulatory issues. We got no cost offsets at all, no different to process outside of SHA development. The only benefit we got was the faster processing, Council created Housing Project Office (HPO) and that brought together different disciplines into planning team. You could go into HPO and talk to everyone at the same time. This was highly beneficial. That was the uncosted benefit which resulted in faster processing.

Whilst there were incentives provided to developers in the form of a quicker consenting process, these benefits were only in place until the Auckland Housing Accord was effective or until the PAUP became operative, whichever occurred first. There were no on-going incentives provided as part of the (Proposed) Unitary Plan.

4.2.3 Interviewees views on RMA and inclusionary zoning/affordable housing

As stated earlier, the RMA is the main piece of legislation for managing the environment in New Zealand. Its purpose is to promote the sustainable management of natural and physical resources. Inclusionary zoning provisions proposed in the PAUP and PC24 in the QLDC District Plan were set out under the RMA framework. During the interview process each of the interviewee's opinions were gathered. The interviewees were either decision makers under the RMA or developers who used the inclusionary zoning provisions in their development.

⁸ Special Housing Areas were developed under the Housing Accords and Special Housing Areas Act 2013. This will be discussed further in the other part of this chapter.

⁹ Weymouth SHA was the first SHA approved by Auckland Council after the inception of Auckland Housing Accord. Weymouth SHA will be discussed in detailed in the other part of this chapter.

Questioning focused on the extent to which the RMA supports inclusionary zoning.

That's an issue people like to debate as to whether inclusionary zoning is appropriately handled under the RMA. Some people argue no, and that's what the Independent Hearings Panel argued in the Plan and Auckland Council argued that it is the appropriate location and refer to multitude of jurisdictions internationally that include inclusionary zoning and planning rules. I think it is a matter of opinion and certainly the RMA, to my knowledge, doesn't specifically talk about inclusionary zoning so in that sense it is not that helpful to inclusionary zoning.

(Auckland Council official)

Not very well. The court case has established it (inclusionary zoning) can be done under the RMA. It would be better if we can just accept that rather than trying and making effects based argument. The evidence of the developers is that the development doesn't cause affordability in fact it (inclusionary zoning) helps to resolve it (affordability).

(QLDC official)

It can be gathered from the above comments that the RMA does not explicitly mention affordable housing or any tools associated with it to be considered in District Plans. However, rulings from the Environment Court and the High Court determine that affordable housing is a socio-economic effect on the environment which fits within the purpose of the RMA.

The Auckland Council official referred to the evidence produced by David Mead on behalf of Auckland Council. The evidence relates to the affordable housing provisions as stated under Chapters C7.6 and H6.6 of the PAUP. David Mead states in his evidence that;

Section 7 (of the RMA) matters tend to meld the urban form to better fit local characteristics and features, which further affects choices and opportunities. Whether it be standards relating to density, or height, or design-based assessments, there is an impact on housing opportunities, and ultimately prices

(Auckland Unitary Plan Independent Hearings Panel 2015)

I agree with Mr. Mead’s above statement, as one of the matters decision makers must have regard to is the maintenance and enhancement of amenity values as stated in section 7 of the RMA. These amenity values are confined to a local area and the choice of housing may be restricted if that area is sensitive to intensified development. Mr. Mead also stated that an explicit affordable housing policy is required given the fast pace at which Auckland is growing into a much larger, dense and complex environment by not comprising high quality living environments.

4.2.4 RMA amendments

The Productivity Commission’s report on ‘Using Land for Housing’ identified there is no adequate recognition of the needs of cities for housing under the RMA. The report also noted from the various submissions received as part of the inquiry that suggested more fundamental legislative changes are required to better address the issue of housing in cities (New Zealand Productivity Commission 2015b). The Productivity Commission’s report identified two aspects to accommodate growth in the cities and encourage affordable housing being; the ease with which developers can rezone the land for higher density purposes and the speed at which they can gain approvals (Resource Consents and Building Consents) to construct dwellings. The research showed that the high growth Councils, such as Auckland Council, Hamilton City Council and Christchurch City Council, take longer to make plan changes operative when compared with other local authorities.

	High-growth councils	Other councils
Median time taken to complete a plan change (calendar days)	619	399
Median time elapsed between notification of proposed plan change and hearings opening	226	198
Median time elapsed between council decision and plan change made operative (calendar days)	245	110
% of total time on gap between council decision and plan change made operative	40%	28%

Fig. 5: Time taken to complete District Plan changes and make changes operative, by type of council

Source: New Zealand Productivity Commission (2015b)

Whilst this situation is not unusual in an international context as cities have to consider the interests of more people, the size and population of those cities are much larger in scale when compared to the cities of New Zealand.

The length of time to make plan changes operative depends on the number of submissions received and the subsequent appeals being settled. With the current provisions of the RMA, any person who is not directly affected by the plan change can still make a submission which results in further delay in the process. Accordingly, the Productivity Commission recommended changes to the RMA that would allow only the directly affected parties of proposed plan changes that are specific to particular sites to be notified and make a submission. This is similar to the provisions under the HASHA Act where applications relating to ‘qualifying developments’ are processed on a limited notified basis.

The delay in the process applies not only to plan changes but also to resource consents. At the time of writing this thesis, the RMA required any resource consent application, including consent applications relating to residential developments, to be publicly notified if

- i. The proposal will have or likely to have adverse effects on the environment to be more than minor; or
- ii. The applicant requests for public notification; or
- iii. A rule or any national environmental standard explicitly states public notification; or
- iv. Special circumstances exist in relation to the application.

As stated earlier, public notification gives power to the parties who are not directly affected by the consent proposal. This will place the developer/applicant at risk as there is significant uncertainty as to the likely outcome of the application and the cost involved in the whole process.

In order to address the above concerns, the government introduced another phase of reforms to the RMA, the Resource Legislation Amendment Act 2017 (“RLAA 2017”) that was effective since 10 October 2017. This Act introduced 40 amendments to the last version of the RMA and significant changes to other legislations to better align with each other. In particular, the amendments aim to provide stronger national direction, a more responsive planning process, a

streamlined resource consent process (Ministry for the Environment 2017a). Some of the amendments that relate to residential development include;

1. New functions for Councils to ensure there is sufficient residential and business development capacity to meet expected demand.
2. Two statutory processes to prepare and change policy statements or plans;
 - a. Streamlined planning process – where a council can request the Minister for the Environment to provide greater flexibility in planning processes and timeframes.
 - b. Collaborative planning process – an alternative planning process wherein the community can participate at the start of the process when alternatives, costs and benefits of various options are considered and debated for an informed decision. This process can reduce any litigation costs or lengthy delays later.
3. Limited notification of plan changes to directly affected parties.
4. Changes to resource consent notification process.

(Ministry for the Environment 2017b)

Recommendation - 1:

Territorial Authorities should recognize the fact that affordable housing can be considered under the RMA.

4.2.5 NPS-UDC vs Affordable Housing: Enabling Territorial Authorities Act 2008

In order to address the issue of housing affordability and provide adequate supply of housing, the government introduced the National Policy Statement on Urban Development Capacity (“NPS-UDC”). NPS-UDC came into effect on 1 December 2016. Section 31 of the RLAA 2017 states that;

31 Functions of territorial authorities under this Act

(1) Every territorial authority shall have the following functions for the purpose of giving effect to this Act in its district:

.....

(aa) the establishment, implementation, and review of objectives, policies, and methods to ensure that there is sufficient development capacity in

respect of housing and business land to meet the expected demands of the district.

The above amendment is the first time, since the inception of the RMA, which includes explicit reference to housing in the RMA. This NPS plays a vital role in providing national direction to local authorities to enable urban development by providing sufficient development capacity for housing and businesses. This NPS aims to minimize artificially inflated house prices and contribute to improving housing affordability (Ministry for the Environment 2016).

In order to understand if NPS-UDC can address housing affordability I have compared it against the provisions of the repealed Affordable Housing: Enabling Territorial Authorities Act 2008 (“Affordable Housing Act”). The table below compares the provisions under NPS-UDC and Affordable Housing Act.

Table 3: Comparison between Affordable Housing Act and NPS-UDC

Provisions	Affordable Housing Act	NPS-UDC	Do the provisions overlap with each other
Applicability	Applies to all territorial authorities (TA)	All the objectives apply to all TAs whilst only a few policies apply to all TAs. Apart from those policies a different set of policies apply to TAs that are classified in the medium-growth and high-growth urban areas.	Partly There are a few policies under NPS-UDC that apply to all TAs like the provisions of Affordable Housing Act.
Purpose	Enables TAs to require developers to provide affordable housing <ul style="list-style-type: none"> for the purpose of meeting a need for it that the authority has identified by doing a housing needs assessment. in a manner that takes account of the desirability of the community having a variety of housing sinclusionary zoninges, tenures, and costs. 	Recognize the national significance of: <ul style="list-style-type: none"> enabling urban environments to develop and change. providing sufficient development capacity to meet the needs of people and communities and future generations in urban environments. 	Partly Whilst both the Affordable Housing Act and NPS-UDC are required to consider the needs of the community by providing various types of housing choices and costs, there is no specific reference to providing affordable housing.
Method of assessment	A TA must choose a method that gives results for the authority's district that include — <ul style="list-style-type: none"> a description of the current balance between supply and demand in the 	Policies under NPS-UDC require TAs to ensure that there is sufficient housing and business development capacity at any one time. The policies also require medium and high growth area TAs to undertake housing	Yes Both the Affordable Housing Act and NPS-UDC requires TAs to carry out development

	<p>housing market generally and, if relevant, in different sectors.</p> <ul style="list-style-type: none"> the identification of land available for housing development. an estimate of the number of households that currently need affordable housing and the number that are likely to need it in the reasonably foreseeable future. 	and development capacity assessment every three years and require it to be published to the public.	capacity assessment to identify the demand and supply gaps for housing in their districts or regions. The only difference is NPS-UDC does not take into account any affordable housing requirement.
Monitoring/ Reviewing	An authority that adopts an affordable housing policy must review it after identifying community outcomes at least once for every six years.	In order for TAs to be well informed about the demand for housing and business development capacity, TAs must monitor a range of indicators on a quarterly basis. One of indicators includes housing affordability.	Yes Overall, both the Affordable Housing Act and NPS-UDC require their provisions to be monitored and reviewed by the TAs to ensure that the housing affordability purpose is being met. The difference being NPS-UDC requires monitoring every 3 months while the Affordable Housing Act requires it for at least once every six years.

Source: Author's analysis

Table 3 illustrates the comparison of provisions of the now repealed Affordable Housing Act and the NPS-UDC which is effective since 1 December 2016. Both these statutes were introduced by two NZ leading parties, the former one by Labour Party and latter by National Party. It can be concluded from the above analysis that whilst both the statutes may have similar implementation and monitoring techniques the Affordable Housing Act has a direct link to provision of affordable housing but the NPS-UDC only focuses on reducing the barriers to increasing housing supply, enabling a quicker and more fit-for-purpose response to housing demand.

The question that needs to be answered is ‘Does the introduction of NPS-UDC solve affordable housing crisis?’ The short answer is no. The reason is because NPS-UDC mainly refers to enabling more housing developments by increasing the supply. This is carried out by the District Plan on a daily basis. Whilst there may not be specific provisions (objectives and policies) relating to supply of housing in all the District Plans, the provisions stated in the NPS-UDC are similar to the one’s stated in many of the District Plans. This appears to be a double up with what TA’s are already addressing through District Plans. It appears that in this instance, district plans are leading the NPS-UDC, rather than vice versa.

NPS-UDC stresses providing sufficient ‘development capacity’ to meet the needs of people and communities and their future generations. The term development capacity is defined as;

*Development capacity means in relation to housing and business land, **the capacity of land** intended for urban development based on:*

a) the zoning, objectives, policies, rules and overlays that apply to the land, in the relevant proposed and operative regional policy statements, regional plans and district plans; and

b) the provision of adequate development infrastructure to support the development of the land.

(Ministry for the Environment 2016 7)

As highlighted in bold in the definition above, NPS-UDC only identifies the extra potential of any housing and business land for urban development. It can be interpreted that NPS-UDC only seeks new development, being a subdivision or

medium density development, but remains silent on urban redevelopment. This fails to recognize that urban redevelopment can play a vital role in increasing the housing and business capacity (Mead 2016).

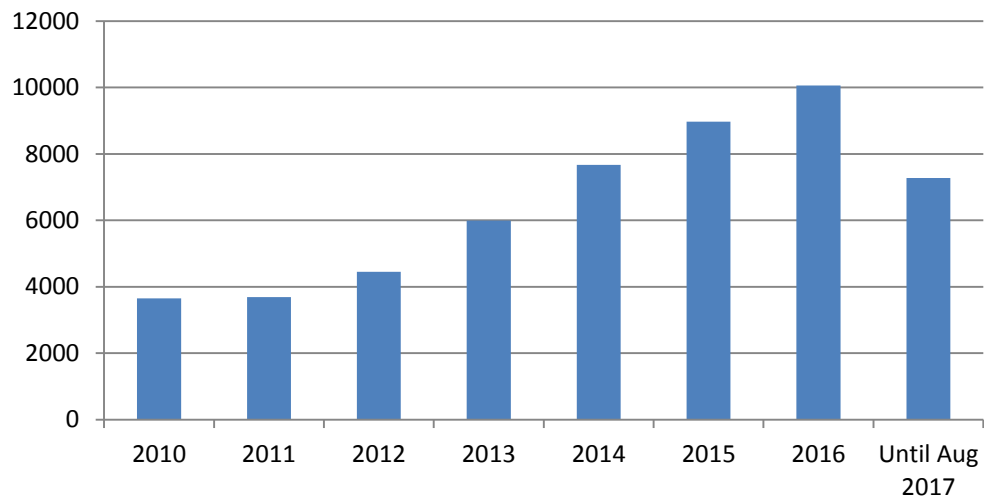


Fig. 6: Number of building consents approved for new dwellings in the Auckland region

Source: Statistics New Zealand (2017)

Figure 6 illustrates the number of building consents approved by Auckland Council and its predecessor councils for new dwellings within the Auckland region since 2010 until August 2017. There has been a gradual increase in the approved number of building consents. Assuming high percentage of these have been constructed, that number will be equally high as that of approved number of consents. The housing supply has been increasing since 2010 till date but the problem of housing affordability has been getting worse. This being the case, the main objective of NPS-UDC to provide ‘more supply’ of housing may not solve the problem of housing affordability.

Recommendation - 2:

The NPS-UDC should explicitly provide reference and make provisions for affordable housing.

4.2.6 HASHA Act and Auckland Housing Accord

As discussed in chapter 2, the New Zealand Government introduced the HASHA Act to improve housing affordability through increasing the supply of housing in certain regions or districts and signed ‘Housing Accords’ with the respective

territorial authorities. Specific areas in selected regions were identified to fast track the development process and simultaneously promote affordable housing. These areas are Special Housing Areas (SHAs) and the developments are called 'Qualifying Developments (QD)'. Unsurprisingly, Auckland was chosen as one of the regions. Auckland Council identified 154 SHAs divided into 10 tranches. The provisions of PAUP applied to all the QDs. The target of the Auckland Housing Accord was to create 39,000 new sites and dwellings over a span of three years beginning in 2013 and ending in 2016.

Three options existed for QDs that were developed in a SHA where 15 or more dwellings were created;

1. Minimum of 10% of the development must be 'relative affordable' meaning the dwelling must be sold for no more than 75% of the Auckland region's median house price. The median house price used to determine 'relative affordability' must be based on data published by the Real Estate Institute of New Zealand for the most recent full month of September, in relation to the date the application for consent is lodged. This option applies to private developers.
2. Minimum of 5% of the development must be 'retained affordable' where the dwelling must be sold where the monthly mortgage payments do not exceed 30 per cent of the Auckland median household income. The median household income must be referenced to the data published by Statistics New Zealand for the most recent June quarter. This option applies to community housing providers.
3. The last option if achieving a combination of both relative and retained affordable housing in a development. A ratio of two relative to one retained is required when both the options are combined.

(2016)

Auckland Council has published an update on relative affordable and retained affordable dwellings consented under the Auckland Housing Accord and Special Housing Areas (Dunshea 2017).

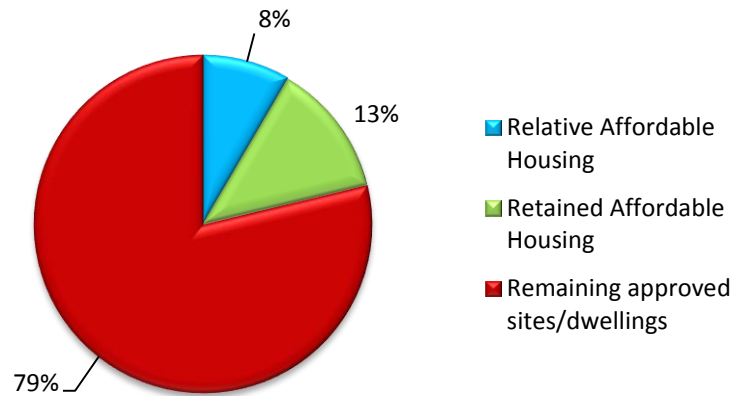


Fig. 7: Sites or dwellings approved through the qualifying development process

Source: Author's analysis of Auckland Council's update report

The above figure illustrates the relative and retained affordable houses approved as part of QDs. A total of 16,132 sites/dwellings have been approved till date out of which only 8% have been relative affordable where the dwellings were sold to first home buyers and 13% have been retained affordable which are under the control of community housing providers (Dunshea 2017). While it is good that there are a few affordable houses being constructed, this amount is not sufficient to meet the affordable housing needs of the current market trend in Auckland.

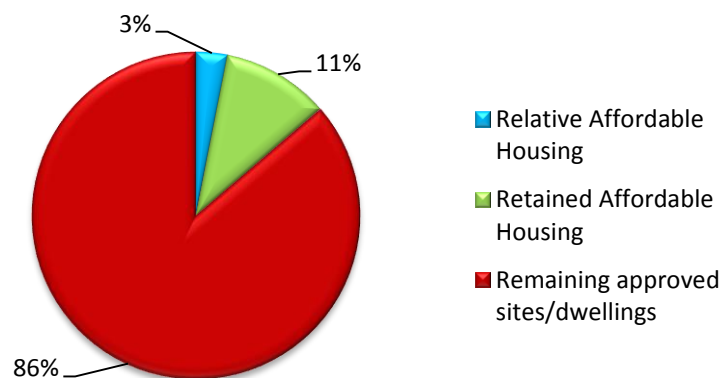


Fig. 8: Sites or dwellings currently being processed through the qualifying development process

Source: Author's analysis of Auckland Council's update report

The above figure illustrates the relative and retained affordable houses that are still being processed as part of QDs. A total of 3116 sites/dwellings are being processed of which only 3% are relative affordable and 11% are retained affordable (Dunshea 2017).

Both the above figures indicate that a very small percentage of relative affordable units have been created as part of the Auckland Housing Accord process. Whilst the retained affordable units are proportionally higher than the relative affordable units, the competition to secure the former units is very high as the purchasers' criteria are more permissive than the latter.

The introduction of HASHA Act has seen some positive outcomes from both the council and developers' perspective. Whilst there were no major numbers of affordable units created, the council has seen a large influx of consent applications for QDs that in turn resulted in meeting the council's required target of 39,000 dwellings and sites in three years. A total of 46,793 dwellings and sites were consented as part of the Auckland Housing Accord (Dunshea 2017). On the other hand, developers were offered quicker consenting process than the standard RMA timeframe under an integrated team of council officers. They also had the opportunity to provide greater densities than would be allowed under the Operative District Plan of that time, as it gave legal weight to the provisions of PAUP which allowed a greater level a housing density sooner than what would occur under standard RMA processes. During the interview process, the developer of Weymouth SHA stated that

"The benefit we got was the faster processing, Council created Housing Project Office (HPO) and that brought together different disciplines into planning team. You could go into HPO and talk to everyone at the same time. This was highly beneficial. That was the uncosted benefit which resulted in faster processing."

After the revoking of Auckland Housing Accord, Auckland Council has disestablished HPO and replaced it with Development Programme Office (DPO). The role of DPO is similar to HPO but the former does not process resource and building consents.

Recommendation - 3:

Explicit legislation to address affordable housing, such as the Affordable Housing: Enabling Territorial Authorities Act or HASHA Act, be introduced.

4.2.7 Role of Stakeholder Deeds

QLDC recognized that housing affordability is a key issue that needs to be addressed in the District. As stated in chapter 2 under section 2.11, QLDC has identified a mechanism to secure affordable housing as part of any plan change process by entering into a private agreement with the land developer. These private agreements are called ‘stakeholder deeds’. These deeds are voluntary agreements but will be binding upon the developer, once signed. Each stakeholder deed has a different set of rules depending on the size of plan change. The broad intent of these stakeholder deeds is set out below;

1. The developer must set aside certain percentage of land that is part of the development for affordable housing, usually 5%, as part of rezoning the land for higher density. This contribution of land can either be for affordable housing or community housing¹⁰ or both (Macleod and Overton 2009).
2. As part of stakeholder deeds, Council can require the developer to sell affordable housing units in the development to a certain set of people who meet eligibility criteria. This criteria can relate to the residency status of the buyer, first home buyer, if they intend to own and occupy exclusively for their residence, and meeting an income threshold (2017).
3. As part of stakeholder deeds, an agreement must be reached between the Council and the developer that the community housing units will be transferred to the Queenstown Lakes Community Housing Trust (“QLCHT”). These units will be managed by QLCHT.
4. Council can also require the developer to impose a condition to restrict on-sale of affordable units for a market value price in the future. These units can be retained as affordable by placing a covenant, caveat or an encumbrance on the title of that unit.

It must be noted that the above stakeholder deed requirement is similar to the provisions stated in the repealed Affordable Housing Act.

¹⁰ Community Housing means residential land and/or housing stock owned, leased or otherwise managed through the Queenstown Lakes Community Housing Trust to ensure the long term provision of housing accommodation at a discount to market value.

Both the QLDC's official and the land developer in Queenstown were interviewed on the stakeholder deed aspect who had different views with regards to the functionality of it.

The QLDC official stated that

“The main measure was that you will get your rezoning, the council will view your proposal more favorably for rezoning if you make a contribution to the community and affordable housing. That was the main incentive. What the council has been doing and continues to do in the interim is to enter into private agreements with developers (stakeholder deeds). PC24 was an approach to standardize those agreements; some developers are more generous than others in providing more affordable units.”

On the other hand the land developer from Queenstown stated that

“It (Stakeholder deeds) is one of those things that council, in my view, thinks it sounds nice but don't understand the ground reality. Unfortunately most developers, not all, will not voluntarily bind into this scheme. I think there are some refinements to be done. Previous stakeholder deeds, in two developments where I was involved in, don't give any real benefit to the developer. The 5% land or building contribution at the time of rezoning does not provide any real benefit for providing more affordable housing. I think council could work on that as well. The other option is to have some bonuses through development contributions or the like but again, to my knowledge, up to date there is no bonus for developers.”

From the above views of the QLDC official and the developer, it can be understood that whilst there are stakeholder deeds being initiated by the Council to secure affordable housing from developers, the latter are not making much profit through the development when entering into stakeholder deeds.

There are also cases where the developer has misused the provisions of stakeholder deed to gain plan change approval for their proposal. The decision report for Plan Change 37: Quail Rise Extension states that

“.....We note that we are disappointed that QREL (the applicant) has chosen to use this agreement (stakeholder deed) as a bargaining tool for development approval.

... As this is a voluntary Stakeholders Deed and due to the conditions sought by QREL, this deed, as agreed to by QREL, is rendered invalid.”

These stakeholder deeds are similar to the S106 agreements under the English Town and Country Planning Act 1990 wherein the developer enters into an agreement with the Local Planning Authority (LPA). S106 agreements come into play when it is considered that the proposal will have adverse effects on the surrounding area which cannot be mitigated by conditions of planning decision (Tendring District Council 2017). These agreements ensure that any additional development value created as part of the planning decision is captured and used for the benefit of local community (Burgess *et al.* 2013 3). Research shows that there were quite a lot of affordable houses created as part of S106 agreements. One of the reasons for its success, in my opinion, is because these agreements are not voluntary, unlike the stakeholder deeds as in the case of Queenstown. S106 agreements are mandatory under the legislation to off-set any negative impacts generated out of the proposed development. These agreements must be signed before a planning decision has been made by the LPA.

Recommendation - 4:

Introduce a section in the RMA that explicitly require territorial authorities to mandate a mutual agreement with developers as a means to mitigate any adverse effects from the development that will have an impact on the local community.

4.2.8 Case Study – Weymouth SHA

Background

Ngā Mana Whenua o Tāmaki Makaurau (“Tāmaki Collective”) is the Treaty settlement entity representing the 13 iwi and hapū of Tāmaki Makaurau (Auckland). In a landmark negotiation, all 13 iwi and hapū came together to negotiate with the Crown in relation to shared customary interests and collective

settlement structures. The Deed of Settlement was signed between the iwi and hapū of the Tāmaki Collective and the Crown on 8 September 2012.

An important goal for the Tāmaki Collective is the delivery of high quality social, community and affordable housing solutions given the importance of housing to whānau wellbeing and the significant demand for Māori housing in Tāmaki Makaurau. Waimahia Inlet, Weymouth has been discussed by the Crown since ~2006 as a potential area for social/community housing development, but with no project eventuating. The Tāmaki Collective has been progressing discussions on Weymouth with the Crown owned entity Social Housing Unit (SHU) since November 2011 via its Treaty settlement protocols and has formed a consortium under the name “Tamaki Makaurau Community Housing Limited” with a range of partners - The New Zealand Housing Foundation; CORT Community Housing; and emerging Māori housing provider the Auckland and Onehunga Hostels Endowment Trust.

The consortium has worked with SHU and the wider Auckland Community Housing Network to develop a plan for an innovative mixed use community that can:

- Be a path finder for affordable housing solutions
- Help consolidate skills and capacity in community housing and help to develop an effective non-government sector of social and affordable housing
- Make a meaningful contribution to acute housing needs in South Auckland

Site and Proposal

The development site lies approximately 23km south of Auckland CBD, 8km south east of Auckland International Airport, and 5km south west of Manukau City.

The site forms part of the suburb of Weymouth and lies on the eastern side of Weymouth Peninsula, which projects into the Manukau Harbour with Waimahia Inlet forming the eastern boundary of the site.



Fig. 9: Location of Waimahia Inlet Residential Development

Source: Auckland Council GIS

The proposal was to create 283 new dwellings and sites over four years starting from 2013. The development was carried out in a series of staged residential building and subdivision applications that will enable comprehensive development of the site in accordance with the Waimahia Residential Master Plan.



Fig. 10: Masterplan of Waimahia Inlet Residential Development

Source: (Jasmax Ltd 2013)

Legal framework

This development comprises a comprehensive proposal to develop the site for residential purposes and to deliver much needed, quality, affordable and culturally appropriate housing to the south Auckland housing market. The subject site is identified as a SHA in the Auckland Housing Accord. It is therefore subject to the statutory requirements of the HASHA Act and the provisions of the PAUP.

Cost offsets and Incentives

It could be expected that the developer would receive some incentives from the Council as this development was carried out under the HASHA Act provisions, where the main intention is to provide more supply of housing and also create affordable units. There was no cost offsets provided to the developer as part of this development.

“We got nothing. We fully understand the development process, we fully understand the rezoning of land, regulatory issues around rezoning of land and our experience pre-Weymouth in doing land development and subsequent doing land development, from a processing angle, we got very little difference. We got no cost offsets at all. The only benefit (incentive) we got was a faster processing through the HPO.”

Source: Weymouth SHA land developer

Housing Typology

The site had been designed to provide sections typically 25m deep, thus blocks of 50m depth where 2 sections are back to back. This provides a flexible development structure, with section depths that can accommodate a range of house sizes.

There were 12 different houses designed which range from 2 bedroom through to 5 bedroom homes.

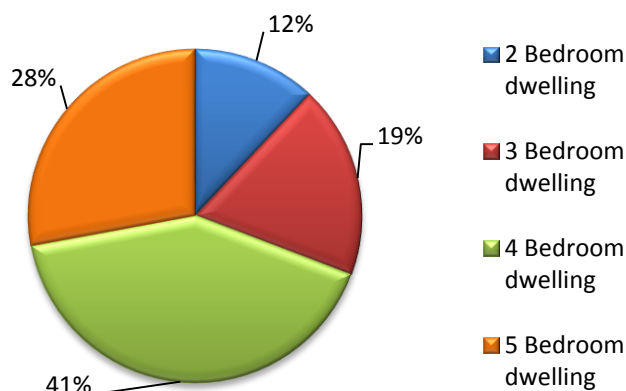


Fig. 11: Housing Typologies in Waimahia Inlet Residential Development

Source: Author's analysis from design statement

It can be inferred from figure 11 that 70% of dwellings are being 4 or 5 bedroom homes. Whilst this reflect the local demand for large dwellings, I believe this site

could have been used for housing typologies that can create more density by proposing terraced houses and apartments with an option of one bedroom units as well.

Housing Tenure

The housing tenure is a direct response to the local context, demand and demographics.

The development provides new housing products that meet household demand and assists households to move out of rental housing and along the housing continuum, and to provide longer term tenure stability. It is specifically aimed to provide housing that supports the ethnic diversity, cultural wellbeing and communal aspirations of Weymouth's Māori and Pacific Island communities.

All dwellings are designed to be tenure blind, so that it is not easy to differentiate between homes that are private and those that are shared ownership or rented and support systems will be in place to assist in maintenance and management of properties.

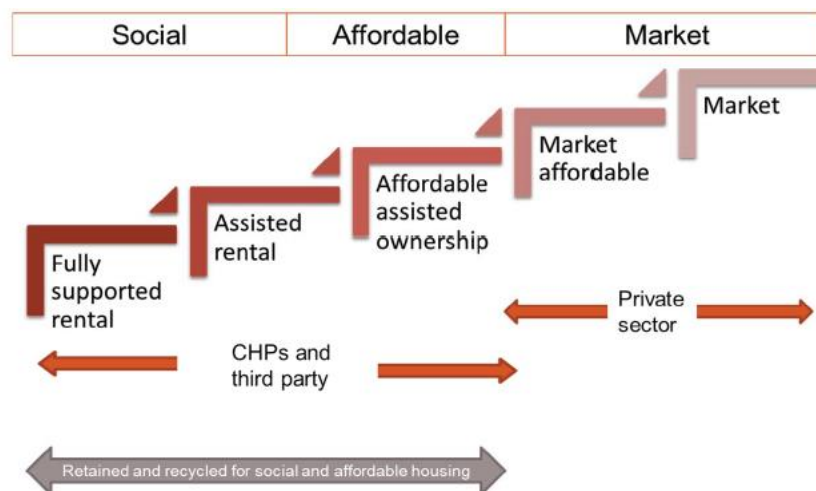


Fig. 12: Housing Ownership Continuum in Waimahia Inlet Residential Development

Source: (Jasmax Ltd 2013)

The QD criteria for this SHA do not actually require the scheme to provide any affordable housing. However, the proposal provided a mixed tenure community across the development, with the scheme providing approximately 60% of these dwellings as affordable homes. This percentage is then broken down between both social/ community rental dwellings (30%) and affordable home ownership products (30%), with the remaining 40% to comprise of private sales. The specific

typologies of dwellings across the site have also been targeted to meet the local housing needs specific to the South Auckland context. A total of 241 retained affordable houses have been constructed with a further 26 under construction (Dunshea 2017).

4.3 Economic Dimension

4.3.1 Development viability in greenfield and brownfield areas

In order to address the development viability component of the economic dimension, this research relies on the analysis undertaken by Professor Laurence Murphy and Dr Michael Rehm who were commissioned to review a mandatory affordable housing requirement in greenfield and brownfield areas and a bonus-based affordable housing provision in brownfield areas, as proposed in the addendum to the PAUP. The notified version, as of 30th September 2013, of the PAUP however did not propose separate provisions for greenfield and brownfield areas.

The reason for relying on their analysis is, firstly, there is very limited information available that shows the financial profit or loss for developers in developments proceeded under the PAUP or the current Auckland Unitary Plan (in part). This is mainly because the Unitary Plan for Auckland is still in its early stages and it is too early to determine the impact of development feasibilities for all developments. Secondly, Dr. Murphy and Mr. Rehm, as part of their research, directly interviewed eleven property professionals with extensive experience. Thirdly, their analysis directly relates to the provisions that were part of the PAUP. Hence, I consider their analysis coupled with my comments can address the economic impact of inclusionary zoning on land developers.

Their analysis identified hypothetical case studies that involved mandatory inclusionary zoning requirement in the greenfield area and a voluntary bonus based approach in the Brownfield area which will be discussed below.

Greenfield area

Dr. Murphy and Dr. Rehm acknowledge that mandatory inclusionary zoning requirement has the ability to alter the project's cost and revenue value which eventually affects the development feasibility. In order to understand the functionality of inclusionary zoning on the development feasibility Murphy and

Rehm looked at two hypothetical case studies – one in Papakura and other in Upper Harbor. Both the case studies have similar parameters but the location differed. Papakura is located in a submarket area where much of greenfield development is being undertaken. Upper Harbour is located in an up market area where the house prices are considerably higher.

The analysis is carried out under the residual land valuation approach. This approach deals with feasibility of development based on developer's profit margin that is assessed by the difference in anticipated revenue and development costs of the proposal (Mead 2013).

Murphy and Rehm (2013b) assessed the development feasibility with varying inclusionary zoning policy requirements. In order to determine the threshold for the development losing its viability, Murphy and Rehm considered 20%, 25% and 30% development margins and assessed them against each of the varying inclusionary zoning policy requirement in Papakura (low value area) and Upper Harbor (high value area).

Submarket	Business Model	Inclusionary Zoning Policy Requirement (% Affordable)										
		None	5%	10%	15%	20%	25%	30%	35%	40%	45%	50%
Papakura	Sections	Not Viable										
	Houses	Viable					Not Viable					
Upper Harbour	Sections	Viable								Not Viable		
	Houses	Viable					Not Viable					
Development Margin = 20%												

Submarket	Business Model	Inclusionary Zoning Policy Requirement (% Affordable)										
		None	5%	10%	15%	20%	25%	30%	35%	40%	45%	50%
Papakura	Sections	Not Viable										
	Houses	Not Viable										
Upper Harbour	Sections	Viable						Not Viable				
	Houses	Viable				Not Viable						
Development Margin = 25%												

Submarket	Business Model	Inclusionary Zoning Policy Requirement (% Affordable)										
		None	5%	10%	15%	20%	25%	30%	35%	40%	45%	50%
Papakura	Sections	Not Viable										
	Houses	Not Viable										
Upper Harbour	Sections	Viable				Not Viable						
	Houses	V	Not Viable									
Development Margin = 30%												

Fig. 13: Development viability as per inclusionary zoning policy requirements in greenfield areas

Source: (Murphy and Rehm 2013b)

Figure 13 illustrates that development in the low value area is viable if the inclusionary zoning requirement is capped at 15% with development margin of 20% provided the development includes section and house package. The development will not be viable if the developer only sells serviced sections

without building a house on it (even without inclusionary zoning requirement). As the development margin increases the development becomes less and less viable in the low value area. On the contrary, the development becomes viable, even with greater percent of inclusionary zoning (35%) for serviced sections in high value area at 20% development margin. The viability decreases with a decrease in percent of inclusionary zoning requirement for sections that have a dwelling (Murphy and Rehm 2013b). The reason for this could be that in the high value area, to maintain the high amenity of the surrounding area with up market dwellings the developer constructs a dwelling with high cost building materials which eventually decreases their development margin.

However, Mead (2013) argues that the analysis of Murphy and Rehm is subject to four variables;

1. Revenue from market rate housing - the fluctuation in market rate housing has not been considered.
2. Raw block value – This depends on the overall land supply. The development is viable only if house prices move up along with increases in land value when there is limited supply of land. “A drop in land values due to more supply provides more scope to accommodate additional costs provided market rate house prices do not decline too much in response.” (Mead 2013).
3. Time involved – The model did not consider the time taken to obtain zoning or resource consent.
4. Developers’ profit or loss margin – Developers may expect a higher profit margin when they have to comply with the inclusionary zoning requirement as they see it as an additional risk.

Mead (2013) states that the development viability decreases in low value areas as the time involved in the process increases and additional profit is expected from the developers due to uncertainty. This concern can be addressed by the provisions of the HASHA Act which provides more certainty with regards to timeframes of consent processing and lapse date. One of the options is to include these provisions in the mutual agreement between the council and developer as stated in recommendation – 4.

Overall, it can be gathered from the analysis, undertaken by Murphy and Rehm, that imposing mandatory inclusionary zoning requirements can be viable for development proposals in both low and high value areas.

Brownfield area

Murphy and Rehm (2013a) note that development feasibility in brownfield areas differ from that of greenfield areas in that the former will have various constraints that include land supply, land ownership, and physical process of site preparation. The researchers considered the most important constraint to be land ownership issues. They compared this issue with the UK situation where residential brownfield developers faced “problems in identifying land owners, divided ownership rights, land assembly issues, land owners with unreasonable price expectations and land owners unwilling to sell” (Adams et al, 2001 cited in Murphy and Rehm 2013a). In comparison with greenfield development, brownfields usually demand a different set of housing typologies apart from the stand alone houses. These can be terraced houses, apartment buildings or mixed use developments. This being the case, brownfield developments usually require different construction and design methods and marketing skills to that of greenfield areas.

The addendum to the PAUP proposed a voluntary based approach for inclusionary housing units in brownfield areas. Given that the brownfield sites were up-zoned as a result of PAUP, it was recognized that the land values would have increased and to compensate for that increase the developers can utilize density bonuses in their development provided affordable houses are incorporated. Murphy and Rehm (2013a) compared this approach to that of US and UK’s inclusionary zoning policies and concluded that the approach proposed in the addendum to the PAUP is a hybrid approach of that of the US and UK. They also concluded that Auckland’s approach is more developer friendly than that of the S106 regime in the UK.

Developments under the SHA had density bonuses but these only related to the bonuses achieved by rezoning the land to a higher density zone under the PAUP when compared to the zone provisions under the legacy District Plan. These bonuses were only for a short time, until the Unitary Plan became operative. Once

the Unitary Plan became operative, the concept of the density bonus did not apply as the provisions of legacy District Plan were invalid.

The main driver for a developer to opt for the bonus approach in the development is “the extra net cost of building the affordable units compared to the extra net revenue from sale of the additional market rate units arising from the bonus.” (Auckland Council 2013d). If the extra revenue from the additional market rate units outweighs the extra construction cost of affordable units then the development becomes viable and the developer may consider providing affordable units within the development. In order to test this, Murphy and Rehm (2013a) analyzed development scenarios that involved five housing typologies and developer margins in higher and medium value areas. As part of their analysis, the researchers also considered market conditions for the development scenarios. Figure 14 provides the analysis undertaken by the researchers.

Market Conditions						
Margin	Zone	Storeys	IZ Bonus	Bouyant	Steady	Depressed
20%	Metropolitan	20	2 Storeys	Viable	Viable	Viable
	Mixed Use	5	1 Storey	Viable	Viable	Viable
	Terraces & Apts	4	3% Bldg cover	Viable	Viable	Viable
		5		Viable	Viable	Viable
		6		Viable	Viable	Viable
25%	Metropolitan	20	2 Storeys	Viable	Viable	Not Viable
	Mixed Use	5	1 Storey	Viable	Viable	Viable
	Terraces & Apts	4	3% Bldg cover	Viable	Viable	Viable
		5		Viable	Viable	Viable
		6		Viable	Viable	Not Viable
30%	Metropolitan	20	2 Storeys	Viable	Viable	Not Viable
	Mixed Use	5	1 Storey	Viable	Viable	Viable
	Terraces & Apts	4	3% Bldg cover	Viable	Viable	Viable
		5		Viable	Viable	Viable
		6		Viable	Viable	Not Viable

Development Quality = High

Market Conditions						
Margin	Zone	Storeys	IZ Bonus	Bouyant	Steady	Depressed
20%	Metropolitan	20	2 Storeys	Not Viable	Not Viable	Not Viable
	Mixed Use	5	1 Storey	Viable	Viable	Viable
	Terraces & Apts	4	3% Bldg cover	Viable	Viable	Not Viable
		5		Viable	Viable	Viable
		6		Viable	Viable	Not Viable
25%	Metropolitan	20	2 Storeys	Not Viable	Not Viable	Not Viable
	Mixed Use	5	1 Storey	Viable	Viable	Not Viable
	Terraces & Apts	4	3% Bldg cover	Viable	Not Viable	Not Viable
		5		Viable	Viable	Not Viable
		6		Viable	Not Viable	Not Viable
30%	Metropolitan	20	2 Storeys	Not Viable	Not Viable	Not Viable
	Mixed Use	5	1 Storey	Viable	Viable	Not Viable
	Terraces & Apts	4	3% Bldg cover	Not Viable	Not Viable	Not Viable
		5		Viable	Viable	Not Viable
		6		Not Viable	Not Viable	Not Viable

Development Quality = Medium

Fig. 14: Development viability as per inclusionary zoning policy requirements in brownfield areas

Source: (Murphy and Rehm 2013a)

Figure 14 illustrates that development viability appears more favorable in higher value areas than medium value areas at minimum development margins (20%) in

most market conditions. In high value areas all developments seem to be viable with a 20% development margin even in depressed market conditions, but the viability decreases for two high rise developments when the development margin is increased. It can also be noted from the above figure that for medium quality developments most of the developments are viable except for Metropolitan Zone developments that includes high rise apartments. This is because the high costs of construction of the bonus units either outweighs or gets close to the extra revenue from market-rate units.

The researchers' analysis also notes that whilst the development seems viable in high rise development scenario, the developers are concerned there could be marketing risks involved by comingling affordable units within high end apartment blocks that involve market-rate units. In order to test this perception, Eaqub (2017) undertook a study that analyzed the impact of affordable housing within 150m of market-rate units in Queenstown. The study concluded that whilst there is no significant impact of constructing affordable housing close to market-rate dwellings, developers must consider the amenity values and density of the surrounding neighborhood (Eaqub 2017). It is expected there will be an effect on the amenity values on the surrounding environment with the increase in density but this can be mitigated by good urban design techniques where the bulkiness of the development can have softer visual effects.

Recommendation - 5:

Have different provisions of inclusionary zoning policy requirements for greenfield and brownfield areas.

4.4 Socio-Cultural Dimension

As discussed in chapter 2, section 2.16, inclusionary zoning is seen as one of the methods which encourage social inclusion. This was implemented in Auckland through the PAUP. The PAUP required the provision of retained affordable housing to ensure wider housing choices and a balanced social mix was provided for in new residential developments. There were provisions to ensure that the location of affordable units were evenly spread throughout the development by providing no more than three affordable units in any one cluster and also providing a similar floor area to that of market-rate units.

There is very limited information available on the current trends of socio-cultural analysis that resulted from the developments under the Proposed and Operative Unitary Plan. The author relies on the primary data collected through interviews of two people from Auckland; one is an Auckland Council representative and other is a land developer in Auckland.

“I think one of the things that relative affordable mechanism drives means that the developer is thinking about the wider range of typologies, dwelling sizes, lot sizes and that inevitably means you get a broader range of people and household types into these areas compared to development that is 90% identical four bedroom, two bathroom type of houses. I think that the inclusionary zoning does that and also includes the retained affordable where you definitely get groups of people living in an area that is very hard to imagine where you would ever get that mix without that (inclusionary zoning) mechanism.”

Source: Auckland Council Official

“I definitely think the inclusionary zoning concept is an effective tool to encourage more integrated developments probably for the fact that you don’t end up with 5 houses, in a 50 unit development with a 10% inclusionary zoning requirement, at the back of the development or in a down area. I think it (inclusionary zoning) is one of the hallmarks for the housing foundation, it is one of the key aspects to produce social inclusionary development through place making of physical environment and how it helps people connect, talk, live together, communicate and support each other.”

Source: Auckland Land Developer

It can be inferred from the above views of the stakeholders that inclusionary housing certainly is a mechanism that can promote social integration within a development.

The PAUP required affordable housing units to be provided ‘on-site’, where required. A research study by the Cambridge Centre for Housing and Planning Research and University of Sheffield (2005) concluded that using S106 agreements, in England, had seen to contribute to the government’s objective of

mixed communities through the on-site provision of affordable housing with market-rate development units. Its findings revealed that there are pros and cons of having on-site affordable units. The positive aspects are that mixed communities will be formed as a result of integrating affordable units with market-rate units, which otherwise wouldn't have been the case without S106 agreements. The traditional affordable units tend to be small brownfield sites, ex local authority land or both. On the contrary, the study found that providing affordable units 'off-site' delivered more numbers of affordable units than on-site. However, if a greenfield housing development contributed off-site units and these units are then delivered on traditional, small brownfield infill sites this scenario is less likely to satisfy the mixed communities objective. The PAUP also had a provision to provide off-site affordable units through resource consent but had stricter provisions to do that. These provisions relate to

- a. The alternative site is to be in close proximity, within 1km, and offer a superior outcome in terms of access to services and transport and community mix.
- b. The developer (applicant) must enter to a legal agreement with a community housing provider who can demonstrate that on-site provision will not meet their operational requirements and that an off-site location will deliver a superior outcome in terms of the number, mix and/or on-going management of the required retained affordable housing.

One other concern that was discussed in the study, and also relevant to New Zealand context, is developers tended to prefer placing affordable housing in one block 'in the least desirable part of the site' or 'in the back corner' and in some cases the design and size of the affordable units were inferior to the market ones. This is along the lines of the views of Auckland land developer as stated above. This issue was addressed in the PAUP where one of the policies required providing retained affordable housing that is similar in external design to market rate housing within the development and that is located throughout the development.

Recommendation - 6:

Re-introduce to the affordable housing provisions stated in the PAUP.

Chapter 5 - Conclusion and Recommendations

5.1 Introduction

The main objective of this research is to evaluate the approach taken by Auckland Council in regard to provision of affordable housing in revoking the inclusionary zoning provisions in the Unitary Plan. In order to address this objective, this research has been guided by three research questions. This research will be concluded by answering these research questions, followed by a brief explanation of each recommendation as proposed in chapter 4.

5.2 Answering the research questions

To what extent will the current legislation support inclusionary zoning?

The first research question related to the legislative dimension and sought to understand the current legislative context applicable for affordable housing and inclusionary zoning in New Zealand and Auckland, and the extent to which these legislative aspects support inclusionary zoning. To answer this question, it is first required to understand the concept of affordable housing through inclusionary zoning and the theories behind this mechanism. From the international overview of the concept it is understood that inclusionary zoning can be considered as one of the mechanisms to promote affordable housing. An overview of the housing legislation that applied in New Zealand was also discussed to understand the historic trend. This research also uncovered that inclusionary zoning is not new to New Zealand. QLDC have already tried to implement this concept through a plan change. Whilst they survived a legal challenge to justify this concept under the RMA, they couldn't survive the decisions made in the political realm. The PAUP has seen the introduction of inclusionary zoning provisions that were similar to the provisions introduced in QLDC's plan change. However, the Independent Hearings Panel did not consider affordable housing to be within the jurisdiction of Auckland Unitary Plan as the panel argued that it is not possible to distinguish plan effects on price (e.g. density rules) from non-plan effects (e.g. market effects, economy etc). Therefore, a price control through land use regulations would not be within the intent of the RMA.

This research has also studied the provisions of the recent legislation, HASHA Act, and its impact on housing affordability in Auckland. Four stakeholder views

were also considered and it concluded that whilst this new legislation enabled affordable units by applying the inclusionary zoning provisions under the PAUP, this proved not to have much impact on housing affordability in Auckland. A community housing development that proceeded under the HASHA Act was studied as part of this research and the land developer of this development stated that apart from a quicker consenting process there were no other benefits received.

The NPS-UDC was also considered as part of this research and its provisions were compared against the Affordable Housing: Enabling Territorial Authorities Act. The analysis proved that the latter had a direct link to the provision of affordable housing, whilst the former only focuses on increases in housing supply. Murphy (2015) examined the relationship between housing supply and housing prices and affordability. He concluded that policies that solely focus on increasing housing supply may not increase housing affordability.

What are the economic impacts that developers face with IZ?

The second research question related to the economic dimension that sought to understand the economic impacts of inclusionary zoning on land developers. Given there is limited information available to understand the developer's economic consideration relating to developments that proceeded under the PAUP or the current Auckland Unitary Plan (in part), this research relied on the analysis carried out by Dr. Murphy and Dr. Rehm. Murphy and Rehm analyzed the inclusionary zoning provisions both on greenfield and brownfields areas and concluded that introducing this concept would not economically affect any developer. One of the research findings was that implementing inclusionary zoning in brownfield areas is more complex than greenfield areas. Auckland Council in their section 32 analysis considered Murphy and Rehm's analysis to justify inclusionary zoning provisions introduced in the PAUP.

To what extent will IZ result in better socio-cultural outcome?

The third and final question related to socio-cultural dimension that sought to understand the impact of inclusionary zoning policies from a socio-cultural perspective. In order to answer this question, the author relied on primary data collected through the stakeholder interviews and the provisions of the PAUP. It was the view of the interviewed stakeholders that inclusionary zoning is an

effective tool to encourage socially integrated developments. It was concluded that the provisions in the PAUP, with inclusionary zoning requirements, had extensively addressed the common concerns faced by the developers.

5.3 Recommendations

Six recommendations were developed from the findings of the analysis as discussed in chapter 4. These recommendations seek to provide some solutions to utilize inclusionary zoning policies to secure more affordable housing in New Zealand, especially Auckland. Four out of six recommendations apply to central government as these relate to legislation amendments that are advocated by the central government. The other two apply to Auckland Council and would require amendments to the Auckland Unitary Plan.

5.3.1 Recommendations for Central Government

Recommendation - 1:

Territorial Authorities should recognize the fact that affordable housing can be considered under the RMA.

In chapters 2 and 4 it was discussed that whilst case law has established that affordable housing and inclusionary zoning can be considered under the RMA, not many territorial or unitary authorities are coming forward to implement this concept as they still fear legal challenges. Central government must take the initiative to promote the inclusionary zoning concept and encourage local authorities to focus more on affordable housing as part of their Long Term Plans and District Plans.

Recommendation - 2:

The NPS-UDC should explicitly provide reference and make provisions for affordable housing.

As discussed in chapter 4, the current operative NPS-UDC does not contain explicit reference to urban redevelopment proposals or to provision of affordable housing. As discussed in section 5.2 above, solely increasing the supply of houses will not result in reduced house prices. Introducing policies relating to affordable housing in the NPS-UDC will enable local authorities to give effect to this NPS in their respective District Plans.

Recommendation - 3:

Explicit legislation to address affordable housing, such as the Affordable Housing: Enabling Territorial Authorities Act or HASHA Act, be introduced.

This recommendation can be considered as an alternative to recommendation – 2. If the government believes that specific provisions to affordable housing should not form part of the NPS-UDC, then they can consider introducing legislation similar to the Affordable Housing: Enabling Territorial Authorities Act or HASHA Act for Auckland. Whilst the HASHA Act is still effective in other regions of New Zealand, the Auckland Housing Accord was revoked in May 2017. The literature review in chapter 2 and analysis in chapter 4 demonstrated that both these statutes contributed to affordable housing through inclusionary zoning, to some extent. Honing these provisions to suit the current state of affordable housing and provisions of Unitary Plan in Auckland could play a major role in delivering more affordable housing.

Recommendation - 4:

Introduce a section in the RMA that explicitly requires territorial authorities to mandate a mutual agreement with developers as a means to mitigate any adverse effects from the development that will have a positive impact on the local community.

This recommendation would require/enable territorial authorities to enter into an agreement with the developer if the former believes the development would cause a significant impact to the area and community. This is a practice followed in the UK under Section 106 of the Town and Country Planning Act 1990. Whilst this practice is still being followed in Queenstown to secure affordable housing units in the form of stakeholder deeds, this is totally voluntary and the developer may choose not to enter into an agreement if he/she believes there will be negative economic impact on the development. Developers will be bound to enter into an agreement if this process is formalized through the RMA. These agreements need not solely relate to affordable housing, they can include aspects relating to matters such as public open space, infrastructure upgrades and community facilities.

5.3.2 Recommendations for Auckland Council

Recommendation - 5:

Adopt different provisions for inclusionary zoning policy requirements for greenfield and brownfield areas.

As discussed in chapter 4, implementing inclusionary zoning provisions are more complex for brownfield areas when compared with greenfield areas. This usually discourages developers from providing affordable housing units in brownfield areas. An option is to provide incentives to developers as part of mutual agreement between council as suggested in recommendation 4.

Recommendation - 6:

Re-introduce to the affordable housing provisions stated in the PAUP.

The research analysis has established that the provisions to promote affordable housing through the PAUP have proved a success, especially with the socio-cultural outcomes. On-site provision of affordable housing created mixed communities by integrating market and affordable units on one site, both through retained and relative affordable housing. Hence, it is suggested that reverting to the affordable housing provisions as proposed in the PAUP will create more mixed communities.

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Appendix A – Information Sheet to stakeholders

UNIVERSITY OF WAIKATO

FACULTY OF ARTS AND SOCIAL SCIENCES

Affordable Housing through Inclusionary Zoning – Case of Auckland

Introduction

I am a graduate student pursuing a Master of Environmental Planning at the University of Waikato. As part of my Masters, I am required to complete a thesis and the topic I selected is “Affordable Housing through Inclusionary Zoning – The case of Auckland”. The main aim of this research is to evaluate the approach Auckland Council has taken to adopt Inclusionary Zoning to help meet the affordable housing requirements in Auckland. I will be analysing Council officers’ and developers’ views on the effect of adopting Inclusionary Zoning as an approach in the Proposed Auckland Unitary Plan. To undertake a comparative study, I have selected Auckland and Queenstown District, where a similar approach has been adopted.

Interviews

I aim to conduct four interviews with individuals that approximately last for 30 to 45 minutes in length. These interviews will mostly be semi-structured which allows for new ideas to be brought up during the interview stage based on your response to the interview schedule. Your opinions play a pivotal role in my findings for this research.

Your participation in this research is very valuable and is highly appreciated. I intend to audio record the interviews so that I have accurate record of your comments and opinions.

Your rights as a participant

You are not obliged to participate in this research, it is totally voluntary. If you choose to do so, you have the right to:

- Refuse to answer any question(s)
- Withdraw from the research until analysis has commenced

- Request me to delete any material that is provided, if any
- Decline to be audio recorded and request the recorder to be turned off at any time
- Ask any questions about the research at any time during your participation

Confidentiality

All the information will be recorded through a device that is capable of recording good quality information. This recorded information will be kept secure at all times. There will be no other person handling the information apart from me. All the recorded information will be stored in my laptop and also in an external hard drive. Storing in an external hard drive is just a preventive measure in case my computer gets a technical fault. Both the laptop and external hard drive will be protected by a password which will not be disclosed to anyone. All the recorded information will be used for five years, after which the information will be deleted permanently from both my laptop and external hard drive. It is my intention not to disclose your identity. Unless stated, I will use pseudonyms during my analysis stage. It must be noted that even though pseudonyms will be used, there is a possibility that you may be identified through your role at the Council or through the housing development project you are undertaking.

A copy of your transcript will be sent through an email after the interview for you to amend any portion of the interview. Only upon written confirmation of information provided will I be using it for my analysis purposes. Your copy of the transcript will not be sent to any other person apart from you. I am aiming to start the analysis within seven days of confirming your transcripts. I will keep you informed when analysis begins.

This research project has been approved by the Human Research Ethics Committee of the Faculty of Arts and Social Sciences at the University of Waikato. Any questions about the ethical conduct of this research may be sent to the Secretary of the Committee, email fass-ethics@waikato.ac.nz, postal address, Faculty of Arts and Social Sciences, Te Kura Kete Aronui, University of Waikato, Te Whare Wananga o Waikato, Private Bag 3105, Hamilton 3240.

Results

The results of this research will be used as part of my Masters Thesis. Three copies of the thesis will be produced, two in print and one online. The findings of this research may also be used in other publications, conference presentations, and seminars, as well as pedagogic materials.

Next step

If you would like to participate in this research I will contact you in a week and provide you with the consent form and interview schedule. I will be able to answer any questions you have about this research or alternatively you can contact my supervisor at the below mentioned details;

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0212388471

Kate Mackness
Lecturer, Environmental Planning
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Appendix B – Participant Consent Form

UNIVERSITY OF WAIKATO

FACULTY OF ARTS AND SOCIAL SCIENCES

PARTICIPANT CONSENT FORM

Name of person interviewed: _____

I have received a copy of the Information Sheet describing the research project. Any questions that I have relating to the research have been answered to my satisfaction. I understand that I can ask further questions about the research at any time during my participation, and that I can withdraw my participation at any time until analysis on the data I provided commences. It is the researcher's responsibility to inform me when the analysis has begun. Should I wish to withdraw any of my comments, I will advise the researcher in writing.

During the interview, I understand that I do not have to answer questions unless I am happy to talk about the topic. I can stop the interview at any time, and I can ask to have the recording device turned off at any time.

When I sign this consent form, I will retain ownership of my interview, but I give consent for the researcher to use the interview for the purposes of the research outlined in the Information Sheet.

I understand that my identity will remain confidential in the presentation of the research findings, unless I state otherwise.

Please complete the following checklist. Tick [✓] the appropriate box for each point.	YES	NO
<i>[I wish to view the transcript of the interview.]</i>		
<i>[I wish to receive a copy of the findings.]</i>		
<i>[Other?]</i>		

Participant :	_____	Researcher :	_____
Signature :	_____	Signature :	_____
Date :	_____	Date :	_____
Contact	_____	Contact	_____
Details :	_____	Details :	_____
	_____		_____

Appendix C – Interview Schedule

Semi Structured Interview Schedule – Council Officer – Auckland Council

This schedule outlines questions which I intend to ask during our interview. You have the choice to omit any question and are welcome to raise any issue that is not covered in this schedule. Your thoughts on this topic are very valuable.

Legal Dimension

1. When did Auckland Council adopt Inclusionary Zoning (IZ)?
2. What measures were adopted to implement IZ?
3. How will IZ operate?
4. Does Auckland Council provide any incentives to developers who use the IZ mechanism? If so, what are these incentives?
5. What are the experiences faced by Planners during processing of resource consents when applications relating to IZ are lodged?
6. Is there any monitoring mechanism for
 - a. Land price
 - b. Housing price
 - c. Location of projects
 - d. Building size and quality of affordable units
7. How does this monitoring mechanism work?
8. To what extent, in your opinion, does the current legislation support Inclusionary Zoning?

Economic Dimension

9. Do you consider that the introduction of IZ instilled trust and confidence in land developers? Please explain.
10. What is the effect on commercial housing prices for projects with and without Inclusionary Zoning?
11. What is the effect of IZ regulation on land value?

Social Dimension

12. Has the concept of Inclusionary Zoning considered the Principles of Treaty of Waitangi? If so, how?
13. Do you think Inclusionary Zoning is an effective tool to encourage more socially integrated developments?
14. The Proposed Auckland Unitary Plan (PAUP) has provision to provide affordable units not in the subject development but anywhere within the vicinity of the development. What are the advantages and disadvantages of this approach? Do you think this approach would support increased social integration?

Thank you for your time in participating in this research

**Semi Structured Interview Schedule – Council Officer – Queenstown Lakes
District Council**

This schedule outlines questions which I intend to ask during our interview. You have the choice to omit any question and are welcome to raise any issue that is not covered in this schedule. Your thoughts on this topic are very valuable.

Legal Dimension

1. When did Queenstown Lakes District Council adopt the linkage mechanism?
2. What measures were adopted to implement the linkage mechanism?
3. How will the measures operate?
4. Does Queenstown Lakes District Council provide any incentives to developers to use the linkage mechanism? If so, what are these incentives?
5. What are the experiences of Planners during processing of resource consents when these sorts of applications are lodged?
6. How is the linkage mechanism enforced in a resource consent application?
7. Is there any monitoring mechanism for
 - a. Land price
 - b. Housing price
 - c. Location of projects
 - d. Building size and quality of affordable units
8. How does this monitoring mechanism work?
9. To what extent, in your opinion, does the current legislation support the linkage mechanism?

Economic Dimension

10. Do you consider that the introduction of linkage mechanism instilled trust and confidence in land developers? Please explain.

11. What is the effect on commercial housing price in projects with and without linkage mechanism?
12. What is the effect of linkage mechanism on land value?

Social Dimension

13. Has the concept of linkage mechanism considered the Principles of Treaty of Waitangi? If so, how?
14. Do you think the linkage mechanism is an effective tool to encourage more socially integrated developments?

Thank you for your time in participating in this research

Semi Structured Interview Schedule – Land Developer – Auckland

This schedule outlines questions which I intend to ask during our interview. You have the choice to omit any question and are welcome to raise any issue that is not covered in this schedule. Your thoughts on this topic are very valuable.

Legal Dimension

1. What is your opinion about the introduction of the Inclusionary Zoning (IZ)? In your opinion, is it understandable?
2. Do you receive any cost offsets or incentives from Auckland Council in relation to IZ? If so, what are they?
3. What is your experience with Auckland Council in implementing IZ when you lodged your resource consent application?
4. Are you aware of any monitoring mechanisms regarding
 - a. Land price
 - b. Housing price
 - c. Location of projects
 - d. Building size and quality of affordable units
5. Do you know how these mechanisms work? If so, please explain.
6. What kind of improvements, if any, could be done by Auckland Council in implementing IZ?

Economic Dimension

7. Have you been able to fulfil mandatory requirements of the IZ rule?
 - a. If yes, how are you able to do it?
 - b. If not, why?
8. What is the effect of IZ on land value?

Social Dimension

9. Do you think Inclusionary Zoning is an effective tool to encourage more socially integrated developments?

10. The Proposed Auckland Unitary Plan (PAUP) has provision to provide affordable units not in the subject development but anywhere within the vicinity of the development. What are the advantages and disadvantages of this approach? Do you think this approach would support increased social integration?

Thank you for your time in participating in this research

Semi Structured Interview Schedule – Land Developer – Queenstown

This schedule outlines questions which I intend to ask during our interview. You have the choice to omit any question and are welcome to raise any issue that is not covered in this schedule. Your thoughts on this topic are very valuable.

Legal Dimension

1. What is your opinion about the introduction of the linkage mechanism? In your opinion, is it understandable?
2. Do you receive any cost offsets or incentives from Queenstown Lakes District Council in relation to the linkage mechanism? If so, what are they?
3. What was your experience with Queenstown Lakes District Council in implementing the linkage mechanism when you lodged your resource consent application?
4. Are you aware of any monitoring mechanisms regarding
 - a. Land price
 - b. Housing price
 - c. Location of projects
 - d. Building size and quality of affordable units
5. Do you know how these mechanisms work?
6. What kind of improvements, if any, could be made by Queenstown Lakes District Council in implementing the linkage mechanism?

Economic Dimension

7. Have you been able to fulfil mandatory requirements of the linkage mechanism rule?
 - a. If yes, how are you able to do it?
 - b. If not, why?
8. What is the effect of the linkage mechanism on land value?

Social Dimension

9. Do you think linkage mechanism is an effective tool to encourage more socially integrated developments?

Thank you for your time in participating in this research