

# Urban Housing Intensification

## What this is about...

High density living can put pressure on services and amenities and on the social and physical resources of a city. Housing intensification can indicate that gentrification<sup>56</sup> is occurring, particularly in inner city areas. Low income households are often forced out of gentrified areas because of housing affordability problems as house prices rise and because of the decline in the number of lower priced houses available in the area.

This indicator examines the number of new units as a proportion of all new private dwellings in the six largest cities over the previous three years. Units include apartment blocks, terraced housing developments, townhouses, units, flats, studio units, unattached granny flats, dwellings added to other buildings, communal accommodation and other residential accommodation.<sup>57</sup> This provides contextual information about changing housing patterns in our large urban areas.

## What did we find ?

The six largest cities have seen an emergence of higher density housing developments such as apartment and terraced housing developments and townhouses over the last decade in response to a number of trends, including:

- Population growth, which has resulted in land use competition, particularly in inner city areas.
- Changing household formation and composition patterns due to an increase in couple only and single person households, smaller household sizes and later family formation which has resulted in increased demand for smaller dwellings.
- Changing lifestyle and leisure needs and demands, including the desire to live in inner cities.
- Local authority planning changes in an attempt to curb urban sprawl by limiting green space housing development.<sup>58</sup>

Auckland and Wellington Cities have seen higher levels of higher density housing development than the other large cities. In Auckland this is due to higher rates of population growth and competing land use demands. In the year to June 2000, 65.3% of all new dwellings in Auckland City and 56.1% in Wellington City were new units, compared to 12.7% in Manukau City. From the start of 1995 to mid 1999, the inner city apartment market in Auckland City grew at a rate of 98.5% per annum.<sup>59</sup> By the end of 2001, it is projected that Auckland City will have over 6000 apartments in the inner city, up 69% on the 1996 figure of 3807.<sup>60</sup>

Growth in apartment and terraced housing developments has been slower in Wellington City than Auckland City due to barriers to expansion including a lack of available office space and geographical constraints.

Manukau City has a lower rate of new unit development because of the availability of cheaper land, which has encouraged single unit greenfields development rather than higher density units. Much of the initial higher density development in Auckland and Wellington Cities was concentrated in the commercial hearts of the cities, but development is now occurring on the city fringes and in cities with lower land values, such as in Manukau and Waitakere.

56 Gentrification is where older areas are renovated and upgraded, usually by more affluent households moving into the area.

57 Apartment blocks refer to high density, high rise developments.

Terraced housing refers to low rise apartments of up to four or five levels.

Townhouses are medium density and tend to be built on cross-leased or subdivided sections, either on the same property as already existing older houses or in blocks where older dwellings have been demolished.

This definition does not include houses not attached to others, sleep-outs, garages and other outbuildings of residential buildings.

58 This process is not simply demand driven. The development of different types of housing in new locations (such as multi-density units) have encouraged people to explore new patterns of living and to think in new ways with regard to their living arrangements. On an international scale, much of this development is of medium density rather than high density. However, from a New Zealand perspective, it is of a higher density than has traditionally been seen before.

59 Bayleys Residential Research. June 1999. Auckland Inner City Apartment 1999 Annual Review [www.bayleys.co.nz/publications](http://www.bayleys.co.nz/publications).

60 Bayleys Residential Research. June 2000. Apartments and Terraced Housing June 2000. [www.bayleys.co.nz/publications](http://www.bayleys.co.nz/publications).

Christchurch City has not experienced the population pressures of Wellington City or of the cities in the Auckland Region. As such, the rate of new unit development to new developments overall has not been as high in Christchurch (at 36.8%). Planning amendments have resulted in the release of vacant land on the city fringe. This has encouraged low density new house development. Much of Christchurch's new unit development has been medium density townhouse developments on cross-leased or subdivided sections throughout the city rather than in the inner city, although some inner city apartment development is occurring.

In the last few years, rates of growth of new higher density housing developments have begun to decline relative to all new dwellings in Auckland, Wellington and Christchurch Cities. Economic conditions, government policy, land and building availability and market demand have resulted in fluctuations in growth rates. However, a continued market for higher density developments will be buoyed by cities wanting to encourage inner city revitalisation (such as in Christchurch) and in regions keen to limit urban sprawl (such as in the Auckland Region).<sup>61</sup>

#### NUMBER OF NEW HOUSES AND UNITS AS A PROPORTION OF ALL NEW DWELLINGS (1998 TO 2000)

	1998		1998		1999		1999		2000		2000	
	Houses No.	Houses %	Units No.	Units %	Houses No.	Houses %	Units No.	Units %	Houses No.	Houses %	Units No.	Units %
<b>Auckland</b>	1,082	40.1	1,618	59.9	903	33.5	1,793	66.5	1,021	34.7	1,918	65.3
<b>Manukau</b>	1,815	87.3	263	12.7	2,078	92.1	179	7.9	2,149	87.3	312	12.7
<b>North Shore</b>	883	57.8	644	42.2	757	61.9	465	38.1	822	61.3	520	38.7
<b>Waitakere</b>	1,090	78.3	302	21.7	1,124	68.5	516	31.5	1,104	62.4	664	37.6
<b>Wellington</b>	396	28.8	979	71.2	368	33.0	748	67.0	519	43.9	662	56.1
<b>Christchurch</b>	1,120	52.9	997	47.1	1,177	61.8	729	38.2	1,102	63.2	642	36.8

Data Source: Statistics New Zealand

Population growth puts pressure on already existing land uses, leading to the need for intensified infill housing. New developments are usually located around existing transport nodes. Population growth also puts pressure on transport systems. People often make a trade off between living closer to the inner city in higher density developments (with lower transport costs) and living further from the inner city in lower density developments but with higher transport costs.

Local and central government policies and zoning restrictions will also affect urban housing intensification.

Changing lifestyles and attitudes have led to a desire by many to live near services and near work locations (eg. in the inner cities or in suburbs with office growth). New unit development also reflects levels of economic vitality in cities.

61 However, recent research evidence suggests that increasing the number of dwellings per hectare does not always lead to an increase in the number of people per hectare. In Wellington the reverse pattern has been happening in a significant number of cases where dwelling density of area units has been increasing but the corresponding population density of these area units has actually fallen across Census periods (Email correspondence 18 September 2000 with Philip Morrison, a demographer at Victoria University, Wellington). Further, consolidation does not always act as an antidote to urban sprawl. The relationship is complex and indirect. Recent New Zealand research has found, as has overseas research, that the primary purchasers of inner city apartments tend to be long term residents of the inner city rather than suburb dwellers. However, there are indirect effects linking city and suburban housing markets (Morrison P and McMurray S. 1999. "The Inner City Apartment Versus the Suburb: Housing Sub-Markets in a New Zealand City" Urban Studies 36 (2).)