

Wellington Housing Accord Monitoring Report 2

July 2014 to June 2015

Based on:

- building consent data to month ended June 2015
- new section data to month ended June 2015

Absolutely Positively
Wellington City Council

Me Heke Ki Pōneke



MINISTRY OF BUSINESS,
INNOVATION & EMPLOYMENT
MIKINA WHAKATUTUKI



Executive Summary

This monitoring report spans the first year of the Wellington Housing Accord (July 2014 – June 2015), agreed between the Wellington City Council and Government on 24 June 2014. It follows a previous report for the first 6 months of the Accord. The Housing Accord is a tool used to facilitate residential development in the city and sets targets for the consenting of new sections and dwellings in Wellington over five years. It also complements a range of other Council initiatives that seek to grow the Wellington economy through targeted investment in infrastructure, facilities and place making that will spur corresponding private sector investment in the residential and business sectors.

This report builds on the first report that was limited to the period of July 2014 to December 2014. It reports on building consents granted for new dwellings and resource consents issued for new residential lots created, for the 12-month period since the Housing Accord was signed. During the period of January 2015 to June 2015 a further 13 Special Housing Areas (SHAs) were established, bringing the total number of SHAs in Wellington to 21.

Consenting Numbers

- After the first year of the Wellington Housing Accord (July 2014 – June 2015), **628 new dwellings** have been granted building consents and **249 new sections** approved by resource consent for an adjusted **total of 837** across the city. This is 163 less than the first year target of 1000 dwellings or sections.
- The monitoring report prepared for the first six months of the Housing Accord reported that 243 new dwellings and 133 new sections were consented. On that basis, a final year total of 732 was projected. That projection for the full year has been exceeded on the back of an increase in building consents. Subdivision consent rates remain consistent with approximately 20 sections being consented each month on average, with a high of 49 in May 2015.
- Building consent rates show more variability on a monthly basis, ranging from 10 to 90 consents for dwellings issued per month. Over a longer term, these rates of development are consistent with consenting activity in Wellington since the global financial crisis.

Special Housing Areas

- 21 SHAs have been established to date following their nomination by the Council in August 2014 and April 2015. As expected, consenting activity in the SHAs is slow to commence given the lead-in required by the development community.
- Two subdivision applications have been lodged within SHAs under the Housing Accords and Special Housing Areas Act for a total of 47 lots.
- The number of pre-application meetings for proposals within SHAs has increased with five pre-application processes currently underway. These proposals would total approximately 240 additional lots once applied for.
- The 21 SHAs created to date have significant capacity for residential growth. They are expected to yield a combination of approximately 2500 sections and dwellings over the period of the Housing Accord targets.
- Of the 837 consented dwellings and sections over the first year of the Housing Accord, 172 are located within SHAs reflecting the status of some of these areas as existing growth areas.



Land capacity for residential development

- Wellington City has capacity for significant residential growth across greenfield development (20+ years), infill development within existing residential areas (30+ years) and for central city apartment development (40+ years). The city is therefore well placed to meet expected growth over the next 20+ years.
- A Memorandum of Understanding (MOU) between Wellington City Council and Greater Wellington Regional Council (GWRC) has been agreed. This MOU has protocols in place to ensure efficient processing of resource consent applications for Qualifying Developments within SHAs that span the jurisdictions of both Councils.



Housing Accord Implementation

Since the Housing Accord was agreed by the Council and the Minister of Housing, 21 SHAs have been created focusing firstly on existing growth areas identified in the city, then a range of other sites in the second tranche that provide a further range of development opportunities. These include:

- Two greenfield SHAs in the Lower Stebbings and Lincolnshire-Woodridge areas.
- Two central city areas for apartment development within the height limitation prescribed by the HASHA Act (6 storeys or 27m).
- Three medium-density areas in Johnsonville, Kilbirnie and Adelaide Road.
- The imminent redevelopment of the Arlington Apartments complex.
- Shelly Bay as an area of redevelopment opportunity.
- Three Housing New Zealand properties that are to be comprehensively redeveloped.

Council initiatives supporting residential development

To support the implementation of the Housing Accord, the Council has a range of incentives to encourage development:

- To remit rates on greenfield development for newly created lots. This initiative seeks to increase the amount of sections being brought to market.
- A one-stop-shop resource consent process in partnership with GWRC and other relevant parties such as Wellington Water Ltd. This will provide a fully integrated, case-managed process for qualifying development consent applications with immediate and timely advice.
- Both Wellington City Council and GWRC have waived fees for officers time during pre-application meetings.
- Continued Council investment in key infrastructure and place-making improvements.

Additionally, the Council is advancing a range of transformational projects for the City that aim to stimulate the economy and consequently boost residential growth:

- The '8 Big Ideas' programme, including – an extension to the airport runway, creation of a Tech Precinct, development of a film museum, convention centre and indoor concert venue, and creating a framework for the ongoing development of Miramar.
- Investment in urban regeneration projects, including the recently completed Victoria Street transformation initiative. This will catalyse apartment development, and will spur additional private sector investment such as the recently commenced development of a new Whitirea/WelTec campus.
- Planning for further development opportunities in east Te Aro, Kent and Cambridge Terraces and development across the CBD.
- Rejuvenation and redevelopment of the CBD civic area.
The construction of the Petone-Grenada link road that will open up a large area of land for future growth.

These initiatives seek to boost the economic performance of the city as a whole. Residential development often lags as an indicator of economic performance so we expect to see a general uplift in residential development on the back of these economic initiatives.



Targets

The Wellington Housing Accord targets are based on the number of new dwellings and sections consented in Wellington each year, adjusted to reflect overlaps between new dwellings and sections.

Wellington Housing Accord

Paragraph 16, Wellington Housing Accord

Targets – total number of dwellings and sections consented				
Year 1 July 2014 – June 2015	Year 2 July 2015 – June 2016	Year 3 July 2016 – June 2017	Year 4 July 2017 – June 2018	Year 5 July 2018 – June 2019
1,000	1,500	1,500	1,500	1,500

Dwellings

Dwellings are measured at the point of building consent (source: Wellington City Council).

Sections

Sections are measured at the point of resource consent (source: Wellington City Council).

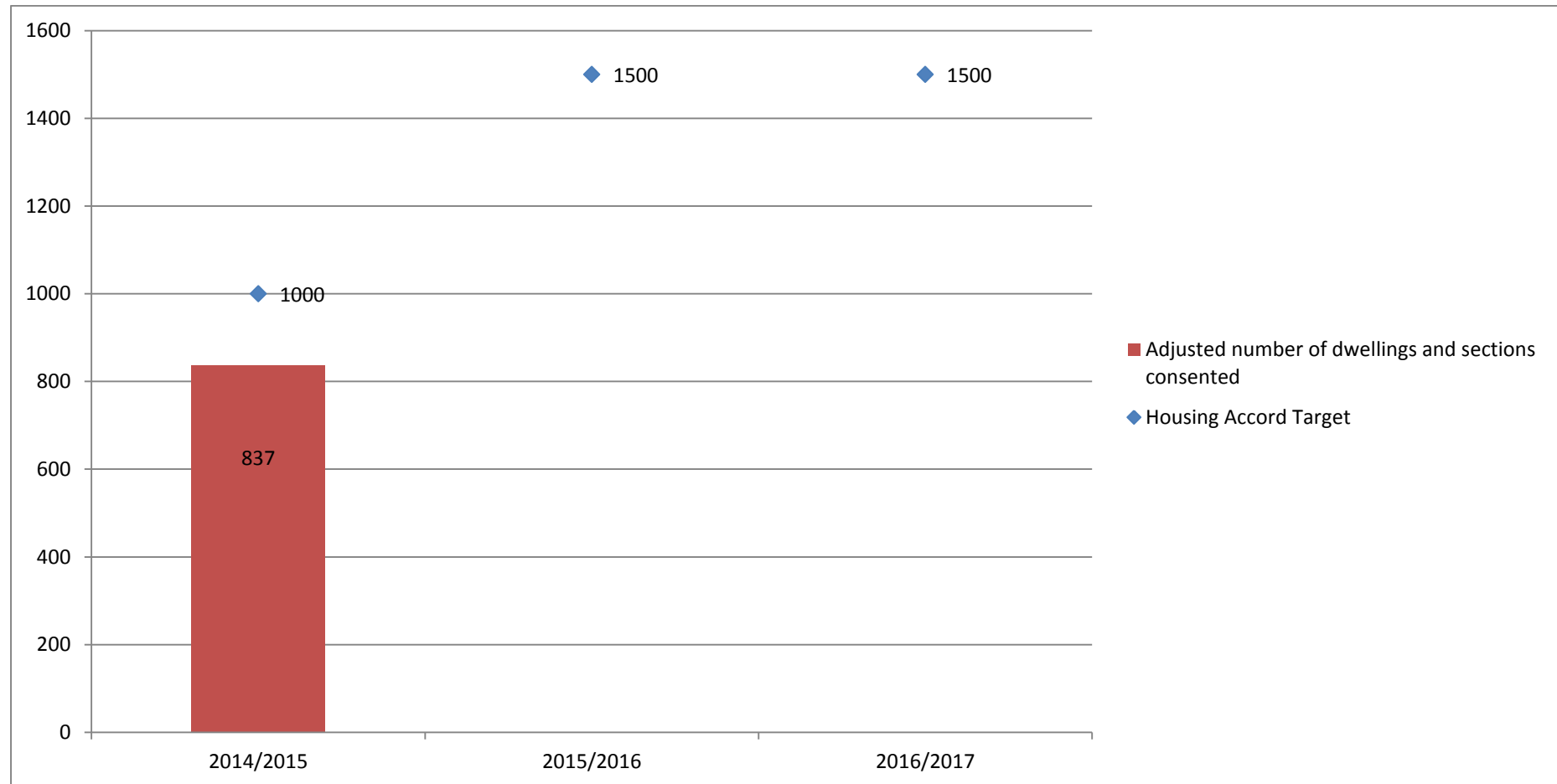


Overview

At the end of Year 1, the adjusted number of new sections and dwellings consented (837) is 163 less than the Year 1 target of 1000.

Adjusted number of new dwellings consented and sections created

Wellington; July 2014 – June 2015; adjusted for dwelling/section combinations (see next page)

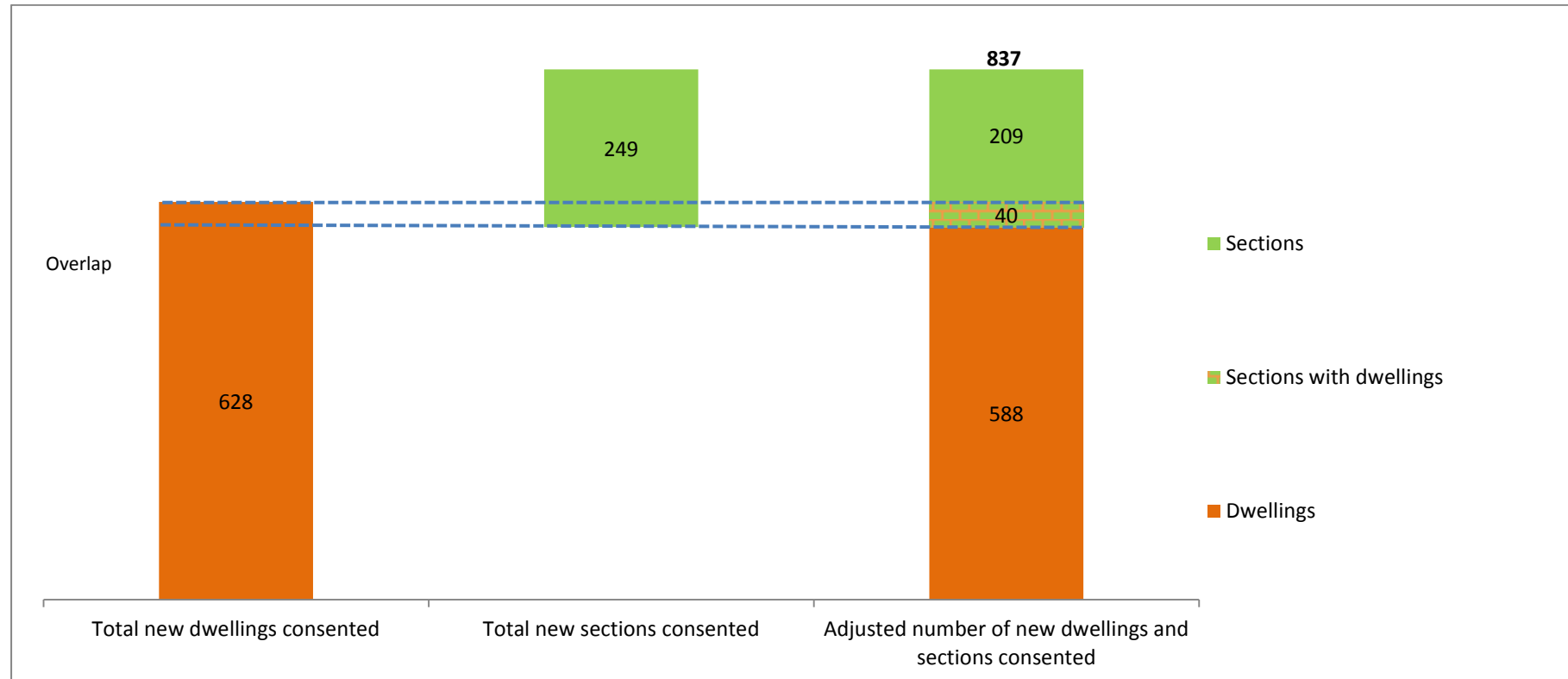


Adjusted total in Year 1

The number of new dwellings consented and the number of new sections created must each be adjusted for the 40 occasions they overlap.

Adjusted number of new dwellings and sections created*

Wellington; July 2014 – June 2015; adjusted for dwelling/section combinations; Wellington City Council (dwellings and sections)



* As illustrated in the graph above, the **adjusted total** adjusts for any overlap that occurs between new sections created and the dwellings that are consented on those sections (i.e. it avoids double-counting). Where a newly created section has a dwelling consented on it, the section and dwelling are counted as one. If more than one dwelling is consented on the section, then the additional dwellings are also counted. In the first year of the Housing Accord, this overlap is minimal, but will become more pronounced in subsequent years as more new sections are converted into dwellings, or as subdivisions occur around previously established dwellings.

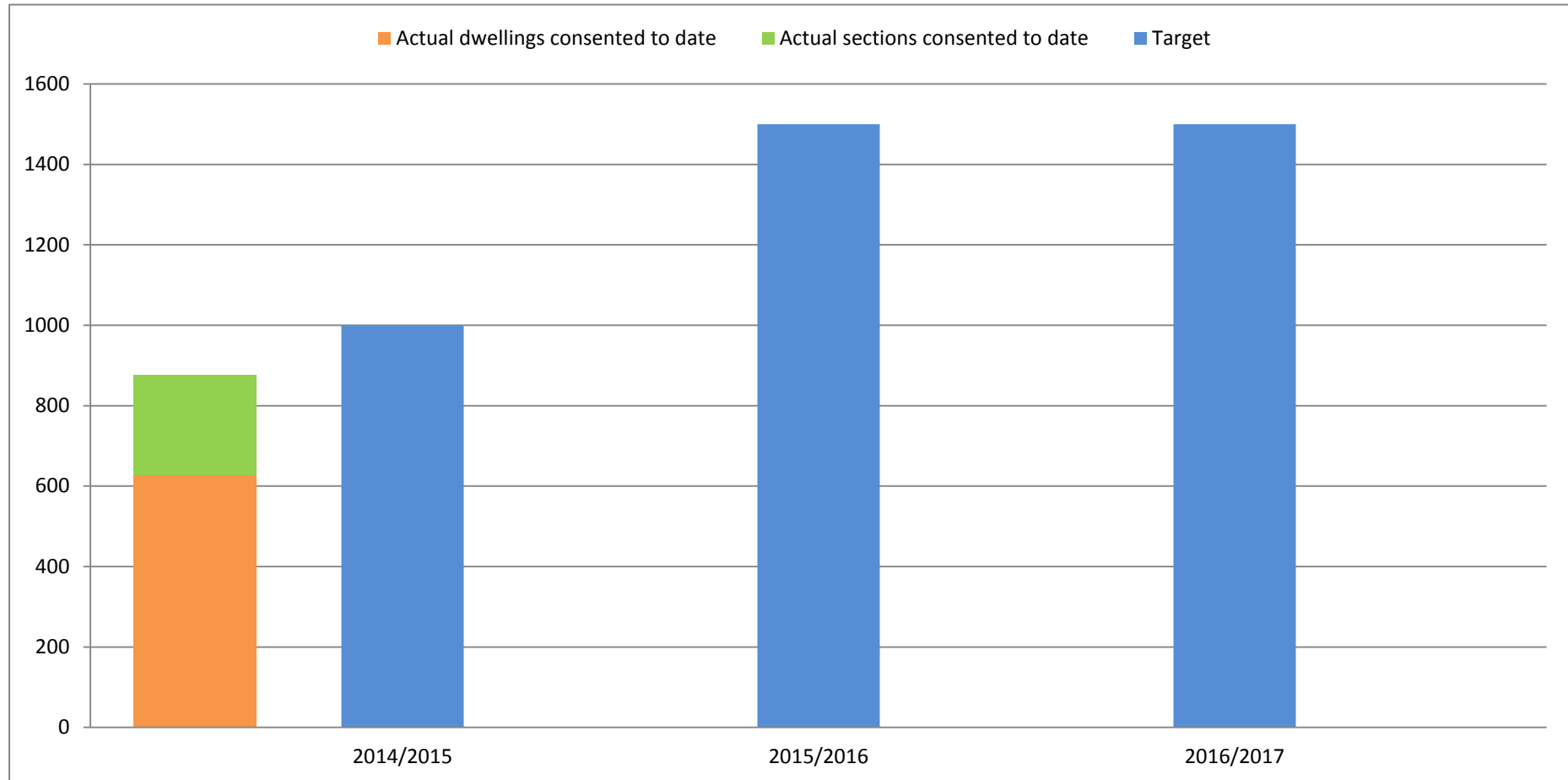


New dwellings and sections

There has been an increase in building consent activity over the second half of the 2014/2015 financial year. This has meant that the projected total of 732 for the full year has been exceeded by over 100 dwellings and sections.

Number of new dwellings consented and sections created

Wellington; cumulative totals to end of June 2015; adjusted for the overlap.

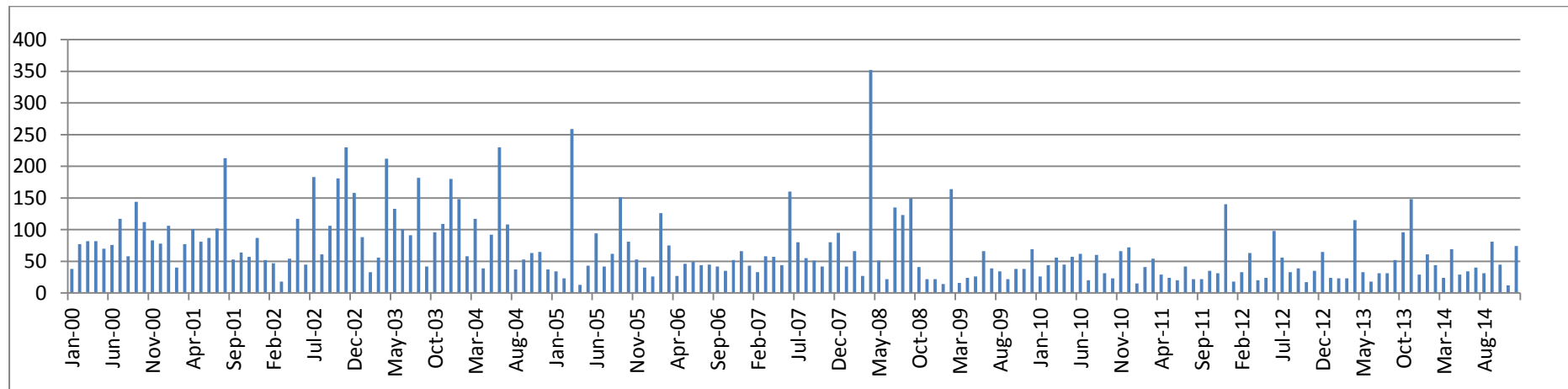
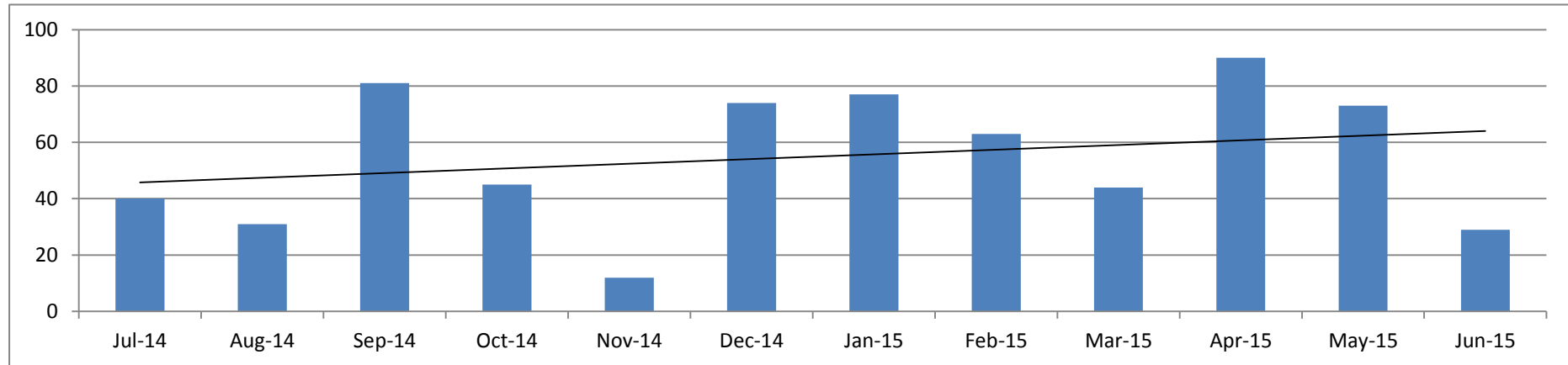


Consented dwellings – monthly

The number of dwellings consented on a monthly basis is gradually increasing, with the increase from January – June 2015 lifting overall numbers for the first year beyond the total projected in the first monitoring report.

Number of new dwellings that received building consent

Wellington; monthly total; Statistics New Zealand and Wellington City Council

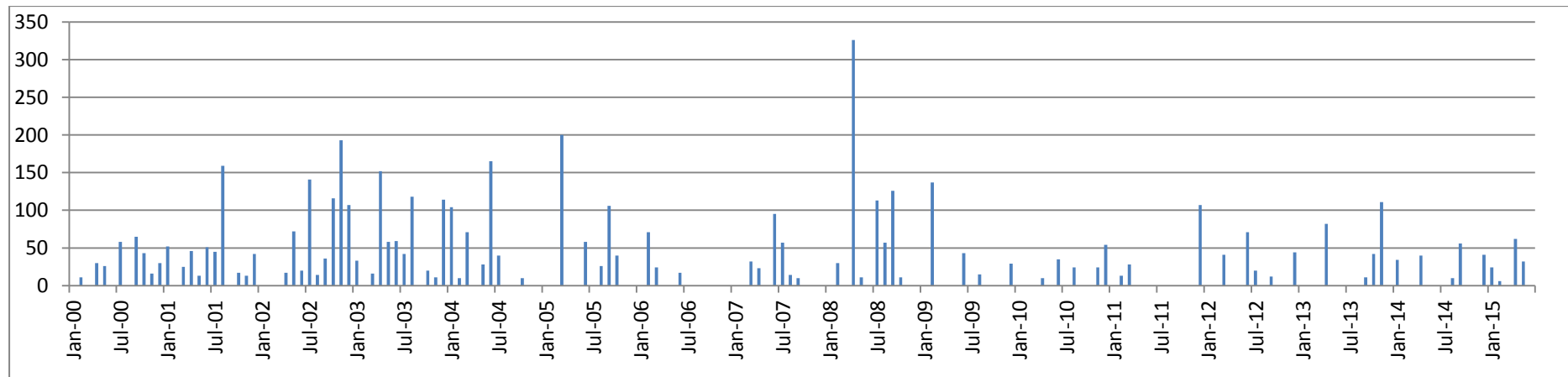
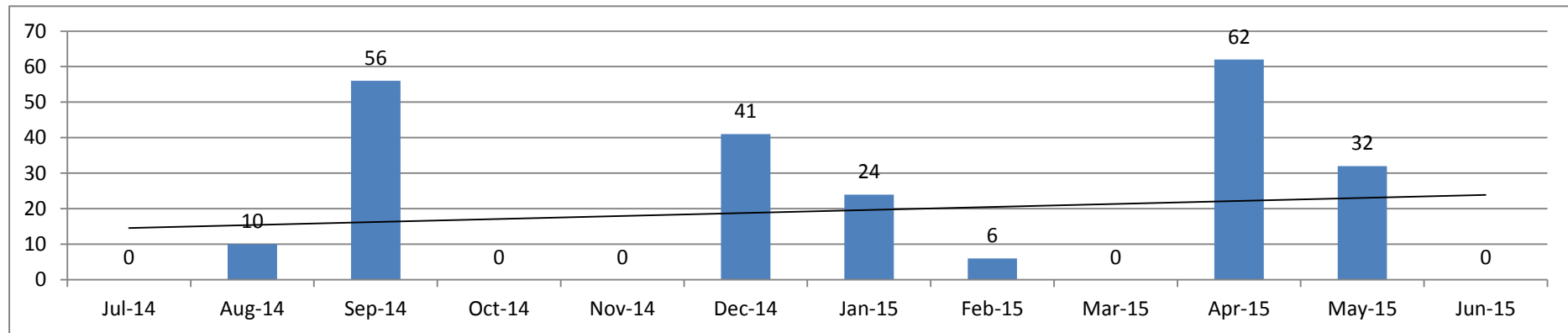


Consented apartments – monthly

In line with the long-term trend, the consenting of apartments remains highly variable and the overall number of consented apartments remains low. However, a number of previously consented apartment buildings, such as two on Victoria Street are presently coming to market. This highlights the importance of ‘timing the market’ and reflects an increase in confidence that they are now coming to market.

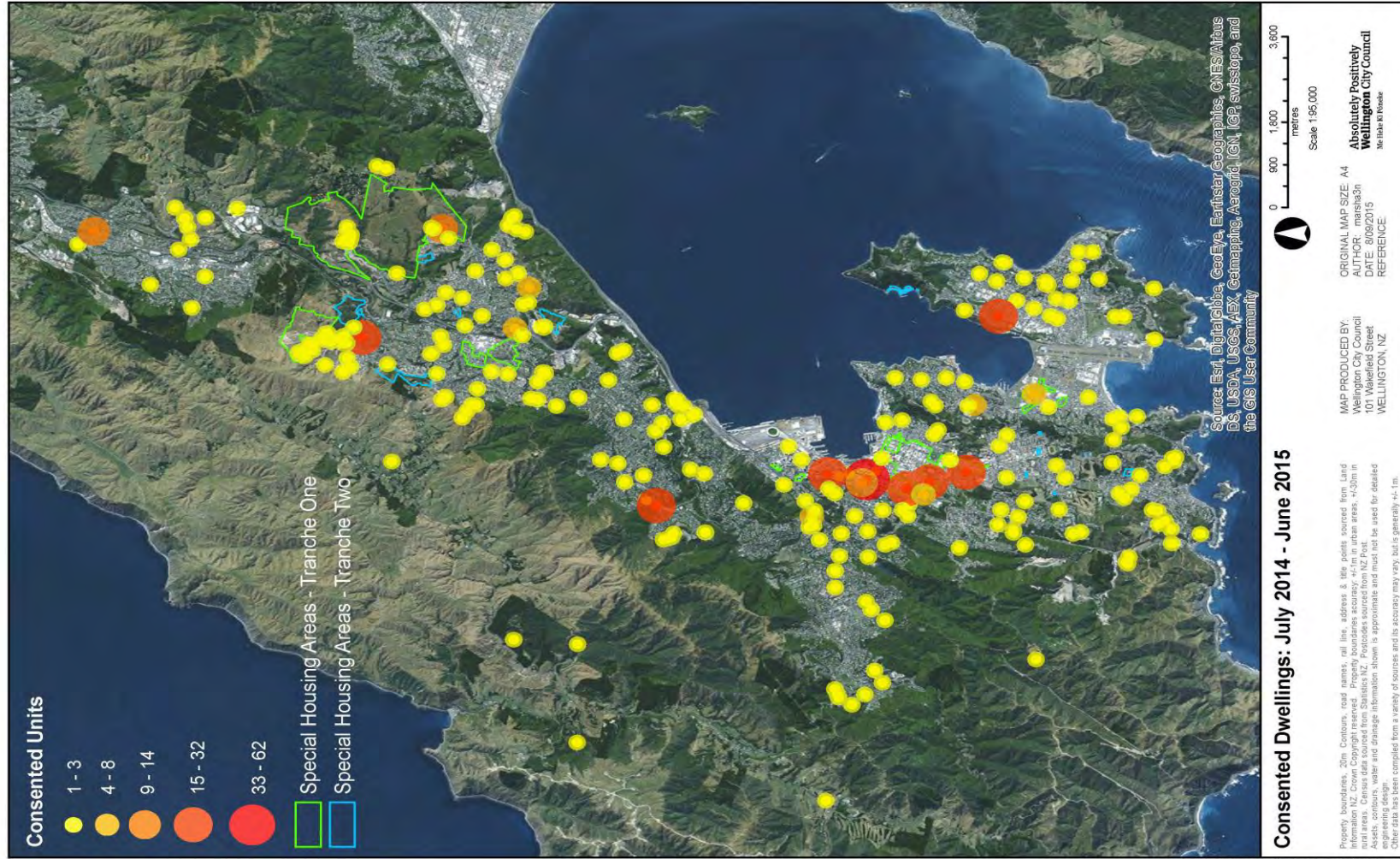
Number of new apartment dwellings that received building consent

Wellington; monthly total; Statistics New Zealand and Wellington City Council



Location of new residential building consents: July 2014 – June 2015

There is no clear pattern to the distribution of building consent activity. The number of building consents granted within SHAs is 144.

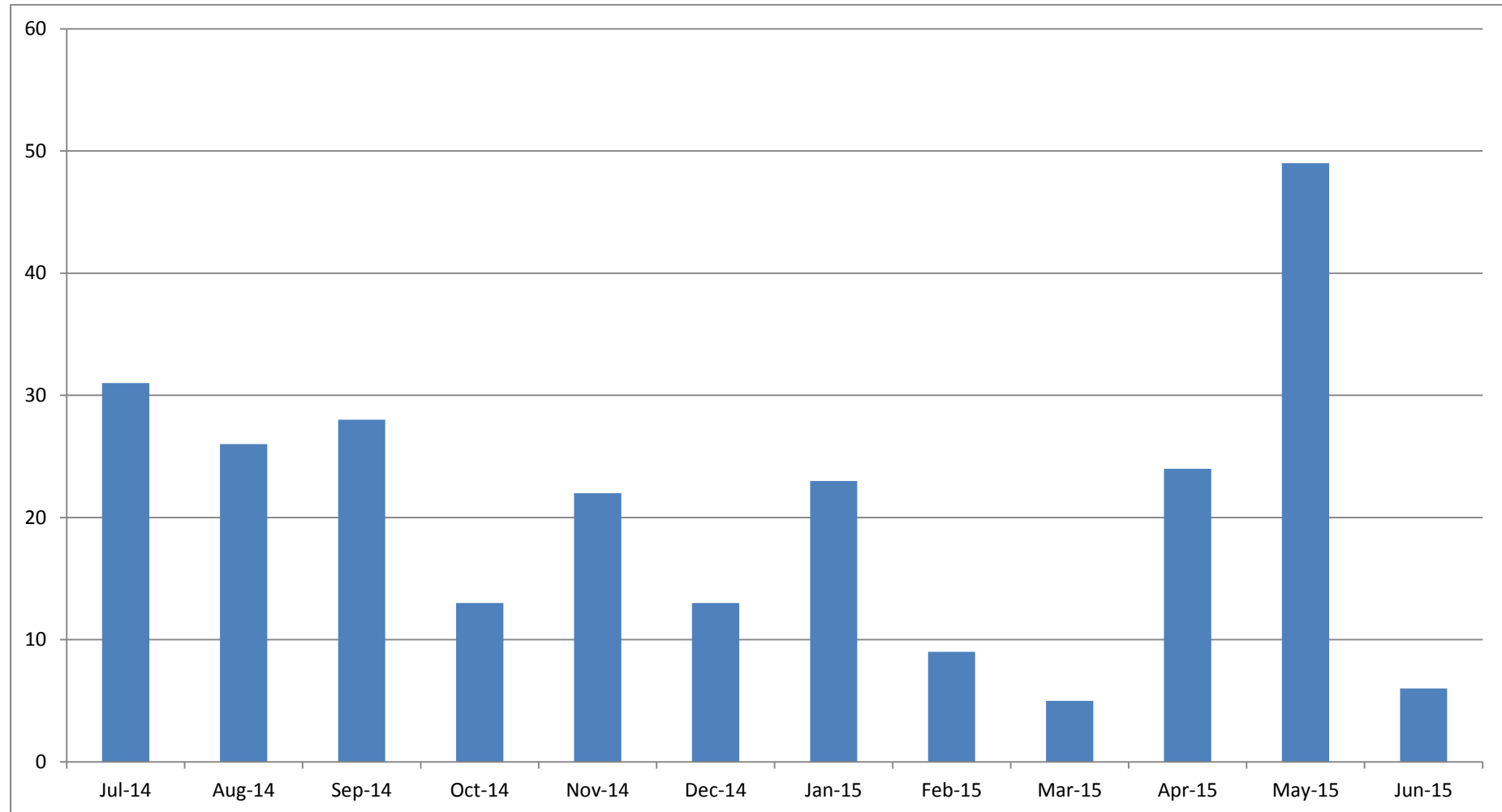


New sections – monthly

The average number of new sections created over the first year of the Housing Accord is 20 per month.

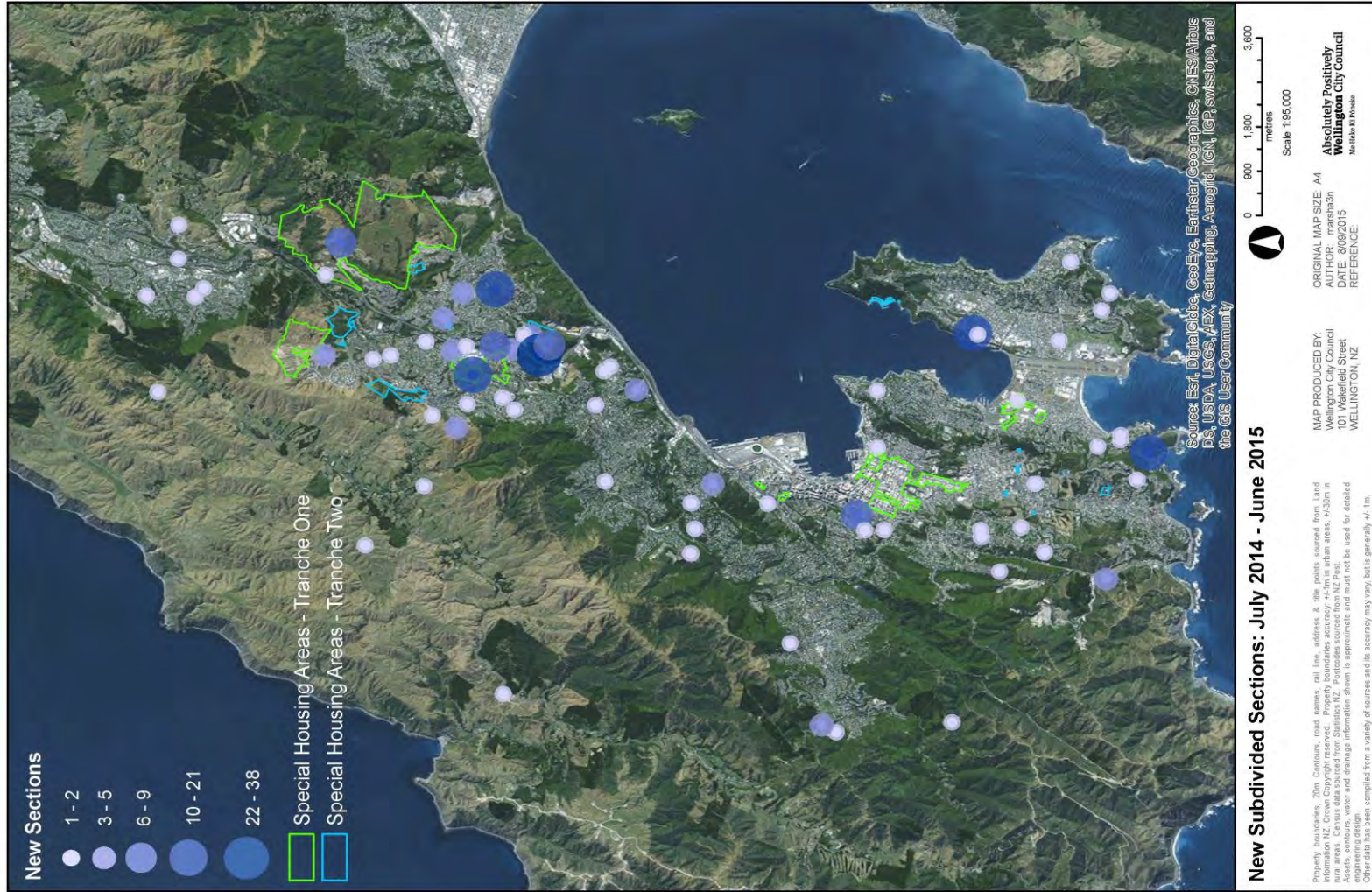
Number of new residential sections granted resource consent

Wellington; monthly from July 2014; Wellington City Council.



Location of new residential sections consented: July 2014 – June 2015

The number of building consents granted within SHAs is 28.

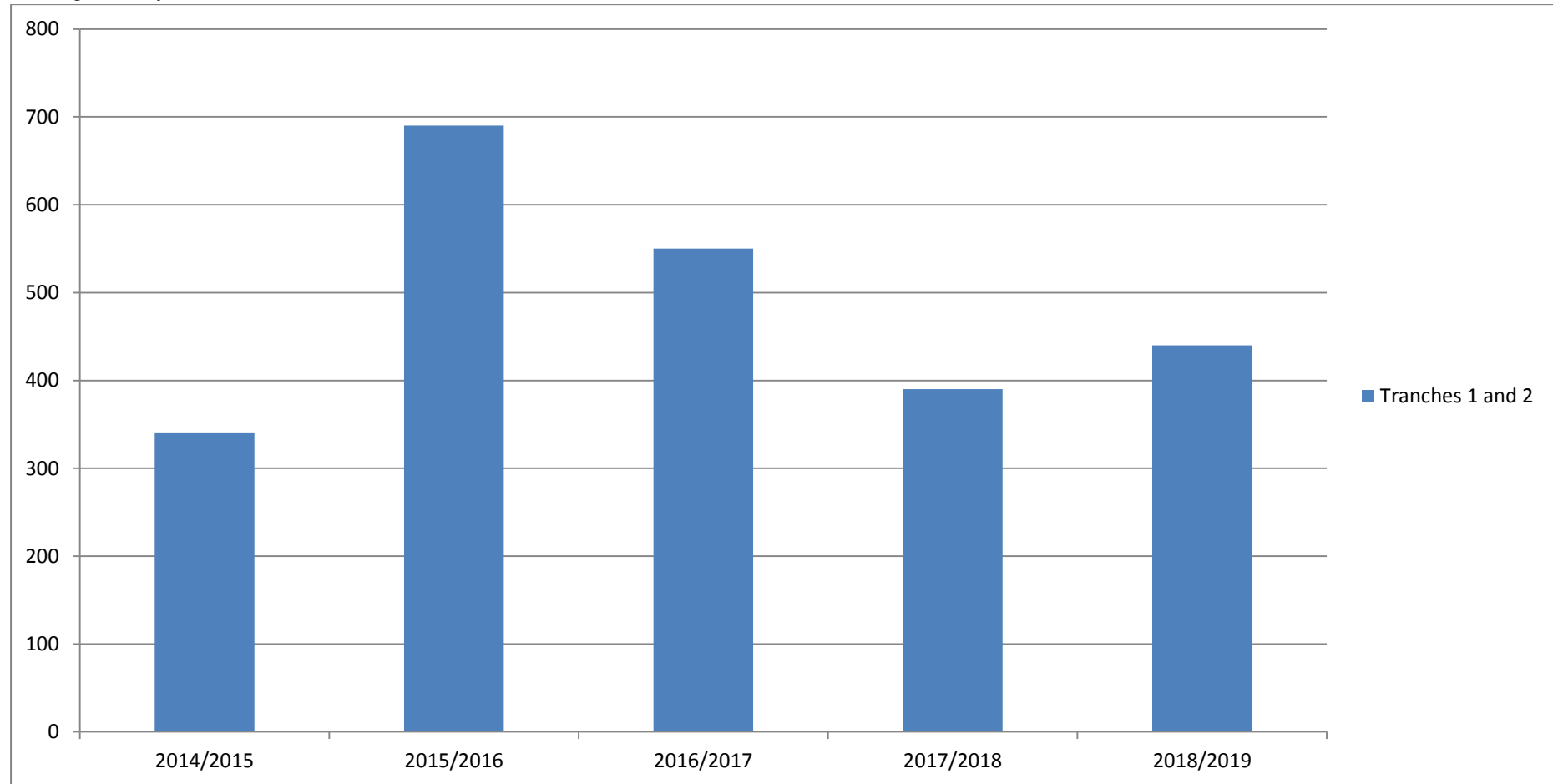


Special housing areas – potential supply

The 21 SHAs approved to date are expected to supply approximately 2500 dwellings and sections over the five years of the Housing Accord targets. After the first year of the Housing Accord, 172 dwellings and new sections have been consented within SHAs. This reflects the lag in time from the creation of an SHA to applications for resource consent and building consent being lodged.

Anticipated supply of dwellings and sections from within Special Housing Areas

Wellington; July 2014 – June 2019



Potential supply – city wide

Across the entire city, there is significant capacity for residential development of various typologies. Based on historical rates of development, Council has undertaken a land capacity study to inform future planning initiatives. The Housing Accord provides an opportunity to accelerate the development of some of these key strategic sites.

Theoretical development capacity.

Wellington City Council

Type of residential development	Supply	Years Capacity
Greenfield Residential (Northern Growth Area Mostly)	3,200-5,500+	21-37
Infill Development	14,000+	40+
Central City Apartments	9,000+	41+

Conclusion

This second monitoring report prepared as part of the Wellington Housing Accord shows that residential development in the city is steady but still recovering from the significant slow-down caused by the global financial crisis. 21 Special Housing Areas have been established to date with further areas to be nominated shortly. There are encouraging signs that the residential development sector in the city is positioned for a period of increased activity.

