

Wellington Housing Accord Monitoring Report 3

July 2015 to December 2015

Based on:

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

Absolutely Positively
Wellington City Council

Me Heke Ki Pōneke



Executive Summary

This monitoring report spans the **first six months** of the **second year** of the Wellington Housing Accord (1 July 2015 – 31 December 2015), agreed between the Wellington City Council and Government on 24 June 2014. 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.

It reports on building consents granted for new dwellings and resource consents issued for new residential lots created, for the first six months of the second year of the Accord (July 2015 – December 2015). During the period of 1 July 2015 to 31 December 2015 a further three special housing areas (SHAs) were established, bringing the total number of SHAs in Wellington to 24.

Consenting Numbers

- For the first six months of the second year of the Wellington Housing Accord (July 2015 – December 2015), **355 new dwellings** have been granted building consents and **74 new sections** approved by resource consent for an adjusted **total of 403** across the city. This is less than half of the second year target of 1500 dwellings or sections.
- However when compared to the same stage of the first year of the Accord (July 2014 – December 2014), an **additional 112 building consents** have been granted, showing a 46% increase in building consent activity. Conversely the number of new sections consented has fallen from 133 to 74 (a decrease of 44%).
- Based on the monthly average and on applications being processed by the Council, it is projected that by the end of the second year of the Accord **560 new dwellings** would have been granted building consent and **330 new sections** will be approved by resource consent for an adjusted **total of 840**. This will be 660 less than the second year target of 1500 new dwellings or sections.
- Two consents have been issued under the HASHA Act, for 47 lots. Four other HASHA Act applications have been lodged and are being processed which would provide for some further 150 lots.
- The number of pre-application meetings for proposals within SHAs has increased, with 11 pre-application processes currently underway. These proposals would total approximately 600 additional lots or dwellings once applied for. In addition to these HASHA Act applications, the amount of resource consent applications either lodged or in the pre-application stage under the RMA has also increased, with proposals for an approximate 600 further lots or dwellings also being progressed.

Special Housing Areas

- To date, 24 SHAs with an expected yield of approximately 2500 sections and dwellings have been established following their nomination by the Council in August 2014, April 2015 and October 2015.



- Of the 403 dwellings and sections consented over the first half of the second year of the Housing Accord (July 2015 – December 2015), 115¹ (28.5%) are located within SHAs reflecting the status of some of these areas as existing growth areas. This compares to 20.5% of consents granted over the first year of the Accord.

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.

¹ A previous version of this report incorrectly noted 127 dwellings and sections were consented within Special Housing Areas.



Housing Accord Implementation

Since the Housing Accord was agreed by the Council and the Minister of Housing, 24 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.
- A number of smaller opportunity sites around the city.

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 officer's 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.



- More recently, the Council has agreed to consult as part of the 2016/2017 Annual Plan, on the establishment of an Urban Development Agency.

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

Year	Targets – Total number of dwellings and sections consented	Actual number of dwellings and sections consented to date
Year 1 (July 2014 – June 2015)	1000	837
Year 2 (July 2015 – June 2016)	1500	403 (for July – December 2015)
Year 3 (July 2016 – June 2017)	1500	-
Year 4 (July 2017 – June 2018)	1500	-
Year 5 (July 2018 – June 2019)	1500	-

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).

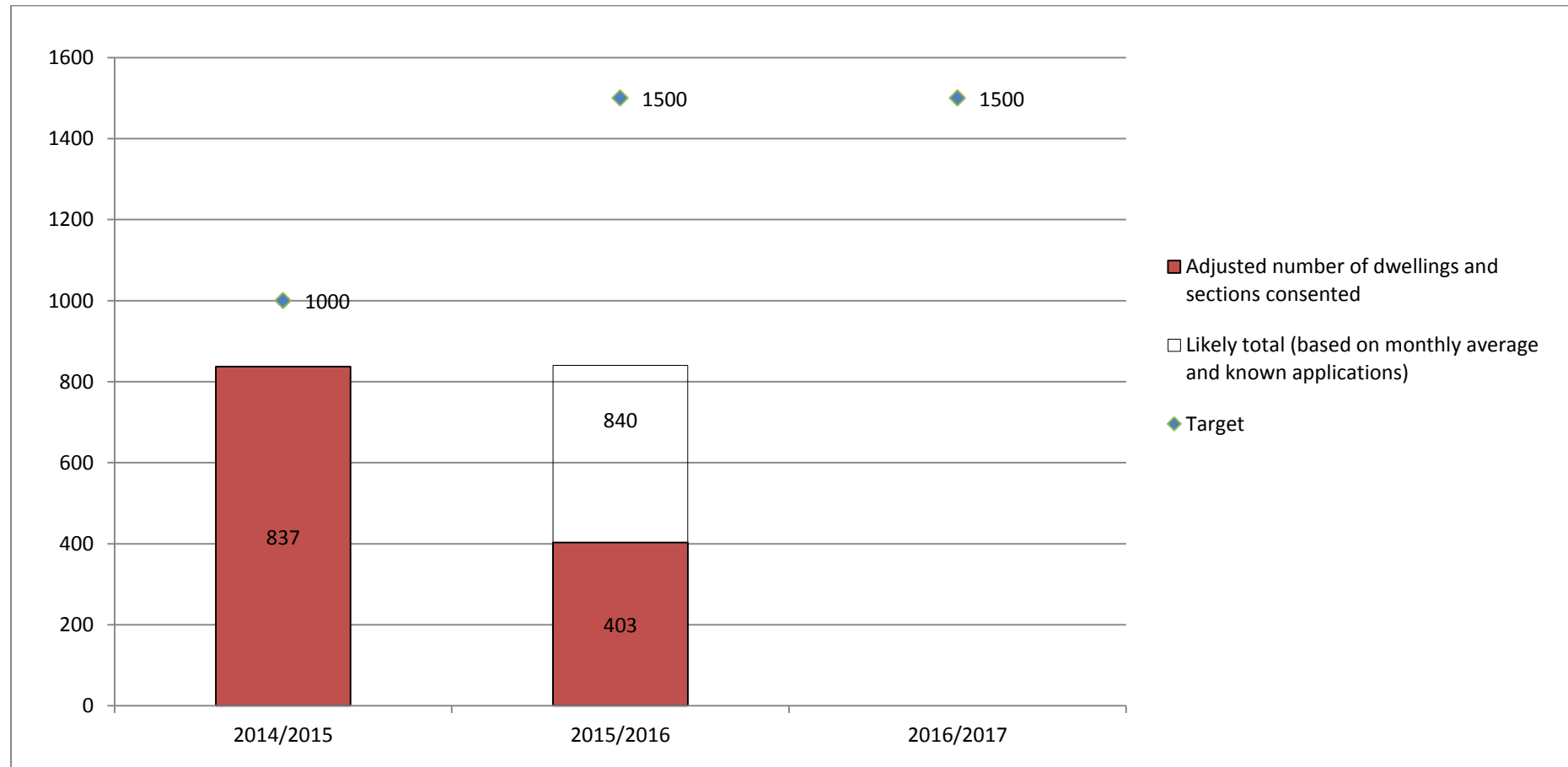


Overview

Halfway through year two of the Accord, the adjusted number of new sections and dwellings consented (403) is less than half of the year two target of 1500 new dwellings or sections. Also shown is the likely adjusted total for the end of the second year of the Accord. This is 840 new dwellings or sections, which equates to 660 less than the second year target of 1500.

Adjusted number of new dwellings consented and sections created

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

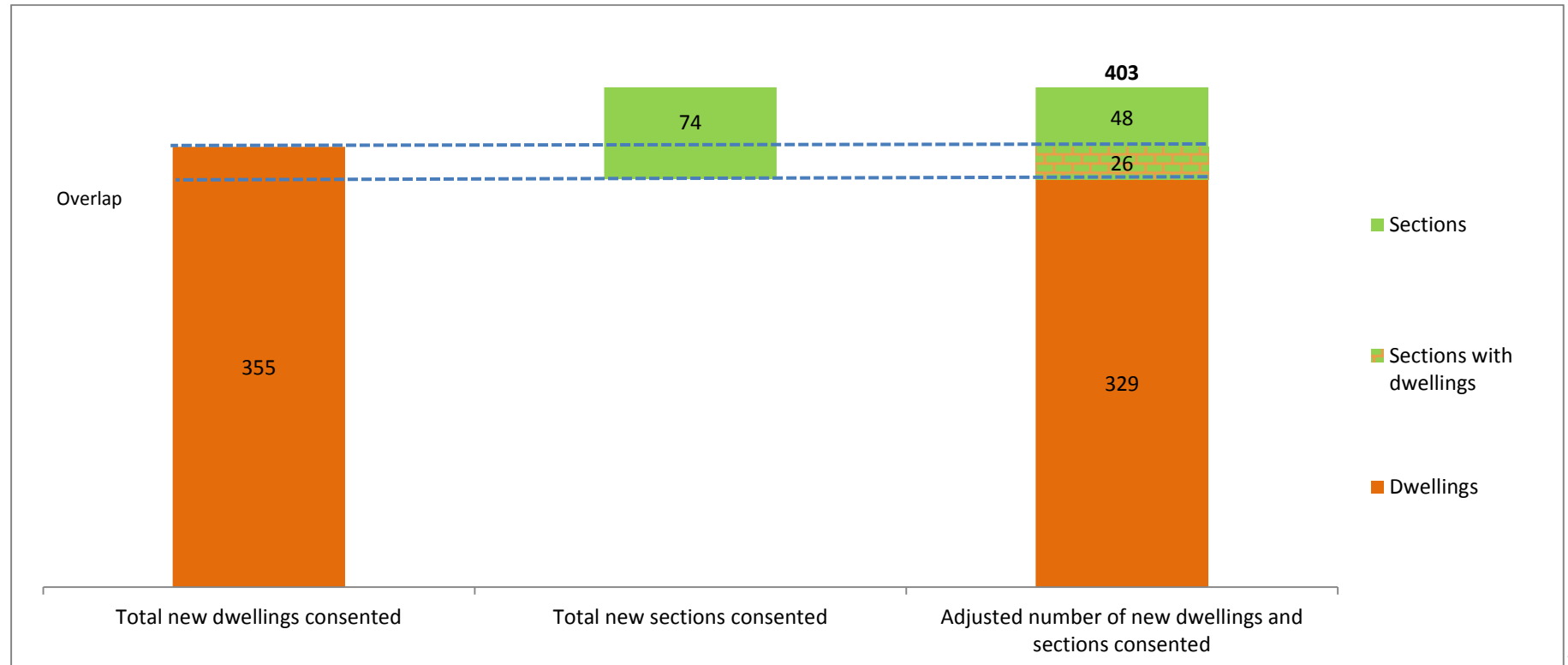


Adjusted total in Year 2

The number of new dwellings consented and the number of new sections created must each be adjusted for the 26 occasions they overlap.

Adjusted number of new dwellings and sections created*

Wellington; July 2015 – December 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 half of the second 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.

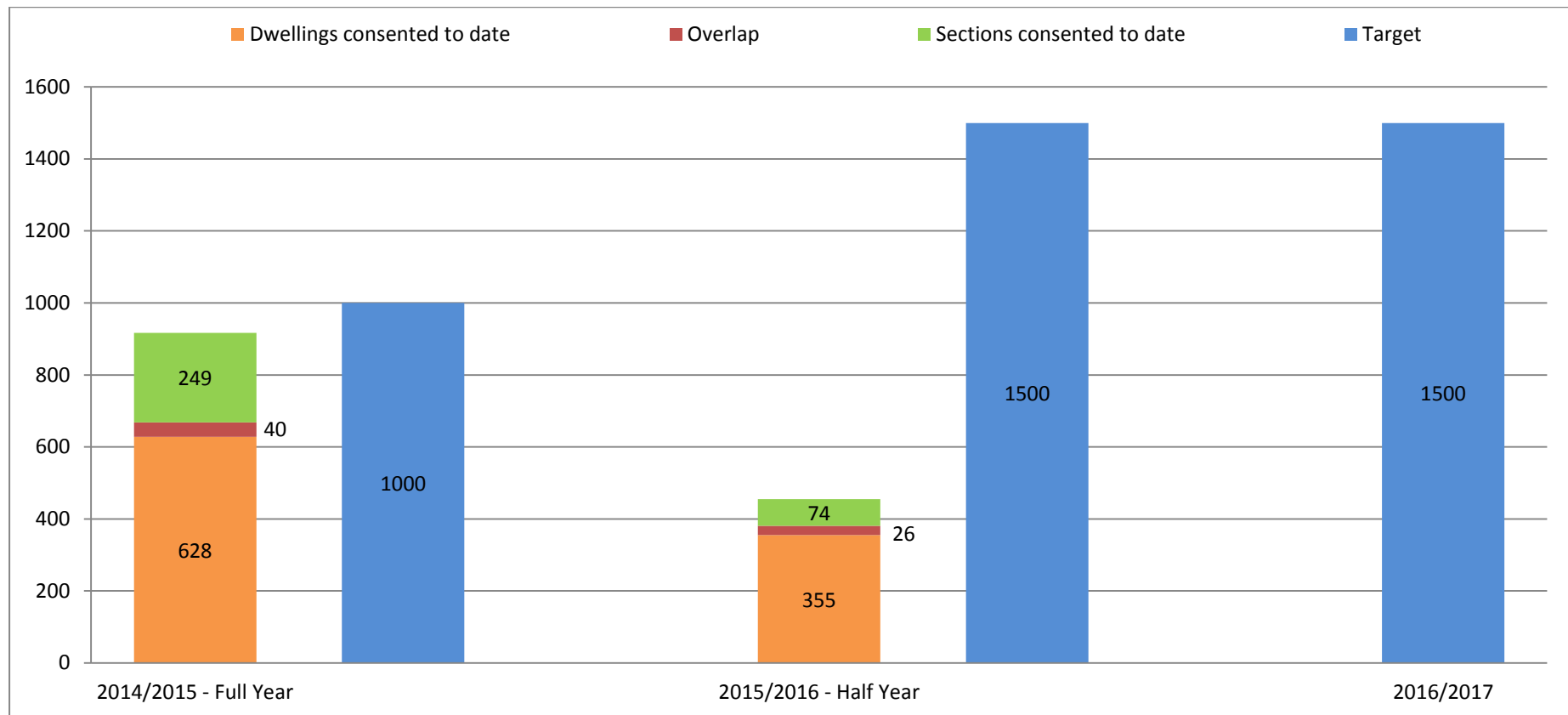


New dwellings and sections

In the first half of the second year of the Accord (July 2015 – December 2015), 355 new dwellings were consented and 74 new sections were granted resource consent. Building consent rates show significant variability on a monthly basis, ranging from 16 to 164 new dwellings consented each month, with an average of 59. In November an office building on Lambton Quay was converted into 98 apartments which meant the total for the month of November was significantly higher than the other five months.

Number of new dwellings consented and sections created

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

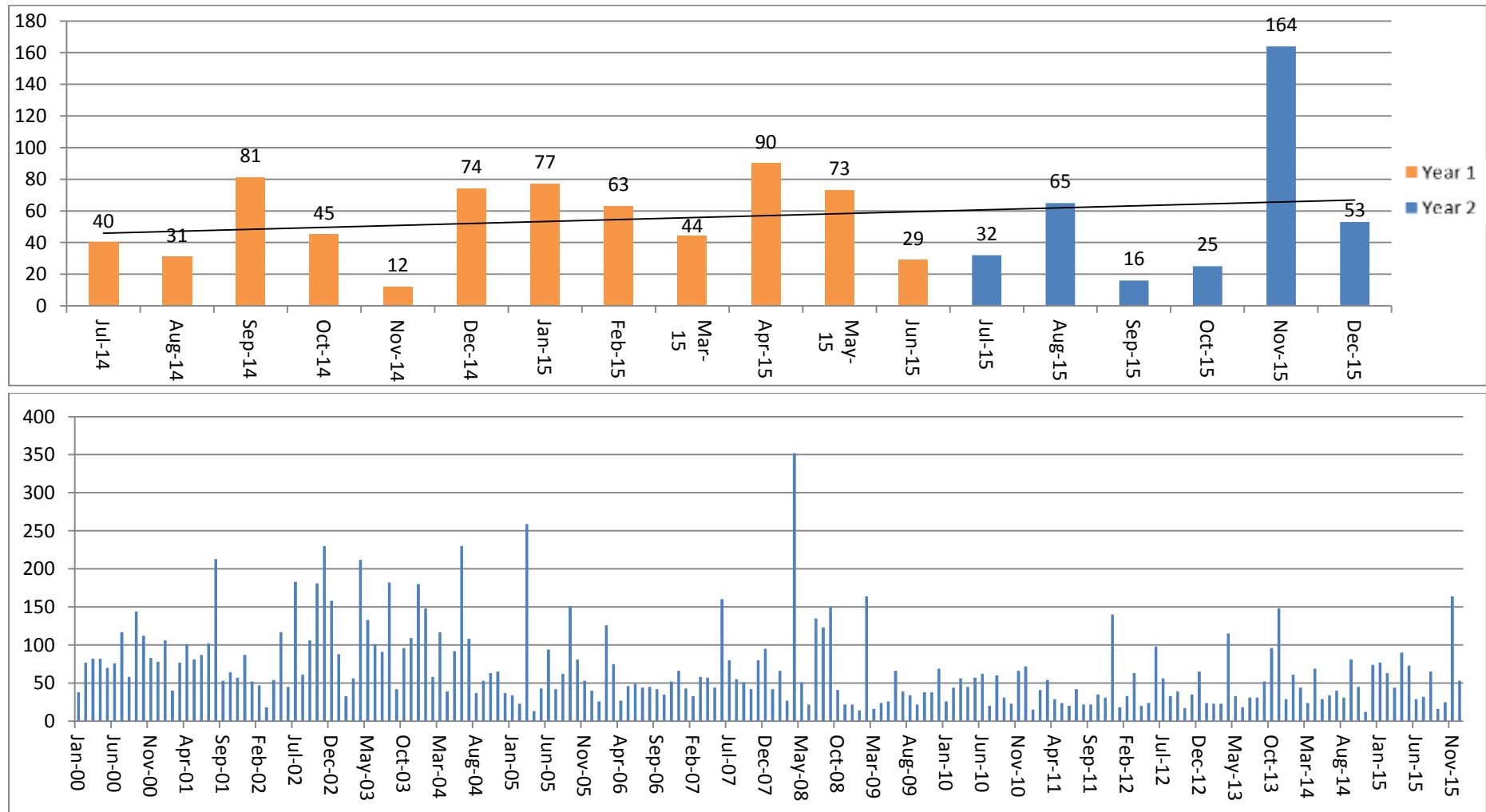


Consented dwellings – monthly

The number of dwellings consented on a monthly basis are showing a gradual but consistent increase over the period of the Housing Accord and since the Global Financial Crisis.

Number of new dwellings that received building consent

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

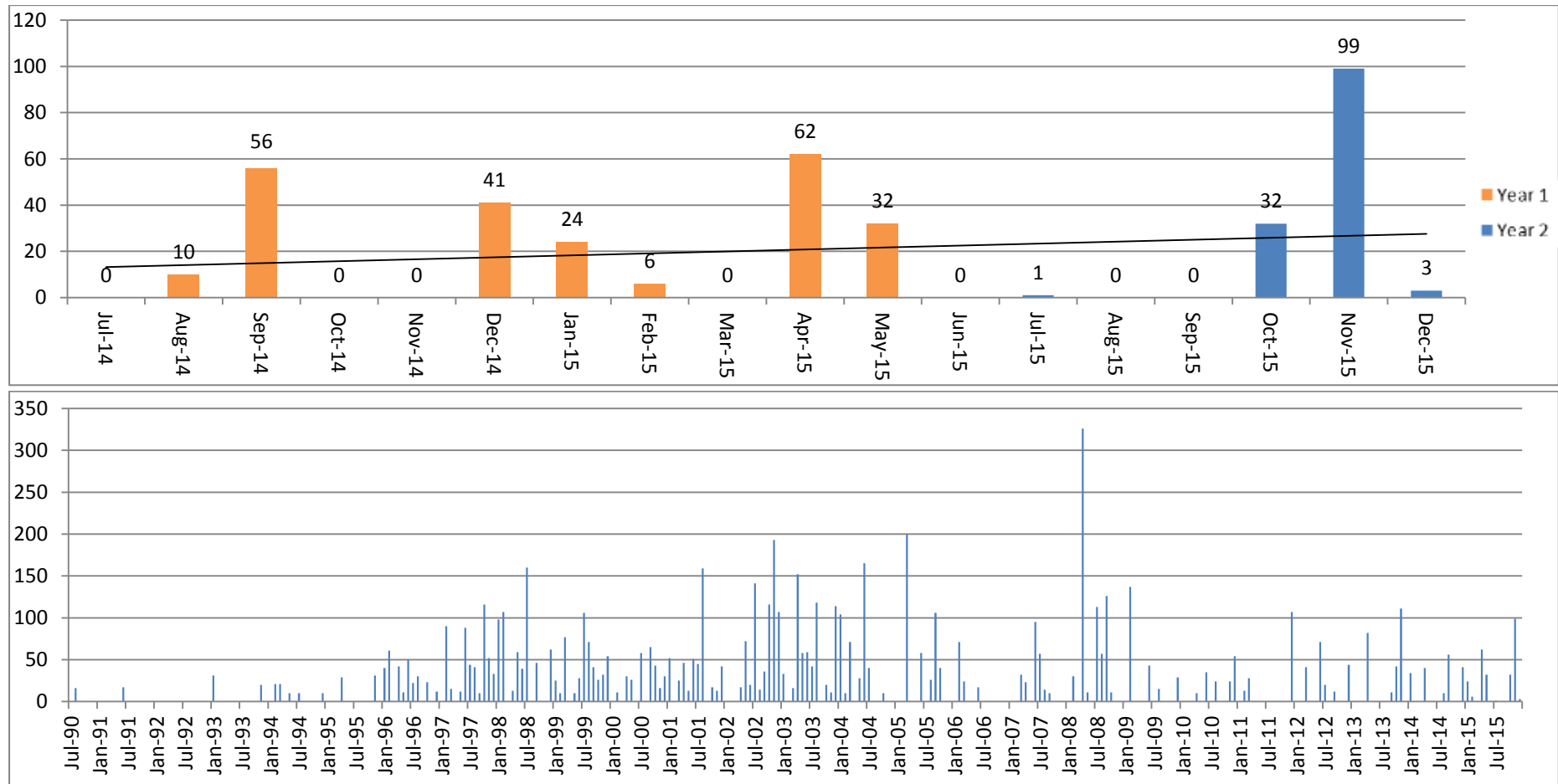


Consented apartments – monthly

In line with the long-term trend, the consenting of apartments remains highly variable on a monthly basis, and the overall number of consented apartments remains low. However, a number of previously consented apartment buildings will soon commence construction, and a recent consent granted for an office building to be converted into 98 apartments on Lambton Quay shows increasing activity in this sector. This highlights the importance of ‘timing the market’ and reflects a broader increase in confidence and demand.

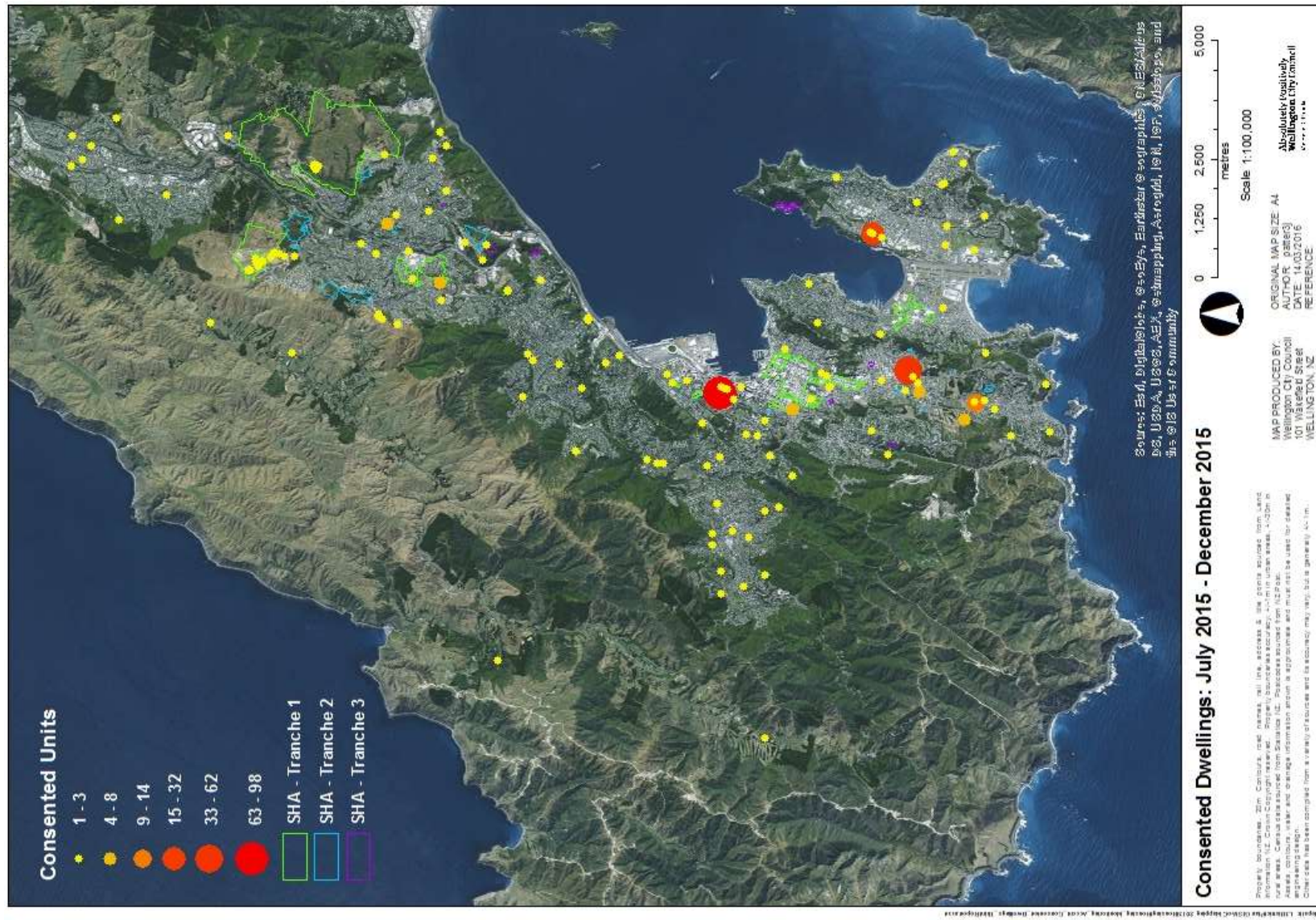
Number of new apartment dwellings that received building consent

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



Location of new residential building consents: July 2015 – December 2015

There is no clear pattern to the distribution of building consent activity, however there is some clustering in the Lower Stebbings area. 79 building consents for new dwellings were issued within existing SHAs in the first six months of the second year of the Accord.

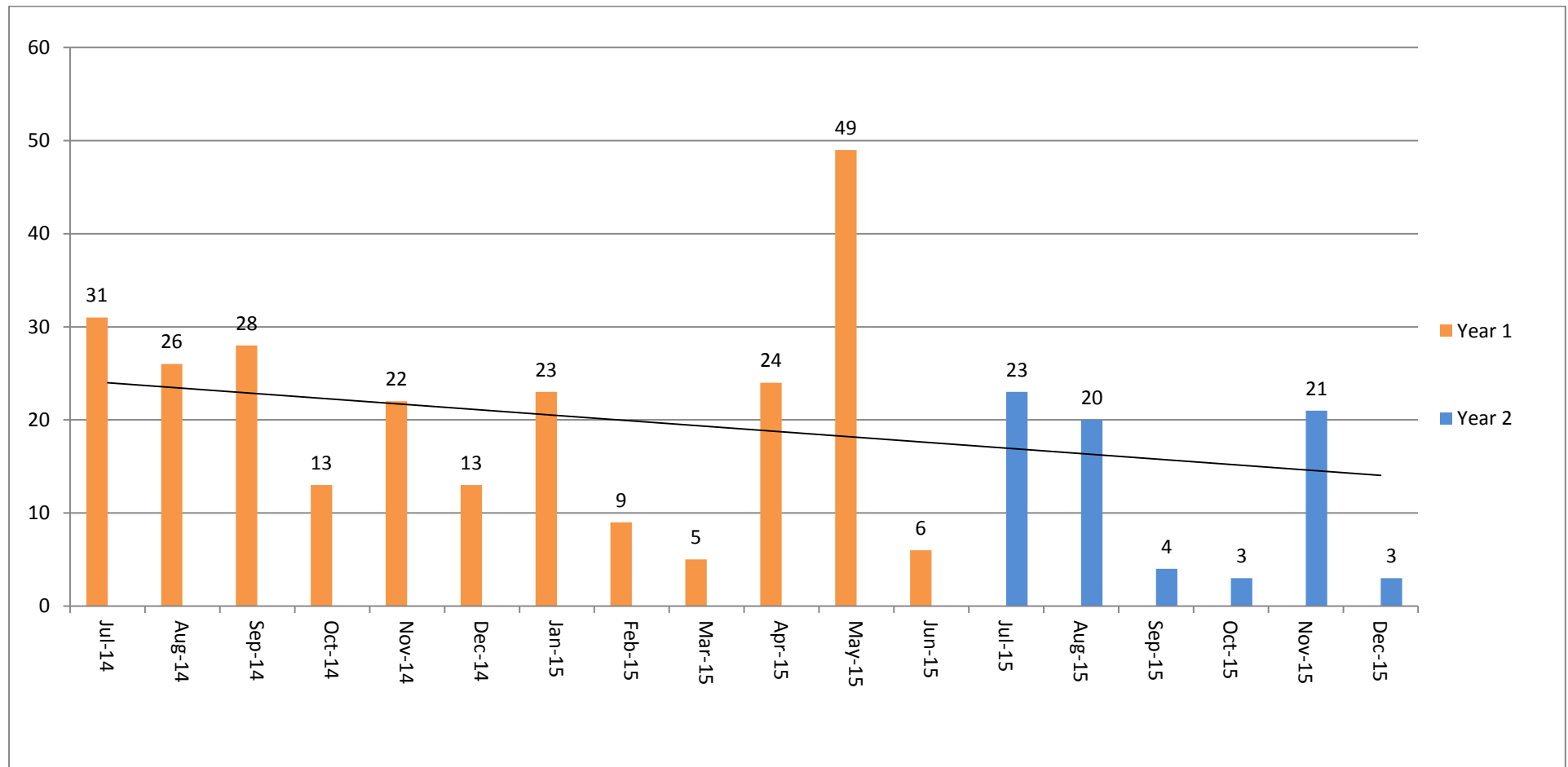


New sections – monthly

Subdivision consent rates show continued variability throughout the first six months of the second year of the Accord. In July, August and November 2015, an average of 21 sections were granted resource consent each month. This is consistent with subdivision consenting activity over the previous year. However, in September, October and December, 2015, an average of 3 sections were granted resource consent, reducing the overall average to 12.

Number of new residential sections granted resource consent

Wellington; monthly from July 2015 – December 2015; Wellington City Council.

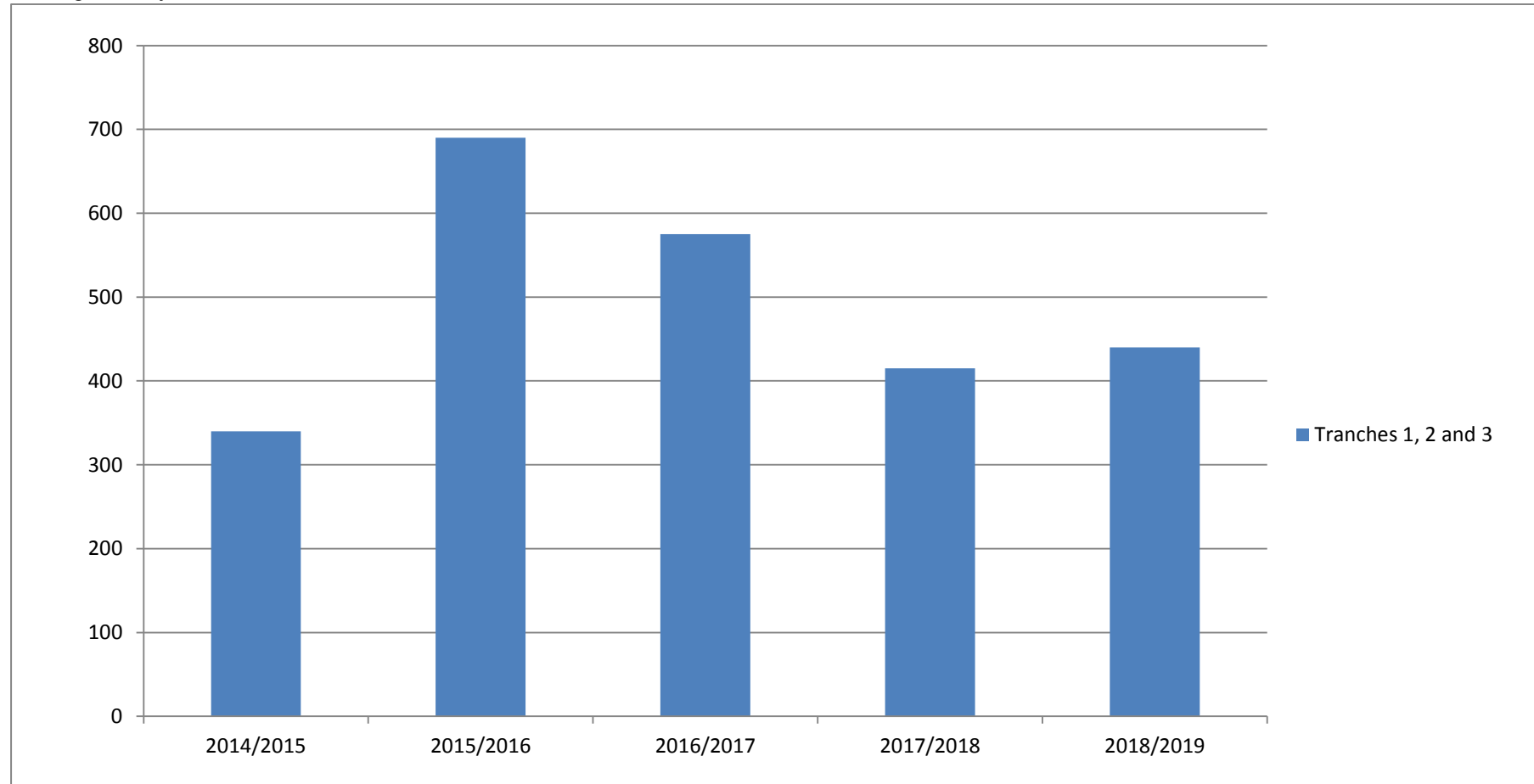


Special housing areas – potential supply

The 24 SHAs approved to date are expected to supply approximately 2500 dwellings and sections over the five years of the Housing Accord targets. From the beginning of the Housing Accord, 299 dwellings and new sections have been consented within SHAs, with 172 granted in the first year, and 115 granted in the first six months of year two. This number is increasing as expected and 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 third monitoring report prepared as part of the Wellington Housing Accord shows that residential development in the city is steady, with building consent activity for new dwellings gradually increasing. 24 Special Housing Areas have been established to date providing a significant development capacity. An increase in pre-application processes and resource consents lodged shows an increasing uptake of these development opportunities, suggesting future monitoring reports will show an ongoing increase in consenting activity.

