

How Auckland beat its planning doomsayers

Urban growth

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If there was ever any doubt that building more homes makes them cheaper, Auckland's experience should dispel it.

A radical move in 2016 to liberalise zoning laws in New Zealand's largest city ushered in a building boom that has spared the region from the big increase in house prices and rents across the rest of the country.

It could also be a blueprint for Australia, where restrictive planning laws have been blamed for a shortage of rental accommodation and high house prices.

University of Auckland research economist Ryan Greenaway-McGrevy, who has written extensively on Auckland's zoning reforms, said the city's pre-2016 planning regulations had made it difficult to build enough homes.

Between the 2013 and 2018 censuses, New Zealand's population increased

10 per cent, but the number of occupied homes grew just 5 per cent. House prices in Auckland surged 130 per cent in the decade to 2021.

The seeds of change were sown when the government told Auckland Council it had to develop a spatial plan outlining how it would accommodate future population growth with a uniform set of land use rules.

The Unitary Plan drafted by the council in 2013 set a target of 60 to 70 per cent of future development within the existing metropolitan area.

"The newspapers had a field day showing everybody how their neighbourhood was going to change," Dr Greenaway-McGrevy said.

New Zealand's government appointed an independent panel to hear submissions, so the process would not drag on for a decade. In July 2016, the government came back with an even more ambitious version of the plan.

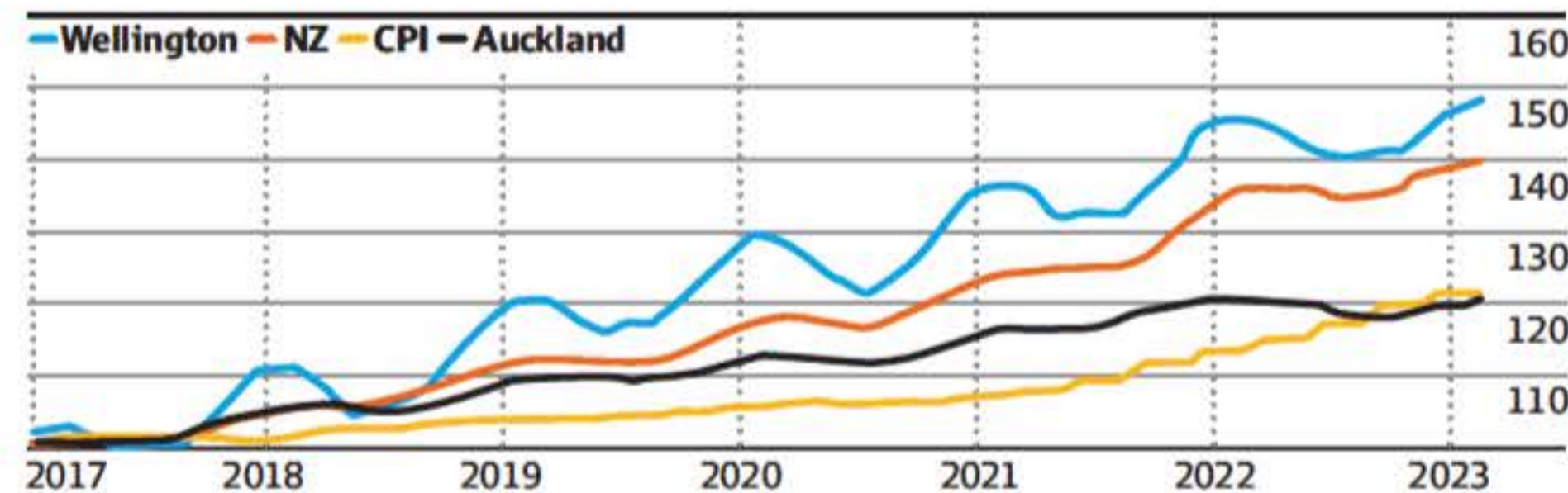
"From there, the council's hands were tied. They were basically told you've got two weeks to approve vari-

Building boom

Auckland dwelling consents ('000s) — Upzoned — Non-upzoned



Change in median rents since upzoning index, Dec=2016=100 (points)



SOURCE: RYAN GREENAWAY-MCGREY, PETER C. B. PHILLIPS, ONE FINAL EFFORT

ous aspects of this," Dr Greenaway-McGrevy said.

The plan created three separate types of residential zoned space. The most intensive allowed for five- to seven-storey dwellings, designed for areas with good transport connections. The next most intensive zoning

allowed for three-storey dwellings. The least intensive was for two storeys with greater site coverage than was previously possible, but this has since been superseded by new government planning regulations.

Overall, about 75 per cent of Auckland's residential land was upzoned as

a result of the plan, tripling the city's dwelling capacity.

In 2012, just 4500 approvals were granted in Auckland. By last year, this figure had exceeded 21,000.

The latest boom has been concentrated in multi-family and mid-rise dwellings. So-called "attached" dwellings now make up about half of all approvals, compared with one-quarter before the reforms.

Dr Greenaway-McGrevy's research shows housing construction since the implementation of new zoning regulations has been closer to the CBD, employment locations and transport networks.

The increase in supply has kept a lid on rents and house prices.

Since 2016, rents have increased 10 to 20 per cent in Auckland, compared with about 40 per cent in Wellington. House prices are about 20 per cent higher, compared with the 70 per cent lift that occurred outside Auckland.

Dr Greenaway-McGrevy said Auckland's zoning reform was a blueprint for other cities.

"Like all policies, it involves a trade-off. The character of neighbourhoods will change ... but you cannot plan to grow as a country without doing some form of zoning reform, particularly if you're worried about sustainability and lowering your environmental footprint as well."