STRATEGIC RISK ANALYSIS LIMITED
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PROPERTY RESEARCH

Developer Perceptions

Intensification of Greenfield Residential Subdivisions

REPORT OBJECTIVE

This report was commissioned as input in to the Hamilton Sub-Regional Growth Strategy being undertaken by Hamilton City Council (HCC), Waikato District Council, Waipa District Council and Environment Waikato. The report focuses on developer perceptions for intensification of Greenfield residential subdivisions and needs to be read in conjunction with our reports on Greenfield residential subdivisions, Greenfield industrial subdivisions, and the ***Hamilton Infill & Multi-Unit Housing Markets*** report we prepared for HCC (19 March 2008).

This report investigates the key land economic drivers for Greenfield residential intensification in the subregion, with particular focus on the Hamilton market where the much larger population makes intensification more economically feasible although options for intensification are also considered for the rest of the subregion. It investigates the future market opportunities and constraints for promoting intensification of Greenfield residential subdivisions in the subregion and the key economic and financial pre-requisites to achieve successful intensification in Greenfield residential subdivisions. Issues relevant to residential intensification in existing residential areas are addressed in the ***Hamilton Infill & Multi-Unit Housing Markets*** report we prepared for HCC (19 March 2008).

Much of the information contained in this report was gained by interviewing local, Auckland-based and Tauranga-based developers and relevant property professional, including one Wellington-based developer. The relevant people to interview were identified in preliminary discussions with several local property professionals, based on our knowledge of relevant developers and included some suggestions from Gary Knighton (Team Leader City Strategy, Strategic Group, Hamilton City Council). It was not possible to interview all of the people identified but the vast majority of people identified as being relevant were interviewed, including what we believe to be a representative sample of local and out-of-town developers. Interviewees were asked a standard list of questions we designed to extract the relevant information, while we also offered the people interviewed the opportunity to express opinions about any relevant or related matters. We would like to express our thanks to the people interviewed who were generous with their time and provided many valuable insights.

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CONTENTS & SUMMARY

Left to themselves most developers will do conventional Greenfield subdivisions that deliver around 10 sections per ha. To put this in perspective, in North Hamilton conventional subdivisions deliver mainly 600-799 m^2 sections, with an average size of around 690 m^2 and a median price of $220,000. The conventional new house build on these sections is four bedrooms with two bathrooms and a double garage and costs around $550,000 (i.e. well above what is affordable by the bulk of would-be new home buyers).

We identify six main options the Councils in the Sub-Region have to encourage more intensive Greenfield subdivisions. They are not all mutually exclusive options. The option that we believe should be given most consideration is approving new subdivisions subject to the developers achieving specified intensities (e.g. 12, 15 or 18 lots per ha), potentially including different densities in different areas if considered desirable and allowing developers to work out how to achieve the desired densities.

Subdivisions that offer a range of section sizes and a smaller average size than conventional subdivisions is the solution that we believe will work best at increasing housing intensity in new Greenfield subdivisions in the Sub-Region. This style of subdivision is along the lines of what was proposed in the HCC's ***SMART subdivision*** report, 27 June 2006. Subdivisions with a range of section sizes and prices should be just as relevant in Cambridge, Ngarawahia, Te Awamutu and Huntly, as it is in Hamilton.

There are one or two medium to higher density housing options that may work in Hamilton, although they are more likely to offer supplementary ways of increasing housing intensity than provide the primary solutions. Achieving more intensive housing in New Zealand is in its infancy and we believe this warrants keeping the door open to various niche options and the need for a flexible and open-minded approach to considering what might work as opposed to a one-size fits all prescriptive approach.

Possibly one of the most important factors in achieving both higher density residential development and better urban design is that developments are done by "total package operators".

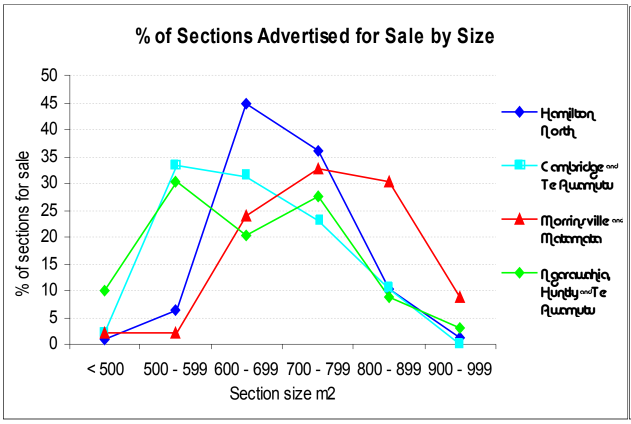
A number of people interviewed observed that for higher density subdivisions to work required more space to be allocated to footpaths and green spaces, from a safety perspective as well as for aesthetics and to entice buyers. This meant higher maintenance costs for Councils but this was seen as a necessary part of achieving quality higher density housing.

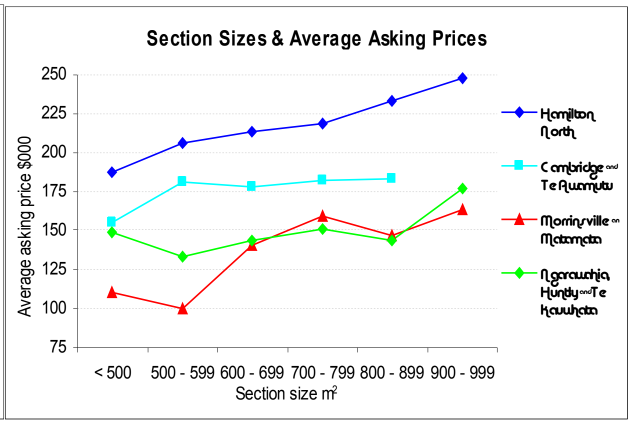
Various areas were identified by developers where the Councils could materially improve the service they offer, including examples of where such improvements could significantly impact on the cost of subdivision development and on the willingness of land owners/developers to develop. These issues were relevant to all forms of subdivision development.

Status quo in the Greenfield residential subdivision market

As identified in the HCC report ***SMART subdivision***, 27 June 2006, “The conventional subdivision [has] an average lot size of 707 sq. m. The layout sees a through road that cuts through the middle of the subdivision with a cul-de-sac branching off and creating access into the top pocket.” Based on our sample the median section advertised for sale in Rototuna and Flagstaff was 690 m^2 with a median price of $220,00, the Cambridge and Te Awamutu medians were 667m^2 and $181,000, in Ngarawahia, Te Kauwhata & Huntly the medians were 626 m^2 and $135,000, while in Matamata and Morrinsville the medians were 800 m2 and $155,000. The left chart below shows the distribution of sections advertised for sale in these four areas, while the right chart shows the average price for sections in each of six section size ranges for the four areas.

The left chart shows that conventional subdivisions in the Sub-Region currently offer very few smaller sections, while the right chart shows that in general the smaller the section the lower the price. These characteristics are particularly evident in the North Hamilton (i.e. Rototuna and Flagstaff), where we have a sufficiently large sample size to draw reasonably reliable conclusions.





Brand new houses in Rototuna, Huntington & Flagstaff

Source: advertised on www.realestate.co.nz

	Land Area Average m^2	Floor Area Average m^2	Price Average $000	Number
3 bdrm	461 [1]	187	397	4
4 bd rm	688	226	570	33
5 bdrm	735	270	633	12

[1] Only one of the four specified land area, so this number is dubious

Near new houses in Rototuna, Huntington & Flagstaff

Source: advertised on www.realestate.co.nz

	Land Area Average m^2	Floor Area Average m^2	Price Average $000	Number
2 bdrm	316	na	319	1
3 bdrm	579	183	457	8
4 bdrm	727	239	582	28
5 bdrm	716	257	607	3

Our sample of brand new and near new houses advertised for sale in Rototuna, Huntington and Flagstaff show the implications of conventional subdivisions for housing (see the table). We found that 67% of brand new and 70% of near new houses advertised for sale had four bedrooms, with respective average section sizes of 688 m2 and 727 m^2, and respective average asking prices of $570,000 and $582,000. To put these prices in context, in the last year REINZ estimate the median Hamilton dwelling prices has been $344,000. Conventional subdivisions have delivered very few smaller, more affordable dwellings and sections, and in general unaffordable housing.

Left to themselves most developers will do conventional Greenfield subdivisions, as reflected in the outcomes document above, which delivers around 10 sections per ha. The section and house prices generated by conventional subdivisions contrast dramatically with the insights provided by a developer who appeared to have done the most work assessing what best meets market demand. This developer said new houses needed to be sub-$400,000 to be affordable for the bulk of new home buyers. He said that to make it financially viable to build a sub-$400,000, 3-4 bedroom house, on a 400 m^2 section, the section price had to be $130,000-150,000 to make it work financially for a developer.

Options for the Councils to achieve intensification in Greenfield subdivisions

We see the Councils as having several options for achieving more intensive Greenfield residential subdivisions than the conventional subdivisions that deliver around 10 dwellings per ha. These include:

1. Limit new subdivision approvals with the objective of pushing up land prices and giving developers and section buyers an economic incentive to drift towards more intensive subdivisions/housing.
2. Approve new subdivisions subject to the developers achieving specified intensities (e.g. 12, 15 or 18 lots per ha), potentially including different densities in different areas if considered desirable.
3. Only approve new subdivisions if they have designated medium to higher density areas within them that ensure the overall subdivisions achieve the desired density or densities.
4. Work in co-operation with the small number of developers that have an inclination to develop more intensive housing options, and the experience in doing so.
5. Councils buy land prior to rezoning areas residential and only make the land available to developers who have the skills and inclination to develop more intensive subdivisions, potentially working in co-ordination with the developer or possibly even doing the developments themselves.
6. Continue approving subdivisions largely as is the case now but find ways of giving developers incentives to deliver more intensive subdivisions (e.g. subdivision levies and fees per ha not per lot so as it makes more intensive subdivision more economic; allocate a council staff member to co-ordinate with developers who plan to deliver more intensive subdivision so as to make the process smoother, faster and more economic for developers (holding costs can be a major cost for developers, so anything that speeds up a development will make it more attractive to developers)).

Based on our understanding of the economics of new subdivisions (see ***The Greenfield residential subdivision market*** report), our understanding of developers' preferences and what we assess will work in the Sub-Region, our thoughts on these six options are:

1. Section prices especially in Hamilton but also in the Sub-Region are already uncompetitive or unaffordable. If the Councils limit the amount of land they approve for new subdivisions in an attempt to push up land prices and make housing intensification in Greenfield subdivisions more attractive to developers and section buyers they risk stifling economic growth in the Sub-Region. It would make the Sub-Region (or the parts of it that followed this approach) vulnerable to losing population to neighbouring areas (e.g. Morrinsville and any parts of the Sub-Region that didn't adopt the same approach) and/or to neighbouring regions (e.g. Bay of Plenty and South Auckland). We view this option as the least attractive if the Councils want to both increase housing density and help ensure the Sub-Region's economy prospers.
2. We believe the second option offers the potential of achieving the desired level or levels of intensification in Greenfield subdivisions without exacerbating the competitiveness of the Sub-Region. It is likely to mean the Sub-Region attracts developers inclined to more innovative subdivision/housing outcomes and discourages the developers only interested in doing conventional "cheese-cutter" subdivisions.
3. The third option is much like the second but involves being more specific about the nature of housing intensification. While this option may be appropriate in some circumstances if the Councils have good reasons to want a specific form of intensification in certain areas, in our assessment the second option has more merit, especially because it leaves it up to developers to assess what forms of more intensive housing will work in the real world.
4. From what we have seen of this style of approach, and based on what we understand will work in the Sub-Region, we can see circumstances where this approach could work well. It is an approach well worth considering if the Councils decide it is desirable to proceed with a stand-alone or self-sufficient subdivision in the Peacockes growth cell that mitigates the need for a new sewage pipe over the river. It could be an approach that would work well if the Councils decide to rezone residential land on the east of Hamilton, where there are two major land owners interested in doing more inventive housing development that could achieve more intensive housing, better urban design and competitively-priced housing. It could also work in other areas of the Sub-Region. However, we believe a critical part of the economic health of the Sub-Region is having a competitive land/subdivision/section market, so we would see this option as being potentially useful in certain circumstances but not a sole option otherwise it risks undermining competition.

5. A couple of people interviewed suggested the Councils should buy land in advance of rezoning areas residential so they could be acquired cheaper (e.g. in the Peacockes Growth Cell), and for the Councils to either work in conjunction with developers to ensure future Greenfield subdivisions achieved the desired densities, urban design features and are competitively priced. This is an option the Councils may or may not want to consider. Because it is more of a philosophical issue than an economic issue we do not want to make a recommendation in respect of this option.
6. This could be considered in isolation but we see it as complementing the other options. Based on the feedback from many developers we see potential for the Councils to work most closely with developers as partners in the delivery of cost effective housing for the Sub-Region.

The likely solutions to intensifying Greenfield residential subdivisions

(1) The solution with a proven track record is subdivisions with smaller average section sizes

An extensive study commissioned by Generation Developments Limited found that 87% of New Zealanders want standalone houses. Among other things the study also found that indoor/outdoor flow is an important feature as is sturdy construction (e.g. brick). The survey also found that the vast majority of people didn't want the 200 m^2 lot developments that have been adopted in the likes of Brisbane.

The photo shows a small part of Generation's Parkside development in North Hamilton in which sections ranged in size from 378 m^2 to 619 m^2, with the majority under 450m^2. Along the same lines the Generation's proposed development at Dixon Road in the Peacockes Growth Cell that was designed in co-ordination with HCC and includes sections sized 374-572 m^2, with blocks of small and larger sections. The development includes some two-bedroom houses, which are needed but sorely lacking in conventional subdivisions.

This is along the lines of what was proposed in the HCC's ***SMART subdivision*** report, 27 June 2006. "The concept plan for the development of a SMART subdivision, based on the agreed design brief, compromises of 63 sections with an average lot size of 583 sq. m. The plan provides a mix of different lot sizes which provides better flexibility in accommodating the geometry and topography of the site. This also allows for a range of dwelling sizes and development mix that reflects differing family sizes and income levels. The SMART subdivision proposes an internal 'pocket park' that will serve as a village green/play space. The plan allows streets to run in a north south direction, meaning dwellings on either side of the roads don't directly face north or south. This orientation allows for sun to enter into front and back gardens for part of the day. This would also apply to passive solar gain (heating) if buildings are designed appropriately."

By offering smaller average section sizes it not only achieves more intensive housing but, providing the smaller sections are priced lower than conventional sections, it should also help solve the competitiveness and affordability problems in the Sub-Region identified in the report we produced on the Greenfield residential market. The right hand chart on page three shows that smaller sections are currently priced lower than larger sections, which gives some support to the idea that subdivisions with smaller averaged sized sections will help deliver more affordable sections. If the average lot size is reduced from 700 m^2 to 500 m^2, for example, the number of lots per ha increases from 10 to 14, but this could be increased if some of the niche options discussed in the next section are also employed in the larger subdivisions.

Offering a range of section sizes and prices in Greenfield subdivisions also better meets the diverse needs of home buyers, including retired people, single-person households, single-parent households and young couples, than conventional subdivisions. The aging population will have an increasing impact on housing demand. A recent study has found that as people age the majority still live independently from retirement villages, while in households of older people there are generally less people per dwelling. As identified in the ***Hamilton Infill & Multi-Unit Markets*** report we produced for HCC, 19 March 2008, some retired people are being forced out of the newer areas of Hamilton into the areas zoned for intensification, like Frankton, because too often they do not currently have the option to buy smaller and cheaper housing in the newer areas (noting that less expensive need not mean low quality). Having Greenfield subdivisions that include housing designed with retired people in mind, including two-bedroom units, will allow retired people to sell their existing larger properties and extracting some equity to help fund retirement but without having to shift away from friends and the neighbourhood they want to live in.

Subdivisions with a range of section sizes and prices should be just as relevant in Cambridge, Ngarawahia, Te Awamutu and Huntly, as it is in Hamilton. In line with this reasoning, a Cambridge-based developer made a case for subdivisions that have an aging population and extended family arrangements in mind.

Several developers currently doing more intensive housing developments in the existing Hamilton urban areas were interviewed during fact finding for the ***Hamilton Infill & Multi-Unit Markets*** report, and would consider doing higher density housing developments in Greenfield subdivisions. They offered some excellent insights into the forms of more intensive housing that would work in Greenfield subdivisions, particularly based on past experience. Many of the objections associated with some current multi-unit developments in the inner city, like poor street appeal, can be addressed much easier in Greenfield development situations.

One developer favoured spreading higher density housing around the subdivisions, including a small area next to shopping centres and close to bus routes. Demand was expected to come from older people and younger people, "either professionals or non-professional depending on the prices". This developer had done a project of over 20 units/houses in a Greenfield area "suitable for people over 55 years", which "was restricted to owner-occupiers and went really well".

Another developer said, "I would consider developing in Greenfield subdivisions, especially if we could subdivide down to 300 m^2 sites. HCC should allow a combination of higher density than currently allowed but with some parkland around it to achieve a better environment. To achieve better outcomes HCC needs to be more flexible and work with developers to achieve better outcomes. Where HCC has land, like 81 Peach Grove, it should consider partnering with developers to achieve better outcomes. Although Peach Grove is in the wrong area, it would be better if it was done in Flagstaff or Rototuna."

One of the larger, experienced multi-unit developers said, "I would definitely build higher density in Greenfield subdivisions. A lot of older people are moving in from the suburbs and buying the cheaper units in the RH areas, like Frankton, so they can free up some equity from their houses. But given the choice they would rather buy units where they currently live, and where their friends and/or family are. HCC could make 20-25% of new subdivisions RH. HCNZ would also probably want some units in these areas." This developer would even consider buying a whole street and envisaged building 110 m^2 two bedroom units (compared to most HCNZ retirement units of around 95 m^2) for $285,000-300,000/unit (i.e. better quality than current units being built), and 150 m^2 three bedroom, two bathroom townhouses for around $430,000. This was premised on the cost of land being cheaper in the Greenfield areas than is currently the case in the inner city areas, which is critical to making multi-unit developments economic again.

The most articulated suggestion about what types of multi-unit developments would work in Greenfield subdivisions came from a developer who also had experience in this area. He would look at three types of development: (1) single level 150-160 m^2 houses on 400 m^2 sections in a cul-de-sac, something like the developments done in Callum Court (see the left photo below), 392 Hukanui Road (the middle photo) and 131 Rototuna Road (the right photo);); (2) a row of smaller sections on a street front; and (3) multi-unit developments covering two full sections spread around the subdivision (being developed in a Greenfield subdivision the layout of the development could be better than can be achieved in infill situations).



We were told that smaller houses in Callum Court were all sold before they were built in a much weaker market than has been over the last few years, demonstrating that there is demand from owner-occupiers for smaller houses on smaller sections in Greenfield situations. 392 Hukanui Road, where eight townhouses were said to have been developed, and 131 Rototuna Road, where eight townhouses were said to have been developed on 435 m^2 sites, were offered as particular good examples of option (1). The Rototuna Road dwellings were said to all be architecturally different, "built of more permanent materials" and "loved by the residents". Regarding option (3), the developer said that spreading these developments around a subdivision would enable them to integrate much better than having groups of them in one area. And, being in a Greenfield subdivision they could have much better “street appeal” than can often be achieved when undertaking similar developments in infill situations.

The Styx Mill Estate subdivision in Christchurch provides another working example of a Greenfield subdivision with a mix of section sizes that delivers more intense housing than the conventional subdivisions in the Sub-Region. The first link below, if it still operates, will take you to a property advertised for sale in Styx Mill Estate and, more importantly, to a plan of part of the subdivision. The plan shows the section sizes in the subdivision range from 430 m^2 up to over 900 m^2, but more particularly that there are pockets of small sections (around 450 m^2), small-medium sections (495-550 m^2), modern full size sections (600-700 m^2) and a few larger sections (around 900 m^2). We believe that this range of section sizes not only achieves higher density than more conventional subdivisions in which most sections are a similar size (i.e. 600-799 m^2), but assuming the sections are priced to largely reflect the size differentials then we believe it will better meet market demand. The second link below will take you to the Styx Mill Estate website, but unlike the first link it does not appear to have a plan showing the layout of the subdivision.
http://www.styxmillestate.co.nz/admin/documentlibrary/16watermill.pdf
http://www.styxmillestate.co.nz/c_thumbnailhouse.asp?cid=-948683752

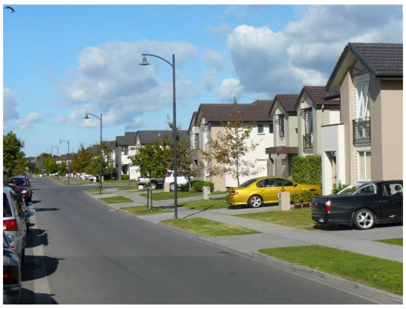
(2) Medium density solutions that may work in Hamilton but not elsewhere in the Sub-Region

There is a strongly held opinion that Albany-style higher density housing is not desirable or potentially marketable in Hamilton. Such comments refer to rows of terrace-style and multi-unit housing stacked next to each other, as visible west of the Northern Motorway when driving past Albany. The much higher section prices in the more developed or central parts of Auckland mean a much wider range of higher density housing is economic. For example, in Albany over the last year the median monthly section price calculated by REINZ has averaged $454,500 based on 132 sections sold, and that is excluding the one section or block of residential land that sold for $16.7m in February.

McConnell Property’s Addison development in Takanini (www.addison.co.nz) is an example that some believe offers a style of higher density housing that could be applied in Hamilton, although probably not in other parts of the Sub-Region. The first eight photos below show aspects of the Addison development.






Addison is a living example of what can be achieved in a part of Auckland that is not unlike many parts of older Hamilton. The Addison development is currently somewhat removed from the existing residential area, with the ninth photo on the last page showing what the rest of the general neighbourhood looks like.

The development has achieved an average of 20 lots per ha and incorporates mainly lots sized 250-330 m^2, with a range of 160-350 m^2. Most dwellings are 3-4 bedrooms, with 2-2.5 bathrooms and double garages. A key ingredient is the use of park areas integrated with the higher density housing (the first three of the nine photos on the previous page), street amenities (i.e. wider streets, and wider grass verges that the Council maintains), while garage access (the 7th and 8th photos) is separate from house frontages (middle row of photos) and the park areas. Surveys of residents have found satisfaction levels to be very high. All dwellings are two storeys, which is not so good for a mixed population including retired people.

We understand that in late 2003 the first new home in Addison sold for just under $300,000, but new homes are now selling for “just over $500,000 with a maximum of $548,000”, although as is common in most places not many have sold in recent months. This makes them somewhat cheaper than the average brand new, 4 bedroom spec house advertised for sale at $570,000 in North Hamilton (see the table on page 3), although the average North Hamilton spec house advertised for sale comes with a 688 m^2 section. We understand that resales in the large properties had been as high as $600,000, while on visiting the subdivision we found one of the smaller 3-bedroom dwellings advertised for sale for $345,000, reduced from $365,000).

We understand that the “secret of Addison is in the detail”, while such developments are “more expensive, harder work and achieve lower returns than conventional subdivisions”. To make it worthwhile a developer would need to be able to do a project like Addison on a large scale – we understand Addison involves 450 lots. Consequently, to be viable in Hamilton we believe a development like Addison would only work if a developer with the requisite skills and resources can acquire or already has competitively priced land, has at least 20 ha or so, and is able to work in close co-operation with the Council. A problem faced by developers with these types of subdivisions is that they take longer to conceive, design and bring to market, which means higher hold costs and that they are only economic if land can be brought cheap enough to warrant the extra effort and expense. This means we do not see Addison-style developments as meeting a large proportion of Hamilton’s future needs for Greenfield residential development, but it could play a part.

The planned Excelsa development at Papamoa undertaken by Bluehaven Management and designed in consultation with Tauranga City Council is another possible model for future high density development in Hamilton (www.excelsavillage.co.nz). It was said to be able to achieve up to 30 dwellings per ha. It has a number of desirable features (e.g. creates a community environment, better roading flow and safety, limits walking distance to commercial and cultural amenities thereby greatly reducing the need for car trips, and will have a higher standard of maintenance of public amenities). We understand that stage one cottages will be priced at over $500,000. Examples of Excelsa-type developments have been proven to be viable in the US, but we understand from someone who has visited two such developments in the US that critical to them working is proximity to a quality public transport systems. While Excelsa might well work in Papamoa, in part because a number of buyers are likely to be holiday home owners (the development is only one block back from the beach), we question whether it would be a viable option for Hamilton.

The Landing in the Lakes subdivision at Tauriko in Tauranga offers another example of more medium density housing in a Greenfield subdivision (the photos below). It has 104 sections of around 400 m^2. At the time of visiting 21 had been build but only eight had sold and all to investors. The eight sold were tenanted. The house and land packages were priced at $485,000-519,000 for 3-4 bedroom houses, but a special was being run at the time of visiting of $410,000-470,000. The slow progress in selling dwellings at The Landings and the zero uptake by owner-occupiers most likely questions whether this is a model for Hamilton to consider. Consistent with this, we understand that alternative approaches will be considered for the other medium density areas planned throughout The Lakes subdivision.


The Sanctuary development on Thomas Road, Rototuna (see the photos below), also called Sanctuary Cove by many, offers an interesting case study of a completed medium density development in a Greenfield area. Everyone interviewed during the fact finding for the ***Hamilton Infill & Multi-Unit Markets*** report prepared for HCC had an opinion on The Sanctuary. There was unanimous comment that it was ugly and that the same style of development, with 300 m^2 lot sizes, could have been done in a much more aesthetically pleasing style. However, as a measure of success it was occupied. It is a relatively recent development but was built in an era when land and construction prices were significantly lower than currently and when investors played a major part in buying multi-unit developments in Hamilton. We suspect that if a Sanctuary-style development was undertaken today it might suffer the limited demand currently facing The Landing in Tauranga, although the current harsh market conditions are part of the reason for slow sales at The Landing.



Examples of comments about The Sanctuary, which provide some further insights, include:

- “It is not done well. Tenants are getting out because it is too congested and moving to new three bedroom houses. It attracts the wrong type of people.” “The design is cheap and nasty, a rental slum in the making. A compound is a good idea but it needs to be of a decent quality.”
- “The concept was good, close to shopping centres. We got a lot of rental enquiries for it showing that it has met a previously unsatisfied demand. But it would have been better as one and two bedroom units, attracting couples and singles and not requiring flatmates.” “There is strong rental demand, especially from solo parents, but it is too big, 30-40 dwellings/units would be a good number. Something like Sanctuary but more pleasing to the eye would go well.” “There is the place for something like The Sanctuary but with a park in the middle, even a restaurant/café, to create a community.”
- “Other residents perceive it as cheapening the value of their stand alone properties, but it is well tenanted now and people will get used to it just like they got used to the large townhouses on small sections a few years ago.” “A complex like Sanctuary Cove that was done well should go pretty well in a new subdivision, although it would probably go better if it was less squeezed in (e.g. a complex with 30 or so units, not 70-80).”

Apartment-style developments around a village green are planned in some places. We question how well they work but they could offer a niche answer to achieving more intensive housing in Greenfield situations.

The first photo relates to the planned Wairakei Reserve development at Papamoa and “is a two-stage apartment complex containing 74 two and three bedroom homes on four levels, adjacent to reserve land at Papamoa Junction. The apartments will be central to many of the areas existing standout facilities and will be well placed to benefit from the major growth planned for Eastern Papamoa.

The Wairakei Reserve development is something similar to what is planned for a higher density area in the Eton Estate subdivision underway in Rototuna. We understand the plan is to target the mid-market with 200 m^2 dwellings surrounding the Central Hub area of the subdivision that is planned to include a café, tennis court, playground and park area. The plan, which we understand is yet to gain resource consent, is for quality park houses/townhouses/apartments in a high density node at the heart of the subdivision and for them to be a feature of the subdivision rather than hidden away.

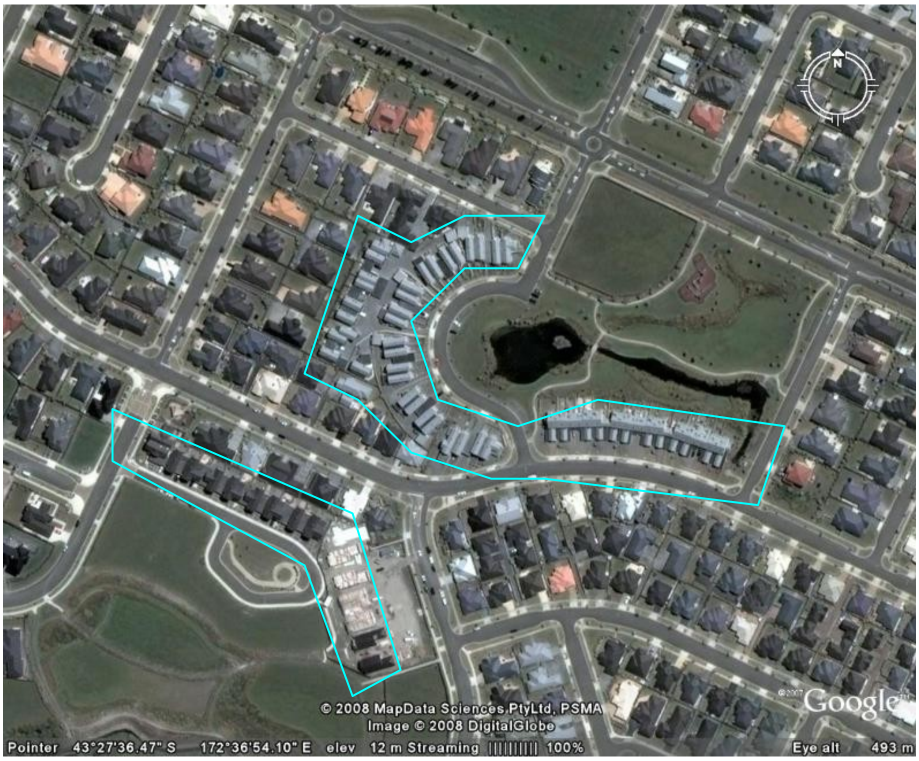
The second photo above is of a development planned in Tauranga. Developments like this, which include a range of facilities, could fulfill a niche roll in Greenfield subdivisions in Hamilton. The advertising blurb said: "Busy lifestyles demand carefree living. You can relax in your new apartment and wind down with the gym and pool facilities without losing the spaciousness of three bedrooms and two bathrooms. To be built." The apartments are 3 bedrooms, 2 bathrooms, with an asking price of $320,000.

A Cambridge developer is incorporating some higher density housing into a 240 lot subdivision where the average section size is around 725 m^2. The plan is for three-storey terraced houses on 400 m^2 sections facing onto a "town oval". The bottom stories of the properties are for commercial use (e.g. dentist, hairdressers and doctors) and the upper two stories are for residences. The developer said that there is "positive feedback that there is demand for some of this type of development". This sort of option offers something else that could be used as a niche and part solution to achieving intensification of Greenfield subdivisions in Hamilton.

Another Cambridge developer observed that, "To work high density housing needs access to the town centre and to be able to walk to shops. It won't work in the outskirts of Cambridge. But a retirement hub which can house the extended family, including families and retired parents, and has a range of smaller and larger sections makes sense, and fits with the aging population, would work. It offers an intermediate stage before older people move into care. There should be some onus on developers or the councils could force developers to look at this sort of option."

The Google Earth aerial photo below is of one part of the Northwood subdivision in Christchurch that incorporates two forms of higher density housing incorporated into a Greenfield subdivision (see the areas highlighted by the light blue lines). This may also offer part of the solution to Hamilton achieving greater intensification in Greenfield subdivisions.

A general theme relative to the last few potential examples of niche ways of increasing housing intensification is the need for a flexible and open-minded approach to considering what might work as opposed to a one-size fits all prescriptive approach. That is why we favour option 2 on page 4 as the best approach for Councils to take in the pursuit of the intensification of housing in Greenfield subdivisions (i.e. approve new subdivisions subject to the developers achieving specified intensities, but letting the developers work out the best ways of achieving intensification).



Other issues relevant to intensification in Greenfield residential subdivisions

The attitude of developers to doing higher density housing varied materially. In one corner were traditional developers, one person interviewed identified this group as the "Auckland-style developers", who were only interested in chopping land into conventional sections. In the other corner were a smaller group of developers that had a passion for delivering more intensive, often better designed housing options. And in between were a range of developers. Reflecting the significant group in between the two extremes, one developer observed that, "If it is more profitable to do higher density than traditional subdivisions we will do it, but it will depend on market appetite at the time. And if HCC changed the levies it would impact."

Possibly one of the most important factors in achieving both higher density residential development and better urban design is that developments are done by "total package operators". An advantage of total package developers, especially where they have owned land for some time or not paid "top dollar for it", was said to be that they had the luxury of being able to focus more on urban design and quality and less on the risk that their margins could get squeezed.

Many of the recent subdivisions have been done on the basis of land owners selling land at market prices to developers. In this instance the incentive of the land owner is to achieve maximum price for the land without regard to the implication this might have for the final product. The incentive for the developer is to try and eke out a margin, which is easy during booms when section price increases are running ahead of raw land price increases, but in downturns and if there are delays during subdivision, the developers margin can be quickly squeezed. Many such developers do want to deliver a quality product, but it seems in some instances concern about margin have been paramount and urban design and quality have been the loser.

A number of people interviewed observed that for higher density subdivisions to work required more space to be allocated to footpaths and green spaces, from a safety perspective as well as for aesthetics and to entice buyers. This meant higher maintenance costs for Councils but this was seen as a necessary part of achieving quality higher density housing.

Various areas were identified by developers where the Councils could materially improve the service they offer, including examples of where such improvements could significantly impact on the cost of subdivision development and on the willingness of land owners/developers to develop. These issues were relevant to all forms of subdivision development.

The following extracts from the ***Hamilton Infill & Multi-Units Market*** report are also relevant in the current context.

- "HCC needs Greenfield high density developments because it gives the scope to do proper developments. Where developers are not constrained by neighbours and height restrictions, and where they don't need to step through any extra hops because developers steer away from notified consents." "This can achieve better design, better utilisation of land and more affordable housing."
- "Working the occasional smaller section into a new subdivision would work better than putting them all in the same place. For developers it would work with the lie of the land."
- "Who would buy higher density housing in Greenfield subdivisions would depend on the prices. But the most likely buyers would be young executives and young executive couples."
- "Developments like Callum Court could work, but would be better if there was a bit more space which could be created by a small green area in the middle and wider verges and paths." .
- "There has been demand for small sections from time-to-time (e.g. River Oaks had a couple of smaller sections - 500 m^2 - that went to older couples who built quality smaller brick houses."
- "HCC needs to be flexible. It needs to let the market find the proper solutions for higher density developments. Rather than be prescriptive it needs to allow developers to come up with concepts (e.g. define an area as having 25 dwellings/units per hectare and let developers come up with the styles of development that will both achieve HCC's target and be marketable."
- One contact identified that higher density areas in Greenfield subdivisions needed to be more than just "in low land near shopping centres aimed at lower socio-economic groups", but also needed to cater for a range of income groups, including those who wanted low maintenance, quality, higher density housing in Hamilton to supplement their holiday homes.
- The Rotokauri area was used as an example by one person interviewed. We were told that a small hilled area, which we observed, had been made a "skyline protection area". The person argued that this would instead be much better used as the site of better quality higher density housing, including even a multi-storey apartment development. He observed that in some instances it would be easier to achieve higher density housing in Greenfield subdivisions by giving the higher density housing the pride-of-place, which would make it more popular and marketable, rather than trying to hide it away. Another person suggested the same for the Peacockes Growth Cell.