

# Creating improved housing outcomes: Liveable medium-density housing focus groups

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## BRANZ Study Report SR433

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### Abstract

Medium-density housing (MDH) is an increasingly common housing typology as New Zealand's towns and cities respond to growth challenges, yet little is known about the success or otherwise of past and present MDH developments. Specifically, opportunities exist to better understand the degree of liveability being achieved by MDH developments and how this contributes to the wellbeing of residents, neighbours, and wider communities.

This report presents the findings from three focus groups conducted with staff from Auckland Council, Wellington City Council and Christchurch City Council. The purpose of the focus groups was to identify the degree of liveability currently being achieved by MDH across New Zealand and how such liveability could be improved. Findings are intended to inform the building and construction industry, developers and policy makers at the national and local levels, enabling the settings necessary to design and deliver liveable MDH.

### Keywords

Medium-density housing, MDH, liveability, dwelling liveability, neighbourhood liveability, urban liveability, liveable cities, local government, resource consent.





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## Executive summary

This report presents the findings of the third of five research reports (Allen & O'Donnell, 2020a, 2020b, 2020c, 2020d) commissioned by BRANZ to understand the degree of liveability currently being achieved by medium-density housing (MDH) developments across New Zealand. These reports also identify how the liveability of medium-density housing could be improved. Specifically, this report includes outcomes from three focus groups held with territorial authority staff involved in planning for and consenting MDH in Auckland, Wellington and Christchurch. Key insights from these focus groups can be summarised as follows:

### Insight 1: There is a lack of consistency between territorial authorities regarding approaches to ensuring liveable MDH

All of the focus groups recognised the concept of liveability. However, there was no common understanding or application of the concept across or within the three territorial authorities. Each territorial authority had different district plan provisions and design guides to assist in delivering liveable MDH. This was thought to lead to a lack of certainty of MDH built outcomes across New Zealand's urban centres, which is likely to impede opportunities to deliver liveable MDH.

### Insight 2: Housing delivery tends to rely on historical trends as opposed to likely future demand

The existing housing market was thought to operate on an understanding of historical trends as opposed to responding to future demand. Lifestyles are changing, and therefore housing needs and preferences are too. Some focus group participants, for example, noted a growing willingness by the younger and older generations to rent or buy MDH as opposed to lower-density dwellings. A robust evidence base of housing preference data was considered desirable to better understand likely future demand for different housing typologies in New Zealand.

### Insight 3: The current consenting framework does not adequately promote liveable MDH

Focus group participants generally considered that the Building Code is designed for low-density as opposed to medium-density or high-density housing. This resulted in a perceived lack of ability to promote liveable MDH. Similar issues were identified within the planning system, where updates to district plans to enable MDH yielded higher levels of MDH constructed. However, this is of variable quality in relation to liveability. Non-regulatory measures such as design guides that may include a number of liveability provisions generally sat outside the consenting framework and therefore lacked enforceability.

### Insight 4: Greater integration and alignment is needed between MDH-related legislation and regulation

The focus groups indicated that greater clarity is required regarding the legislation and regulation governing MDH. In particular, any gaps between what is regulated and what is not currently regulated but should be would be useful to identify. This would enable the prioritisation of a work programme to plug any such gaps. Such a legislative and regulatory review could also identify which aspects of liveability are best dealt with by the building or planning systems or other mechanisms (such as standards or design guides).





### Insight 5: There is a perceived need for government leadership and intervention to achieve MDH liveability

A common theme emergent from the focus groups was the desire for government leadership and intervention to better ensure the liveability of MDH currently being delivered. There was general support for national standards, including measurable criteria, to achieve more liveable MDH (although not all participants agreed with the necessity of this level of intervention). Additional opportunities for government leadership were thought to include the development of comprehensive and integrated urban development goals, increased quality standards within the construction and building industry, influencing financing requirements to promote liveability outcomes and reassessing the allocation of risk between parties involved in MDH development.

### Insight 6: The current nature of the development industry may promote profit over liveability

The existing development industry was considered to be based on short-term thinking and the maximisation of profit, often to the detriment of MDH liveability. A deeper level of knowledge regarding alternative development models, legal ownership and management structures was considered likely to be beneficial in improving MDH liveability outcomes.

These key insights provide direction as to how a liveability agenda for MDH could be progressed in New Zealand. Understanding such liveability considerations provides a starting point from which the building and construction industry, developers and policy makers at the national and local levels can understand and create the settings necessary to design and deliver liveable MDH across New Zealand.





# 1. Introduction

In 2017, BRANZ commenced a research programme focused on medium-density housing (MDH). This programme was designed to provide background information regarding MDH in the New Zealand development context, along with a suite of tools to enable the construction industry to build liveable MDH. It also sought to ensure that MDH in New Zealand would meet the needs of the people who live in it and be accepted by wider communities as an alternative to traditional stand-alone housing (BRANZ, n.d.).

In order to ascertain whether MDH is meeting the needs of its inhabitants, it is important to gauge the liveability of current MDH developments across the country. This will enable an understanding of the ability of this form of development to contribute to wider social, economic, environmental and cultural wellbeing. This is particularly topical given the strong focus of the current government on achieving wellbeing for all New Zealanders, as evidenced by initiatives such as the Wellbeing Budget 2019 (The Treasury, 2019), the Living Standards Framework (The Treasury, 2018) and the reinstatement of wellbeing into the purpose of local government under the Local Government Act 2002.

To this end, BRANZ commissioned an MDH liveability project to answer two questions: How liveable is the MDH we are building? How can we do better?

The MDH liveability project was then divided into four separate phases to address the above research questions. These included:

- a national and international **literature review** of opportunities and challenges for MDH to improve liveability and enhance the wellbeing of residents and communities
- a review of current **legislation and regulation** applicable to MDH in New Zealand to understand any impacts of such on liveability and wellbeing
- **focus groups** conducted with representatives from New Zealand's most populous territorial authorities (Auckland, Christchurch and Wellington) to obtain insight into opportunities and challenges to achieving the consistent delivery of liveable MDH (this report)
- completion of a **residents' survey** to understand the experiences and preferences of existing MDH residents and how they perceive liveability and wellbeing.

Information from each of these four phases of the MDH liveability research project provides a comprehensive picture of MDH liveability and wellbeing from the perspectives of those planning for it, authorising it and living within it. It is intended to enable policy makers at the national and local levels to create the settings necessary to deliver liveable MDH. This research also provides a voice for the building and construction industry and for the residents of MDH developments nationwide to express their unique perspectives and lived experiences.

## 1.1 This report

This report represents the third phase of the wider MDH liveability project. It captures the experiences and opinions of staff at Auckland Council, Wellington City Council and Christchurch City Council regarding issues that impact the delivery of liveable MDH. This phase was designed to build on and complement the second phase of the wider project by holding focus groups with the territorial authority staff who apply identified legislation and regulation to MDH developments. Holding these focus groups ensured





that the research considered the day-to-day issues experienced by the staff responsible for reviewing and approving MDH in our largest cities.

For the purposes of this report, medium-density housing is defined as multi-dwelling units of up to 6 storeys (Bryson & Allen, 2017).

## 1.2 Methodology

The research conducted for this report included a series of focus groups with staff from Auckland Council, Wellington City Council and Christchurch City Council. These three territorial authorities were selected as they contained the largest estimated residential populations across New Zealand as at 30 June 2018 (Stats NZ, 2019).

A series of questions were developed to guide discussion within the focus groups. These questions were informed by findings from the literature review and the legislation and regulation review completed in the first two phases of the wider MDH liveability project. Copies of focus group materials are included in Appendices A–C, with the specific questions included in Appendix C. Topics covered included:

- perceptions of liveability and how it was defined
- whether participants thought that existing legislation and regulation sufficiently reflected and provided for contemporary lifestyles and current housing preferences
- whether current legislation and regulation was producing good MDH outcomes
- whether there would be value in having national standards in relation to the liveability of MDH
- what the most common challenges were for regulatory approval of MDH
- what was considered to be the most important aspect of MDH design.

As the questions included a broad range of topics (including policy, strategy and regulatory approval), senior representatives from each of the relevant teams in the selected territorial authorities were invited to participate in the focus groups. This included attendees from teams involved with:

- policy, planning and strategy
- design offices (or equivalent)
- resource consents
- building consents.

One 90-minute focus group session was held at each of the three territorial authorities, attracting between five and seven participants per session. Participants were approached by first contacting their departmental managers who recommended their participation to the researchers. Snowballing as a sampling procedure, where previous interviewees can recommend other relevant participants, was also used if the initial contact made with departmental managers did not result in the desired sample size.

A participant information sheet and the Liveability Index developed in the second phase of the wider project (Allen & O'Donnell, 2020b) were provided to each of the participants before the focus group sessions. This ensured familiarity with the scope of the research and enabled focused discussion. Consent forms were signed by each participant. The focus group sessions were recorded, with the consent of the participants, and transcribed in order to allow for accurate data coding of the discussions held. All material developed for the focus groups was approved as part of the BRANZ external ethics research approval process.





## 2. Research findings

A thematic analysis of the transcriptions from the focus group sessions was completed, for the purpose of organising and communicating the research findings. This section organises these research findings into seven key themes for ease of discussion. These themes are an agglomeration of the commonalities across the focus groups. They explore the current challenges facing the delivery of liveable MDH from the perspective of territorial authority staff. Specific quotes from participants from each council have been used throughout this report to ensure that the voices of participants are heard without enabling the identification of specific individuals.

The seven key themes are discussed in detail in the following subsections.

### 2.1 Inconsistent approaches to delivering liveable MDH

The results of the focus groups clearly identified that, while each of the territorial authorities considered the concept of liveability in some way, there was no common understanding or application of the concept either across or within the three territorial authorities interviewed. As a result, there is no consistent approach to ensuring that liveable MDH is delivered across the country.

#### No common definition of liveability

The extent to which territorial authorities incorporated the principle of liveability into the course of their work in relation to MDH was variable, and there were considerable discrepancies between what each internal team considered to be matters of liveability.

Territorial authorities also typically had various design guides that they used to assist in delivering better MDH outcomes. This included a subjective assessment with few enforcement mechanisms. There is therefore little consistency of application and no certainty of outcome, which may act as a disincentive to the development community.

The variation within the explanations about liveability provided by focus group participants were broad. For example, one Auckland Council participant related the concept to sustainability stating:

I think for me it's kind of wrapped up in sustainability in that it's a way of living today within our means that doesn't impose those burdens on future generations.

Another participant from Auckland Council explained that it meant "designing housing so that it means that people can live healthy lives, which also in turn contributes to healthy communities".

#### Relationship between the physical environment and human health

Despite the differences in opinion, what was common to each participant was agreement that liveability was the intersection of the physical environment with human health. For example, a Christchurch participant summed up the interaction by stating that "liveability is quality of life, residential amenity, pleasantness, convenience, healthiness and functionality". Another added:

It's both our sort of physical, social sort of cultural wellbeing, that come together to actually make us be able to live comfortably in a place ... all of these things that actually ensure that we can quite comfortably live there, we





feel safe there and we feel sort of pretty much connected to the place that we're at, so it's fairly broad.

### Integration of MDH into neighbourhoods and cities

It also became clear from discussions held during the focus groups that, in order to deliver liveable MDH, consideration needed to be given not only to the quality of products and design of the dwellings themselves but also to how dwellings are integrated into neighbourhoods and the broader offerings of the city. In other words, it was difficult to consider the concept of liveability without considering how it operated at each scale (dwelling, neighbourhood and urban). For example, Auckland Council participants elaborated on the issue of accessibility, a neighbourhood level consideration, by saying "think about access, so whether it's access to parks and open spaces or public transport or town centres" and others adding "I think it's linked to amenity, and you know that's also a key consideration for us". A Wellington participant raised the issue of dwelling scale quality:

It's the early degeneration of buildings, which totally impact the liveability and the wellbeing of the individuals living in that building ... my concern is more about the durability and ... the long term survival of that building and to provide good quality housing for people in it ... liveability to me is about the good design stuff, but I think it is also about materials and quality of finish and kind of the building product size, like you might pick everything else up about having good outdoor space and the right orientation, but actually, if you've got a poorly built house, then that's going to impact on all of that, and then I think the surrounding environment as well, what's around you is all part of it.

### Enforceability

Another common theme that emerged was that the building consent teams, in particular, did not consider that they had many mechanisms to consider liveability. This is discussed later in the report. However, an Auckland participant stated:

At a Building Code level, which is really where I look at it, at a work level, we don't look at liveability other than whether they meet the Code because we have no legal ability to look beyond that.

Without inclusion in statutory documentation, the regulatory bodies are reliant on the principles that sit behind liveability being provided for in a range of non-enforceable policy documents (such as strategies or design guides) and therefore have no way of enforcing them.

Despite the lack of legal enforceability, all territorial authorities used design guides as ways to influence the liveability of MDH, as explained by a participant in the focus group held with Wellington Council:

The tool that I've got in my work is the residential design guide, and I can apply it relatively creatively, so I think that from what I do it is quite good. At this council, I'm fortunate that quite a lot of weight is put on urban design advice, which is fantastic. It's recognised to be something which is important to the city, but, yeah, it's always a balancing act.

A Christchurch participant explained that they "deal with that [liveability] through our urban design controls and through the assessment matters that are in the plan". Assessment matters are the non-statutory requirements that council staff have to





support their consideration of the plan. A Wellington participant explained how liveability is provided for through non-regulatory or legislative mechanisms:

Wellington City Council's district plan has got design guides, and we've got a residential design guide. It's evolved from something that was called a multi-unit design guide many years ago. It's absolutely chock full of what you might call liveability criteria ... liveability is at the top of what I do, all the time, and a lot of it relates to, you know, what a house is going to be like to live in.

In summary, there is little consistency in the way that territorial authorities consider liveability. Also, there was considered to be little provision made for the concept either in enforceable legislation or in regulation.

## 2.2 Historical trends versus future demand

The focus groups indicated that New Zealand's urban areas are currently in transition. Population growth and urbanisation can place unprecedented pressure on all types of infrastructure, including housing. As the supply of affordable land diminishes throughout the country, the market was considered to be responding by developing more MDH throughout the major cities (Auckland, Wellington and Christchurch) and those regional cities experiencing significant growth (such as Tauranga, Hamilton and Queenstown).

While it was generally thought there was a willingness by some to adapt and take up residence within MDH typologies, the shift from a market that has primarily delivered stand-alone dwellings to one that incorporates a range of MDH typologies can encounter a number of complex challenges.

### Attitudes to MDH

What is particularly evident from each of the focus group discussions is that, although policy makers are enabling more MDH through district plans, the uptake of the opportunities that this new regulation offers is slow. The reason for the slow uptake was largely put down to attitudes, perception and education by focus group participants. As a Christchurch participant explained:

I think the plan is reasonably well set up now. It's a lot better than the previous city plan, to help to deliver reasonable standards of medium-density housing, in terms of policy framework that's in there now, yeah, as to whether there's that demand for those.

One Wellington participant also explained:

There's this very sort of parochial attitude to the way we do things in New Zealand, and you'll bring in good examples of best practice from Toronto and Copenhagen, and they'll go, "Oh, that's not for us, that's not for us. We don't do that here," and it's like, well, why couldn't it be for us? But even using Auckland examples in Wellington is very difficult, because everybody's got their really ring-fenced idea about what things are right for their own place.

Another participant in the Wellington focus group summed up their thoughts on the slow uptake of MDH by saying:





I think it's probably a bit of a cultural change that needs to happen for it to work, because ... I think a lot of people are really opposed to the idea of having medium density, especially in their suburbs.

Participants in Wellington, where the city plan has not yet been updated to enable more MDH development as of right, reframed the same issue:

There are very different expectations from the community, the residential community and the development community as well, and I think that the development community want that advancement and change of the policy framework in the district plan but the residential community are quite happy with things being the way they are in order to protect their own rights or what they perceive their own rights to be.

Despite this seeming resistance from existing homeowners, often the loudest voices are not representative of everyone, as one Auckland Council participant explained:

We're certainly hearing from the younger generation that they're quite happy to live in an apartment or a smaller [dwelling], providing that they have easy access to public transport and services, and then you also have an older generation saying that they want to stay in the area but they don't necessarily want such a big property any more.

### Not in my back yard

While there are diverging opinions about the demand for MDH, there is clearly a consistent theme from Auckland, Wellington and Christchurch that existing communities are the most opposed to the increased density in their neighbourhoods. Some focus group participants spoke of resistance to the development of MDH despite having planning provisions in place to enable its delivery. One participant further explained:

I know from resource consents we're constantly grappling with larger developments that have been enabled by the plan occurring alongside the existing housing stock, and it's a real issue that we find. You know, everyone's all for intensification until it's next door.

Another participant raised the point that there is also a wider set of factors at play in influencing future demand for different housing typologies, cost being an obvious one:

There are obviously other drivers as well, like first-time buyers. They've got a limited budget. We all know about housing prices. Their dream might not be to live in an apartment, but that might just be their reality to get in the property market, so yeah, there's those sorts of considerations as well.

A Wellington participant discussed the issue that people do not always know what their alternatives are:

For the most part, you know, people don't really know what they want, so I think it is up to us as a profession to sell better urban outcomes to the wider public ... No, you don't know what you want, so I'm going to show you what you want.

Participants in the Christchurch focus group contributed to the discussion:





You find Christchurch is still quite different to places like Auckland and Wellington ... so I think the preference here remains more skewed towards that traditional model.

A Wellington participant identified the same challenges:

I think that society ... a lot of people out there, particularly in the outer residential areas, haven't caught up with their ideas of what liveability is or could be, and they always see medium-density housing as a negative intrusion, you know, particularly into these parts of the city in the outer residential area, where the district plan, which is now a little bit dated, has set the expectations quite high in terms of suburbia, so I think that ... there's a real catch-up that needs to be done, particularly with, you know, people who live in these outer residential areas or who have a sort of more traditional mindset about what amenity is or could be.

A Wellington participant also highlighted the issue of the changes in generational preference:

A lot of it is generational. You've got a lot of sort of older people that have most of the property rights to most of the lots in New Zealand ... in 10–20 years' time, hopefully, there will be a lot more sort of interest in pushing for sort of medium and higher density living outcomes.

### Housing preference data

It is clear from the discussions held during the focus groups that there are varying perspectives about what people's housing preferences are and how this is impacting the demand for MDH typologies throughout New Zealand. Currently, we do not have substantive data that either supports or disproves the perspectives discussed in this report, and it is an area that needs further consideration before any conclusions about what the future demand of housing looks like in New Zealand. As a Wellington participant highlighted:

It is the issue of what do people look for and not find, which I think is the gap, because we all make a ton of assumptions, the real estate agents make assumptions, the developers make assumptions, the councils make assumptions about what they think people want, but we already know that there's this generation coming up really fast behind us who may be lifetime renters. They may live in apartments for the vast majority of their lives, housing you know lifestyle preferences, they may never own a car, things like that, so we only know what's good for now, and I think there is a gap in the research about the future.

An Auckland participant summed up the issue of supply and demand misalignment:

If we're creating a tsunami of homes which are not fit for purpose and we're ending up with a lot of homeless people, the developer or whatever who built those, they're long gone and they'll never be traced, so that's why that falls back on society.

In summary, we need to develop a better understanding of the future demand for different housing typologies in New Zealand underpinned by a robust evidence base.





## 2.3 Current consenting framework

### Building regulatory framework

The overwhelming commonality identified by each of the focus groups was that the majority of national legislation and regulations that impact the liveability of our housing, particularly the Building Code, was developed at a time when stand-alone dwellings were the norm. It therefore does not adequately provide for the delivery of quality MDH. This is because MDH typologies require different considerations from stand-alone dwellings.

Currently, there is very little in the Building Code to assist territorial authorities to regulate the quality of MDH. For example, requirements for storage are absent. As explained by a Christchurch participant:

[This] impacts on the whole quality of a development, because when people can't store things, they then end up outside or end up in other places or shared spaces or simply you won't choose to live there because you can't store anything.

Height and size were also issues not dealt with, as explained by a Wellington participant:

Yeah, for me the most important aspect of medium-density housing to get right, look I'll probably just go for one, probably at the top of my list would be size, and by size I mean height.

Another participant, from Christchurch highlighted the breadth of the issue:

We don't really, from a Building Code perspective, look at or consider liveability. We can't make any comment on the design in terms of whether the living rooms are in the right part of the building, you know if they're buried in the centre and have no natural light. In terms of the Building Code, we are relatively limited as to what we can [enforce].

An Auckland participant highlighted the issue:

Developers design to the minimum ... And they're not really designed for liveability anyway, they're around Building Code compliance, so basically health and safety. People aren't going to die, ventilation, noise not extreme ... a little bit of light but even that's, with some of the work MBIE is doing ... probably getting marginalised because of what the developers are driving and intensification.

It was agreed that the Building Code did not lend itself to enabling liveable MDH as it was very much a minimum standard, as an Auckland participant explained:

I suppose the Building Code provides the bottom lines for liveability, and that's very much focused on sort of health and safety, but it's very much ... bottom lines, and it's disappointing to see what can be built within that framework and falls below what I would consider as a liveable environment.

A Christchurch participant agreed:

I don't think the Building Code is up to scratch in terms of what it's actually delivering on for the longer term. Through our consenting processes as well, we





sometimes struggle to achieve outcomes that are desirable, because ... it's not that you're actually negotiating the best outcome, it's that you're trying to raise something to the level that's only just acceptable.

### Planning regulatory framework

It's not just the Building Code that was considered to be responsible for poor-quality MDH, however. As a Christchurch participant explained when talking about the Resource Management Act:

I think it falls quite a long way short, and I do think it's quite outdated ... given we have a 50-year life on our buildings and given the harshness of our climate, I don't think it's good enough.

An Auckland representative gives an example of a more granular issue, such as the much-discussed issue of car parking requirements being a limitation on the development of MDH:

We're also getting developers coming and saying we don't want to provide parking, but we're told we have to.

Another related challenge with the current planning framework is the requirement to follow special rules that can be enacted, as explained by a Wellington participant:

I've got one that I have to approve essentially, and it just pains me because ... this is one that is actually a special housing area so like, deep down, I just feel like it's not right but I don't have any option.

Another Wellington participant explained:

We end up in meetings with developers saying things like, oh, but this is a special housing area, you know the expectation is that we can just get in here and provide as many cheap and dirty units as possible ... well I'm sorry but you know our expectation of quality living environments are higher than what you're providing, and then they'll turn round and say, oh, but it's a special housing area, you want quantity ... so there's a classic tussle between quantity and quality.

Another issue cited was the lack of national-level direction on how to deliver high-quality MDH, evidenced by the diverging approaches that Auckland, Wellington and Christchurch Councils have adopted in their city plans and in the way that they regulate the MDH being delivered. The issue of interpretation by local authorities was demonstrated by an Auckland Council participant:

When we had the proposed unitary plan, we had a whole passage of rules that ensured that the effects were primarily contained within the site, and the effects towards the streets, the interface with the street was an attractive one and one that had passive surveillance. When we got the final package through following the hearings, we got a completely different scenario, and what that has actually produced was the one thing we tried very hard to avoid.

With a lack of national directive, there is greater ability for various interpretations of the Resource Management Act.





### Variable quality of MDH

The results of the focus groups supported the observations within the industry that there has been an increase in the amount of MDH delivered as district and city plans have been updated to enable the development of MDH typologies. However, where MDH development is occurring, the quality of development is variable. As one Christchurch participant explained:

The quality of the developments that we see is highly variable, and they haven't always necessarily got people who will live in it longer term factored in there particularly well.

One Wellington participant explained:

I think there's probably not enough good examples coming out, and unfortunately the bad examples are the ones that people see and the ones you hear about, so the sort of medium density or infill housing gets this bad connotation that it's all awful, so I think, yeah, there are some good ones, but I think probably people are focusing on the bad ones, and we need to get some more of the better examples out.

This is an issue not only for those needing to live in MDH but also for the housing market as a whole, as the poor examples perpetuate the historical discourse that people in New Zealand would prefer to live in a stand-alone dwelling.

### No one-size-fits-all solution to regulating for quality MDH

Although different approaches were being taken by different territorial authorities, the general consensus within the focus groups was that it was essential that we improve the design of MDH in New Zealand and that there was not one thing to get right but rather that a comprehensive understanding of the requirements of MDH would be beneficial. Support for a holistic approach was highlighted along with the importance of considering the amenity of the wider neighbourhood as well as the quality of the MDH dwelling.

The lack of guidance in legislation and regulation is arguably also contributing to another of the issues identified by participants, which is that there is little to no provision for the variation in the MDH typologies being delivered, with an Auckland participant explaining:

I have to say the medium density or ... what I call midrise or terraced is probably the style of construction least provided for in the Building Code, and it's probably the highest risk because it's happening a lot ... terraced house or a midrise apartment block more often than not is designed and wanting to be built along the lines of a stand-alone house but it's not, so fire knowledge is absent, domestic materials are trying to be used over 10 metres without understanding the compliance issues etc.

One Wellington participant explained how the lack of regulation on the matter is producing poor quality outcomes:

For me, the worst, my least favourite housing typology is townhouses along a driveway, because I just see so much land being used up for car parking, and I think that that actually reflects that people want stand-alone housing or





suburban style but it just can't be achieved so you have this kind of compromise.

There is also a lack of awareness by those creating the legislation and regulation that impacts MDH or by the property and development industries who are responsible for building MDH about what would actually improve the quality of MDH. One specific example is the lack of understanding and acknowledgment that to provide high-quality MDH requires the appropriate amenities to be provided within the immediate proximity of that housing within the local neighbourhood. Specifically, there is very little evidence to suggest that either territorial authorities or developers are considering neighbourhood liveability alongside dwelling liveability.

For example, there are few amenities being provided to support the reduction in private spaces generally seen in MDH developments. This was demonstrated by a participant in the Auckland Council focus group:

With this intensification, I do have a bit of a concern with the quality of our public spaces, because obviously traditional New Zealand is, you know, a large back yard – a private space. However, with intensive developments, that private space is lost, but it's not being offset by the creation of good-quality public spaces.

A Wellington participant concurred with this sentiment:

I think, all of that stuff is important, so your build quality is important, your acoustic, your thermal, you have a house that will last for a decent time, but then equally if you've got a really well built house but you've got no natural light and no private outdoor space, then it's poor housing.

A Christchurch participant summed up the challenge:

I would say we're delivering very mediocre outcomes, and I think it's in regard to [all] of those things ... if you go back to the whole question of how does a building respond to its neighbourhood, that's probably where ... part of the crux of the problem lies.

What this demonstrates is that, because there are no requirements for developers to consider what amenity exists in the surrounding area, this interplay between dwelling liveability and neighbourhood liveability often gets missed.

### Role of developers

Where good quality is being delivered, it appears to be as a result of the developer's prerogative (and perhaps market expectation) as opposed to being an outcome of existing legislation and regulation. This market-led approach to delivering high-quality MDH comes with risk, as explained by a Wellington participant:

What I tend to find too is that developers come in and they will say that they want this to be a high-quality product and then they start talking about granite benchtops, so it's not actually to do with the physical good quality... it's all the cosmetic stuff. It's not actually, you know, the quality of the materials and the quality of the windows and the roof and the heating, so at the moment, that tends to be quite superficial to appeal to the really pressured housing market and what consumers see with their eyes.





One Auckland participant made a rather drastic comparison to the rules that regulate the provision of prison accommodation in comparison to those that regulate the delivery of MDH in New Zealand:

There's actually quite good rules with the Ministry of Justice, I think, around what are minimums for prison accommodation, and some of those are higher than I think we have in ... various plans around the country.

### Non-regulatory frameworks

With limited ability to use the Building Code to lift the quality of MDH being delivered, territorial authorities across New Zealand are turning to the use of non-enforceable mechanisms such as design guidelines and urban design panels to increase the quality of MDH being built, and this comes with challenges. However, there were a number of concerns raised with the idea of implementing design guidelines, such as agreeing on the level of detail included within these documents, with a Wellington participant saying:

They seem extremely wordy, and I don't know how helpful they are or not. I just think good design is about good principles, and I wonder when you've got a 28–30 page design guide whether it actually gets lost in amongst it. I think good design is about really clear, simple principles, and I don't know if we need a 40-page design guide that has lots of little pictures in it.

A Wellington participant explained:

It's really, really difficult when you're dealing with anything that's ambiguous like a phrase such as 'good=quality design outcome' or a design guide that says you can sort of pick and choose which bits of this you apply. It doesn't provide the community with much certainty, and developers find it particularly tricky because they'll come in with a design – quite often we see this when we get like a developer and an architect team-up combo and they work on multiple sites across the city – and they'll come in and they're like, "But you let us do that over there, why won't you let us do it here?", and you're like, well, the context is different.

A Christchurch participant agreed that design guidelines and non-enforceable mechanisms were less than ideal:

Developers find that a lot harder to work with and understand that a set of rules that says you have to have a minimum unit size of this and you have to comply with minimum outdoor living space of this, you know, they can understand all of those things, but when it gets to that subjective process about achieving the levels of residential amenity, that's where they struggle with that.

This was reinforced by an Auckland participant:

I think our legislation has to provide better regulations for medium density, because ultimately, it's consumers who miss out, and it may not be now, it could be in 10–15 years where our communities are no longer providing that liveability factor we as a council are really keen to provide but don't have the legislative tools to enforce.





The conclusion drawn is that greater intervention by government and enactment of a mechanism that could be enforced by regulatory agencies would be supported. A Wellington participant summed this up:

Obviously, there's a bit of a housing shortage out there, and I think that medium-density housing is certainly something we need to get right and get the quality improved and just make it a lot more appealing for people to be applying for these kinds of consents.

This was supported by an Auckland Council participant:

I think we've got to be really careful we don't build the slums of tomorrow. We know we can do better ... I think we can just do better, because what we're building now should be lasting 50 years, and what we built out on Nelson Street and Hobson Street ... is Auckland slums of tomorrow, maybe even today.

In summary, the legislation and regulation impacting the delivery of MDH requires review to ensure consistency and applicability of MDH standards. Specifically, opportunities exist to update the Building Code to take into account new MDH typologies. How the various pieces of legislation, regulation, policy, strategy and guideline documents work together also requires further consideration. This is now discussed in the following subsections.

## 2.4 MDH-related legislation and regulation

The focus groups indicated that greater clarity is required about the legislation and regulation that governs MDH. In particular, any gaps between what is regulated and what is not currently regulated but should be would be useful to identify. This would enable a work programme to plug any such gaps to be prioritised. Such a review could also identify what is best dealt with by the Resource Management Act (RMA), city plans, Building Code or other mechanisms (such as standards or design guides).

Also identified by the focus groups was the theme that, while there were issues with each of the respective pieces of legislation and regulation in their own right, how they work together to impact the liveability of MDH was a bigger issue. An Auckland participant summarised this:

About the hierarchy – unless the design of the neighbourhood and the transport and accessibility to shops and everything else is there, it doesn't matter how beautifully built a building might be, it's still not necessarily as liveable as you might want it to be, and you can have all the best urban design ever, with a really rubbish build that then undermines it, so I think the unitary plan, the RMA, the Building Code all have a part to play. They're all equally weighted in a way to create that property outcome that we're all looking for. I'm not sure one is more important than the other, because if one falls down, the others won't work.

Further discussion highlighted the issue:

[The Independent Hearings Panel] specifically took out a lot of those internal amenity controls from the unitary plan, because they felt that the Building Code or the housing improvement regulations could be relied upon, but as we know, they're hugely outdated, and so now we've just got this void that, you know,





people don't have to provide windows in bedrooms and crazy outcomes like that.

Participants from all territorial authorities agreed that, in order to deliver high-quality MDH, there would need to be an improvement to the way the legislation and regulations worked together. An Auckland Council participant summed it up:

I think the Building Code is really core in terms of managing the internal arrangements of houses. The unitary plan or district plan is about managing the external qualities of a house, and then of course the city is responsible for managing those things ... about connectivity, so it's rejoining it all up, so everything, each one of those acts and plans, is integrated. However, I don't think that integration is there at the moment.

A Christchurch participant explained the issue succinctly:

Building design should support living by housing being safe, warm and light, with rooms designed to promote enjoyment of everyday activity ... In terms of whether that's considered ... I see that as being much more in the planning realm ... The Building Code itself doesn't really support liveability. It has minimum standards only and it's performance based.

A Wellington participant added their views to the discussion:

I think it is important whether or not you deal with these matters through resource consent or building consent, because there's a lot of work that you have to do up front to get your resource consent, and there's a risk that ... either it's not going to be approved or you're going to have to carry out significant redesign, and then to push people into going to this level of detail I think just increases the risk that they have.

A Christchurch participant added:

If you're running a building consent process and you've already spent a lot of time and money in developing your plans ... there's less likelihood that you're going to want to change those plans as part of the resource consent, which looks at the liveability factors ... so you get this unwillingness ... because it all means time and cost.

More detailed specific examples of some of the contradictions were also discussed, with a Wellington representative outlining:

We all know that building something without eaves or with a flat roof or whatever is likely to set you up for trouble, but you can't say to someone at the resource consent stage, you know, I don't like your design, I think it's going to be trouble down the track, because weathertightness and things like buildings being safe and sanitary and stuff is a Building Code issue.

Another viewpoint was the tension between aspects of the relevant legislation and regulation, including for example the discussion of the special character protections and the directive to have more MDH, including the following comment:

I would say across all of New Zealand, most councils are operating under out-of-date plans ... it's kind of like we want it but we also want to protect amenity, so as a planner, you've kind of got this right. We need lots of medium-density





housing but, oh, actually we can't change character and we've got to look after amenity, and so there's some contradictions there.

### Outcomes-focused regulation

Another theme arising from the focus groups was that legislation and regulation should move towards being outcomes focused as opposed to applying a rigid approach to the consideration of liveability aspects. For example, Auckland Council staff highlighted that implementation of the intent behind the new unitary plan needed improvement, explaining that a shift in focus away from fixation on trivial detail to delivery of the desired outcomes would greatly improve the liveability of MDH being delivered.

One such example was provided by a Wellington participant, who highlighted the challenges of requiring car parking:

You have to comply with technical requirements, cars are getting bigger, so the traffic engineers want wider garages, and we need more turning areas ... just thinking about the increase in impervious surfaces for example, it's just, I think that's the main thing that creates bad outcomes, personally.

A flexibility in approach was supported by another Wellington participant, who highlighted the disadvantages of being a first mover:

If you're going to have medium density, you've got to accept there will be change, like if you know you made somewhere a medium-density area, these things about fitting in with the neighbourhood, you know things like that aren't useful ... It's almost sometimes like, you know, the trendsetters or the people that almost want to go for these better outcomes are somewhat penalised if they're in an area that kind of wants that outcome.

A related issue is the difference in rules as they apply to various zones. An Auckland participant stated:

The zone description talks about the planned future. In the Mixed Housing Suburban Zone, it refers to the existing and the planned future so acknowledges a greater degree of transition and also a respect for the existing environment, so I think that's your differentiation between those zones. One says yes, we know it's going to be intensive, you know, suck it up, and it's going to be significantly different, whereas in the Mixed Housing Suburban Zone, that's not the case.

A Wellington representative also explained:

It comes back to the fact that they're in a medium-density zone, and I feel if it's really going to be taken seriously, yes, we need to look at effects on neighbours, but if you're in that kind of zone, you know to a point, I think there should be more emphasis on that kind of outcome as opposed to, you know, those extra effects on the neighbours.

### Difficulty in changing legislation and regulation

Further support for flexibility in approaches was demonstrated through points raised about how challenging it can be to change legislation and regulation. A Wellington participant stated:





It's a real tricky balance, you know. How do you change your policies quick enough to keep up with things? But equally it's got to be a robust process and everyone's got to be able to be involved.

A Christchurch participant discussed the issue with getting legislation and regulation right all the time:

The ability to change things easily has to be built into the process so that, for whatever reason, if something doesn't work as you had anticipated, it can be rectified in a timely manner, because the whole problem we have with our district plans is we may put something in, we may have thought we'd thoroughly tested it, and then we find actually there's a different way of doing this and actually it's not resulting in good outcomes, so there has to be options within that.

Another participant from the Wellington focus group added:

I think at the moment the pace of change in the housing area is not being matched by the ability of district plans to modify... we're actually seeing housing typologies appearing in areas of the city that the district plan never anticipated. Particularly in Wellington where a lot of our land is steep, we're seeing sites that previously ... when the district plan was written, would probably have been considered marginal now being put forward for quite intense housing of a style that you know is not really what the plan anticipated, so it's quite difficult for the plan to keep up.

This was further evidenced by the focus group participants from each of the territorial authorities, who identified that it was the first time that representatives from each of the various areas represented in the focus group (policy, strategy and planning, resource consents and building consents) had all been in the same discussion about the challenges facing each of their respective areas with regard to MDH outcomes specifically.

### Greater integration of the approval process is possible

There were other initiatives being trialled to create greater integration, as explained by one of the Wellington Council participants:

The council has a project at the moment to try and integrate the building consent stage – basically building consent, resource consent and other consents – so I mean the example they use is like someone's wanting to open up a café and so they'll come in and try and the council's going to try and deal with everything at once. So maybe you have a meeting when you're first thinking about it, and you'll have your resource consent planner there, have someone from building consents, and have someone from public health, so you'll have everything from what you're going to need to meet a resource consent right through to what are you going to need for your liquor licence.

However, this does not address the discrepancies in approach between the legislation and regulation, and it was generally agreed that improvements were going to be needed throughout the design, consent and building phases.

An Auckland participant outlined how the importance of adding the build phase to this integration was essential if we are to improve the quality of the MDH being delivered in New Zealand, stating:





But sometimes the design principles are directly in conflict with the construction and the ownership, and I think that's a three-way that needs better work.

The issues with transitioning the requirements between the RMA and Building Code and then into construction were also highlighted, with a Wellington participant adding:

There's probably some difficulty under the Resource Management Act. I think it would probably be unlawful to say you must have a certain building standard, so that's a real cross-over. Like we can deal with under the RMA or the district plan how some are designed, but actually how something is built is a different matter.

### Non-regulatory frameworks

Another key aspect discussed was that the role of other potentially non-regulatory mechanisms (such as standards or design guides) should be considered. As highlighted earlier in this report, territorial authorities have turned to the use of non-enforceable mechanisms such as design guidelines or assessment criteria to support the delivery of more liveable MDH in New Zealand.

While this appears to have had some positive impact, there are a number of challenges with relying on non-statutory documents, including the inconsistencies both within the territorial authority and between territorial authorities and a lack of clout with the development community. There was, however, acknowledgement that these documents were useful and fulfilled a role when considered alongside legislation, regulation, policy and strategy. How they all worked together and what elements were most appropriately dealt with in each is an area that requires further research. This is further discussed in relation to the implementation of national standards, specifically, in subsection 2.5 of this report.

In summary, there are challenges with the current regulatory framework, which does not always prioritise, enable or optimise the delivery of liveable MDH. Focus group participants identified that it would be beneficial to undertake a more detailed review of how the relevant legislation and regulation fits together and any regulatory gaps in relation to achieving liveable MDH. It was also considered that there should be greater collaboration between the various people involved in the design, planning and consenting and building processes if we are to improve the MDH being delivered in New Zealand.

## 2.5 National standards to define MDH liveability

The majority of territorial authority staff involved in the focus groups supported a set of national standards to provide clarity and enhance MDH liveability. An Auckland representative stated:

I think there's a lot of mileage in, you know, those kinds of standards, because the industry knows it has to build to that, so it will innovate to get to those kinds of standards. You can effect change by having those kinds of elements.

This sentiment was reflected by a Wellington participant:

I think there is a real need for a national standard, because if councils are brave enough to zone areas for medium density, then I don't really think that that should change too much from Cape Reinga to Bluff, to be honest, if we're





trying to achieve the same outcome and that's defined nationally and there's a good set of standards I think that could work anywhere.

Agreement with the idea came from a Christchurch participant:

Anything that brings this whole concept [of liveable MDH] more to the forefront of people's minds, that embeds it from the start of the process rather than at the end when we come along with our resource consent, to give it more of a mandate from a national point of view would be good.

Focus group participants explained that national standards would be useful for a range of reasons. One Christchurch participant highlighted:

There's a vast difference in quality between developments. Perceptions tend to be built on the lowest quality so ... that's where the standards really have to come into play, to actually give people some assurances.

A Wellington participant had a different view:

People do get fixated on numbers, they get fixated on lot sizes, and they get fixated on housing sizes, and they get fixated on the number of car parks and the number of bathrooms and the height of things ... Working in Upper Hutt, even 2 storeys was uncomfortable for a vast majority of the community out there, so I think having some best-practice examples that were kind of more generally nationally focused rather than at the moment [where] the focus is quite heavily on Auckland.

Another Wellington participant also highlighted the value in being able to use the standards to influence the development community:

I just think that gives the planner anyway a lot more clout when they're dealing with the developer.

Another justification given was the diversification of housing stock, with a Wellington participant explaining:

One thing I think that New Zealand needs to do more and better is diversifying the housing stock within a particular area ... so maybe that's the way of selling it is that it adds valuable diversity to communities, and maybe a standard could help with that. I think it would be a great idea.

Another Wellington participant cited examples from other countries experiencing the transition from stand-alone to medium-density housing:

I've come over from Melbourne relatively recently, and they've just gone through quite a long process of creating a whole set of standards for apartments ... they haven't been tested in great detail in terms of what kind of outcomes they've got, but ... I thought the standards that they applied were pretty important.

Other benefits of adopting national standards include their potential to enable a forward-thinking approach to our housing provision. A Wellington participant identified that:

If there was a good set of national standards that could be used from top to bottom of New Zealand, I think in practice more of those standards would be





used in the sort of higher urban areas – Auckland, Wellington, Christchurch the likes – but you know, once you do have smaller areas, smaller towns, say places like Pahiatua or Dannevirke start to pick up a little bit of population, you know there’s already a set of standards that some of the big areas have been using.

The type of things that could be included in national standards covered a range of aspects that encompass both dwelling and neighbourhood liveability such as storage, size, acoustic performance, fire ratings, lighting, security, waste management, site configuration and universal design. Auckland Council, which has dealt with the largest influx of MDH, recently discussed the range of things that could be covered:

So if there was a standard that just gave a level of light reaching a room, which is a measurable thing, it doesn’t matter what the room is, you can have a big room, if you’ve got a big deep room you need more windows in order to get the light coming in ... things around acoustic performance would then also relate to fire, relate to insulation, so there’s quite a lot of additional benefits from having a higher standard for acoustic performance.

#### Not all participants agreed on the need for national MDH standards

There was also some resistance to the idea of national standards within each of the focus groups. Generally, this was demonstrated via the discrepancy in opinion regarding what any such standards should include. A participant from Christchurch stated that they “couldn’t be too prescriptive such that you couldn’t put your local flavour onto it”.

An Auckland Council participant added:

I think ... so long as the minimum is at the right level and then there are choices and options from that, that is a good outcome.

Other participants felt that it would be inappropriate to have national standards, especially as there are many regions where medium-density housing is not a prevalent typology. A Wellington participant explained:

I’m not sure if I agree that having national standards is a good idea. I mean, I’ve worked in the UK so I know about national standards, but the thing that was different ... over here is that New Zealand houses are all bespoke, they’re all individual ... what is medium density in a place like Rangiora might be different to what is medium density in Auckland, and it’s to do with tolerance and capacity of the surrounding environment to absorb that and the acceptability of it.

Another Wellington participant added:

I think it’s also important to not load up places where this is not a key issue, another layer of legislation or regulation, because for example if you’re in a local or unitary authority where your big issues are things like forestry and water quality and stuff like that, adding in another layer will just slow it all down.

The discrepancy between areas within the same city was also raised by one Wellington participant:





I think it is really important to keep that consideration at a district plan level rather than say the RMA because ... the pressure for the medium-density housing is most intense in the more urban and city areas, but even across Wellington region, it's very variable.

How any national standards would operate was also discussed, with Wellington participants having a number of views on this but generally agreeing that flexibility in application was essential. One participant explained:

I think it's just the way that you draft them. I think storage for example is one that can be easily addressed by the standard, as in you need to provide x cubic metres for storage, but still have that flexibility to have a design response.

Another Wellington participant added:

I think the main thing about design is there's flexibility. In other words ... something like this could actually go against you if you know what I mean. If you've got a national standard for design, then maybe depending how that applies and what it means, you might actually constrain medium-density housing, because you've got to be able to come along and look at a site and say, well, this is particular for this reason so you design in a certain way.

In summary, there was support for the idea of national standards for MDH. However, what such standards would need to include would have to be carefully considered, and they would need to be developed in the context of any changes to relevant legislation and regulation (as discussed in subsection 2.4).

## 2.6 Government leadership and intervention

An emerging theme from the focus groups held was the importance of a greater level of government leadership and intervention in achieving liveable MDH. In addition to the national standards for delivering MDH as discussed in subsection 2.5, such government leadership was considered necessary to:

- develop comprehensive and integrated urban development goals
- raise quality standards within the construction and building industry
- influence financing requirements
- reassess the allocation of risk between parties involved in MDH development.

Better integration between the public and private sectors was also recognised as being needed alongside a deeper understanding of how the public sector can assist and provide levers and incentives to increase the quality and provision of MDH alongside wider outcomes in the urban environment.

The results from the focus groups clearly identified that, in order to improve the quality of MDH, there was no one silver bullet. In addition to those matters discussed already in this report, a range of further interventions were identified by each of the focus groups. One theme that came through strongly was the need for greater leadership in steering New Zealand through this transitory phase and period of urban growth, as explained by one Wellington participant:

Perhaps it's at the central government level that someone is bold enough to really start to hammer on about international best practice and good living outcomes, and maybe that's the level at which that has to happen because, at





a local council level, it's very, very difficult when you're dealing with the entrenched attitudes of the community.

A Christchurch participant added:

Having a mandate to increase the quality of medium-density development ... it's not just us saying this, there's a national push to do this.

Adding to this finding is consideration of the more granular matters that could be rethought in the context of MDH, such as privacy. One Christchurch participant explained that, with privacy, the solutions for MDH typologies are going to be significantly different from that of a stand-alone dwelling:

Ultimately, it seems people just want privacy, so if you put in those windows and things ... but a part of that comes back to education, if you're living in a more dense community and what that means in terms of privacy and all those sorts of things.

Another participant expanded on the issue of changing typologies by outlining the challenge with fitting MDH onto existing lot sizes:

You get these tiny sites ... you might go to a central-city residential site, so it'll come on the market and it'll be 10 metres wide or 50 metres long, and someone will try and do medium-density housing on that. That's just not going to work. It's just never going to achieve the type of outcomes that you want, but that's the easy thing to flick on.

### Amalgamation of land

One intervention identified as a potential solution to small development sites was the amalgamation of sites and encouragement of development of larger sites that lend themselves to the creation of quality MDH neighbourhoods. As Christchurch participants identified:

From a sort of city plan sort of basis, we probably need to be more incentivising of larger-scale developments. At the moment, the incentives that come from developing on bigger sites or amalgamating sites, they are there but they're kind of implied rather than explicit, and if we actually made it more explicit it might help.

Another participant pointed out the positive impact that larger-scale development can have on the quality of MDH:

A lot of the issues that can be dealt with around quality ... can just be done by treating things on a different scale. You need a more comprehensive overhaul of the system that actually brings in mechanisms to do more comprehensive development by a development community that's willing to take a longer view, you know, bear holding costs for longer, to achieve better outcomes in the long term.

An interrelated issue that the government could assist with is enabling MDH development in areas that need it and providing the necessary infrastructure to support the increased density and different building typologies, as one Wellington participant elaborated:





It's all really tied up with this whole issue of where is the right place for medium-density housing and how do you give people access to good public transport? And you know, there's no point exempting a development on the top of a hill in Island Bay from car parking because it creates better on-site amenity if there's no way to get to or from it.

### Integration between the public and private sectors

Better integration between the public and private sectors was also identified as an opportunity to improve MDH liveability. A deeper understanding of how the public sector can assist and provide levers and incentives to increase the quality and provision of MDH and urban outcomes would be helpful. One Wellington participant explained:

That may be a role for central government. Developers work in numbers, so for them, understanding what good quality design is would come down to saying something like your apartment can be no smaller than 40 m<sup>2</sup>, which to me is just ridiculous because I'm sure you can design a good apartment in more or less than that, so it is the classic tussle of quality versus quantity, numbers versus qualitative outcomes.

Clear requirements and examples of options and the solutions available could therefore assist with improving the quality of MDH in New Zealand. Because the market is not used to providing MDH typologies, education and awareness arguably need to come from government intervention and leadership instead of from within the market itself.

### Cost and quality of construction

Another area where government intervention was considered beneficial was in relation to the cost and quality of construction. One Wellington participant explained:

Maybe the problem is actually the build cost, because things are so expensive to build, so you've got to make this profit margin, so everything then gets squeezed in terms of quality and design and material ... But I do think that build cost is a major problem with good design, so if you bring the cost of construction down, then somehow you can probably get some better design outcomes.

A Christchurch participant agreed, explaining the correlation between cost of construction, price of dwellings and the need to be creating communities, not just houses:

To me, price is important for medium-density housing. If you price people out of the market, then you're not necessarily going to get the type of development you want. You get very expensive things that you can't afford or 1–2 people can afford, and they then become exclusive. We need to be building communities.

There was also an acknowledgement of the common discourse that the cost of consenting was also a hindrance. One Christchurch participant outlined:

Developers would say that there's an issue with delivery because of the district plan, particularly around resource consent, probably.

However, the participants also highlighted that there are system issues with the way that banks lend on development projects:





It's easier to jump up and down and complain about consenting as opposed to the hoops ... your bank has just put you through ... so yeah, it's kind of an easy target.

The quality of submissions was raised as being an issue, as one Christchurch participant added:

They did have more concerns around process issues ... [but] you know some developers don't bring their A game to the consent applications, so it's kind of the truth is somewhere in the middle.

Another Christchurch participant agreed:

You're totally not wrong about council and consenting costs are ... the easy thing to hammer, you know, so frequently you get politicians going, oh, it's the cost of consenting, it's the cost of consenting. Well, apparently, we pay 100% more than Australia for building materials, so why is that still happening.

It is worth noting that the perspectives of developers were not acquired in response to these assertions by territorial authority participants, and any robust research into the cost of construction would need to consider views beyond those of territorial authority staff only.

### Quality of building materials

The quality of building materials and their impact on liveability outcomes was also raised by Auckland participants, with one outlining the scale of it:

We've seen in the Grenfell Tower how self-certification of a cladding material not done for its purpose but done in individual components, then when they came together absolutely created a situation where 72 people died, and the standards of building codes and construction requirements in the UK are way higher than here, way higher.

Another Auckland participant added:

Having some national regulation over building materials, building systems in this country and much better New Zealand standards, that kind of stuff is certainly going to help, because the good ones don't need it but the ones who are trying to maximise profit. There are also some who think they're doing a good job, but it's actually rubbish.

As an Auckland participant explained:

If you don't have the kind of standards of construction, then all the work around those high-level things of liveability, adaptability, people ageing in place, you know, daylighting, access to sunlight all that kind of stuff, then it counts for nothing.

When asked what other interventions would assist with the delivery of liveable MDH, Another added "better certification of building in the residential sector definitely".

Reference was also made to the allocation of risk between the various parties involved in the building process, with a Christchurch participant explaining:





Perhaps with the building consent side of things, there probably needs to be ... a step back and look at the wider issue around who ultimately carries the risk, because at the end of the day, it's the councils that are the last person standing if anything goes wrong.

### Build to rent versus build to sell

A different issue altogether was raised by Wellington participants, who identified the difference between the MDH being designed with the intention of being held by the developer (in this case, the territorial authority) and rented and that being immediately on-sold by the developer as also being an issue contributing to the lack of liveable MDH being delivered. One Wellington participant explained:

I went and saw the council's recent social housing development, and I thought the design was amazing and just a real consideration about how, you know how the building's going to last, how efficient it is ... In the last 2 years that I've been back here, I've seen one or maybe 2–3 proposals for apartment blocks that were going to be held and rented, and I think that the cleverness of the design solutions was far above those that were going to be built and sold, because there was an investment in, like, one of them had little studio apartments that were going to have beds that were going to come down from the ceiling, you know, to make good use of space. Now you wouldn't go to the trouble of investing in that sort of thing if you were going to build to sell.

Another Wellington participant further identified that:

I think the problem is, in this country, renting is still seen as a second-class option, and I think that renting is seen as something that you do when you're young or when you're in between buying houses or when you're temporarily doing something somewhere or whatever, and so there's not that emphasis on the protection of tenants' rights but also providing quality housing for people who are renting.

Another Wellington participant added to the discussion on rental provision:

I think that there's work to be done at a national level on renting as a long-term viable secure healthy housing option and upping the expectations of everybody, upping the commitment of landlords to providing that and upping the expectations of tenants around their behaviour in terms of, you know, when they live in a rented house and giving them the security of thinking that they can treat it like a long-term option.

It's clear the role of improved rental terms and increased build-to-rent stock also needs to be considered. Broader thinking about the integration of wider issues such as rental and social housing supply in lifting the quality of the MDH being provided in New Zealand was considered advantageous.

One Wellington participant summed up the myriad of challenges impacting the delivery of high-quality MDH:

There's no silver bullet, but it's just a continued discussion in terms of getting to better outcomes, you know, it's not up to ... any one person to dictate these things, but it's just getting that balance right as well. It's not about medium-density housing everywhere, it's just having it work properly in the most appropriate location.





In summary, there are a range of other factors that need to be considered alongside any changes to legislation and regulation, and common to each of them is stronger government leadership and appropriate intervention.

## 2.7 Nature of the development industry

Another issue identified by the focus groups as potentially impacting the delivery of liveable MDH was the nature of the development industry. The property development industry in New Zealand was, in some cases, considered to be driven by the need to maximise profit. Because of this, the cost factor of MDH was considered to potentially override liveability factors. As one Wellington participant explained:

You can get something to a point where it's consented, and 3 months later, you'll get an application for a change of conditions, because someone has sent the plans off to their quantity surveyor and it's blown out the budget, and it's actually possible to erode good quality design outcomes as something is going through the building consent process or even as it's being built.

An Auckland participant added:

I guess the unitary plan does provide for different zones where it's anticipated that certain typologies will occur, but you know ultimately we're reliant on developers to deliver that and ultimately they'll deliver what they're going to get the most bang for their buck from.

Another contributed further weight to this argument:

The biggest challenge for us is around yield, and by the time that we get a project at consent stage, it's actually already gone through a huge process to get there in terms of a developer has come along, seen a piece of land, has priced it out based on a certain yield of product, what they've paid for that land, and that's what they need to get to break even essentially or make whatever profit they need to.

As one Wellington participant explained:

Some people fight urban design advice. Sometimes it's probably going to involve a little bit more cost, but generally it's for the long-term interest of that development and that site anyway, which is ultimately going to help its resale value later on, but obviously some people don't want to hear that stuff. You know, it's going to cost them too much money as they've got this kind of short-term developer mindset – you know, not going to be my problem in 5 years – and we do see quite a lot of that at the moment.

### The impact of ownership structures

Several participants also identified the current ownership structures as being an additional challenge facing MDH. In discussion with Auckland Council, one participant outlined:

Because at the moment there's not really an ideal ownership structure for this kind of development, for the terraced housing anyway. [The structure] should be more of a body corporate. The ownership structure particularly of terraced houses is wrong. I'm very against freehold terraced housing, it doesn't work, we're creating ghettos of the future. There's always overhang because coming





out of the design offices are varied streetscape. All that does is create legal boundary encroachment.

Currently, the predominant ownership structures are reinforced by the market because freehold titles are considered to be worth more. When it comes to the challenges facing the implementation of alternative (to fee simple) ownership models, the need to increase their profit comes into play again, as one Auckland participant explained:

Developers get a better price by selling a fee simple title. So they want a fee simple title no matter what, even though it is the wrong structure, because consumers aren't educated and they don't want what they think will be a more expensive structure, which actually gives them more rights. So it's all based on they will pay a lesser price for a unit title or even a fee simple strata title than just a straight fee simple, even though that creates issues for them in the future, so there's a whole education piece. Again, we are a society that is buying medium-density housing, using the stand-alone housing principles, framework, knowledge. Banks aren't helping, you know. They will lend so you do it, but they're not saying, well, this is a more high-risk structure. They're not dumb, they will have worked it out I'm sure.

A Christchurch participant also had a similar view:

If you put anything before a bank that is an alternative and not a standard product, then your hoops are even higher, so financing is a big part of the issue. And you do hear that quite a lot and particularly in Christchurch where there is a potential lack of certainty around the sale of that product.

However, there was acknowledgement from participants that this issue had been created by the entire economic system within which the industry operates. One participant outlined that there needs to be broader accountability from both the public and private sector in coming up with new solutions:

We've allowed the privatisation of our neighbourhoods, so the public sector has increasingly withdrawn from taking a role in public life in a proactive way due to budgetary austerity, global markets, everything else, and we've given that over to developers. And we expect developers to provide for social services and they do it very poorly, and most of that time when we provide that, all that happens is that that money comes off the quality of the materials, quality of the build and quality of design. So unless you have somebody who owns a piece of land and their intention is to own it for the long term and they're investing in communities, then you won't get quality coming out of it.

In summary, a range of industry innovations were considered necessary to support any changes to MDH-relevant legislation and regulation if the liveability of MDH in New Zealand is to be improved.





### 3. Summary

This report has summarised the outcomes of three focus groups held with territorial authority staff involved in planning for and consenting MDH. It has used the voices of participants to highlight key themes regarding the opportunities and challenges for improving the liveability of MDH within New Zealand's current regulatory and property development system.

These themes have been further distilled into six key insights obtained from the focus group sessions, as summarised below. These insights provide the baseline information from which policy makers at the national and local levels can continue to innovate in the way that they enable the design and delivery of liveable MDH.

#### Insight 1: There is a lack of consistency between territorial authorities regarding approaches to ensuring liveable MDH

All of the focus groups recognised the concept of liveability. However, there was no common understanding or application of the concept across or within the three territorial authorities. Each territorial authority had different district plan provisions and design guides to assist in delivering liveable MDH. This was thought to lead to a lack of certainty of MDH built outcomes across New Zealand's urban centres, which is likely to impede opportunities to deliver liveable MDH.

#### Insight 2: Housing delivery tends to rely on historical trends as opposed to likely future demand

The existing housing market was thought to operate on an understanding of historical trends as opposed to responding to future demand. Lifestyles are changing, and therefore housing needs and preferences are too. Some focus group participants, for example, noted a growing willingness by the younger and older generations to rent or buy MDH as opposed to lower-density dwellings. A robust evidence base of housing preference data was considered desirable to better understand likely future demand for different housing typologies in New Zealand.

#### Insight 3: The current consenting framework does not adequately promote liveable MDH

Focus group participants generally considered that the Building Code is designed for low-density as opposed to medium-density or high-density housing. This resulted in a perceived lack of ability to promote liveable MDH. Similar issues were identified within the planning system, where updates to district plans to enable MDH yielded higher levels of MDH constructed. However, this is of variable quality in relation to liveability. Non-regulatory measures such as design guides that may include a number of liveability provisions generally sat outside the consenting framework and therefore lacked enforceability.

#### Insight 4: Greater integration and alignment is needed between MDH-related legislation and regulation

The focus groups indicated that greater clarity is required regarding the legislation and regulation governing MDH. In particular, any gaps between what is regulated and what is not currently regulated but should be would be useful to identify. This would enable the prioritisation of a work programme to plug any such gaps. Such a legislative and regulatory review could also identify which aspects of liveability are best dealt with by





the building or planning systems or other mechanisms (such as standards or design guides).

**Insight 5: There is a perceived need for government leadership and intervention to achieve MDH liveability**

A common theme emergent from the focus groups was the desire for government leadership and intervention to better ensure the liveability of MDH currently being delivered. There was general support for national standards, including measurable criteria, to achieve more liveable MDH (although not all participants agreed with the necessity of this level of intervention). Additional opportunities for government leadership were thought to include the development of comprehensive and integrated urban development goals, increased quality standards within the construction and building industry, influencing financing requirements to promote liveability outcomes and reassessing the allocation of risk between parties involved in MDH development.

**Insight 6: The current nature of the development industry may promote profit over liveability**

The existing development industry was considered to be based on short-term thinking and the maximisation of profit, often to the detriment of MDH liveability. A deeper level of knowledge regarding alternative development models, legal ownership and management structures was considered likely to be beneficial in improving MDH liveability outcomes.

These key insights provide a succinct summary of the outcomes of the focus groups held with three of New Zealand's most populous territorial authorities. They provide a valuable voice to the industry practitioners planning for and consenting MDH in New Zealand. It is in this context that the next phase of this wider liveability research undertakes a survey of MDH occupants to understand the views and experiences of people living in MDH across the country (Allen & O'Donnell, 2020c).





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## Appendix A: Council staff participant information sheet

### Project Title: Medium Density Housing Liveability Focus Groups with Council

This information sheet is for you to keep.

#### The Researcher

Greer O'Donnell is a Director at The Urban Advisory who is delivering this research project on behalf of the Building Research Association of New Zealand (BRANZ).

#### About the project

This project is being undertaken to inform the BRANZ medium-density housing (MDH) research programme entitled 'Medium-density housing that meets the needs of New Zealanders'. This project is focused on understanding the strategy and policy context that shapes the delivery of liveability in MDH projects in New Zealand and is part of a larger project about the liveability of MDH. The wider project combines the information from these focus groups with the outputs from a policy and code review and surveys with medium density residents.

The output of this research will identify where the challenges are with delivering MDH and enable a series of recommendations to be made about what changes could be made to relevant policy and legislation (RMA/City Plans and Building Code) and/or the way policy and code are interpreted and applied. The overarching objective of the research is to increase the quantum and quality of MDH being delivered.

#### Why we asked you to participate in this project?

You were chosen to participate in this study because you either work in the regulation of MDH outcomes (building or resource consenting) or are a part of the policy, strategic planning or design departments that have a role in setting the MDH agenda of the region you work in.

#### Possible benefits

The end report will contribute to Council's and government's understanding of how the policy and code are impacting MDH outcomes; specifically, which areas need to be amended and/or how the interpretation and interpretation of MDH policy across regions is having an impact on the desired outcomes of government (increased quantum and quality of MDH).

The research will also enable those involved in national policy setting, to better understand residents and industry professionals' views about the policy and regulatory significance of building performance and the decision-making processes that help guide the construction and building of homes for New Zealanders.

#### What does the research involve?

The focus groups will involve a series of semi-structured questions exploring your views on how the existing policy and code (legislative and regulatory framework) is impacting the achievement of MDH outcomes in each of your regions.





The focus group will take up to 1 and ½ hours. If you consent to participate in this research, please sign the consent form and give it to Greer O'Donnell before the conclusion of the interview.

Background information summarising the liveability literature review and the outcomes of the legislation and regulation review, as well as the indexing tool developed in phase 2 of the research will be provided to respondents ahead of the focus groups. It is hoped this will give respondents the appropriate context and assist in making the discussion more focused. The below questions will be asked of each focus group and responses from the discussion with respondents then transcribed by a third party. The data will then be synthesised to produce findings that will be considered alongside the policy and regulation review and the results from the survey of residents. A final report will be produced, analysing all these aspects.

### Inconvenience/discomfort

This research should not cause any inconvenience or discomfort. It focuses on matters that are not personal. The main inconvenience is your commitment of time for the interview which, as noted, may last up to 90 minutes. The discussion will be confidential, and people's identity will be protected.

### Can I withdraw from the research?

You have the right to withdraw from participation in the focus group session at any time without giving a reason. As part of a focus group session, however, respondents are not given the option of editing the transcripts, and any information submitted cannot be withdrawn since its removal will affect the contextual meaning of the remaining data.

### Confidentiality

The names of focus group respondents will not be included in the transcription of the recordings made and any quotes in published material drawn from the interviews will not be attributed to specific interviewees. This will ensure that you cannot be identified. Where requested the identification of particular Councils can also be protected.

### Storage of data

Storage of the data collected will adhere to Privacy Act 1993 and kept on BRANZ's premises in a locked cupboard/filing cabinet for 5 years, and then destroyed.

### Use of data for other purposes

Data derived from this study will be used in publications and conference papers. Because data is in anonymous form, nobody will be named, and they will not be identified in any way.

### Results

A copy of the report will be available publicly on the following website:  
<http://www.branz.co.nz/>





### Contact information

If you would like to contact the researchers please contact the Principal Investigator:	If you have a complaint concerning the manner in which this research is being conducted, contact:
<b>Greer O'Donnell</b>  Director, The Urban Advisory  Tel: +64 27 309 4330  Email: <a href="mailto:greer.odonnell@theurbanadvisory.com">greer.odonnell@theurbanadvisory.com</a>	<b>Anne Duncan</b>  Industry Performance and Social Research Team Leader, BRANZ  Tel: +64 4 238 1353  Email: <a href="mailto:Anne.Duncan@branz.co.nz">Anne.Duncan@branz.co.nz</a>

Thank you for participating in this research.





## Appendix B: Council staff consent form

Title: Medium Density Housing and Liveability Interviews with Council Staff

I (Name: ) agree to take part in the Building Research Association of New Zealand (BRANZ) research project specified above. I have had the project explained to me, and I understand that agreeing to take part means that:

I agree to participate in the focus group

I agree to allow the interview to be audio-taped

I have read the Information sheet, which I keep for my records

I understand that this consent form will remain with the BRANZ researcher for their records

I understand that my participation is voluntary, that I can choose not to participate in part or all of the project, and that I can withdraw at any stage of the project without being penalised or disadvantaged in any way

I understand that any data that the researcher extracts from the focus group for use in reports or published findings will not, under any circumstances, contain names or identifying characteristics.

I understand that data from the focus group will be kept in secure storage and accessible to the research team. I also understand that the data will be destroyed after a 5-year period.

Signature:

Date:





## Appendix C: Council staff interview questions

### Question 1

How would you define liveability?

*[Secondary question if required: Do you consciously consider liveability outcomes in the course of your work?]*

### Question 2

Do you think that the existing policy setting (the RMA, Unitary or City Plan and Building Code) sufficiently reflect and provide for contemporary lifestyles and current housing preferences?

*[Secondary question if required: Do you think that the policy being developed at a time when single dwelling homes were the norm, is impacting the housing typologies being built today?]*

### Question 3

Do you think that our current legislation and regulation (RMA, Unitary or City Plans and Building Code ) are producing good medium density housing outcomes? And if not, what do you think are the most important changes that could be made to each of the them?

*Secondary Questions: In your opinion, does the interplay/hierarchy between the pieces of policy/code (RMA, Unitary or City Plans and Building Code) have an impact on the achievement of medium density housing outcomes? Why? Does one impact the delivery of high quality medium density housing more than the other, in your opinion? And if so, which aspects are creating the greatest challenges?*

### Question 4

Do you think there would be value in having national standards in relation to the liveability of medium density housing? If so, what would this need to include?

### Question 5

In your opinion, what is the most important aspect of medium density housing design to get right?

What is the most common challenges experienced throughout the consenting process of medium density dwellings? For example, of the categories identified in Table 1, which feature do you experience the most difficulty in determining if it will be delivered in a project once delivered?