

THE 'ONE THIRD' MANTRA: 1/3-1/3-1/3 in housing in Tāmaki Makaurau today

A discussion document and issues paper, April 2019

Introduction:

A third can mean a lot of things. The Auckland Housing Programme is staging a 1/3, 1/3, 1/3 shaped take-over of government land tracts in Tāmaki Makaurau slicing them up for open market sale, KiwiBuild development, and new Housing New Zealand stock, all intensified in keeping with the Unitary Plan to provide a far greater housing yield per hectare.

Meanwhile Panuku Development Auckland is setting up internal 'guidance' on the 'housing mix' question – in new developments, how many units should be for open market, affordable, or social housing supply? Perhaps 1/3, 1/3, 1/3 might work...

Housing Mix has also been called social engineering – because in the end it is not so much about houses, but about the anticipated occupants. We imagine open market owners wanting privacy and security for themselves and their investment. We imagine social housing tenants wanting access to services and being subjected to community building. The truth is for the most part we all want the same from a house, regardless of our tenure: security, safety, connection, community.

In addition, there is a fairly robust global school of thought that suggests a whānau spending more than 1/3 of their net collective income will be facing housing stress, and hardship as the proportion of income used for housing goes up. The truth is many Aucklanders spend way more than 1/3 of their income on housing, but it causes the most stress and hardship when the actual dollar amount of what is left-over after housing starts to look more like \$100, rather than \$500 or \$1000.

This paper sets out a few different ways the 1/3 fraction is used in housing in Tāmaki Makaurau today with some discussion.

Content:

ONE THIRD, ONE THIRD, ONE THIRD: a development equation

A third can mean a lot of things. The Auckland Housing Programme is staging a 1/3, 1/3, 1/3 shaped take-over of government land tracts in Tāmaki Makaurau. Mangere, Mt Roskill, Unitec, you name it there's a 1/3, 1/3, 1/3 shaped cookie-cutter hovering over large land holdings as we speak.

The Auckland Housing Programme (AHP) is the governance group controlling the redevelopment of primarily Housing New Zealand land and houses across Auckland, development undertaken by Housing New Zealand and subsidiary Whānau Whenua Kāinga (HLC).

In a largely self-made conundrum, the government recognised the need and opportunity to use large Housing New Zealand holdings in Auckland to redevelop HNZ's stock and 'redistribute' the land, while, in addition, providing an avenue to deliver on the government's KiwiBuild aspirations to deliver affordable housing. This regeneration of land and stock has been going on for some time now in places like Tāmaki Glenn Innes, but it has now ramped up across the region.

Self-made? HNZ's failure to keep pace with demand for social housing through continuous upgrades and redevelopment over the last 20 years meant stock was and is low and of poor quality. This equated to a financial headache, of its own making. The government's requirement that HNZ return surplus to the government meant the surplus was not reinvested in housing stock, or tenants. That seems like simple accounting to me, and to be fair Minister Twyford's new [social objectives for HNZ](#) make some changes in this area, and the requirement to return surpluses has been removed.

What makes the whole AHP machine hum is open market sales. A clever 1/3, 1/3, 1/3 cookie-cutter accountant realised that the government did not need to buy a great deal of land to build lots of social and KiwiBuild houses in Auckland – it could all be done on existing land holdings. New planning regulations lead Auckland toward long-overdue residential intensification, meaning HNZ’s land holdings could suddenly hold around four times the housing. While the government avoided needing to buy land, it also had the pleasure of selling it into one of our priciest markets.

By identifying the right land-holdings in HNZ’s possession, clearing and selling ONE THIRD of the development on the open market would provide revenue to fund almost entirely the required redevelopment of HNZ housing (around one third), and KiwiBuild developments (around one third).

Our public housing stock must be maintained and adequate forward planning must be undertaken to ensure supply keeps pace with demand, as it is in this bracket that we either can, or cannot as the case may be, meet the needs of our most vulnerable whānau. At the same time, planning and investment must be applied to ensuring any population scale social trend toward housing stress, housing hardship, homelessness, and social housing need is critical.

Public social housing must not be a growth market. Community housing, where low-income whānau are supported into ownership and equity, should be our low-income housing option growth option.

So a good result, albeit it a little bit ‘cookie cutter’ and reliant on selling public land to lessen the burden on the public coffers:

Auckland Housing Programme (KiwiBuild, HNZ, HLC)		
1/3	1/3	1/3
Social housing	KiwiBuild housing	Open market sales

ONE THIRD, ONE THIRD, ONE THIRD: a Housing Mix equation

Meanwhile, Panuku Development Auckland is setting up internal ‘guidance’ on the ‘housing mix’ question – in new developments, how many units should be for open market, affordable, or social housing supply? Perhaps 1/3, 1/3, 1/3 might work...

Housing Mix is about the mix of tenure types proposed to be offered in a development, or in a precinct – Panuku currently works across many large multi-owner sites. The basic tenure options are fee simple ownership, private market tenant, social tenant, and shared ownership.

This kind of thinking has also been called social engineering – because in the end it is not so much about houses which is the focus of development thinking, but about the anticipated occupant and the social outcome. We make a lot of stuff up in this space. We imagine open market owners wanting privacy and security for themselves and their investment. We imagine social housing tenants wanting access to services and being subjected to community building.

And yes, for many ‘tenure’ sounds like code for ‘status’ or ‘wealth/poverty’. Unfortunately for some it is also code for whether an occupant will look after their property, have parties, or... drive an electric car. In the end though, most whānau want the same things regardless of their tenure.

What we seem to have collectively learnt, globally, is that social housing lumped together in one isolated development does not really work. Again different people imagine different things. The image of American city-scapes dominated by ‘ghettoes’ is common, but what constitutes a ‘ghetto’?

It’s easy to forget those buildings were not made into ghettoes by the occupants – they were designed to be exactly what they are – run-down eyesores. They were not designed to be attractive, and they were not maintained to be clean to be clean and tidy. These decisions and failings lie with the public institutions who commissioned the, not the tenants who endure them.

Regardless, we have learnt 100% social housing developments pose a risk of isolation and well as desolation. HNZ while undertaking vast redevelopments is yet to disprove its reputation for failing to maintain, but the injection of new stock and new contemporary approach to urban development and community building (albeit as relative untested thinking and science) should give us hope.

We have asked ‘under the AHP, when the social housing THIRD is returned to HNZ to develop their stock, will it be congregated together, will it be the prime sites, will it be closest to schools and amenity, will it be the sites that catch the sun?’ There is a relevant phrase in the business - ‘blind tenure’. It means that in a well designed and developed neighbourhood including not excluding social and affordable tenure, you could along the street and not identify which houses are which – social houses don’t scream ‘social housing’, and open market ones don’t scream ‘open market.’

Blind tenure is a first building block to an equitable community – is it happening in Auckland?

Most developers, public or not, want their development to provide revenue, and highest near-term revenue is available through market sales. Highest long-term revenue is likely to be in rental tenure, but that requires longer involvement, possibly higher liability over any construction issues, and it requires the development to be designed in a way that will support long-term stable rental.

In a high-price market, there is always a call for and demand for ‘affordable housing’ (I’m not going to provide any definition of that here). Through affordable supply, a developer can win some City Hall Brownie Points, possibly sell some units faster, and mitigate the open market buyer concern about how many social housing units are being included.

But what is the right proportion? Well, internationally the evidence is limited, and there are lots of variables. If there is to be lots of social housing, how good will service and support be? Will policy settings support stable tenancies? How well does the building design facilitate community building within a complex, so neighbours know neighbours?

There is no simple answer, but that is basically the Housing Mix conundrum, often answered with 1/3, 1/3, 1/3.

The community housing sector support this *mix*, but that needs context. The community housing sector are accustomed to advocating in a ‘Zero Affordable Housing on Public Land’ environment. Calling for 1/3 affordable housing in that context is a door-opener, rather than a final position.

Now that we are getting serious about creating a new pipeline of affordable supply, especially on public land, we need to maintain the gains made in the right direction, but not be limited to them. The real question in the housing mix equation is not how much of each, but how will the new community of occupants be nurtured and come to call this new place *home*.

The Housing Mix Equation		
1/3	1/3	1/3
Social housing tenure	Affordable housing tenure, includes community housing/shared ownership	Ownership

The Housing Cost equation – just 1/3

Finally, there is a fairly robust global school of thought that suggests a whānau spending more than 1/3 of their net collective income is facing housing stress, and hardship as the proportion of income spent on housing cuts up through the net income proportion.

The truth is many Aucklanders spend way more than 1/3 of their income on housing, but it causes the most stress and hardship when the actual dollar amount of what is left after housing starts to go down, to look more like \$100, rather than \$500 or \$1000.