

## CHAPTER 2

# For whom the city? Housing and locational preferences in New Zealand

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New Zealand was once famously described as the ‘quarter-acre pavlova paradise’, a country where owning a home in the suburbs with a garden was a common aspiration (1). Suburbs have traditionally provided space for children to play and land for fruit trees and vegetable gardens. Housing patterns in New Zealand are changing, and apartment-based inner-city living for singles, young couples and empty-nesters has become a noticeable trend in the past fifteen years (2). However, despite the ageing of the population, it seems that New Zealanders’ housing aspirations may be changing only slowly. Given high infrastructure costs and adverse environmental impacts of urban sprawl, such as air and atmospheric pollution from longer and more frequent car trips, why is the development of housing on the urban periphery still being encouraged through highway extensions and other infrastructure subsidies? And given the health and social impacts of sprawl, including increased energy use, loss of productive time, reduced access to amenities, and reduced physical fitness (since many destinations cannot be reached by active transport), why do many households continue to look for houses in the outer suburbs? (2)

Local government in New Zealand has made progress towards encouraging mixed-use development and urban intensification (3, 4). However, councils face pressure from developers who favour tried and tested ‘greenfield’ developments. In Wellington, a recent study concluded that there is an insufficient supply of compact small housing to meet the rapidly changing needs of the population (2). Developers and others in Auckland, New Zealand’s largest city, tend to oppose metropolitan urban limits, arguing that limits have

contributed to unaffordable housing and that removing them will allow the market to supply cheaper housing through greenfield developments (5, 6).

In this context, it is important to ask where New Zealanders want to live and why. We also need to assess how similar New Zealand is to overseas models such as the USA and Australia, from which much of the literature on urban form derives. An influential recent study from the United States found that over half of the people surveyed would rather live in a 'smart growth' community than a typical outer-city suburb (7). Smart growth communities are defined as those close to places of work and local amenities, with mixed-use development, and which incorporate public transport and walkability. When respondents who preferred smart growth communities were asked to nominate the single most important reason for their preference, their key reasons included lower commuting time, and availability of amenities. Ewing *et al* (8) set these findings alongside trends such as the ageing of the 'baby boomer' population which has a strong preference for compact, walkable neighbourhoods, and a pattern of similar preferences among single people and married couples without children. These findings indicate that most future demand for new housing in the US is likely to be focused on attached and 'small lot' houses, closer to city centres.

New Zealand cities are in many ways similar to US and Australian cities, largely because they have essentially developed during a period of widespread motor vehicle availability. But New Zealand cities are generally smaller, and currently face fewer sprawl-related problems than many typical American cities.\* Moreover, some New Zealand cities, particularly Wellington, have much higher levels of public transport use than most US and Australian cities (9–11). In short, the dissimilarities between New Zealand cities and their US and Australian counterparts mean that we should not make presumptions about the preferences of New Zealand residents for urban or suburban living.

## **Methodology**

We used the online ShapeNZ survey to address a number of questions concerning New Zealanders' housing and locational preferences, and associated issues of urban governance.

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\* There is ongoing work in the New Zealand Centre for Sustainable Cities looking at geographical analyses of urban densities in New Zealand compared to Australia and other countries.

Participants in the monthly ShapeNZ survey are primarily sourced from lists purchased from research agencies, although ten percent of participants are self-selected. The selection process clearly carries potential bias – people included in the lists may have different characteristics from average New Zealanders. To reduce problems of representativeness, results are weighted by age group, ethnicity, personal income, employment status, 2008 party vote and gender.

We included questions in the May 2009 survey, which had 3244 respondents, giving it a greater than 30 percent response rate, comparable with similar online surveys carried out in New Zealand. While some risk of response-based bias cannot be excluded, the ShapeNZ survey allowed us to question a large number of New Zealanders in a cost-effective manner, compared to conventional survey techniques.

Our questions about housing preference fell into three categories. The first established relevant characteristics, such as respondent age and home ownership status, which we hypothesised would influence preferences. The second category addressed topical issues related to urban sprawl, such as opinions about urban limits and council involvement in regulating urban development. The final category addressed living preferences directly, and provides empirical evidence to compare to the American research by Belden *et al* (7) and Ewing *et al* (8) discussed earlier. The full list of questions is presented at the end of this chapter.

## Results

### *Attitudes to urban limits*

We asked participants two questions about urban form, focusing in particular on urban limits.\* The first focused on the perceived need for limits, and the second on the role of councils in setting limits.

There was a high level of uncertainty in responses to the question on attitudes to urban limits; despite this, it is clear that over three times as many respondents see urban limits as necessary than not.

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\* The ShapeNZ survey had a large number of respondents, and thus a low margin of error (1.7–1.8%) for the questions answered by all respondents. For this reason, we have only included error calculations for some of the graphs presented towards the end of this chapter.

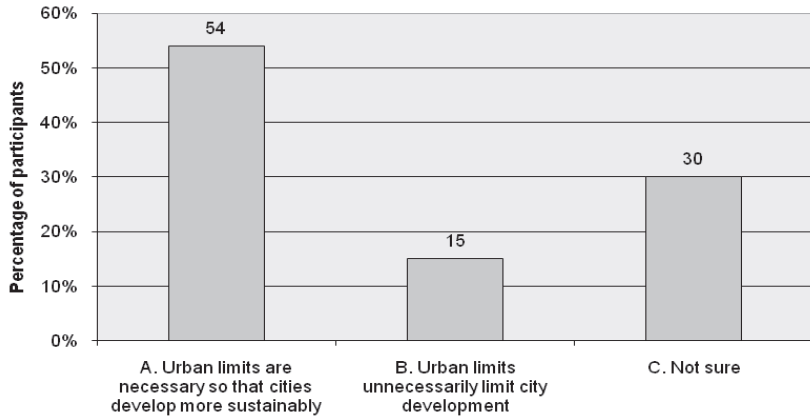


Figure 2.1 Attitudes to urban form. Responses to Question 13: Some people say cities need urban limits and intensified housing in the city; other people say urban limits force up the price of housing. In your opinion ...

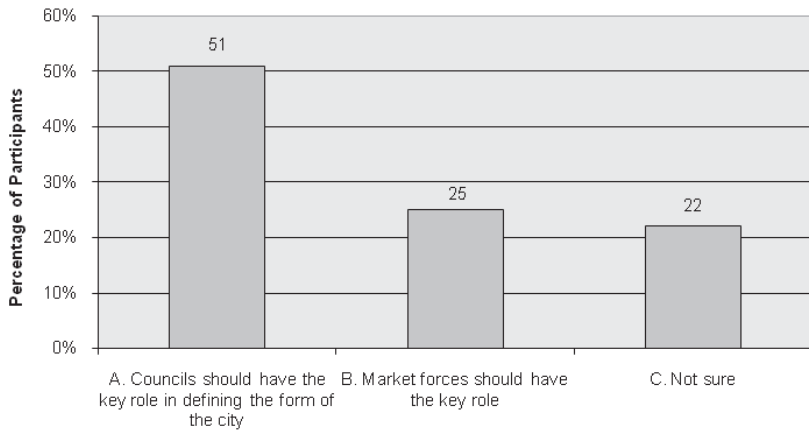


Figure 2.2 Attitudes to council regulation of urban form. Responses to Question 14: Some people say councils should regulate urban boundaries; other people say this constrains economic development. In your opinion ...

The responses shown in Figure 2.2 suggest that respondents generally viewed market forces as unsuitable or insufficient to adequately define the form of the city.

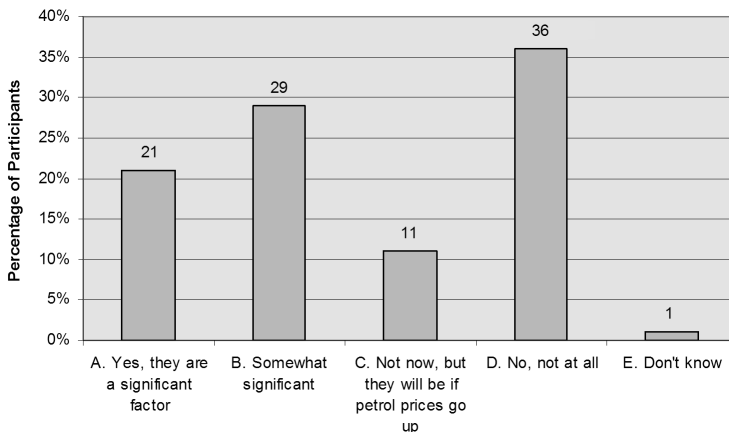
Taken together, the responses shown in Figures 2.1 and 2.2 suggest that participants generally favour the current approach to urban boundaries or limits, which involves councils establishing metropolitan urban limits or city ‘growth’ strategies. The high proportion of respondents who were “not sure” suggests the issue might not have been at the forefront of participants’ minds, or that they had not had opportunities to consider the issue before the survey; some people’s views on this issue may be fluid.

### *Housing / locational preferences*

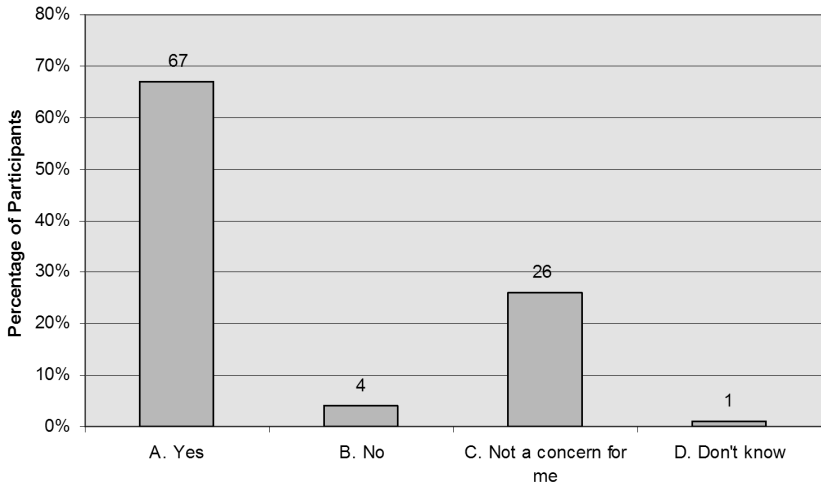
Questions on housing preferences form the basis of our main analysis. Several of the questions we asked are comparable with the key question in the US research (7) on smart growth developments. Results of Questions 9, 18 and 19 are set out in Figures 2.3, 2.4 and 2.5.

It is notable that the proportion of respondents identifying travel costs as a significant influence on their decision about where to live, either now or in a future with rising oil prices (the sum of options A–C) is 61%, substantially outweighing the 36% for whom travel costs were *not* a significant factor.

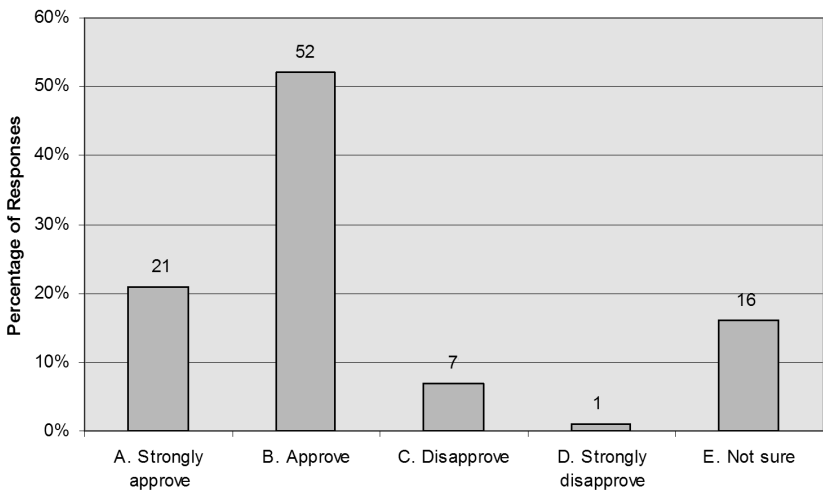
The high proportion of respondents (73%) who either approved or strongly approved of mixed-use developments suggests that they may share



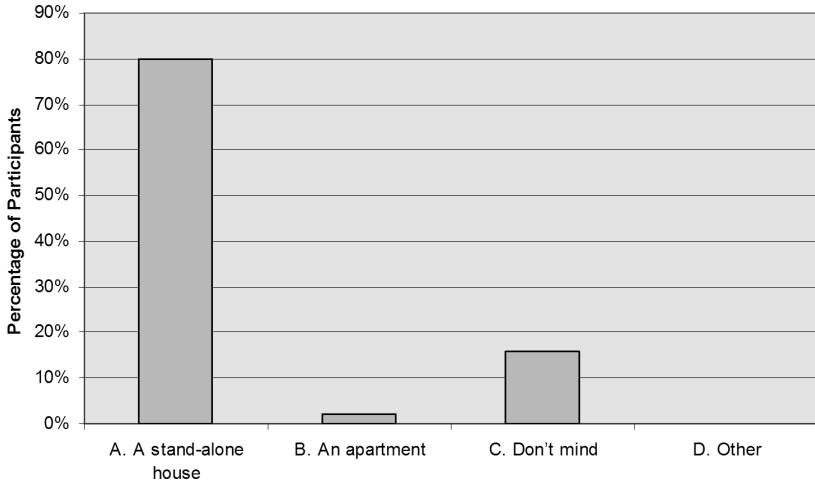
**Figure 2.3** Significance of travel costs in relation to living location. Responses to Question 9: Are travel costs a factor for you in deciding where to live?



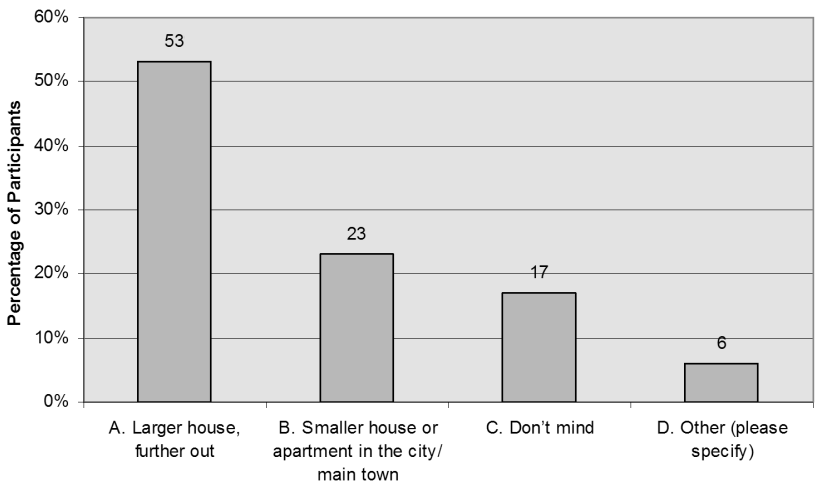
**Figure 2.4** Significance of accessibility for living location. Responses to Question 18: Would you prefer to live within walking or cycling distance of some of the destinations you need to get to most often, like work, shops, parks, schools and transit stops?



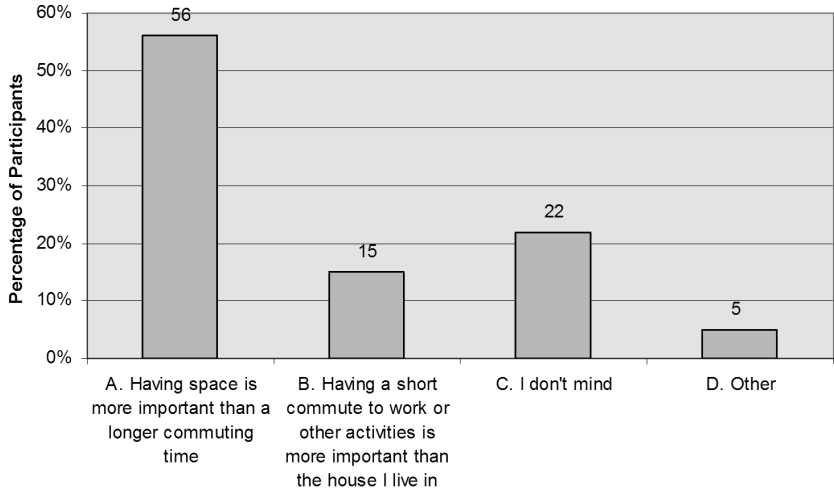
**Figure 2.5** Attitudes to mixed use development. Responses to Question 19: Rather than building single-use sub-divisions or office parks, would you approve or disapprove of mixed-use developments that put housing within walking and cycling distance of offices, shops, parks, schools and transit stops?



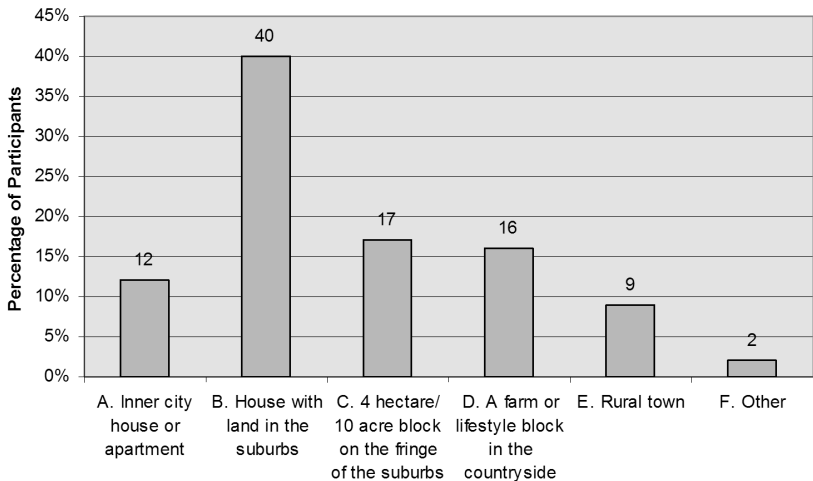
**Figure 2.6** Housing type preferences as to. Responses to Question 10: Some people do not mind whether they live in a stand-alone house or an apartment; other people have strong preferences. Do you prefer to live in, or would you live in ...



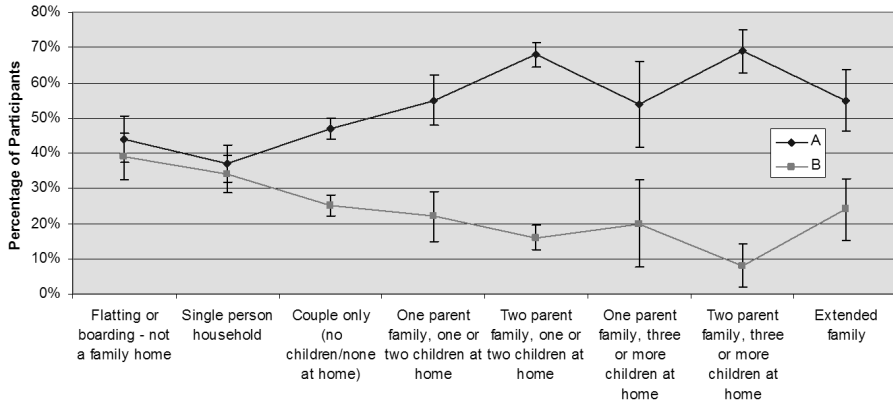
**Figure 2.7** Preferences as to housing location/size combination. Responses to Question 11: Would you prefer a larger house and section further out of the city, or a smaller house or apartment in the main town or city nearest you?



**Figure 2.8** Attitudes to commuting time and housing space. Responses to Question 12: For some people a house and garden in the outer suburbs is more important than the time spent commuting to work; for other people a shorter commute to work and city life is the most important issue. In your opinion (please tick one) ...



**Figure 2.9** Locational preferences (unconstrained). Responses to Question 20: If there were no restrictions on where you could live, which of the following would you choose: (Please tick one)



**Figure 2.10** Locational and house size preferences by household composition. Responses to Question 11 (responses A or B) analysed by household size. Respondents in Group A were those choosing 'A larger house, further out'; while Group B chose 'Smaller house/apartment, in the city/main town'.

the reported US preference for smart growth development. This conclusion is supported by participants' responses to Question 9 (shown in Figure 2.3), with at least half saying that travel costs were a 'significant' or 'somewhat significant' factor in deciding where to live, and Question 18 (shown in Figure 2.4), to which 67% of participants said they would prefer to live within walking or cycling distance of frequently used destinations.

However, when participants were asked directly about their own housing preferences the outcome was less clear. This may reflect the cultural importance of the 'quarter-acre paradise' as well as the availability of adequate quality alternative housing and other factors. We present below the responses to four questions which captured aspects of housing preference.

These answers suggest a strong *underlying* preference for suburban living (with associated larger house size, more land, and stand-alone houses) and a willingness to accept a trade-off with longer travel time. Such responses seem to contradict the answers to Questions 18 and 19 (shown in Figures 2.3–2.5). It seems that while many of the participants like the idea of accessible smart growth developments, they personally tend to prefer living in the suburbs to inner-city houses or apartments. One explanation of this apparent contradiction may be that the type of development described in

Question 18, “mixed-use developments that put housing within walking and cycling distance of offices, shops, parks, schools and transit stops”, is fairly uncommon in New Zealand, and not necessarily of high quality. We discuss the possible influences on this further below. Participants’ own ideal living preferences are also likely to be informed by their personal experience of suburban and city living, and may in practice also be influenced by fuel prices.

Further analysis of the characteristics of people who prefer smart growth development in New Zealand is important, as when demographic characteristics are considered the results may have implications for development policy in New Zealand. It was not practical in this study to present a sub-analysis of Questions 10, 11, 12 and 20, so we selected the question which best captured the smart growth vs. sprawl divide, Question 11: “Would you prefer a larger house and section further out of the city, or a smaller house or apartment in the main town or city nearest you?” as the most useful in this regard. We compared the characteristics of participants who answered “A. Larger house, further out” (53%) with those of participants who answered “B. Smaller house or apartment in the city/main town” (23%).

Figure 2.10 shows that as household size increases, the proportion of respondents who prefer a larger house and section further out of the city (group A) increases, while the proportion of respondents who prefer a smaller house or apartment in the main town or city nearest them (group B) generally decreases. This pattern may be due to families with children having

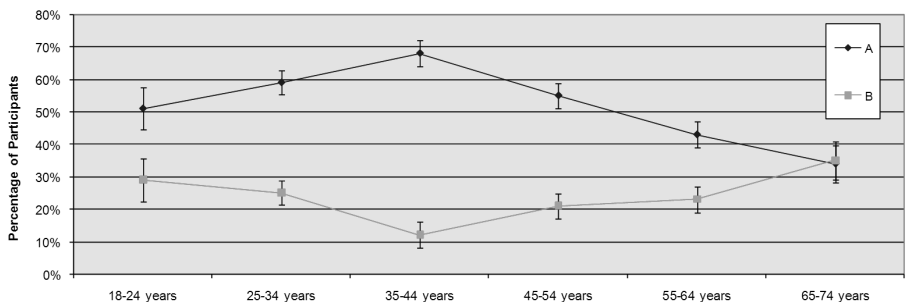
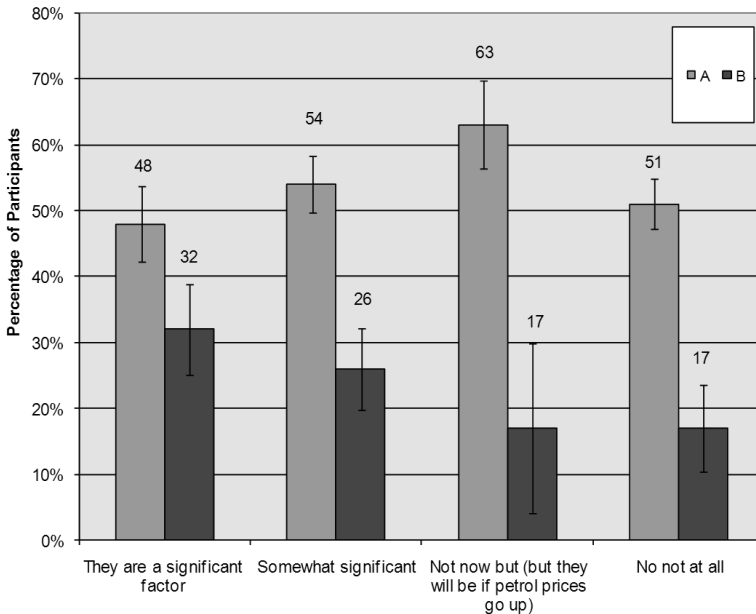


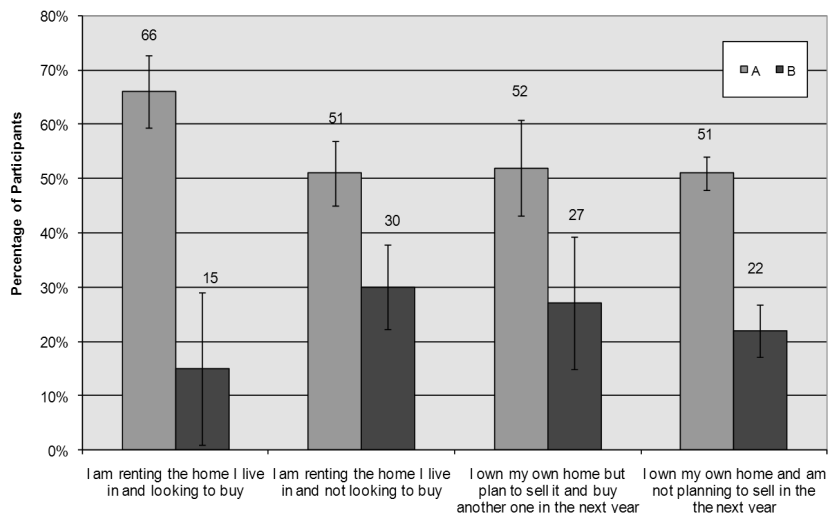
Figure 2.11 Locational and house size preference by age. Responses to Question 11 (responses A or B) analysed by age of respondent. Respondents in Group A were those choosing ‘A larger house, further out’; while Group B chose ‘Smaller house/apartment, in the city/main town’.

needs such as schools and recreational amenities, which may be better met in the suburbs. It may also reflect families' wish to avoid overcrowding, or parental concerns about children's safety in the inner city.

Figure 2.11 shows that the proportion of participants who preferred a larger house and section further out of the city increased with age until it peaked in the 35–44 age group, and declined thereafter until the 65–74 age group (there were not enough data from older participants to usefully include in this analysis). Conversely, the proportion of participants who preferred a smaller house or apartment in the main town or city nearest them decreased with age until 35–44 years, then increased again until age 65–74. It seems likely that these trends reflect changes in housing needs over the typical family life cycle, which involves household size increasing from ages 24 until around 40, then decreasing again as children become



**Figure 2.12** Respondents' views on travel costs, analysed by responses on housing and locational preferences: Group A were those choosing a larger house, further out; while Group B chose 'smaller house/apartment, in the city/main town' (only responses A and B shown). The travel cost question (9) was: 'Are travel costs a factor for you in deciding where to live?'



**Figure 2.13** Respondents’ housing tenure, analysed by housing and locational preferences. Group A were those choosing A larger house, further out; while Group B chose ‘smaller house/apartment, in the city/main town’ (only responses A and B shown). The housing tenure question (6) was: ‘Firstly, thinking about the house you are living in now, which of these applies:’

adults and leave home. This trend may also reflect a reported preference among baby boomers, now in their 50s and 60s, for compact, walkable neighbourhoods, as discussed previously.

Figure 2.12 suggests that the response to Question 9: “Are travel costs a factor for you in deciding where to live?” is also reflected in the response to Question 11. A higher proportion of people who said that travel costs were a significant factor in deciding where to live preferred a smaller house or apartment in the city/main town (32%) than those who said that travel costs were somewhat significant (26%), or those who said that they were not at all significant (17%). This consistency suggests that transport costs are genuinely important in explaining living preferences. The results also suggest that those who are most likely to see travel costs as only a consideration for the future are also most likely to currently prefer suburban housing (63%) over more central living (17%). This group’s preferences could change in the future if, as seems likely, travel costs do rise significantly.

Figure 2.13 further illuminates the relationship between location and house size preference and socio-demographic factors. The particularly high proportion of renters looking to buy who would prefer a larger house in the suburbs (66%) and the correspondingly low proportion who would prefer a smaller house or apartment in their local town or city (15%) may reflect the likelihood that renters looking to buy are first-time buyers, as well as the stage of the life cycle they are at.

### **Discussion**

Our research provides qualified support for the hypothesis that there may be an emerging need for 'small lot' or attached houses closer to urban centres. It also points to a strong life-stage impact on location/housing preferences in New Zealand. Smaller houses and apartments are *not* popular with the 35–44 age group or big families, but are more popular with the young and old, and some smaller households. Given the fact that New Zealand has an ageing population and that household size is predicted to shrink slightly over the next twenty years, the results of this survey provide some support for policies that encourage infill and mixed-use development and discourage greenfield development. They suggest that while New Zealand households still often aspire to suburban stand-alone homes, preferences may be starting to shift towards smart growth housing, except for people in their 30s and 40s with children.

It is unclear whether these trends are yet defined enough for developers to anticipate future changes in demand. A rise in oil prices would reduce the demand for greenfield housing, and a rise in the carbon price working its way into higher transport costs would accentuate this. There may also be hidden demand for 'smart growth' development because of the currently limited opportunities for households to experience good quality, more accessible housing. The leaky homes saga may well have deterred some potential buyers of apartments (12). Given the average ninety-year lifespan of houses in New Zealand, the current tendency of some developers to persist with greenfield development may well produce a sub-optimal distribution of homes. The result could be that while the ageing segment of the population find that living in suburban houses does not meet their needs, such houses are in over-supply and are all they can afford.

Local governments could actively address the need for good quality examples of mixed-use development. Indeed, some have already started

doing so, for example Waitakere City Council's New Lynn development, in line with the Urban Design Protocol (13, 14). There are various ways local government can accelerate this; for example, working more actively with developers to produce satisfactory outcomes, making district plans more explicit about the type of development desired, or working to provide better amenities in inner-city areas. Local authorities could also start planning to encourage less energy-intensive housing options, given the short-term time horizon of some households and propensity to ignore the likelihood of increased fuel prices in future (15, 16).

Local governments need to actively encourage good examples of smart growth development, given our findings that in principle people like housing accessible to amenities, but in practice many middle-year households say they prefer stand-alone housing. Smart growth could be fostered in the form of greater density near the city centre, or more practically around multiple well-connected growth nodes. Alongside this, the study's survey results suggest that the public support local authorities in enforcing urban limits.

Our results also show the need for further detailed research. It would be useful to understand more about the type of households who are attracted to smart growth development but who, when asked directly, say that they would prefer not to live in an inner-city apartment. Research in this area could use both quantitative and qualitative methodologies in order to understand why people hold this combination of views. We speculated above that a lack of real examples of good smart growth-style development might mean that while it sounds good in theory, respondents are influenced by current reality when asked a direct question about their own preference. People who have direct experience of such developments may be more likely to genuinely prefer living in such areas rather than simply approving in principle. This hypothesis could further be explored using qualitative analysis to tease out the nuances of how people feel about housing, commuting and other issues.

It would also be rewarding to try to illuminate how New Zealand's leaky building experience may have influenced attitudes towards apartment living – it may well be one of the key factors influencing the clear preference we found for stand-alone houses, at least among people with families.

Another area of interest would be a longitudinal picture of participants' attitudes to housing, commuting and related issues as they age and their

household size changes. Based on our results it seems likely that a similar pattern of changing preference over time and with changing household size would emerge, but this is not certain.

It would be particularly rewarding, given the ageing population, to carry out further research into older New Zealanders' housing and locational preferences and their changing requirements and needs. It would also be helpful to explore the housing needs and preferences of families with children, as our results show that people whose households include children are more likely to prefer a larger house in the suburbs. It would be good to unpack this result, looking at explanatory variables such as increased space, suburban amenities, and perceptions about the safety of urban and suburban environments for children. Research could also explore transport related aspects of family life in the suburbs including access to amenities, and experience of the financial, time or social costs associated with travel.

Lastly, it would be interesting to explore further the range of responses to fuel price increases, since this may shed light on future capacity to adapt to price changes in response to liquid fuel shortage or an increased price on carbon.

## **Conclusion**

New Zealand households' attitudes towards preferred housing location and housing type are strongly related to life cycle stage. New Zealanders are generally keen to live within walking or cycling distance of the destinations they need to get to most often, and travel costs are generally an important influence on deciding where to live. At the same time, other needs become important for some, such as the needs associated with raising children. This is especially felt by people in the 35–44 age group, and those with more than one child at home, who prefer stand-alone housing. Beyond this demographic group, smaller houses and apartments are becoming more popular. About a third of New Zealanders see travel costs as not important now, while a few see them as becoming so as fuel prices rise. Such households are especially oriented to the suburbs, but their preferences could well change. Generally, New Zealanders appreciate the importance of urban limits, and implicitly see the need to keep cities developing as sustainably as possible. Most see councils, not market forces, as having the key role in defining the form of the city.

## Appendix

This study used the ShapeNZ survey vehicle to pose the following questions:

Q6. *Firstly, thinking about the house you are living in now, which of these applies:*

- A. I am renting the home I live in and looking to buy
- B. I am renting the home I live in and not looking to buy
- C. I own my own home but plan to sell it and buy another one in the next year
- D. I own my own home and am not planning to sell in the next year
- E. I stay with family or friends
- F. Other

Q7. *How much time does it usually take you to get to and from work (i.e. return trip time)?*

- A. Less than 1 hour
- B. Between 1 and 2 hours
- C. Between 2 and 3 hours
- D. More than 3 hours
- E. Not in workforce
- F. Work from home
- G. Other

Q8. *What mode of transport do you mainly use to get to work? If you use more than one mode of transport, please select the one that you use for the greatest distance.*

- A. Drive (or passenger in car)
- B. Take public transport
- C. Cycle
- D. Walk
- E. Not in workforce
- F. Work from home
- G. Other (please specify)

Q9. *Are travel costs a factor for you in deciding where to live?*

- A. Yes, they are a significant factor
- B. Somewhat significant
- C. Not now, but they will be if petrol prices go up
- D. No, not at all
- E. Don't know

Q10. *Some people do not mind whether they live in a stand-alone house or an apartment; other people have strong preferences. Do you prefer to live in, or would you live in:*

- A. A stand-alone house
- B. An apartment
- C. Don't mind
- D. Other

Q11. *Would you prefer a larger house and section further out of the city, or a smaller house or apartment in the main town or city nearest you?*

- A. Larger house, further out
- B. Smaller house or apartment in the city/main town
- C. Don't mind
- D. Other (please specify)

Q12. *For some people a house and garden in the outer suburbs is more important than the time spent commuting to work; for other people a shorter commute to work and city life is the most important issue. In your opinion:(please tick one)*

- A. Having space is more important than a longer commuting time
- B. Having a short commute to work or other activities is more important than the house I live in
- C. I don't mind
- D. Other

Q13. *Some people say cities need urban limits and intensified housing in the city; other people say urban limits force up the price of housing. In your opinion: (please tick one)*

- A. Urban limits are necessary so that cities develop more sustainably
- B. Urban limits unnecessarily limit city development
- C. Not sure

Q14. *Some people say councils should regulate urban boundaries; other people say this constrains economic development. In your opinion: (please tick one)*

- A. Councils should have the key role in defining the form of the city
- B. Market forces should have the key role
- C. Not sure

Q15. *As the recession continues, there are increasing numbers of mortgagee sales, as people struggle with housing and transport costs. In your opinion: (please tick one)*

- A. Yes there will be more mortgagee sales in the outer suburbs than the inner city
- B. There will be more mortgagee sales in the inner city than the outer suburbs

- C. Where a house is located doesn't make any difference to whether it is likely to be in a mortgagee sale
- D. I really don't know

Q16. *Some people say building more roads is important to reduce traffic congestion; other people say new roads simply lead to more car trips and roads fill up. In your opinion: (please tick one)*

- A. Building more roads will succeed in reducing traffic congestion
- B. Building more roads will just lead to more car trips, with roads filling up again
- C. I really don't know

Q17. *Some argue that building better roads means shorter travel times and lower carbon emissions. Do you agree or disagree?*

- A. Agree
- B. Disagree
- C. Not sure

Q18. *Would you prefer to live within walking or cycling distance of some of the destinations you need to get to most often, like work, shops, parks, schools and transit stops?*

- A. Yes
- B. No
- C. Not a concern for me
- D. Don't know

Q19. *Rather than building single-use sub-divisions or office parks, would you approve or disapprove of mixed-use developments that put housing within walking and cycling distance of offices, shops, parks, schools and transit stops?*

- A. Strongly approve
- B. Approve
- C. Disapprove
- D. Strongly disapprove
- E. Not sure

Q20. *If there were no restrictions on where you could live, which of the following would you choose (Please tick one).*

- A. Inner-city house or apartment
- B. House with land in the suburbs
- C. 4 hectare/ 10 acre block on the fringe of the suburbs
- D. A farm or lifestyle block in the countryside
- E. Rural town
- F. Other