Improving the Design, Quality and Affordability of Residential Intensification in New Zealand

Working Paper 3:
Buyers Talk about Medium Density Housing

Prepared for the Centre for Housing Research, Aotearoa New Zealand

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In Association With
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List of Contents

Attachment: Focus Group Research Presentation, Curious Research

1 Introduction

The goal of this study is to identify those features of residential intensification that need to be addressed in order to make higher density housing more appealing to more New Zealanders. It is intended that the results of the research will help to:

"*improve the design, quality, and affordability of residential intensification in New Zealand in order to make it a more attractive housing option.*"

This is the third Working Paper describing the research. Working Paper 3 explores the reasons why home buyers might reject medium density housing and what features would improve its appeal. The paper describes the findings of three focus groups conducted in Auckland in April 2011 among people currently or recently active in the housing market.

1.1 Outline of the Study

Working Paper 1 reviewed the literature dealing with this issue in New Zealand and overseas. It described some of the market barriers to higher density housing and key areas that might increase its acceptability.

Working Paper 2 took a closer look at market trends and projections, particularly the quantification of housing markets that has informed policies intended to foster higher density housing. It reported projections indicating a need for around 25,000 new dwellings a year nationally, up to 10,000 a year in Auckland, 2,000 or thereabouts in Wellington, 3,500 in Canterbury (prior to the earthquake of February 2011), close to 2,300 in Waikato, and 2,000 in the Bay of Plenty. There is an expectation that a growing share of new homes will be by way of multi-unit dwellings, climbing from around 20% to 25% currently to well over a third of the total. This is despite a lower than expected uptake of multi-unit dwellings to date, which suggests the persistence of market preferences for detached, suburban housing even though there has been an increase in rental tenure.

Encouraging a large group of ageing baby boomers, with their commitment to active living and leisure beyond retirement, their entrenchment in existing suburbs, and often a commitment to helping out with the housing needs of their adult children into smaller residences in higher density complexes will be one of the main challenges of design, quality, and affordability if resistance to multi-unit housing is to be overcome. Encouraging family groups, including both those with young children or more mature families with teenage or adult children at home, is another.

1.2 Working Paper 3

This working paper reports on original research into market barriers to the adoption of higher density dwelling. It was conducted by Auckland-based specialists in qualitative research, Curious Research Ltd, among groups considered as "rejecters". It deals with people's perceptions and behaviours in the market. In doing this it uses examples of higher residential densities than the norm, but is not focused on any particular development. It works from perceptions and associations of different dwelling styles, developments, and features through to participants' ideals.

Based as it is on the experience of people active in the market it abstracts from behaviour. Working Paper 4 will ground the findings of this market research by addressing the character of several higher density developments and the responses of both residents and other stakeholders to them.

2   Research Design

2.1   Objectives

A Research Brief was prepared based on the findings of Working Papers 1 and 2 with the objective of identifying market behaviour and motivation relative to:

- Decision making about purchasing or renting properties with respect to medium density options;
- The processes of prioritisation underlying decision making;
- The rational and emotional considerations brought to bear on decisions;
- What trade-offs are made by households in choosing a dwelling; and
- Any changes that might make the higher density housing option more attractive to rejectors.

2.2   Focus Group Participants

From the research outlined in the first two Working Papers it appears that for high quality, well-appointed apartments at favoured sites the issue is not one of lack of demand so much as shortage of supply at appropriate (largely water side) localities. For this reason the qualitative research was directed towards people in the mid to lower end of the market more likely to be looking at suburban than CBD housing.   These are the areas where demand appears to be lagging expectations and where community resistance to medium density living is strongest.

It was decided to concentrate on Auckland because of the importance attached to policies favouring higher density housing in the city, with buyers there most likely to have had some exposure to a variety of higher density options. This also provides a reasonably consistent context against which differences in preferences and behaviour could be appraised.

A key reason for this phase of the research was to balance the views that would come from residents of existing medium density developments in the case study phase. This is reflected in the selection criteria were set for focus group participants as follows:

- Must have moved in the last six or 12 months or be actively looking to move;
- Not be a resident in the CBD or on the coast;
- Be seeking a dwelling below the top price or rent quartile; and
- Exclude students, temporary residents, and Housing Corporation residents.

In addition, renters should be signing for a minimum 12 month lease.

Three groups of six participants in each were conducted, with group composition reflecting their housing market participation. One group comprised **rejecters**, who had moved into their current home within the last six to twelve months, including those who had never considered an intensive housing option or who had seriously considered it but then decided against it. The second group comprised **open-minded buyers**, people who would consider an intensive housing rental or purchase, who could not find what they wanted but remained open to the prospect in the future. The third group comprised people **actively looking** at properties with a view to a shift in the near future who were not recruited on the basis of their predilection or otherwise towards medium density housing..

Sample quotas were set to ensure mix of:

- Life-stage and household type (single adults, couples without children; younger families; older families; and empty nesters);
- Renters versus owner occupiers;

- Areas within Auckland (North Shore, West, East, and South; and inner and outer suburbs).

Quotas were not put on ethnicity given the limited scale of the research exercise. It is not good practice to seek the views and experiences of particular ethnic groups by simply including one or two representatives in otherwise predominately European groups. Future research should look at including these groups via methods appropriate to their needs. Therefore for our study, participants were mainly European/Pakeha with one Pacific Island and one Asian migrant.

Establishing an understanding of the focus of discussion on higher than normal housing densities was important, especially given the likelihood of quite different perceptions of the concept. The examples of intensive housing options cited to potential participants in the recruitment stage included apartments, terraces, attached townhouses and houses on half sites. The latter was included when it became evident early in the process that recent purchasers of higher density housing and those actively looking were hard to find, particularly among people aged over 55.

This presumably reflects several market realities:

- Higher density housing constitutes only a small part of the housing stock;
- People's first preferences remain detached housing so those considering higher density housing are a small minority of market participants;
- The market at this time was particularly slow moving, a function of the economic downturn.

Most participants in the second group, open-minded buyers, were more open to townhouses and half sites, but typically rejected apartments and terraces.

Some of the third group, actively looking, had made offers or were very close to doing so. They were clear about what they would buy. For some this was an apartment, for others a half site was a serious prospect if all other elements met their needs. Others, however, had done an initial search and had been discouraged by housing costs. They were now re-thinking their housing options. They were back at the start of assessing the trade-off between locality and size of section or dwelling.

2.3 Discussion Guide

A discussion guide was developed to provide a degree of structure that would ensure all the research objectives were covered and to provide consistency across groups without unduly limiting the scope of their discussions. The guide is outlined below.

1.0 Introduction

Purpose: To set the scene and start the rapport building process. This breaks the ice and gets people interacting in an easy and informal way. Also to ascertain characteristics that helps explain and contextualise later responses e.g. current housing, work and family situation.

2 Decision Making Process

Purpose: To explore the decision making process when selecting where to live – area, location and type of house (what people do; their priorities; trade-offs, what influences them, type of support they receive; role of partner).

3 Explore Perceptions of Different Medium Density Housing Types

Purpose: To explore how medium density housing is seen overall (images, words, examples, types of housing that come to mind, pros and cons of this type of housing) and how the different types of medium density housing are seen relative to each other (apartments, units, townhouses, terraced houses, houses on half sites).

4	**Ideal Medium Density Housing Examples**

Purpose: To show participants 'good practice' examples of medium density housing to ascertain how close they feel to the ideal and how far they are from current perceptions. To understand what appeals most with regards to housing type, versus potential cost re inner and outer city, and access to public transport and local facilities and so forth. To explore the feeling with regards to large housing developments with shared common spaces.

5	**Creating the Ideal Medium Density Housing**

Purpose: This technique explores at a deeper level the ideal medium density housing. What they see as ideal e.g. look, number of dwellings, facilities, type of residents, overall feeling, location, price. Explore the sort of trade-offs they make to achieve the ideal vs. price and other key factors to them e.g. location, build. This exercise is done individually so individual drivers can be identified. Participants could refer back to the examples in Section 4 if elements were ideal to them.

2.4   Qualitative Research: Key Conclusions

Qualitative research explores issues and establishes the range of views and motivations underlying market behaviour rather than quantifying particular characteristics, opinions, attitudes, or actions.

Its value when based on focus group discussion is how it informs us about the range of themes, the language and dispositions underlying them, and the key ones among them from a market perspective. The focus groups described here were conducted by two professional moderators. The three themes that stood out to them are:

1. Strongly negative "top of mind" associations around "density housing". If this was a market study for a consumer brand in, say, the food sector, they would observe that the category is in poor shape in terms of imagery and associations. A lot of work is required to change negative perceptions and help drive greater consumer affinity with the offering.

2. The housing cost problems that potential purchasers are currently experiencing make it hard for them to access homes, whether renting or buying. In effect this is a potential push factor in favour of density housing, as people are well aware of the high cost of land in Auckland, but it is not one that necessarily reflects their preferences.

3. Two strong patterns are evident in terms of ideal higher density housing, both designed to deliver privacy and meet lifestyle needs. (The expectation of construction with quality materials almost goes without saying as an underlying condition). First, most prefer a *standalone house on a small section*. Second, a few want (or would accept) *well designed apartments*.

These key themes and ideal elements are detailed further in the balance of this document. The point in bringing them upfront is to highlight what needs to be focused on and communicated to in order to increase the market appeal of higher density housing.

3 Buyers Talk about Medium Density Housing

Detailed results are contained in a PowerPoint presentation prepared by Curious Research and attached to this Working Paper. This section consolidates the results so that they can be related to the objectives of the wider study. [1]

3.1 Today's Housing Market: Competition and Compromise

Participants noted the tendency towards intensification in the form of smaller sections and more terrace and townhouse dwellings in subdivisions; an increase in large ("high rise") apartment buildings, especially in the CBD; and more infill housing in older, established suburbs. They attributed these tendencies to the high cost of land in Auckland and associated them with developers making more money.

Consequently, the housing market is getting more difficult. Both renters and buyers are having problems meeting their needs within their budgets. In the case of renters, having children or pets makes the problem more difficult. And there is intense competition at the lower end of the housing market, particularly inflating values in the $300,000 to $430,000 price range. As a result, buyers in this part of the market have to consider renting if they require a larger dwelling, or moving further into outer suburbs. Younger buyers might shift back in with their parents to enable them to save.

The sorts of compromise required to secure a property include reducing expectations with respect to, say, the number of rooms; purchasing a run-down property and refurbishing it; and changing the search to take in lower value areas not previously considered. Renters, too, are compromising, allowing weekly open homes in their residence, for example, if landlords are trying to sell it.

3.2 What do Different Households Want?

Several attributes were seen as desirable by more or less all participants in the discussions. In terms of neighbourhood these included proximity to family, access to motorways and public transport, and safety (away from busy roads for children and pets), and security. This translated into living in areas of like-minded people.

In terms of the attributes of individual properties off-street parking and particularly garage space were stressed, the latter reflecting its use both for storage and as a workshop area. Pets played an important role for some people, creating a desire for fenced sections. The acceptance of pets by both landlords for renters and bodies corporate was important to people prepared to look at multi-unit dwellings.

The other common desire was for a good indoor-outdoor design with an external area for relaxation and entertainment and where children or grandchildren and pets could play.

Despite the small size of the sample, five distinctive segments were identified by the researchers, indicative of the diversity of the housing market, each with varying wants.

1. **Profit Driven** buyers tend to be young and aim to buy a property that offers the prospect of capital gains. This motivation will influence choice of property, including a preference for a large section (although within their suburb of choice) and the capacity to renovate or add on to the dwelling. Members of the profit driven segment undertake significant prior research and are less emotional in their purchase decision than others - including their partners on occasion.

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[1] The principals of Curious Research have also reviewed the body of this report to ensure consistency with the focus group findings.

2. **Low Income Young Families**: Location is critical to this group with a commitment to either staying within their current school zone or making sure that any move is to a good school zone. Affordability is also important as all participants in this group were financially constrained. This reflected such things as generally lower, often single person incomes; responsibilities for extended families; the impact of previous relationships (such as commitment to child support); and in some instances poor decisions in the past. While highly motivated, this group faced a hard time saving the necessary deposit.

   The renters among them wanted the stability of long-term affordable leases. Home buyers sought sections for the children, a big enough home, typically of 3-4 bedrooms; a large living space, and good thermal insulation.

3. **First Nesters:** These tend to be settled couples buying their first family home. The arrival – or pending arrival – of children is a significant motivator for them. In terms of locality they favour an area they are familiar with and proximity to family. This may mean returning to the suburb where they grew up. Some of these people with double incomes may see it as a first step on a housing path which might mean moving "*to a better area later*". They favour a stand alone house on its own a section with a garage, and minimal maintenance requirements.

4. **Single Women:** Several women living alone participated in the focus groups – including a solo mother, young single, and empty nester. These people were typically on low incomes and faced difficulties saving. They are interested in buying but realistic in what they can achieve. For them, apartments are an important option. Choice is likely to reflect safety and security, including good internal access, and *"nice neighbours".*

5. **Young Renters:** These people are in their early 20s living in non-family households or with a partner for the first time. A tight rental market is providing some issues for them. They are typically seeking reasonable rents in a safe location, close to public transport, and good sized rooms. Localities that provide good access to leisure activities and friends may be favoured; or those that provide good access to work.

3.3   Decision-making

There was a significant difference in the information base underpinning decision-making. Those who seemed least informed were the older families, including solo parents, who were renting or in low value properties. At the other end of the scale, the profit driven group and some of the singles and couples without children had tapped into a range of resources. These tended to be tertiary educated people who could draw on family advice and support to save a deposit. The intermediate group included mainly young people, including young families with children who were keen to make sensible first home decisions. For them it was important that the house met functional needs.

Both of the "more savvy" groups were forward looking, with the house purchase often seen as a stepping stone towards a better property or even towards a property portfolio.

The trade-offs made in the course of choosing properties were explored in the discussions. Given the differing needs of different household members for amenities and access, the role of joint decision making was raised. In most cases it appears that the priorities or preferences for location and dwelling attributes are set by agreement and any differences resolved before the full search begins. In some cases this might include one partner doing the groundwork necessary to convince the other of the merits of a new locality.

With respect to localities considered, these can be influenced by a commitment to schools and the needs of children, or by a willingness for blended families to limit the search to an area close to the home of children from a former relationship.

With respect to the character of the dwelling, in those instances where the female partner was committed by family responsibilities to the house, she tended to prevail in choice of attributes.

3.4   Perceptions of Medium Density Housing

The term "medium density housing" was introduced to the groups to convey higher density housing. Many were not familiar with the term. For most the word "density" was a cue, though, as it is associated with apartments, town house and housing complexes.

"Density housing" has strong negative associations including leaky homes; small, boxy and inadequate designs; limited land, odd shaped sections, and no room for play; lack of privacy, character, and individuality; noise; over-pricing and body corporate fees. There were concerns about the nature of residents and their differences from 'us' – e.g., young party goers or Asian immigrants without English language.   Density housing was also seen as transitional: a "*stopping point between life-stages, before or after children*".

Participants were presented with images of different forms of higher (or medium) density housing, which they tended to respond to on a continuum from those with least land to those with most.

They rejected more or less outright large apartment buildings on the grounds associated with density generally. Smaller apartment buildings were seen more positively, potentially offering an affordable opportunity to get onto the housing ladder or into property investment.

Interpretations of what comprised higher density housing subdivisions or estates and infill housing varied. However, they generally are associated with small sections with detached or semi-detached and terraced housing. They were seen as appropriate for young families and settled couples. There were some reservations about the quality of such developments, but participants acknowledged that the quality they wanted was generally beyond their budgets (i.e., in excess of $600,000).

New subdivisions nevertheless appeal to low income households simply on the basis of modern housing design, including the size of the living areas, the kitchen and appliances, the warmth of insulated homes, and the novelty of the new. Two households that had visited such developments were prepared to trade off centrality and size to achieve the quality of housing they saw.

Infill options also appeal if they provide opportunities to live centrally and because they are seen as a sound investment, given the high cost of land in Auckland.

Overall, however, participants' perception of medium density housing was negative.

3.5   What People Like

People's preferences were examined through a series of exercises, the first dealing with the overall character and locality of medium density housing and the second dealing with more detailed elements of design.

3.5.1   The Big Options

In order to move beyond responding to current perceptions towards articulating preferences and identifying attributes that might enhance market appeal, the focus groups were asked to respond to concept boards (see Attachment) illustrating different forms of medium density housing.

Small section suburban housing

The image was of a subdivision with small sections but detached housing within walking distance of a primary school and supermarket and five kilometres of town centres and colleges.

This was the preferred option in large part because of the space evident – stand alone properties, reasonably sized sections, backing onto a reserve, and a communal play space for children. Also important was the fact that it was a new subdivision with modern houses and a safe, secure, and friendly feel. There were still concerns about the close proximity of neighbours, a lack of individuality, small dwelling size, and the absence of fences. Lack of garage space was also an issue, together with a floor plan that was seen as not necessarily family friendly.

The development was seen as appropriate for middle income families and retirees, a comfortable, secure, and coherent form of development of the sort seen in new suburbs.

Master planned community

The image was of a comprehensive, medium density development with local shops, a neighbouring park, and close to the railway station.

Despite the mixture of housing styles, wide berms, and garaging at the back of units this evoked all the negative images around medium density housing. The rear garages, for example, raised a range of issues about access, crowding, and anti-social behaviour. The berms were seen to waste space, while lack of privacy and play areas around the dwellings were major issues.

Likely occupants were seen as young people with busy lifestyles, the development providing them a place to eat and sleep; older people who do not get out and about; and poor people of all ages, including short term tenants.

This response suggests that ideas that might be novel in the New Zealand context – such as rear-of-section garaging on a service lane – need to be treated sensitively to avoid evoking negative responses, whether or not they are justified. In this case, the development was likened to large, London estates and the negative connotations they hold for New Zealanders. While this reservation may reflect the shortcomings of the concept board used, the differences among responses nevertheless indicate that it tapped into strong emotional responses and well-defined preferences when viewed. It also suggests that novel design solutions need to work around reasonably entrenched expectations and be situated in a New Zealand design vernacular.

City fringe apartment

The image was of a three storey apartment block close to shops, cafes and a park and a short bus trip from the city.

This option evoked plenty of positives, especially from those in the market for an apartment. Lack of gardens meant reduced maintenance for them, but large decks allowed for outdoor living. Spacious units with large bedrooms, modern design, and quality finishes were appreciated. The locality was favoured for proximity to shops and services. The character of the particular inner city edge neighbourhood depicted was also appealing, although this made it aspirational and out of the financial reach of the apartment seekers in the focus groups.

For others, images suggesting quality could not overcome the negatives of apartments, which were still seen as small, cramped boxes, too close to neighbours and too sterile. It was suggested that they might appeal to semi-professional young people and older people or single women seeking security.

3.5.2 The Detail

More detailed images and descriptions of options for and elements of medium density alternatives were placed before participants. Examples of spontaneous responses are noted below.

Apartments above shops were perceived to be noisy, cramped, unsuitable for children, and unsafe. People who had dwelt in them noted nuisance issues arising from the stores below (including food smells), anti-social behaviour on the street, and from noise generally.

Shared garden spaces intended to enhance the sense of community were seen to promote too intense a level of interaction among neighbours.

Variation of housing styles and colours to add interest to streets were seen to *"try too hard"*.

Communal below ground parking was seen as reducing privacy and posing a security threat.

Solar heating was seen favourably on the grounds of efficiency, sustainability, and monetary savings.

Flexible internal space through the use of moveable partitions was well received, perhaps because of its association with new, modern buildings.

A variety of multi-unit styles within a comprehensively designed "urban village" format were appreciated although people were not sure how the project illustrated might work in its entirety.

Open plan interiors were approved as they made the most of daylight.

3.6   Exploring the Ideals

Participants were taken through an exercise encouraging them to visualise and articulate their ideals for medium density development.

3.6.1   Leaning Towards the Traditional Suburb

Most participants appear to transfer their preference for traditional suburban development into their thinking about what a planned, medium density development should look like.

In terms of the dwellings, the ideal was a detached house with reduced section size being the compromise most were prepared to make if they had to live in a medium density development. Other considerations depended on the particular needs of the different segments; profit driven, low income young families, single women, empty nesters, or young renters.

The design of the ideal complex was still driven by the common preference for free standing dwellings, each on its own site, with cul de sac road layouts favoured. It was considered possible that groupings of two to ten residences might be developed within cul de sacs, providing a sense of community within the wider development. These "pods" might be arranged according to infill principles, with small individual sections through to full suburban sites.

More generally, there would be some shared leisure facilities, but housing arrangement would retain privacy from neighbours. On and off-street parking would be provided.

Trees would be a feature of the local environment, with proximity to parks, playgrounds and ideally beaches or waterways. Better still, waterways could fall within the complex in the manner of canal developments (such as Pauanui). Schools, shops and cafes would be within walking distance, public transport and motorways would provide access to the city.

A concern for security felt by some would see the community gated, with pin number entry.

Sections would be freehold. They would be small, but still sufficient to allow for the possibility of future house extensions and to provide for private yard space.

Contemporary architectural design and individuality would be required of housing, with quality, sturdy materials (weatherboard, brick, and schist were nominated), a mix of single and double storey dwellings, two to four bedrooms, with a good indoor-outdoor flow, and large sunny rooms (making use of open plan design). Garages should be double with space for a work bench. They should provide internal access to the home.

Participants saw this ideal as appropriate for a *"more settled stage of life"*. This spans couples, families, and empty nesters, more owners than renters, and households with strong family and community orientation. The price could be around $600,000, ranging from $400,000 to $800,000.

3.6.2 The Ideal Apartment Complex

Those few who nominated apartments within their "ideal" complex did so either on the basis of affordability or in anticipation of their changing needs when they become empty nesters.

The ideal apartment complex would be three to four storeys maximum and contain six to ten units. It would be located on the city fringe – in contrast to the suburban location of the detached dwelling-based ideal – with units priced between $400,000 and $700,000. If based in the suburbs rather than the central city a price of around $320,000 was seen as more appropriate.

All units would have a good indoor-outdoor flow through terraces, decks, balconies, or ground floor gardens. Individual apartments should be soundproof, open plan and spacious (with the capacity for a dining room table together with a "nice sized" kitchen, for example), and sunny. They may have between one and four bedrooms. There would be provision for pets.

It was anticipated that there would be a mix of renters and owners, although owners are preferred among people who are looking to buy. Access would be via a swipe card. There would be common leisure areas including a pool, a gymnasium, and storage lockers.

The target markets would vary between the city fringe, appealing to professional people and those who enjoy the freedom of a "lock and leave" lifestyle, and the suburbs where the apartments might cater for families with children and empty nesters. In the former case a friendly environment is important, but busy lifestyles would not necessarily focus on the home. In the latter a sense of community is important, and a social and physical environment supportive of families.

3.6.3 Settling for Less

Participants were asked to consider the trade-offs they would make given that their ideals were likely to fall outside their budgets. There were two distinct responses, one trading off area and the other built elements.

Some would move further away from the city centre or out of their preferred school zone when their children are older. The implication is that if they are unable to meet their aspirations they would stay put if satisfied with current schooling. They may also trade down in terms of the character or quality of an area, but hope that if they were moving into a new quality development it might *"lift the feel"* of an area.

Those trading off the built elements might be happy to purchase an incomplete property and finish it as and when they can afford to (particularly the profit driven segment). Others would accept multi-unit housing if the units are joined (or in effect separated) by garages. They might accept less stringent covenanted controls but would still want a good standard of building. They may also be prepared to accept one less bedroom, but would still require a nook to provide a study or office.

4 Discussion

The market-based research described here confirms the overwhelming preference for detached housing identified in Working Paper 1. Market resistance based on a negative image of density also helps explain the lag in uptake of multi-unit housing identified in Working Paper 2. It has enabled us to explore the reasons for this in the eyes of the market, and consider some of the design issues that might shift preferences and lift the adoption of medium density lifestyles.

The results are not intended to be exhaustive. The recruitment of participants focused on the middle and lower tiers of the housing market, excluding students and residents of state housing. Nevertheless, the thoughts of people active in the market offer strong insights into the challenges of lifting the adoption rate of multi-unit or medium density housing.

4.1 Perceptions of Medium-Density Housing

There was general resistance. Density was consistently seen in negative terms: lacking character, drab, monotonous, cramped, leaky, and subject to the complications of bodies corporate. For most – other than young renters and single women – medium density options were low on their list of preferences. They were particularly resistant to large apartment complexes.

Living in medium density housing is associated with a lack of privacy, excessive noise, insecurity, lack of an outlook, parking issues, absence of hobby space (in a garage, for example), lack of pets, and poor prospects for any capital gain. Bodies corporate were also a negative, with this expressed primarily in terms of the fees charged. It was hard for respondents to identify with likely residents as they perceived them – young "party people" and Asian migrants.

Among people seeking to purchase a home, there was resistance to the greater presence of rental properties in medium density developments confirming a tendency (also observed in the literature) towards increased rather than diminished social segregation as a result of residential intensification.

4.2 Decision-Making, Priorities, and Preferences

Generally household members reconciled what they collectively sought before entering the housing market. People varied, though, in information gathered to inform their decisions. More educated and younger people tend to do more research and draw on the advice of others.

The tight nature of a highly competitive housing market and poor affordability were obvious constraints on choices. Proximity to families and familiar surroundings, the quality and continuity of schooling were some of the personal factors placing bounds around searches. These can be considered functional more than emotional drivers, reflecting a desire for proximity around households' social relations.

Given these generalities, what people seek in their housing varies across five distinct segments:

- Profit seekers tend to be young, look ahead to opportunities to add value, and undertake significant prior research. They will buy where they see value.

- The location choice for low income young families is heavily influenced by school needs, family responsibilities, and a desire for stability, but their choices are financially constrained.

- First nesters are sensitive to proximity to families, and likely needs of their own (forthcoming) family. They are embarking on the housing ladder, seeking low maintenance detached homes.

- Single women are realistic in their constrained expectations and are open to apartment living, particularly if it offers safety and security.

- Young renters typically seek reasonable rents in a safe location, with good access to public transport and close either to work or leisure activities.

Only the last two groups appear to have any "natural" inclination toward medium density housing.

4.3 The Trade-Offs

Perhaps the major issue likely to lead to a shift towards apartment living is affordability in a market where there appears to be an undersupply of detached housing that might meet the aspirations of participants. Despite ranking low in preferences, apartment living might turn out to be the only option for many. Even this runs into affordability barriers, though, reflected in difficulties renters have in meeting their needs and given the perception that well located and well appointed apartments were out of the financial reach of many buyers.

Consequently, people in the market are faced with hard choices. For some, that might simply mean staying put in accommodation that does not reflect their current life stage or aspirations. It might mean accepting less than they want in terms of quality, size and appointment of residence, or location. For others it may mean living with parents or others in an extended family situation.

Others might accept fewer bedrooms and smaller sections than they aspire to. Or, they might be prepared to go into multi-unit housing provided there was reasonable separation between units. Participants did express a limit to the compromise that they might make in this respect, however.

Potential trade-offs among localities are also constrained, confirming the geographical submarkets noted in the literature review. Living close to families is an important driver of choice of locality. However, some may be prepared to move outward in the sector to achieve their wants by accessing lower priced properties, especially those buyers seeking the prospect of capital gains. However, none of the participants had plans to move away from Auckland at this point in time.

4.4 Improving the Offering

The sorts of attributes that do contribute to the appeal of medium density housing or might lift it in ways that lead to greater market acceptance include:

- Detached or semi-detached dwellings separated from neighbours;
- Private outdoor space;
- Large garages connected to the dwelling;
- Use of open plan design to achieve a feeling of spaciousness;
- A modern, light home with a sunny aspect;
- Quality materials and architect-standard design.

The sorts of attributes that might contribute to the appeal of the wider environment of medium density development or enhance it in ways that lead to greater market acceptance include:

- A mix of housing styles with ideally nothing over two storeys;
- Some shared leisure facilities;
- Safe places for children to play;
- A sense of security built into access and design;
- Cul de sac layout, perhaps creating distinctive small neighbourhoods that residents could identify with even within larger, comprehensive developments;
- Quality controls by means of covenant;
- On and off-street parking.

Ideally, such complexes will provide access to recreational amenities by way of local playgrounds and parks, nearby beaches or waterways.

Medium density developments will also provide opportunities for people to remain within their "home suburbs" as they progress through their housing and ageing life-stages. This means that medium density development might, over a period of time, become a feature of suburbia across geographical submarkets. This raises challenges of its own, especially by way of resistance to changes in the character of existing suburbs from intensification. On these grounds, erecting a second house on a standard section or terraces across several lots in an area familiar to them is likely to be more desirable for more participants in the market than moving to a comprehensive brownfield development in a former commercial area.

4.5   The Big Challenge: Protecting the Dream

There are other challenges that cannot be addressed simply by quality, design, or even affordability improvements but which underlie people's emotional response to medium density housing.

The first is the challenge of **bodies corporate**. While the literature expresses these in terms of social equity, political control, and management and maintenance issues, people in the market appear see them mainly as a cost. The response in this case might be straightforward, simply making sure they are associated with reduced maintenance and other outgoings relative to the alternative of independent, detached housing. Participants did not appear to be aware of or acknowledge possible benefits associated with their operation.

A second but related challenge is the traditional importance of **home ownership**. While this is clearly eroding, it is not an obvious preference in a market which perceives medium density housing as undermining opportunities for ownership and reducing the commitment of residents to neighbourhood and community. The response may simply be one of waiting: attitudes towards renting may change, particularly as circumstances become constrained and choice diminished.

The third challenge is the entrenched perception that medium density housing, especially apartments, is **simply inferior**. It is noisy and leaky, directed at beneficiaries and low income people, subject to crime and anti-social behaviour. This may be little more than selective reflection of the heritage of social housing in New Zealand generally and the performance of recent medium density housing in Auckland in particular. But for participants in the market, the perception is the reality that informs their preferences.

The response has to be to present apartments as offering the key qualities of detached housing at prices they can afford. Where people see modern detached houses, even on very small sections, they are attracted to them. They also acknowledge the quality of well-appointed and well-located apartments. For many, however, these are aspirational rather than realistic options.

The fourth challenge is the perception that the sorts of apartments people can afford entail **living too close** to other people, particularly people who are "not like us", youth and immigrants. This, too, is consistent with the literature; the search for space and privacy is endemic. It is also the downside of diversity in cities which depend increasingly on immigration for growth. It implies that the more diverse housing options identified with policies promoting medium density will see more rather than less social segregation.

The response perhaps lies in trying to reconcile the need for privacy and community by design; through provision of well-placed and appointed communal resources: places for relaxation, meeting places, and places for recreation. In this respect, the challenge is little different from the challenge of community development in traditional suburbs which councils have traditionally faced except within a much more constrained envelope.

The biggest challenge that this research and analysis presents, then, is to hold to the New Zealand suburban dream – where diversity is not in your face – while consolidating the New Zealand city.