

PROPERTY PRICE RISE ON THE COAST

BY DR CLAIRE FREEMAN – DIRECTOR OF THE PLANNING PROGRAMME AT OTAGO UNIVERSITY. RESEARCH TEAM MEMBERS: DR CHRISTINE CHEYNE (MASSEY UNIVERSITY), PAULA DING (OTAGO UNIVERSITY PLANNING PROGRAMME NOW INVERCARGILL CITY COUNCIL), NORAH ELLERY (OTAGO UNIVERSITY) AND DR JIM WILLIAMS (OTAGO UNIVERSITY). J. (2004) INDEPENDENT REVIEW OF THE NEW ZEALAND COASTAL POLICY STATEMENT, SCHOOL OF ENVIRONMENT PEOPLE AND PLANNING, MASSEY UNIVERSITY, PALMERSTON NORTH.

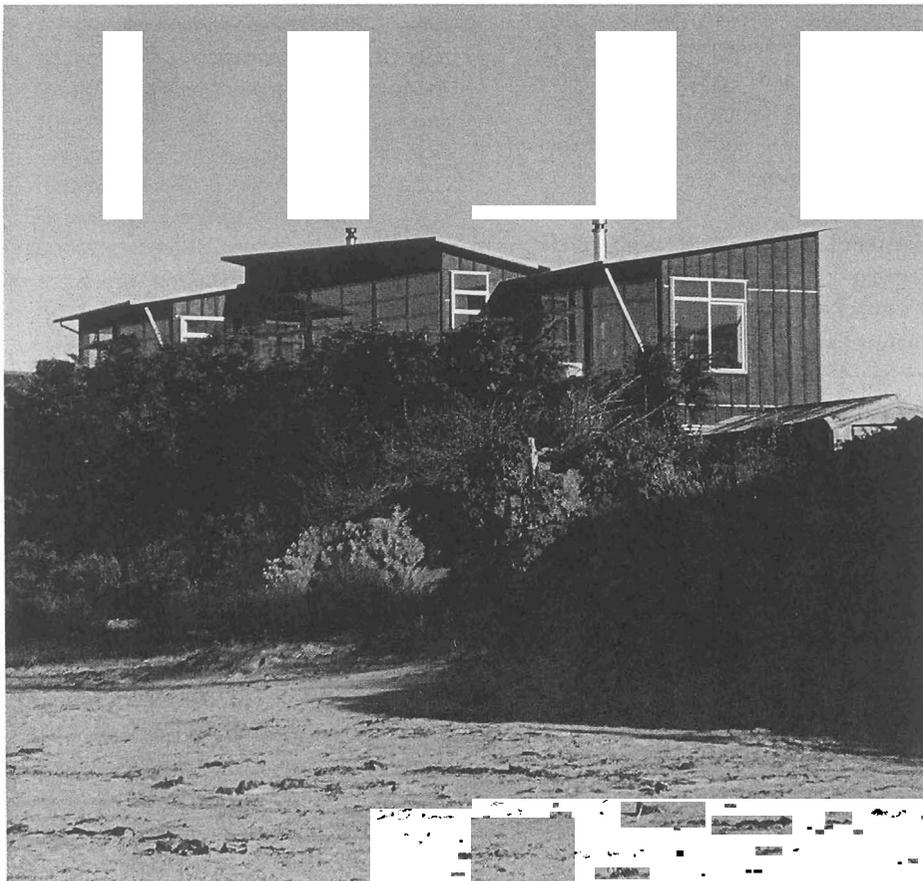
In 2002 news media as varied as the Otago Daily Times, the Manawatu Evening Standard, the Sunday Star Times and the Listener were full of reports about the phenomenal rise of

coastal property prices in New Zealand. Whilst for some years, high prices had been characteristic of coastal communities in places such as the Marlborough Sounds, Mount Manganui, and

Northland coasts within easy reach of Auckland, what was different in 2002 was that rapidly rising property prices were being reported from areas previously characterised by stable, usually low property prices. This property 'boom' has for the most part, been presented in the media as a great bonus for these settlements and indicative of positive and welcome economic development. However, there was a dissenting but less publicised voice coming through questioning this trend, and pointing to the loss of the coast for many New Zealanders through the sale of coastal campsites such as Hot Water Beach and the growing concentration of coastal properties in the hands of wealthy New Zealanders and foreign buyers.

The coast has always been important to Kiwis. Nearly all New Zealand's largest towns and cities, home to the majority of New Zealanders are located on or near to the coast. The beach is an integral part of the 'kiwi' culture and psyche. It is where they, and many New Zealanders, have strong memories of holidays on the beach and at the family bach or campsite. For Maori the coast has important ancestral and cultural connections such as the gathering of kaimoana.

The 'property boom' has found communities and the planning profession unprepared for dealing with the development pressures and social transformation that the boom has brought. In New Zealand the policy focus to date, has been concentrated on rural communities experiencing decline or in isolation from the mainstream and on





RIGHT: The property 'boom' has affected most coastal settlements around New Zealand.

metropolitan areas experiencing growth pressures. Small rural coastal communities characterised by relative stability have been largely overlooked in policy development and wider strategic planning. Planners working with these communities find themselves working in a relative policy vacuum when it comes to dealing with communities subject to unexpectedly rapid social and physical changes. These changes bring to the fore a number of issues, aside from those directly related to built developments that are of particular concern for planners, including:

- Impacts on fragile coastal environments, environments that are prone to erosion and which often contain fragile natural habitats such as estuarine and dune habitats
 - Infrastructure inadequacy, namely sewerage and water- many settlements use septic tanks and are reliant on rain water
 - Development related demands for infrastructure that can not be met by existing budgets, e.g. piped water, footpaths, flood prevention measures
 - Increased potential for pollution related to the growth
- Social change

In coastal settlements planners are primarily dealing with two development processes, the intensification of development within settlements and the expansion of settlements through development along the coast and in the coastal hinterland. In this regard the National Coastal Policy Statement of 1994 is especially

relevant and includes reference to the need for "avoiding sprawling or sporadic subdivision, use or development in the coastal environment" and "avoiding cumulative adverse effects of subdivision, use and development in the coastal environment" (policy 1.1.1). Whilst the National Coastal Policy Statement is a valuable guide it does not fill the policy gap that surrounds small communities. Neither judging from the submissions to the National Coastal Policy Review, has it been successful in averting such developments for as Rosier in her review notes:

"There is concern that once a small amount of development occurs, it will be impossible to stop, resulting in development of almost all accessible beaches and harbours, and increasing pressures on estuaries. This cycle of incremental decisions about development ultimately leads to increased demands for services and infrastructure, ending up with more intensive development (Rosier, 2004, p.49).

The Study

This article outlines the findings of a research study on coastal development undertaken by team of researchers based at Otago and Massey universities. The study, funded by the University of Otago was undertaken in 2004 by 5 researchers who work in the fields of planning, finance, Maori studies and social policy. The aim of this study was to explore the impact of rising property prices on coastal settlement communities and to ascertain the community view on this development. The

research addressed a number of questions, namely:

- What is the extent of the 'boom' is it occurring in all settlements, on all types of properties, and who are the sellers and who are the buyers?
- How do the communities feel about the 'property boom' and its effects on their communities?
 - What are the social, economic and planning impacts of rising property values on the community?
- Are there any groups who are particularly affected and if so how?
- What are the strategies/actions that may need to be taken to mitigate any negative effects on existing communities?

The research was carried out in 6 coastal communities that were experiencing substantial rises in property prices. In the South Island, Kaka Point, Karitane and Moeraki and in the North Island, Waitarere, Foxton Beach and Himatangi Beach were selected as case studies. Data for the research was obtained from real estate records, local authority documents and from interviews with community representatives, councillors, local council officers (primarily planners and community development workers) and realtors. Within the space of this article it is only possible to give a very brief summary of some of the findings.

The Property Boom

The six settlements have experienced sizeable price increases, much greater than comparative price rises in the local area. The graphs (Figure

1) show the property price rise for Waitarere compared to Levin and New Zealand generally, and for Kaka Point compared to South Otago and New Zealand generally. All the coastal settlements show price rises much greater than those for places in the local area not located on the coast. Price rises and the speed of sales for properties adjacent to or with views of the sea were particularly high. Anecdotal evidence suggests that the rise is now easing but the gap that has developed is unlikely to go away and any fall in prices will be small. Realtors reported that house prices are not expected to fall to the earlier low levels.

The Impacts on the Community

The changing character of the community: The case study settlements are small independent communities characterised by small populations, with overall low median income levels. All the settlements are experiencing major growth and development pressures after long periods of stability and even decline. Decline in services such as schools, public transport, health facilities and of traditional industries such as fishing has been evident in recent years. In summer they experience a significant influx of holiday makers which is important to the local economy and

there have been recent developments aimed at increased tourism. All have strong Maori historical connections to the land and are important to the Maori community. Residents in the settlements have strong relationships with the beach and speak highly of the laid back close knit community, but are concerned about declining services. The changes associated with the property boom have been both positive and negative.

Positive

On the positive side an increase in population is seen as good for maintaining facilities and services such as schools and shops. All reported increasing levels of vibrancy and a more positive atmosphere generally. This contrasted with previous years in which some of the communities had been seen as places characterised by rascals and ratbags and as places with high levels of welfare dependency. The boom has meant that people can now invest in their properties and there was evidence everywhere of DIY, home extensions, home improvements and new housing. Some people who had been 'trapped' in the settlement by low price unsaleable properties had been able to sell up and move to town, this particularly applied to elderly people who wanted to be closer to the public transport and health services available in town.

Negative

On the negative side there were deep concerns about the impact of an influx of buyers with little connection to the community, about growing social polarisation as most incomers were wealthy and the possible loss of the laid back lifestyle. The commonest source of buyers was Central Otago for the South Island and Wellington for the North Island. There was no evidence of buying by foreign investors, except for the odd one or two sales. Council officers and local residents expressed concern that the incomers often come in with expectations of urban standards e.g. footpaths, lighting and roading. They are also perceived to be less tolerant, with limited understanding of appropriate behaviour; examples mentioned include putting up security lights that come on as you walk on the beach, building decks and fences that impinge on the beach reserve and uncontrolled youngsters on quad bikes. Sentiments such as we don't want a 'city lifestyle' or to be like 'Waikanae' were common. The biggest concern, however, was the increasing lack of affordable housing for families and for locals, increasing rents which were forcing people out and rate increases related to increased property values. Maori were especially concerned about the impact of development and growth on sites with cultural significance, the effects of pollution and other growth related impacts on kaimoana. They also expressed concern about the difficulties being experienced by community members wanting to return to their papatipu areas but unable to due to rising house prices.

The Future

There is a diversity of views on the future of the settlements. There was general consensus on the need for development, but not on how much development. The large subdivisions characteristic of Waitarere, Foxton Beach and proposed for Himatangi beach were seen as inappropriate. Small scale developments such as motels, restaurants such as 'Fleurs' at Moeraki, café's, better parking, and play areas which are seen to add vibrancy to the settlements but don't compromise its low key lifestyle feel were generally welcomed.

Issues for Council

The interviewees commented generally on the council and didn't differentiate between planners and other council officers, but did highlight a number of concerns of direct relevance for



planners. Local residents were concerned at what they saw as major physical and social changes in their communities resulting from the rapid rate of development, especially the major subdivisions characteristic of the North Island communities. In the South Island whilst no major subdivisions have yet been proposed for the settlements themselves there have been proposals for lifestyle block type subdivisions around Moeraki that will significantly change the coastal character. There were concerns about incremental growth within settlements and on its periphery, especially development along the beachfront and the coast. All the communities expressed unease about the scale of development and wanted to have a voice in decision making. Some (but not all) communities felt particularly disenfranchised by what they saw as 'remote' or disinterested councils and made strong pleas to be informed and involved. A number of interviewees suggested that some type of community plan or visioning exercise would be useful and all wanted to work with not apart from their councils. Communities were invariably measured and realistic about what they expected from the council in terms of facilities and were prepared to devote their own resources when needed as occurred during the recent floods when the

Manawatu river threatened to breach its banks and to flood Foxton Beach.

Issues for Planners

- Our research highlighted a number of issues for planners including the need for the following:
- Improved development and strategic planning guidance at both local and national level
- Better recognition and addressing of the cumulative effects of incremental development and the implications of development on infrastructure and services
- Greater understanding of the social changes associated with rapid coastal development
- Clear development and design guidance for both new housing and subdivisions appropriate to the coastal setting
- Improved long term planning based on an agreed community vision for the settlement
- Improved communication channels between council and the community, in particular improved communication with Maori and with communities where the main council office is physically at a distance from the community.
- Improved communication between council departments and between councils.

At present there is no mechanism for responding

to communities under pressure. The timeframe of the District Plan makes it too slow process to respond to communities facing the rapid development pressures evident in our study communities. However, the Long Term Council Community Plans with their emphasis on community involvement and their shorter time frames may prove to be an important asset in this regard. What is clear is that the current situation where communities are facing major transformations dictated by the vagaries of the property market does not present an acceptable basis for community development of some of New Zealand's fragile, precious and well loved coastal assets. We thank all our interviewees for sharing with us their love of the coast and their hope and fears for its future. ::

Further information and limited copies of the full report are available from Dr Claire Freeman at the University of Otago, cf@geography.otago.ac.nz

Reference

Rosier, J. (2004) *Independent Review of the New Zealand Coastal Policy* statement, School of Environment People and Planning, Massey University, Palmerston North.

