

High construction costs make Waiheke community housing developments “impossible”

The Auckland Housing Association is giving up on a six-year project to build affordable homes for seniors on Waiheke Island, thanks to “prohibitive” construction costs.

It is the second community housing project to fall in the past few months. The Waiheke Community Housing Trust had to sell its Onetangi development to Man O’ War Vineyards in September for similar reasons, less than a year after 10 tenants moved in.

Housing Association trustee Alan Johnson says the group has had to put the property intended for the development up for sale, to recover the roughly \$1 million already spent on the project for future housing projects. “It’s a shame,” he says. “There’s a great need for social housing on Waiheke, but we just can’t get it to work.”

The housing shortage on the island is starkly clear on a local Facebook accommodation group; where there are 13 or 14 posts asking for a place to stay for every post offering a room or house for rent.

The association had planned to build three separate units, and refurbish the existing cottage on a Pūtiki Road property, which it bought for \$883,000 in 2017. But after years of work, and money, to comply with wastewater standards and get resource and building consent the final construction cost estimates, and rising interest rates, made it clear the association could not afford to finish the job. The association estimates it would have needed \$10,000 per month to meet loan repayments. That couldn’t be factored into the rent, since the whole point was to build affordable housing.

Johnson says they just couldn’t make the numbers work, spending roughly \$30,000 and more than 18 months investigating alternative layouts and plans. “The construction costs on Waiheke are prohibitive, which made it impossible to afford even a basic [option],” Johnson says. “We were looking at \$2.4 million for a modest three unit development, and the banks wouldn’t loan us anymore.”

Part of the problem is the Government’s social housing policy settings, which are focused on large scale developments. Johnson says that focus makes sense since the national housing crisis means the government wants to build as many community houses as possible, as quickly as they can. However, places like Waiheke



The Auckland Housing Association is selling its Pūtiki Rd property, bought in 2017, after having to cancel plans for an affordable housing development due to high construction costs and rising interest rates.

where small-scale developments are more suitable are falling through the cracks, he says.

To access more government support, the association would need to officially register as a social housing provider; “But we just don’t have the scale to make it worthwhile with the high compliance costs involved.”

The Waiheke Housing Trust project got a little further, completing construction and getting tenants moved in. But ultimately, delays and construction and consenting cost overruns put the trust in a financially untenable position and it had to sell-up.

Paul Carew, chairman of the Waiheke Housing Trust, says it is deeply sad to see yet another attempt to address the urgent need for affordable housing on the island fail. Paul fears it proves community efforts to ease the crisis simply cannot work without greater support, and a change in both Auckland Council and government policies. “It’s beyond urgent that the Auckland Council relaxes its narrow interpretation of national housing standards, and ridiculously oppressive enforcement of its own sanitation rules - many of which are inappropriate for Waiheke,” Paul says. “Also the Government must take a lead by underwriting bank loans to community housing ventures like this.” • *Paul Mitchell*




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