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omcshane@wk.planet.gen.nz
www.RMAStudies.org.nz

Centre for Resource Management Studies

158 Rangiora Road, RD2, Kaiwaka
Northland 0582, New Zealand
T 64 9 + 431 2775 F 64 9 + 431 2772

Rodney's Ravings – A Response and Expansion

Rodney Dickens, writes the “Rodney’s Ravings” newsletter, one of which was reprinted in the Mangawhai Memo of 22nd February.

Rodney is a highly competent analyst and his “Ravings” provide useful commentaries which are highly valued by those of us who consume such data on a daily basis. However, I have received several phone calls from local residents who have read more into his “Coastal Section Update” than he would have intended, and have probably not understood the context and target of the commentary. For some it has confirmed persistent rumours that Council is about to “prohibit” all future subdivision and that everyone should rush to subdivide while they still can – or take other instant actions. Council cannot make such instant changes to the Plan even if it chose to.

First, residents of Mangawhai appear to believe that the data is all about Mangawhai village whereas it actually applies to the whole of the Otamatea District, from Ruawai to the Heads. This area includes many diverse clusters and villages, with a variety of sections available, and targeted at different markets.

Rodney’s newsletter is targeted primarily at the investment community and he was sending a clear warning to speculators that the speculative boom, where one could buy a section off the drawings and turn it over for a \$30,000 profit in a few months, may well be over. Which is no bad thing. Also, because so many of New Zealand’s towns and cities barely have enough lots to satisfy demand till the end of next month, an “eleven year supply” may sound grossly excessive, and that such an “oversupply” might mean that all prices are about to collapse.

A healthy urban or rural economy needs a supply of six to ten years of sections, as a land “bank”, or alternatively the ability to respond rapidly to changes in demand. I would like to think that this reasonably generous supply of land of all sizes, shapes and quality, means that there is land available for most people in the community at prices they can afford. Districts like Tasman/Nelson in the South Island, which have a severely restricted supply of land, can no longer attract teachers and tradesmen because they cannot afford to pay the price of housing. The rule of thumb is that some sections should be available at something under the median household income, and houses on land should be available at three times the median household income. Such land and housing is then available to young families and people on average incomes. Of course there should be a wide range of prices so that much wealthier

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households can satisfy their housing needs too. In coastal areas such as Mangawhai they will be on prime sites with sea views, and in areas with attractive bush and streams and other attractions.

Sections will be bought and new ones brought to market. The newest ones do not go to the back of the queue. Good sections will command high prices and if you want your house or land to command a high price then you have to provide a quality environment. Quality always holds its price.

Rodney's estimate of an "eleven-year supply" assumes a projection of the past growth in the holiday home market into the future. This "holiday home" or "weekender" market has dominated the Mangawhai Village and Heads market, and may continue to do so, especially in areas of small lots which are close to the beaches.

But over most of the Otamatea District, sales are to pre-retirees, retirees, working families and professionals, and the new "ex-urban" migration – divorced women, frequently with children.

I attend international conferences on urban growth and development every year, and the trends are clear. The large cities are no longer the centre of growth in the New World economies such as the US, Canada, Australia and New Zealand. Instead populations are spreading more evenly over the country aided by better transport, better communications, more diverse economic activity and by the internet in particular. Many of these migrants to the "micropolises" – of which Mangawhai is a prime example – are leaving big cities in search of a less stressful and safer lifestyle. They normally leapfrog out of the territories of their regional or metropolitan councils whose policies are driving the congestion and unaffordable housing and lack of employment in their cities. San Francisco and Silicon Valley are now losing population to places like Atlanta, Las Vegas, Denver, and Houston and small cities in their regions.

Mangawhai and the Otamatea District are attractive to refugees from Auckland because these are the first settlements beyond Auckland region's "Regulatory Wall".

Jenny and I left Waitakere City for Kaiwaka because we wanted to plant thousands of trees and plants and Waitakere City's rules means we would have been planting thousands of resource consents.

Mangawhai is outside the Auckland region and yet South of the Brynderwyn's and is increasingly well serviced by retail and other trades. The Puhoi motorway extension will make Mangawhai even more attractive. So while the holiday-home market may level off, or

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even decline, the migrants from big cities to regional towns will grow, and the eleven year supply of sections may soon dwindle to five years – which is undersupply.

Urban geographers agree that demographic movements are highly volatile and it is dangerous to assume that past trends will continue into the future. Under these conditions the safest course is to ensure a reasonably abundant supply of land and adopt a regulatory regime which can respond rapidly to changes in demand, and the nature of that demand. I designed my own small subdivision for pre-retirees. The last three sales (out of a total of six) have all been to divorced women. Fortunately, their needs are similar.

My own hunch is that Mangawhai may well be over-supplied with small, flat, undifferentiated lots designed for the “weekender” market. But demand will remain strong and even expanding for larger lots, with built in landscaping and generous gardens, for those who seek an active retirement in which they can enjoy their leisure time in peace and quiet.

There is almost certainly an inadequate supply of quality multi-unit accommodation for those for whom gardening is only for “people who have not discovered golf!”

There is no shortage of raw land in the Otamatea District so there is no reason we cannot cater for all people from all walks of life and who seek to live in all manner of ways, and share in our good fortune.

Finally, we are certainly not alone. The US columnist, John Baden, writes about the small town of Bozeman. Could Bozeman be the Mangawhai of the USA?

Rural Revival By John Baden

How do you explain Bozeman's spectacular boom? My response to this often asked question is “Why are you here?” After a moment of self-reflection, the usual answer provided is, “We decided this would be a great place to live.”

Developments around the Gallatin Valley exemplify a national demographic trend: people want to move toward smaller, more “authentic” towns. Our area has not only this “small-town” atmosphere, but also a wealth of natural, cultural, and educational amenities. Hence, we face especially intense development pressures.

In the current issue of *The American Interest*, Joel Kotkin provides an excellent example of this emerging settlement pattern in “*Little Start-up on the Prairie*.”

It begins:

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"...With its neat town square and red-brick civic buildings, [Aurora, Nebraska] suggests a reflection of America's bucolic past. Yet it may also represent an oblique looking-glass glimpse into America's future. In the first half of the 21st century, as the nation grows from 300 toward 400 million people, Aurora and other places [Bozeman] in the American Heartland will provide a critical outlet for the restless energies and entrepreneurial passions of its people."

One of the draws of Aurora, Bozeman, and other small American towns is that residents can have rustic charm without giving up city conveniences. With the internet, FedEx, UPS, and cheap air travel, the logistical problems of living in remote areas have declined dramatically. The intellectual and cultural isolation of small towns has been reduced, while the dis-amenities of large cities have increased substantially, e.g., crime, expensive schools, and time consuming congestion. Rural America remains relatively safe, and further many perceive it as the one remaining citadel of traditional values, family, religion, and self-sufficiency. Problems are solved by picking up the phone and calling a neighbor, not by opening the *Yellow Pages*.

The mobility of today's workforce also eases the migration to rural America. Today the most valuable raw material is human capital; good character, IQ points, and education. Many people with these qualities seek alternatives to city life, especially for their children.

The small-towns that are inundated with new settlers, must work to preserve their attractive qualities. Besides low crime rates, short commute times, and other tangible benefits, many people find the intangible concept of community itself an attraction. A sense of community can arise through many different activities. One avenue, community fund raisers, is a favorite of mine, and Ramona and I partake frequently.

With a full spectrum to choose from, community fund-raisers around the Gallatin Valley offer a great way to get involved in our community. Here's a sample from last month. As always, there was a wide menu appealing to various tastes, causes, and budgets.

The most elaborate and expensive was the annual *Museum of the Rockies Ball*.

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It was festive and fun, ladies dressed in splendor, and men who rarely wear a tie donned tuxes. Senator Conrad Burns reverted to his original calling and did a marvelous job enticing bidding for exotic offerings, including a trip to Mongolia. Free flowing drinks reduced inhibitions and lubricated wallets. A few items hit five figures.

On the last Sunday of February, I-Ho's Korean Grill held its annual fundraiser for the Central Asia Institute. The theme was "Pray for Peace and then Feast for Peace!" This was a typical Bozeman event: it was inexpensive, casual, and had an eclectic blend of participants. The charge was a freewill offering and diners were generous. Even those waiting for a table were cheerful. It is a treat to be part of a community that enthusiastically supports such ventures.

Finally, our favorite, the *Gallatin Gateway Wild Game Dinner* at the packed Community Center. It was inexpensive; a mere five dollars for all the barbequed buffalo and elk one could eat. The event was in support of the sixth grade's participation in "Expedition: Yellowstone!" The items on auction featured hunting and horses.

Such events exemplify the qualities that draw people to the emerging America. Most Americans find them authentic, exotic, and safe. They illustrate cultural and natural amenities, a sense of community, and quality of people. Our challenge is to protect these values.

We are trying.

Sound familiar?

Owen McShane