

## New Zealand Business Research Translation Competition

### The Heterogeneous Impacts of Widespread Upzoning: Lessons from Auckland, New Zealand

Ever wondered how our cities could become more affordable and sustainable? The answer may lie in a bold strategy called 'upzoning'. For those unfamiliar with the term, upzoning is a planning tool that allows property owners to construct larger or taller buildings, increasing the number of homes that can be built in a given area. Auckland, New Zealand, serves as a global pioneer in this arena of urban densification. In 2016, the city undertook arguably the world's most ambitious upzoning reform. Three-quarters of Auckland's parcels, previously zoned for single houses, were transformed to allow multiple units.

Early evidence of our research suggests that it did ~~work~~ <sup>work</sup> to ~~increase~~ <sup>increase</sup> land

values, primarily due to the enhanced potential for redevelopment. The rapid escalation of house prices in Auckland in recent years can be partially attributed to the upzoning exercises. Interestingly, the more units allowed on a parcel of land, the higher the value premium. However, the story doesn't end there. The relationship between household income in a neighbourhood and the land value increase from upzoning is not as straightforward as it appears and is not uniform across the city.

Upzoning had a stronger

negative effect. While beneficial for housing supply, the potential for higher living density might be viewed as a negative externality by existing residents,