

Chapter 3: Hutt City Council HBA



Key Findings

Population Growth: The Hutt City District forecast projects population growth of 39,600 between 2022 and 2052.

Housing Capacity: This assessment has identified sufficient housing capacity to meet demand over the short, medium, and long-term periods.

Business Demand: There is highest demand for industrial land in Lower Hutt, followed by commercial and retail.

Business Capacity: There is sufficient development capacity on business land to meet demand over the long term.

Infrastructure Capacity: Remains an ongoing challenge, with long-term constraints on water supply capacity. The local road network, State Highway network, public transport, open space, and education have sufficient capacity to meet future demand.

3.1 District Context

3.1.1 The City of Lower Hutt

The City of Lower Hutt is in the Hutt Valley of the Wellington Region, bordered by Upper Hutt to the north, South Wairarapa to the east, Porirua and Wellington City to the west, and Wellington Harbour to the south. It is separated from Wellington City by the harbour, and from Upper Hutt by the Taita Gorge. It has a population of approximately 112,500¹ and is 376 square kilometres in size. It is one of four cities that constitute the Wellington metropolitan area. Lower Hutt comprises several suburbs located both within the valley (Hutt Central, Alicetown, Naenae, Epuni, Avalon, and Taita) and along the coastline (Petone, Eastbourne, and several smaller bays).

3.1.2 The City of Lower Hutt District Plan

The City of Lower Hutt District Plan is prepared under the Resource Management Act 1991. The District Plan was drafted in the early 1990s, was notified in 1995, and became operative in 2003/2004. The District Plan is the Council's key planning document that manages the effects of land use through zoning, objectives, policies, and rules.

Since being made operative, the District Plan has been subject to an on-going rolling review. This rolling review has focused on specific topics and chapters of the District Plan. In addition, a few private plan changes have been received, mostly of a site-specific nature rezoning land.

¹ Source: StatsNZ (<https://nzdotstat.stats.govt.nz/wbos/Index.aspx?DataSetCode=TABLECODE7979#>), 2022.

District Plan Change 43 of the City of Lower Hutt District Plan became fully operative in 2021. District Plan Change 43 fully reviewed the General Residential Activity Area (zone) provisions and introduced two new Activity Areas (zones), providing for medium density residential development and suburban mixed use in targeted areas. The purpose of District Plan Change 43 was to provide for greater housing capacity and a wider range of options for housing styles and sizes at medium densities within the existing urban area. This includes low-rise apartments and terraced houses in areas that have good access to public transport, shopping, parks, and schools, but also minor additional dwellings on smaller sites that do not have the space for traditional infill.

In December 2021, Parliament passed the Resource Management (Enabling Housing Supply and Other Matters) Amendment Act 2021 (the Housing Supply Act). The Housing Supply Act seeks to accelerate the supply of housing in urban areas where demand for housing is high, including the Wellington urban area, by amending the RMA and NPS-UD. This legislation introduced 'medium density residential standards' that the Council must include in the District Plan. In addition, this legislation also required Council to implement the NPS-UD policy direction to allow housing of at least six storeys within a walkable catchment of train stations, the central business district, and metropolitan centres (i.e. Petone commercial area). These changes are implemented using an Intensification Planning Instrument (IPI), which have been applied to Hutt City Council's District Plan Change 56. This Plan Change was publicly notified in August 2022, and it is expected that the decision on submissions will be notified in late August/early September 2023. District Plan Change 56 is anticipated to further increase the housing and business capacity in Lower Hutt.

Hutt City Council is also undertaking a full District Plan review in order to give effect to the National Planning Standards and provide for growth through the infrastructure provisions of the plan. A Draft District Plan for public feedback is scheduled to be released in late 2023. Following consideration of feedback on the draft plan, a Proposed District Plan is scheduled to be notified in mid-2024.

3.2 Residential Assessment of Development Capacity and Findings

This section provides context and assessment of residential development capacity for Lower Hutt over the short (3 years), medium (10 years), and long term (30 years).

3.2.1 Current population and future forecasts

The Sense partners median forecast has been extended from 2051 to 2052 to enable analysis across the short term (2022-2025), medium term (2025-2032), and long term (2032-2052) periods (3, 10, 30-year periods) required under the NPS-UD.

Table 3.1: Projected population growth by short, medium, and long-term periods for Lower Hutt, 2022-2052.

Type	Projected Population				Projected Population Change			
	2022	2025	2032	2052	2022-2025	2025-2032	2032-2052	Total (2022 – 2052)
Sense Partners Median	112,700	116,200	126,600	152,300	3,500	10,400	25,700	39,600

The Sense Partners 2022 Population Forecast update moderated 30-year growth across the Hutt City District down from 48,906 to 39,600 as a continued consequence of the impact of COVID-19 and border restrictions impacting migration levels. The current (2022) population of 112,700 is projected to increase to 152,300 in 2052.

3.2.2 Forecast Housing Demand

Projected demand for dwellings and dwelling type is set out in the table below. In accordance with the NPS-UD, a margin of 20% is added to the short and medium-term demand, and 15% to the long-term demand. The inclusion of this buffer ensures there is additional capacity to support competitiveness in housing demand.

Table 3.2: Dwelling demand for the district by short, medium, and long-term (including competitive margin) for Lower Hutt, 2022-2052.

Type	2022-2025	2025-2032	2032-2052	Total
Sense Partners Median	1,713	3,663	10,045	15,421
Demand with competitive margin	2,055	4,395	11,551	18,001

In addition to addressing overall demand, the assessment considers the location of demand. For the purposes of this assessment, Lower Hutt was divided into six broad “housing catchments” as shown in Figure 3.1 below.

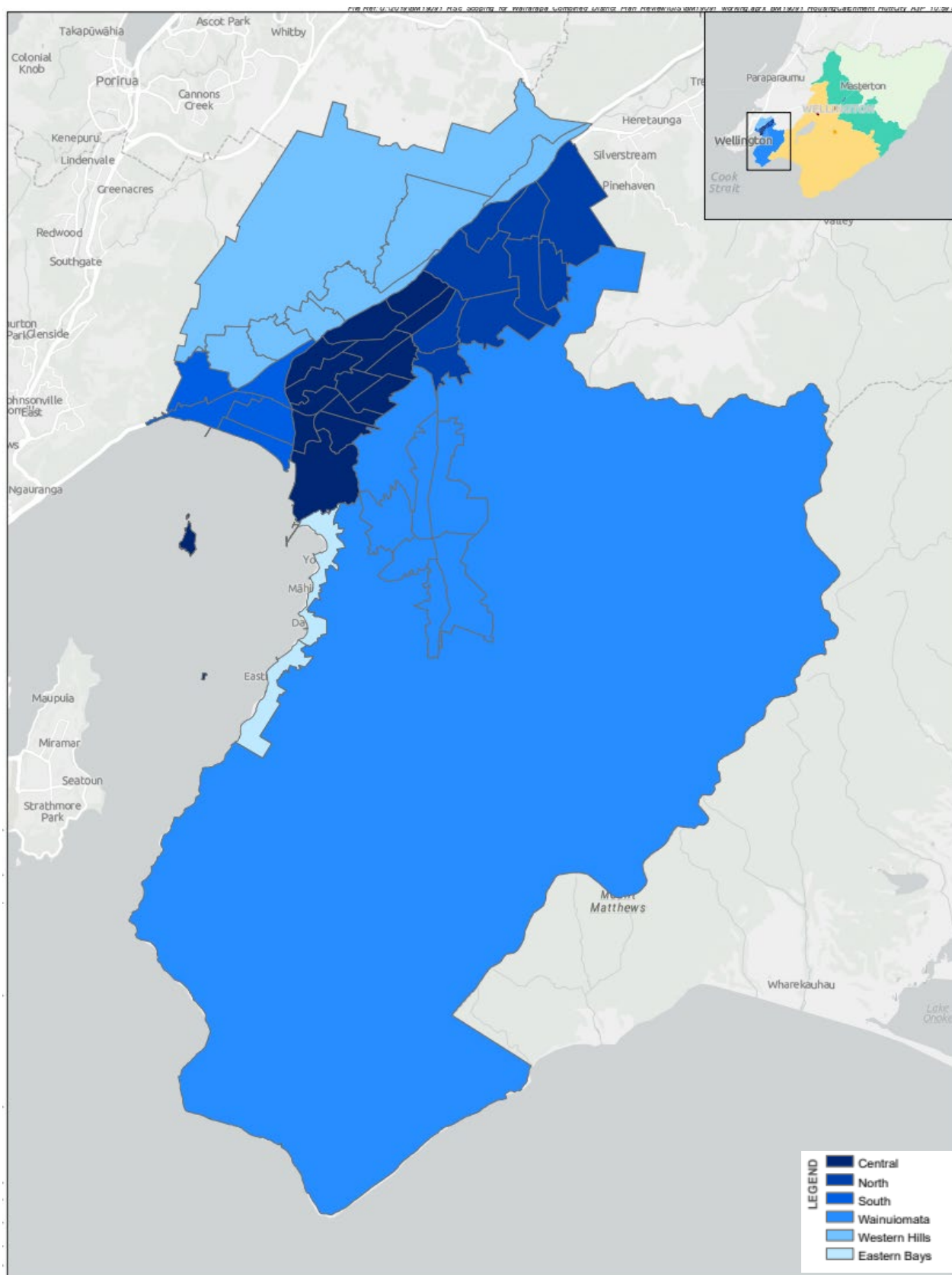


Figure 3.1: The six housing catchments in Lower Hutt.

These housing catchments are groupings of suburbs which were selected for containing broadly similar housing markets. Table 3.3 below shows which Statistics New Zealand Statistical Area 2 areas are included in each catchment.

Table 3.3: Statistical Area's included in each housing catchment.

Housing catchment	SA2 areas included
Western Hills	Maungaraki Normandale Tirohanga Belmont (Lower Hutt City) Kelson Manor Park Belmont Park
South	Alicetown-Melling Petone East Petone Esplanade Petone Central Korokoro
North	Naenae Central Naenae South Naenae North Taita South Taita North Delaney Stokes Valley Central Stokes Valley North Manuka
Central	Gracefield Waiwhetu Moera Woburn Hutt Central South Hutt Central North Waterloo West Waterloo East Epuni East Epuni West Boulcott Avalon West Avalon East
Wainuiomata	Towai Glendale Arakura Wainuiomata West Wainuiomata Central Homedale West Homedale East Pencarrow
Eastern Bays	Eastern Bays Eastbourne

The following table shows demand by housing type across the six catchments.

Table 3.4: Demand for additional dwellings (with competitive margin) by housing area and by typology 2021-2051.

	2021-2024	2024-2031	2031-2051	Total ¹
Western Hills				
Stand-alone housing	256	649	1,543	2,448
Joined housing	5	196	724	925
Total	260	850	2,264	3,374
South				
Stand-alone housing	148	328	1,025	1,501
Joined housing	57	132	297	486
Total	208	462	1,327	1,997
North				
Stand-alone housing	274	629	1,954	2,857
Joined housing	89	449	548	1,086
Total	365	1,085	2,505	3,955
Central				
Stand-alone housing	484	1,064	2,913	4,461
Joined housing	150	254	676	1,080
Total	632	1,328	3,594	5,554
Wainuiomata				

¹ Due to rounding, there is a slight discrepancy between the totals in this table.

Stand-alone housing	467	406	1,362	2,235
Joined housing	47	176	162	385
Total	519	586	1,526	2,631
Eastern Bays				
Stand-alone housing	54	65	281	400
Joined housing	2	6	32	40
Total	57	71	316	444
Total for Hutt City				
Stand-alone housing	1,683	3,141	9,078	13,902
Joined housing	350	1,213	2,439	4,002
Total	2,033	4,354	11,517	17,904

The assessment of demand by area shows that there is strong growth in demand for housing in all the catchments except Eastbourne. However, there may be a limitation to this analysis. The projected population growth for each area is based in part on existing population and how much growth existing planning provisions allow for. This means it may not give a good measure of potential demand in certain areas under alternative planning rules that are more responsive to latent demand. This explains the comparatively low long-term growth in demand for housing in the Eastern Bays catchment, where there is market demand for housing, as shown by comparatively high prices and rents for existing housing, but limited ability to provide these houses under existing planning rules.

3.2.3 Market analysis and demand for housing (pressures and activities)

Clause 3.23 of the NPS-UD requires every HBA to include analysis of how the local authority's planning decisions and provision of infrastructure affects the affordability and competitiveness of the local housing market. The analysis must be informed by:

3.2.3.1 Market indicators, including:

- indicators of housing affordability, housing demand, and housing supply; and
- information about household incomes, housing prices, and rents; and

3.2.3.2 Price efficiency indicators.

The following section outlines the latest updates to the relevant market and price efficiency indicators produced by the Ministry of Housing and Urban Development and the Ministry for the Environment. This information will be compared with the data provided in the 2022 HBA, to provide a reference point for change over the last year. The subsequent discussion will consider the implications of these indicators.

The Residential Sales Price indicator shows an increase in sales prices in Lower Hutt beginning in early 2016, which followed a period of low growth from 2008 to 2015 and an earlier period of growth in the early 2000's. However, the sale prices peaked in 2022, and have been declining since. This decline in sales prices in Lower Hutt broadly tracks with the regional and national trend.

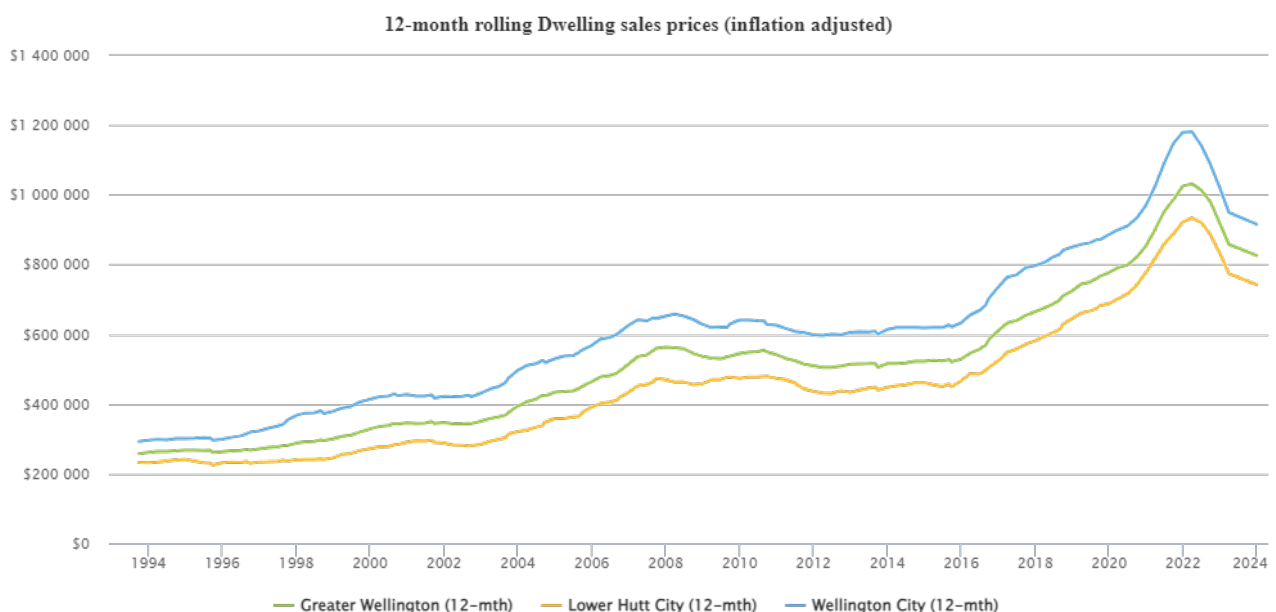


Figure 3.2: Median residential dwelling sale price for Lower Hutt adjusted for inflation. Source: MHUD.

The indicator above shows the median prices of residential dwellings sold in each quarter adjusted for inflation. The inflation adjusted dwelling sales price indicator shows a trend of declining housing prices in Lower Hutt commencing from 2022.

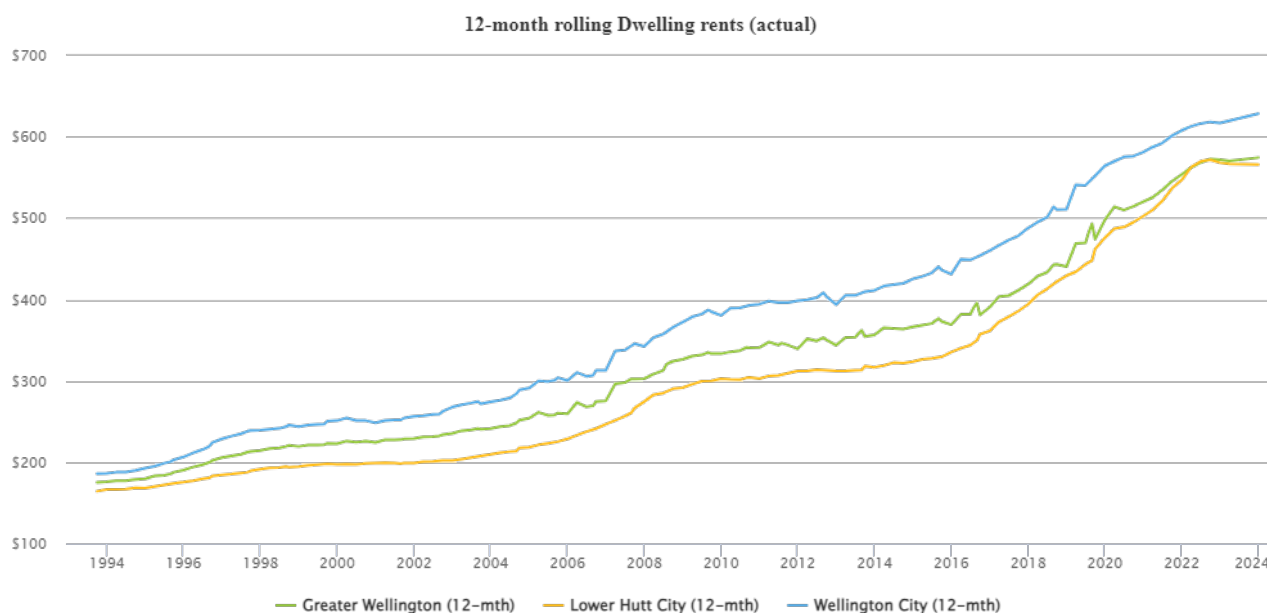


Figure 3.3: Lower Hutt average dwelling rents. Source: MHUD.

The rent indicator for Lower Hutt shows rent prices rapidly increasing since 2015, which followed little to no growth between 2010 and 2015. Since 2022, rent prices have plateaued and slightly declined in the mid \$500 range. The trend in rent prices in Lower Hutt is consistent with the wider Wellington region, excluding Wellington City which did not experience a recent slight decline.



Figure 3.4: New dwelling consents compared to household growth for Lower Hutt. Source: MHUD.

The comparison of new dwelling consents to household growth shows that between 2014 and 2021 the growth in new households outpaces the growth in new dwelling consents in Lower Hutt.

However, since 2021 new dwelling consents have exceeded new households. This trend is consistent across the Wellington region.

Based off these indicators, a picture has emerged of the current housing market and demands. Lower Hutt has experienced a decline in dwelling sales price and a plateau in rent price since 2022. Alongside this, the growth in new dwelling consents has exceeded new households. This suggests that dwelling construction has exceeded household formation, which could lead to an emerging surplus of housing in Lower Hutt resulting in the decline of prices. As this is a consistent trend across the Wellington region, it could be an indicator of external factors impacting the housing market.

It is important to note that changes to the City of Lower Hutt District Plan, such as Plan Change 43, Plan Change 56, and the removal of minimum parking requirements have increased development opportunities throughout the city. This has increased the construction of housing significantly, with a sharp increase in the number of new dwelling consents since 2019. Between July and October 2022 the number of new dwelling consents dipped, but this has since corrected and continued to increase.

Price Efficiency Indicators

The NPS-UD requires Councils to monitor a range of price efficiency indicators. These indicators seek to provide a deeper insight into the operation of the land market and planning interventions in it.

There are four such indicators:

- Price Cost Ratio
- Rural-Urban Differentials
- Industrial Differentials
- Land Concentration Index

These indicators are produced by the Ministry for Business, Innovation and Employment and the Ministry for the Environment. They are reproduced directly.

The price cost ratio indicator provides an insight into the responsiveness of the land market, relative to construction activity. In short, it monitors the proportion of land cost to the cost of a home. The ratio is composed of the following:

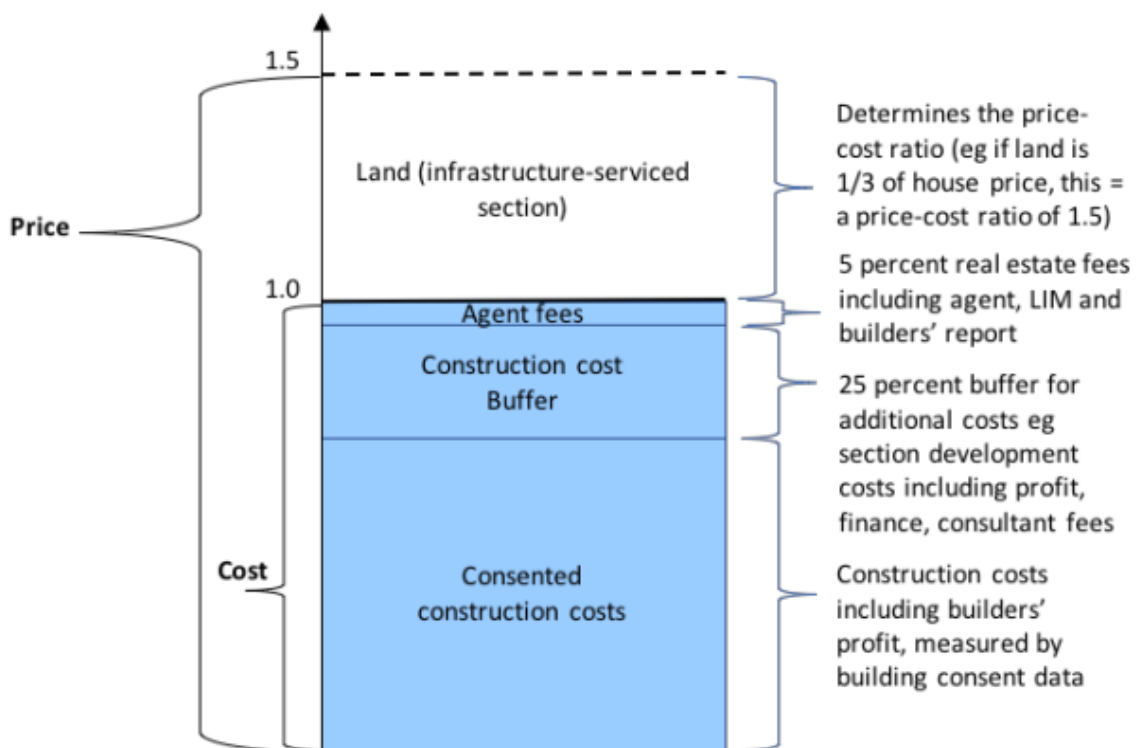


Figure 3.5: The components of the price-cost ratio. Source: MfE.

A ratio of below one indicates that houses are selling for a price below the cost of replacing them. Such a situation may occur in areas of no growth or contraction.

A price cost ratio of between 1-1.5 is historically common where the supply of land, and development opportunities, are responsive to demand. As noted in the Evidence and Monitoring guidelines all urban areas in New Zealand had a ratio of between 1-1.5 some 20 years ago. In areas of New Zealand with more affordable housing markets, such ratios are still common.

A price cost ratio above 1.5 suggests, with some caveats, that land supply and development opportunities are not keeping up with demand. As a result, land prices are having an effect on house prices.

The price cost ratio for Lower Hutt is shown below in Figure 3.6. It shows that the price cost ratio is approximately 1.07 suggesting that the supply of land and development opportunities are responsive to demand in the district. The Lower Hutt figure is slightly lower than that of Wellington City and the Greater Wellington region historically, but similar to both of them in 2023. This suggests that what Lower Hutt is experiencing is consistent across the region.



Figure 3.6: Price-cost ratio for Lower Hutt. Source: MHUD.

3.2.4 Residential development capacity – theoretical, feasible, and realisable

This section provides the assessment of residential development capacity calculated from the City of Lower Hutt District Plan (including the Proposed District Plan Change 56).

Theoretical development capacity is identified for all high density, medium density, and restricted residential areas¹ in the district.

Table 3.5: Theoretical residential development capacity by Lower Hutt suburb.

Suburb	Theoretical Capacity			Total Residential
	High Density Residential	Medium Density Residential	Restricted Residential	
Alicetown	4,545	-	-	4,545
Avalon	8,180	3,043	-	11,223
Belmont	-	4,622	172	4,794
Boulcott	9,915	803	-	10,718
Days Bay	-	862	17	879
Eastbourne	860	3,499	107	4,466
Epuni	7,217	-	-	7,217

¹ Restricted Residential includes Hill Residential and Landscape Protection zones which have minimum sites sizes of around 500m² and 2,000m² respectively.

Suburb	Theoretical Capacity			
	High Density Residential	Medium Density Residential	Restricted Residential	Total Residential
Fairfield	6,519	1,986	-	8,505
Gracefield	-	-	-	-
Harbour View	1,032	2,215	-	3,247
Haywards	318	241	3	562
Hutt Central	13,644	-	-	13,644
Kelson	-	6,324	242	6,566
Korokoro	710	70	184	964
Lowry Bay	-	1,944	69	2,013
Mahina Bay	-	-	90	90
Manor Park	707	397	-	1,104
Maungaraki	-	9,030	29	9,059
Melling	256	-	-	256
Moera	1,456	127	-	1,583
Naenae	8,558	13,492	-	22,050
Normandale	1,019	6,682	13	7,714
Petone	10,183	107	-	10,290
Point Howard	-	-	13	13
Seaview	-	-	5	5
Sorrento Bay	-	-	4	4
Stokes Valley	1,137	29,733	266	31,136
Sunshine Bay	-	-	6	6
Taita	17,240	771	-	18,011
Tirohanga	1,796	1,285	52	3,133
Wainuiomata	1,982	44,677	459	47,118
Waiwhetu	7,990	3,105	-	11,095
Waterloo	9,566	3,421	22	13,009
Woburn	15,809	-	-	15,809
York Bay	-	109	64	173
Total	130,639	138,545	1,817	271,001

Next, the feasibility of theoretical development capacity is assessed. This assessment draws on a range of development factors including land costs, building costs, and sales values to inform what

development scenarios are profitable. This indicates the extent to which theoretical development is feasible to develop at this point in time.

Table 3.6: Feasible residential development capacity by Lower Hutt suburb.

Suburb	Feasible Capacity				Total Feasible Capacity
	Theoretical Capacity	Feasible Standalone	Feasible Terraced	Feasible Apartment	
Alicetown	4,545	-	140	86	227
Avalon	11,223	-	1,150	-	1,150
Belmont	4,794	140	782	-	922
Boulcott	10,718	-	293	1,291	1,584
Days Bay	879	33	277	-	310
Eastbourne	4,466	171	792	144	1,107
Epuni	7,217	-	272	127	399
Fairfield	8,505	75	1,025	-	1,100
Gracefield	-	-	-	-	-
Harbour View	3,247	174	646	-	820
Haywards	562	-	-	-	-
Hutt Central	13,644	115	799	11,617	12,530
Kelson	6,566	679	1,080	-	1,759
Korokoro	964	169	95	-	264
Lowry Bay	2,013	158	523	-	680
Mahina Bay	90	79	-	-	79
Manor Park	1,104	-	67	-	67
Maungaraki	9,059	178	1,994	-	2,172
Melling	256	-	6	-	6
Moera	1,583	-	57	-	57
Naenae	22,050	329	3,538	-	3,867
Normandale	7,714	228	2,145	-	2,373
Petone	10,290	16	920	1,342	2,279
Point Howard	13	7	-	-	7
Seaview	5	5	-	-	5
Sorrento Bay	4	2	-	-	2
Stokes Valley	31,136	858	7,115	-	7,973
Sunshine Bay	6	5	-	-	5

Suburb	Feasible Capacity				Total Feasible Capacity
	Theoretical Capacity	Feasible Standalone	Feasible Terraced	Feasible Apartment	
Taita	18,011	7	1,536	-	1,543
Tirohanga	3,133	251	445	-	696
Wainuiomata	47,118	1,022	7,064	-	8,086
Waiwhetu	11,095	99	1,197	353	1,650
Waterloo	13,009	142	1,538	124	1,804
Woburn	15,809	-	451	1,403	1,854
York Bay	173	162	29	-	191
Total	271,001	5,104	35,978	16,486	57,568

Finally, we identify realisable development capacity. This is the amount of feasible development capacity that is likely to come forward and be realised. This assessment includes the consideration of other motivating factors, as landowners may have different objectives for their land and may not wish to sell to a developer or development themselves even if it profitable to do so. These motivations will influence the likelihood of development being taken up under current market conditions.

Table 3.7: Realisable residential development capacity by Lower Hutt suburb.

Suburb	Realisable Capacity				Total Realisable Capacity
	Theoretical Capacity	Realisable Standalone	Realisable Terraced	Realisable Apartment	
Alicetown	4,545	2	37	-	39
Avalon	11,223	-	797	-	797
Belmont	4,794	239	351	-	590
Boulcott	10,718	163	18	563	745
Days Bay	879	75	127	-	202
Eastbourne	4,466	204	647	-	851
Epuni	7,217	-	29	-	29
Fairfield	8,505	230	451	-	681
Gracefield	-	-	-	-	-
Harbour View	3,247	366	236	-	602
Haywards	562	-	-	-	-
Hutt Central	13,644	159	615	8,797	9,571
Kelson	6,566	862	358	-	1,220

Suburb	Realisable Capacity				Total Realisable Capacity
	Theoretical Capacity	Realisable Standalone	Realisable Terraced	Realisable Apartment	
Korokoro	964	204	27	-	231
Lowry Bay	2,013	257	267	-	524
Mahina Bay	90	79	-	-	79
Manor Park	1,104	3	13	-	16
Maungaraki	9,059	431	880	-	1,311
Melling	256	-	-	-	-
Moera	1,583	-	-	-	-
Naenae	22,050	445	417	-	862
Normandale	7,714	948	739	-	1,687
Petone	10,290	4	36	383	422
Point Howard	13	7	-	-	7
Seaview	5	5	-	-	5
Sorrento Bay	4	2	-	-	2
Stokes Valley	31,136	2,552	886	-	3,438
Sunshine Bay	6	3	-	-	3
Taita	18,011	109	48	-	157
Tirohanga	3,133	382	101	-	483
Wainuiomata	47,118	1,699	266	-	1,965
Waiwhetu	11,095	188	197	-	385
Waterloo	13,009	323	389	-	712
Woburn	15,809	103	241	104	448
York Bay	173	163	8	-	171
Total	271,001	10,207	8,181	9,847	28,236

3.2.5 Sufficiency of residential capacity

In considering whether there is sufficient development capacity to meet housing demand, it is useful to look at the comparison while also considering other factors, including recent residential development rates. Recent rates of residential new builds provide an indicator of capacity for delivering housing.

Recent building consent rates for new builds are contained in the supporting HBA monitoring information and show an increasing number of new residential (stand-alone and joined housing) builds per year over the last 5-year period, from 439 dwellings in 2018 to 1,137 dwellings in 2022.

The table below compares the demand (with competitive margin) for housing by type against the realisable development capacity.

Table 3.8: Demand (with competitive margin) for housing type against the realisable development capacity.

	Demand	Capacity	+/-
Western Hills			
Stand-alone housing	2,448	3,231	783
Joined housing	925	2,678	1,753
Total	3,374	5,909	2,535
South			
Stand-alone housing	1,501	210	-1,291
Joined housing	486	483	-3
Total	1,997	692	-1,305
North			
Stand-alone housing	2,857	3,106	249
Joined housing	1,086	1,351	265
Total	3,955	4,457	502
Central			
Stand-alone housing	4,461	1,171	-3,290
Joined housing	1,080	12,201	11,121
Total	5,554	13,373	7,819
Wainuiomata			
Stand-alone housing	2,235	1,699	-536

Joined housing	385	266	-119
Total	2,631	1,965	-666
Eastern Bays			
Stand-alone housing	400	790	390
Joined housing	40	1,049	1,009
Total	444	1,839	1,395
Total			
Stand-alone housing	13,902	10,207	-3,695
Joined housing	4,002	18,028	14,026
Total	17,904	28,235	10,331

The differences provide us an indication of areas that are reasonably aligned, and those that are mismatched. These numbers are based on reasonable demand, as future demand takes into account future changes which may not be realised. The realisable capacity is a current consideration, which has the ability to change and adapt to demand over time. It provides a helpful indicator of whether housing capacity can meet the demand. This allows for the assumption that demand can change over time.

Table 3.9: Demand and realisable capacity of housing typologies over time, Lower Hutt, 2021 - 2051.

Housing typology	Demand	2021-2024	Demand	2024-2031	Demand	2031-2051
		Realisable ¹		Realisable		Realisable
Stand-alone housing	1,683	1,236	3,141	2,306	9,078	6,665
Joined housing	350	1,577	1,213	5,464	2,439	10,986
Total	2,033	3,207	4,354	6,864	11,517	18,164

Table 3.10: Overall summary of supply to meet demand, Lower Hutt, 2021 - 2051.

Type	2021-2024	2024-2031	2031-2051	TOTAL
Demand (inflated with 20%/15% buffer)	2,033	4,354	11,517	17,904
Development capacity (realisable)	3,207	6,864	18,164	28,235
Balance	1,174	2,510	6,647	10,331
Sufficiency	Yes	Yes	Yes	Yes

¹ Realisable capacity figures per year have been calculated based on the percentage change of the demand figures.

3.3 Business Assessment of Development Capacity and Findings

Identification of the overall sufficiency of development capacity to meet the future demand for business for Lower Hutt over the short (3 years), medium (10 years), and long term (30 years) is also important.

3.3.1 Business Areas

Lower Hutt is the largest centre of industrial employment in the Wellington Region. This existing strength creates its own demand, as the benefits from locating near other firms attract more demand. Lower Hutt has several commercial and industrial areas which service the city and surrounding areas. Commercial and retail centres are found in the centre of the urban area, predominantly in the CBD and Petone, with Industrial areas located on the periphery in Seaview, Naenae, and Taita. Under the District Plan, these areas are known and provided for as Business Areas.

Business land has been broken down into 13 different Business Areas to help support analysis of demand and development capacity as part of this assessment. These areas are identified in the map below.

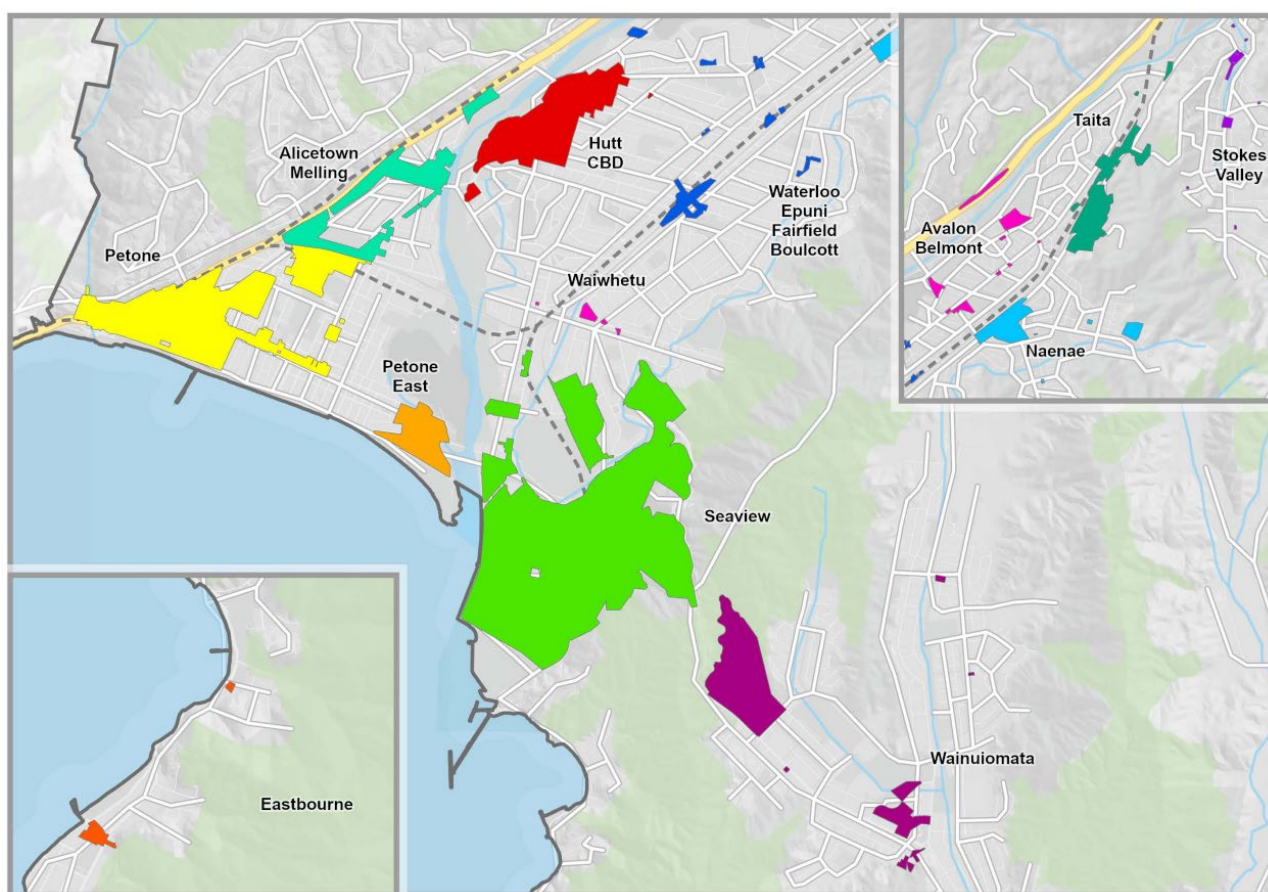


Figure 3.7: Map showing the 13 Business Areas in Lower Hutt, Source: HCC.

3.3.2 Key Business Stats and Figures

Lower Hutt is a hub of industrial sector activity, largely due to the industrial area at Seaview. This area provides one of the largest concentrations of industrial employment in the region. The largest employer by numbers is the commercial sector (11,648 jobs in commercial compared to 10,492 jobs in industrial). Many of the commercial sector jobs will be providing support services to the industrial firms, and so are an important part of the industrial ecosystem.

Investment in transport projects will improve journey times through to Wellington and other districts in the Wellington Region. There are many benefits which will result from such improvements, including the promotion of economic activity. The Northern Corridor, while not directly serving Lower Hutt, will nevertheless provide a boost. The resulting benefit of these transport projects is a 19% increase in total employment by 2052.

Sense Partners have prepared employment projections for Lower Hutt and are shown in Figure 3.8. These include baseline projections and an adjustment for the impact of key transport projects, including the Northern Corridor, Riverlink, and Rail Network Investment. The impact of Let's Get Wellington Moving was assessed separately, as the effect on Hutt City are relatively small.

Employment projections by sector, Lower Hutt

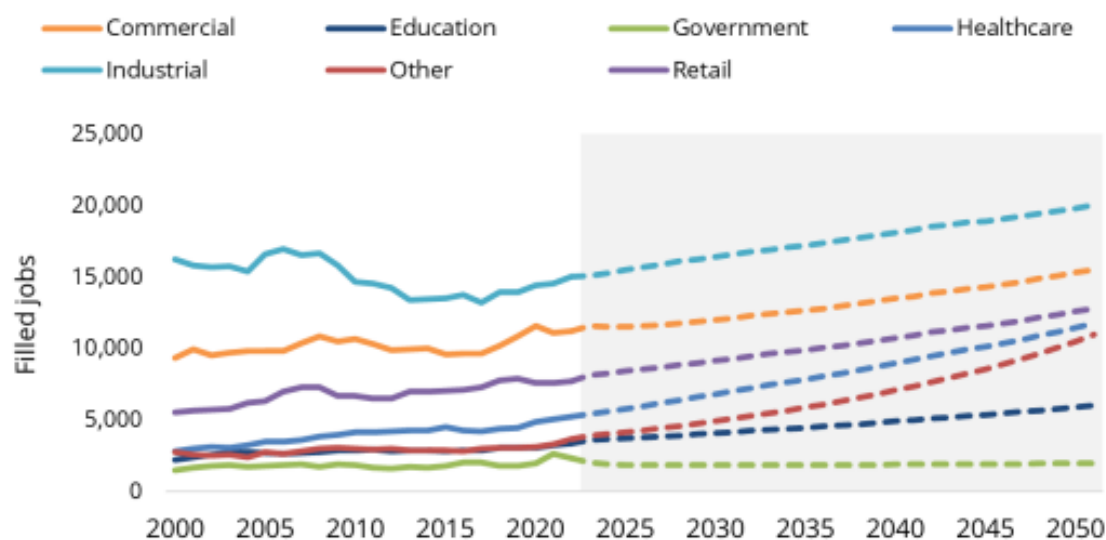


Figure 3.8: Employment projections by sector. Source: Sense Partners.

While Lower Hutt is an industrial hub for the Wellington Region, employment in the industrial sector has plateaued over the past 22 years. This is likely caused by two factors, being the adoption of more labour efficient methods of production such as automation and the impact of land constraints which is likely already binding.

Other employment sectors are also likely to grow in line with population growth. Population growth has been consistent, and sectors like retail provide essential and desirable services for residents. If the population continues to increase as predicted in the forecast, it is likely that growth in support sectors will be equally strong.

The forecast for employment in the government sector remains constant at a relatively low level, and is an exception to the predication of employment growth in line with population growth. There is possibility that this could change in the future, if government agencies in Wellington relocate to Lower Hutt.

3.3.3 Forecast Business Demand

Sense Partners have provided a business demand forecast for Lower Hutt. The Sense Partners 2022 population forecast update has been used as the basis to forecast business demand within the city over the short (3 years), medium (10 years), and long-term (30 years).

The projected floorspace required by sector are outlined in Table 3.11 below.

Table 3.11: Demand by business type for floorspace for Lower Hutt 2022-2052.

Type	Floorspace (m ²)			Total
	2022-2025	2025-2032	2032-2052	
Retail	24,539	37,005	124,867	186,411
Healthcare	21,420	57,948	191,974	271,342
Education	14,784	21,066	76,828	112,678
Commercial	5,209	13,319	60,486	79,014
Government	-8,454	-793	2,908	-6,339
Industrial	63,599	171,855	465,658	701,112
Other	19,827	46,146	245,948	311,921
TOTAL	140,924	346,546	1,168,669	1,656,139

In accordance with the NPS-UD, a buffer of 20% is added to the short and medium-term demand, and 15% is added to the long-term demand. The inclusion of this buffer ensures there is additional capacity to support competitiveness in housing demand. The resulting demand is as follows:

Table 3.12: Demand (including competitive margin) by business type for floorspace for Lower Hutt 2022-2052.

Type	Floorspace (m ²)			Total
	2022-2025	2025-2032	2032-2052	
Retail	29,447	44,406	143,597	217,449
Healthcare	25,704	69,538	220,770	316,012
Education	17,741	25,279	88,352	131,372
Commercial	6,251	15,983	69,559	91,793
Government	-6,763	-634	3,344	-4,053
Industrial	76,319	206,226	535,507	818,052
Other	23,792	55,375	282,840	362,008
TOTAL	172,490	416,172	1,343,969	1,932,632

3.3.4 Market analysis and demand for business

Lower Hutt is one of the main industrial hubs in the Wellington region, spread over several areas and suburbs within the city. Each location has a varying level of capacity and identifying these differences can highlight areas best suited for future development.

Overall, industry stakeholders have identified that there is a scarcity of vacant industrial land in Lower Hutt, and existing developed industrial land has relatively low rates of turnover. Despite the limited space for growth, key industries are reluctant to relocate to other areas within the city due to the need to be close to the established market and other businesses within the supply chain.

In Lower Hutt, residentially zoned areas are located next to General Business Areas. In recent years, resource consents have been granted for residential development at the fringes of the Business Areas where there is a transition to the neighbouring residential zone. This is consistent with allowing for more mixed-use development within these zones, and demonstrates the high demand for housing within Lower Hutt.

Stakeholders have indicated that any capacity for growth in Lower Hutt's industrial areas have been absorbed through large floor plate retail operations that fall under the category of a light industrial land use, for example wholesale hardware stores that have a large retail component. The combination of retail and housing demand in the city is putting increased pressure on the existing industrial locations.

3.3.5 Business Capacity – Plan enabled, feasible, and realisable

This section provides the assessment of business development capacity calculated from the District Plan (including Plan Change 56 – Enabling Intensification in Residential and Commercial Areas).

The calculation of business capacity follows a similar process to that for residential capacity. Theoretical development capacity is identified for mixed-use, business, and industrial areas based on their underlying zoning and development controls.

The assessment looks at scenarios for infill and redevelopment, while also identifying vacant land. While the infill scenario identifies potential development capacity available alongside existing buildings, vacant land is a sub-category of the redevelopment scenario but is important as it identifies development capacity that is currently zoned and available for development.

A number of additional assumptions are made in the modelling of business land to help provide a more realistic identification of development capacity. This includes using ratios to split development capacity between residential and business uses in areas that enable mixed uses. Some zones also have additional site coverages applied. While many business zones do not have site coverages under the district plan, these have been used to help provide a more realistic provision of the use of land and allows the use of space to provide for parking and accessways to support shops and services and yard space in the case of industrial uses.

The last assumption applied is the heights of buildings used in industrial areas. While building heights in industrial zones enables multi-storey development, an assumption of single-storey development has been used across industrial areas to reflect the large warehouse and factory building typology which is predominate across this zone.

Further information on modelling process and assumptions can be found in the supporting HBA methodology document.

Table 3.13: Business floorspace capacity (m²) by business zone.

Business Zone	Existing floorspace	Infill floorspace	Redevelopment floorspace	Vacant
Avalon Business – Avalon Studios Site	19,615	10,807	278,709	30,693
Central Commercial	441,390	321,915	1,388,885	113,113
General Business	330,644	391,722	611,952	12,981
General Business - Walkable Catchment	554,857	560,999	643,293	61,608
Petone Commercial – Area 1	13,907	12,401	58,531	8,214
Petone Commercial – Area 2	188,492	532,443	1,974,868	50,165
Petone Commercial – Area 2, 8m Height Limit Next to Urupa	2,846	1,830	2,684	993
Petone Commercial – Area 2, 20m Height Limit	181	130	1,594	0
Petone Commercial – Area 2, Unlimited but Opposite Urupa	810	511	4,858	0

Special Business	499,387	559,034	804,663	25,965
Special Business – Next to Urupa	8,490	7,689	5,588	0
Suburban Mixed Use	12,945	4,536	12,779	434
Suburban Mixed Use – Walkable Catchment	107,865	33,842	161,639	2,380
Total	2,181,429	2,437,859	5,950,043	306,546

Given the complexities in modelling different potential uses of business land, a Multi Criteria Analysis (MCA) has been used as a way of assessing the feasibility of development across business areas. The MCA uses a range of criteria to help identify relevant merits and constraints within business areas, to provide a picture of preferences for business development across the district. Details of the MCA process are available in Appendix X.

Table 3.14: Business floorspace capacity (m²) by business area - with MCA score.

Business Area	MCA Score	Existing floorspace	Infill floorspace	Redevelopment floorspace	Vacant
Alicetown – Melling	46	143,991	135,069	153,472	3,050
Avalon – Belmont	44	40,094	24,188	315,808	31,379
Eastbourne	29	7,800	991	7,997	249
Hutt CBD	47.5	441,600	321,949	1,389,096	113,113
Naenae	51	96,880	91,034	118,429	11,251
Petone	43>44	383,247	727,444	2,262,593	71,952
Petone East	52	90,439	80,770	84,488	617
Seaview – Gracefield - Moera	48	684,292	776,368	1,164,648	26,564
Stokes Valley	32	18,001	14,363	26,092	1,140
Taita	49	171,289	174,781	209,743	43,538
Wainuiomata	36	72,352	74,591	174,530	3,238
Waiwhetu	N/A	6,034	4,024	7,544	265
Waterloo – Epuni – Fairfield - Boulcott	N/A	25,410	12,287	35,603	190
Total	N/A	2,181,429	2,437,859	5,950,043	306,546

Similar to residential development capacity, it is important to be realistic about the differences between current capacity enabled under the City of Lower Hutt District Plan, its take-up, and the current rate of development.

There is currently a gap between the bulk, height, and scale of existing buildings across Lower Hutt compared to what is enabled under the District Plan. While a greater scale of Plan-enabled capacity is available, this is not likely to be realised until market conditions are more supportive. This includes the growth and demand from population, but also competition around development of space.

Since the last business capacity assessment in 2019, the total existing floorspace has increased by 122,389m² (5.9%), from 2,059,040m² to 2,181,429m². This increase has occurred across most business areas, with the Seaview/Gracefield/Moera area experiencing the most pronounced increase from 618,390m² in 2019 to 684,292m² in 2023. However, two business areas bucked this trend and experienced a decrease in floorspace over the last four years. These areas were:

- Hutt CBD: 19,144m² (4.1%) decrease from 460,744m² to 441,600m²
- Petone East: 2,784m² (2.9%) increase from 93,223m² to 90,439m².

Increased development across the other business areas is mostly associated with expansion of existing buildings and activities.

The infill and redevelopment floorspace capacity has significantly increased in the last four years associated with District Plan Changes 43 and 56. These plan changes increased the height of business areas resulting in this increased capacity. Across all business areas, the infill capacity increased from 1,680,567m² to 2,437,859m² (45% increase). The redevelopment and vacant land capacity decreased from 6,265,130m² to 6,256,589m² (0.1% decrease). The majority of this increase applies to the metropolitan (Petone) and suburban centres (Taita, Naenae, Alicetown).

3.3.6 Sufficiency of business capacity

Unlike the residential assessment, the assessment of business is more difficult given the variety and type of activities. For this reason, a qualitative analysis uses a range of information sorted by zoned land type and business area.

The MCA results help to assess whether available development capacity is sufficient to meet future needs across the District.

While the future demand for business land is provided at a district level, we can use our understanding of current business activities to assume where future development might locate and the sufficiency of capacity in those areas. Overall, the assessment of the redevelopment, infill, and vacant land scenarios identifies a large amount of development capacity is available to meet future business demand across the District.

The MCA also identified some clear preferences for business activities and where they might locate. Future retail, commercial, and government activities are likely to locate in the City Centre or Metropolitan Centre areas. Petone East and Naenae scored highest in the assessment. This reflects

the desirability of the location with its good transport connections, access, and ease of development in the area. Hutt CBD also scored highly, reflecting the retail businesses and restaurants which are clustered in the area. Eastbourne, Stokes Valley, and Wainuiomata scored lowest due to their inaccessibility, proximity to sensitive activities, and the barriers to developing in the area.

Table 3.15: Overall summary of supply to meet demand (m²).

Type	2022-2025	2025-2032	2032-2052	TOTAL
Demand (including competitive margin)	172,490	416,172	1,343,969	1,932,632
Development Capacity	Redevelopment			5,950,043
	Infill			2,437,859
	Vacancy			306,546
Sufficiency				Yes

3.4 Infrastructure Capacity

Key findings:

- There are constraints across the three waters network that will impact on development capacity without intervention in the short, medium, and long term. These constraints vary in their scale and location.
- Population growth will put further pressure on Lower Hutt's transport network. Projects for relieving constraints in the transport network have been identified.
- There is capacity to serve population growth in Lower Hutt's schools and public open space.

The NPS-UD requires councils to provide sufficient development capacity to meet expected demand for housing. In order to be considered sufficient to meet expected demand, the development capacity must be both plan-enabled and infrastructure-ready. According to clause 3.4(3) of the NPS-UD, development capacity is infrastructure-ready if:

- (a) in relation to the short term, there is adequate existing development infrastructure to support the development of the land
- (b) in relation to the medium term, either paragraph (a) applies, or funding for adequate infrastructure to support development of the land is identified in a long-term plan
- (c) in relation to the long term, either paragraph (b) applies, or the development infrastructure to support the development capacity is identified in the local authority's infrastructure strategy (as required as part of its long-term plan).

Infrastructure is broadly defined. *Development infrastructure* refers to three waters and land transport infrastructure. Other infrastructure refers to a broader range of infrastructure including open space, social, and community infrastructure. The following section provides information on Hutt City Council's existing and planned infrastructure and its adequacy to meet expected demand for housing.

3.4.1 Three Waters

Wellington Water has undertaken an assessment of the three waters infrastructure for Lower Hutt. The full report is attached as Appendix 3.1 and should be read alongside this summary to fully understand the modelling methodology, assumptions, levels of service, and further commentary on mitigation measures.

The assessment indicates that there are significant constraints in the existing and planned servicing of water supply, wastewater, and flood protection in Lower Hutt, and significant upgrades would be needed to support the anticipated population growth. It is expected that as growth continues, the appropriate solutions to these constraints will be planned and implemented to facilitate further growth.

Water Supply

Capacity in water supply infrastructure is assessed in terms of “network capacity” and “storage capacity” for 20 Water Storage Areas (WSA) in Lower Hutt. WSAs are defined as a water supply network comprising of at least one reservoir, which can be expected to operate independently in the case of supply being interrupted. The Lower Hutt assessment indicates that there are capacity constraints in approximately two thirds of WSAs over the short, medium, and long term. These constraints are either in network capacity, storage capacity, or both.

Site specific growth may be accommodated by reconfiguring the water supply network, such as by expanding or reducing the area supplied by a specific reservoir. The assessment does not consider future efficiency of the network (leak prevention) and customer use (demand management).

Wastewater

The capacity of existing wastewater networks were assessed using a ‘calibrated hydraulic model’ for the Wainuiomata catchment and a ‘limited design code analysis’ for the larger Lower Hutt catchment. These analyses indicate significant capacity constraints in both catchments, with neither having sufficient infrastructure capacity for projected urban growth over the short, medium, or long term.

Stormwater

The Hutt Valley and Wainuiomata Valley are both subject to extensive flooding due to heavy rainfall draining from surrounding hills into urban areas, and flat land which is difficult to drain. The existing natural features and pattern of development already create flooding issues in Lower Hutt. Options are being developed to handle the existing risks from flooding.

Therefore, the assessment of stormwater flooding was based on an assumption that planning and building restrictions will require new development to achieve hydraulic neutrality in all rainfall events up to and including the 1 in 100-year rainfall event, including the predicted impacts of climate change. Under this assumption stormwater risks would not be increased by increased population and its associated development. With this assumption the stormwater modelling results are relevant for today as well as for 2047.

For the stormwater modelling, Lower Hutt is divided into four stormwater catchments: Petone, Wainuiomata, Stokes Valley, and Hutt CBD/Waiwhetū. The hydraulic modelling of stormwater in the Hutt CBD/Waiwhetū catchment is not complete. The modelling indicates that there is stormwater infrastructure enabled development capacity in the long term in the Wainuiomata catchment. The Stokes Valley catchment study is still ongoing. Preliminary results for Petone indicate likely significant limitations on development capacity due to its low-lying nature. For other areas, development is not enabled in the flood hazard areas along the rivers and large streams. In general, however, for most areas development can occur in combination with adequate planning provisions, and existing issues will need to be addressed regardless of future growth.

3.4.2 Local Road Network

The Hutt City Council Transport Division has provided an assessment of the local road network for Lower Hutt. The full assessment is attached as Appendix 3.2. The report should be read alongside this summary.

The Lower Hutt local road network is relatively uncongested at peak times with little significant congestion detected. The key features of the Lower Hutt road network can be summarised as follows:

- there is no pattern of fatal or serious injury road crashes that indicates a particular safety issue with any one part of the Lower Hutt road network.
- traffic flows into and out of the Lower Hutt CBD are distributed across at least 12 different routes.
- the Esplanade along the Petone foreshore is at capacity during peak times and there is a project underway for an alternate route across the valley floor that provides increased resilience, capacity, and mode choice.
- some queuing occurs on the approaches to the High Street intersection with Daysh Street and Fairway Drive during both the weekday morning and evening and Saturday midday peaks.
- some congestion occurs within the CBD on Saturday associated with traffic accessing Queensgate and the Riverbank Market
- some queuing of vehicles turning right into and out of Waiwhetū Road at the intersection with Whites Line East occurs during the weekday morning peak.
- some queuing occurs during the evening peak for traffic accessing the Ewen Bridge, particularly from Queens Drive and High Street.

State Highway 2 provides the major roading connection between the Hutt Valley and Wellington. The intersections between the local road network and State Highway 2 all experience congestion during the morning and evening peaks.

There is significant traffic congestion on weekday mornings for southbound traffic heading towards Wellington on State Highway 2 to the south of Petone. Similar congestion occurs on weekday evenings as traffic exiting Wellington is joined by traffic from State Highway 1 at Ngauranga Gorge.

The existing constraints may compound if traffic volumes continue to grow with the expected population growth. However, a significant investment in the Lower Hutt's active mode network coupled with an increased focus on public transport could lead to a reduction in private vehicle use.

Additionally, a number of improvement projects intended to address the most critical existing constraints have been identified and are in various stages of planning.

3.4.3 State Highway Network

Waka Kotahi have provided an update to assess the impact of the state highway network on capacity and demand for business and housing land. This update is attached as Appendix 1.6.

According to Waka Kotahi overall capacity of the state highway is not a major constraining factor for development capacity in Lower Hutt, provided vehicle travel demand is managed to enable mode shift. Improvements are also planned to SH2 to improve safety outcomes.

Travel on SH2 through Lower Hutt has a pronounced commuter peak, with a similar commuter peak on the Melling and Hutt rail lines. Te Ara Tupua is expected to open in late 2024 providing a safe walking and cycling link between Ngauranga and Melling via Petone. This will enable modal shift away from driving for journeys between the Wellington City Centre and Lower Hutt.

Upgrades to the Melling Interchange, delivered as part of RiverLink, will alleviate growth constraints in the central city. The interchange will also improve safety, reliability and transport choice by providing more efficient travel in peak periods and separating pedestrians and cyclists from traffic.

3.4.4 Public Transport

A public transport assessment has been provided by the Greater Wellington Regional Council. The full assessment is attached as Appendix 5.1.

Rail plays a significant role in providing access from the Hutt Valley to the Wellington CBD. The urban rail network serves the Hutt Valley with high capacity, long distance commuter services. This rail network helps meet demand for travel from the Lower Hutt Valley to the Wellington CBD during peak periods and provides a means of bypassing road congestion on State Highway 2. Ongoing upgrades to the Hutt Valley line will improve reliability and frequency of train services. These upgrades include double tracking between Trentham and Upper Hutt, replacing overhead power systems, and installing new power supply for signals.

Lower Hutt is also served by a number of bus routes which provide all day services at low to medium frequency within suburban areas, and support the rail network with connecting feeder services. The capacity of the bus network is not currently an issue in the Hutt Valley but there is poor utilisation of existing services. Further intensification of existing urban areas will help improve the viability of bus services. Greater Wellington Regional Council is currently considering upgrades to core Lower Hutt bus services to achieve an all-day frequency of 7.5 to 15 minutes.

Overall public transport does not present any critical constraints on growth in Lower Hutt. However, further increases in capacity and frequency of services will be needed to service growth over the long term.

3.4.5 Open Space

Hutt City Council's Open Space network is being currently assessed by council staff and by external consultants (Thrive Open Spaces and Places). The assessment is only scoping open space owned or managed by Hutt City Council.

Lower Hutt also has significant areas of open space managed by Greater Wellington Regional Council and the Department of Conservation. Parks and Reserves and Thrive consultants are in the process of creating a working Plan that will act a supporting guide for a Reserves Investment Strategy (official name pending). The Plan will provide a detailed needs and opportunity analysis, and provisional framework with tailored levels of service criteria to make informed investment decisions. The Strategy will lay out a comprehensive roadmap for resource allocation.

Hutt City Council currently manages 350 reserves, comprising 2,918 hectares. As the resident population of Lower Hutt is at 113,600 (Sense partners 2022), there is 25.68 hectares per 1000 residents. To note, this figure encompasses all open space, much of which is largely passively managed. For actively maintained park land, there is about 3 hectares per 1000 residents. Current trends show that Wainuiomata, Stokes Valley, Naenae and Taita suburbs are experiencing the highest number of subdivision, creating greater demand for open space.

Through the Reserves Investment Strategy (official name pending) aims to have open space within an 'easy walking distance' of all residential housing within its urban areas. An easy walking distance may be defined between 400-600 metres - the distance that an elderly person or young child can generally walk in 8.5 to 10 minutes.

Lower Hutt may have enough physical reserve land to accommodate formal sport and is likely to for the foreseeable future, however due to increasing usage of these spaces, there is a growing need to provide a higher level of service.

The table below is recent Yardstick data from Xyst of open space managed or owned by Hutt City Council. Categories subject to change per impending bespoke provisional Framework by Thrive but this information provides a baseline.

Table 3.16:

NZRA Category	Hectares*
	*Data: Yardstick June 2023 (Xyst)
Natural	2145.7
Neighbourhood	33.3
Public Gardens	7.0
Recreational and Ecological Linkage	305.0
Sport and Recreation	409.5

Greater Wellington Regional Council provided an assessment of regional open space as an input into the 2019 HBA. According to this assessment Lower Hutt has significant areas of regional open space within its boundaries. Nearly 50% of the total land area of Lower Hutt is made up of public open space and a large area of this is in regional parks.

From this past assessment, Lower Hutt territory has current sufficient regional open space to meet the recreational needs of the community. However, due to intensification and impending changes to the District Plan, there is a need to allow better access to these regional spaces, including further ecological protection. Primarily, the focus for accessible green open space is being concentrated to areas of deprivation, current and forecasted intensification and lack of quality reserve space.

3.4.6 Education

The Ministry of Education has provided an assessment of school rolls and capacity for the region. This assessment, attached as Appendix 5.2, outlines the current capacity of schools, not their ability to increase their capacity in the future.

The Ministry of Education splits Lower Hutt into three zones: Wainuiomata, Lower Hutt South, and Lower Hutt North. The Wainuiomata and Lower Hutt North zones currently have spare capacity at both primary and secondary levels. The Lower Hutt South zone has spare capacity at primary level but the one state secondary school in the zone is at capacity. The Ministry of Education summary for Lower Hutt is as follows:

Wainuiomata

- There are six state primary schools and one state-integrated school in this catchment. There is space for 660 students in the state school network and space for 60 students in the state integrated network.
- There is one secondary school in Wainuiomata which currently has space for 400 students. The first stages of a redevelopment of the school started recently.

Lower Hutt South

- There are 12 state primary schools and five state-integrated schools in this catchment. There is space for 700 students in the state primary network and 120 students in the state-integrated primary network.
- There is one state secondary school (Hutt Valley High School) and three state-integrated secondary schools. Hutt Valley High School is at capacity, although it has around 180 students from outside their enrolment scheme. There is space for 40 students in the state-integrated secondary school network.
- There is one state-integrated composite school, Raphael House Rudolf Steiner Area School. This school has space for 40 students.

Lower Hutt North

-
- There are 14 state primary schools and two state-integrated primary schools in this catchment. The state schools have space for around 860 students, and the state-integrated schools have space for around 275 students.
 - There are two state secondary schools in this catchment, (Taita College and Naenae College). They have space for around 450 students. In May 2020 the government announced a redevelopment for Taita College.
 - There is one state-integrated composite school, Wā Ora Montessori School. It has space for around 50 students.