

Housing and Business Development Capacity Assessment

Wairarapa-Wellington-Horowhenua

SEPTEMBER 2023



Wellington
Regional Leadership Committee

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Executive summary

Introduction

To effectively plan for growth, councils need to understand expected future housing and business demand and the capacity of their plans and infrastructure to accommodate housing and business growth. This helps to identify if they are on course, or if there are additional steps that need to be taken to ensure there is sufficient housing supply to meet demand in the short, medium, and long term. This is the purpose of a Housing and Business Development Capacity Assessment (HBA).

As a requirement of National Policy Statement - Urban Development (NPS-UD), an HBA provides an evidence base, which helps councils understand supply and demand for housing and business and make informed planning decisions.

In 2022 a housing only update was published for the tier 1 councils. This HBA provides a full update to the 2019 housing and business assessment for the Wellington Region HBA and expands to tier 3 Districts (Horowhenua, Masterton, Carterton and South Wairarapa) in our region.

This report has been prepared for the Wellington Regional Leadership Committee (WRLC) as a report for the wider Wairarapa-Wellington-Horowhenua region. It will be used to support spatial and other planning being undertaken by the councils in the region and the WRLC. Whilst the report breaks land requirements down to a council level, we will be developing a regional response to meet required levels of expected demand. In the short term, this planning will be undertaken as part of the region's Future Development Strategy.

This report is the regional overview report. Each council also has a report relevant for its area with localised information and more detail. It is important to highlight that this assessment represents a single point in time.

Key findings

- *The population of the Wairarapa-Wellington-Horowhenua region is projected to grow by around 200,000 people over the period to 2051.*
- *This report finds that over 99,000¹ houses are required by 2051 to ensure sufficient housing to meet demand. This is made up of almost 38,000 houses in the short to medium term, plus 61,000 in the long term.*
- *Based on current District Plans, the Wairarapa-Wellington-Horowhenua region has sufficient housing development capacity (houses that could be built) in the long term for over 206,613 houses. That is more than double what we need (99,000 dwellings).*
- *Capacity – The region has sufficient business capacity, based on a qualitative analysis with the following types of capacity:*
 - *Over 36,600,000m² (floorspace) potentially available for redevelopment (that's if every site was demolished and rebuilt)*
 - *Over 7,100,000² (floorspace) vacant (at time of modelling) that could be redeveloped in the short term*
 - *Over 17,000,000m² (floorspace) available for infill development*
- *However, we know that demand for industrial land requires larger footprint sites, and due to current land zoning and availability, this category is likely to have a shortfall. A separate project has been commissioned to confirm industrial land demand and identify suitable areas.*

1

¹ Note the 206,613 figure is purely 'realisable housing capacity' also known as "what can be reasonably expected to be realised" in accordance with the NPS-UD. it is not actual houses.

Residential Assessment

The Wairarapa-Wellington-Horowhenua region is growing. By 2051, we will have around 200,000 more residents than we have today, and we'll need around 99,000 additional homes for them to live in. For context 212,000 people were living in Wellington City in June 2022. Ensuring adequate housing supply as we grow is critical to addressing current issues of housing affordability and a lack of housing choice.

As a requirement of the National Policy Statement on Urban Development (NPS-UD), an HBA provides an evidence base, which helps councils understand supply and demand for housing, and make informed planning decisions.

This HBA provides a housing update to the 2021 Wellington Region HBA and expands to the Tier 3 (Horowhenua and Masterton Districts) and Carterton and South Wairarapa Districts in our region.

Across the Wairarapa-Wellington-Horowhenua region, population growth of 11.5% is expected over the next 10 years and 19.9% in total over the next 30 years. Modelling estimates that by 2051, population growth and demographic change will require around 99,000 additional homes in the region, in a mix of stand-alone houses (approximately 42% of future housing need) and attached houses (approximately 58% of future housing need).

Table 1.1 outlines the projected demand for additional houses, by council area and the region as a whole. The numbers include the relevant competitiveness margin¹, as required by the NPS-UD. These housing bottom lines are the minimum number of additional houses councils should plan for to ensure a sufficient supply of housing.

¹ A competitiveness margin is a margin of development capacity, over and above the expected demand that tier 1 and tier 2 local authorities are required to provide, that is required in order to support choice and competitiveness in housing and business land markets. These are set out in clause 3.22 of NPS-UD

Table 1.1: Housing bottom lines by council area.

Council Area	Additional dwellings 2021–31	Additional dwellings 2031–51	Total additional dwellings 2021–51
Kāpiti Coast District	5,477	8,411	13,888
Porirua City	3,585	6,303	9,888
Upper Hutt City	2,958	4,973	7,931
Lower Hutt City	6,450	11,551	18,001
Wellington City	11,337	19,070	30,407
Horowhenua District	2,530	3,890	6,420
Masterton District	3,324	3,935	7,259
Carterton District	1,005	1,728	2,733
South Wairarapa District	1,052	1,723	2,775
Total	37,718	61,584	99,302

Table 1.2 shows the projected demand for additional houses compared with the capacity by council area. The difference between these numbers shows whether or not there is sufficient capacity in each area and the region as a whole.

Table 1.2: Housing sufficiency by council area.

Council Area	Demand ¹	Capacity	Difference	Sufficient
Kāpiti Coast District	13,888	32,673	18,785	Yes
Porirua City	9,888	20,350	10,462	Yes
Upper Hutt City	7,931	18,461	10,530	Yes
Lower Hutt City	18,001	28,236	10,235	Yes
Wellington City	30,407	73,856	39,008	Yes
Horowhenua District	6,420	11,967	5,546	Yes
Masterton District	7,259	7,968	709	Yes
Carterton District	2,733	4,402	1,669	Yes
South Wairarapa District	2,775	8,700	5,925	Yes
Total	99,302	206,613	107,310	Yes

From Table 1.2 you can see that some councils have a larger sufficiency buffer than others – with Kāpiti and Wellington City with significant buffers and Masterton at the other end with minimal buffer of 709 homes. We will be addressing our housing demand at a regional level as part of the Draft Future Development Strategy.

All councils are well advanced in preparing either plan changes, variations, or full district plan reviews to enable intensification as required by the NPS-UD. This will increase plan-enabled infill and redevelopment capacity but must be accompanied by the necessary infrastructure investment (particularly in Three Waters) and other measures to convert the additional theoretical capacity into development that meets future housing needs.

Given councils have now enabled or in the process of enabling significant capacity for housing (as can be seen by our sufficiency assessment), zoning is no longer the best tool to get the housing we need, instead it is market forces that have a greater influence.

¹ Based on the 2022 Sense Partners population projections. This differs from the Property Economics summary report and some local reports. We are using 2022 projections as the bottom lines to be consistent with the Future Development Strategy assumptions.

Business Land Assessment

In assessing business development capacity, we consider the level of development enabled by council planning rules and the commercial feasibility and likelihood of development. We also consider council infrastructure (such as three waters) and other (e.g. electricity) infrastructure available to support development.

Key findings from a forecast of business land undertaken for this HBA (*See Demand for business land in the Wellington-Horowhenua region – Sense Partners dated 28 March 2023*), shows:

- Demand for business land will continue to grow strongly across the Wairarapa-Wellington-Horowhenua region over the next 3 decades, fuelled by higher than expected population growth.
- This growth in demand for business land is expected to increase beyond the previous 2018 assessment.
- This demand equates to an additional 9,181,600 m² of business floorspace (or more than 1,192 hectares of additional land) over the next 30 years.
- There is sufficient capacity for business activities that can be intensified (such as retail or office) but not necessarily for industrial activities that need more land.
- Additional industrial land demand is 483 hectares - this is the equivalent of 2-3 additional Seaview/Gracefield Industrial parks.
- Growth will be uneven across the region. Local trends and nuance will determine where demand falls. See local chapters for more detail.

Table 1.3 shows the projected demand for additional business floorspace (in m²) compared with the capacity by council area. The difference between these numbers shows whether or not there is sufficient overall capacity in each area and across the region as a whole. However, it does not show where there are specific sector shortfalls within each district, only whether the overall demand is being met. More details on housing capacity sufficiency is provided in the chapter 5 below and even more detail is in each District chapter. The numbers include the relevant competitiveness margin.

It is important to highlight that this business floorspace assessment represents a single point in time. All councils in the Wairarapa-Wellington-Horowhenua region are currently in the process of implementing changes to their District Plan which may impact this assessment. In line with regional spatial planning undertaken for the Wairarapa-Wellington-Horowhenua region, solutions to provide business capacity will be considered at a regional level.

Table 1.3: Increase in m² of additional business floorspace and sufficiency in the Wairarapa-Wellington-Horowhenua region – next 30 years.

	Demand	Capacity			Sufficient?
		Infill	Redevelopment	Vacant	
Kāpiti Coast District	577,900	1,438,837	3,966,144	1,655,957	Yes
Porirua City	944,300	1,960,202	4,601,320	225,620	Yes
Upper Hutt City	264,500	928,300	3,392,200	202,300	Yes
Lower Hutt City	1,932,600	2,437,859	5,950,043	306,546	Yes
Wellington City	4,249,300	2,443,528	7,837,964	50,744	Yes
Horowhenua District	316,100	719,632	1,457,619	372,073	Yes
Masterton District	219,000	3,762,147	5,183,245	1,411,290	Yes
Carterton District	628,500	2,800,182	3,105,306	2,551,485	Yes
South Wairarapa District	49,400	888,719	1,188,560	324,634	Yes
Region-wide	9,181,600	17,047,810	36,682,401	7,100,649	Yes

Infrastructure Capacity Findings

For the purposes of this report, infrastructure has been considered separately from the modelling. In some parts of the Wairarapa-Wellington-Horowhenua region there are constraints in three waters networks that will impact on development capacity. Our existing infrastructure will need to support much of our region's expected development in the next 30 years, so it is critical that we maintain and strengthen our existing infrastructure effectively to increase the resilience of our networks for our region, both now and in the future. This will support the current population and new developments in the region.

Council and others (e.g. electricity providers) identify their infrastructure spend to support development within the region. Documents such as Long-Term-Plans (LTP's) and Asset Management Plans (AMPs) state what we can afford, not necessarily what we need to spend. This highlighted a funding gap. The Diagram below provides a high-level view of these funding gaps. We are unable to quantify the level impact of any infrastructure constraints on capacity, given the significant housing capacity enabled in our region, any reduction in capacity due to infrastructure constraints that are not known is unlikely to impact housing bottom lines. Infrastructure and land-use planning and development is an ongoing and iterative process. All councils have work underway to better understand and address development pressures on infrastructure.

Infrastructure type	Gap
Three waters	<p>Council Long Term Plans identify the level of three waters infrastructure spend over the next ten years to support the expected levels of housing and business development. It is acknowledged that often these infrastructure projects and costs are what the council can afford and is less than what is needed to fully fund three waters requirements. This gap between what is needed and what can be afforded has not been costed.</p> <p>Some councils have not yet completed detailed growth studies to fully understand the three waters investment requirements to support housing and business development.</p> <p>There is also uncertainty created by three waters reform.</p>
Transport	High level analysis suggests we need to double the current level of transport spend we are planning for in the region to enable us to catchup on maintenance, provide the required service levels we want for an increasing population and reduce our emissions
Education	Whilst MoE have identified potential education requirements in areas prioritised in the Future Development Strategy, it is acknowledged that there is significant potential for housing development outside these areas as well and this creates uncertainty regarding where and when investment occurs.
Energy and telecommunications	There is a need for electricity and telecommunications network upgrades to accommodate not only more housing and business development, but to improve our energy resilience and accommodate more renewable electricity generation in the region.
Health	At this stage no further hospitals are planned for this region
Blue green network eg parks	In some parts of the region further investment in local parks and pocket parks may be needed to support well-functioning environments in our towns and cities. Nature based solutions will be needed to be invested in support our blue network and support stormwater management.

Chapter 1: Introduction and Regional Summary



1 Introduction

1.1 Purpose of the Housing and Business Development Capacity Assessment

This Housing and Business Development Capacity Assessment (HBA) has been prepared to meet the requirements of the National Policy Statement on Urban Development (NPS-UD).

Introduced in 2020, the NPS-UD recognises the national significance of:

- Having well-functioning urban environments that enable all people and communities to provide for their social, economic, and cultural wellbeing, and for their health and safety, now and into the future, and
- Providing sufficient development capacity to meet the different needs of people and communities.

A HBA assesses the demand for housing and business land and determines how much development capacity is needed to sufficiently meet that demand.

The NPS-UD outlines the purpose of the HBA and are included below.

Section 3.20 Purpose of the HBA

1. The purpose of an HBA is to:

- a. Provide information on the demand and supply of housing and of business land in the relevant tier 1 or tier 2 urban environment, and the impact of planning and infrastructure decisions of the relevant local authorities on that demand and supply; and
- b. Inform RMA planning documents, FDSs, and long-term plans; and
- c. Quantify the development capacity that is sufficient to meet expected demand for housing and for business land in the short term, medium term, and long term.

A housing update to the 2019 Wellington Region HBA (prepared under the National Policy Statement on Urban Development Capacity 2016) was completed in 2022. It provides an interim update on housing development capacity, as required by clause 4.1(2) of the NPS-UD. It covered the Greater Wellington urban environment, made up of Wellington City, Porirua City, Kāpiti Coast District, Upper Hutt City, and Lower Hutt City.

This document is an update of the 2019 HBA, relating to both housing and business land in the Wairarapa-Wellington-Horowhenua region. It meets the requirements of the NPS UD and has been prepared to inform the Future Development Strategy (FDS) for the same geographic area and development of councils' 2024 Long-Term Plans.

1.2 Statutory context – what does the NPS-UD require?

The region is growing which puts pressure on the available development capacity. Councils cannot effectively plan for that growth if they do not know how much development capacity they have, what pressure is being put on it, over what timeframe, and in which areas. It is these questions that this report seeks to answer. This is important, as a shortage of development capacity is likely to put upwards pressure on house prices and business land as people compete for limited development opportunities.

Tier 1 and 2 councils must prepare a HBA to ensure their planning decisions are well-informed by the demand and supply of housing and business land. The HBA helps to inform councils' Long-Term Plans, Future Development Strategy, and RMA planning documents.

Under the NPS-UD, Greater Wellington Regional Council, Wellington City Council, Porirua City Council, Kāpiti Coast District Council, Upper Hutt City Council, and Hutt City Council are classified as tier 1 councils. Masterton District Council and Horowhenua District Council are classified as tier 3 councils, while Carterton District Council and South Wairarapa District Council do not have a classification. All these councils are part of the Wellington Regional Leadership Committee (WRLC) region and are being included in this HBA.

This HBA is required to:

- Analyse the affordability and competitiveness of the housing market and the impact of planning decisions and infrastructure on the market;
- Estimate demand for housing and business land by type and location in the short, medium, and long term;
- Quantify development capacity for housing and its feasibility, and what is reasonably expected to be realised in the short, medium, and long term;
- Provide the basis for bottom lines for sufficient housing development capacity;
- Quantify development capacity for business land and its suitability in the short, medium, and long term; and
- Quantify any insufficiencies in development capacity for housing or business land and whether the shortfalls are due to planning or infrastructure constraints.

1.3 A partnership approach

The Wairarapa-Wellington-Horowhenua region, as shown in Figure 1.1 below, is highly connected. Good transportation links between the cities and towns, particularly in the metropolitan area, means that there are few barriers between the various housing markets, and businesses have a wide choice of locations in which to establish. It also means that the labour force is highly mobile.

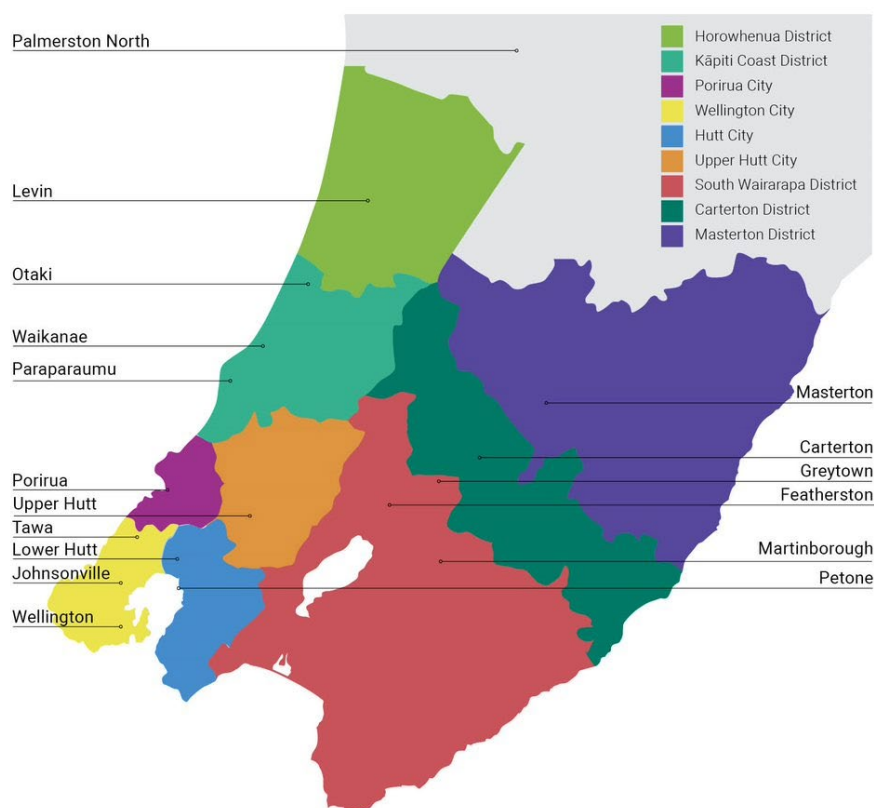


Figure 1.1: Map showing the environment Wairarapa-Wellington-Horowhenua region.

In this context, and with the requirement under the NPS-UD for councils that share jurisdiction over an urban environment to jointly prepare an HBA, the councils have adopted a joint approach to undertake the assessment together.

This report has been prepared for the Wellington Regional Leadership Committee (WRLC) as a report for the wider Wairarapa-Wellington-Horowhenua region. It will be used to support spatial and other planning being undertaken by the councils in the region and the WRLC. Whilst the report breaks land requirements down to a council level, we will be developing a regional response to meet required levels of expected demand. In the short term, this planning will be undertaken as part of the region's Future Development Strategy.

This joint approach:

- Ensures a consistent way to assess development capacity;
- Uses a common methodology and assumptions for population projections;
- Uses similar modelling processes for each council;
- Leverages off the resources available to each council;
- Presents results not just on a city-or town basis, but across the Wairarapa-Wellington-Horowhenua region; and
- Is consistent with work on joint spatial planning for the region.

1.4 Engagement

The NPS-UD encourages involvement of the development sector in the preparation of the HBA to provide real-world evidence and contribute to the quality of the assessment, particularly regarding what is feasible and reasonably expected to be realised. We engaged specialist consultants who work within the development market and use that experience to liaise with business and housing developers and infrastructure providers in preparing this HBA. For more information see Appendix 5: Business Feasibility Report.

1.5 Link to the Draft Future Development Strategy

HBAs inform Future Development Strategies, which are also required under the NPS-UD. The Draft Future Development Strategy take a helicopter view of the Wairarapa-Wellington-Horowhenua region to show the broad locations for future growth and general locations of main infrastructure corridors over the next 30 years.

This HBA uses 2022 Sense Partners population projections as the bottom lines to be consistent with the Future Development Strategy assumptions.

The last Census held in March 2023 will provide an important foundation for considering future expectations for population, and subsequent housing demand. The timing of the 2019 HBA meant we did not have the last five years of adapt to confirm in this HBA but will have for the next one in 2026.

All councils in the region are preparing for growth. Fluctuations in projections are expected and don't change the fact that we need to continue facilitating growth. The point in time nature of this analysis means the Future Development Strategy uses the HBA as a temperature check to provide a base to build our future vision for growth and development with the strategy.

1.6 Relationship with other plans and strategies

The NPS-UD fits within a broader framework of plans and policy statements prepared under the Resource Management Act 1991 (RMA). National policy statements sit at the second level of the RMA hierarchy. Regional policy statements and district plans must 'give effect' to a national policy statement¹.

Along with requiring preparation of the HBA, the NPS-UD directs tier 1 and 2 councils to set housing bottom lines for the short to medium and long term, based on the HBA, in their regional policy statements and District Plans.

The Wellington Regional Growth Framework (WRGF) – a non-statutory spatial plan that describes a long-term vision for how the region will grow, change, and respond to key urban development challenges and opportunities – identifies a mix of development in urban renewal areas and future urban areas, as well as a priority work programme to increase housing supply, affordability, and

¹ Section 75(3)(c) RMA

choice. The WRGF is now being updated and developed into a Future Development Strategy (as mentioned above) which is a statutory document required by the NPS-UD for all tier 1 and 2 councils.

Councils also prepare a number of non-RMA plans and strategies to inform decision-making and directions for the management of growth. These range from required documents such as Long-Term Plans and associated infrastructure strategies, through to optional documents, such as growth strategies, town centre plans, and open space strategies. All these documents are an important consideration for this capacity assessment, and for responding to the findings of the HBA where required. These documents are detailed in the individual council chapters that follow where relevant.

1.7 Report Structure

This report has been structured with several chapters all presented independently for ease of reading.

- Chapter 1: Introduction and regional summary – This chapter provides the background to the project, details how the HBA fits with the broader planning framework, outlines the methodology for the HBA and provides results at a regional scale.
- Chapters 2 through 10: Results for each council – These chapters provide a more detailed breakdown on a council-by-council basis and tells the growth story for each of these areas.
 - Chapter 2: Wellington City Council
 - Chapter 3: Hutt City Council
 - Chapter 4: Porirua City Council
 - Chapter 5: Kāpiti Coast District Council
 - Chapter 6: Upper Hutt City Council
 - Chapter 7: Horowhenua District Council
 - Chapter 8: Masterton District Council
 - Chapter 9: Carterton District Council
 - Chapter 10: South Wairarapa District Council
- Technical reports and additional information are collated into a separate appendices document.

2 Our growing and changing region

Key findings

The population of the Wairarapa-Wellington-Horowhenua region is projected to grow by around 200,000 people over the period to 2051 - that's another Wellington City.

Housing and business land demand is a product of population growth. It refers to the demand for residential dwellings across the spectrum of housing types and business land across a spectrum of business uses. To understand the growth pressures facing the region, we first need to establish what level of population growth is expected and over what timeframe.

In 2020 Sense Partners forecast a population increase for the region of around 250,000 by 2051; however, it is now not certain that growth will reach pre-COVID-19 projected expectations. The latest (2023) Sense Partners projections suggest growth of around 184,000 by 2052. Stats NZ projections suggest a more modest population increase, with the median projection at about 79,000 between 2018 and 2048. The extent of the divergence between projections highlights the uncertainty of predicting the future, and how much growth relies on international migration.

This HBA uses population projections produced in 2022 by Sense Partners, except for Horowhenua where they were not completed until 2023 and Porirua where 2021 figures have been used to align with their Proposed District Plan. The median projection was selected as it is statistically the most likely to occur. Sense Partners have updated the projections for 2023, however, this was not available at the time the analysis for this HBA was undertaken. We are using 2022 projections as the bottom lines to be consistent with the Future Development Strategy assumptions.

A range of projections were considered for use in this HBA, including the Statistics New Zealand (StatsNZ) medium growth series projection and the Sense Partners median projection. These can be seen in Figure 1.2.

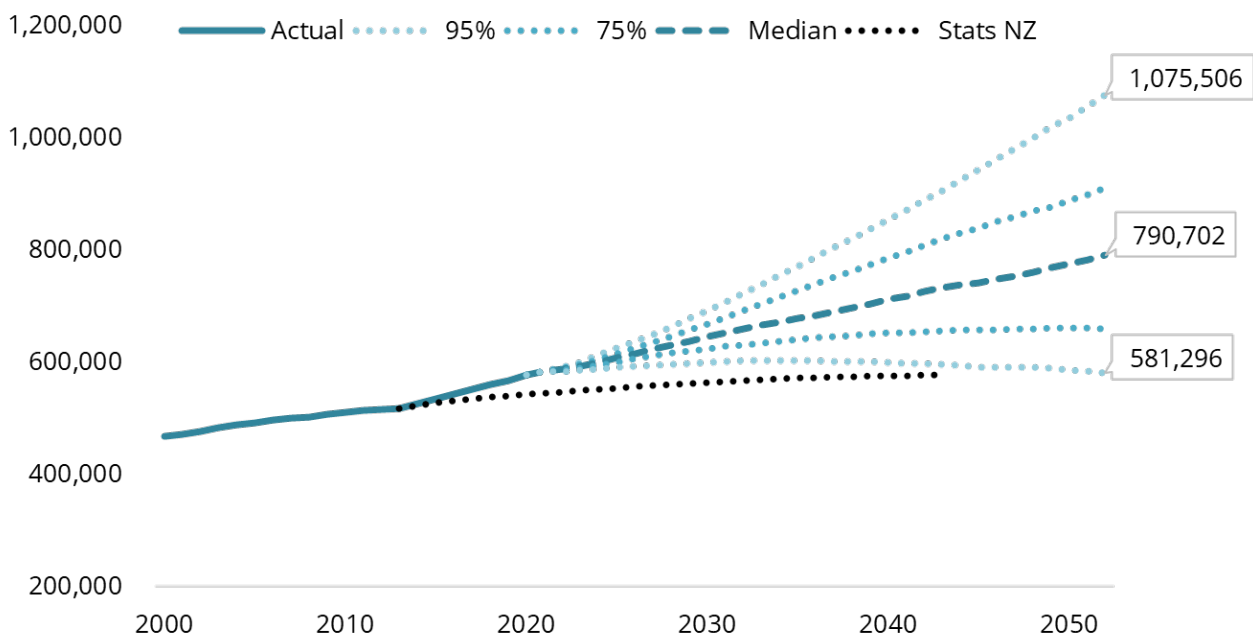


Figure 1.2: Regional population projections 2021–51. Source: Sense Partners, Statistics New Zealand.

The Sense Partners median projection was selected as the most appropriate for this assessment due to:

- StatsNZ projections typically underestimate the level of growth in the region. Population growth over the past 5 years has been three times as strong as StatsNZ expected, despite border closures associated with COVID-19.
- The assumptions made on net migration. The Sense Partners median projection includes positive net migration rates of similar magnitude to trends observed in the last 5 – 10 years (i.e., pre-COVID trends), an average of 0.7% per annum. The StatsNZ medium projection assumes a substantial decline in net migration, an average of 0.1% per annum.

There is considerable uncertainty around the projections, especially long term, which are highly sensitive to the assumption of persistently positive net inward migration. As a result, there is a 50% probability of annual growth from 1.4 – 1.9% over the next 10 years and from 0.8 – 1.7% over the next 30 years.

Table 1.5 shows the projected population growth for each territorial authority.

Table 1.5: Population growth for the Wairarapa-Wellington-Horowhenua region by council, 2021–2051.

Council area	2021–2024	2024–2031	2031–2051	TOTAL
Kāpiti Coast District	2,400	6,800	15,900	25,100
Porirua City	2,400	5,900	15,300	23,600
Upper Hutt City	1,900	5,000	11,300	18,200
Lower Hutt City	3,500	10,400	25,700	39,600
Wellington City	2,300	15,300	40,300	57,900
Horowhenua District (2023)	1,500	3,300	7,500	12,300
Masterton District	1,400	3,400	7,900	12,700
Carterton District	500	1,200	3,100	4,800
South Wairarapa District	500	1,400	3,200	5,100
Total	16,385	52,662	130,185	199,300

Figure 1.3 shows the same growth projections for the Wairarapa-Wellington-Horowhenua region over the 30-year period that this report covers.

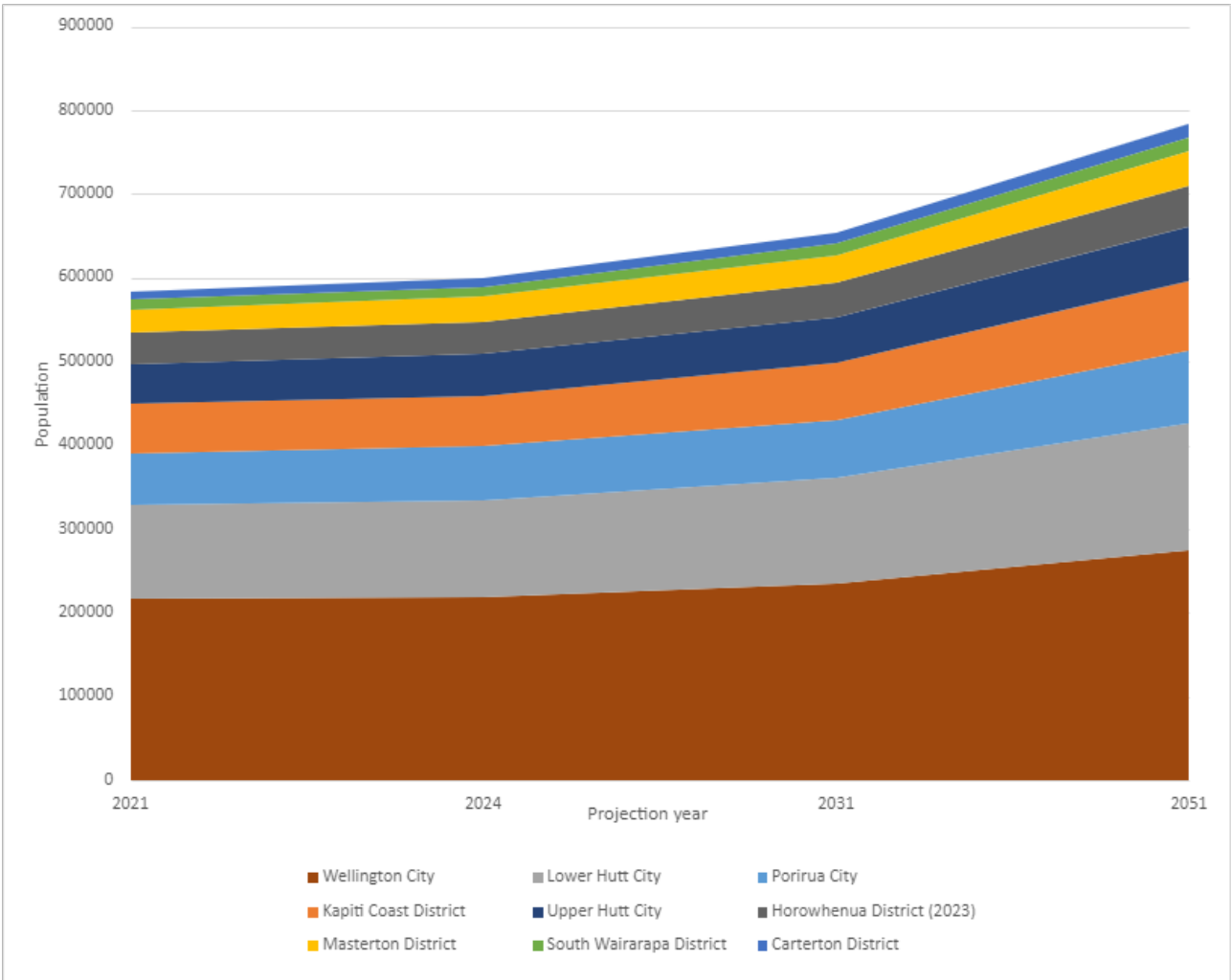


Figure 1.3: Population projection for areas within the Wairarapa-Wellington-Horowhenua region. Source: Sense Partners.

3 Regional capacity assessment

– Housing

1.8 Introduction

Following analysis of the housing market, the questions that are answered in this section of the report are:

- How many houses do we expect will be needed in the region in the next 30 years? (Section 4.3 housing demand)
- How many houses could be built in the region in the next 30 years? (Section 4.4 housing development capacity)
- Do we have enough capacity to provide for the houses we need? (Section 4.6 housing development sufficiency)

It is important to note that ‘capacity’ of the housing market does not refer to capacity of the building industry to build or what the market is going to provide in reality. It refers to the availability of land for development.

1.9 Analysis of the housing market and the impact of planning (indicators and monitoring data)

The requirements from the NPS-UD for this part of the HBA are outlined below:

1. Every HBA must include analysis of how the relevant local authority’s planning decisions and provision of infrastructure affects the affordability and competitiveness of the local housing market;
2. The analysis must include an assessment of how well the current and likely future demands for housing by Māori and different groups in the community (such as older people, renters, homeowners, low-income households, visitors, and seasonal workers) are met, including the demand for different types and forms of housing (such as for lower-cost housing, papakāinga, and seasonal worker or student accommodation); and
3. The analysis must be informed by:
 - a. Market indicators, including:
 - i. Indicators of housing affordability, housing demand, and housing supply; and
 - ii. Information about household incomes, housing process, and rents; and
 - b. Price efficiency indicators

1.9.1 Market analysis

The population of the Wairarapa-Wellington-Horowhenua region is growing faster than forecast in the 2019 HBA. The estimated population as of June 2023 was 580,500¹, which is higher than both the forecast.id and StatsNZ high series referenced in the 2019 HBA.

Figure 1.4 shows there was an under-supply of new housing entering the market for a sustained period between 2014 and 2019, with new dwellings consented failing to meet household growth. In mid-2020, new dwellings consented exceeded household growth, which is partly due to a drop in population growth as a result of COVID-19 immigration restrictions. Since COVID-19 border restrictions ended, we have seen a bounce back in migration to pre- COVID-19. Despite the increase in new dwellings consented, the rate of household growth has slowed compared to the 2020-2021 numbers and is showing signs of a further slowdown. The current economic conditions facing New Zealand's construction industry include high levels of inflation, material supply issues and labour shortages. These are expected to continue to affect demand for housing and the ability of the construction sector to deliver houses on the ground. This means the housing supply issues needs to be continually monitored.

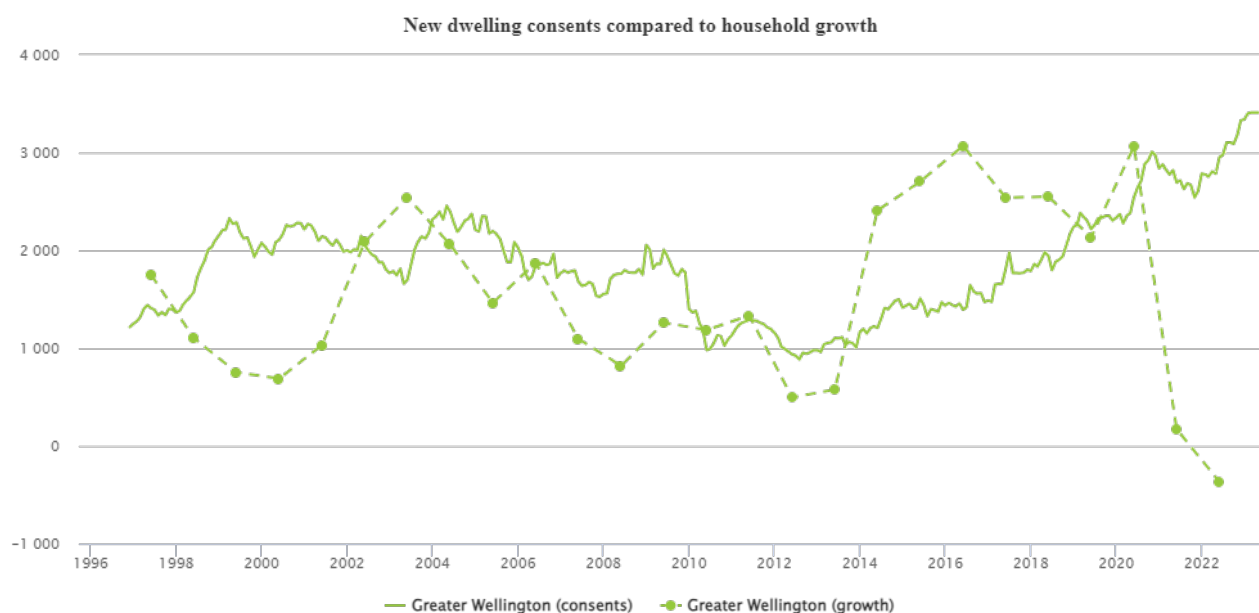


Figure 1.4: New dwelling consents compared to household growth. Source: MHUD.

Figure 1.5 shows that house prices in the region increased significantly between 2016 and 2020. In late-2021 the sales price peaked and has been declining since. As at March 2023, the median price of a residential dwelling in the Wairarapa-Wellington-Horowhenua urban environment was \$700,000. Prices have risen by around 37% since the 2019 HBA was completed and dropped by

¹ StatsNZ estimated resident population.

approximately 16% since the 2022 HBA. Although there has been a drop in house prices, the median price is still significantly higher than it was in 2016.

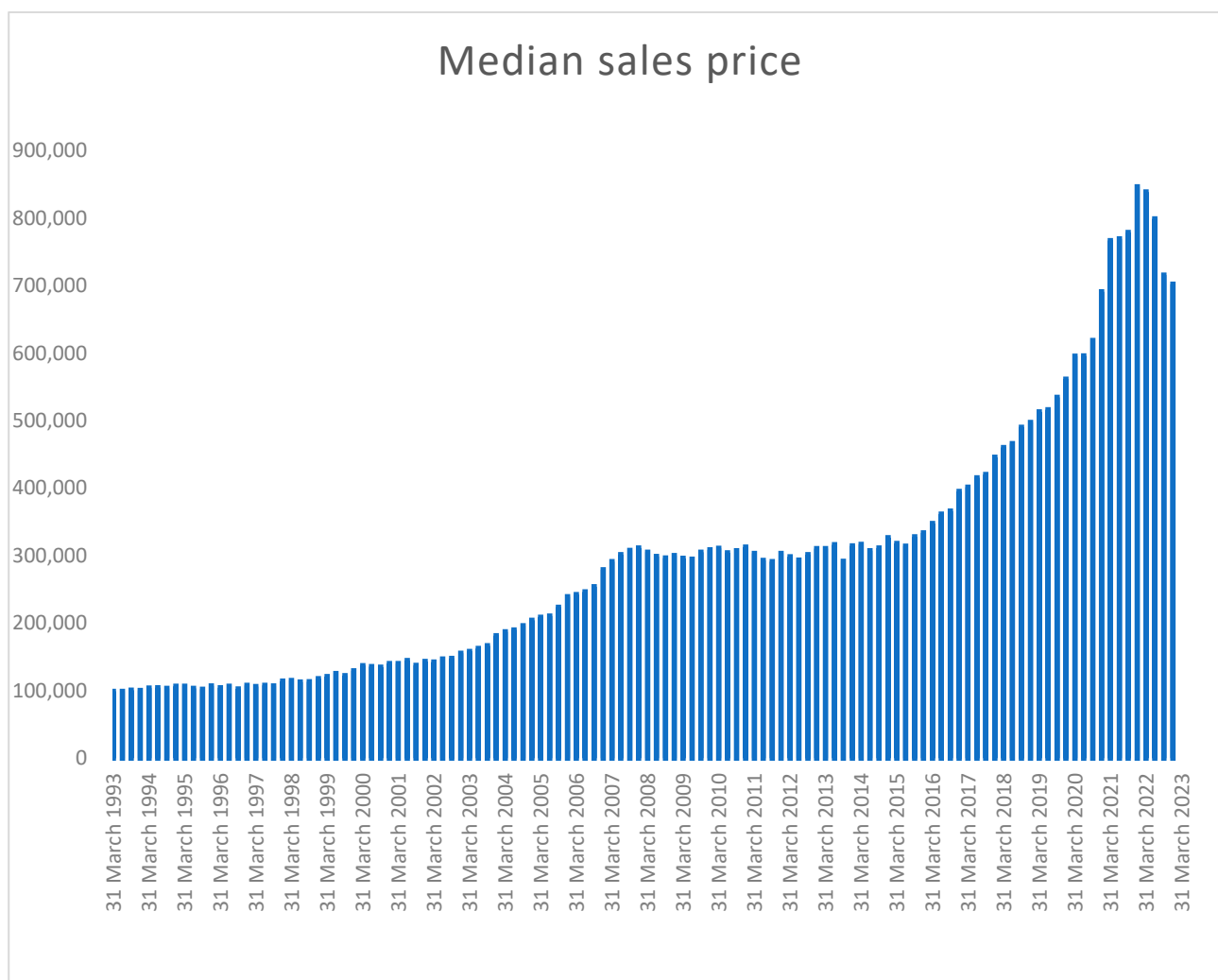


Figure 1.5: Median dwelling sales prices for the region. Source: Ministry of Housing and Urban Development.

Price-cost ratio is a general indicator of the flexibility of land markets to accommodate new homes. The current price-cost ratio is 2.7, as shown in Figure 1.6. A price cost ratio of between 1-1.5 is historically common where the supply of land, and development opportunities, are responsive to demand. All urban areas in New Zealand had a ratio of between 1-1.5 some 20 years ago. 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 Greater Wellington urban environment has predominantly been above 1.5 since 1993. This suggests that the region has had an ongoing under-supply of new sections and other residential opportunities, which is impacting housing affordability and the competitiveness of the housing market. The present dip in the index is likely in response to COVID-19 border restrictions impacting immigration.

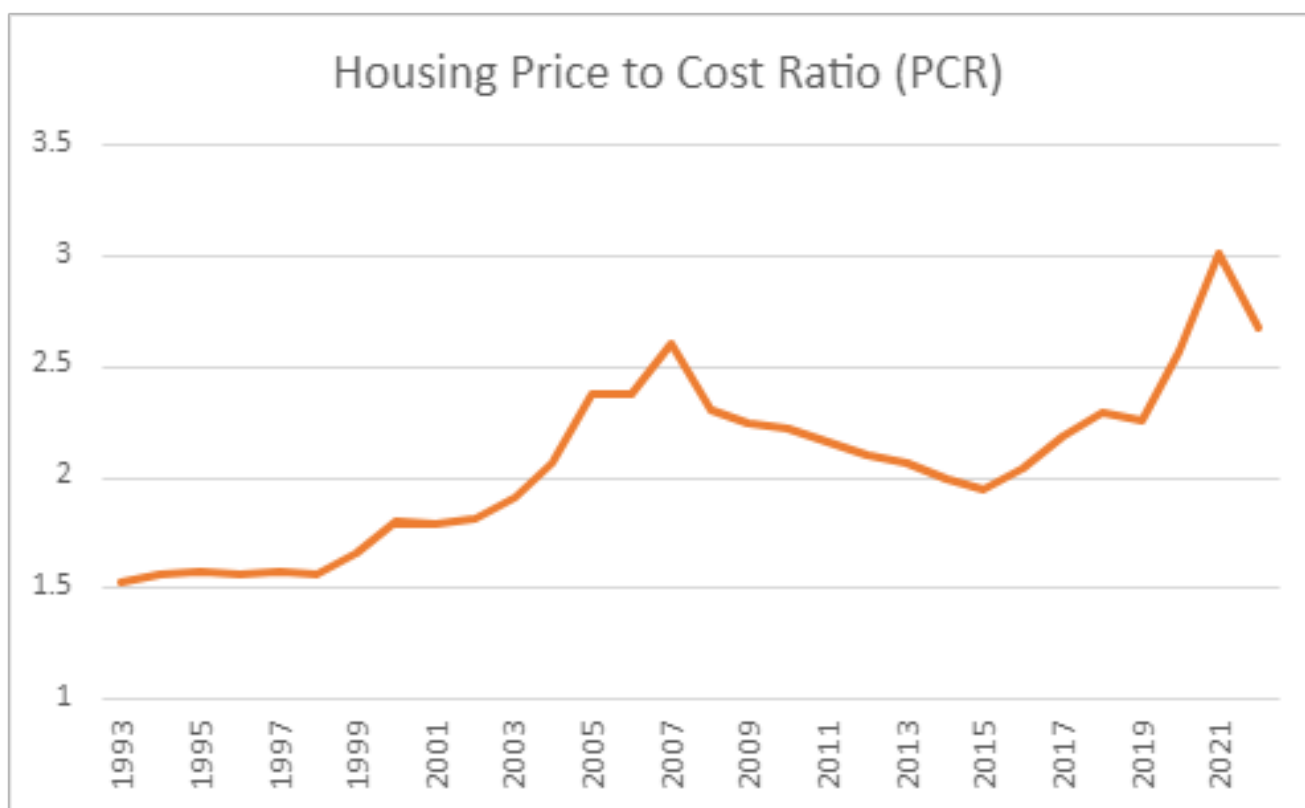


Figure 1.6: Housing price-cost ratio for the Greater Wellington urban environment. Source: MHUD.

For more up to date data on housing affordability, the new tool, ‘Changes in Affordability Indicators’ (CHAI)¹, shows how the affordability of renting a home, saving for a deposit and servicing a mortgage for people entering the market has changed over time. Indicators for the region show rates for ‘deposit affordability’ are beginning to improve as prices drop; however, ‘mortgage serviceability’ is becoming more difficult as interest rates rise. This is an issue for those with large mortgages and first-home buyers. Rental affordability, while less volatile than mortgage serviceability in the long run, has nevertheless been trending downwards (less affordable) in recent years.

1.9.2 Housing for Māori

At the regional level, for the purpose of this HBA, Stats NZ data in Table 1.6 provides some insight into the current levels of Māori home ownership in the region. Māori households are more likely to reside in homes that are rented than owner-occupied. Rates of home ownership for Māori in the Wellington region are slightly higher than for Māori at the national level (43% compared with 42%), but less than ownership rates for non-Māori in the Wellington region (43% compared with 55%).

A number of papakāinga communities (housing on ancestral Māori land) already exist or are underway within the region, including Hurunui-o-Rangi Marae Papakāinga outside Carterton, Te Aro Pā Trust papakāinga housing in Wellington City and Te Puna Wai Papakāinga Housing Project in Wainuiomata. The WRLC is also working on a pilot project with Te Puni Kokiri to develop guidance

¹ <https://www.hud.govt.nz/stats-and-insights/change-in-housing-affordability-indicators/about-the-indicators/>

material, alongside whānau and hapū in the Kāpiti Coast district, that will support whānau/hapū in their aspirations to develop papakāinga housing in the district. Working with WRLC iwi partners will provide insights on current and likely future demands and aspirations for housing by Māori which will inform future iterations of the HBA.

Table 1.6: Māori and non-Māori rates of home ownership in Wellington Region compared to New Zealand.

Wellington Region ¹		New Zealand	
Māori			
Owned 43% (12,939)	Rented 57% (17,232)	Owned 42% (119,388)	Rented 58% (166,413)
Non-Māori			
Owned 55% (85,884)	Rented 44% (69,321)	Owned 53% (727,992)	Rented 47% (640,005)

1.10 Housing demand – how many houses can we expect will be needed in the region in the next 30 years?

Key finding

Over 99,000 additional dwellings will be required by 2051 to accommodate population growth.

Population growth can be translated into growth in dwelling numbers based on the number of households and changes in household size. Based on the population projections set out in Section 2 of this HBA, regional housing demand with over the next 30 years is projected in Table 1.7

¹ This data does not include the Horowhenua District.

Table 1.7: Housing growth for the Wairarapa-Wellington-Horowhenua region (number of dwellings), 2021–2051.

	Estimated dwellings 2021	Additional dwellings 2021–24	Additional dwellings 2024–31	Additional dwellings 2031–51	Projected dwellings 2051	Change in dwellings 2021–51
Sense Partners projection	251,517	8,947	21,949	53,450	335,863	84,346
With competitive mess margin added		11,412	26,306	61,584	350,819	99,302

Breaking down that growth by council area provides the projections in Table 1.8.

Table 1.8: Housing growth by Council area, 2021–2051

Council area	Estimated dwellings 2021	Additional dwellings 2021–24	Additional dwellings 2024–31	Additional dwellings 2031–51	Total additional dwellings 2021–51
Kāpiti Coast District	28,319	1,557	3,920	8,411	13,888
Porirua City	22,541	1,141	2,444	6,303	9,888
Upper Hutt City	19,317	942	2,016	4,973	7,931
Lower Hutt City	45,906	2,055	4,395	11,551	18,001
Wellington City	90,298	3,523	7,814	19,070	30,407
Horowhenua District	18,767	780	1,750	3,890	6,420
Masterton District	13,987	760	2,564	3,935	7,259
Carterton District	5,433	312	693	1,728	2,733
South Wairarapa District	6,949	342	710	1,723	2,775
Total	251,517	11,412	26,306	61,584	99,302

Figure 1.7 shows the projected number of dwellings for each area within the Wairarapa-Wellington-Horowhenua region over the 30-year period that this report covers.

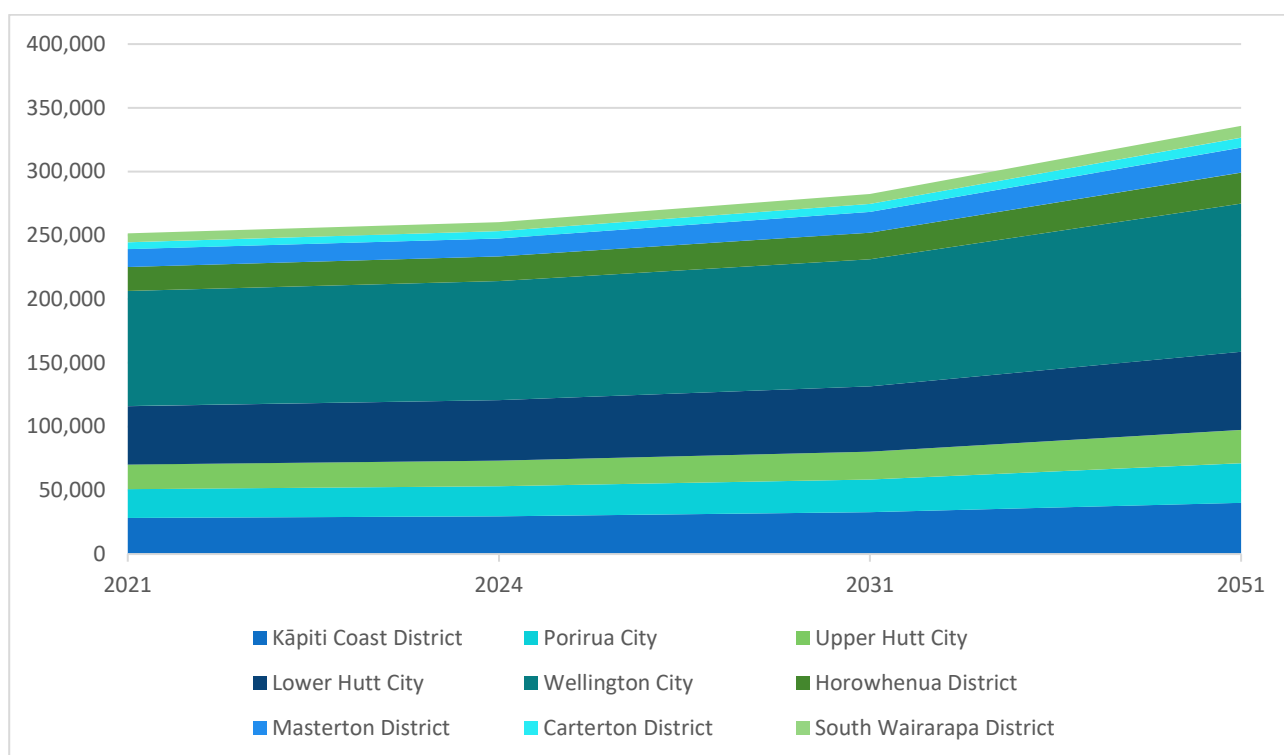


Figure 1.7: Projected total housing by council area.

In addition to projecting aggregate demand, additional modelling was completed to provide insight into the nature of that demand by dwelling type and location. A detailed breakdown of demand by dwelling type at a sub-council level is presented in each council's HBA chapter.

Further detail on the modelling that underpins the population projections and housing demand it is available in Appendix 1.

1.11 Housing development capacity – How many houses could be built in the region in the next 30 years?

Key findings

The Wairarapa-Wellington-Horowhenua region has:

- *A plan-enabled capacity of 1,378,033 houses.*
- *A total feasible development capacity of 316,116 houses.*
- *A total realisable capacity of 206,613 which is the number of houses that can be expected to be built over the next 30-years. This is made up of 77,070 standalone houses, 86,835 terraced houses, and 34,767 apartments (plus 7941 greenfield homes which were not part of the model).*

The NPS-UD requirements for this section of the report are as follows:

Section 3.24 Housing demand assessment

1. Each HBA must estimate, for the short term, medium term, and long term, the demand for additional housing in the region and each constituent district of the tier 1 or tier 2 urban environment:
 - a. In different locations; and
 - b. In terms of dwelling types.
2. Local authorities may identify locations in any way they choose.
3. Local authorities may identify the types of dwellings in any way they chose but must, at a minimum, distinguish between standalone dwellings and attached dwellings.
4. The demand for housing must be expressed in terms of numbers of dwellings.

Housing development capacity refers to the level of residential growth a city or district can accommodate. Housing development capacity is not limited to land available for urban expansion (greenfield land), it also includes capacity within existing urban areas to provide infill development, redevelopment (for example a multi-unit development replacing one existing house with three or four new houses), and apartment development.

A note on terminology

In describing housing development capacity, the following terms are used:

- **Plan-enabled** – housing development capacity enabled in all land zoned or set aside for housing without accounting for any constraints, as provided for in the relevant plans and strategies.
- **Infrastructure-ready** – housing development capacity having adequate development infrastructure (water supply, wastewater, stormwater, and land transport infrastructure) to support development of the land.
- **Feasible and reasonably expected to be realised** – housing development capacity that is commercially viable for a developer to develop considering costs, revenues, and yields and likely to be taken up for development.

The relationship between the different types of housing development capacity is illustrated in Figure 1.8 below.

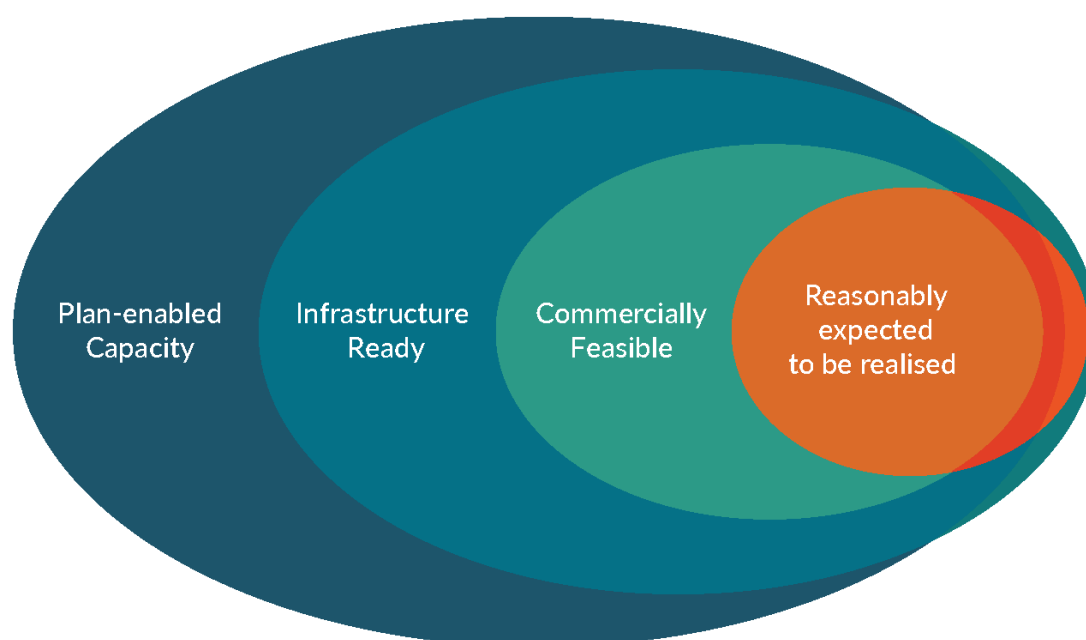


Figure 1.8: Relationship between types of housing development capacity. Source: Ministry for the Environment.

1.11.1 Modelling methodology

The analysis of housing capacity used a GIS based model, to help identify potential development capacity from different development scenarios including infill development, redevelopment and greenfield development ¹.

1.11.2 Infill and redevelopment model methodology

The infill and redevelopment model models all land parcels under five hectares that are zoned for residential development or a portion of residential use in mixed use areas. Each council undertook their own infill and redevelopment modelling using the Wellington Region Residential Capacity Model.

For every site across the region, District Plan rules have been applied to determine what could theoretically be built on the site. Two scenarios were run for each site:

- Infill development – where development is modelled around existing buildings
- Comprehensive development – where sites are treated as empty.

The model identifies a theoretical capacity of what could be built on each site. The model then tests three development types for each site, standalone, terraced and apartment, in a range of sizes to identify the maximum development size and type within the rules for that site.

The model assumes every site is developed to its maximum potential. It does not account for any amalgamation of sites.

The full methodology is provided in Appendix 1.

1.11.3 Greenfield model methodology

The greenfield model models all land parcels over five hectares that are zoned for residential or mixed-use development and any parcels that may not currently be zoned but that are otherwise identified as future growth areas. In Wellington and Porirua, the greenfield capacity has been identified separately by the individual councils, with the feasibility not assessed by Property Economics for Wellington.

For the most part, these greenfield sites in the areas modelled by Property Economics are treated the same as the smaller urban sites. The primary adjustments applied is to assume 30% of each site is required for internal roading and reserves.

The greenfield model methodology is provided in Appendix 2 of the HBA.

¹ The greenfield model models all land parcels over five hectares that are zoned for residential development and any parcels that may not currently be zoned but that are otherwise identified as future growth areas.

1.12 Plan-enabled housing development capacity

Plan-enabled capacity is modelled based on the operative and proposed planning documents of each council, using the parameters detailed in Table 1.8.

Table 1.8: Definition of plan-enabled housing capacity

Plan-enabled development capacity – definition	
Short-term (0–3 years)	Land zoned for housing (permitted, controlled, or restricted discretionary) in an operative district plan
Medium-term (3–10 years)	Land zoned for housing (permitted, controlled, or restricted discretionary) in an operative or proposed district plan
Long-term (10–30 years)	Land zoned for housing (permitted, controlled, or restricted discretionary) in an operative or proposed district plan, or indicated for future urban use or urban intensification in a future development strategy or other relevant plan or strategy

All councils are well advanced in preparing either plan changes, variations, or full District Plan reviews to enable intensification as required by the NPS-UD as outlined in Table 1.9.

Table 1.9: Council implementation of NPS-UD intensification policies.

Implementation of NPS-UD intensification policies	
Hutt City Council	Currently undertaking a full review of its District Plan, including implementation of the direction of the NPS-UD. A decision on the Intensification Planning Instrument (a plan change that will give effect to the intensification policies of the NPS-UD) is was released in August 2023.
Kāpiti Coast District Council	Recently adopted its District Growth Strategy. This is informing an urban development plan change, including implementation of the direction of the NPS-UD. A decision on the Intensification Planning Instrument (IPI) was made in August 2023.
Porirua City Council	Notified its Proposed District Plan shortly after the NPS-UD came into effect. The Proposed District Plan partially implements the direction of the NPS-UD. A variation to give full effect to the NPS-UD was notified in August 2022. Decisions on the Proposed Porirua District Plan are expected to be released in December 2023.
Upper Hutt City Council	Hearings were completed for the IPI, incorporating the matters required by 2019 RMA Amendment Act, in May 2023. Decisions will be released by December 2023.
Wellington City Council	Currently hearings are underway for the Proposed District Plan (PDP) which is a key implementation tool for the delivery of WCC's Spatial Plan. The PDP incorporates the matters required by 2019 RMA Amendment Act. Decisions with regard to the Intensification Streamlined Planning Process will be released in March 2024, with the balance of decisions to be released by late 2024.
Greater Wellington Regional Council	Currently hearings are underway for the Proposed Change 1 of the Regional Policy Statement which will account for new national direction. Most relevant to the HBA it includes enabling urban development and infrastructure in appropriate locations. Encouraging more intensive urban development that is sensitive to the environment and meets the needs of more people.

In addition, district plan changes are occurring in other areas where the NPS-UD intensification does not apply. They have been included in Table 1.10.

Table 1.10: Council implementation of other plan changes.

Other district plan changes	
Wairarapa Combined District Plan	A review of the Wairarapa Combined District Plan is currently underway. A draft was released for informal consultation in October 2022, with the Proposed Plan expected to be publicly notified in late 2023.
Horowhenua District Council	The Horowhenua District Plan was made operative in July 2015. Three plan variations were made operative in late 2015. Plan Change 4 was adopted in June 2022 to rezone 420 hectares of land for residential and mixed use purposes. The appeals to the plan change have all been resolved, and it is expected to be made operative before the end of 2023. A further Plan Change (Plan Change 6/7) is being developed which will allow for further intensification and rezoning of additional greenfields sites. This is expected to be notified in 2024.

Table 1.11 sets out the plan enabled or theoretical capacity. Of the 1,129,509 houses enabled by the District Plans across the region, 92% come from infill and redevelopment capacity, with the remaining 8% coming from greenfield capacity. This number, at this stage of the analysis has not been tested for feasibility or expected to be realised. This happens in the next stage.

Table 1.11: Plan-enabled housing development capacity for the Wairarapa-Wellington-Horowhenua region.

	Infill/ redevelopment capacity	Greenfield capacity	Total plan-enabled capacity
Kāpiti Coast District	260,049	40,947	300,996
Porirua City	144,450	6,604	151,054
Upper Hutt City	209,996	31,693	241,689
Lower Hutt City	308,744	3,701	312,445
Wellington City	294,923	4,441	299,364
Horowhenua District	21,497	7,072	28,569
Combined Wairarapa Districts	35,189	8,727	43,916
Total	1,188,324	103,185	1,378,533

1.13 Feasible and reasonably expected to be realised development capacity

In assessing housing development capacity, plan-enabled capacity provides a theoretical starting point. Next is analysis of market conditions and behaviours to understand how much of the plan-enabled capacity is likely to translate into new dwellings. This involves two steps:

1. Assessment of what is commercially viable to develop (feasible capacity)
2. Analysis of how much of the feasible capacity is likely to be developed (reasonably expected to be realised).

The parameters in Table 1.12 are used.

Table 1.12: Definition of feasible development capacity.

Feasible development capacity – definition	
Short- to medium-term (0–10 years)	Development capacity that is commercially viable to a developer based on the current relationship between costs and revenue
Long-term (10–30 years)	Development capacity that is commercially viable to a developer based on the current relationship between costs and revenue, or on any reasonable adjustment to that relationship

Across the Wairarapa-Wellington-Horowhenua region, total feasible development capacity is assessed to be 311,720 dwellings, made up of 25% standalone houses, 56% terraced houses, and 19% apartments. This can be seen in Table 1.13. This number, at this stage of the analysis has not been tested for expected to be realised. This happens in the next stage.

Table 1.13: Feasible capacity by housing typology to 2051.

	Standalone houses	Terraced houses	Apartments	Total
Kāpiti Coast District	14,468	39,142	1,773	55,383
Porirua City	24,177	14,631	2516	41,264
Upper Hutt City	13,005	11,000	1,538	25,543
Lower Hutt City	5,104	35,978	16,486	57,568
Wellington City	13,011	45,695	36,295	99,442 ¹
Horowhenua District	2,720	7,871	-	14,091 ²
Masterton District	2,853	7,728	-	10,581
Carterton District	972	5,414	-	6,386
South Wairarapa District	1,700	7,708	-	9,408
Total	77,950	175,164	58,607	319,616

Sensitivity analysis

The capacity models operate on a number of core assumptions, and those assumptions flow into the results that are presented in this HBA. Further detail on the assumptions is outlined in Appendix 2 of the HBA.

This report presents a series of headline numbers, which is represented as a final capacity number. This is done to provide clarity to the reader. However, in practice, capacity will always operate within a range depending on a number of factors. This range has been tested through sensitivity analyses.

For the infill and redevelopment modelling, the sensitivity analyses considered several changes, such as increasing the economies of scale component of the model (therefore reducing building costs), increasing building value (therefore increasing sales values), increasing land values, and reducing land values.

On top of the feasible capacity modelling, practical considerations must be taken into account as to what is likely to be developed. The realisation rates essentially provide for 'development chance'

¹ This total includes separate greenfield developments of 4441 homes at Lincolnshire Farms and Upper Stebbings. These were not included in the model and so we don't have the typology breakdown.

² This total includes separate greenfield developments of 3500 homes at Tara-Ika. These were not included in the model and so we don't have the typology breakdown.

given the propensity for development variances. These considerations are based on dwelling typology, development option, and greenfield competition. The identification of these variables not only provides for sensitivities but also addresses the relativity between typologies. While all three typologies may be feasible the development model identifies the site scenario with the highest profit margin. The details of these sensitivity analyses are presented in the Property Economics reports for each council.

Not all development capacity will be delivered over the next 30 years. Landowners have different motivations for their land and may not wish to sell to a developer or may not wish to subdivide or redevelop themselves. Others may simply enjoy their property as it currently is. Additionally, different development types have different risk profiles and financing requirements. All these factors affect realisation of feasible development capacity.

As required by the NPS-UD, this HBA assesses the realisable proportion of feasible development capacity. The model has applied different realisation rates to different development types and different areas, with the details about the assumptions made and reasons included in each council's report. The results have been collated across the region in Table 1.14 below.

Table 1.14: Reasonably expected to be realised infill / redevelopment capacity by housing typology to 2051.

	Standalone houses	Terraced houses	Apartments	Total
Kāpiti Coast District	20,291	11,869	513	32,673
Porirua City	6,805	11,343	2,202	20,350
Upper Hutt City	15,084	2,485	891	18,460
Lower Hutt City	10,207	8,182	9,847	28,236
Wellington City	15,772	32,329	21,314	73,856 ¹
Horowhenua District	3,104	5,363	-	11,967 ²
Masterton District	2,807	5,162	-	7,969
Carterton District	807	3,595	-	4,402
South Wairarapa District	2,193	6,507	-	8,700
Total	77,070	86,835	34,767	206,613

¹ This total includes separate greenfield developments of 4441 homes at Lincolnshire Farms and Upper Stebbings. These were not included in the model and so we don't have the typology breakdown.

² This total includes separate greenfield developments of 3500 homes at Tara-Ika. These were not included in the model and so we don't have the typology breakdown.

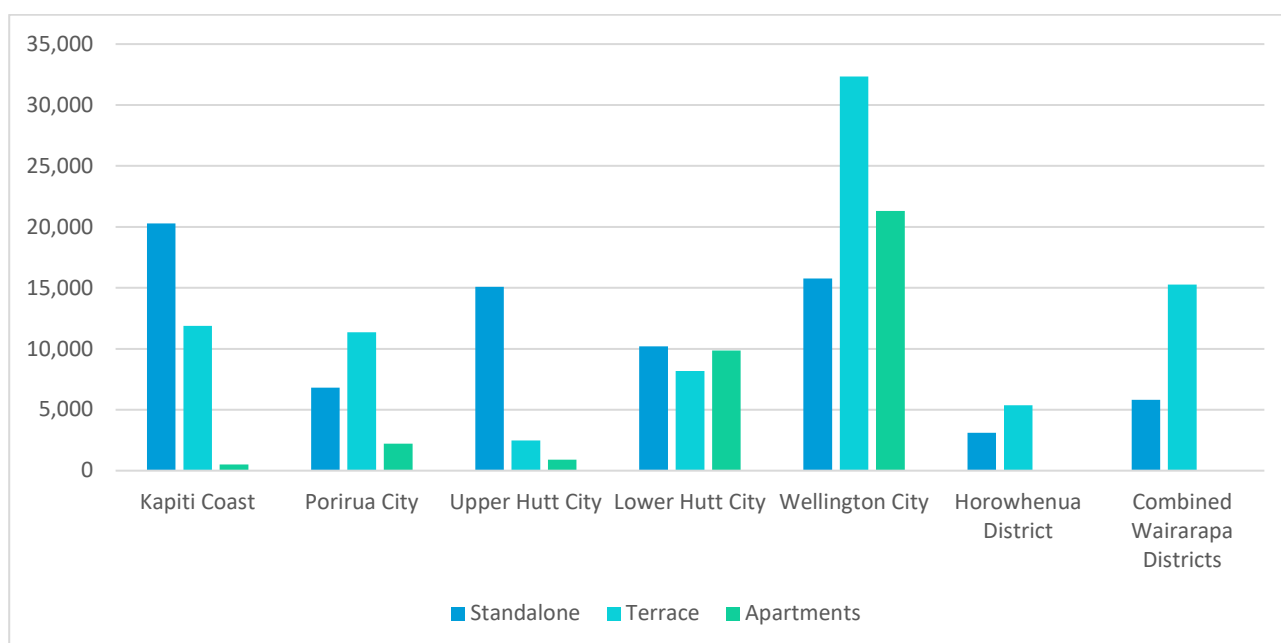


Figure 1.9: Reasonably expected to be realised infill / redevelopment capacity by housing typology to 2051.

The methodology used to calculate reasonably expected to be realised development is provided in Appendix 2 of the HBA.

1.14 Greenfield vs Brownfield Development

Given the significant oversupply of realisable capacity in the region, we compared the greenfield and brownfield realisable capacity (Table 1.15 below). Whilst there is more than enough capacity within our existing urban environments to meet demand, there is still strong demand for greenfield housing, and greenfield development will continue to play a key role in meeting housing demand in the short to medium term.

Table 1.15: Greenfield v Brownfield capacity for the Wairarapa-Wellington-Horowhenua region.

	Urban realisable capacity	Greenfield realisable capacity
Kāpiti Coast District	27,935	4,738
Porirua City	26,995	6,604
Upper Hutt City	16,178	2,303
Lower Hutt City	26,602	1,634
Wellington City	69,415	4,441
Horowhenua District	5,025	6,942
Combined Wairarapa Districts	15,704	5,364
Total	187,854	32,026

1.15 Standalone vs attached dwellings.

Given the significant oversupply of realisable capacity in the region, we compared the demand for different typologies with the realisable capacity (Figure 1.10 below). Whilst there is more than enough capacity within our existing urban environments to meet demand, when broken down by typology in some areas (Lower Hutt, Horowhenua, Masterton and Carterton) the demand for standalone dwellings is unable to be met. Given the significant capacity of attached dwellings overall sufficiency is able to be met.

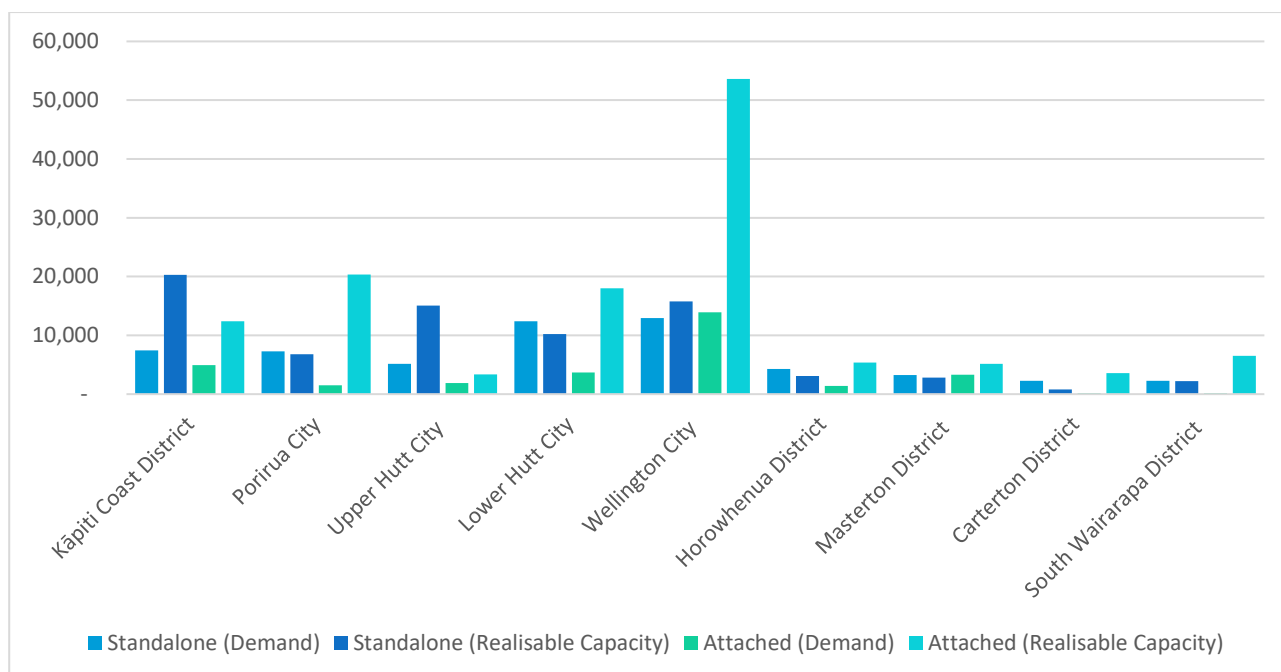


Figure 1.10: Reasonably expected to be realised infill vs Demand by housing typology to 2051. Attached includes apartments and terrace housing

1.16 Housing development sufficiency – do we have capacity to provide for the houses we need?

Key finding

The Wairarapa-Wellington-Horowhenua region is estimated to have sufficient capacity to meet demand over the long term, with a surplus of 107,310 dwellings.

Policy 2 of the NPS-UD requires tier 1 councils to provide at least sufficient development capacity to meet expected demand for housing over the short, medium, and long term. Under the NPS-UD, for housing capacity in tier 1 councils to be considered sufficient, there must be enough housing capacity to meet expected demand, plus a competitiveness margin.

Having established the expected demand for new dwellings and the development capacity available within each council area, the two can be compared to understand whether there is sufficient capacity to meet demand. At the regional level, housing demand and capacity is compared as a 30-year total, rather than divided into the short, medium, and long term. This is because demand and development uptake are influenced by a number of factors which cannot be adequately predicted on a regional basis. Individual council chapters further consider housing sufficiency by housing type, and, where possible, by sub-areas to provide a finer-grain picture of capacity. This can be seen in Table 1.16 below.

Table 1.16: Housing sufficiency in the Wairarapa-Wellington-Horowhenua region.

	Demand	Capacity	Difference	Sufficient?
Kāpiti Coast District	13,888	32,673	18,785	Yes
Porirua City	9,888	20,350	10,462	Yes
Upper Hutt City	7,931	18,461	10,530	Yes
Lower Hutt City	18,001	28,236	10,235	Yes
Wellington City	30,407	73,856	43,449	Yes
Horowhenua District	6,420	11,967	5,546	Yes
Masterton District	7,259	7,968	709	Yes
Carterton District	2,733	4,402	1,669	Yes
South Wairarapa District	2,775	8,700	5,925	Yes
Total	99,302	219,314	107,310	Yes

For illustrative purposes, Figure 1.11 below summarises the numbers above on a regional scale and compares the demand to the capacity analysis above to indicate the significant surplus in capacity.

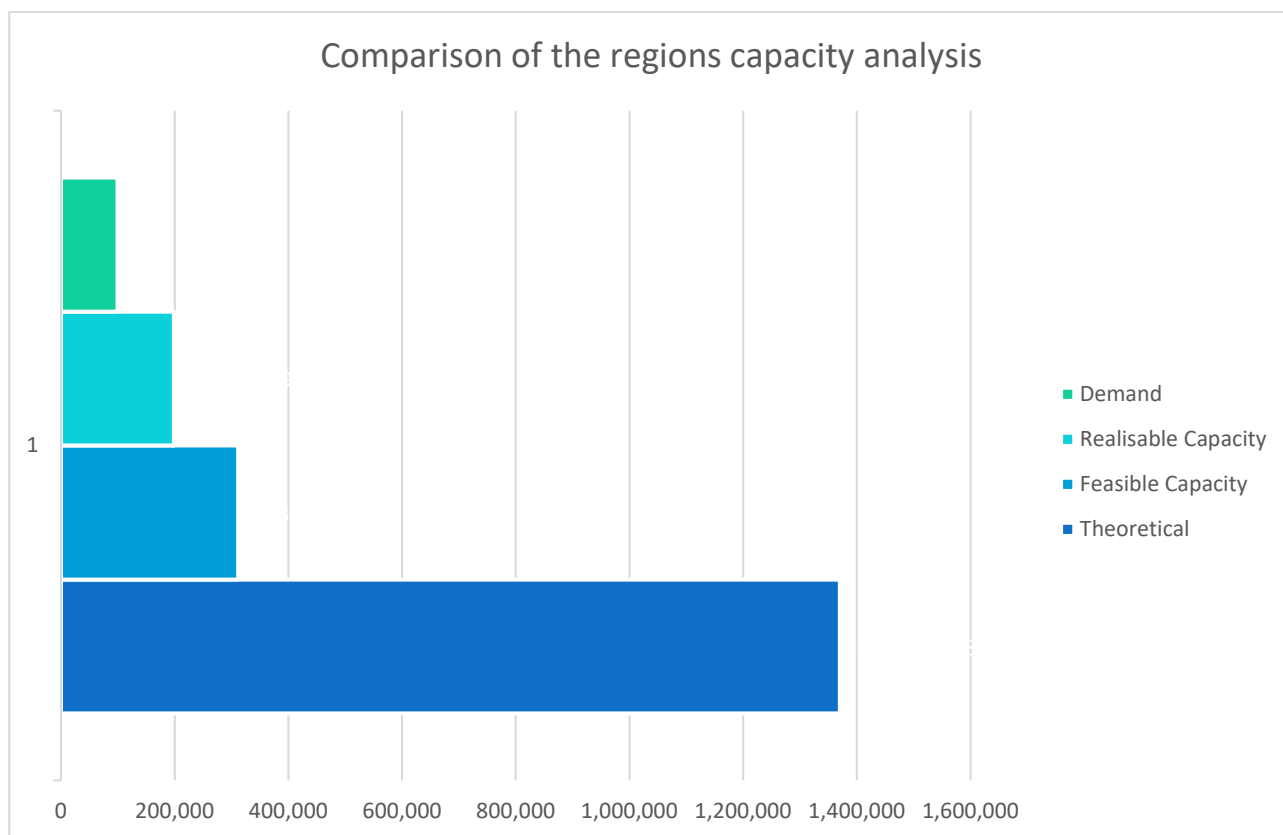


Figure 1.11: Comparison of the region's capacity analysis

1.17 Conclusion

Table 1.17 confirms that the Wairarapa-Wellington-Horowhenua region has sufficient capacity to meet growth requirements over the 30-year period of this HBA. An excess of around 107,000 (more than double demand) dwellings is modelled in this HBA.

Having nearly twice as many homes reasonably expected than needed is a positive for the region and not something many regions in the country have. This is primarily due to increased development now allowed within walking distance of our public transport network. With the amount of capacity provided there is more a focus on the market to deliver - which has a number of broader factors and influences - and the role of government to support this alongside efforts from councils in their own areas (but noting much of this is outside of council's control and settings). This Future Development Strategy is an opportunity to influence where our housing growth should be focused to attain the greatest social and economic benefits for the region and the people in it, whilst protecting and preserving the environment, becoming more climate and natural hazard resilient and influencing the types of housing that will best meet our future needs at the right time.

It is important to highlight that this assessment represents a single point in time. All councils are currently implementing the intensification policies of the NPS-UD, including the Medium Density Residential Standards that have been incorporated in this assessment or are undertaking other District Plan updates. This has increased plan-enabled infill and redevelopment capacity and will inform the level of investment required in the councils' 2024 infrastructure strategies to provide adequate development infrastructure to support sufficient development capacity.

We note there are a range of factors in play outside of council's control, in particular the market has a big influence on realisable capacity. Currently we are in a price slump in the residential property market. This drop in sales price has a significant impact on the level of realisable capacity, dropping the Realisable Capacity for the districts assessed by an average of 36%. This decreases the capacity across the region to just over 141,000 (not accounting for any changes to the Wellington and Porirua districts). This also means that should prices rise (which they usually do after a number of years) the regions realisable capacity will increase accordingly.

4 Regional Capacity Assessment – Business

1.18 Introduction

Key findings - overall

The Wairarapa-Wellington-Horowhenua region has demand for an additional 9,181,700 m² of business floorspace (or an additional 1192ha of land) over the long-term, with expected population growth being the main driver of economic activity and therefore the need for more land.

***Capacity** – The region has sufficient business capacity, based on a qualitative analysis with the following types of capacity:*

- *Over 36,600,000m² (floorspace) potentially available for **redevelopment** (that's if every site was demolished and rebuilt)*
- *Over 7,100,000² (floorspace) **vacant** (at time of modelling) that could be redeveloped in the short term*
- *Over 17,000,000m² (floorspace) available for **infill** development*

However, we know that demand for industrial land requires larger footprint sites, and due to current land zoning and availability, this category is likely to have a shortfall. A separate project has been commissioned to confirm industrial land demand and identify suitable areas.

An assessment of regional business land capacity was last completed in November 2019 and included the areas of Upper Hutt, Lower Hutt, Wellington, Porirua, and Kāpiti only.

This current assessment has been broadened to include all council areas within the Wairarapa-Wellington-Horowhenua region to align with the wider regional spatial planning already undertaken for the WRGF and being updated as part of the Future Development Strategy.

With regards to business land this HBA is required to:

- Estimate demand for business land by type and location in the short, medium, and long-term
- Quantify development capacity for business land and its suitability in the short, medium, and long-term
- Quantify any insufficiencies in development capacity for business land and whether the shortfalls are due to planning or infrastructure constraints.

It is important to highlight that this business land assessment represents a single point in time. All councils in the Wairarapa-Wellington-Horowhenua region are currently in the process of implementing changes to their District Plans. It is expected that through the submission process to the District Plans there will be some changes to the Plans as notified and that these may impact this assessment. At this point in time, we do not know what those changes will be.

Two key reports were commissioned to provide information on business land capacity. These reports and a short overview of the methodology for each is provided below. A full overview of the methodology used for each report can be found in APPENDIX 3 and 4.

Report: Demand for business land in the Wellington-Horowhenua region - Assessing future needs – 28 March 2023

The purpose of this report was to quantify business land demand. The modelling methodology used for the work in this report is split into four stages. These are illustrated in Figure 1.12 below.

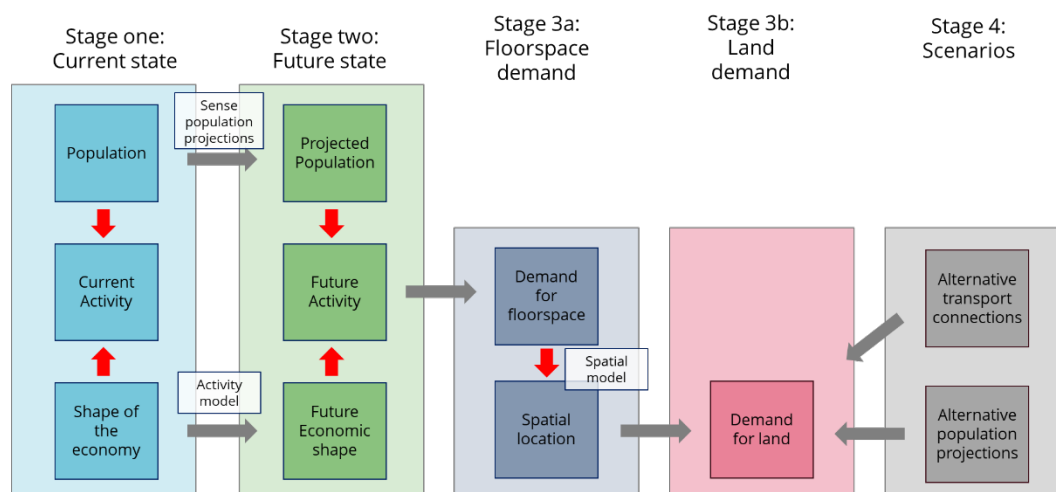


Figure 1.12: Illustration of the modelling methodology used. Source: Sense Partners.

Report: Review of the suitability of existing business and industrial land – April 2023

This report presents the results of a review of the development feasibility of business land in 2022 using a Multi Criteria Assessment (MCA), based on engagement with industry stakeholders and council officers at each of the five tier 1 councils. In addition, it also provides the baseline assessment of the MCA for the Horowhenua and Wairarapa Districts.

The engagement process involved undertaking a number of workshops and meetings to assess business demand and business development capacity against criteria in the MCA for each of the districts within the region.

The MCA used in this assessment is the same one that was used to inform the 2019 HBA. These criteria include key factors influencing the feasibility of land for business development.

1.19 Key Business Context (stats and indicators)

Key findings

The Wairarapa-Wellington-Horowhenua region has demand for an additional 9,181,700 m² of business floorspace (or an additional 1192ha of land) over the long-term with expected population growth being the main driver of economic activity and therefore the need for more land.

The types of business floorspace demand requirements at the end of 2051 can be broken down as follows:

- *Commercial – 1,700,460m²*
- *Government – 839,691m²*
- *Retail – 1,038,595m² - To put this in context this is over 2 times the current floorspace of Queensgate Mall in Lower Hutt.*
- *Education – 788,463m²*
- *Health – 1,010,164m²*
- *Industrial – 3,062,345m² (or 697Ha of land) - To put this in context this is over 2 times the area of the Seaview/Gracefield/Moera area in Lower Hutt.¹*
- *Other – 741,978m²*

Understanding the key drivers of economic growth enables us to understand and model employment projections which in turn enables us to understand land requirements. Each of the key drivers is outlined below with more information on each available in the source document. See

¹ The Seaview/Gracefield/Moera total land area (excluding road parcels) as defined in the General Business and Special Business zones of the Hutt City Council District Plan is 2.37sq.km or 237 hectares.

1.19.1 Key business-related drivers are¹:

Key driver 1: High household incomes attract growth to the region

The Wellington region has a high concentration of jobs in upper income brackets with variation across councils. Almost half of the jobs in the Wellington region earn a median wage in advance of \$70,000. For the rest of the country, this figure is just 4%.

Horowhenua lies in the Manawātū-Wanganui region. The region has lower incomes compared to Wellington or New Zealand as a whole, with 49% of jobs lying in the \$50,000 to \$60,000 income bracket.

Within the Wellington region, there is variation in local incomes. Many of the higher paying jobs are located in Wellington City, for example. However, the people working those jobs frequently live outside of Wellington City, as far afield as Horowhenua and Masterton. The ability to work remotely, and the much broader acceptance of this post-pandemic, will increase this spread. This means that the flow on benefit of those jobs is felt across the region.

Key driver 2: High levels of education are reflected in estimates of human capital

The high incomes identified in key driver 1 are reflective of the concentration in the region of a highly educated workforce. This is a key aspect of the agglomeration benefits within the region and assists in driving economic growth.

Key driver 3: The concentration of Government helps drive incomes and education

Government is a major direct and indirect employer of highly qualified individuals, and New Zealand’s civil service is largely concentrated in Wellington City. Analysis shows that roughly half of Central Government administrative jobs are located in the region.

Key driver 4: The region has a slender advantage over Auckland housing costs

Housing costs reflect rents and mortgage costs across the housing stock. Analysis shows lower housing costs for the Wellington region than Auckland, giving the region a slight edge in disposable incomes. There are local variations – Masterton is more affordable, but this gap is closing.

The tools available to compete with other parts of the country are not simply lower house costs, but a better living experience. This includes a rural lifestyle in areas like the Wairarapa and Horowhenua and parts of Kāpiti.

Key driver 5: Manufacturing is an important component of economic activity

¹ Some of the references in this section refer to Wellington City and some to the region based on available information.

As measured by contribution to GDP, manufacturing is the largest industry in the country. In the year to March 2019, the sector contributed \$30.6b to GDP. In this region, however, it is only the 3rd largest industry overall, at \$4.6bn.

With just 6% of NZ wide manufacturing jobs producing 15% of manufacturing GDP, the region punches above its weight.

From 2000 to 2010, manufacturing GDP grew at an average 1.6% per year. This is compared to a 4.4% average across the entire regional economy, explaining the fall in share. Since 2021, however, this trend has ceased. Manufacturing has grown at 4%, while total GDP has grown at 3.9%.

Key driver 6: Agriculture remains important to Horowhenua and Wairarapa

In the main population centres, such as Wellington City or the Hutt Valley, agriculture (including horticulture) is a small portion of overall employment. Kāpiti also has an important agricultural component given its climate and location. For Horowhenua and Wairarapa, however, agricultural employment plays a significant role in local economies. This includes direct employment on the farm and in the packhouse. The sector also supports 1,500 jobs in the local food processing industry, exporting nationwide and globally.

1.19.2 Key demographic change drivers are:

Key driver 7: Population growth has exceeded previous forecasts

Since the previous business land assessment in 2019, population growth in the region has pushed higher. Population growth over the past 5 years has been three times as strong as Statistics New Zealand expected, despite border closures associated with COVID-19.

Both the higher population starting point and a stronger population projection imply a need to accommodate much higher demand for business land than the previous study.

Key driver 8: Internal migration responds to economic opportunity

High income and job growth attracts new residents from other regions and from overseas. This is a two-way relationship. Population growth, in turn, drives economic activity through increasing demand for goods and services, as well as an increased supply of workers and entrepreneurs.

The shortfall between local population growth and NZ wide growth in the early 2000s was sharpest in those areas furthest out, like Wairarapa and Horowhenua. As growth has spread out, those areas are now experiencing population growth in line with, or even exceeding, NZ wide growth.

All areas have experienced a sharp downturn coinciding with the pandemic lockdowns. This is due to the border closures, and hints at the importance of international migration in regional population growth.

Key driver 9: Migration accounts for much of the short term variation in growth

Base population growth, in the form of births and deaths, only changes slowly over time. Migration, in comparison, can change rapidly as is the primary source of short-term variation in population growth. As one of the country's largest urban agglomerations, the Wellington region attracts domestic migrants from all over New Zealand. The region's high incomes and concentration of niche and specialist employment helps the region attract migrants. The main source of inward migration is international migration.

There is a strong core-periphery dynamic within the region. With the exception of overseas migrants, each territorial authority tends to attract most migrants from its neighbouring council. Auckland is also a common source of inward migration, reflecting that city's own strong population growth and capacity constraints.

There is a knock-on effect as extra-regional migrants (overseas, Auckland, etc) move predominantly to Wellington City. A crowding out effect incentivises Wellington residents to move into neighbouring areas, in turn prompting a shift of their own.

Key driver 10: Most areas are ageing, while Wellington City attracts youth

The largest source of population growth in the region between 1998 and 2018 was in older age groups. In part, this reflects a population that is ageing faster than it is growing. Late career individuals (51 – 65 years) make up a large portion of growth in all areas across the region. This cohort is likely to still be in the labour force. With years of accumulated workforce experience, they may bring a considerable productive boost to local economies. Over this period, household size has fallen.

Wellington City is unique in that growth is spread across most age groups. Growth in the tertiary group (ages 18 to 25) makes up 18% of total growth, while mid-career (36 – 50) makes up 17.6%.

1.20 Business Demand

Key finding - demand

An additional 9,181,700 m² of business floorspace (or an additional 1192Ha of land) will be required in the region in the next 30 years with more than half of this being for industrial activity use.

An assessment of business land demand undertaken by Sense Partners for this HBA shows that demand for business land will grow strongly across the Wairarapa-Wellington-Horowhenua region over the next three decades, fuelled by higher than expected population growth.

The demand projections used in this report are calculated including the following:

1. Projections draw on job numbers by sector over the past 20 years as a key input.

-
2. Population projections are used as a base input. The previous report on business land in 2017 relied on Statistics NZ projections of population growth and these have proven to underestimate the actual population growth. Note that the Statistics NZ projection used in 2017 estimated a population of 547,000 people by 2022 in the region whereas the actual population in 2022 was 580,000. This poses challenges when projecting growth over a 30-year period but has been taken into account in the analysis of demand.
 3. A package of transport projects referred to as Transport 1 scenario. This is included in the demand projections as transport investment is a major influence on the rate and shape of demand growth. Transport projects included in Transport Scenario 1 are the Northern Corridor (the Smart Motorway, Transmission Gully, Mackay's to Peka Peka, Peka Peka to Otaki, and Otaki to North Levin), RiverLink, and Rail Network Investment. Transport Scenario 1 includes projects already completed, and some projects highly likely to be completed over the 30-year period.¹
 4. A competitive margin is required to be added by the National Policy Statement on Urban Development. The competitive margins to be applied are: 20% for the short term, 20% for the medium term, and 15% for the long term. Further information on competitive margins can be found in the glossary. Growth is expected to be uneven with local trends and nuances determining where demand falls.

Key regional points made in that report with regards to demand are:

- It is time now to plan to meet continuing increases in business land demand.
- Population growth is the main driver of economic activity.
- Transport investment will further boost economic activity. Transport investment has a major influence on the rate and shape of demand growth. High level modelling suggests transport linkages are important for economic activity. Without transport investment, other regions are more attractive to firms and workers.
- Accommodating demand will be a challenge. Geography is a major constraint across much of the region. This increases the cost of developing land, as well as impeding transport access. It may prove difficult to accommodate the full projected demand due to these natural constraints.
- Competition with residential uses adds another complicating element. The same land ideal for business is often just as ideal for residential uses. Some sectors can co-locate with residential activity and may be less impacted. Some sectors, particularly industrial, may find themselves priced out of an area.

In addition to this the report noted the following points related to each district and its key sector/s:

- Agriculture is a major feature in Horowhenua
- Kāpiti Coast retail supports a retired and commuter population
- Porirua has high education and healthcare sector shares
- Jobs in Wellington City are mainly government and commercial

¹ For more information on this Transport Scenario and Transport Scenario 2 see Section 5 (pages 67-81) of the "Demand for business land in the Wellington-Horowhenua region – Sense Partners February 2023 – Appendix 3"

- Lower Hutt is a centre of manufacturing in the region
- Upper Hutt is a local centre of government employment
- Agriculture is losing its dominance in South Wairarapa
- Industrial jobs have a high share in Carterton
- Masterton has a relatively even spread across sectors

The following tables present the demand for business land and business floorspace as modelled by Sense Partners for the Wairarapa-Wellington-Horowhenua region. Many business sectors (such as office and retail) can be intensified on existing land whilst others (such as industrial), need land to spread their activities out. We report results for both floorspace demand and land demand. This helps to inform councils' understanding of the role of density across regions and across business sectors.

The increase in hectares of additional business land required is shown in Table 1.18. and Table 1.19, firstly by council and secondly by sector type.

Note that in reading the table, the land required at 3 years is included in the 10-year figure and the land required at 10-years is included in the 30-year figure.

Table 1.18: Increase in hectares of additional business land required by council area (including uplift requirements). A total of 1192 ha is required by the end of the 30 year period this table breaks down what we need for short-medium-long term.

District	2021-2024	2024-2031	2031-2051	Total
Carterton District	9.00	23.22	122.67	154.89
Horowhenua District	7.39	17.87	36.81	62.07
Hutt City	30.09	73.38	224.05	327.52
Kāpiti Coast District	14.76	20.25	72.24	107.25
Masterton District	0.57	13.47	24.12	38.16
Porirua City	18.39	41.06	108.60	168.05
South Wairarapa District	-0.46	3.09	7.27	9.9
Upper Hutt City	1.64	2.76	48.07	52.47
Wellington City	29.63	68.06	174.58	272.27
TOTAL REGION	111.03	263.16	818.40	1,192.59

Table 1.19: Increase in hectares of additional business land required by sector type including uplift requirements)¹. A total of 1192 ha is required by the end of the 30 year period this table breaks down what we need for short-medium-long term.

Sector	2021-2024	2024-2031	2031-2051	Total
Commercial	3.75	9.09	37.30	50.14
Government	-0.66	4.63	15.22	19.19
Retail	24.38	35.16	102.68	162.22
Education	8.22	14.0	46.49	68.71
Health	7.27	23.12	74.00	104.39
Industrial	56.44	158.64	482.50	697.58
Other	11.63	18.14	60.21	89.98
TOTAL SECTORS	111.03	263.17	818.40	1,192.59

Figure 1.13 shows the information from Table 1.19 above in graph form - the projected increase in hectares of business land by sector type within the region over the 30-year period that this report covers. It shows how the majority of the demand in the industrial sector which is usually requires a lot of land and can't be intensified. When supply is constrained locally, business land demand can be expected to spill over and be diffused spatially across nearby regions e.g. excess demand for industrial in Hutt City to be impact neighbouring councils such as Upper Hutt. Understanding constraints on supply and seeking a collective approach to accommodating regional demand is likely to return better outcomes.

¹ For more information on this what is includes in each sector type see Table 11 (page 38) of the "Demand for business land in the Wellington-Horowhenua region – Sense Partners February 2023 – Appendix 3

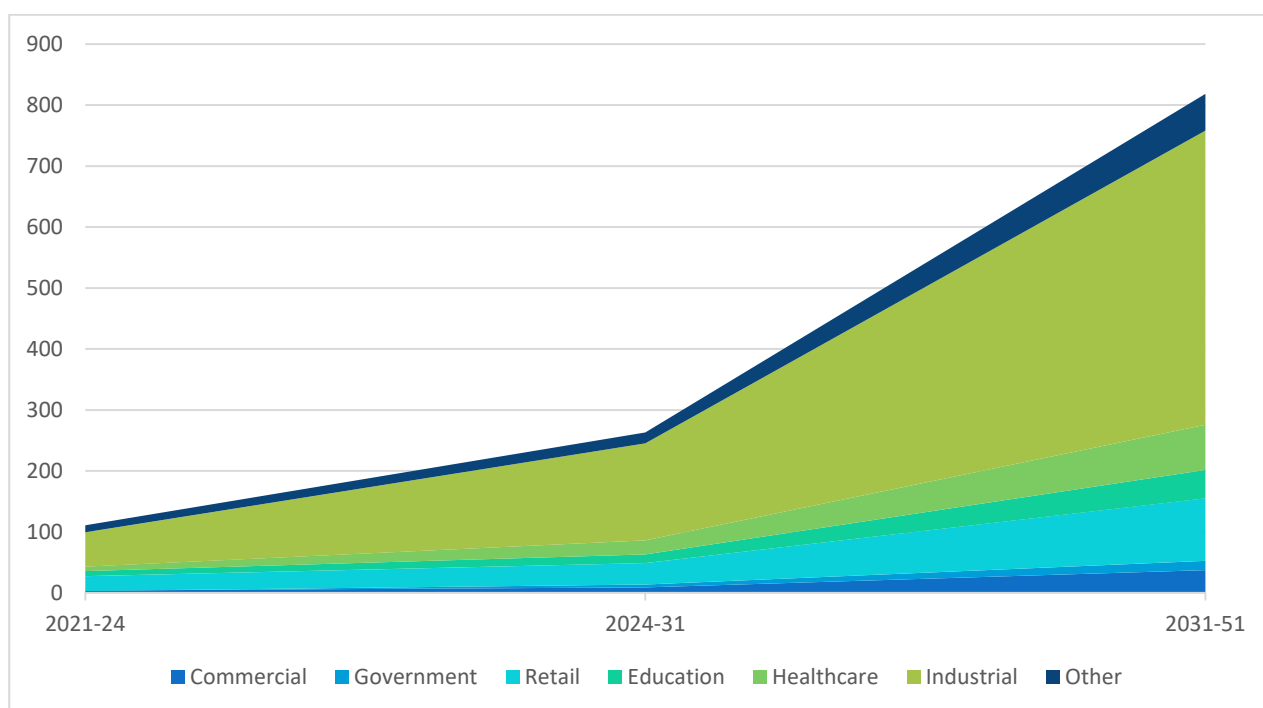


Figure 1.13: Projected increase in hectares of business land by sector type.

Land area is a two-dimensional measure of space requirements. For the majority of the sectors, the more relevant measure is floor area. Office space in nearly all instances involves multi-storey buildings. The same can be said of space for government requirements, and the retail, and health, education and training sectors also often operate in multi-storey environments. Table 1.20 and Table 1.21 below set out business demand by floor area across the region and by sector.

Table 1.20: Increase in floorspace (m²) of additional business land required by council area (including uplift requirements). A total of 9,181,698m² is required by the end of the 30 year period this table breaks down what we need for short-medium-long term.

District	2021-2024	2024-2031	2031-2051	Total
Carterton District	38,375	94,808	495,316	628,499
Horowhenua District	38,900	90,199	187,032	316,132
Hutt City	172,491	416,173	1,343,969	1,932,633
Kāpiti Coast District	78,791	118,838	380,320	577,949
Masterton District	10,886	69,093	139,055	219,034
Porirua City	95,473	220,331	628,454	944,258
South Wairarapa District	634	14,503	34,263	49,400
Upper Hutt City	4,401	24,918	235,199	264,518
Wellington City	377,887	903,207	2,968,182	4,249,276
TOTAL REGION	817,838	1,952,071	6,411,790	9,181,698

Table 1.21: Increase in floorspace (m²) for business activity required by sector type (including uplift requirements). A total of 9,181,698m² is required by the end of the 30 year period this table breaks down what we need for short-medium-long term.

Sector	2021-2024	2024-2031	2031-2051	Total
Commercial	110,775	271,582	1,318,103	1,700,460
Government	5,554	194,563	639,574	839,691
Retail	156,522	223,918	658,155	1,038,595
Education	101,574	167,800	519,090	788,464
Health	77,626	226,507	706,031	1,010,164
Industrial	251,945	709,781	2,100,619	3,062,345
Other	113,842	157,919	470,217	741,979
Total	817,838	1,952,071	6,411,790	9,181,698

Land demand will be higher than floorspace requirements, as this includes servicing for the site such as parking and access. Industrial land, which equates to half of the demand for land area across the region, also tends to be more space intensive and require separation from sensitive land uses such as residential development. Conversely, retail and commercial sector development can be easier to accommodate and co-locate with other land use activities.

1.21 Business Development Capacity

Key findings - capacity

- *The region has a number of business areas that cater for a range of activities, with concentrations of activity in some parts of the region.*
- *The main areas of capacity in the region are in Wellington City and Hutt City, with industrial areas such as Kaiwharawhara and Seaview/Gracefield.*
- *The key factors that influence the uptake and development of business land in this region are:*
 - *Limited supply of industrial land*
 - *Commercial feasibility*
 - *Timing of strategic projects*
 - *Planning risks*
 - *Developer obligations*
 - *Residential growth*

1.21.1 Business capacity – Plan enabled, feasible, and realisable

The approach to understanding business capacity is detailed in Appendix 1. By way of summary, a GIS model was developed that allowed the capacity of the business areas of each district to be understood – both in terms of infill development, redevelopment, and development of any currently vacant sites.

In the same vein as residential, this modelling was based on District Plan standards. A similar level of economic analysis as undertaken for residential development was not suitable for business land. This is due to the particular economics underlying business development being different across varying types of business development.

For information on which particular business areas across the region were modelled refer to local council HBA chapters which provide district level reports on housing and business.

Plan enabled

Plan-enabled capacity is modelled based on the operative and proposed planning documents of each council.

Modelling results show the following business capacity across the region as seen in Table 5.5. Definitions of headings in the tables are:

- Existing floorspace: Floorspace area of existing buildings present in business zones.
- Infill floorspace: Capacity for infill development in business zones, if existing floorspace is retained.
- Redevelopment floorspace: Capacity for business floorspace if complete redevelopment of business zoned land was to occur.
- Vacant: Vacant land in business zones which has the capacity for development.

Table 1.22 below sets out the modelled business floorspace capacity in the categories above. More detailed analysis of this is provided in each District Chapter.

Table 1.22 Business development capacity (m²) – plan enabled by district.

District	Existing floorspace	Infill floorspace	Redevelopment floorspace	Vacant
Carterton District	137,074	2,468,586	3,105,306	2,551,485
Horowhenua District	482,770	719,632	1,457,619	372,073
Hutt City	2,181,429	2,437,859	5,950,043	306,546
Kāpiti Coast District	465,629	1,438,837	3,966,144	1,655,957
Masterton District	415,409	3,762,147	5,183,245	1,411,290
Porirua City ¹	556,778	1,960,202	4,601,320	225,620
South Wairarapa District	90,758	888,719	1,188,560	324,634
Upper Hutt City	484,300	928,300	3,392,200	202,300
Wellington City	1,758,480	2,443,528	7,837,964	50,744-
TOTAL REGION	6,572,627	17,047,810	36,682,401	7,100,649

¹ Porirua City development capacity values do not include healthcare activities taking place in the Special Purpose Hospital Zone at Kenepuru. For development values which include the Special Purpose Hospital Zone, refer to the Porirua City Council chapter of the HBA.

Feasible and sufficient

In assessing business development capacity, plan-enabled capacity provides a theoretical starting point. The next step is an analysis of market conditions and behaviours to understand how much of the plan enabled capacity is likely to translate into new business capacity.

The feasibility¹ of business development is different to the approach adopted for residential. This is because the feasibility of residential development can be undertaken in a generic manner based on a range of certain financial inputs. Business development is much more nuanced, given the range of buildings, locations, and tenures that are involved in business development.

To understand the likelihood within this region, work was commissioned (see *“Review of the suitability of existing industrial and business land – April 2023”* by the Property Group) to:

Appendix A Understand the key factors that influence the update and development of business land in this region; and

Appendix B Undertake an assessment of a total of 80 business land areas in the region against a set of relevant criteria in a Multi Criteria Assessment (MCA).

The full report can be found in Appendix 4. This includes the full methodology and results. The report is an update to the version undertaken for the last HBA.

This report identified the following key factors (Table 1.23) influencing the uptake and development of business land across this region as a whole. Each district has its own localised factors.

Table 1.23: Key factors influencing the update and development of business land in the region.

Key factor	Explanation
Limited supply of industrial land	Across most areas a shortfall in availability of industrial land has been identified, both greenfield development areas and capacity within existing industrial zoned areas.
Commercial feasibility	Feasibility of new development within business zoned land is challenging due to the changing nature of the market demands, including competing demand from residential development, increasing development costs, and the cost/provision of supporting infrastructure connections. In particular, the region has increasing costs associated with the cost of addressing resilience.

¹ Short to medium term (0-10 years) = development capacity that is commercially viable to a development based on the current relationship between costs and revenue; Long-term (10–30 years) = Development capacity that is commercially viable to a developer based on the current relationship between costs and revenue, or on any reasonable adjustment to that relationship.

Key factor	Explanation
Timing of strategic projects	The timing of strategic projects in the region, such as Transmission Gully and Infrastructure Acceleration Fund (IAF) developments, has and will affect the timing and rate of uptake of business land as well as affecting the type of land in demand.
Planning risks	The District Plans and how they are applied provides some uncertainty to developers in terms of how resource consents will be assessed (e.g., activity status and notification) and information requirements (e.g. design guides), which has significant cost and time implications. Uncertainties are also associated with changing national planning legislation.
Developer obligations	Costs associated with providing infrastructure to sites makes development of business land less viable.
Residential growth	Local population growth generally causes a growth in business land uptake in the city/district. Key factors affecting uptake is protecting business land from encroachment from residential activities or, where appropriate, enabling mixed use developments.

The criteria listed below were used in the MCA with each of the 80 business areas considered as part of this HBA assessed against the criteria on a 0-5 scoring range:

- 1) Proximity to major roading corridors
- 2) Access to rail routes
- 3) Access to the airport
- 4) Access to the seaport
- 5) Public transport accessibility
- 6) Parking availability and accessibility
- 7) Access to required labour force
- 8) Access to markets/consumers & reliance
- 9) Resilience to hazards
- 10) Supporting businesses/services in the area
- 11) Land and property cost
- 12) Developability/functionality
- 13) Separation from more sensitive activities
- 14) Community impact

As the MCA scoring assessment criteria was developed independently for each district, the results across the region are not comparable. The highest scoring sites in each district are shown in Table 1.24, indicating some of the most important sites for business in our region.

Table 1.24: Highest scoring site in each district as assessed by the multi criteria assessment.

City/District	Site/Area	Main activity type
Wellington City	Kaiwharawhara	Industrial
Porirua	Kenepuru	Industrial and Commercial
Upper Hutt	Upper Hutt CBD	Retail
Carterton	Waingawa	Industrial
Hutt City	Petone East	Light industrial
Kāpiti Coast	Te Roto Drive / Kapiti Landing	
Horowhenua	Shannon industrial	Industrial
South Wairarapa	Featherston industrial	Industrial
Masterton	Masterton industrial north	Industrial

1.21.2 Sufficiency of business capacity

Policy 2 of the NPS-UD requires local authorities to provide at least sufficient development capacity to meet expected demand for business land over the short, medium, and long-term. Under the NPS-UD, for business land capacity to be considered sufficient, there must be enough business land capacity to meet expected demand, plus a competitiveness margin.

Having established the expected demand for business land and the development capacity available the two can be compared to understand whether there is sufficient capacity to meet demand.

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 be located 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 region.

The MCA also identified some clear preferences for business activities and where they might locate. Future industrial activities have opportunities in Kaiwharawhara, Kenepuru, and Waingawa. Upper Hutt CBD, Porirua East/Ranui Shopping Centre, and Johnsonville scored highly for the desirability of the locations, good transport connections, and access. Alexander Road, Ward Street, Cannons Creek, and Park Street also scored well for their mix of development and activity types, and access to other businesses.

The sufficiency is shown in Table 1.25.

Table 1.25: Overall summary of supply to meet demand.

Type	2021-2024	2024-2031	2031-2051	TOTAL
Demand (with competitive margin)	817,838	1,952,071	6,411,790	9,181,699
Redevelopment				29,243,921
Infill				10,806,224
Vacancy				2,938,313
Sufficiency	Yes	Yes	Yes	

1.21.3 Inter-regional industrial supply opportunities

Opportunities may exist outside of the Greater Wellington Region to accommodate some of the future industrial demand.

Te Utanganui is a unique multi modal distribution hub where road, rail and air transport options are immediately adjacent to each other. It is being developed in Manawatū, spanning across Palmerston North and into the wider Manawatū district. It encompasses several infrastructure projects which, when combined, will create the primary distribution and transport hub for central New Zealand, supporting the transport and logistics centres of South Auckland, Waikato and Canterbury. Projects directly planned or aligned with Te Utanganui include:

- KiwiRail's Regional Freight Hub
- Te Ahu a Tūrangā: Manawatū-Taranaki Highway
- Ōtaki to North of Levin (O2NL) Expressway
- North East Industrial Zone (NEIZ)
- Ruapehu Aeropark
- Kawakawa Industrial Precinct, Feilding
- Palmerston North Airport
- Palmerston North Integrated Transport Initiative – Regional Freight Ring Road
- Manawatū Inland Port

In addition to the project, Te Utanganui's strategy encompasses the broader transport and distribution system across central New Zealand including:

- Port developments and investments at the major international ports
- Secondary developments including Marton Rail Hub, Whanganui port, Smart Road in Taranaki, Oringi in Taranaki, Whakatū inland port in Hastings and Horowhenua Business Park

A Masterplan has been developed for Te Utanganui, and this outlines a programme of rezoning which will eventually unlock an additional 260ha of land for large floor plate and freight and distribution focussed industrial activities. The first phase of rezoning will commence in 2024.



Figure 5.3: Te Utanganui

1.22 Conclusion

The assessment of business capacity sufficiency is more difficult to assess than that of residential capacity due to the range and scale of activities. This is why the analysis is more qualitative and uses the Multi Criteria Analysis to help assess the suitability and sufficiency of business land.

For business land, short- and medium-term capacity is available, but longer term requirements may need to be accommodated by redevelopment of existing sites. Industrial land capacity is an issue across the region. Opportunities outside of the region, such as Te Utanganui, may be able to accommodate industrial demand. The Wellington Regional Leadership Committee is commissioning a piece of work to consider future industrial opportunities in more detail.

Table 5.8 confirms that the Wairarapa-Wellington-Horowhenua region has sufficient capacity from a numbers perspective to meet growth requirements over the 30-year period of this HBA. An assumption has been made that the vacant land is the most realisable in the short term as it is both available and plan enabled. However, this assumes that all vacant land is developed, when in reality this may not be the case due to market drivers such as construction costs, price and the right land being available in the right location. As an example, the size and shape of vacant brownfield land parcels can be inconsistent with the manner in which they become available, which means they are not able to deliver to the type of demand that we receive.

Land availability also becomes more of an issue in the longer term when dependence for land is reliant on redevelopment of existing sites. There is no guarantee that land will come forward for redevelopment, and that this land will be what the market wants or feasible.

It is important to highlight that this assessment represents a single point in time. All councils are currently implementing changes to their District Plans. This has increased plan-enabled and redevelopment capacity and will inform the level of investment required in the councils' 2024 infrastructure strategies to provide adequate development infrastructure to support sufficient development capacity.

5 Infrastructure capacity

1.23 Introduction

Enabling development requires the provision of adequate infrastructure to support growth. The NPS-UD identifies two categories of infrastructure:

- Development infrastructure – network infrastructure for water supply, wastewater, or stormwater, and land transport controlled by local authorities or council-controlled organisations.
- Additional infrastructure – public open space, community infrastructure, land transport not controlled by local authorities, social infrastructure (schools and healthcare facilities), network telecommunication, and network electricity or gas.

Ensuring that development capacity is infrastructure-ready is a key element of providing sufficient capacity to meet the expected demand for housing. The assessment of infrastructure-readiness focuses on development infrastructure, as outlined in Table 1.26 .

Table 1.26: Definition of infrastructure-ready development capacity

Infrastructure-ready development capacity – definition	
Short-term (0–3 years)	Development capacity with adequate existing development infrastructure to support the development of the land
Medium-term (3–10 years)	Development capacity with adequate existing development infrastructure to support the development of the land, or adequate development infrastructure is included in a long-term plan
Long-term (10–30 years)	Development capacity with adequate existing development infrastructure to support the development of the land, or adequate development infrastructure is included in a long-term plan or infrastructure strategy

Our existing infrastructure will need to support much of our region’s expected development in the next 30 years, so it is critical that we maintain and strengthen our existing infrastructure effectively to increase the resilience of our networks for our region, both now and in the future. This will support the current population and new developments in the region.

Council and others identify their infrastructure spend to support development within the region. These documents state what we can afford, not necessarily what we need to spend. This highlighted a funding gap. The Diagram below provides a high-level view of these funding gaps. Diagram xx: Infrastructure gaps

Infrastructure type	Gap
Three waters	<p>Council Long Term Plans identify the level of three waters infrastructure spend over the next ten years to support the expected levels of housing and business development. It is acknowledged that often these infrastructure projects and costs are what the council can afford and is less than what is needed to fully fund three waters requirements. This gap between what is needed and what can be afforded has not been costed.</p> <p>Some councils have not yet completed detailed growth studies to fully understand the three waters investment requirements to support housing and business development.</p> <p>There is also uncertainty created by three waters reform.</p>
Transport	High level analysis suggests we need to double the current level of transport spend we are planning for in the region to enable us to catchup on maintenance, provide the required service levels we want for an increasing population and reduce our emissions
Education	Whilst MoE have identified potential education requirements in areas prioritised in the Future Development Strategy, it is acknowledged that there is significant potential for housing development outside these areas as well and this creates uncertainty regarding where and when investment occurs.
Energy and telecommunications	There is a need for electricity and telecommunications network upgrades to accommodate not only more housing and business development, but to improve our energy resilience and accommodate more renewable electricity generation in the region.
Health	At this stage no further hospitals are planned for this region
Blue green network eg parks	In some parts of the region further investment in local parks and pocket parks may be needed to support well-functioning environments in our towns and cities. Nature based solutions will be needed to be invested in support our blue network and support stormwater management.

Current limitations of data and modelling capacity necessitate a qualitative assessment of overall infrastructure-ready development capacity. In some parts of the region there are constraints in three waters networks that may impact on development capacity. The scope and immediacy of these constraints vary. The impact on development capacity is discussed in each council's chapter of the HBA. Infrastructure and land-use planning and development is an ongoing and iterative

process. All councils have work underway to better understand and address development pressures on infrastructure.

We have mapped current LTP projects to indicate what infrastructure is planned in Figure 1.14.

INFRASTRUCTURE PROJECTS COMMITTED IN LTPs

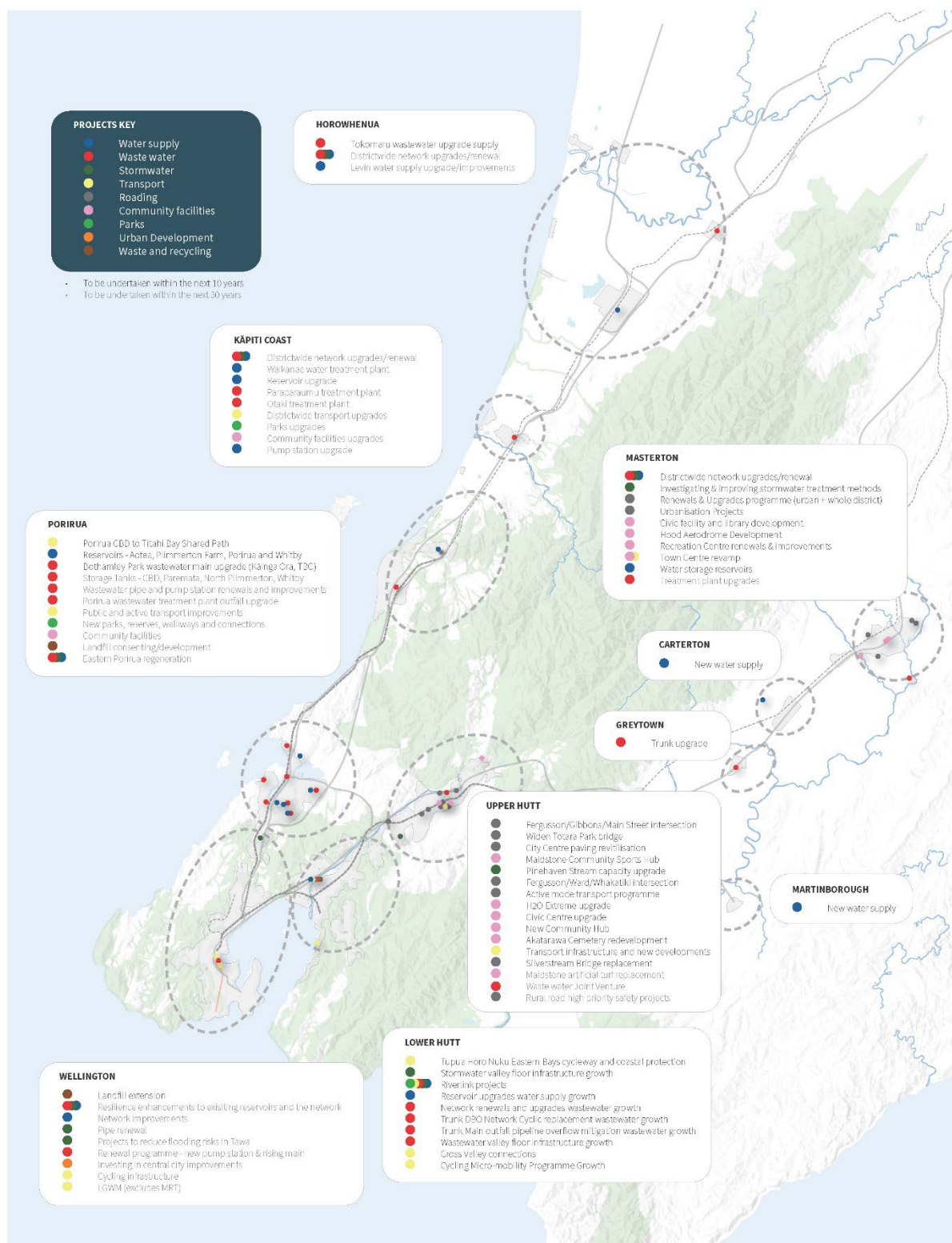


Figure 1.14: Map of committed growth related projects in Council LTP's 2021-2031

1.24 Three waters infrastructure

Across the Wairarapa-Wellington-Horowhenua region, three waters (water, wastewater and stormwater) networks are generally in poor condition and were not designed to meet current community expectations for environmental outcomes. Three waters networks are constrained in large parts of the region and most areas are unable to accommodate new growth without investment in capacity improvements. Some areas are already experiencing shortfalls in agreed levels of service. Currently there is a significant level of investment required to meet existing requirements for water services and growing regions are putting pressure on aging infrastructure.

There are also a number of increasing pressures on the three waters infrastructure in the region including:

- Funding challenges for current and new infrastructure.
- Managing urban growth within environmental limits.
- Managing existing infrastructure and designing new infrastructure for the impacts of climate change.
- The vulnerability of the three waters assets to the impacts of extreme natural hazards.
- Expected changes to legislation that will impact on the requirements of the network.

The councils, except for Carterton, Kāpiti Coast, Masterton, and Horowhenua, are partners in Wellington Water Ltd (WWL), a Council Controlled Organisation responsible for the provision of three waters infrastructure. WWL provided an assessment in 2021 for three waters infrastructure (provided in Appendix 5.6) which formed part of the 2022 HBA Update.

For this HBA, conversations were held with WWL and it has been determined that the 2021 assessment is still current and able to be utilised for this update, as there has been no significant shift in the data informing their assessment. Councils new to the HBA process have detail in their chapters about three waters capacity for growth.

WWL assessed infrastructure capacity using existing modelling, growth studies, and councils' 30-year infrastructure investment strategies. Areas were classified as having infrastructure ready development capacity if they were adequately serviced by existing three waters infrastructure or will be serviced by infrastructure identified in the council's long-term plan or 30-year infrastructure strategy. Kāpiti Coast District Council has adopted a similar methodology for its own assessment.

These assessments represent a single point in time. Infrastructure and land-use planning and development is an ongoing and iterative process. As development plans coalesce, infrastructure needs are assessed, funding options confirmed, and investment schedules revised. Three waters infrastructure growth plans need to develop alongside council growth plans to provide infrastructure-ready development capacity. All councils have work underway to better understand and address development pressures on their three waters networks, as well as prepare for upcoming Three Waters reform. In addition, all councils are currently updating their 30-year infrastructure and investment strategies to help inform 2024 Long Term Plans.

Further complicating the long-term certainty for the three waters infrastructure is the three waters reform legislation which will remove three waters infrastructure assets from Council's balance

sheets and transfer them to new water entities. These new entities will be responsible for the management and delivery of three waters infrastructure and services and are likely to be operational by July 2026.

1.25 Public transport infrastructure

For the purposes of the NPS-UD, land transport development infrastructure controlled by councils has two elements:

1. The public transport network controlled by Greater Wellington Regional Council and Horizons Regional Council (Horowhenua)
2. The local roading network controlled by each district council

Analysis below of public transport infrastructure is provided for the Wairarapa-Wellington-Horowhenua region, while analysis of the capacity of the local roading network is provided in each council's chapter. An inter-related element of land transport is the state highway network controlled by Waka Kotahi NZ Transport Agency. A regional analysis of its sufficiency is provided as part of the section on additional infrastructure in Appendix 5.3 below.

Greater Wellington Regional Council has provided an assessment of the capacity of the Wellington public transport network to respond to population growth (Appendix 5.1). In addition to population growth, public transport must respond to the policy direction of the Regional Public Transport Plan 2021-31 to ensure a greater share of travel is made by public transport (mode shift) and customer expectations that services are high quality, accessible, affordable, reliable, and frequent.

The Regional Public Transport Plan 2021-31 sets out planned infrastructure investments, this is currently being updated for the 2024-2034 Regional Land Transport Plan. An overview of key investments is provided in Appendix 5.5.

There are three areas where there are key challenges for public transport capacity:

- Wellington City bus network – bus services must mix with increasingly congested traffic, affecting reliability and limiting the ability to operate more services. This makes providing additional capacity to respond to growth difficult. This is currently being addressed through Let's Get Wellington Moving, particularly through bus priority measures and mass rapid transit.
- Regional rail network – growth in patronage is higher than planned for. This is currently being addressed through the Wellington Regional Rail Strategic Direction investment pathway which includes provision of additional rolling stock and infrastructure upgrades.
- There is no effective public transport in Horowhenua and northern parts of Kapiti including Ōtaki. The only rail service is the Capital Connection from Palmerston North to Wellington, currently running once a day. Investment in public transport in this part of our region is needed and important for delivering future sustainable growth and connected low emissions urban areas and communities.

1.26 Additional infrastructure

Under NPS-UD clause 3.5 (1) local authorities must be satisfied that the additional infrastructure to service development capacity is likely to be available.

Analysis of the sufficiency of three types of additional infrastructure provided for in the Wairarapa-Wellington-Horowhenua region is assessed: state highway infrastructure, regional parks, and schools. Each council provides an assessment of the sufficiency of additional infrastructure in their individual chapters.

1.26.1 State highway infrastructure

Waka Kotahi NZ Transport Agency has provided an assessment of the current performance and challenges facing the state highway network, and planned investment in the short, medium, and long-term (Appendix 5.3).

In terms of current performance of the state highway network, for most journeys, there is a moderate amount of travel variability during the AM peak and inter-peak periods. Areas where travel variability is high, indicating more incidences of congestion and travel delay, are around Aotea Quay and the Basin Reserve in the AM peak, and along SH1 from Ngauranga Gorge to Wellington Airport in the PM peak. The assessment also discusses specific travel challenges and constraints in each council's area. The implications of these are discussed in the relevant council's chapter of the HBA.

Overall, current and planned state highway capacity is not a constraining factor for development capacity. However, the assessment notes that transitioning to a low-carbon future means urban development and transport must be planned to enable transport choice and reduce carbon emissions, and an overall reduction in vehicle kilometres travelled. As such, many of the improvements required to address current challenges for the state highway network relate to the provision of improved access by active modes and public transport.

1.26.2 Regional parks

Regional parks administered by Greater Wellington Regional Council provide public open space. The regional park and river corridor network comprises 33,000 hectares in eight regional parks and river corridors managed for flood protection and recreation purposes in the Wellington region – see Table 1.27. There are no regional parks in Horowhenua, but they enjoy an abundance of natural areas such as Foxton Beach and the Tararua Ranges (administered by DOC) within close proximity. Regional open spaces were mapped as part of the constraints mapping for the Future Development Strategy and shown in Figure 1.15.

Table 1.27: Regional park network by area and location.

Name	Council Area	Area (hectares)
Akatarawa Forest	Upper Hutt City Council; Kāpiti Coast District Council	15,500
Battle Hill Park	Porirua City Council	500
Belmont Regional Park	Wellington City Council; Porirua City Council; Hutt City Council	3,500
East Harbour Regional Park	Hutt City Council	2,000
Kaitoke Regional Park	Upper Hutt City Council	2,860
Pākuratahi Forest	Upper Hutt City Council	8,000
Queen Elizabeth Regional Park	Kāpiti Coast District Council	638
Wainuiomata Regional Park	Hutt City Council	340

Including Conservation land, regional parks, territorial authority parks and reserves and QEII Trust covenants

- DOC Conservation Land
- QEII Covenants
- Regional Parks
- Parks and reserves
- Urban zones
- State Highways

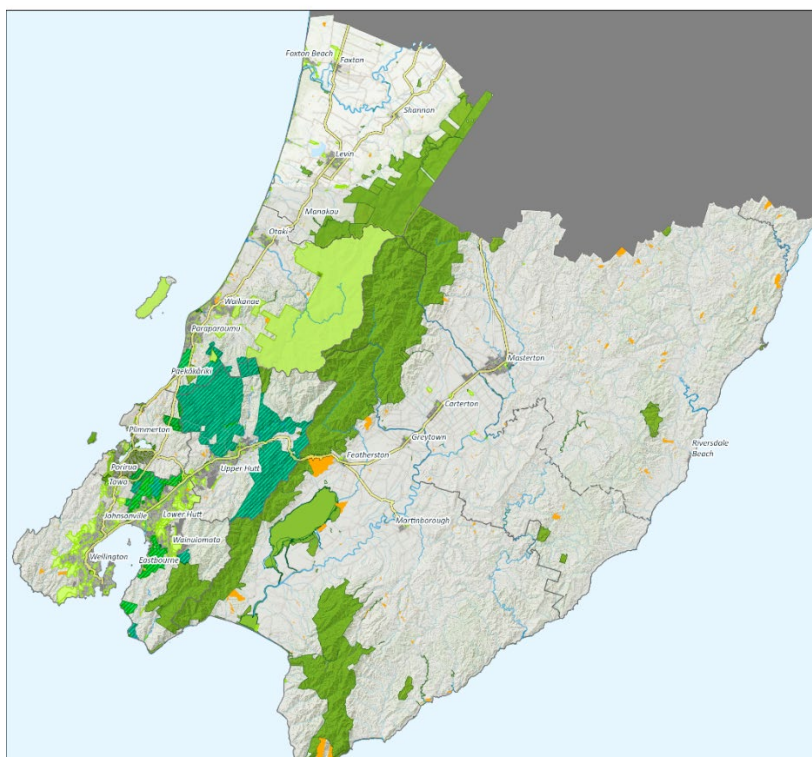


Figure 1.15: Map from FDS constraints report, showing parks and conservation land.

The regional park and river corridor network is considered adequate overall to meet the recreational needs of the community, however there are gaps in the trail network connecting parks. Opportunities to improve the quality of regional park open space for human health and wellbeing and environmental value were identified in Toitū Te Whenua Parks Network Plan 2020-30. These include access to parks, including public and active transport, climate change action (mitigation and adaptation), and greater promotion of environmental and heritage values.

Public open space administered by councils is discussed in each council's chapter of the HBA.

1.26.3 Schools

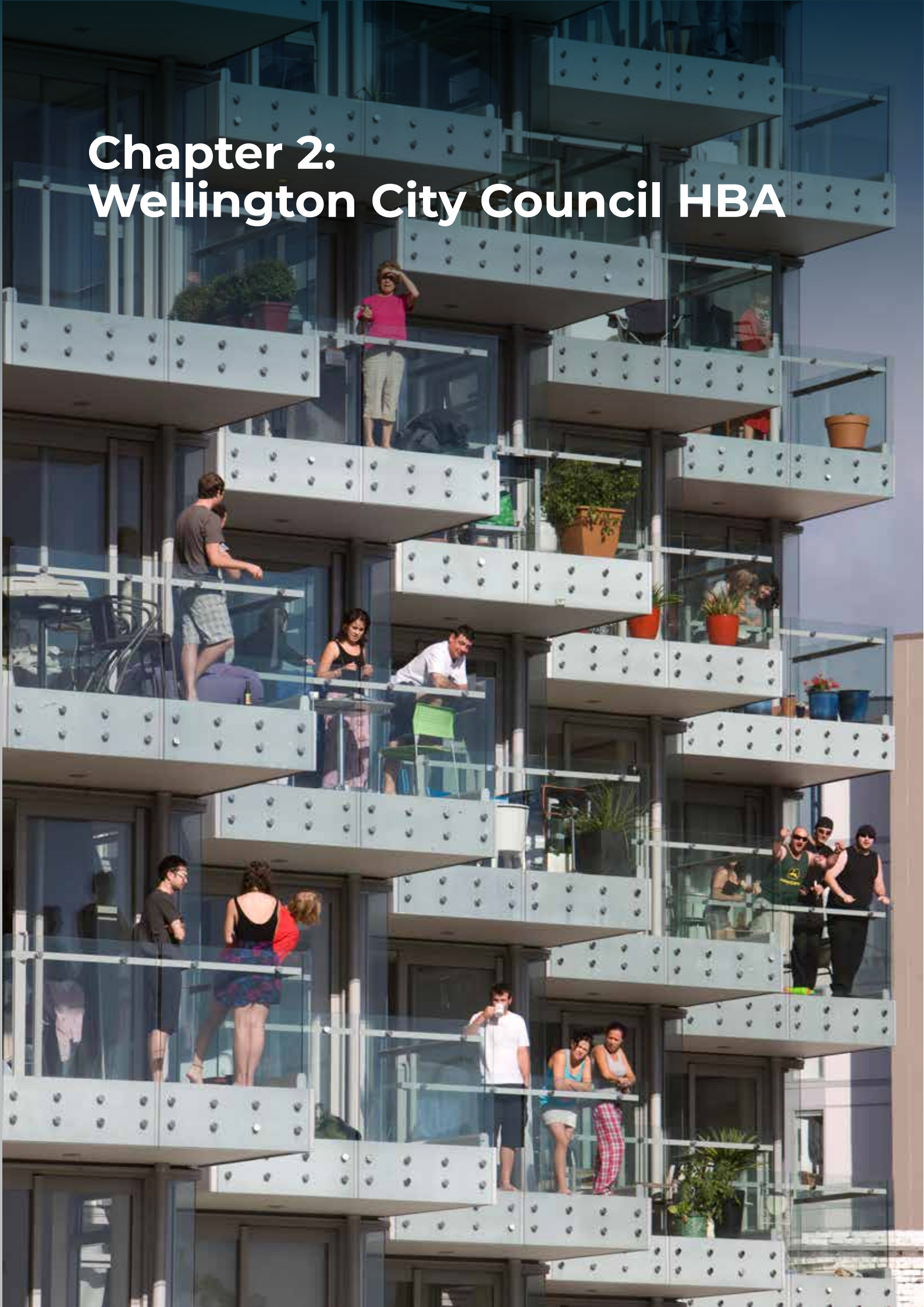
Planning for schools is undertaken by the Ministry of Education, which monitors growth pressures on schools. The Ministry of Education works with councils to develop plans for new growth areas, and plan for new schools.

The Ministry of Education has supplied information on school capacity, available space, and future plans in Appendix 5.2. Across the Wairarapa-Wellington-Horowhenua region, the capacity of schools to cater for growth is variable. In some parts of the region, schools are approaching or at capacity. In other parts, there is currently significant available capacity. Further details on the sufficiency of school capacity to cater for growth is provided in each council's chapter of the HBA.

1.26.4 Electricity and Telecommunications

Various electricity and telecommunications providers were asked to provide a response for the Housing and Business Assessment. Responses were received from Powerco Gas, Meridian, and Chorus. Copies of these responses are provided in Appendix 5.4.

Chapter 2: Wellington City Council HBA



Key findings

- *Population growth: Wellington City has a requirement for 30,407 dwellings in the next 30 years.*
- *Housing Capacity: This assessment has identified capacity for 73,856 homes to meet demand over the short, medium and long-term periods.*
- *Business demand: Higher demand for business floorspace and land resulting from higher growth over 2019 assessment with an identified demand of 597 hectares, or 691 hectares (NPS adjusted), in the next 30 years.*
- *Business Capacity: There is business land in the short to medium term but in the longer-term capacity will rely on redevelopment.*
- *Infrastructure Capacity: there are known infrastructure issues across the city. A long-term investment plan is required to resolve this and unlock full development opportunities over the next 30 years.*

This Housing and Business Needs Assessment (HBA) report provides an update to Wellington City's 2019 Housing and Business Needs Assessment and the 2022 Wellington Housing Capacity Assessment. This has been prepared to meet the monitoring requirements of the National Policy Statement for Urban Development (NPS-UD). It also serves as a chapter of a the wider Wairarapa-Wellington-Horowhenua region HBA. The Wellington Regional Leadership Committee (WRLC) will use the regional HBA to support spatial and other planning being undertaken for that region, including the Future Development Strategy (FDS).

It is important to highlight that the HBA represents a single point in time. All councils in the Wairarapa-Wellington-Horowhenua region are currently in the process of implementing reviewed District Plans or changes to their existing District Plans in order to give effect to the NPS-UD and Medium Density Residential Standards. It is expected that through the submission and hearings process there will be some changes to the proposed plans as notified. This will impact final plan-enabled and realisable development capacity figures.

This chapter provides some detail and context for Wellington City Council and is based on the notified version of the Proposed District Plan.

2.1 Wellington City Context

2.1.1 Wellington City

Wellington is New Zealand's Capital City lying at the foot of the North Island. The City is bounded by the coast to the south, east and west, and extends as far as Tawa and Horokiwi in the north where it meets the Porirua City and Hutt City boundaries respectively.

Wellington City Council (WCC) is one of the five territorial authority areas that make up the Wellington 'Tier 1' urban area as defined by the NPS-UD.

2.1.2 Vision, Community Outcomes and Strategic Priorities

Any discussion on housing supply and growth needs to be considered within the context of WCC's overall vision, community outcomes and strategic priorities. The strategic vision adopted as part of the 2021-2031 Long Term Plan (LTP) was "Wellington 2040- an inclusive, sustainable and creative capital for people to live, work and play". This vision statement provides the context through which all Council led planning and investment is considered.

The LTP also sets out City Outcomes for Wellington City. These are intended to support the strategic vision and are the basis for all council activities. These are:

- Environmental - A sustainable, climate friendly eco capital.
- Social - A people friendly, compact, safe and accessible capital city.
- Cultural - An innovative, inclusive and creative city.
- Economic - A dynamic and sustainable economy.

While the City Outcomes present the long-term outlook for the city, the LTP sets out six priority objectives to focus on in the next three years. The priority objectives are a result of engagement with business groups, community groups, students, and the public and are as follows:

1. A functioning, resilient and reliable three waters infrastructure with improving harbour and waterway quality and, reducing water usage and waste.
2. Wellington has affordable, resilient and safe housing within an inclusive, accessible, connected, and compact city.
3. The city's core transport infrastructure is a safe, resilient, reliable network that supports active and public transport choices, and an efficient, productive and an environmentally sustainable economy.
4. The city has resilient and fit-for-purpose community, creative and cultural spaces – including libraries, marae, museums and community halls, where people connect, develop and express their arts, culture and heritage.

-
5. An accelerating zero-carbon and waste-free transition – with communities and the city economy adapting to climate change, development of low carbon infrastructure and buildings, and increased waste minimisation.
 6. Strong partnerships with mana whenua upholding Te Tiriti o Waitangi, weaving Te Reo Māori and Te Ao Māori into the social, environmental and economic development of our city and, restore the city's connection with Papatūānuku (nature).

Although housing affordability and investing in infrastructure to service growth are strategic priorities for Council, they need to be considered alongside other priorities and outcomes such as a sustainable, climate friendly eco-capital, an innovative, inclusive and creative city, rapid transition to zero carbon and being waste free. Therefore, an integrated approach is required to deliver on all of Council's strategic priorities.

2.1.3 Our City Tomorrow: A Spatial Plan for Wellington

The Spatial Plan is a growth strategy for Wellington that sets out a plan of action for where and how the city will grow and develop over the next 30 years. This plan was adopted by Council in June 2021.

This plan also feeds into other policy decisions. It helped to shape the District Plan Review and enables the Council to prioritise investment in transport, new community facilities and infrastructure upgrades.

The Spatial Plan has been guided by the following city goals:

- Mana Whenua Partnership
- Compact
- Resilient
- Vibrant and Prosperous
- Inclusive and Connected
- Greener

The underlying value of the spatial plan is reflected in the range of benefits it can deliver to ensure that the future growth of the city is compact, well-connected and planned; which will result in improved environmental, housing, transport, community and employment outcomes for current and future residents.

Some of these benefits include:

- Adopts a long-term approach to growth that will contribute to more efficient, coordinated and consistent planning and decision making
- Promoting a more compact urban form by encouraging optimal use and development of land in the City;
- Provides stability, certainty and confidence for investment by indicating what types of investment are required and when and

-
- Promotes more efficient use of existing infrastructure and identifies and guides the priority, location and funding of future physical and social infrastructure services.

The Spatial Plan will likely undergo a refresh in 2024 once the decisions have been made on the Proposed District Plan and adopted by Council.

2.1.4 Wellington City Proposed District Plan (PDP)

The PDP is the statutory tool to enable the approach set out in the Spatial Plan and is the Council's most important land-use planning tool and aims to significantly increase housing supply along with helping to achieve a number of other social, environmental and economic outcomes. Decisions on the PDP process will likely be made in late 2024. A fully operative District Plan will be in place once any appeals have been resolved, which may take up to two additional years.

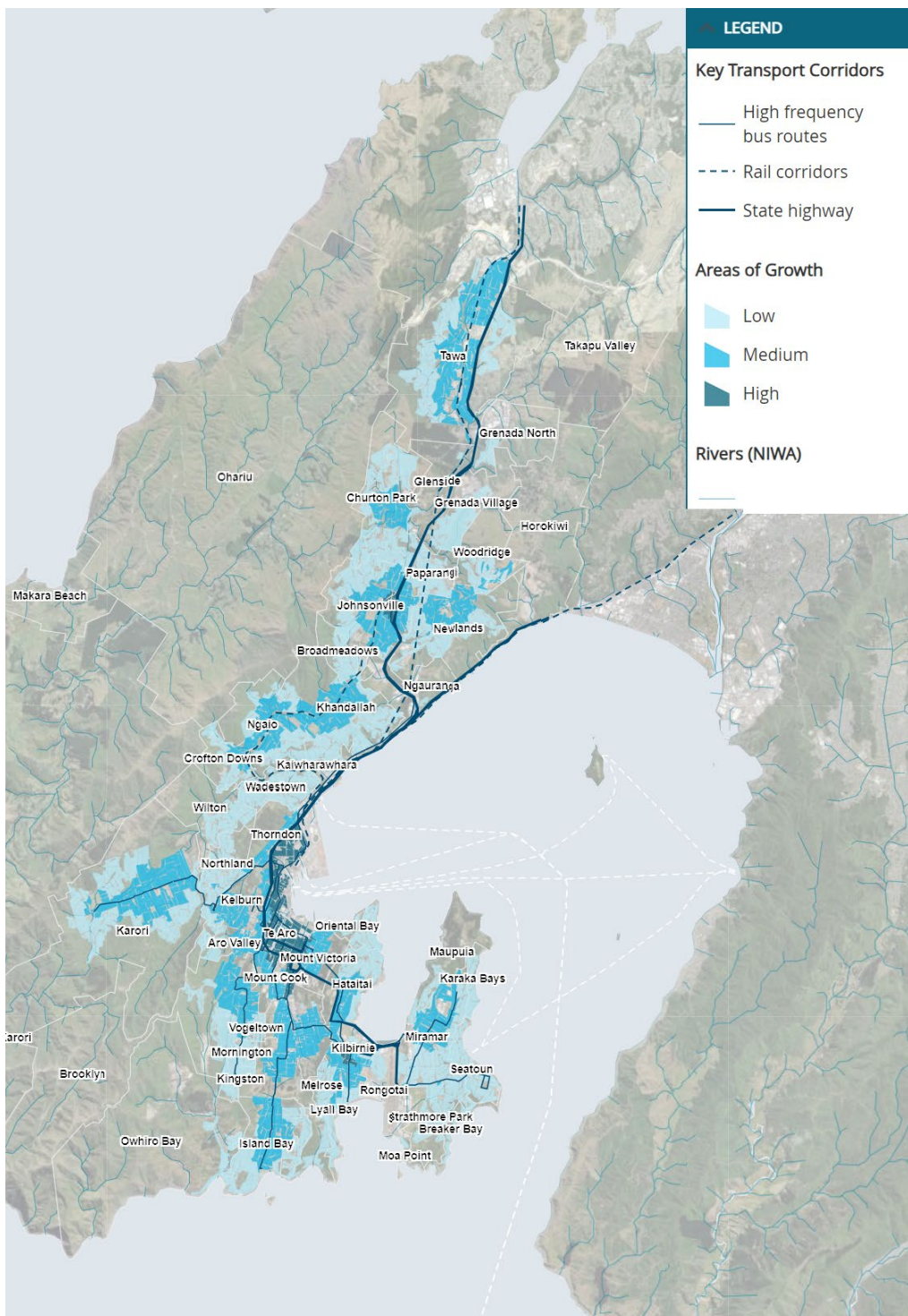
There are limited greenfield developments identified through the PDP, largely restricted to the Lincolnshire Farms and Upper Stebbings areas.

The PDP identifies a broad range of living and working environments across the City, with denser development provided in the City Centre, along major public transport routes, in and around key centres such as Johnsonville, Newtown and Tawa, and within the Let's Get Wellington Moving Corridor.

The PDP also sets out 'housing bottom lines', as required by the NPSUD, based on the findings of the 2022 HBA. These provide that development capacity for 15,098 dwellings is to be provided in the short to medium term and 21,532 dwellings in the long term

2.1.5 Priority Growth Areas

The Spatial Plan identifies Tawa, Johnsonville, City Centre and Newtown as Priority Growth Areas. These growth areas are implemented through the PDP.



Tawa is in the northern area of Wellington City. The PDP provides a Local Centre zoning in the Tawa and Linden Centres, with building heights up to 22m. High density residential development, up to 21m, is enabled around the Tawa and Linden train stations and Local Centres. Most of the residential areas in Tawa have been proposed to be zoned Medium Density Residential, with heights ranging from 11m to 14m, depending on proximity to centres and train stations.

Johnsonville is also in the north of Wellington City. The PDP proposes the Metropolitan Centre Zone in the Johnsonville Centre, with heights up to 35m, and high-density residential development,

up to 21m around the centre. Most of the remaining residential areas of Johnsonville are proposed to be zoned Medium Density Residential, with heights of 11m.

The City Centre is the commercial heart of Wellington and the wider region. It is made up of a mix of inner city living, entertainment, educational and commercial activities. The area is currently home to an estimated resident population of around 17,000 people. It is also a major employment hub, containing around 70% of the city's overall workforce and occupying more than 1.6 million square metres of existing commercial floor space.

2.1.6 Let's Get Wellington Moving

Let's Get Wellington Moving (LGWM) is a partnership between Waka Kotahi NZ Transport Agency, Wellington City Council and Greater Wellington Regional Council, and iwi partners Taranaki Whānui ki Te Upoko o Te Ika and Ngāti Toa Rangatira.

The partnership aims to deliver new transport infrastructure and upgrades to achieve the objectives below. The weighting of each objective is in brackets.

- **Liveability:** Enhances urban amenity and enables urban development outcomes (20%)
- **Access:** Provides more efficient and reliable access (15%)
- **Carbon emissions and mode shift:** Reduces carbon emissions and increases mode shift by reducing reliance on private vehicles (40%)
- **Safety:** Improves safety for all users (15%)
- **Resilience:** Is adaptable to disruptions and future uncertainty (10%).

The transport infrastructure and upgrade projects are listed below, under two programmes. The transitional programme is for improvements in the short-medium term within existing roads for walking, cycling and buses and the streetscape. The transformational programme is for large-scale changes to transport corridors that help shape and enable urban development.

Table 2.1 - LGWM Transport Infrastructure and Upgrade Projects

Transitional programme	Transformational programme
Central City walking improvements - completed	Mass rapid transit (MRT) from Wellington Railway Station to Island Bay
Cobham Drive crossing - completed	Associated walking, cycling, and public space improvements in MRT's road corridor
Safer speed limits - completed	Bus priority from Basin Reserve to Miramar shops and Wellington Airport
Golden Mile (Lambton Quay to Courtenay Place) revitalisation – by 2025	Basin Reserve grade separation for north-south and east-west traffic, active mode connections and new public spaces
Thorndon Quay, Hutt Road and Aotea Quay – by 2025	A new Mt Victoria multi-modal tunnel
People-friendly City Streets: better bus, walking and cycling journeys within and between the city and suburban centres –	Travel demand management

Tranche 1 by 2026, Tranche 2 to be scheduled.	Construction of the transformational programme currently scheduled for 2028, with early works (e.g. second spine on Quays, eastern bus priority) from 2026. Aiming to complete by 2032.
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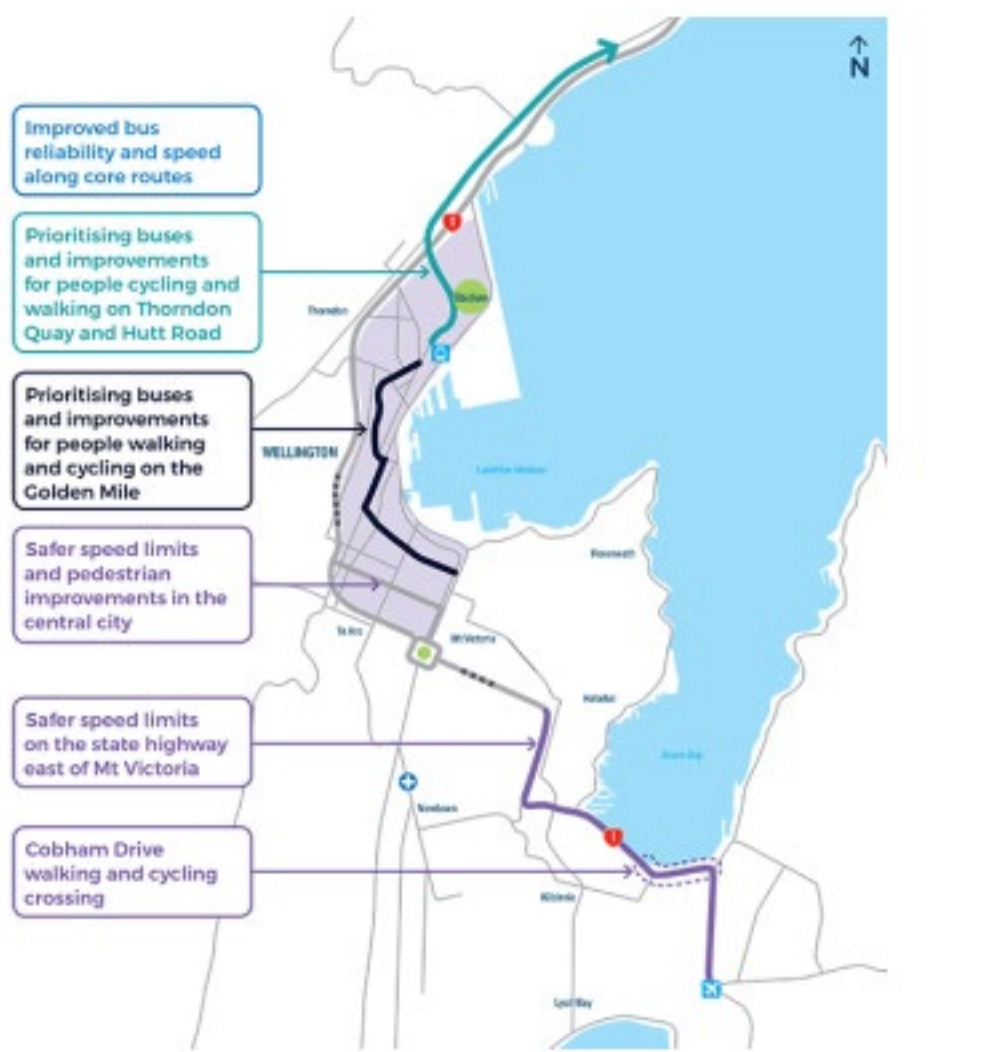


Figure 2.1 – LGWM early delivery work package

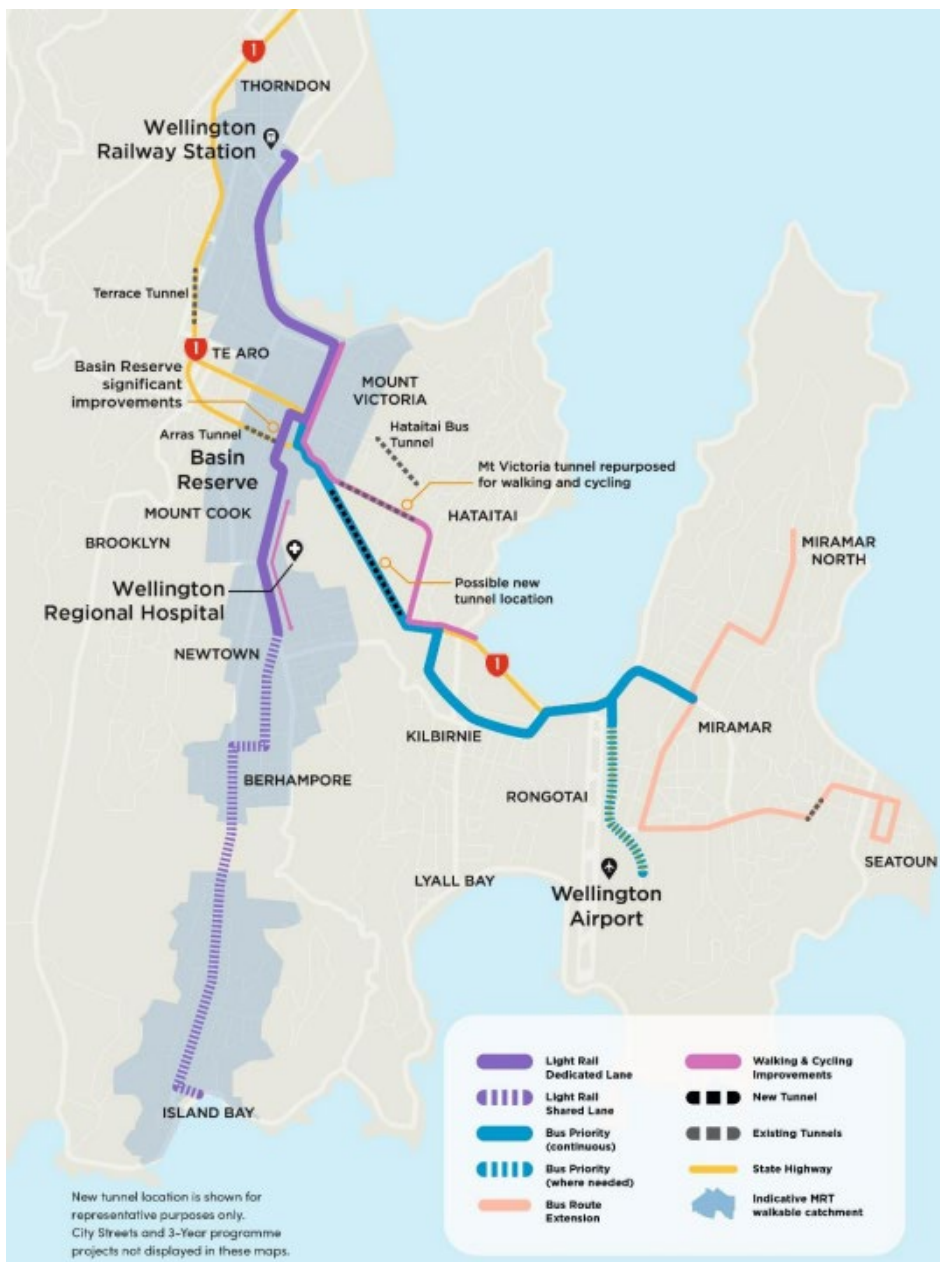


Figure 2.2: Transformational Programme components. Modes and routes might vary in some places.

These projects are important investments to support Wellington City's capacity for development and growth in a manner that reduces carbon emissions and improves access and amenity.

The transformational programme enables and works alongside the investments identified in the Future Development Strategy to centralise growth along the MRT corridor. These include: 3 waters utilities upgrades, more district plan changes, designations for community facilities, and urban development partnerships and interventions around MRT stations.

Land use scenario testing for the detailed business case estimates the change in population and household growth in the MRT and bus priority suburbs. Waka Kotahi is also considering scenarios based on Stats NZ projections, so that the effects of large transport projects can be compared nationally

Table 2.2:

Scenario	30 year households – LGWM suburbs	30 year population growth – LGWM suburbs	30 year population growth - total Wellington City	30 year population growth - total Wellington Region
Do-minimum: Growth without MRT, median projection	7,700	19,400	57,500	~186,000
Some distribution to MRT corridor, with MRT and limited UD interventions	11,100	27,800	57,500	~186,000
Significant distribution to MRT corridor, with MRT and moderate UD interventions	19,180	48,000	73,500	~186,000

Some of the benefits from these transport investments projects are listed below. The third column include the added benefits of pairing the transport projects with intensified land use along the transport corridors.








Key Performance Indicator	Do Minimum 2046	Preferred Programme Option Core Land Use - 2046	Preferred Programme Option Intensified Land Use - 2046
Attracting traffic off city streets (vehicles travelling westbound at Te Aro screenline, AM peak) 	10,350 vehicles	2,625 (25%) fewer vehicles	2,200 (21%) fewer vehicles
People living within close proximity to key destinations (access to CBD by PT within 30 minutes, AM peak) 	108,100 people	42,100 (39%) more people	80,200 (74%) more people
Comparative travel time between modes (ratio of private vehicle to PT travel time, AM peak) Island Bay to Bowen St 	1.5	Decrease to 0.9	Decrease to 0.8
Airport to Bowen St	1.2	Decrease to 0.8	Decrease to 0.9
Public transport delay (public transport travel times, AM peak) Airport to Central Station 	32.1 minutes	11.6 minute (36%) reduction	11.6 minute (36%) reduction
Island Bay to Central Station	32.7 minutes	13.4 minute (41%) reduction	13.4 minute (41%) reduction
Mode share in the central city (AM peak, people using public transport to enter CBD cordon in AM Peak) 	37.3% of people use public transport	39.9% of people use public transport (Increase of 2.6%)	40.4% of people use public transport (Increase of 3.1%)
Mode share in the central city (AM peak, people using active modes to enter CBD cordon in AM Peak) 	13.9% of people use active modes	17.0% of people use active modes (increase of 3.1%)	18.5% of people use active modes (increase of 4.6%)
Carbon emissions (vehicle kilometres travelled, AM peak) East to CBD 	23,100 VKT	5,700 (25%) decrease in VKT	6,400 (28%) decrease in VKT
South to CBD	21,600 VKT	3,500 (16%) decrease in VKT	3,500 (16%) decrease in VKT

Figure 2.3:

Related utility upgrades: The transformational programme is a significant opportunity to replace or upgrade the underground utilities in the affected road corridors. In most cases the whole road corridor will be torn up and re-done, with road relocation and expansion in a few areas. Utilities will be moved outside the MRT foundations where possible, to minimise future transport disruptions. While the road is opened up, utility providers can fix and place new infrastructure to cater for the increased population and economic growth expected in the MRT suburbs.

District plan change: The Proposed District Plan (2022) anticipates the transformational programme to the degree known at the time. A district plan change can be started once the transformational programme's detailed business case, funding and locations are confirmed, and the works included in the Regional Land Transport Plan. This plan change will give effect to NPS-UD directions, align zones and land use controls to new layouts and infrastructure, and apply design controls to support good quality transit-oriented development.

Delivery changes: the prioritisation, detail and delivery of the transformational programme may change once the detailed business case is completed at the end of 2024 and may also be subject to government policy changes over time. Presently, the two largest political parties support the Basin Reserve upgrades, a second Mt Victoria Tunnel in some form, rapid transit in some form, and bus priority on the roads leading to the Mt Victoria tunnels. The LGWM Partners, including WCC, will continue delivering the transitional programme works in Table 1 above.

2.1.7 City Housing Action Plan

WCC has recently approved its Housing Action Plan which seeks to ensure better housing outcomes for the City and to address the housing crisis in Wellington City. The Plan seeks to ensure that affordable, safe and dry housing is a priority for the City and its people.

A number of actions have come out of the Plan which include:

- District Plan Changes
- Consenting improvements
- Māori and Mana Whenua housing
- Homelessness
- Social and public housing
- Affordable housing
- Private rental housing – to address and enhance the rights of renters
- Reconfirming its commitment to building or contracting 1000 apartments in the central city by 2026 as part of Councils Te Kainga affordable housing scheme.

2.2 Residential Assessment and findings

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

2.2.1 Population forecasts

Sense Partners were commissioned to supply population forecasts. The forecasts

The Sense Partners Population Forecast update moderated 30-year growth across Wellington City down from 73,000 to 57,900 as a consequence of Covid -19 and border restrictions impacting migration levels.

Population forecasts are an important factor in determining housing demand. When Council adopted its Spatial Plan in 2021, Sense Partners projected population growth in the range of 50,000-80,000 over the next 30 years based on 2019 figures. This forecasted population range is consistent with the 2021 updated projections provided by Sense Partners as set out in the tables below. Population forecasting at the moment is volatile due to the on-going aftereffects of the pandemic and current economic conditions.

Table 2.2 - Short, medium and long-term population growth for Wellington City, 2021-2051

	Estimated baseline total 2021	Population in 2024	Population in 2031	Population 2051
Sense Partners 50 th percentile projection	216700	219,000	234,300	274,600

Table 2.3 - Short, medium and long term change in population for Wellington City, 2021-2051

	Estimated baseline total 2021	Population change 2021-2024	Population change 2024-2031	Population change 2031-2051	Total population change 2021-2051
Sense Partners 50 th Percentile projection	216700	2300	15,300	40,300	57,900
Percentage change (%)		1.1%	7%	17.2%	25.3%

2.2.2 Market analysis and demand for housing

The NPS-UD requires WCC to use evidence about land and development markets to assess whether a well-functioning urban environment and sufficient housing capacity can be achieved.

Demand for housing is influenced by several factors, including changing population demographics, affordability and proximity to the transport network and employment centres.

2.2.2.1 Changing demographics

In addition to population growth (which drives the number of dwellings required), it is also important to understand changes in the age profile and household types in Wellington City, given their impact on the types of housing needed for Wellington City.

Wellington City's changing demographic characteristics – an aging population, and trends towards smaller households, influence household typologies, resulting in an increase in independent living, retirement villages, rest homes and care home and other types of accommodation for people in their 70s or older, and smaller 1 or 2 bedroom dwellings as families downsize.

2.2.2.2 Home ownership affordability

As identified in the 2022 HBA, affordability of housing in Wellington has been worsening in recent years. House prices peaked in December 2021, however, the number of houses sold and proportion of first home buyers were also at their highest at this time, likely due to historically low interest rates brought about in relation to the COVID-19 pandemic.

Since this peak at the end of 2021, house prices, sales and first home buyer numbers have dropped considerably as shown below in Figures 4 to 7, which is likely due to external factors including interest rate rises and increased living costs. It is unclear what impact increasing housing unaffordability will have on tenure over the long term, however the IPI plan change and the medium density residential standards, were intended by the Government to unlock capacity and increase access to the housing market.

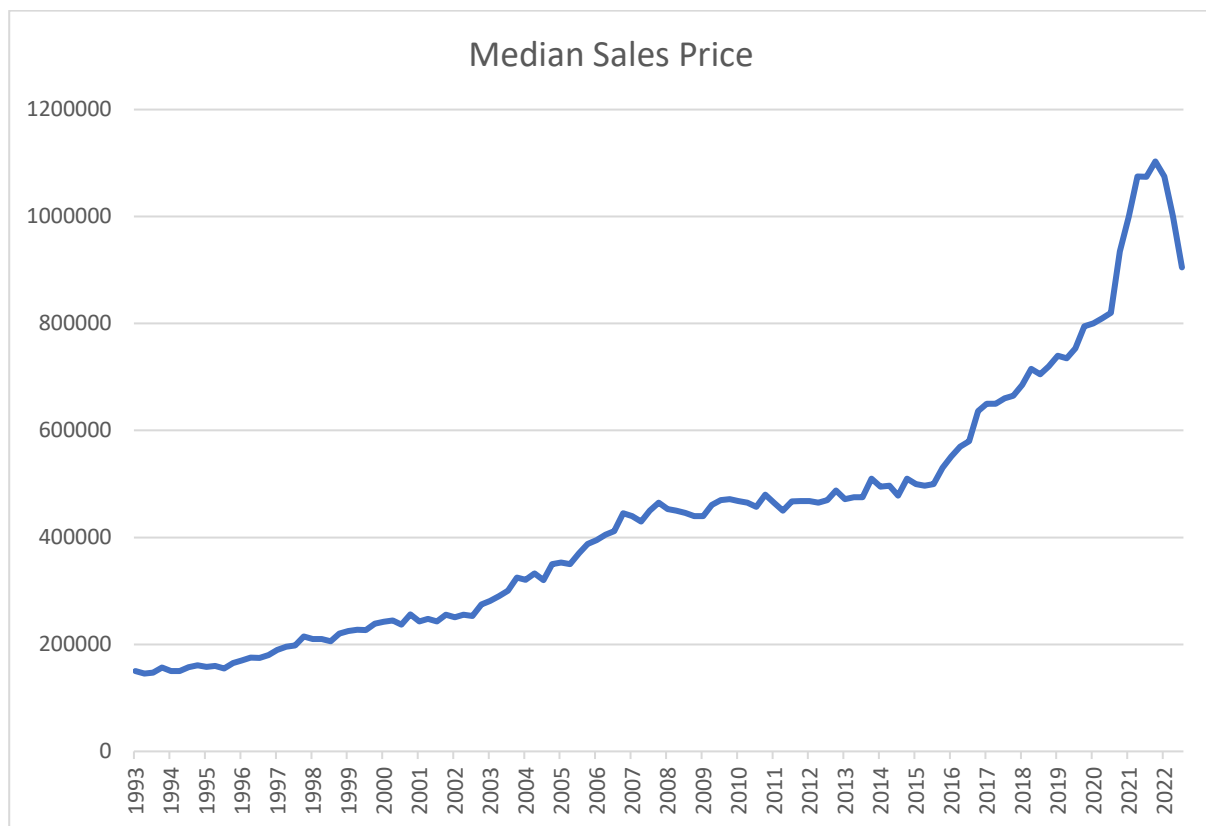


Figure 2.4: Median house sales price in Wellington City, 1993 to 2022

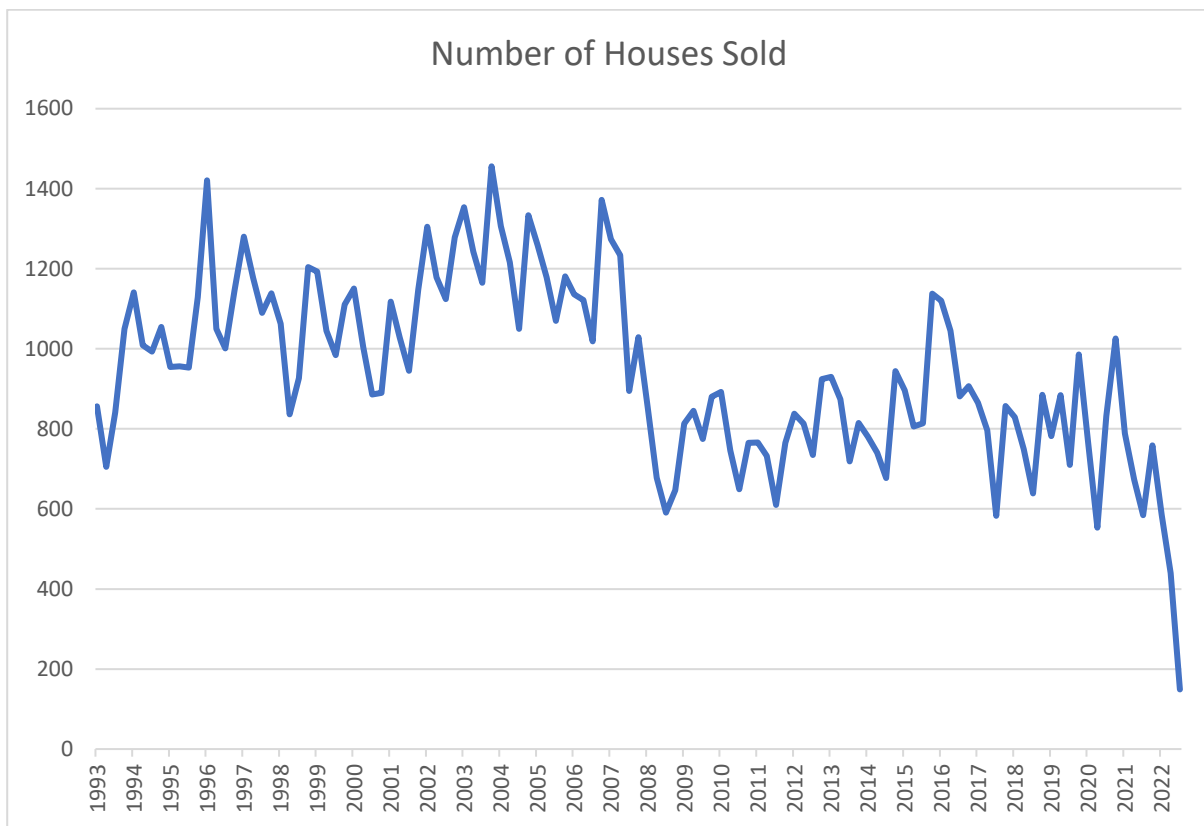


Figure 2.5: Number of houses sold in Wellington City, 1993 to 2022

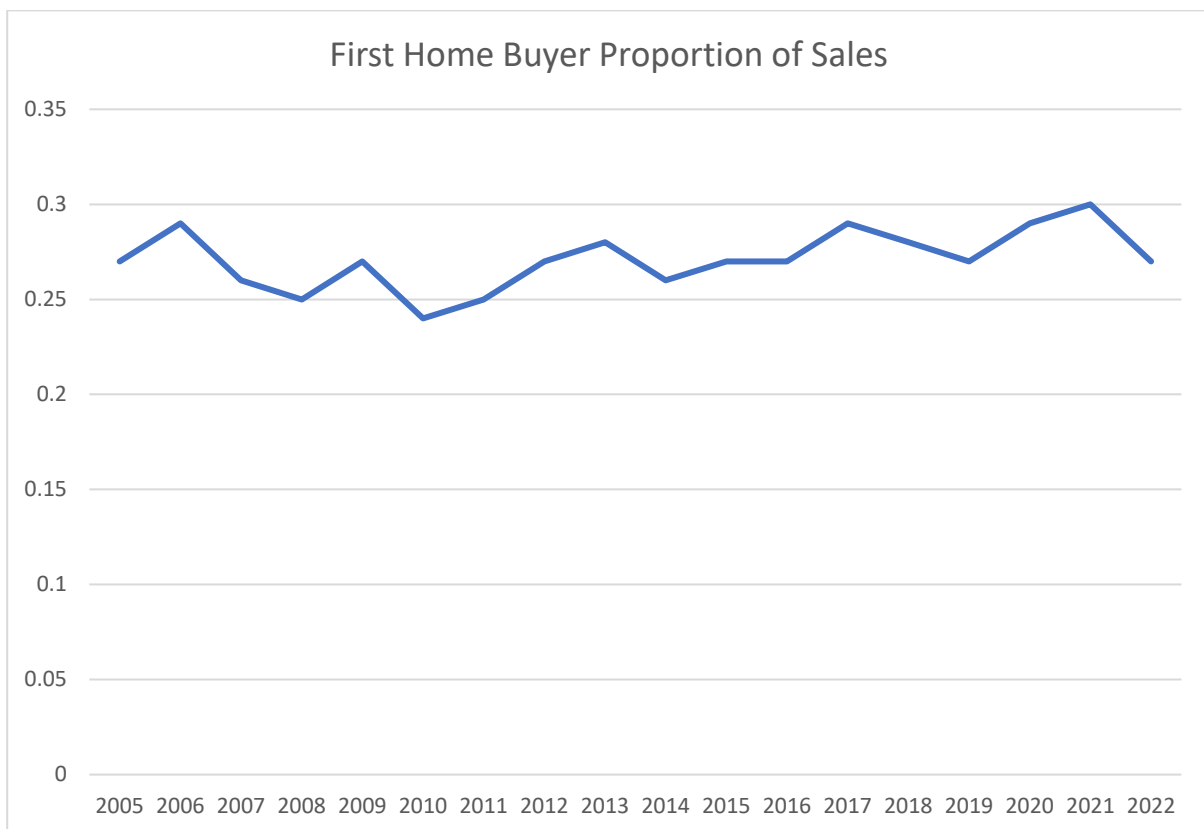


Figure 2.6: Proportion of first home buyers in number of sales in Wellington, 2005 to 2022

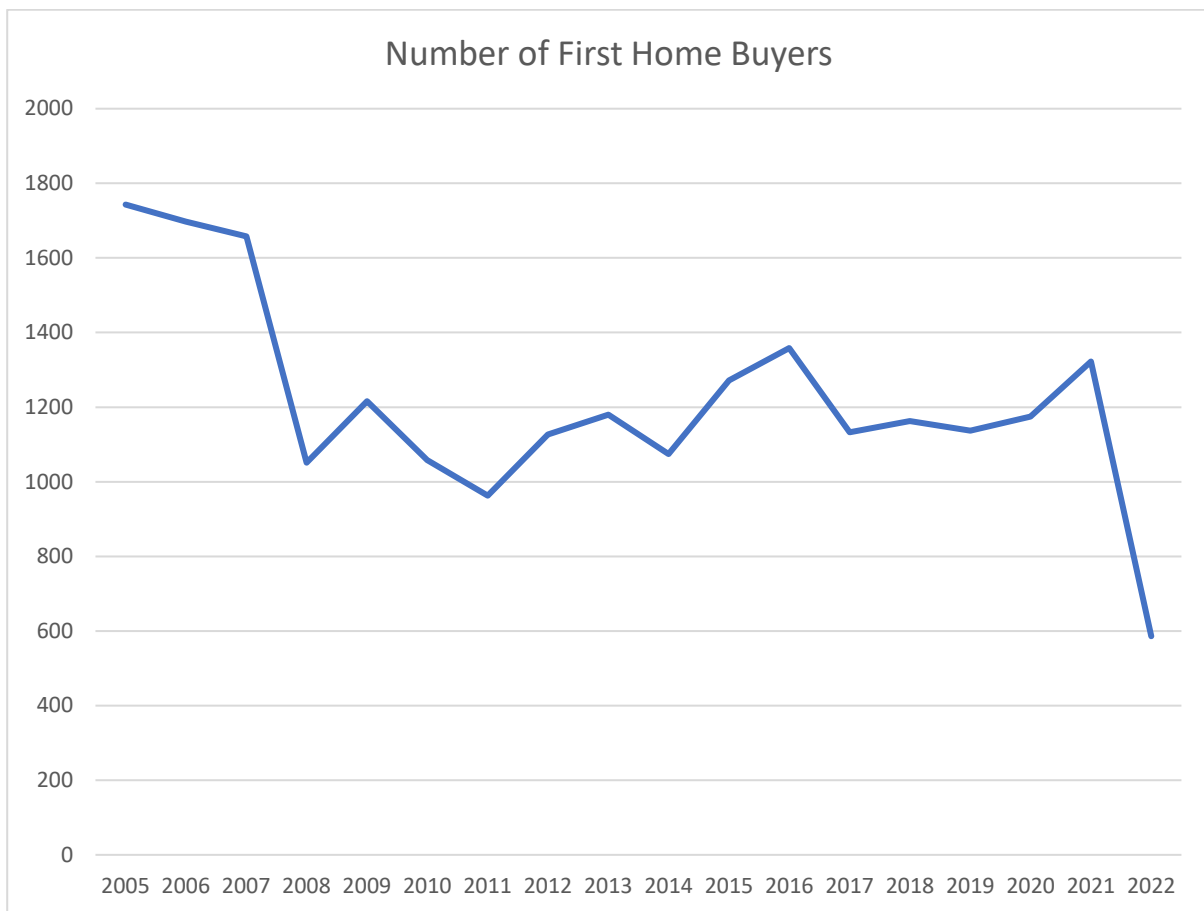


Figure 2.7: Number of first home buyers in Wellington City, 2005 to 2022

2.2.2.3 Renters

The 2018 census indicated that 41.3% of Wellington City dwellings were renting (non-owner-occupied), up from 40.9% in 2013.

The Ministry of Business, Innovation and Employment (MBIE) database of information relating to rent and bonds recorded 25,539 active bonds in Wellington City in June 2023. The data is for non-government owned properties that MBIE has information on and provides a useful indication of the nongovernment rental market.

Figure 8 shows the geometric mean rent data between 1993 and 2022. In this time, the mean rent has risen from \$185 per week to \$593 per week.

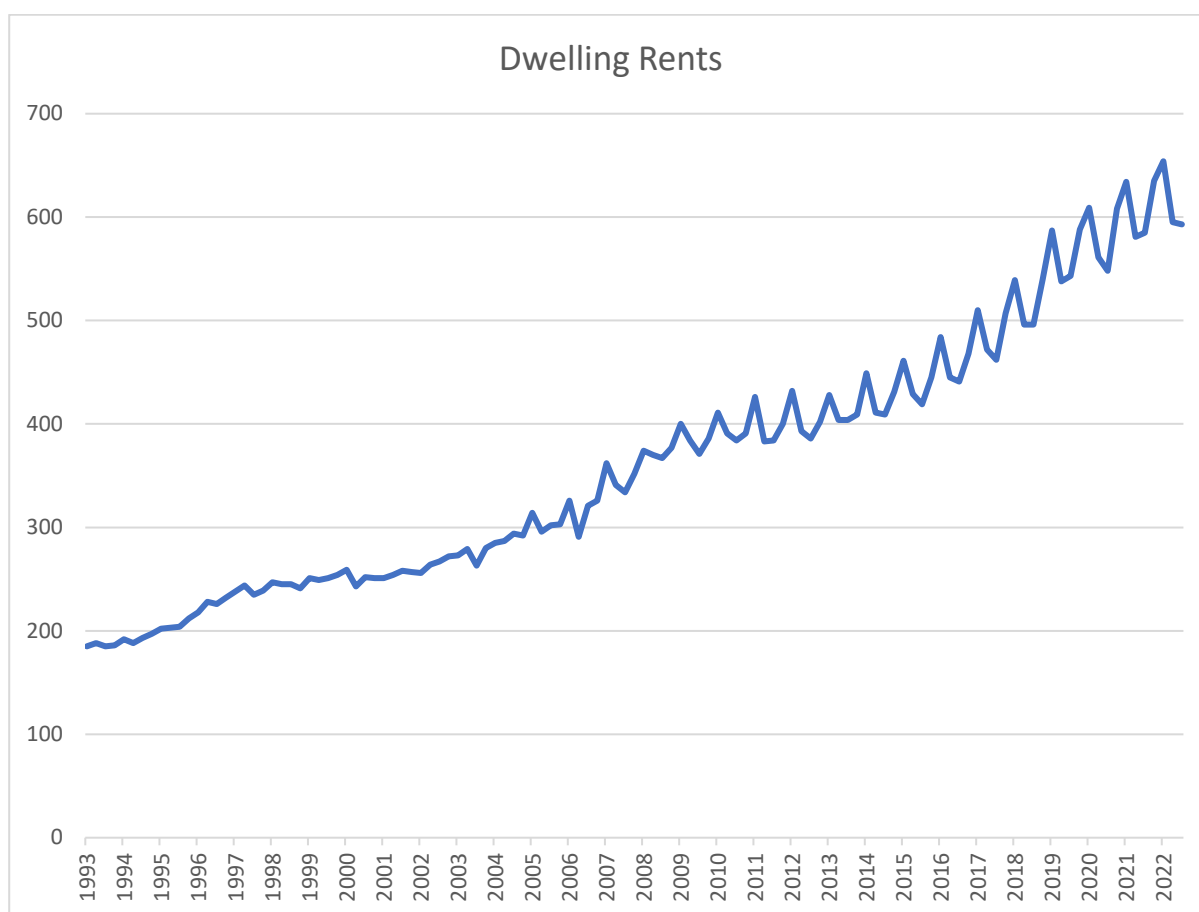


Figure 2.8: Dwelling rents in Wellington City, 1993 to 2022.

2.2.2.4 Public housing

The provision of public housing, transitional housing and emergency housing is another factor which should be analysed to understand the current picture of demand for appropriate housing, for people on low incomes or vulnerable or precarious situations in Wellington City.

Wellington City has 1800 dwellings managed by Kāinga Ora as at March 2023. In addition to this Kāinga Ora housing stock, Wellington City Council has more than 1,900 social housing units across the city, housing over 3,000 tenants on low incomes.

The Ministry of Social Development Housing Register shows the number of eligible applicants not currently in public housing. The Housing Register, as shown in figure 9 below, indicates that housing need among those in Wellington City on low incomes steadily increased between 2017 and 2020. While these figures moderately declined since 2021, they remain high, indicating that demand outstripping available supply of public housing. The worsening affordability of housing and increasing demand, particularly in the renting portion of the market, may be a factor in the rise of public housing registrations as those in vulnerable positions or low incomes are priced out of the market.

These district-wide demand projections were further broken down into the different growth catchments and SA2 areas identified in the previous HBA (Housing Catchment Areas). The catchments have been formed by grouping areas of the city that form logical housing catchments i.e., the southern suburbs vs. the eastern suburbs.

The below map shows the location of the Housing Catchment Areas and Appendix 2.1 shows how the city has been divided into the seven housing catchments.

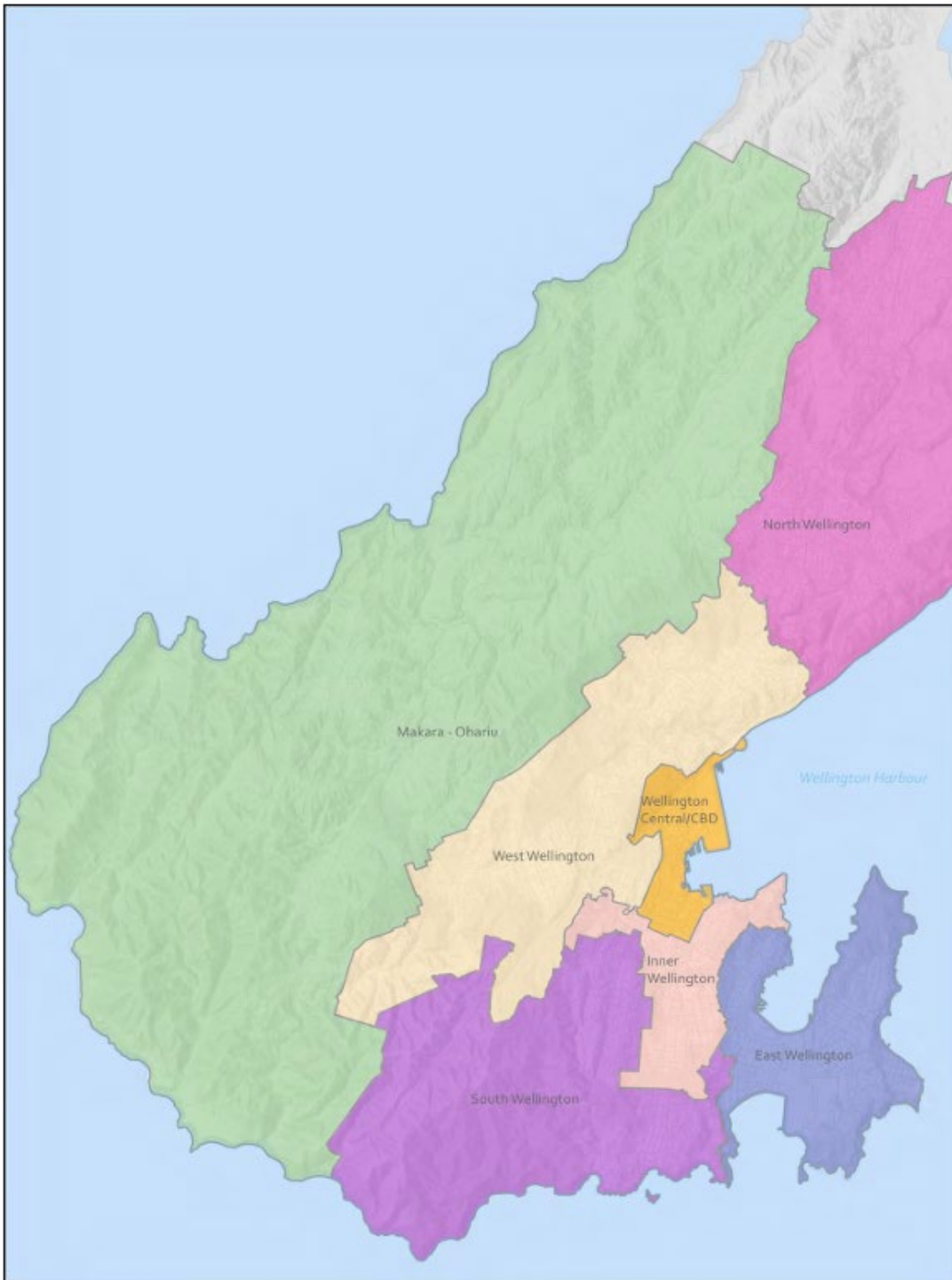


Figure 2.10 - Map showing Housing Catchment Areas in Wellington City

The following tables show demand by housing type across the seven housing catchments. The housing type is broken down by attached housing and standalone housing. Apartments and Terraces are grouped in the 'attached dwellings' housing type. As above, 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.

Table 2.6. Projected Dwellings by Type, North Wellington, 2021-2051.

North Wellington	2021-2024	2024-2031	2031-2051	Total Dwelling Demand
Attached Dwellings	474	1858	2055	4387
Standalone Dwellings	887	1106	3202	5195
Total	1361	2964	5257	9582

Table 2.7. Projected Dwellings by Type, Central Wellington, 2021-2051.

Central Wellington	2021-2024	2024-2031	2031-2051	Total Dwelling Demand
Attached Dwellings	671	1603	4002	6276
Standalone Dwellings	18	7	69	94
Total	689	1610	4071	6370

Table 2.8. Projected Dwellings by Type, Inner Wellington, 2021-2051.

Inner Wellington	2021-2024	2024-2031	2031-2051	Total Dwelling Demand
Attached Dwellings	291	511	1442	2244
Standalone Dwellings	85	199	432	716
Total	376	710	1874	2960

Table 2.9. Projected Dwellings by Type, Southern Wellington, 2021-2051.

Southern Wellington	2021-2024	2024-2031	2031-2051	Total Dwelling Demand
Attached Dwellings	111	103	200	414
Standalone Dwellings	192	524	1534	2250
Total	303	627	1734	2664

Table 2.10. Projected Dwellings by Type, Western Wellington, 2021-2051.

Western Wellington	2021-2024	2024-2031	2031-2051	Total Dwelling Demand
Attached Dwellings	106	195	613	914
Standalone Dwellings	315	1081	2718	4114
Total	421	1276	3331	5028

Table 2.11. Projected Dwellings by Type, Eastern Wellington, 2021-2051.

Eastern Wellington	2021-2024	2024-2031	2031-2051	Total Dwelling Demand
Attached Dwellings	96	143	1190	1429
Standalone Dwellings	206	470	1567	2243
Total	302	613	2757	3672

Table 2.12. Projected Dwellings by Type, Makara-Ohariu, 2021-2051.

Makara-Ohariu	2021-2024	2024-2031	2031-2051	Total Dwelling Demand
Attached Dwellings	0	0	1	1
Standalone Dwellings	71	14	45	130
Total	71	14	46	131

The overall demand for dwellings within Wellington City has fallen by approximately 6,000 from that expected in the 2022 HBA. This fall can be attributed to the use of new 2023 census data and the overall expected decline in population growth from migration due to the overall decline in net migration across the country.

Considering dwelling demand by housing areas shows a shift in expected demand from the 2022 HBA. In 2022, the northern areas of Wellington had the greatest demand for housing. However, this has shifted in the new projections, with Central Wellington now expecting the greatest housing demand. This is significantly made up of demand for attached housing which, in Central Wellington, is assumed to be almost entirely made up of demand for apartments.

Northern Wellington still shows strong demand for both standalone and attached dwellings. This is an expected trend given two factors: one being the notified provisions of the PDP enabling medium to high density in and around centres and train stations and the other being the expected greenfield growth in the northern areas, including in Stebbings Valley and Lincolnshire Farm. The demand for attached housing exceeds that for standalone housing in the northern areas by over two times. This reflects the notified PDP enabling higher density housing in line with the NPS-UD.

Given the location of Inner Wellington to the Central area it is expected that most of the demand for housing will be for attached housing. This will vary between multi-unit development and apartment development, particularly as the notified PDP provides for heights of up to 20-40m. It is noted that even standalone housing in the Inner Wellington suburbs tends to be of a higher density than those located in the outer suburbs.

In the eastern, western, and southern housing areas there is stronger demand for standalone housing than for attached housing. This trend is like that shown in the 2022 HBA. However, as the notified PDP provides for a greater density of development in and around centres and train stations, it is expected that the demand for attached housing will surpass that for standalone housing in future iterations of the HBA.

2.2.4 Residential capacity – plan enabled, feasible and realisable

This section provides the assessment of residential development capacity calculated from the notified PDP. It is important to note that the PDP process is currently progressing through hearings and its provisions may change through this process. The capacity figures stated here are based on the notified provisions of the PDP. The development capacity provided by the final version of the plan may therefore differ from these figures.

Property Economics have developed a model identifying the theoretical development capacity, feasible development capacity and finally, realisable development capacity within Wellington City. The findings of this model have been provided in a report form, this is attached at Appendix 2.

Since providing the November 2022 report, Property Economics have refined the capacity numbers presented to account for the spaces in buildings which will be for commercial use within centres and the central area. This is attached at Appendix 3.

2.2.4.1 Theoretical capacity

The theoretical development capacity is identified for all residential and mixed-use zones by applying the maximum development capacity of the land based on their underlying zoning and development controls. The assessment includes two scenarios – an infill scenario – which includes development capacity that can be developed around existing buildings; and redevelopment, which assumes what can be built if sites were redeveloped. Both infill and redevelopment scenarios are then also assessed against development of different housing typologies, including standalone housing, terraced housing, and apartments.

For Wellington City, based on the underlying zoning and development rules of the notified PDP, the total theoretical capacity (including mixed used development) identified is 294,923 new dwellings across the city. This number excludes greenfield sites.

Potential greenfield developments have also been assessed through master-planning processes and all greenfield development is considered feasible and realisable. In Wellington City there are two areas with greenfield capacity, these areas have agreed approximate housing capacity of:

- Lincolnshire Farm: 3,481
- Stebbings/Glenside: 960

Therefore, the total theoretical capacity of Wellington City provided by the notified version of the PDP, including the greenfield areas above is 299,364. This is comprised of 294,923 brownfield sites and 4,441 greenfield sites.

This is a sizeable uplift from the previous HBA theoretical capacity of approximately 104,941 dwellings, illustrating the significant increase in enabled residential development capacity within the city under the notified PDP.

2.2.4.2 Feasible capacity

To determine the feasible capacity, Property Economics have drawn on a range of development factors including location, land costs, building costs and sales values to inform what development scenarios are profitable (which was assessed at a 20% profit) - to indicate the extent to which the theoretical development capacity is feasible to develop at this point in time. The assessment also sought to determine the typologies which would be most profitable (and therefore more likely to be feasibly developed) across the city. The assessment has not factored in infrastructure-readiness.

Property Economics assessed feasibility based on a scenario where sales prices drop 10% from where they were in November 2022 and construction costs rise by 10%. This scenario is more reflective of the current market conditions than using raw data that had not been subject to the house price drops and construction cost increases experienced over the course of 2023.

This assessment determined that there is feasible capacity for a potential 95,001 new dwellings within the Wellington City market, excluding greenfield development. With greenfield development included the feasible capacity is 99,442. This represents approximately 32% of theoretical development capacity.

2.2.4.3 Realisable capacity

In addition to the feasibility assessment, Property Economics further sought to overlay policy and practical considerations, to consider what is likely to be developed by the market at that point in time.

The realisation rates essentially provide for the 'likelihood of development', taking into consideration dwelling typology, development options and greenfield competition, and endeavours to consider the risks associated with the development of certain typologies, and the motivation of developers.

Table 2.13 identifies the realisable capacity by typology, in relation to the proposed theoretical capacity figures enabled by the Proposed District Plan. This further assessment shows that while the proportion of developments which can be 'feasibly' undertaken is approximately 32% of the theoretical capacity, the realisable development (considering further market risks and measures) is smaller still at an approximate 24% realisation rate across the city. This results in a projected realisable capacity of 69,415. This excludes greenfield capacity, including greenfield capacity the realisable capacity is 73,856.

Table 2.13: Realisable capacity in Wellington City

Type	Realisable capacity
	Total
Apartment	21,314
Standalone	15,772
Terraced	32,329
Greenfield	4,441
Total	73,856

This realisable capacity has been further broken down for the same growth catchments, identified in the demand section and includes realisation capacity figures for greenfield developments.

Table 2.14 - Realisable Capacity by Housing Catchment

Housing area	Realisable Capacity	Percentage of Theoretical Capacity
North Wellington	5,169	6%
West Wellington	25,406	35%
Wellington Central/CBD	15,466	28%
Inner Wellington	8,961	38%

South Wellington	7,148	23%
East Wellington	7,265	27%
Makara-Ohariu	0	0%
Greenfield	4,441	100%
Total	73,856	25%

2.2.5 Sufficiency of residential capacity

To determine the capacity of Wellington City to meet its projected housing needs in the short, medium and long terms, a comparison has been made between the demand for additional dwellings identified by Sense Partners, and the realisable capacity modelled by Property Economics.

Under the 50th percentile projection provided by Sense Partners, Wellington City is expected to require an additional 30,407 dwellings by 2051 including a competitiveness margin of 20% over the short and medium-term, and 15% over the long-term. The PDP provides Wellington City with a total capacity of 73,856 additional dwellings, which is approximately 43,000 more dwellings than the city needs under the projected demand.

Based on this, the PDP provides sufficient realisable development capacity to meet its projected housing needs over the next 30 years. In addition, as noted above, the infrastructure constraints that Wellington City currently has will potentially mean that capacity is lower than reported here. Market conditions have also changed since the PE reporting was commissioned. For example, interest rates have increased significantly and net migration in New Zealand is significantly higher than anticipated in the Sense Partners projections. Detailed impact of these macro-economic issues today is unknown. Future HBAs will provide the opportunity to further understand this and its impact on sufficiency of capacity.

Table 2.15 compares demand and capacity over the short, medium and long term to assess overall sufficiency of development capacity provided by the PDP.

Table 2.15: Residential development capacity sufficiency for Wellington City, 2021-2051

	2021-2024	2024-2031	2031-2051	TOTAL
Demand ¹	3,523	7,814	19,070	30,407
Capacity ²			73,856	
Balance	70,333	62,519	43,449	43,449

¹ Based on Sense Partners projections including competitiveness margin of 20% over the short and medium-term, and 15% over the long-term.

² Realisable development capacity.

Sufficiency	YES	YES	YES	YES
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Table 2.16 breaks this comparison of demand and capacity down by housing typology, while table 17 breaks the comparison of demand and capacity down by location.

The following tables do not include greenfield numbers of 4,441. Greenfield numbers have been calculated under a separate methodology, in consultation with landowners through different processes.

Table 2.16: Sufficiency by typology.

	Demand	Capacity	Balance	Sufficiency
Attached	15,665	53,643	37,978	YES
Standalone	14,742	15,772	1,030	YES
Total	30,407	69,415	39,008	YES

Table 2.17: Sufficiency by location.

	Demand	Capacity	Balance	Sufficiency
North	9,582	5,169	-4,413	NO
Central	6,370	15,466	9,096	YES
Inner	2,960	8,961	6,001	YES
Southern	2,664	7,148	4,484	YES
Western	5,028	25,406	20,378	YES
Eastern	3,672	7,265	3,593	YES
Makara-Ohariu	131	0	-131	NO
Total	30,407	69,415	39,008	YES

The above tables show that there is sufficient capacity to meet the demand in both attached and standalone houses. In every location, except the Northern and the Makara-Ohariu catchment, there is sufficient capacity to meet demand. The above tables exclude the greenfield capacity of 4,441 which is all located in the northern catchment. When the greenfield numbers are added to the northern catchment, demand is met. Despite this, the reason for undersupply in the northern catchment compared to demand is not necessarily representative of an undersupply of enabled capacity, but a result of the lower feasibility rate of intensification. This is driven by the difference in

land values, with properties closer to the City Centre typically being more valuable and therefore feasible to subdivide.

Demand Reconciled Capacity

The following tables are based on demand reconciled capacity. These figures represent another scenario whereby the model reconciles the realisable capacity against the demand by sorting each of the sites by profit and systematically allocating each of them to be “realised”. The resulting capacity results are therefore a reflection of both the profitability of development and the market demand.

The numbers in the following tables exclude greenfield capacity which did not undergo an analysis of demand reconciliation.

Table 2.18 - Demand Reconciled residential development capacity sufficiency by Housing Type for Wellington City, 2021-2051

	Demand	Capacity	Balance	Sufficiency
Attached	15,665	55,445	39,780	YES
Standalone	14,742	18,953	4,211	YES
Total	30,407	74,398	43,991	YES

Table 2.19 - Demand Reconciled residential development capacity sufficiency by Housing Catchment for Wellington City, 2021-2051

	Demand	Capacity	Balance	Sufficiency
North	9,582	5,308	-4,274	NO
Central	6,370	25,740	19,370	YES
Inner	2,960	8,407	5,447	YES
Southern	2,664	6,756	4,092	YES
Western	5,028	21,853	16,825	YES
Eastern	3,672	6,334	2,662	YES
Makara-Ohariu	131	0	-131	NO
Total	30,407	74,398	43,991	YES

The above tables show a similar situation as to the scenario without demand reconciliation. However, capacity has increased overall, with the largest increase being in central Wellington. This reflects a change in the distribution of typology and size. In particular, there is a large shift in the Central Quadrant from large apartments as being the most profitable to a mix of sizes that favoured small-medium apartments, thereby resulting in a significant increase in capacity.

2.3 Business Assessment and findings

2.3.1 Business areas

The NPS-UDC requires us to identify the overall sufficiency of development capacity to meet our future demand for business over the short (3 years), medium (10 years) and long term (30 years).

For the purposes of this assessment, business land has been broken down into different business areas to help support analysis of demand and development capacity.

As with the previous HBA assessment, the areas assessed were based on 11 defined business clusters around Wellington City. These areas were categorised based on underlying zoning, in conjunction with established business characteristics and their boundaries. These areas and the types of businesses located within them are:

Table 2.5 - Business Areas

Business Area	Dominant Industry	Business Area	Dominant Industry
Kaiwharawhara	Light Industrial Retail	Tawa	Retail Commercial
Wellington City North (Central Wellington)	Retail Commercial Hospitality	Adelaide Road Corridor	Light Industry Retail Commercial
Te Aro	Retail Commercial Hospitality	Miramar	Retail Light Industry Commercial
Johnsonville	Retail Commercial Hospitality	Newtown	Retail Hospitality
Grenada	Industrial	Karori	Retail Commercial
Kilbirnie	Retail Commercial Hospitality	Ngauranga	Light industry Commercial
Lincolnshire Farm	Retail Commercial	Owhiro Bay	Commercial

2.3.2 Key Growth Drivers

In Wellington City population growth can be split by before 2014 and after 2014. Prior to 2014, population growth was strong but began falling around 2005, in line with national rates. However, following 2014, population growth has lagged that of both the national rate and the Wellington Region Rate. Despite this, Wellington City is still experiencing strong population growth rates, and this is a major driver of demand for business land and floorspace across the city. Population growth in Wellington City is primarily driven by inwards migration, with the majority coming from foreign countries followed by Auckland.

Wellington City's economy is dominated by the commercial and government sectors. This is the expected outcome of Central Government being concentrated in the city. Many of the commercial services that support central government also locate within Wellington city as they support the government sector.

Central Government is relatively price insensitive, meaning they are willing to pay what it takes to outcompete other sectors for office space. Those parts of the commercial sector which service Central Government, such as lawyers or accountants, can also compete for expensive office space. They can pass the cost on to Central Government through the fees charged for their services. Limited remaining commercial space means tough competition for other parts of the commercial sector, such as the tech sector.

2.3.3 Key business statistics and figures

Figure 2.10 identifies business trends (number of jobs and business typologies) in Wellington City in the five-year period between 2017 and 2022.

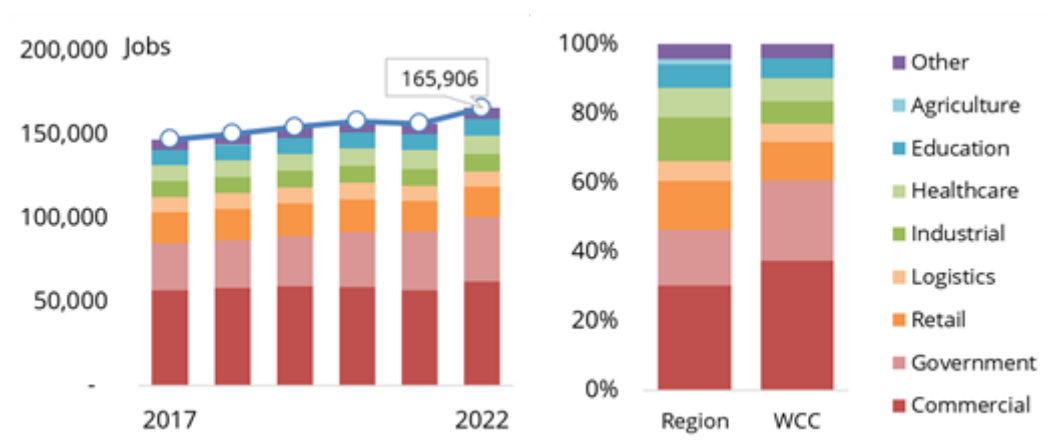


Figure 2.3: Employment trends in Wellington City, 2017 to 2022

As can be seen, the commercial and government sector makes up over half of the jobs in Wellington City. This is the expected outcome given the Central Government concentration in the city. The number of jobs in this sector has increased steadily year on year since 2017.

Those sectors which directly support residents, such as education and healthcare, have a smaller share of total employment. This is because many of the government and commercial sector workers commute in from other parts of the region.

2.3.4 Transport Network

The transport network across Wellington Region is oriented towards Wellington City. This is particularly the case for the rail network, with the Wellington City Train Station being the main station across the region and the last stop on all north island networks heading south. However, this is also the case for the road network with State Highway 1 and State Highway 2 starting/ending within Wellington City.

As a result, all transportation projects across the Wellington Region, including the Northern Corridor improvements, Riverlink in Lower Hutt City, and rail network investment, have a positive impact on employment in Wellington City. This therefore impacts on the demand for business floorspace.

The below graph shows the impact that two different transportation scenarios will have on employment activity in Wellington City, using number of jobs as a metric. Transport scenario 1 includes the Northern Corridor improvements, Riverlink, and rail network investments. Transport scenario 2 shows the impact of a Mass Rapid Transit system implemented as part of the Let's Get Wellington Moving Programme. As can be seen, both scenarios have a large impact on employment activity in Wellington City.

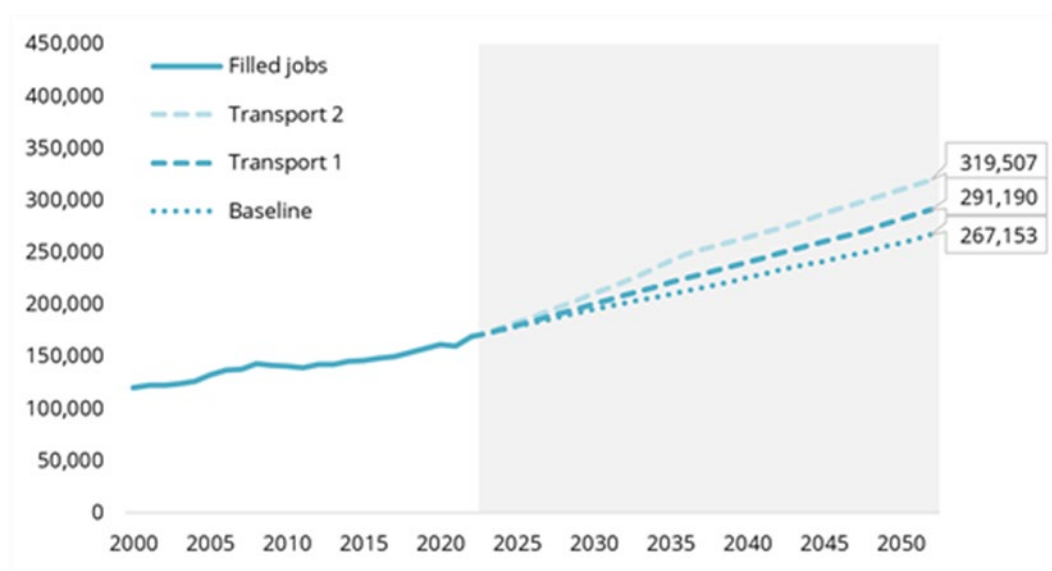


Figure 2.11 - Impact of transport improvements on employment activity, Wellington City

2.3.5 Market analysis and demand for business

Sense Partners have updated the business demand forecasts used in the 2019 HBA. Demand is based on Sense Partners 2022 population forecast and demand for business 'land' and 'floorspace' are broken down across seven core business sectors.

A model of economic activity was used to project region wide employment out to 2052. This model draws on job numbers by sector over the past 20 years and considers the relationship between different sectors over time and trends implied by the data.

In accordance with the NPS-UD, demand has been identified for the short (3), medium (10 and long term (30) year period.

Future business demand is determined by considering the key drivers of economic development, patterns of employment change and market analysis. Figure 13 below identifies anticipated changes to commercial activity over the next 30 years.

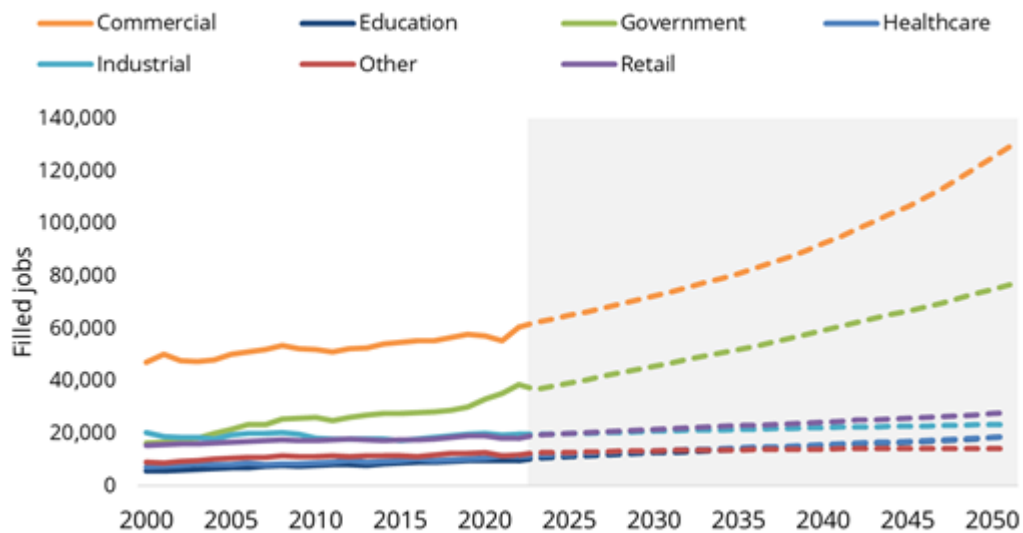


Figure 2.12: Employment in Wellington City, 2000 to 2052

Whilst Figure 2.12 identifies the changes in employment figures over time, Table 2.21 and 2.22 identifies how these employment figures translate into floorspace and land requirements.

Table 2.21 - Demand for business land and floorspace by business sector over the short, medium and long term

Type	Floorspace (m ²)				Land (hectares)			
	2021-2024	2024-2031	2031-2051	Total	2021-2024	2024-2031	2031-2051	Total
Commercial	123,868	289,025	825,785	1,283,677	2.6	6	17.1	25.6
Education	37,009	86,353	246,723	370,085	1.9	4.3	12.3	18.5
Government	70,234	163,880	468,229	702,343	1.4	3.3	9.3	14
Healthcare	31,169	72,728	207,795	311,693	1.6	3.6	10.3	15.5
Industrial	54,276	126,644	361,840	542,760	10.9	25.3	72.3	108.5
Other	90,62	21,144	60,411	90,617	0.5	1.1	3.0	4.5
Retail	34,743	81,067	231,621	347,431	4.6	10.8	30.9	46.3
Total	364,861	851,341	2,432,404	3,648,606	23.3	54.4	155.3	233

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 provides an additional margin to support competitiveness. The resulting inflated demand is as follows:

Table 2.22 - Demand for business land and floorspace with competitive margin by business sector over the short, medium and long term.

<i>Type</i>	<i>Floorspace (m²)</i>				<i>Land (hectares)</i>			
	<i>2021-2024</i>	<i>2024-2031</i>	<i>2031-2051</i>	<i>Total</i>	<i>2021-2024</i>	<i>2024-2031</i>	<i>2031-2051</i>	<i>Total</i>
<i>Commercial</i>	<i>148,641</i>	<i>346,830</i>	<i>949,652</i>	<i>1,445,123</i>	<i>3.1</i>	<i>7.2</i>	<i>19.6</i>	<i>29.9</i>
<i>Education</i>	<i>44,410</i>	<i>103,624</i>	<i>283,732</i>	<i>431,766</i>	<i>2.2</i>	<i>5.2</i>	<i>14.2</i>	<i>21.6</i>
<i>Government</i>	<i>84,281</i>	<i>196,656</i>	<i>538,463</i>	<i>819,400</i>	<i>1.7</i>	<i>3.9</i>	<i>10.7</i>	<i>16.3</i>
<i>Healthcare</i>	<i>37,403</i>	<i>87,274</i>	<i>238,965</i>	<i>363,642</i>	<i>1.9</i>	<i>4.3</i>	<i>11.9</i>	<i>18.1</i>
<i>Industrial</i>	<i>65,131</i>	<i>151,973</i>	<i>416,116</i>	<i>633,220</i>	<i>13</i>	<i>30.4</i>	<i>83.2</i>	<i>126.6</i>
<i>Other</i>	<i>10,874</i>	<i>25,373</i>	<i>69,473</i>	<i>105,720</i>	<i>0.5</i>	<i>1.3</i>	<i>3.5</i>	<i>5.3</i>
<i>Retail</i>	<i>41,692</i>	<i>97,281</i>	<i>266,364</i>	<i>405,336</i>	<i>5.6</i>	<i>13</i>	<i>35.5</i>	<i>54</i>
<i>Total</i>	<i>432,433</i>	<i>1,009,010</i>	<i>2,762,765</i>	<i>4,204,207</i>	<i>27.9</i>	<i>65.2</i>	<i>178.6</i>	<i>271.7</i>

2.3.6 Business Capacity – Plan Enabled, Feasible and Realisable

This section provides the assessment of business development capacity, and this follows a similar process to the residential capacity assessment in that the calculations are based on plan enabled development (including the notified IPI plan change).

The assessment undertaken by Property Economics looks at theoretical capacity for mixed-use and business areas based on their underlying zoning and development controls, and then a feasibility lens is applied to identify how much of that theoretical capacity could be realised.

The theoretical assessment considers scenarios for infill and redevelopment as well as identifying vacant land. The infill scenario identifies potential development capacity available alongside existing buildings, whilst vacant land is a sub-category of the redevelopment scenario.

Assumptions were made to help provide a more realistic assessment of development capacity. This included:

- using ratios to split development capacity between residential and business uses in areas that enable mixed uses

- appropriate site coverages to help provide a more realistic provision of the use of land including space to provide for parking and accessways to support shops, services and yard space
- additional site coverages applied for some sites
- heights of buildings used in industrial areas

The vacant land is arguably the most important in the short term as it is readily available and is currently zoned for business development.

However, 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.

Theoretical and Feasible Business Capacity

Table 2.23 identifies the theoretical and feasible capacity of business floorspace by business areas.

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.

The MCA was developed in the first HBA in 2019. Each business area is scored against a number of criteria, including costs of land, access to transportation links, access to services and access to the CBD. This scoring helps to identify the overall characteristics between business areas and therefore provides a metric against which the feasibility of development can be assumed.

Under the MCA criteria, the highest possible score is 70. As can be seen, all business areas, except Karori, scored above average (35) and the scores range from 30-63.

Table 2.23 - Business Capacity for Wellington City by Business Area. 2021-2051

<i>Business Area</i>	<i>MCA Score</i>	<i>Existing Floorspace (sqm)</i>	<i>Infill (sqm)</i>	<i>Redev (sqm)</i>	<i>Vacant (sqm)</i>
Adelaide Road	48	156,220	72,123	388,296	0
Wellington City North	55	363,077	265,057	808,010	2,719
Te Aro	53	948,722	757,038	4,270,102	0
Johnsonville	56	214,827	114,506	311,262	0

<i>Business Area</i>	<i>MCA Score</i>	<i>Existing Floorspace (sqm)</i>	<i>Infill (sqm)</i>	<i>Redev (sqm)</i>	<i>Vacant (sqm)</i>
Kaiwharawhara	63	121,975	51,439	112,279	3,171
Karori	30	59,005	13,241	47,496	0
Kilbirnie	53	282,756	112,307	365,207	18,420
Lincolnshire Farm	39	286,109	822,489	826,744	0
Miramar	46	251,511	53,118	183,841	1,328
Newtown	38	90,049	35,538	128,052	0
Ngauranga	47	214,623	3,423	20,855	9,658
Owhiro Bay	NA	58,535	16,206	22,660	0
Tawa	48	320,776	59,133	203,668	15,448
Grenada	54	375,001	67,911	149,492	0
Total	NA	3,743,187	2,443,528	7,837,964	50,744

Key characteristics from across these areas include:

- Kaiwharawhara scored highest out of all areas, with 63 out of 70. This reflects the proximity to the port and access to State Highway 1. In addition, a potential change to the road network may result from a possible relocation of the ferry terminal. This will improve connectivity for industry and may result in increased commercial demand. The Let's Get Wellington Moving proposals will likely improve public transport and connectivity to and around Kaiwharawhara.
- Wellington City North and Te Aro also scored high, with 55 and 53 respectively. These areas are attractive for a range of commercial businesses and government departments due to the proximity to the parliamentary precinct, the Central Railway Station, and the CBD.
- Johnsonville scored the highest out of the northern business areas. This reflects a highly accessible town centre, recent investments in services such as the library and railway station and large areas of underutilised spaces that offer potential for development.
- Karori and Newtown both scored the lowest out of all areas with scores of 30 and 38 respectively. Karori is limited by accessibility, with only one accessway in and out. The existing business areas currently support the local area but generally do not offer services beyond Karori. In addition, there are known three waters infrastructure constraints which limit development potential in the suburb.

2.3.7 Sufficiency of business capacity

Similar to residential development capacity, it is important to be realistic around the differences between current capacity enabled under the District Plan, its take-up and the current realisation of development.

Like other Districts in the Wellington Region, there is currently a gap between the bulk, height and scale of existing buildings across the District compared to what is enabled under the District Plan. While a greater scale of plan-enabled capacity is available, this may not be realised for some time.

The assessment of business capacity sufficiency is more difficult to assess than that of residential capacity due to the range and scale of activities. This is why the analysis is more qualitative and uses the Multi Criteria Analysis to help assess the suitability and sufficiency of business land.

Table 2.24 shows theoretical business land demand (floorspace and land) against capacity over a 3-, 10- and 30-year period.

Table 2.6 - Sufficiency of business floorspace (m2)

Type	2021-2024	2024-2031	2031-2051	TOTAL
Demand (inflated with 20%/15% buffer)	711,433	1,661,010	2,941,365	9,914,207
Development Capacity	Redevelopment			7,837,964
	Vacancy			50,744
	Infill			2,443,528
Total Development Capacity				10,332,236
Sufficiency				YES

This assessment demonstrates that there is more than sufficient business capacity to meet the expected demand over the next 30 years. However, further work is required to determine the appropriateness of this capacity to meet the demand required by all sectors.

Given the large amount of floorspace available throughout the city, meeting commercial and government sector demands is not expected to be an issue. However, meeting industrial demand may prove to be more difficult given the comparatively low amount of vacant land that is currently available. Industrial uses require land space and cannot make use of floorspace to the extent that other sectors can. It has been identified in the Regional HBA that an industrial land study will be undertaken by the Wellington Regional Leadership Committee to consider future industrial opportunities in a region wide context.

2.4 Infrastructure Capacity

Infrastructure capacity is an important consideration for determining feasible development capacity. The Property Economics report that has informed this HBA has not considered availability of infrastructure when determining feasible or realisable development capacity. The following subsections outline known infrastructure capacity information and what this may mean for enabling growth across the City

2.4.1 Three Waters

The 2019 HBA identified significant challenges with ensuring three waters infrastructure is able to support planned urban growth. Three waters infrastructure was identified as a particular constraint and that significant investment as well as new infrastructure will be required to enable anticipated growth. The key findings of the 2019 HBA's Infrastructure section is listed below:

- There are no significant issues that would have an immediate impact on development capacity.
- There are constraints across the three waters network that will impact on development capacity without intervention. These constraints vary in their scale and location.
- The three waters network is ageing in parts and some issues, such as water penetration into the wastewater network, are in part caused by the age of the network.
- Transport infrastructure is generally fit for purpose currently but increasingly there are strains on the network, and peak time congestion is problematic.
- The city has an extensive open space network but a finer grained analysis is required to adequately determine where increased investment is required, aligning with growth areas.

The 2019 HBA was assessed under the context of the old District Plan, which had significantly less plan-enabled development capacity than the PDP. The PDP has been informed by the 2021 Spatial Plan. Wellington Water Limited (WWL) prepared three waters assessments to inform the development of the Spatial Plan. These assessments identified that many catchments require significant/major network upgrades and investment to accommodate future growth. WWL's assessments concluded:

To accommodate future population growth in Wellington City Council area, there will need to be significant upgrades to 3-water infrastructure, with intervention needed to meet growth in the following way.

- Central City (in Te Aro, Adelaide Rd), Newtown, Johnsonville, Tawa – immediate and significant intervention to meet short term growth forecasts to create development capacity in the 3-water networks.
- Newlands, Mt Cook, Mt Vic, Hataitai, Aro Valley, Berhampore, Island Bay, Khandallah, Ngaio, Crofton Downs - short term interventions to meet medium-term growth forecasts and create development capacity in the 3-water networks.
- Karori, Kelburn, Brooklyn, Thorndon, Churton Park, Lyall Bay, Kilbirnie, Miramar – medium term intervention to create development capacity in the long term.
- Greenfields – short to medium term structure planning in place to lead long term outlook for future development led by others.

The following map from Wellington Water's 2021 assessment identifies the upgrades necessary to enable planned growth:

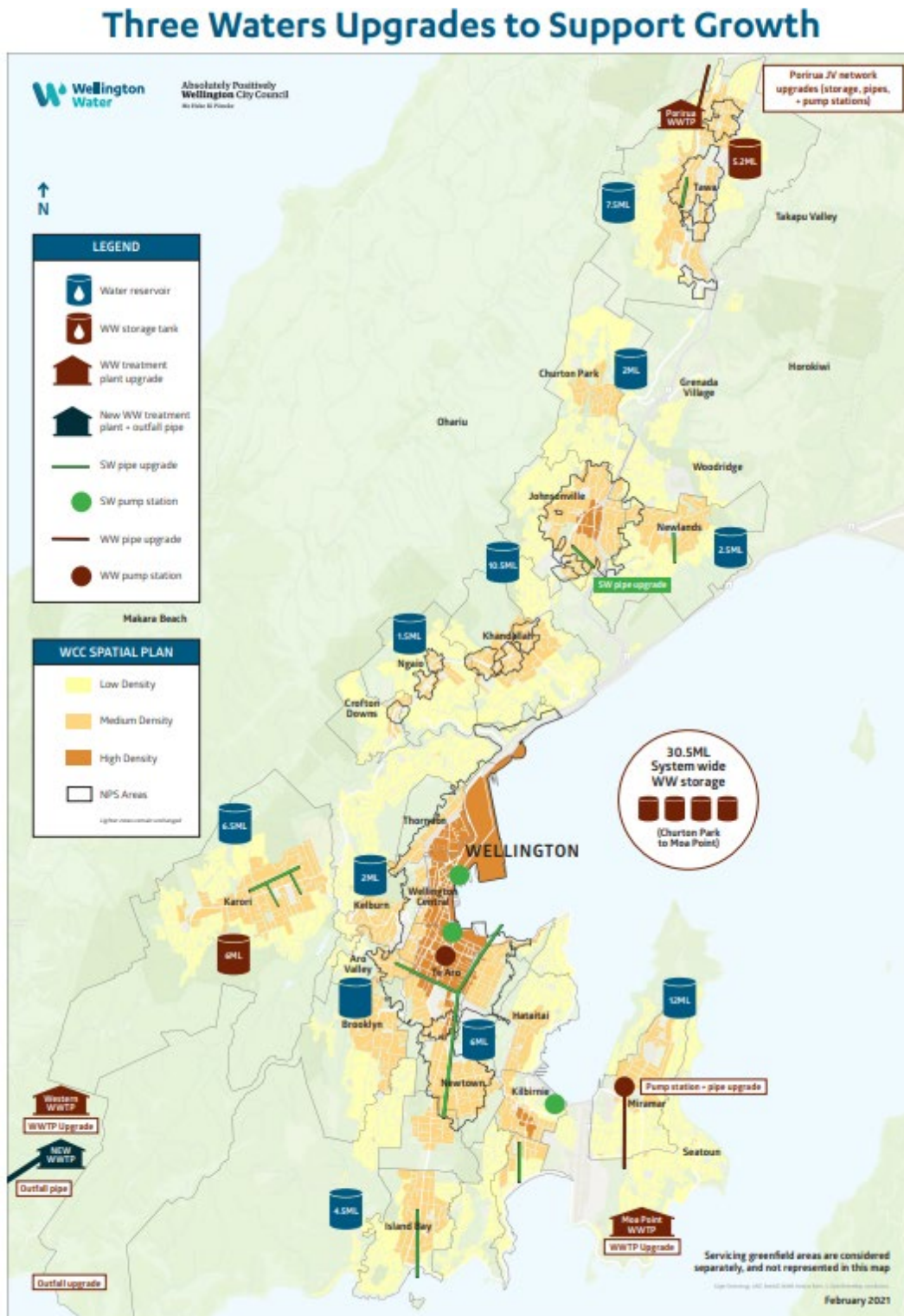


Figure 2.15: Three waters to support growth in Wellington City

As part of preparations for the 2024-34 Long Term Plan, WWL have advised WCC that by addressing existing infrastructure level of service deficit, growth will be able to be more readily enabled also. Much of Wellington's infrastructure is aging and due for renewal. Wellington also has a geography that is problematic for maintaining infrastructure and operating it efficiently.

WWL reporting on the Spatial Plan suggested that there were existing constraints in the three waters networks that would limit opportunities to enable growth. WWL have recently advised WCC that in the short-term they will generally still approve service connections for non-complex and smaller scale developments. WWL also note that network deficiencies can sometimes be addressed through use of onsite mitigation solutions, such as onsite detention tanks and pumps. WWL have advised that to enable medium- and long-term growth, significant upgrades to network infrastructure will be required. These upgrades are not budgeted for in the 2021-31 Long Term Plan.

In summary, infrastructure-readiness for three waters is assumed to be sufficient to enable short-term growth. In the medium and long terms, investment in three waters infrastructure will be necessary. Therefore, future Long Term Plans will need to accommodate appropriate renewal, resilience and growth programmes to enable sufficient growth. This should be recognised in appropriate infrastructure projects and programmes and the Infrastructure and Financial Strategies.

2.4.2 Local road network

Overall, the current state of the network provides a suitable level of service; however due to the anticipated population growth both within the city and regionally will add pressure on our local road network and change demands for travel modes. Increasing capacity on the City's local roads is limited due to the topography.

The Council's approach is to maximise the efficiency of existing corridors by reallocating space away from relatively inefficient private vehicle traffic and parking lanes to higher capacity public transport and active modes. Moving more people by public transport, walking, and cycling, will allow the Council to move more people through constrained road corridors.

2.4.3 State highway network

The main extent of highway in Wellington is SH1, with SH2 running from Ngauranga to Petone. SH1 extends from Wellington Airport to Tawa and Porirua and primarily serves as a transit corridor from Tawa to the Terrace Tunnel and from the Terrace Tunnel to Wellington Airport, SH1 functions as an urban connector road.

Waka Kotahi/ NZ Transport Agency has provided an assessment of the State Highway network. This is attached as Appendix 1.5 in the 2022 HBA and is still relevant. The assessment takes a regional focus, noting that many journeys on the state highway cross local authority boundaries and issues such as journey reliability, safety and resilience as well as mode shift impact the region. In Wellington Central, the interface with State Highway 1 will be a focus for Let's Get Wellington Moving including improving amenity for pedestrians through Te Aro.

Regional highway access to the port and other key destinations will also be reviewed. Development of the Kaiwharawhara port/ferry precinct to increase capacity for freight via ferries and rail may

have flow on effects for State Highway 1 that will need to be considered alongside opportunities for mode shift to rail.

The Northern Growth Area (Lincolnshire Farm) is expected to accommodate a substantial amount of new greenfield housing. A key consideration to this area is the business case for the Petone to Grenada link. An investigation into improving regional connectivity and resilience through a west-east connection will utilise work done for the Petone to Grenada link while investigating other routes. Any future connection will need to consider urban development potential and prioritise travel via public transport and active modes. New greenfield development in Upper Stebbings and Glenside West may become reliant on connections to State Highway 1 through the Churton Park/Glenside interchange for travel throughout the region. Waka Kotahi will work with the Council and Regional Council to ensure that the development is maximising opportunities to encourage use of active and shared modes. In the eastern suburbs from Hataitai to Miramar, the preferred transport interventions will be informed by the Let's Get Wellington Moving programme; namely the City Streets, MRT and state highway investigations. The Cobham Drive crossing and State Highway 1 Safer Wellington City Council Housing and Business Development Capacity Assessment – Housing update May 2022 61 Speeds review is in the three year programme and will improve safety on Cobham Drive and State Highway 1 and support active mode trips to and from the eastern suburbs with a shared path.

2.4.4 Public transport

Rail plays a significant role in providing access to the regional CBDs and growth to the north. Rail is a very efficient way to move large numbers of people over longer distances and we will continue to build on the region's established rail network which links communities to the north of the Wellington City CBD. The strategic focus for the rail network is to improve the frequency, capacity, reliability, safety and resilience of the current network while also looking to expand the network north, providing alternative travel options for those who travel inter-regionally, who would otherwise be using private vehicles.

The bus network also plays a critical role in moving significant numbers of people, providing access to centres and the core rail network in other parts of the region. On some key corridors in Wellington City bus infrastructure constraints and pinch points are making it more difficult to increase bus service frequency and capacity in response to growing demand. Significant investment in infrastructure, including a second CBD spine for public transport, terminals/layovers/depots and increased bus priority, is necessary to enable continued growth in public transport within these parts of Wellington City

2.4.5 Open Space

The 2019 HBA included an analysis of the city's open space and recreation network. The findings of this assessment are still valid. The assessment noted that Council provides an extensive parks and open space network across the city with a network of over 4200 hectares of reserves and over 365km of tracks. The Council currently has a target of ensuring that open spaces (a neighbourhood park, play space or other outdoor opportunity) are located within 600 metres or 10 minutes' walk of people. An analysis of that target against urban residential areas shows that 73% of the areas meet this target. The above assessment is coarse and does not measure, for instance, the quality or

size of the open space relative to the area it services. Therefore, a small neighbourhood park may be servicing an area of high density and cannot be reasonably said to be providing an adequate open space function. This is an area of further refinement for the council in how it measures the success of its open space provision. Wellington City provides 18.8 hectares of open space per 1000 people. This exceeds the national median of 17.3 hectares. However, in terms of actively maintained parks, Wellington only provides 2 hectares per 1000 people compared to 8.8 hectares nationally, and 1.1 hectares of sports fields compared to a national median of 2.3 hectares. Despite the large overall provision of open space, further analysis reveals that large portions of open space are hillsides and gullies that while important for landscape and ecological reasons, have limited utility for recreation purposes. This is reflective of the geographical characteristics of the city. A further issue is the quantity and quality of flat useable open space for recreation. As noted in the appended assessment “[w]hile the Outer Green Belt and the Wellington Town Belt provide a good foundation, the network of sports fields, community parks and neighbourhood parks is compromised by the quantity and quality of many of those spaces.”

As further growth occurs in existing urban areas either new parks will be required, or investment will be required in existing parks to improve their quality and function. Particular attention will need to be paid to the central area of the city given the population growth to date in this area, and the anticipated growth that will occur in the future, the Council plans for such investment in parallel with other planning initiatives or budgeting for capital projects occurs through Long Term Plan and Annual Plan processes. Additionally, new housing areas resulting from greenfield developments are required to provide open space as part of their development. The Council also provides a range of recreational facilities across the city ranging from swimming pools, sports fields, recreation centres and multi-use facilities such as the ASB Sport Centre. There are a wide range of demands on recreational facilities, and the nature of this demand changes. Older facilities can also be difficult to re-purpose for changing demands.

2.4.6 Education

The Ministry of Education has provided an assessment of school rolls and capacity for the region attached as Appendix 1.7 in the 2022 HBA and is considered still relevant. Current school capacity varies across the district. The following capacity also includes state-integrated schools which are part of the education network but have special characteristics which may not appeal to all families. The information is drawn from the July 2022 rolls for all schools. By way of summary:

Wellington Central and South

- There are 16 state primary schools in the Wellington Central catchment. Of these 16; four are state - integrated schools which has space for approximately an additional 353 students.
- Within the state primary network there is space for an additional 479 students;
- There are 4 secondary schools which service the Central and West catchments. Three of these are state schools and operate enrolment zones and are either at or over capacity. The remaining school is a state integrated school.
- Wellington Girl’s College has recently been funded a redevelopment and 16 additional teaching spaces

Wellington West

- There are 7 state and two state integrated primary schools in this catchment. Within the state network there is space for 929 students and approximately 424 spare student spaces within the state integrated system.
- There are 4 secondary schools serving this catchment with all of them being single sex schools. Within the state schools there is space for 149 students and space for 217 students within the state-integrated schools.

Northern Wellington

- This area is a key growth areas as the Ministry anticipates significant housing growth in this area. Considerable investment has been made and will continue to be made within this catchment.
- There are 20 state and 3 state-integrated primary schools in the catchment with capacity for 1036 students in the state primary school system and 160 within the state-integrated primary schools.
- There are 3 state secondary schools which are all at or above capacity. Investment has been made to allow for additional capacity.

2.4.7 Infrastructure readiness

The NPS-UD requires Councils to identify infrastructure readiness to inform whether there is sufficient feasible and realisable development capacity. In general, many of the city's development areas are considered infrastructure ready. Some areas will require upgrades and investment to ensure plan-enabled growth can be converted into realisable development opportunities for the market to take up. The main infrastructure constraint is three waters. The delivery of Let's Get Wellington Moving is another, but its gradual delivery will enable more opportunities for high density development, making it a more attractive market prospect for that development typology. The Council's Long Term Plan needs to reflect this and appropriately fund the necessary upgrades to enable development over the next 30 years.

2.5 Conclusions and next steps

The Housing and Business Assessment has identified that there is a need to accommodate 30,407 additional dwellings and 597 hectares, or 691 hectares (NPS adjusted) hectares, of commercial land over the next 30 years. This report shows that there is more than sufficient residential housing capacity and business land capacity to meet the expected demand.

For residential housing capacity, there is a need for future HBA's to consider infrastructure constraints to a greater degree. This assessment has provided a high-level overview of infrastructure constraints which is sufficient to determine that infrastructure in the short and medium term can accommodate growth. However, it is unclear to what extent and whether longer term growth can be accommodated.

For business land, short- and medium-term capacity is available, but longer-term requirements may need to be accommodated by redevelopment of existing sites. Industrial land capacity is an issue across the region and in Wellington City and the Wellington Regional Leadership Committee is commissioning a piece of work to consider this in more detail.

This Housing and Business Assessment will form an evidence base that can be used to support the preparation of the Future Development Strategy and regional and district planning processes.

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.

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.

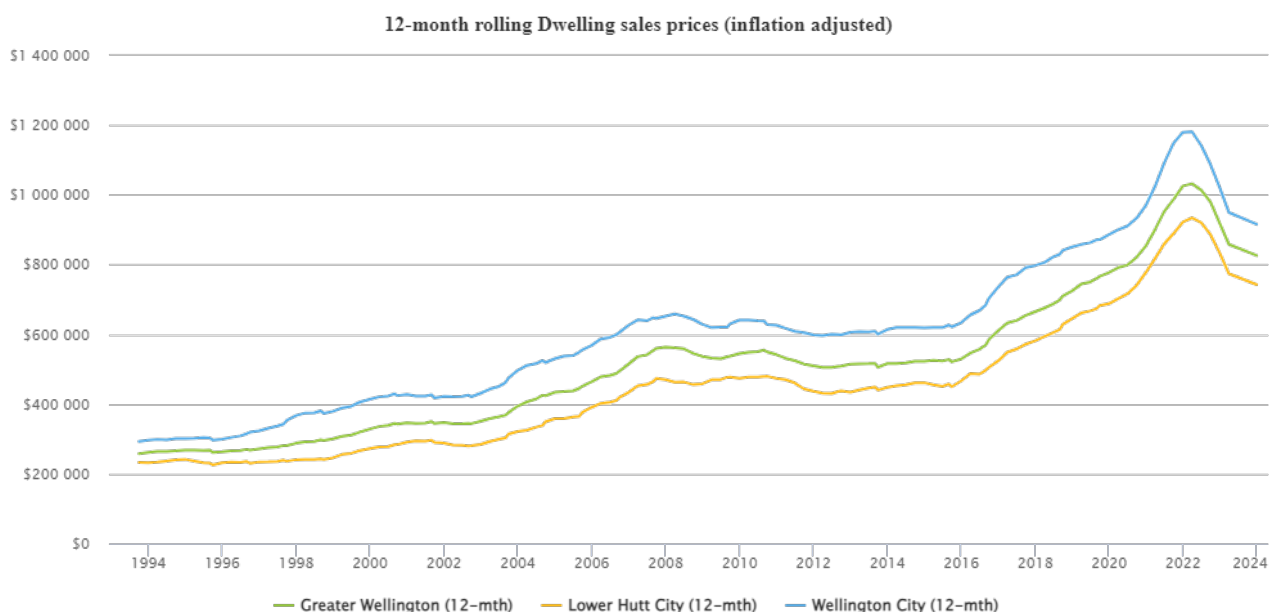


Figure 3.2: Median residential dwelling sale price for Lower Hutt adjusted for inflation. Source: MHUD.

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.

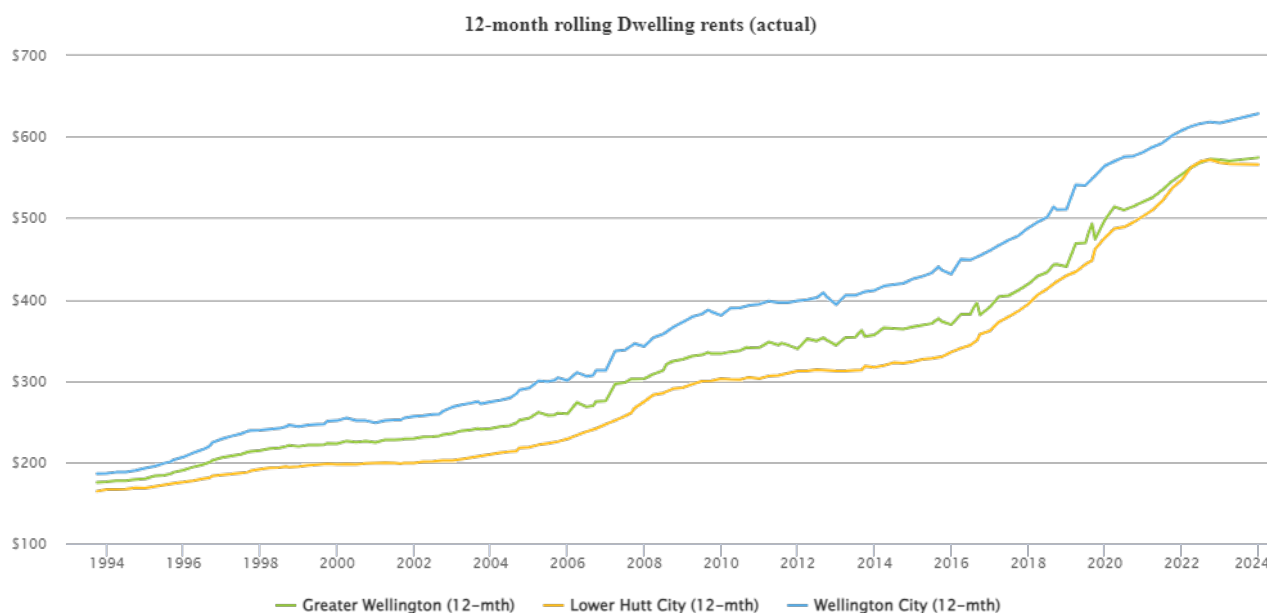


Figure 3.3: Lower Hutt average dwelling rents. Source: MHUD.

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:

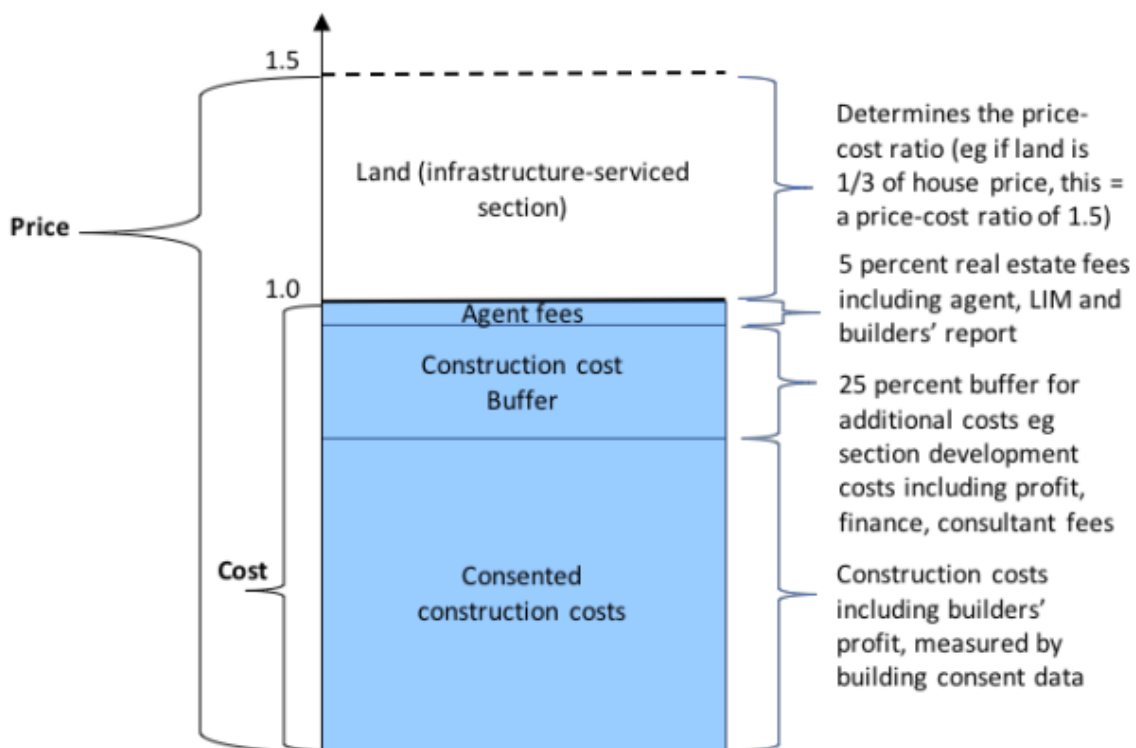


Figure 3.5: The components of the price-cost ratio. Source: MfE.

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.

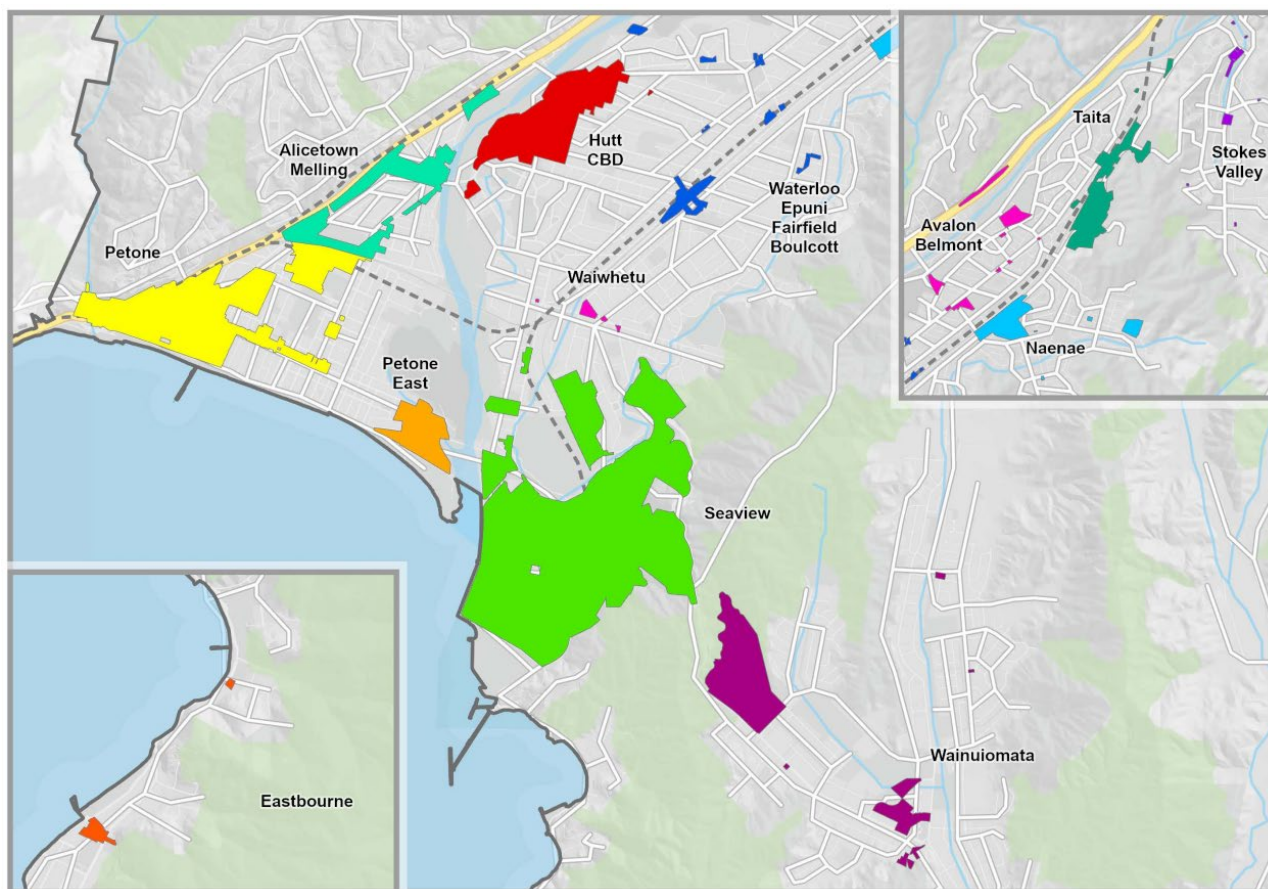


Figure 3.7: Map showing the 13 Business Areas in Lower Hutt, Source: HCC.

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

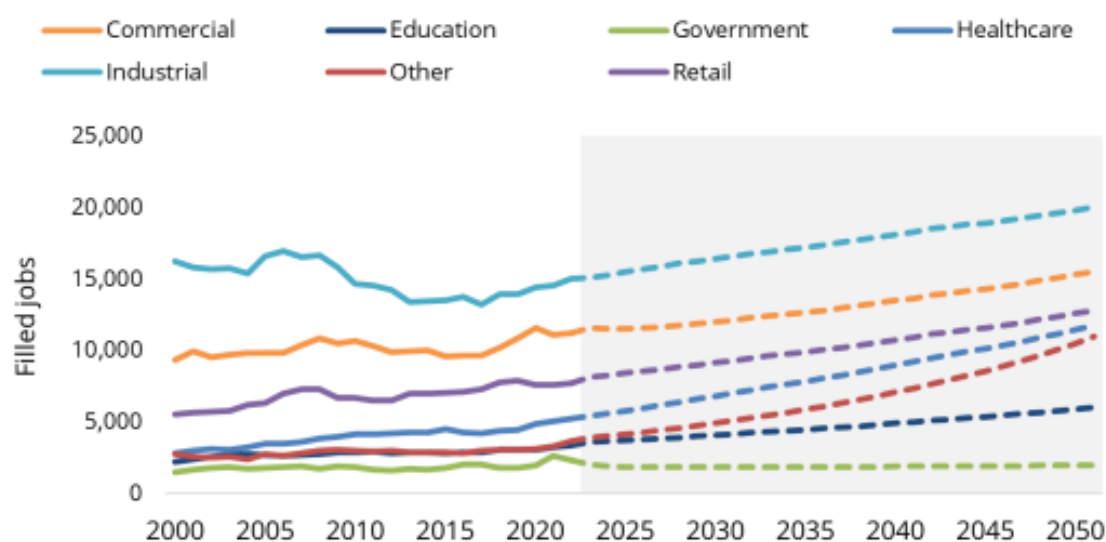


Figure 3.8: Employment projections by sector. Source: Sense Partners.

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 – Eponi – 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.

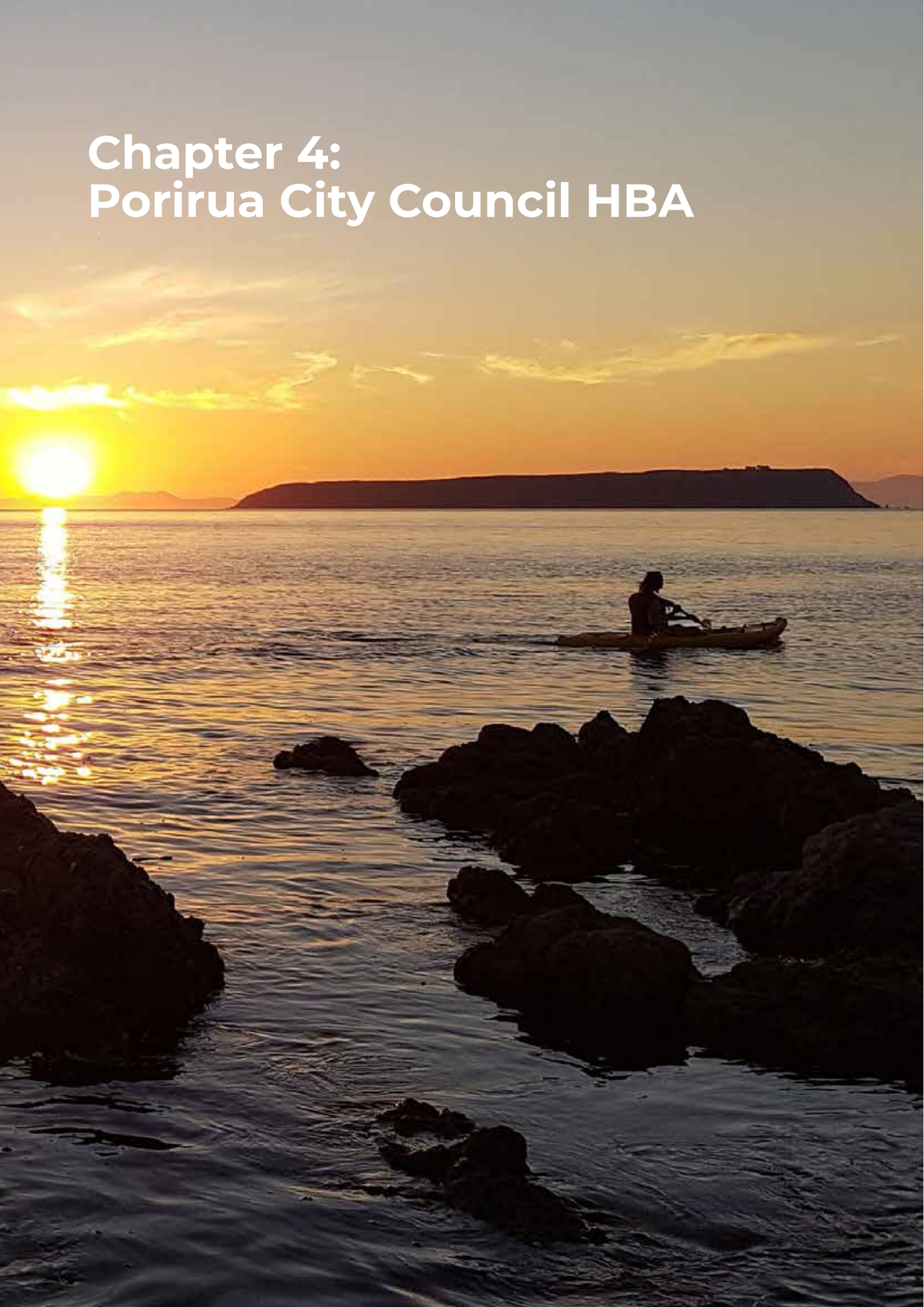
Lower Hutt South

- 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.

Chapter 4: Porirua City Council HBA



Key Findings

Population Growth: Population growth in Porirua continues at anticipated levels, and the population has grown by 3,000 since 2019 and is currently 62000. It is projected to reach 89,000 by 2051.

Housing affordability: Housing affordability is stabilising in Porirua. House prices continued their downward trend in 2023, although there continues to be an undersupply of housing. This is contributing to increasing rents, which is increasing faster than incomes are rising.

Housing supply: There has been an undersupply of new housing since 2014.

Housing Capacity: Modelling indicates that Porirua has plan enabled, feasible and realisable housing development capacity to meet short, medium and long-term housing need. Greenfield housing supply will contribute 34% of the total supply in the long-term.

Housing Sufficiency: Porirua has adequate enabled housing development capacity to meet the short, medium, and long term future demand based on population projections

Business sufficiency: there is considered enough enabled floor space for business purposes to meet demand for the next 30-years, and the overall supply of business floorspace is assessed as being sufficient. There is however insufficient zoned or identified future industrial land to meet demand over the next 30-years

Infrastructure: Porirua has constraints in its three waters networks which will need to be addressed to enable housing growth. Porirua's wastewater and water supply networks will not be able to meet required levels of service for the increasing population without significant investment. Increased investment in transport networks will also be required to enable expected population and housing growth.

4.1 Porirua City - background and context

4.1.1 Overview

Porirua City Council (PCC) is one of five territorial authority areas that make up the Wellington 'Tier 1' urban area as defined by the NPS-UD.

In 2021, Porirua's population was 62,075. Population projections estimate an increase of 26,983 people will be living in the City by 2052, with a total estimated population of 89,058¹.

¹ Sense Partners, 50th percentile forecast, June 2021

Through the Proposed District Plan, PCC has enabled sufficient housing capacity to cater for the increasing population and demand for housing, along with enabling sufficient floor space for business growth. There remains a shortfall in plan enabled industrial land in the long term.

PCC is planning for and investing in infrastructure to service this forecasted growth, especially three waters and transport infrastructure. Additional amenities and community infrastructure will also need to be provided to meet the needs of a growing and changing population, and planning for additional amenities is underway.

4.1.2 Vision, Community Outcomes and Strategic Priorities

Any discussion on housing supply and growth in Porirua needs to be considered within the context of PCC's overall vision, community outcomes and strategic priorities. Figure 1 below sets out Council's recently updated vision statement which provides the lens through which all Council led planning and investment is considered. Council's vision was updated in July 2021 and was adopted at the same time as the 2021 – 2051 Long term Plan.

Although enabling additional housing supply to meet demand and investing in infrastructure to service growth are strategic priorities for Council, they are not the only priorities. They need to be considered alongside other priorities such as restoring the health of the Te Awarua-O-Porirua catchment, proactively responding to the climate crisis, and providing for the needs of the community and young people. A holistic and integrated approach is therefore required to deliver on all of Council's strategic priorities.

Our vision

Porirua City, a great place to live, work, and raise a family

Community outcomes

Our people

We are diverse and inclusive – a city with lifelong economic and social opportunities



Safe, active and healthy communities

Genuine participation in city decisions

Young people at the centre of our whanau

Access to quality education and diverse employment opportunities

Our harbour

We have a healthy harbour and catchment – a thriving natural environment



A place to gather food

A place of recreation and enjoyment

Diversity of organisms

A taonga

Our home

We build to last and adapt to change



Thriving economy

Diverse housing options

Low carbon community

Ready for growth – infrastructure, homes and business

Sustainable use of resources

Connected and accessible transport

Strategic priorities

In the short term Council will focus on four things of key importance

Investing in 3 waters infrastructure and catchment restoration

Proactively responding to the climate crisis

Advocating for and providing a safe, healthy and thriving community

Putting children and young people at the heart of the city

Figure 4.1 – Porirua's strategic priorities

4.1.3 Porirua Growth Strategy 2048

The Porirua Growth Strategy 2048 is a guiding framework for growth in Porirua and was adopted in March 2019. It helps shape and influence ‘why’ and ‘where’ the city will develop over the next 30-years and beyond. It provides a clear direction for the growth of the city by:

- Setting out the key challenges facing Porirua now and in the future;
- Establishing six principles that underpin our community values;
- Providing direction to Council to help apply the principles; and
- Setting a broad spatial framework that shows where growth and change is likely to occur.

The six guiding principles set out in the Growth Strategy are:

- Principle tahi: A diverse and inclusive city
- Principle rua: A harbour-centred city
- Principle toru: A compact and liveable city
- Principle wha: A connected and active city
- Principle rima: A city of opportunities and prosperity
- Principle ono: A resilient city

Within the existing urban area, the Growth Strategy has a strong focus on compact, more intensive housing development centred around public transport hubs and established urban centres. It therefore promotes more efficient use of existing urban land, which is also a key factor in creating more affordable housing. It also supports investment in multi-modal transport options to support higher residential densities and reduce reliance on private vehicles.

The Growth Strategy also broadly identifies new greenfield areas suitable for residential purposes. These include the Northern Growth Area (NGA) and Judgeford Hills. These areas have subsequently been identified in the Proposed District Plan (PDP) as Future Urban Zone (FUZ).

The Growth Strategy is currently undergoing a refresh and the updated strategy will likely be adopted in late 2023.

4.1.4 Proposed District Plan

The PDP further considers and refines the approach set out in the Growth Strategy, including the spatial strategy. The PDP is PCC’s most important land use planning tool and aims to significantly increase housing supply, along with helping to achieve a variety of other vital and complimentary social, economic and environmental outcomes. It will be largely operative by 2023 to 2024.

Variation 1 to the PDP and Plan Change 19 to the Operative District Plan were notified in 2022 and implement the NPS-UD intensification policies and the MDRS¹. They also identify additional qualifying matters which limit intensification in areas where there are identified constraints to development or natural, historic or cultural values that require protection.

¹ *Medium Density Residential Standards*

The PDP sets the planning and policy framework for housing supply and urban development in Porirua through:

- Creation of several new zones that enable growth along with a variety of urban and non-urban land uses. Zones include Medium and High-Density Residential Zones, Commercial and Mixed Use Zones, Rural Zones and Special Purpose Zones;
- Measures to encourage housing intensification within existing residential areas through highly enabling rules in the High Density and Medium Density Residential Zones, Residential Intensification Precincts, and Commercial and Mixed-Use Areas. Buildings of at least 6-storeys are permitted in areas within a walkable catchment of the city centre and most train stations, 5-storeys within walking distance of local centres, and 3-stories in all other residential areas;
- Identification of greenfield (rural) areas suitable for future housing, industry and business as FUZ. There are three FUZ areas identified; the NGA and Judgeford Hills which are suitable for predominantly residential use, and Judgeford Flat which is suitable for predominantly industrial use;
- Incorporation of urban design guides for urban zones to ensure high quality and well designed and integrated built form;
- New objectives, policies and rules for District Wide matters that regulate and enable all types of infrastructure including three waters, transport, energy and telecommunications infrastructure; subdivision; earthworks; renewable electricity generation; noise, light and signs;
- A new risk-based approach to managing natural hazards including coastal hazards, seismic fault hazards and flooding hazards, with a low, medium and high-risk profile applying to a large number of properties across the City. The rules result in additional restrictions for properties located in hazard areas;
- Recognition and promotion of Tangata Whenua values, including through a Tangata Whenua Chapter written by Te Rūnunga O Toa Rangitira, a new Māori Purpose Zone at Hongoeka, and enabling papakaingā across the City;
- Identification of buildings and sites of historic and cultural importance, and new objectives, policies and rules in relation to how they are managed and protected;
- The identification and protection of areas of indigenous biodiversity, known as Significant Natural Areas (SNAs), including on private property. To enable their protection, the PDP restricts how land identified as being a SNA can be used; and
- The identification and protection of valued landscapes, natural features and areas of high natural character in the coastal environment.

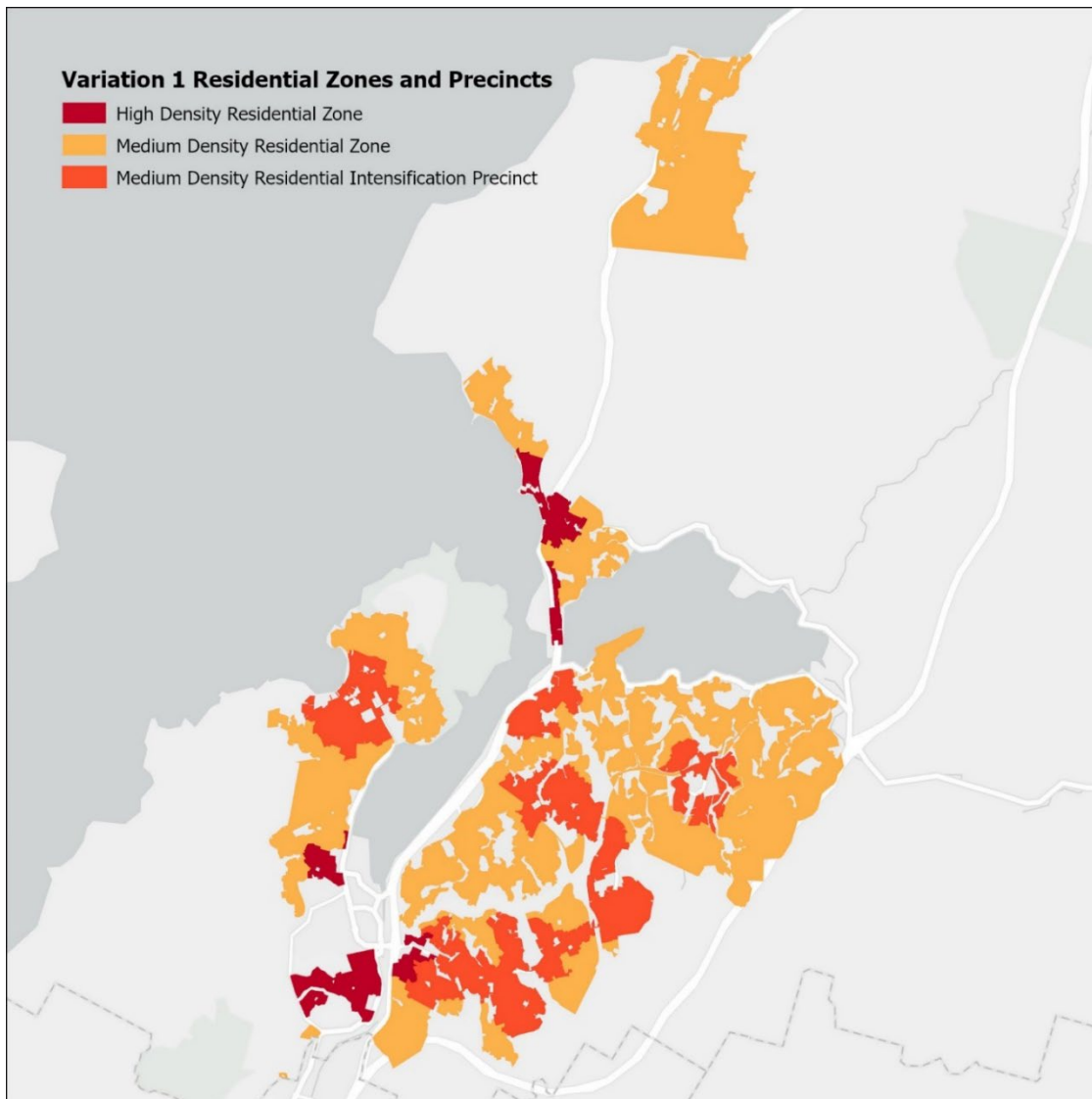


Figure 4.2 – Residential zones and precincts introduced through Variation 1 to the PDP

4.1.5 Growth Areas

The City Centre and Local Centres

The City Centre provides a wide range of commercial, cultural, community, recreational and residential activities that serve the city's economic and social needs. Recent improvements to the urban form, such as the upgrade of Cobham Court, have improved the amenity of the City Centre and its attractiveness for a greater range of activities such as hospitality and residential activities. Variation 1 has set highly enabling policies and rules for residential activity above ground floor in the City Centre, and apartments are allowed up to 14-storeys subject to meeting design guidelines.

The existing local commercial centres, such as Whitby, Mana and Titahi Bay shopping centres, perform a vital economic and social function, and the existing hierarchy of centres is proposed to be maintained and strengthened. New policies and rules also permit residential dwellings and apartments in local centres above ground floor, typically up to 5-storeys in height.

Kenepuru Landing

Kenepuru Landing is a predominantly medium-density residential development just to the south of the City Centre. To date 300 new dwellings have been built comprising a combination of standalone, duplex and terraced houses. Given its proximity to the city centre, Kenepuru train station and a range of services and employment areas, it has been re-zoned to High Density Residential Zone through Variation 1. This means apartments up to 6-storeys can be built on the remainder of the site, and the total housing capacity has the potential to reach 1,100 dwellings. Ngāti Toa have recently taken ownership of the undeveloped area of the site and plan to develop it to its full potential over the medium to long-term.

Eastern Porirua

Kainga Ora, in partnership with PCC and Ngāti Toa, are leading the regeneration of Eastern Porirua. Kainga Ora plans to refurbish 2,000 existing state houses to make them warmer, drier and safer, and build 1,800 new houses.

An Eastern Porirua Spatial Plan has been prepared to guide the regeneration project, along with masterplans for individual neighbourhoods and infrastructure investment is underway to support housing development. Older state homes that are past their best are being replaced with modern homes that are better suited to tenants' needs. Opportunities for home ownership are also being created through development of affordable homes. The regeneration project is also focussed on designing better neighbourhoods, including improved parks and streets, to improve amenity and make it safer and easier to get around.

The Northern Growth Area

The NGA is 1,036 hectares of greenfield land between Pukerua Bay and Plimmerton adjacent to SH59. The northern part of the growth area has been identified as being suitable for residential development as a FUZ in the PDP, while the southern part was rezoned to the Plimmerton Farm Zone in the Operative District Plan. The NGA has the capacity for up to 6,000 new houses along with supporting infrastructure and services.

The NGA is made up of seven major land holdings. Plimmerton Farm, the largest land holding at 400 hectares, has been re-zoned for residential development through a separate plan change process. The first stage of the Plimmerton Farm development is currently going through a fast track consenting process with over 1000 new dwellings proposed in a mixture of housing typologies including low rise apartments, terraced housing and standalone houses.

Two further land holdings, Mt Welcome Station and the Muri Road Block, are also going through a re-zoning process known as the Northern Growth Development Area which is part of Variation 1 to the PDP. A structure plan has been prepared to guide this development, and it has the potential for 1,500 houses.

Kāinga Ora has also selected the NGA for assessment as a Specified Development Project (SDP) under the Urban Development Act. If confirmed, this would set up a standalone planning

framework for the NGA, along with a new governance entity and funding arrangements for infrastructure and services. The SDP assessment process is still at an early stage.

Whitby and Aotea

There are several subdivisions and housing developments actively progressing within Whitby and Aotea. The Silverbrooke, Brookside, Exploration Way, Navigation Heights and Cleat St developments are at various stages of planning and building, with a total expected yield of 700 houses. Further housing intensification in and around Whitby Local Centre is also expected. The final stages of the Aotea development are progressing, with a potential for a further 200 houses.

Western Porirua

Ngāti Toa's Community Housing Provider entity, Te Āhuru Mōwai, manages 700 former state houses in Western Porirua across Titahi Bay, Elsdon and Takapuwahia. As well as maintaining and upgrading existing housing, Te Āhuru Mōwai plans to develop its housing assets in the medium and long-term.

4.2 Residential assessment of development capacity and findings

4.2.1 Current population and future forecasts

Sense Partners have provided short, medium, and long-term growth projections for population and dwellings in Porirua for the period 2021-2051. The Councils have resolved to use the 50th percentile projections, and these projections are summarised in the table below for Porirua.

The Sense Partners 2021 population projections have been used as the basis for assessment of residential demand and sufficiency for Porirua City to ensure the Porirua HBA report is consistent with the PDP. This is because the evidence base with respect to Variation 1 to the PDP was based on the 2021 population projections, including the Property Economics expert evidence and responses to questions from the PDP Hearings Panel. The decision to continue using the 2021 projections was agreed to by Council, and was also discussed and agreed by the partner councils at the inception of the latest HBA reporting process.

Table 4.1: Population projection for Porirua 2021 - 2051

	Estimated baseline total 2021	Short term growth: 2021-2023	Medium term growth: 2024-2030	Long term growth: 2031-2051	Total increase
Population	62,075	3,271	7,205	16,507	26,983

In addition to population growth, it is also important to understand changes in the age profile and household types in Porirua, as these contribute to housing demand and housing need. Sense Partners have provided projections for the population aged 70 or older, the working age population and household types. These projections show that for Porirua over the period 2021 - 2051:

- There will be a significant increase in the older population (aged 70 or older);
- There will be a slight decline in the working age population as a share of the total population;
- There will be only a moderate change in household types with two-parent families still being the main household type in Porirua;
- Smaller households (couples and single persons) will make up 28% of households by 2048; and
- Family households (one-parent, two-parent and multi-family) will make up nearly 68% of all households.

4.2.2 Forecast housing demand

Population growth can be translated into growth in dwelling numbers based on the number of households and changes in household size. Based on the population projections set out above, housing demand over the next 30 years is projected in Table 4.2¹:

Table 4.2: required new dwellings per annum to meet demand

	Short term: 2021-2023	Medium term: 2024-2030	Long term: 2031-2051	2021-2051 average per year
New dwellings required per annum	563	463	350	398

Projected demand for dwellings and dwelling type is set out in the tables below. In accordance with the NPS-UD, a competitiveness 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 4.3: Overall housing demand for Porirua City 2021-2051 including competitiveness margin

	Short term: 2021-2023	Medium term: 2024-2030	Long term: 2031-2051	Total increase
Dwellings	1,688	3,242	7,010	11,940
Margin	20%	20%	15%	-
Adjusted Demand	338	648	1,052	2,038
Total	2,026	3,890	8,062	13,978

Property Economics have further analysed the Sense Partners forecasts to estimate future demand spatially across Porirua and by housing typology. This helps identify how population growth and change is likely to occur in the City, and the community's preferred housing typology. Future housing demand by area, typology and time is summarised in Table 4.4 below:

¹ Property Economics, Porirua Feasible Capacity Assessment, December 2021

Table 4.4: housing demand by area, typology and time period 2021-2051

	2021-2023 Standalone	2021-2023 Attached	2024-2030 Standalone	2024-2030 Attached	2031-2051 Standalone	2031-2051 Attached
Aotea	129	5	151	35	262	76
Ascot Park	60	0	145	1	325	7
Camborne	65	2	131	16	338	34
Cannons Creek East	52	55	97	98	169	101
Cannons Creek North	55	6	89	38	135	68
Cannons Creek South	30	1	84	5	223	2
Elsdon- Takapuwahia	25	1	81	12	153	17
Endeavour	77	2	212	15	340	32
Mana Island	0	0	0	0	0	0
Onepoto	55	0	113	2	287	7
Paekākāriki Hill	9	0	147	0	220	432
Papakowhai	41	2	144	11	316	20
Paremata	72	3	135	23	271	55
Pāuatahanui	49	0	237	0	129	258
Plimmerton	31	3	109	23	193	38
Porirua Central	125	331	21	87	38	309
Porirua East	53	2	117	10	287	23
Postgate	45	2	174	12	370	20
Pukerua Bay	31	1	100	8	198	7
Ranui Heights	28	0	1	0	106	9
Titahi Bay North	78	6	122	43	283	97
Titahi Bay South	85	4	174	31	330	70
Waitangirua	37	0	0	1	98	19
Whitby	45	4	141	26	234	58

4.2.3 Housing market analysis and trends

Overview

The 2022 HBA Report documented the trend of declining housing affordability based on median sale price to median income. The Regional Economic profile for July¹ shows that house prices have declined noticeably in Porirua between late 2022 and early 2023 however. Combined with slightly increased median incomes, housing affordability has stabilised and improved slightly from levels seen in 2018 - 2022. Rents have continued to rise however above historically high rates of inflation, meaning there has been a decline in housing affordability for people renting. This indicates a continuing shortage of housing supply in Porirua.

Market indicators

As summarised above, significant infill and brownfield housing development housing is anticipated in Porirua Central, Titahi Bay and Eastern Porirua, primarily associated with the Eastern Porirua Regeneration Project and other Kāinga Ora backed development.

Further greenfield subdivision and development is expected in and around Whitby, Aotea and Kenepuru Landing as further stages of development are completed. There has been a trend in Whitby and Kenepuru Landing towards higher housing densities compared to traditional greenfield development, with an increasing prevalence of terraced housing and duplex housing.

There will also be significant greenfield housing uplift in Plimmerton and Pukerua Bay associated with development of Plimmerton Farm and the NGA.

There is continued strong demand for standalone residential units, but with a particular focus on smaller one and two-bedroom dwellings. These account for 45% of future demand, while the demand for larger standalone houses accounts for 34%. Future demand for apartments and terraced units of all sizes makes up only 21% of the total future demand.

Housing stress and housing need

A range of data including demand for public housing, transitional housing and emergency housing has been analysed to understand demand for housing for people on low incomes or those in vulnerable or precarious situations with respect to housing. The housing demand, affordability and need in Porirua City – 2021² report defines renter housing stress as:

households that are paying more than 30% of their gross household income in rent; and

Severe renter housing stress as households that are paying more than 50% of their gross household income in rent.

¹ *Infometrics; Regional Economic Profile - Porirua, July 2023*

² *Livingston and Associates Ltd, July 2021, Housing demand, affordability and need in Porirua City – 2020 update*

Between 2001 and 2018 the proportion of stressed renters increased from:

- 83% in 2001 to 92% in 2018 for those with household incomes up to \$30,000;
- 15% in 2001 to 77% in 2018 for those with household incomes between \$30,000 and \$50,000; and
- 5% in 2001 to 42% in 2018 for those with household incomes between \$50,000 and \$70,000.

Severely stressed renter households are concentrated in Eastern Porirua and Titahi Bay.

Housing need can also be gauged via other data sources, including the public housing register. The public housing register provides the number of applicants assessed as eligible for social housing who are ready to be matched to a suitable property. The 2021 data indicates that housing need among those in Porirua on low incomes has been increasing steadily over several years.

Public housing stock

Kāinga Ora is the dominant public housing landlord in Porirua with a managed portfolio of 2,051 residential units. 64% these are 3-bed units, and only 20% are 1 or 2-bed¹.

The other main provider of public housing in Porirua is Te Āhuru Mōwai. Under a partnership with the New Zealand Government, Te Rūnanga o Toa Rangatira (Ngāti Toa), established a registered community housing provider. Te Āhuru Mōwai Limited Partnership entered into an agreement to manage and upgrade approximately 900 homes in Western Porirua and Tawa. These homes provide tenancies for people on low incomes with social support needs. They are in the suburbs of Tawa, Elsdon, Takapūwāhia, Titahi Bay and Mana and were transferred from Kāinga Ora management on 3 October 2020. Existing tenants are retained under this arrangement and future new tenants will be placed from the government's Public Housing Register. Te Āhuru Mōwai aspires to progressively upgrade their portfolio over time to ensure that all homes are warm, dry and fit for purpose. They also wish to progressively purchase and redevelop existing housing and grow the overall supply of housing².

While Porirua has a large public housing stock, this also helps serve the housing needs of the Wellington Region. There is also a low vacancy rate within this stock, with only seven units managed by Kainga Ora being vacant and ready to let³.

Building consents issued and completed houses

Figure 4.2 below shows residential building consents issued for new dwellings for the period May 2022 – May 2023⁴. It shows a significant decline in building consents issued for new dwellings from late 2022 onwards which is primarily down to a range of macroeconomic factors including high

¹ Managed Kāinga Ora Rental Properties by Territorial Local Authority as at 30 June 2021

² Te Āhuru Mōwai website, October 2021

³ Vacant Kāinga Ora Rental Properties by Territorial Local Authority as at 30 June 2021

⁴ PCC building consents data, June 2023

inflation, rising interest rates, a national and regional drop in property prices, post-COVID supply chain issues and very low net migration. Notably, as well as an overall drop in building consents for new dwellings, there has been a sharp drop off in building consents issued for multi-unit developments (defined as three or more residential units). This is despite the MDRS having been operative since August 2022.

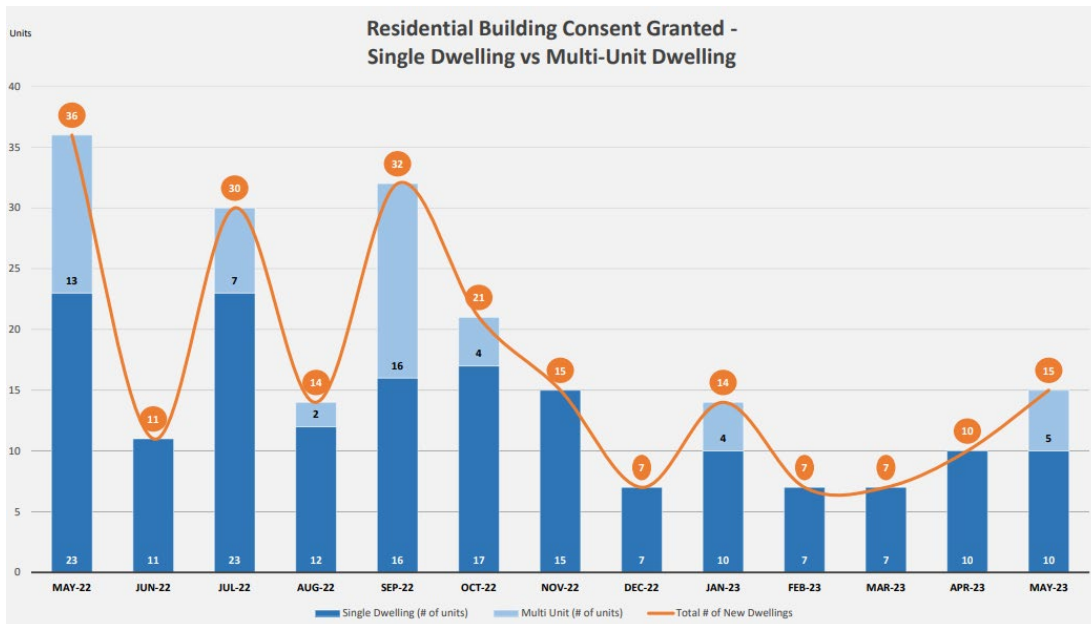


Figure 4.2: residential building consents issued for new dwellings, May 22 – May 23

Figure 4.3 shows the number of Code Compliance Certificates (CCCs) issued for completed dwellings for the period May 2022 – May 2023¹. It shows a high number of completed dwellings in March 2023 and an average construction period for new dwellings of 16 months. This reflects historically high numbers of building consents granted in in 2022. The number of completed dwellings for the remainder of 2023 is expected to remain reasonably constant before tailing off in early 2024, reflecting the current low numbers of dwellings being consented.

¹ PCC building consents data, June 2023

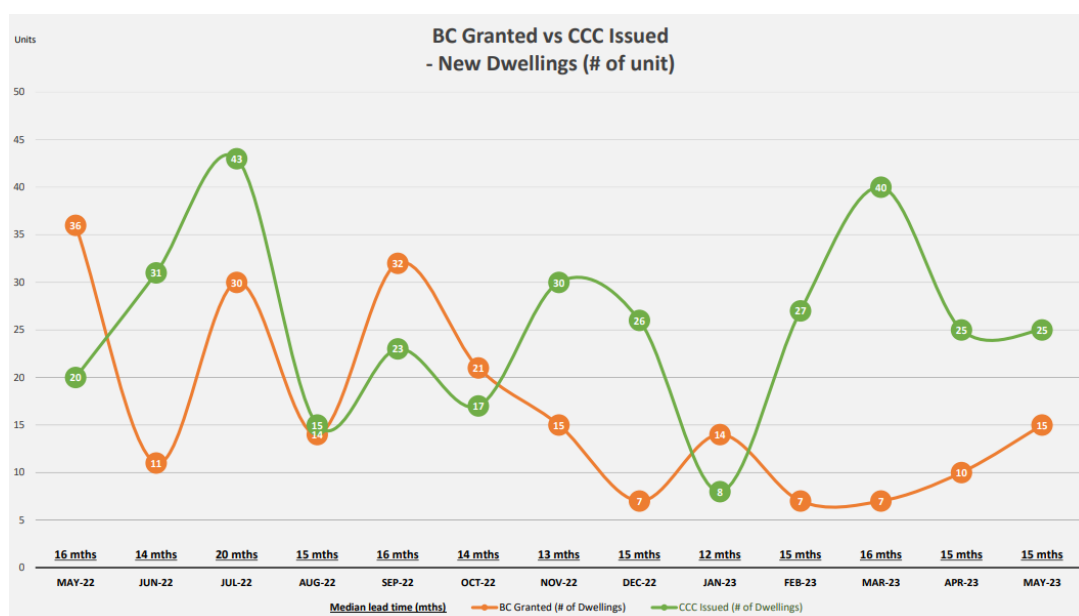


Figure 4.3: Code Compliance Certificates (CCCs) issued for completed dwellings for the period May 2022 – May 2023

Based on the housing demand figures set out above, there is a significant shortfall in the number of houses currently being supplied to the market to meet demand. This undersupply of new dwellings continues to be a key contributor to ongoing housing affordability issues in Porirua.

4.3 Residential development capacity – Theoretical, feasible and realisable

4.3.1 Overview

This section provides an assessment of residential development capacity based on Variation 1 to the PDP (incorporating the MDRS and implementation of NPS-UD Policy 3(a)), along with Plan Change 19 that implements the MDRS and NPS-UD in the Plimmerton Farm Zone of the Operative District Plan.

Theoretical development capacity is identified for all residential, commercial and mixed-use zones based on the underlying zone policy framework and built form standards, and considers capacity with respect to standalone housing, terraced housing and apartments.

All sites over 5 hectares in size with a residential zoning, and rural sites zoned FUZ under the PDP, are identified and assessed separately as greenfield development.

4.3.2 Greenfield Capacity

The 2019 and 2022 HBA reports identified a greenfield land capacity of 375ha of feasible area to develop, amounting to 4,838 of additional sections. Since 2019, the greenfield site at Plimmerton Farm has been rezoned to a full urban zone (Plan Change 18 to the ODP), and the other greenfield sites in the NGA and at Judgeford Hills have been rezoned to FUZ under the PDP. The Northern Growth Development Area (NGDA) has also been established through Variation 1, involving upzoning of two major land parcels in the NGA just south of Pukerua Bay from FUZ and Rural

Lifestyle Zone to Medium Density Residential Zone. A structure plan and bespoke Development Area provisions have been notified in relation to the NGDA.

The greenfield capacity assessment also takes into account Plan Change 19 to the Plimmerton Farm Zone of the Operative District Plan which introduces a High Density Residential Zone to part of the site, increasing the development capacity. The estimates of greenfield capacity are also based on realistic estimates of feasible development yield provided by developers, with theoretical greenfield capacity being much greater.

Table 4.5: estimated greenfield housing supply in Porirua

Total supply (dwellings)	Supply with full urban zoning	Supply with Future Urban Zoning
6,604	4,650	1,954
100%	70%	30%

4.3.3 Theoretical Development Capacity

The assessment of theoretical residential capacity assesses theoretical capacity across residential zones, residential intensification precincts and commercial and mixed-use zones in existing suburbs along with commercial centres in Porirua. It also compares the theoretical residential capacity under the PDP (as notified August 2021) with Variation 1 to the PDP.

Table 4.6: Comparison of theoretical development capacity by area – PDP vs Variation 1

Area	PDP theoretical capacity	Variation 1 theoretical capacity	Difference
Aotea	5,257	6,039	+782
Ascot Park	3,157	7,162	+4,005
Camborne	1,795	2,360	+565
Cannons Creek	13,012	23,728	+10,716
Elsdon	6,826	11,022	+4,196
Hongoeka	965	7	-958
Kenepuru	9,433	14,494	+5,061
Papakowhai	2,575	5,824	+3,249
Paremata	4,161	9,217	+5,056
Plimmerton	6,660	13	+7,177
Porirua City Centre	25,682	47,781	+22,099

Pukerua Bay	3,656	3,900	+244
Ranui	7,993	17,774	+9,781
Takapuhawahia	3,560	3,336	-224
Titahi Bay	12,090	22,250	+10,160
Waitangirua	7,173	15,278	+8,105
Whitby	13,751	20,758	+7,007
Total	127,746	224,767	+97,021

4.3.4 Feasible Development Capacity

The feasibility of theoretical development capacity 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 the current time. For the purposes of this report, a development is deemed feasible if it reaches or exceeds a profit level suitable to meet market expectations (20% for the purpose of this analysis). The aggregated results are set out in Table X:

Table 4.7: Summary of feasible development capacity by housing typology – Commercial Zones, Residential Zones and Residential Intensification Precincts

	Theoretical capacity	Apartments	Standalone	Terraced	Feasible capacity
Commercial Zones	87,277	955	1,642	8,461	11,064
Residential Zones	44,923	70	1,177	13,093	14,340
Resi. Intensification Precincts	92,617	14,437	229	5,672	20,338
Total	224,767	15,462	3,054	27,226	45,742

4.3.5 Realisable Development Capacity

In addition to feasible capacity, practical considerations must be considered in terms of what housing developments will come forward given a range of market and non-market factors. The realisation rate or 'realisable development capacity' seeks to assess these various factors, with particular emphasis on dwelling typology and greenfield competition.

The identification of these variables not only allows for consideration of a range of factors but also addresses the relativity between typologies. While all three typologies (standalone, apartment and terraced) may be feasible, realisable development capacity identifies the scenario with the highest profit margin. Although the model assesses typology based on the standard 20% profit margin, there is greater risk in some typologies. The assessment below endeavours to consider these risks in determining realisability.

Table 4.8: Realisable development capacity by housing typology – Commercial Zones, Residential Zones and Residential Intensification Precincts

	Feasible capacity	Apartments	Standalone	Terraced	Realisable capacity
Commercial Zones	11,064	931	465	450	1,846
Residential Zones	13,340	15	3,594	7,751	11,360
Resi. Intensification Precincts	20,338	1,520	2,922	4,941	9,383
Total	45,742	2,466	6,981	13,142	22,589

4.3.6 The effect of Qualifying Matters on Realisable Development Capacity

Under the NPS-UD and RMA-EHS, Council can make the MDRS and NPS-UD intensification policies less enabling of development because of qualifying matters, which are listed in Clause 3.32 of the NPS-UD.

The PDP as notified in 2021 included a range of qualifying matters, as expressed through plan provisions and overlays, that have the effect of restricting development capacity. These include:

- Areas at risk of natural hazards including flooding, coastal inundation, tsunamis and fault rupture during seismic events;
- Significant Natural Areas (SNAs);
- Natural Character areas including Special Amenity Landscapes (SAL) and Coastal High Natural Character Areas;
- Heritage Sites;
- Sites and Areas of significance to Māori (SASM);
- Noise Contours - 100m buffer from Railway and State Highway; and
- The National Grid Corridor.

In addition, through Variation 1, PCC introduced additional qualifying matters to manage the effect of additional development capacity on adjacent areas with identified values. These are primarily height variation control overlays that limit building height and other built form standards. The purpose of height variation control overlays is primarily to:

- Reduce the effects of shading from the development of sites on steep, south sloping land (ie downhill shading effects);
- Reduce the effects of shading on the Mungavin Park Netball courts complex; and
- Limiting building heights on sites adjacent to heritage sites and features, and Sites and Areas of Significance to Māori (SASM).

The impact of qualifying matters on realisable development capacity was modelled by property Economics¹ and the results are summarised in Table 4.9 below:

¹ Property Economics, Variation 1 and Plan Change 19 Qualifying Matters Assessment, Porirua City Council, July 2022

Table 4.9: the impact of qualifying matters on realisable development capacity

Qualifying matter	Apartments	Standalone	Terraced	Lost realisable capacity
Coastal Hazards	-383	-199	-220	-802
Natural Hazards	+251	+42	-404	-111
Heritage Sites	-15	-34	-50	-99
SASM	-	-13	-	-13
National Grid corridor	-	-	-16	-16
Railway and State Highway Noise Corridor	-332	+48	-538	-822
Significant Natural Areas	-14	-70	-64	-148
Railway Corridor Setback	-	-	-	-
Heritage Height Control	-5	-16	+13	-8
Shading Height Control	-	+91	-625	-534
SASM Height Control	-51	-	-12	-63
Total	-549	-195	-1,916	-2,616

In summary, because of qualifying matters introduced through the PDP and Variation 1, there is an impact on realisable development capacity of -2,616 houses¹.

4.3.7 Sufficiency of residential capacity

With realisable development capacity established (considering the lost development capacity associated with qualifying matters), along with demand for housing in the short, medium and long term, an overall assessment can be made of residential sufficiency (i.e., is there adequate housing supply in Porirua to meet demand).

The assessment of residential sufficiency applies the NPS-UD competitiveness margin of 20% in the short and medium term, and 15% in the long term. The assessment also includes greenfield housing supply, and assumes that greenfield areas with full urban zoning are available over the short term except for Plimmerton Farm and the NGA, which are allocated over the medium term. The remaining housing capacity allocated to long term greenfield housing represents a conservative estimate of expected FUZ capacity.

¹ Refer section 5.5 of the Property Economics Report for further discussion and clarification on assumptions used in determining the impacts of qualifying matters on realisable development capacity

Table 4.10: Overall summary of housing supply to meet demand

Type	2021-2024	2024-2031	2031-2051	TOTAL
Demand (inflated with 20%/15% buffer)	2,026	3,890	8,062	13,978
Commercial Zones	2,008	-	-	2,008
Greenfield capacity	1,966	2,379	2,259	6,604
Residential Zones & Intensification Precincts	18,342	-	-	18,342
Total realisable capacity	22,316	24,695	26,955	26,955
Sufficiency	Yes	Yes	Yes	Yes

4.4 Conclusion

Overall, the residential assessment shows that there is sufficient plan enabled, feasible and realisable housing capacity to meet expected demand over the short, medium and long term. If the population grows at a faster rate than expected however some of the capacity allocated to the long term may be realised through earlier up-zoning of greenfield areas, and increased demand for infill and brownfield housing within existing urban areas.

4.5 Infrastructure

4.5.1 Purpose

The NPS-UD requires Councils to consider infrastructure needs when providing residential and business development capacity. The main infrastructure components are three waters (water supply, wastewater and stormwater), roading and transport infrastructure, and other infrastructure such as open space, social and community infrastructure.

4.5.2 Three Waters

Overview

Wellington Water have assessed if areas identified and being considered for future development in Porirua can be serviced with existing or planned three waters infrastructure¹. In addition, Wellington Water² updated its 2018 reports using updated modelling to reflect projects completed since 2017 that provide network capacity, along with consideration of the 2021-2031 Long Term Plan and 30-year infrastructure strategy produced by PCC.

¹ Wellington Water, Porirua Three Waters Growth Study (2019).

² Wellington Water, Wellington Regional Three Waters Capacity Assessment - 2021.

The results indicate that water supply and wastewater networks in Porirua generally lack capacity to meet projected population and housing growth, especially over the short term. This shortfall in capacity will likely place constraints on growth over the next 30-years. Wellington Water's assessment also indicates constraints with the stormwater network, although these can be mitigated through a range of alternative measures including policies and rules in the PDP requiring hydraulic neutrality¹, and through adoption of other water sensitive methods.

Most identified greenfield sites are not serviced by three waters infrastructure, however funding for essential infrastructure has been identified within the current 2021 – 2051 Long Term Plan including further wastewater capacity upgrades for the NGA. PCC is also in discussions with developers to provide the necessary infrastructure and to secure this through developer agreements. In addition, on-site wastewater retention is likely to be required. Once in place, infrastructure will be vested with Council and PCC will be responsible for the operational and maintenance costs.

The PDP also has a three waters chapter which places requirements on developments. Rules within this chapter require developments to:

- be hydraulically neutral;
- be serviced by the reticulated water supply, wastewater and stormwater management networks;
- meet the Wellington Water Regional Standards for Water Services; and
- ensure water meters are included in all new developments.

Water supply network

Wellington Water assessed Porirua's water supply capacity to accommodate future growth based on storage capacity (S), network pressure (N) and overall capacity in the short, medium and long term for 15 Water Storage Areas (WSA's). This assessment has determined that catchment scale upgrades will be needed to the water supply network to support proposed urban development where:

- Pressure in the existing network drops below 25m as a result of projected infill development;
- The existing reservoir storage is insufficient to support projected urban growth; and
- The bulk water supply network will not be able to adequately replenish some local reservoirs.

The assessment identifies that investment in new reservoirs is planned for Aotea, a new Porirua high level reservoir, and Camborne Future Low level reservoir. Other measures being implemented to improve the water supply network include a booster pump station at Navigation Heights in Whitby, the creation of a new Whitby high Water Storage Area, and a water supply pipeline along the Waitangirua Link Road.

¹ Ensuring that stormwater runoff post-development is the same as pre-development

Wellington Water notes that the capacity of Porirua's water supply network is insufficient in the short term but is sufficient for large parts of the city in the medium and long term with planned investment¹.

Wastewater Network

The Porirua wastewater network and treatment plant (WWTP) receives wastewater from all urban areas within Porirua along with the northern parts of Wellington City including Churton Park, Tawa and parts of Johnsonville. The network requires significant investment to accommodate population and housing growth, and detailed network modelling and programme optimisation has been completed to recommend network upgrades. A comprehensive suite of projects has been developed and included in the Long Term Plan and the 30-year Infrastructure Strategy.

The following projects have been included in the current LTP:

- Central city wastewater storage tank (under construction);
- Completion of the Duck Creek wastewater storage project;
- Upgrades to existing pump stations and downstream pumped pipework to provide additional capacity (ongoing); and
- Renewal of the Bothamley Park sewer to provide for increased growth capacity (under construction).

Wellington Water concludes that the overall capacity of Porirua's wastewater network is insufficient in the short term but will improve over the medium term and will be largely sufficient to meet long term demand given planned investment².+6

Stormwater

Existing stormwater capacity in urban areas throughout Porirua is designed to accommodate regular rainfall events, and is based on six modelled catchments³. In addition, modelling has recently been undertaken at Hongoeka, and is underway for the Aotea and Whitby catchments. During heavy rainfall events, stormwater flows overland increasing potential for localised flooding.

The following stormwater projects and planning activities are underway or have been recently completed:

- Eastern Porirua Stormwater Network Plan, which identified a range of projects to manage stormwater quality and mitigate flooding impact;
- Completion and operation of the Elsdon wetland, along with Central City stormwater improvements;
- Catchment modelling and planning in relation to the Stage 1 Plimmerton Farm development, which is required to fully mitigate stormwater flooding risk; and

¹ See 8.1 Wellington Regional Three Waters Capacity Assessment – 2021 for a more detailed assessment

² See 8.2 Wellington Regional Three Waters Capacity Assessment – 2021 for a more detailed assessment

³ Cannons Creek, Porirua CBD, Titahi Bay, Taupo Swamp, Pāuatahanui and Plimmerton.

-
- Modelling is also underway in the Aotea, Whitby and Hongoeka catchments. The results of these will inform options to mitigate flood effects.

Kāinga Ora and the Te Aranga Alliance are implementing the Eastern Porirua Stormwater Network Plan outcomes as part of the Eastern Porirua Regeneration Project

Flood risk will also be mitigated through protection of overland flow paths via District Plan rules, and ensuring new development is hydraulically neutral. Provisions in the Natural Hazards and Three Waters chapters of the PDP seek to achieve this mitigation.

4.5.3 Transport network

State Highway Network

Waka Kotahi have assessed the State Highway and land transport issues for the Wellington Region against the anticipated growth in population and housing for the region. SH1 and SH59 are both classified as National High-Volume highways under the One Network Road Classification, and SH58 is a Regional Highway.

Overall, the capacity of the state highway network is not a constraining factor for development capacity in Porirua. The opening of the Transmission Gully Motorway has resulted in a 50 -90 percent drop in traffic volumes along SH59, with the biggest reduction in flows in the north of the city between Pukerua Bay and Plimmerton¹.

Waka Kotahi, PCC, GWRC and a range of stakeholders are in discussions on the future form and function of SH58 and SH59, with specific discussions on access improvements and other investment required to enable urban development at Plimmerton Farm and in the Northern Growth Area. Safety improvement works continue on SH58 which improve the safety of this key east-west strategic corridor.

Public Transport

GWRC has assessed how the Metlink public transport network can respond to population growth². The Metlink public transport network is based on a layered hierarchy of services comprising core routes, local routes and targeted services identified in the Regional Public Transport Plan. These include:

- Core Bus routes provide high-capacity, frequent, all-day services within urban areas. These meet all-day travel demand and operate at least every 15 minutes during the day, and often more frequently during busy periods;
- Core Rail routes providing high-capacity, long-distance commuter services connecting key urban areas across the region;

¹ Waka Kotahi briefing note to PCC, May 2023

² Material for NPS for urban development capacity: role of public transport in responding to population growth, 2021.

-
- Local Bus routes, including all-day medium- to low-frequency services connecting town and activity centres along lower-demand corridors, and providing local access to town and activity centres within suburban areas. These routes complement the core network by covering areas not served by core services, and by collecting and distributing passengers to and from it; and
 - Targeted services, providing services to areas or link destinations where there is not enough demand to justify core or local routes, or where normal services cannot meet the peak demand.

In terms of mode share to work, only 19% of journeys are currently by shared or active transport, compared to 72% by car¹. In Wellington City, the respective figures are 44% and 45%. The Wellington Regional Mode Shift Plan outlines the following opportunities for shifting to public and active transport:

- Nodal development/ improved multi-modal access to train stations;
- Eastern Porirua regeneration and improved urban form and access to Porirua City Centre; and
- Access Porirua business case improvements (including Kenepuru, Titahi Bay shared path, Wi Neera-Onepoto cycleways).

The following improvements are also planned to the rail and bus network in Porirua:

- A complete upgrade of Plimmerton Station, including three main and nine new turnouts, a new platform/shelter, pedestrian underpass extension and all associated overhead line equipment, along with upgraded signalling and drainage. The upgrades are required to enable an enhanced timetable to be implemented as a part of the Future Rail upgrades in Wellington; and
- Upgrading Porirua station shelter.

A range of planned improvements are also proposed for local bus services including routes 210, 220, 226, 60, 226 and 220, along with considerations on how to expand the network to Whitby and Papakowhai.

Local Transport Network

The 2021 - 2051 LTP identifies the following transport projects:

- Road pavement resurfacing and rehabilitation: Focus on resurfacing roads and keeping up with pavement rehabilitation, including catching-up on the existing backlog;
- Drainage renewals and resilience improvements: Focus on renewing and upgrading rural drainage to reduce pavement risk and address storm related risks due to climate change;
- Structures and network service renewals: Focus on transport structure renewals to preserve asset integrity, with an ongoing focus on safety in replacing network service assets;
- Walking and cycling improvements and renewals: Focus on maintaining level of service;
- Road Safety Strategy (Road to Zero): Focus on pedestrian crossings, school zones and speed management;

¹ Wellington Region Active Transport Plan

-
- Access Kenepuru: A package of local road, walking and cycling improvements, including upgrade of the Kenepuru Dr/Titahi Bay Rd intersection, required due to the impact of TGM and significant residential and commercial growth in Kenepuru Landing;
 - Porirua CBD to Titahi Bay Shared Path (Wi Neera to Onepoto): Construction of a shared cycling and pedestrian pathway and associated coastal resilience improvements along Titahi Bay Road;
 - Whitford Brown Corridor Improvements: Upgrade of intersection with Papakōwhai Road to support active modes including removal of existing pedestrian and potential changes to Okowai Rd intersection;
 - City Centre Revitalisation Transport Improvements: Improvements to key routes and intersections within the city centre; and
 - Station Access Improvements: Improvements to active mode access to stations to be investigated and implemented.

Overall, the local transport network does not have enough capacity to accommodate anticipated growth without changes in how people move around the city. The Council intends to continue to improve the city's transport network and to plan for growth and future community needs.

The transport work programme is based around finishing off committed and must do improvement projects, and delivering a sustainable maintenance and renewals programme that focuses on pavements and structures. The programme also includes road safety improvements focusing on pedestrian crossings, school zones and speed management, and better understanding the needs of users and planning for growth.

4.5.4 Other infrastructure

Parks and amenities

Other infrastructure includes parks and public amenities, as the NPS-UD requires councils to be satisfied that other infrastructure is likely to be available to service growth and contribute to a well-functioning urban environment. It requires Council to be informed about the likely availability of such infrastructure when making decisions about where to enable development capacity. In terms of future needs, the 2021-2051 Long Term Plan includes the following projects to meet growth and changing demand:

- Future cemetery 2034 Capacity: Whenua Tapu Cemetery capacity runs out in 2034. PCC has a statutory obligation to plan and consider options to provide these services;
- Titahi Bay Community Park: A new community level play space is proposed for the west of Porirua on existing land in response to growth anticipated in the west;
- Whitby Neighbourhood Park: A new community park for Whitby is proposed, with spatial planning expected to begin in 2023;
- Whitby Connections, Ascot Park, Postgate Link, Ridgeline Walkway: High-level planning has been completed to consider the connections that will be required to establish this walkway;
- Rangituhi connections: A walking connection is proposed between Rangituhi and Titahi Bay; and
- New artificial turf: a new turf built on existing land is anticipated to provide enough capacity to respond to growth and demand for training and competition in all weather conditions.

Other recreation and amenity infrastructure in Porirua is provided by GWRC and the Department of Conservation including:

- Battle Hill Regional Park;
- Belmont Regional Park;
- Pāuatahanui Wildlife Reserve; and
- Rangituhi Scenic Reserve.

5.1.1 Community infrastructure

The 2021 – 2051 LTP identifies community infrastructure projects to support growth and change in the population. These projects are focussed around four community catchments and anticipate the following:

- an Eastern Porirua Community facility;
- a Northern Porirua Community facility;
- a Western Porirua/Titahi Bay Community facility; and
- a Whitby Community facility

The Western Porirua proposal seeks to ensure equity of provision within Titahi Bay and create improved access to community places. This may include potential partnerships with schools and sports clubs. To help provide for both infill and greenfield development, additional facilities are also required in Whitby. An Eastern Porirua community facility is also identified as a project in the Long term Plan which is advancing through concept planning stages.

4.6 Business Assessment and findings

4.6.1 Purpose

The NPS-UD requires councils to identify the overall sufficiency of development capacity to meet our future demand for business over the short, medium and long-term.

4.6.2 Business Areas

Porirua features several commercial, retail, large format retail, mixed-use and industrial areas. Under the PDP, a commercial centres hierarchy exists and applies a zone structure to these areas. A summary of the zones and the specific areas they apply to is provided below:

Metropolitan Centre Zone

(Porirua City Centre) – this is the primary commercial centre at the heart of the City, and is a sub-regional centre within the wider Wellington Region. The Metropolitan Centre Zone provides for a diverse range of commercial, retail, residential, community and recreational activities and offers a variety of employment opportunities.

Large Format Retail Zone

(Elsdon and north of the Porirua City Centre) – this zone provides for a range of retail stores, and is characterised by buildings with large footprints and associated car parking areas. It also provides for residential development and apartments above ground floor.

Local Centre Zone

(comprising suburban shopping centres at Mana, Plimmerton, Paremata, Whitby, Aotea, Waitangarua, Cannons Creek, Ranui and Titahi Bay) - Local Centres are commercial centres that are located conveniently to service the needs of the surrounding residential catchment. They provide for a range of commercial and community activities, and offer services and employment opportunities. These can also include supermarkets and medical centres. High density housing is also enabled in Local Centres.

Neighbourhood Centre Zone

(numerous small neighbourhood shopping centres) – Neighbourhood Centres provide for a range of small-scale commercial, retail and community activities that service the day-to-day needs of the immediate surrounding residential neighbourhood. They provide a limited range of services, employment opportunities and living opportunities at a scale appropriate to the residential neighbourhoods they are located in.

Mixed-Use Zone

(Ranui, Kenepuru, Broken Hill, Waitangarua, Titahi Bay, Mana and Ulric Street) - the Mixed Use Zone provides for a compatible range of activities, including residential, light industrial, commercial, recreational and community activities.

General Industrial Zone

(Elsdon, Broken Hill) - the General Industrial Zone is used predominantly for a range of small and large footprint industrial activities that typically have a range of effects that make them incompatible with more sensitive land uses. A key attribute of the zone is that it contains sites large enough to accommodate industrial activity, and it is typically located close to key freight routes. A 90-hectare area at Judgeford Flats along SH58 has also been identified as a future potential industrial area, and has been zoned FUZ as a result.

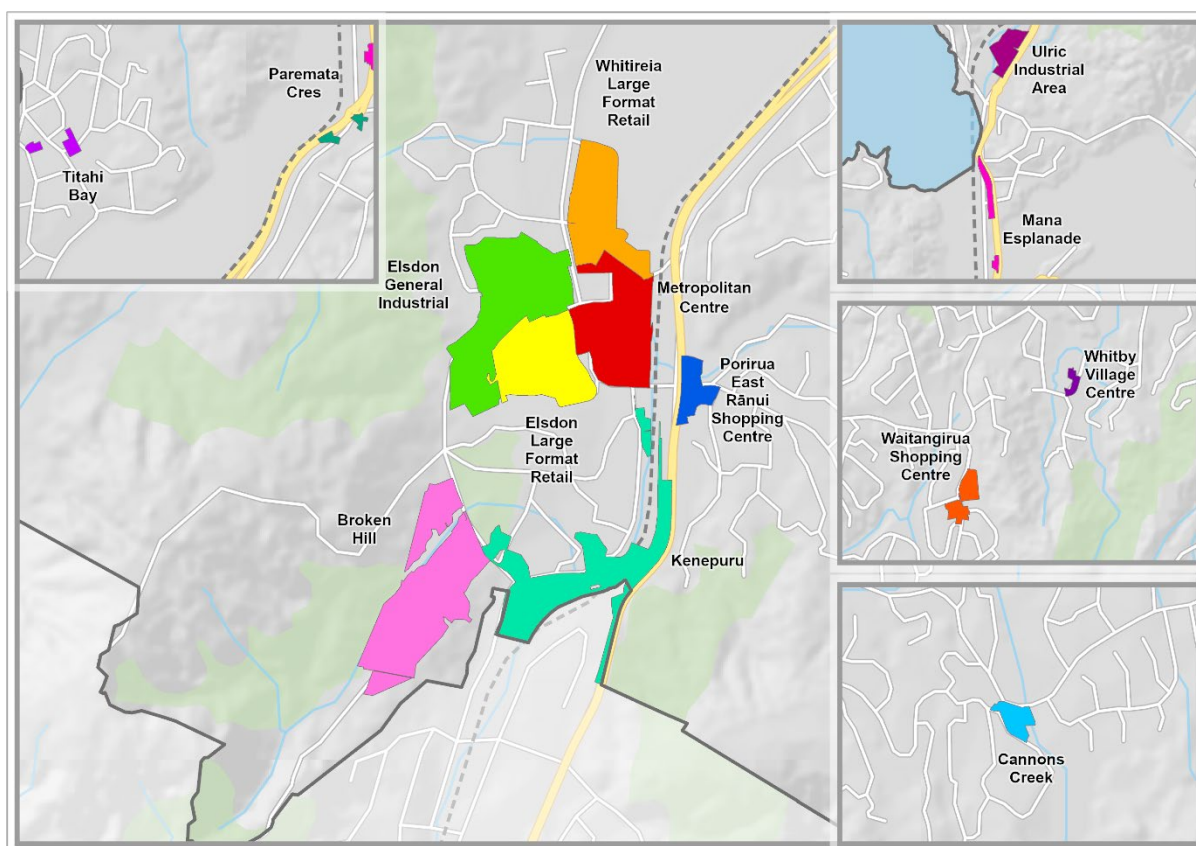


Figure 4.4: Porirua Business Areas

4.6.3 Business and Economic Trends

Key Growth Drivers

Population growth, coupled with Porirua’s strategic location within the region and improved regional connectivity through the opening of Transmission Gully, have been a key driver of sustained economic growth in the City over the past three years.

The local economy and employment continue to show resilience in the post-COVID environment across most sectors. Porirua also continues to benefit from Government and private sector office workers employed in Wellington City but living in Porirua continuing to work from home in high numbers (1-2 days per week on average¹).

Given the high proportion of residents who commute regularly to Wellington City, this is reflected in the higher share of employment in education and healthcare sectors in Porirua. Wellington city jobs are dominated by the government and commercial sectors. Often the latter supports the former, and many commercial services have clustered in Wellington to support government.

¹ Infometrics, PCC June 2023 quarterly update

Sustained GDP Growth

Porirua continues to outperform the country and Wellington Region with respect to GDP growth, with sustained rates of GDP growth above the national average since 2019.

Strong GDP trend in recent years

Annual GDP growth, March years

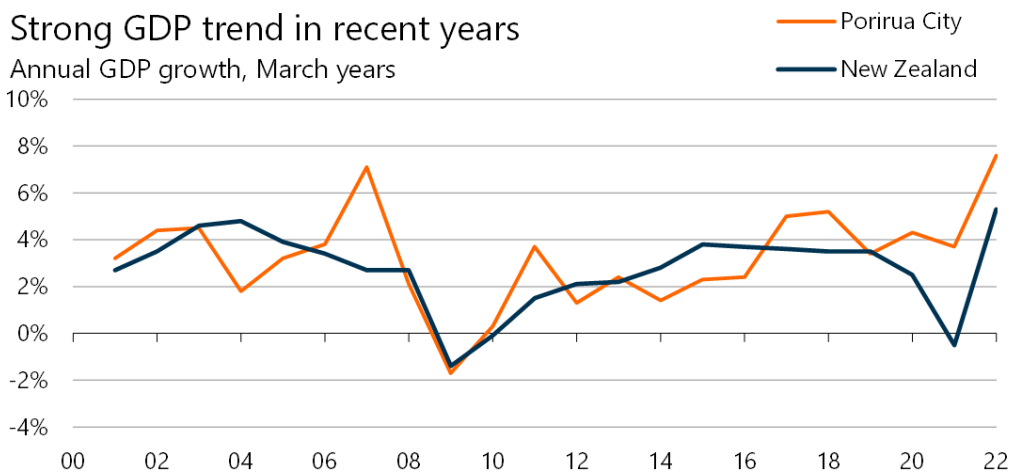


Figure 4.5: Annual GDP growth – Porirua vs New Zealand Source: infometrics

Porirua is the third strongest local economy

Comparison of total overall economic growth from pre-pandemic times till now shows that Porirua is the third strongest performing economy in the country, with total economic growth of 16 percent over the period December 2019 – March 2023. The City has experienced almost double the growth of the Wellington Region and country as a whole during this period.

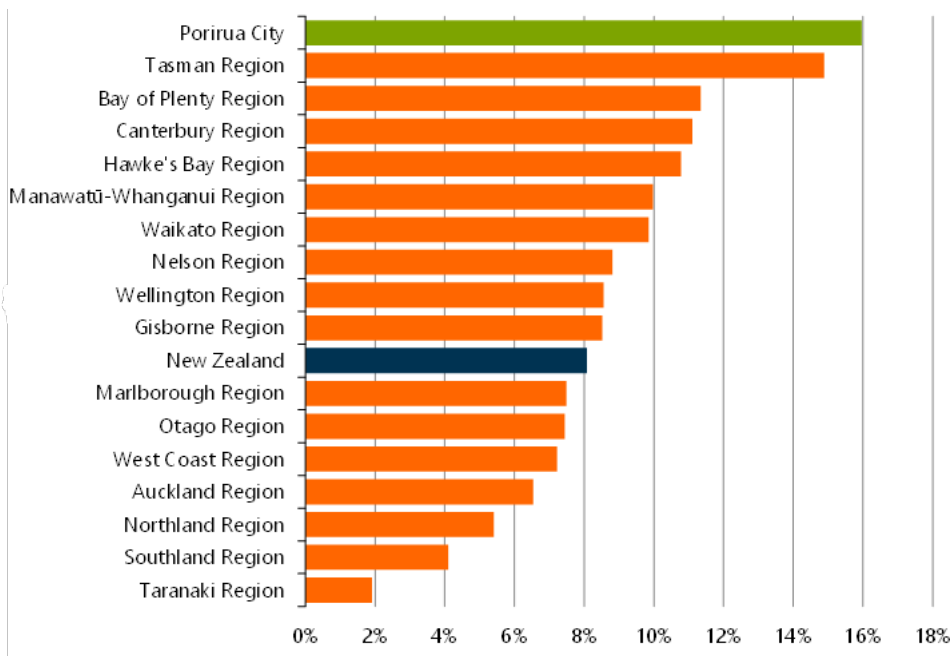


Figure 4.6 Provisional annual economic activity estimates - March 2023 vs Dec 2019 Source: infometrics

Employment by sector in Porirua

Construction, health, education and retail continue to be the best performing sectors in terms of overall employment, with 56 percent of the City's workers employed in these sectors.

A range of focus areas in Porirua

Share of employment, year to March 2022

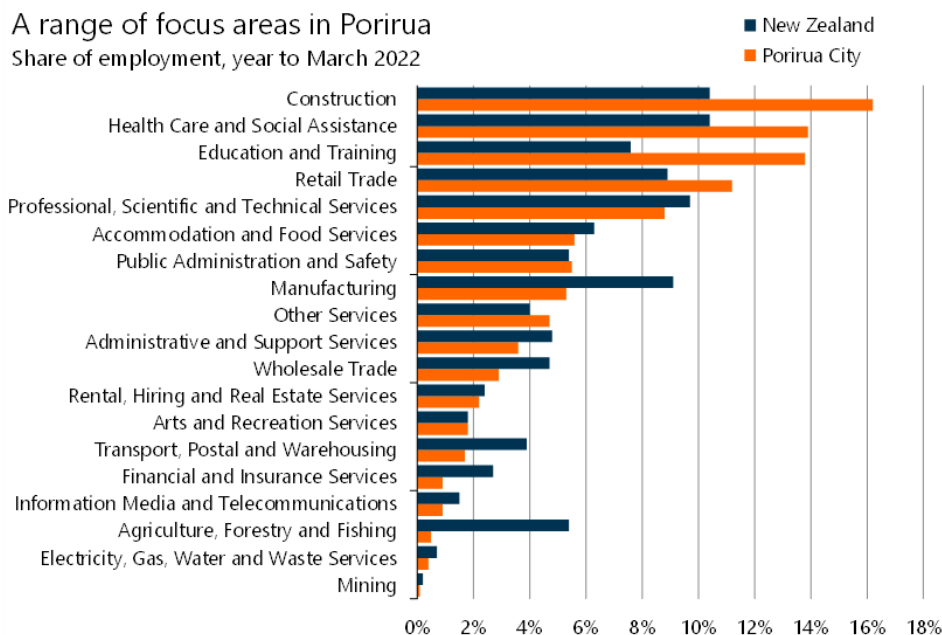


Figure 4.7 – Employment by sector in Porirua Source: infometrics

Trends in job placements

Retail continues to show resilience with the North City shopping centre performing well as the anchor of the City's retail offering, although overall employment in retail has dropped more than any other sector. The public administration, accommodation and food and transport Sectors are showing the sharpest increase in new jobs in Porirua in 2023.

Filled jobs by industry, Apr 2023, Porirua (residential location)

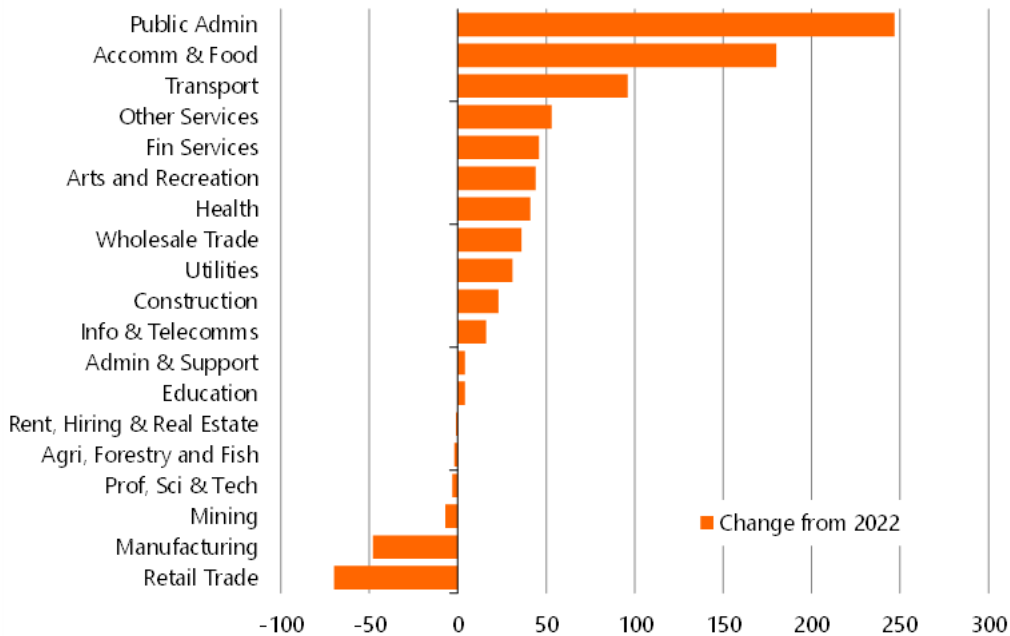


Figure 4.8: Job placements by sector in Porirua Source: infometrics

Total Employment

The total number of people in employment in Porirua hit 30,000 in late 2022, although has plateaued slightly since then. Note: this relates to jobs based on residential address, with many of the jobs Porirua residents hold based outside of the City.

Growth of 1.6%pa at start of 2023

Quarterly filled jobs, by residential address

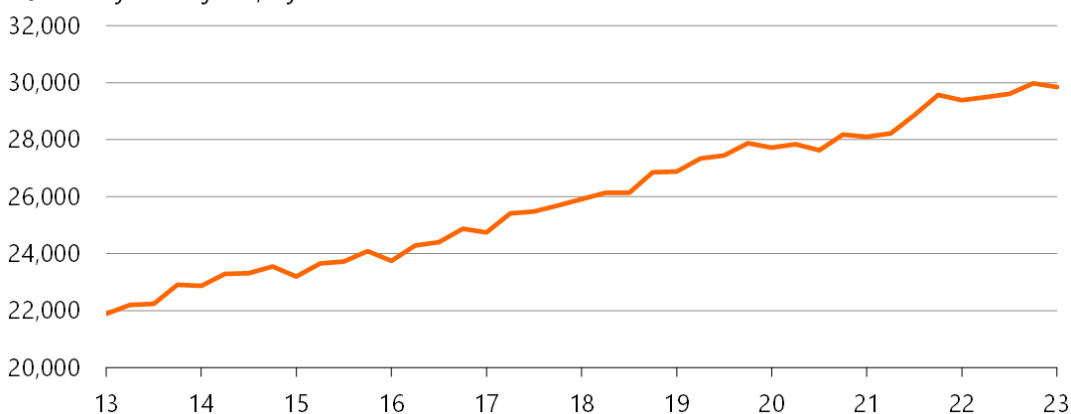


Figure 4.9: Growth in employment in Porirua Source: infometrics

Spending still rising

Porirua has seen a year-on year increase in local spending of 6.6 percent, which is striking in the context of a potential shallow economic recession at a national level. One key reason for this is less

'leakage' in spending from Porirua residents to Wellington City and other parts of the region as a result of 33 percent of employees working from home regularly, and buying more goods and services locally.

A 6.6%pa boost in annual spending

\$m, card spending, annual running totals. Source: Marketview

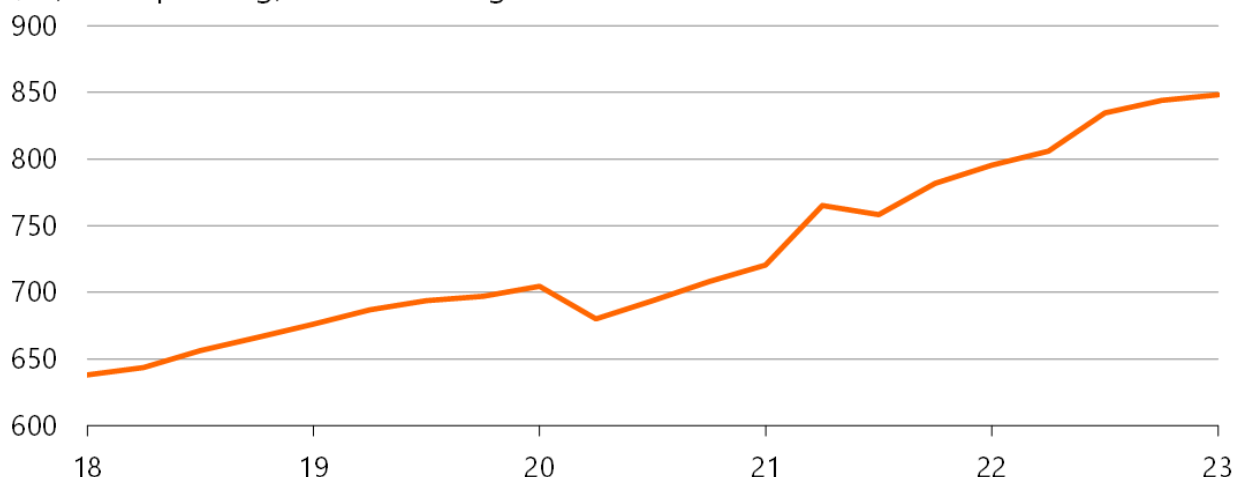


Figure 4.10: spending by year in Porirua Source: infometrics

Residential and non-residential construction activity

House building has recently fallen sharply from a period of sustained high numbers of houses being built per year, with a large drop in building consents issued in 2023 compared to 2022. Conversely, there has been a strong increase in the value of non-residential building consents issued in 2023, with several major commercial developments recently consented.

Large amount of work to get through

Annual running total, residential consents

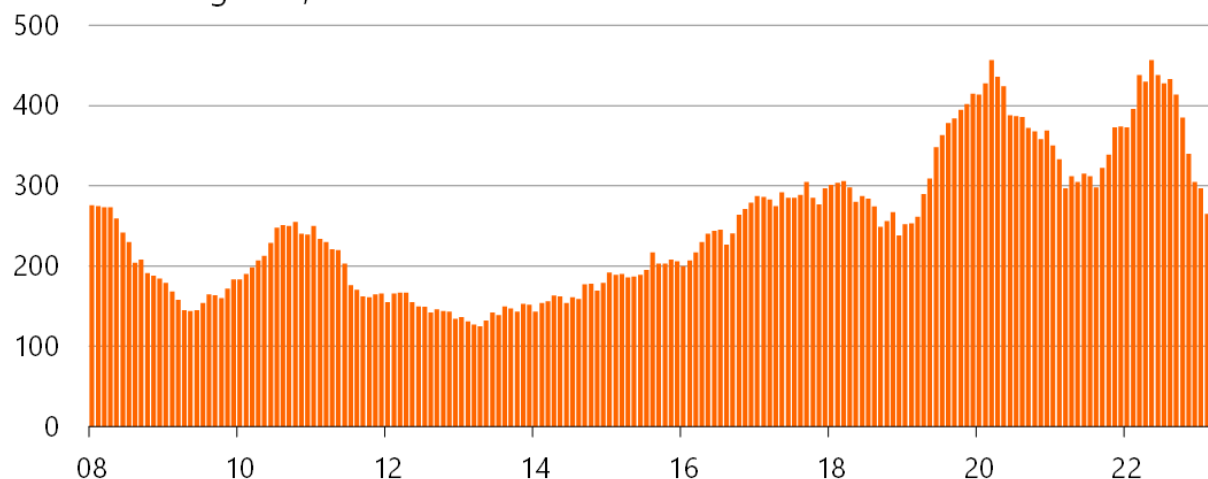


Figure 4.11: Annual running totals of building consents for new houses Source: Infometrics

Even more local investment

\$m, annual running totals, non-res consent values

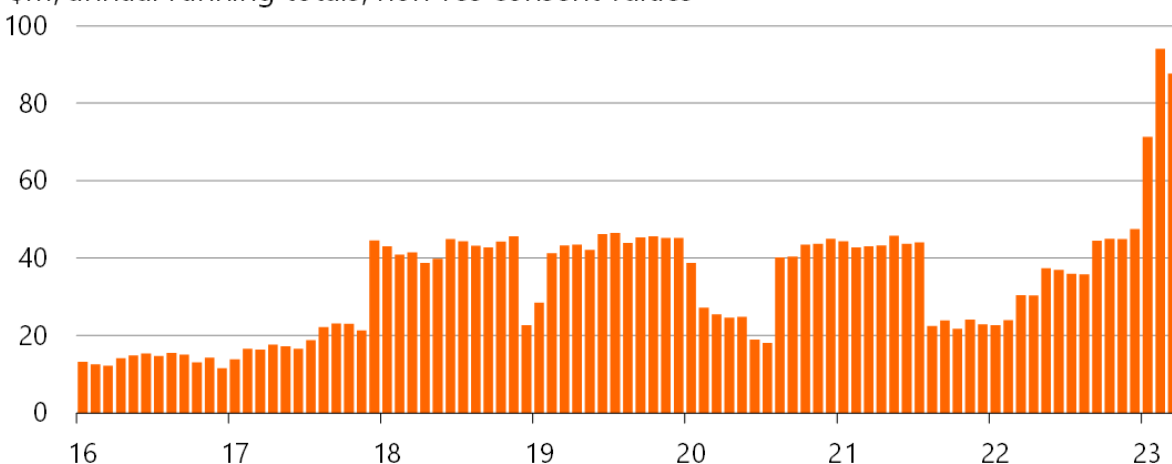


Figure 4.12: monthly value of non-residential building consents source: Infometrics

4.6.4 Forecast business demand

Market and Population Drivers

Demand for industrial, commercial and mixed-use land remains very high, although there is a clear market preference for modern, high quality, well serviced sites with good accessibility to SH1 and SH59¹. In this respect we note there is a tension between the market demand and locational preference for sites close to SH1 and SH59, and the NPS-UD and PDP approach which directs business growth to areas well served by public and active transport. Nonetheless, there are high levels of unmet demand for industrial land and large lot commercial development sites across Porirua. This is driving reinvestment in older industrial properties that would have previously been unfeasible to develop, which is an efficient use of the existing industrial land resource.

To meet longer-term demand for industrial land, PCC has identified the Judgeford Flats FUZ as an area suitable for industrial land use. Once developed through a structure plan and up-zoning, this is expected to net approximately 60-70 hectares of new serviced industrial land.

There is also a high degree of market interest in land at the southern terminus of Transmission Gully. This area benefits from excellent access to SH1 (north-south connectivity) and is equally accessible to SH58 (east-west connectivity). Because of this accessibility, businesses will be able to serve customers across the region more efficiently than they could elsewhere, and this is driving up demand for business land south of the Porirua City Centre including the Kenepuru Mixed-Use Zone.

Major housing developments in the City and associated population growth are also expected to continue to fuel demand for new business floor space in the City. Key developments contributing to this demand include the Eastern Porirua Regeneration Project, further stages of the Kenepuru

¹ TPG Report Land Use Report, May 2023

Landing development, the development of the NGA, ongoing subdivision and development in Whitby and Aotea, and infill and housing intensification within existing urban areas.

Strong employment growth in industry, which is both a floorspace and land ‘hungry’ activity, is another driver behind the growth in business land demand.



Figure 4.13: Judgeford Flats Future Urban Zone

Increase in business land demand

Given the above market and population drivers, Sense Partners forecast demand for business land in Porirua will be 13 percent higher by 2052 compared to 2022.

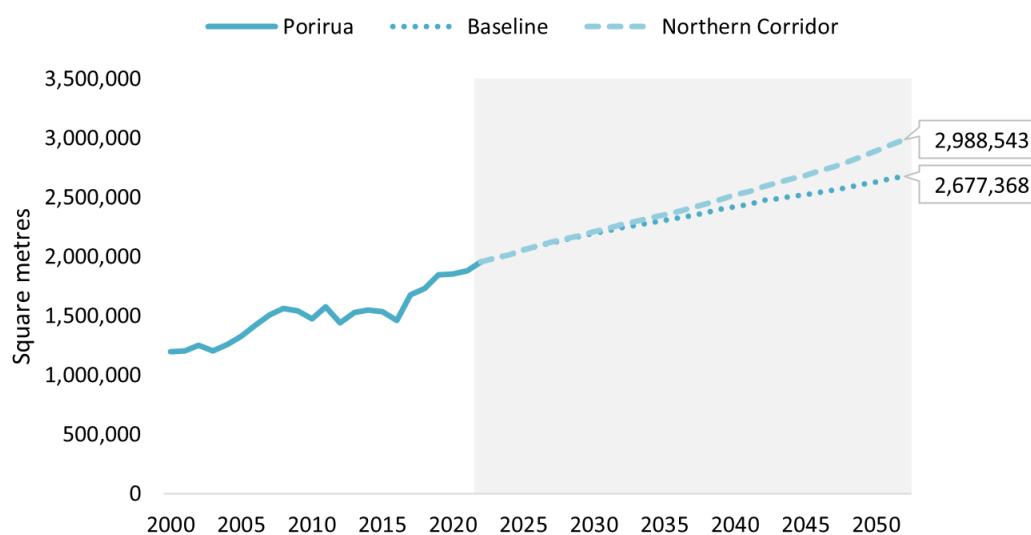


Figure 4.14: Projected land demand in Porirua 2022 – 2052 Source: Sense Partners

Demand for Business floorspace and land

Figure 4.14 above refers to the supply and demand for business land. However, for business purposes other than industrial activities, the relevant measure of supply is floorspace rather than land. It's important the two are distinguished to provide an accurate indication of enabled business capacity. For example, one piece of zoned commercial land may supply 10,000sqm for business purposes due to permitted building heights, while another site may only permit 2,000sqm due to building height restrictions. For this reason, both floorspace and land area are provided in Table 4.11 below.

Table 4.11: Demand for business floorspace and land by sector 2022-2052

Type	Floorspace (m2)				Land (m2)			
	2021-2024	2024-2031	2031-2051	Total	2021-2024	2024-2031	2031-2051	Total
Retail	4,179	18,552	67,500	90,231	5,970	26,503	96,428	128,901
Healthcare	-5,055	7,462	44,884	52,346	-6,739	9,951	59,844	69,795
Education	10,322	17,078	54,894	82,294	13,763	22,770	73,193	109,726
Commercial	4,388	6,627	22,212	33,227	3,375	5,098	17,086	25,559
Government	-1,205	531	1,979	2,510	-927	408	596	1,004
Industrial	54,935	112,068	250,743	417,746	122,078	249,041	557,205	928,324
Other	9,911	21,289	99,216	130,416	1,321	28,387	144,180	173,888
TOTAL	83,735	183,608	541,428	808,770	146,507	342,158	948,532	1,437,197

Figure 4.15 below shows the above demand for floor space by sector aggregated, which highlights the high demand for industrial land and floorspace relative to other sectors in Porirua:

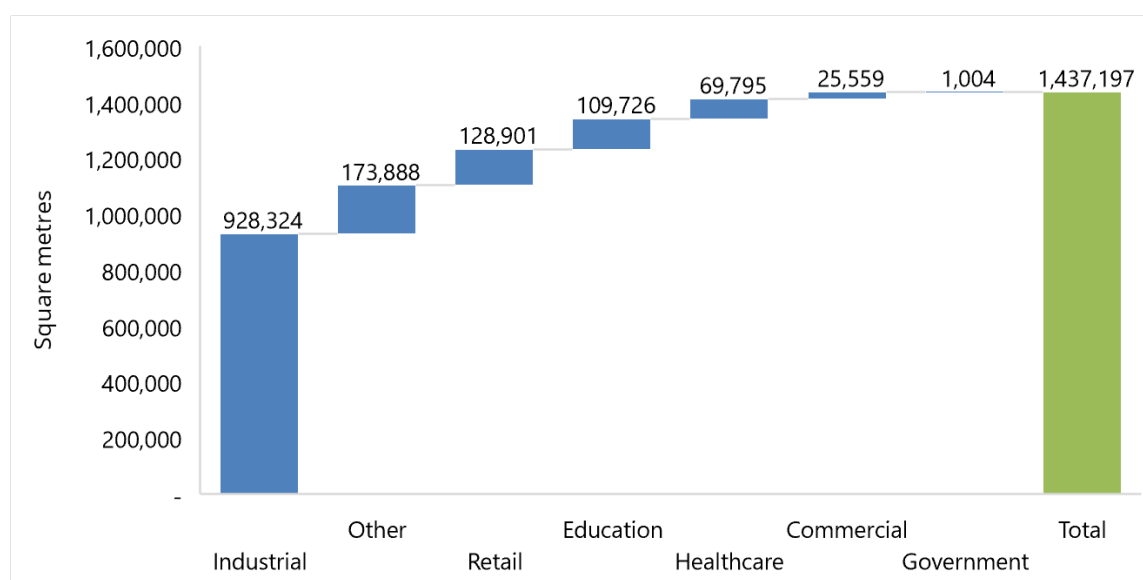


figure 4.15: Comparison of demand for business floor space by sector source: Sense Partners

The demand for business land has also been converted to hectares in Table 4.12 below:

Table 4.12: Demand for business land by sector 2022-2052 (hectares)

Type	Business Land (hectares)			Total
	2021-2024	2024-2031	2031-2051	
Retail	5.9	2.6	9.6	12.9
Healthcare	-0.7	1	5.9	6.9
Education	1.4	2.3	7.3	10.9
Commercial	0.3	0.5	1.7	2.5
Government	-0.1	0	0.1	0.1
Industrial	12.2	24.9	55.7	93
Other	1.3	2.8	14.4	17.4
TOTAL	14.5	34.2	95	143.7

Demand for business floorspace and land including competitiveness margin

In accordance with the NPS-UD, a buffer of 20% has also been added to the short and medium-term demand for floorspace, and 15% is added to the long-term demand. The inclusion of this buffer provides an additional margin to support competitiveness. The resulting inflated demand is as follows:

Table 4.13: Demand for business floorspace and land with competitive margin by sector 2022 - 2052

Type	Floorspace (m2)				Land (m2)			
	2021-2024	2024-2031	2031-2051	Total	2021-2024	2024-2031	2031-2051	Total
Retail	5,014	22,262	77,625	104,901	8,597	31,804	110,892	151,293
Healthcare	-5,055	8,954	51,617	60,571	-6,739	11,941	68,821	80,762
Education	12,386	20,493	63,128	96,007	16,517	27,324	84,172	128,013
Commercial	5,266	7,952	25,544	38,762	4,050	6,118	19,648	29,816
Government	-1,205	637	2,276	2,913	-927	490	685	1,175
Industrial	65,922	134,482	288,354	488,758	146,494	298,849	640,786	1,086,129
Other	11,893	25,547	114,098	151,538	1,585	34,064	173,016	208,665
TOTAL	100,481	220,327	622,642	943,450	177,243	410,590	1,098,020	1,685,853

4.6.5 Opportunities and constraints affecting business land supply

District Plan Enablement

Through recent changes to the RMA and NPS-UD, the Government has directed councils to change their district and regional plans to enable more intensification and greater levels of urban development. Although much of the focus has been on enabling housing in urban areas, it also requires plans to enable more business land.

As such, the PDP has enabled much more intensive and taller built form in existing commercial zones, and flexibility in terms of the range of uses permitted in commercial zones.

The NGA¹ will also feature a range of new commercial zonings, including a neighbourhood centre and local centre, although the main purpose of these is to service the day-to-day and weekly needs of residents within the area. The development of the NGA, and resulting future population, will also strengthen the viability of existing commercial centres in the north of the city and drive further demand for business land.

A new mixed-use zone has also been established through the PDP which provides for a wide range of commercial and light industrial uses, along with residential development. Kenepuru and Ulric St in Paremata are the two largest mixed-use zones.

Infrastructure enablement

Recent major roading infrastructure improvements, particularly the opening of the Transmission Gully Motorway, have also been a key enabler of population and business growth and have had a

¹ This includes the Plimmerton Farm development and the Northern Growth Development Area

noticeable impact on the demand for business land in the city through improved transport connectivity and accessibility. This has heightened the current shortfall in industrial land available for development, particularly for larger sites suited to heavy industry.

Physical constraints

The challenging topography in Porirua, limits to transport system capacity and reach, and the prevalence of natural hazards limits how much business land demand can be accommodated in undeveloped greenfield areas. Irrespective of planning enablement, there are numerous physical constraints present on much of the City's undeveloped and rural land which limit the potential for greenfield land to be developed for business purposes. As a result it's likely that much of the forecast demand for business land will not be able to be accommodated in Porirua. Given these constraints, better utilisation of existing brownfield business land in Porirua is a desirable outcome.

Infrastructure servicing costs and constraints for industrial land

Even with planning enablement, and in areas where physical constraints are likely to be overcome fairly easily (such as the Judgeford Flats FUZ area), the costs of infrastructure servicing may make development of new industrial land cost prohibitive. This is exacerbated by current funding and financing options.

Some business sectors, such as commercial activities, can overcome this by achieving economies of scale to justify the investment in infrastructure servicing by building up. Many industrial land uses by their nature however are unsuited to being located over multiple floors. As a result, most industrial activities will seek out large, flat land with existing services or in areas where services can be readily established. Where there is a shortage of land of this nature in a city or district, the industrial market will look regionally and beyond for suitable sites.

Competition between land uses

In addition, an important dynamic in the demand for and development of industrial land is competition between land uses in existing brownfield and greenfield areas, particularly between residential, commercial activities and industrial activities. Residential and commercial land uses typically deliver higher yields and profit margins than industrial land use, therefore greenfield land earmarked for industrial land use is likely to also be attractive for residential and commercial development. It is important therefore that district plans appropriately protect existing and proposed industrial land for these purposes, or risk industry leaving or not locating in the city in the first place. This also forces up the price of existing industrial zoned land as it becomes comparatively more scarce.

Given the compounding effect of the above factors, it's likely that demand for industrial land will outstrip supply in the medium to long term, impacting negatively on business land sufficiency.

4.6.6 Business capacity – Plan enabled, feasible and realisable

This section provides an assessment of business development capacity calculated based on the PDP including Variation 1.

An analysis of plan enabled floorspace has been undertaken with respect to all commercial zones as notified in Variation 1. The calculation of business capacity follows a similar process to that for residential capacity, whereby theoretical development capacity is identified for mixed-use and business areas based on the underlying zoning policy framework and rules.

The assessment compares scenarios for both infill and full redevelopment, and identifies vacant land. While the infill scenario identifies potential development capacity available around existing buildings, the redevelopment scenario considers demolition of existing buildings and redevelopment up to the maximum permitted building envelope for height, site coverage etc. Vacant land is a sub-category of the redevelopment scenario and 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 realistically determine development capacity. This includes using ratios to split development capacity between residential and business uses in zones that enable mixed use (e.g. commercial centre zones and the mixed use zones), and using the underlying zone standards to model maximum permitted building height, site coverage etc.

The last assumption applied is the heights of buildings in industrial areas. While building heights in industrial zones enable multi storey development, an assumption of single storey development has been used across industrial areas to reflect the largely single storey nature of buildings associated with activities located in the industrial zone e.g. factories, warehouses and sheds.

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

Table 4.14: Existing land area and enabled floorspace by zone

Business Zone	Existing land area (m2)	Existing floorspace (m2)	Infill floorspace (m2)	Redevpmt floorspace (m2)	Vacant floorspace (m2)
General Industrial Zone	740,690	184,415	206,051	6,391	0
Local Centre Zone	188,453	51,228	30,094	576,096	28,236
Metropolitan Centre Zone	158,490	64,689	340,699	972,210	14,892
Mixed Use Zone	340,320	74,320	419,743	1,054,244	158,506
Large Format Retail Zone	429,810	182,126	679,701	1,508,761	17,595
Total	1,857,763	556,778	1,676,288	4,117,702	219,229

Table 4.16: Existing land area and enabled floorspace by business area (with MCA score)

Business Area	Existing land area (m ²)	Existing building area (m ²)	Infill floorspace (m ²)	Redevpmnt. floorspace (m ²)	Vacant floorspace (m ²)	MCA score
Unspecified	420,453	30,907	83,016	483,617	N/A	N/A
Broken Hill	374,394	56,204	59,804	0	0	53
Cannons Creek	14,409	7,663	11,974	38,013	2,110	56
Elsdon General Industrial	366,296	128,211	146,247	6,391	6,391	55
Elsdon Large Format Retail	235,288	103,188	395,964	808,188	12,782	55
Kenepuru	213,836	52,085	282,783	659,708	51,570	63
Mana Esplanade	41,426	9,741	58,779	143,404	3,701	51
Metropolitan Centre (City Centre)	158,490	64,689	340,699	972,210	14,892	54.5
Paremata Cres	10,406	3,637	13,193	25,831	N/A	51
Porirua East/Ranui Shopping Centre	42,855	9,616	54,075	129,527	1,550	58
Titahi Bay	17,311	5,635	20,003	54,831	4,169	43
Ulric St industrial area	116,078	18,598	123,767	368,705	10,6936	43
Waitangirua Shopping Centre	56,964	13,480	71,385	172,612	16,707	51
Whitby Village Centre	15,487	5,093	14,775	37,709	N/A	39
Whitireia Large Format Retail	194,522	78,938	283,738	700,574	4,813	54.5
Total	2,278,216	587,685	1,960,202	4,601,320	225,620	

MCA scoring of business areas

Along with a quantitative assessment of business capacity, the business areas identified in Table 4.16 above have been subject to a multi-criteria assessment (MCA). This involved an assessment of each area against 14 criteria to assist in identifying the suitability of each area for business

development, and the nature of business development. Each criterion was scored on a scale of 1 (least favourable) to 5 (most favourable). This was supplemented by qualitative information in relation to each area from a range of stakeholders including Council staff, developers, real estate agents and business directors. The MCA criteria were as follows:

1. Proximity to major roading corridors
2. Access to rail routes
3. Access to airport
4. Access to seaport
5. Public transport accessibility
6. Parking availability & accessibility
7. Access to required labour force
8. Access to markets/consumers & reliance
9. Resilience to hazards
10. Supporting business/services in the area
11. Land & property cost
12. Developability/functionality
13. Separation from more sensitive activities
14. Community impact

Commentary on each business area, and the justification for any moderation of MCA scoring, is set out in the TPG Report included appended to the HBA report.

4.6.7 Sufficiency of business capacity

Like the assessment with respect to residential development capacity, there is a considerable gap between the business capacity enabled by the PDP and the realisation rate of business development, and the extent to which the enabled business capacity is taken up by new development.

Although a much greater scale of plan-enabled capacity is now available in Porirua, this is unlikely to be fully realised until market conditions are more supportive. In likelihood, there will be a considerable amount of enabled business capacity that will never be realised as many sites will not be redeveloped in the foreseeable future due to a range of market and non-market reasons, and sites that are developed may not make use of the full permitted building envelope.

Table 4.17: summary of business floorspace supply to meet demand 2022 – 2052 (m2)

Type	2021-2024	2024-2031	2031-2051	TOTAL
Demand (inflated with 20%/15% buffer)	100,481	220,327	622,642	943,450
Redevelopment capacity	4,601,320	-	-	4,601,320
Infill capacity	1,960,202	-	-	1,960,202
Vacancy	225,620	-	-	225,620
Sufficiency	Yes	Yes	Yes	

4.7 Conclusion on business sufficiency

There are numerous assumptions that have been applied in determining overall business sufficiency, however there is considered enough enabled floor space for business purposes to meet demand for the 30-year period 2022 – 2052. The overall supply of business floorspace is therefore assessed as being sufficient. There is however insufficient industrial zoned land in Porirua to meet demand over the next 30-years.

The Judgeford Flats FUZ is likely to provide sufficient capacity for 30-years of industrial land supply, however this assumes it can be adequately serviced, and that landowners and developers will act collectively to develop the area in a comprehensive manner to maximise its development potential. It is also likely to meet demand from Wellington City, Hutt City and Upper Hutt, cities that also have a shortfall in industrial land supply, which reflects a broader issue of insufficient industrial land supply across the region. If this (probable) scenario plays out, the 30-years of industrial land supply enabled through the up-zoning of Judgeford Flats FUZ will be exhausted within 10-15 years.

The ongoing, long-term shortage of greenfield industrial land in Porirua (and the region) is unlikely to be resolved in the foreseeable future given physical, planning and infrastructure servicing constraints, and the unrealistic costs associated with overcoming these. This will likely drive two market behaviours (both of which are evident already):

- Investment in the repurposing and modernising of existing industrial land. Historically, industrial sites are not efficiently laid out and optimised in terms of land use, and redevelopment provides an opportunity to make more efficient use of sites. Modern methods of production are also more efficient in terms of land use, making greater use of the limited industrial land resource. There is recent and ongoing redevelopment of industrial land in Elsdon of this nature, and this is likely to increase.
- Businesses requiring large footprint industrial sites either leaving Porirua (and the region) or not looking to establish in Porirua in the first place. Other districts in the lower North Island such as Horowhenua, Manawatu and Palmerston North have comparatively more affordable and available industrial land (and future industrial).

New commercial zoned areas created as part of the development of the NGA, along with other smaller greenfield areas, will likely be sufficient to meet the limited demand for new retail and commercial land over the next 30-years. These zoned areas will primarily service the new populations that will be living in these greenfield areas. The NGA is also likely to supply sufficient land to meet the projected demand for new education and health care facilities over the next 30-years.

Chapter 5: Kāpiti Coast District Council HBA



Key findings for Kāpiti Coast District's 2023 HBA

Housing Demand: 25,000 additional dwellings are forecast over the next 30 years. This is down from the previous assessment's 32,000 as a result of border restrictions from Covid-19. This growth will require 11,899 additional dwellings (13,888 with a margin for competitiveness).

Housing Capacity: A theoretical plan enabled development capacity of 300,996 dwellings has been identified from across residential and mixed-use zones and urban centres. Of this capacity, 55,383 dwellings are feasible to develop and 32,673 are likely to be realised.

Residential Sufficiency: This assessment has identified that sufficient realisable residential capacity (32,673) is available to meet future forecast demand for dwellings of 13,888 across the next 30-years, with 18,785 surplus.

Business demand: Population growth and better accessibility to the Kāpiti Coast is forecast to see demand increase for an additional 495,019m² of business floorspace over the next 30 years, with demand increasing most across the industrial, retail and healthcare sectors. This increases to 577,949m² with a margin for competitiveness.

Business Capacity: Theoretical plan enabled capacity (floorspace) has been identified across three development scenarios including 1,438,837m² from infill development, 3,966,144m² from redevelopment and 1,655,957m² from vacant land. Recent development activity and assessment suggests feasible opportunities that are likely to be realised over time.

Business Sufficiency: This assessment has identified that there is sufficient business capacity available across infill, redevelopment and vacant land scenarios to meet business demand forecast for the District over the next 30 years. Further work is needed to understand future needs for intensified urban centres and changing industrial uses to inform future assessments.

Infrastructure capacity: Planning capacity for growth remains an ongoing challenge. While short- and medium-term capacity for developments is generally available, further work is required to identify and adjust current planning and investment to reflect the recent increase in intensification of residential and urban centres across the District.

5.1 District context

5.1.1 The Kāpiti Coast District

The Kāpiti Coast District (Kāpiti or District) covers 730 square kilometres and sits between the Tasman Sea and the Tararua Ranges. Historically, development and growth has concentrated around its early coastal and inland settlements along the 40-kilometre length of the District.

Paraparaumu is the District's centre, supported by the Ōtaki and Waikanae townships to the north, Paraparaumu Beach to the west, Raumati and Paekākāriki villages to the south, and the rural/beach settlements of Te Horo and Peka Peka in between. The District sits in the middle of Wellington's western growth corridor, with the Horowhenua District to the north and Porirua City District to the south.

Historically an area of rural services with a number of seaside settlements, the District has seen periods of substantial growth over the last 100 years – with a particular increase in urbanisation over the 1990's to 2000's. Opportunities for lifestyle, proximity to Wellington and lower house prices compared to Wellington, have been key drivers of its ongoing growth and popularity.

Recent improvements from national roading projects and more flexible working arrangements have increased accessibility of the District, making it easier for people to live and work on the coast.

Similar to national and regional trends, Kāpiti Coast has experienced increasing demand for housing, which has led to significant increases in local property and rental prices. The impact of this increase is a particular challenge for Kāpiti, due to the drivers of underlying growth and its location in the region. As Kāpiti sits between metropolitan and provincial areas, its on-going attraction of people from across the region and other parts of the country is creating additional affordability pressures, particularly on those residents who live and work locally.

5.1.2 Te Tupu Pai: Growing well

Kāpiti Coast District Council adopted a new District Growth Strategy *Te Tupu Pai: Growing well* in February 2022. The Strategy provides an outline for managing how and where the District grows over the next 30 years. The Strategy provides detail on how Kāpiti Coast sees itself growing to meet the requirements of the National Policy Statement on Urban Development (NPS-UD) and as part of regional growth under the Wellington Regional Growth Framework (WRGF).

The Strategy informs how we shape the development of land and manage activities across our town centres and urban, rural and business areas, including through changes to the District Plan and infrastructure planning and investment decisions.

This includes making sure there is adequate planning and investment in the necessary infrastructure, services and facilities needed by our current and future population.

The Strategy sits alongside other Kāpiti Coast District Council strategies, including the economic development strategy, sustainable transport strategy, housing strategy, open spaces strategy and

the climate change action framework, to provide direction and coordination of activities to help support and achieve our community outcomes for the District.

5.1.3 Kāpiti Coast District Plan

Kāpiti Coast District Council's District Plan became operative in June 2021.

The current overall approach to development within the District Plan is to maintain a consolidated urban form within existing urban areas and a limited number of growth areas which can be efficiently serviced and integrated with existing townships. This reinforces an overall hierarchy of centres and the effective and efficient use of infrastructure.

The District Plan provides for residential use across the General Residential Zone and also has provision for residential use within its Metropolitan, Town and Local Centre zones and mixed-use zone. It also has a number of rural residential areas providing for smaller rural and lifestyle opportunities. A number of areas of future growth and expansion are identified as Future Urban Zone and Ngārara and Waikanae North development areas.

An urban development plan change (PC2 Intensification) was recently adopted and made operative from 1 September 2023. The Plan Change was a response to future growth needs and requirements under the National Policy Statement on Urban Capacity (NPS-UD) and the Medium Density Residential Standards.

It is important to note that this assessment is based on the notified version of the Proposed Plan Change 2 (intensification) published in August 2022. A number of subsequent changes have been made in the version adopted by Council. These changes are not reflected in this assessment but will be reflected in the assessment of the operative district plan as part of the next HBA.

5.1.4 Housing Strategy and Housing Needs Assessment 2022

A Housing Needs Assessment was undertaken, and a Housing Strategy developed in 2022¹. The Needs Assessment provides a detailed understanding of different demand for housing types across the Kāpiti Coast District including underlying factors affecting housing affordability.

In May 2022, Council adopted the Kāpiti Coast District Council Housing Strategy 2022. The Strategy outlines Council's vision and principles to address housing needs in the District, and actions the council can take over short, medium and long term across a range of roles it plays (for example, as regulator, facilitator, funder and provider).

A key part of our strategy is to provide a foundation from which productive partnerships can be grown with iwi partners, central government, the private sector, community housing providers and the community.

¹ www.kapiticoast.govt.nz/your-council/projects/housing/our-role-in-housing

Alongside the HBA, the Housing Needs Assessment and Strategy help Council to prioritise investment, capitalise on partnership opportunities, manage risk and coordinate a response to meeting the housing needs of the District.

5.2 Residential assessment of development capacity and findings

This section provides context and assessment of residential development capacity for the Kāpiti Coast District Council over the short (3 years), medium (10 Years) and long-term (30 years).

5.2.1 Current population and future forecasts

The Sense Partners 50th percentile population forecast for 2022 is used as the basis of assessment for this HBA. The comparison and rationale for selecting this scenario across all councils is provided in the regional overview. Forecast population growth is broken down across the short (2021- 2023) medium (2024- 2030) and long-term (2031-2051) periods to support analysis of demand as required by the NPS-UD.

Table 5.1. Forecast population growth by short, medium, and long-term periods for Kāpiti Coast District, 2021-2051

Population Forecast	Estimated population 2021	Additional population 2021–24	Additional population 2024–31	Additional population 2031–51	Forecast population 2051	Change in population 2021–51
Sense Partners Median	57,900	2,400	6,800	15,900	83,000	25,100

Understanding some of the factors shaping the make-up of Kāpiti’s population provides context for understanding current and future demand for housing across the District. Further information on Census 2018 and monitoring indicators can be found in Council’s NPS-UD Quarterly Monitoring Reports,¹ the People and Places² website, and the Urban Development Dashboard³.

Lifestyle, proximity to Wellington, and lower house prices compared to Wellington, are key factors attracting people to live in Kāpiti.

The 2022 population update⁴ forecasts the Kāpiti Coast district will grow by 25,000 over the next 30-years. While this has dropped from 32,000 forecast in 2021, the District is still forecasting strong growth into the future.

Migration is the primary driver of population growth in Kāpiti, with many new residents relocating to Kāpiti from across Wellington suburbs, other national centres like Auckland, and internationally. The drop from previous growth forecasts is primarily a reflection of the impacts Covid-19 border restrictions had on migration levels into New Zealand and to Kāpiti.

Kāpiti is expected to follow national trends, with a growing and aging population. Kāpiti already has one of the oldest populations in New Zealand which is reflected in its high proportion of single

¹ <https://www.kapiticoast.govt.nz/your-council/forms-documents/reports/urban-development-capacity/>

² <https://peopleandplaces.nz/>

³ [Urban Development \(shinyapps.io\)](https://shinyapps.io/UrbanDevelopment/)

⁴ www.demographics.sensepartners.nz/

(29%) and two-person (38%) households. While the District is expected to continue to increase its number of families, people in their mid and late career, and retirees moving to the District, it is also expected to lose young adults as they move away from the District for study, work and travel.

The opening of Transmission Gully and the Peka Peka to Ōtaki Expressway has improved accessibility to Kāpiti. While the opportunity for rural and semi-rural living continues to see some growth across the District's rural areas, most population growth is forecast across the larger urban centres of Paraparaumu, Raumati, Waikanae and Ōtaki.

Kāpiti Coast has lower average household incomes than regional and national averages. It also has a number of the most deprived areas in New Zealand. The increasing accessibility and demand for housing has driven up housing and rent prices to the highest levels ever experienced in the District.

Covid-19 also had an impact on housing demand and pressures in the District. Initially, Covid-19 saw a large number of expat kiwis and those from different parts of the country returning home. It also increased the ability for remote and flexible working, with people looking for options for better work life balance. With its improved access and connection to Wellington, and more affordable housing compared other larger centres, Kāpiti is an attractive option for those looking to relocate.

This additional demand has contributed to the significant affordability issues the District already had, with Kāpiti having some of the worst levels of affordable housing and rent regionally and nationally. These pressures persist across the District but are most acute in Ōtaki, where the differences in housing availability, costs, incomes and demand for housing are creating significant levels of housing stress and resulting in mana whenua and local residents being displaced from the area.

Kāpiti has a high level of home ownership at 59.8% compared to national levels of 51.3%. As a result, increasing housing costs also have an impact on rates affordability for homeowners in our district. Increasing numbers of households on low and fixed incomes also affects Council's ability to collect residential rates, and in turn, maintain and increase services as the District grows.

Kāpiti has a high proportion of unoccupied private dwellings. These are concentrated across its beach settlements, which have been historically popular holiday destinations and therefore have a number of baches and second homes. At the 2018 Census, vacant dwellings made up 16% of stock in the Waikanae and Ōtaki Beach areas and 12% in Te Horo.

Recent demand for housing has seen an increase in new houses being consented. Between 200 – 350 new houses have been consented annually over the last five years. This is up from 200 – 250 from the last assessment. This is still lower than levels of growth experienced through the late 1990's to 2000's where between 400 – 600 new houses were built annually in Kāpiti.

Comparing dwelling consents to household growth for Kāpiti shows a level of responsiveness from the housing market to population growth. However, comparing numbers more closely shows a clear period of net housing growth between 1996 – 2007 when the District was growing strongly, but an undersupply of housing against household growth almost every year from 2008 -2020. It is difficult to draw full conclusions without more longitudinal data (pre-1996) – but this recent period of undersupply of housing corresponds with increasing housing pressures across the District.

There continues to be a preference for larger standalone houses across the District. This creates a mismatch with the high number of smaller (single and couple) households in the District. However, increasing demand and house prices has seen an increase in smaller houses and medium density developments emerging on the market.

5.2.2 Forecast housing demand

Forecast population growth is used alongside forecasts changes in household formation to determine future demand for the number and type of housing. Housing type includes:

- Stand-alone housing – housing on its own lot, typically associated with lower density areas.
- Joined housing – including terraced housing, flats and apartments.

In accordance with the NPS-UD, an additional competitiveness margin of 20% is added to forecast demand for the short and medium-term demand, and 15% to forecast demand over the long-term. The competitiveness margin provides for additional development capacity, over and above the expected demand, in order to support choice and competitiveness in housing markets.

Table 5.2. Dwelling demand (including competitiveness margin) for Kāpiti Coast District, 2021-2051

Dwelling demand	Additional dwellings 2021–24	Additional dwellings 2024–31	Additional dwellings 2031–51	Change in dwellings 2021–51
Sense Partners Median Forecast	1,298	3,280	7,321	11,899
Demand with competitiveness margin	1,549	3,928	8,411	13,888

To help us understand and analyse differences for housing across different parts of the District we have identified six housing market areas. The six housing areas are identified in Figure 5.1 below.



Figure 5.1. Map of the six housing areas used for analysis of residential development capacity

Table 5.3 sets out the short, medium and long-term demand for dwellings by type and housing area. Note – analysis within this assessment uses rounding in its breakdown of housing demand across housing areas and housing types. This accounts for slight differences in subtotals and totals when aggregated in this report and when compared to supporting assessment work.

Table 5.3. Dwelling demand (with competitiveness margin) by type and housing area, 2021-2051

	2021-2024	2024-2031	2031-2051	Total
Paekākāriki				
Stand-alone housing	3	10	40	53
Joined housing	0	1	4	5
Total	3	12	44	59
Raumati				
Stand-alone housing	138	437	795	1,370
Joined housing	18	78	118	214
Total	156	518	914	1,588
Paraparaumu				
Stand-alone housing	332	851	1,656	2,839
Joined housing	124	185	612	921
Total	464	1,038	2,273	3,775
Waikanae				
Stand-alone housing	318	640	1,132	2,085
Joined housing	211	412	1,161	1,784
Total	527	1,053	2,289	3,869
Ōtaki				
Stand-alone housing	181	423	723	1,327
Joined housing	68	426	1,417	1,911
Total	249	848	2,133	3,230
Other				
Stand-alone housing	106	264	467	837
Joined housing	41	191	290	522
Total	150	459	758	1,367
Total				
Stand-alone housing	1,078	2,625	4,813	8,516
Joined housing	462	1,293	3,602	5,357
Total	1,549	3,928	8,411	13,888

5.2.3 Analysis of housing demand

Analysis of housing demand helps us identify changes since the last HBA.

- The strongest demand for housing continues to be centred in Waikanae and Paraparaumu. Their share of growth has fallen slightly from the 2021 projections but still makes up nearly two thirds of all projected growth, with 28% and 27% respectively.
- Ōtaki has seen a slight increase in its proportion of forecast growth, up to 23% from 20% in 2021. This remains a significant increase from the 10% of total growth identified in the 2019 assessment. Raumati and the 'Other/Rural' housing areas continue to make up 11% and 10% of the remaining demand.
- Standalone housing is forecast to make up 61% of future demand, still showing a strong preference but also a clear shift down from higher levels (84%) identified in the first HBA in 2019.
- In contrast, forecast demand for joined housing (terraces, town houses and low-rise apartments) has increased from 12% to 39% over this period. This reflects consistently with national changes enabling intensification but also market changes observed locally, with a number of medium density developments emerging across Paraparaumu in recent years.
- Growth in Paekākāriki remains under 1% of the District's overall future demand reflecting the current constraints for development in the area.
- The proportion of smaller (one person and couple) households is forecast to increase from 64% to 68% of all growth which is offset by a drop in one parent and two parent households from 32% to 29%. This primarily reflects the aging of the current population and additional older persons moving to the area.
- Sense Partners forecasts also identified that a portion of the future growth in households would be met through increased use of vacant housing currently found across the District. Census 2018 indicated particularly high levels of vacant housing at Ōtaki Beach (16%), Te Horo (12%) and Waikanae Beach (16%), which are areas that have been popular for baches and second homes in the past.
- An average household size of 2.2 persons is forecast across the next 30 years. This is a slight decrease from the average of 2.5 average identified in Census 2018 and the last Long-term Plan in 2021 and 2.3 in Sense Partners 2021 forecasts. This decrease in size reflects an aging population and increase in couple and one person households over the next 30 years.

5.2.4 Housing demand for other groups

This section identifies housing demand across different groups to help understand some of the different needs for housing across Kāpiti.

5.1.1.1 Māori housing demand

A number of settlements across Kāpiti have developed from sites of early Māori settlement. Census 2018 identified a growth in Māori population in Kapiti, from 13% in 2013 to 14.7% in 2018. The distribution of Māori population ranges from 8-15% across five of the housing areas, but Ōtaki is a clear standout, with Māori making up 33% of its population in 2018.

While Paraparaumu has the highest number of Māori households at approximately 1092, proportionately Ōtaki has approximately 33% of all households identifying as Māori. The next highest is Paekākāriki at 15%, then Paraparaumu 11%, Raumati 10%, Waikanae 9% and Other just under 8%.

In comparison, Māori have a number of different outcomes for housing. Just under 50% of Māori households own or partly own the dwelling they live in compared to 61.7% of non-Māori households. As a result, a much higher percentage of Māori households are renting in Kāpiti.

Household compositions also look very different, with lower levels of households of couples or one person, but much higher levels of group and other family households with children.

Some of these differences in household composition between Māori and non-Māori, may be explained by cultural composition of family units and supported living arrangements. Housing challenges and Covid-19 have also contributed to whanau returning home to live with family.

With recent price increases affecting both the ability to buy and rent, it is clear from tenure differences that Māori households are more susceptible to housing affordability issues across the District. This has been identified in more detail in the Housing Needs and Social Impact Assessment which identifies the social impacts of housing pressures across the District and in particular the impacts it is having in Ōtaki with overcrowding and housing stress and displacement.

A study by BERL in 2016 on the Māori Economy identified 2,200 hectares of Māori Freehold Land across Kāpiti¹. The recent Needs Analysis identified a need and demand for Māori and papakāinga housing across the District. Council is working with our iwi partners on opportunities to meet housing needs as part of the Housing Strategy. The District Plan was also recently amended through Plan Change 2 to introduce new objectives, policies and rules intended to be more enabling of papakainga. Those amendments became operative on 1 September 2023.

5.1.1.2 Public Housing demand

Recent data on the Ministry of Social Development's (MSD) Housing Register shows that registrations for social housing have risen significantly across the last five years alongside increasing house prices and rents in the District. Registrations have increased from 57 reported in December 2017 to 165 registrations in December 2022, peaking at 216 registrations in March 2022.

Of applicants, 62% were matched to a one-bedroom home, 27% a two-bedroom home, 7% a three-bedroom home and the remaining 4% a four-five-bedroom home. The proportion of demand for one-bedroom properties in Kāpiti is much higher than that in many of our surrounding districts and the national average. This is a mismatch with the current portfolio of housing available.

Kāinga Ora Homes and Communities currently manage a portfolio of approximately 217 dwellings in the Kāpiti Coast district, with most of these homes located in Ōtaki and Paraparaumu. This consists of 12x1 bed, 123 x 2 bed, 74 x 3 bed and 8 x 4 bed houses. Historically there has been a significant under investment in public housing in Kāpiti, which has very low social housing numbers compared with our neighbours. This puts significant pressure on the market, which is not able to meet these needs, contributing further to increasing affordability pressures.

Kāinga Ora is undertaking work as part of the Central Government's Public Housing Plan 2021-24 to deliver additional capacity (itself and working with Community Housing Providers) to meet

¹ BERL. 13 December 2016 *The Māori economy in the Kāpiti Coast District*.

increasing needs in the District. Kāinga Ora are also in the process of developing an Area Development Strategy for Kāpiti that will help inform how they support future needs and demands across the District. While work is underway to provide new and additional housing, this is building from a low base against the District's needs and will take some time for developments for additional stock to come into the market to start making a difference to significant needs in this space.

5.1.1.3 Housing for older persons

The Kāpiti Coast District has one of the oldest populations nationally, with 19% of its population over 70 compared to the national average of 10%. Similarly, the District has a high proportion of one person households at 29% compared to the national average of 21%.

Future forecasts expect the over 70 age group to grow further to 25% by 2051. This is driven by the natural aging of New Zealand's population, but also the continued attraction of the Kāpiti Coast District area as a retirement location with Kāpiti providing a large proportion of the region's retirement living, with further retirement villages in development supporting this growth.

Council also provides a small portfolio of housing to support older persons that are able to live independently. This includes 118 one-bedroom units. 56% of this stock is in Ōtaki (66 units) with 38% in Paraparaumu and less than 3% each in Waikanae and Paekākāriki.

Council currently has 63 approved applicants on the register for future places and has continued to see increasing demand for these places as pressure has increased over the last few years. Council is currently undertaking a review of its older persons housing under its housing strategy to support better housing outcomes in the District. This will include looking at suitability of existing housing provision, including accessibility and how best to support growth and ensure sustainability. Community feedback has indicated support for intergenerational housing opportunities.

5.1.1.4 Demand for Student Accommodation

Demand for student accommodation is a factor with a particular impact on housing demand in Ōtaki, where Te Wānanga o Raukawa is located. The Wānanga has on site accommodation to support a number of courses it provides but a number of students undertaking full-time study look to relocate to the area for the duration of their studies, often bringing their whanau with them. There is currently a lack of market housing and in particular one and two bed options in the area to help meet this need in the area.

This demand for student accommodation and lack of current options creates additional demand in an area that already has limited availability and options for housing and market rentals. The lack of capacity to be able to meet these needs locally also acts as a constraint to attracting more students to the area.

5.1.1.5 Visitor Accommodation

The Kāpiti Coast has long attracted visitors to the area with its coastline and recreational opportunities. Currently the Kāpiti Coast District has no hotels, limited motels and several

campgrounds, and has a significant shortage of traditional visitor accommodation. More recently, housing pressures and the demand for housing has seen a number of motels and campgrounds being used more for transitional housing, or close as accommodation to provide market rentals.

The introduction of Air BnB in 2015 created an ability to use house listings to support short-term stays in the District – providing an alternative to meet demand for visitor accommodation. Since its introduction, data shows that Kāpiti Coast District's proportion of Wellington Region's AirBnB listings have steadily increased, with 383 house listings at the end of 2022, making up 19% of the Wellington regional house listings.

The use of housing for visitor accommodation effectively takes stock out of use for housing needs, adding to the overall demand for housing. While we suspect some Air BnB properties may be utilising the District's historical stock of bachs and second homes, the data does not identify listings by location to support further analysis.

Assumptions around the impacts of visitor accommodation and the usage of vacant housing is something we would like to analyse further when Census 2023 results are available, to help identify any shifts in the occupancy of housing stock across the District.

5.1.1.6 First Home Buyers

Core Logic data¹ on houses sales and first home buyers helps us understand differences between levels of activity and opportunity for first time buyers to get onto the housing ladder. Comparing percentages of first-time buyers of total sales identifies Kāpiti as having the lowest percentage across the region, closely followed by Masterton.

Recent analysis showed 95% of renters are unable to afford to buy a house within the Kāpiti district, up 16% since 2013². The most unaffordable areas for renters to buy were Ōtaki at 98% and Paekākāriki at 100%.

The similarly low level of first-time buyers in Kāpiti and Masterton may be explained by their shared situation. Both these areas are growing through people moving to the area driving demand and prices up – making it difficult for first time buyers to compete in the market. Similarly, a lack of options of housing types, including smaller and more affordable options is limited by what the market is providing, limiting first time buyer's choices.

5.2.5 Residential development capacity – Theoretical plan enabled, feasible and realisable

This section provides the assessment of residential development capacity calculated from the District Plan (including the notified Proposed Plan Change 2 Intensification).

Theoretical development capacity is identified for all residential, mixed-use and urban centres (which allow residential uses) based on their underlying zoning and development controls. The

¹ <https://www.corelogic.co.nz/news-research/reports/fhb-report>

² Source: Updated information from the Housing Needs Assessment 2022 based on modelled data from Statistics New Zealand, Headway Systems and MHUD.

assessment includes two brownfield (existing urban area) scenarios for all site under five hectares in size:

- Infill development – which includes development capacity that can be developed around existing buildings.
- Redevelopment – which includes development capacity that could be built if sites were fully redeveloped.

Both infill and redevelopment scenarios are assessed against development potential for different housing typologies. This includes standalone housing, terraced housing, and apartments.

All residential sites over five hectares in size; or sites zoned for future development are identified and assessed as greenfield development. Given the size of these sites, they are calculated with different development costs and assumptions over those in brownfield areas.

Assumptions are also used as a proxy for theoretical development capacity for residential use across the District's mixed-use and urban centres. These include 30% of development capacity being attributed to residential use in the metropolitan centre and mixed-use areas, and 50% in town and local centres. Further information on the modelling process and assumptions can be found in the supporting HBA methodology and Property Economics Report.

5.2.5.1 Theoretical plan enabled residential capacity

The assessment of development capacity identified an additional capacity for 300,996 theoretical dwellings from across residential and mixed-use zones. This is significantly higher than the 17,983 identified from the last assessment. This reflects the increase in intensification enabled through the Medium Density Residential Standards and National Policy Statement on Urban Development.

Table 5.4. Theoretical plan enabled residential development capacity for Brownfield and Greenfield, by housing area

Housing area	Theoretical Infill/Redevelopment		Theoretical Greenfield		Total Theoretical	
Paekākāriki	8,557	3%	0	-	8,557	3%
Raumati	40,774	16%	4,750	12%	45,524	15%
Paraparaumu	91,372	35%	9,782	24%	101,154	34%
Waikanae	75,820	29%	15,499	38%	91,319	30%
Ōtaki	37,709	15%	9,937	24%	47,646	16%
Other	5,817	2%	979	2%	6,796	2%
Total	260,049	100%	40,947	100%	300,996	100%

5.2.5.2 Feasible residential capacity

The feasibility of theoretical capacity is assessed using a range of development factors including land values, building costs and sales prices to inform what development scenarios are profitable.

This indicates the extent to which theoretical development is feasible to develop at the time of this assessment.

Overall, 55,383 dwellings were assessed as feasible to develop. This is 18% of the total theoretical development capacity. Of note, 73% of feasible capacity from the redevelopment and infill scenarios is for terraced housing, with 14% standalone and apartments only making up 3%. Feasible dwellings in a greenfield setting make up 12% of total feasible capacity.

The shift in balance of underlying land values and the large increase in construction costs has had a significant impact on the financial feasibility of housing development. Although terraces have not historically played a large role in Kāpiti's housing market, the new intensification planning standards are likely to result in a significant shift towards this typology.

Table 5. 5. Total supply of feasible residential development capacity for Greenfield and Brownfield, by typology & housing area

Housing area	Redevelopment and Infill			Greenfield			Total
	Stand-alone Housing	Terraced housing, flats	Apartments	Stand-alone Housing	Terraced housing, flats	Apartments	
Paekākāriki	238	1,871	0	0	0	0	2,109
Raumati	1,729	7,355	62	204	78	0	9,428
Paraparaumu	3,698	9,370	931	50	316	579	14,944
Waikanae	4,566	9,673	82	1,894	619	0	16,834
Ōtaki	1,072	5,719	119	831	1,522	0	9,263
Other	157	2,288	0	29	331	0	2,805
Total	11,460	36,276	1,194	3,008	2,866	579	55,383

5.2.5.3 Realisable residential capacity

Last, we assess development capacity that is likely to be realised – or built. There are a range of variables that influence the likelihood of feasible development being built including the risks of developing different housing typologies – with more intensive housing increasing costs and risks, and underlying profit motivations – where a developer has different motivations than a landowner.

Overall, 32,673 dwellings are likely to be realised. This is 60% of feasible capacity and 11% of theoretical capacity. 15% of all realisable capacity is from greenfield sites. The highest amount of realisable capacity across the District is in Waikanae at 33%, Paraparaumu is not far behind on 27% and Raumati on 18% and Ōtaki at 11%.

Paekākāriki has a realisable capacity of 1,446 dwellings (4% of all realisable capacity). This capacity reflects the increased intensification of the area under the NPS-UD. However, the assessment of realisation does not directly factor in the capacity of supporting infrastructure of the area. Paekākāriki is currently supported by septic systems and has no reticulated wastewater infrastructure, creating a practical constraint on the amount of the realisable capacity achievable in Paekākāriki.

Market practicalities of development are also reflected in the assessment, including infill development having a relatively lower risk for a developer over comprehensive development. It also shows the increasing risk of development as a typology increases in scale from standalone dwellings through to terraced products and lastly, apartments.

When modelled, this sees the feasible apartment capacity in the residential zones fall away and number of terraces significantly reduce, partially in favour of standalone typologies.

Table 5.6. Total supply of realisable residential development capacity by typology & housing area

Housing area	Redevelopment and Infill			Greenfield			Total
	Stand-alone Housing	Terraced housing, flats	Apartments	Stand-alone Housing	Terraced housing, flats	Apartments	
Paekākāriki	854	592	0	0	0	0	1,446
Raumati	3,691	1,948	42	239	0	0	5,920
Paraparaumu	5,105	2,942	471	69	288	0	8,875
Waikanae	5,014	3,401	0	2,003	376	0	10,794
Ōtaki	983	882	0	1,584	0	0	3,449
Other	570	1,440	0	179	0	0	2,189
Total	16,217	11,205	513	4,074	664	0	32,673

5.2.6 Sufficiency of residential capacity

In considering whether there is sufficient development capacity to meet housing demand, it is useful to look at the comparison of demand by housing area against realisable capacity, but also consider other factors, including recent residential development rates.

Table 5.7 below compares the total demand for housing (with competitiveness margin) by housing type, against the realisable development capacity by housing area.

Table 5.7. Comparison of housing demand against realisable capacity, by typology & housing areas

	Demand	Capacity	+/-
Paekākāriki			
Stand-alone housing	53	854	801
Joined housing	5	592	587
Total	59	1,446	1,387
Raumati			
Stand-alone housing	1,370	3,930	2,560
Joined housing	214	1,948	1,734

	Demand	Capacity	+/-
Total	1,588	5,920	4,332
Paraparaumu			
Stand-alone housing	2,839	5,174	2,335
Joined housing	921	3,230	2,309
Total	3,775	8,875	5,100
Waikanae			
Stand-alone housing	2,085	7,017	4,932
Joined housing	1,784	3,777	1,993
Total	3,869	10,794	6,925
Ōtaki			
Stand-alone housing	1,327	2,567	1,240
Joined housing	1,911	882	-1,029
Total	3,230	3,449	219
Other			
Stand-alone housing	837	749	-88
Joined housing	522	1,440	918
Total	1,367	2,189	822
Total			
Stand-alone housing	8,516	20,291	11,775
Joined housing	5,357	11,869	6,512
Total	13,888	32,673	18,785

The table identifies enough realisable capacity to meet almost all areas of housing demand, with many also having healthy levels of surplus capacity. Ōtaki, is the one exception where there is a shortage of joined housing. While a large amount of joined housing was identified in the feasibility modelling for Ōtaki this appears to be trumped by preferences for standalone housing, or market factors (costs, risks and motivations) preventing it from being realised.

The supporting Property Economics report also assesses realisable capacity by typology sizes using their own methodology for household compositions. This identified that small, medium and large sized housing across standalone, terraced and apartment housing types could all be met with the exception of small apartments. While there was excess demand for standalone and terrace typologies, the margins were much closer for apartments.

This is unsurprising as medium density housing typologies are only just starting to appear across parts of Kāpiti (with the exception of Paraparaumu Beach) and given apartments are identified as the riskiest and most expensive typology to develop.

Property Economics also undertook two additional sensitivity scenarios looking at the impacts on realisability if land values were reduced by 14%, and if land values increased by 20% alongside a drop in construction costs by 10%. The first scenario had limited impact on feasibility but saw a drop of realisable capacity to 22,808. The second scenario saw a marginal increase in feasibility but a significant increase to realisable capacity to 43,833.

This identifies a sensitivity to changing land values in both levels of feasible development and realisation rates. The sensitivity analysis also shows that change to land values, sales price and construction costs would further increase the feasibility and realisation of apartments across parts of the District.

Using the current rates of new builds to compare against forecast demand can help us understand differences between current supply and demand. Recent building consent rates for new builds range from 200 – 350 new builds a year over the last 5-year period. This includes an average of 262 dwellings including 210 standalone houses and 52 joined houses per year. This is an increase from 240 dwellings from the last assessment including 208 standalone houses and 32 joined houses.

Table 5.8 below provides a breakdown of new build rates against future demand across the short medium and long term. This shows a potential gap in current levels against forecast demand. A simple comparison of the current build rate and shortage against the inflated demand would see us get to 19 years worth of demand at current rates (26 years uninflated). While this shows a gap, we know that the market has been increasing supply in recent years and has a significant pipeline of larger scale developments in the pipeline. We also know that the local market has also previously delivered rates of new builds up to 400 – 600 a year. The last two HBA's have shown a movement from standalone and greenfield to feasible medium density housing. This HBA reinforces this shift further, but its sensitivity analysis also shows that apartments are also on the edge of becoming both feasible and realisable, depending on what future market conditions and demand is.

Table 5.8: Comparison of building consent rates against forecast demand over the short, medium, and long-term

Housing typology	2021-2024		2024-2031		2031-2051	
	Demand	Build	Demand	Build	Demand	Build
Stand-alone housing	1,078	630 (-448)	2625	1,470 (-1,155)	4,813	4,200 (-613)
Joined housing	462	156 (-306)	1293	364 (-929)	3,602	1,040 (-2,562)
Total	1,549	786 (-763)	3,928	1,834 (-2,094)	8,411	5,240 (-3,171)

Overall, the assessment in Table 5.9 below identifies that there is sufficient development capacity available to meet short, medium and long-term demand for the Kāpiti Coast district. The assessment also identifies a surplus of realisable capacity of 18,785 dwellings, which suggests enough capacity to cover any shifts towards a higher level of growth over time.

Table 5.9: Sufficiency of realisable development capacity to meet forecast demand over the short, medium, and long-term

Type	2021-2024	2024-2031	2031-2051	TOTAL
Demand (inflated with 20%/15% buffer)	1,549	3,928	8,411	13,888
Development capacity (realisable)		32,673		
Balance	31,124	27,196	18,785	+18,785
Sufficiency	Yes	Yes	Yes	

5.3 Business assessment of development capacity and findings

This section assesses business development capacity for the Kāpiti Coast District over the short (3 years), medium (10 Years) and long-term (30 years).

5.3.1 Business areas

Kāpiti Coast has a range of urban centres and business areas and uses across the District. The District Plan recognises a hierarchy of these centres based on their size and function. This includes:

- Paraparaumu Sub-Regional Centre, including the Metropolitan Centre Zone and mixed-use zone;
- Town Centres, including Ōtaki Main Street, Ōtaki Rail Centre, Paraparaumu Beach, Waikanae and Raumati Beach;
- Local Centres, including Paekākāriki, Raumati South, Kena Kena, Meadows, Te Moana Road and Mazengarb Road (future local centres are also provided for in the Waikanae North and the Ngārara Development Areas).

In addition to its centres, the District Plan also identifies two additional business-related zones:

- General Industrial Zone - that provides for a range of activities including manufacturing, light industry, fabricating, processing, and servicing and repair of goods.
- Airport zone - that provides for business compatible with the areas' use.

Collectively these centres and zones provide approximately 356 hectares of land for business use alongside a range of civic and mixed-uses. Table 5.10 provides a breakdown of land area by business zone type.

Table 5.10: Land area by District Plan business zone for the Kāpiti Coast District

District Plan 'Business' Zones	Area (m2)	Area (Hectares)
Airport Zone	12,66,382	127
General Industrial Zone	1,240,551	124
Local Centre Zone	61,431	6
Metropolitan Centre Zone	724,395	72
Town Centre Zone	269,825	27

District Plan 'Business' Zones	Area (m2)	Area (Hectares)
Total	3,562,584	356

For the purposes of this HBA, business land is grouped into eight business areas. The business areas are used to analyse demand and development capacity across different parts of the District. The eight business areas are listed below and also shown in Figure 5.2 Ōtaki

- Waikanae
- Paraparaumu Central
- Te Roto Drive
- Paraparaumu Beach
- Raumati
- Paekākāriki
- Local Centres (spatial collection

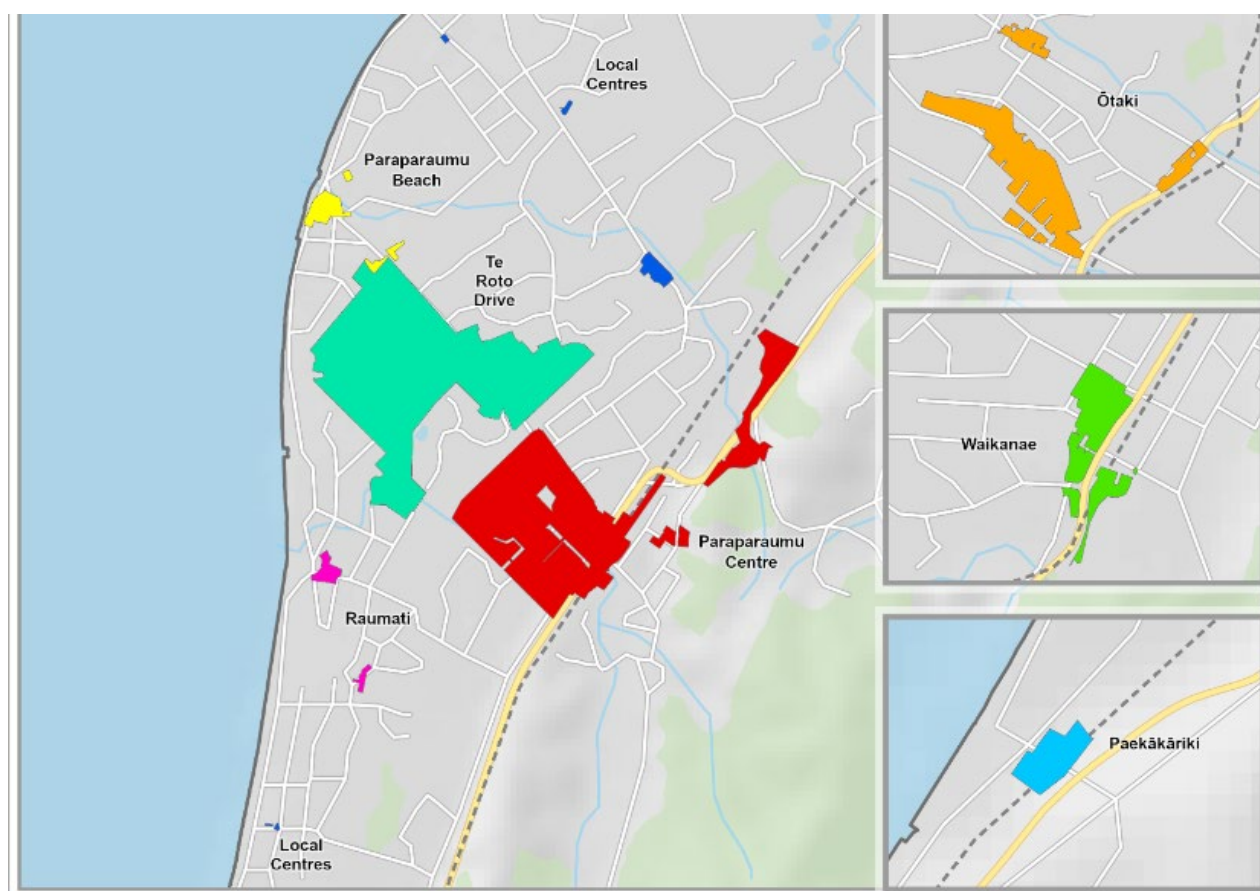


Figure 5.2. Map of the eight business areas used for analysis of business development capacity

5.3.2 Economic business drivers and activity

Several factors act to shape the demand and supply of business capacity across the Kāpiti District. Further details can be found in Sense Partners *Demand for business land in the Wellington-*

Horowhenua region 2023, The Property Groups Review of the suitability of existing business and industrial land 2023, and Infometrics Economic Profile Report 2022¹.

Different areas of the region play different roles across the region's economy. Kāpiti Coast is primarily a residential services centre but has its own base of local industry and commercial services.

Population growth goes hand in hand with economic growth. Since 2000, the Kāpiti Coast district has grown at an annual average rate of 1.5%, slightly higher than the national growth rate of 1.2%. This growth is reflected in the District's growth in its gross domestic product, businesses and employees.

Gross domestic product (GDP) for Kāpiti Coast District has grown at an annual average of 3% between 2000 – 2022, slightly higher than the national average of 2.8%. Key industries that have contributed to growth of this period include Professional, scientific and technical services (16%), Construction (14%), Health care and social assistance (12%), retail trade (8%).

Over the 2001-2022 period Kāpiti Coast has had an annual average employment growth of 2.1%, slightly higher than the national annual average growth rate of 1.9% over the same period. The sectors supporting growth in jobs corresponds with the those contributing to GDP. Construction has made the largest contribution adding 1,942 jobs, Health care and social assistance has added 1,411 jobs, and Professional, scientific and technical services has created 1069 additional jobs.

While slowly declining over recent years, the manufacturing and agriculture industries play an important part of the Districts economy. As well as producing some niche products, both sectors are linked to economic development efforts. In particular, a focus on sustainable food production is looking to combine and leverage district advantages from its productive land and climate, food and beverage manufacturing and local tourism.

In 2022, Kāpiti had 5,877 business employing 19,494 people. This is up from the 5,004 businesses and 16,451 employees from 2016, used in the first HBA (an increase of 873 business and 3,043 employees). The number of larger businesses has also grown from the last HBA. Most notably there are 15 additional businesses (90 in total) with 20-49 employees and 6 additional business (30 in total) with between 50-99 employees.

Kāpiti has some unique characteristics reflecting its function and proximity to Wellington. It has a higher number of self-employed workers (28%) compared to national levels (16%) and almost a third (27%) of its resident workers commute outside the District to work, including Wellington, Lower Hutt and Porirua.

The highest number of self-employed are from the Construction and Professional, scientific and technical services industries. This reflects the connections Kāpiti workforce has in supporting demand for labour across the industrial, commercial and government sectors of Wellington.

¹<https://ecoprofile.infometrics.co.nz/kapiti%2Bcoast%2Bdistrict/PDFProfile#:~:text=Economic%20growth%20in%20Kapiti%20Coast,of%20national%20GDP%20in%202022.>

More recently, the opening of Transmission Gully and Covid-19 have coincided with an upswing in economic activity for the District. Since 2020, Kāpiti has grown between 0.6 - 2% higher than national levels of employment and GDP, which has averaged 4.3 over this period over the national rate of 2.4%. This period has also seen strong retail growth. This is thought to attribute to Covid-19 changing consumption patterns as people working from home, working remotely and supporting a large, retired community with services. This reflects a high share of commuters into Wellington who may still do a large portion of their shopping locally. Future planned transport projects such as Otaki to Levin (O2L) will provide stronger connection for Kāpiti through to Palmerston North to the North.

There continues to be a smaller number of non-residential new builds coming forward over the last few years. Ōtaki has seen a cluster of developments across its town centre and industrial areas and Paraparaumu Central and Te Roto Drive have both seen a number of commercial developments. As with the last HBA, rural development (implement sheds) continues to be the highest level of activity. Further analysis is provided of recent development and demand in the following sections.

5.3.3 Forecast Business demand

Sense Partners have updated business demand forecasts used in the 2019 HBA. Demand is based on their 2022 population forecast and identifies forecasts for both land and floorspace to meet business needs. Demand is also broken down into seven business sectors, reflecting changing demands for different types of businesses.

Additional demand for business floorspace and land by sector is outlined in Table 5.11 below.

Table 5.11: Demand for business land and floorspace, by business sector over the short, medium, and long term

Type	Floorspace (m ²)				Land (m ²)			
	2021-2024	2024-2031	2031-2051	Total	2021-2024	2024-2031	2031-2051	Total
Commercial	7,138	12,082	25,429	44,650	9,518	16,110	33,905	59,533
Education	3,643	8,359	29,260	41,262	4,858	11,145	39,013	55,016
Government	-1,127	-29	707	-449	-1,503	-39	942	-599
Healthcare	10,419	25,469	70,989	106,877	13,893	33,959	94,652	142,503
Industrial	20,428	16,032	121,088	157,548	51,070	40,079	302,720	393,869
Other	7,390	10,070	14,270	31,731	9,854	13,427	19,027	42,308
Retail	17,391	27,039	68,971	113,400	34,782	54,077	137,941	226,801
Total	65,284	99,022	330,713	495,019	122,472	168,759	628,200	919,431

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 provides an additional margin to support competitiveness. The resulting inflated demand is as set out in Table 5.12 below.

Table 5.12: Demand for business land and floorspace (with competitiveness margin) by sector over the short, medium and long term.

Type	Floorspace (m ²)				Land (m ²)			
	2021-2024	2024-2031	2031-2051	Total	2021-2024	2024-2031	2031-2051	Total
Commercial	8,566	14,499	29,243	52,308	11,421	19,332	38,991	69,744
Education	4,372	10,031	33,648	48,051	5,829	13,375	44,865	64,068
Government	-902	-23	813	-112	-1,202	-31	1,084	-150
Healthcare	12,503	30,563	81,637	124,703	16,671	40,750	108,849	166,271
Industrial	24,514	19,238	139,251	183,003	61,284	48,095	348,128	457,507
Other	8,869	12,085	16,411	37,364	11,825	16,113	21,881	49,819
Retail	20,869	32,446	79,316	132,632	41,738	64,893	158,633	265,264
Total	78,791	118,838	380,320	577,949	147,567	202,526	722,430	1,072,523

Demand for business land and floorspace is forecast to grow strongly over next 30 years, in part by stronger population projections. Kāpiti will require 919,431 m² of land and 495,019 m² of floorspace to accommodate demand across the seven business sectors to 2051. This increases to 1,072,523 m² and 577,949 m² once inflated to include a margin for competitiveness.

There is a significant increase in forecast demand for business from the first HBA in 2019 (64,488 m² of land and 61,585 m² of floorspace). This is due to the timing of the first HBA forecasts based on Statistics NZ 2013 Census data, which meant a significant increase in the population over the 2013-2018 period was not reflected into the forecasts at the time.

Transport investment is a major influence on the future rate and shape of forecast business demand. The completion of Transmission Gully and expressways project to Ōtaki has significantly improved connectivity along the norther corridor, placing Kāpiti in a prime position to access the wider region, north and south.

This connectivity is forecast to further drive population growth, with people continuing to locate to the District for its lifestyle, proximity to Wellington and more affordable housing options compared to Wellington. In turn, population growth is forecast to increase demand for healthcare, retail, and education – to support the growing needs of local residents, including commuting workers and retirement community.

The availability and geographic constraints of industrial land in Porirua and the Hutt Valley create an incentive to seek more affordable and plentiful land up the coast, increasing demand for Kāpiti.

Demand for industrial land is forecast to make up 43% of forecast demand for business land in Kāpiti to 2052. Retail demand accounts for 25% and healthcare 16%. Demand across the commercial and education sectors is more modest at 7% and 6% respectively.

Demand for business floorspace reflects a similar order of demand for land across sectors. Demand for industrial floorspace make up 32%, retail 23% and health close behind at 22%, commercial 9% and education 8%. Different floorspace amounts reflect the different floor to land ratios applied in calculations.

5.3.4 Business development capacity – Theoretical plan enabled, feasible and realisable

This section provides the assessment of theoretical plan enabled, feasible and realisable development capacity for business calculated from the District Plan (including the notified Proposed Plan Change 2 Intensification).

Like the residential assessment two brownfield scenarios identify development capacity for infill and redevelopment scenarios. A third scenario of vacant land is also identified. This is a subset of the redevelopment capacity but identifies capacity that is ready to develop.

A number of additional assumptions are made in the modelling of business sites to help provide a more realistic identification of development capacity. This includes the use of ratios to split development capacity between residential and business uses across mixed-use and urban centres. Some zones also have an additional site coverage factor applied to them. While many business zones don't 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.

Another key assumption relates to industrial sites. While building heights in industrial zones theoretically enables multi storey development, an assumption of single storey development has been used across all industrial areas to reflect the large warehouse and factory building typology which is historically associated with this zone.

Lastly, given different business uses can use space flexibly across a range of different arrangements (including multi-storey development) this assessment uses floorspace as a common measure to analyse forecast demand and development capacity.

Table 5.13: Assumptions for modelling business capacity, by business zone

Business Zone	Proportion of capacity assumed for residential use	Site coverage proportions used
Airport Zone	0	30%
General Industrial Zone	0	50% (Single storey only)
Local Centre Zone	50%	80%
Metropolitan Centre Zone	30%	60%
Mixed Use Zone	30%	80%
Town Centre Zone	50%	80%

5.3.4.1 Theoretical plan enabled business capacity

The table below provides a breakdown of the theoretical business capacity calculated across each of the above scenarios for sites across the relevant District Plan zones. This shows a significant increase in potential capacity from the previous assessment, reflecting the increased heights across the metropolitan, town centre, local centre and mixed-use zones. For example, infill capacity has tripled from 424,571 to 1,438,837 m² and redevelopment increased by more than four times as much, from 872,220 to 3,966,144 m².

Table 5.14: Existing floorspace and theoretical plan enable business development floorspace, by business zone

Business Zone	Existing floorspace	Infill floorspace	Redev floorspace	Vacant floorspace
Airport Zone	21,802	103,593	403,247	207,474
General Industrial Zone	189,042	189,208	423,194	104,232
Local Centre Zone	7,177	30,778	80,406	0
Metropolitan Centre Zone	74,065	813,972	2,145,403	1,238,262
Mixed Use Zone	43,028	160,422	521,793	94,485
Town Centre Zone	66,099	140,863	392,100	11,504
Total	465,629	1,438,837	3,966,144	(1,655,957)

5.3.4.2 Feasible business capacity

Given the complexities with many different and varied forms of business that can use business land, a Multi Criteria Analysis (MCA) has been used as a way of assessing the feasibility of development across business areas.

The MCA was developed in the first HBA in 2019 and uses scoring against a number of criteria (including linkages to transport, infrastructure servicing, costs of land, resilience and constraints) to help identify relative strengths, weaknesses and overall characteristics within and between business areas.

An update of this assessment was undertaken by The Property Group as part of this assessment and included discussions with business stakeholders across the District and region. Details of the MCA can be found in Appendix 4 alongside discussion on recent changes and factors influencing demand and opportunities for business development across the District.

Table 15 below identifies the MCA score (out of 70) and business capacity available by type for each business area. All areas scored above average (35) and have a range of characteristics and advantages that supports the overall feasibility for development across business areas. Examples of recent development are also provided in the next section.

Table 5.15: Comparison of theoretical business floorspace, by business area & multi criteria analysis score

Business Area	MCA Score	Existing floorspace	Infill	Redev	Vacant
Area 1 Ōtaki	40	89,841	123,697	402,387	95,223
Area 2 Waikanae	44	38,128	46,240	99,532	
Area 3 Paraparaumu District Centre	45	172,807	1,009,297	2,723,859	1,333,730
Area 4 Airport/Te Roto Drive	51	104,115	169,410	516,550	227,004
Area 5 Paraparaumu Beach	49	36,693	37,194	91,892	
Area 6 Raumati	46	12,569	18,063	42,180	
Area 7 Paekākāriki	39	5,537	12,154	24,019	
Area 8 Local Centres	NA	3,350	18,624	56,387	
Area 9 Other	NA	2,589	4,157	9,337	
Total		465,629	1,438,837	3,966,144	1,655,957

Key characteristics from across the MCA and recent changes include:

- Te Roto Drive/Kāpiti Landing Industrial and Airport areas scored the highest in the assessment. This reflects the desirability of the location with its good transport connections and access, clustering and ease of development in the area.
- Paraparaumu Beach and Raumati town centres also scored highly. This reflected the characteristics of both areas being higher amenity locations that attract visitors and tourists with a good clustering of business such as restaurants and boutique shops. The surrounding area and ground conditions were also seen as factors reflected higher scores for developability and resilience to hazards.
- Paraparaumu Centre scored in the middle. Although the Centre has excellent access to transport and public transport, with large potential for development, the availability of parking, access to land to develop, and underlying ground conditions resulted in lower developability and scores relative to other locations.
- The Waikanae area consists of a town centre and surrounding industrial land. While the areas proximity to roading corridors was lower, it had high public transport access. Waikanae was also identified as having good resilience to hazards, and a strong clustering of businesses and services serving the surrounding community.
- Ōtaki includes two town centres and an industrial area to the south. Scoring for Ōtaki's overall access was previous lower than other centres but has been increased as part of this assessment following the completion of Transmission Gully and Peka Peka to Ōtaki Expressway. While recognised as having available industrial land at lower prices than Central Paraparaumu, this was seen to be offset by some of the challenges and costs to develop parts of the area, which are susceptible to flooding.
- Similarly, to Paraparaumu Beach and Raumati, Paekākāriki was recognised as a busy local centre, catering to its local population and an increasing number of tourists/visitors.

5.3.4.3 Realisable business capacity

While business capacity may be theoretically available and feasible to develop, not all feasible business capacity will be built. There are a range of other influences and factors that determine whether development capacity is likely to be realised.

Looking at recent developments can help our understanding of some of these factors. Comparing existing floorspace figures from the 2019 assessment highlights an increase from 450,031m² to 465,629 m² – a 15,598 m² increase across all business areas. This increase comes from a range of developments across the District including:

- the Takiri North and South retail/office buildings at Coastlands and refit of a building on Rimu Road for a new Dental practice,
- a new service station and two large office refits along Ihakara Street,
- new medical/GP hub at Te Roto Drive, Placemakers relocated to a new building by the airport,
- Restaurant and café and new ground floor retail under new apartments at Paraparaumu Beach
- a new dental practice and café at the Meadows Local Centre.

Paekākāriki has also had a redevelopment of several buildings within its local centre with a new bakery/café supporting increased weekend and tourist traffic from the escarpment walkway.

Ōtaki has also seen a significant level of activity in recent years with a new café, daycare, offices and industrial uses taken up in the Riverside industrial area, a new retail shop (Hunting and Fishing) and motel development at the Ōtaki Railway end of town, and a significant development of the Te Wānanga o Raukawa campus the Ōtaki town centre.

As part of the MCA, The Property Group identified the changing nature of the market as a key factor affecting the feasibility of new commercial and industrial developments across the region. This included increases in land value, high demands for residential development on vacant sites, labour force shortages and increasing development costs, including costs to address resilience issues. Discussions with local business stakeholders also identified the availability of land and floorspace to accommodate specific business needs, and the availability of local labour to support new business, as two factors affecting the shape of business growth and development in Kāpiti.

Notwithstanding, Sense Partners' business forecasts identified growth in the local population would continue to drive increasing demand for local services in Kāpiti. They also identify the improved accessibility to Kāpiti as a factor driving increased demand as businesses look to relocate and set up in the District.

While the assessment of development capacity identifies large tracts of land are currently vacant, this excludes sites that are not vacant, but have lower value uses on them. These sites are spread throughout key locations of the District and often in accessible and sought after areas, and includes sites currently used to park/store vehicles and yards used for landscape or building storage.

These factors highlight some of the dynamics around demand and competition for business land, as owners and business in industrial areas often seek ownership and security for their businesses over opportunities to pursue best or highest value uses. This is compounded in some areas where

business land ownership sits with a handful of owners, which means the market does not always move to meet needs or terms sought from the market. This makes business land stickier and slower to respond to market demands.

Overall, recent business development activity and the ongoing availability and extent of vacant and infill development capacity, alongside small levels of redevelopment of buildings, indicates that the market is enabling business opportunities to be realised, while recognising factors will always prevent it being realised to its fullest extent.

5.3.5 Sufficiency of business capacity

We can use our understanding of current business activity and factors influencing feasibility to understand whether there is sufficient development capacity available to meet future demand for business floorspace.

The assessment of the redevelopment, infill and vacant land scenarios identifies a large amount of development capacity to meet short, medium and long-term demand for business floorspace across the District.

Retail and healthcare sectors are expecting strong growth over the next 30 years, with demand in commercial and education sectors also increasing, but to a lesser extent. The need to service a growing and aging population are the main driver for much of this increase. These activities are likely to locate in and around the Paraparaumu District Centre and other centres and areas with good accessibility and offer complementary services. A portion of healthcare floorspace is also expected to be located in future retirement facilities, typically located in residential areas, which often provide onsite health and care services.

There is currently a large amount of vacant and infill capacity available to meet these needs in the Paraparaumu District Centre but also in the surrounding Te Roto Drive/Airport area. The MCA scoring identifies this area as the highest scoring given its favourable elements making it likely to attract a larger portion of development to the centre of the District.

While already more developed, it is also expected that over time we would see further investment and intensification of services around town centres and increasingly local centres, with the increased density of local communities creating opportunities to support more business and services in localised areas.

Town and local centres are generally already developed, with limited vacant capacity available to meet demand for floorspace. However, there are a range of low value uses and buildings across these centres and we expect to see more properties recycled and redeveloped as local demand and population grows. Changes to intensification will support the feasibility and opportunity for more mixed-use developments and scale and agglomeration of activities across centres over time.

The industrial sector has the largest amount of floorspace forecast with 183,003m², with a significantly higher land demand of 457,000 m² over the next 30 years.

The assessment of development capacity identifies a quarter of demand could be met through currently vacant land. An additional 189,000m² is available through infill capacity. There are also a number of low use sites that we would expect to be redeveloped to meet higher value uses over time as need and value increases.

Paraparaumu District Centre and Te Roto Drive/Airport central industrial areas for Kāpiti. Uses in these areas tend to have higher site coverages and can be expected to absorb more floorspace than used in the settings for calculating development capacity. There is also a large amount of industrial land in Ōtaki. This includes a large extent of vacant land. Ōtaki also has a number of larger sites, with a range of manufacturing operations in the area requiring more space. However, it too has recently seen more intensive smaller and multi-storey uses developing in the area. There is also some vacant industrial land on the periphery of Paraparaumu and some manufacturing and larger site yards in Raumati.

While forecasts identify strong demand for industrial floorspace, it is important to understand some of the key assumptions and sensitivities of the forecasts. One is that substitution or competition is not taken into account. This is important, as if land is not as available as assumed, or other locations are more desirable, demand will change and move to reflect this. The forecasts are also sensitive to changes in lighter industrial uses and increasing use of technology and automation, which increases efficiency and will reduce the amount of floorspace used by activities over time.

This means more industrial floorspace will be able to be accommodated on current available land and we are already seeing area of more intensive industrial uses. Further work to provide a more detailed understanding of future changes in industrial uses and demand for Kāpiti would help refine modelling and assessment of future needs of industrial land across Kāpiti.

The last factor identified in the MCA is the loss of business land to residential use. A number of residential developments have been undertaken within urban centres. While recent changes look to increase development capacity (including mixed uses) around urban centres, the potential loss of well-located business land to residential uses could undermine the ability to meet future business needs and support well-functioning urban centres.

There is a need to continue to monitor and track business development as part of regular monitoring processes, including change of business development types, mixed use development and residential activities on business land. Overall this assessment identifies sufficient development capacity is available to meet short, medium and long-term demand for business across the District.

Table 5.16: Sufficiency of realisable development capacity to meet forecast demand over the short, medium, and long-term

Type	2021-2024	2024-2031	2031-2051	TOTAL
Demand (inflated with 20%/15% buffer)	78,791	118,838	380,320	577,949
Development Capacity	Infill			1,438,837
	Redevelopment			3,966,144
	Vacant			(1,655,957)
Sufficiency	Yes	Yes	Yes	

5.4 Infrastructure Capacity

The HBA 2022 provided a detailed assessment of infrastructure capacity supporting forecast growth across the District¹. The assessment was based on the recently completed 2021-41 Long Term Plan (LTP).

A range of assessment work has been undertaken over recent months including work to support the transition of councils three waters infrastructure to the new water entity as part of the Affordable Water reforms and in response to several developments that are progressing through government's alternative fast track process. However, overall changes to the settings and assumptions outlined in the LTP 2021-41 are limited.

As a result, this HBA has continued to use the underlying capacity assessment from 2022 and identifies key changes to activities, investments and constraints identified over the last 18 months into the summary of network capacity for Council's three waters, roading and parks and open spaces below.

It is worth noting two key points from the previous assessment. The LTP 2021-41 provided for a significant increase in its capital investment to help meet the needs of anticipated growth, in many cases bringing key infrastructure upgrades and capacity forward sooner than previously planned. At this time 32,000 additional people were forecasts over the next 30 years. As a result of Covid-19 impacting national and local migration, this has dropped to 25,000 for this assessment. While this provides some potential headroom around investment and capacity, a return to pre-covid levels of migration could see a return to previous higher levels of forecast growth.

The second key change is the significant amount of additional development capacity that has been enabled across residential and urban centres in line with requirements under the National Policy Statement on Urban Development and the Medium Density Residential Standards.

Council's previous planning and investment focussed on servicing key areas of greenfield development and planned areas of urban infill and intensification. With a greater extent of development capacity enabled across the entire district, Council needs to refine its approach to planning and investment to accommodate any subsequent changes in development patterns. Notwithstanding the ability to plane and provide for additional areas of growth it is not practical or feasible to service all additional capacity enabled over and above previous planned levels.

5.4.1 Three Waters

Results from the 2022 assessment indicates that Kāpiti has sufficient capacity available across its three waters networks to meet the short- and medium-term growth needs. While there are some areas of current deficiency across Council's networks, these are known and have plans to address them through planned maintenance and upgrades.

¹ See Appendix 5.2 Kāpiti Coast District Council assessment of infrastructure availability to support future growth

The first 2019 HBA identified a number of challenges around capacity in the drinking water and wastewater networks in the Ōtaki area to meet higher forecasts for growth than were previously forecast. Further assessments of capacity across a number of these areas have been undertaken to identify additional investment and upgrades to ensure sufficient infrastructure is in place to meet longer-term growth in the area.

A number of these works have now been completed to increase capacity in storage ponds. Council has also been successful in securing government funding of \$29 million to help accelerate works and create resiliency across Ōtaki's water networks to help meet growth challenges in the area. This includes work to construct a new water reservoir and increasing capacity of trunk infrastructure to meet water pressure requirements for existing and future residential and business development.

The nature and location of future growth also creates a challenge for water and wastewater networks as they are impacted by increasing physical costs to develop and maintain their efficiency and effectiveness as networks grow and expand, but also the costs of meeting higher health standards and environmental controls relating to receiving environments.

Waikanae has been a long-term focus of greenfield growth, but has recently been subject to several large-scale developments through government's alternative fast-track consenting process. If successful, these developments will require Council to provide additional infrastructure and services to areas where it was not previously anticipating provision in the short to medium term. This includes a new bulk main for providing drinking water along the old state highway.

Additional growth has also reduced capacity available in Waikanae's wastewater network ahead of the completion of the rising main project, which will help service future growth in the area. If the project cannot be completed or alternative provided, it is expected that capacity to service growth will be significantly restricted. Provision to address both of these issues will be made as part of the next 2024 LTP process.

Additional works have been completed at Paraparaumu's wastewater plant to provide additional wet weather storage capacity, with ongoing works to prevent water infiltration into the system to maintain network capacity during wet weather events.

A substantial programme of work is already in place to address existing stormwater constraints across the District. Further investment has reduced the programmes timeframes from 45 to 37 years. Impacts of new development on stormwater networks has been assisted by hydraulic neutrality requirements in the District Plan. However, the scale of future growth and shifting balance between greenfield growth and intensification may require different long-term approaches in order to meet future growth outcomes.

Further assessment work will be undertaken alongside the District Growth Strategy to help inform infrastructure planning and investment as part of the next and future Long-Term plans. These assessments will consider any additional steps required to ensure we meet recommendations that come out of the Kāpiti Whaitua, which is focusing attention on maintaining and improving awa (water) across the District.

5.4.2 Local Road Network

The local roading network is vital to Kāpiti to enable the movement of people, trade and goods. The assessment of the local road network identified a range of on-going challenges, including congestion and parking. Some of these are able to be managed and mitigated through programmes of work and the resource consent process, while others will worsen and effect growth if not managed effectively.

Currently, congestion and parking issues are experienced at both the Paraparaumu Metropolitan Centre and Waikanae Town Centre. In the case of Paraparaumu, greater accessibility to central Paraparaumu has contributed to congestion on Kāpiti Road. Current traffic levels average in excess of 27,000 vehicle movements per day, and this is predicted to increase.

Similarly, the traffic in Waikanae will increase further as a result of the development of Waikanae North and Ngārara areas, and some congestion is experienced at the old state Highway One/Elizabeth Street junction, partly as a result of the rail crossing.

Both Paraparaumu and Waikanae also suffer from increasing and competing demand between parking for daily business and commuter parking.

To mitigate these challenges, the District Plan identifies a number of notional roads designed to alleviate current and future congestion and aid future access and connectivity of future areas of development. This includes the East-West connector road to help congestion and movement around Kāpiti Road and Paraparaumu Metropolitan Centre, but also proposed roads connecting and distributing traffic from future greenfield development to the north of Waikanae.

Council has also undertaken parking studies, updated its Sustainable Transport Strategy, and is working with partners to seek public transport improvements and enhance access and transport connectivity around the two centres/stations. The work relating to parking and improved access to rail stations is particularly aimed at commuters and supporting modal shift away from private cars, alongside a greater use of public transport.

Revocation and opportunities to undertake town centre enhancements are underway in Paraparaumu, and due to commence in Ōtaki later this year. These include improvements to connectivity, safety and amenity, such as pedestrian crossings and better civic spaces, which can be achieved as a result of significantly lower traffic volumes on Old State Highway One.

5.4.3 State Highway Network

Waka Kotahi have provided an assessment of the State Highway network see Appendix 5.3.

The assessment identifies Waka Kotahi's role in keeping the state highway network safe, resilient and optimised, while also supporting future development with better public transport, walking and cycling connections. An underlying driver of this focus is to reduce travel by single occupancy vehicles and encourage growth in areas where multiple travel options are (or can be) enabled.

While recognising growth in Kāpiti Coast, the assessment identifies ongoing roading projects will improve the network capacity and increase accessibility, safety and connectivity across the District.

As well as delivery of major roading improvements Waka Kotahi will continue to work to support improvements across the District including the Paraparaumu East West Connection, shared paths alongside the expressways to improve multi-modal safety and access and work to improve amenity of town centres as part of the revocation of the old state highway.

5.4.4 Public Transport

A public transport assessment has been provided by Metlink at Greater Wellington Regional Council and is provided in full at Appendix 5.1. The assessment identifies ongoing investment in the region's public transport network is a critical factor in responding to population growth and providing opportunity for residents and reducing congestion on the road network.

This is particularly important for Kāpiti Coast where a large portion of growth is expected along the western corridor from Tawa to Levin and where historic development has created a high-level of car dependency. Public transport is identified as a critical factor to: ensuring residents have access to core services; in achieving accessible and connected communities; and supporting emission reduction goals; as part of the District's future growth.

Public transport is important to help support accessibility across the District. It is also important for helping connect across the settlements within the District north and south and east and west. Improved public transport is particularly important for Ōtaki, where the need for better rail and bus services has long been advocated to support residents access to jobs, education and services. Addressing this deficiency is also important to support future growth of Ōtaki which borders two regional boundaries and sits at the heart of the northern gateway as part of the Wellington Regional Growth Framework.

Rail is seen as playing a significant role in providing access and linking to growth in the District, both to the north and south to Wellington's CBD. The priority is to improve rail's reliability, capacity and frequency, and over the longer term the aim is to further improve journey times and reach.

This is reflected in the Regional Land Transport Plan 2021 which includes a focus on implementing the Wellington Regional Rail Strategic Direction investment pathway of regional rail service, rolling stock and infrastructure improvements and procuring and delivering lower north island regional rail trains. This recognises the need for options for better transport across regional council boundaries.

Bus transport is also seen as important in moving people around. While capacity is not considered an issue outside of Wellington, the frequency and connections for large parts of the Kāpiti Coast district lead to ongoing reliance on private cars.

Regional mode shift plans are a key part in supporting the future provision of public transport networks including focussing on nodal development and improved multi-modal access to train stations. This has particular relevance for Kāpiti Coast District with some key challenges identified in Metlink's assessment including:

- The need for public transport to increasingly balance the needs of commuters from the District with a large proportion of retirees with the District.
- Ensure improved access to the District from roading improvements does not encourage further sprawl.
- Ōtaki has no regular rail service and increasing population growth and complex social needs, which are been impacted by lack of access to services based in Levin or Paraparaumu.

5.4.5 Open Space

Kāpiti is lucky to be well placed with the number, size and variety of parks and open spaces across the District. Discussion and analysis with the Council's Parks and Open Spaces Team identifies that overall, the District has sufficient open space infrastructure available or planned to meet the needs of forecast growth.

The ability to consider new development on a case-by-case basis at both the local and district scale provides a key mechanism to address any current gaps and future needs and demands. While there are some gaps in services to existing developed areas, this does not constrain new greenfield development, but does present opportunities to fill these gaps through potential future infill developments.

The recently adopted open space strategy sets out Council's strategic priorities for managing the District's open space reserves, including where and how contributions from new development will support the ongoing development of the open space network, including through the intensification of existing urban areas. The anticipated increased density of living in and around town centres increases the need for investing in high quality urban open spaces, noting that there is already a strong foundation for this with existing reserves network.

The Kāpiti Coast District also benefits from Greater Wellington Regional Council's two regional parks (Queen Elizabeth Regional Park and Akatarawa Forest Park) and the management of the Waikanae and Ōtaki river corridors, which are managed for flood protection and recreation purposes. Department of Conservation also has Whareroa Farm and the Tararua Forest Park in the District.

5.4.6 Education

The Ministry of Education has provided an assessment of school rolls and capacity for the region attached as Appendix 5.2. Current school capacity varies across the District. The following capacity also includes state-integrated schools which are part of the education network but have special characteristics which may not appeal to all families. The information is drawn from the July 2022 rolls for all schools. By way of summary:

Northern Kāpiti

- This is a key area in Ministry of Education's ten-year growth plan. The Ministry of Education plan to closely monitor this area and invest in additional capacity.
- There are five state primary schools and one state-integrated school in this catchment. There is space for 218 students in the state primary network and 130 students in the state-integrated school.

-
- There is one secondary school in this catchment, Ōtaki College. This School has space for 332 students. There is no secondary state-integrated provision in this area.
 - Waikanae and Kapakapanui Schools have been allocated funding for teaching spaces.

Kāpiti South

- There are seven primary schools and two state-integrated schools in this catchment. There is space for 400 students in the state primary schools and 208 students in the state integrated primary schools.
- There are two secondary schools in this catchment. Both these schools are at or over capacity. Although one College takes around 420 students from outside their enrolment scheme. Approximately half of these do still come from the area. There is no secondary state-integrated provision in this area.
- Paraparaumu College was allocated funding for 10 teaching spaces.

5.5 Conclusion and next steps

This is the third HBA undertaken by the Kāpiti Coast District Council. While Covid-19 has contributed to a lower growth forecast than the last assessment, the District is still expected to grow by an additional 25,100 people over the next 30 years.

The completion of Transmission Gully and Peka Peka to Ōtaki expressway along with flexible working has increased accessibility to the District and driven demand for housing. This demand has pushed up house and rent prices, which is increasing affordability pressures on existing residents. 11,899 additional houses will be needed to support the increase in population over the next 30 years (13,888 with a margin for competitiveness). Assessment of the District Plan as of August 2022 (including the notified version of the Intensification Plan Change 2), has identified sufficient realisable capacity (32,673) is available to meet this demand over the short, medium and long-term, with surplus of 18,785.

While the market is starting to deliver some mix of housing types and sizes, there is still an ongoing mismatch of market housing against local demand, limiting choices, affordability and ability to meet the needs of the community.

Following the completion of its Housing Strategy in 2022, Council is focussing its actions to support both social housing needs and market housing needs. A focus of this work is to develop partnerships with iwi partners, central government, the private sector and community housing providers to support the needs across Kāpiti.

A growing population and better accessibility are also driving future demand for business floorspace across the District, with an additional 495,019m² of floorspace forecast over the next 30 years (577,949m² with a margin for competitiveness). Assessment of development capacity across the District has identified sufficient development capacity is available across infill, redevelopment and vacant development scenarios, to meet this demand across the District over the short, medium and long-term.

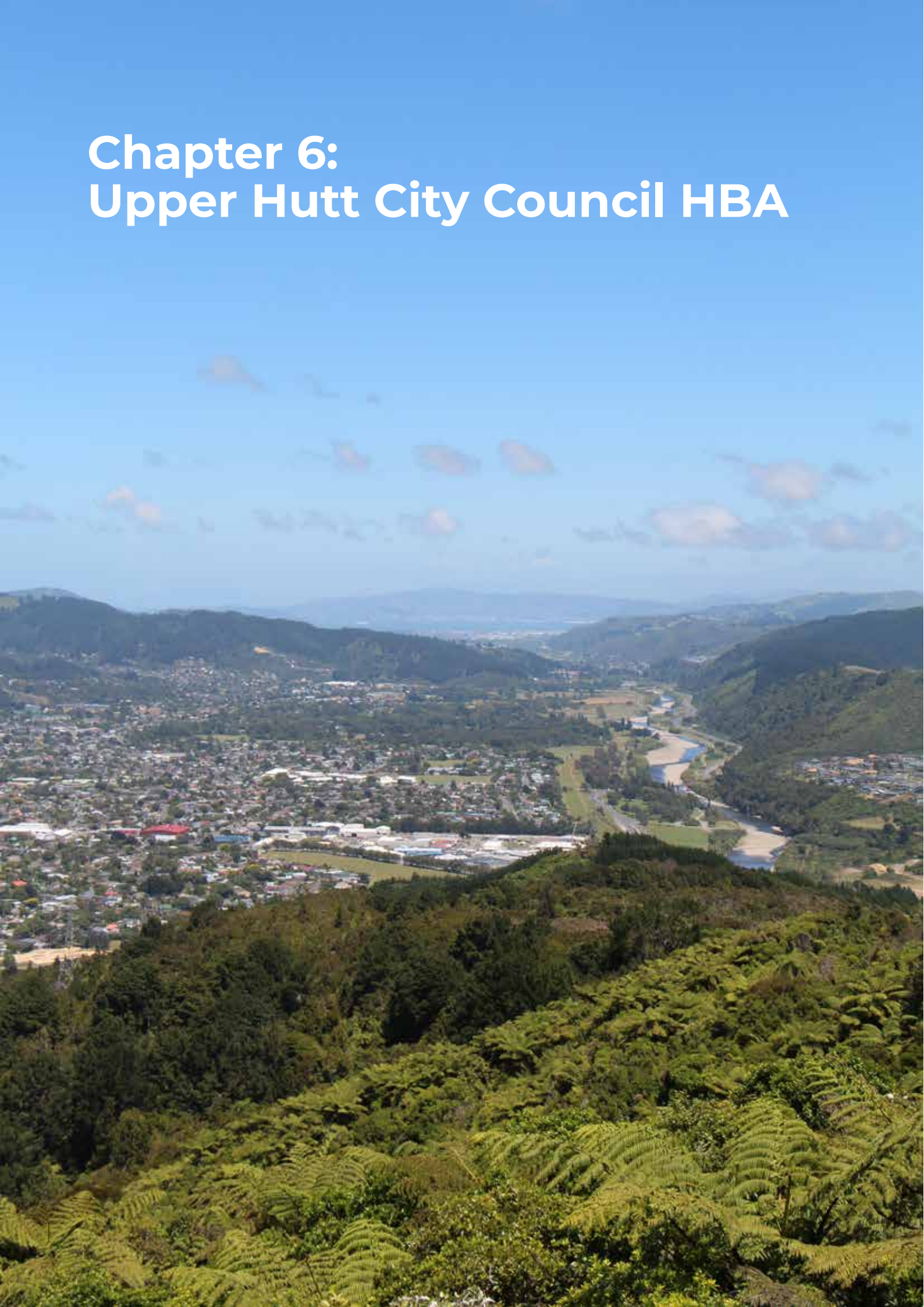
Council has a number of initiatives underway to support economic development across the District. This includes supporting the development of clusters across education, healthcare, food and beverage and tourism sectors, focusing on locational advantages and benefits from agglomeration. These clusters will also support more training, business, and employment opportunities across the District.

While Council's local infrastructure networks have a number of on-going challenges, these are being managed through ongoing planning and investment. The Long-Term Plan 2021-41 provided a significant increase in investment across local infrastructure networks to help ensure networks keep pace with growth. This means capacity is generally available to meet short and medium term growth needs, and longer-term needs for most networks, recognising further work will help identify the specific nature of longer term works required. This assessment has also recognised a number of more recent challenges relating to localised growth which are identified to be addressed as part of the upcoming Long-Term Plan.

The recent increase in intensification across residential and urban centres to meet the requirements of the National Policy Statement on Urban Development, and Medium Density Residential Standards, provides a significant shift for Kāpiti. This presents opportunities for supporting scale and mixed uses across its centres, but also creates a need to look at how our centres and their needs might grow or evolve in light of these changes. It also creates the potential for intensification to occur more broadly across existing residential areas, where it was previously expected, and where it was not.

This creates a need to understand and reflect these changes into revised plans for how we see our communities and centres growing, understanding at a more detailed level what land and uses are needed where, especially in regard to the increasing and changing needs of industrial demand, and lastly, where and what additional infrastructure might be required to support market growth over and above the current planned approach. This work will help inform future HBAs as well as ongoing planning and investment processes.

Chapter 6: Upper Hutt City Council HBA



Key findings

- *Population growth: The Upper Hutt district has a requirement for 7,930 dwellings in the next 30 years.*
- *Housing Capacity: This assessment has identified capacity for 18,461 homes to meet demand over the short medium and long-term periods*
- *Business demand: Higher demand for business land resulting from higher growth over 2019 assessment with an identified demand of 52 hectares in the next 30 years.*
- *Business Capacity: There is business land in the short to medium term but in the longer terms capacity will rely on redevelopment.*
- *Infrastructure Capacity: Could be a challenge but Infrastructure Acceleration Funding will support growth.*

It is important to highlight that the Housing and Business Assessment represents a single point in time. All councils in the Wairarapa-Wellington-Horowhenua region are currently in the process of implementing changes to their District Plan. It is expected that through the submission process to the District Plans there will be some changes to the Plans as notified and these may impact this assessment and change sufficiency. At this point in time, we do not however know what those changes will be, but we know that in the housing assessment we have significant amounts of capacity that are unlikely to be impacted by any constraints from qualifying matters.

This report has been prepared for the Wellington Regional Leadership Committee (WRLC) as a report for the wider Wairarapa-Wellington-Horowhenua region. It will be used to support spatial and other planning being undertaken by the WRLC for that region. Whilst the report breaks land requirements down to a council level, we will be developing a regional response to meet required levels of expected demand. In the short term, this planning will be undertaken as part of the region's Future Development Strategy.

This chapter provides some detail and context for Upper Hutt City Council.

6.1 District Context

6.1.1 Upper Hutt District

Upper Hutt City covers 540 square kilometres in the Greater Wellington Region. Approximately 92% of the land is zoned rural or open space, with about 90% of that owned by Greater Wellington Regional Council and the Department of Conservation.

The urban environment lies predominantly within the valley floor, surrounded by forested hills along the eastern and western aspects. The city extends to the top of the Remutaka pass in the northeast and into the Akatārawa Valley to the north and northwest, almost reaching the Kāpiti Coast.

Te Awa Kairangi (Hutt River) travels through the valley, flowing downstream to the Taitā Gorge which separates Upper Hutt from its neighbour, Lower Hutt before it reaches Te Whanganui a Tara (the Wellington Harbour). The natural features of the Hutt Valley contribute to the District's overall identity, creating recreational opportunities and establishing ecological value. These natural environment qualities are a major drawcard for the over 47,500 people who call Upper Hutt home.

Upper Hutt has experienced significant growth in the past decade, with a particular increase in the 2010-2020s. Opportunities for affordable housing options in proximity to Wellington have been key drivers of growth.

In addition to the state highway network, a key attractor of the District is the Hutt Valley Rail Line, which traverses the length of the city, connecting Upper Hutt to the wider region, driving further attraction to the area and demand for housing and industrial development with good transport links.

6.1.2 Upper Hutt District Plan

The Upper Hutt District Plan was adopted in 2004.

The District Plan provides for residential use across the General Residential Zone and High Density Residential Zone, as well as within the City Centre Zone and as an activity ancillary to commercial activities within the Town Centre, Local Centre Zone. The District Plan also provides for rural residential activities within the Rural Zones.

Upper Hutt City Council (UHCC) has been engaged in a rolling district plan review process, with the recent focus in providing capacity and accommodating future growth. Since 2021, draft Plan Change 50 (PC 50) and the Intensification Planning Instrument (IPI) plan changes have been released to factor in the direction of the National Policy Statement on Urban Capacity (NPS-UD) to enable greater housing to meet demand. This includes specific requirements to enable high density living within at least a walkable catchment of existing and planned transport and edge of city centre zones and incorporate medium density residential standards (MDRS).

The changes proposed by the IPI to the operative District Plan were notified in August 2022 and form the basis of assessment for this HBA, but are still subject to change, with decisions due to be notified by August 2023.

6.1.3 Affordable Housing Strategy 2020

UHCC's vision is that all people living in Upper Hutt are well housed and have access to adequate, affordable housing that meets their needs. Whilst UHCC does not and will not own any social housing, this strategy states UHCC's commitment to working together and in partnership with central government and communities to achieve this vision.

The strategy sits alongside other Council strategies and identifies the critical role for UHCC is in setting land-use policy, undertaking further research, advocacy and monitoring, of which the HBA work programme forms a part, to help support and achieve our proposed outcomes for the District.

6.1.4 Sustainability Strategy 2020

Rautaki Whakauka Sustainability Strategy was adopted in 2020. With respect to the impacts of population growth, this strategy supports the adoption of more compact urban form and encourages adapting lifestyles that result in less consumption. This is seen as essential to accommodating new residents while restoring, preserving and enhancing the environment and quality of life. The aims of the Sustainability Strategy are consistent with Objective 8 of the NPS-UD which seeks to ensure that New Zealand's urban environments support reductions in greenhouse gas emissions; and are resilient to the current and future effects of climate change.

6.2 Residential Assessment and findings

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

6.2.1 Population forecasts

The Sense Partners 2022 population forecast predicts that Upper Hutt can expect approximately 34.9% population growth by 2051, for a total population growth of 18,200 people. This long-term growth forecast has been moderated down from the 24,268 people predicted in the 2022 HBA, due to Covid-19 and border restrictions continuing to affect migration levels into the Upper Hutt district, the wider Wellington Region and New Zealand as a whole.

Table 6.1: Short, medium and long-term population growth for Upper Hutt District, 2021-2051

	Estimated baseline total 2021	Population in 2024	Population in 2031	Population 2051
Sense Partners 50 th percentile projection	47,500	49,400	54,400	65,700

Table 6.2: Short, medium and long term change in population for Upper Hutt District, 2021-2051

	Estimated baseline total 2021	Population change 2021-2024	Population change 2024-2031	Population change 2031- 2051	Total population change 2021- 2051
Sense Partners 50 th Percentile projection	47,500	1,900	5,000	11,300	18,200
Percentage change (%)		4.0%	10.1%	20.8%	34.9%

6.2.2 Market analysis and demand for housing

The NPS-UD requires UHCC to use evidence about land and development markets to assess whether a well-functioning urban environment and sufficient housing capacity can be achieved.

The demand for housing in Upper Hutt is influenced by several factors, including changing population demographics, affordability and proximity to the transport network and employment centres. Travel data from the 2018 Census, identified that approximately 47% of people leave Upper Hutt for work. Whilst the census data showed that 9% of people working in Upper Hutt travel from outside the district, this pattern is now likely to have changed due to changing employment patterns related to Covid-19 and employment growth in Upper Hutt. More data will be available from the 2023 census.

These ever-changing factors result in differing housing needs and pressures which drive and influence demand for housing in Upper Hutt.

5.1.1.1 *Changing demographics*

In addition to population growth (which drivers the number of dwellings required), it is also important to understand changes in the age profile and household types in Upper Hutt, given their impact on the types of housing needed for Upper Hutt.

The population of Upper Hutt is expected to grow across almost all age cohorts over the next 30 years, and particularly attract late career and retirees to the city.

As with much of the rest of the region, and in keeping with national trends, Upper Hutt's older population is expected to grow significantly, with the elderly population in the city expected to more than double by 2051. This has resulted in an increase in independent living, retirement villages, rest and care homes and other types of accommodation for people in their 70s or older, and smaller 1 or 2 bedroom dwellings catering to elderly couples seeking to downsize.

While there is set to be an overall rise in Upper Hutt's working population by 2051, the percentage of the Upper Hutt population who will be of working age, will drop by 6.9%, a slightly smaller reduction than was projected in the 2022 HBA (which predicted a decrease of 7.3%). In comparison, single person households, and households comprising couples are set to increase by 2051. This may reduce demand for larger 3 to 4 bedroom, standalone houses favoured by established families, in favour of smaller 1 to 2 bedroom dwellings.

6.2.2.1 *Home ownership affordability*

As identified in the 2022 HBA, affordability of housing in Upper Hutt has been worsening in recent years.

House prices peaked in December 2021 at approximately \$920,000, however despite this, it was at this time that the number of houses sold and the proportion of sales to first home buyers were also

at their highest, likely due to historically low interest rates brought about in relation to the COVID-19 pandemic.

Since this peak at the end of 2021, house prices, sales and first home buyer participation in the market have dropped considerably as shown in Figure 21 to Figure 24, which is likely due to external factors including interest rate rises, increasing inflation and the cost-of-living crisis.

It is unclear what impact increasing housing unaffordability will have on tenure over the long term, however the IPI plan change and the provisions of the MDRS will increase capacity, which may support improved affordability.

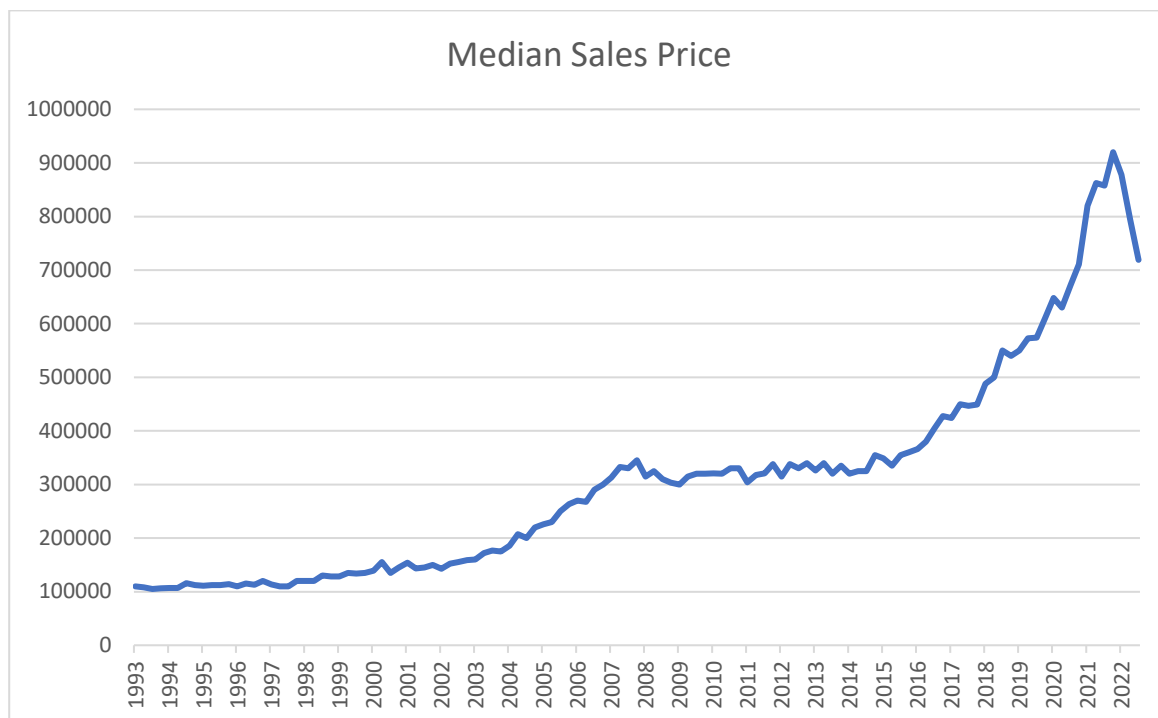


Figure 4: Median house sales price in Upper Hutt, 1993 to 2022

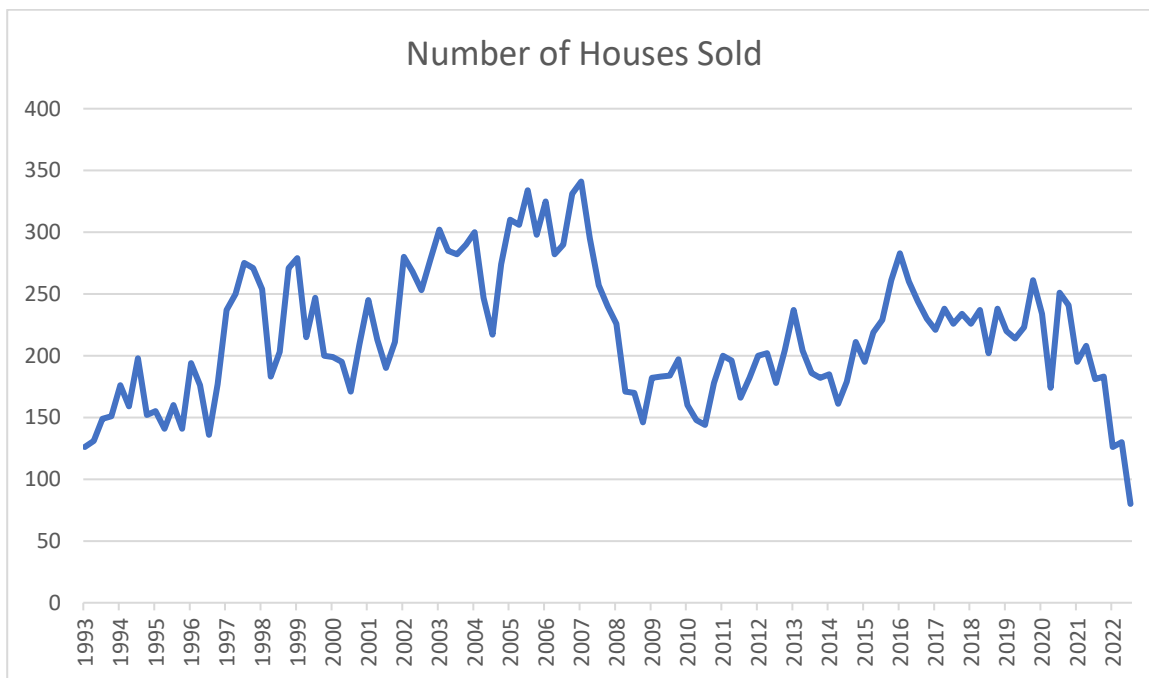


Figure 5: Number of houses sold in Upper Hutt, 1993 to 2022

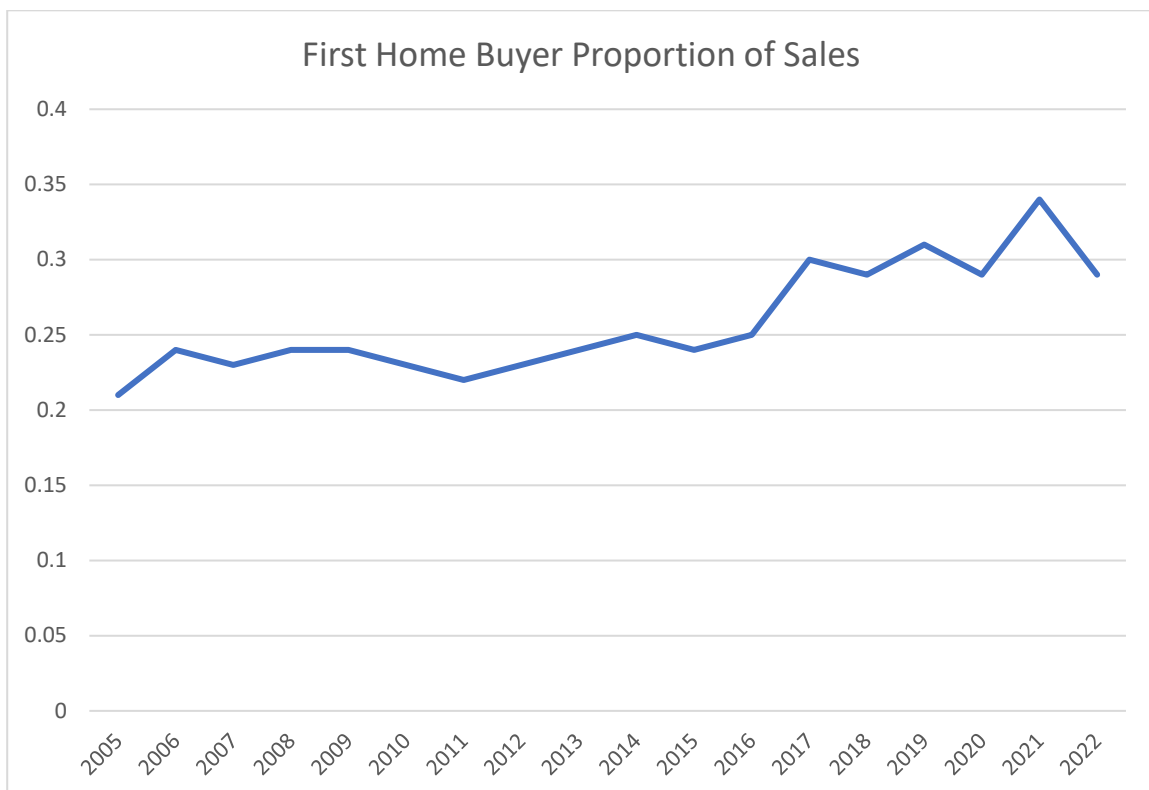


Figure 6: Proportion of first home buyers in number of sales in Upper Hutt, 2005 to 2022

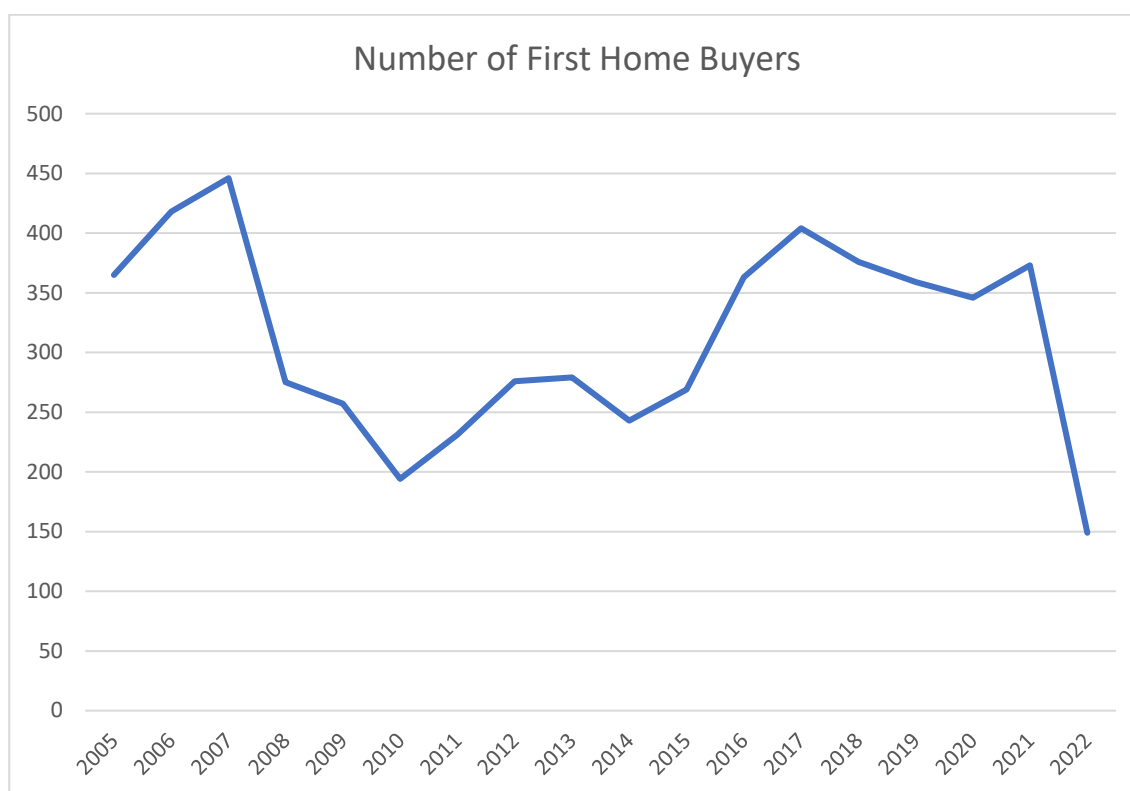


Figure 7: Number of first home buyers in Upper Hutt, 2005 to 2022

6.2.2.2 Renters

The 2018 census indicated the number of households renting in Upper Hutt has been steadily rising since 2006 to just over 27% in 2018. This proportion is expected to have risen in the five years since the census, due to worsening affordability, property market booms, the COVID-19 pandemic and the cost-of-living crisis.

The Ministry of Business, Innovation and Employment (MBIE) database of information relating to rent and bonds, recorded 2,925 active bonds in Upper Hutt, in May 2023. The data is for non-government owned properties that MBIE has information on and provides a useful indication of the nongovernment rental market based on bonds lodged.

Figure 6.5 shows the geometric mean rent data between 1993 and 2022. In this time, the mean rent has risen approximately 285%, with the mean rent in 2022 reaching \$582 per week.

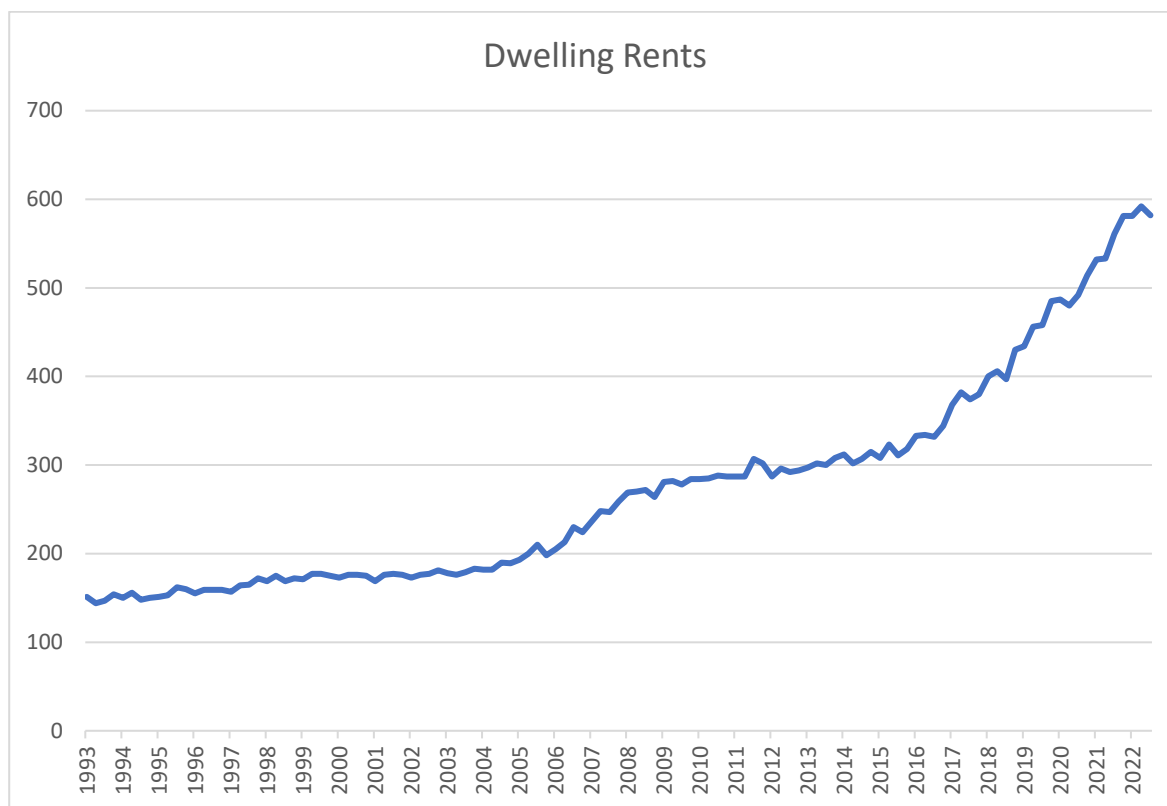


Figure 8: Dwelling rents in Upper Hutt, 1993 to 2022.

6.2.2.3 Māori housing

The last HBA identified that Upper Hutt’s Māori population is steadily increasing and represented 16% of Upper Hutt’s total population and approximately 2,577 households in 2018. The majority of households identifying as Māori are comprised of families with children (58%), and the vast majority of all Māori households live in separate dwellings (82%).

This current HBA has not specifically analysed Māori housing demand of typologies or forms for Upper Hutt in detail, however it should be noted that the IPI plan change has sought to specifically enable papakāinga developments throughout Upper Hutt.

These provisions would provide for housing and ancillary activities (including social, cultural, educational, recreational and commercial activities) for tangata whenua on their ancestral land, particularly in mixed use, residential and rural residential zones. This specific enablement is likely to influence demand for papakāinga developments where previous demand was unable to be identified, and further influence household composition changes, as the developments are uptaken.

6.2.2.4 Public housing

Public housing, transitional housing and emergency housing is another factor which should be analysed to understand the current picture of demand for appropriate housing, for people on low incomes or those in vulnerable or precarious situations in respect of their housing in Upper Hutt.

The Public Housing Register indicates that housing need among those in Upper Hutt on low incomes has been increasing steadily since 2017, indicating that demand for this type of housing is outstripping available supply of public housing. The worsening affordability of housing and increasing demand, particularly in the renting portion of the market, may be a factor in the rise of public housing registrations as those in vulnerable positions or low incomes are priced out of the market.

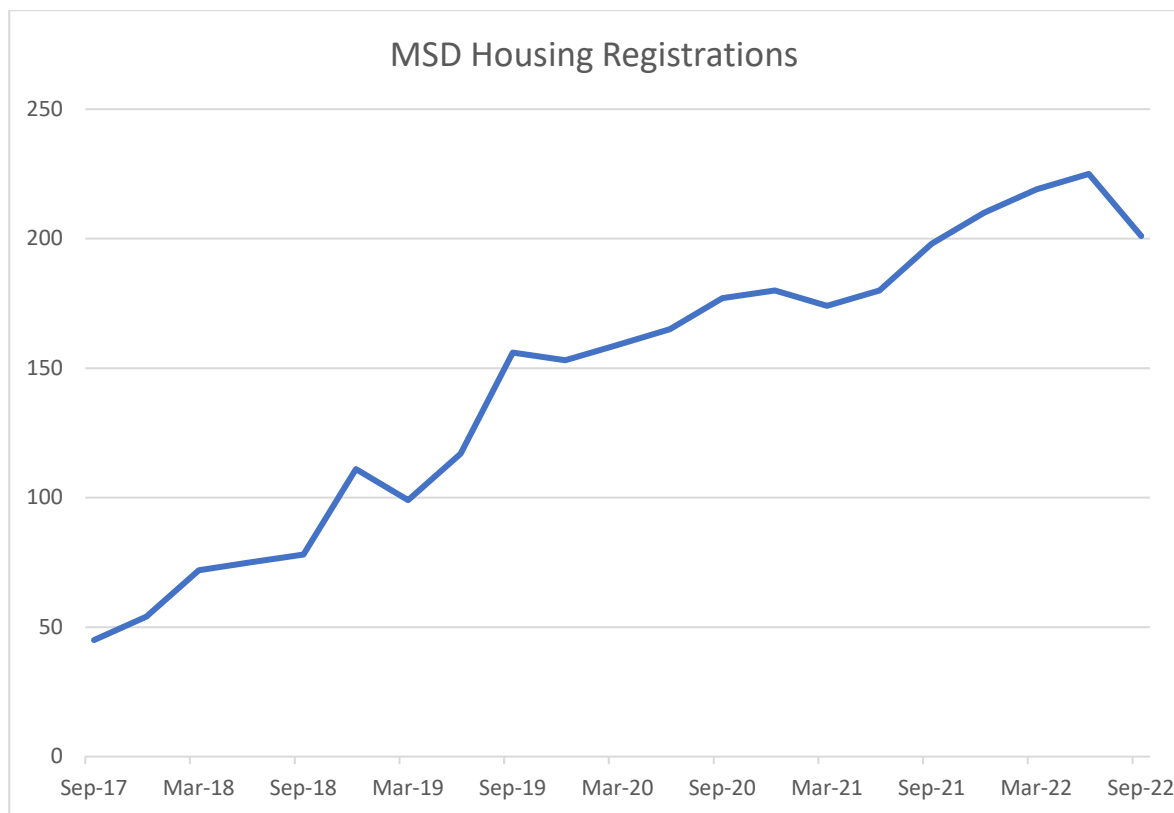


Figure 9: Housing need in Upper Hutt, September 2022

6.2.3 Forecast housing demand

The projected population growth in Upper Hutt requires an increase in the number of dwellings to accommodate the increased population.

Sense Partners have provided projections for dwellings and dwelling types set out in the tables 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 6.3: Additional dwelling demand for the district, by dwelling type (including NPS adjustment)

	Dwellings in 2021	Additional dwelling demand 2021-2024	Additional dwelling demand 2024-2031	Additional dwelling demand 2031-2051	Total increase d dwelling demand
Additional attached dwellings	3,777	126	541	1,339	2006
Additional standalone dwellings	15,170	808	1,470	3,645	5923
Total additional dwellings	19,317	942	2016	4973	7931

These district-wide demand projections were further broken down into the different growth catchments identified in the previous HBAs, and by SA2 suburbs. In order to accurately reflect urban growth demand in accordance with the NPS-UD, the Akatārawa and Mangaroa/Whitemans growth catchment has been removed from analysis. As with the 2022 HBA, the projections expect that the majority of growth would be within the central areas of Upper Hutt, where dwellings (and therefore households) have better access to transport links, services and amenities.

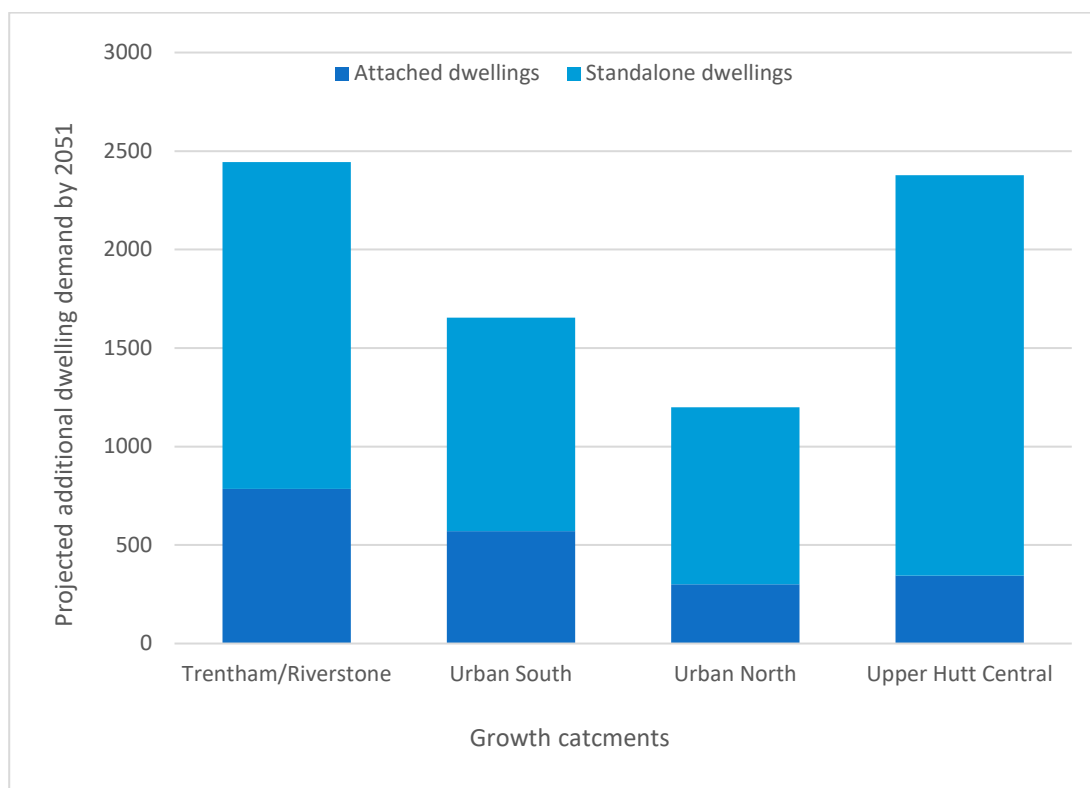


Figure 10: Projected additional dwellings 2021-2051 in Upper Hutt, by growth catchment area

6.4 shows this future demand and typology breakdown over the short, medium and long term and identifies the continued demand for standalone dwellings, alongside the increasing demand for attached dwellings in Upper Hutt, overtime.

Table 6.4: Additional dwelling demand for the district, by growth catchment area and, by dwelling type (including NPS adjustment)

Housing area	Dwellings in 2021	Additional dwelling demand 2021-2024	Additional dwelling demand 2024-2031	Additional dwelling demand 2031-2051
		Number	Number	Number
Trentham/ Riverstone	5,003	473	647	1325
Attached dwellings	1264	79	273	433
Standalone dwellings	3641	394	371	894
Urban South	3,479	106	292	1246
Attached dwellings	508	4	29	537
Standalone dwellings	2910	99	261	724
Urban North	3,314	130	364	710
Attached dwellings	450	16	134	151
Standalone dwellings	2804	112	231	556
Upper Hutt Central	6,396	188	647	1549
Attached dwellings	1460	24	103	218
Standalone dwellings	4819	161	543	1329

6.2.4 Residential capacity – plan enabled, feasible and realisable

This section provides the assessment of residential development capacity calculated from the District Plan (including the notified IPI MDRS provisions). It is important to note that the IPI process is ongoing and may be subject to change which may affect the capacity figures identified below.

Property Economics have developed a model identifying the theoretical development capacity, feasible development capacity and finally, realisable development capacity within Upper Hutt.

6.2.4.1 Theoretical capacity

The theoretical development capacity is identified for all residential and mixed-use zones by applying the maximum development capacity of the land based on their underlying zoning and development controls. The assessment includes two scenarios – an infill scenario – which includes development capacity that can be developed around existing buildings; and redevelopment, which assumes what can be built if sites were redeveloped. Both infill and redevelopment scenarios are then also assessed against development of different housing typologies, including standalone housing, terraced housing, and apartments.

For Upper Hutt, based on the underlying zoning and development controls enabled by the IPI, the total theoretical capacity (including mixed used developments) identified was 209,996 new dwellings across the city. The model further identifies Trentham North as the suburb with the largest theoretical capacity at 27,527 dwellings.

Potential greenfield developments were also assessed, providing an additional theoretical capacity of 31,693 new dwellings. This results in a total combined theoretical capacity of 241,689 new dwellings in Upper Hutt.

This is a sizeable uplift from the previous HBA theoretical capacity of approximately 10,000 dwellings, illustrating the significant increase in enabled residential development capacity within the city, under the IPI and the potential effect this may have on the supply of housing in the District and the subsequent accessibility of the housing market.

6.2.4.2 Feasible capacity

To determine the feasible capacity, Property Economics have drawn on a range of development factors including location, land costs, building costs and sales values to inform what development scenarios are profitable (which was assessed at a 20% profit) - to indicate the extent to which the theoretical development capacity is feasible to develop at this point in time. The assessment also sought to determine the typologies which would be most profitable (and therefore more likely to be feasibly developed) across the city.

This assessment determined that developments undertaken by either an owner occupier or a developer, then there is potential for 25,543 additional dwellings within the Upper Hutt market (including greenfields), representing an approximately 11% feasibility rate on any theoretical capacity.

6.2.4.3 Realisable capacity

In addition to the feasibility assessment, Property Economics further sought to overlay policy and practical considerations, to take into account what is likely to be developed in today's market in Upper Hutt.

The realisation rates essentially provide for the 'likelihood of development', taking into consideration dwelling typology, development options and greenfield competition, and endeavours to consider the risks associated with the development of certain typologies, and the motivation of developers.

Table 42 identifies the realisable capacity by typology, in relation to the proposed theoretical capacity figures enabled by the District Plan. This further assessment shows that while the proportion of developments which can be 'feasibly' undertaken is approximately 10% of the theoretical capacity, the realisable development (taking into account further market risks and measures) is smaller still at an 8% realisation rate across the city. This results in a projected 18,461 new dwellings able to be built within Upper Hutt by 2051.

In keeping with dwelling demand projections, standalone developments have a higher realisation rate than other typologies and make up a large proportion of the type of dwellings which are likely to be built in Upper Hutt over the next 30 years.

Table 6.5: Realisable capacity in Upper Hutt

Type	Realisable capacity	
	Total	% of theoretical capacity
Apartments	891	0.4%
Standalone	15,084	6%
Terraced	2,485	1%
Greenfield	2,282	7%
Total	18,461	8%

This realisable capacity has been further broken down for the same growth catchments, identified in the demand section and includes realisation capacity figures for greenfield developments.

Table 6.6: Realisable Capacity by Housing Area

Housing area	Realisable capacity	
	Total	% of theoretical capacity
Trentham/ Riverstone	4,142	8%
Urban South	5,695	9%
Urban North	9,185	23%
Upper Hutt Central	3,335	5%

6.2.5 Sufficiency of residential capacity

To then determine assess the capacity of Upper Hutt to meet its projected housing needs in the short, medium and long term, it is important to reconcile the additional dwelling demand identified by Sense Partners, with the actual realisable capacity modelled by Property Economics.

Under the 50th percentile projection provided by Sense Partners, Upper Hutt is expected to require an additional 7,931 dwellings by 2051. The current district plan settings, including the capacity unlocked by the inclusion of MDRS standards by the IPI plan change, provides the District with a total realisable capacity of 18,461 additional dwellings, which is approximately twice the projected demand. This is broken down further in Table 42.

Based on this, it is clear that Upper Hutt City has more than sufficient realisable capacity to meet its projected housing needs over the next 30 years.

Table 6.7: Overall summary of supply to meet demand

Type	2021-2024	2024-2031	2031-2051	TOTAL
Demand <i>(inflated with 20%/15% buffer)</i>	942	2016	4973	7931
Attached	126	541	1,339	2006
Standalone	808	1,470	3,645	5923
Development capacity (realisable)				18,461
Apartment	874	-	-	891
Standalone	13,235	-	-	15,084
Terraced	2541	-	-	2,485
Greenfield	2277	-	-	2,282
Balance	+ 10,530			
Sufficiency	Yes	Yes	Yes	

6.3 Business Assessment and findings

6.3.1 Business areas

The NPS-UDC requires us to identify the overall sufficiency of development capacity to meet our future demand for business over the short (3 years), medium (10 years) and long term (30 years).

Historically, the location of industry in Upper Hutt has been influenced by two factors, land availability in southern and eastern Upper Hutt and the close proximity of transportation links.

Business land has been broken down into different business areas to help support analysis of demand and development capacity as part of this assessment. Collectively these business areas cover approximately 520 hectares of the district.

As with the previous HBA assessment, the areas assessed were based on 13 defined business clusters around Upper Hutt. These areas were categorised based on underlying zoning, in conjunction with established business characteristics and their boundaries. These areas are shown in Figure 6.8.

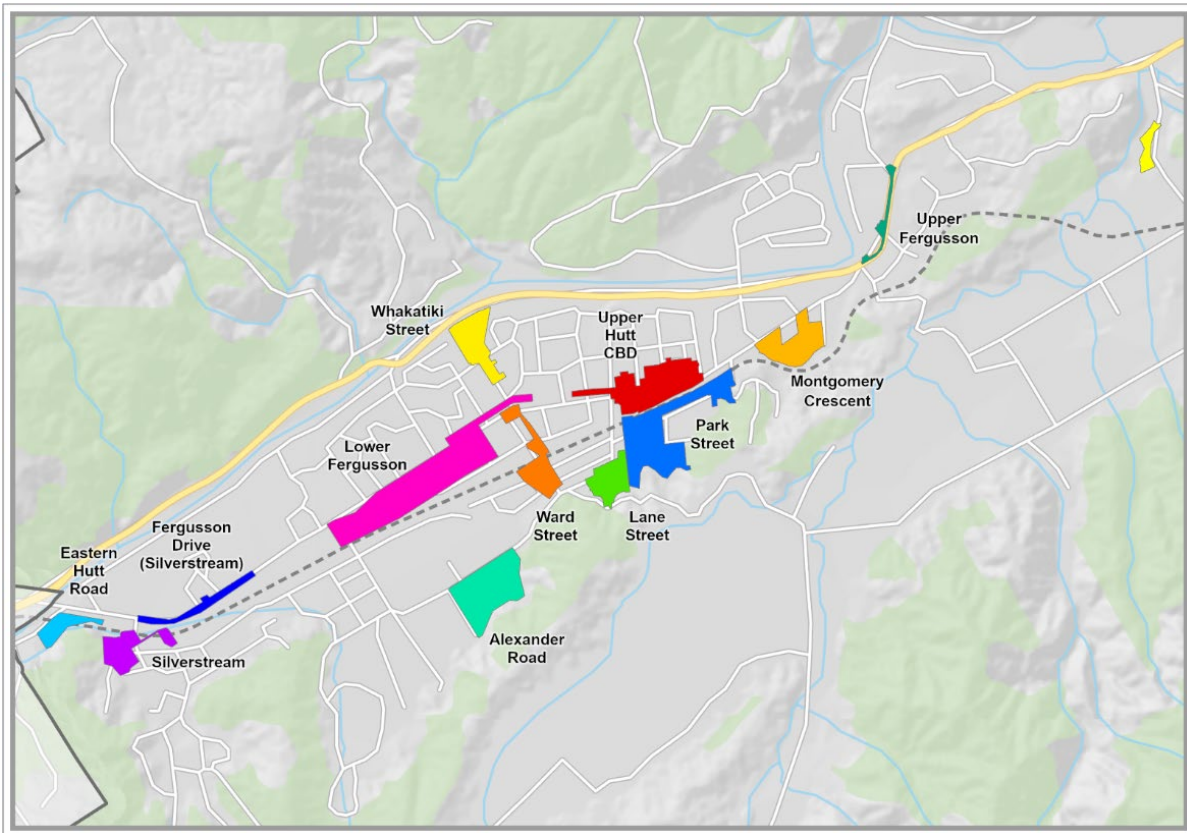


Figure 611: Business areas in Upper Hutt

The list below identifies some of the existing types of businesses located within the areas shown in the map above:

- Upper Hutt CBD – commercial, retail, services
- Ward Street – commercial
- Alexander Road – light and heavy industrial, manufacturing, commercial
- Park Street – light industrial, commercial, retail
- Maymorn – industrial, commercial
- Lane Street – commercial, retail, services,
- Montgomery Crescent – industrial, manufacturing
- Fergusson Drive - Commercial
- Silverstream – retail, commercial,
- Whakatiki Street – industrial, commercial, retail,
- Eastern Hutt Road – industrial
- Upper Fergusson – Suburban Commercial
- Lower Fergusson – Suburban Commercial-Industrial

The commercial and retail areas are typically found in the city centre (which is also a sub-regional centre in the Wellington Region) and at Silverstream, with smaller centres serving a more local need developing across the city.

The Upper Hutt District Plan, under the IPI, seeks to provide for a hierarchy of centres (in accordance with the NPS-UD) to support business development within the district by rezoning key areas of commercial and community activity.

In Upper Hutt, the Local and Neighbourhood Centre Zones support a range of small-scale commercial, retail and community activities that service the day-to-day needs, whilst larger developments are located within the Mixed Use Zones and Industrial Zones

6.3.2 Key business statistics and figures

Figure 6.9 identifies business trends (number of jobs and business typologies) in Upper Hutt in the five-year period between 2017 and 2022.

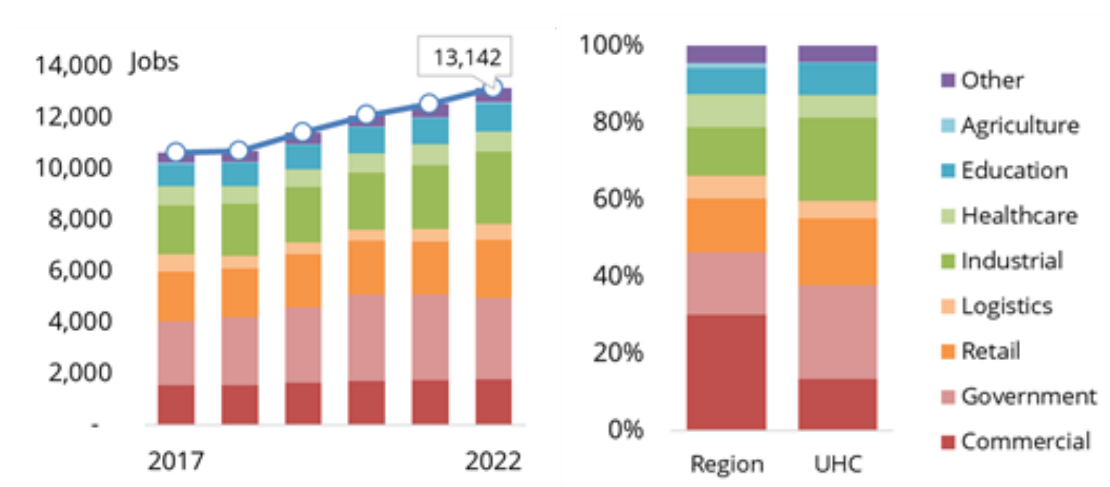


Figure 6.9: Employment trends in Upper Hutt, 2017 to 2022

As can be seen, the demand for industrial land has been increasing, and government activities make up a key part of the economy.

Upper Hutt has seen a consistent increase in demand for greenfield land for industrial purposes. This demand has been for different scales of operation, which is partly driven by the logistics and food industry.

Whilst retail demand has been declining, vacancies remain stable as the retail businesses are replaced by those working in the service sector. The government sector employs 3,200 people in Upper Hutt, of which around half are employed at the Trentham Military Camp and the strong government presence is increasing. Some institutions are moving activities outside of Wellington, to locations like the Blue Mountains Campus, for resilience and business continuity reasons which are driving some of this demand.

Upper Hutt is also home to the New Zealand Campus of Innovation and Sport (NZCIS) and the National Training Centre for the Department of Corrections, whilst 740 people are employed at Remutaka Prison.

Whilst not specifically identified in figure 6.9 as its own category, the film industry also has a presence in Upper Hutt at the studios in Lane Street.

The quarterly economic report produced by Infometrics identifies that in the year to March 2023 the economy in Upper Hutt grew by 3.4%, employment grew by 3.1% and spending increased by 7.9%. Whilst unemployment increased slightly to 2.4% from the record low of 2.3% in 2022, this is lower than regional and national unemployment rates and the economy remains relatively stable.

6.3.3 Key Growth Drivers

In Upper Hutt, as elsewhere in the region, population growth remains a key driver for business growth. For the last 7 years population growth has tracked above the regional average, and Upper Hutt is expected to see 34.9% increase in population by 2051.

It is expected that in the short term there will be an increase in demand to support major development activity such as business activities in the Blue Mountains Campus, Lane Street Studios and the NZCIS.

Transport improvements such as Riverlink and rail investment will also make travelling to Wellington easier and support the high number of commuters arriving and departing Upper Hutt. Currently 22% of Upper Hutt's residents travel to Wellington CBD, whilst 25% commute elsewhere across the region. Conversely, 9% of workers in Upper Hutt reside outside the District.

It is anticipated that improvements to transport links will boost business activity In Upper Hutt and this, along with an expected continuing trend of some businesses locating in Upper Hutt due to resilience and business continuity, could affect travel patterns.

6.3.4 Market analysis and demand for business

Sense Partners have updated the business demand forecasts used in the 2019 HBA. Demand is based on Sense Partners 2022 population forecast and demand for business 'land' and 'floorspace' are broken down across seven core business sectors.

A model of economic activity was used to project region wide employment out to 2052. This model draws on job numbers by sector over the past 20 years and considers the relationship between different sectors over time and trends implied by the data.

Growth is anticipated in all business sectors in the long term, but analysis has identified that industrial business demand could be more affected in Upper Hutt, than in Wellington in an economic downturn.

Recent investment activity in Upper Hutt is an indication of market demand in Upper Hutt and includes:

- Brewtown – Hospitality;
- Eastern Hutt Road – Industrial Development;
- Ward Street – Government and other commercial businesses; and
- Lane Street – Film industry.

Building consents are also a good indication of investment in business activity and non-residential building activity.

Over the last five years data identifies 449 non-residential building consents, although 133 of these were farm buildings, 25 school buildings and 20 retirement units.

6.3.5 Forecast business demand

In accordance with the NPS-UD, demand has been identified for the short (3), medium (10 and long term (30) year period.

Future business demand is determined by considering the key drivers of economic development, patterns of employment change and market analysis. Figure 6.10 below identifies anticipated changes to commercial activity over the next 30 years.

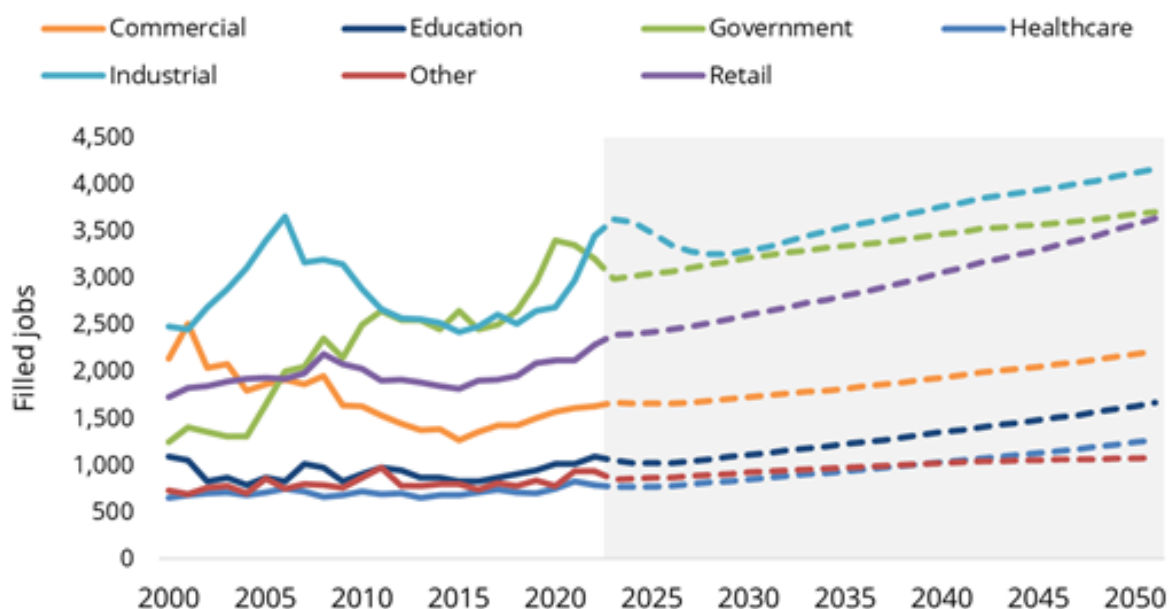


Figure 6.10: Employment in Upper Hutt, 2000 to 2052

Whilst Figure 6.10 identifies the changes in employment figures over time, Table 6.8 identifies how these employment figures translate into floorspace and land requirements.

Table 6.8: Demand for business land and floorspace by business sector over the short, medium and long term.

Type	Floorspace (m ²)				Land (hectares)			
	2021-2024	2024-2031	2031-2051	Total	2021-2024	2024-2031	2031-2051	Total
Commercial	438	1,892	8,366	10,697	0.04	0.19	0.84	1.07
Education	-2,809	5,493	21,667	24,351	-0.37	0.73	2.89	3.25
Government	-2,708	3,963	8,076	9,331	-0.27	0.40	0.81	0.93
Healthcare	-687	4,449	16,514	20,276	-0.09	0.59	2.20	2.70
Industrial	4,271	-11,364	109,057	101,964	1.07	-2.84	27.26	25.49
Other	-2,952	3,334	5,526	5,908	-0.39	0.44	0.74	0.79
Retail	5,062	9,207	35,313	49,582	1.01	1.84	7.06	9.92
Total	615	16,977	204,521	222,113	0.99	1.36	41.80	44.15

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 provides an additional margin to support competitiveness. The resulting inflated demand is as follows:

Table 6.9: Demand for business land and floorspace with competitive margin by business sector over the short, medium and long term

Type	Floorspace (m2S)				Land (hectares)			
	2021-2024	2024-2031	2031-2051	Total	2021-2024	2024-2031	2031-2051	Total
Commercial	526	2,270	9,621	12,418	0.05	0.23	0.96	1.24
Education	-2,247	6,592	24,917	29,262	-0.30	0.88	3.32	3.90
Government	-2,167	4,756	9,288	11,877	-0.22	0.48	0.93	1.19
Healthcare	-549	5,339	18,991	23,781	-0.07	0.71	2.53	3.17
Industrial	5,125	-9,091	125,415	121,450	1.28	-2.27	31.35	30.36
Other	-2,361	4,001	6,354	7,994	-0.31	0.53	0.85	1.07
Retail	6,074	11,048	40,610	57,733	1.21	2.21	8.12	11.55
Total	4,401	24,918	235,199	264,518	1.64	2.76	48.07	52.48

Land demand will be higher than floorspace requirements as this includes servicing requirement for the site such as parking and access. Industrial land, which equates to around half of Upper Hutt's demand for floorspace also tends to be more space intensive and require separation from sensitive land uses such as residential development.

Conversely retail and commercial sector development can be easier to accommodate and co-locate with other land use activities.

6.3.6 Business capacity – plan enabled, feasible and realisable

This section provides the assessment of business development capacity, and this follows a similar process to the residential capacity assessment in that the calculations are based on plan enabled development (including the notified IPI plan change).

The assessment undertaken by Property Economics looks at theoretical capacity for mixed-use and business areas based on their underlying zoning and development controls, and then a feasibility lens is applied to identify how much of that theoretical capacity could be realised.

The theoretical assessment considers scenarios for infill and redevelopment as well as identifying vacant land. The infill scenario identifies potential development capacity available alongside existing buildings, whilst vacant land is a sub-category of the redevelopment scenario.

Assumptions were made to help provide a more realistic assessment of development capacity. This included:

- using ratios to split development capacity between residential and business uses in areas that enable mixed uses

- appropriate site coverages to help provide a more realistic provision of the use of land including space to provide for parking and accessways to support shops, services and yard space
- additional site coverages applied for some sites
- heights of buildings used in industrial areas.

The vacant land is arguably the most important in the short term as it is readily available and is currently zoned for business development.

However, 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.

Theoretical – Plan enabled capacity

Table 6.10 and Table 6.11 identify the theoretical capacity by zones that accord with the NPS-UD for both floor space and land.

Table 6.10: Comparison of business floorspace by business zone

Business Zone	Existing floorspace sqm	Infill (ha)	Redev (ha)	Vacant
City Centre Zone	78,411	22.48	80.36	7.49
General Industrial Zone	251,399	17.44	83.12	11.02
Local Centre Zone	19,172	8.53	26.69	
Mixed Use Zone	125,057	41.14	140.63	1.72
Neighbourhood Centre Zone	4,583	1.52	3.20	
Town Centre Zone	5,711	1.71	5.22	
Total	48.43 ha 484,333sqm	92.83	339.22	20.23

Table 7.11: Comparison of business land by business zone

Business Zone	Existing floorspace (sqm)	Infill (ha)	Redev (ha)	Vacant (ha)
City Centre Zone	78,411	5.10	7.31	0.68
General Industrial Zone	251,399	9.62	29.80	3.94
Local Centre Zone	19,172	2.32	3.34	
Mixed Use Zone	125,057	6.99	17.58	0.21
Neighbourhood Centre Zone	4,583	0.71	1.06	
Town Centre Zone	5,711	0.39	0.65	
Total	48.43 ha 484,333 sqm	25.12	59.74	4.83

Feasibility

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 on request.

Table 6.12: Comparison of business floorspace by business area – with MCA score

Business Area	MCA Score	Existing floorspace (sq)	Infill (ha)	Redev (ha)	Vacant
Area 1 Alexander Road	56	55,501	4.05	24.46	9.83
Area 2 Eastern Hutt Road	49	6,854	0.93	4.63	0.03
Area 3 Fergusson Drive	48	4,288	1.80	5.68	0.77
Area 4 Lane Street	53	31,596	11.53	34.81	
Area 5 Lower Fergusson	44	34,658	9.75	28.51	0.95
Area 6 Maymorn	54	2,554	0.68	3.49	0.79
Area 7 Montgomery Crescent	51	6,052	3.17	13.83	
Area 8 Neighbourhood Centre Zones	-	4,583	1.51	3.20	
Area 9 Park Street	55	11,6800	22.07	91.49	0.16
Area 10 Silverstream	48	23,181	2.67	9.39	
Area 11 Upper Fergusson	44	1,830	1.01	2.53	
Area 12 Upper Hutt CBD	59	87,945	26.47	89.27	7.49
Area 13 Ward Street	56	6,395	4.10	12.44	
Area 14 Whakatiki Street	49	47,696	3.07	15.50	0.21
Total	N/A	48.43 ha 484,333sqm	92.83	339.22	20.23

Table 6.13: Comparison of business land by business area – with MCA score

Business Area	MCA Score	Existing floorspace	Infill	Redev	Vacant
Area 1 Alexander Road	56	55,501	2.24	8.59	3.49
Area 2 Eastern Hutt Road	49	6,854	0.44	1.76	0.02
Area 3 Fergusson Drive	48	4,288	0.39	0.71	0.10
Area 4 Lane Street	53	31,596	1.70	4.35	
Area 5 Lower Fergusson	44	34,658	2.58	3.56	0.12
Area 6 Maymorn	54	2,554	0.30	1.27	0.28
Area 7 Montgomery Crescent	51	6,052	1.75	5.16	
Area 8 Neighbourhood Centre Zones	-	4,583	0.71	1.07	
Area 9 Park Street	55	11,6800	5.88	15.35	0.06
Area 10 Silverstream	48	23,181	0.74	2.07	
Area 11 Upper Fergusson	44	1,830	0.16	0.32	
Area 12 Upper Hutt CBD	59	87,945	6.03	8.42	0.68
Area 13 Ward Street	56	6,395	0.56	1.55	
Area 14 Whakatiki Street	49	47,696	1.64	5.57	0.09
Total	N/A	48.43 ha 484,333 sqm	25.12	59.74	4.83

Key characteristics from across these areas include:

- Alexander Road scored second highest in the assessment. Capacity is minimal at this site and public transport is limited, but the area offers a range of scales of operation.
- Eastern Hutt Road – Resilience can be an issue here due to flood issues and accessibility to the rail station is difficult despite this being on a railway line. However, its location near State Highway 2 is making it attractive to the construction, distribution, logistics and freight industries.
- Fergusson Drive and Silverstream – These areas have a scattering of business activities within areas of higher density residential activities. Demand could increase in these areas in future, but feasibility could be an issue due to high land value and fragmented sites. Silverstream is identified as a town centre, where the NPS-UD anticipates higher density development in future.

- Lane Street, Goodshed Road and Park Steet – This is now a mix of hospitality, commercial and industrial activities. Access is constrained but more improvements are anticipated.
- Maymorn. Access remains limited but this area has attracted some industrial activity. Reverse sensitivity may be an issue.
- Montgomery Crescent – This is a general industrial area, and whilst capacity is limited development has been occurring as existing companies move out of the area. There is also some reverse sensitivity issues in this area.
- Neighbourhood Centre Zones – As identified above, these are small scale commercial areas with a mix of retail and commercial activities that serve a local need.
- Upper Hutt CBD scored the highest in the assessment – This reflects the role and function of the CBD coupled with the desirability of the location with good transport connections and access. Resilience is high and there is potential for some growth with mixed use developments making opportunities more feasible.
- Ward Street – This area includes the Blue Mountains Campus and has been attracting government agencies. Whilst access to other businesses is limited, this area has the potential to be self-sufficient. There is still some capacity, which could be realised in 2025.
- Whakatiki Street – Industrial area to the north of the City with access to State Highway 2. Capacity at this location is limited to infill and redevelopment opportunities.

Whilst this is not an identified business area, NZCIS based near Heretaunga rail station and Trentham Military Camp has seen a significant level of investment in office, sports and government activities. Road access is more limited than for some sites, but rail access is good and there is still some capacity. Recently two major sporting teams and the Corrections Training Centre have located here.

The nature and type of business development taking place identifies that there have been and are opportunities and options available for a range of business activities to locate in the District. However, supply of the right type and in the right place could be an issue with much of the land that is plan enabled being taken up.

The sufficiency of the business land identified in Table 6.14 and Table 6.15 is considered below.

6.3.7 Sufficiency of business capacity

Similar to residential development capacity, it is important to be realistic around the differences between current capacity enabled under the District Plan, its take-up and the current realisation of development.

Like other Districts in the Wellington Region, there is currently a gap between the bulk, height and scale of existing buildings across the District compared to what is enabled under the District Plan. While a greater scale of Plan-enabled capacity is available, this may not be realised for some time.

The assessment of business capacity sufficiency is more difficult to assess than that of residential capacity due to the range and scale of activities. This is why the analysis is more qualitative and uses the Multi Criteria Analysis to help assess the suitability and sufficiency of business land.

Table 49 shows theoretical business land demand (floorspace and land) against capacity over a 3, 10 and 30 year period.

Table 6.14: Sufficiency of business land (ha)

Type	2021-2024	2024-2031	2031-2051	TOTAL
Demand (inflated with 20%/15% buffer)	1.64	2.76	48.07	52.48
Development Capacity	Redevelopment			59.74
	Vacancy			4.83
	Infill			25.12
Sufficiency	Yes	Yes	No	

Table 6.15: Sufficiency of business floorspace (ha)

Type	2021-2024	2024-2031	2031-2051	TOTAL
Demand (inflated with 20%/15% buffer)	0.44	2.49	23.52	26.45
Development Capacity	Redevelopment			339.22
	Vacancy			20.23
	Infill			92.83
Sufficiency	Yes	Yes	No	

As identified above, an assumption has been made that the vacant land is the most realisable in the short term as it is both available and plan enabled. In this respect, as a District, it could be identified from Table 49 that there is sufficient land capacity to meet demand in the short term (0 to 3 years).

However, this assumes that all vacant land is developed, when in reality this may not be the case due to market drivers such as construction costs, price and the right land being available in the right location. As an example, the size and shape of vacant brownfield land parcels can be inconsistent with the manner in which they become available, which means they are not able to deliver to the type of demand that we receive.

Land availability also becomes more of an issue in the longer term when dependence for land is reliant on redevelopment of existing sites. There is no guarantee that land will come forward for redevelopment, and that this land will be what the market wants or feasible.

The relationship between the 13 key business areas, District Plan Zoning, the types of activity they accommodate, the MCA analysis, and the demand for business land is helpful in looking at business land sufficiency in more detail.

Table 6.16 below shows a summary of business land demand for the next 30 years:

Table 6.16: Summary of business land demand

Type	Total
Commercial	1.24
Education	3.90
Government	1.19
Healthcare	3.17
Industrial	30.36
Other	1.07
Retail	11.55
Total	52.48

There would be sufficiency if there was spare land in each of the key business areas, and IPI zones, to accommodate further development that has a similar or the same typology as those that are currently located in those areas or zones. However, this is not the case when looking at the capacity in Table 6.14 and Table 6.15.

As an example, 30.36 hectares of industrial land is required (from a total of 52.48 hectares of business land), but there is only just over 10 hectares of vacant land and 8 hectares of infill land in the business areas currently accommodating industrial activities. There is 5.88 hectares of theoretical infill land at Park Street, but this currently accommodates light industrial activities, and not all theoretical capacity will be realisable. Some of this land, for example will be attributed to outside areas for servicing etc that relate to existing activities, and it is not expected that all industrial development will be multi storey (which is currently assumed in the capacity model). Therefore, more land may be required.

There are also reverse sensitivity issues at Montgomery Crescent, and access issues at Alexander Road which may make these areas less viable or attractive, and there are capacity issues at Eastern Hutt Road and Whakatiki Street.

There is very little capacity in the neighbourhood centres, including those located along Fergusson Drive and as a result, it is unlikely that the vacant land that does exist will be built upon as it is not necessarily suitable. There is a similar issue at the town centre at Silverstream, which may prove problematic given the identified demand for 11.55 hectares of retail land demand in the centre.

There is an opportunity for some retail development to be accommodated within the City Centre but would rely on redevelopment, and as previously noted, capacity is already limited in the Town Centre, Neighbourhood, and Local Centre Zones. The only Town Centre Zone at Silverstream also scored comparatively lower than other business areas in the MCA assessment.

It should be noted however, that some of the business land shortfall will be addressed by the repurposing of existing developments and increasing densities and heights. Some new greenfield developments will also provide for additional capacity, particularly for retail and commercial activities that are more easily accommodated than industrial activities.

Recent examples of repurposing and refocusing of existing buildings including what has happened with Blue Mountains Campus and NZCIS being redeveloped in part for office accommodation. The tertiary education sector is changing and the NZCIS focus on vocational training (High Performance Sport, National Training Centre for Corrections, NZDF Youth Development Unit etc) offers an alternative to Te Pukenga and the reimagined polytechnic framework. In this respect, for education demand, there is an element of adapting capacity.

The policy settings in the IPI plan change also supports greater density and heights across the District in and around the commercial zones, and this increase in capacity can be seen in Table 6.14 when compared to Table 6.15.

Other business land demand such as education, commercial and government sectors could be accommodated with known pipeline developments, such as Stage 2 and 3 of the Blue Mountains Campus, or within large developments such as the Trentham Complex Development Opportunity.

6.4 Infrastructure Capacity

6.4.1 Three Waters

The last HBA identified a number of challenges around capacity in the drinking water and wastewater networks throughout the District, to accommodate existing demand and future growth. Wellington Water identified that significant investment as well as new infrastructure will be required to enable the anticipated population increase.

Further assessments of capacity across a number of these areas have been undertaken and the 2021 assessment remains valid. Along with the most recent asset planning for 2024 onwards, it enables identification and prioritisation of robust medium-long term investment options to service growth, including upgraded or new reservoirs in Maidstone, Trentham and Pinehaven and significant wastewater main renewals across the city.

The nature and location of future growth also creates a challenge for water networks with regards to affordability. This is impacted by increasing physical costs to develop and maintain efficiency and effectiveness as networks grow and expand, in addition to costs associated with meeting higher health standards and environmental controls relating to the receiving environments.

While there are some areas of current deficiency across Council's networks based on known and planned growth, there are plans in place to address these through planned maintenance and upgrades, particularly regarding green and brown fields development. Proactively providing increased water infrastructure capacity for infill development presents a more significant challenge due to the new enabling and permissive planning environment potentially making this more reactive.

Further ongoing assessment work will be undertaken taking account of the prevailing growth and spatial context to inform infrastructure planning and investment.

6.4.2 Local road network

The local roading network is crucial to enable the movement of people, trade and goods. There have been no major changes to the local road network to report since the last HBA was published. However, in addition to the traffic model update, Upper Hutt City Council is currently developing an Integrated Transport Strategy which will inform future investment.

There have been no major changes to report since the last HBA. The previous assessment remains relevant, and a more detailed update is available on request.

Of particular note is that:

- The roading network needs to accommodate the growth anticipated, as well as changes to community desires for alternative transport options.
- The quality and safety of rural roads is an issue for the rural community, existing infrastructure is physically constrained and struggles to deal with multiple users at peak times and as additional areas are developed.
- It is anticipated that there will be degraded service levels in the future without intervention.
- 47% of Upper Hutt's working population commutes outside of the district, arterial routes and connections to State Highway 2 are priorities.
- Council continues to seek funding opportunities to develop its walking and cycling network, and advocate for improvements to public transport.
- Council is working with the other local Councils in the region on both the Regional Emissions Reductions Plan, and a Vehicle Kilometres Travelled Reduction Pathway.
- Council will continue to encourage improvements to the city's movement network, and improved connectivity to the regional transport networks.

There is an increasing focus at a national and regional level to reduce the need to travel by private car and encourage mode shift.

Technology advances in vehicles may also present a challenge in terms of providing charging infrastructure in a safe and efficient manner within the context of more limited parking being provided by development in future.

Council is responding to the transport challenges through the development of an evidence base, and an Integrated Transport Strategy that will support infrastructure investment.

6.4.3 State highway network

Waka Kotahi have identified that in Upper Hutt, State Highway 2 acts as a transit corridor connecting Upper Hutt to Lower Hutt, Wellington and the Wairarapa. It also has a role in connecting communities within Upper Hutt with some parts of the road acting as a regional connector and other areas, such as through Timberlea having a more urban feel.

Challenges that have been identified across the region equally apply in Upper Hutt, including growth, road safety, resilience, journey time predictability and the need to reduce reliance on the private car.

Since the last HBA, a number of projects are underway to improve safety including State Highway 2 Ngāūranga to Featherston safety improvements, including intersection upgrades and a speed limit review.

A copy of the NZTA State Highway assessment is available on request.

6.4.4 Public transport

There have been no major changes in the public transport network since the last HBA. However, it is acknowledged that investment in the public transport network is a critical factor in responding to population growth and supporting our mode shift and emissions reduction goals.

Rail plays a major role in moving a large number of people efficiently, but busses also play a role in moving people around. Upper Hutt continues to be served by six sections, which moves people north / south and busses continue to service a number of routes to the CBD and the railway station.

However, busses also remain impacted by the same level and areas of congestion as private vehicles and must also continue to look at how public transport usage can increase in the context of a dispersed population.

Focus needs to continue to prioritise rail and bus investment to support growth and Councils will be collaborating with Greater Wellington Regional Council (GWRC) on the next Regional Public Transport Plan, as well as other transport linked developments such as the Complex Development Opportunities.

A copy of the Public Transport Assessment is available on request.

6.4.5 Open Space

Upper Hutt is characterised by a large variety of parks and open spaces, providing opportunities for many recreation activities and creating a highly valued natural setting for the city.

From a citywide view, the city appears to be well-served with an abundance of open space, containing a significant portion of the Wellington region's regional park area, while making up only 8.4% of the region's population. At a more detailed suburb or Statistical Area 2 level there is significant variation in provision of open space, in both quantity and quality. The indicative open space provision across the city is 8.7 Ha/1000, above the historic guideline of 7.0 Ha/1000 population.

Upper Hutt benefits from its proximity to significant non-council owned open spaces. This includes three of Greater Wellington Regional Councils' regional parks (Kaitoke Regional Park, Akatarawa Forest Park and Pakuratahi Forest) and the Te Awa Kairangi / Hutt River corridor, which is managed for both flood protection and recreation purposes as part of the Hutt River Trail. The Department of Conservation also manages the Remutaka Forest Park and the Tararua Forest Park in the District.

Higher housing density and the resulting population increase within the urban area will put pressure on our open spaces. It is important to maintain, enhance, and where needed and possible expand the open space network to ensure this treasured resource continues to serve the

community. The typology, connectivity and accessibility of the open space network will need to respond accordingly and be nuanced by the local context of growth to complement in the nature of the development. A good example is high quality, small pocket parks and spaces in close proximity and suitable for frequent everyday activities by residents with limited private open space associated with housing.

The Open Space Strategy 2018-2028 is the guiding framework for Council's management of the open space network to continue meeting the changing needs of the community. It is currently being reviewed and a key focus and objective of this refresh is to take into account and respond to growth and the evolving urban planning environment over the last five years.

6.4.6 Education

The Upper Hutt catchment extends from Silverstream in the South to Te Mārua in the north at the base of the Remutaka Hill. Historically, a stagnant or declining population in Upper Hutt has allowed many schools within the catchment to operate without enrolment schemes and so students have been able to attend schools of their choice across Upper Hutt, regardless of where they live.

However, since 2012 the student population within the catchment has been growing. Several large developments completed, underway and planned within Upper Hutt, coupled with young families moving into existing homes will have an impact on rolls.

Whilst there is currently capacity within the catchment, the Ministry of Education is planning now to ensure there is capacity in the right locations to cater for this growth. A capacity assessment was undertaken in 2022 and includes state-integrated schools which are part of the education network but have special characteristics which may not appeal to all families.

By way of summary:

- There are 13 state primary schools and two state-integrated primary schools in this catchment.
- There is space for around 647 students in the state primary network and space for around 47 students in the state-integrated primary network.
- There are two state secondary schools and two state-integrated secondary schools in this catchment. There is space for 279 students in the state secondary schools. The state integrated secondary schools are at capacity. Both the state-integrated secondary schools are male only schools.
- Trentham School received two teaching spaces. Heretaunga College received eight short term roll growth alongside an enrolment scheme reduction.

6.5 Conclusions and next steps

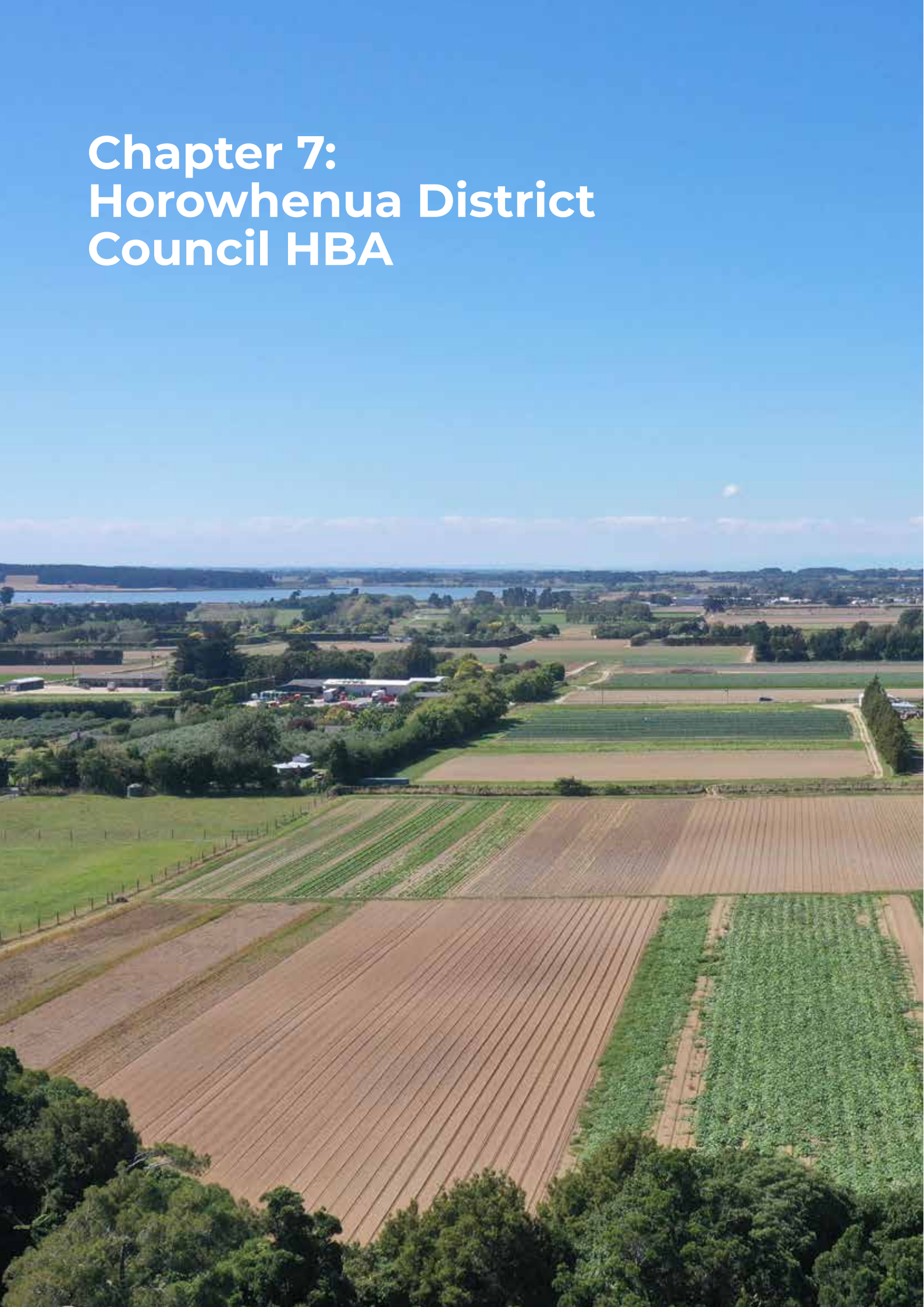
The Housing and Business Assessment has identified that there is a need to accommodate 7,954 dwellings and 55 hectares of commercial land over the next 30 years.

Whilst there is more than sufficient capacity to accommodate housing demand, commercial land can be more of an issue.

For business land, short and medium term capacity is available, but longer term requirements may need to be accommodated by redevelopment of existing sites. Industrial land capacity is an issue across the region and in Upper Hutt and the Wellington Regional Leadership Committee is commissioning a piece of work to consider this in more detail.

This Housing and Business Assessment will form an evidence base that can be used to support regional and district planning processes.

Chapter 7: Horowhenua District Council HBA



Key Findings

Population Growth: The Horowhenua District population forecast projects population growth of 12,600 residents between 2022 and 2052.

Housing Capacity: This assessment has identified sufficient housing capacity to meet demand over the short, medium and long terms at the 50th and 75th percentile growth rates, subject to infrastructure servicing. However, there is not sufficient capacity to meet growth at the 95th percentile rate, which is the rate of growth that Council have just reconfirmed that our growth forecasting should be based on.

Business Demand: Demand for industrial and agricultural activities is highest in the Horowhenua District.

Business Capacity: There is sufficient development capacity to meet demand long term. Horowhenua District is well-placed to provide industrial land capacity for the Greater Wellington Region.

Infrastructure Capacity: there is sufficient land capacity at present, however there will be constraints in the medium-long term for three waters capacity which will be required to be resolved in order for development potential to be realised. Public transport at present is very limited and will require upgrading and extending in the future. Roading infrastructure will be improved by the Ō2NL highway extension. The associated improvements will mean that the State Highway and local roading network are expected to have sufficient capacity going forward to meet expected demand. Additional open space and education capacity will need to be planned for.

It is important to highlight that the Housing and Business Assessment represents a single point in time. All councils in the Wairarapa-Wellington-Horowhenua region are currently in the process of implementing changes to their District Plans. It is expected that through the submission process to the District Plans there will be some changes to the Plans as notified and these may impact this assessment and change sufficiency. At this point in time, we do not however know what those changes will be, but we know that in the housing assessment we have significant amounts of capacity that are unlikely to be impacted by any constraints from qualifying matters.

This report has been prepared for the Wellington Regional Leadership Committee (WRLC) as a report for the wider Wairarapa-Wellington-Horowhenua region. It will be used to support spatial and other planning being undertaken by the WRLC for that region. Whilst the report breaks land requirements down to a council level, we will be developing a regional response to meet required levels of expected demand. In the short term, this planning will be undertaken as part of the region's Future Development Strategy.

This chapter provides some detail and context for Horowhenua District Council. It should be noted that this is the first Housing and Business Assessment that has been prepared for the Horowhenua District. As such, this report will form the baseline for future reports, rather than building on previous reporting as per other Territorial Authorities in the region.

7.1 District Context

The Horowhenua District has an area of 1064 km², stretching between Tararua Ranges and the coast. The Horowhenua District is one of the largest food producing areas in the country, and is particularly known for its vegetable growing. The District has a high proportion of highly productive land.

Whilst technically located within the Manawatu-Wanganui Region, the District sits in the outer edge of the western growth corridor within the Wellington Regional Growth Framework, reflecting the strategic location of the District and the improved transport infrastructure to Wellington.

Traditionally, growth within the Horowhenua District has been reasonably static, however a period of fast growth has been occurring since 2018. This is expected to continue into the future, further realising the benefits of its increased access to Wellington via improved roading and the proposed improvements to the State Highway network in this location by the end of the decade.

7.1.1 Horowhenua District Plan

The Horowhenua District Plan was made Operative in July 2015.

The 2015 District Plan review introduced medium density and infill subdivision standards, which relaxed previous rules and were introduced to encourage a greater uptake of infill development.

In general, residential uses are provided for in most of the zones in the District Plan, with the greatest density of dwellings provided for in the General Residential Zone and the Medium Density Overlay areas. There is limited provision for home occupations in most zones, with commercial and industrial uses being directed to their respective zones.

Plan Change 4, which rezoned 420 hectares of rural land on the outskirts of Levin in an area known as Tara-Ika has had the decision adopted by Council. At the time of writing, the three appeals have been resolved, and consent orders are expected shortly which will enable the Plan Change to become fully operative.

Plan Changes 6 and 7 are currently being prepared, with a view to notification towards the end of 2023. Plan Change 7 will provide for greater intensification within Residential Zone, and Plan Change 6 will provide for additional greenfields growth areas within the District.

7.1.2 Horowhenua Growth Strategy 2040

Horowhenua District Council produced a Growth Strategy in 2018, Horowhenua Growth Strategy 2040, which quantified the expected growth for the District, and identified growth areas, which are deemed to be suitable for further investigation for rezoning for residential or industrial growth.

The Growth Strategy was updated in May 2022, after the rate of population growth in the District was shown to be much greater than the 2018 version of the Strategy anticipated.

Growth Strategy reflects the Council's desire to provide an integrated and proactive framework for managing current and future growth to ensure it is enabled as well as appropriately planned to manage adverse effects. It is part of a wider suite of plans and strategies that are intended to ensure that there is adequate planning and investment in the necessary infrastructure, services and facilities that will be required by our current and future residents.

7.1.3 Horowhenua 2040 Strategy

The Horowhenua 2040 (H2040) Strategy is a high level, overarching strategy which serves as a book end document to set out the direction and steps we are taking to help make Horowhenua a vibrant, thriving and more sustainable place for everyone, protecting our community spirit for future generations to enjoy.

H2040 has the status of a strategic planning document and will be given effect to, by the Horowhenua 2040 Blueprint, through Council's Community Wellbeing Committee and community networks, the Long Term Plan (LTP), Infrastructure Strategy and Asset Management Plans, the District Plan and Community Plans for our towns and community settlements. Other partners to help realise H2040 are potentially collaborative, multi-agency or joint venture partnerships.

H2040 gives further effect to Council's Economic Development Strategy (EDS) as a continuation-in-part of Council's 10-year economic development vision, with H2040 providing adjustments to better implement this strategy.

The strategic planning framework that H2040 provides will be used by Council to guide the formulation of further policies and plans; and will inform collaborative relationships with Central Government and other key agencies, organisations and stakeholders.

7.1.4 Horowhenua 2040 Blueprint

The Horowhenua 2040 Blueprint (Blueprint), adopted by Council on 11 May 2022, details 12 action areas Council is committed to improving, with liveability and prosperity at the heart of the work being prioritised.

The actions are wide-ranging and include enabling more affordable housing choices, supporting and enabling iwi aspirations, securing jobs in key sectors, attracting more visitors with a strong district identity, nurturing and promoting a food culture and keeping the district moving.

The Blueprint is intended to give effect to the values and aspirations articulated in the Horowhenua 2040 Strategy (H2040) and the suite of supporting Horowhenua District Council strategies, and is essentially the implementation strategy for H2040 and the supporting strategies.

The vision of the Blueprint is as follows:

“Horowhenua has resilient neighbourhoods and communities with pathways to skills, jobs, an affordable housing. Horowhenua is a favoured destination for visitors and new residents who wish to add to the district’s prosperity and wellbeing.”

7.1.5 Housing Action Plan

Recent fast growth in Horowhenua has placed increasing pressure on housing and families. Housing is one of the six focus areas of the Community Wellbeing Committee, under the Community Wellbeing Strategy.

Our growing economy makes Horowhenua more attractive as a place to live and work. Our District offers the advantages of rural small town living between hill and coastal settings as well as proximity to the city offerings of Palmerston North and Wellington. We welcome this growth while at the same time we acknowledge that it brings with it increased demand for more housing. Our supply of housing is not keeping pace with demand.

A multi-sector Housing Forum and working group framework was initiated through the Community Wellbeing Committee in March 2019 to drive the development of a Housing Action Plan.

It is a Plan that seeks to drive immediate grass root actions and local solutions to meet our community’s diverse housing needs as well as looking to the medium and long-term to make sure we have sustainable housing solutions to meet everyone’s needs. Our partnerships with Central Government and community groups are central to making the plan a success.

Ongoing reporting against the Housing Action Plan has been discussed by the Community Wellbeing Committee with a quarterly update proposed to accompany the measurement of the Community Wellbeing Strategy and Community and Social Development Action Plan.

7.1.6 Levin Structure Plan

The Levin Structure Plan is one of the projects being undertaken as part of Horowhenua District Council’s work with the Greater Wellington Regional Leadership Committee. The Structure Plan is currently being developed, with a people-centric point of view and focuses on paving the way for a future that meets people’s needs for living, social infrastructure, transport options, green and public spaces. An integrated plan will be produced, in cooperation with mana whenua, Central Government agencies, infrastructure providers and regional councils, and will result in a spatial vision that addresses a range of factors that will result in Levin thriving.

7.2 Residential Assessment and findings

This section provides context and assessment of residential development capacity for the Horowhenua District Council over the short (3 years), medium (10 Years) and long-term (30 years). It is important to note here that whilst Horowhenua District Council has adopted the 2023 95th percentile figures for our growth planning, for this assessment we have used the 2023 50th percentile figures to be consistent with other Future Development Strategy Partners, which allows for clearer comparisons to be made between the various Territorial Authorities.

7.2.1 Population Forecasts

The Sense Partners 2023 population forecast is for Horowhenua over the short term (3 years) , medium term (3-10 years) and long term (10-30 year) periods

Table 7.1: Short, medium and long-term population growth for Horowhenua District, 2022-2052

Type	Projected Population				Projected Population Change			
	2022	2025	2032	2052	2022-2025	2025-2032	2032-2052	Total
Sense Partners Median	37,000	38,400	41,700	49,600	1,400	3,300	7,900	12,600

7.2.2 Forecast Housing Demand

Projected demand for dwellings and dwelling type is set out in the tables 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 7.2: Projected Housing Demand growth for Horowhenua District, 2022-2052

Type	2022-2025	2025-2032	2032-2052	Total
Sense Partners Median	660	1460	3380	5490
Demand with competitive margin	780	1750	3890	6420

The assessment also considers the location of demand. As part of undertaking the assessment, the Horowhenua District was divided into five housing catchments, as illustrated in Table 7.3 below. The urban catchments (Foxton, Foxton Beach, Levin and Shannon) were based upon the SA2 2018 census blocks within those areas as follows:

Table 7.3: Housing Catchment vs SA2 areas for Horowhenua

Housing catchment	SA2 areas included
Levin	Levin Central Tararua Taitoko Waiopahu Playford Park Fairfield Queenwood Makomako Donnelly Park Kawi North Kaiwi South
Foxton	Foxton North Foxton South
Foxton Beach	Foxton Beach
Shannon	Shannon
Rural	Kimberley Ōhau-Manakau Waikawa Makahika Miranui Kere Kere Waitarere

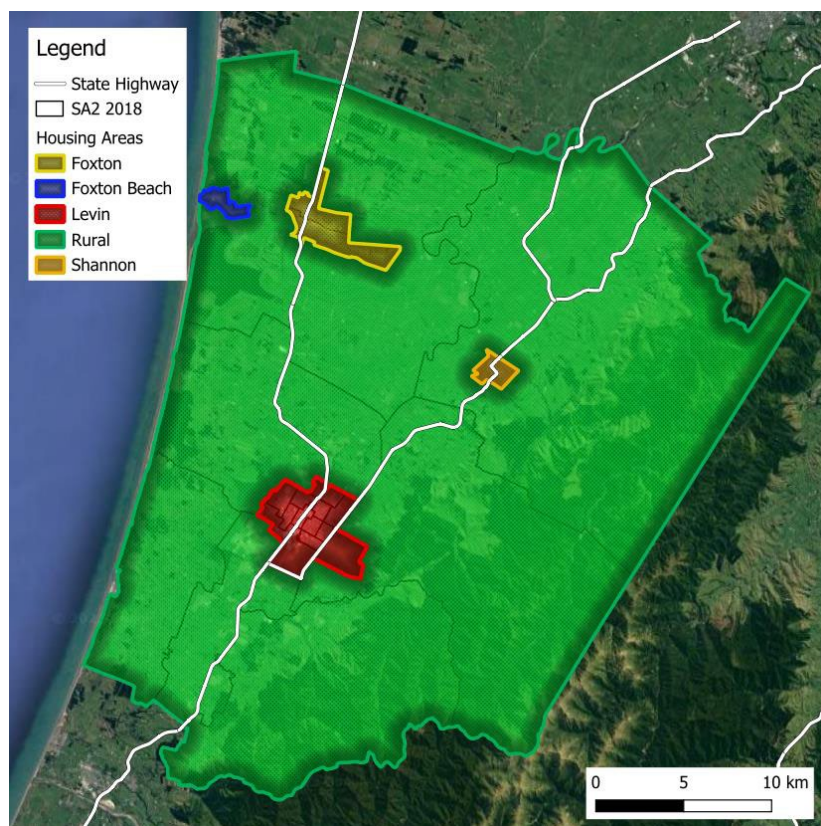


Figure 7.1: Location of catchments used in this HBA assessment

The table below shows the expected housing demand across the five catchments identified.

Table 7.4: Housing Demand for Horowhenua over the main urban catchments and the rural catchment

Year	2023-2025	2026-2033	2033-2053	Total
Levin Urban				
Stand-alone housing	114	255	954	1322
Joined housing	142	554	182	878
Total	256	625	1134	2200
Foxton Urban				
Stand-alone housing	7	13	235	255
Joined housing	26	20	1	47
Total	33	33	236	302

Foxton Beach Urban

Stand-alone housing	24	36	120	180
Joined housing	0	0	0	0
Total	24	36	120	180

Shannon Urban

Stand-alone housing	14	10	62	86
Joined housing	86	62	7	155
Total	100	72	69	241

Rural

Stand-alone housing	182	400	1593	2172
Joined housing	57	107	235	398
Total	239	506	1826	2570

Total

Stand-alone housing	341	714	2962	4015
Joined housing	311	743	425	1479
Total	652	1457	3387	5494

This table shows that the greatest demand for housing will come from the rural areas (noting that the Rural area includes popular areas such as Ōhau and Waitārere Beach), with Levin Urban second, Foxton Beach third, Shannon fourth and Foxton fifth. Stand-alone housing is expected to remain the most popular type of housing, however demand for joined (attached) housing will increase, and is expected to make up 24% of the demand for housing over the thirty-year reporting period.

7.2.3 Market Analysis and demand for housing

Clause 2.23 of the NPS-UD requires every HBA to include analysis of how the local authority's planning decisions and provision of infrastructure affected the affordability and competitiveness of the local housing market. This analysis must be informed by:

1. Market indicators, including:
 - a. indicators of housing affordability, housing demand, and housing supply; and
 - b. information about housing incomes, housing prices, and rents; and

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. The implications of these indicators in the context of Horowhenua District will be set out and discussed below.

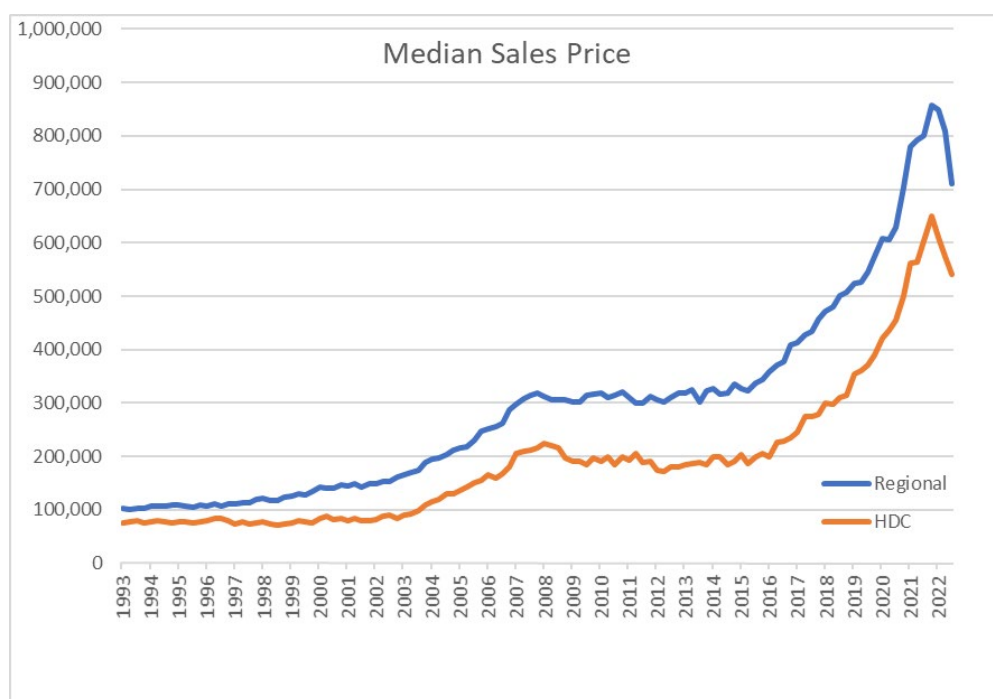


Figure 7.2: Median Sales Price (\$) for the Horowhenua District 1993-2022

This graph shows that house price trends in the Horowhenua District have essentially mirrored the regional trend, with a period of relatively flat house prices from 2007-2017 and then a sharp increase each year from then up until 2021. House prices appear to have dropped between 2021 and 2022. Regionally, house prices in the Horowhenua District remain below the average cost, despite recent increases.

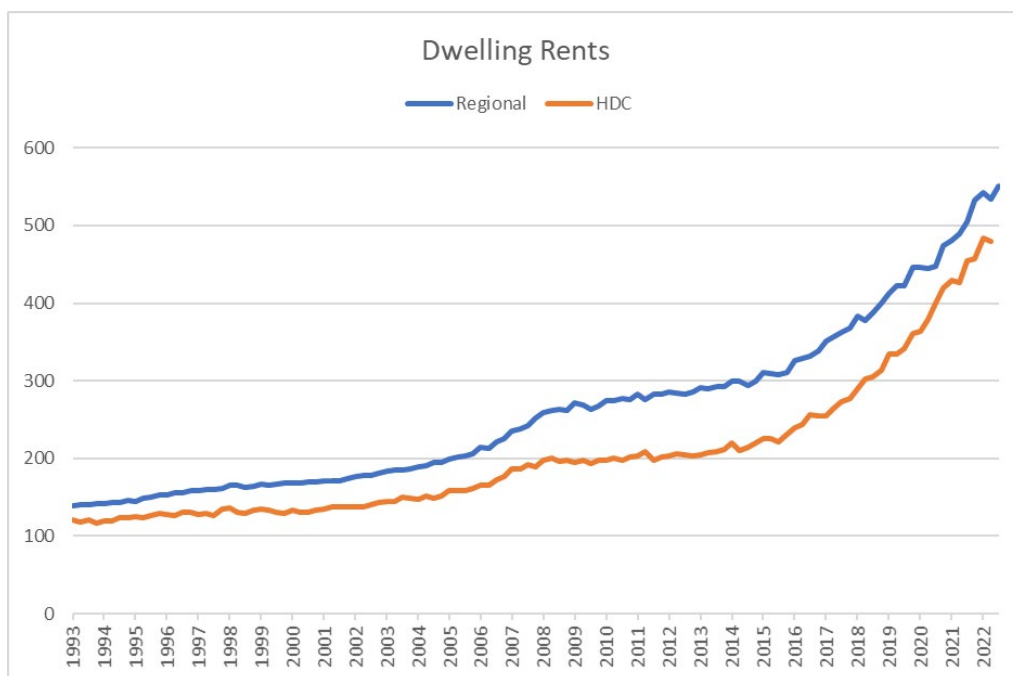


Figure 7.3: Average weekly rent cost (\$) for the Horowhenua District 1993-2022

Rental costs have also tracked along the same trajectory as the regional average, albeit at a lower rate than the average regional rent. This graph shows that rents were steady from the period 2007-2016, then rose sharply year on year after that. There appeared to be a small drop in rent prices between 2021 and 2022, which may indicate the start of a downward trend, however further annual reporting will be required to confirm this.

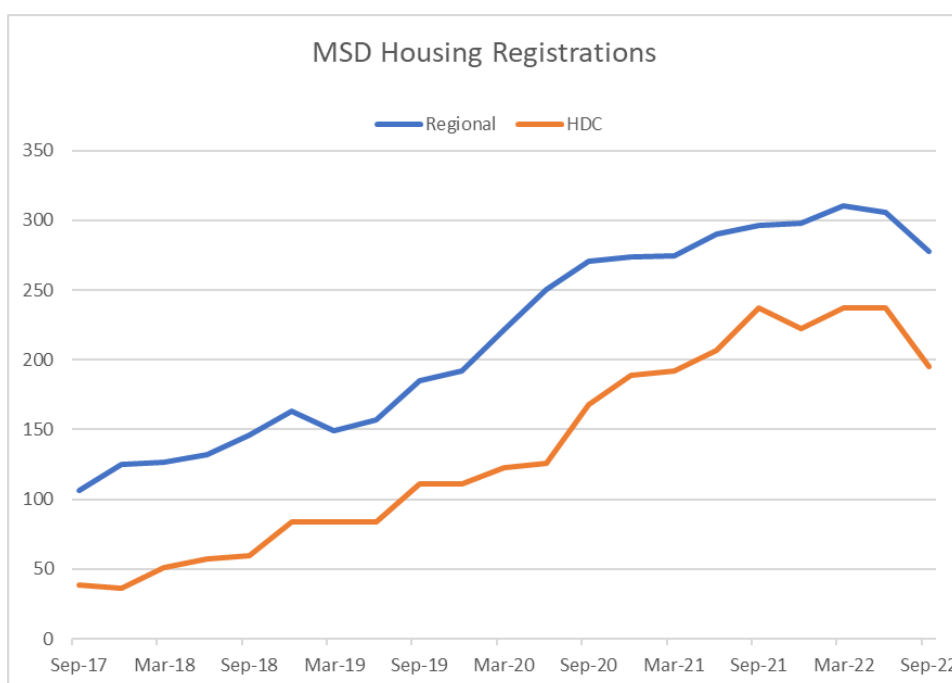


Figure 7.4: MSD Housing Registrations (waitlist) for the Horowhenua District 2017-2022

Housing registrations with the Ministry of Social Development have risen steadily since 2017, from under 50 to a peak of approximately 240 in September 2021. The number had dropped below 200 in September 2022.



Figure 7.4: New dwelling consents compared to the rate of growth for the Horowhenua District 1997-2022

The comparison of new dwelling consents to household growth shows that between 2013 and 2020 the growth in new households outpaces the growth in new dwelling consents in the Horowhenua District, however it appears that the trend reverses from 2020 onwards, with new dwelling consents outpacing growth. There has been an increase in the number of new households in the district, with new dwelling consents averaging around 300 over the past five years or so.

Overall, based off these indicators, we can draw some conclusions of the current housing market and demands. The Horowhenua District has experienced a sharp increase in both the dwelling sales price and rent prices since 2016. Alongside this, the growth in new households was tracking much higher than new building consents, meaning that the market wasn't keeping up with demand for dwellings. The waiting list for social housing has also increased sharply. There seems to have been some levelling off and slight drops in all of these indicators for the 2022 period, which may mean that the market is more able to keep up with the demand than in previous years. Housing supply and affordability will remain an important challenge for the District going forward.

7.2.4 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 the role of planning interventions in it.

There are four such indicators:

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

These indications 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:

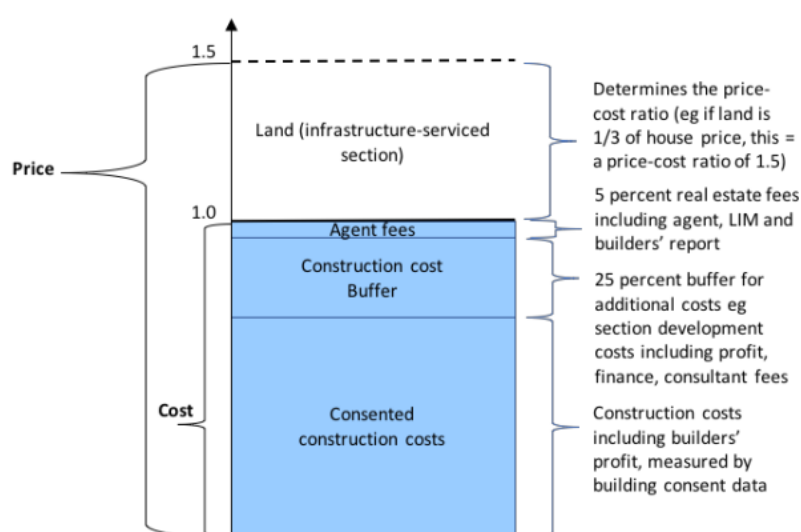


Figure 7.5: The components of the price-cost ratio. Source: MfE.

The 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, which was the case for all urban areas in New Zealand approximately 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 the Horowhenua District is shown below in Figure 6. It shows that the price cost ratio is approximately 1.27 for 2022 (1.087 for 2023) suggesting that the supply of land and development opportunities are keeping up with demand in the District. The Horowhenua District figure is lower than that of the Greater Wellington Region overall in 2022, however it still reflects how land prices are affecting house prices.

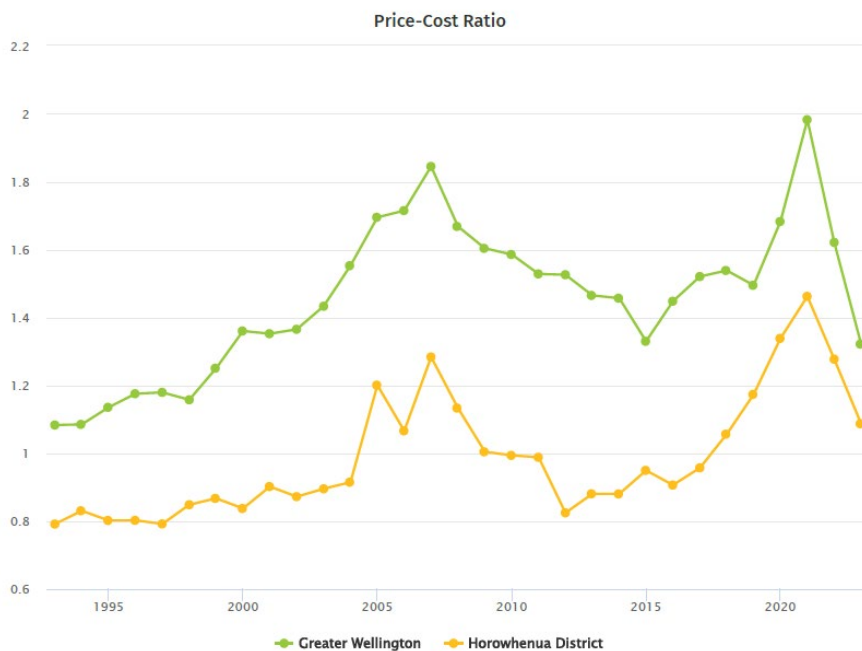


Figure 7.6: Price – Cost Ratio for the Horowhenua District and Greater Wellington Region 1993-2023

7.2.5 Residential development capacity – theoretical, feasible, and realisable

This section assesses the residential development capacity for the district based upon the Operative Horowhenua District Plan 2015, and includes the additional residential capacity that will be provided by the recent plan change at Tara-Ika, which immediately adjoins the current Levin boundary to the east, noting that for now the Tara-Ika area and part of the Fairfield/Roslyn Road area that have been rezoned are still included under Levin Rural in this and some of the following tables.

Theoretical development capacity is identified for all residential, deferred residential, greenbelt residential and greenfield zones based on their underlying zoning and development controls. The information is presented below in terms of Council’s rating areas.

Table 7.5: Theoretical Capacity for additional dwellings

Type	Theoretical Capacity			
	Residential	Deferred	Low Density /Greenbelt	Total
Foxton	2,361	81	20	2,462
Foxton Beach	1,845	-	19	1,864
Foxton/Himitangi	515	110	135	760
Hokio Beach	272	27	-	299
Levin	9,151	633	40	9,824
Levin Rural	1,786	798	650	3,234
Manakau Township	396	-	12	408
NA	28	33	-	61
Ohau Township	973	122	89	1,184
Shannon	1,965	-	69	2,034
Tara-Ika	3500			3,500
Tokomaru Rural	234	34	27	295
Tokomaru Township	462	-	-	462
Waikawa Beach	278	-	19	297
Waitārere Beach	1,278	231	261	1,770
Total	25,044	2,069	1,341	28,454

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 the current time.

Table 7.6: Feasible Capacity for dwellings

Suburb	Feasible Capacity			
	Theoretical Capacity	Feasible Standalone	Feasible Terraced	Total Feasible Capacity
Foxton	2,893	137	770	907
Foxton Beach	2,509	118	763	881
Foxton/Himitangi	775	209	387	596
Hokio Beach	64	54	-	54
Levin	12,276	543	2,995	3,538
Levin Rural	3,250	901	2,060	2,961
Manakau Township	43	12	-	12
NA	66	-	-	-
Ohau Township	179	128	-	128
Shannon	2,252	113	885	998
Tara-Ika	3500	2800	700	3500
Tokomaru Rural	143	-	-	-
Tokomaru Township	105	60	-	60
Waikawa Beach	46	35	-	35
Waitārere Beach	468	410	11	421
Total	28,569	5,520	8,571	14,091

Finally, an assessment is made of the realisable development capacity. This is the amount of feasible development capacity that is likely to actually be realised. This assessment includes the consideration of other motivating factors, as some landowners may not wish to develop their land or sell to a developer even if it would be profitable to do so. These motivations will influence the likelihood of development being taken up under current market conditions.

Table 7.7: Realisable capacity of dwellings

Suburb	Realisable Capacity			
	Theoretical Capacity	Realisable Standalone	Realisable Terraced	Total Realisable
Foxton	2,893	186	380	566
Foxton Beach	2,509	97	476	573
Foxton/Himitangi	775	208	355	563
Hokio Beach	64	50	-	50

Levin	12,276	656	2,028	2,684
Levin Rural	3,250	1,028	1,855	2,883
Manakau Township	43	12	-	12
NA	66	-	-	-
Ohau Township	179	111	-	111
Shannon	2,252	263	265	528
Tara-Ika	3,500	2,800	700	3,500
Tokomaru Rural	143	-	-	-
Tokomaru Township	105	55	-	55
Waikawa Beach	46	34	-	34
Waitārere Beach	468	404	4	408
Total	28,569	5,904	6,063	11,967

7.2.6 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 a significant increase in the average number of new residential (stand-alone and joined housing) builds per year over the last 5-year period compared to the previous 5-year period. From 2012 to 2016 the average number of new residential dwelling units consented was 89 per annum ranging from 67 – 131 per year. From 2017 to 2022 the average number of new residential units consented was 289 per annum ranging from 221 – 405 per annum.

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

Table 7.8: Demand (with competitive margin) for housing type against the realisable development capacity.

Year	Demand	Capacity	+/-
Levin Urban			
Stand-alone housing	1322	3456	2134
Joined housing	878	2728	1850
Total	2200	6184	3984
Foxton Urban			
Stand-alone housing	255	186	-69
Joined housing	47	380	333
Total	302	566	264
Foxton Beach Urban			
Stand-alone housing	180	97	-83
Joined housing	0	476	476
Total	180	573	393
Shannon Urban			
Stand-alone housing	86	263	177
Joined housing	155	265	110
Total	241	528	287
Rural			
Stand-alone housing	2172	1902	-270
Joined housing	399	2214	1815
Total	2571	4116	1545
Total			
Stand-alone housing	4015	5904	1889
Joined housing	1479	6063	4584
Total	5494	11,967	6323

The differences provide us with an indication of areas that are reasonable aligned, and those that are mismatched. In this case, it appears that there will be a deficit of stand-alone houses in some locations, but an oversupply generally. The lack of capacity in some areas will be able to be met in others, for example within the new Tara-Ika development (included within the Levin Urban figure above). There will also be an over-supply of attached houses. Some of the demand for stand-alone housing may need to be met by attached housing in the future, which is likely to be achievable given that market preferences will change in the future as greater residential density becomes more common. These numbers are based on reasonable demand, as future demand considers future changes which may not be realised. The realisable capacity is a current consideration, which is able to change and adapt to demand over time.

Table 7.9: Demand and realisable capacity of housing typologies over time, Horowhenua District, 2021-2051.

Housing typology	2021-2024		2024-2031		2031-2051	
	Demand	Realisable	Demand	Realisable	Demand	Realisable
Stand-alone housing	341	761	714	1511	2962	3631
Joined housing	311	782	743	1553	425	3729
Total	652	1543	1457	3064	3387	7360

Overall, it is demonstrated in the table below that there will be sufficient capacity within the currently zoned areas to meet demand going forward. This summary is based upon the assumption that there will be sufficient capacity in terms of infrastructure, and willing developers.

Table 7.10: Overall summary of supply to meet demand, Horowhenua District, 2021-2051.

Type	2021-2024	2024-2031	2031-2051	TOTAL
Demand (with competitive margin)	780	1750	3890	6420
Development capacity (realisable)	1543	3064	7360	11967
Balance	763	1314	3470	5547
Sufficiency	Yes	Yes	Yes	Yes

However, if the 95th percentile growth figure adopted by Horowhenua District Council is used, there would be a theoretical deficit of 2,155 dwellings over the 30 year Future Development Strategy period (as per Table 16 of the Property Economics report), indicating that additional greenfields land would need to be rezoned during the lifetime of the Future Development Strategy.

5.3 Business Assessment and findings

Identification of the overall sufficiency of development capacity to meet the future demand for business in the Horowhenua District over the short (3 years), medium (10 years), and long term (30 years) is also a key factor in the Housing and Business Assessment.

7.2.7 Business Areas

The Horowhenua District township has several commercial and industrial areas which service the district. Commercial and retail centres are located in the centre of the urban area, along the State Highway and Queen Street. Industrial areas are found at the southern end of the Levin urban area. Foxton and Shannon also have clusters of Commercial and Industrial areas, and smaller settlements have local commercial areas, generally located along the State Highway corridors. Under the Horowhenua District Plan, these areas are the Commercial and Industrial zones and are shown on the map below. There is a total of 288 hectares of Industrial and Commercial land currently within the District – 241.5 hectares of Industrial and 46.5 hectares of Commercial.



Figure 7.6: Business Areas within Horowhenua District

7.2.8 Key business statistics and figures

Figure 8 identifies business trends (number of jobs and business typologies) in Horowhenua District in the five-year period between 2017 and 2022. Growth has been across all sectors, though most notably in the industrial sector. Food processing, measured as part of the industrial sector here, has taken advantage of improved connectivity to build on local agriculture. Likewise, manufacturing and

construction businesses are able to take advantage of cheaper land to service much of the Lower North Island.

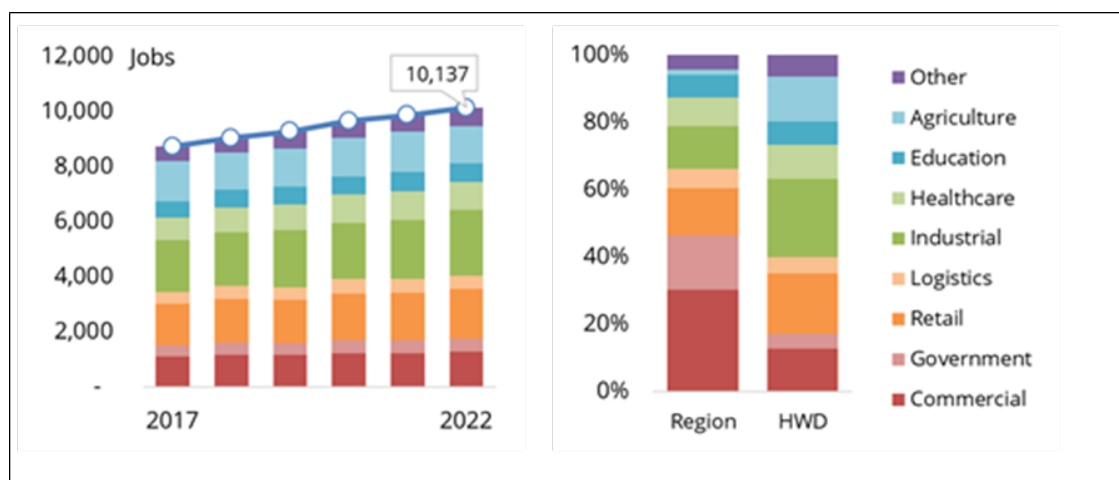


Figure 7.7: Horowhenua District filled jobs by sector vs sector share comparison

7.2.9 Forecast business employment trends

In accordance with the NPS-UD, demand has been identified for the short (3), medium (10) and long term (30) year period.

Future business demand is determined by considering the key drivers of economic development, patterns of employment change and market analysis. Figure X below identifies anticipated changes to employment over the next 30 years.

The Northern Corridor is the largest transport project in the region, and is expected to have the most influence on future business demand. Upon completion of the final Ōtaki to North of Levin segment, it will provide a continuous expressway connection from Horowhenua through to Wellington City. The District is also well located to take advantage of the benefits that the future multi-modal regional freight hub, Te Utanganui, that is being developed in Palmerston North. These improvements in connectivity will mean that businesses in Horowhenua can more effectively service markets across the Lower North Island. The estimated economic impact of these projects combined are expected to increase employment in Horowhenua by a further 24% by 2052.

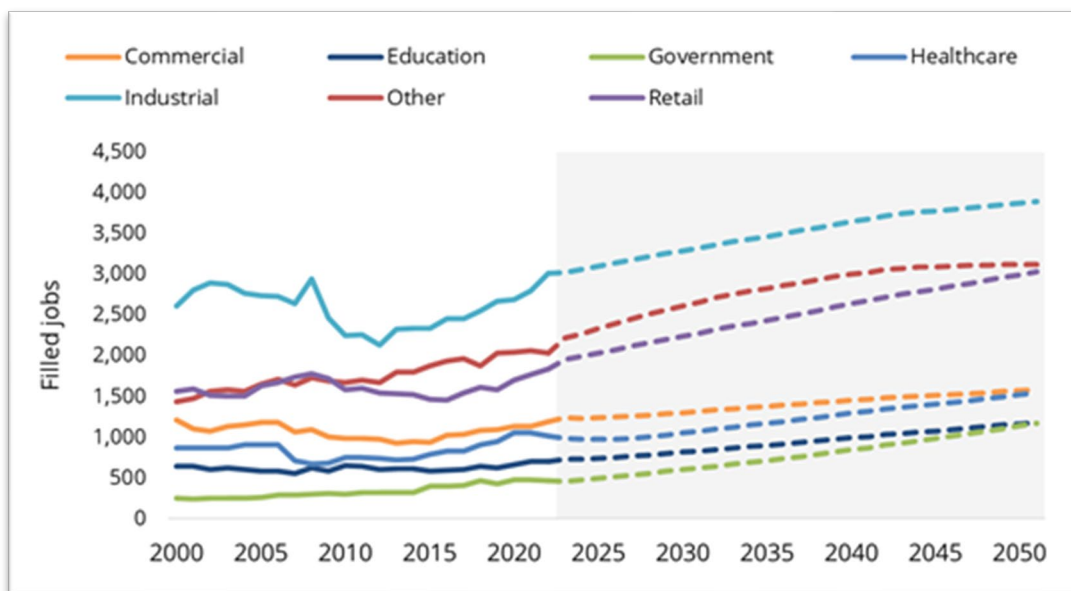


Figure 7.8: Horowhenua District filled jobs by sector vs sector share comparison

The largest three sectors, and the biggest gains, are in industrial, retail, and our “other” category. This latter category includes agricultural employment. Industrial employment includes food processing and manufacturing. The common growth across agriculture and industrial employment speaks to the symbiotic relationship between the two.

However, industrial employment is expected beyond food processing. Horowhenua’s improved connectivity, paired with more affordable land, will attract manufacturing, construction, and logistics businesses. Retail growth can be attributed to expected population growth. The sector provides essential support services to residents, as well as access to goods and services that residents enjoy.

7.2.10 Forecast Business Demand

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

The projected land and floorspace required by sector are outlined in Table 7.11 below.

Table 7.11: Projected floorspace demand for various industries, Horowhenua District, 2022-2052.

Type	Floorspace (m ²)				Land (ha)			
	2022-2025	2025-2032	2032-2052	Total	2022-2025	2025-2032	2032-2052	Total
Retail	6,999	10,110	26,103	43,123	1.3998	2.0220	5.2027	8.6245
Healthcare	-1799	5,248	18,580	22,030	-0.2398	0.6999	2.4774	2.9374

Education	1510	4401	14,043	19,954	0.2013	0.5869	1.8724	2.6605
Commercial	776	1,691	4,477	6,944	0.1035	0.2254	0.5969	0.9258
Government	581	2,610	9,795	12,986	0.0774	0.3480	1.3060	1.7314
Industrial	11,727	35,993	73,624	121,994	2.9320	8.9981	18.4060	30.336
Other	12,022	15,112	16,104	43,238	1.6029	2.022	2.1472	5.7651
TOTAL	31,817	75,166	162,637	269,620	6.0771	14.8953	32.0085	52.981

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. The resulting demand is as follows:

Table 7.12: Projected floorspace demand for various industries with additional demand buffers, Horowhenua District, 2022-2052.

Type	Floorspace (m ²)				Land (ha)			
	2022-2025	2025-2032	2032-2052	Total	2022-2025	2025-2032	2032-2052	Total
Retail	8,399	12,132	29,915	50,446	1.6798	2.4264	5.9831	10.0892
Healthcare	-1439	6,297.6	21,367	26,226	-1.918	0.8399	2.8490	3.4971
Education	1,812	5,281	16,149	23,242	0.2416	0.7042	2.1532	3.0991
Commercial	931	2,029	5,148	8,109	0.1242	0.2705	0.6864	1.0811
Government	697.2	3,132	11,264	15,093	0.0928	0.4176	1.5019	2.0124
Industrial	14,072	43,192	84,668	14,1932	3.5184	10.7977	21.1669	35.4830
Other	14,426	18,134	18,520	51,080	1.9235	2.4264	2.4693	6.8191
TOTAL	38,180	90,199	187,033	315,412	7.2926	17.8744	36.8098	61.9767

7.2.11 Market analysis and demand for business

The District has experienced recent high levels of population growth – in the range of the 95th projection percentile – which has been driven by migration from Wellington and Auckland. District Plan changes are underway to enable intensification to meet growth, both for more housing areas and business land. With this level of growth, Levin has become much more self-sustaining and reached critical mass to support investment in required infrastructure and new development sites.

Recent business park development has met demand from new business from Wellington and a new industrial land development is upcoming. While this has not seen a total transfer of business activities to the District, it has seen parts of businesses relocated to the District. The resilience of land in the District, particularly in comparison to other parts of the region, is a key attractor.

There is a shift away from traditional heavy industry in Levin to more light to medium industrial land uses including smaller food producing businesses that are relocating to the District due to accessibility of space at the right price. There is also growth in the construction material

manufacturing sector (including Fletcher Steel), reflecting the needs of the construction sector, both residential and road infrastructure.

Transmission Gully and the Peka Peka to North Ōtaki upgrades have increased the desire of people to come to the Horowhenua District, both permanently and on daytrips. Ōtaki to North Levin will have further benefits. The proposed Te Utanganui freight hub in Palmerston North is also having a knock-on effect of increasing investment in the District which will become part of the wider freight movement network. For example, Mainfreight have set up business in Levin about 18 months ago.

Stakeholders identify a need to invest in infrastructure (three waters and local roading) to support industry growth. It was noted that local businesses having recently made greater investments in their own infrastructure demonstrate a greater willingness to invest in the District. This has also seen the rejuvenation of old business areas (Bruce Road and Bush Street), with capital going into upgrades.

Public transport remains a constraint, with a limited rail service providing the only inbound public transport. As such, the workforce remains reliant on private vehicles. This is a particular issue given the availability of workers within the District. Whilst the majority of industries utilise a local labour pool, there is a need to attract employees from outside the District, particularly the highly skilled workforce.

7.2.12 Business Capacity – Plan enabled, feasible, and realisable

This section provides the assessment of business development capacity calculated from the Horowhenua District Plan 2015, however it is expressed here in terms of the general location and activity type of the surrounding area – to reflect the areas set out in the report from the Property Group (Appendix 4)

The calculation of business capacity follows a similar process to that for residential capacity. Theoretical development capacity is identified for the various 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 minimum or maximum 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 spaces 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 enable 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 the modelling process and assumptions can be found in the supporting HBA methodology document.

Table 7.13: Business Capacity for the Horowhenua District

Business Area (m ²)	Existing floorspace	Infill floorspace	Redevelopment floorspace	Vacant
Foxton Beach	1,986	7,238	15,561	9456
Foxton Commercial	226	420	1,465	-
Foxton Industrial	62,466	59,344	122,646	21614
Foxton Local Centre	3,200	6,721	14,954	-
Foxton Town Centre	22,227	23,208	53,103	1779
Levin Industrial South	181,948	335,992	626,405	292,232
Levin Industrial West	40,523	69,798	144,630	13,607
Levin Local Centre	1,743	2,243	6,273	-
Levin Town Centre	137,298	168,709	385,579	16877
Manakau	1,050	2,018	3,906	-
Shannon	5,070	12,000	23,588	3668
Shannon Industrial	18,397	22,676	37,113	6032
Tokomaru	3,237	4,659	5,969	-
Waitarere Beach	2,367	3,912	10,227	1878
TOTAL	482,770	719,632	1,457,619	372,073

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 contained within in Appendix 4. In this case, the business areas in Shannon had an advantage over those in Levin due to proximity to public transport. However, there is a limited supply of both industrial and commercial land in Shannon to meet demand, but a

more plentiful supply in Levin. Overall, there is capacity within the current zoned land to meet the anticipated 30 year demand.

Table 7.14 : Business land capacity (m²) by business area - with MCA score (only includes areas with an MCA of 50 or more).

Workshop Business Area	MCA Score	Existing floorspace	Infill floorspace	Redevelopment floorspace	Vacant
Shannon Industrial	54.5	18,397	22,676	37,113	6,032
Levin – Industrial Area West	53.5	40,523	69,798	144,630	13,607
Levin – Industrial Area South	53.5	181,948	335,992	626,405	292,232
Shannon – Commercial	51	5,070	12,000	23,588	3,668
Levin – Commercial Centre	50.5	137,298	168,709	385,579	16,877
TOTAL	N/A	383,236	609,175	1,217,315	332,416

Table 7.15: Overall summary of supply of business land to meet demand

Type	2022-2025	2025-2032	2032-2052	TOTAL
Demand (with competitive margin)	38,180	90,199	187,033	315,412
Development Capacity	Redevelopment			1,457,619
	Infill			719,632
	Vacancy			372,073
Sufficiency				Yes

7.3 Infrastructure Capacity

The NPS-UD requires councils to provide sufficient development capacity to meet expected demand for housing. In order to be 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:

in relation to the short term, there is adequate existing development infrastructure to support the development of the land

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

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 the Horowhenua District's existing and planned infrastructure and its adequacy to meet expected demand for housing.

7.3.1 Three Waters

The Council has assessed Three Waters as part of their Infrastructure Strategy 2021-2051. Results from recent modelling indicate that without investment and planning, the Horowhenua District does not currently have sufficient capacity available across the existing three waters network to meet medium to long-term growth servicing requirements.

Tara-Ika

The growth area at Tara-Ika has benefitted from government funding for infrastructure through the Infrastructure Acceleration Programme. Three waters infrastructure will be rolled out in Tara-Ika in a staged manner as development occurs.

Water Supply

Council provides potable water supplies to residential, industrial and commercial properties in our larger settlements via our five treatment plants and eleven reservoirs for Levin, Foxton, Foxton Beach, Shannon and Tokomaru. Water for fire-fighting capacity is also provided in these locations.

There are a number of projects currently underway on the Levin Water Treatment Plant. A Flouride treatment plant has been added, as requested by the Ministry of Health. The flouridation treatment is expected to improve dental health within the District.

Funding has been allocated in the Long Term Plan to construct a new storage reservoir for Levin at Poads Road, which will provide up to 30 days storage, compared to the current storage of less than one day. This will ensure a more resilient supply for Levin, which will be critical to supporting growth going forward. A renewals programme for aging pipes and increasing treated water capacity is also ongoing to ensure existing levels of service continue as growth occurs.

Wastewater

Council collects wastewater from residential, industrial and commercial properties in Levin, Foxton, Foxton Beach, Shannon, Tokomaru and Waitārere Beach. Council then treats the wastewater at treatment plants and discharges the treated wastewater onto land for the majority or into watercourses.

The Council are looking to upgrade the Tokomaru wastewater treatment from the current discharges to a man-made wetland to land-based treatment within the next five years, as well as maintaining the current services by completing renewal work on wastewater infrastructure in the urban area. Further extensions and upgrades to existing supplies will be needed to ensure that medium to long-term growth capacity is met.

Stormwater

Levin provides a limited stormwater network, including the use of natural channels and streams, to collect and dispose of surface water run-off from residential, commercial, and industrial properties in the urban area – there is no reticulation of stormwater within the District. High water tables in some settlements and clay soil types in various locations, along with increased intensification are contributing to on-site stormwater disposal becoming more difficult. The Council have an ongoing renewals and upgrade programme for their stormwater systems which is planned and funded through the Long Term Plan. This ensures that stormwater systems are maintained, and the impacts of growth are catered for.

Without ongoing investment, Horowhenua is likely to face medium to long-term stormwater capacity issues.

7.3.2 Local Road Network

Council maintains approximately 506km of sealed and 60km of unsealed roads across their network.

The Council has a number of investment priorities under their Long Term Plan, including the ongoing renewal programme to improve the condition and safety of roads throughout the District. The East-West Arterial road, to link Tara-Ika to the Levin CBD is Council's main priority single project within the next five years. The Long Term Plan also notes projects for new footpaths and footpath improvements and shared pathways over this time.

This programme of renewals and upgrades will ensure that medium to long-term growth is accommodated, and that the local roading network does not constrain development capacity.

7.3.3 State Highway Network

Waka Kotahi have provided an assessment of the impact of the state highway network on capacity and demand for business and housing land. This update is attached as Appendix 5.3.

There are three State Highways that pass through the District – State Highway 1 passes through Levin and Foxton and links the District to Manawātū District in the north, and Kapiti Coast District in the south. State Highway 57 passes through Tokomaru and Shannon, and links to State Highway 1 just south of Levin. State Highway 56 links the District to Palmerston North via Ōpiki and joins State Highway 57 north of Shannon.

In and around the District, the State Highways 1 and 57 function as urban connectors within the main townships, and interregional connectors between towns. State Highway 56 is a rural connector.

Waka Kotahi have noted that safety improvements within the Levin urban area and rural links is needed. The Ōtaki to North Levin (Ō2NL) section of the northern corridor is currently going through the Notice of Requirement process, and will address many of these safety issues. If the Notice of Requirement is approved, construction of Ō2NL is expected to commence in 2025.

The capacity of the state highway network is not a major constraint with regards to development capacity in the Horowhenua District.

7.3.4 Public Transport

A public transport assessment has been provided by the GWRC. The full assessment is attached as Appendix 5.1.

As public transport is provided by Regional Councils, the location of the Horowhenua District within the Horizons rohe has presented some challenges with regards to the provision and coordination of public transport options between the District and the Greater Wellington Region in particular. Horizons is wanting to extend public transport networks in our region, and consultation has recently commenced to discuss potential service extensions, with a view to bringing more public transport runs online in 2025.

The Capital Connection train service currently runs a commuter service once per day during the working week from Palmerston North to Wellington and return in the evenings, with stops in Shannon and Levin. More frequent services are set to begin once the upgrade to hybrid trains has been completed, which we understand will include at least one additional daily service from Palmerston North and Wellington and return.

Commuter bus services at present are focussed on serving people working in Palmerston North and currently comprises a bus service from Levin to Palmerston North and return once per day, with stops in Foxton and Himatangi. There is also an off-peak service that runs from Levin, Foxton, Himatangi, Shannon, Tokomaru and Linton to Palmerston North on Mondays and Wednesdays.

Off-peak services include the Levin to Waikanae service that runs once on Tuesdays and Thursdays, the “Day Out in Town” service loop between Levin, Shannon, Foxton, Foxton Beach and Waitārere Beach that runs once in the morning and once in the afternoon on Fridays.

On-demand services include the Foxton Beach Community Services, which run on demand from Foxton Beach to Foxton, Levin, Shannon and Palmerston North, the Horowhenua Health Shuttle which runs around Levin and Levin to Palmerston North and the Total Mobility Services and Taxi Services serving Levin

Horizons is currently consulting on public transport provision, which may present opportunities for a new bus service within Levin, and possibly interregional bus services with the Greater Wellington region. The Greater Wellington report has identified improvements to the Levin-Waikanae service as a key opportunity to encourage mode shift.

To encourage greater public transport use, greenfields development will be expected to include provision for bus services and multi-modal transport, whilst intensification around the Levin railway station will be encouraged.

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

7.3.5 Open Space

Horowhenua District has an Open Space Strategy, however as it dates from 2012 it is due for review. The principles of the Strategy remain relevant however, and include and Long Term Plan, the Council assessed the future demand on open spaces across the district.

Some of the less used reserves are being investigated for possible disposal, in order to provide better facilities in other places around the District.

Recent projects, such as the upgrade of Jubilee Park to include a splash pad (replacing the former paddling pool) have reinvigorated these spaces and have proven popular. The new Waitārere Beach Surf Lifesaving Club and upgrade of the Trig mountain biking track are both exciting projects that are expected to be well used by the public.

Over the next 10 years, the Council plans to continue the investment and improvement of their open space. Delivery of these projects will result in an improved level of service, with new (and renewed) facilities enabling the delivery of more activities and services to the community.

Development at Tara-Ika will provide the Mauna Wahine reserve, as per the Structure Plan for the area. This will be a valuable 2 hectare open space. Future Growth Area development will also presents an opportunity to provide for appropriately sized and well-located parks, open spaces, and infrastructure as part of the structure planning for the area.

The existing recreational reserves/areas are sufficient to accommodate short-term population growth. Planned investment and upgrades (with the involvement of the parks and open spaces team during design/provision phases) are essential to ensure that medium to long-term growth and development capacity is met.

5.3.1 Education

Horowhenua has 19 schools within its district boundary – 14 are state primary/intermediate schools (Coley Street, Fairfield, Foxton Beach, Foxton, Koputaroa, Levin East, Levin Intermediate, Levin North, Levin, Manakau, Ōhau, Opiki, Poroutawhao, Shannon, Taitoko, Tokomaru) , two are state integrated primary (St Joseph's, St Mary's) and three are state secondary schools (Horowhenua College, Manawatu College and Waiopahu College).

Horowhenua District has been identified by the Ministry of Education as being a key area of growth, where long term significant growth is expected to occur.

While there are generally no significant capacity issues with local schools that would undermine growth, some schools face more roll pressure than others with limited space. In the medium to long-term, these capacity issues will need to be managed through the addition of classrooms and additional teaching staff to support further growth. A new school to service the Tara-Ika area is anticipated also.

Chapter 8: Masterton District Council HBA



Key Findings

Population Growth: The Masterton District forecast projects population growth of 13,200 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 healthcare and industrial land in the Masterton District.

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.

8.1 District Context

8.1.1 The Masterton District

The Masterton District covers 2,300 square kilometres and sit between the Tararua Ranges to the west, the Pacific Ocean to the east, the Tararua District to the north, and the Carterton District to the south. Historically, development and growth has concentrated in the Masterton township, with some smaller settlements spread throughout the rest of the district.

8.1.2 The Long-Term Plan 2021-2031

The Masterton District Council adopted amendments to the Long-term Plan in June 2022. This document outlines the growth and demand assumptions for the district over the next 10 years.

The data contained in the Long-Term Plan will provide a base assumption for population growth throughout the district and informs the development of land to appropriately service current and future residents. Urban, rural, and business areas are all essential to the effective operation of the district, and all require infrastructure, services, and facilities which depend on targeted investment decisions and planning.

This combination of documents provides specific detail on how the Masterton District will work alongside and achieve the objectives of the Wellington Regional Growth Framework.

8.1.3 The Wairarapa Combined District Plan

The Wairarapa Combined District Plan became operative in May 2011 and provides an overall approach to development in the three Wairarapa districts of Masterton, Carterton, and South Wairarapa. Since being made operative, there have been a few plan changes, mostly of a site-specific nature rezoning land for urban development.

As District Plans must be reviewed every 10 years, the Wairarapa Combined District Plan is due for review and renewal, which is underway currently. The review will also incorporate any recent changes in legislation, national and regional policy statements, environmental standards, and other regulations.

A new non-statutory Draft District Plan was released for informal consultation in October 2022. The Draft District Plan follows a similar approach to the Operative District Plan. Following the receipt of feedback on the draft and subsequent analysis, a 'Proposed' District Plan will be publicly notified later in 2023.

The relevant housing and business objectives of the Proposed District Plan include:

- ensuring Wairarapa's urban areas grow in a planned, efficient, and structured way;
- ensuring there is enough urban land supply for housing, business, and recreational needs;
- ensuring urban growth and infrastructure provision occurs in an integrated manner;
- ensuring Wairarapa has vibrant town centres.

The Operative and Proposed District Plans provide for residential and business land uses across the Wairarapa through zoning. They identify areas for future growth and expansion, manage several other issues including natural hazards, open spaces, transport, rural subdivision, and sites and values of importance to Tangata Whenua.

8.1.4 'Thrive' Wairarapa Economic Development Strategy

The Wairarapa Economic Development Strategy was developed to maintain momentum in the region's economy and plan for a future which allows for growth. The Strategy is a collaborative venture between the three Wairarapa Councils and WellingtonNZ (the regional economic development agency). The strategy is based on a close study of the Wairarapa's economy and community, identifying key characteristics of the region which help define its direction and priorities. It provides a function to ensure that resources and effort are aligned behind the region's priorities and is reviewed every 3 years, in line with the Long-Term Plan process. These priorities are outlined in an 'action plan' which include initiatives linked to financial years under the Long-Term Plan. In relation to growth, the strategy has established several key priorities to support land use optimisation (e.g. facilitating land-use diversification) and enabler activities (e.g. supporting the delivery of an updated water resilience strategy for Wairarapa). These actions will be undertaken between 2023 and 2025.

8.1.5 Housing Strategy and Housing Needs Assessment

The Masterton District has been growing faster than what had been previously projected, a trend which is likely to continue. A higher population growth rate increases the amount of new housing required, and Council officers have already identified future growth areas throughout Masterton. While projections are for the Masterton District as a whole, the majority of this population will be residing in the Masterton urban area. This is supported by the development trends seen through building and subdivision consents.

Over the next 30 years, an additional 6,193 dwellings will need to be built, with the most demand for smaller dwellings. A theoretical lot/dwelling yield has been calculated based on the current provisions of the Operative District Plan, which indicates the capacity of the Masterton urban areas is in the order of 11,000 – 11,500 dwellings/lots. Identification of potential growth and intensification areas was completed by Council officers, and this assessment will determine the key characteristics, features, challenges, and constraints associated with each site and their overall suitability for development.

8.2 Residential Assessment of Development Capacity and Findings

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

8.2.1 Current population and future forecasts

The Sense partners median forecast has analysed predicted growth over the short-term (2022-2025), medium-term (2025-2032), and long-term (2032-2052) periods (3, 10, and 30-year periods).

Table 8: Total projected population by short, medium, and long-term periods for the Masterton District, 2022-2052.

Type	Projected Population				Projected Population Change			
	2022	2025	2032	2052	2022-2025	2025-2032	2032-2052	Total
Sense Partners Median	28,900	30,500	33,900	42,100	1,600	3,400	8,200	13,200

8.2.2 Forecast Housing Demand

Projected demand for dwellings and dwelling type is set out in the tables below. In accordance with the National Policy Statement on Urban Development 2020 (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 9: Dwelling demand (including competitive margin) for the Masterton District 2022-2052

Type	2022-2025	2025-2032	2032-2052	Total
Sense Partners Median	634	2,137	3,422	6,193
Demand with competitive margin	760	2,564	3,935	7,259

In addition to addressing overall demand, the assessment considers the location of demand. For the purposes of this assessment, Masterton was divided into two broad “housing catchments” as shown in Figure 8.1 below.

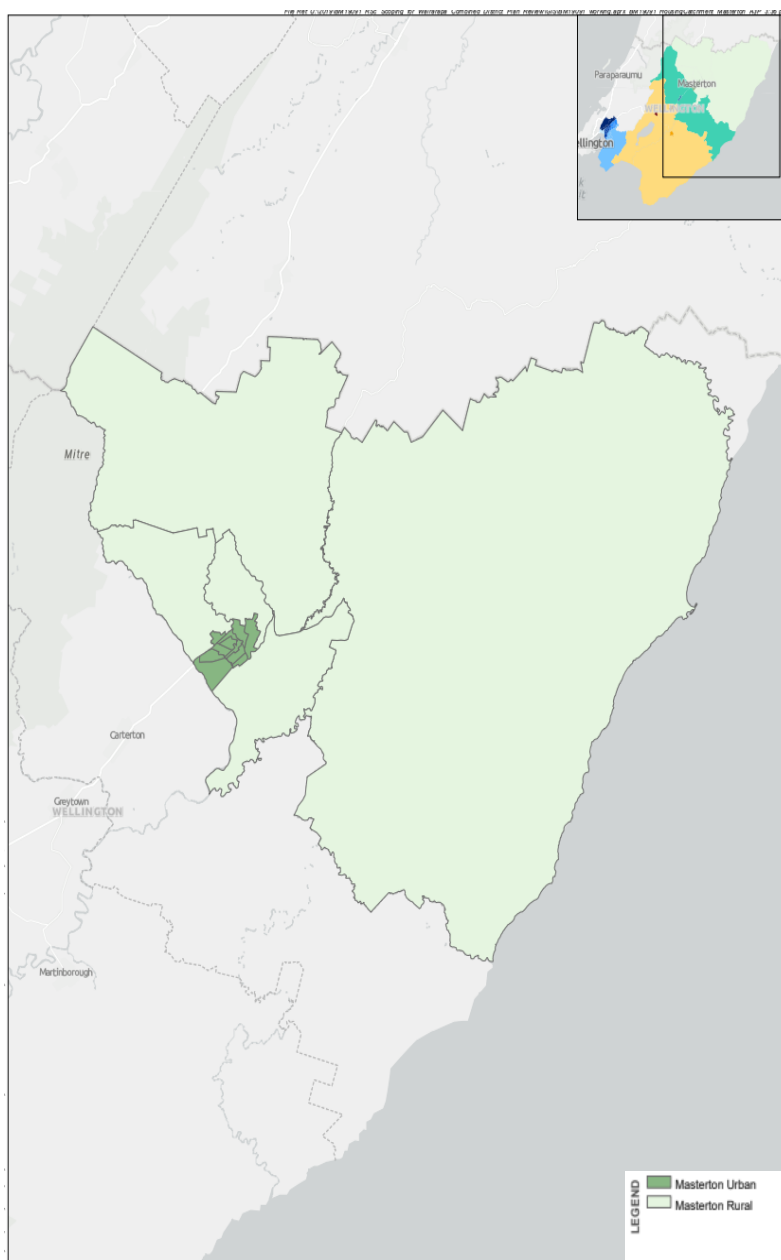


Figure 12: The two housing catchments in the Masterton District.

These housing catchments are groupings of suburbs which were selected for containing broadly similar housing markets. Table 8.3 below shows which Statistics New Zealand Statistical Area 2 areas are included in each catchment.

Table 10: Statistical Area's included in each housing catchment.

Housing catchment	SA2 areas included
Masterton Urban	Lansdowne East Lansdowne West McJorow Park Cameron and Soldiers Park Masterton Central Douglas Park Ngaumutawa Kuripuni Solway North Solway South
Masterton Rural	Upper Plain Opaki Homebush -Te Ore Ore Whareama Kopuaranga

The Table 8.4 shows demand by housing types across the two catchments.

Table 11: Demand for additional dwellings (with competitive margin) by housing area and typology, 2021-2051.

	2021-2024	2024-2031	2031-2051	Total ¹
Masterton Urban				
Stand-alone housing	441	1,087	1,523	3,051
Joined housing	220	1,325	1,827	3,372
Total	663	2,415	3,333	6,411
Masterton Rural				
Stand-alone housing	81	126	491	698
Joined housing	7	16	101	124
Total	89	143	595	827
Total				
Stand-alone housing	522	1,213	2,014	3,749
Joined housing	227	1,341	1,928	3,496
Total	749	2,554	3,942	7,245

The assessment of demand by area shows that there is a higher demand for housing in the Masterton Urban catchment than there is in the Masterton Rural catchment. In the short term, there is higher demand for standalone housing in the Masterton Urban environment. However, in the medium and long term there is a switch, where there will be a higher demand for joined housing. Standalone housing consistently has higher demand in the Masterton Rural catchment, and is still providing for slightly more of the future growth in the District.

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

Clause 2.23 of the NPS-UD requires every HBA to include analysis of how the local authority's planning decisions and provision of infrastructure affected the affordability and competitiveness of the local housing market. This analysis must be informed by:

1. Market indicators, including:
 - a. indicators of housing affordability, housing demand, and housing supply; and
 - b. information about housing incomes, housing prices, and rents; and
2. Price efficiency indicators.

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

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. The subsequent discussion will consider the implication of these indicators.

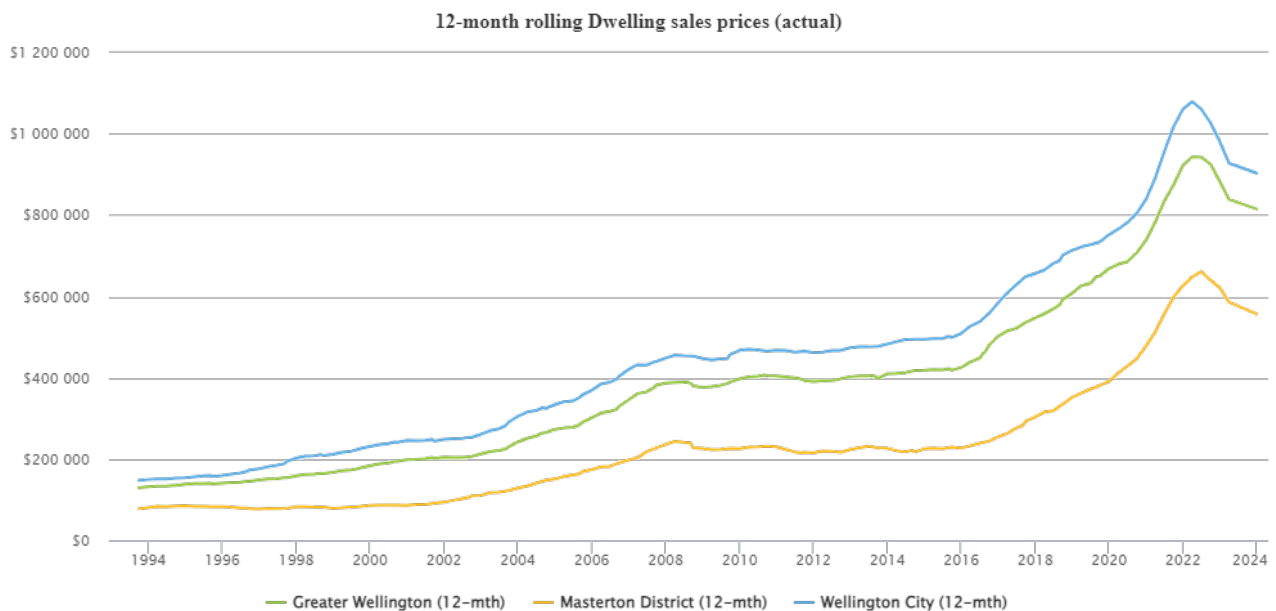


Figure 13: Median residential dwelling sale price for the Masterton District. Source: MHUD.

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

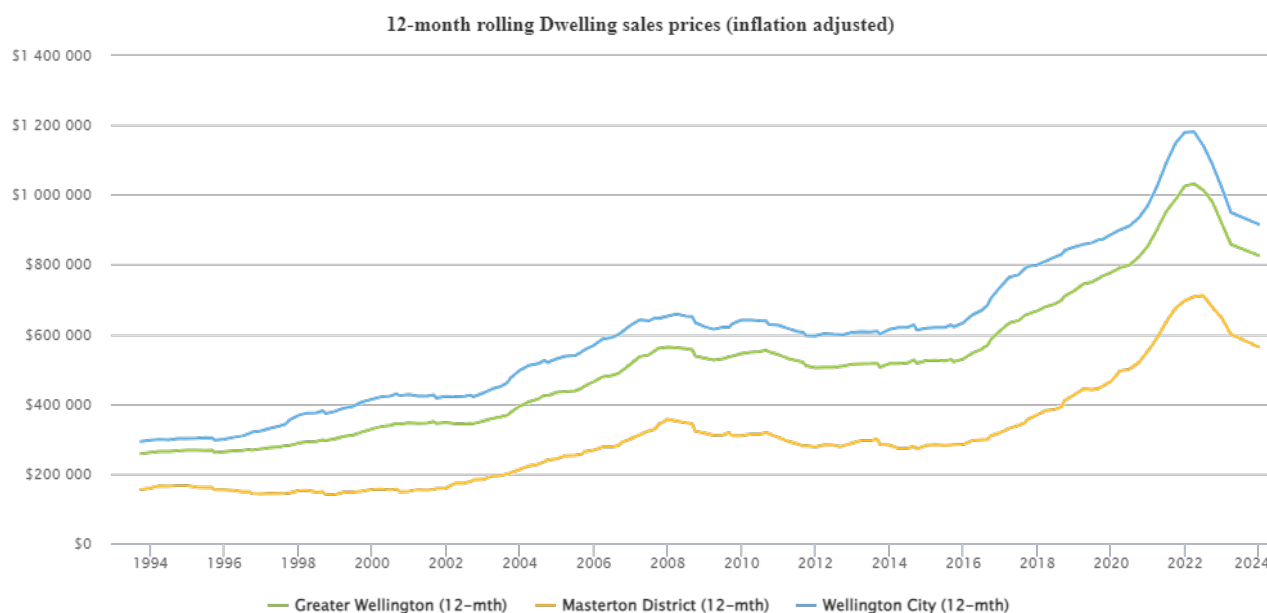


Figure 14: Median residential dwelling sale price for the Masterton District adjusted for inflation. Source: MHUD.

This 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 the Masterton District commencing from 2022.

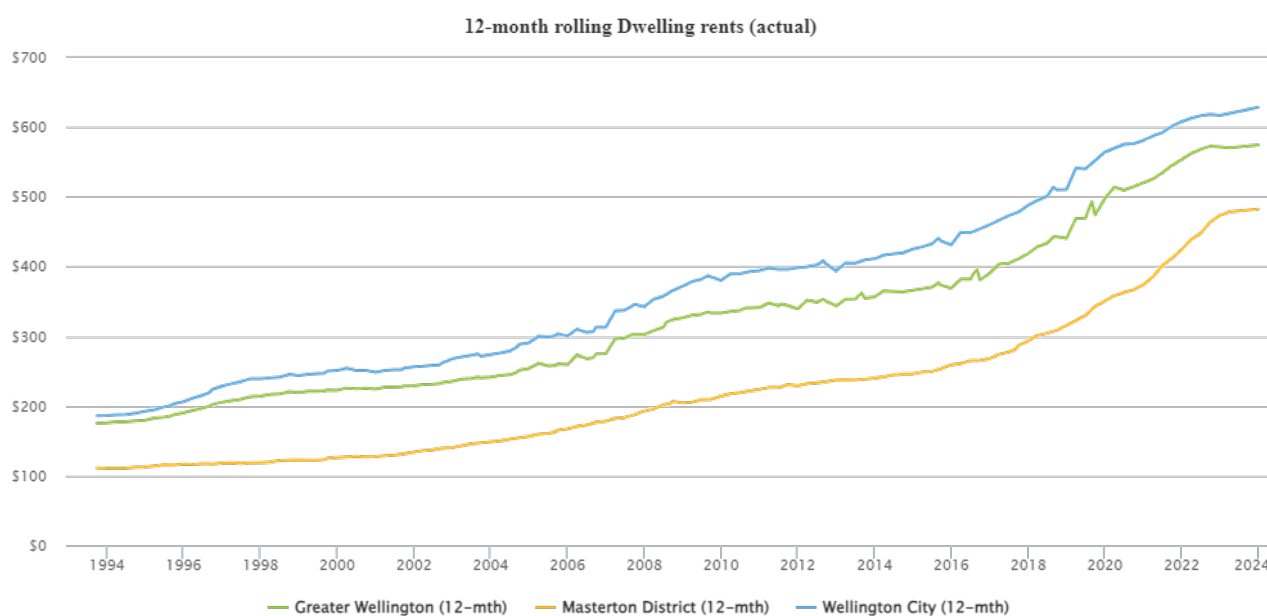


Figure 15: Average dwelling rents in the Masterton District. Source: MHUD.

The rent indicator for the Masterton District shows rent prices rapidly increasing since 2015, which followed slight growth between 2010 and 2015. Since 2022, rent prices have plateaued. This trend

in rent prices in the Masterton District is consistent with the wider Wellington Region and other Wairarapa Districts.

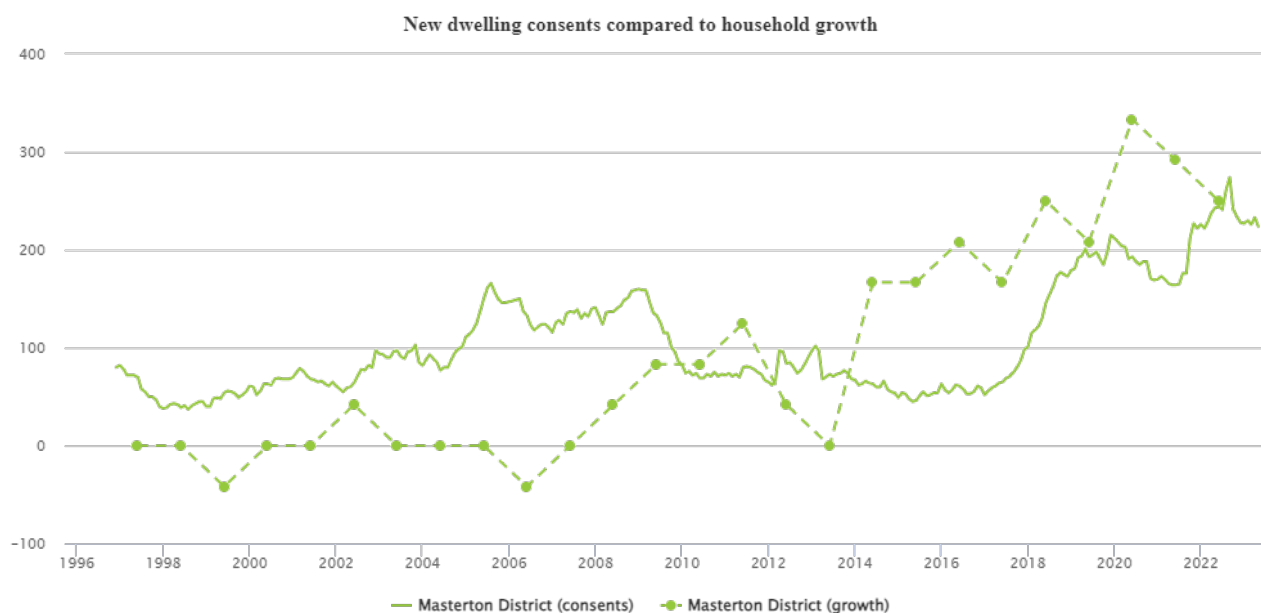


Figure 16: New dwelling consents compared to household growth for the Masterton District. Source: MHUD.

The comparison of new dwelling consents to household growth shows that between 2013 and 2023 the growth in new households outpaces the growth in new dwelling consents in the Masterton District. There has been a decline in the number of new households in the district and, aside from a brief peak in early 2022, the number of new dwelling consents has stayed around 230.

Based off these indicators, a picture has emerged of the current housing market and demands. The Masterton District has experienced a decline in dwelling sales price and a plateau in rent price since 2022. Alongside this, the growth in new households is similar to the number of new dwelling consents. This suggests that new households have been forming within existing buildings, such as occupying previously vacant buildings, converting existing buildings for residential uses or more intensively using existing buildings. It also indicates there could be future demand for new buildings due to the demand for new households. This trend is inconsistent with what is being experienced across the Wellington region.

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 the role of planning interventions in it.

There are four such indicators:

- Price Cost Ratio
- Rural-Urban Differentials

- Industrial Differentials
- Land Concentration Index

These indications 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:

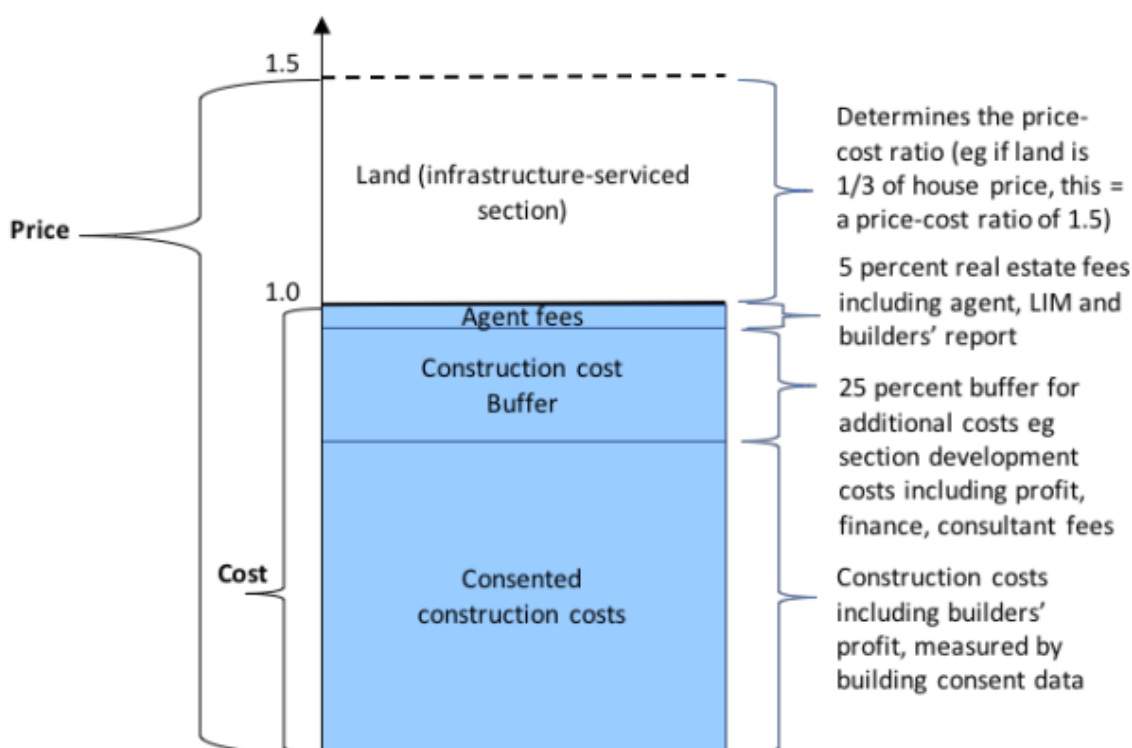


Figure 17: The components of the price-cost ratio. Source: MfE.

The 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. 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 the Masterton District is shown below in Figure 8.7. It shows that the price cost ratio is approximately 1.12 suggesting that the supply of land and development opportunities are responsive to demand in the District. The Masterton figure is lower than that of Wellington City and the Greater Wellington Region historically, but similar to both of them in 2023. This suggests that what Masterton is experiencing is consistent across the region.

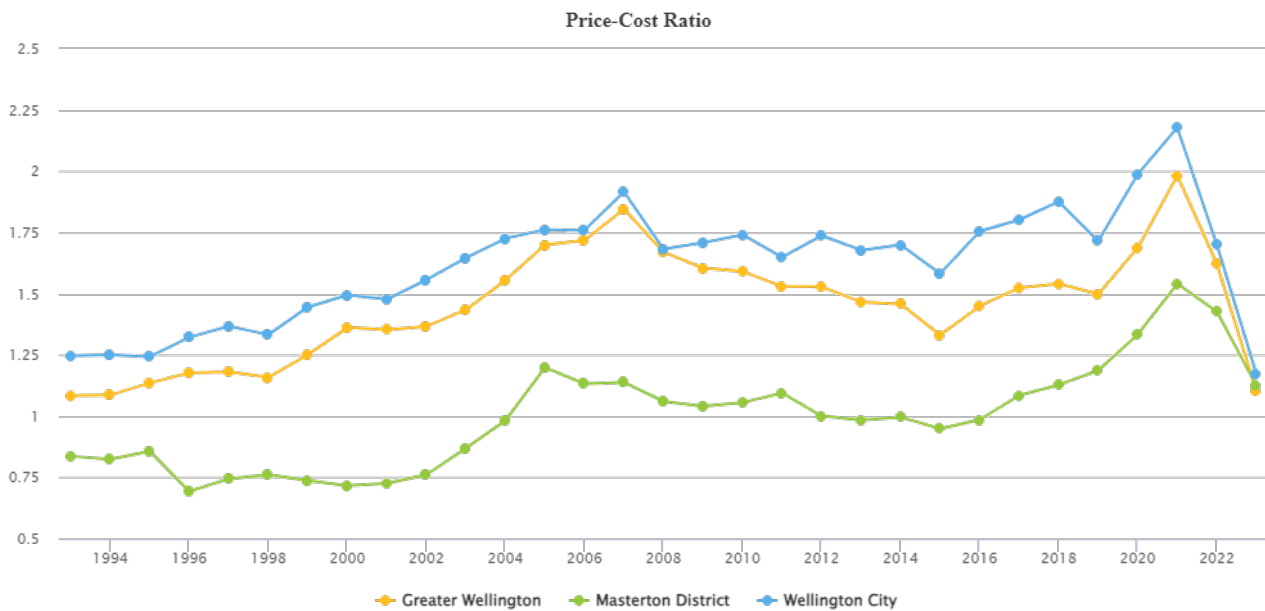


Figure 18: Price-cost ratio for the Masterton District. Source: MHUD.

8.2.4 Residential development capacity – theoretical, feasible, and realisable

This section provides the assessment of residential development capacity calculated from the Wairarapa Combined District Plan (including the Draft Wairarapa Combined District Plan).

Theoretical development capacity is identified for all residential, future urban, and greenfield zones based on their underlying zoning and development controls.

Table 12: Theoretical residential development capacity by Masterton District statistical area.

Type	Theoretical Capacity			Total
	Residential	Future Urban	Residential Greenfield	
Cameron and Soldiers Park	830	-	141	971
Douglas Park	1,054	-	123	1,177
Homebush-Te Ore Ore	-	-	-	-
Kuripuni	919	-	290	1,209
Lansdowne East	2,033	-	1,244	3,277
Lansdowne West	1,257	-	273	1,530
Masterton Central	154	-	-	154
McJorow Park	704	-	162	866
Ngaumutawa	800	-	73	873
Opaki	143	527	120	790
Solway North	1,444	-	294	1,738
Solway South	2,904	-	-	2,904
Upper Plain	284	1,979	98	2,361
Whareama	834	-	-	834
Total	13,360	2,506	2,818	18,684

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 8.6 13: Feasible residential development capacity by Masterton District statistical area.

Type	Feasible Capacity			Total Feasible Capacity
	Theoretical Capacity	Feasible Standalone	Feasible Terraced	
Cameron and Soldiers Park	971	138	232	370
Douglas Park	1,265	221	231	452
Homebush-Te Ore Ore	162	-	-	-
Kuripuni	1,453	228	217	445
Lansdowne East	3,277	348	1,507	1,855
Lansdowne West	1,539	246	548	794
Masterton Central	1,525	27	522	549
McJorow Park	866	3	46	49
Ngaumutawa	876	101	301	402
Opaki	790	228	441	669
Solway North	2,085	344	283	627
Solway South	3,292	384	1,122	1,506
Upper Plain	2,933	147	2,275	2,422
Whareama	839	438	3	441
Total	21,873	2,853	7,728	10,581

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 develop it themselves even if it is profitable to do so. These motivations will influence the likelihood of development being taken up under current market conditions.

Table 14: Realisable residential development capacity by Masterton District statistical area.

Type	Realisable Capacity			Total Realisable Capacity
	Theoretical Capacity	Realisable Standalone	Realisable Terraced	
Cameron and Soldiers Park	971	33	39	72
Douglas Park	1,265	261	84	345
Homebush-Te Ore Ore	162	-	-	-
Kuripuni	1,453	238	120	358
Lansdowne East	3,277	382	1,181	1,563
Lansdowne West	1,539	219	350	569
Masterton Central	1,525	32	442	473
McJorow Park	866	-	-	-
Ngaumutawa	876	104	220	324
Opaki	790	263	348	611
Solway North	2,085	265	157	422
Solway South	3,292	306	261	567
Upper Plain	2,933	297	1,959	2,256
Whareama	839	407	1	408
Total	21,873	2,807	5,162	7,968

8.2.5 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 a significant increase in the average number of new residential (stand-alone and joined housing) builds per year over the last 5-year period compared to the previous 5-year period. From 2012 to 2016 the average number of new residential dwelling units consented was 63 per annum ranging from 51 – 74 per annum. From 2017 to 2022 the average number of new residential units consented was 188 per annum ranging from 157 – 253 per annum.

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

Table 8.815: Demand (with competitive margin) for housing type against the realisable development capacity.

	Demand	Capacity	+/-
Masterton Urban			
Stand-alone housing	3,051	1,840	-1,211
Joined housing	3,372	2,854	-518
Total	6,411	4,693	-1,718
Masterton Rural			
Stand-alone housing	698	967	269
Joined housing	124	2,308	2,184
Total	827	3,275	2,448
Total			
Stand-alone housing	3,749	2,807	-942
Joined housing	3,496	5,162	1,666
Total	7,245	7,968	723

The differences provide us with an indication of areas that are reasonable 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 8.1016: Demand and realisable capacity of housing typologies over time, Masterton District, 2021-2051.

Housing typology	2021-2024		2024-2031		2031-2051	
	Demand	Realisable ¹	Demand	Realisable	Demand	Realisable
Stand-alone housing	522	290	1,213	989	2,014	1,527
Joined housing	227	534	1,341	1,820	1,928	2,809
Total	749	824	2,554	2,809	3,942	4,225

Table 8.11 17: Overall summary of supply to meet demand, Masterton District, 2021-2051.

Type	2021-2024	2024-2031	2031-2051	TOTAL
Demand (with competitive margin)	749	2,554	3,942	7,245
Development capacity (realisable)	824	2,809	4,225	7,858
Balance	75	255	283	613
Sufficiency	Yes	Yes	Yes	Yes

8.3 Business Assessment of Development Capacity and Findings

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

8.3.1 Business Areas

The Masterton township has several commercial and industrial areas which service the District. Commercial and retail centres are found in the centre of the urban area, along the State Highway and Queen Street (the main street). The industrial areas are found at the periphery of the urban area, to the north-west of the township along the heavy traffic bypass (Ngaumutawa Road) and along the southern stretch of the State Highway. Under the Operative Wairarapa Combined District Plan, these areas are provided for as part of the Commercial and Industrial zones.

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

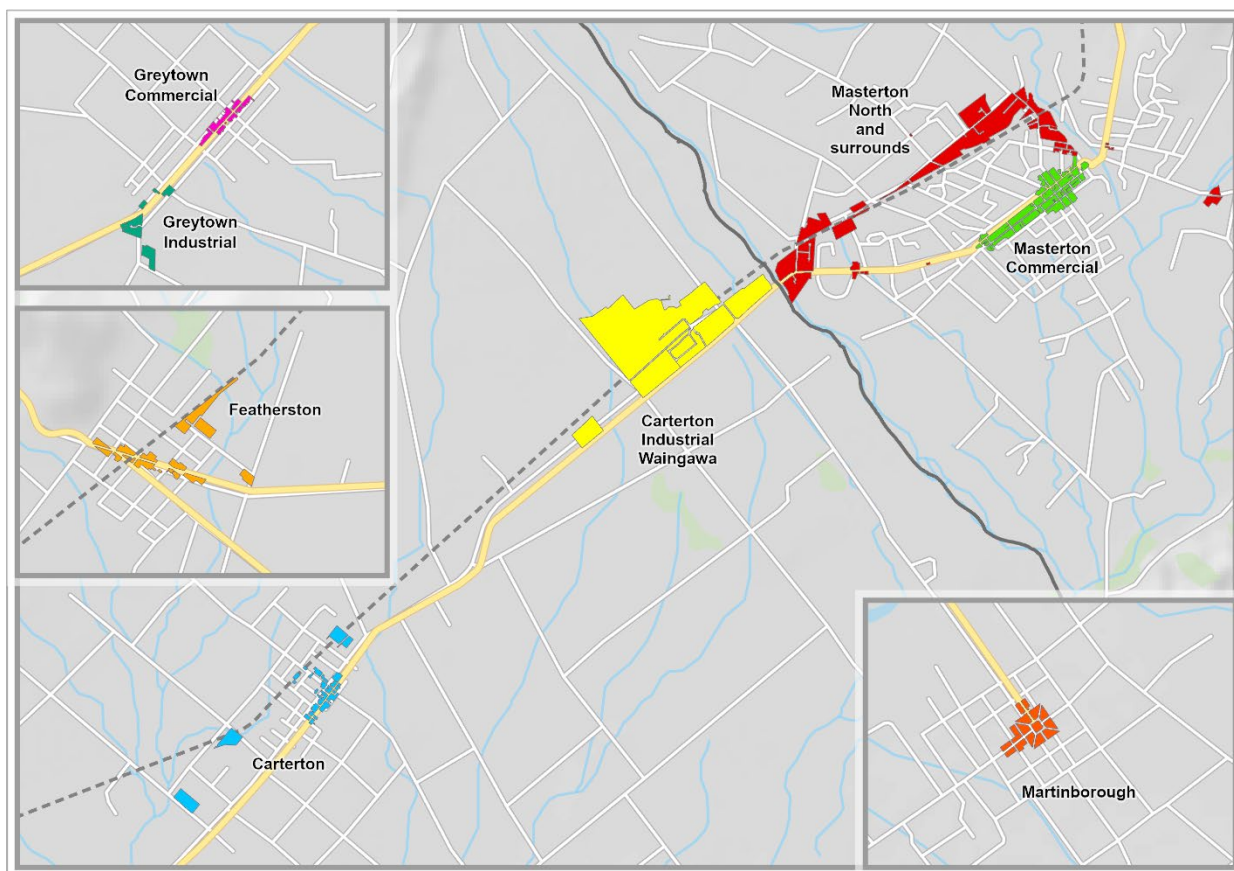


Figure 8.819: Map showing the two Business Areas in the Masterton District.

8.3.2 Key Business Stats and Figures

Masterton is the primary services town for the Wairarapa. This is reflected in the higher share of commercial jobs compared to Carterton and South Wairarapa Districts. The relative proximity between the three districts, and the easy-going travel between them, means that Masterton is readily able to serve the whole Wairarapa.

Transport improvements will have a positive impact on economic activity in the Masterton District. However, the Remutaka Ranges remain a considerable barrier to accessing the wider Wellington Region. Investment in the rail network, while delivering significant travel time reductions between Wellington and the Wairarapa, is still restricted by low frequency.

Sense Partners have prepared employment projections for the Masterton District, shown in Figure 8.9. 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 the Masterton District is relatively small.

Employment projections by sector, Masterton

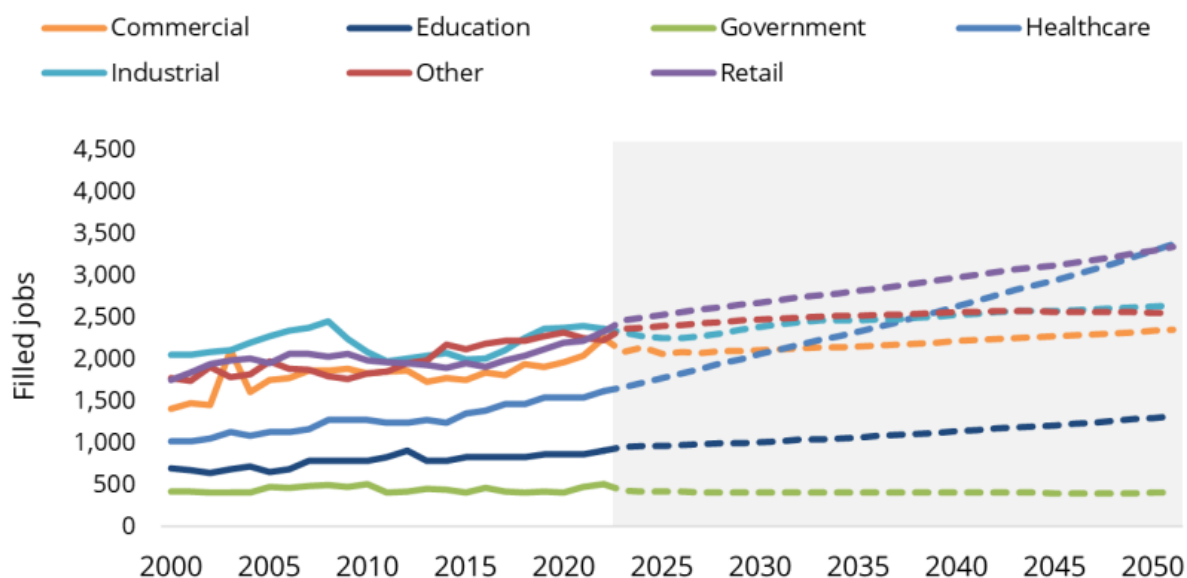


Figure 8.9 8.920: Employment projections by sector. Source: Sense Partners.

Employment growth is strongest in sectors that service a growing population, including retail and healthcare. Growth in the education sector is slower, due to the largest population growth being in older demographics, particularly retirees. In the future, if there were to be a major change in transport links connecting the wider region to the Wairarapa, the District may begin to see more commuter families move into the area. This is similar to what is being seen in Kāpiti with the opening of Transmission Gully Motorway.

Industrial employment for the Wairarapa is primarily located in Carterton District. This is an artefact of district boundaries, as the Waingawa industrial area is within the Carterton District jurisdiction though located closer to the Masterton township. This has triggered a fall in the projection of industrial employment for Masterton. However, much of the economic flow on impact of the industry at Waingawa will be experienced in Masterton, including population growth and a boost to retail and commercial services.

8.3.3 Forecast Business Demand

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

The projected land and floorspace required by sector are outlined in Table 8.11 below.

Table 8.12 8.1118: Demand for business land and floorspace by business sector over the short, medium, and long-term.

Type	Floorspace (m ²)				Land (m ²)			
	2022-2025	2025-2032	2032-2052	Total	2022-2025	2025-2032	2032-2052	Total
Retail	6,911	7,387	22,530	36,828	13,823	14,772	45,061	73,656
Healthcare	6,481	15,816	51,293	73,590	8,641	21,088	68,391	98,120
Education	2,462	2,898	12,247	17,607	3,283	3,863	16,330	23,476
Commercial	-3,299	1,035	4,217	1,953	-4,399	1,381	5,622	2,604
Government	-1,518	-113	-99	-1,730	-2,024	-151	-131	-2,306
Industrial	-15,341	26,215	28,706	39,580	-38,353	65,538	71,765	98,950
Other	6,656	4,303	1,996	12,955	8,874	5,737	2,663	17,274
TOTAL	2,352	57,541	120,890	180,783	-10,155	112,228	209,701	311,774

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. The resulting demand is as follows:

Table 8.13 Table8.1219: Demand for business land and floorspace with competitive margin by business sector over the short, medium, and long-term.

Type	Floorspace (m ²)				Land (m ²)			
	2022-2025	2025-2032	2032-2052	Total	2022-2025	2025-2032	2032-2052	Total
Retail	8,293	8,864	25,910	43,067	16,588	17,726	51,820	86,134
Healthcare	7,777	18,979	58,987	85,743	10,369	25,306	78,650	114,325
Education	2,954	3,478	14,084	20,516	3,940	4,636	18,780	27,355
Commercial	-2,639	1,242	4,850	3,452	-3,519	1,657	6,465	4,603
Government	-1,214	-90	-84	-1,389	-1,619	-121	-111	-1,851
Industrial	-12,273	31,458	33,012	52,197	-30,682	78,646	82,530	130,493
Other	7,987	5,164	2,295	15,446	10,649	6,884	3,062	20,596
TOTAL	10,886	69,094	139,053	219,033	5,724	134,734	241,195	381,654

8.3.4 Market analysis and demand for business

Stakeholders have identified that some of the businesses located within the Masterton District are reliant on a customer base coming from Wellington City and the Hutt Valley. This includes both through traffic and local tourism. The issue of this reliance is a potential risk of the Wellington market being cut off, resulting in a significant impact on the economy. The reduction of through

traffic during the COVID period had a noticeable impact on local retail outlets. However, there is now a higher volume of people coming to the area than pre-COVID.

It was also noted that the Masterton Town Centre is fully developed, with the creation of new floorspace through redevelopment of existing buildings and properties, including demolition and construction. There is a mix of offices and retail, with some residential dwellings present above the first storey. The District has also experienced an increase in lifestyle and technology businesses, showing a shift away from farming and agricultural retail. Since COVID, more people are working from home, a lifestyle change which is being supported by businesses.

It was also identified that while buses are set up to get people from homes to rail stations for commuting to Wellington, there are limited buses available for commuting between towns in the Wairarapa. This limits the opportunity for people to live and work in different towns in the Wairarapa and encourages people to leave the Wairarapa to work.

8.3.5 Business Capacity – Plan enabled, feasible, and realisable

This section provides the assessment of business development capacity calculated from the Draft Wairarapa Combined District Plan 2022.

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 spaces 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 enable 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 the modelling process and assumptions can be found in the supporting HBA methodology document.

Table 8.14: Business land capacity (m²) by business zone.

Business Zone	Existing floorspace	Infill floorspace	Redevelopment floorspace	Vacant
General Industrial Zone	93,485	620,372	737,195	620,372
Mixed Use Zone	93,164	1,933,373	2,377,661	483,343
Neighbourhood Centre Zone	9,657	65,690	87,021	21,897
Town Centre Zone	219,103	1,142,713	1,981,368	285,678
TOTAL	415,409	3,762,147	5,183,245	1,411,290

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 4.

Table 8.15: Business land capacity (m²) by business area - with MCA score.

Workshop Business Area	MCA Score	Existing floorspace	Infill floorspace	Redevelopment floorspace	Vacant
Masterton Commercial	48	226,869	1,174,345	2,023,179	293,586
Masterton North and Surrounds Industrial	50	188,540	2,587,802	3,160,066	1,117,703
TOTAL	N/A	415,409	3,762,147	5,183,245	1,411,290

In a similar way to residential development capacity, it is important to be realistic about the differences between current capacity enabled under the Wairarapa Combined 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 the Masterton District 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 throughout the Wairarapa, but also competition around development of space.

The above analysis shows there is significant capacity for infill development and redevelopment of existing business land. This more intensive use of existing business land provides opportunities in all parts of Masterton for a range of commercial and industrial uses.

8.3.6 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 Masterton Central, in the Mixed Use and Town Centre Zones.

Table 8.16: Overall summary of supply to meet demand

Type	2022-2025	2025-2032	2032-2052	TOTAL
Demand (with competitive margin)	10,886	69,094	139,053	219,033
Development Capacity	Redevelopment			5,183,245
	Infill			3,762,147
	Vacancy			1,411,290
Sufficiency				Yes

8.4 Infrastructure Capacity

The NPS-UD requires councils to provide sufficient development capacity to meet expected demand for housing. In order to be 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:

- in relation to the short term, there is adequate existing development infrastructure to support the development of the land
- 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
- 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 waters⁶ 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 the Masterton District's existing and planned infrastructure and its adequacy to meet expected demand for housing.

8.4.1 Three Waters

The Council has assessed Three Waters as part of their 2021-2031 Long Term Plan Infrastructure Strategy. Results from recent modelling indicate that without investment and planning, the Masterton District does not have sufficient capacity available across the existing three waters network to meet the medium to long-term growth needs.

Water Supply

Funding has been allocated in the Long Term Plan to construct storage reservoirs at the Kaituna Water Treatment Plant and extend the Millard Avenue supply, which will assist in maintaining adequate water supply. Ongoing exploration into future water supply to support growth is also planned. A renewals programme for aging pipes and increasing treated water capacity is also ongoing to ensure existing levels of service continue as growth occurs.

Wastewater

The Council are completing renewal work on wastewater infrastructure in the urban area, and at Castlepoint and Riversdale, as well as enhancing the performance of the Homebush Wastewater Treatment Plant to improve levels of service and accommodate future growth. These investments will ensure that medium to long-term growth capacity is met.

Stormwater

Masterton provides a limited stormwater network, including the use of natural channels and streams, to collect and dispose of surface water run-off from residential, commercial, and industrial properties in the urban area. The Council have an ongoing renewals and upgrade programme for their stormwater systems which is planned and funded through their Long Term Plan. This ensures that stormwater systems are maintained, and the impacts of growth are catered for. Flood protection work is also underway with GWRC, to decrease the likelihood of flooding impacting the urban area.

Without ongoing investment, Masterton is likely to face medium to long-term stormwater capacity issues.

8.4.2 Local Road Network

As part of their Long Term Plan and Infrastructure Strategy, the Council also assessed the local road network. They maintain approximately 279km of unsealed and 529km of sealed roads across their network.

The Council has a number of investment priorities under their Long Term Plan, including the ongoing renewal programme to improve the condition and safety of roads throughout the District. The Council is also urbanising and upgrading roads in response to existing/planned development including Millard Avenue, Gordon Street, Kitchener Street, and Chamberlain Road. Upgrades to the standard of footpaths to meet community expectations and future demand is also planned.

This programme of renewals and upgrades will ensure that medium to long-term growth is accommodated, and that the local roading network does not constrain development capacity.

8.4.3 State Highway Network

Waka Kotahi have provided an assessment of the impact of the state highway network on capacity and demand for business and housing land. This update is attached as Appendix 5.3.

State Highway 2 (SH2) is the only highway which passes through Masterton. SH2 connects Masterton to Carterton in the south and Tararua District to the north. In and around Masterton, SH2 functions as an urban connector or an activity street. North of Masterton, SH2 functions as an interregional connector. Waka Kotahi will be undertaking upgrades to SH2 – including safety improvements and speed review.

The capacity of the state highway is not a major constraining factor for development capacity in Masterton.

8.4.4 Public Transport

A public transport assessment has been provided by the GWRC. The full assessment is attached as Appendix 5.1.

The District only has one bus service, which runs between Masterton and Martinborough several times a day. The Wairarapa Railway Line also runs through Masterton, which has five journeys per day between Masterton and Wellington Stations, providing a commuter rail service between Wellington City and Wairarapa.

Ongoing upgrades to the Wairarapa line will improve reliability and frequency of train services. These upgrades include installing signalling systems, replacing tracks, renewing bridges, and developing additional passing loops at Maymorn, Woodside, and Featherston.

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

8.4.5 Open Space

As part of the Parks and Open Space Strategy and Long Term Plan, the Council assessed the future demand on open spaces across the district. Five growth areas were identified on the western and northern sides of Masterton's current urban area, due to their relatively unconstrained nature (particularly in terms of flood hazard risk and large infrastructure/land use compatibility). The western and northern sides have low levels of Council provided parks and open space, and poor connectivity and linkages. They are also located further from the key recreational Waipoua River Management Area and have less local benefit from this area.

Over the next 10 years, the Council plans to continue the investment and improvement of their open spaces, including developing a Reserve Management Plan for Queen Elizabeth II Park which will assist planning and prioritising future work. The Skate Park is also being revamped, and the

recreational trail network expanded, in conjunction with the construction of a new cycle and pedestrian bridge over the Waipoua River, which will enable users to complete a 'river loop'. An ongoing programme to improve sports facilities is underway too, including the replacement of the all-weather athletics track surface at Colin Pugh sports bowl over a five year period. Delivery of these projects will result in an improved level of service, with new (and renewed) facilities enabling the delivery of more activities and services to the community.

The review of the Wairarapa Combined District Plan also presents an opportunity to provide District Plan provisions that encourage appropriately sized and well-located parks, open spaces, and infrastructure.

The existing recreational reserves/areas are sufficient to accommodate short-term population growth. Planned investment and upgrades (with the involvement of the parks and open spaces team during design/provision phases) are essential to ensure that medium to long-term growth and development capacity is met.

8.4.6 Education

Masterton has 20 schools within its district boundary – 11 are state primary/intermediate schools (Mauriceville School, Lakeview School, Fernridge School, Douglas Park School, Opaki School, Solway School, Tinui School, Wainuioru School, Whareama School, Masterton Primary School, and Masterton Intermediate School), two are state secondary schools (Makoura College and Wairarapa College), two are state-integrated primary schools (St Patrick's School and Hadlow Preparatory School), four are state-integrated secondary schools (Chanel College, Rathkeale College, Solway College, and St Matthew's Collegiate), and one is a composite school (Te Kura Kaupapa Māori o Wairarapa).

While there are generally no significant capacity issues with local schools that would undermine growth, some schools face more roll pressure than others with limited space. In the medium to long-term, these capacity issues will need to be managed through the addition of classrooms and additional teaching staff to support further growth.

Chapter 9: Carterton District Council HBA



Key Findings

Population Growth: The Carterton District forecast projects population growth of 4,600 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 the Carterton District.

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.

9.1 District Context

9.1.1 The Carterton District

The Carterton District covers 1,180 square kilometres and sits in a farming area of the Wairarapa, bordered by the Tararua Ranges to the west, the Pacific Ocean to the east, the South Wairarapa District to the south and the Masterton District to the north.

The district sits in the middle of the eastern growth corridor within the Wellington Regional Growth Framework. Development has historically concentrated in the Carterton township, with some smaller settlements spread throughout the rest of the district.

9.1.2 Urban Growth Strategy

In 2017 Carterton District Council published its Urban Growth Strategy (UGS), to inform a planned approach for directing where and how future residential growth is accommodated in the District. The Strategy outlines the outcomes sought over the next 25 years and recognises key aspects of growth, including the potential need for greenfield land and provision of infrastructure. It also supports the growth of the local economy by signalling growth opportunities and proactively providing land areas suitable and attractive for development.

Key information is used in the UGS including demographics and population projections, urban development trends and economic indicators to inform a preferred growth scenario and the response required to accommodate potential growth.

The Strategy has a relationship with other strategies and plans including the District's Long Term Plan, the Wairarapa Combined District Plan (and its review), Infrastructure Strategy and the Walking and Cycling Strategy. These documents can give further effect to the outcomes and actions sought in the UGS.

9.1.3 Carterton Draft Structure Plan

The UGS identified the eastern side of the Carterton urban area as the most suitable location and direction for new greenfield development. This is due to its proximity and accessibility to existing community and infrastructure facilities and services, as well as it having no significant natural hazard risks or other significant constraints for urban development. Accordingly, in December 2020/January 2021 the council released a proposed Carterton Draft Structure Plan, which included four options for the community to provide feedback on. The ultimate objective of the Carterton Draft Structure Plan is to provide a vision for future development of the rural land east of the current developed urban area of Carterton and west of Booths Creek.

The Structure Plan was then incorporated into the draft Proposed District Plan review for informal consultation in 2022. The Proposed District Plan will reflect feedback on the Structure Plan and implement the outcomes sought for the growth of the area.

9.1.4 The Wairarapa Combined District Plan

The Wairarapa Combined District Plan became operative in May 2011 and provides an overall approach to development in the three Wairarapa districts of Masterton, Carterton, and South Wairarapa. Since being made operative, there have been a few plan changes, mostly of a site-specific nature rezoning land for urban development.

As District Plans must be reviewed every 10 years, the Wairarapa Combined District Plan is due for review and renewal, which is underway currently. The review will also incorporate any recent changes in legislation, national and regional policy statements, environmental standards, and other regulations.

A new non-statutory Draft District Plan was released for informal consultation in October 2022. The Draft District Plan follows a similar approach to the Operative District Plan. Following the receipt of feedback on the draft and subsequent analysis, a 'Proposed' District Plan will be publicly notified later in 2023.

The relevant housing and business objectives of the Proposed District Plan include:

- ensuring Wairarapa's urban areas grow in a planned, efficient, and structured way;
- ensuring there is enough urban land supply for housing, business, and recreational needs;
- ensuring urban growth and infrastructure provision occurs in an integrated manner;
- ensuring Wairarapa has vibrant town centres.

The Operative and Proposed District Plans provide for residential and business land uses across the Wairarapa through zoning. They identify areas for future growth and expansion, manage several

other issues including natural hazards, open spaces, transport, rural subdivision, and sites and values of importance to Tangata Whenua.

9.1.5 Carterton Housing Action Plan

Carterton District Council (CDC) published a Housing Action Plan in July 2021, which aims to both consolidate a vision for housing in the District and to identify the options and tools available to CDC to effectively stimulate housing supply and increase affordability. Its vision is for Carterton to have 'a diverse range of quality housing options to meet the needs of current and future communities'. It indicates that as of 2021, the District needs approximately 1,000 new houses by 2043 to accommodate growth. The Housing Action Plan sits above the Long Term Plan, Urban Growth Strategy, Structure Plans and the District Plan, as these tools represent a way to give effect to the actions across the District.

9.1.6 'Thrive' Wairarapa Economic Development Strategy

The Wairarapa Economic Development Strategy was developed to maintain momentum in the region's economy and plan for a future which allows for growth. The Strategy is a collaborative venture between the three Wairarapa Councils and WellingtonNZ (the regional economic development agency). The strategy is based on a close study of the Wairarapa's economy and community, identifying key characteristics of the region which help define its direction and priorities. It provides a function to ensure that resources and effort are aligned behind the region's priorities and is reviewed every 3 years, in line with the Long-Term Plan process. These priorities are outlined in an 'action plan' which include initiatives linked to financial years under the Long-Term Plan. In relation to growth, the strategy has established several key priorities to support land use optimisation (e.g. facilitating land-use diversification) and enabler activities (e.g. supporting the delivery of an updated water resilience strategy for Wairarapa). These actions will be undertaken between 2023 and 2025.

9.2 Residential Assessment of Development Capacity and Findings

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

9.2.1 Current population and future forecasts

The Sense Partners median forecast has analysed the short-term (2022-2025), medium-term (2025-2032), and long-term (2032-2052) periods (3, 10, and 30-year periods).

Table 9.1: Total projected population by short, medium, and long-term periods for the Carterton District, 2022-2052.

Type	Projected Population				Projected Population Change			
	2022	2025	2032	2052	2022-2025	2025-2032	2032-2052	Total
Sense Partners Median	10,300	10,700	11,900	14,900	400	1,200	3,000	4,600

9.2.2 Forecast housing demand

Projected demand for dwellings and dwelling type is set out in the tables below. In accordance with the National Policy Statement on Urban Development 2020 (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 9.2: Dwelling demand (including competitive margin) for the Carterton District 2022-2052.

Type	2022-2025	2025-2032	2032-2052	Total
Sense Partners Median	260	578	1,503	2,341
Demand with competitive margin	312	693	1,728	2,733

In addition to addressing overall demand, the assessment considers the location of demand. For the purposes of this assessment, Carterton was divided into two broad “housing catchments” as shown in Figure 9.1 below.

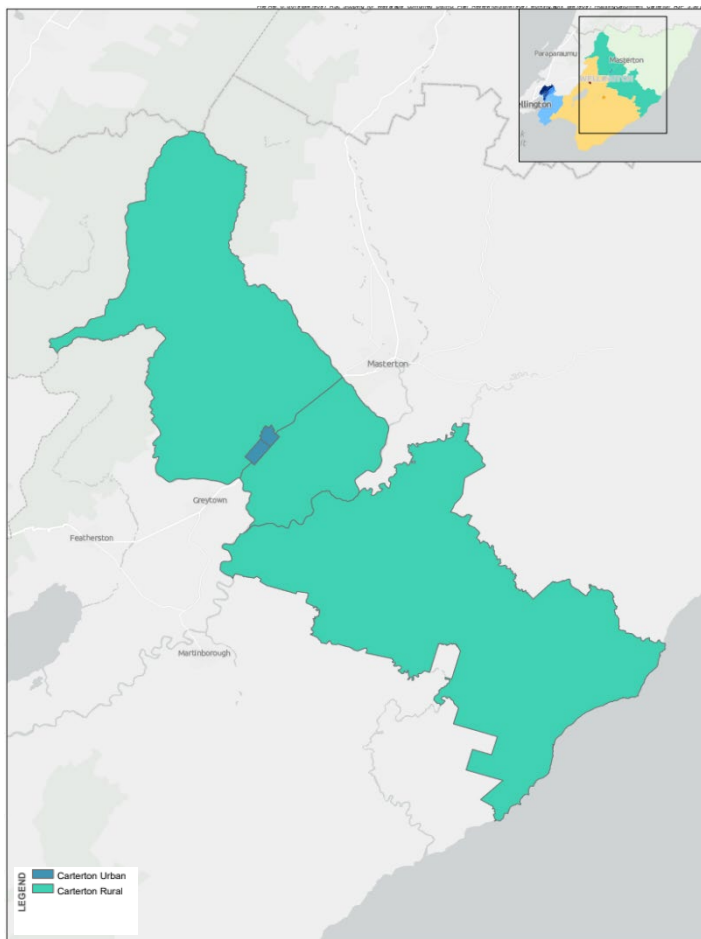


Figure 9.1: The two housing catchments in the Carterton District.

demand in Carterton Urban than in the rural environment, stand-alone housing is still providing for the majority of future growth in the District.

9.2.3 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:

1. Market indicators, including:
 - a. indicators of housing affordability, housing demand, and housing supply; and
 - b. information about household incomes, housing prices, and rents; and
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. The subsequent discussion will consider the implications of these indicators.

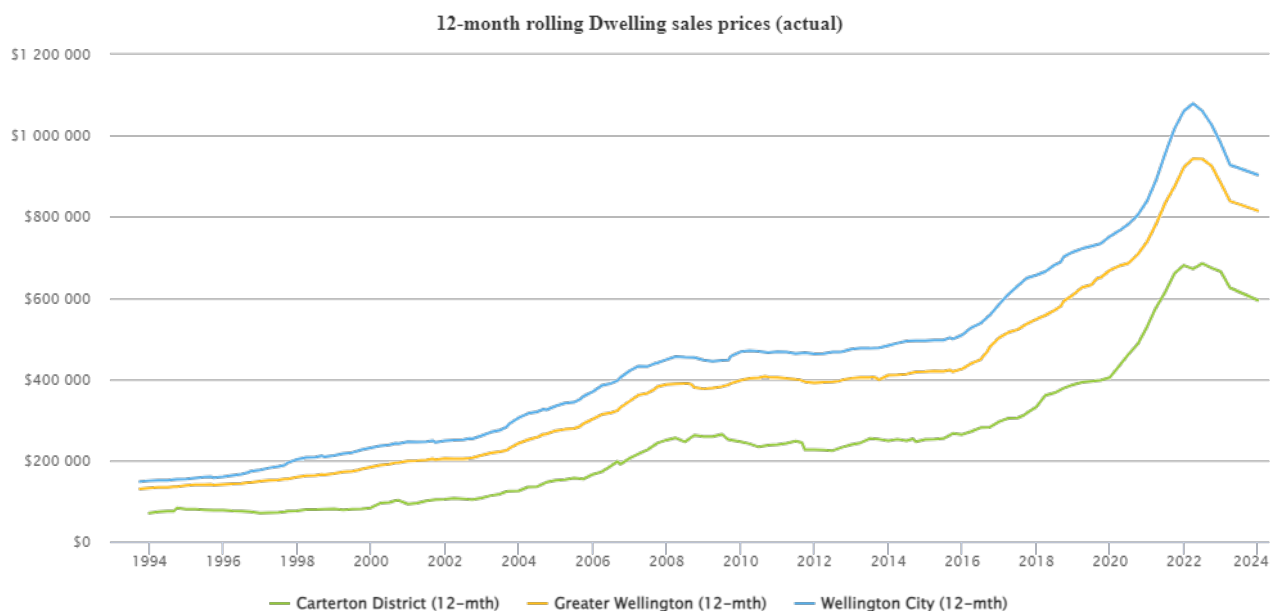


Figure 9.2: Median residential dwelling sale price for the Carterton District. Source: MHUD.

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

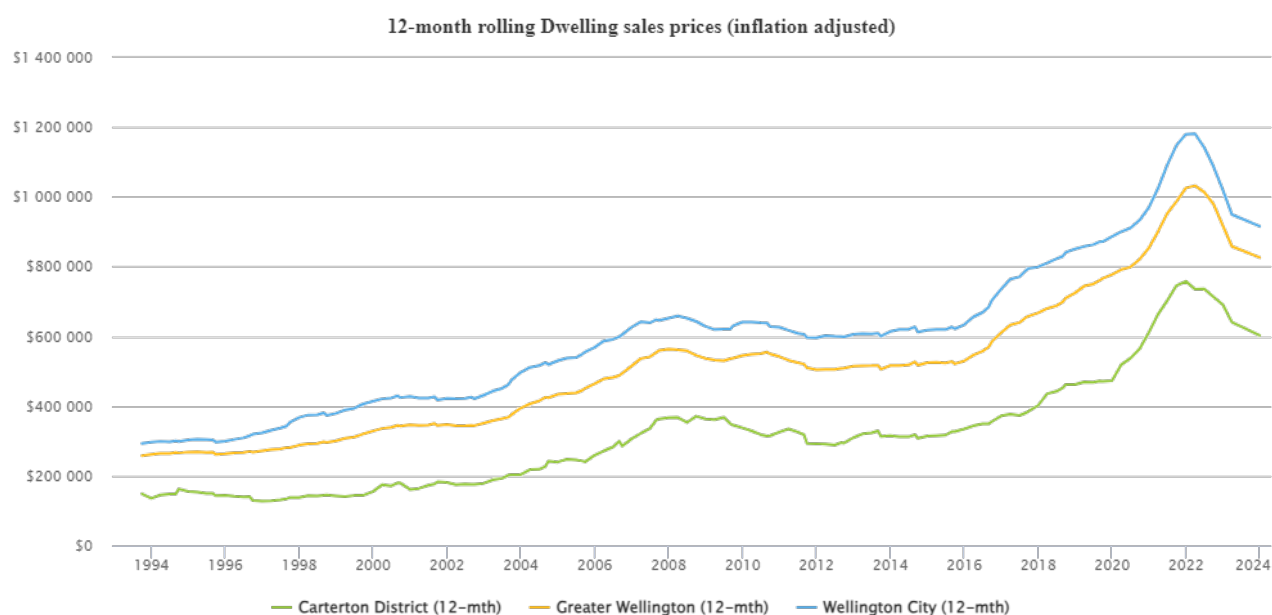


Figure 9.3: Median residential dwelling sale price for the Carterton District adjusted for inflation. Source: MHUD.

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 the Carterton District commencing from 2022.

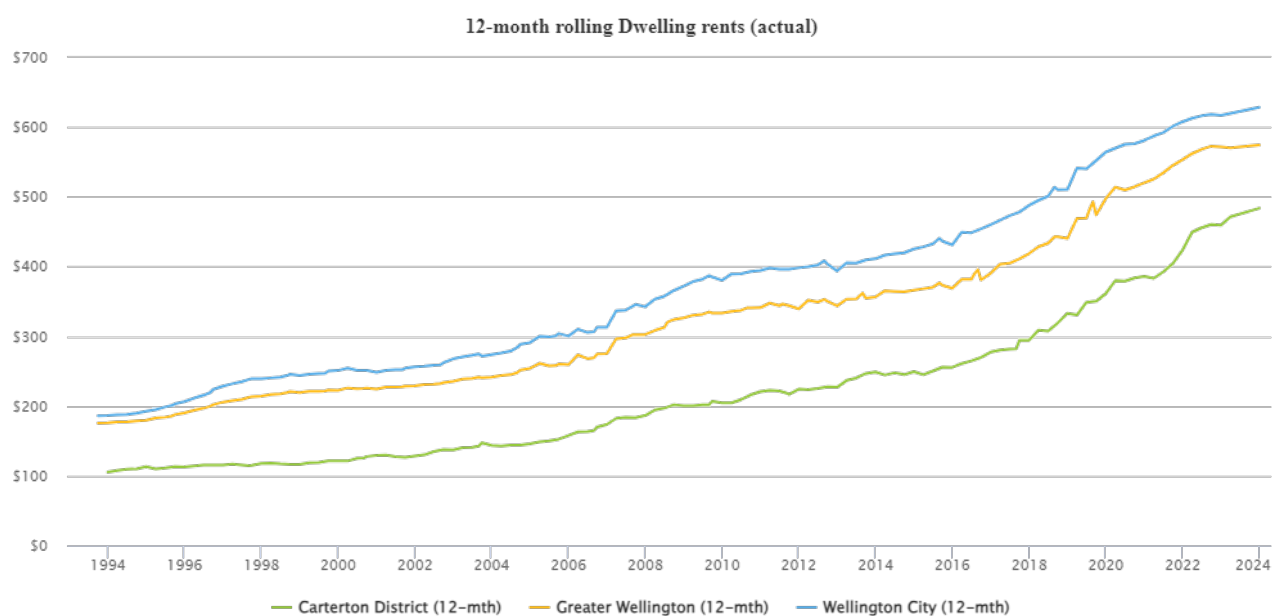


Figure 9.4: Average dwelling rents in the Carterton District. Source: MHUD.

The rent indicator for the Carterton District shows rent prices rapidly increasing since 2015, which followed slight growth between 2010 and 2015. Since 2022, rent prices have plateaued with only a

slight increase. This trend in rent prices in the Carterton District is consistent with the wider Wellington Region and other Wairarapa Districts.

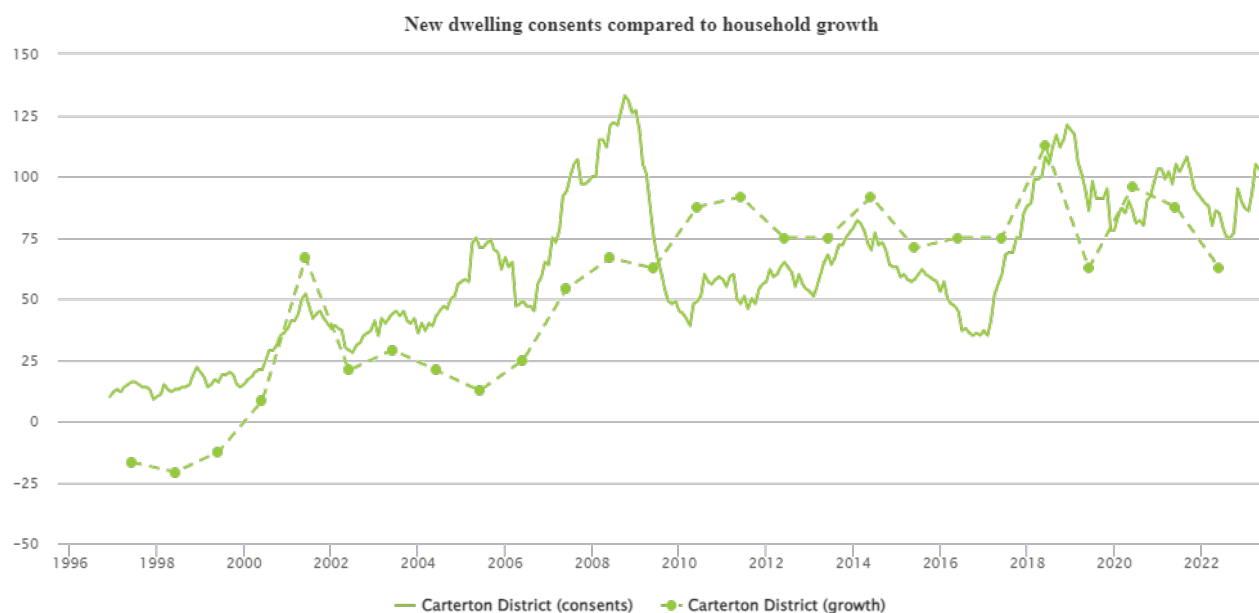


Figure 9.5: New dwelling consents compared to household growth for the Carterton District. Source: MHUD.

The comparison of new dwelling consents to household growth shows that between 2009 and 2018 the growth in new households outpaces the growth in new dwelling consents in the Carterton District. However, between 2018 and 2019 both new dwelling consents and new households experienced a decline. From 2021 the number of new dwellings consented has been higher than the number of new households in the district.

Based off these indicators, a picture has emerged of the current housing market and demands. The Carterton District has experienced a decline in dwelling sales price and a plateau (with a slight increase) 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 the Carterton District 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.

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 the role of planning interventions in it.

There are four such indicators:

- Price Cost Ratio
- Rural-Urban Differentials

These housing catchments are groupings of suburbs which were selected for containing broadly similar housing markets. Table 9.3 below shows which Statistics New Zealand Statistical Area 2 areas are included in each catchment.

Table 9.3: Statistical Area's included in each housing catchment.

Housing catchment	SA2 areas included
Carterton Urban	Carterton North Carterton South
Carterton Rural	Mount Holdsworth Kokotau Gladstone (Carterton District)

The following table shows demand by housing types across the two catchments.

Table 9.4: Demand for additional dwellings (with competitive margin) by housing area and by typology, 2021-2051.

	2021-2024	2024-2031	2031-2051	Total ¹
Carterton Rural				
Stand-alone housing	87	517	547	1,151
Joined housing	7	1	0	8
Total	94	518	547	1,159
Carterton Urban				
Stand-alone housing	50	45	1,180	1,275
Joined housing	165	127	0	292
Total	215	172	1,180	1,567
Total				
Stand-alone housing	137	562	1,727	2,426
Joined housing	172	128	0	300
Total	309	690	1,727	2,726

The assessment of demand by area shows that there is similar demand for housing in both of the catchments. There is less demand for joined housing in Carterton Rural, due to the nature of development in this environment and how this area is used. While joined housing has a higher

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

- 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:

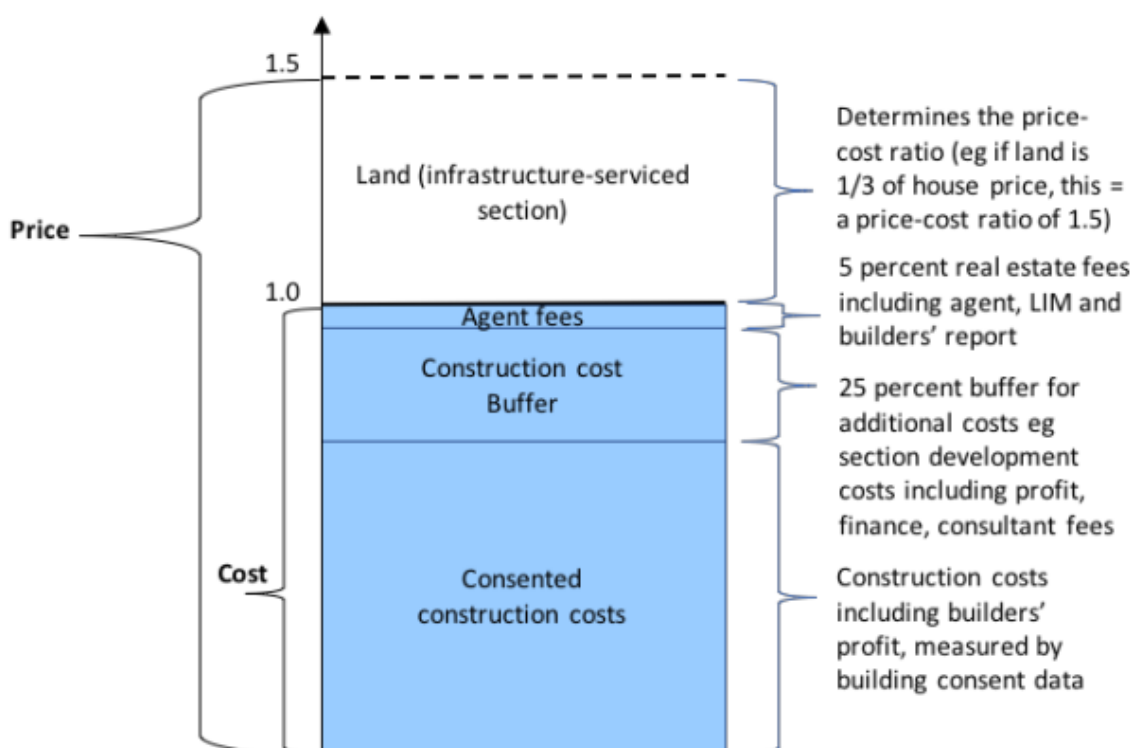


Figure 9.6: The components of the price-cost ratio. Source: MfE.

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. 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 the Carterton District is shown below in Figure X. It shows that the price cost ratio is approximately 1.12 suggesting that the supply of land and development opportunities are responsive to demand in the District. The Carterton figure is lower than that of Wellington City and the Greater Wellington Region historically, but similar to both of them in 2023. This suggests that what Carterton is experiencing is consistent across the region.

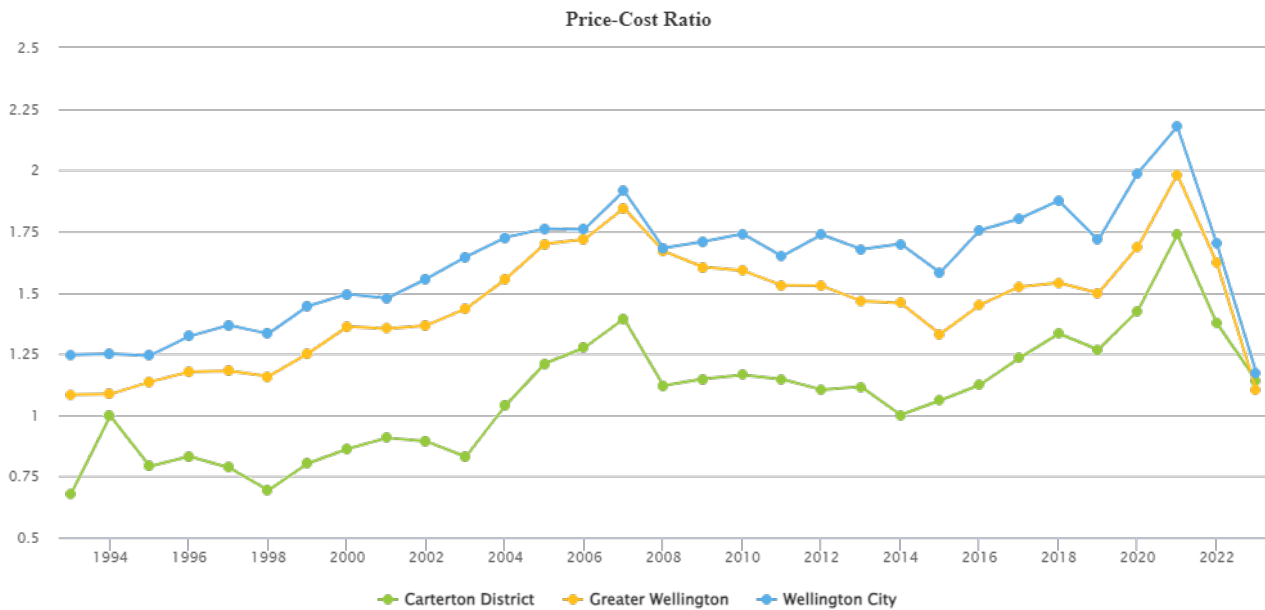


Figure 9.7: Price-cost ratio for the Carterton District. Source: MHUD.

Rural urban differentials and land concentration

9.2.4 Residential development capacity – Theoretical, feasible, and realisable

This section provides the assessment of residential development capacity calculated from the Wairarapa Combined District Plan (including the Draft Wairarapa Combined District Plan).

Theoretical development capacity is identified for all residential, future urban, and greenfield zones based on their underlying zoning and development controls.

Table 9.5: Theoretical residential development capacity by Carterton statistical areas.

Type	Theoretical Capacity			Total Residential
	Residential	Future Urban	Residential Greenfield	
Carterton North	2,077	-	102	2,179
Carterton South	4,576	-	252	4,828
Kokotau	-	1,839	-	1,839
Mount Holdsworth	-	-	132	132
Total	6,653	1,839	486	8,978

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 9.6: Feasible residential development capacity by Carterton statistical areas.

Type	Feasible Capacity			Total Feasible Capacity
	Theoretical Capacity	Feasible Standalone	Feasible Terraced	
Carterton North	2,363	254	949	1,203
Carterton South	4,857	615	2,759	3,374
Kokotau	1,839	103	1,574	1,677
Mount Holdsworth	132	-	132	132
Total	9,191	972	5,414	6,386

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 develop it themselves even if it is profitable to do so. These

motivations will influence the likelihood of development being taken up under current market conditions.

Table 9.7: Realisable residential development capacity by Carterton statistical areas.

Type	Realisable Capacity			
	Theoretical Capacity	Realisable Standalone	Realisable Terraced	Total Realisable Capacity
Carterton North	2,363	238	535	773
Carterton South	4,857	357	1,686	2,043
Kokotau	1,839	212	1,242	1,454
Mount Holdsworth	132	-	132	132
Total	9,191	807	3,595	4,402

9.2.5 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 a notable increase in the average number of new residential (stand-alone and joined housing) builds per year over the last 5-year period compared to the previous 5-year period. From 2012 to 2016 the average number of new residential dwelling units consented was 61 per annum ranging from 36 – 73 per annum. From 2017 to 2022 the average number of new residential units consented was 91 per annum ranging from 74 – 114 per annum.

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

Table 9.8: Demand (with competitive margin) for housing type against the realisable development capacity.

	Demand	Capacity	+/-
Carterton Urban			
Stand-alone housing	1,151	595	-556
Joined housing	8	2,221	2,213
Total	1,159	2,816	1,657

Carterton Rural			
Stand-alone housing	1,275	212	-1,063
Joined housing	292	1,374	1,082
Total	1,567	1,586	19
Total			
Stand-alone housing	2,426	807	-1,619
Joined housing	300	3,595	3,295
Total	2,726	4,402	1,676

The differences provide us with 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 9.9: Demand and realisable capacity of housing typologies over time, Carterton District, 2021-2051.

Housing typology	2021-2024		2024-2031		2031-2051	
	Demand	Realisable¹	Demand	Realisable	Demand	Realisable
Stand-alone housing	137	92	562	204	1,727	511
Joined housing	172	408	128	910	0	2,277
Total	309	500	690	1,114	1,727	2,788

Table 9.10: Overall summary of supply to meet demand, Carterton District, 2021-2051.

Type	2021-2024	2024-2031	2031-2051	TOTAL
Demand (with competitive margin)	309	690	1,727	2,726
Development capacity (realisable)	500	1,114	2,788	4,402
Balance	191	424	1,061	1,676
Sufficiency	Yes	Yes	Yes	Yes

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

9.3 Business Assessment of Development Capacity and Findings

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

9.3.1 Business areas

The Carterton township has two main commercial and industrial areas which service the District. Carterton has the main industrial centre for the Wairarapa, which creates its own demand as the benefits from locating near other firms attract more demand. This industrial area is located to the north of the township, in Waingawa. In Carterton central, the commercial areas provide retail services to the District. Under the Wairarapa Combined District Plan, these areas are provided for under the Industrial and Commercial zones.

Collectively, these commercial and industrial areas cover approximately XX hectares of the District. Business land has been broken down into two 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.

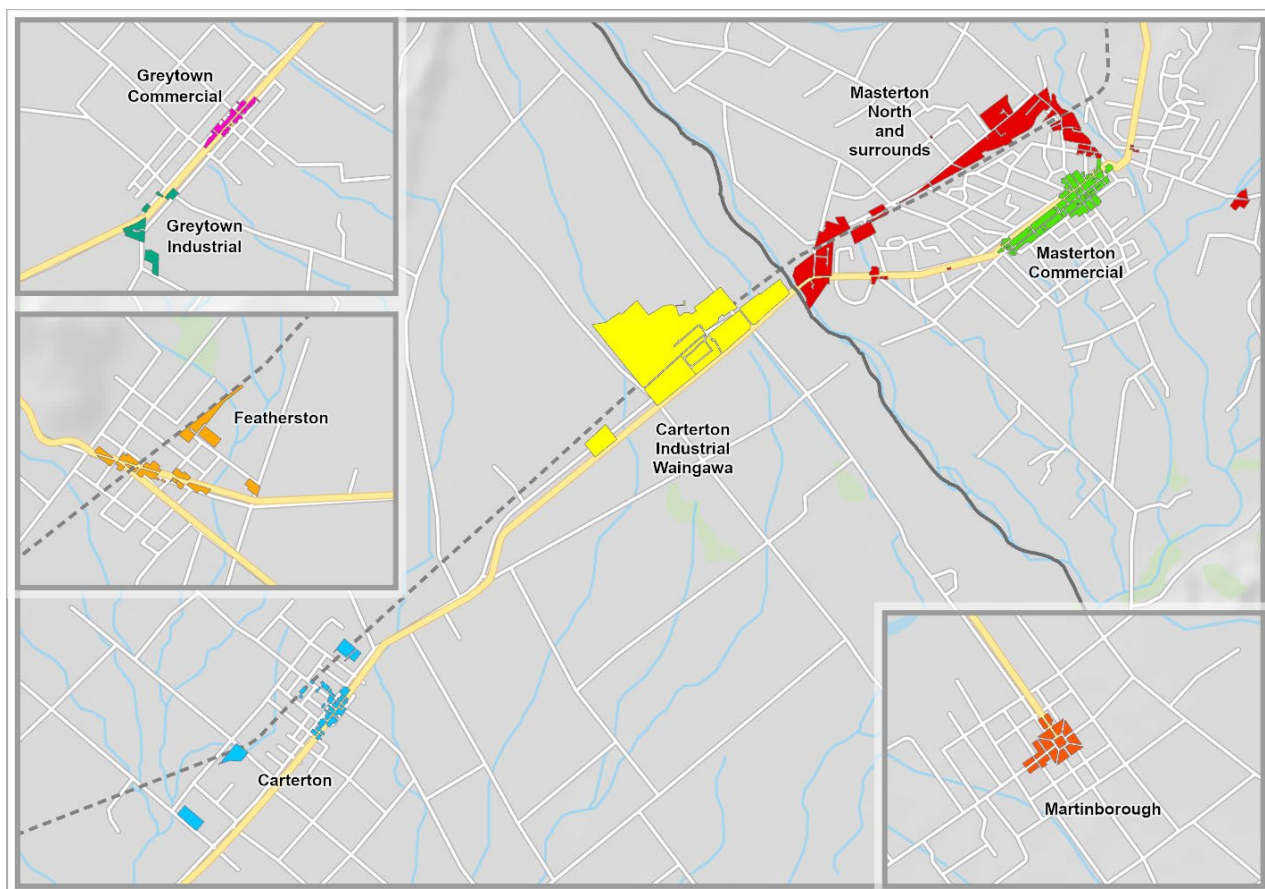


Figure 9.7: Map showing the two Business Areas in the Carterton District.

9.3.2 Key business stats and figures

The Carterton District is the hub for industrial activity in the Wairarapa, largely due to the industrial area at Waingawa.

The local economy is dominated by the industrial sector. This includes food processing industries, which build off the local agricultural economy in Carterton, South Wairarapa, and Masterton Districts. As a result of the concentration of industrial activity in Carterton, employment rates in the industrial sector are far higher than the Greater Wellington Region average.

Transport improvements will have a positive impact on economic activity in the Carterton District. However, the Remutaka Ranges remain a considerable barrier to accessing the wider Wellington Region. Investment in the rail network, while delivering significant travel time reductions between Wellington and the Wairarapa, is still restricted by low frequency.

Sense Partners have prepared employment projections for the Carterton District, shown in Figure 9.8. 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 the Carterton District is relatively small.

Employment projections by sector, Carterton

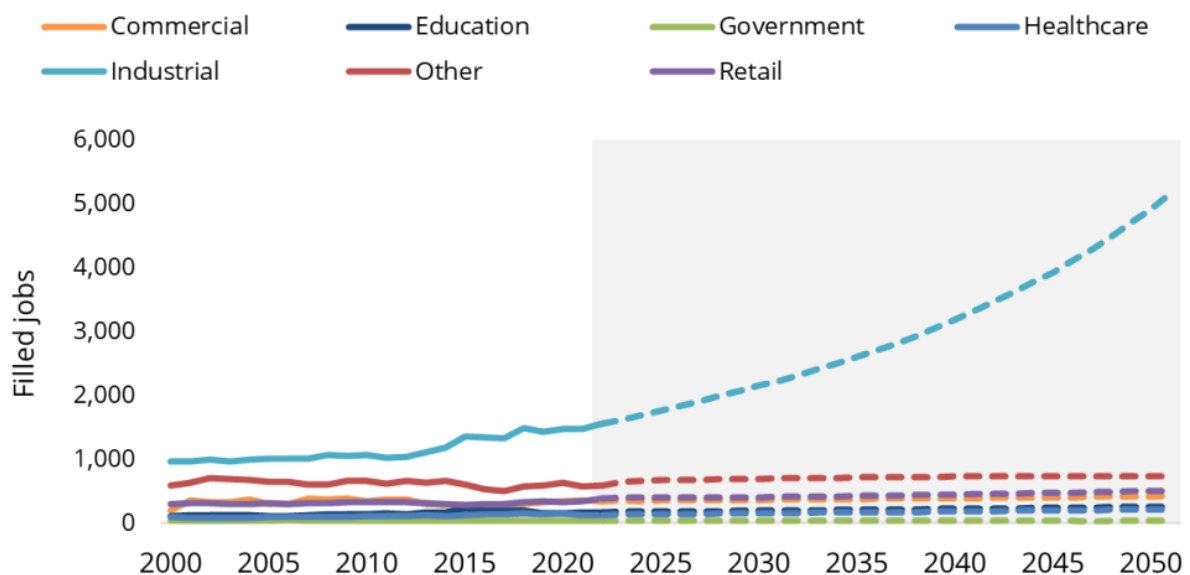


Figure 9.8: Employment projections by sector. Source: Sense Partners.

The strongest industry growth in the Carterton District is in the industrial sector. Normally, it would be expected that a lift in industrial jobs would trigger growth in other sectors. New jobs typically attract new residents, who need access to retail, healthcare, and education. Commercial sector jobs, such as lawyers or accountants, service industrial businesses as well as local residents.

This conventional relationship does not hold in the Carterton District. This is due to the bulk of the District's industrial land being located in Waingawa, which is adjacent to the Masterton urban area.

This results in the majority of on-flow growth being experienced in Masterton, rather than Carterton.

9.3.3 Forecast business demand

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

The projected land and floorspace required by sector are outlined in Table X below.

Table 9.11: Demand for business land and floorspace by business sector over the short, medium, and long-term.

Type	Floorspace (m ²)				Land (m ²)			
	2022-2025	2025-2032	2032-2052	Total	2022-2025	2025-2032	2032-2052	Total
Retail	224	516	3,535	4,275	448	1,033	7,068	8,549
Healthcare	366	832	2,333	3,531	487	1,110	3,111	4,708
Education	567	731	2,635	3,933	756	975	3,513	5,244
Commercial	117	313	1,015	1,445	156	418	1,353	1,927
Government	-122	7	1	-114	-162	9	0	-153
Industrial	27,640	75,243	420,032	522,915	69,099	188,108	1,050,082	1,307,289
Other	3,146	1,365	1,159	5,670	4,195	1,819	1,546	7,560
TOTAL	31,938	79,007	430,710	541,655	74,980	193,472	1,066,673	1,335,124

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. The resulting demand is as follows:

Table 9.12: Demand for business land and floorspace with competitive margin by business sector over the short, medium, and long-term.

Type	Floorspace (m ²)				Land (m ²)			
	2022-2025	2025-2032	2032-2052	Total	2022-2025	2025-2032	2032-2052	Total
Retail	269	619	4,065	4,953	538	1240	8,128	9,905
Healthcare	439	998	2,683	4,121	584	1,332	3,578	5,494
Education	680	877	3030	4,588	907	1,170	4,040	6,117
Commercial	140	376	1,167	1,683	187	502	1,556	2,245
Government	-97	8	1	-88	-129	11	0	-118
Industrial	33,168	90,292	483,037	606,496	82,919	225,730	1,207,594	1,516,243
Other	3,775	1,638	1,333	6,746	5,034	2,183	1,778	8,995
TOTAL	38,374	94,808	495,317	628,499	90,040	232,166	1,226,674	1,548,880

9.3.4 Market analysis and demand for business

The Carterton District is the main industrial hub of the Wairarapa, focused in Waingawa, which has the capacity to accommodate growth. Stakeholders note that some industrial uses are occurring within the Rural Zone and that there may need to be greater consideration given in terms of zoning. Industrial uses can have an impact on the rural land itself, along with surrounding rural land uses (reverse sensitivity). Further, the location of some established industrial areas suffer reverse sensitivity issues with encroaching residential activities, which makes commercial development in these areas riskier.

Stakeholders also noted that while buses are set up to get people from homes to rail stations for commuting to Wellington, there are limited buses available for commuting between towns in the Wairarapa. This limits the opportunity for people to live and work in different towns in the Wairarapa and encourages people to leave the Wairarapa to work.

It was also identified that many of the industrial areas in the District have issues with three waters capacity and susceptibility to flooding due to overland flow issues. This can act as a constraint to development, as it requires greater investment by developers.

9.3.5 Business capacity – Plan enabled, feasible, and realisable

This section provides the assessment of business development capacity calculated from the Draft Wairarapa Combined District Plan 2022.

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 enable 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 the modelling process and assumptions can be found in the supporting HBA methodology document.

Table 9.13: Business floorspace capacity (m²) by business zone.

Business Zone	Existing floorspace	Infill floorspace	Redevelopment floorspace	Vacant
General Industrial Zone	103,722	2,468,586	2,599,053	2,468,586
Mixed Use Zone	5,503	93,644	122,385	23,411
Town Centre Zone	27,849	237,952	383,868	59,488
Total	137,074	2,800,182	3,105,306	2,551,485

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 4.

Table 9.14: Business floorspace capacity (m²) by business area - with MCA score.

Business Area	MCA Score	Existing floorspace	Infill floorspace	Redevelopment floorspace	Vacant
Carterton Commercial	48	32,786	331,596	506,253	82,899
Carterton Industrial	N/A	26,074	192,607	214,865	192,607
Carterton Industrial Waingawa	55	78,214	2,275,979	2,384,189	2,275,979
Total	N/A	137,074	2,800,182	3,105,306	2,551,485

In a similar way to residential development capacity, it is important to be realistic about the differences between current capacity enabled under the Wairarapa Combined 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 the Carterton District 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 throughout the Wairarapa, but also competition around development of space.

As described above, the Waingawa industrial area is the main industrial hub servicing the entire Wairarapa. It provides a significant land supply for future industrial development to meet the long-term needs of the Wairarapa, including industrial development that seek sizeable blocks of flat land. The Carterton commercial area is focused on servicing the needs of local residents and visitors. Due to the aging profile of many existing buildings in the Carterton commercial area, it is anticipated they will be redeveloped in the future.

9.3.6 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 Carterton Central, in the Mixed Use and Town Centre Zones.

Table 9.15: Overall summary of supply to meet demand (m²).

Type	2022-2025	2025-2032	2032-2052	TOTAL
Demand (with competitive margin)	38,374	94,808	495,317	628,499
Development Capacity	Redevelopment			3,105,306
	Infill			2,800,182
	Vacancy			2,551,485
Sufficiency				Yes

9.4 Infrastructure Capacity

The NPS-UD requires councils to provide sufficient development capacity to meet expected demand for housing. In order to be 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:

- b) in relation to the short term, there is adequate existing development infrastructure to support the development of the land
- c) 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
- d) 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 Carterton's existing and planned infrastructure and its adequacy to meet expected demand for housing.

9.4.1 Three Waters

Carterton has undertaken an assessment of their water infrastructure as part of the Infrastructure Strategy, which informed their Long Term Plan 2021-2031. This report is attached in Appendix X. The report should be read alongside this summary to fully understand the methodology, assumptions, levels of service and other associated commentary.

The assessment indicates that there are long-term constraints on water supply capacity, but neither wastewater or stormwater face short- or long-term capacity issues. These constraints will be managed through planned infrastructure investment programmes and projects.

Water

CDC owns and manages a water supply scheme for Carterton Township, and the water reticulation for the Waingawa area with water supplied from Masterton. It also owns and manages two rural water race schemes – the Carrington and Taratahi water race schemes.

The infrastructure assessment indicates that Carterton will have medium to long-term water supply capacity issues, without demand management and investment in supplementary water supply.

A proportion of the existing network is nearing its end of life (70-80 years), and also in poor condition. CDC will need to ensure an ongoing renewal programme, so that existing levels of service are maintained. GWRC's recent modelling of the Kaipaitangata and Waiohine surface water and groundwater catchments indicates there is already an over-allocation of these natural resources. Climate change is also likely to impact the water available from natural resources in summer months.

Potentially, demand could exceed consented supply and recommended storage capacity during peak summer periods. Additional demand beyond current supply capacity is anticipated due to the urban population growth projection and effects of climate change, subject to the available capacity of the residential zone.

Growth-related implications for the Carterton water supply scheme are dependent on sufficient residential zone capacity to meet projected demand beyond 2030. An additional trunk main and new reticulation is proposed in the Carterton Urban Growth Strategy.

Wastewater

CDC have an aging wastewater system, and accordingly have established an annual replacement programme to maintain current levels of service. The Council also recently finalised the upgrade of its wastewater treatment plant, which is designed for a projected population of 8,500 by the end of the new 35-year consent period (i.e. by 2052). So long as the renewal and replacement programme continues and the anticipated population does not increase at a much faster rate than anticipated, Carterton has long-term wastewater capacity.

Stormwater

CDC's stormwater infrastructure has two components - piped and open earth channels. The assessment indicates that with investment in pipe replacement and increased reticulation, medium to long-term capacity will be met.

Current reticulation capacity copes with most rainfall events or surface flooding of short duration. Beyond that, drainage of excess surface water relies on secondary flow paths. More intense rainstorms due to the effects of climate change could erode current levels of service. Planned renewals will include capacity increases to compensate for predicted climate change effects.

As the majority of pipes are considered 'young', an ongoing replacement programme will ensure there is long-term piped stormwater capacity.

Additional catchment and new reticulation are proposed in the Carterton Urban Growth Strategy area. The stormwater drain on the east side of town will be progressively replaced to accommodate projected residential growth in the north-east of town in line with the Urban Growth Strategy.

A project involving the construction of a bypass channel on the western side of Carterton is aimed at restoring stormwater drainage capacity of the Waikākāriki Stream during storm events. Land use development along the Waikākāriki Stream has impacted on levels of service. The bypass channel would divert peak stream flows to avoid surface flooding in the adjoining urban area. This project was deferred pending the outcomes from the GWRC Natural Resources Plan.

9.4.2 Local Road Network

As part of their Infrastructure Strategy, Carterton also assessed the local road network. The Council maintain approximately 441km of local roads, 286km of which are sealed and the remaining 155km unsealed.

The majority of the Carterton Road network consists of access roads because of the low traffic volumes. The growth and probable resultant increase in demand on the network is not expected to require any significant new roading, or significant additional capacity on the existing network. Access to any new residential/retirement developments will be provided by the developers. The need for any major upgrades is not seen at this stage, but localised upgrades may be required. The network will continue to be monitored to ensure improvements such as urban bypasses are provided in a timely manner.

CDC intends to review demand forecasts for the district roading network. The study will encompass an assessment of future demand due to increased use originating from proposed subdivision development and plantation forestry logging operations, and the actual and potential impact they will have on the roading network. This will enable the Council to better plan its road renewal and maintenance requirements. Minor safety projects will be introduced to target the dominant contributing factors to road accidents, namely:

- too fast for conditions
- poor handling
- alcohol and other impairments
- lack of attentiveness
- loss of control on bends on rural roads.

9.4.3 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 5.3.

State Highway 2 (SH2) is the only highway which passes through Carterton. SH2 connects Carterton to Greytown and Masterton. SH2 functions as an interregional connector outside of Carterton township, and an urban connector, peri-urban road, main street, and activity street at various points in and around Carterton. Waka Kotahi will be undertaking upgrades to SH2 – including safety improvements and speed reviews.

The capacity of the state highway is not a major constraining factor for development capacity in Carterton.

9.4.4 Public Transport

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

Carterton has one bus service, which runs between Masterton and Martinborough several times a day. Carterton is also along the Wairarapa Railway Line, which runs five times a day between Masterton and Wellington Stations, providing a commuter rail service between Wellington City and Wairarapa.

Ongoing upgrades to the Wairarapa line will improve reliability and frequency of train services. These upgrades include installing signalling systems, replacing tracks, renewing bridges, and building additional passing loops at Maymorn, Woodside, and Featherston.

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

9.4.5 Open Space

As part of their Long Term Plan, Carterton assessed the future demand on open spaces across the district. The existing recreational reserves/areas are sufficient to accommodate short-term population growth. Once the Eastern Growth Area is opened up further local reserve areas will be needed. These will be included in the structure plan for the area.

Increasingly, sports organisations that currently own their own property or use Crown land are unable to sustain or continue the status quo. This has resulted in them approaching the Council to use existing Council parks or provide additional land or facilities to accommodate these sports.

Carterton continues to discuss broader Wairarapa-wide needs, and how demand can be more effectively met. Without further investment and planning, Carterton may face medium to long-term capacity issues with their open space and sports fields, but currently they are not an issue limiting development capacity.

9.4.6 Education

Carterton has five schools within its District boundary – three are state primary schools (Carterton School, South End School and Dalefield School), and two state-integrated primary schools (St Mary's School and Ponatahi Christian School). All schools cater for students in years 1-8. There are no secondary schools within the District.

There are no capacity issues with local schools that would undermine development capacity, and any medium to long-term capacity issues can be managed by the addition of classrooms within the existing schools.

Chapter 10: South Wairarapa District Council HBA



Key Findings

Population Growth: The South Wairarapa District forecast projects population growth of 4,600 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 retail and industrial land in the South Wairarapa District.

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.

10.1 District Context

10.1.1 The South Wairarapa District

The South Wairarapa District covers 2,388 square kilometres and sits between the Upper Hutt and Lower Hutt Districts to the west, the Pacific Ocean to the east and south, and the Carterton District to the north. Historically, development and growth has concentrated in the townships of Greytown, Featherston, and Martinborough, with some smaller settlements spread throughout the rest of the district.

10.1.2 The South Wairarapa Spatial Plan

In December 2021, the South Wairarapa District Council published the first stage of their Spatial Plan. The plan sets out what the Council believes should be protected and which areas should be developed over the next three decades. It takes a broad approach, with finer details to be included in the master plans for each township. The District's Spatial Plan took account of national and regional directions, including the National Policy Statement for Urban Development 2020 (NPS-UD), the Wellington Regional Growth Framework (WRGF), and the Regional Policy Statement. The areas of focus were Martinborough, Featherston, and Greytown, given they are all facing growth pressures. In response to feedback, the first stage of the Spatial Plan focuses on residential housing. Forecasts predict that the district will need more than 2,290 houses by 2050 and the rapid rise in house prices has made supply a key concern.

10.1.3 The Featherston Masterplan

In July 2022, the Council released their Featherston Masterplan Discussion Document for feedback. This was a key outcome of the South Wairarapa Spatial Plan, as it identified Featherston as a Future Growth Node (referred to as an Urban Renewal Area in the Wellington Regional Growth Framework). Featherston is located in the Eastern Growth Corridor Hutt to Masterton, where one third of the Greater Wellington region's population growth is expected to be accommodated.

Featherston is the gateway to the South Wairarapa district and is located at the foothills of the Remutaka Ranges, close to the northern shore of Lake Wairarapa, and 64km from Wellington. It has increasingly become a satellite town with direct connection to the capital city. The town is currently characterised by family homes on traditional quarter acre sections. It has many parks, reserves, sports fields, and recreational opportunities. Historically it was home to the Featherston Military Camp, which was New Zealand's largest training camp during the First World War.

The structure of Featherston is traversed by both the rail corridor and the State Highway. This provides challenges to the management of the main street. At the same time, it provides good connections that service Featherston and beyond.

The masterplan will build on existing work, such as Pae tū Mōkai o Tauira, Fab Feathy, the Wairarapa Gateway Business Group, the Wairarapa Economic Development Strategy, the sports hub, and Booktown. It will include mana whenua and community input as well as the involvement of central and regional government agencies and neighbouring councils.

10.1.4 The Wairarapa Combined District Plan

The Wairarapa Combined District Plan became operative in May 2011 and provides an overall approach to development in the three Wairarapa districts of Masterton, Carterton, and South Wairarapa. Since being made operative, there have been a few plan changes, mostly of a site-specific nature rezoning land for urban development.

As District Plans must be reviewed every 10 years, the Wairarapa Combined District Plan is due for review and renewal, which is underway currently. The review will also incorporate any recent changes in legislation, national and regional policy statements, environmental standards and other regulations.

A new non-statutory Draft District Plan was released for informal consultation in October 2022. The Draft District Plan follows a similar approach to the Operative District Plan. Following the receipt and reflection of feedback on the draft, a 'Proposed' District Plan will be publicly notified later in 2023.

The relevant housing and business objectives of the Proposed District Plan include:

- ensuring Wairarapa's urban areas grow in a planned, efficient, and structured way;
- ensuring there is enough urban land supply for housing, business, and recreational needs;
- ensuring urban growth and infrastructure provision occurs in an integrated manner;
- ensuring Wairarapa has vibrant town centres.

The Operative and Proposed District Plans provide for residential and business land uses across the Wairarapa through zoning. They identify areas for future growth and expansion, manages several other issues including natural hazards, open spaces, transport, rural subdivision, and sites and values of importance to Tangata Whenua.

10.1.5 'Thrive' The Wairarapa Economic Development Strategy

The Wairarapa Economic Development Strategy was developed to maintain momentum in the region's economy and plan for a future which allows for growth. The Strategy is a collaborative venture between the three Wairarapa Councils and WellingtonNZ (the regional economic development agency). The strategy is based on a close study of the Wairarapa's economy and community, identifying key characteristics of the region which help define its direction and priorities. It provides a function to ensure that resources and effort are aligned behind the region's priorities and is reviewed every 3 years, in line with the Long-Term Plan process. These priorities are outlined in an 'action plan' which include initiatives linked to financial years under the Long-Term Plan. In relation to growth, the strategy has established several key priorities to support land use optimisation (e.g. facilitating land-use diversification) and enabler activities (e.g. supporting the delivery of an updated water resilience strategy for Wairarapa). These actions will be undertaken between 2023 and 2025.

10.2 Residential Assessment of Development Capacity and Findings

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

10.2.1 Current population and future forecast

The Sense partners median forecast has analysed predicted growth over the short-term (2022-2025), medium-term (2025-2032), and long-term (2032-2052) periods (3, 10, and 30-year periods).

Table 10.1: Total projected population by short, medium, and long-term periods for the South Wairarapa District, 2022-2052.

Type	Projected Population				Projected Population Change			
	2022	2025	2032	2052	2022-2025	2025-2032	2032-2052	Total
Sense Partners Median	11,800	12,200	13,400	16,400	400	1,200	3,000	4,600

10.2.2 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 10.2: Dwelling demand (including competitive margin) for the South Wairarapa District 2022-2052.

Type	2022-2025	2025-2032	2032-2052	Total
Sense Partners Median	285	592	1,499	2,376
Demand with competitive margin	342	710	1,723	2,775

In addition to addressing overall demand, the assessment considers the location of demand. For the purposes of this assessment, South Wairarapa District was divided into four broad “housing catchments” as shown in Figure 10.1 below.

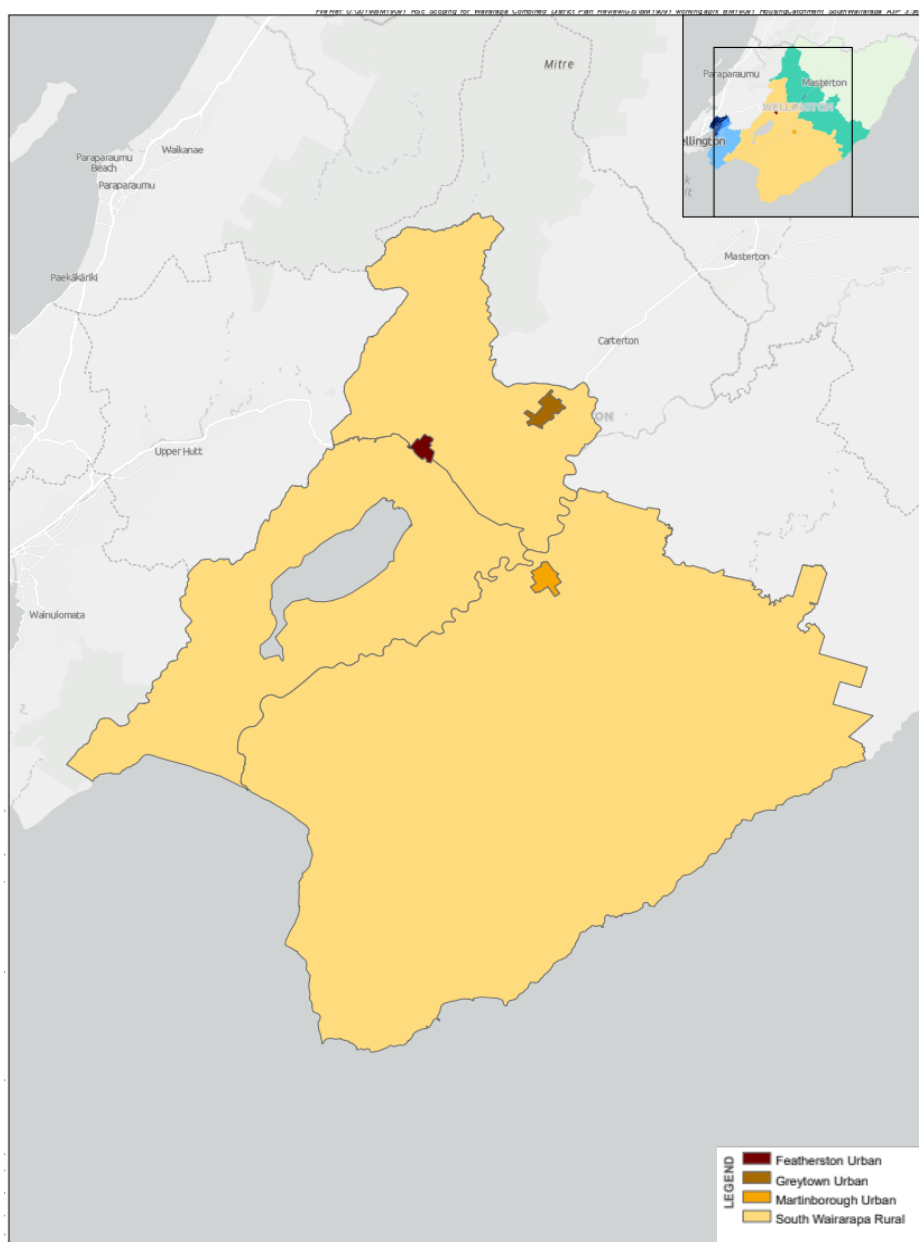


Figure 10.1: The four housing catchments in the South Wairarapa District.

These housing catchments are groupings of suburbs which were selected for containing broadly similar housing markets. Table 10.3 below shows which Statistics New Zealand Statistical Area 2 areas are included in each catchment.

Table 10.3: Statistical Area's included in each housing catchment.

Housing catchment	SA2 areas included
Featherston Urban	Featherston
Greytown Urban	Greytown
Martinborough Urban	Martinborough
South Wairarapa Rural	Tauherenikau Aorangi Forest Kahutara

The following table shows demand by housing types across the two catchments.

Table 10.4: Demand for additional dwellings (with competitive margin) by housing area and by typology, 2021-2051.

	2021-2024	2024-2031	2031-2051	Total ¹
Featherston Urban				
Stand-alone housing	9	0	874	883
Joined housing	58	151	0	209
Total	68	151	870	1,089
Greytown Urban				
Stand-alone housing	49	13	0	62
Joined housing	13	0	0	13
Total	62	13	0	75
Martinborough Urban				
Stand-alone housing	37	226	602	865
Joined housing	25	0	0	25
Total	62	226	602	890
South Wairarapa Rural				

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

Stand-alone housing	97	314	247	658
Joined housing	50	1	2	53
Total	147	318	250	715
Total				
Stand-alone housing	192	553	1,723	2,468
Joined housing	146	152	2	300
Total	338	705	1,725	2,768

The assessment of demand by area shows that there is more demand for housing in Featherston Urban and Martinborough Urban than Greytown Urban. While Featherston Urban and Martinborough Urban have similar demand for stand-alone housing, joined housing has a higher demand in Featherston Urban. South Wairarapa Rural also has demand for stand-alone housing, and less for joined. Stand-alone housing will be providing for the majority of future growth in the District.

10.2.3 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:

1. Market indicators, including:
 - a. indicators of housing affordability, housing demand, and housing supply; and
 - b. information about household incomes, housing prices, and rents; and
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. The subsequent discussion will consider the implications of these indicators.

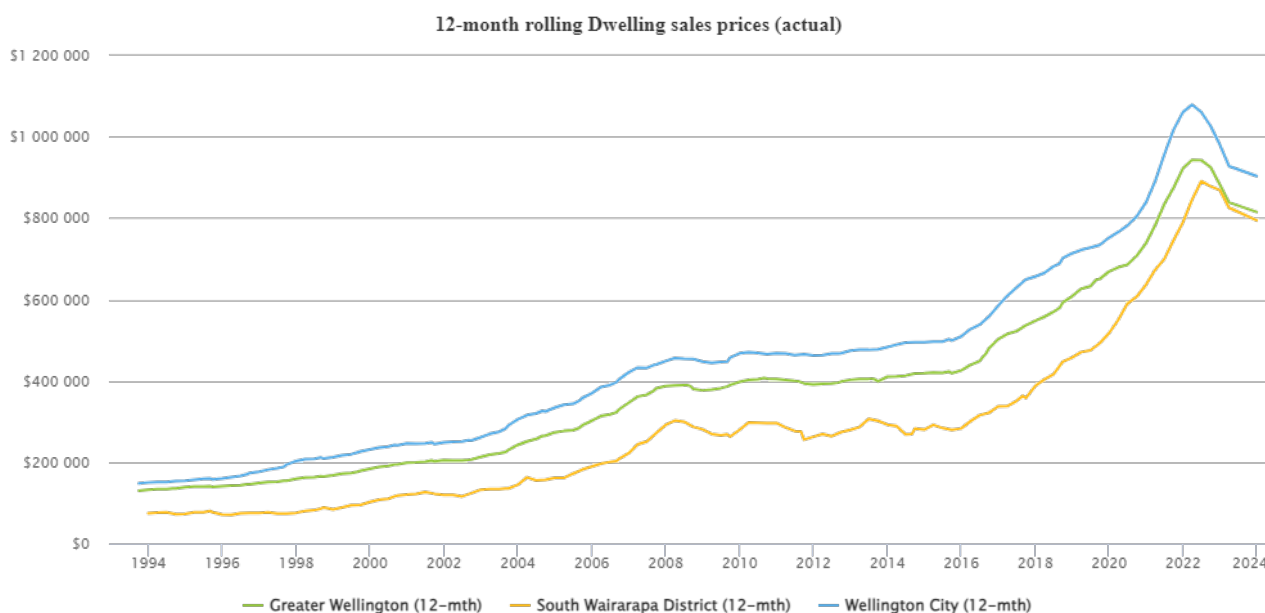


Figure 10.2: Median residential dwelling sale price for the South Wairarapa District. Source: MHUD.

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



Figure 10.3: Median residential dwelling sale price for the South Wairarapa District 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 the South Wairarapa District commencing from 2022.

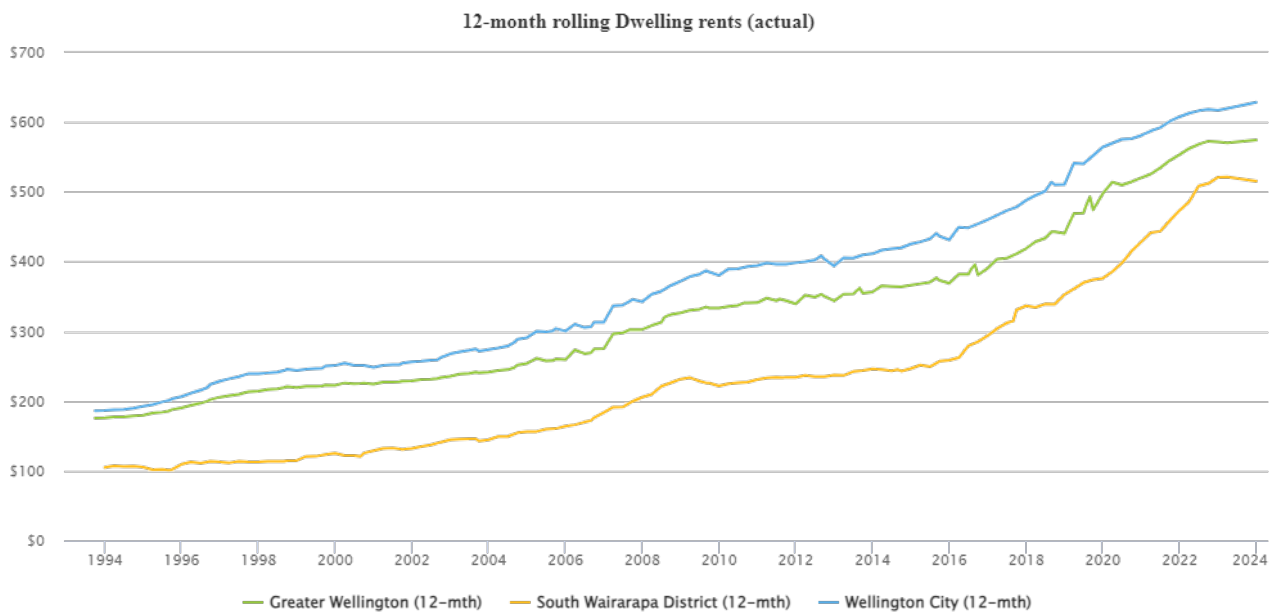


Figure 10.4: Average dwelling rents in the South Wairarapa District. Source: MHUD.

The rent indicator for the South Wairarapa District shows rent prices rapidly increasing since 2015, which followed slight growth between 2010 and 2015. Since 2022, rent prices have plateaued with a slight decrease. This trend in rent prices in the South Wairarapa District is consistent with the wider Wellington Region and other Wairarapa District.

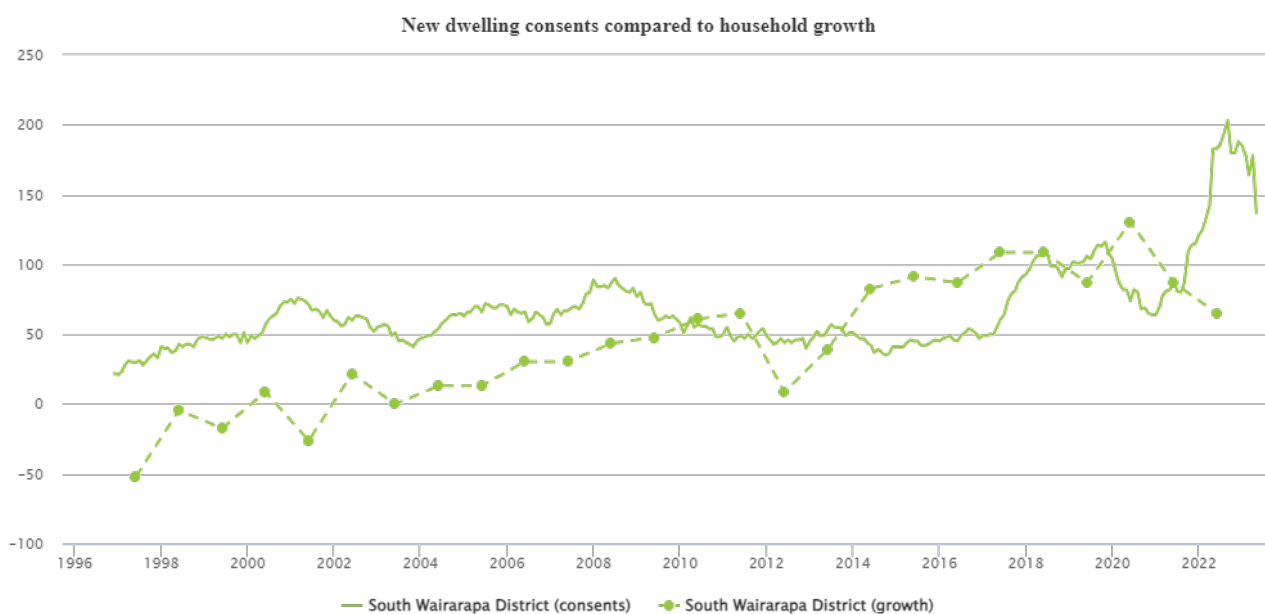


Figure 10.5: New dwelling consents compared to household growth for the South Wairarapa District. Source: MHUD.

The comparison of new dwelling consents to household growth shows that between 2013 and 2021 the growth in new households outpaces the growth in new dwelling consents, with a brief exception in 2019. However, from 2021 the number of new dwellings consented has been higher than the number of new households in the South Wairarapa District.

Based off these indicators, a picture has emerged of the current housing market and demands. The South Wairarapa District has experienced a decline in dwelling sales price and a plateau (with a slight decrease) 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 the South Wairarapa District 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. In addition, a number of residential houses in the South Wairarapa District are used for holiday/weekend (second) homes for visitors or semi-permanent residents.

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 the role of 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 ration 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:

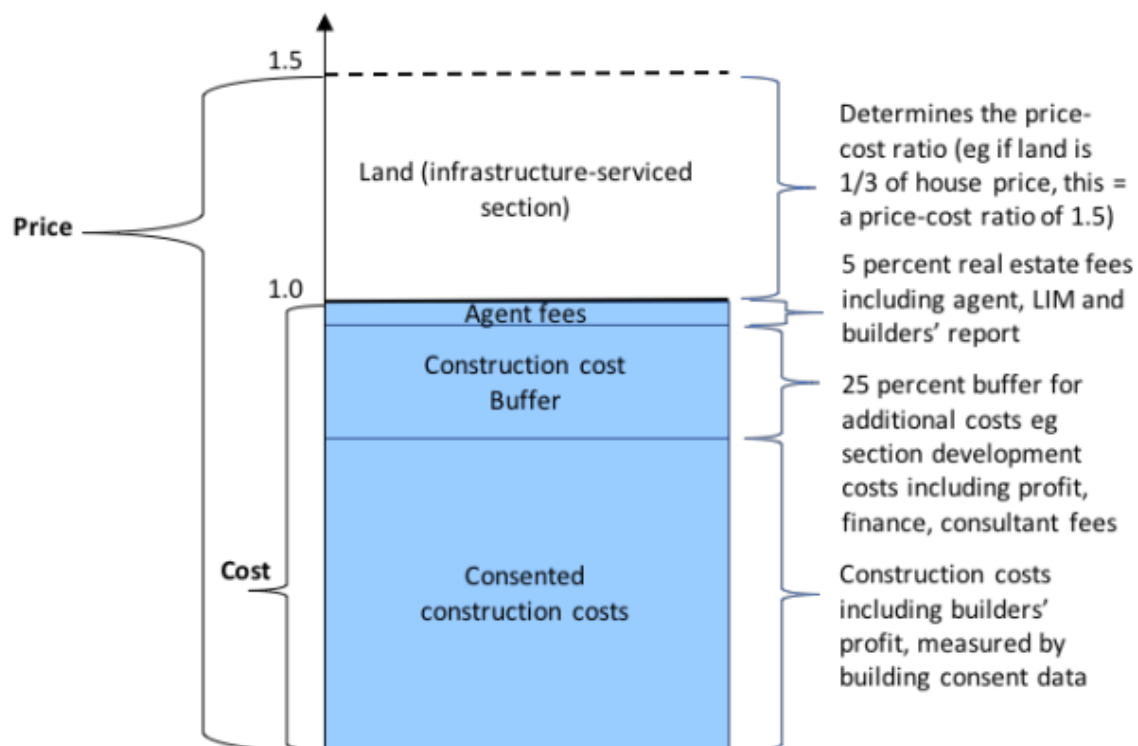


Figure 10.6: The components of the price-cost ratio. Source: MfE.

A ration 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. 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 the South Wairarapa District is shown below in Figure 10.7. It shows that the price cost ratio is approximately 1.75 suggesting that land supply and development opportunities are not keeping up with demand. The South Wairarapa figure is lower than that of Wellington City and Greater Wellington historically, but significantly higher in 2023. This suggests that South Wairarapa District is unique in its position, as this is not a shared position across the region.

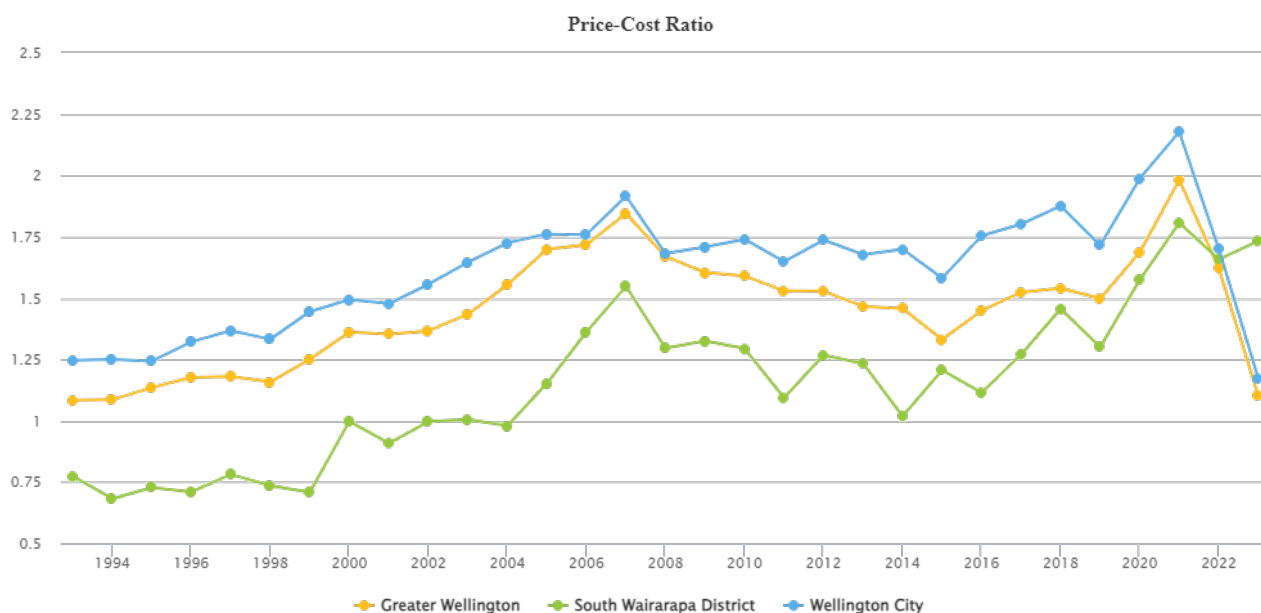


Figure 10.7: Price cost ratio for the South Wairarapa District. Source: MHUD.

10.2.4 Residential development capacity – Theoretical, feasible, and realisable

This section provides the assessment of residential development capacity calculated from the Wairarapa Combined District Plan (including the Draft Wairarapa Combined District Plan).

Theoretical development capacity is identified for all residential, future urban, and greenfield zones based on their underlying zoning and development controls.

Table 10.6: Theoretical residential development capacity by South Wairarapa statistical areas.

Type	Theoretical Capacity			
	Residential	Future Urban	Residential Greenfield	Total Residential
Aorangi Forest	174	296	74	544
Featherston	2,665	-	204	2,869
Greytown	3,022	1,054	108	4,184
Kahutara	50	-	-	50
Martinborough	1,653	1,390	-	3,043
Tauherenikau	-	1,642	-	1,642
Total	7,564	4,382	386	12,332

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 indicated the extent to which theoretical development is feasible to develop at this point in time.

Table 10.7: Feasible residential development capacity by South Wairarapa statistical areas.

Type	Feasible Capacity			Total Feasible Capacity
	Theoretical Capacity	Feasible Standalone	Feasible Terraced	
Aorangi Forest	544	245	296	541
Featherston	2,961	341	1,583	1,924
Greytown	4,480	549	2,504	3,053
Kahutara	50	-	-	-
Martinborough	3,179	475	1,861	2,336
Tauherenikau	1,642	90	1,464	1,554
Total	12,856	1,700	7,708	9,408

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 develop it themselves even if it is profitable to do so. These motivations will influence the likelihood of development being taken up under current market conditions.

Table 10.8: Realisable residential development capacity by South Wairarapa statistical areas.

Type	Realisable Capacity			Total Realisable Capacity
	Theoretical Capacity	Realisable Standalone	Realisable Terraced	
Aorangi Forest	544	245	296	541
Featherston	2,961	393	1,124	1,517
Greytown	4,480	775	2,161	2,936
Kahutara	50	-	-	-
Martinborough	3,179	639	1,601	2,240
Tauherenikau	1,642	141	1,325	1,466
Total	12,856	2,193	6,507	8,700

10.2.5 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 a significant increase in the average number of new residential (stand-alone and joined housing) builds per year over the last 5-year period compared to the previous 5-year period. From 2012 to 2016 the average number of new residential dwelling units consented was 52 per annum ranging from 37 – 76 per annum. From 2017 to 2022 the average number of new residential units consented was 102 per annum ranging from 66 – 149 per annum.

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

Table 10.9: Demand (with competitive margin) for housing type against the realisable development capacity.

	Demand	Capacity	+/-
Featherston Urban			
Stand-alone housing	883	393	-490
Joined housing	209	1,124	915
Total	1,089	1,517	428
Greytown Urban			
Stand-alone housing	62	775	713
Joined housing	13	2,161	2,148
Total	75	2,936	2,861
Martinborough Urban			
Stand-alone housing	865	639	-226
Joined housing	25	1,601	1,576
Total	890	2,240	1,350

South Wairarapa Rural			
Stand-alone housing	658	386	-272
Joined housing	53	1,621	1,568
Total	715	2,007	1,292
Total			
Stand-alone housing	2,468	2,193	-275
Joined housing	300	6,507	6,207
Total	2,768	8,700	5,932

The differences provide us with an indication of areas that are reasonable 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 10.10: Demand and realisable capacity of housing typologies over time, South Wairarapa District, 2021-2051.

Housing typology	2021-2024		2024-2031		2031-2051	
	Demand	Realisable ¹	Demand	Realisable	Demand	Realisable
Stand-alone housing	192	268	553	559	1,723	1,366
Joined housing	146	795	152	1,657	300	4,055
Total	338	1,062	705	2,216	2,768	5,422

Table 10.11: Overall summary of supply to meet demand, South Wairarapa District, 2021-2051.

Type	2021-2024	2024-2031	2031-2051	TOTAL
Demand (with competitive demand)	338	705	2,768	3,811
Development capacity (realisable)	1,062	2,216	5,422	8,700
Balance	724	1,511	2,654	4,889
Sufficiency	Yes	Yes	Yes	Yes

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

10.3 Business Assessment of Development Capacity and Findings

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

10.3.1 Business areas

South Wairarapa District has a number of commercial, retail, and industrial areas located throughout the three main townships. The commercial and retail areas can typically be found at the centre of each township, with industrial areas located on the periphery. These areas are provided for under the Operative Wairarapa Combined District Plan, as part of the Commercial and Industrial zones. The zones include:

- Martinborough Commercial Zone
- Martinborough Industrial Zone
- Featherston Commercial Zone
- Featherston Industrial Zone
- Greytown Commercial Zone
- Greytown Industrial Zone

These zones cover approximately XX hectares across six different business areas within the South Wairarapa District.

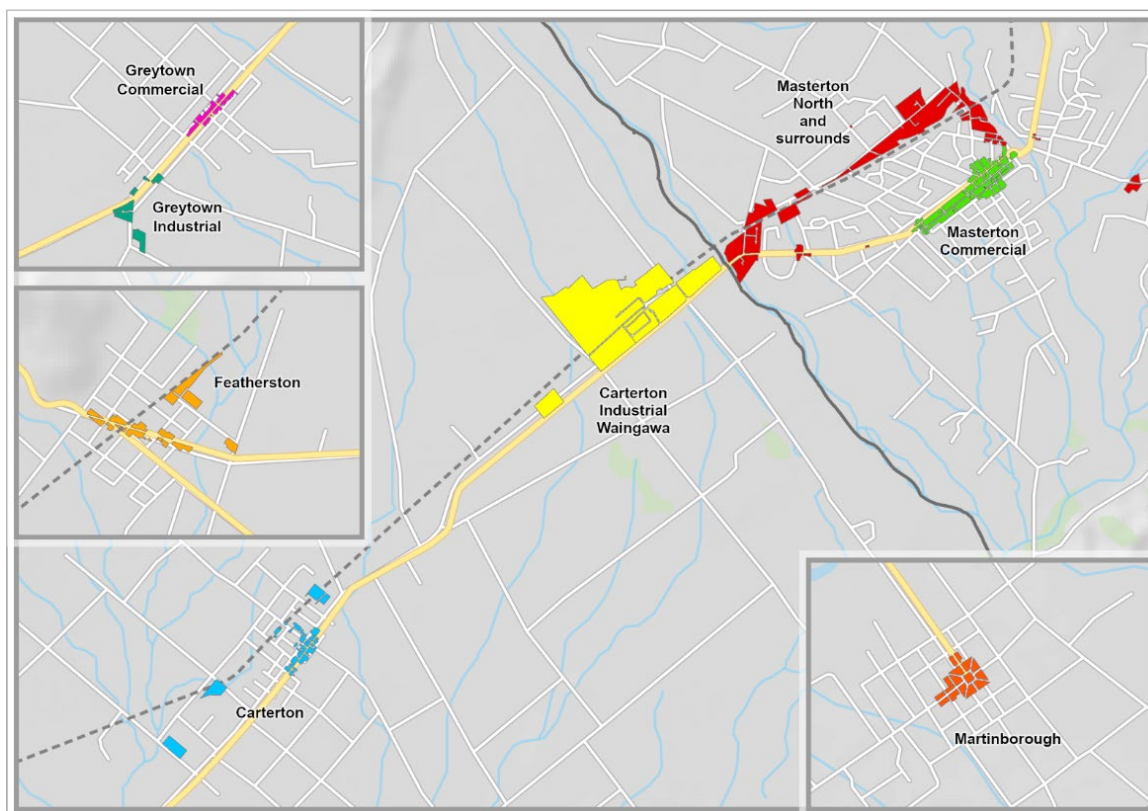


Figure10.8: Map showing the six Business Areas in the South Wairarapa District.

10.3.2 Key business stats and figures

The main employer in the South Wairarapa District is the retail sector, which includes accommodation providers and hospitality. This reflects the dominant role of tourism in the local economy. The second main industry is agriculture, which accounts for a fifth of the District's employment. Many industrial sector jobs located within the district are associated with food processing, which built on the strength of local agriculture.

Transport improvement will have a positive impact on economic activity in the South Wairarapa District. The estimated benefit is typically stronger in South Wairarapa due to its location being slightly closer to the Hutt Valley and Wellington. However, the Remutaka Ranges remain a considerable barrier to accessing the wider Wellington region. Investment in the rail network, while delivering significant travel time reduction between Wellington and the Wairarapa, is still restricted by low frequency. In addition, only one township in South Wairarapa is directly serviced by rail, being Featherston. There is approximately six kilometres between Greytown and the train station at Woodside, which is a barrier to access, and there is no rail access in Martinborough at all.

Sense Partners have prepared employment projections for the South Wairarapa District, shown in Figure 10.9. 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 the South Wairarapa District is relatively small.

Employment projections by sector, South Wairarapa

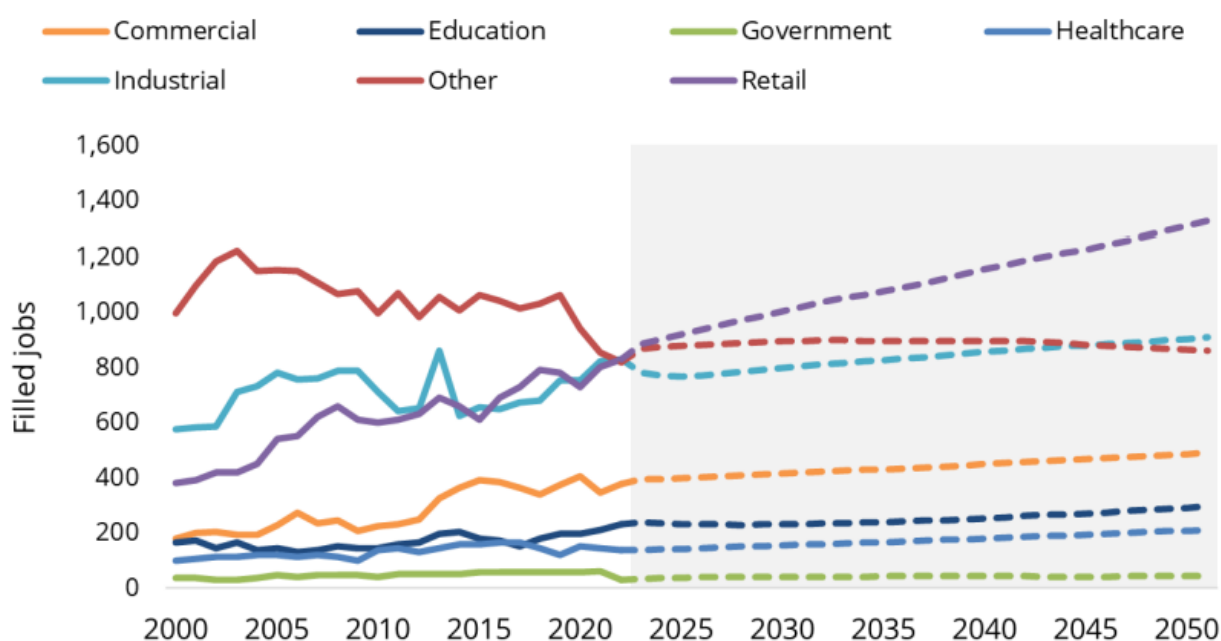


Figure 10.9: Employment projections by sector. Source: Sense Partners.

The strongest industry growth in the South Wairarapa District is in the retail sector, which reflects the role of tourism in the local economy. In particular, Martinborough and the wine industry are a

key attractor of tourists. Other sectors will see very modest growth over time, driven by population growth.

10.3.3 Forecast business demand

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

The projected land and floorspace required by sector are outlined in Table 10.12 below.

Table 10.12: Demand for business land and floorspace by business sector over the short, medium, and long-term.

Type	Floorspace (m ²)				Land (m ²)			
	2022-2025	2025-2032	2032-2052	Total	2022-2025	2025-2032	2032-2052	Total
Retail	3,151	4,081	10,828	18,060	6,301	8,162	21,658	36,121
Healthcare	246	702	2,235	3,183	328	936	2,981	4,245
Education	-29	70	2,708	2,749	-39	94	3,611	3,666
Commercial	365	427	1,310	2,102	487	569	1,746	2,802
Government	106	81	13	200	141	109	17	267
Industrial	-8,519	5,946	13,925	11,352	-21,297	14,865	34,812	28,380
Other	2,359	779	-1,659	1,479	3,146	1,038	-2,213	1,971
TOTAL	-2,321	12,086	29,360	39,125	-10,933	25,773	62,612	77,452

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. The resulting demand is as follows:

Table 10.13: Demand for business land and floorspace with competitive margin by business sector over the short, medium, and long-term.

Type	Floorspace (m ²)				Land (m ²)			
	2022-2025	2025-2032	2032-2052	Total	2022-2025	2025-2032	2032-2052	Total
Retail	3,781	4,897	12,452	21,130	7,561	9,794	24,907	42,262
Healthcare	295	842	2,570	3,708	394	1,123	3,428	4,945
Education	-23	84	3,114	3,175	-31	113	4,153	4,234
Commercial	438	512	1,507	2,457	584	683	2,008	3,275
Government	127	97	15	239	169	131	20	320
Industrial	-6,815	7,135	16,014	16,334	-17,038	17,774	40,034	40,771
Other	2,831	935	-1,410	2,355	3,775	1,246	-1,881	3,140
TOTAL	634	14,503	34,262	49,399	-4,585	30,864	72,668	98,947

Land demand will be higher than floorspace requirements as this includes servicing requirements for the site such as parking and access. Industrial land, which equates to slightly less than half of South Wairarapa's demand for land area, also tends to be more space intensive and require separation from sensitive land uses such as residential development.

The retail sector also equates to slightly less than half of South Wairarapa's demand for land area. However, development in the commercial and retail sector can be easier to accommodate and co-locate with other land use activities, including sensitive land use activities.

10.3.4 Market analysis and demand for business

Stakeholders noted that some industrial uses, particularly those associated with the wine industry, are occurring within the Rural Zone. Going forward, there may need to be greater consideration given to zoning, given the impact of this activity on the rural land itself and the surrounding rural land uses (reverse sensitivity)

It was also identified that some of the business located within the South Wairarapa District are reliant on a customer base coming from Wellington and the Hutt Valley. This includes both through traffic and local tourism. The issue of this reliance is a potential risk of the Wellington market being cut off, resulting in a significant impact on the economy. The reduction of through traffic during the COVID period had a noticeable impact on local retail outlets. However, there is now a higher volume of people coming to the area than pre-COVID.

With limited availability of residential properties in Martinborough, labour generally commutes into the town. This raises issues of resilience, as the access bridge into town closes regularly and town is then landlocked. Provision of worker accommodation also needs to be considered for the future growth of Martinborough.

It is noted that some popular commercial areas, including Martinborough and Greytown Town Centre, have low vacancy for retail occupancies, which limits growth. Martinborough is limited by earthquake strengthening requirements for existing buildings. In contrast, Featherston has increasing vacancy rates and some landlords are allowing buildings to become derelict.

It was also identified that while buses are set up to get people from homes to rail stations for commuting to Wellington, there are limited buses available for commuting between towns in the Wairarapa. This limits the opportunity for people to live and work in different towns in the Wairarapa and encourages people to leave the Wairarapa to work.

10.3.5 Business capacity – Plan enabled, feasible, and realisable

This section provides the assessment of business development capacity calculated from the Operative Wairarapa Combined District Plan.

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 enable 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 the modelling process and assumptions can be found in the supporting HBA methodology document.

Table 10.14: Business land capacity (m²) by business zone.

Business Zone	Existing floorspace	Infill floorspace	Redevelopment floorspace	Vacant
General Industrial Zone	32,808	70,389	82,553	70,389
Mixed Use Zone	3,608	372,679	455,702	118,280
Town Centre Zone	54,342	445,651	650,305	135,965
Total	90,758	888,719	1,188,560	324,634

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 4.

Table 10.15: Business land capacity (m²) by business area - with MCA score.

Business Area	MCA Score	Existing floorspace	Infill floorspace	Redevelopment floorspace	Vacant
Featherston Commercial	51	11,275	222,382	308,282	55,596
Featherston Industrial	47	16,698	65,554	76,326	65,554
Greytown Commercial	42	24,415	154,770	230,810	51,590
Greytown Industrial	48	15,013	269,610	315,998	93,094
Martinborough	38	23,357	176,402	257,144	58,801
Total	N/A	90,758	888,719	1,188,560	324,634

In a similar way to residential development capacity, it is important to be realistic about the differences between current capacity enabled under the Wairarapa Combined 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 the South Wairarapa District 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 throughout the Wairarapa, but also competition around development of space.

The above analysis shows there is significant capacity for infill development and redevelopment of existing business land. This more intensive use of existing business land provides opportunities in all

parts of the commercial and industrial areas in the South Wairarapa District for a range of commercial and industrial uses.

10.3.6 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 townships, in the Mixed Use and Town Centre Zones.

Table 10.16: Overall summary of supply to meet demand.

Type	2022-2025	2025-2032	2032-2052	TOTAL
Demand (with competitive demand)	634	14,503	34,262	49,399
Development Capacity	Redevelopment			1,188,560
	Infill			888,719
	Vacancy			324,634
Sufficiency				Yes

10.4 Infrastructure Capacity

The NPS-UD requires councils to provide sufficient development capacity to meet expected demand for housing. In order to be 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 waters⁶ 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 South Wairarapa's existing and planned infrastructure and its adequacy to meet expected demand for housing.

10.4.1 Three Waters

Wellington Water has undertaken an assessment of the three waters infrastructure for the South Wairarapa as part of the spatial plan. The full assessment is attached in **Appendix X**. The Council has also assessed Three Waters as part of their 2021-2031 Long Term Plan Infrastructure Strategy.

The assessment indicates that there are constraints in the existing and planned services for water supply, wastewater, and stormwater. Wastewater is the most pressing, with significant capacity constraints in Wastewater Treatment Plants in Martinborough and Greytown.

Water supply

South Wairarapa has four Water Treatment Plants (WTPs), 11 reservoirs/tanks, and several drinking water sources (including water races) across the district.

There are potential medium to long-term capacity issues facing water supply in the South Wairarapa District if growth exceeds expectations, particularly in the summer months when river levels are low.

Almost half of the districts water supply pipes are aging, with pro-active renewals and investment required to keep the existing level of service. An ongoing preventative maintenance programme for the districts WTPs is also necessary to ensure capacity remains. Planning and investment in water supply is needed to ensure capacity for growth is enabled across the water supply network.

Wastewater

South Wairarapa has four Wastewater Treatment Plants (WWTP) and 11 pump stations across the district.

Assessment indicates that in some areas of South Wairarapa (particularly in Greytown and Martinborough) there are short to long-term capacity issues, with wastewater treatment plants not anticipated to meet growth projections. In Martinborough, the WWTP has reached capacity and as a result no further connections can be made to the local wastewater network. Upgrades to the system are anticipated to be completed between 2023 and 2025.

The Council are planning and investing with a goal of increasing capacity in existing plants, as well as longer-term upgrades to accommodate the anticipated increased demand across the wider district and retain levels of service.

Stormwater

South Wairarapa has a limited stormwater network mostly comprising of kerbs and channels associated with the roading network, culverts, and sumps.

Increased growth is likely to impact on the current stormwater approach, which is primarily through soak pits made possible due to local soil type and current low-density housing. In some areas across the District flooding has become an increased hazard, particularly those located close to hillsides such as Ngawi and Featherston. The topography in these neighbourhoods means that water cannot be absorbed as quickly, and as a result localised flooding occurs.

Overall, South Wairarapa is likely to face medium to long-term stormwater capacity issues without further investment and planning.

10.4.2 Local Road Network

As part of their Infrastructure Strategy, the South Wairarapa District Council also assessed the local road network. The Council maintain approximately 662km of local roads, 401km of sealed roads, and 261km of unsealed roads. Most of these are considered 'rural' roads.

The anticipated growth and increase in demand on the network is not expected to require any significant new roading, or additional capacity on the existing network. Access to any new residential/retirement developments will be provided by the developers. Major upgrades are not required at this stage, but local upgrades will be needed and the network will continue to be monitored to ensure improvements are provided in a timely manner. Monitoring will inform whether increased activity should be reported in the works programme to manage growth, including any mode shift (e.g. increased cycling demand). The footpath and cycleway network are likely to increase due to development of trails within the District and connectivity to new subdivision developments.

In addition, work will continue on the spatial plan which will develop master plans for Martinborough and Featherston, with a focus on accessibility to services and transit hubs.

Road safety is also a key issue, with increasing crash rates on the Districts' secondary collector roads. Based on Waka Kotahi safety network programme analysis, improved speed management could significantly reduce crash rates on their network. The Council will invest in road safety, including road widening, safety at pedestrian crossings, and speed restrictions, as part of a broader programme of activity.

10.4.3 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 5.3.

State Highway 2 (SH2) and State Highway 53 are the only two highways which pass through South Wairarapa. SH2 runs from Remutaka Hill to Featherston and Greytown and connects the Wairarapa. SH2 mainly functions as an interregional connector between towns. However, within and near towns SH2 functions variably as an urban connector, main street, and activity street. SH53 functions as a rural connector and functions as a peri-urban road and main street near Martinborough.

Waka Kotahi will be undertaking upgrades to SH2, including safety improvements (such as raised pedestrian crossings) and a speed review.

The capacity of the state highway is not a major constraining factor for development capacity in South Wairarapa, although increasing traffic volumes associated with growth will mean investigation into an alternative route to SH2 is required over time.

10.4.4 Public Transport

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

South Wairarapa has one bus service, which runs between Masterton and Martinborough several times a day. The Wairarapa Railway Line passes through South Wairarapa and runs five times a day between Masterton and Wellington Station, providing a commuter rail service between Wellington City and Wairarapa.

Ongoing upgrades to the Wairarapa line will improve reliability and frequency of train services. These upgrades include installing signalling systems, replacing tracks, renewing bridges, and developing additional passing loops at Maymorn, Woodside, and Featherston.

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

10.4.5 Open Space

As part of their 2021 – 2031 Long Term Plan and spatial plan, the South Wairarapa District Council assessed the future demand on open spaces across the district. The current and projected growth in population in the South Wairarapa district is putting increasing pressure on the open spaces available for community use. This is being addressed in the short-term through allocation of costs to purchase additional land. A long-term Open Spaces Strategy will take into account anticipated population growth and inform the intergenerational requirements of our communities.

The existing capacity of recreational reserves are therefore sufficient to accommodate short-term population growth, but further investment and development is necessary to accommodate anticipated medium to long-term demand.

10.4.6 Education

South Wairarapa has eight schools within its district boundary, including six state primary schools (Featherston School, Greytown School, Kahutara School, Martinborough School, Pirinoa School, and South Featherston School), one state secondary school (Kuranui College), and one state-integrated primary school (St Teresa's School). All primary schools cater for students in years 1-8, and the secondary school caters for years 9-13.

There are no capacity issues with local schools that would undermine development capacity, and any medium to long-term capacity issues can be managed by the addition of classrooms within the existing schools.

Chapter 11. Appendices

Appendix 1 Assessment methodology

Plan enabled Capacity Modelling Methodology

Appendix 2 Assessment of Feasibility of Development Capacity

Reports by Property Economics: “Wellington Regional Residential Capacity” Regional Summary and local council chapters, various dates.

Appendix 3 Wellington Regional Business Demand Forecasts

Report by Sense Partners: “Demand for business land in the Wellington-Horowhenua region - Assessing future needs - Report prepared for the Wellington Regional Leadership Committee Secretariat, Tuesday 19 May 2023”

Additional context addendum by Sense Partners dated 28th March 2023

Appendix 4 Business Feasibility Report

Report by The Property Group: “Review of the suitability of existing industrial and business land. Input into the Wellington NPS-UD Business Land Capacity Assessment, April 2023”

Appendix 5 Infrastructure Assessment

Appendix 5.1 Metlink Public Transport Network overview

Appendix 5.2 School Roll Information capture October 2022

Appendix 5.3 State Highway Assessment

Appendix 5.4 Other infrastructure assessments