

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 Taurira, 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.

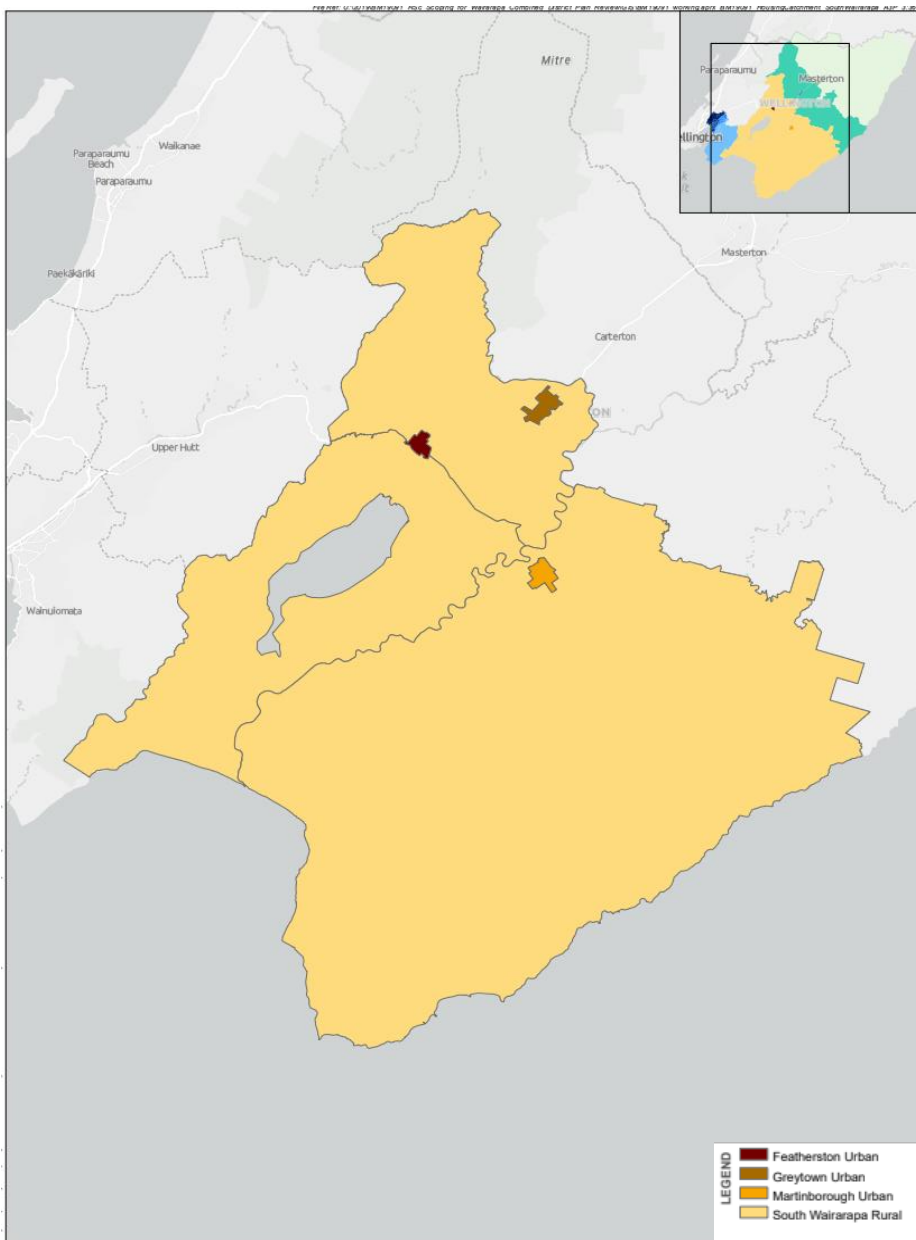


Figure 10.1: The four housing catchments in the South Wairarapa District.

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.

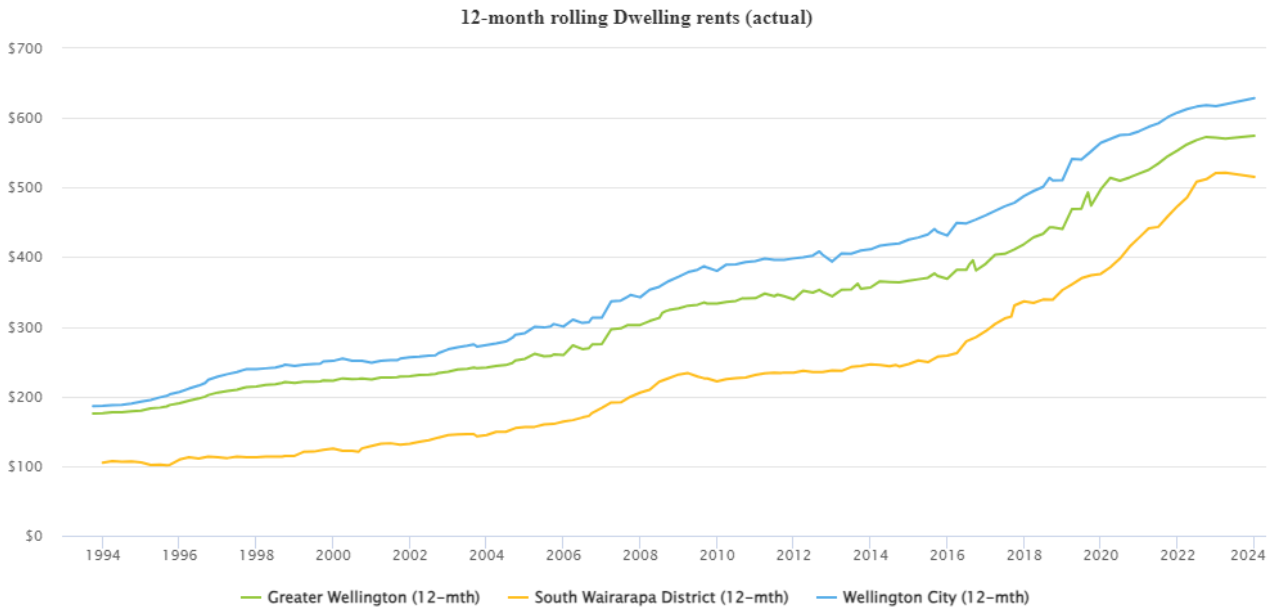


Figure 10.4: Average dwelling rents in the South Wairarapa District. Source: MHUD.

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.

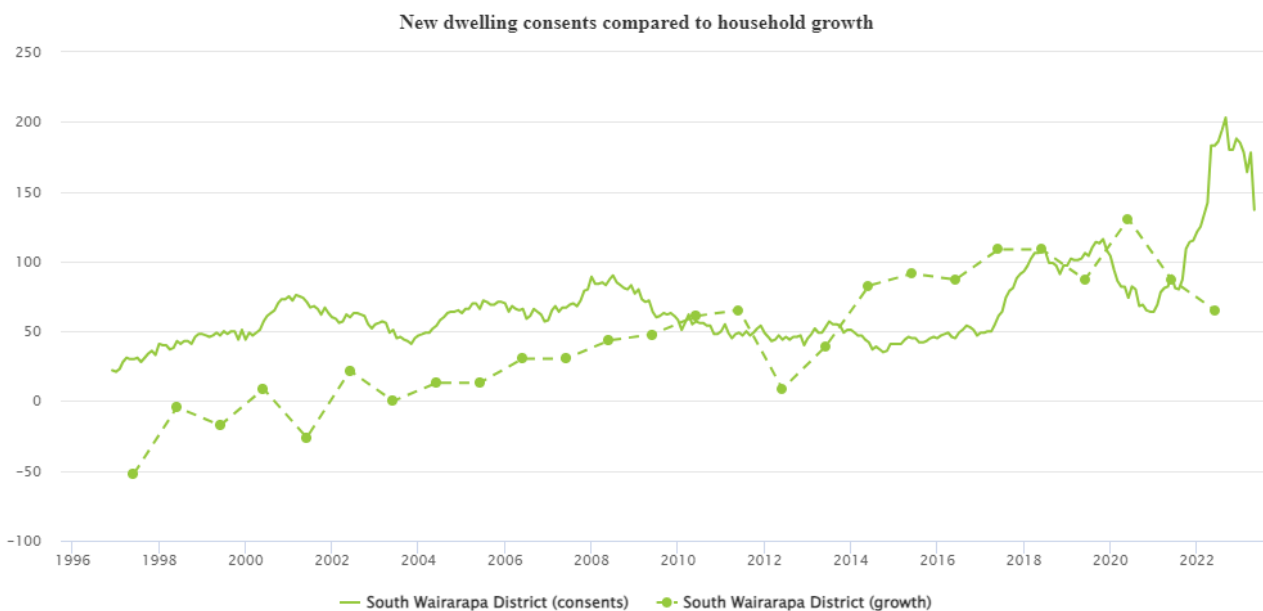


Figure 10.5: New dwelling consents compared to household growth for the South Wairarapa District. Source: MHUD.

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:

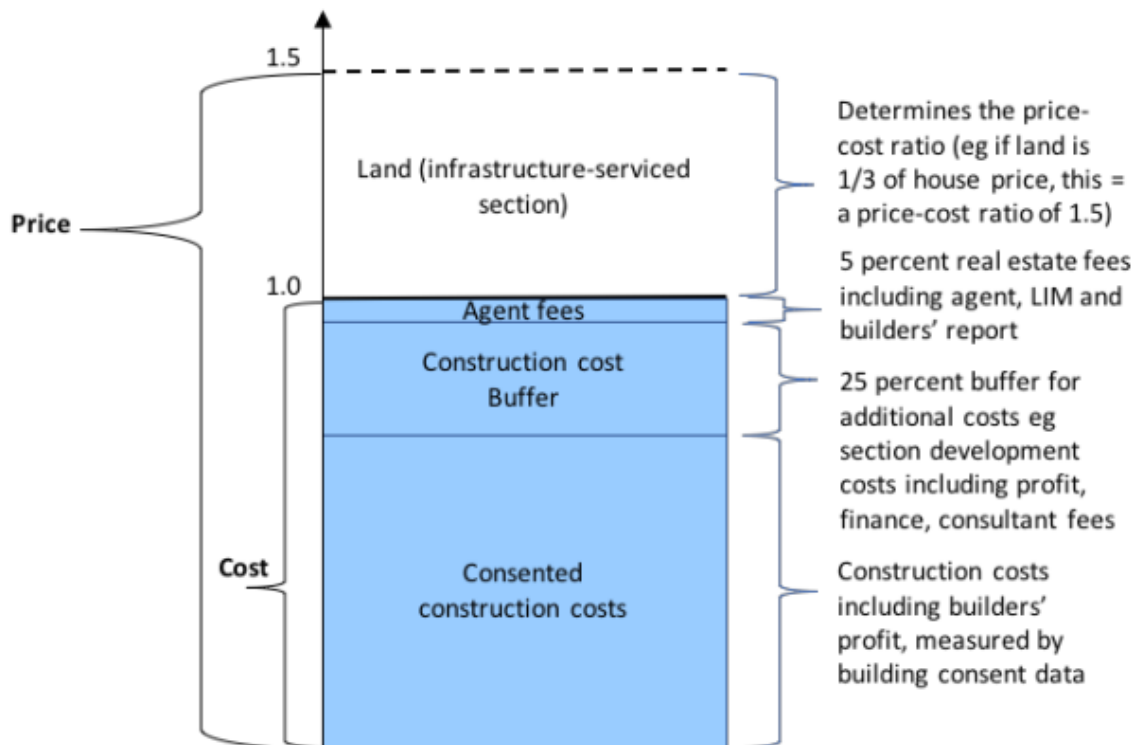


Figure 10.6: The components of the price-cost ratio. Source: MfE.

A 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 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.

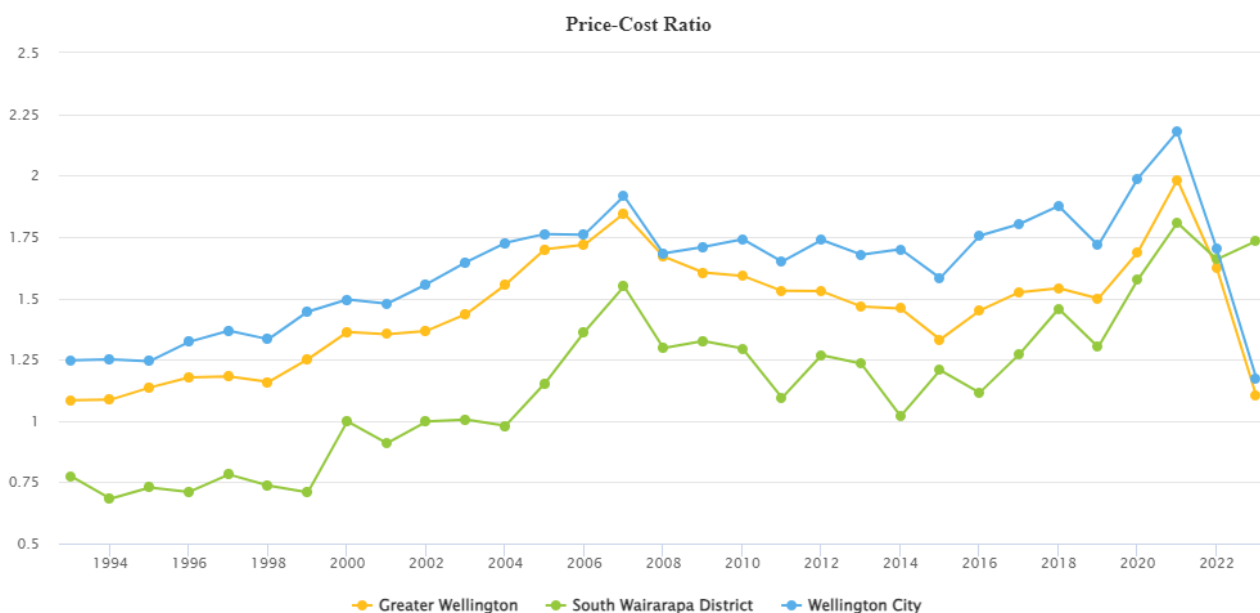


Figure 10.7: Price cost ratio for the South Wairarapa District. Source: MHUD.

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			Total Residential
	Residential	Future Urban	Residential Greenfield	
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

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:

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

- Martinborough Commercial Zone
- Martinborough Industrial Zone
- Featherston Commercial Zone
- Featherston Industrial Zone
- Greytown Commercial Zone
- Greytown Industrial Zone

These zones cover across six different business areas within the South Wairarapa District.

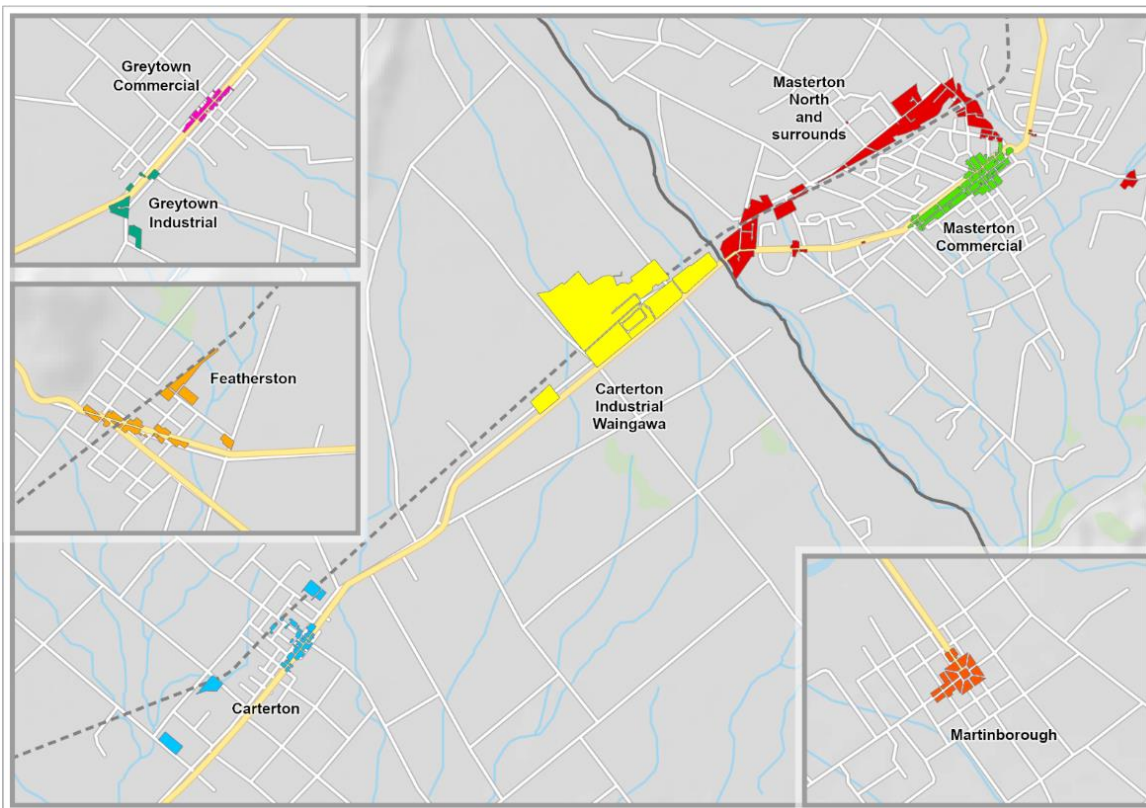


Figure 10.8: Map showing the six Business Areas in the South Wairarapa District.

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

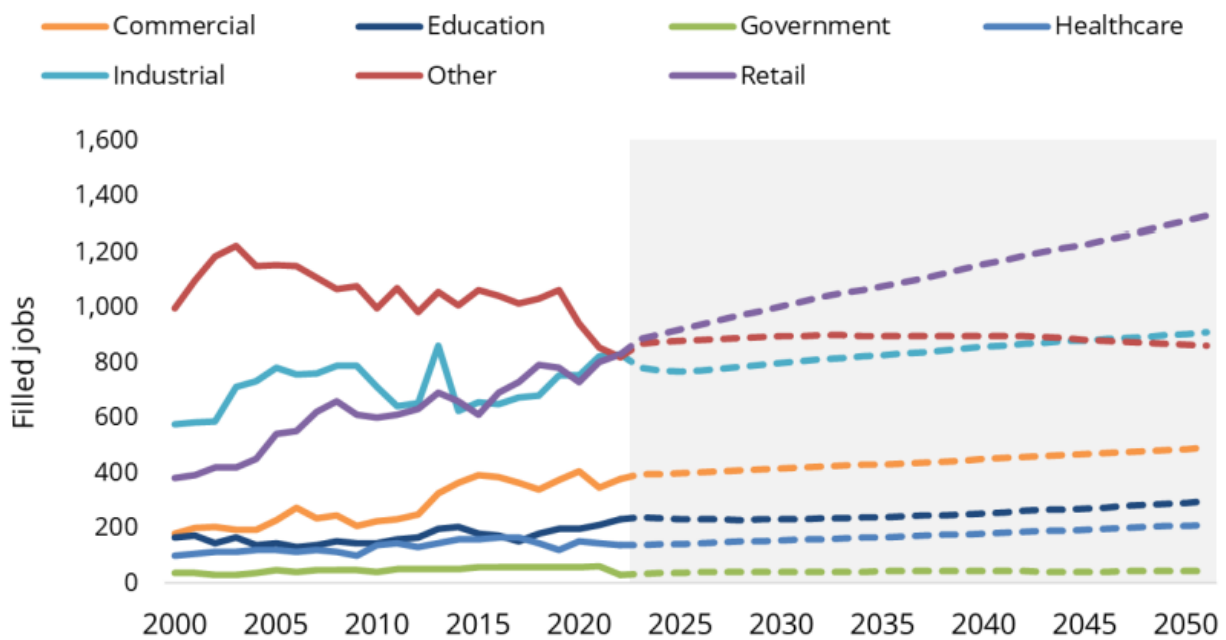


Figure 10.9: Employment projections by sector. Source: Sense Partners.

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 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.