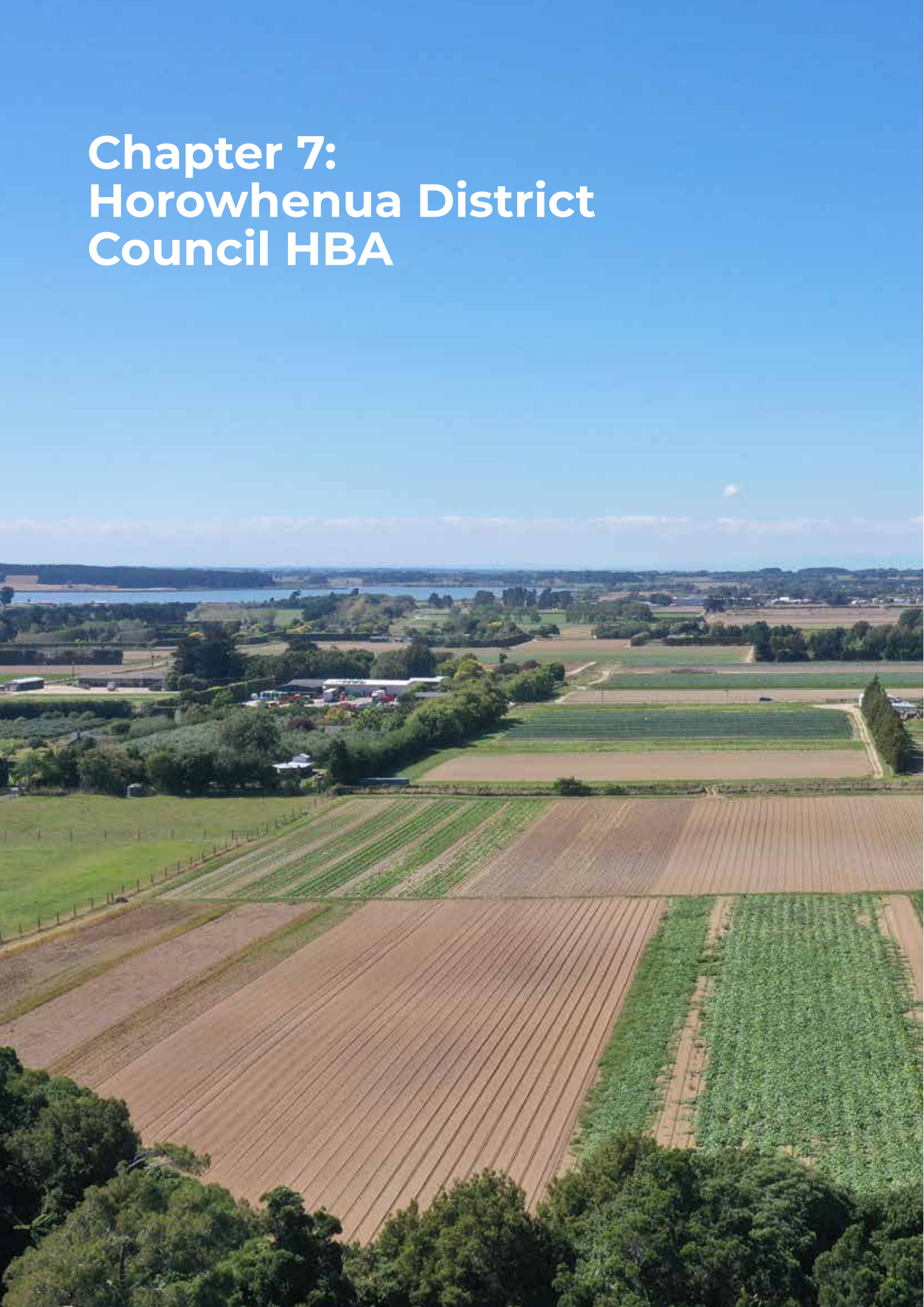


# Chapter 7: Horowhenua District Council HBA



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## 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. Roding infrastructure will be improved by the Ō2NL highway extension. The associated improvements will mean that the State Highway and local roding 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.

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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 km<sup>2</sup>, 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.

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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 area 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:

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*“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

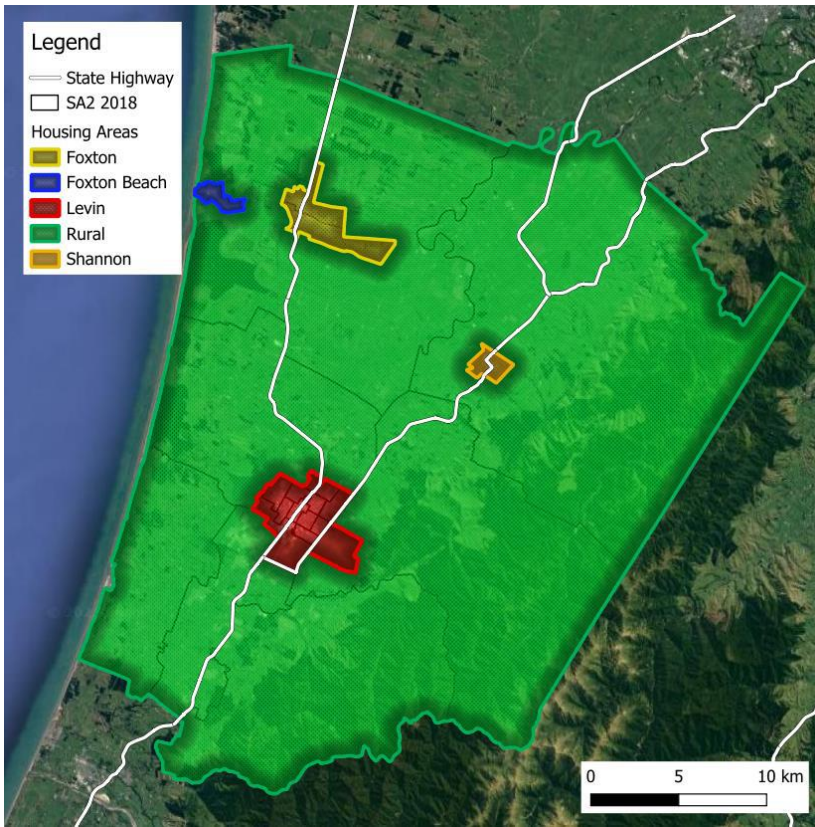


Figure 7.1: Location of catchments used in this HBA assessment

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
<b>Levin Urban</b>				
Stand-alone housing	114	255	954	<b>1322</b>
Joined housing	142	554	182	<b>878</b>
Total	256	625	1134	<b>2200</b>
<b>Foxton Urban</b>				
Stand-alone housing	7	13	235	<b>255</b>
Joined housing	26	20	1	<b>47</b>
Total	33	33	236	<b>302</b>



### Foxtan Beach Urban

Stand-alone housing	24	36	120	<b>180</b>
Joined housing	0	0	0	<b>0</b>
<b>Total</b>	<b>24</b>	<b>36</b>	<b>120</b>	<b>180</b>

### Shannon Urban

Stand-alone housing	14	10	62	<b>86</b>
Joined housing	86	62	7	<b>155</b>
<b>Total</b>	<b>100</b>	<b>72</b>	<b>69</b>	<b>241</b>

### Rural

Stand-alone housing	182	400	1593	<b>2172</b>
Joined housing	57	107	235	<b>398</b>
<b>Total</b>	<b>239</b>	<b>506</b>	<b>1826</b>	<b>2570</b>

### Total

<b>Stand-alone housing</b>	<b>341</b>	<b>714</b>	<b>2962</b>	<b>4015</b>
<b>Joined housing</b>	<b>311</b>	<b>743</b>	<b>425</b>	<b>1479</b>
<b>Total</b>	<b>652</b>	<b>1457</b>	<b>3387</b>	<b>5494</b>

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, Foxtan Beach third, Shannon fourth and Foxtan 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.

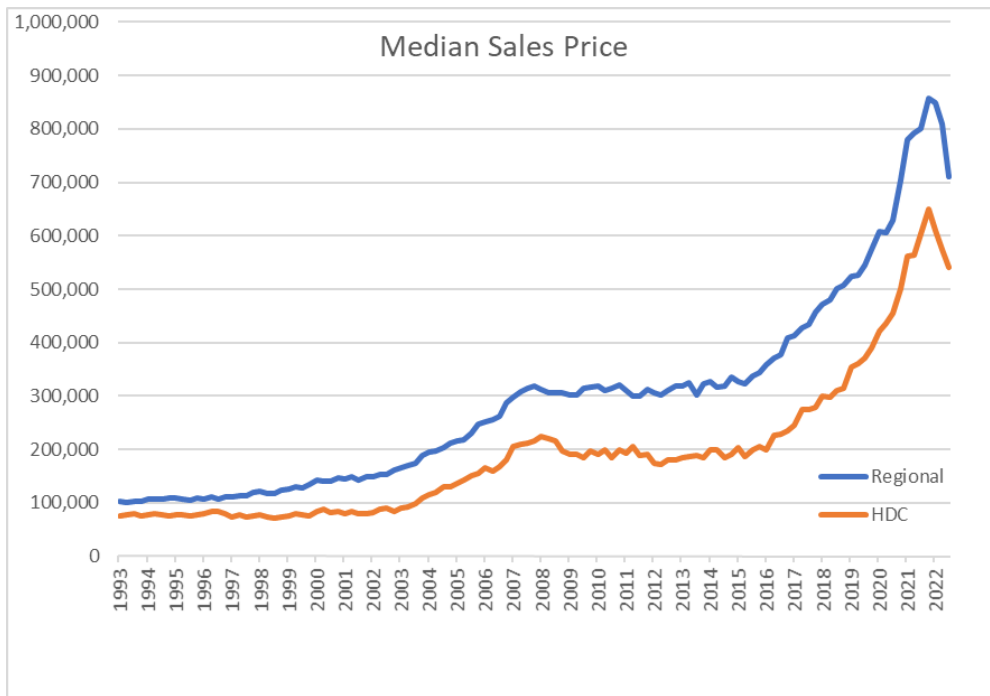


Figure 7.2: Median Sales Price (\$) for the Horowhenua District 1993-2022

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.

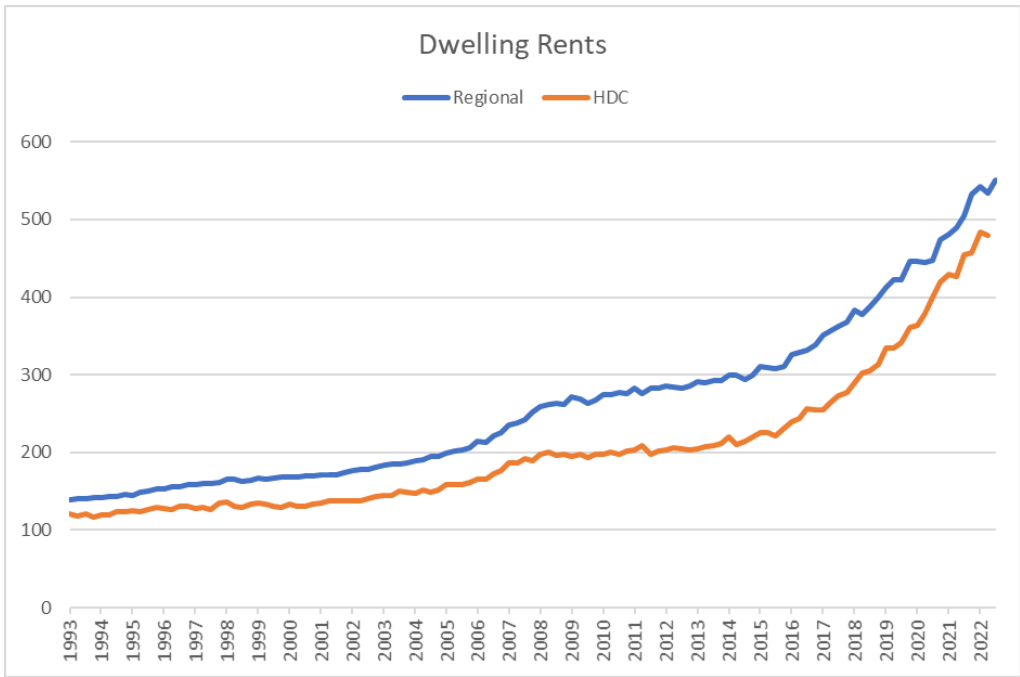


Figure 7.3: Average weekly rent cost (\$) for the Horowhenua District 1993-2022

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.

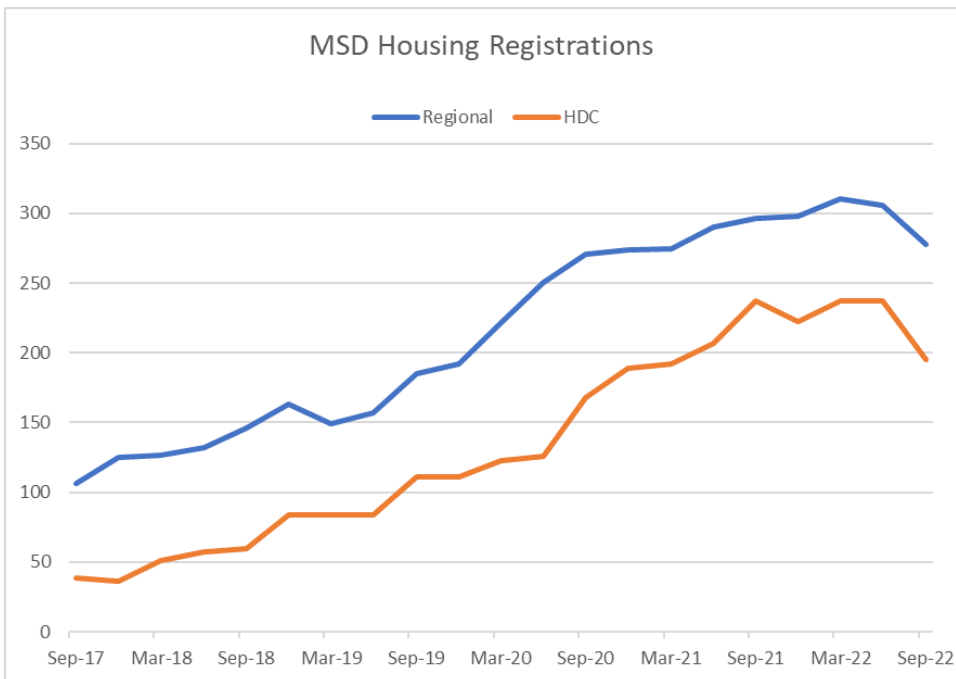


Figure 7.4: MSD Housing Registrations (waitlist) for the Horowhenua District 2017-2022

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.

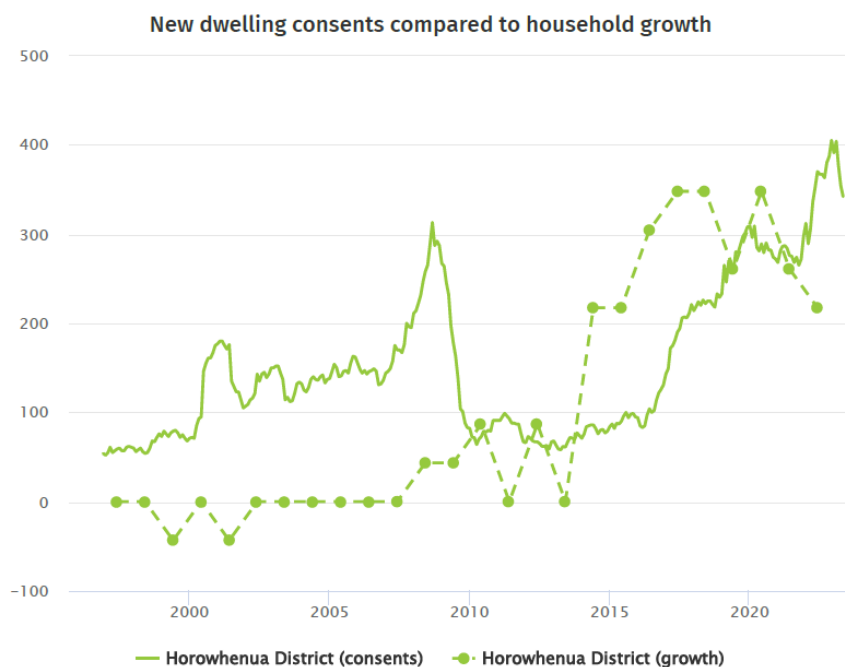


Figure 7.4: New dwelling consents compared to the rate of growth for the Horowhenua District 1997-2022

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:

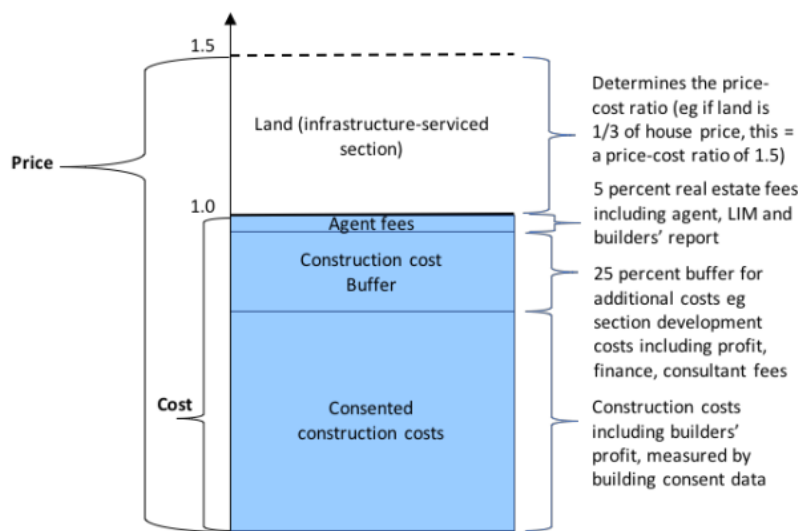


Figure 7.5: The components of the price-cost ratio. Source: MfE.

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.

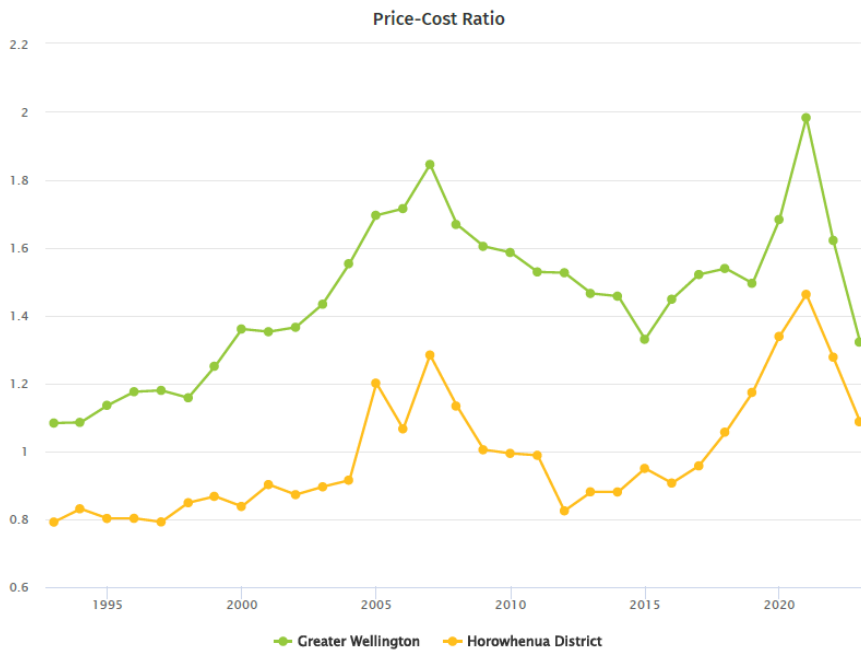


Figure 7.6: Price – Cost Ratio for the Horowhenua District and Greater Wellington Region 1993-2023

### 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			Total
	Residential	Deferred	Low Density /Greenbelt	
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
<b>Total</b>	<b>25,044</b>	<b>2,069</b>	<b>1,341</b>	<b>28,454</b>

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			Total Feasible Capacity
	Theoretical Capacity	Feasible Standalone	Feasible Terraced	
Foxton	2,893	137	770	<b>907</b>
Foxton Beach	2,509	118	763	<b>881</b>
Foxton/Himitangi	775	209	387	<b>596</b>
Hokio Beach	64	54	-	<b>54</b>
Levin	12,276	543	2,995	<b>3,538</b>
Levin Rural	3,250	901	2,060	<b>2,961</b>
Manakau Township	43	12	-	<b>12</b>
NA	66	-	-	-
Ohau Township	179	128	-	<b>128</b>
Shannon	2,252	113	885	<b>998</b>
Tara-Ika	3500	2800	700	<b>3500</b>
Tokomaru Rural	143	-	-	-
Tokomaru Township	105	60	-	<b>60</b>
Waikawa Beach	46	35	-	<b>35</b>
Waitāreere Beach	468	410	11	<b>421</b>
<b>Total</b>	<b>28,569</b>	<b>5,520</b>	<b>8,571</b>	<b>14,091</b>

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			Total Realisable
	Theoretical Capacity	Realisable Standalone	Realisable Terraced	
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
<b>Total</b>	<b>28,569</b>	<b>5,904</b>	<b>6,063</b>	<b>11,967</b>

### 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	+/-
<b>Levin Urban</b>			
Stand-alone housing	1322	3456	<b>2134</b>
Joined housing	878	2728	<b>1850</b>
<b>Total</b>	<b>2200</b>	<b>6184</b>	<b>3984</b>
<b>Foxton Urban</b>			
Stand-alone housing	255	186	<b>-69</b>
Joined housing	47	380	<b>333</b>
<b>Total</b>	<b>302</b>	<b>566</b>	<b>264</b>
<b>Foxton Beach Urban</b>			
Stand-alone housing	180	97	<b>-83</b>
Joined housing	0	476	<b>476</b>
<b>Total</b>	<b>180</b>	<b>573</b>	<b>393</b>
<b>Shannon Urban</b>			
Stand-alone housing	86	263	<b>177</b>
Joined housing	155	265	<b>110</b>
<b>Total</b>	<b>241</b>	<b>528</b>	<b>287</b>
<b>Rural</b>			
Stand-alone housing	2172	1902	<b>-270</b>
Joined housing	399	2214	<b>1815</b>
<b>Total</b>	<b>2571</b>	<b>4116</b>	<b>1545</b>
<b>Total</b>			
Stand-alone housing	4015	<b>5904</b>	<b>1889</b>
Joined housing	1479	<b>6063</b>	<b>4584</b>
<b>Total</b>	<b>5494</b>	<b>11,967</b>	<b>6323</b>

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.

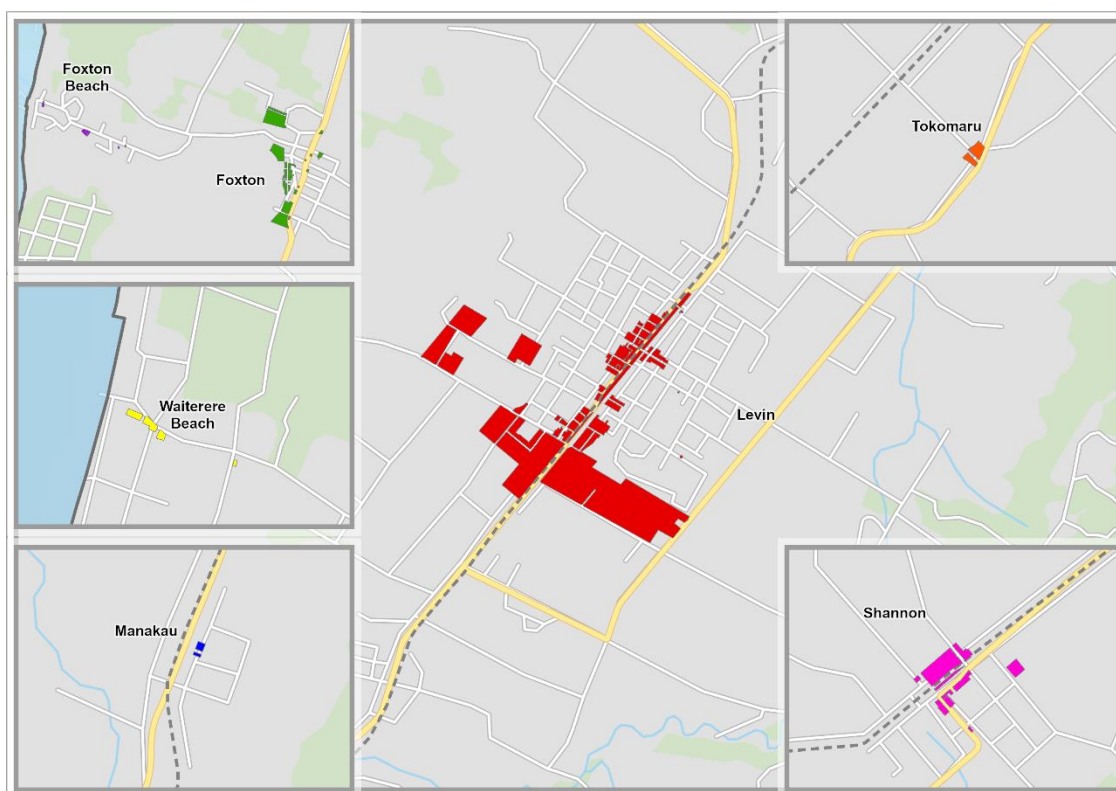


Figure 7.6: Business Areas within Horowhenua District

### 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.

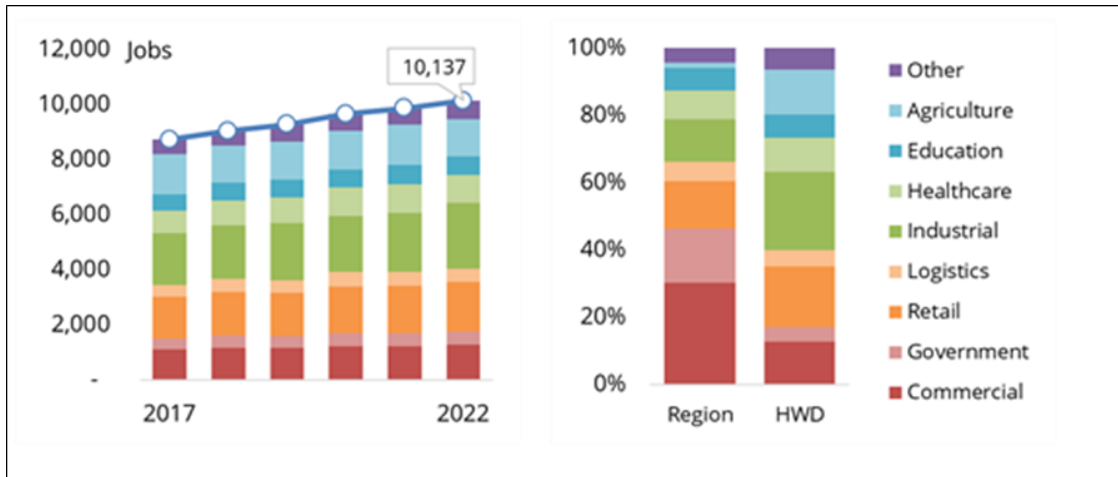


Figure 7.7: Horowhenua District filled jobs by sector vs sector share comparison

### 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.

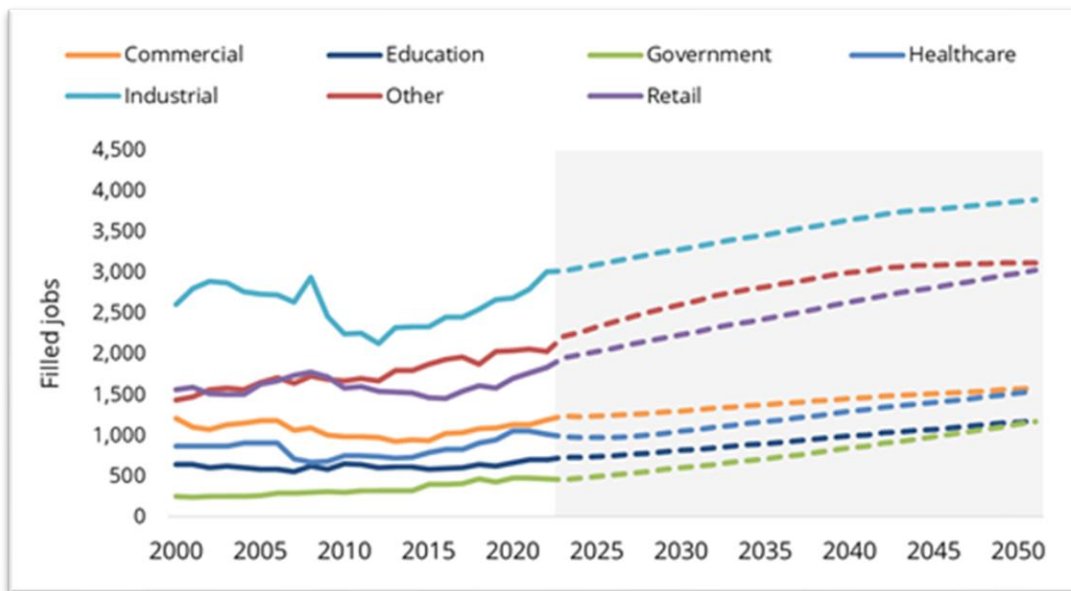


Figure 7.8: Horowhenua District filled jobs by sector vs sector share comparison

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 <sup>2</sup> )				Land (ha)			
	2022-2025	2025-2032	2032-2052	Total	2022-2025	2025-2032	2032-2052	Total
Retail	6,999	10,110	26,103	<b>43,123</b>	1.3998	2.0220	5.2027	<b>8.6245</b>
Healthcare	-1799	5,248	18,580	<b>22,030</b>	-0.2398	0.6999	2.4774	<b>2.9374</b>

Education	1510	4401	14,043	<b>19,954</b>	0.2013	0.5869	1.8724	<b>2.6605</b>
Commercial	776	1,691	4,477	<b>6,944</b>	0.1035	0.2254	0.5969	<b>0.9258</b>
Government	581	2,610	9,795	<b>12,986</b>	0.0774	0.3480	1.3060	<b>1.7314</b>
Industrial	11,727	35,993	73,624	<b>121,994</b>	2.9320	8.9981	18.4060	<b>30.336</b>
Other	12,022	15,112	16,104	<b>43,238</b>	1.6029	2.022	2.1472	<b>5.7651</b>
<b>TOTAL</b>	<b>31,817</b>	<b>75,166</b>	<b>162,637</b>	<b>269,620</b>	<b>6.0771</b>	<b>14.8953</b>	<b>32.0085</b>	<b>52.981</b>

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 <sup>2</sup> )				Land (ha)			
	2022-2025	2025-2032	2032-2052	Total	2022-2025	2025-2032	2032-2052	Total
Retail	8,399	12,132	29,915	<b>50,446</b>	1.6798	2.4264	5.9831	<b>10.0892</b>
Healthcare	-1439	6,297.6	21,367	<b>26,226</b>	-1.918	0.8399	2.8490	<b>3.4971</b>
Education	1,812	5,281	16,149	<b>23,242</b>	0.2416	0.7042	2.1532	<b>3.0991</b>
Commercial	931	2,029	5,148	<b>8,109</b>	0.1242	0.2705	0.6864	<b>1.0811</b>
Government	697.2	3,132	11,264	<b>15,093</b>	0.0928	0.4176	1.5019	<b>2.0124</b>
Industrial	14,072	43,192	84,668	<b>141,932</b>	3.5184	10.7977	21.1669	<b>35.4830</b>
Other	14,426	18,134	18,520	<b>51,080</b>	1.9235	2.4264	2.4693	<b>6.8191</b>
<b>TOTAL</b>	<b>38,180</b>	<b>90,199</b>	<b>187,033</b>	<b>315,412</b>	<b>7.2926</b>	<b>17.8744</b>	<b>36.8098</b>	<b>61.9767</b>

### 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 attracter.

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

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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 <sup>2</sup> )	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
<b>TOTAL</b>	<b>482,770</b>	<b>719,632</b>	<b>1,457,619</b>	<b>372,073</b>

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 (m<sup>2</sup>) 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
<b>TOTAL</b>	<b>N/A</b>	<b>383,236</b>	<b>609,175</b>	<b>1,217,315</b>	<b>332,416</b>

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).

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*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 Waitāreere 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.

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## 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 Manawatū 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.

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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 Himitemangi. There is also an off-peak service that runs from Levin, Foxton, Himitemangi, 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 Waitāreere 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.

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### 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.