

National Policy Statement - Urban Development 2020: Monitoring of Development Indicators

1 Purpose

The purpose of this report is to fulfil Whakatāne District Council's (Council) monitoring requirements under clause 3.9 of the National Policy Statement on Urban Development 2020 (NPS-UD).

2 Introduction

The NPS-UD came into effect August 2020 and identifies Council as a tier 3 local authority due to the Whakatāne District (District) containing areas of land that are predominantly urban in character and containing an urban environment that is part of a housing and labour market of at least 10,000 people. As a tier 3 local authority, Section 3.9.1 of the NPS-UD requires Council to monitor quarterly:

- (a) the demand for dwellings
- (b) the supply of dwellings
- (c) prices of, and rents for, dwellings
- (d) housing affordability
- (e) the proportion of housing development capacity that has been realised:
 - i. in previously urbanised areas (such as through infill housing or redevelopment) and:
 - ii. in previously undeveloped (i.e. greenfield) areas
- (f) available data on business land.

The purpose of monitoring under the NPS-UD is to allow Council to make planning decisions informed by robust and frequently updated information about the District's development indicators.

Council is also required under Section 3.9.3 of the NPS-UD to annually publish the results of its monitoring. This is Council's first annual publication since the NPS-UD came into effect. This report will include quarterly data information from September 2020, December 2020, March 2021 and June 2021.

The data that informs the quarterly updates and this report is sourced from the Urban Development Dashboard (UDD). The UDD is a platform on the Ministry of Housing and Urban Development website provided to help territorial authorities to give effect to the monitoring requirements of the NPS-UD. Some indicators on the UDD are updated quarterly, while others are updated annually or less frequently.

3 NPS-UD s3.9.1.a: the demand for dwellings

Population growth is the key driver underlying the District’s increased demand for new housing with our population now reaching record levels¹. Prior to 2013, population growth was slow, but between 2013 and 2020, the population grew by 16.8 percent from 32,691² residents to 38,200³ residents in 2020; an increase of 5,509 residents. This growth can be attributed to a natural increase (births minus deaths) and a higher net migration (both domestically and internationally)⁴. Our population growth is on track to continue following Statistics New Zealand’s (Stats NZ) high growth projection and should reach 45,000 residents by 2050⁵.

A growing population increases the demand for housing. Housing demand is calculated by dividing the population by the local average housing size⁶. The District’s growth of 5,509 residents (since 2013) equates to demand for an extra 1,967 households.

Research⁷ undertaken in 2020 identified how many houses the District will need to meet demand due to population growth over the short, medium and long term. This work also suggested that demand for housing was already greater than supply.

Table 1: Number of houses required over the short, medium and long term to meet future demand (source - RCG 2020)

	Short Term 2020 - 2023	Medium Term 2024-2030	Long Term 2030-2050	Total
Houses per year	150	150	120	
Total Houses	450	1,050	2,400	3,900

¹ RCG Whakatāne Demand Assessment April 2020

² 2013 Census Count – Stats NZ

³ Infometrics – Whakatāne District Economic Profile

⁴ RCG Whakatāne Demand Assessment April 2020

⁵ RCG Whakatāne Demand Assessment April 2020

⁶ 2.8 people per household – RCG Whakatāne Demand Assessment April 2020

⁷ RCG Whakatāne Demand Assessment April 2020

4 NPS-UD s3.9.1.b: the supply of dwellings

Housing supply can be measured using building consent data. The difference between supply and demand for new dwellings can be calculated by comparing building consent data and household growth. Council is currently consenting an average of 110 new dwellings per annum⁸ but over the long term, household growth projections expect demand to grow by 128 households per annum⁹.

Figure 1 below shows the supply of, and demand for new housing by comparing new building consents issued and household growth. Figure 1 also measures the changes in demand and how responsive supply is.

Figure 1 shows that from 2014, the District's demand for new housing has been greater than supply.

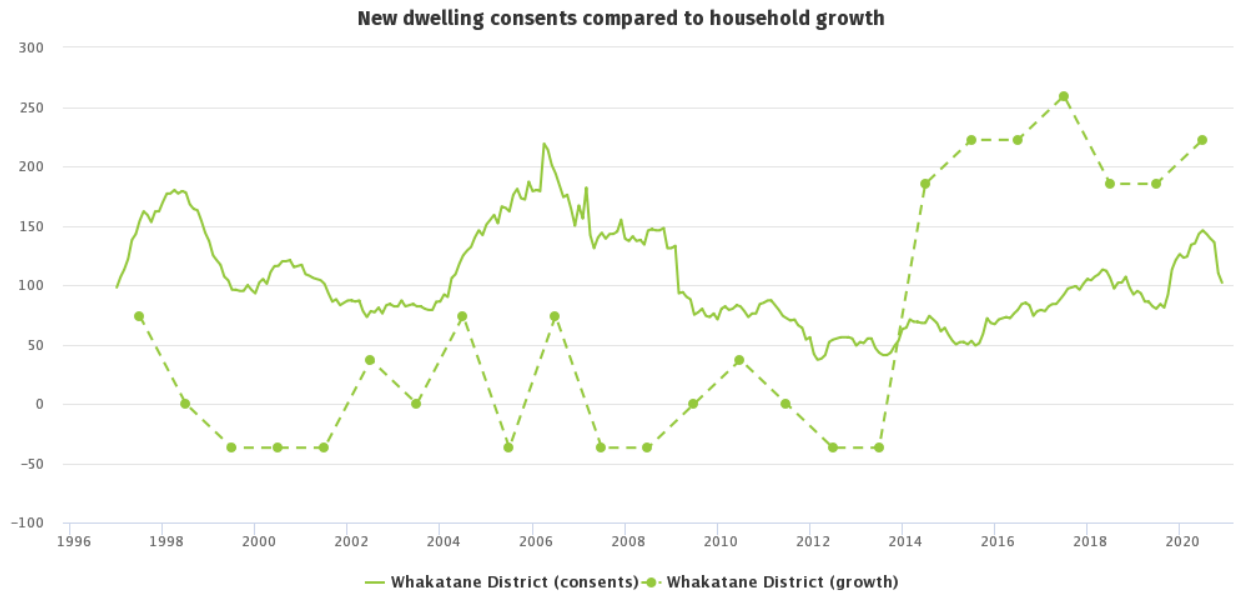


Figure 1: New dwelling consents compared to household growth for the Whakatāne District (source – UDD)

⁸ RCG Whakatāne Demand Assessment April 2020

⁹ RCG Whakatāne Demand Assessment April 2020

5 NPS-UD s3.9.1.c: prices of, and rents for, dwellings

5.1 Prices for Dwellings

Between 1994 and early 2004 there was a gradual increase in dwelling prices across the District. Between mid-2004 and 2008, there was a rapid increase in dwelling prices which then plateaued until 2016. Since 2016, dwelling prices have increased steadily. Between 2016 and 2021, the median dwelling price has increased over 100 percent from \$300,000 to \$620,000 and from September 2020 to June 2021, the median dwelling price has increased 14.6 percent from \$540,750 to \$620,000.

The steady increase in the District’s median dwelling price has followed the national trend and can be attributed to such factors as high demand from immigration and low interest rates.

Figure 2 below shows how the median residential dwelling price for the Whakatāne District has increased between 1994 and 2021, with the greatest increase occurring since 2016.



Figure 2: 12-month rolling dwelling sales prices for the Whakatane District (source - UDD)

Table 2: 12-month rolling dwelling sales price per monitored quarter

Quarter	12-month rolling dwelling sales prices (actual)	% increase
September 2020	\$540,750	
December 2020	\$568,000	5%
March 2021	\$596,500	4.7%
June 2021	\$620,000	3.7%
Total increase	\$79,250	14.6%

5.2 Rents for Dwellings

The cost of rent is an excellent indicator of housing costs because it gives an insight into what households pay for housing on a weekly basis¹⁰. Rental prices in the District started rising earlier than dwelling prices and since 2015 the cost of rent has risen significantly, increasing 47 percent from \$272 a week to \$400 a week in 2021¹¹.

Figure 3 shows the 12-month rolling average for rent across the District.



Figure 3: 12-month rolling Dwelling rents for the Whakatāne District (source – UDD)

Table 3: 12-month rolling dwelling rent per monitored quarter

Quarter	12-month rolling dwelling rents a week (actual)	% increase
September 2020	\$371	
December 2020	\$379	2%
March 2021	\$386	1.8%
June 2021	\$407	5.4%
Total increase	\$36	9.7%

¹⁰ RCG Whakatāne Demand Assessment April 2020

¹¹ RCG Whakatāne Demand Assessment April 2020

6 NPS-UD s3.9.1.d: housing affordability

The UDD provides two data sets that enable Council to measure housing affordability across the District, Housing Affordability Measures (HAM) Rent, and HAM Buy. HAM Rent and HAM Buy measure affordability¹² by indicating how much money households have left after paying for housing.

6.1 HAM Rent:

HAM Rent measures affordability for renting households by calculating what their residual income would be after housing costs. HAM Rent identifies the proportion of renters across the District who spend more than 30 percent of their household income on rent. A higher number indicates a lower level of affordability.

The latest available figure for the District was from end of year 2018 and showed that 28 percent of renters spent more than 30 percent of their income on rent.

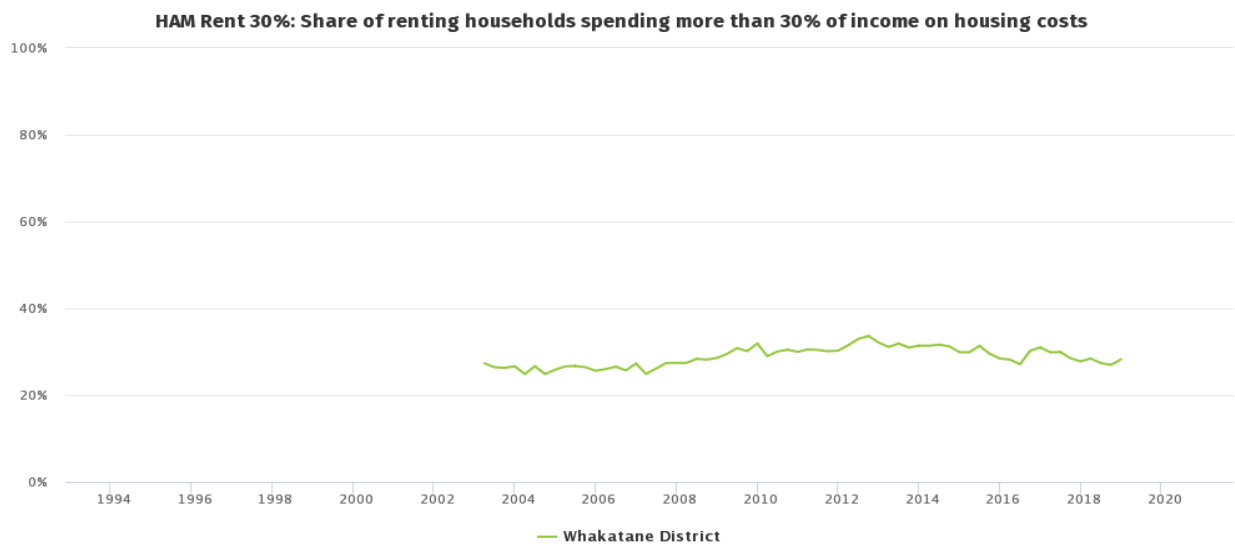


Figure 4: Share of renting households spending more than 30% of income on housing costs across the Whakatāne District (source - UDD)

¹² Affordability is measured by comparing the income after housing costs for the Districts renters and potential first home buyers to the national median income after housing costs for all households.

6.2 HAM Buy:

HAM Buy measures affordability for first home buyer households. HAM Buy estimates the percentage of renting households that would spend more than 30 percent of their income if they were to buy a similar house in the same area as they currently live in. A higher number on the graph indicates a lower level of affordability. Affordability for first homebuyers can be affected by incomes of rental households, dwelling prices and mortgage interest rates¹³.

The latest HAM Buy figure for the District was from end of year 2018 and showed that 71 percent of first homebuyers spent more than 30 percent of their income when buying a new home.

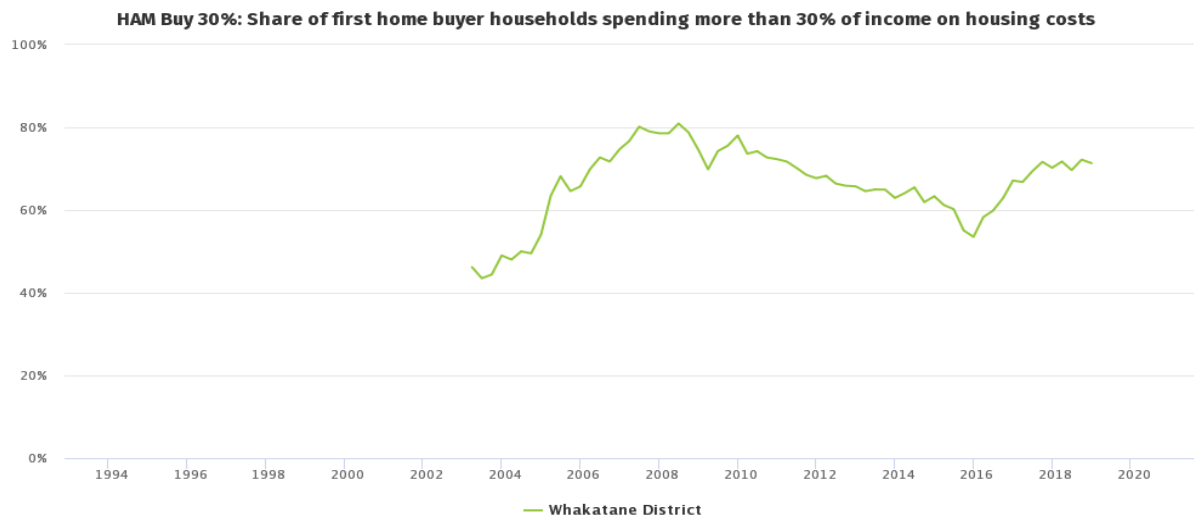


Figure 5: Share of first home buyer households spending more than 30% of income on housing costs across the Whakatāne District (source - UDD)

¹³ Urban Development Dashboard – Ministry of Housing and Urban Development

6.3 National HAM Buy and HAM Rent:

Figure 6 below shows the national figures for HAM Buy and HAM rent. A higher number on the graph indicates a lower level of affordability. The latest national HAM Buy figure was 74.8 percent compared to the District's 71 percent. The latest national HAM Rent figure was 31 percent compared to the District's 28 percent. This means that when we compare the District's figures for HAM Buy and HAM Rent to the national figures, the District's housing is more affordable than in many other districts due to the lower housing cost overall.

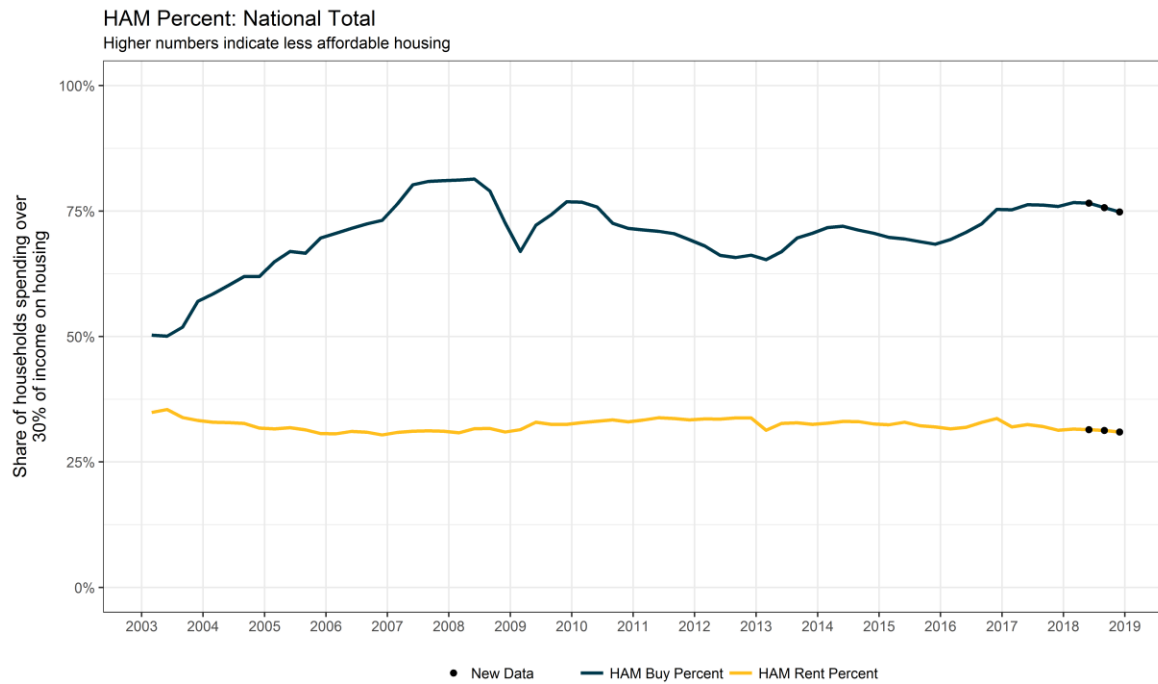


Figure 6: National figures for HAM Buy and HAM Rent (source - Ministry of Housing and Urban Development)

7 NPS-UD s3.9.1.e: the proportion of housing development capacity that has been realised in previously urbanised areas and in previously undeveloped areas

In 2016, Council staff completed a desktop analysis¹⁴ assessing the amount of land available for future development within selected residential zones and deferred residential zones. Deferred residential zoning signals that the land has been identified for residential development in the future, but a Plan Change will be needed before development can take place.

The four areas assessed in the 2016 study were:

- Whakatāne Urban Living Zone;
- Coastlands/Piripai (Residential Zone);
- Shaw/Huna Road (Residential and Deferred Residential Zones);
- Maraetōtara (Deferred Residential Zone).

The study concluded that these study areas provided for 1,217 additional residential allotments, either as infill or greenfield development. However, the 2016 assessment was based entirely on existing zoning constraints and did not take account of economic feasibility, take-up rates or market demand. Since then, some of the identified sites have been developed and other changes have occurred.

In 2020, Council re-assessed the number of potential dwellings that could be provided within the short to medium term for areas currently zoned residential. The analysis also included the deferred residential site at Huna / Shaw Rd because a plan change is being undertaken to rezone this site. The findings of this recent analysis are shown in Table 4 below.

Table 4: Whakatane Demand Assessment 2021

Location	Estimated number of dwellings – short term (1-3 years), medium term (3-10 years)		
	Residential Zone	Deferred Residential Zone	Total
Whakatāne infill (incl. Urban Living Zone)	100		100
Ōhope infill	50		50
Bunyan Rd and Coastlands	80		80
Opihi	242		242
Opihi (Retirement village land)	105		105
Huna / Shaw Rd - Greenfield		110	

¹⁴ Residential Development Potential – Preliminary Analysis Report. February 2016.

Total	577	110	687
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The 2020 assessment showed there are 577 sites zoned residential and ready for development within the short and medium term and a further 110 sites expected from the Huna / Shaw Rd deferred residential zone once it has been rezoned. This makes a total of 687 dwellings available within existing residential zones and the Huna / Shaw Rd deferred residential zone.

However, in terms of delivery, many of the sites identified in Table 4 above, face constraints to development:

- Whakatāne and Ōhope infill is unlikely to result in large scale development over the short term due to potential sites being separately owned and likely to be developed in a gradual manner;
- Much of the land available in Bunyan Rd and Coastlands is owned by a single developer who is controlling the slow release of this land for development;
- The consent for development at Opihi and the Opihi / Retirement village is currently being appealed in the High Court;
- Huna / Shaw Rd cannot be developed until the plan change has been completed.

Because of these constraints, Whakatāne District is currently working with Kaweru District and the Bay of Plenty Regional Councils to develop a joint Eastern Bay Spatial Plan. A key output of the Joint Spatial Plan will be to identify locations for future residential development that can provide sufficient housing to meet demand in both Whakatāne and Kawerau Districts. The Spatial Plan is expected to be completed by the end of 2022.

8 NPS-UD s3.9.1.f: available data on business land

8.1 Business Land Demand

RCG Consultants developed a business land demand scenario for commercial and industrial land over the short, medium and long term¹⁵. Business land demand was calculated by converting population projections into employment projections and assumptions were then made about the density of new business land required to meet these projections¹⁶.

Table 5: RCG Recommended Business and Industrial Land Demand Assessment

Recommended Business and Industrial Land Demand Assessment (Hectares)	Short Term (1-3 years)	Medium Term (3-10 years)	Long Term (10-30 years)	Total
Recommended Figure	7.2	14.2	9.9	31.3

8.2 Business Land Capacity

Council has undertaken a desktop analysis¹⁷ to assess the infill potential of vacant land that is currently zoned Business (Business Centre, Commercial, Large Format Retail and Mixed Use Zones) and Industrial (Light Industrial and Industrial) in the Whakatāne District Plan 2017. This analysis identified the infill potential of vacant business and industrial land available over the short and medium term and is shown below in Table 6.

Table 6: Business Land Capacity Assessment 2021

Business Land Capacity Assessment (Business and Industrial)	Short Term (1-3 years) & Medium Term (3-10 years)
Land Area Available (Hectares)	10.02

The joint Eastern Bay Spatial Plan will also identify locations where future business and industrial development can take place across both Whakatāne and Kawerau Districts. Kawerau District is expected to have sufficient capacity for business and industrial growth over the long-term.

¹⁵ RCG Whakatāne Demand Assessment April 2020

¹⁶ RCG Whakatāne Demand Assessment April 2020

¹⁷ Whakatāne District Business Land Capacity Assessment 2021

9 Conclusions:

- Population growth is the key driver underlying the District's increased demand for new housing with our population now reaching record levels;
- The District will need 3,900 new dwellings in the next thirty years to meet expected demand due to population growth;
- A comparison of building consent data and household growth shows that since 2014, demand for new housing in the District has been greater than supply;
- Between 2016 and 2021, the median dwelling price increased over 100 percent from \$300,000 to \$620,000. From September 2020 and June 2021, the median dwelling price increased 14.6 percent to \$620,000;
- Since 2015 the cost of rent has increased by 49 percent from \$272 a week to \$407 a week;
- The HAM Rent and HAM Buy figures show the District has more affordable housing than the national averages;
- There is a total of 687 dwellings available over the short and medium term within the residential zone and Huna / Shaw Rd deferred residential zone. Constraints on some of this land means large scale development opportunities are limited;
- The Council, together with Kawerau District Council and the Bay of Plenty Regional Council are developing an Eastern Bay Spatial Plan, which will identify new locations for future residential development to meet demand in the Eastern Bay;
- The District will need 31.8 ha of land for business and industrial growth over the next thirty years;
- The District has 10.02 hectares of vacant business and industrial land available for infill over the short and medium term. The joint Eastern Bay Spatial Plan will identify locations where future business and industrial growth, can take place. Much of the industrial growth is expected to be located in Kawerau.