

Monitoring of Development Indicators: National Policy Statement Urban Development 2020

Quarterly Update – December 2022

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). This report provides the quarterly update for December 2022.

2. Introduction

The NPS-UD came into effect August 2020 and identifies Council as tier 3 local authority due to the Whakatāne District (District) containing areas of land that are predominantly urban in character and also 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, clause 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 (ie, 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.

The data that informs this quarterly update is sourced from the Urban Development Dashboard (UDD). The UDD is a platform on the Ministry of Housing and Urban Development website and is 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 Clause 3.9.1.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 2022, the population has grown 17 percent from 32,691² residents to 38,300³ residents in 2022; an increase of 5,609 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 5,609 residents (since 2013) equates to demand for an extra 2,003 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 2022

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 Clause 3.9.1.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.

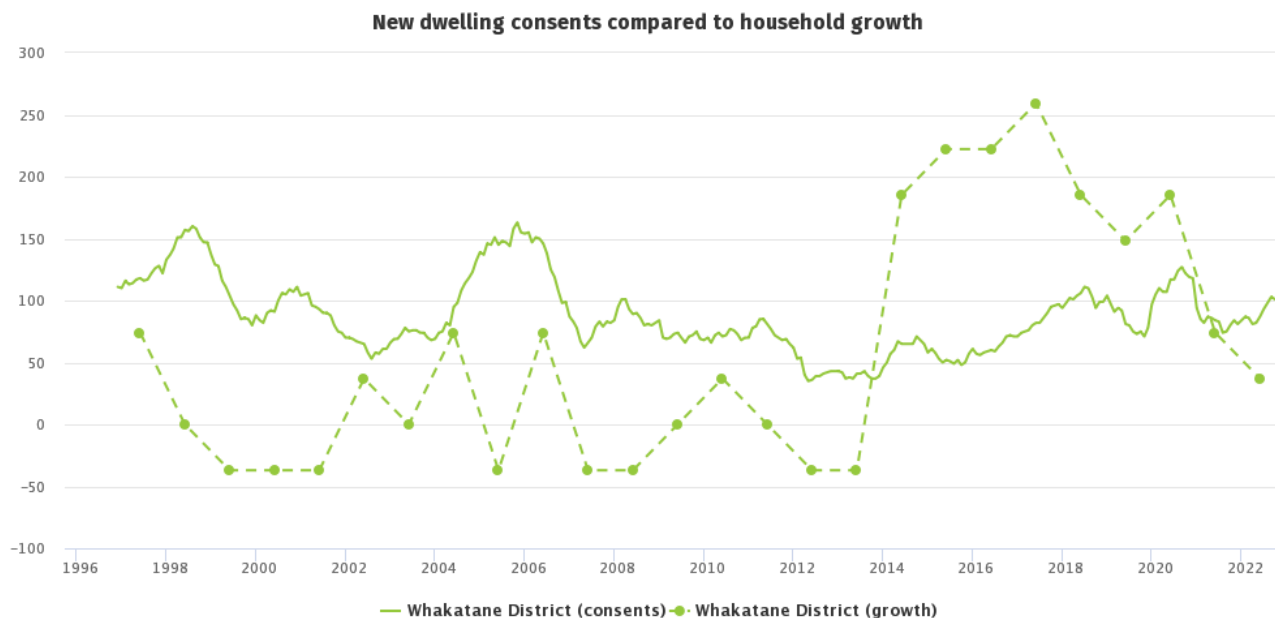


Figure 1: New dwelling consents compared to household growth for the Whakatāne District

Figure 1 shows new dwelling building consents issued by Council compared to household growth and approximates the demand for, and supply of, new dwellings. Figure 1 measures the changes in demand and how responsive supply is.

Figure 1 shows that since mid-2020 there has been a decline in household growth across the District and the rate of new dwelling consents has remained relatively similar. This indicates that new dwelling supply across the District is greater than demand.

5. NPS-UD Clause 3.9.1.c: prices of, and rents for, dwellings

5.1. Prices for Dwellings

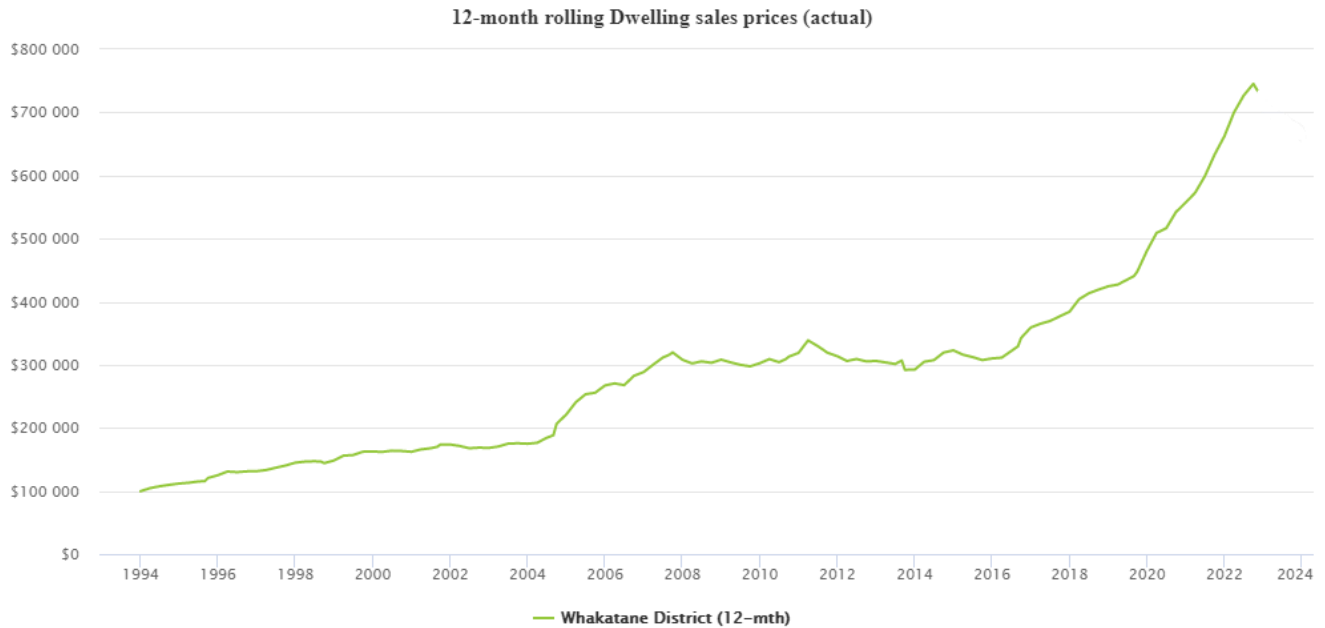


Figure 2: 12-month rolling dwelling sales prices for the Whakatane District

Figure 2 shows the median residential dwelling price for the Whakatāne District. Between 1994 and early 2004 there was a gradual increase in dwelling prices. From mid-2004 to 2008 there was a steady increase in dwelling prices that then plateaued until 2016. From 2016, dwelling prices increased rapidly. December 2022 has signalled the first decrease in dwelling prices since 2016. The median dwelling price for December 2022 is \$720,000 a 6.03 percent decrease on the previous quarter September 2022’s median dwelling price of \$766,250.

Table 2: 12-month rolling dwelling sales price

Quarter	12-month rolling dwelling sales price (actual)	% change
March 2022	\$709,144	
June 2022	\$722,394	1.87%
September 2022	\$766,250	6.07%
December 2022	\$720,000	-6.03%

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 basis⁸.

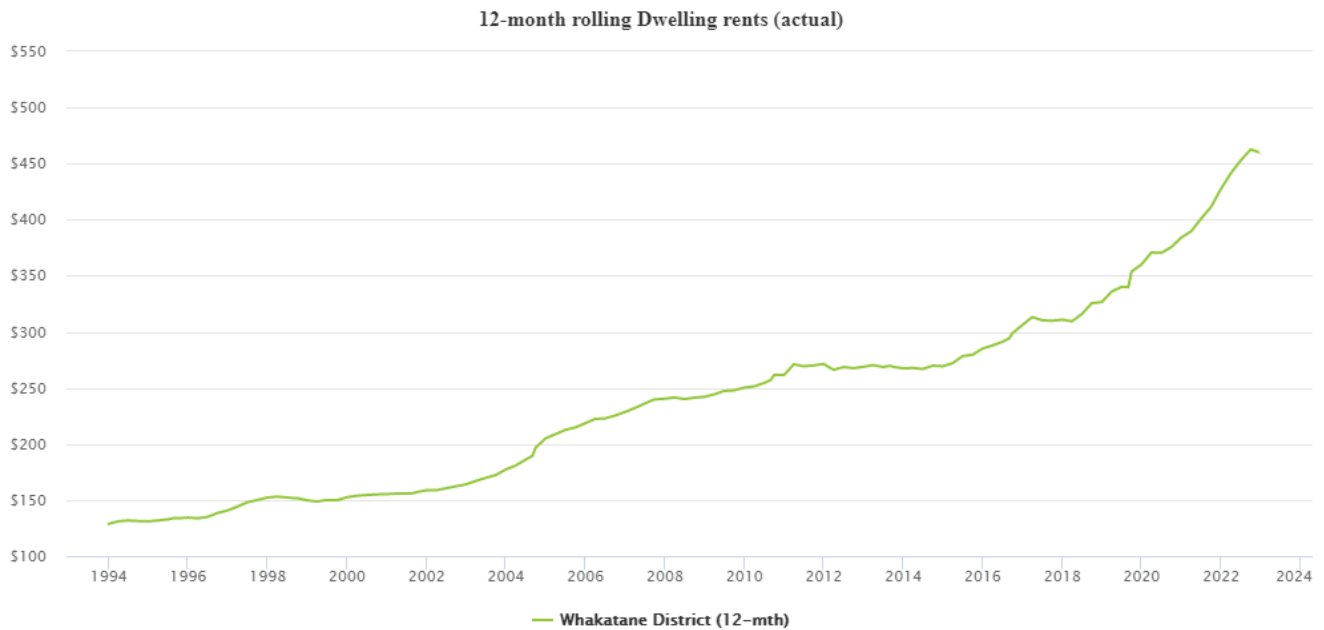


Figure 3: 12-month rolling Dwelling rents for the Whakatāne District

Figure 3 shows the 12-month rolling average cost of rent across the District. The average cost of rent a week in December 2022 is \$460, a 0.6 percent decrease on the previous quarter September’s 2022’s rent cost of \$463.

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

Quarter	12-month rolling dwelling rent a week (actual)	% change
March 2022	\$441	
June 2022	\$450	2%
September 2022	\$463	2.8%
December 2022	\$460	-0.6%

⁸ RCG Whakatāne Demand Assessment April 2020

6. NPS-UD Clause 3.9.1.d: housing affordability

6.1. Housing Affordability Index

Infometrics calculates housing affordability by comparing average current house values with mean household income⁹. A higher number on the housing affordability index means less affordability.

Figure 4 below shows the housing affordability index for the District and New Zealand. Housing affordability for the District and New Zealand has declined rapidly since 2020, due to historically high house values. When compared to the national figures for housing affordability, the District is more affordable.



Figure 4: Whakatane District & New Zealand Housing Affordability, 2005 - 2022 (source - Infometrics)

⁹ Infometrics household income estimate captures labour market earnings (wages, salaries and self-employment) as well as allowances (e.g. Disability Allowance), benefits (e.g. Jobseeker Support) and New Zealand Superannuation. Investment income is excluded.

6.2. Rental Affordability Index

Infometrics calculates rental affordability by comparing average weekly rents with average weekly household income. Rental affordability is expressed as a percentage and a higher number means less affordability as households are having to spend more of their weekly income on rent.

Figure 5 below shows the rental affordability index for the District and New Zealand. Rental affordability for the District has declined since 2018, with average rents increasing from 17.7% of average income in 2018 to 20.8% in 2022. Rental affordability for New Zealand has also declined with average rents increasing from 20.6% of average income in 2019 to 22.1% in 2022. When compared to the national figures for rental affordability, the District is more affordable.

A higher percentage on the index means less affordability.

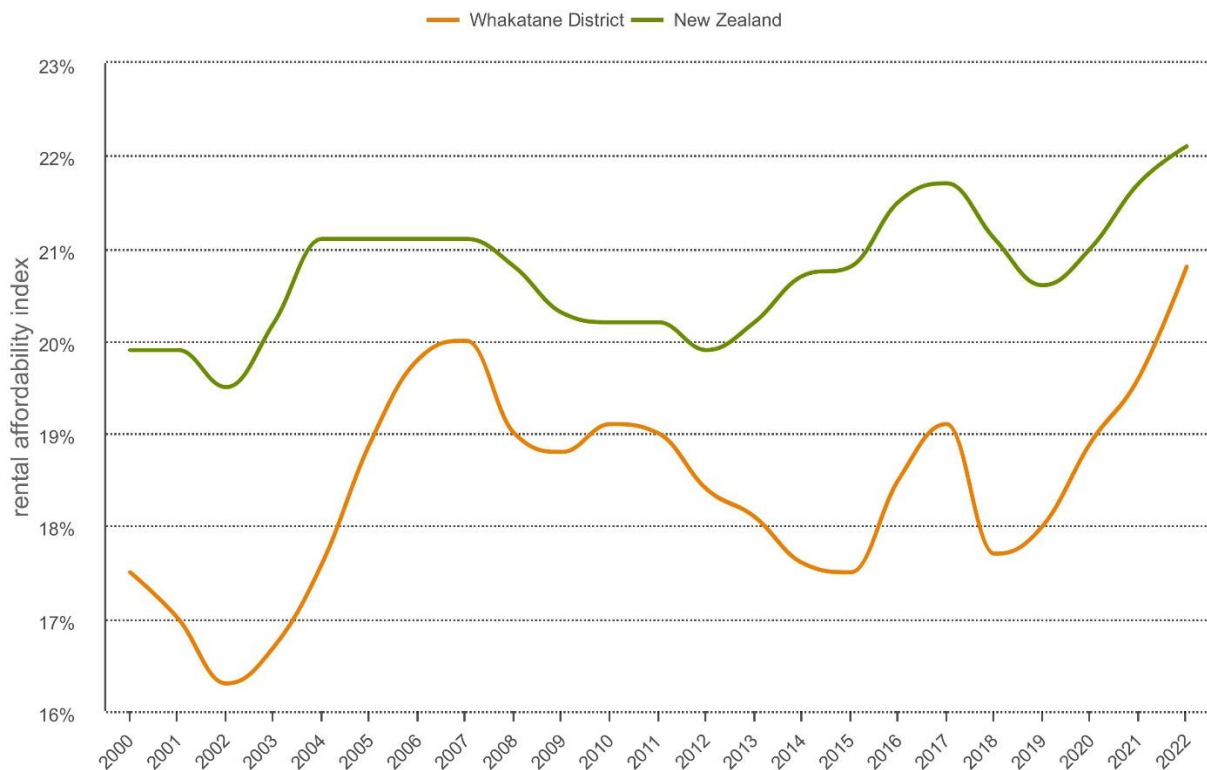


Figure 5: Whakatāne District & New Zealand Rental Affordability, 2000 – 2022 (source – Infometrics)

7. NPS-UD Clause 3.9.1.e: the proportion of housing development capacity that has been realised in previously urbanised areas and in previously undeveloped areas

Council has identified that in the northern part of the District it could provide approximately 687 dwellings through previously urbanised areas (infill and redevelopment) and previously undeveloped (greenfield) sites over the short, medium and long term.

Table 4: Whakatane Demand Assessment

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	
Total	577	110	687

8. NPS-UD Clause 3.9.1.f: available data on business land

8.1. Business Land Demand

Council has established a business land demand scenario for commercial and industrial land over the short, medium and long term. Business land demand has been established by converting population projections into employment projections and assumptions were then made about the density of new business land required to meet these projections¹⁰.

Table 5: Recommended Industrial Land Demand Assessment

Recommended Industrial Land Demand Assessment (Hectares)	Short Term 1-3 years	Medium Term 3-10 years	Long Term 10-30 years
Recommended Figure	5.0	9.9	6.9
Recommended Figure, per year	1.7	1.4	0.3

Table 6: Recommended Commercial Land Demand Assessment

Recommended Commercial Land Demand Assessment (Hectares)	Short Term	Medium Term	Long Term
Recommended Figure	2.2	4.3	3.0
Recommended Figure, per year	0.7	0.6	0.2

Council has a business land demand of 7.2 hectares in the short term, 14.2 hectares in the medium term and 9.9 hectares over the long term.

8.2. Business Land Capacity

Council has undertaken a desktop analysis¹¹ 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 7: Business and Industrial Land Capacity Assessment 2022

Business Land Capacity Assessment (Business and Industrial)	Short Term (1-3 years) & Medium Term (3-10 years)
Land Area Available	105,495m ² / 10.55ha

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.

¹⁰ RCG Whakatāne Demand Assessment April 2020

¹¹ Whakatāne District Business and Industrial Land Capacity Assessment 2022

9. Conclusion:

- The District's population has grown to 38,300 residents in 2022;
- Due to a decline in household growth, the District's supply of new dwellings is now greater than demand;
- The District's median house price has decreased to \$720,000, a 6.03 percent decrease on the previous quarter September 2022's median dwelling price of \$766,250.
- The cost of rent across the District has decreased to \$460 a week, a 0.6 percent decrease on the previous quarter September 2022's rent cost of \$463.
- The Infometrics' housing and rental affordability indices shows the District has more affordable housing than the national figures;
- In the northern part of the District there is capacity for 687 dwellings available through infill, redevelopment and greenfield sites;
- The District has a business land demand of 31.3ha over the short, medium and long term;
- The District has 105,495m² / 10.55ha 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.