

Monitoring of Development Indicators: National Policy Statement Urban Development 2020

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 September 2020.

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

The District's key driver of demand for new dwellings is due to population growth and growth in new households. The most recent resident population, divided by the local average housing size, is used as a proxy for demand.

Prior to 2013, the District's population growth was slow and the supply of dwellings was greater than demand. However, from 2013 to 2021 the District's population has grown 16.8 percent from 32,691 residents to 38,200 residents, an increase of 5,509 residents that equates to the growth of 1,967 new households. This growth can be attributed to a natural increase (births minus deaths) and a higher net migration (both domestically and internationally). The District's growth in new households has now caused the demand for dwellings to outstrip supply.

4. NPS-UD Clause 3.9.1.b: the supply of dwellings

Council is consenting an average of 110 dwellings per annum but over the long-term household growth projections expect the District to grow by 128 households per annum¹. To provide for forecasted growth, Council needs to identify and reduce the barriers to the supply of dwellings.

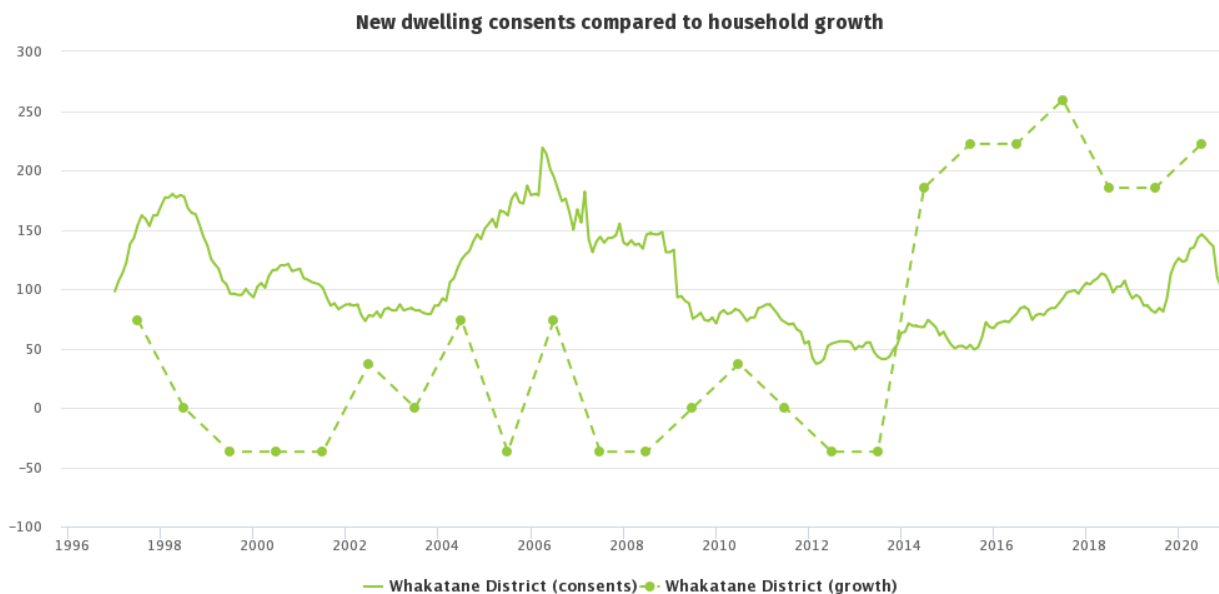


Figure 1: New dwelling consents compared to household growth for the Whakatāne District

Figure 1 shows new dwelling 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. Dwellings consents are averaged over a 12-month period to account for the time taken from consenting to completion. Council is currently consenting 110 new dwellings per annum.

¹ RCG Whakatāne Demand Assessment April 2020

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 rapid increase in dwelling prices that then plateaued until 2016. Since 2016 dwelling prices have increased steadily and the median dwelling price for the District is now \$540,750, a 19 percent increase on September 2019's median dwelling price of \$451,000.

Table 1: 12-month rolling dwelling sales price

Quarter	12-month rolling dwelling sales price (actual)
September 2020	\$540,750

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 basis².



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

Figure 3 shows the 12-month rolling average of rent across the District with rental prices for dwellings increasing to \$371 a week.

Table 2: 12-month rolling dwelling rent per monitored quarter

Quarter	12-month rolling dwelling rent a week (actual)
September 2020	\$371

² RCG Whakatāne Demand Assessment April 2020

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

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

6.1. HAM Buy:

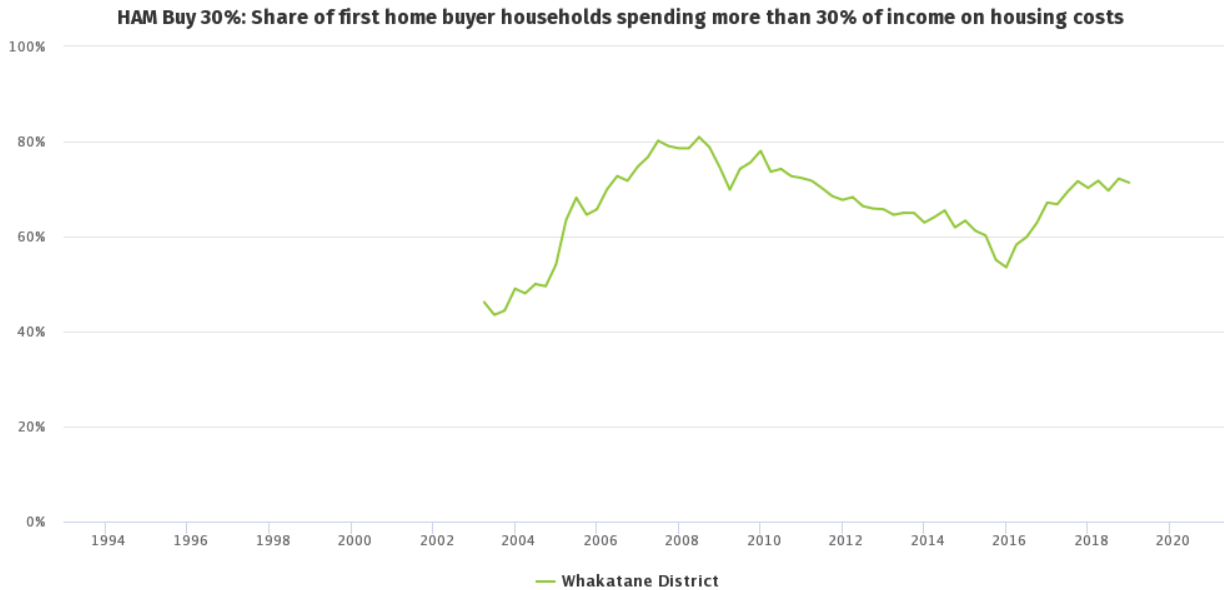


Figure 4: Share of first home buyer households spending more than 30% of income on housing costs across the Whakatāne District

HAM Buy estimates the percentage of renters that would spend more than 30 percent of their income if they were to buy a similar house in the same area as the house they are currently living in. A higher number on the graph indicates a lower level of affordability as it indicates more households are below the affordability benchmark. Affordability for first home buyers can be affected by dwelling prices, mortgage interest rates and incomes of rental households.

The latest HAM figure available for the District was from end of year 2018 and it showed that 71 percent of first homebuyers spent more than 30 percent of their income when buying a new home, which indicates that the District has a low level of affordability. With increasing median dwelling prices, Council could assume that the level of affordability in 2020 will be even lower.

6.2. Ham Rent:

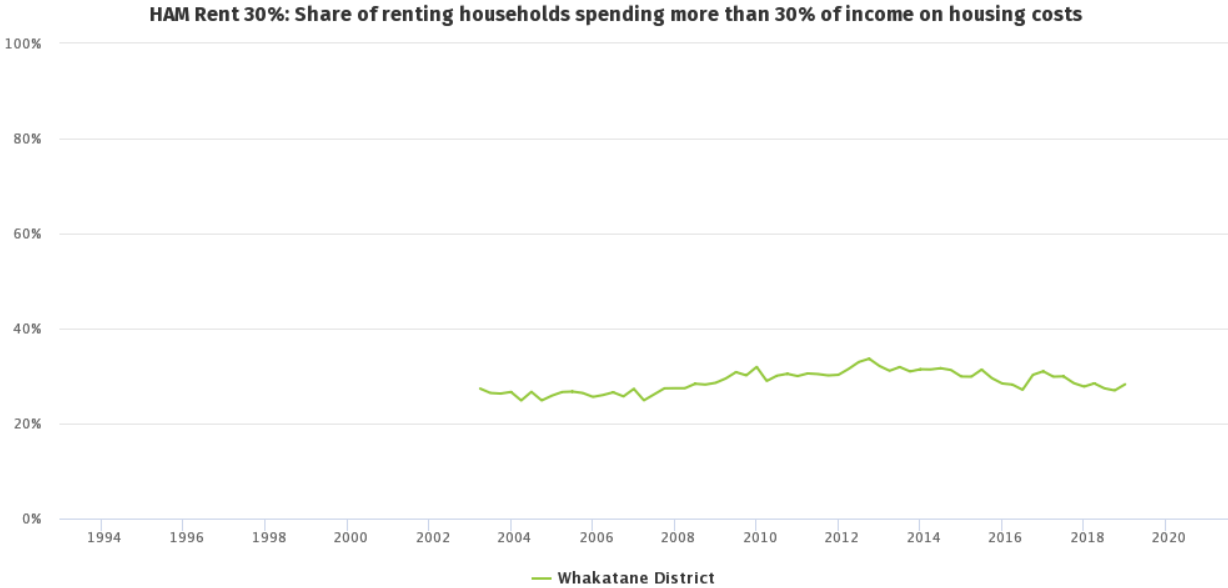


Figure 5: Share of renting households spending more than 30% of income on housing costs across the Whakatāne District

HAM Rent indicates the proportion of renters across the District spending 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 it showed that 28 percent of renters spent more than 30 percent of their income on rent. When compared to the national HAM Rent figure, the District is more affordable for renters. The latest national figure showed that 31 percent of renting households spent over 30 percent of their income on rent.

(b) National HAM Buy and HAM Rent:

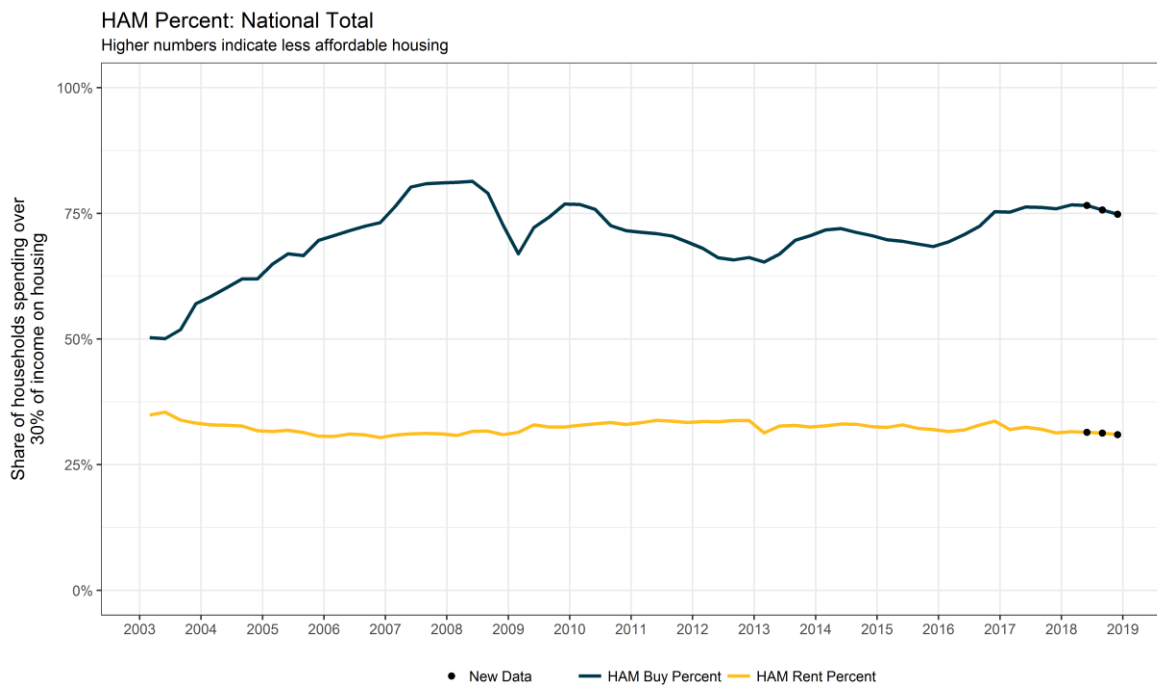


Figure 6: National figures for HAM Buy and HAM Rent

Figure 6 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. When compared to the national average for both of these measures, the District has more affordable housing.

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 3: 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

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 projections³.

Table 4: 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 5: 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.

9. Conclusion:

- The District's growth in new households has caused the demand for dwellings to outstrip supply;
- The median house price has increased to \$540,750, a 19 percent increase from the same time last year;
- The cost of rent across the District has increased to \$371 a week;
- The HAM Buy and HAM rent figures show the District has more affordable housing than the national averages;
- 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 31.8ha over the short, medium and long term.

³ RCG Whakatāne Demand Assessment April 2020