

Chairperson and Committee Members
REGULATORY MANAGEMENT COMMITTEE

24 MARCH 2011

Meeting Status: Public

Purpose of Report: For Decision

DISTRICT PLAN REVIEW: PLANNING ASSUMPTIONS (DEMAND PROJECTIONS)

PURPOSE OF REPORT

- 1 To seek Committee approval of the use of medium growth projections for the District Plan Review, as the working assumptions.

SIGNIFICANCE OF DECISION

- 2 The Council's Significance Policy is not triggered by this report.

BACKGROUND

General - District Plan Review

- 3 The Council began its District Plan Review in September 2008 following agreement by the Environment and Community Development Committee that the review would begin early to allow for an extensive community consultation process and multi-staged series of discussion papers and draft documents (SP-08-290 refers).
- 4 Initial work on the District Plan Review took place in late 2008 and throughout 2009, including updating of monitoring data but was delayed in part while awaiting the outcome of the Stage 1 Resource Management Act Review. In 2010, discussion papers were released for consultation and positive feedback has been received on the direction of the District Plan Review.
- 5 In 2011 objectives and policies will be drafted and released for public consultation, followed by draft rules and standards. A complete District Plan will be notified in mid 2012.
- 6 In light of changes since the last series of monitoring data was reviewed in 2008, it is timely to review the base assumptions for growth underpinning the District Plan Review.

CONSIDERATIONS

- 7 In revising growth assumptions for the Kāpiti Coast District, it is important to be cognisant of the wider context and to have growth aspirations that are consistent with the framework for regional population change. It is also important to consider the potential impacts of the proposed expressway and economic conditions.

The Regional Context

- 8 The Wellington Regional Strategy¹ (WRS) was developed in June 2007 as a sustainable economic growth strategy for the Wellington Region.
- 9 The WRS brought together (for the first time) a coherent body of regional scale research and evaluation work to inform decision-making. It is recognised that many aspects of the regional economy are influenced by operation of global markets, central government and individual businesses. The WRS is focused on regional interventions or actions that can realistically make a difference.
- 10 The WRS acknowledges that much of the population growth for the Wellington Region: “...is projected to occur in Wellington City and Kāpiti. A challenge is to ensure more even growth and prosperity throughout the region, and a better match between where people work and live”.
- 11 The WRS draws on over 200 reports and documents which have been either commissioned or referenced since the development of the strategy began in 2004. Work has been ongoing since the WRS was developed but the growth projections and forecasts are consistent with those used by Council in the development of the Kāpiti Coast District Council’s Development Management Strategy and since. In general they show Kāpiti’s population growth rate gradually slowing to be closer to the regional average (as shown on Figure 1 below).

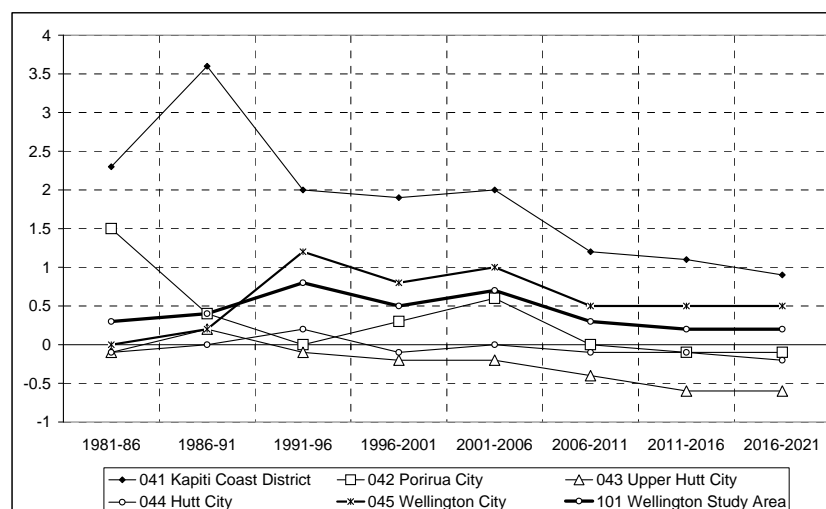


Figure 1. Regional Growth Projections (WRS)

- 12 It is therefore important to review previous assumptions used by Council from the Development Management Strategy and 2009 Long Term Council Community Plan.

Development Management Strategy

¹ http://www.wrs.govt.nz/docs/WRS_June07.pdf

General

- 13 In 2007 the Kāpiti Coast District Council released the *Development Management Strategy* - a document setting out the strategy for the management of development and settlement patterns in the Kāpiti Coast District. It provides the District with a framework for sustainable development and growth.
- 14 The Development Management Strategy is a comprehensive approach to the way the local community have indicated they wish the district to develop. This must take account of projected population forecasts for the district and demographic changes (i.e. land demand), and the supply of suitable land for development.

Projections

- 15 Population growth and structure is explained in the Development Management Strategy, showing the projected population change in the district from 1996 to 2006, using projections based on 2001 census data with a 2003 Statistic New Zealand update. Some aspects contributing to growth assumptions are relatively certain (the decline in household size across the district, a relatively high proportion of older residents and a relatively high proportion of single person households etc.), while other factors are forecast with a higher degree of uncertainty (population growth, development growth, economic growth, etc.).

Population

- 16 Population projections (Table A1 Appendix 1) used in the Development Management Strategy are based on Statistics New Zealand projection assumptions and were tested as part of the Wellington Regional Strategy. It details the projected number of households being added to the Kāpiti Coast District between 2001 and 2026 as forecast in the Development Management Strategy.

Households

- 17 Under a medium growth projection scenario, the Development Management Strategy projected a growth in households in the Kāpiti Coast District of 7,534 between 2001 and 2026, and growth in population of 14,600 over the same period.

2009 LTCCP Update

- 18 The 2009 Long Term Council Community Plan (LTCCP) revised the growth forecasts used in the Development Management Strategy for the purpose of setting a new Development Contributions Policy and for asset management planning. The 2009 LTCCP updates information for the updated forecasts based on 2006 census data. Fundamental assumptions were unchanged however, as they were still based on medium growth assumptions.
- 19 The 2009 LTCCP Kāpiti Council update followed the Statistics New Zealand (SNZ) District level assumptions closely but included a localised pattern for greenfield and infill residential uptake. They assumed a reasonably rapid implementation of the Western Link and associated increased Waikanae North greenfield development. The low, medium and high projections mirrored the comparable assumptions in 2007 SNZ District wide projections.

- 20 Assumptions underlying the forecast updates in 2009 were that, despite any short-term economic downturn, growth would follow past projections in the longer term, with an increase of approximately 5,900 household units and 5,600 employees in the Kāpiti Coast spread over the 20-year planning period (2006 – 2026).
- 21 Compared to the projections used in the Development Management Strategy, (Table A3 Appendix 1) the 2009 update projected a slightly lower rate of population growth for the district. The Development Management Strategy had a medium forecast population for 2026 of 58,200, whereas the revised 2009 forecast above projected 56,773.
- 22 Despite the slightly lower population growth in the 2009 LTCCP than the Development Management Strategy, the household growth rate was slightly higher due to revised household size assumptions.
- 23 As stated above, employment and industrial land data is covered in less detail in the Development Management Strategy, and therefore it is difficult to compare with the 2009 LTCCP projections.

2011 – Update for District Plan Review Assumptions

- 24 The process for calculating these medium growth assumptions is as follows:
 - collating information from Statistics New Zealand (SNZ);
 - applying local knowledge such as plan change impacts; and
 - ground truthing and applying sensitivity tests to the data.

Population

- 25 Recent population change in the District has been reviewed based on Statistics NZ population estimates released in December 2010, supplemented by a review of births, deaths, external migration and building consents data over the 2006 to 2010 period. This indicates that the Kāpiti Coast District's population growth is likely to result in a 2006 to 2011 growth rate closer to the low rather than the medium projection scenarios.
- 26 The latest 2011 estimates are based on 2006 to 2010 SNZ population projections released in December 2010 and projected forward to 2011. This is guided by the gradual changes over time in the international migration data trends for the District by age - revealed by the changing shape of the permanent long term migration data to November 2010.
- 27 On the basis of the lower rate of population growth between 2006 and 2011, the projected population for the District can now be expected to be about 600 people lower by 2026 than that projected in 2009 for 2026.
- 28 The population growth rate is expected to return to the medium growth rate due to migration and fertility factors once the economy and residential building sector recovers from the effects of the current recession
- 29 While population growth overall is estimated to have been lower than the medium projection between 2006 and 2011, the number of births has been higher

than even the most recent high fertility rate assumptions, resulting in a net increase of 300 under 5 year olds living in the District in 2011, compared with the medium projection expectation of only 130 and high growth rate expectation of 290. This means that the population going forward in the revised projection will feature a higher number and proportion of children than expected earlier.

- 30 The latest population projections are illustrated in Table 1 below. The main point of interest from the latest population projections is that the rate of difference in the growth is only minor between the earlier scenarios and this update, but it is the reduced base level population that reduces the forecast population in subsequent years.

Households

- 31 Growth in household numbers is strongly correlated to population growth and while we see a slight decrease in the most recent 2011 estimates as compared to the 2009 LTCCP projections, the rate of growth moving forward is consistent with earlier projections.
- 32 There is evidence that an aging population and changing demographic across the district is likely to lead to a reduction in the number of people per household.

Employment

- 33 The latest projections have a reduced baseline compared to those used in the 2009 LTCCP, but are expected to return to earlier rates of growth in line with the projected economic recovery in future years.

External factors - Expressway

- 34 Another factor contributing to the change in the distribution of growth within the district (relating in a large part to the expressway) has been the effect of the uncertainty surrounding the expressway on development. The Ngarara Plan Change was forecast to generate a relatively large proportion of growth within the district, but since the development has been slowed down, this earlier projected growth has yet to eventuate.
- 35 In the short term, the uncertainties associated with the expressway can be expected to slow growth in numbers of households and population. Once the form of the expressway development is finalised it is likely that there will be some growth 'catchup', possibly encouraged in some parts of the District by increased accessibility to Wellington.
- 36 In the medium term, the expressway development is likely to change the distribution of the District's growth rather than change the rate of district wide growth. Population increase in the District is driven in large part by net migration gain of new households, largely in the older age groups and associated new residential housing construction catering to this demand.

External factors - Economy

- 37 Economic factors have a large influence on the rate of growth across the district and in the current economic climate, projecting rates of economic growth is an uncertain business. Low interest rates create a good market for home buyers/developers, but the current recession status of the economy hinders borrowing for potential investors.
- 38 Oil supply issues in the international market are currently creating economic uncertainty on a global scale which also affects local growth.

Population, Household and Employment Projections

- 39 It is proposed that Council continue to use medium growth projections for the District Plan Review.
- 40 While recent years have had growth rates closer to the low rather than the medium projections, it is expected that growth rates will return to the medium level. Using low projection puts Council at risk of under estimating growth and consequently under supplying land for future development.
- 41 Generally most projections used (Statistics New Zealand, the Wellington Regional Strategy etc) are based on medium growth scenarios to allow for a conservative approach and enable movement either side of the medium growth projections as factors change actual rates of growth.
- 42 Prior to the recent down-turn, the Kāpiti Coast had several years of high growth, which has more recently trended down below the earlier medium growth projections.
- 43 High growth projections are useful for the provision of infrastructure and for sensitivity testing of the medium growth projections for specific issues. However, providing infrastructure based on high growth projections alone can be expensive if only medium growth eventuates, and must therefore be used with caution.

LATEST GROWTH PROJECTIONS

Population/ Distribution		2006	2011	2016	2021	2026	2031	Change 2006 - 2031
Ōtaki	L	5,460	5,521	5,734	5,686	5,680	5,641	181
Ōtaki	M	5,460	5,521	5,897	5,985	6,150	6,311	851
Ōtaki	H	5,460	5,521	5,992	6,140	6,445	6,766	1,306
Rural North	L	2,529	2,761	2,700	2,614	2,547	2,424	-105
Rural North	M	2,529	2,761	2,727	2,703	2,668	2,607	78
Rural North	H	2,529	2,761	2,754	2,797	2,818	2,828	299
Waikanae	L	10,132	10,704	11,589	12,389	13,122	13,882	3,750
Waikanae	M	10,132	10,704	11,959	13,181	14,418	15,675	5,543
Waikanae	H	10,132	10,704	12,295	13,867	15,525	17,289	7,157
Paraparaumu / Otaihanga	L	17,259	18,496	18,814	19,150	19,352	19,390	2,131
Paraparaumu / Otaihanga	M	17,259	18,496	19,299	20,149	20,915	21,532	4,273
Paraparaumu / Otaihanga	H	17,259	18,496	19,842	21,452	22,957	24,263	7,004
Raumati	L	8,013	8,317	8,481	8,646	8,722	8,778	765
Raumati	M	8,013	8,317	8,751	9,249	9,636	10,061	2,048
Raumati	H	8,013	8,317	9,038	9,775	10,450	11,114	3,101
Paekakariki	L	1,590	1,496	1,447	1,393	1,336	1,292	-298
Paekakariki	M	1,590	1,496	1,430	1,391	1,342	1,284	-306
Paekakariki	H	1,590	1,496	1,462	1,455	1,442	1,434	-156
Rural South	L	807	893	863	848	802	786	-21
Rural South	M	807	893	890	893	901	896	89
Rural South	H	807	893	901	923	937	968	161
Grand Total	Med	45,790	48,187	50,953	53,550	56,029	58,365	12,575

Table 1. Revised 2011 Kāpiti Coast District 'Medium' Population Projections by MERA (Monitoring Evaluation and Research Associates), 1 March 2011.

Households/ Distribution		2006	2011	2016	2021	2026	2031	Change 2006 - 2031
Ōtaki	L	2,310	2,391	2,460	2,483	2,522	2,534	224
Ōtaki	M	2,310	2,391	2,525	2,597	2,706	2,795	485
Ōtaki	H	2,310	2,391	2,567	2,652	2,808	2,963	653
Rural North	L	993	1,164	1,238	1,226	1,229	1,200	207
Rural North	M	993	1,164	1,249	1,266	1,276	1,269	276
Rural North	H	993	1,164	1,258	1,302	1,335	1,358	365
Waikanae	L	4,635	4,964	5,365	5,769	6,132	6,513	1,878
Waikanae	M	4,635	4,964	5,511	6,076	6,645	7,232	2,597
Waikanae	H	4,635	4,964	5,643	6,351	7,094	7,893	3,258
Paraparaumu / Otaihanga	L	7,007	7,564	8,106	8,375	8,566	8,671	1,664
Paraparaumu / Otaihanga	M	7,007	7,564	8,303	8,773	9,190	9,540	2,533
Paraparaumu / Otaihanga	H	7,007	7,564	8,512	9,285	9,987	10,612	3,605
Raumati	L	3,219	3,433	3,652	3,793	3,882	3,966	747
Raumati	M	3,219	3,433	3,754	4,031	4,242	4,473	1,254
Raumati	H	3,219	3,433	3,871	4,234	4,562	4,900	1,681
Paekakariki	L	657	648	630	626	621	609	-48
Paekakariki	M	657	648	621	623	622	603	-54
Paekakariki	H	657	648	632	646	659	662	5
Rural South	L	299	355	388	392	382	376	77
Rural South	M	299	355	397	408	418	416	117
Rural South	H	299	355	400	416	429	444	145
Grand Total	Med	19,120	20,519	22,360	23,773	25,098	26,329	7,209

Table 2. 2011 Kāpiti Coast District 'Medium' Household Projections by MERA (Monitoring Evaluation and Research Associates), 1 March 2011.

Employment/ Distribution		2006	2011	2016	2021	2026	2031	Change 2006 - 2031
Ōtaki	L	1,949	1,967	2,068	2,109	2,138	2,178	229
Ōtaki	M	1,949	1,967	2,108	2,208	2,305	2,409	460
Ōtaki	H	1,949	1,967	2,139	2,276	2,418	2,572	623
Rural North	L	978	910	937	938	930	927	-51
Rural North	M	978	910	954	985	1,015	1,047	69
Rural North	H	978	910	965	1,009	1,056	1,106	128
Waikanae	L	2,927	2,933	3,113	3,302	3,297	3,341	414
Waikanae	M	2,927	2,933	3,167	3,332	3,493	3,664	737
Waikanae	H	2,927	2,933	3,167	3,439	3,668	3,917	990
Paraparaumu /Raumati/ Otaihanga	L							1,297
		8,116	8,329	8,830	9,050	9,213	9,413	
Paraparaumu /Raumati/ Otaihanga	M							
		8,116	8,329	8,992	9,443	9,881	10,353	2,237
Paraparaumu /Raumati/ Otaihanga	H							2,934
		8,116	8,329	9,123	9,736	10,365	11,050	
Paekakariki	L	299	292	306	314	319	324	25
Paekakariki	M	299	292	311	326	340	354	55
Paekakariki	H	299	292	316	335	355	377	78
Rural South	L	211	192	199	200	200	201	-10
Rural South	M	211	192	202	210	217	225	14
Rural South	H	211	192	205	215	226	239	28
Grand Total	Med	14,481	14,623	15,735	16,503	17,250	18,053	3,572

Table 3. 2011 Kāpiti Coast District 'Medium' Employment Projections by MERA (Monitoring Evaluation and Research Associates), 1 March 2011.

Financial Considerations

44 There are no financial considerations at this time.

Legal Considerations

45 There are no legal considerations relevant to this report.

Delegation

46 The Regulatory Management Committee has the ability to consider this matter. It has the following objective in Part B of the Council's current Governance Structure:

7.22 Authority to undertake the formal review of the District Plan as dictated by the statutory timeframes included in the Resource Management Act 1991,

Consultation

47 Consultation has not been required in the preparation of this report.

Policy Implications

48 There are no policy implications at this time.

Publicity Considerations

49 A press release will be prepared on this matter.

RECOMMENDATIONS

50 That the Regulatory Management Committee approves the medium growth projections as set out in Tables 1, 2 and 3 contained in this report (SP-11-118) as the working assumptions for the District Plan Review.

Report prepared by:

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Appendix 1 – Details of existing growth projections

Population		2001	2006	2011	2016	2021	2026
Statistics NZ 2005 projections	High		48,900	53,100	57,200	61,300	65,300
	Med	43,600	47,700	50,500	53,200	55,800	58,200
	Low		46,400	47,900	49,200	50,300	51,300

Table A1. 2006 Population Projections for the Kāpiti Coast 2001 to 2026 (pp. 26 Development Management Strategy, 2007).

Households	2001	2006	2011	2016	2021	2026	Change 2001- 2026
Kāpiti Coast District	17,397	19,360	20,889	22,392	23,749	24,931	7,534

Table A2. 2006 Projected number of Households for the Kāpiti Coast 2001 to 2026 under the Medium Projection Scenario (pp. 26 Development Management Strategy, 2007).

Census Area Unit	2006	2011	2016	2021	2026	2031	Change 2006- 2026
Waikanae Beach	2,895	2,996	3,066	3,106	3,265	3,351	370
Waikanae Central	5,607	5,990	7,291	8,605	8,857	9,131	3,250
Waikanae East	1,986	3,485	3,576	3,629	3,744	3,863	1,758
Kaitawa	474	490	517	517	536	547	62
Ōtaki Forks	1,410	1,453	1,486	1,509	1,567	1,620	157
Te Horo	675	686	715	733	763	787	88
Ōtaki	5,466	5,745	6,469	6,988	7,509	8,036	2,043
Paraparaumu Beach North	3,255	3,324	3,353	3,416	3,549	3,688	294
Otaihanga	1,110	1,137	1,172	1,198	1,246	1,293	136
Paraparaumu Beach South	4,674	4,829	4,883	4,968	5,169	5,364	495
Paraparaumu Central	8,238	8,519	8,631	8,810	9,166	9,528	928
Raumati Beach	4,455	4,607	4,669	4,768	4,959	5,152	504
Raumati South	3,507	3,596	3,655	3,746	3,899	4,056	392
Paekākāriki	1,599	1,608	1,587	1,587	1,594	1,587	-5
Kapiti Island	9	0	0	0	0	0	-9
Maungakotukutuku	837	858	895	913	950	987	113
Kapiti Coast District	46,197	49,323	51,965	54,493	56,773	58,990	10,576

Table A3. Projected 2006 to 2031 Usually Resident NZ Population by 1996 Area Unit of Usual Residence under the Medium Projection (pp. 101 LTCCP, Table B.4 Part 2 2009). Based on 1996 area units.

Census Area Unit	2006	2011	2016	2021	2026	2031	Change 2006- 2026
Waikanae Beach	1,194	1,273	1,333	1,387	1,497	1,545	303
Waikanae Central	2,619	2,812	3,439	4,071	4,203	4,324	1,584
Waikanae East	822	1,436	1,466	1,486	1,554	1,615	732
Kaitawa	174	173	185	184	198	207	24
Ōtaki Forks	537	569	594	609	651	683	114
Te Horo	288	295	311	328	344	357	56
Ōtaki	2,316	2,492	2,883	3,175	3,462	3,737	1,146
Paraparaumu Beach North	1,254	1,313	1,353	1,413	1,500	1,571	246
Otaihanga	408	418	439	454	479	498	71
Paraparaumu Beach South	2,028	2,115	2,171	2,236	2,342	2,441	314
Paraparaumu Central	3,312	3,487	3,591	3,720	3,907	4,081	595
Raumati Beach	1,845	1,946	2,013	2,088	2,181	2,278	336
Raumati South	1,350	1,438	1,507	1,588	1,676	1,757	326
Paekākāriki	660	670	667	674	678	687	18
Kapiti Island	3		0	0	0	0	-3
Maungakotukutuku	300	314	332	343	360	382	60
Kapiti Coast District	19,110	20,751	22,284	23,756	25,032	26,163	5,922

Table A4. Projected 2006 to 2031 Occupied Private Households by Area Unit under the Medium Projection (LTCCP, Table B.3 Part 2 2009). Based on 1996 area units.

Kapiti Coast Local Service Area	2006	2011	2016	2021	2026	2031	Change 2006- 2026
Ōtaki	1,964	2,233	2,371	2,468	2,562	2,665	598
Rural North	1,022	1,118	1,163	1,193	1,221	1,252	199
Waikanae Area	2,574	2,943	3,140	3,242	3,332	3,426	758
Paraparaumu/Raumati/ Otaihanga	8,389	9,888	11,051	11,666	12,273	12,926	3,884
Paekākāriki	310	349	367	381	393	406	83
Rural South	280	326	358	380	403	430	124
Kapiti Coast District	14,539	16,856	18,451	19,330	20,185	21,104	5,646

Table A5. Projected 2006 to 2031 Medium Employment Projection (LTCCP, Table B.5 Part 2 2009).

Distribution	Actual 2006	2009 Projections for 2011			Current 2011 Estimates
		Low	Medium	High	
Ōtaki	5,450	5,700	5,750	5,900	5,550
Rural North	2,550	2,600	2,650	2,700	2,750
Waikanae Area	10,500	12,250	12,450	12,750	10,950
Paraparaumu/ Otaihanga	17,250	-	-	-	18,550
Raumati	8,000	-	-	-	8,350
Paraparaumu/ Raumati	25,250	25,300	26,000	26,700	26,900
Paekākāriki	1,600	1,550	1,600	1,650	1,500
Rural South	800	850	850	900	900
District	46,200	48,250	49,300	50,500	48,550

Table A6. 2006 Actual Population, plus the 2009 Population Projections and the Current 2011 Population Estimates by MERA (Monitoring Evaluation and Research Associates).

Table A6 shows where we are (Current 2011 Estimates) compared to where we thought we would be (2009 Projections for 2011) relative to 2006 actual population figures.