Proposed Kapiti Coast District Plan

Urban Growth Management and Housing Supply/Demand Analysis
Prepared for Kapiti Coast District Council

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CONTENTS

1.0 Introduction 1

2.0 Summary of Submissions 1

3.0 Summary of Documents and Data Informing Urban Growth Management 1

3.1 Resource Management Act Reform 2

3.2 Housing Affordability Reports and Other Central Government Policy Direction on Housing 3

3.3 Regional Policy Statement 6

3.4 Updated Housing Supply and Demand Analysis in the Kapiti Coast District 7

4.0 Analysis of Proposed District Plan in Response to Submissions 12

4.1 Consolidation and Urban Limits Approach 12

4.2 Housing Affordability 13

4.3 Intensification 13

4.4 Housing for All Life Stages/Smaller Houses 14

5.0 Conclusion and Recommendations 14

6.0 References 15

Appendices

Appendix 1: Vacant Lot Distribution and Range

Appendix 2: Maps showing vacant and larger residential lots

1.0 Introduction

This report is a review and refresh of the Kapiti Coast District Council's (KCDC's) key information and assumptions underpinning the KCDC's approach to urban growth management in the Proposed District Plan (PDP). In particular, the report focuses on the demand and supply of new housing growth and development responding to matters raised in submissions on the PDP. It is understood this report will be used to inform the Council officer's Section 42A (of the RMA) Report evaluating these submissions.

2.0 Summary of Submissions

Submissions from property owners, land development companies (e.g. surveying, planning, engineering) and individuals raise various points on the PDP approach to urban growth management and the supply and demand for new housing. The submission points can be summarised into the following main themes:

- PDP should better align with central government's and other political parties policy announcements on housing affordability, urban land supply and RMA Reform.
- Revise Residential Zone provisions based on current economic, political and social data.
- Need for housing suitable for all stages of life and people (e.g. aging, disabled, smaller families, changing work arrangements).
- Opposition to consolidation approach and urban limits, as well as minimum lot sizes in Residential Zone.
- Greater intensification (e.g. medium density housing and infill) sought across a wider area, including smaller lot subdivision.

These themes are discussed and analysed below.

3.0 Summary of Documents and Data Informing Urban Growth Management

A range of legislation, policy statements, technical and research reports and data informed the overall approach and detail of the PDP provisions on urban growth management. Key legislation, policy statements, reports and data included:

- Resource Management Act 1991
- Wellington Regional Land Transport Strategy 2012
- Wellington Regional Economic Development Strategy 2012

- Population and Employment Forecasts, MERA, 2012
- Housing Choice and Affordability, Hill Young Cooper and the University of Auckland, 2011
- Series of reports on growth management, future growth areas (Otaki and Waikanae North), and growth-related issues related to the proposed Expressway, MWH, 2011
- KCDC Resource Consent Data as at 2011/12
- Land Information New Zealand Cadastral Property Database 2011/12
- Statistics New Zealand Housing and Population Projections 2011
- Proposed Regional Policy Statement for the Wellington Region, 2009
- KCDC Development Management Strategy 2007
- Statistics New Zealand Census Data 2006

The majority of these laws, policy statements, reports and data was enacted, adopted, reported or sourced in 2010 – 2012 during the research, evaluation and preparation stage of the PDP. Since that time, new data, information and/or policy direction or law reform has become available. Key documents and data relevant to urban growth management on the Kapiti Coast and the PDP and submissions received are:

- Second Phase of Resource Management Act Reform/Resource Legislation Amendment Bill 2015
- Land Information New Zealand Cadastral Property Database 2014/15
- Statistics New Zealand Housing and Population Projections 2014
- KCDC Resource Consent Data 2012 - 2014
- Operative Regional Policy Statement for the Wellington Region 2013
- Statistics New Zealand Census Data 2013
- Housing Affordability Inquiry Final Report, The New Zealand Productivity Commission, March 2012

Below is a brief commentary on these documents and data in the context of the submissions on urban growth management provisions in the PDP. In effect, this commentary is an 'update' of the earlier documents and data noted above.

3.1 Resource Management Act Reform

In November 2015 the government announced the second phase of the reform of the Resource Management Act in the form of the Resource Legislation Amendment Bill 2015. One matter addressed in these reforms is housing affordability and the supply of residential and business land. This reform was informed by various reports, including some discussed below relevant to urban growth management.

One of the proposals in the reform is the requirement for Councils to be forward thinking in terms of urban growth management, in particular, having a proactive plan to have sufficient residential and business land for development.

Specific changes proposed to the Resource Management Act in the Resource Legislation Amendment Bill 2015 relevant to urban growth management are:

- Amend Sections 30 (Functions of Regional Councils under the RMA) and 31 (Functions of Territorial Authorities under the RMA) by inserting the following function and definition:
    - *The establishment, implementation, and review of objectives, policies, and methods to ensure that there is sufficient development capacity in relation to residential and business land to meet the expected long-term demands of the region/city/district*
    - ***Development capacity****, in relation to residential and business land, means the capacity of the land for development, taking into account the following factors:*
        - *(a) the zoning of the land; and*
        - *(b) the provision of adequate infrastructure, existing or likely to exist, to support the development of the land, having regard to—*
            - *the relevant proposed and operative policy statements and plans for the region; and*
            - *the relevant proposed and operative plans for the district; and*
            - *any relevant management plans and strategies prepared under other Acts; and*
        - *(c) the rules and methods in the operative plans that govern the capacity of the land for development; and*
        - *(d) other constraints on the development of the land, including natural and physical constraints.*

In effect, this new function on Councils is the subject of this report, which includes a calculation on the development capacity ('supply') of residential land in the Kapiti Coast District. Therefore, the Kapiti Coast District Council is already to some degree achieving the intent of this aspect of the reform in proactively planning for future housing needs. A 'watching brief' should be kept on the reform process, particularly the progress of the Amendment Bill through Parliament during the PDP hearing process, to consider the opportunity to future-proof the PDP.

3.2 Housing Affordability Reports and Other Central Government Policy Direction on Housing

Since preparation and public notification of the PDP a number of reports and commentaries have been produced on housing, including housing affordability. Below is a summary of these reports and policy.

3.2.1 NZ Productivity Commission Final Report on Housing Affordability

A principal report on this topic is the New Zealand Productivity Commission's final report on its Housing Affordability Inquiry. Key points from this final report relevant to urban planning and housing affordability in the context of the Kapiti Coast District are:

- *The prevailing principles and practice of urban planning have a negative influence on housing affordability in our faster-growing cities. Through their plans, councils may impede residential development by constraining the amount of land they allow for the construction of new housing.*
- *The widespread planning preference for increasing residential densities and limiting greenfield development to achieve this places upward pressure on house prices across the board. In Auckland the MUL is a constraint on the supply of land for urban growth and has worked to increase section prices within Auckland city.*
- *Increased availability of residential land for development would help address affordability. This could be achieved by bringing significant tracts of both greenfield and brownfield land to the market in Auckland and Christchurch, and exploring the options for doing so in other high-growth centres.*
- *More generally, the Commission recommends that Territorial Authorities:*
    - *take a less constrained approach to the identification, consenting, release, and development of land for housing in the inner city, suburbs, and city fringe;*
    - *adopt a strategy that allows for both intensification within existing urban boundaries and orderly expansion beyond them;*
    - *reduce barriers to densification and consider more flexible approaches to achieve a balance between neighbourhood amenity and new development in existing suburbs;*
    - *develop strategies that promote adequate competition between developers for the sale of construction-ready sections;*
    - *ensure alignment between policy objectives, planning rules and consenting processes.*
- *There is scope for councils, developers, land owners and builders to collaborate in bringing affordable housing to market, by ensuring the alignment of land release in suitable locations, the provision of infrastructure, and market demand.*
- *The slow pace at which land for housing is planned, zoned, and released contributes to the high price of sections and thereby house prices. Significant transaction costs, including delays, and high compliance costs are reflected in prices and increased risk, which may deter development.*
- *Planning must take account of the Local Government Act, the Resource Management Act and the Land Transport Management Act. These statutes have different legal purposes, timeframes, processes and criteria. With multiple participants and decision-makers, there is no single mechanism for facilitating engagement, securing agreement among participants and providing information for robust decision-making. There also appears to be an absence of a framework in which the impacts of local government decisions on wider government policies, programmes and objectives can be examined.*

The salient points with this report and in the context of the PDP and submissions received is the need to ensure sufficient land is supplied for residential development to meet demand. This land supply needs to be both in the form of greenfield land as well as within existing urban areas.

This conclusion is also re-iterated in other recent reports[1] on housing demand and supply and housing affordability.

The analysis in Sections 3.4 and 4 of this report reviews the status of residential land supply and housing demand for the Kapiti Coast and how the PDP responds to these issues.

3.2.2 Central Government Policy Direction

Housing is an important priority for central Government and is a key item in its Business Growth Agenda. A key focus for this policy area is on land supply, with key actions in implementing this policy including:

- Productivity Commission Inquiry into Housing Affordability and implementing its recommendations.
- Passing Housing Accords and Special Housing Areas legislation to fast-track residential development in areas where housing affordability is an issue.
- Reforms to the Resource Management Act to reduce costs and regulatory barriers.

A key initiative established by central Government is an inter-agency work programme on housing supply and housing affordability. This initiative is primarily led by the Ministry of Business, Innovation and Employment and Treasury, with supporting roles assumed by the Ministry for the Environment and Department of Internal Affairs[2].

The programme comprises a mix of existing initiatives with the Resource Management reforms, the Better Local Government programme along with a series of new initiatives to identify the root cause of barriers and explore options for improvement. The programme focuses on the following to address supply side issues:

- Land use regulation: Using the Resource Management reform process to provide greater central government direction on housing affordability and to promote increased forward land supply, consistency in planning documents and a broader range of permitted activities (as discussed in Section 3.1 of this report).
- Local government infrastructure provision: Considering ways to ensure that infrastructure provision for residential subdivision is provided in a timely, efficient and co-ordinated manner, including:
    - exploring alternative methods of local authority infrastructure provision such as private provision and ownership.

      This is intended to be advanced through 'development agreements' (i.e. binding agreements between local authorities and developers for the private provision of infrastructure) that will form part of impending amendments to the Local Government Act.

    - reviewing the transparency of, and accountabilities for, local authority supplied infrastructure, including potential alternatives to the current system of development contributions.

[1] Motu Research Report on "Impacts of Planning Rules, Regulations, Uncertainty and Delay on Residential Property Development" January 2015; NZIER Report to MfE and Treasury on "The Price is Right: Land Prices Can Help Guide Land Use Regulations" September 2015; and Auckland Council Chief Economist Report on Housing Supply, Choice and Affordability, September 2015

[2] MBIE (2013), Briefing to the Incoming Minister of Housing, pgs.9-10

> *Based on policy advice supplied by the Department of Internal Affairs, Cabinet has agreed to retain a development contributions regime but to improve the current system by initiating a series of improvements such as clarifying and narrowing the range of eligible infrastructure (e.g. types of infrastructure that service local neighbourhood needs), encouraging private provision of infrastructure through development agreements and introduction of an independent objection process*.

- A Ministerial Group comprising Finance, Economic Development, Local Government, Housing, Environment and Building and Construction has been established to provide programme oversight, and sector engagement is being advanced through a Mayor's and Ministers Affordability Committee and a Housing Affordability Sector Reference Group.

Apart from the Resource Management Act reform discussed earlier in this report, at this time, it is understood the other programme and actions are still being progressed within central government.

A few submissions also refer to the housing policies of the main political parties being relatively aligned on housing affordability, including land supply.

The Labour Party's housing policy also includes a focus on "ensuring Councils increase the supply of residential land and housing through a National Policy Statement on affordable housing".

In terms of planning regulations, the Green Party's housing policy contains various initiatives, including to "develop a National Policy Statement on housing to streamline consent processes and incorporate sustainability standards; ensure housing development and subdivision provisions of district plans minimise car use and increase ability to use public transport; support mixed-use zones where small business and residential living can both be accommodated; and work with local authorities to develop urban density guidelines to avoid both sprawl and overcrowding".

New Zealand First's housing policy has limited direct reference or applicability to planning regulations, apart from an outcome of "encourage smaller and more affordable houses on smaller sections".

3.3 Regional Policy Statement

Since the PDP was publicly notified, the Proposed Regional Policy Statement (RPS) for the Wellington Region has been formally made operative. In preparing the PDP, the Proposed RPS was had regard to as the primary RPS document as all appeals had been resolved. In comparing the urban growth management provisions in the Proposed RPS with the Operative RPS, there is no significant difference.

As noted in Section 3.3 of the Section 32 Report: Living Environment for the PDP:

> *While the detailed provisions of the RPS and PRPS are not identical, they are largely similar in overarching theme. The Plan has recognised this, and been drafted in a way that gives effect to the former, and sufficiently regards the latter.*

Expanding on this comment, Section 3.9 of the RPS relates to regional form, design and function. Objective 21 in the Proposed RPS (Objective 22 in the Operative RPS) states:

"A compact well designed and sustainable regional form that has an integrated, safe and responsive transport network and:

> *(b) an increased range and diversity of activities in and around the regionally significant centres to maintain vibrancy and vitality;*
>
> *(d) development and/or management of the Regional Focus Areas identified in the Wellington Regional Strategy;*
>
> *(e) urban development in existing urban areas, or when beyond urban areas, development that reinforces the region's existing urban form;*
>
> *(g) a range of housing (including affordable housing);*
>
> *(i) integrated land use and transportation;*

Furthermore, a series of policies (Policies 30, 31, 33, 54, 55, 56, 57 and 58 in the Operative RPS) provide direction and guidance to achieve the above objective. Key points from these policies are:

- District Plans are to maintain and enhance the viability and vibrancy of regionally significant centres (with the Paraparaumu Town Centre specifically listed)
- District Plans are to identify and promote higher density and mixed use development
- District Plans are to identify and protect key industrial-based employment locations
- District Plans are to support a compact, well designed and sustainable regional form
- Various considerations should be had particular regard to in reviewing/changing a District Plan, including:
    - Region's urban design principles as expressed in the RPS (Appendix 2)
    - District Council's growth/development framework or strategy
    - Progress towards achieving the Wellington Regional Land Transport Strategy.

As recorded in Section 3.3 of the Section 32 Report: Living Environment for the PDP, the PDP gives effect to these policies through a variety of policies, methods and rules. Based on a review of the Operative RPS as it relates to the PDP, it is considered there has not been any marked change from the Proposed RPS.

3.4 Updated Housing Supply and Demand Analysis in the Kapiti Coast District

In 2011 and 2012 Council analysed housing supply and demand for the Kapiti Coast District. The analysis of vacant and developable land focused on properties within the residential zone. The information presented below is an update to this analysis. For ease of reference, the respective 2011/2012 information is presented along with more up-to-date data (where available). In undertaking this analysis, the same assumptions used in the 2011/2012 analysis has been applied to enable the data to be accurately compared as follows:

- Include all lots <4000m^2 with a capital improvement value of less than $50,000 (these are assumed to be vacant)
- All lots >4000m^2 regardless of capital improvement value

The analysis excluded:

- parcels less than 200m2
- land within the expressway designation
- retirement villages, golf courses and Ministry of Education owned properties (schools)

3.4.1 Vacant Lot Distribution and Range

The distribution of vacant lots across the district is similar to that in the 2011/12 analysis. For lots <4,000m^2 in all townships the most common vacant lot size is in the 500m^2-1,000m^2 range (Otaki 47%, Te Horo 89%, Peka Peka 51%, Waikanae 47%, Paraparaumu 53%, Raumati 50%, Paekakariki 36%). For the larger vacant >4,000m^2 the distribution is more evenly spread between 4,000m^2 and 2ha with the most common range in the 5,000m^2 to 7,000m^2 lot sizes. In all townships not many lots are >2ha.

In terms of the range of vacant lots throughout the district Waikanae has the greatest range with individual lots up to 31.4ha and the Ngarara land holding of 183ha. For Raumati/Paraparaumu the maximum individual vacant lots are 6.4ha/7.3ha reflecting the larger townships closest to Wellington being the most developed. Not surprisingly given the lack of infrastructure (waste water treatment) in Te Horo and Paekakariki that would support further subdivision there are no vacant lots >4,000m^2.

3.4.2 Vacant Residential Land

A review of the supply of vacant residential land was undertaken with the 2011 and 2016 reports presented in Table 1 below

Table 1: Vacant Residential Land

Township	2011 Residential Vacant (ha)	2016 Residential Vacant (ha)
Otaki	154	152.5
Te Horo	4	3.5
Peka Peka	27	31.5
Waikanae *	108	206.9
Paraparaumu	121	157.5
Raumati	51	66.4
Paekakariki	1	2.1
TOTAL	**466**	**620.4**

* This does not include 183ha Ngarara zone which requires masterplan and additional consents. It does include 55.5ha Waikanae North Development Zone

The reason for the increase in vacant land from 2011 to 2016 is a result of rezoning through private plan changes, in particular Waikanae North Development Zone, Pekawy and throughout the district including land previously excluded due to flood risk being added back into the vacant areas. The 30% provision for roads, reserves which includes flood prone land unsuitable for development but suitable for reserves, has been built into the potential yield analysis outlined below.

3.4.3 Projected Households and Population

Tables 2 and 3 below summarise the projected number of households and population up to 2032.

Table 2: Household Projections – MERA 2012

Census Local Area Unit	2011	2012	2016	2021	2026	2031	2032	Change
Waikanae Beach	1,305	1,318	1,372	1,448	1,526	1,593	1,606	301
Waikanae East	915	926	968	1,022	1,065	1,106	1,115	200
Peka Peka	148	152	168	184	206	240	247	99
Waikanae Park	904	967	1,218	1,619	2,005	2,421	2,504	1,600
Waikanae West	1,742	1,758	1,824	1,843	1,882	1,910	1,916	174
Kaitawa	229	234	256	259	263	259	258	29
Otaki Forks	633	645	696	696	691	672	669	36
Te Horo	332	331	327	340	352	368	371	39
Otaki	2,462	2,489	2,596	2,668	2,777	2,866	2,884	422
Paraparaumu Beach North	1,348	1,372	1,469	1,513	1,542	1,563	1,567	219
Otaihanga	464	483	562	616	659	702	710	246
Paraparaumu Beach South	2,192	2,211	2,286	2,380	2,462	2,525	2,537	345
Paraparaumu Central	3,601	3,688	4,036	4,315	4,578	4,802	4,846	1,245
Raumati Beach	1,991	2,023	2,152	2,271	2,351	2,447	2,466	475
Raumati South	1,442	1,474	1,602	1,760	1,891	2,026	2,054	612
Paekakariki	664	659	637	639	638	619	615	-49
Maungakotukutuku	371	379	413	424	434	432	432	61
GRAND TOTAL	20,742	21,110	22,583	23,996	25,321	26,552	26,798	6,056

The MERA household and population projections were used as they provided projections at the township level that were calibrated using local knowledge from Council planners on likely areas of growth and development.

Table 3: Population Projections - MERA 2012

Census Local Area Unit	2011	2012	2016	2021	2026	2031	2032	Change
Waikanae Beach	3,042	3,058	3,121	3,224	3,322	3,415	3,434	392
Waikanae East	2,105	2,122	2,192	2,291	2,386	2,474	2,492	387
Peka Peka	299	303	316	350	357	408	418	119
Waikanae Park	1,816	2,002	2,748	3,702	4,635	5,616	5,813	3,997
Waikanae West	3,575	3,587	3,635	3,659	3,739	3,785	3,795	220
Kaitawa	585	586	588	586	577	561	558	-27
Otaki Forks	1,561	1,549	1,504	1,455	1,406	1,338	1,324	-237
Te Horo	714	718	734	761	784	807	812	98
Otaki	5,695	5,770	6,071	6,159	6,324	6,485	6,517	822
Paraparaumu Beach North	3,469	3,479	3,522	3,558	3,597	3,607	3,609	140
Otaihanga	1,187	1,212	1,311	1,427	1,526	1,631	1,652	465
Paraparaumu Beach South	5,007	5,033	5,140	5,299	5,426	5,516	5,535	528
Paraparaumu Central	8,952	9,056	9,474	10,012	10,513	10,925	11,007	2,055
Raumati Beach	4,684	4,718	4,854	5,062	5,198	5,382	5,419	735
Raumati South	3,633	3,685	3,897	4,187	4,438	4,679	4,728	1,095
Paekakariki	1,547	1,534	1,481	1,442	1,393	1,335	1,323	-224
Maungakotukutuku	938	937	935	938	946	941	940	2
GRAND TOTAL	48,808	49,351	51,523	54,112	56,566	58,905	59,373	10,565

The above tables outline that over the next 16 years there will be approximately 6056 additional households. There is currently approximately 620ha of vacant resident zoned land. There is an additional 183ha in the Ngarara zone located along the central/northern residential zone. Any development within this zone requires masterplan approval and resource consent. Inclusion of the Ngarara zone land would provide a total of 803ha of land available. This would equate to 1,326m^2 per lot. Assuming a conservative 30% of the land will be needed for roads and reserves this would amount to approximately 928m^2 per lot. As such from a districtwide level there is sufficient land available to meet the projected future households for the next 16+ years.

Table 4: Residential Development Density

Township	2016 Residential Vacant (ha)	2032 Household Projections	Density m2 per lot *
Otaki	152.5	422	2,530m^2
Te Horo beach	3.5	39	897m^2
Peka Peka	31.6	99	2,234m^2
Waikanae #.	206.9	2,275	637m^2
Paraparaumu	157.5	2,055	536m^2
Raumati	66.4	1,087	425m^2
Paekakariki	2.1	-49	n/a
TOTAL	**620.4**	**5928**	

Notes:

* The average lot size density was reduced by 30% estimated to be required for roads and reserves, except for Te Horo beach where roads and reserves are already provided. The % excluded is based on Kotuku Parks development at Paraparaumu Beach which provides for open spaces and roads that is fairly representative of future subdivisions throughout the Kapiti Coast taking into account natural hazards.

This does not include 183ha Ngarara zone which requires masterplan and additional consents. If it was included the average lot size would be 1,200m^2.

Refer appendix 2: maps showing vacant land

In Raumati and Paraparaumu the 425m^2 / 536m^2 average lot size are relatively small. Further development of apartments within the Raumati and Paraparaumu village centres and medium density development close to village centres and Paraparaumu railway station could take up some of this demand with consequential lower density developments within the current low density suburban areas of Raumati/Paraparaumu. Further demand could also be accommodated in the Waikanae north area.

If there are land availability constraints in one of the towns in the Waikanae-Raumati urban area new residents to the Kapiti coast can choose to live in a similar environment in one of the other townships all of which are in close proximity to Wellington. Taking this into account and with the Ngarara zone providing an additional 183ha, overall it is considered that there is sufficient land and choice to provide for the projected increase in households over the next 16+ years throughout the district.

4.0 Analysis of Proposed District Plan in Response to Submissions

As noted in Section 2 of this report, a number of themes were raised in submissions on the PDP relating to urban growth management. This section of the report evaluates the relief sought in submissions on urban growth management. This section has been structured responding to ‘big picture’ and strategic approaches to urban growth management first, followed by more specific matters.

4.1 Consolidation and Urban Limits Approach

A few submissions on the PDP question or oppose the consolidation and urban limits approach. The primary reasons given in submissions for questioning or opposing this approach is that it unduly restricts land supply, impacts on housing affordability, and does not provide flexibility in where and how settlements develop (in terms of greenfield developments). Submitters contended this approach would have a range of consequential impacts, such as reducing economic growth and limiting opportunities for people to purchase houses (e.g. first-home buyers and young families). Other submitters expressed concern about the effects of this approach in terms of intensifying existing settlements and changing the character and qualities of the existing residential areas. The matters of housing affordability, intensification and housing for all ages are addressed in the sections below.

Objective 2.3 seeks:

> *“To maintain a consolidated urban form within existing urban areas and a limited number of identified growth areas which can be efficiently serviced and integrated with existing townships, delivering:*
>
> *a) …*
>
> ***f) an adequate supply of housing and areas for business/employment to meet the needs of the districts anticipated population which is provided at a rate and in a manner that can be sustained within the finite carrying capacity of the district.”***

This approach to urban growth is guided by the Council’s Development Management Strategy 2007. The Section 32 Report states the basis for a compact urban form is to protect important natural resources, make efficient use of existing infrastructure, enable business and employment opportunities, and ensure housing needs are met.

The focus of this analysis and report is on the last point in this objective and reasoning, being ensuring there is an adequate supply of housing. Concern and contention regarding the inadequate supply of housing appears to be the main reason expressed by submitters opposing the consolidation and urban limits approach.

Based on the analysis in Section 3 above, overall, it is considered that there is sufficient land and choice to provide for the projected increase in households over the next 16+ years throughout the district. However, at the township level, Raumati and Paraparaumu have potentially constrained supply and consideration should be given to enabling further intensification opportunities in these two locations. There is however no need to expand the current urban boundaries.

The Council should regularly (say every 2-3 years) monitor the supply of residential land to ensure sufficient supply, and that Council should review the housing/population projections and actual uptake as part of this monitoring.

Given the above, it is recommended the consolidation and urban limits approach is retained.

4.2 Housing Affordability

A number of submitters express concern about housing affordability. Housing affordability was identified as a particular issue to be addressed by the PDP. The PDP responds to this issue by providing an increased mix of housing forms and types. However, submitters contend the provisions for housing choice and land supply do not go far enough to ensure housing is affordable.

As part the research and evaluation to inform the preparation of the PDP, Council commissioned a report[3] on housing choice and affordability in the district. As detailed in this report, there are a range of factors which influence housing affordability. This report concluded that housing affordability in the Kapiti Coast District was a particular issue for a sector of the community (low/modest income). The report recommended a range of measures to address this issue, with greater provision of housing choice in the District Plan being one measure.

More recent reports[4] on housing affordability identified a range of factors that influence this issue, both on the demand and supply sides. On the demand side, increasing population (through natural population growth and migration) and lower number of occupants per dwelling are identified as two key factors influencing housing affordability. On the supply side, planning constraints in the form of limited supply of greenfield (undeveloped) land and limitations on intensification of existing urban areas were identified as two further factors.

In terms of the scope and context of this analysis and report ensuring there is sufficient greenfield land identified in the PDP for development to meet the projected population and housing demand, should minimise the influence of planning constraints on housing affordability in the Kapiti Coast District. As analysed and concluded in Section 3 of this report, for the district as a whole, it is considered the current extent of greenfield land identified in the PDP is sufficient for the projected population. Notwithstanding this conclusion, it is recommended the Council regularly (say every 2-3 years) monitors the availability and uptake of greenfield land to ensure there is sufficient supply and that Council should review the housing/population projections and actual uptake as part of this monitoring.

4.3 Intensification

A few submitters question the lack of provision for intensification within the existing urban areas. Providing for a greater amount of intensification is another form of increasing the potential land supply in the district. Increasing the amount of land supply via intensification can be achieved by two means; firstly, increasing the footprint (area) where intensification is provided for; secondly, allowing smaller lots/dwellings within this area or a mix of the two.

While analysing the intensification capacity of the existing urban areas is outside the scope of this report, based on the findings of the greenfield capacity analysis in Section 3 of this report, it

[3] Kāpiti Coast District Plan Review: Housing Choice and Affordability (2011), prepared by Hill Young Cooper.

[4] Housing Supply, Choice and Affordability: Trends, economic drivers, and possible policy interventions (2015), prepared by Chris Parker, Chief Economist, Auckland Council; and Housing Affordability Inquiry (2012) by the New Zealand Productivity Commission.

is suggested the Council make additional provision for intensification in the PDP for Raumati/Paraparaumu through a change to the district plan once it is made operative. Undertaking the further analysis through a plan change process will allow consultation with affected communities, tangata whenua and stakeholders. This additional provision could be in the form of identified further intensification near villages' centres or reducing the minimum lot size/density control in close proximity to village centres and Paraparaumu railway station. It is noted a number of other factors beyond capacity would need to be considered in determining the appropriate response to providing for this additional intensification.

4.4 Housing for All Life Stages/Smaller Houses

A number of submitters raise concern regarding the PDP providing insufficient recognition or provision for housing for all life stages. A particular matter raised in submissions is the lack of provision for smaller houses for older people as well as young families.

This matter was specifically identified in the Hill Young Cooper report Council commissioned on housing affordability in 2011. The PDP does make specific provision for this issue, in particular, Policy 5.3 directly relates to housing choice, and provides for smaller households and housing for older persons. Given this provision, the key issue is how the PDP applies this policy, such as in the rules, standards and other methods. Evaluating the appropriateness of these rules, standards and other methods is outside the scope of this report. However, it is noted that providing flexibility in the rules, standards, not requiring applications to be notified to provide more certainty in gaining approvals for smaller houses and houses for older people and other methods would increase the ability to provide for housing choice.

5.0 Conclusion and Recommendations

This report has reviewed and updated the analysis on the demand and supply of new housing in the Kapiti Coast District in response to submissions on the PDP. This review has also considered recent legislative proposals and other reports into the demand and supply of housing in New Zealand.

The analysis concludes that as a whole, the PDP provides sufficient greenfield residential land to meet the currently projected population and housing demand. Notwithstanding this conclusion, Raumati and Paraparaumu are identified as requiring further intensification opportunities to retain the current low density environments in their suburban areas.

Based on the findings of this report, the following is recommended:

1. Retain consolidated urban form approach to urban growth management in the PDP.
2. Retain the location and extent of areas identified for residential urban growth in the PDP.
3. Once the PDP is made operative, as part of a plan change process identify areas suitable for further residential intensification at Raumati and Paraparaumu in the PDP to meet the short and long term demand for housing in these locations.

4. That Council regularly (2-3 years) monitors the demand and supply (availability) of residential growth areas to ensure there is sufficient supply to meet the projected demand.

6.0 References

Grimes, A and Mitchell, I. (2015) *Impacts of Planning Rules, Regulations, Uncertainty and Delay on Residential Property Development,* Motu Economic and Public Policy Research

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MWH (2011). *Growth Management Framework*. Report Prepared by MWH Ltd for Kapiti Coast District Council.

MWH (2011). *Otaki Urban Growth Limits*. Report Prepared by MWH Ltd for Kapiti Coast District Council.

New Zealand Productivity Commission (2012). *Housing Affordability Inquiry – Final Report*

NZIER (2015). *The Price is Right: Land Prices Can Help Guide Land Use Regulations.* NZIER Report to the Ministry of the Environment and Treasury.

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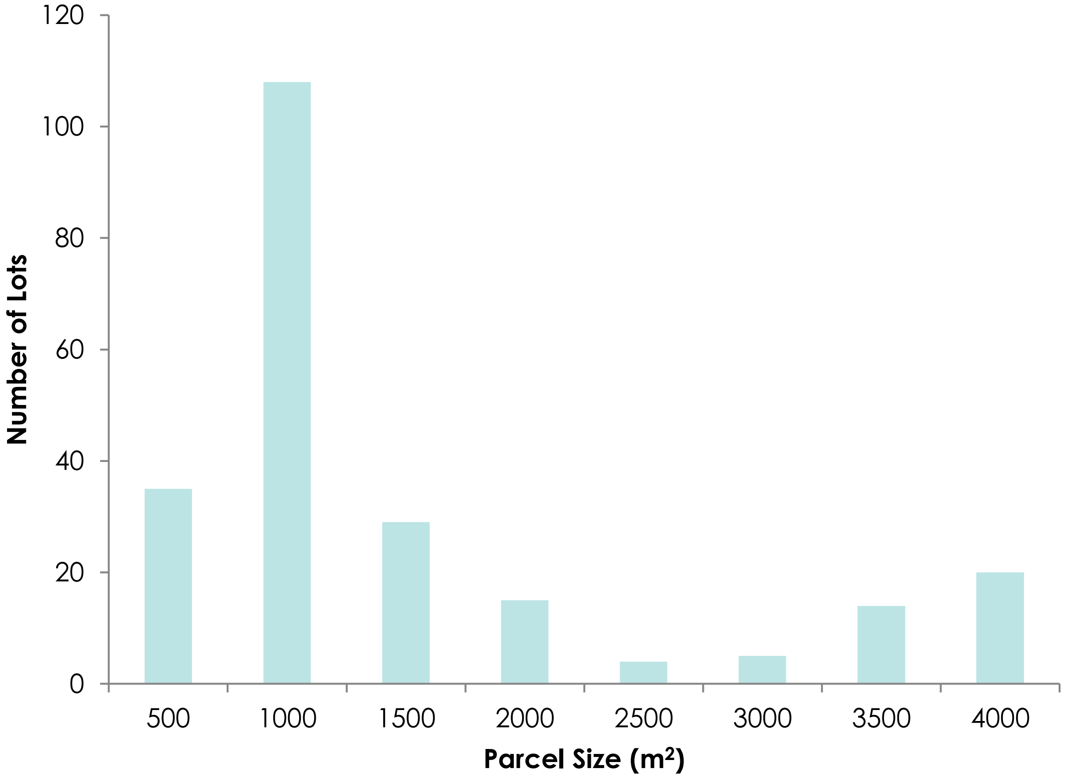
Appendix 1: Vacant Lot Distribution and Range

Range

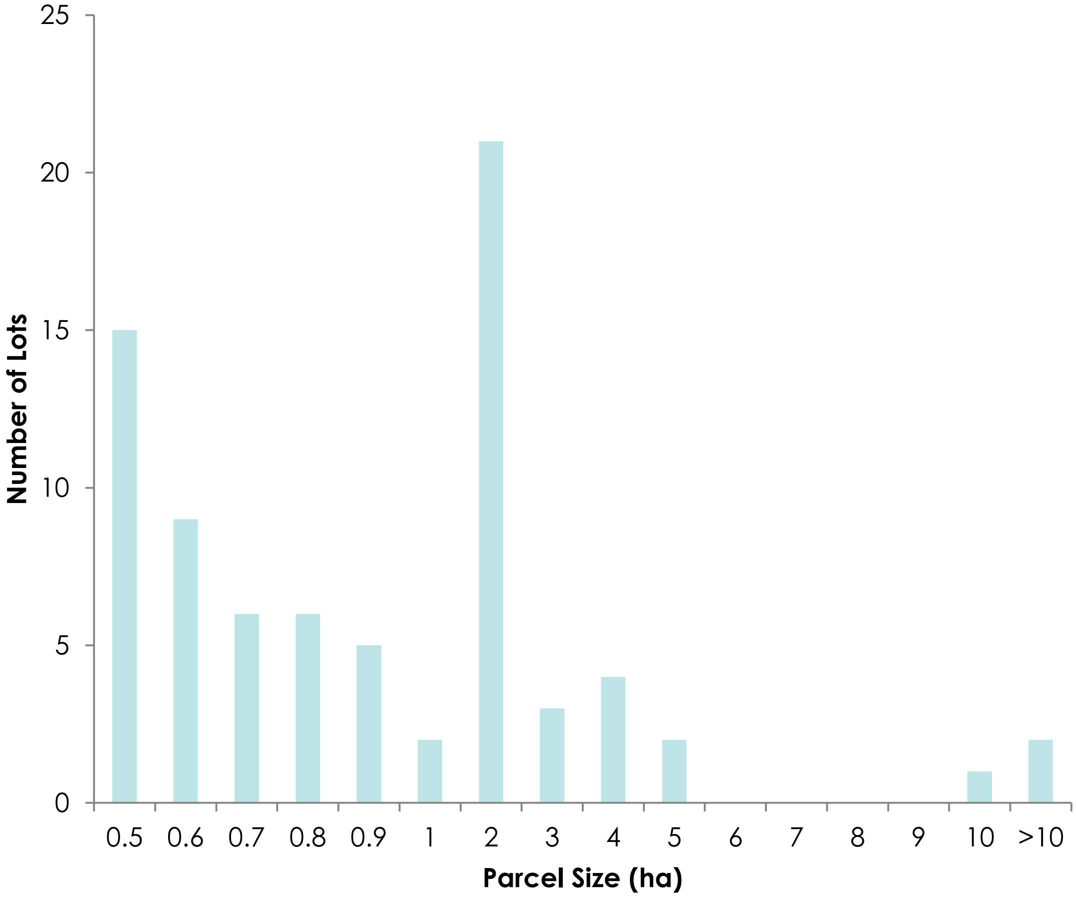
Township	Min	Max	Sum <4000m^2	Min	Max	Sum >4000m^2
Otaki	210	3979	296688	4003	141221	1319967
Te Horo	800	2544	34526	-	-	-
Peka Peka	805	3842	87646	4036	22617	227782
Waikanae	393	3912	559014	4038	314246	1777013
Paraparaumu	203	3975	334858	4003	73003	1348187
Raumati	224	3977	189029	4053	64335	538266
Paekakariki	423	3753	21338	-	-	-

Township	2011 Residential Vacant (ha)	2016 Residential Vacant (ha) <4000m^2	2016 Residential Vacant (ha) >4000m^2	2016 Residential Vacant (ha) Total
Otaki	154.0	29.7	122.8.0	152.5
Te Horo	4.0	3.5	-	3.5
Peka Peka	27.0	8.8	22.8	31.5
Waikanae *	108.0	55.9	151	206.9
Paraparaumu - includes Otaihanga & Maugakitukutuku	121.0	33.5	124	157.5
Raumati	51.0	18.9	47.5	66.4
Paekakariki	1.0	2.1	-	2.1
TOTAL	**465.0**			**620.4**

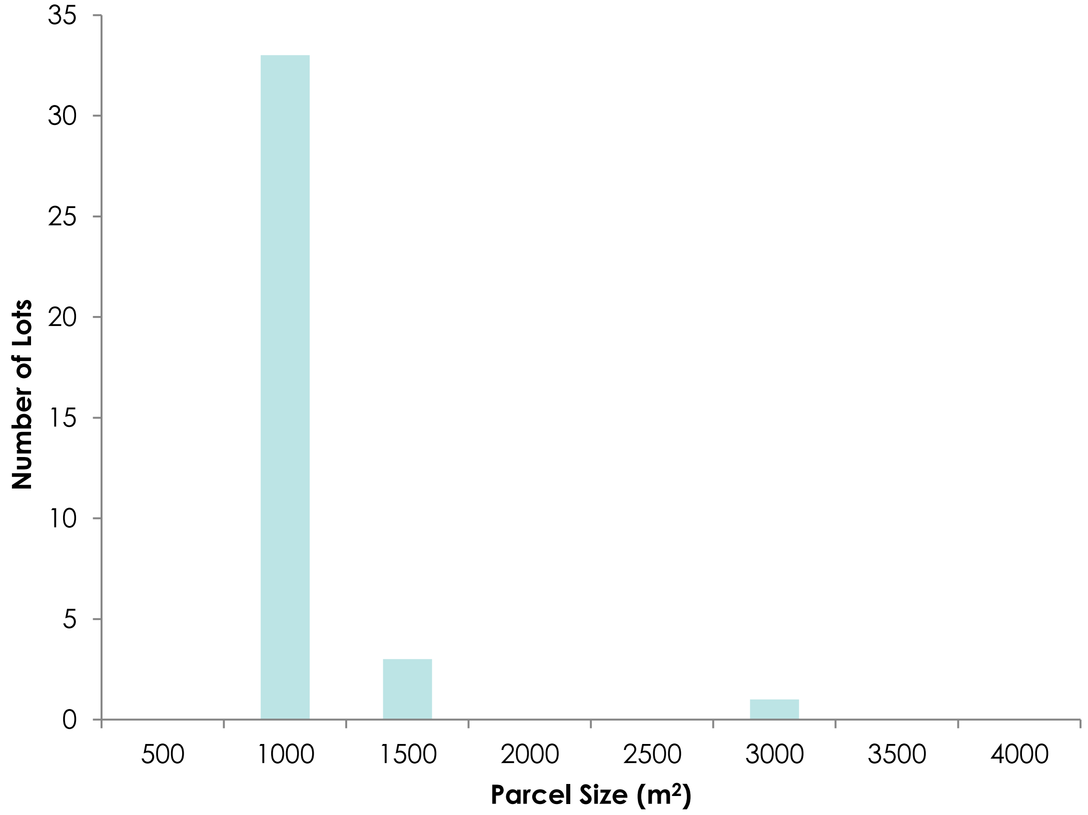
Otaki <4000m²



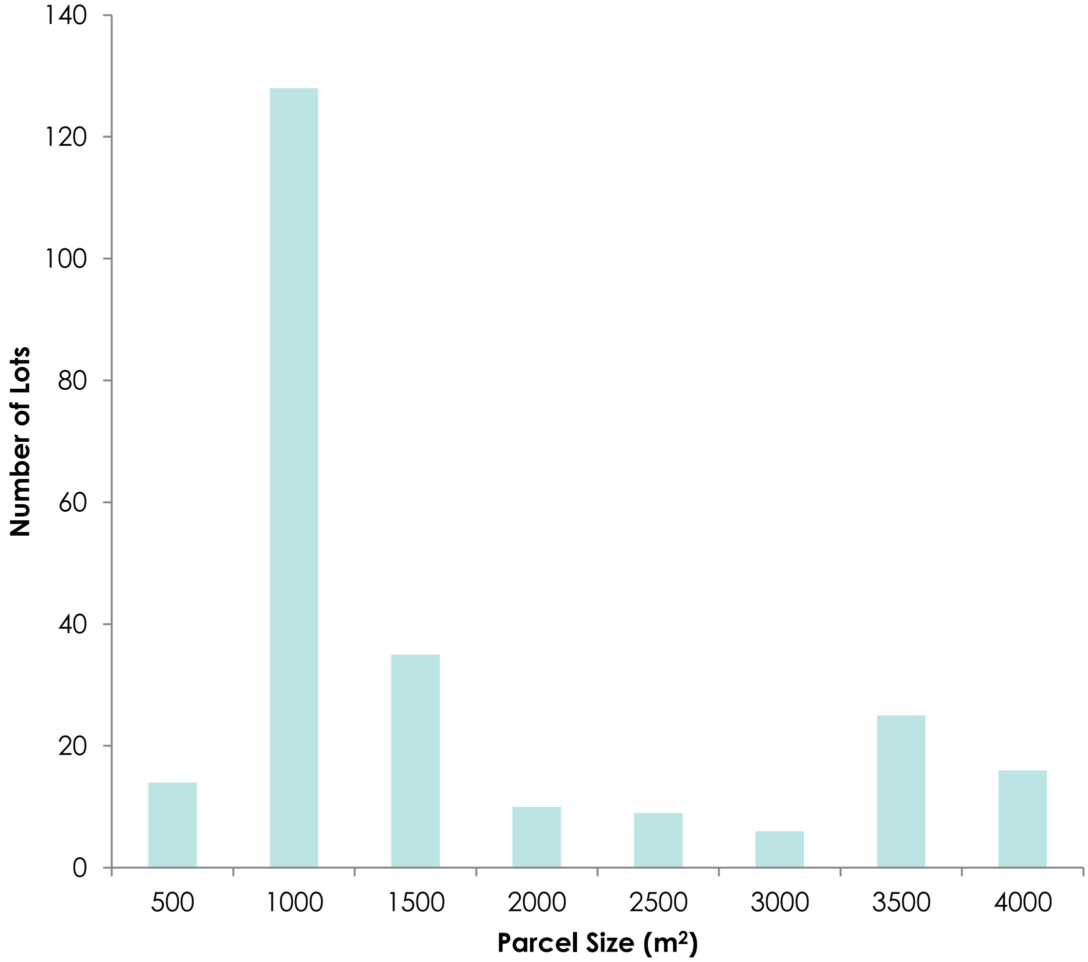
Otaki >4000m²



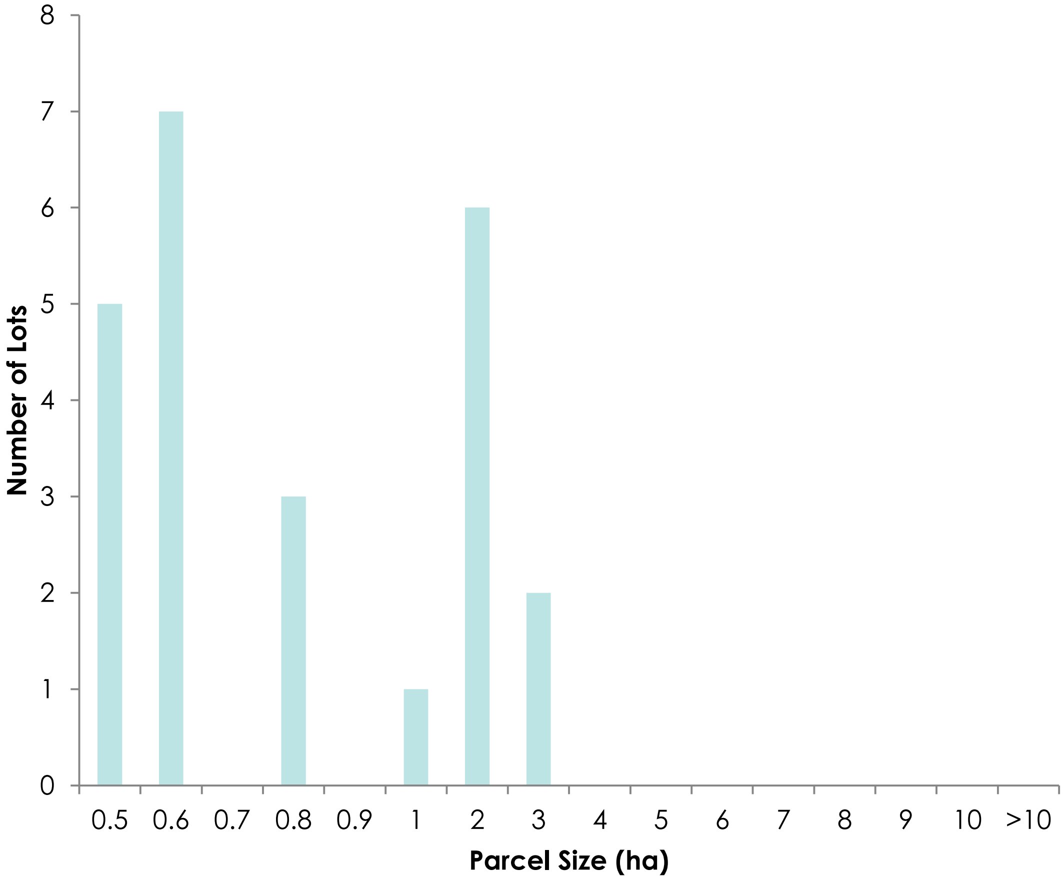
Te Horo <4000m²



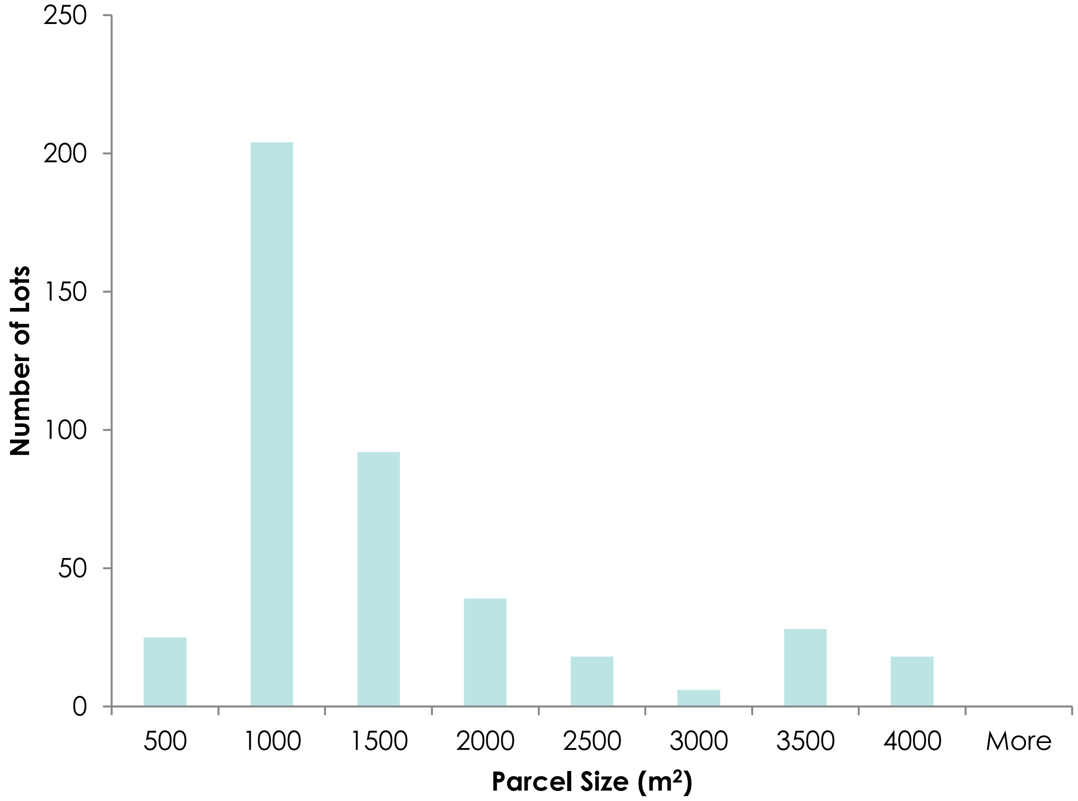
Peka Peka <4000m^2



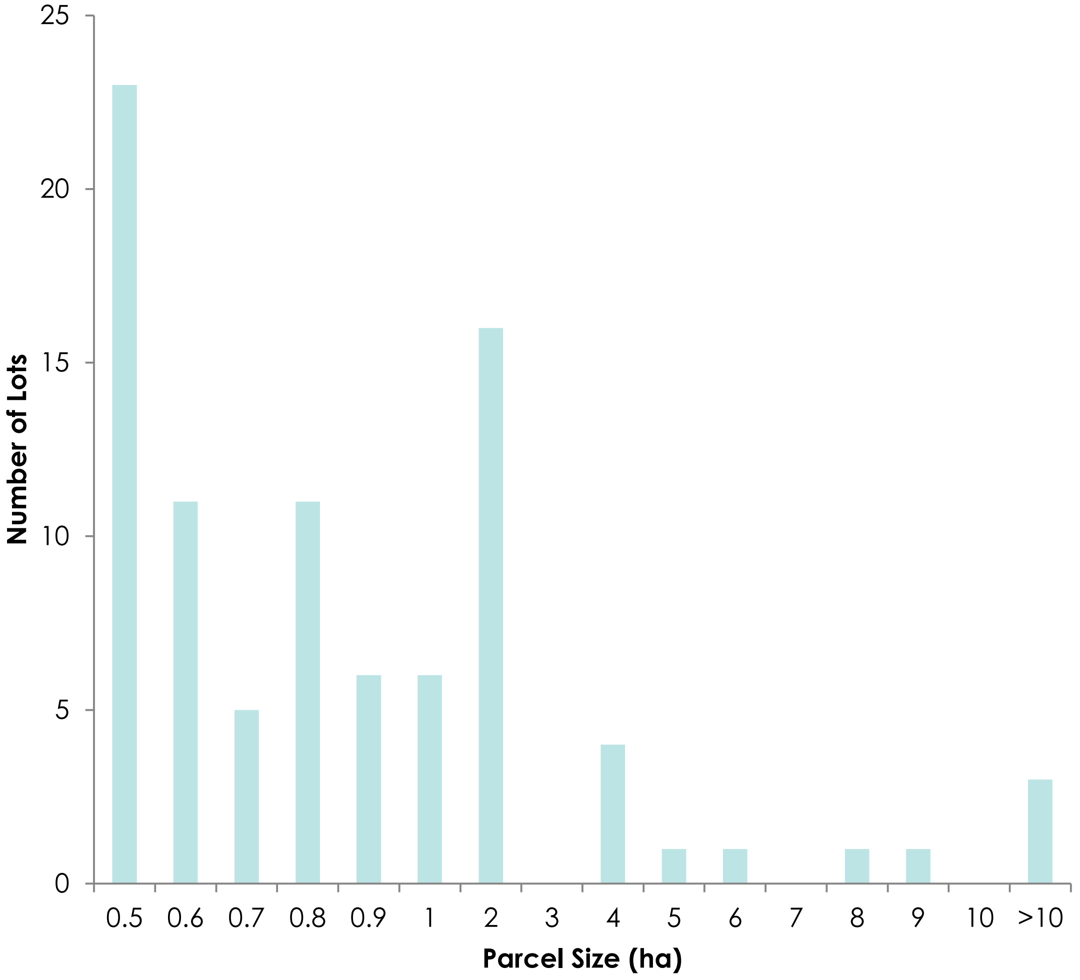
Peka Peka >4000m²



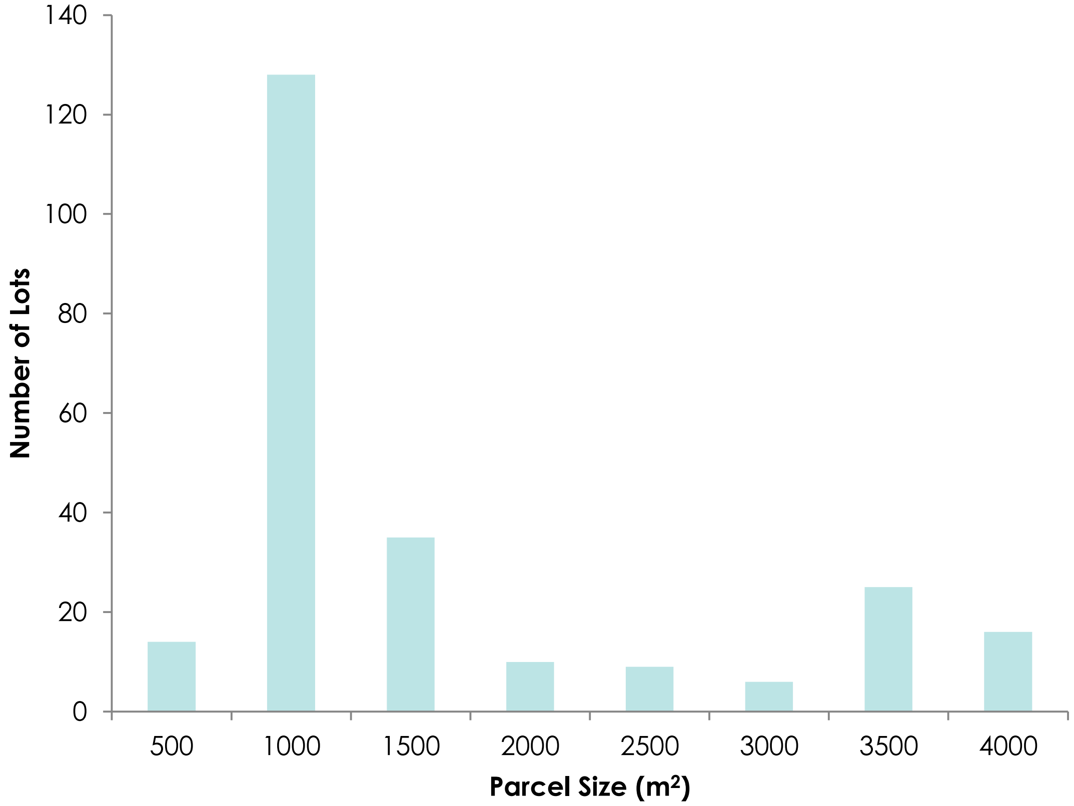
Waikanae <4000m²



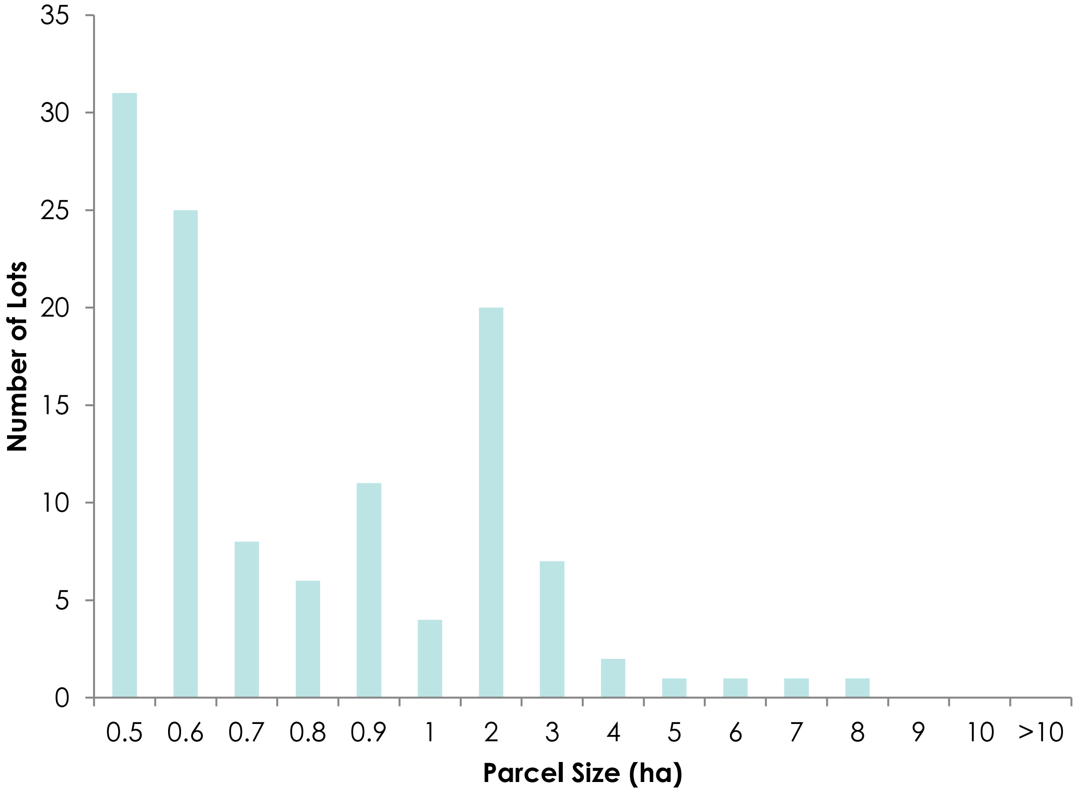
Waikanae >4000m²



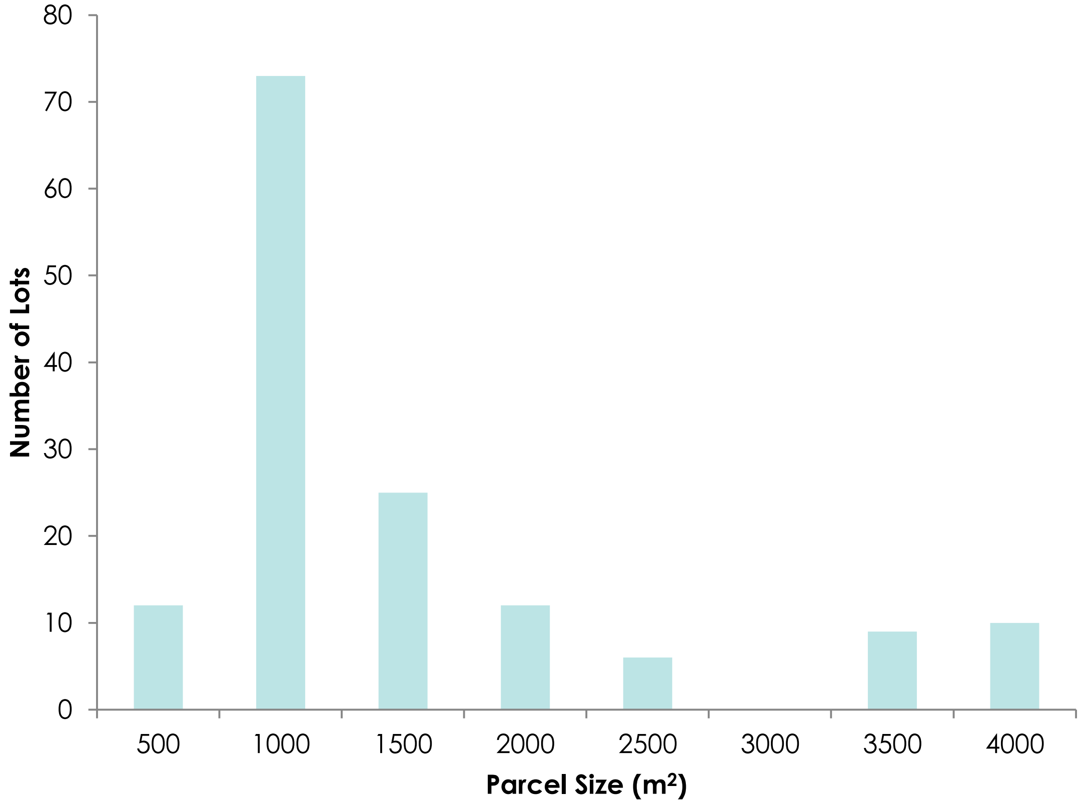
Paraparaumu <4000m²



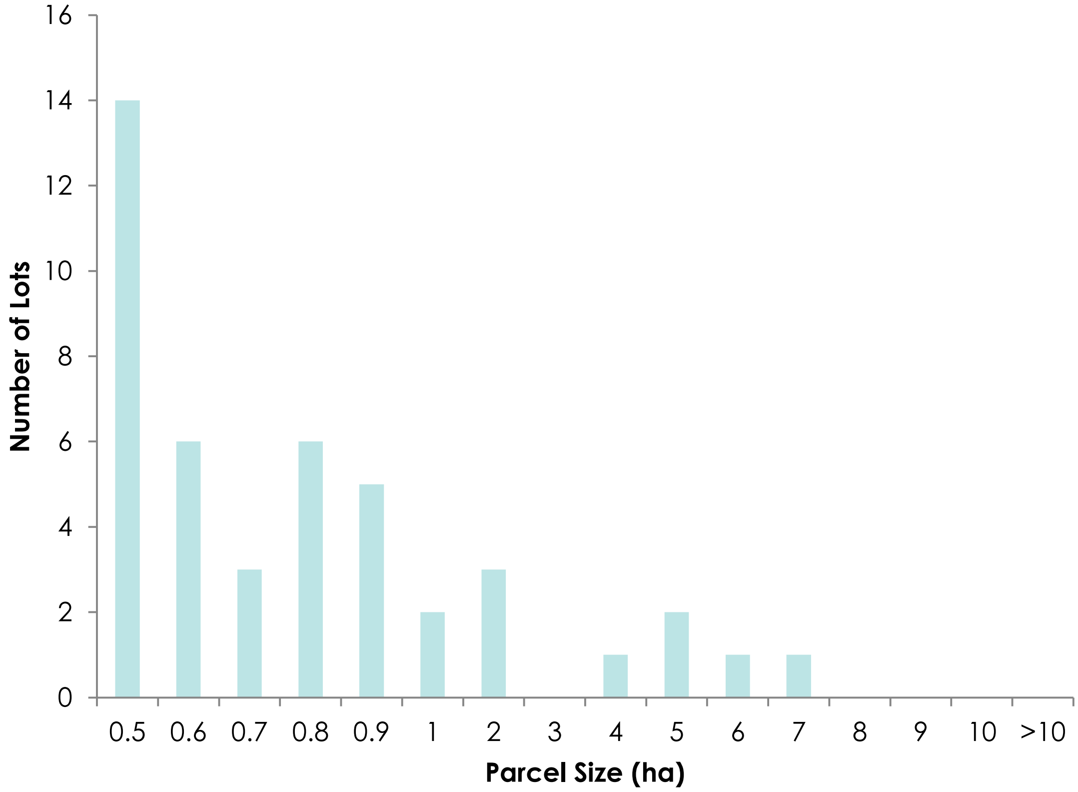
Paraparaumu >4000m²



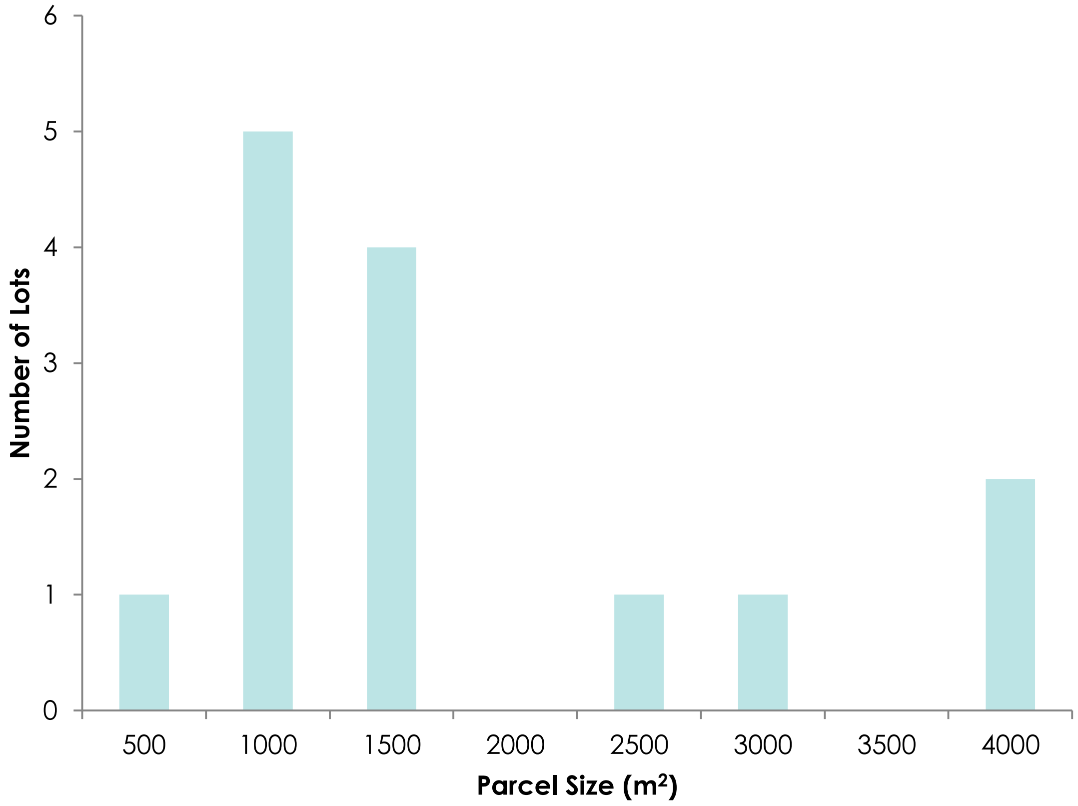
Raumati <4000m²



Raumati >4000m²



Paekakariki <4000m²



Appendix 2: Maps showing vacant and larger residential lots