National Policy Statement on Urban Development

Kāpiti Coast District Council Quarter 4 Monitoring Report

June 2023

Contents

Executive Summary

This fourth quarter (Q4 2022/23) National Policy Statement on Urban Development (NPS-UD) monitoring report provides an update and analysis of changes across the development market for the 1 March 2023 – 31 May 2023 period.

Quarterly reporting identifies changes in development activity and a range of market and price efficiency indicators sourced from the Ministry of Housing and Urban Development's (HUD) Urban Development Dashboard where available.

This quarter has identified another decrease in median house values and house sales. There has also been a slight decrease in both resource consent and building consent numbers for the last quarter, but also across the last four quarters. This quarter also saw a dip in the potential net additional dwellings, down to 30 this quarter. The decline of activity identified across the Kāpiti Coast over the last four quarters reflects a similar slowdown of activity being experienced nationally over this same period.

This report also provides an update on Changes in Housing Affordability Indicators (CHAI) which highlighted that both rental and deposit affordability is better than a year ago, while mortgage affordability is worse than a year ago. While this improvement is likely to reflect the decrease of median house prices, Kāpiti Coast continues to have high levels of unaffordable housing.

A snapshot of indicator activity for 1 March 2023 – 31 May 2023 is summarised below:

Indicator	Movement from Last quarter	Context
Building consent applications issued	Decreasing (by 11 as per Appendix 1)	132 consents issued with a total value of $53,336,904
Resource consent applications granted	Decreasing (by 4 as per Appendix 1)	57 consents granted - 46 residential - 11 non-residential - Indicating a potential net addition of 30 dwellings from new builds and subdivisions
House values	Stable	The median value of house sales has historically increased but has been dropping more lately. It has now remained at $780,000 for the last two quarters 31/12/2022 and 31/03/2023.
House sales	Decreasing	The sales figures for 31/03/2023 were 79, with a significant decrease from 209 for 31/12/2022.

Several indicators continue to be less frequently updated on HUD's dashboard. The last known update is provided below and will be updated as new information is available.

Nominal mean rent	Decreasing	Mean rent is decreasing, dropping to $576 for 3/03/2023 from $579 at 31/12/2022.
Dwellings sale volume as percentage of stock	Decreasing	The ratio of housing sales to housing stock has fallen to 0.04% for 31/03/2023 from 0.1% for 31/12/2022.
Land value as percentage of capital value	Decreasing	47.1% for 31/03/2023 decreasing from 53.6% in 31/12/2022.
Average land value of a dwelling	Decreasing	$246,835 for 31/03/2023 decreasing from $372,020 as of 30/09/2020.

Kāpiti Coast District Council - Quarter 4 Monitoring Report June 2023

Introduction

This is the fourth quarter monitoring report implementing the National Policy Statement on Urban Development (NPS-UD). The report provides updated data and analysis of changes to the housing market for the 1 March 2023 – 31 May 2023 period.

Quarterly reporting identifies changes in development activity and a range of market and price efficiency indicators sourced from HUD's Urban Development Dashboard. However, most of these have not recently been updated so this report focuses primarily on development control activity.

Regular monitoring supports Council's work to understand and develop an assessment of development capacity and a fit-for-purpose evidence base for Council's decision-making on infrastructure investment and the future release of land to meet development needs.

Previous monitoring reports are available at: www.kapiticoast.govt.nz/Our-District/The-Kapiti-Coast/urban-development-capacity

Changes in Housing Affordability Indicators (CHAI)

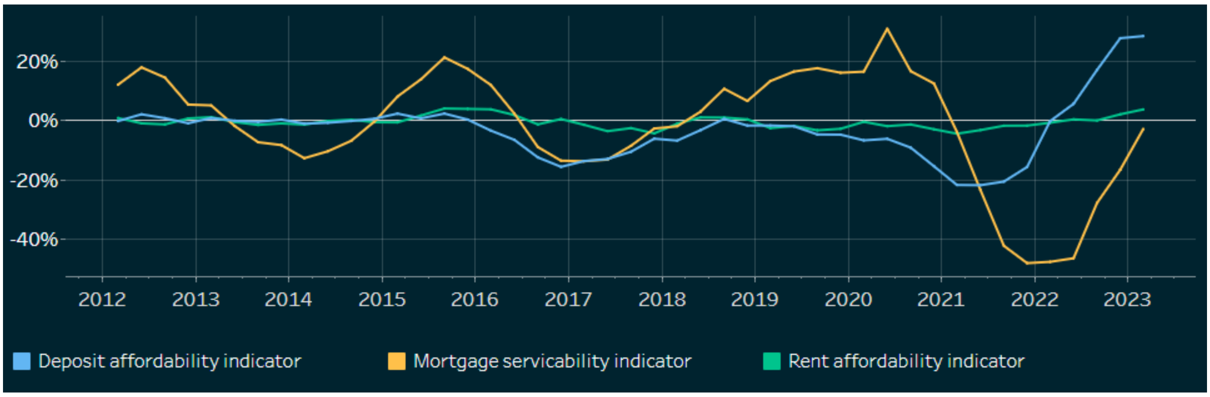
The CHAI indicators were introduced in the March 2023 quarterly report and show how affordability of renting a home, saving for a deposit, and servicing a mortgage for people entering the market, has changed over time, with the indicators tracking whether affordability is improving or worsening in an area.

A higher index means it is becoming more affordable, with positive values meaning it is more affordable than a year ago.

The CHAI indicators are measured quarterly. The Kapiti Coast indicators as of 30 March 2023 when compared to 30 March 2022 were:

- Rental Affordability is 4% (better than a year ago – more affordable)
- Deposit Affordability is 28% (better than a year ago – more affordable)
- Mortgage Affordability is -3% (worse than a year ago – more unaffordable)

The graph below shows quarterly changes to affordability for the Kāpiti Coast from 2021 – 2022.



Annual Change, Kapiti Coast District (by quarter).
Rental affordability – green, deposit affordability – blue, mortgage affordability – yellow.

While this indicator identifies a technical easing in affordability, most likely the result of falling median house prices, the previous March 2023 quarterly report also included Core Logic's affordability measures, which, notwithstanding the CHAI results, identify Kāpiti Coast District as having some of the worst levels of housing affordability in New Zealand.

Social Housing Register Quarterly Update – March 2023

The Ministry of Social Development National Social Housing Register was updated in March 2023. The update shows that over the December 2022 to March 2023 period, applications for social housing in Kāpiti have marginally increased from 165 to 168 registrations. Nationally registrations have also increased from a total of 23,127 to 24,081 over this period. This follows the peak of registrations last March 2022, with 216 registrations in Kāpiti and 26,664 registrations nationally.

Housing Register data is available at: https://www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/housing/index.html

GROWTH TRENDS

Both resource consent and building consent numbers for the fourth quarter have decreased slightly from the previous quarter (Q3 2022/23), with potential net additional yield from new developments also decreasing.

Building Consents[1]

Data on building consents helps identify development activity across the district. Between 1 March 2023 – 31 May 2023, 132 consents were issued. Of these, 42 related to new builds[2] (down 2 from 44 in the last quarter) and 65 related to dwellings - additions and alterations (down 11 from 76 in the last quarter).

[1] Note: Applications for garages, fireplaces, fences, retaining walls, outbuildings, conservatories, swimming and spa pools, and other construction (e.g. signs and pergolas) are excluded from this analysis of building consents.
[2] From statistics category for New (& prebuilt) House, Unit, Bach, Crib

Compared to the last quarter (Q3 2022/23), building consent numbers have decreased (down from 143 to 132), but there has been a small increase in the total value of work at $54,336,904, up from last quarter's $53,473,843. This increase in value may reflect increasing build costs[3] being experienced by the sector, but also reflects a 15-unit *New Flats* development within the consented activity for this period.

Building consents numbers are down when compared to the fourth quarter period last year (March 2022 – May 2022), from 150 to 132. The total value of work is also down from $60,568,187 to $54,336,904, with a notable drop in spending for *new (& prebuilt) House, Unit, Bach, Crib* spending from $34,635,100 in the fourth period last year to $23,585,584 this quarter.

During the quarter the applications for building consents equated to 63 new houses. The type of housing through the building consent process was largely for standalone houses, with a few developments for minor dwellings/sleep outs or flats, and one townhouse development for 15 townhouses. Of these residential developments, just over 75% were for housing with 2 or 3 bedrooms (37.8% each for 2-bed and 3-bed), with 22% for 4 bedrooms, and the remainder for 1- (8.9%) or 5-bedroom (4.4%) houses.

Further detail on the number and type of building consents issued for this fourth quarter can be found in Table 1 of Appendix One. Figure 1 of Appendix One provides a map of the district showing the location and numbers of building consents for new residential and business builds from the 1 March to 31 May 2023 period.

Resource Consents[4]

Between 1 March 2023 – 31 May 2023, Council granted 57 resource consents. This included 46 land use consents, 9 subdivision consents, and 4 resource consents for deemed permitted activities that involved a boundary activity[5]. Overall, 46 of the consents granted related to residential activities and information from the consents suggests that these applications have the potential to yield 30 net additional dwellings. This is a significant decrease from the 237 potential net additional dwellings reported last quarter (Q3 2022/23).

During this period, rural residential activities accounted for 10 of the 46 residential activities (accounting for 4 of the potential net additional dwellings), with most of the residential consents coming from the wider Paraparaumu area (accounting for 4 of the potential net dwellings). Otaki is notable for the quarter accounting for 11 of the residential consents however this only had a potential for 8 net additional dwellings. Raumati Beach and Raumati South accounted for 8 of the residential consents, with this yielding 9 potential additional dwelling. Notably Waikanae, which usually has the most residential consents, only had 8 this quarter which had a net potential for 4 additional dwellings.

[3] Average building costs: https://www.interest.co.nz/property/113184/new-homes-are-getting-smaller-cost-building-them-getting-bigger
[4] Quarterly resource consent activity excludes applications that varies or changes consent conditions or outline plans, which are included in wider Resource Management Act monitoring.
[5] Resource Management Act 1991, Sections 87BA, 87BB.

There were also 11 non-residential resource consents granted during this period. These included the re-build of the Paekākāriki Surf Club, installation of new digital signage, a show home build, classroom development and the redevelopment of a playground in Paraparaumu.

Resource consent activity for this fourth quarter period is lower than for the same period last year, where 80 resource consents were granted. The number of potential net additional dwellings is also down from the 66 potential net additional dwellings identified for the same period last year.

This quarter also identified 13 new builds, 8 applications where a house is to be re-built, 1 garage to minor dwelling conversion, 3 housing extensions, and 1 cross-lease to freehold conversion. We continue to monitor these activities as they provide an indication of the market and the extent to which the increase in value supports opportunities for improving or further investment into a property.

The figures of residential and non-residential consents for the fourth quarter can be found in Table 2 of Appendix One. Figure 2 in Appendix One provides a map of the location and extent of potential net additional dwelling capacity from resource consents from the 1 March – 31 May 2023 period.

Appendix One: Building and Resource Consents

Table 1: Building consents issued by type, Kāpiti Coast District, first quarter 2022/2023, second quarter 2022/2023, third quarter 2022/23, and fourth quarter 2023 comparison.

Application Type	2022/2023 First Quarter 1 June 2022 - 31 August 2022		2022/2023 Second Quarter 1 September 2022 - 30 November 2022		2022/2023 Third Quarter 1 December 2022 - 28 February 2023		2022/2023 Fourth Quarter 1 March 2023 - 31 May 2023	
	Number	Value $	Number	Value $	Number	Value $	Number	Value $
New (& prebuilt) House, Unit, Bach, Crib	83	46,983,457	60	27,646,080	44	28,508,314	42	23,585,584
New Flats	1	800,000	1	800,000	3	4,860,000	3	11,566,280
New Flat(s) added to existing dwelling	0	0	0	0	0	0	1	20,000
New Retirement Villages - Excludes Dwellings	1	16,000,000	0	0	0	0	0	0
New Education Buildings - Other	1	50,000	0	0	0	0	0	0
New Childcare Facilities	0	0	1	250,000	0	0	0	0
New Farm Buildings - Other	0	0	1	109,000	2	164,000	1	80,000
New Factories	1	261,000	0	0	0	0	0	0
New Other Buildings	1	500,000	2	205,000	1	21,000	2	235,000
New Retail/Office/Warehouse	0	0	0	0	1	260,000	2	3,200,000
New Multi-purpose Bldg - Other	0	0	0	0	1	4,216,000	0	0
New Office/Warehouse Buildings	1	669,000	0	0	0	0	0	0
Education Buildings - New Foundations Only	1	470,000	0	0	0	0	0	0
Factories - New Foundations Only	1	60,000	0	0	0	0	0	0
Farm Buildings - New Foundations Only	0	0	0	0	0	0	1	69,000
New Flats - New Foundations Only	0	0	1	92,000	1	1,500,000	0	0
Multi-Purpose Buildings - New Foundations Only	0	0	1	200,000	0	0	0	0
Other Buildings - New Foundations Only	0	0	0	0	2	22,000	0	0
Dwellings - Alterations & Additions	70	5,720,385	72	9,500,300	76	10,911,000	65	5,829,040
Dwelling With Flats - Alterations & Additions	1	50,000	1	105,000	1	300,000	3	460,000
Resited Houses	2	101,000	1	70,000	0	0	0	0
Hospitals - Alterations & Additions	0	0	0	0	1	450,000	0	0
Education Buildings - Alterations & Additions	1	250,000	2	133,400	2	1,813,129	4	1,925,000
Shops, Restaurants - Alterations & Additions	4	530,000	3	250,000	2	125,000	3	6,110,000
Alterations & Additions - Office/Admin	1	250,000	2	301,000	4	313,400	4	1,137,000
Warehouses - Alterations & Additions	0	0	0	0	0	0	1	120,000
Other Buildings - Alterations & Additions	2	58,000	3	277,025	2	10,000	0	0
Multi-Purpose Buildings - Alterations & Additions	0	0	1	150,000	0	0	0	0
Total	172	72,752,842	152	40,088,805	143	53,473,843	132	54,336,904

Note: applications for garages, fireplaces, fences, retaining walls, outbuildings, conservatories, swimming and spa pools, and other construction (e.g. signs and pergolas) have been deliberately excluded.
Source: Kāpiti Coast District Council building consent data.

Table 2: Resource consents granted by location, Kāpiti Coast District, first quarter 2022/2023, second quarter 2022/2023, third quarter 2022/23, and fourth quarter 2023 comparison.

Location	2022/23 First Quarter 1 June 2022 – 31 August 2022	2022/23 Second Quarter 1 September 2022 – 30 November 2022	2022/23 Third Quarter 1 December 2022 – 28 February 2023	2022/23 Fourth Quarter 1 March 2023 – 31 May 2023
	Number	**Number**	**Number**	**Number**
Maungakotukutuku	3	1	3	1
Ōtaki	6	6	3	11
Ōtaki Forks	3	9	4	5
Paekākāriki	1	2	1	4
Paraparaumu (Central, North Beach, and South Beach & Otaihanga)	18	19	12	12
Peka Peka (Te Horo and Kaitawa)	9	3	4	2
Raumati Beach and Raumati South	10	9	4	3
Waikanae	22	23	16	8
Residential (total)	**72**	**72**	**47**	**46**
Maungakotukutuku	1	1	0	1
Ōtaki	3	1	1	3
Ōtaki Forks	0	0	0	0
Paekākāriki	1	0	0	1
Paraparaumu (Central, North Beach, and South Beach)	2	0	5	4
Peka Peka (Te Horo and Kaitawa)	1	1	0	0
Raumati Beach and Raumati South	1	1	0	1
Waikanae	4	0	0	1
Non-residential (total)	**13**	**4**	**6**	**11**
Total granted	**85**	**76**	**53**	**57**

Source: Kāpiti Coast District Council resource consent data.

Table 3: Resource consents granted by type, Kāpiti Coast District first quarter 2022/2023 second quarter 2022/23, third quarter 2022/23, and fourth quarter 2023 comparison.

Resource Consent Type	2022/23 First Quarter 1 June 2022 – 31 August 2022	2022/23 Second Quarter 1 September 2022 – 30 November 2022	2022/23 Third Quarter 1 December 2022 – 28 February 2023	2022/23 Fourth Quarter 1 March 2023 – 31 May 2023
	Number	Number	Number	Number
Deemed Permitted Boundary Activity	13	7	5	**4**
Land Use - Controlled	0	1	2	**0**
Land Use - Discretionary	29	22	16	**25**
Land Use - Non-complying	8	6	4	**2**
Land Use - Restricted Discretionary	19	17	12	**17**
Subdivision - Controlled	0	1	0	**0**
Subdivision - Discretionary	10	4	3	**2**
Subdivision - Non-complying	4	15	10	**6**
Subdivision - Restricted Discretionary	2	3	1	**1**
Total	**85**	**76**	**53**	**57**

Source: Kāpiti Coast District Council resource consent data.

Table 4: Net dwelling increases for resource consents granted by location, Kāpiti Coast District first quarter 2022/2023, second quarter 2022/2023, third quarter 2022/23, and fourth quarter 2023 comparison.

Location	2022/23 First Quarter 1 June 2022 – 31 August 2022	2022/23 Second Quarter 1 September 2022 – 30 November 2022	2022/23 Third Quarter 1 December 2022 – 28 February 2023	2022/23 Fourth Quarter 1 March 2023 – 31 May 2023
	Number	Number	Number	Number
Maungakotukutuku	2	15	15	**1**
Ōtaki	6	2	0	**8**
Ōtaki Forks	9	7	0	**1**
Paekākāriki	0	1	0	**3**
Paraparaumu (Central, North Beach, and South Beach & Otaihanga)	16	66	153	**4**
Peka Peka (Te Horo and Kaitawa)	4	2	4	**0**
Raumati Beach and Raumati South	0	2	1	**9**
Waikanae	54	16	64	**4**
Total	**91**	**111**	**237**	**30**

Source: Kāpiti Coast District Council resource consent data.

Figure 1: Building Consents for new build residential and business developments – 1 March to 31 May 2023.

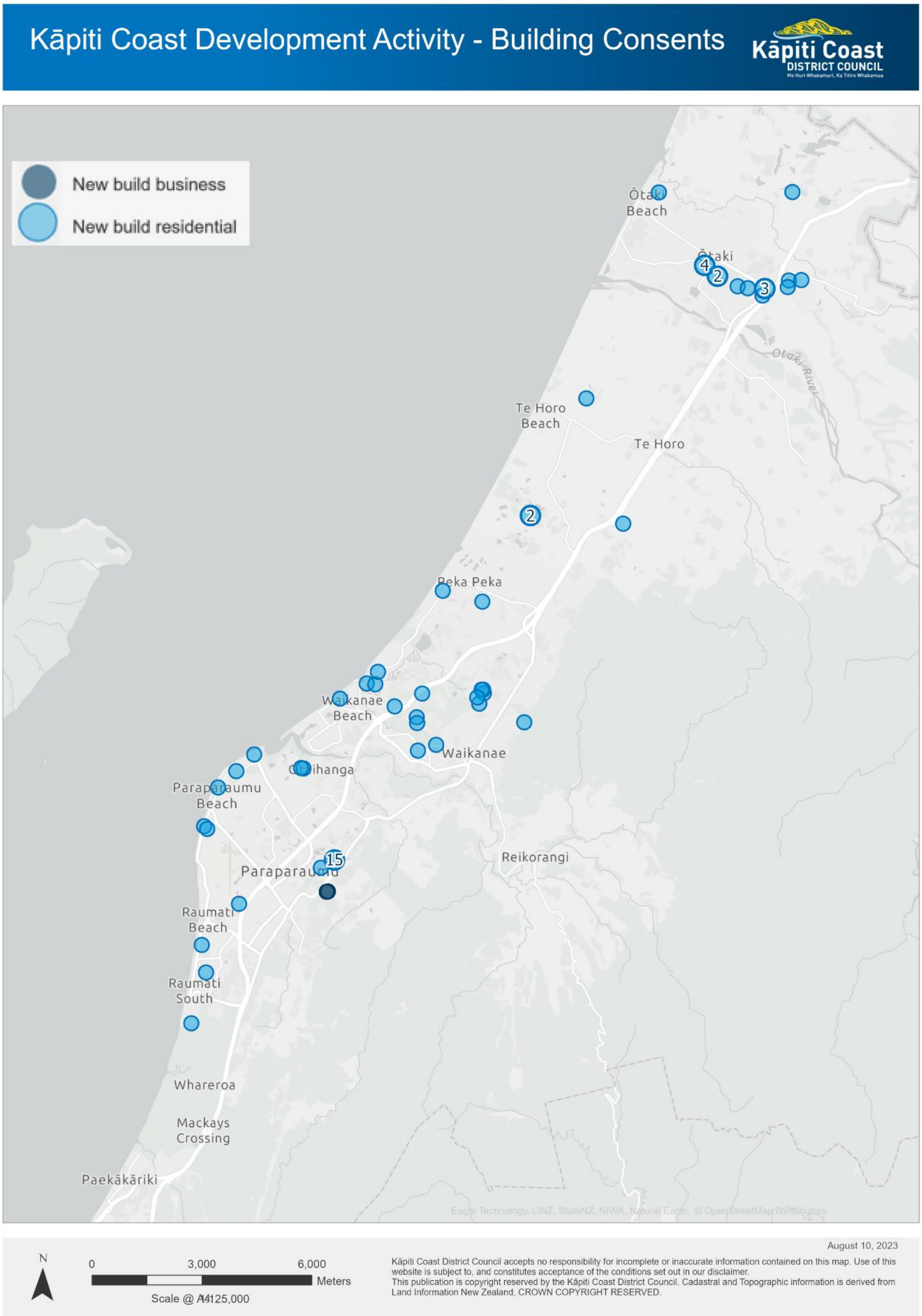


Figure 2: Resource Consent potential net additional dwelling capacity – 1 March to 31 May 2023.