

National policy statement on urban development capacity

Kāpiti Coast District Council Quarter 4 Monitoring Report

June 2019

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Executive summary

This fourth quarter NPS-UDC monitoring report provides an update and analysis of changes across the housing market from the last quarter (1 March 2019 – 31 May 2019).

This report also includes updates from the third quarter period (1 December – 28 February 2019) where it was not covered in the last report due to technical difficulties in updating indicator data.

Key points of interest from this report include:

- Levels of resource consent activity have increased following a drop in activity during the last quarter, which spanned the Christmas holiday period.
- The potential net additional dwellings from subdivisions and development have increased up to 40, up from the last quarter's 29.
- The median value of housing sold in the District has continued to increase, up to \$568,000 at the end of March 2019.

A snapshot of indicator activity for the last quarter (1 March 2019 – 31 May 2019) is summarised below¹:

Indicator	Last quarter	Context
Building consent applications issued	Increasing	138 consents issued with a total value of \$30,921,065
Resource consent applications granted	Increasing	78 consents issued - 66 residential - 12 non-residential - Indicating a potential net increase of 40 to dwelling stock
Dwelling stock (number of dwellings)	Increasing	Baseline increased from 21,999 to 22,017 dwellings from 31/12/2018 to 31/03/2019
House sales	Decreasing	Revised up to 294 sales for 30/09/2018 and spiking to 399 for the period ending 31/12/2018, before dropping to 268 sales for 31/03/2019.
Dwellings sale volume as percentage of stock	Decreasing	Increased up to 1.814% over the period to 31/12/2018 before dropping back down to 1.217% as at 31/03/2019
House values	Increasing	The median value of house sales increased to \$563,500 at 31/12/2018 and again to \$568,000 as at 31/03/2019
HAM Buy: share of first home buyer households with below-average income after housing costs	No update provided in latest dashboard	Following a slight decline and plateau of affordability across the March 2015 - March 2016 period, the year to March 2017 saw an increase from 0.78 to 0.81. This has continued through the last year, increasing up to 0.83 for the year to March 2018.
Nominal mean rent	Decreasing	Increasing from \$412 to \$426 as at 31/12/2018 with a slight decrease to \$424 at 31/03/2019
HAM Rent: share of renting households with below-average income after housing costs	No update provided in latest dashboard	Latest data has seen this improvement, down to 0.62 for the last year to March 2018.
Land value as percentage of capital value	No update provided in latest dashboard	Maintaining 47% (as of 30/09/2017)
Average land value of a dwelling	No update provided in latest dashboard	\$264,067 (as of 30/09/2017) increasing since 2014

¹ Apart from consent information, market indicators were last updated in June 2019, with most datasets updating data to the end of March 2019, unless stated otherwise

National Policy Statement on Urban Development Capacity

Kāpiti Coast District Council - Quarter 4 Monitoring Report June 2019

Introduction

This is the fourth quarter monitoring report implementing the National Policy Statement on Urban Development Capacity (NPS-UDC). The report provides updated data and analysis of changes to the housing market from the last quarter (1 March 2019 – 31 May 2019).

This report includes changes to market and price efficiency indicators identified under the NPS-UDC, and other information and research released over this period.

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

Further information on the Kāpiti Coast Districts projected future growth, its make-up, and housing pressures is available alongside previous results from monitoring reports at: www.kapiticoast.govt.nz/Our-District/The-Kapiti-Coast/urban-development-capacity.

Update on the housing and business development capacity assessment

The Council is working with Wellington City Council, Upper Hutt City Council, Hutt City Council and Porirua City Council to complete an assessment of housing and business development capacity (HBA) across the Wellington Region.

The HBA is currently being finalised, and once completed, will be available alongside the quarterly monitoring reports on the Council's Urban Development webpage.

Housing Register quarterly update - March 2019

The Ministry of Social Development recently released its quarterly update on the national Housing Register. The update shows that over the January to March 2019 period, applications for social housing in Kāpiti continued to increase, up from 89 to 110 registrations. This increase reflects a similar national trend, with a 40% increase on registrations from the same period last year.

GROWTH TRENDS

Building consent numbers are back up from the start of the year, increasing from 113 from last quarter to 138 to the end of May 2019. Resource consents have similarly increased up from last quarter's 32 to 78 this quarter.

Building consents¹

Data on building consents helps identify development activity across the District. Between 1 March 2018 and 31 May 2019, 138 consents related to new buildings and alterations to existing buildings were issued. This is up from 113 last quarter. This included a slight

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.

increase in new builds from last quarter (up from 50 to 53) but a slightly higher increase in alterations and additions (increasing from 50 to 65).

Despite the increase in consent numbers, the overall value of work has slightly decreased from \$31,762,250 to \$30,891,065. Closer examination of building activity from the 3rd quarter identifies a significant value of building work occurring for the development of New Churches, which likely accounts for the differences across the total building values across the two quarters.

Consent numbers and values are also down from comparison to the same period last year, which had 151 consents, including 49 for new housing and 75 for alterations. However, the value of work for the latest quarter is higher than that for the same period last year, which was \$29,805,132. Further detail on the number and type of consents issued can be found in Appendix One.

Resource consents

Between 1 March 2019 and 31 May 2019, Council granted 78 resource consents. This included 51 land use consents, 14 subdivision consents, and 13 resource consents for deemed permitted activities that involved a boundary activity². Overall, 66 of the consents issued related to residential activities and information from the consents suggests that these applications have the potential to yield 40 net additional dwellings. This is up from 29 net additional dwellings reported for the previous quarter.

During this period, rural residential activities accounted for 10 of the 66 residential activities, with the majority of the remaining residential consents spread around the District but with a particular concentration again in Waikanae. Twelve non-residential resource consents were also granted during this period. These included activities for the removal of indigenous trees, earthworks, business signage, and one subdivision of an existing commercial site.

We have also been monitoring the number of existing houses being replaced/redeveloped and the subdivision of cross-lease properties. Both activities can provide an indication of the current market, as both instances indicate decisions where the additional costs and risks to redevelop a site or subdivide a site are assumed to be offset by the benefits achieved, namely the new value of the property. Consent information for the latest quarter revealed two more cases where houses were being fully replaced and four instances regarding the conversion of a cross-lease to a fee-simple arrangement.

The level of resource consent activity for this quarter is higher than the same period last year; however, levels of activities may be reflecting and compensating for the lower level of activity from the last quarter, which spanned the Christmas holiday period (32 resource consents).

The table of residential and non-residential consents for the last quarter can be found in Appendix One to this report. A map of building and resource consents by location is also available in Appendix Two.

MARKET INDICATORS

The following is an update of market indicators published by the Ministry of Housing and Urban Development and Ministry for the Environment. Market indicators were last updated in

² Resource Management Act 1991, Sections 87BA, 87BB.

June 2019, with most datasets updating data to the end of March 2019, unless stated otherwise³.

Updated data shows that the District's average house sales value has continued to increase, from \$540,850 to \$568,000 for the period ending 31 March 2019.

New housing and sales

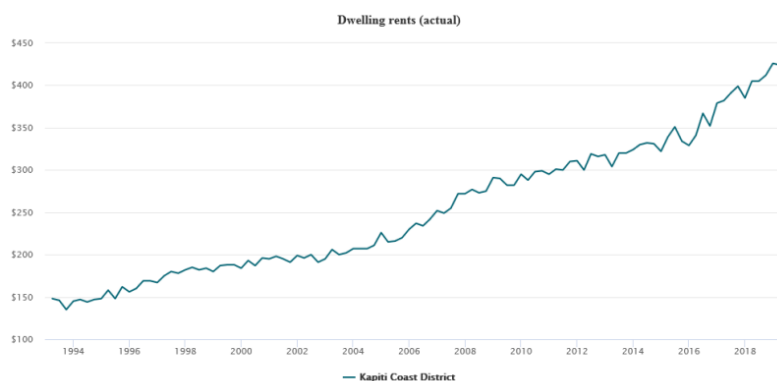
Trends and movements to the end of May 2019 include:

- House sales increased through to December 2018 (spiking to 399 sales), but have since dropped back to 268 sales for the period ending 31 March 2019.
- Previous figures for the average house sales value have risen, showing increasing gains from \$540,850 in mid-2018 to \$568,000 for the period ending 31 March 2019.
- Data on housing stock has been revised. The current level of dwelling stock is indicated as 22,017 at the end of March 2019.
- No further updates are available this quarter for the average land value of dwellings and the value of land as a percentage of capital value and will be updated when further data is available.



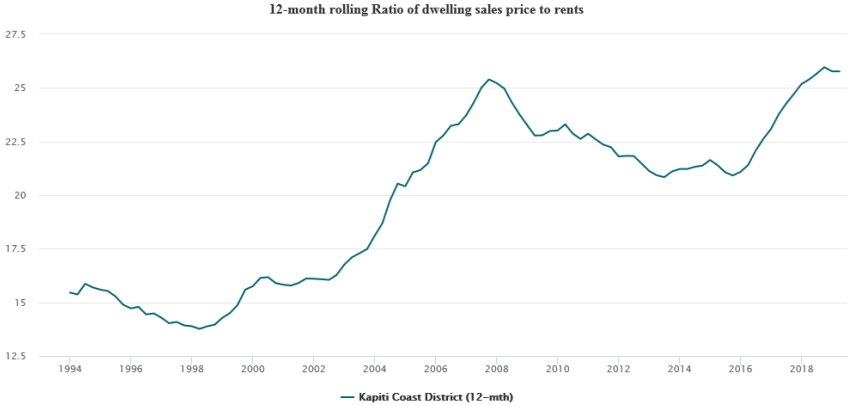
Rentals

The level of nominal mean rent has continued to increase from \$412 a week in September 2018, up to \$426 by the end of December 2018. This decreased slightly to \$424, by the end of March 2019. Despite the most recent decrease, the trend for increasing rent levels is similarly reflected across neighbouring Councils.



³ Data on market indicators is available at <https://mbienz.shinyapps.io/urban-development-capacity/#help-ts>.

The ratio of dwelling sales prices to rental prices has plateaued for the last three month period following a peak last September 2018, which is more sustained than the response following the last peak in 2007. This high ratio reflects the increasing house values in the District and the on-going pressure and difficulty for people to transition into ownership.



Housing Affordability Measures (HAM)

HAM Buy and HAM Rent are measures developed by MBIE to help identify the overall affordability of buying or renting based on the 2013 National Affordability benchmark. The next update of the measures is due at the end of July 2019. The current data shows a slight increase (worsening) in HAM Buy, but a slight decrease (improvement) in HAM Rent. The most recent release shows that Ham Buy has continued to slightly increase, up from 0.81 to 0.83, with Ham Rent continuing to decline, down from 0.64 to 0.62.

Both the increase in HAM Buy and decline in HAM Rent reflect consistently with changes across the wider Wellington Region and our immediate neighbours. The latest results can be read in more detail at <https://www.mbie.govt.nz/building-and-energy/tenancy-and-housing/housing-affordability-measure>.

PRICE EFFICIENCY INDICATORS

Price efficiency indicators provide information relating to the demand and supply for developable land including the price-to-cost ratio of differently zoned land (e.g. rural/industrial versus residential) and levels of land ownership of land.

No new data has been provided on these indicators following their initial reporting. Further analysis of the indicators is included as part of the HBA and will also be covered in the September 2019 annual update.

Appendix One: Building and resource consents

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

Application type	1 June 2018 – 31 August 2018		1 September 2018 – 30 November 2018		1 December 2018 – 28 February 2019		1 March 2019 – 31 May 2019	
	Number	Value \$	Number	Value (\$)	Number	Value (\$)	Number	Value (\$)
New (& prebuilt) house, unit, bach, crib	50	19,377,976	64	28,162,415	50	21,883,000	53	23,194,265
New flats	0	0	2	152,000	0	0	0	0
New flats added to existing buildings	1	90,000	0	0	1	250000	0	0
New old people's homes	0	0	1	3,900,000	0	0	0	0
New surgeries e.g. doctor, dentist, vet	0	0	1	1,300,000	0	0	0	0
New farm buildings – other	3	173,000	3	66,200	0	0	2	479,000
New public toilets	0	0	1	60,000	0	0	1	15,000
New churches	0	0	0	0	1	5,500,000	0	0
New restaurants	0	0	0	0	1	30,000	0	0
New office/warehouse buildings							1	530,000
New farm buildings - other	0	0	0	0	2	120,000	0	0
Dwellings – alterations and additions	63	4,474,810	94	8,625,785	50	3,213,650	65	5,156,300
Dwellings with flats – alterations and additions	0	0	1	6,000	2	359,600	0	0
Re-sited houses	5	354,000	4	177,000	0	0	1	30,000
Hospitals – alterations and additions	1	60,000	1	20,000	0	0	1	480,000
Education buildings - alterations and additions	2	290,000	1	190,000	1	200000	2	295,000
Shops, restaurants - alterations & additions	1	10,000	2	185,000	3	51000	3	260,500
Social buildings - alterations & additions							1	19,000
Warehouses – alterations & additions	1	18,000	0	0	0	0	0	0
Alterations & additions - office/admin	0	0	2	519,000	1	150000	1	350,000
Factories – alterations and additions	2	214,000	1	5,000	0	0	2	8,500
Farm buildings – alterations and additions	1	30,000	2	338,000	0	0	0	0
Other buildings - alterations & additions	2	70,000	5	499,000	1	5000	4	103,000
Multipurpose building	1	160,000	0	0	0	0	1	500
Total	133	\$25,321,786	185	\$44,205,400	113	\$31,762,250	138	\$30,921,065

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, second, third and fourth quarter comparison.

Location	1 June 2018 – 31 August 2018	1 September 2018 – 30 November 2018	1 December 2018 – 28 February 2019	1 March 2019 – 31 May 2019
	Number	Number	Number	Number
Maungakotukutuku	4	1	2	4
Ōtaki	7	4	5	5
Ōtaki Forks	0	0	0	3
Paekākāriki	4	1	1	4
Paraparaumu (Central, North Beach, and South Beach & Otaihanga)	11	11	3	14
Peka Peka (Te Horo and Kaitawa)	3	4	2	2
Raumati Beach and Raumati South	13	11	4	5
Waikanae	20	18	9	29
Other	0	2	0	0
Residential (total)	62	52	26	66
Maungakotukutuku	0	1	1	2
Ōtaki	4	0	2	0
Ōtaki Forks	0	2	0	0
Paekākāriki	0	0	0	0
Paraparaumu (Central, North Beach, and South Beach)	2	5	0	5
Peka Peka (Te Horo and Kaitawa)	1	2	2	1
Raumati	2	1	0	1
Waikanae	0	0	1	3
Non-residential (total)	9	11	6	12

Source: Kāpiti Coast District Council resource consent data.

Appendix Two: Map of building and resource consent activity for the fourth quarter period (1 March - 31 May 2019)

