

National policy statement on urban development capacity

Kāpiti Coast District Council Quarter 2 Monitoring Report

December 2018

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Executive summary

This second quarter NPS-UDC monitoring report provides an update and analysis of changes across the housing market from the last quarter (1 September 2018 – 30 November 2018).

Key points of interest from this report include:

- Building consent activity has increased to 184 consents over the last quarter, up from a consistent level of activity (between 130-150 consents) over the last four quarters. Both building consents for new builds and alterations have increased, with the value of alteration and additions to dwellings almost doubling from the last reported quarter up to \$8,625,785.
- Resource consent numbers have dropped over the last quarter compared to higher levels of activity seen in the two previous quarters. This includes a fall of potential net dwelling stock from 88 in the previous quarter to 29 this quarter.
- The average value of house sales for the last quarter has been revised up to \$540,850 (from \$525,000) and has remained relatively unchanged for this quarter, while the number of house sales has dropped by 90 to 256 for the same period.
- New data has been released on housing affordability measures to buy and rent. HAM Buy has shown a slight increase (worsening) over the last year from 0.81 to 0.83 to March 2018. Inversely, HAM Rent has decreased (improving) down from 0.64 to 0.62 over the year to March 2018.

A snapshot of indicator activity for the last quarter is summarised below¹:

Indicator	Last quarter	Context
Building consent applications issued	Increasing	184 consents issued with a total value of \$44,205,400
Resource consent applications granted	Decreasing	69 consents issued - 50 residential - 16 non-residential - Indicating a potential net increase of 29 to dwelling stock
Dwelling stock	Increasing	Baseline increased 25 dwellings to 22,114 as at 30/09/2018 (with last quarters figure adjusted up 27 to 22,089 for 30/06/18)
House sales	Decreasing	First quarter numbers have been revised up from 330 to 346 sales with the last quarter dropping to 256 as at 30/09/2018
Dwellings sale volume as percentage of stock	Decreasing	First quarter figures were revised up with updated sales information from 1.501% to 1.566% with the latest figures dropping down to 1.158%. Overall downward trend.
House values	Tracking	House prices are tracking with an average of \$540,250 as of 30/09/2018 – down marginally from \$540,850 as of 30/06/2018
HAM Buy: Share of first home buyer households with below-average income after housing costs	Increasing	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	Increasing	Up to \$412 from a previous high of \$405
HAM Rent: Share of renting households with below-average income after housing costs	Decreasing	Following a slight improvement of rental affordability across the last two years (from 0.66 to 0.64), latest data has seen this improvement continue, 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	\$265,124 (as of 30/09/2017) increasing since 2015

¹ Apart from consent information, market indicators were last updated at the end of December 2018, with most information updated to the end of September 2018 unless stated otherwise

National Policy Statement on Urban Development Capacity

Kāpiti Coast District Council - Quarter 2 Monitoring Report December 2018

Introduction

This is the second 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 September 2018 – 30 November 2018).

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

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.

Further information on Kāpiti's 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

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 capacity across the Wellington medium growth area.

Following completion of work on future demand for business land earlier in the year, an assessment of vacant business land has been undertaken and work has begun on modelling the current development capacity of business land in the District. A workshop was also held in early December with a number of stakeholders (including real estate, valuation, and land development) to help assess business areas across the District against a range of key business/market criteria, including accessibility, proximity to labour/consumers and developability. Together, these pieces of work will provide an understanding of the state and feasibility of development capacity for business as part of the overall assessment.

Modelling of residential development capacity in greenfield areas is almost completed, with final results expected by the end of the year. Work is also underway to assess the capacity of the three waters networks (drinking water, wastewater, and stormwater) to meet future demands for growth across the District.

GROWTH TRENDS

Building consents have increased from 133 to 184 over the last quarter, while resource consent numbers have dropped down from 80 to 69.

Building consents

Data on building consents helps identify development activity across the District. Between 1 September 2018 and 30 November 2018, 184 consents related to new buildings and alterations to buildings were issued. This is up from last quarter's 133. The latest quarter was characterised by an overall growth. The amount of new builds grew from 50 to 64 and additions and alterations also increased from 63 to 94. The total value of work was also up

from \$25,321,786 to \$44,205,400. In comparison to last year's figures, building consents are up from 148 to 188, with the total value of work also up from \$38,173,500 to \$44,205,400. Further detail on the number and type of consents issued can be found in Appendix One.

Resource consents

Between 1 September 2018 and 30 November 2018, Council granted 69 resource consents. This included 50 land use consents, 16 subdivision consents, and three resource consents for deemed permitted activities that involved a boundary activity¹. Overall, 52 of the consents issued related to residential activities and information from the consents suggests that these applications have the potential to yield 29 net additional dwellings. This is down from the 88 net additional dwellings reported for the previous quarter.

During this period, rural residential activities accounted for nine of the 52 residential activities, with the majority of the remaining residential consents coming from Waikanae North Development and Paraparaumu Beach. Eleven non-residential resource consents were also granted during this period. These included activities in industrial, business, and rural zones. These consents relate to the trimming of indigenous vegetation, the construction of a toilet block, retail activities in the industrial zone, and undertaking earthworks, with a number again related to expressway work at Ōtaki.

Consent information also revealed two cases where houses were being fully replaced and two instances regarding the conversion of a cross-lease to a fee-simple arrangement.

The table of residential and non-residential consents for the last quarter can be found in appendix one. 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 (MHUD) and Ministry for the Environment (MfE). Market indicators were last updated at the end of December 2018, with most information updated to the end of September 2018 unless stated otherwise².

The previous trend has changed this quarter. Current house values have had no notable change during the past three months, marginally decreasing from \$540,850 to \$540,250.

New housing and sales

Trends and movements to the end of November 2018 include:

- Consent numbers have plateaued after a spike in growth during the previous quarter. Numbers still remain high with consents peaking at 273 as of September 2018, but have continued to drop-off following a peak in January 2018.
- Population growth was last updated to June 2017. There is room to suggest that the population that is coming into the District has helped generate the peak in January 2018.
- The total dwelling stock in Kāpiti increased by 25 dwellings to 22,114 as at 30/09/2018. In comparison to 30/09/17, dwelling stock has increased by 327 from 21,787.

Consent growth vs. population growth

(Solid line vs. dashed line)



¹ Resource Management Act 1991, Sections 87BA, 87BB.

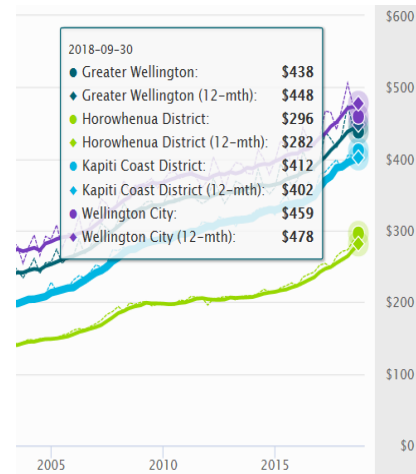
² Data on market indicators is available at <https://mbienz.shinyapps.io/urban-development-capacity/#help-ts>.

- House sales continue a downward trend with figures from last quarter showing a significant decline from 346 (revised up from 330) to 256 as of 30/09/18 (down 90 sales for the quarter). Similarly, the percentage of dwelling sales as a percentage of total stock dropped down to 1.158% for the last quarter.
- During the last quarter, the average value of houses sold has stayed relatively consistent. Revised figures over the previous quarter showed that there was a slight decrease from \$540,850 (adjusted up from last quarters \$525,000) to \$540,250.
- 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

As at the end of November 2018, the nominal mean rent for Kāpiti hit the \$412 a week mark – up from \$405 from last quarter. The current rate of increase appears consistent with other councils near the District (Wellington City \$459) (Wellington Region \$438) and (Horowhenua \$296).

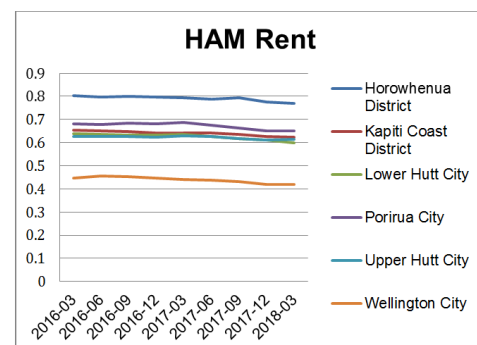
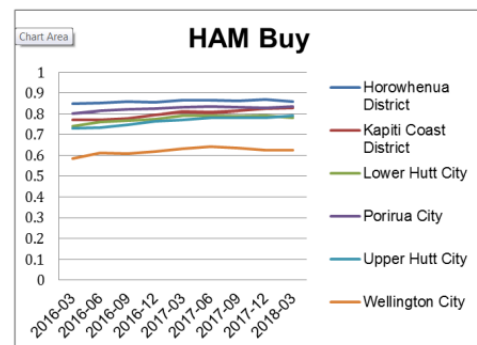
The ratio of dwelling sales prices to rental prices peaked at a high of 26.224 in December 2017 with an on-going decline to 25.217 in September 2018. The previous high of 26.395 (revised up from 25.690) was in 2007. This high ratio suggests that there is on-going pressure and difficulty for people to transition into ownership due to the higher sales prices or housing in the area.



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. Updates to the measures were recently published. Previous data was showing 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). Information on the three indicators was covered in the December 2018 monitoring report. The fourth land concentration control indicator was included in the September Annual Update Report 2018. No further information has been made available.

Further analysis of the indicators, including local characteristics, history, and level of demand for land will be undertaken as part of the assessment of development capacity.

Appendix One: Building and resource consents

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

Application type	1 June 2018 – 31-Aug-18		1 September 2018 – 30-Nov-18	
	Number	Value \$	Number	Value (\$)
New (& prebuilt) house, unit, bach, crib	50	19,377,976	64	28,162,415
New flats	0	0	2	152,000
New flats added to existing buildings	1	90,000	0	0
New old people's homes	0	0	1	3,900,000
New surgeries eg doctor, dentist, vet	0	0	1	1,300,000
New farm buildings – other	3	173,000	3	66,200
New public toilets	0	0	1	60,000
Dwellings – alterations and additions	63	4,474,810	94	8,625,785
Dwellings with flats – alterations and additions	0	0	1	6,000
Re-sited houses	5	354,000	4	177,000
Hospitals – alterations and additions	1	60,000	1	20,000
Education buildings - alterations and additions	2	290,000	1	190,000
Shops, restaurants - alterations & additions	1	10,000	2	185,000
Warehouses – alterations & additions	1	18,000	0	0
Alterations & additions - office/admin	0	0	2	519,000
Factories – alterations and additions	2	214,000	1	5,000
Farm buildings – alterations and additions	1	30,000	2	338,000
Other buildings - alterations & additions	2	70,000	5	499,000
Multi-purpose building	1	160,000	0	0
Total	133	25,321,786	185	44,205,400

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 and second quarter comparison

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

Source: Kāpiti Coast District Council resource consent data.

Appendix Two: Map of building and resource consent activity 1 September to 30 November 2018.

