National Policy Statement on Urban Development

Housing Development Capacity Assessment

2021

Te Kaunihera-ā-Rohe o Ngāmotu
New Plymouth District Council

Taranaki Regional Council

Contents

Executive Summary

1.1 National Policy Statement – Urban Development

The National Policy Statement on Urban Development (NPS-UD) came into force on 20 August 2020 and replaced the National Policy Statement on Urban Development Capacity 2016 (NPS-UDC) 2016. The NPS-UD retains and strengthens the foundation concepts of the NPS-UDC and moves beyond a land capacity-based approach. The NPS-UD defines and promotes "well-functioning environments" which form the core of several objectives and policies.

With the introduction of the new NPS-UD New Plymouth District was identified as a 2nd tier council. As a tier 2 local authority, the NPS-UD requires councils to assess housing and business demand and capacity across the district. The New Plymouth District Council and the Taranaki Regional Council must provide sufficient development capacity for the New Plymouth district to meet demand over a 30-year period.

This report is an update of the housing components of the Councils first Housing Business Capacity Assessment 2019. It provides an up to date analysis of housing growth only across the New Plymouth District, based on current and future levels of demand, supply and development capacity.

Full HBAs are required every three years, and provide a robust, comprehensive and frequently-updated evidence base that will inform and guide development capacity and planning decisions for housing and business in the district. The next full HBCA will be published in line with the next LTP in 2024.

1.2 Summary of Key Results

Overall, the HCA indicates that the New Plymouth District has sufficient housing development capacity for the short term (within three years), the medium term (between three and ten years) under the Operative District Plan (ODP), and the long term (between 10 and thirty years) including the Proposed District Plan (PDP). Current levels of development capacity and proposed additional supply over time will meet the projected demand for housing development capacity throughout the district. The key trends and issues are as follows.

Key trends and issues for housing

DEMAND	Short Term (2021-24)	Medium Term (2024-31)	Long Term (2031-51)
Projected Dwelling Growth	998	3,535	9,926
NPS Margin	**20%**	**20%**	**15%**
Growth + Margin	1,186	4,242	11,592
Operative District Plan			
Plan-enabled Capacity	15,666	15,666	20,906
Feasible Capacity	4,934	4,934	9,849
Sufficiency	Yes	Yes	No
Proposed District Plan			
Plan-enabled Capacity	15,666	25,300	30,765
Feasible Capacity	4,934	7,965	12,811
Sufficiency	Yes	Yes	Yes

Table 0.1: Housing Demand Projections for New Plymouth District

Population growth means more houses are required in the future

- The New Plymouth district is forecast to grow by 7,200 people (or 8.3 per cent) over the next 10 years to around 93,000 and to 104,900 over the next 30 years (by the end of 2051). This is a slight reduction from the previous HBA with an expected drop in international migration due to Covid.

- To accommodate this growth, the district will need an additional 11,592 new dwellings over the next 30 years. This means that on average we will require 386 dwellings per year. The increase in dwellings reflects the changes in housing typologies due to smaller dwellings and less people per dwelling.

Increasing residential house prices and affordability

- The cost of building or buying a first home in New Plymouth has increased, with housing affordability decreasing.

Capacity in the short term relies on residential zoned land

- The New Plymouth District's existing residential zoned land and infill housing potential identified in the ODP provides capacity to meet demand in the short term

Increasing housing choices as part of the Proposed District Plan to meet medium term demand

- The introduction of the medium density zone along with the Structure Plan Development (SPD) areas and further residential land in the PDP will increase capacity to meet the medium-term housing capacity demand in the district.

Sufficient future growth areas in the long term

- There are sufficient future growth areas identified as Future Urban Zone (FUZ) in the PDP to meet long term housing capacity demands in the district.

Infrastructure is required for future growth areas

- A significant proportion of our Infrastructure spending over the next ten years is to support future growth. Currently, an estimated 19 per cent[1] of this spend will be recovered via mandatory contributions from property developers.

Changes in demographics will require a variety of housing typologies

- Our changing and ageing population will require more single-person and couple-only households. This includes significantly increased demand for small and multi-unit dwellings, as well as rest homes and retirement villages.

Currently Greenfield development is more feasible than infill development

- The feasibility outputs for residential greenfield development are much higher than for infill development which is why it is currently more desirable.

[1] Based on New Plymouth District Council historical funding

2 Context

2.1 New Plymouth District

New Plymouth District is one of the districts of New Zealand within Taranaki and the 11th largest district in New Zealand. It includes the city of New Plymouth, and smaller towns such as Inglewood, Oakura and Waitara. Our vision for New Plymouth District is to be the Sustainable Lifestyle Capital. We have a great starting point, our district offers so much – spectacular natural beauty from Taranaki Maunga to the moana, thriving towns and communities, a productive rural sector, some excellent recreational and cultural facilities, and of course great people.

Our district is continuing to grow in population. Since 2001 we have grown by one to two per cent per annum, and our population is now over 86,000 people. We expect this population growth to continue, with a forecast population of around 94,000 by 2031, and around 105,000 by 2051. Bell Block and the southern areas of New Plymouth will be the fastest growing areas and the make-up of our community will also change. We expect an ageing population and greater ethnic diversity, which will change how we provide our facilities and services.

The New Plymouth District Council (NPDC) and Taranaki Regional Council (TRC) have agreed that this HBA will cover demand for housing in the New Plymouth District only as identified below. It will assess housing and land capacity within the New Plymouth District boundary. Future versions of the report will consider including the South Taranaki and Stratford districts.

Figure 2.1 – The New Plymouth District Study Area

2.2 Policy Context

A number of key policy and strategy documents have informed this HBA. These include:

- National Policy Statements on Urban Development and Freshwater Management, and the New Zealand Coastal Policy Statement
- National Infrastructure Plan

- Government Policy Statement on Land Transport
- Regional Policy Statement for Taranaki 2010 (in particular the built environment objectives and policies)
- Regional Land Transport Plan for Taranaki 2015-2021
- Long Term Plans (LTP) (New Plymouth District Council and Taranaki Regional Council)
- New Plymouth District Blueprint
- New Plymouth Operative District Plan
- New Plymouth Proposed District Plan

2.3 Policy Limitations

This report highlights some issues that should be taken into account when devising planning responses.

- The PDP was notified in 2019 and decisions will be released by September 2022. The PDP has a growth focused policy framework and provides for some of the medium term growth capacity.
- Further Plan Changes will be required over time to respond to HBA requirements. The Plan Change process is a separate RMA process that requires resourcing and planning.
- Integrating the data into long term planning, funding and infrastructure development timeframes that require a across Council approach.
- Review of the data in this document may require consequential amendments to the LTP and IS and to other relevant Council policies and bylaws. This will not be aligned until the next Long Term Planning Process.
- This assessment is limited in that it is only ever a 'snapshot in time' of the housing and building data. Significant change will be more readily reflected in Quarterly Monitoring Reports.

3 Our Approach

This section outlines the general methodologies used to assess key elements of the housing capacity. More details, including data sources, can be found within each section of the report.

3.1 Quarterly Monitoring

As required by the NPS-UD, we monitor a range of housing market and price efficiency indicators on a quarterly basis. This monitoring ensures the Council and other local authorities have timely information about demand, urban development activity, and market function, including how market changes may affect sufficient capacity for housing land in the district.

The latest monitoring update was published in July 2021 and can be found here https://www.newplymouthnz.com/Council/Council-Documents/Reports/National-Policy-Statement---Urban-Development-Capacity . Future quarterly monitoring will continue to gather data on housing and business demand and supply and sufficiency of housing and business land. The HBA should be read in conjunction with these quarterly monitoring reports.

3.2 Demand Assessment

Population Projections

To ensure alignment across our planning, finance and infrastructure decision making we have used the same population and housing forecasting that we have used in our 2021-31 Long Term Plan and our 30-year Infrastructure Strategy and the PDP.

NPDC forecasts that the district's population will grow over the next 30 years as follows:

	2021	2026	2031	2036	2041	2046	2051
Population	86,700	90,300	93,800	96,700	99,300	102,000	104,900

NPDC population projections[2] factor in demographic trends, expected economic growth, international migration, expected employment growth. The model brings in a wide range of macro-economic forecasting reflecting government policy changes and market signals, including that there will be no further oil and gas exploration, the price of carbon in the emissions trading scheme rising significantly, and that workplaces continue to become automated.

International Migration

This forecasting has also been adapted for the Covid-19 pandemic with adjustments for net migration in 2020 and the first four years of the LTP as follows:

Year (ending 30 June)	Net Migration	Detail
2021	20%	This year (prior to the LTP) is likely to see strongly reduced international migration due to border restrictions, however some internal migration may occur and there will be fewer residents leave.
2022	50%	This reflects decreased employment opportunities and that employment opportunities that arise are more readily filled by locals returning to the workforce after unemployment. Migration slowly increases.
2023	50%	
2024	75%	
2025	75%	
2026 and onwards	100%	Economic conditions assumed to return to relative normality. It should be noted that the Infometrics projections assumes a general decrease in net migration in the longer term

Migration levels are predicted to be around 20% in 2021, with little international migration and fewer residents who leave. Current predications expect slower international migration until 2026 where it should return to pre-covid-19 levels. Any changes in the type of migrants to the district could change and influence future housing demand, with changes in the ethnic makeup of New Plymouth resulting in changes to future housing preference. There is a high level of uncertainty which arises from national and global economies and approaches to border controls/closures following the Covid-19 pandemic. In particular, the degree of border controls in place before populations are vaccinated and

[2] Population Projections 2018-2051. Infometrics (April 2020)

the ability to attract tourists to New Plymouth District following the global economic outfall of Covid-19. The pandemic has introduced additional uncertainties to forecasting tourism.

Statistics NZ Projections

Past Statistic NZ population forecasts for the district have not been accurate. This is discussed in a report *"How accurate are population estimates and projections?"* (September 2016)[3]. The graph below shows how Stats NZ's projections have been considerably lower than actual population growth experienced in New Plymouth district.

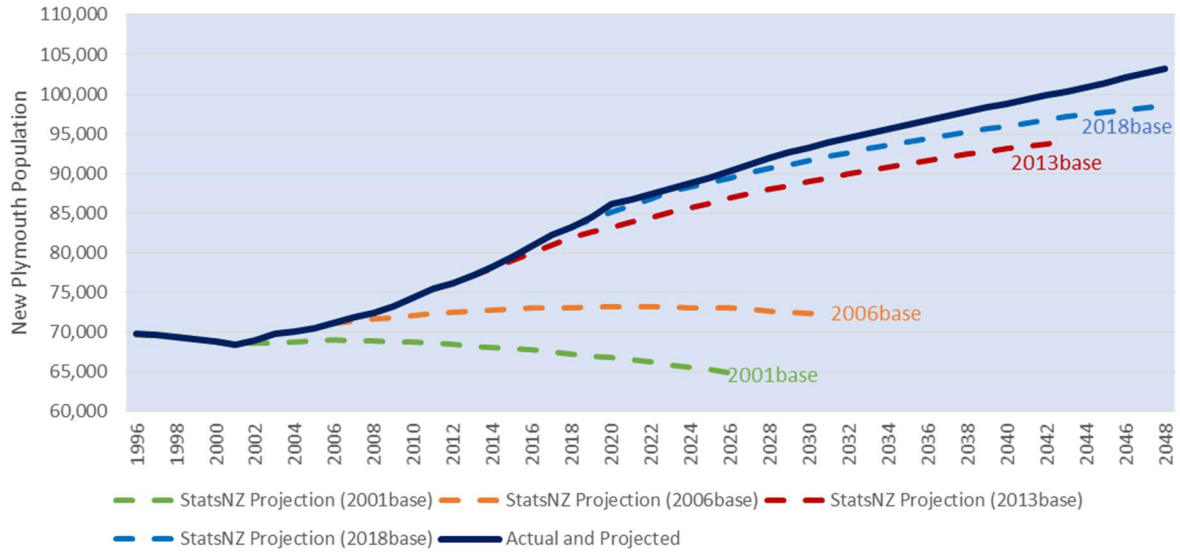

Figure 3.1: Statistics NZ Population Projection for New Plymouth

Previously, Stats NZ estimated medium projections, when the district actually experienced significantly greater population increase of 3.2 per cent. Which is why we have developed our population projection along with the support of Infometrics. We included the current Stat's NZ projection for New Plymouth along with the forecast scenarios below as a comparison.

Forecast scenarios

In determining the projected demand, a range of projections have been considered and assessed to see which one is more likely and why. We considered three scenarios as detailed below:

[3] https://www.stats.govt.nz/assets/Uploads/Retirement-of-archive-website-project-files/Methods/How-accurate-are-population-estimates-and-projections/how-accurate-pop-estimates-projections-1996-2013-2.pdf

Scenario	Details
Low Population growth	Low population scenario as provided by Infometrics, population would reach an estimated 95,680 by 2051 which is 9,200 less people or 3,800 dwellings than the medium scenario.
Medium Population growth	Current population forecast which incorporates changes to international migration in the short term due to Covid-19.
High Population Growth	High population scenario as provided by Infometrics, population would reach an estimated 118,100 by 2051 which is an extra 13,200 people or 5,400 dwellings than the medium scenario.

A medium population scenario is most appropriate as it takes into account any affects that Covid-19 may have on international demand whilst still considering high demand for housing through natural change in the short term.

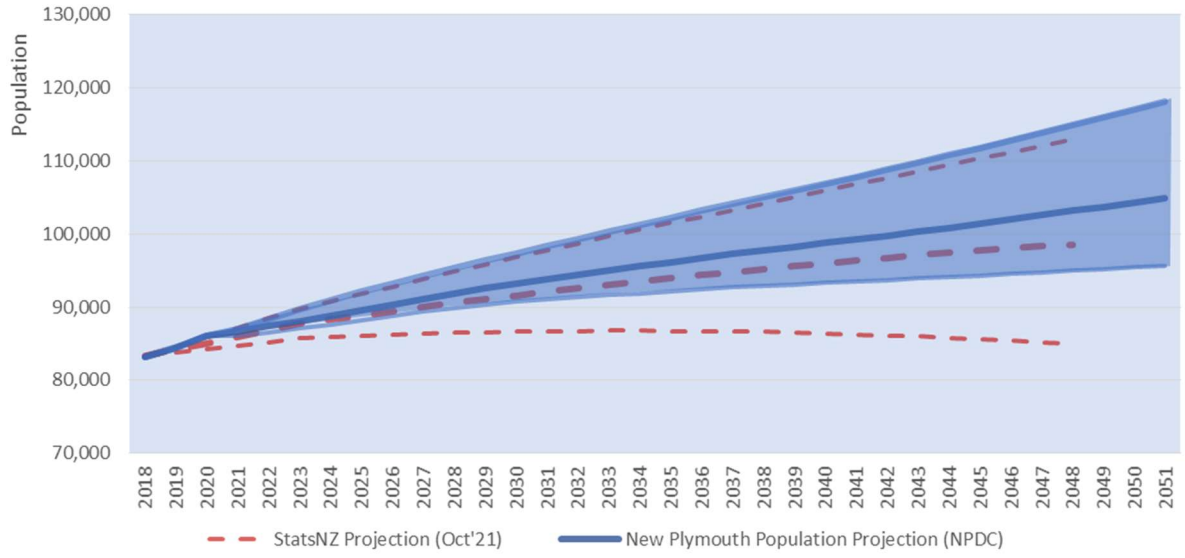

Figure 3.2: New Plymouth Population Projection Comparison

There is a medium level of uncertainty in projected population trends which are now more uncertain due to the Covid-19 pandemic, particularly in the short term. However, the Taranaki economy is performing better than many earlier forecasts and is relatively well placed within New Zealand. Unemployment has not increased as expected and incomes have held up. Retail expenditure is generally up and investment in housing and construction remain buoyant. Taranaki does not rely on internal tourism so has not been impacted by travel restrictions and domestic tourism has remained relatively stable. Over the next ten years we expect our economy to recover, although international tourism may take some time to get back to normal levels. With the current lockdown in August/September 2021 or any further significant restrictions may cause further social and economic issues, and may delay recovery. Any significant changes will be incorporated into future reports.

3.3 Capacity Assessment

The NPS-UD requires councils to provide sufficient **plan-enabled** and **infrastructure-ready** development capacity to meet demand over a 30-year period.

Short Term	Land that is zoned for housing use in an operative plan where there is adequate existing development infrastructure to support the development of the land.
Medium Term	Land that is either zoned in the ODP, or identified to be zoned for housing in the PDP. Funding for adequate infrastructure to support development of the land is identified in the long-term plan.
Long Term	Land that is either zoned as above or land identified by the local authority for future urban use or urban intensification in an FDS. The development infrastructure to support the development capacity is identified in the local authority's infrastructure strategy

Whilst a majority of residential capacity is provided in the district's urban areas, (including New Plymouth City and some smaller urban areas surrounding the Central City), this report assesses the capacity across the entire district. The current capacity assessment does include a small percentage of developable land in rural areas although in the long term, only around seven per cent of total capacity is forecast to occur within the rural environment.

The capacity assessment undertaken in this HBA is therefore based on the ODP provisions for the short term, and on both the Operative and PDP provisions for the medium to long term. More details on the NPS-UD Objectives and Policies can be found in **Appendix 1**.

Infrastructure Assessment

The Council aims to meet the District's growth needs through efficient and cost-effective infrastructure networks and is seeking greater intensification in the District. This requires a better understanding of New Plymouth's existing infrastructure, as well as implications of any infrastructure decisions upon wider networks. A table of all development area specific growth-related infrastructure projects identified in the 2021-31 LTP can be found in **Appendix 2**.

NPDC must also consider infrastructure such as education, power, gas and transportation networks required to support future urban development. This requires consulting with providers to ensure there are no significant barriers to infrastructure being available.

Future transportation networks have been developed in accordance with the DSP's as part of the Proposed District Plan. All the DSP include both collector roads, local roads and pathways to allow connections from the existing infrastructure into the new growth areas.

According to the Ministry of Education (MoE), the majority of the District's schools have capacity to accommodate anticipated growth, with the exception of the southern growth areas. With enrolments already increasing, the three main primary schools in these areas may have some infrastructure capacity issues in the long term. NPDC are in continued conversations with the MoE to understand any future growth and the affect they will have on both primary and secondary schools. As part of this NPDC will consider including a designation for a future primary school when developing the Smart Road Future Urban Zone.

4 Housing Capacity Assessment

This section analyses the future demand for housing in the New Plymouth District and includes estimates of the district's capacity to develop new housing to meet this demand. It takes into account New Plymouth's PDP, future capacity enabled by development infrastructure provisions, and the likely commercial feasibility of development based on current market conditions.

4.1 Demand for Housing

Aggregate Housing Demand

Projections regarding household numbers follow a cohort component approach, involving the analysis of living arrangements for each age and gender cohort, and converting population projections into household numbers. This approach makes use of projected living arrangements type (LATR), which are produced by Stats NZ based on analysis of historic trends. LATRS indicate the proportion of each cohort in each living arrangement type – for example, 22% of 20-24 year old males in 2018 lived in an 'other multi-person household' (i.e. flatting) arrangement. To derive the number of households in the district, the number of individuals living in each household type is divided by the average size of each household type. Growth is expected in couples without children, one person households and non-private dwellings (e.g., retirement homes).

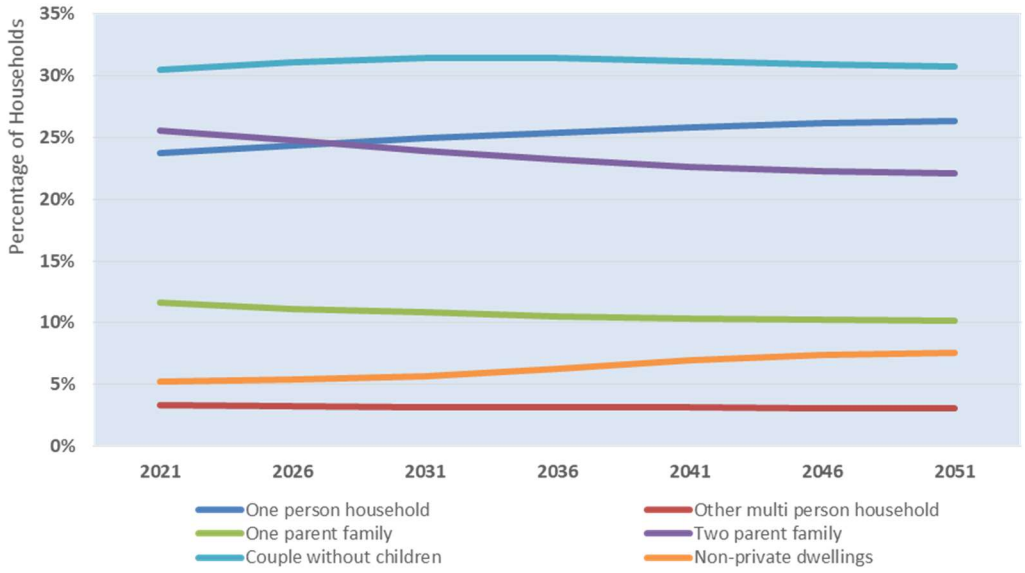

Figure 4.1: Estimated Household Breakdown for New Plymouth District

	2021	2026	2031	2036	2041	2046	2051
Individuals per household	2.45	2.44	2.41	2.39	2.36	2.33	2.32

Table 4.1: Individual Household Structure for New Plymouth District

Under the medium growth scenario, the average household size in the District is projected to decline from an estimated 2.45 individuals per household in 2021 to 2.32 in 2051. This will also lead to a likely diversification of housing needs and therefore the types of houses being built.

A decline in average household size general implies that a higher number of households will be required to house a static or increasing population. In the case of New Plymouth, the number of households in the District is projected to increase by 9,926 households by 2051. The NPS-UDC requires an additional capacity margin of at least 20 per cent in the short and medium term, and 15 per cent

in the long term (over and above the projected demand). This is to factor in "a proportion of feasible development capacity that may not be developed". This takes the number of households in the District is projected to increase by 11,592 households in 2051.

DEMAND	Short Term (2021-24)	Medium Term (2024-31)	Long Term (2031-51)
Projected Dwelling Growth	998	3,535	9,926
NPS Margin	**20%**	**20%**	**15%**
Growth + Margin	1,186	4,242	11,592
Operative District Plan			
Plan-enabled Capacity	15,666	15,666	20,906
Feasible Capacity	4,934	4,934	9,849
Infrastructure Capacity	4,629	4,934	9,849
Sufficiency	Yes	Yes	No
Proposed District Plan			
Plan-enabled Capacity	15,666	25,597	30,765
Feasible Capacity	4,934	7,965	12,811
Infrastructure Capacity	4,629	7,965	12,811
Sufficiency	Yes	Yes	Yes

Table 4.2: Housing Demand Projections for New Plymouth District

Housing Demand by Type

Overwhelmingly, the predominant housing type built in the district is the detached house, with housing types such as units, flats, townhouses, or studio accommodation less popular in the current market.

	Houses	Townhouses, flats, units, and other dwellings	Apartments	Retirement Village Units
Last 12 months	84%	9%	1%	7%
Last five years	88%	7%	1%	5%
Last 10 years	85%	6%	1%	8%

Table 4.3: New Plymouth Residential Building Consent Applications by type

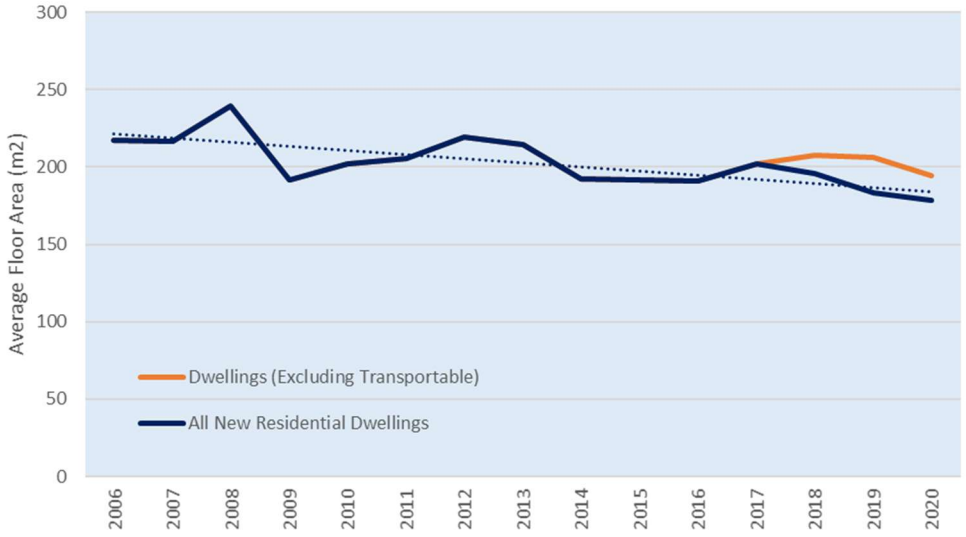

Figure 4.2: Average size of detached house in New Plymouth by building application year

Source: Statistics New Zealand Building Consents by Territorial Authority and Internal NPDC Data

Over the past 10 years, the average house size in the district has been on a slow decline from an average of 200m^2. A major factor in this decline is the increasing number of transportable housing factories in New Plymouth.

There are four key findings which help produce projections going forward:

- Currently joined dwelling typologies make up 9% of new residential building consents. Based on market trends and projected household composition growth, we estimate there will be an increase in the number of joined dwellings to about a quarter of all new dwellings in New Plymouth by 2051.
- The remaining three quarters of all new dwellings in New Plymouth will be standalone dwellings by 2051. Standalone dwellings will continue to require an average floor space of a minimum of 180m^2 and must accommodate 3-4 bedrooms[4].
- Currently the market for apartments or other small dwellings is yet to make a significant appearance but the PDP includes policies and methods to encourage building of apartments.
- Retirement Villages at present make up around 5-8% of all applications. Given the expected increasing ageing population we expect this trend will continue. Retirement Villages are anticipated within the residential and centres zones of the PDP, however given their scale, finding suitable land to accommodate the activity can be challenging with the District. Currently any retirement village requires resource consent under the ODP and PDP.

	Standalone house			Attached Dwelling		
	Short	Medium	Long	Short	Medium	Long
Demand growth since 2021	860	2,948	7,762	129	586	2,164
Demand growth plus margin	1,032	3,538	9,074	154	703	2,518
Feasible Operative Plan Capacity	3,936	3,936	9,849	998	998	998
Sufficient?	Yes	Yes	Yes	Yes	Yes	No
Feasible Proposed Plan Capacity	3,936	5,384	10,230	998	2,581	2,581
Sufficient?	Yes	Yes	Yes	Yes	Yes	Yes

Table 4.4: New Plymouth Residential Feasible Capacity

Housing Demand by Location

Over the last five years, around 50% of all new dwellings were located in residential areas of New Plymouth, with an additional 20% in the Bell Block Residential area. The remaining 30% are either in the residential areas of our smaller townships or the rural area. Bell Block is expected to continue to have a high number of consents in the short term to medium term, with the development of Bell Block Area Q Structure Plan Development Area and a large proportion of undeveloped residential land.

Historically we have seen a high proportion of consents in the rural environment zone. However, policy changes to the PDP aim to decrease the number of applications in the rural environment (short to medium term) along with the zoning to Rural Lifestyle.

The number of residential building consents over the last five years and projected going forward into the long term are displayed below. Both Oakura and Waitara are grouped with a rural Statistical Area

[4] The majority of sites have the potential to develop dwellings larger than 180m2 but we have set this to the minimum requirement

(SA) that border the residential boundary as they encompass the future growth areas in those locations that are currently zoned rural.

		Last Five Years	2020	Short Term	Medium Term	Long Term
New Plymouth (SA2 below)		51%	53%	47%	60%	83%
Bell Block		18%	21%	37%	23%	5%
Waitara (and Tikorangi)		8%	9%	6%	5%	5%
Oakura (and Kaitake)		6%	4%	4%	5%	4%
Inglewood		3%	4%	3%	3%	2%
Rural		14%	9%	3%	4%	1%
New Plymouth SA2	Blagdon/Lynmouth	1%	1%	1%	2%	2%
	Ferndale	2%	2%	4%	8%	2%
	Fitzroy/Glen Avon	4%	1%	3%	5%	39%
	Frankleigh Park	1%	0%	1%	2%	2%
	Highlands Park	2%	3%	8%	3%	2%
	Hurdon	4%	5%	3%	5%	7%
	Kawaroa/Moturoa	3%	2%	6%	7%	5%
	Vogeltown	9%	7%	4%	7%	5%
	Marfell	3%	5%	3%	3%	3%
	Merrilands	1%	1%	3%	4%	3%
	New Plymouth Central	1%	1%	1%	2%	2%
	Port Taranaki*	5%	8%	0%	0%	0%
	Spotswood	2%	2%	3%	3%	3%
	Strandon*	4%	7%	3%	3%	3%
	Waiwhakaiho	1%	2%	0%	0%	0%
	Welbourn	2%	3%	3%	4%	2%
	Westown	2%	0%	1%	2%	2%
	Whalers Gate	6%	3%	1%	1%	1%

Table 4.5: New Plymouth Residential Building Consent Previous and Projected

The New Plymouth District includes both urban and rural locations. Figure 4.3 demonstrates where residential development has occurred in the New Plymouth urban area over time. As consents demonstrate above, significant amounts of growth have occurred in the Bell Block area and on the residential boundary into rural environments. Areas experiencing a higher increase in land value are in close proximity to specific amenities, such as those near the city centre or coastal properties with sea views.

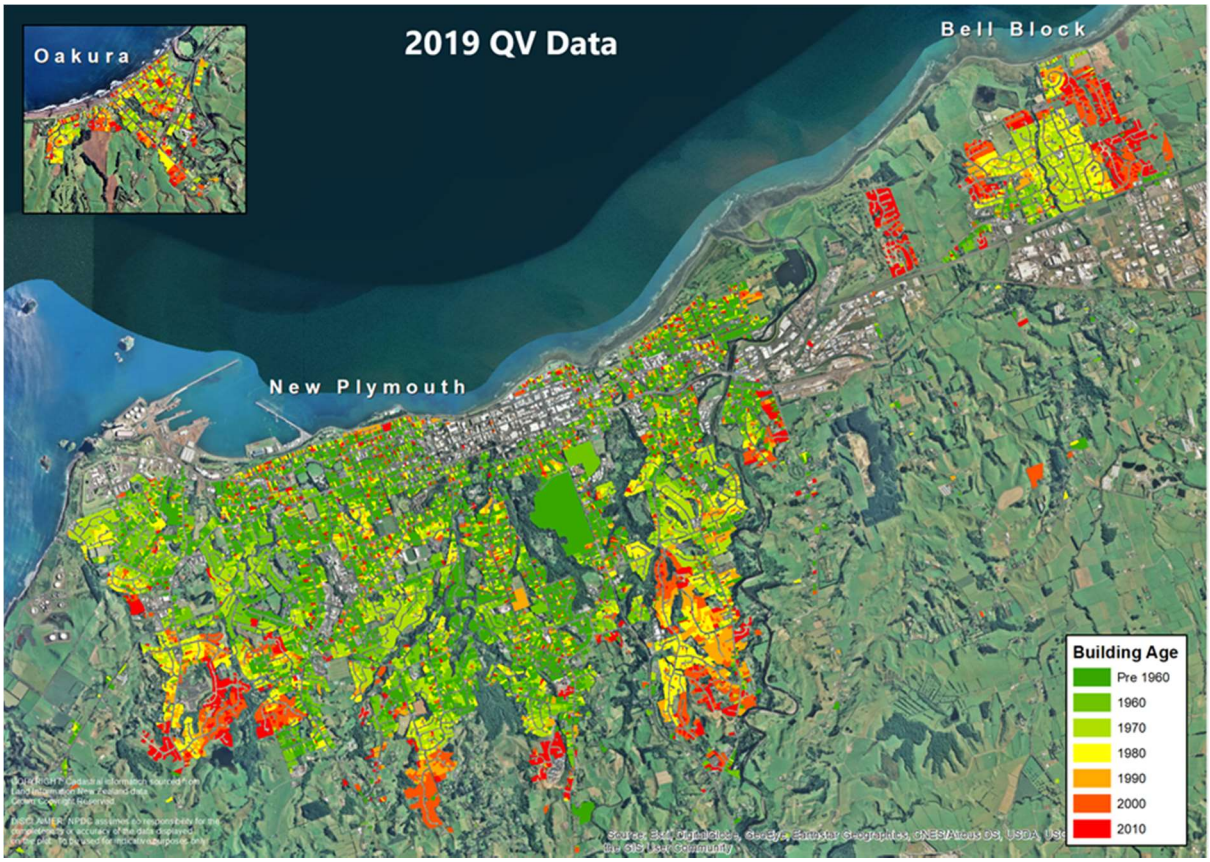

Figure 4.3: Residential Built Year by Location

Source: 2019 QV Data

*Port Taranaki and Strandon

Port Taranaki and Strandon figures are artificially elevated due to transportable housing factories in these locations. Future reporting will address this anomaly to ensure information can be assessed by location.

Housing Demand by Price

Household composition and income are key household characteristics that have an important effect on the value and types of dwellings demanded. If we compare (2018) projected future (2038) household characteristics are shown in the tables below for the households in the New Plymouth District. The top half of the tables shows the distribution of households by household type and income. The lower half shows the percentage distribution across each category.

2018	Household Income							
	$20,000 or less	$20,001-$30,000	$30,001-$50,000	$50,001-$70,000	$70,001-$100,000	$100,001-$150,000	$150,001 or more	Total
Family households	771	906	3,123	3,096	3,942	4,770	3,714	20,322
Other multi-person households	51	51	192	174	180	180	114	942
One-person households	1,995	2,460	1,551	921	522	219	108	7,776
Total	2,817	3,417	4,866	4,191	4,644	5,169	3,936	29,040
Family households	2.65%	3.12%	10.75%	10.66%	13.57%	16.43%	12.79%	69.98%
Other multi-person households	0.18%	0.18%	0.66%	0.60%	0.62%	0.62%	0.39%	3.24%
One-person households	6.87%	8.47%	5.34%	3.17%	1.80%	0.75%	0.37%	26.78%
Total	9.70%	11.70%	16.80%	14.40%	16.00%	17.80%	13.60%	100.00%

Figure 4.4: Household Income by Household type for New Plymouth 2018

Source: Statistics NZ Census 2018

The tables show that over half (69%) of New Plymouth District's households are family households. This is projected to decrease to (66%) of household by 2038. This decrease will be offset by an increase in one-person households from (27%) to (31%).

The current average household price for New Plymouth in November 2020 is $560,000[5]. Taking into account the average living costs for a typical household we estimate to afford a house of $560,000 it would require an estimated household income of around $85,000.

2038	Household Income							
	$20,000 or less	$20,001-$30,000	$30,001-$50,000	$50,001-$70,000	$70,001-$100,000	$100,001-$150,000	$150,001 or more	Total
Family households	848	996	3,434	3,404	4,334	5,245	4,084	22,345
Other multi-person households	56	56	211	191	198	198	125	1,036
One-person households	2,660	3,280	2,068	1,228	696	292	144	10,368
Total	3,564	4,332	5,713	4,823	5,228	5,735	4,353	33,749
Family households	2.51%	2.95%	10.18%	10.09%	12.84%	15.54%	12.10%	66.21%
Other multi-person households	0.17%	0.17%	0.63%	0.57%	0.59%	0.59%	0.37%	3.07%
One-person households	7.88%	9.72%	6.13%	3.64%	2.06%	0.87%	0.43%	30.72%
Total	10.60%	12.80%	16.90%	14.30%	15.50%	17.00%	12.90%	100%

Figure 4.5: Household Income by Household type for New Plymouth 2038

Source: Statistics NZ - Subnational household projections

Analysis of housing market and impact of planning

Every HBA must include an analysis of how the relevant local authority's planning decisions and provision of infrastructure affects the affordability and competiveness of the local housing market. Any shortfall of development capacity may have an impact on the affordability of housing by

5

restricting new supply. Alongside this report a new Taranaki Housing Strategy is being developed in partnership with iwi, NPDC and the community to develop accessible and affordable housing. Part of this Strategy will be to better understand affordable housing in the future.

This section investigates the affordability of housing in New Plymouth and the Taranaki region and for the country as a whole by comparing average current house values with mean household income. We present a housing affordability index (HAI) which is the ratio of the average current house values to average household income. A higher ratio, therefore suggests that median houses cost a greater multiple of typical incomes, which indicates lower housing affordability. The cost of building or buying a first home in New Plymouth has increased, with housing affordability decreasing, this is at a lower rate than the national average.

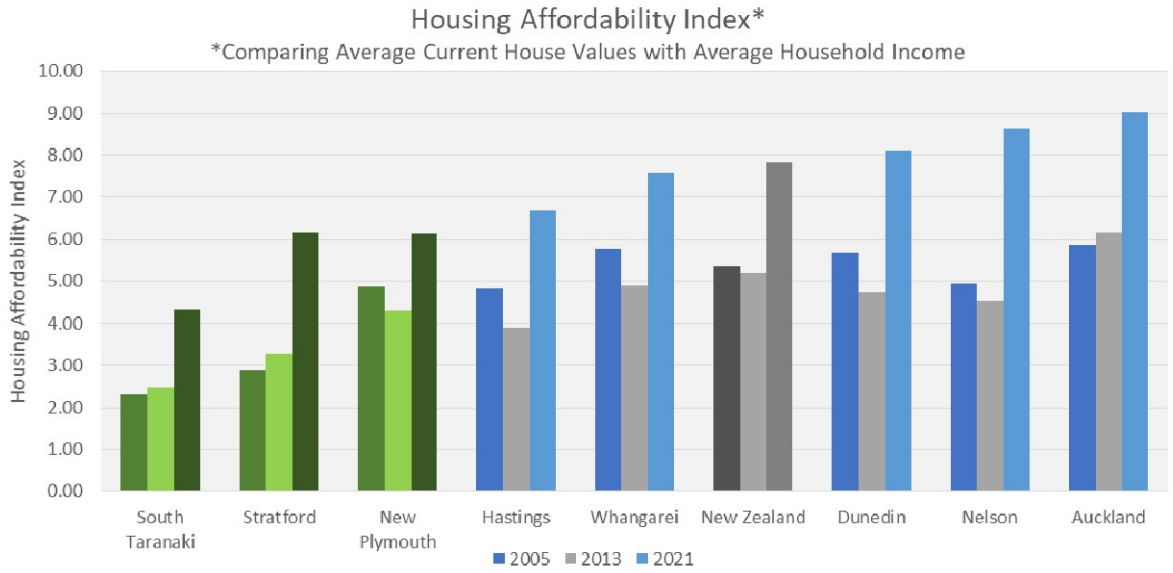

Figure 4.6: Housing Affordability Index comparison against others

New Plymouth has a lower housing affordability index than the national average. The New Plymouth HAI is 6.15 which is less than the New Zealand HAI of 7.85 and significantly less than Auckland which is 9.02. The HAI for South Taranaki is lower than New Plymouth and Stratford which increased in 2021 to 6.15 alongside New Plymouth. This indicates that both New Plymouth and Stratford have similar household income relative to dwelling house values.

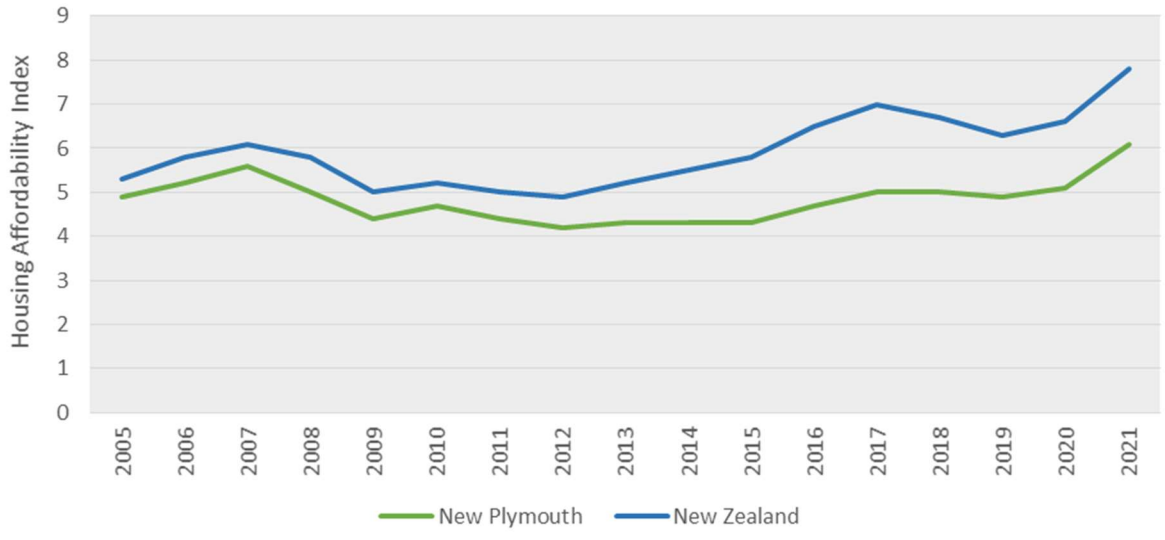

Figure 4.7: Housing Affordability Index for New Plymouth and New Zealand 2005-2021

If we look at the HAI over the past 16 years the general trend is dwelling house price has increased at a higher rate than the average household income. The trend for New Plymouth has been consistently lower than the New Zealand average.

Similar to this is the price efficiency indicators provided by the Urban Development Dashboard to help Councils to understand how their local markets are responding to growth. This includes the price-cost ratio, which compare the extent to which construction costs or land costs contribute to house prices.

The methodology used to develop price-cost ratios for housing in New Zealand urban areas and territorial authority can be found here https://www.hud.govt.nz/assets/Urban-Development/NPS-UDC/595209f7f3/National-Policy-Statement-on-Urban-Development-Capacity-Price-efficiency-indicators-technical-report-Price-cost-ratios.pdf

The key components of the price-cost ratio are illustrated below:

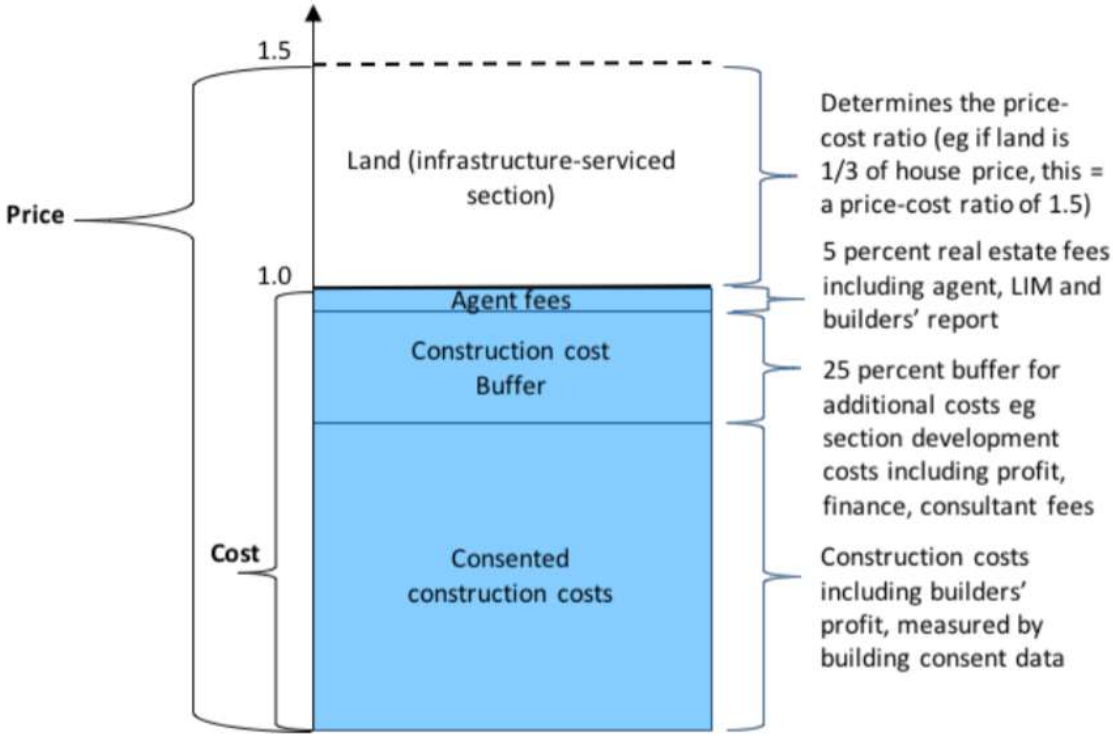

Figure 4.8: The components of the price-cost ratio

Over time, except during periods of rapid growth most areas show price cost ratios below 1.5 (where the cost of sections comprises less than one third of the price of a house). These results suggest a threshold of 1.5, below which land markets are operating well, and above which it appears there are constraints on the supply of infrastructure-serviced sections relative to demand. New Plymouth follows a trend along with similar sized TA in New Zealand. It previously breached the 1.5 threshold back in 2005 but dropped back down again till it recently rose back above 1.5 again in 2021. Land in Stratford and South Taranaki doesn't seem to have as much demand as the New Plymouth urban area.

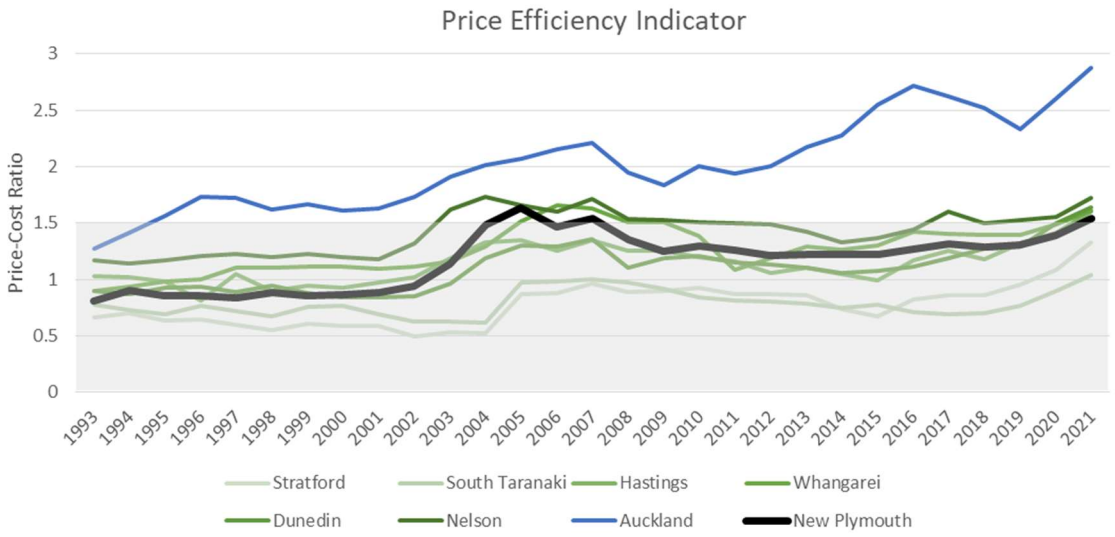

Figure 4.9: Price Efficiency Indicator – Price-Cost Ratio provided by NPS-UD

Across the district, land value as a percentage of capital value has slowly increased over the past nine years[6]. This increased ratio shows that over time land has become more valuable than the buildings that occupy it, indicating increased demand for land.

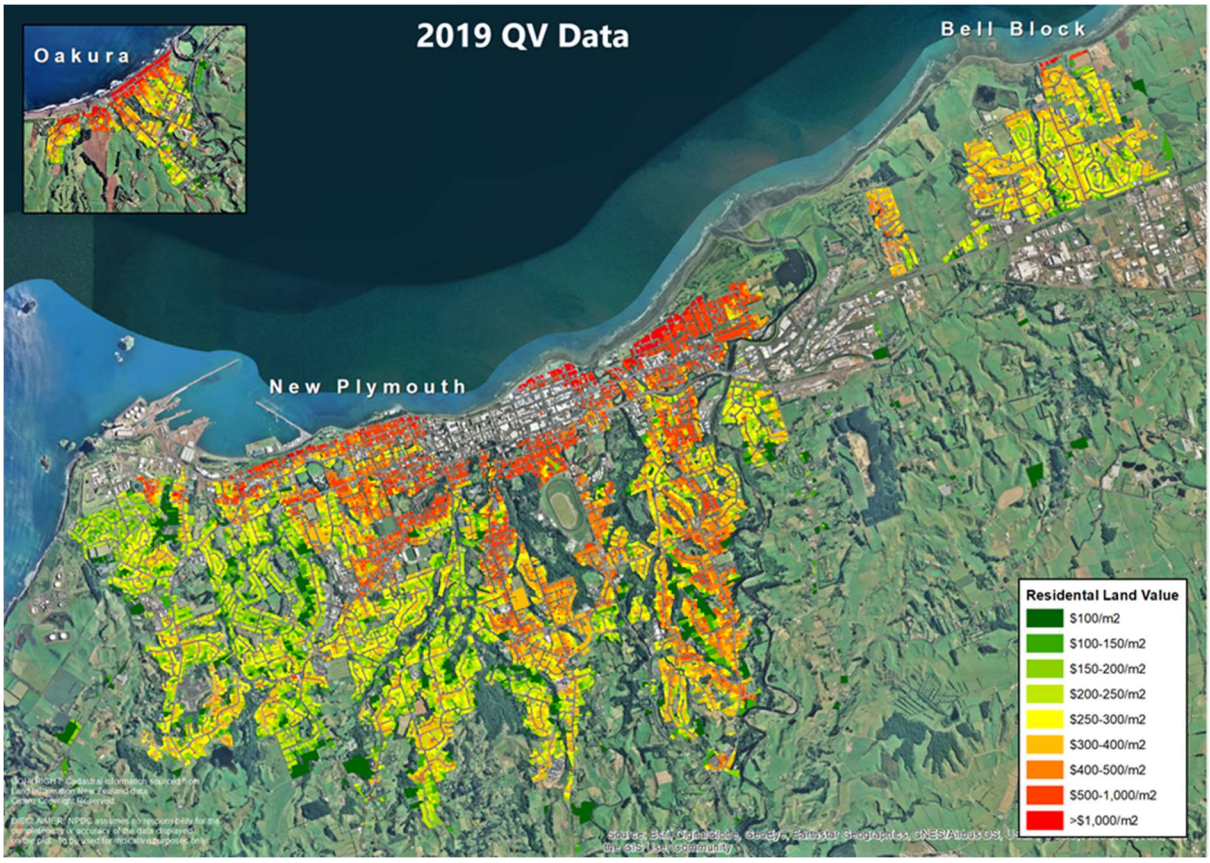

Figure 4.10: Residential Land Value (m^2) by location

Source: 2019 QV Data

[6] Land Value as a percentage of Capital Value can be found in the New Plymouth NPS-UD Quarterly Monitoring Reports.

Areas experiencing a higher increase in land value are those in close proximity to specific amenities, such as those near the city centre or coastal properties with sea views as shown in Figure 4.5. High demand, leading to higher land values impacts feasible development capacity and housing affordability.

Some of these high value areas are also identified for new medium density areas in the PDP due to their proximity to shopping areas. This policy approach has the potential to make development more feasible and affordable in the long term. Minimising urban sprawl and increasing housing supply and housing options in the district by encouraging infill and intensification.

Our ageing population

Overall, the district's population is expected to continue ageing, with the greatest increase occurring in the 65 and over age group. The 65 and over population age group is predicted to grow from 19% in 2021 to nearly 30% by 2051. With an ageing population we anticipate a greater demand for rest homes and retirement villages and one-two bedroom homes. We also expect changes to the PDP will result in increased availability of small, multi-unit dwellings to meet an ageing population's housing needs.

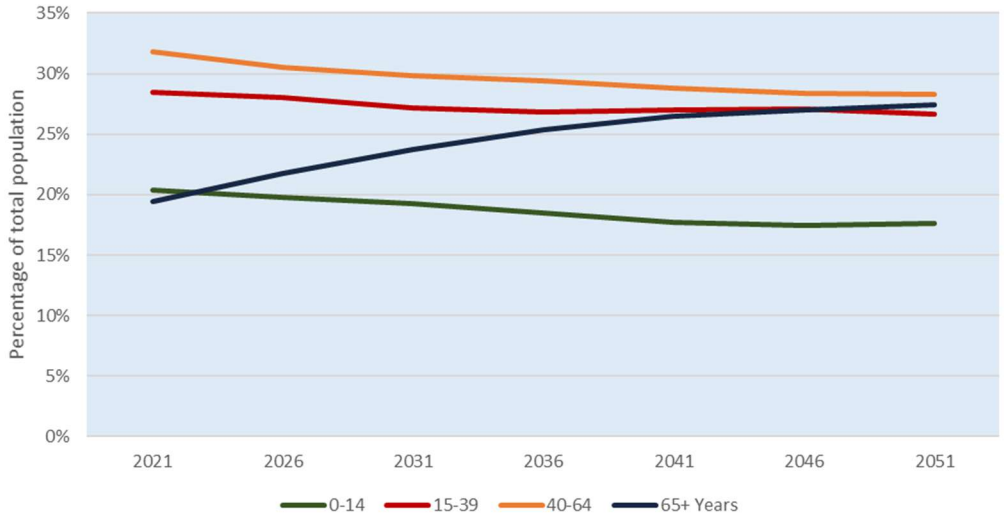

Figure 4.11: New Plymouth District Age as a percentage of population projection

Maori Housing

Research on the housing needs of Māori was undertaken in 2016 for the Centre for Housing research, Aotearoa New Zealand (CHRANZ) and Te Puni Kōkiri45. This included qualitative fieldwork (focus groups and interviews) that found that Māori households tend to accommodate more people due to larger family sizes. The informants all emphasised the importance of maintaining cultural practices around receiving whānau and other guests. Many research participants also highlighted the value given to being able to accommodate whānau (usually parents or grandparents) on a permanent basis.

Our population projections suggest that the Māori population in New Plymouth is expected to grow from 18% of the total population in 2021 to 21% of the total population by 2051, increasing the importance of providing for the housing needs of Māori.

Māori have a long and important history in the New Plymouth District. With historical occupation and the arrival of Europeans and subsequent historic events there are now layers of history within the

landscape. Only 0.43% of land in the New Plymouth District is still Māori land, which is in total less than 10,000 hectares. A lot of this land is in coastal locations or may be subject to development restrictions. Although Māori have a strong association with this land, there are limited opportunities to develop it through the Operative District Plan.

The PDP specifically provides for papakāika through a new Maori Purpose Zone (MPZ). The purpose of the Māori Purpose Zone is to enable Pā/marae, papakāinga housing and associated activities on land owned by tangata whenua and to assist Māori communities to provide for their unique social, cultural, environmental and economic needs within the district. Papakāinga is also enabled in other urban zones to provide options across the District. This provides another housing choice for Māori and enables tangata whenua to maintain or re-establish connections to their Māori identity, culture, whānau and whenua. Iwi entities also have land development opportunities through Treaty Settlement processes, and have a focus on providing housing. This forms part of the Districts land supply.

Developer perspective

NPDC is working proactively with developers to provide housing supply in New Plymouth. There are concerns about land supply availability in the region and active speculation for future opportunities.

A key focus with developers is realizing the opportunities to develop already zoned residential land. Feedback from developers has indicated concerns with availability and quality of remaining zoned land for development. Working with developers to realize the opportunities for infill development is also a key focus and opportunity. Having a clear and cohesive growth strategy is outlined in the PDP to ensure a clear pathway for developers.

Since the end of 2020 NPDC has been working more proactively with developers to strengthen its relationships. Through a series of developer focused forums a redesign of the land development process has been undertaken to ensure an end to end service. This has led to some key initiatives that the Council is implementing. For example the Council has appointment a Relationship Manager that focuses on working with developers through the development process.

It is acknowledged that New Plymouth is facing major issues with basic infrastructure assets, particularly water infrastructure (water supply, wastewater, storm water). The focus of the next ten years is to address the issues with existing infrastructure, whilst providing infrastructure for the required growth the district is expected to experience. Council budgets, are directed towards the renewal of existing infrastructure in the short term.

Tourist Accommodation

To understand whether visitor demand is numerically and/or proportionally significant in the district levels of tourist accommodation has been assessed. This entailed comparing counts of New Plymouth district's dwellings and households, and the proportion of dwellings unoccupied on census night, with national averages.

	Census 2018 count of dwellings and households (Ratio)	Proportion of dwellings unoccupied on Census night 2018 (%)
New Plymouth	1.091	7.5%
New Zealand	1.134	10.4%

Table 4.6: Dwellings and Household Analysis

Source: Statistics New Zealand

Overall, results showed New Plymouth's visitor demand to be consistently below the national average with no numerical and/or proportional significance that would justify an increase in household projections.

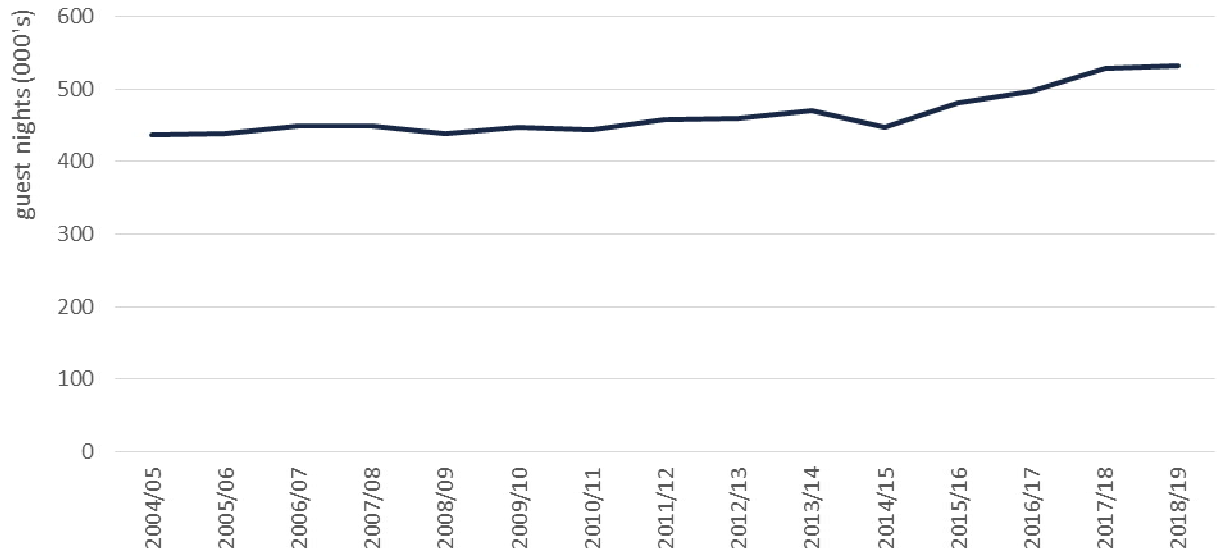

Figure 4.12: Number of guest nights in New Plymouth up to 2018/19

Historically 84% of New Plymouth guest nights are domestic so with the closing of international borders due to the restrictions in relation to Covid-19 we don't expect a significant drop in tourism numbers in the future.

Social Housing

Current demand for social housing in The New Plymouth district has increased significantly over the past three years. This is driven by Covid-19 related issues, demographic, tenure, employment and welfare trends, as well as an ageing population. It is also due to decreasing levels of home ownership, less secure employment and restricted access to welfare.

The Public Housing Plan sets out the Government's public housing supply intentions for the next four years. The 2021-2024 plan provides information about the location and number of an additional 8,000 public and transitional housing places that will be delivered by June 2024. It builds on the 2018 Public Housing Plan[7].

The Public Housing Plan is the Government's key response to the increasing demand for public housing across New Zealand over the next four years. Supply is needed at scale in locations across regional New Zealand, not just main centres. This will require a step change in delivery in some regional centres and towns where there is urgent need for housing. Earlier this year, Government announced Taranaki had the least housing depravation in the country. That didn't stop them from committing to build around 200 public and transitional houses by 2024[8].

	2020	2022	2024
Public Housing	1,254	1,326	1,426
Transitional Housing	25	56	60

[7] https://www.hud.govt.nz/community-and-public-housing/increasing-public-housing/public-housing-plan/
[8]https://www.stuff.co.nz/taranaki-daily-news/news/124891603/best-off-status-doesnt-solve-taranakis-public-housing-crisis

The district's current supply of 1,254 social housing appears to be insufficient. This is indicated by an increase in the number of applications. Majority of our dramatic increase has been since the first lockdown due to Covid in early 2020. New Plymouth is not alone with this housing issue and similar districts in New Zealand also have seem large increases in applications numbers.

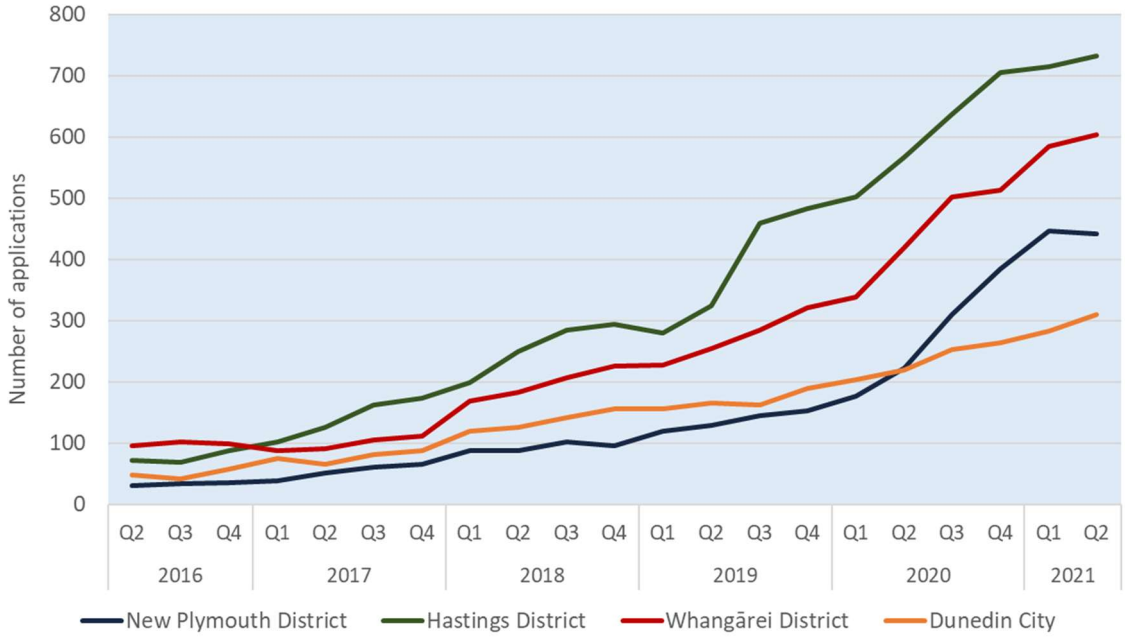

Figure 4.13: Housing New Zealand (HNZ) Register for New Plymouth

Source: Housing Register by Territorial Authority[9]

Climate Change

Climate change is a pressing issue, with increasing calls to reduce our greenhouse gas emissions in order to minimise significant and irreversible disruption to the planet's climate system. District Plans need to prepare for, and adapt to, rising sea levels and more frequent and extreme weather events.

Since notification of the PDP, there have been significant changes to the Council's climate change approach. In December 2019 the Council adopted a Climate Action Framework[10] and committed to an urgent response. Work has begun to reduce, or mitigate, our emissions through various measures (mitigation), and to plan and adjust to the effects of climate change (adaptation).

Our PDP contains objectives in respect of both climate change adaptation and mitigation. Numerous policies and rules in the PDP also refer to the implement the objectives. While there is a focus within the natural hazards and coastal environment chapters, climate change also features in the other chapters. In short, the provisions relate to:

- Compact urban form which reduces the need for private motor vehicles and considers energy efficiency;
- Transportation planning that allows for electric vehicles and a reduced need for private vehicles;

[9] Data provided by Ministry of Social Development June 2021

[10] https://www.npdc.govt.nz/community/a-greener-district/climate-response/

- Managing growth and development carefully in respect of known risks from natural hazards, including the effects of climate change;
- Adaptive management to support communities impacted by natural hazards, including the effects of climate change;
- Protection of significant natural areas (SNAs); and
- Recognising emerging technologies that offer potential for a transition to a low-emission economy.

4.2 Housing Capacity

There is enough feasible capacity to meet the district's housing demands in the short, medium and long term. This is provided for and enabled through NPDC's ODP, PDP, and existing infrastructure, and through future infrastructure identified in the LTP and Infrastructure Strategy. The type of housing being provided is limited to standalone dwellings and townhouses/joined dwellings. However, in the long term the PDP will encourage a wider range of housing typography including smaller houses to accommodate the ageing population.

The ODP provides enough plan-enabled and feasible capacity in the District in the short and medium term. Without the inclusion of the DSPs or the growth areas FUZs identified in the PDP there is not sufficient capacity for the long term.

DEMAND	Short Term (2021-24)	Medium Term (2024-31)	Long Term (2031-51)
Projected Dwelling Growth	998	3,535	9,926
NPS Margin	**20%**	**20%**	**15%**
Growth + Margin	1,186	4,242	11,592
Operative District Plan			
Plan-enabled Capacity	15,666	15,666	20,906
Feasible Capacity	4,934	4,934	9,849
Infrastructure Capacity	4,629	4,934	9,849
Sufficiency	Yes	Yes	No
Proposed District Plan			
Plan-enabled Capacity	15,666	25,597	30,765
Feasible Capacity	4,934	7,965	12,811
Infrastructure Capacity	4,629	7,965	12,811
Sufficiency	Yes	Yes	Yes

Table 4.7: Sufficiency of Housing Capacity to meet demand

Capacity by Typology

Future capacity will be provided for both standalone dwellings and attached dwellings in both suburban infill and undeveloped residential land. We expect the number of attached dwellings to increase to around 25% of all new dwellings over the next 30 years, with over 59% of these to occur in suburban infill. The majority of attached dwellings will be constructed in the new medium density zone as part of the PDP, occurring mainly around the city centre zones as this is where there is the greatest demand for housing.

	Standalone Dwellings	Attached Dwelling
Suburban Infill	41%	59%
Undeveloped Residential Land	77%	23%
Rural Lifestyle	100%	0%
Future Growth Areas	100%	0%
Township Growth Areas	100%	0%
	78%	**22%**

Table 4.8: Percentage of Capacity of dwellings by Type

The purpose of the Medium Density Residential Zone is to a mixture of detached, semi-detached and terraced housing and low-rise apartments. The zone applies in areas that are located in close proximity to centres and it is intended that by enabling increased densities in these areas, the Zone will play a key role in minimising urban sprawl and increasing housing supply and housing options in the district.

The Zone is currently generally characterised by a mix of uses, including existing suburban scale residential housing (stand-alone houses) and townhouses. However, it is anticipated that the character and scale of buildings in this zone will transition over time as the number of medium density residential developments increases (i.e. multi-unit, semi-detached and terraced houses).

Capacity by Location

The majority of future capacity will be provided within the urban boundary of New Plymouth. The largest area of growth is in the New Plymouth/Bell Block areas, followed by Waitara and Oakura. All of these locations encompass a Future Urban Zone (FUZ) identified as part of the PDP. This capacity closely follows the expected areas of growth identified.

	Short Term	Medium Term	Long Term	Average
New Plymouth	53%	60%	73%	69%
Bell Block	25%	23%	6%	12%
Waitara	12%	8%	9%	9%
Oakura	2%	2%	7%	5%
Inglewood	5%	4%	2%	3%
Rural	2%	3%	3%	2%

Table 4.9: Percentage of Capacity of dwellings by Location

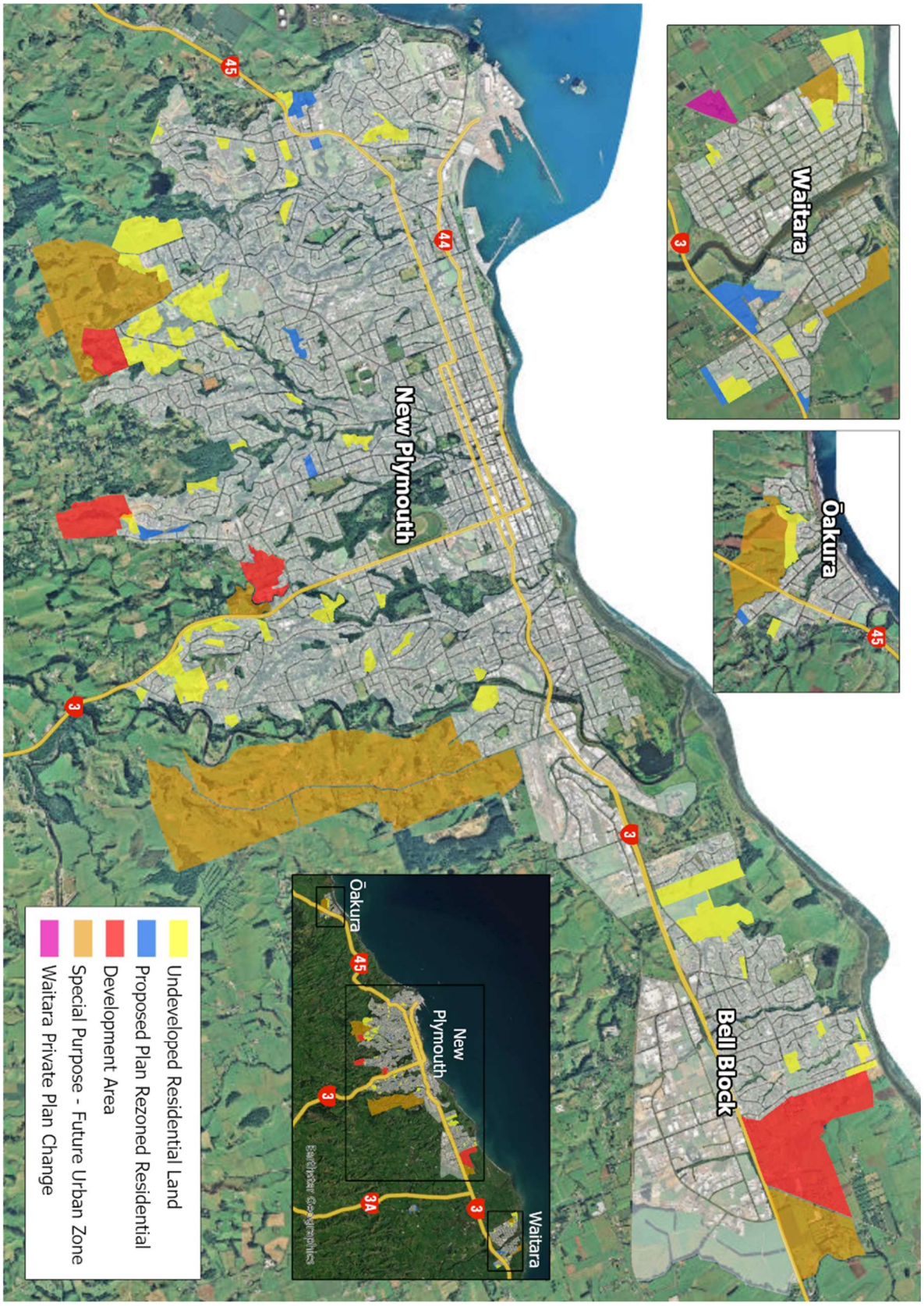

Figure 4.14: New Plymouth Growth Map

Capacity by Type of Growth

Projected long-term future capacity for housing in the district is split across the following areas:

- Short term - capacity will be provided by undeveloped residential land and infill development, including the plan-enabled growth of Bell Block Area Q Structure Plan Development Area.
- Medium term - capacity will be provided by undeveloped residential land and infill development, with the addition of rezoned residential land, the structure plan development areas and rural lifestyle.
- In the long term, capacity will extend out to include all the Future Urban Zones areas identified in the PDP.

The following map demonstrates the areas in New Plymouth where capacity is available in the short, medium and long term. Along with Waitara and Oakura which contain potential future urban zones in the long term.

Figure 4.15: Residential Capacity by Growth Type

Over three quarters of future capacity in the long term is in greenfield development with the remaining quarter in infill development. As part of the Proposed District Plan we have over 19,850 plan-enabled infill lots but due to feasibility this reduces down to only 3,074 infill lots in the long term. If the feasibility was to increase on these lots we would estimate that the current trend of around one third of all development to continue to be infill development.

The majority of NPDC feasible development capacity for housing is in undeveloped residential locations with around 35% of all future capacity in the long term. This includes the additional rezoned residential land as part of the PDP. Initially around one-third of the total capacity is provided through suburban infill development but slows in the medium to long term, to around 25% of all future capacity. The remaining capacity is supplied in both the development structure plans and future urban zones in the medium to long term.

Development capacity within existing urban boundaries

There are two potential development types within existing residential boundaries: suburban infill development, and undeveloped residential zoned land. A combination of these types of development will provide the majority of short term housing capacity over the next 1 to 3 years. They will continue to provide future capacity into the medium and long term alongside the additional structure plans and future urban zones.

Suburban Infill and Comprehensive Development

Infill housing is a general term that refers to new housing within existing urban areas. Infill refers to any development that retains the existing home and subdivides the remaining section to build new homes.

Comprehensive development refers to any development that removes the existing home and redevelops the entire property.

Property Economics was engaged to undertake an assessment of the commercially feasible residential infill and comprehensive development capacity under both the ODP and PDPs. The full report can be found as **Appendix 4**. Infill potential was developed through GIS modelling and then an assessment of feasible capacity was undertaken.

Figure 4.16 – Snapshot of potential infill development within New Plymouth District

In addition to this a comprehensive development option was modelled across each site.

Modelling was undertaken across both the ODP and the PDP using the following assumptions:

Zone (sqm)	Operative Plan	Proposed Plan
RESA / General Residential Zone	450	400
RESB / Medium Density Residential Zone	300	200*
RESC / Low Density Residential Zone	700	750

Table 4.10 – New Plymouth minimum lot sizes

*Although there is technically no minimum size in the MDZ, an average of 200sqm has been applied.

The following outlines the theoretical capacity outputs under both the OPD and PDP for both infill and comprehensive development options.

Plan-Enabled Yield	Operative		Proposed	
	Comprehensive	Infill	Comprehensive	Infill
General Residential Zone	9,781	3,320	14,182	4,697
Medium Density Residential Zone	1,489	472	5,420	1,060
Low Density Residential Zone	246		248	
	11,516	**3,792**	**19,850**	**5,757**

Table 4.11 – New Plymouth plan-enabled residential capacity

Feasibility of infill development

A high-level overview of the model process used to determine the feasible residential capacity for New Plymouth can be found in **Appendix 3.**

A key component of the market's willingness to develop infill is the relationship between a site's land value, fixed subdivision costs and the identifiable 'uptake' in value (sqm) through subdivision.

It is important to note that some of the feasible options for infill development, are also the sites that are feasible for comprehensive development. By taking the highest profit option between the two we can calculate the net feasible capacity.

The feasible capacity, assumes that a standalone dwelling 100sqm dwelling is built in the medium density zone across a 200sqm site (under a 50% maximum site coverage). However, this does not consider the potential capacity that can be achieved by building up to the maximum height and building attached dwellings. This includes options like three level townhouses. Reconciling this against demand, accounting for some of the joined dwelling demand to be supplied by other means that infill, suggests that only 1,767 feasible joined dwellings will be built in the MDZ with the remaining 141 sites to be standalone dwellings.

Feasible Yield	Operative		Proposed	
	Standalone	Attached Dwelling	Standalone	Attached Dwelling
General Residential Zone	701	234	1,156	0
Medium Density Residential Zone	402	234	141	1,767
Low Density Residential Zone	11	0	10	0
	1,114	**234**	**1,307**	**1,767**

Table 4.12 – Maximum Profit Feasible Infill Capacity for New Plymouth

In the short term, the rate at which infill will be developed in New Plymouth, is expected to remain the same, at approximately one third (34%) of all dwellings built. This will slow into the medium and long term with the addition of the Development Structure Plans and Future Urban Zones as part of the PDP.

Undeveloped residential land

The District has undeveloped residential land ready for development in both the ODP and PDP. Any land parcel greater than 10,000m² is classed as undeveloped residential land. These land parcels are a mixture of larger and smaller land parcels, which are located throughout the district's residential environment and often on the urban periphery. In most cases network infrastructure is available so these areas sit in our short to medium term supply. There are limited circumstances where upgrades are required to facilitate maximum yields.

Council will continue to work with land owners on these areas to determine the potential for development. Future consideration into structure planning these areas will be given.

To help predict the possible future housing yield each land parcel was graded depending on the typology to help estimate the minimum lot size for each site. The typography ranged from flat or gently undulating land to steep sloping sites with the following grading.

Grade		Minimum lot Size
1	Flat to gently undulating with little to no reserve	400sqm
2	Rolling to strongly rolling with small reserve	600sqm
3	Moderately steep too steep with large reserve land	750sqm
4	Steep land and lots of reserve	900sqm

The two different housing typologies were used to:

- Standalone Dwelling – 3 Bedroom - 180sqm floor area
- Attached Dwelling – 2X2 Storey 2 bedroom – 250sqm floor area

If a land parcel contained any existing dwellings, they were removed from the total land parcel along with an additional 25% which could be developed into roading or public reserve. The remaining area of land was then deemed developable. Depending on which one was the largest, this remaining land area was divided by the minimum lot size as identified by the grade or the required building floor area and surrounding site coverage allowance.

Figure 4.17: Housing Yield Methodology for undeveloped Residential Land

Feasibility of undeveloped land, development structure plans or any future urban zones has been assessed using the feasibility model provided by Ministry of the Environment (MfE) and is discussed in more detail below in section 4.4.

The total feasible future yield of undeveloped residential land for New Plymouth and Bell Block area is 2,110 made up of, 1,604 standalone dwellings and 506 attached dwellings. The location of the available residential land in New Plymouth and Bell Block is shown in the coloured block areas on the map below. As part of the PDP 17.3 ha of land is proposed for rezoning to residential land. This land is currently either on the rural boundary or zoned for other purposes and due to surrounding residential typologies will be rezoned into residential. This will allow the potential for an additional 229 dwellings in the medium term.

For undeveloped residential land in the smaller townships, see the 'Growth in towns and villages' section that follows. Given the rapid rate of development in the district, it is possible that some areas identified on the map below are already under development.

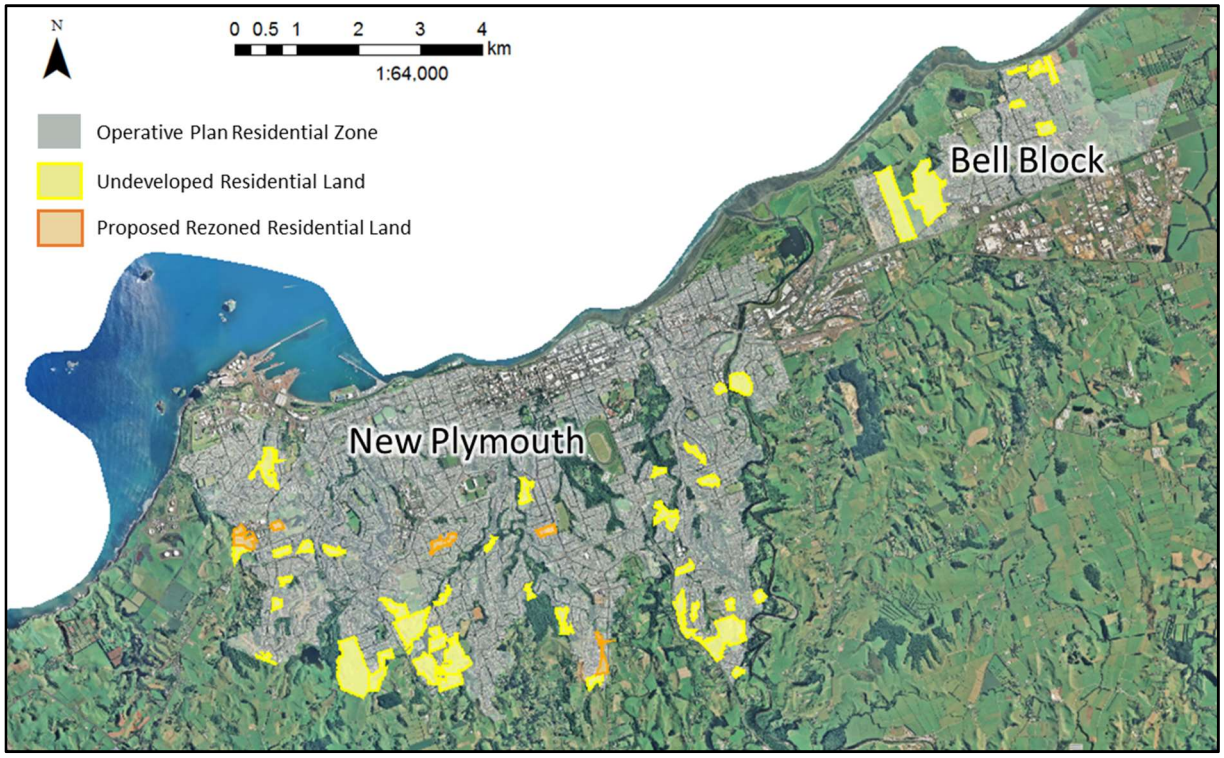

Figure 4.18 – New Plymouth Undeveloped Residential Land and associated grading

Undeveloped Residential Land New Plymouth				Feasible Yield		Infrastructure
	Operative Plan Zone	Total Area (ha)	Plan-enabled Yield	Standalone Dwellings	Attached Dwellings	Total Dwellings
New Plymouth	Residential	155.3	1,441	940	131	956
Bell Block	Residential	55.5	856	485	325	810
Rezoned Land	Rural/Other	17.3	229	179	50	229
Total		**228.1**	**2,526**	**1,604**	**506**	**1,995**

Table 4.13 – New Plymouth Undeveloped Residential Land Feasible Yield

NPDC has allocated over $11m for network modelling over the next ten years which will help to better understand the district's reticulation networks capacity for growth.

Of note, the availability of vacant residential sites in the district has not been assessed and could add additional capacity. It is difficult to measure the current vacancy rate of residential lots as the speed of development means data becomes out of date very quickly.

Structure Plan Development Areas

The PDP has four residential Structure Plan Development (SPD) Areas within urban zones which have been identified as areas that are suitable for urban growth purposes where structure plans apply. Area Q is already zoned residential as part of the ODP so provides capacity in the short term. The remaining three areas will supply capacity in the medium term, when they are rezoned residential through the PDP.

- DEV1 - Bell Block Area Q Structure Plan Development Area
- DEV2 - Carrington Structure Plan Development Area
- DEV3 - Junction Structure Plan Development Area
- DEV5 - Patterson Structure Plan Development Area

The land development model identified in section 4.4 was used to estimate the potential number of dwellings for each Structure Plan Development Area.

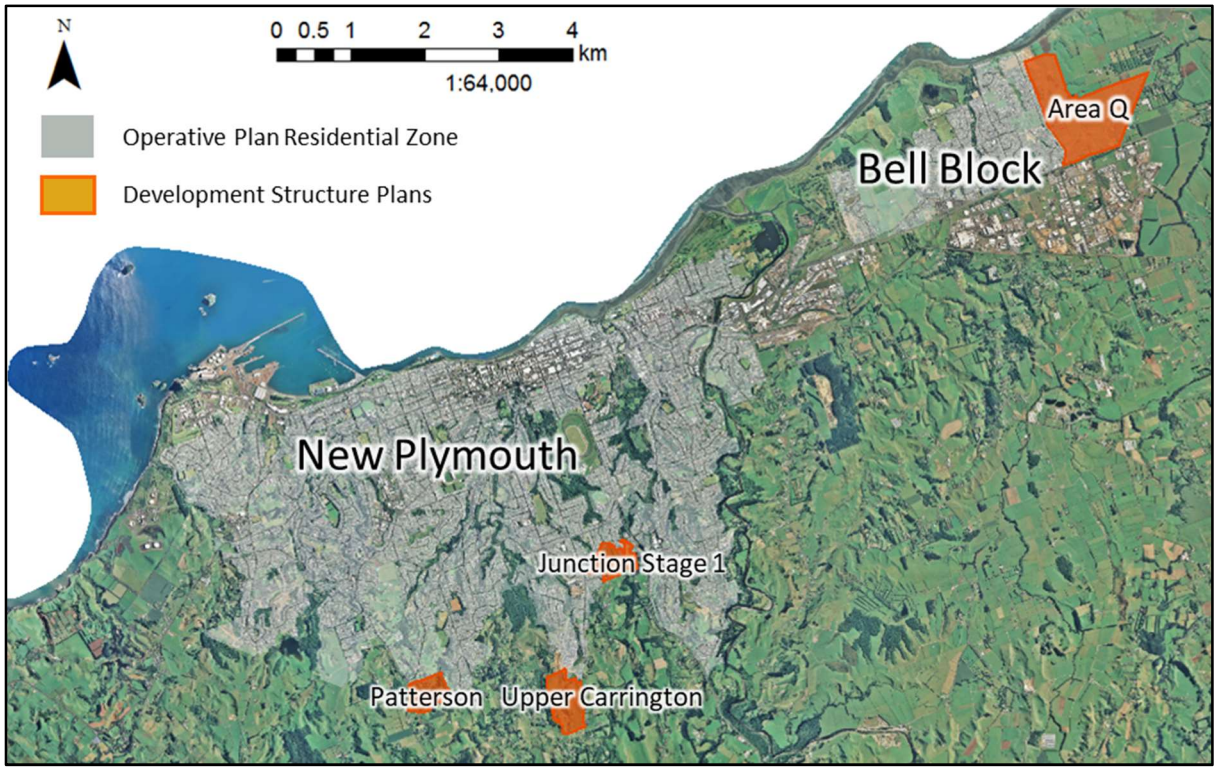

Figure 4.19 – Residential Structure Plan Development Areas

Residential Structure Plan Development Areas				Feasible Yield
	Operative Plan Zone	Total Area (ha)	Plan-enabled Yield	Standalone Dwellings
Area Q	Residential	106.6	670	670
Upper Carrington	Rural	29.7	297	267
Junction	Rural	12.1	150	143
Patterson	Rural	18.1	218	218
Total		**166.5**	**1,335**	**1,298**

Table 4.14 – Residential Structure Plan Development Yield

DEV1 - Bell Block Area Q Structure Plan Development Area

Bell Block Area Q is part of Plan Change 20, which became operative on 17 August 2015. This Plan Change allowed rezoning of Bell Block Area Q Rural Environment Area to a Residential A Environment Area and application of a future urban development overlay to Area R. Since this zone is residential in the Operative Plan it is already enabled for development.

The Area Q Structure Plan Area located between Wills Road and Airport Drive in Bell Block has three stages of development. The first two stages, comprising 594 potential feasible lots totalling 85 hectares, are currently available. There is currently insufficient infrastructure in place to support residential development of Stage 3. Once roading access and upgrades occur, an additional 155 potential lots totaling 22 hectares will become available. Since the last HBA released in 2018 there has been 79 residential building applications within Area Q which brings the total number of potential dwellings available to 670 over the long term.

Southern Growth Areas

The southern growth areas were identified as part of the cohesive growth strategy, which focuses on managed greenfield land on the city outskirts, balanced with opportunities for intensifying existing urban areas. The remaining three Structure Plans are not part of the Operative Plan, but all are identified as growth areas in the PDP and proposed for rezoning as residential land. This will make them plan enabled into the medium term. These areas were selected as growth areas for the following reasons:

- The sites are small southern pockets of land on the urban periphery of the New Plymouth urban boundary;
- The sites are close to the New Plymouth CBD and a number of amenities like schools, supermarkets, retail areas and neighbourhood reserve areas;
- All sites contain site specific recreational/ecological values which will enhance residential living; and
- The areas are all located close to the New Plymouth urban area where residential land demand has been high.

DEV2 - Upper Carrington Structure Plan

The Upper Carrington Structure Plan is located on the southern boundary of the New Plymouth residential zone and can be accessed off Carrington Road. The area can provide 267 feasible lots, totalling 29.7 hectares of moderately steep to sloping land. The site can be serviced by the Council's existing infrastructure capacity. This requires an additional infrastructure pump station – This will be considered in the future LTP 2027/28.

Additional infrastructure is required to help support the development of Carrington and has been identified as part of the LTP. Investigations into more detailed analysis of the cost and infrastructure are still ongoing and will be refined before the next 2024 LTP.

DEV3 - Junction Structure Plan Development Area

The Junction Structure Plan Development Area is approximately 19ha of greenfield land located in the Residential Zone close to the suburb of Brooklands within the urban limits of New Plymouth. Junction Stage 1 is located between Junction Street and Junction Road (SH3) and already includes a portion of residential zoned land. The 7.3 hectares already zoned residential have not been developed as there is limited road access. Rezoning this entire 12.1 hectares as a growth area should result in a feasible road connection, which will facilitate future residential development.

Additional infrastructure is required to help support the development of Junction and has been identified as part of the LTP. Investigations into more detailed analysis especially in relation to the stormwater effects of Te Henui Stream are still ongoing. These will be will be refined before the next 2024 LTP.

DEV5 - Patterson Structure Plan Development Area

Situated on the south western urban boundary of New Plymouth, the Patterson Structure Plan Development Area covers approximately 23 hectares of greenfield land.

Additional infrastructure is required to help support the development of Patterson and has been identified as part of the LTP. Investigations into more detailed analysis of the cost and infrastructure requirements are still ongoing and will be refined before the next 2024 LTP.

Future Urban Zones

Future Urban Zones apply to land that has been identified as being suitable for urbanisation in the long term. When the land is ready to be developed for urban purposes, it will be rezoned to enable that to occur and a structure plan will be required before it can be developed. Until such time, land within this zone may be used for a range of agricultural, pastoral and horticultural activities, but other types of activities are to be managed and/or avoided to ensure the activities occurring within the zone are compatible with and do not compromise potential future urban uses. There are four future urban zones identified in the district. Two of these, Area R and Smart Road, are included in the ODP. Two additional areas, Frankley/Cowling and Junction Stage 2 have been identified through the PDP.

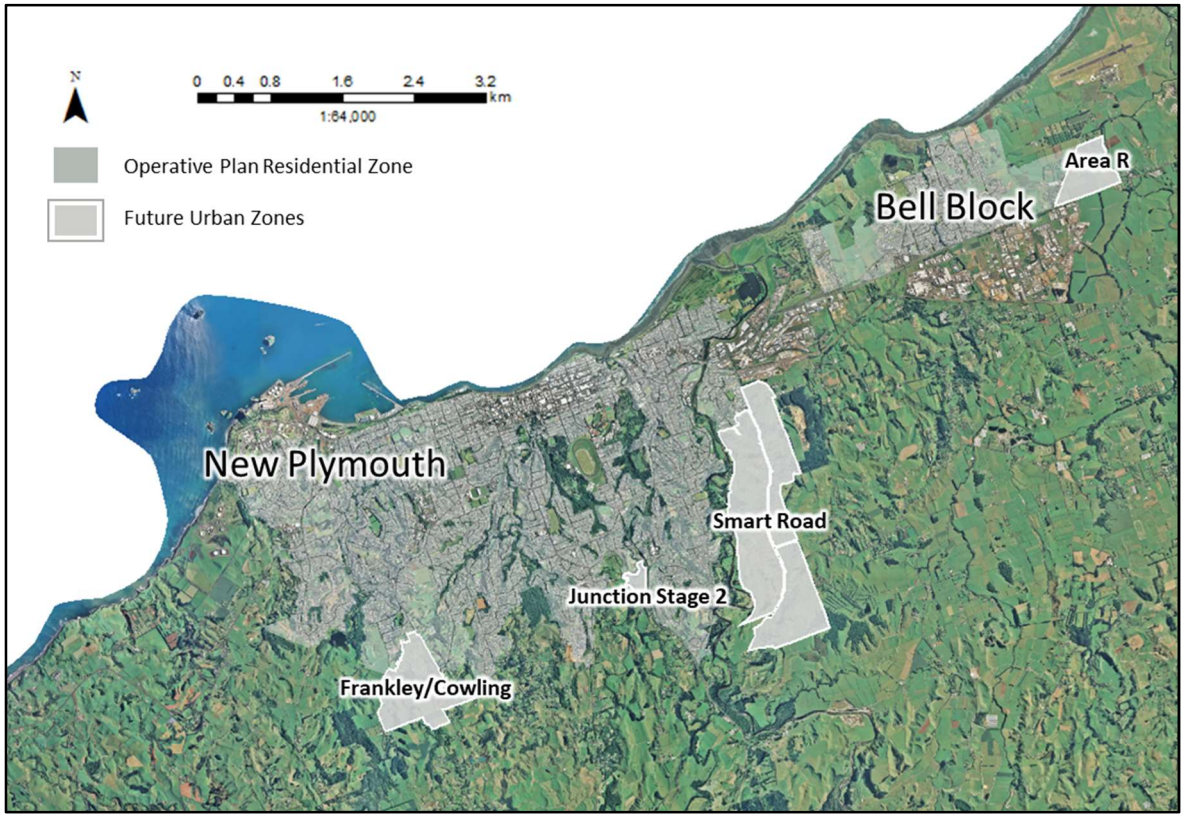

Figure 4.20 – Future Urban Zone Map

The land development model identified in section 4.4 was used to estimate the potential number of dwellings for each future growth zone.

Future Urban Zone				Feasible Yield
	Operative Plan Zone	Total Area (ha)	Plan-enabled Yield	Standalone Dwellings
Junction Stage 2	Rural	9.9	119	113
Frankley/Cowling	Rural	138.5	842	708
Smart Road	FUD	372.1	3,349	3,179
Area R	FUD	7.4	63	61
Total		**527.9**	**4,373**	**4,061**

Table 4.15 - Future Urban Zone Yield

Junction Stage 2 Future Urban Zone

This is the second part of Junction which will not be developed until the infrastructure for stage 1 is compete due to transportation access. The total area has the potential for 113 feasible lots that total 9.9 hectares.

There are some infrastructure capacity requirements in this area that also relate to Junction Stage 1. Additional wastewater services included in the LTP and the Infrastructure Strategy will enable development in the long term.

Frankley/Cowling Future Urban Zone

The Frankley/Cowling urban growth area is located in the south western pocket of the New Plymouth urban boundary. It surrounds the Patterson DSP identified for growth in the medium term. It is a large area totalling 138.5 hectares, with potential for 708 feasible lots. This area has some infrastructure constraints that are identified in the LTP and IS. Similar to the Junction and Carrington Structure Plan areas, this area is a logical growth area as it sits on the southern boundary of the New Plymouth urban boundary and is close to amenities.

Smart Road

Originally, Smart Road was identified as a Future Urban Development (FUD) area in the ODP. It is included in the PDP as a Future Urban Zone. The area totals 372.1 hectares with the potential for 3,179 feasible lots in the long term.

Accessible and affordable infrastructure is a key consideration for this area. Development of the Smart Road FUZ would require a second bridge crossing across Waiwahakaiho River to meet increased traffic demand. The infrastructure investment required means that development will be focused into the other areas of the district first.

Area R

Under the ODP, Area R is a rural zone with an FUD overlay for a mixture of residential and employment land. In the PDP, Area R is identified as a Future Urban Zone for a mixture of residential and employment needs (Area R East).

The area identified for residential growth to the west of the proposed Airport Drive realignment is 7.4 hectares, with potential for 61 feasible lots. The significant growth to the east of New Plymouth City (that includes development of Area Q) may result in additional business land requirements. As part of the HBA, we estimate that around 14 per cent of the area will be zoned residential and 86 per cent commercial.

Smaller Towns and villages

In the district's smaller urban communities, housing capacity has been assessed in relation to the predicted growth of each area, the associated community needs, and infrastructure capacity. Oakura and Waitara have Future Urban Zones, and the majority of these towns have areas of undeveloped residential zoned land.

Oakura

Growth in Oakura is estimated to be around 4-5% of the total overall expected demand in the district which is estimated to be around 450-550 dwellings in the long term. Oakura has capacity for 629 feasible lots, totalling 65.1 hectares of land. This is a mixture of undeveloped residential land (11.3 hectares), a small portion of residential land that would be rezoned as part of the PDP. Plus, a new rural lifestyle zone as part of the PDP, plus two additional two future urban zones totalling 52.5 hectares identified in both the ODP and PDP. The future urban zones in the ODP have been slightly reduced due to challenging land typography and expected growth rates.

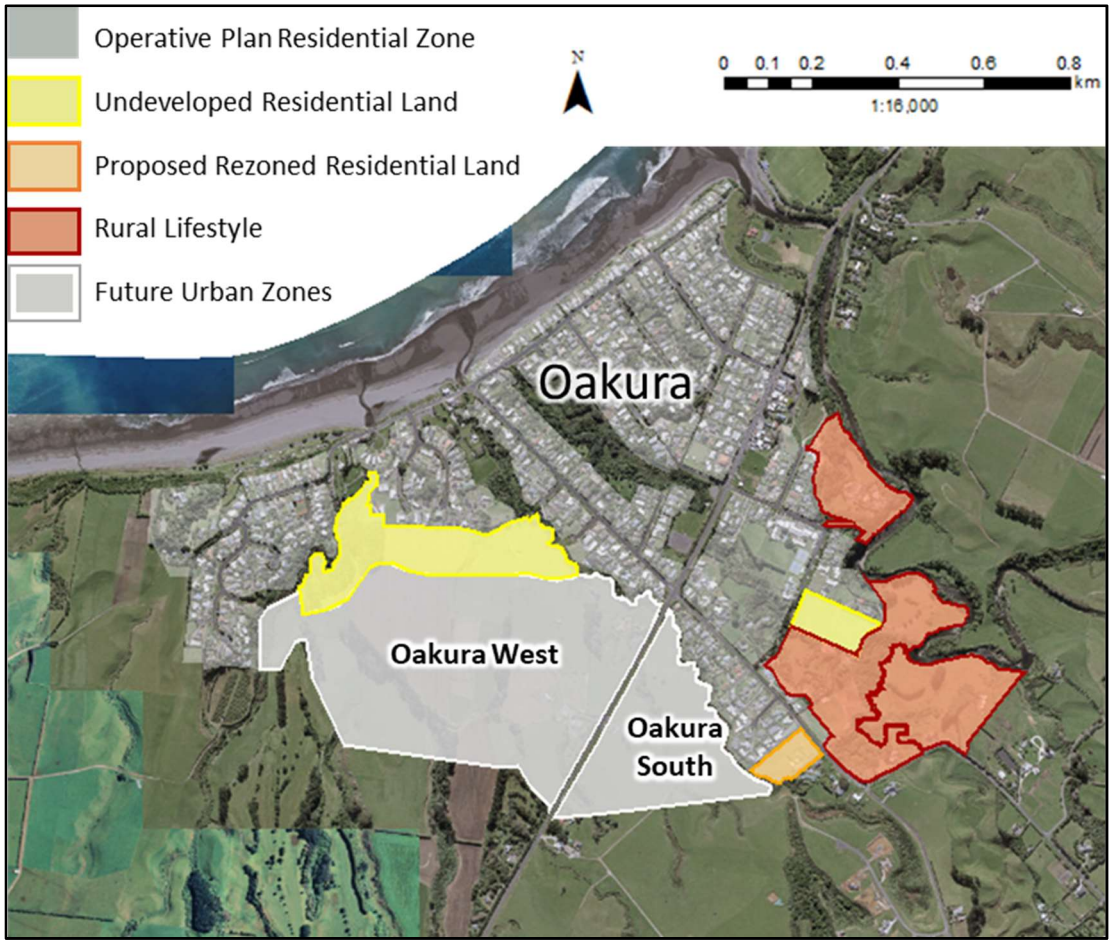

Figure 4.21 – Oakura Growth Area Map

Oakura				Feasible Yield	
	Operative Plan Zone	Total Area (ha)	Plan-enabled Yield	Standalone Dwellings	Attached Dwellings
Undeveloped Residential Land	Residential	11.3	140	94	46
Rezoned Residential	Rural	1.3	16	16	0
Oakura South	Rural/FUD	39.5	375	355	0
Oakura West	Rural/FUD	13.0	124	117	0
Rural Lifestyle	Rural/FUD	22.0	13	0	0
Total		**87.1**	**668**	**582**	**46**

Table 4.16 – Oakura Growth Area Yield

The two areas of growth identified in Oakura are currently zoned rural, but are enabled by the ODP as FUD overlays. The PDP will classify these as Future Urban Zones, comparable to the growth areas identified within New Plymouth identified above. Both of these areas have been selected by their relative proximity to the current residential boundary and current infrastructure.

Waitara

Growth in Waitara is estimated to be around 5-6% of the total overall expected demand in New Plymouth, which is estimated to be around 550-700 dwellings in the long term. Waitara has capacity for 1,185 feasible lots, totalling 84.5 hectares. It has is a mixture of undeveloped residential land (33.5 hectares), rezoned residential land (24.1 hectares), a private plan change (11.3 hectares) and two growth areas totalling, 19.2 hectares.

In developing the PDP, existing identified growth areas have been modified into the new Future Urban Zones. The Waitara East future urban zone has been reduced in size, and other area within Waitara has been identified as more appropriate for residential development, given the location to existing amenities and infrastructure. This includes additional residential land along Armstrong Avenue, and a new urban growth area identified on Ranfurly Street.

The Council has approved a private plan change application in March 2021 to rezone 11.3 hectares of land on the southern side of Waitara from Rural Environment Area (with Future Urban Development Overlay) to Residential A Environment Area and Open Space zonings. The plan change also introduces a structure plan and landscape plan, with new provisions to manage subdivision and development for this land. The new development will be accessed by two new roads off Raleigh Street. The houses are proposed to connect to the Waitara water and wastewater service reticulation network through an extension to this network. This land has the potential capacity for an estimated 100 feasible dwellings in the short term.

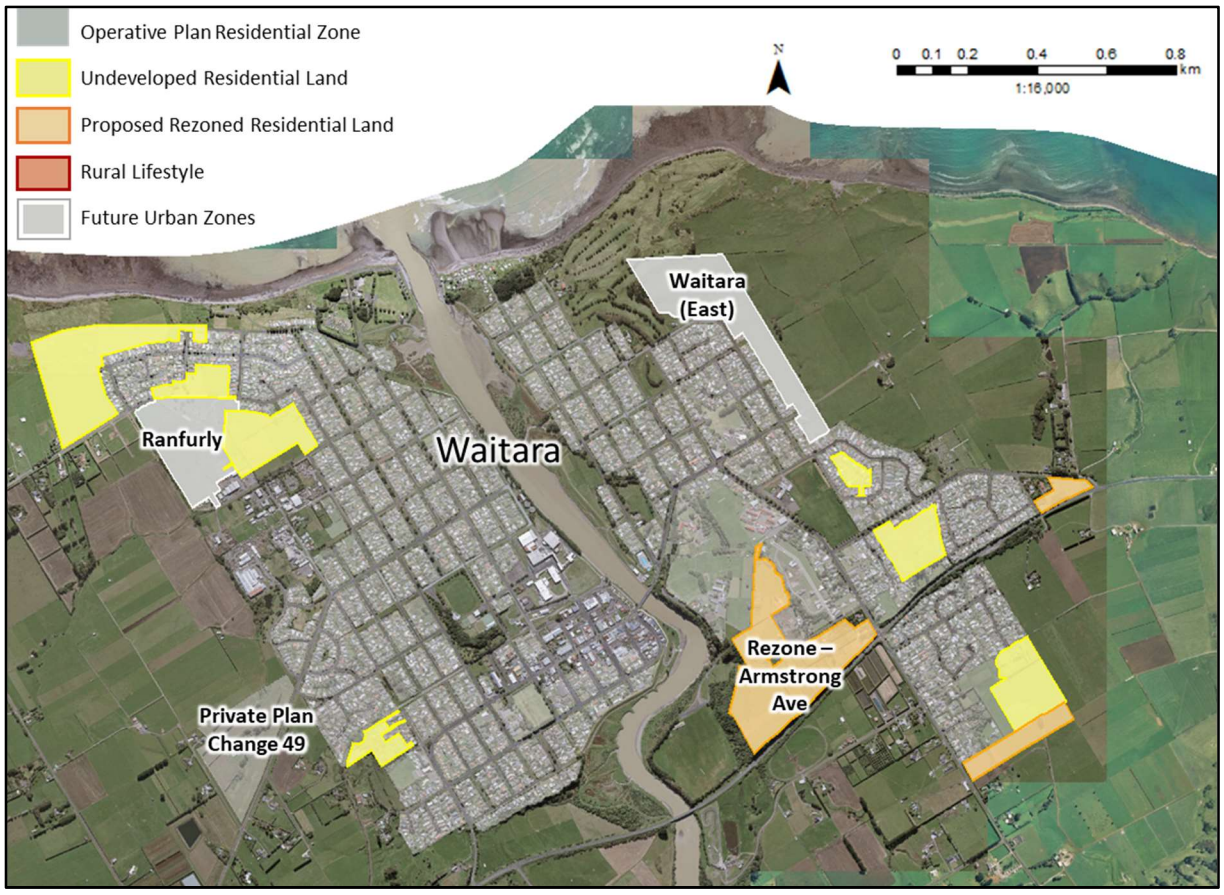

Figure 4.22 – Waitara Growth Area Map

Waitara				Feasible Yield	
	Operative Plan Zone	Total Area (ha)	Plan-enabled Yield	Standalone Dwellings	Attached Dwellings
Undeveloped Residential Land	Residential	22.2	299	200	72
Rezoned Residential	Rural	24.1	453	383	0
Plan Change	Residential	11.3	110	110	0
Waitara East	Rural/FUD	15.3	139	139	0
Ranfurly	Rural/FUD	11.6	184	184	0
Total		**84.5**	**1,185**	**1,016**	**72**

Table 4.17 – Waitara Growth Area Yield

Inglewood

Growth in Inglewood is estimated to be around 3% of the total overall expected demand in New Plymouth which is estimated to be around 300 dwellings in the long term. Inglewood has capacity for 375 feasible lots totalling 26.4 hectares of undeveloped residential land.

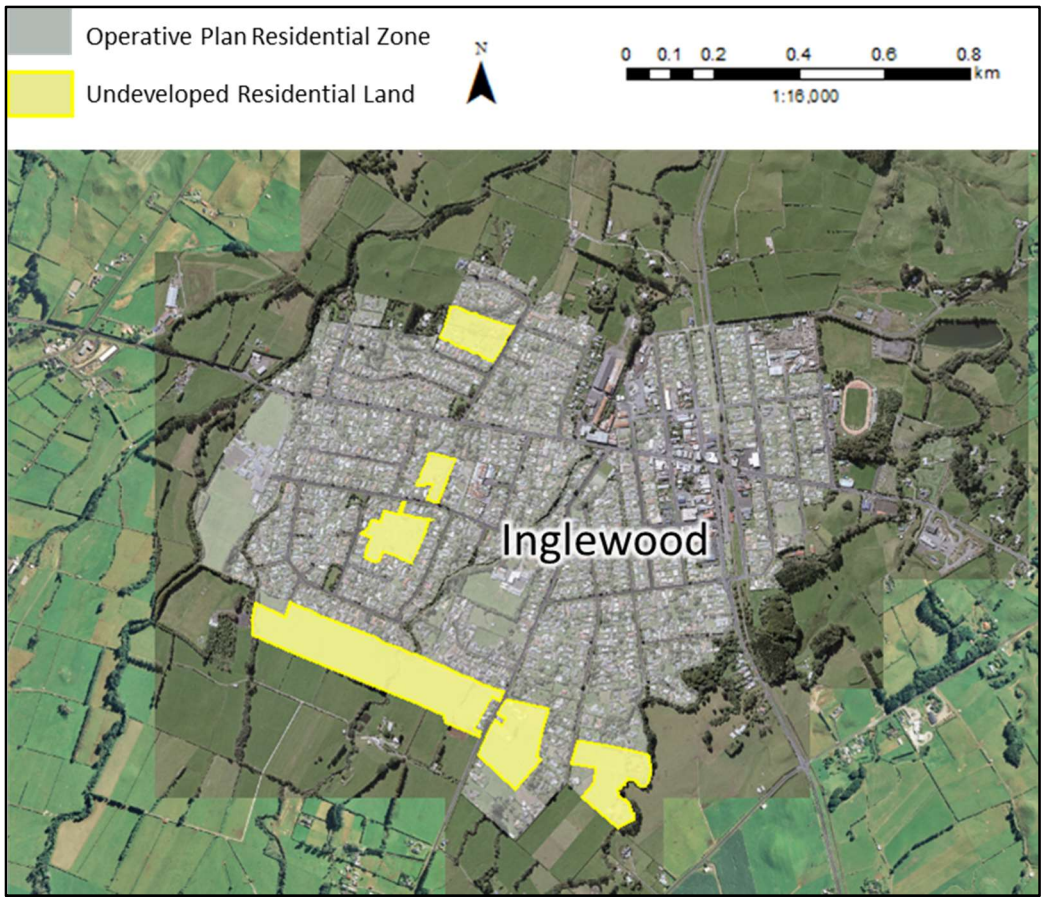

Figure 4.23 – Inglewood Growth Area Map

Inglewood				Feasible Yield	
	Operative Plan Zone	Total Area (ha)	Plan-enabled Yield	Standalone Dwellings	Attached Dwellings
Undeveloped Residential Land	Residential	26.4	375	255	120
Total		**26.4**	**375**	**255**	**120**

Table 4.18 – Inglewood Growth Area Yield

Rural Lifestyle

Currently, around 25 per cent of all new building consents granted are for areas outside of identified residential zones. Uncontrolled urban expansion in the rural environment is likely to adversely affect rural land as it limits options for future rural production and increases the potential for conflict between incompatible activities. It can also result in disconnected neighbourhoods and place pressure on existing infrastructure, compromising both residential and rural amenity values. Uncontrolled residential development has also been occurring in industrial zones.

The need to consolidate urban boundaries and shift to an activities-based plan based on clear zones has become increasingly evident. The new policy approach of the PDP should see this development trend decrease with development in the rural area targeted into the Rural Lifestyle Zones.

The Rural Lifestyle Zone is generally located on the fringe of urban settlements and is peri-urban in nature. Some parts of the zone reflect historical subdivision patterns, while other parts have been

identified as suitable to transition to rural lifestyle living. The role of Rural Lifestyle Zone is to provide areas for rural lifestyle living, whilst ensuring the Rural Production Zone is able to continue to function as a productive working zone that is not compromised by ad hoc or sporadic subdivision and/or rural lifestyle living activities.

The Rural Lifestyle Zone typically applies to areas where there is a higher concentration of rural lifestyle living facilitated through smaller allotment sizes. Subdivision and development in the zone is expected to provide an appropriate transition to the surrounding Rural Production Zone by retaining a sense of spaciousness and prevailing rural character. For this reason, the zone's provisions seek to maintain rural lifestyle character and amenity, including by managing density, building platform locations and building setbacks from side and road boundaries.

Sections sizes within the rural lifestyle section range from 4,000m2 to 1ha with a maximum of four proposed allotments of less than 1ha for each subdivision. Rural lifestyle is located within the New Plymouth boundary along with Oakura, Egmont Village, Okato and Urenui.

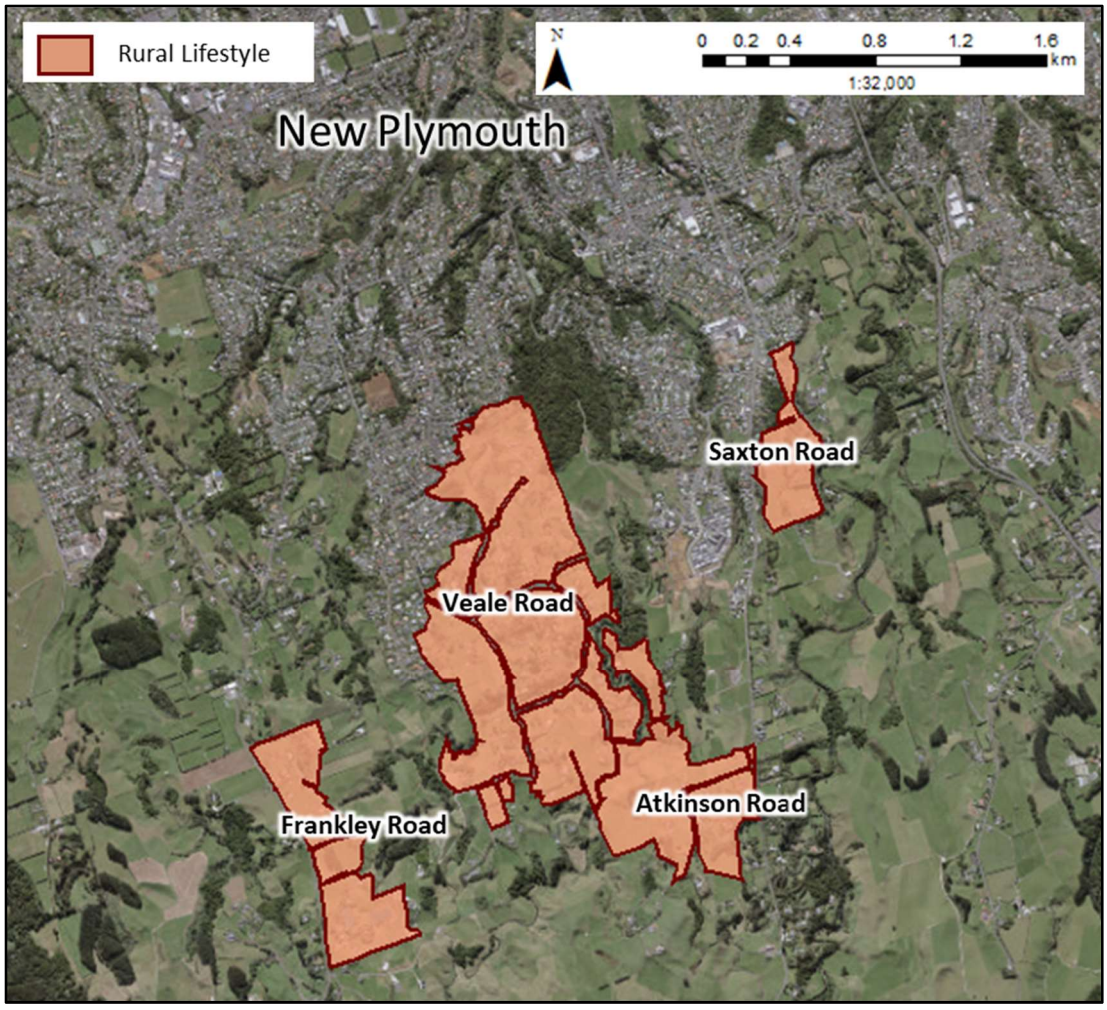

Figure 4.24 – Rural Lifestyle Growth Area Map

Rural Lifestyle				
	Operative Plan Zone	Total Area (ha)	Plan-enabled Yield	Feasible Yield
Atkinson Road	Rural	39.1	31	0
Saxton Road	Rural	13.9	7	0
Frankley Road	Rural	28.9	17	0
Veale Road	Rural	112.6	34	0
Total		**194.5**	**89**	**0**

Table 4.19 – Rural Lifestyle Growth Area Yield

Technically rural lifestyle growth is plan-enabled but is not feasible as it does not provide adequate infrastructure services as required as part of the NPS-UD.

Other townships

Our smaller townships currently have Future Urban Development (FUD) growth areas for Okato, Urenui, Egmont Village and Lepperton identified in the Operative Plan. Through the development of the PDP, these FUDs have been removed to accurately reflect the growth needs of these areas. These have been replaced with a small extension to the current residential boundary or the new rural lifestyle zone in the PDP.

The current zoned residential urban boundary in Okato provides ample opportunity for infill subdivision and the addition of the rural lifestyle zone for development to accommodate any anticipated growth.

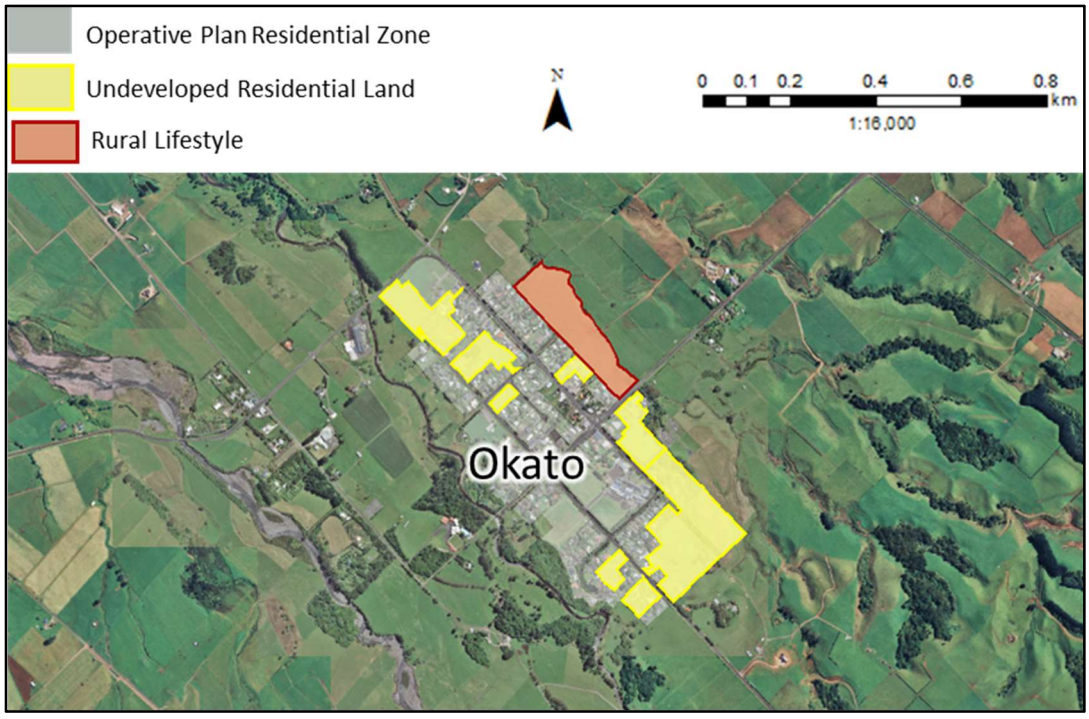

Figure 4.25 – Okato Growth Area Map

Okato				Feasible Yield
	Operative Plan Zone	Total Area (ha)	Plan-enabled Yield	Standalone Dwellings
Undeveloped residential land	Residential	16.6	147	41
Rural Lifestyle	Rural	5.8	6	6
		22.4	**153**	**47**

Table 4.20 – Okato Growth Area Yield

The current zoned residential urban boundary in Urenui provides ample opportunity for infill subdivision and the addition of the rural lifestyle zone for development to accommodate any anticipated growth. With a potential yield of 110 feasible dwellings in the long term.

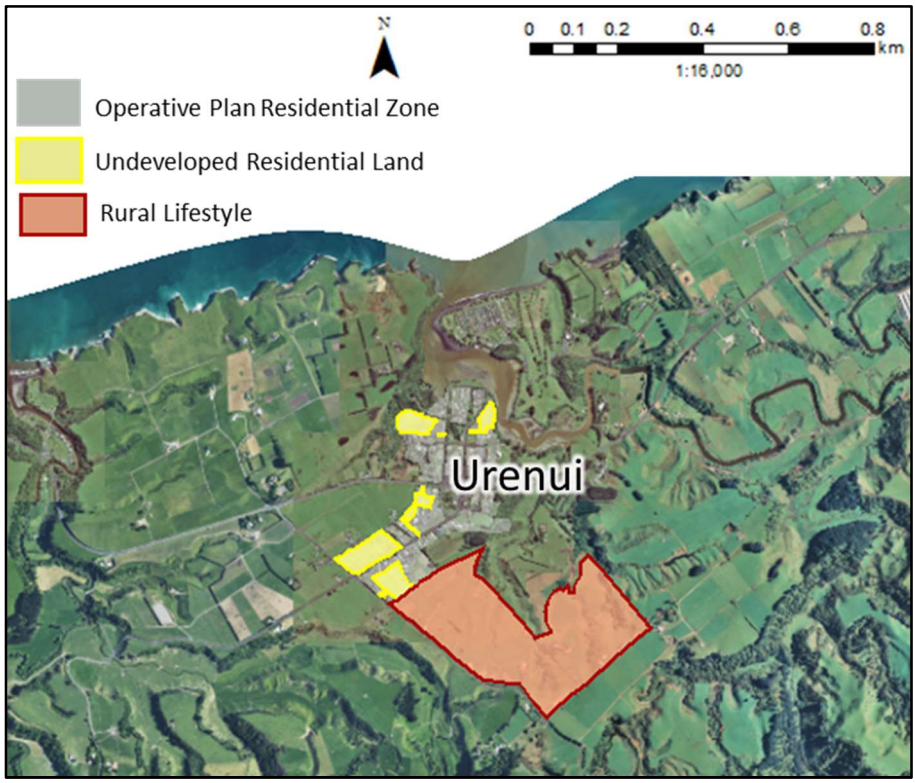

Figure 4.26 – Urenui Growth Area Map

Urenui				Feasible Yield
	Operative Plan Zone	Total Area (ha)	Plan-enabled Yield	Standalone Dwellings
Undeveloped Residential land	Residential	9.0	77	62
Rural Lifestyle	Rural	52.5	48	48
		61.5	**125**	**110**

Table 4.21 – Okato Growth Area Yield

Egmont Village doesn't currently have a lot of developable land to accommodate any short-term growth. In the medium to long term the PDP has included a small portion of rezoned residential land and a new rural lifestyle zone.

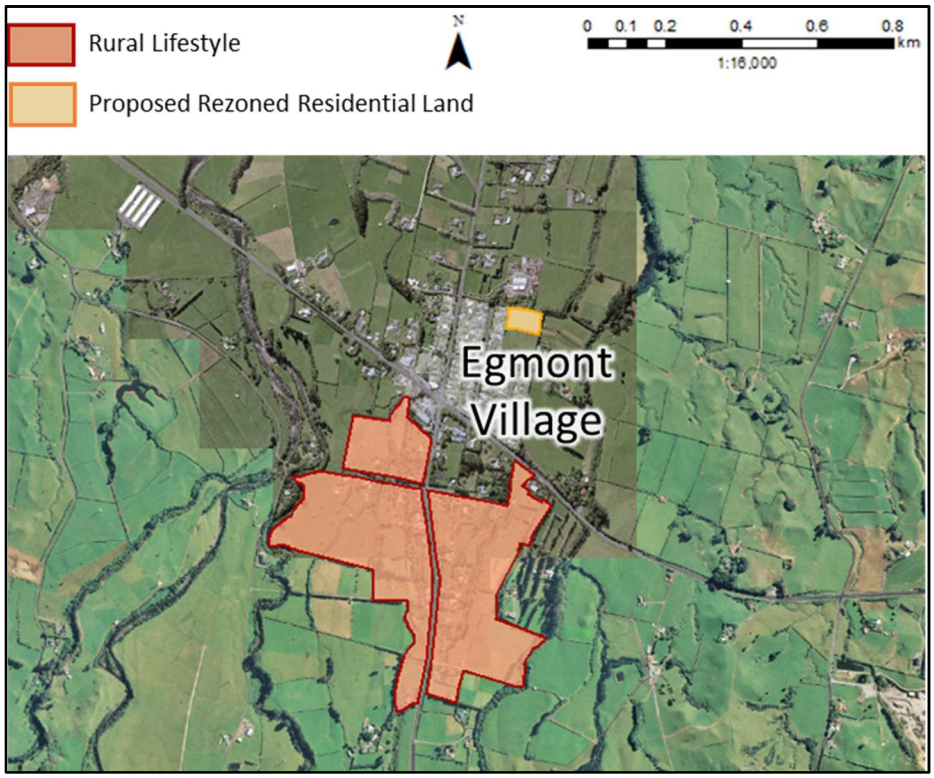

Figure 4.27 – Egmont Village Growth Area Map

Egmont Village				Feasible Yield
	Operative Plan Zone	Total Area (ha)	Plan-enabled Yield	Standalone Dwellings
Rezoned residential	Rural	0.8	7	7
Rural Lifestyle	Rural	40.6	25	25
		41.4	**32**	**32**

Table 4.22 – Egmont Village Growth Area Yield

To help accommodate for any further growth in Lepperton, NPDC have identified some residential land as part of PDP which can be developed into the medium term once the PDP is finalised. This will provide a potential capacity of 40 feasible dwellings in the medium term to accommodate growth.

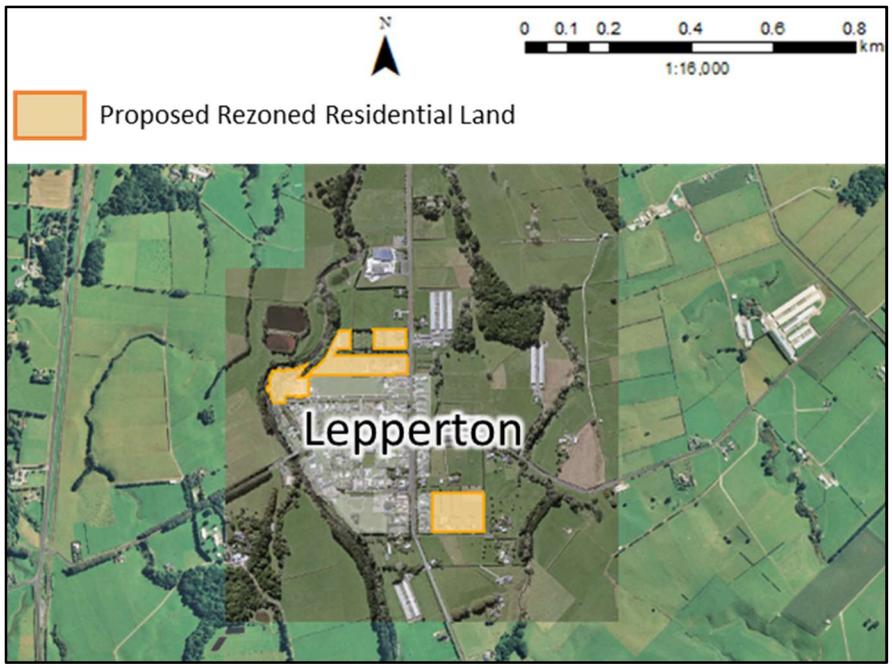

Figure 4.28 – Lepperton Growth Area Map

Lepperton				Feasible Yield
	Operative Plan Zone	Total Area (ha)	Plan-enabled Yield	Standalone Dwellings
Lepperton	Rural	4.5	45	40
		4.5	**45**	**40**

Table 4.23 – Lepperton Potential Feasible Yield

4.3 Reasonably expected to be realised capacity

Under the NPS-UD, the Council is also required to assess the reasonably expected to be realised of feasible development capacity in the district. Not all enabled and feasible development capacity will be taken up. What is planned for and what actually gets developed can be different. It depends on the intentions of land owners and developers, population growth, the dynamics of the property cycle, as well as how the District Plan is implemented.

For example, uptake could be very low in situations where a major landowner does not wish to see their land developed or would prefer to release the land slowly over time.

To estimate the 'reasonably expected to be realised' requirement of the NPS-UD we have undertaken an analysis of recent developments within New Plymouth. The analysis looks at the plan enabled capacity of recently developed sites and compared that with the actual building consent application of subdivided lots.

The case study developments have all occurred within the past 10 years. Recent housing development in New Plymouth has predominantly been on large vacant land parcels in suburban or urban fringe locations. The case study sites chosen reflect these development trends.

In most cases development can be slow but then peak after the first few years with a slower trail end. To help predict future development we have create two different scenarios depending on the size of

the development. Often smaller developments peak earlier than larger developments due to the smaller number of sites available. The chart indicates the distribution of the two different scenarios.

Figure 4.29 – Reasonable Expected to be Realised distribution

For example, if the short scenario distribution was applied to Junction Stage 2 Future Urban Zone which has a feasible capacity of 119 (less than 150). It would be reasonable expected to be realised over a nine-year period with the following number of dwellings per year. This does leave a small number not developed at the end of the total period but this is often the case with actual developments in the New Plymouth area.

Junction Stage 2 Future Urban Zone									
X = 119	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9
	0.33x	0.15x	0.26x	0.19x	0.072x	0.052x	0.098x	0.039x	0.039x
Number of Dwellings	3	17	30	22	8	6	11	4	4

Table 4.24 – Junction Stage 2 reasonable expected to be realised distribution

This report assumes a short-term projected uptake that includes an additional 15-20 per cent capacity margin as required under the NPS-UD. This ensures that the additional capacity is not carried forward into medium- and long-term planning, given there is a chance that spare housing capacity will be consumed in the short term. However, based on historic consent application figures in the district, NPDC anticipates that actual uptake will be at the levels shown.

Short term

Projections of short term capacity reasonable expected to be realised are based entirely on the ODP with feasibility results around 31 per cent of all plan enabled capacity. Due to the high proportion of infill capacity we have low feasibility results. The short term development within the residential boundaries will be split between infill development (34 per cent), undeveloped residential land (53 per cent) and the remaining development in Bell Block growth Area Q (13 per cent).

				Demand + 20% Margin =		1,186
SHORT TERM Operative District Plan	Plan-Enlabled Capacity	Feasible Capacity	Infrastructure Capacity	Reasonable expected to be realised	Remaining feasible capacity at 2024	Percentage
Infill Development	11,516	1,348	1,348	403	945	34%
Standalone Dwellings	6,910	1,114	1,114	331	783	28%
Attached Dwellings	4,606	234	234	72	162	6%
Undeveloped Residential Zoned Land	3,480	2,916	2,766	630	2,136	53%
Standalone Dwellings	2,689	2,152	2,002	548	1,454	46%
Attached Dwellings/townhouses	791	764	764	82	682	7%
Area Q Undeveloped Residential Land	670	670	515	153	362	13%
Total	**15,666**	**4,934**	**4,629**	**1,186**	**3,443**	**100%**

Table 4.25 – Short Term Reasonable Expected to be realised

Medium term

Projections of medium term capacity reasonable expected to be realised are based on the ODP and the additional capacity of the Structure Plan Development areas identified in the PDP. The capacity is all plan-enabled as part of the PDP. The Structure Plan Development areas included in the medium term require additional infrastructure provision and development as part of the current and future LTP. The medium term development will be split between Rural Lifestyle development* (1 per cent), infill development (31 per cent), undeveloped residential land (41 per cent) and the remaining Structure Development Plan areas Bell Block (Area Q) (14 per cent), Carrington (5 per cent), Junction Stage 1 (3 per cent) and Patterson (4 per cent).

				Demand + 20% Margin =		4,242
MEDIUM TERM Operative & Proposed District Plan	Plan-Enlabled Capacity	Feasible Capacity	Infrastructure Capacity	Reasonable Expected to be Realised	Remaining feasible capacity at 2031	Percentage
Rural Lifestyle	181	0	0	49	132	1%
Infill Development	19,850	3,074	3,074	1,327	1,747	31%
Standalone Dwellings	14,831	1,379	1,379	889	491	21%
Attached Dwellings	5,019	1,695	1,695	438	1,256	10%
Undeveloped Residential Zoned Land	4,230	3,592	3,592	1,742	1,851	41%
Standalone Dwellings	3,390	2,778	2,778	1,477	1,302	35%
Attached Dwellings/townhouses	841	814	814	265	549	6%
Area Q Undeveloped Residential Land	670	670	670	603	67	14%
Junction Stage 1 Structure Development	150	143	143	110	33	3%
Patterson Road Structure Development	218	218	218	184	34	4%
Carrington Structure Development	297	267	267	227	40	5%
Total	**25,597**	**7,965**	**7,965**	**4,242**	**3,904**	**100%**

Table 4.26 – Medium Term Reasonable Expected to be realised

Long term

Projections of long term capacity reasonable expected to be realised are based entirely on the PDP, with the addition of all the FUZ. The long term development will be split between Rural Lifestyle development (1 per cent); infill development (25 per cent); undeveloped residential land (30 per cent); development structure plans, Junction Stage 1 (1 per cent), Patterson Road (2 per cent) and Carrington (2 per cent); and the future urban zones Junction Stage 2 (1 per cent), Frankley/Cowling (6 per cent), Area R (0 per cent), Oakura (4 per cent), Waitara (2 per cent) and Smart Road (20 per cent).

					Demand + 15% Margin	7,351
LONG TERM Proposed District Plan	Plan-Enlabled Capacity	Feasible Capacity	Infrastructure Capacity	Reasonable Expected to be Realised	Remaining feasible capacity at 2051	Percentage
Rural Lifestyle	181	0	0	159	22	1%
Infill Development	19,850	3,074	3,074	2,873	201	25%
Standalone Dwellings	14,831	1,379	1,379	1,139	241	10%
Attached Dwellings	5,019	1,695	1,695	1,734	-40	15%
Undeveloped Residential Zoned Land	4,230	3,592	3,592	3,483	109	30%
Standalone Dwellings	3,390	2,778	2,778	2,700	78	23%
Attached Dwellings/townhouses	841	814	814	783	31	7%
Area Q Undeveloped Residential Land	670	670	670	613	57	5%
Junction Stage 1 Structure Development	150	143	143	141	2	1%
Patterson Road Structure Development	218	218	218	212	6	2%
Carrington Structure Development	297	267	267	262	5	2%
Junction Stage 2 Future Urban Zone	119	113	113	105	8	1%
Frankley/Cowling Future Urban Zone	842	708	708	657	51	6%
Area R Future Urban Zone	63	61	61	50	11	0%
Oakura Future Urban Zone	472	472	472	410	62	4%
Waitara Future Urban Zone	323	313	313	286	27	2%
Smart Road Future Urban Zone	3,349	3,179	3,179	2,341	838	20%
Total	**30,765**	**12,811**	**12,811**	**11,592**	**1,400**	**100%**

Table 4.27 – Long Term Reasonable Expected to be realised

Beyond the long term period, there is a potential additional capacity of 1,400. Whilst this may seem like a capacity yield excess, a large proportion of this is Smart Road Growth Area. Smart Road requires a large amount of infrastructure spend to go ahead, which is why additional urban growth areas are preferred in the short to medium term.

Implications of high versus low projections

A divergence from the medium population scenario risks either an over or under-supply of land and an over or under-investment in infrastructure.

If the high population growth scenario was to occur it is likely to result in a proportionate increase in demand on Council services. This is through the additional growth infrastructure, as well as services to people where an increase in population is likely to lead to more use (such as libraries). NPDC may need to invest in additional urban growth infrastructure and this will impact capital budgets and revenue. Alongside this it will likely have an effect on capacity and supply which may result in an increase in house prices and an undersupply of available land in the future and insufficient infrastructure capacity.

There is also a risk that forecast population growth may occur at the lower scenario. NPDC carries some risk of over investment in growth infrastructure. At the cost of growth assets are generally recovered through development contributions, NPDC would bear the debt for capital expenditure until those growth areas were utilised. This may have the adverse effects of encouraging construction of more standalone houses and an oversupply of land, and will not support planned development of the housing market.

Infrastructure Capacity

While the numbers indicate we have sufficient supply this depends on the future funding for planned infrastructure to meet expected growth. Majority of the future DSP areas and FGZ rely on the construction of additional infrastructure to unlock these greenfield developments.

As part of the LTP and IS we have included relevant growth infrastructure to service the areas identified. Future modelling is underway to understand the current infrastructure capacity which will lead to a better understanding of what is required to service our growth areas including detailed structure plans.

4.4 Residential Feasibility Assessments

The NPS-UD defines feasible development as "commercially viable", taking into account the current likely costs, revenue and yield of developing". This is essentially a calculation of likely profit margin and risk. There is no definition of 'commercially viable'. However, guidance material suggests a 20 per cent profit margin should be applied when assessing the feasibility of sites for both infill redevelopment, and newly zoned areas. This 20 per cent profit margin remains untested within New Plymouth's local development community but anecdotally, profit margins appear to fluctuate widely.

Significant work has gone into developing feasibility models tailored to New Plymouth's local housing market conditions to understand the feasibility of all development excluding infill development.

NPDC has adapted the MfE spreadsheet to calculate total costs and the expected revenue from section or redevelopment sales to understand greenfield development feasibility. Local developers and builders provided total costs relevant to the Council (in broad terms), and expected revenue was based on recent sales and current listings.

To estimate the number of dwellings and section sizes, including the number of dwellings per hectare and the percentage of land allocated to road, ROW reserve and public reserve, we reviewed historical subdivision[11] data. We have estimated that for each development an estimated 18% of the total area will be required for roading and a further 10-20% for landscape reserve depending on typography. We have removed the wastewater/stormwater reserve as this is considered in the landscape reserve percentage. We don't categorise stormwater separately and just treat it all as public land.

In addition to the section sale value we have broken the data down into suburb specific data since we have such a large discrepancy between the prices of sections depending on the location within New Plymouth district. This significantly affects the feasibility of future development of the land. The data was sourced from actual sales data[12] for New Plymouth.

In running feasibility models, including various assumptions, we found that the estimated rate and the actual rate of development are not aligned in some areas. The models often identified properties as infeasible when in reality, dwellings of a similar typology and location had already been built and on-sold. Refining feasibility modelling and ground-truthing in the local market are necessary for results to be considered reliable assessments of feasible commercial dwelling capacity in the district.

[11] We assessed 10 major different historical subdivisions to help calculate the assumptions for future development

[12] CoreLogic - https://www.rpnz.co.nz/rpnz/dashboard.html?execution=e1s1

How many homes could be built?

Return to 'Getting Started'

A development feasibility tool for the National Policy Statement on Urban Development Capacity

Type	Item	Units	Value	Type	Section price function		Comment
Physical	*Grade of Subdivision*		2	Revenue	Select relevent		
	Gross site area	ha	4.9				
	Land capital value (CV)	$	$820,000				
	Land sale price relative to CV, ex GST	%	130%				
	Road Reserve area for 15 dw/ha	% of area	18%		*Suburb**	Waitara	
	Extra roading for increased dw/ha	% per dw/ha	0.30%		*New Lot Area 1*	500	m2
	Landscape Reserve for 15 dw/ha	% of area	10%		*New Lot Price 1*	$102,000	Section price $
	Extra landscape reserve for dw/ha	% per dw/ha	0.05%		*New Lot Area 2*	1,000	m2
	~~*Wastewater/stormwater Reserve**~~	~~% of area~~	~~0%~~		*New Lot Price 2*	$200,000	Section price $
	Other constraints that reduce net site	% of land area	0%		*m*	0.971	Section price gradient
	Minimum net density	dwellings/ha	8		*c*	5	Section price intercept
	Maximum net density	dwellings/ha	15				
	Time to develop	months	24		View modelled section price gradient		

Revenue	*Subdivision Lots created*	total lots	29	35	40	46	52
	Average section size	sqm / site	1,250	1,026	870	755	667
	Average sales price (inc GST)	per section	$248,411	$204,980	$174,609	$152,162	$134,887
	Average sales price (ex GST)	per section	$216,010	$178,243	$151,834	$132,315	$117,293
	Total revenue		$6,175,082	$6,158,135	$6,135,056	$6,107,532	$6,076,628
Costs	*1 Raw land purchase and holding cost*		$1,289,860	$1,289,860	$1,289,860	$1,289,860	$1,289,860
	2 Civil works, incl holding costs		$1,681,085	$1,722,430	$1,763,619	$1,804,653	$1,845,531
	3 Fees and charges, incl holding costs		$1,139,555	$1,239,932	$1,337,990	$1,433,882	$1,527,707
	4 Project contingency		$411,050	$425,222	$439,147	$452,839	$466,310
	Total costs		$4,521,551	$4,677,444	$4,830,615	$4,981,234	$5,129,408
	per section costs (excl raw land)		$113,047	$98,052	$87,629	$79,971	$74,112
	per section (total)		$158,168	$135,386	$119,551	$107,914	$99,009
Profit	*Pre tax profit $*		$1,653,531	$1,480,691	$1,304,441	$1,126,298	$947,220
	Pre tax margin %		36.6%	31.7%	27.0%	22.6%	18.5%

Development feasible?	**Yes**	**Yes**	**Yes**	**Yes**	**No**
Profit maximising?	**Yes**	**No**	**No**	**No**	**No**
Margin maximising?	**Yes**	**No**	**No**	**No**	**No**

Table 4.28 – Sample of a feasibly land development on a portion of undeveloped residential land in Waitara

The table above is a sample of a section of land in Waitara of around 5ha valued at $820,000. The model demonstrates that if the land was to be developed into between 29-46 lots it would be feasible for the developer and result in a profit of over 20%.

Overall, around 97 per cent per cent of all available residential zoned land is commercially feasible for development, which is higher than for infill housing. Similar to infill development, profits generally increase with land size and smaller sections have much lower profit margins.

Targeted feasibility models have been developed for infill housing as described in **Appendix 3** this recognises the complexity around assessing infill feasibility.

Land development model

To better estimate the development yield of our future growth areas, we have applied a grading system based on typography, section size and open space requirements.

To estimate the number of dwellings and section sizes, including the number of dwellings per hectare and the percentage of land allocated to road, ROW reserve and public reserve, we reviewed historical subdivision data.

		Net density (dwellings/ha)			Section Size (m2)		Percentage of Subdivision	
GRADE	Typography	Min	Average	Max	Min	Max	Road Reserve	Landscape Reserve
1	Flat to gently undulating with little to no reserve	8	18	25	400	800	18%	0%
2	Rolling to strongly rolling with small reserve	6	14	20	450	1,200	18%	10%
3	Moderately steep too steep with large reserve land	4	10	15	500	1,600	18%	15%
4	Steep land and lots of reserve	2	6	10	550	2,000	18%	20%
	Average	5	11	20	500	1,500	18%	12.5%

Table 4.29: Subdivision Feasibility Grading System

5 Conclusions and Policy Implications

This section outlines the key results of this assessment and highlights the potential policy implications of these findings.

5.1 Housing Capacity

There is enough plan-enabled and feasible capacity in the district to meet demand for housing in the short, medium and long term. This is provided by the ODP, the provisions in the PDP, and by infrastructure existing or identified in its LTP and IS.

Combined, the ODP and PDPs will provide a maximum capacity for between 15,666 and 30,765 new dwellings. Slightly less than half of these dwellings are feasible to build in the current market conditions. When the 15-20 per cent margin required by the NPS-UDC is included, the PDP provides sufficient long term capacity, with an excess capacity of 1,400 dwellings.

Future capacity relies heavily on general residential land and Council aims to focus on this and provide a land release framework. Council will continue to work with land owners on these areas to determine the potential for development. Future consideration into structure planning these areas will be given.

5.2 Policy Implications

This report highlights some issues and opportunities for consideration when developing planning responses.

The above analysis suggests that both the ODP and PDPs are likely to provide sufficient capacity to meet short-, medium- and long-term demand for housing in the New Plymouth District. The PDP introduces some increased growth in the residential boundary with future urban zones.

It is important to review this assessment incrementally and to take into account ongoing changes to growth (which may result in upwards or downwards revisions of housing demand estimates), and changes to housing prices and new housing development costs. Monitoring the uptake of development capacity and price changes over time will be a part of future quarterly reports.

Analysis of business demand and capacity suggests that there is sufficient zoned vacant land in both the Operative and PDPs to meet economy-wide demands in the short, medium and long term.

Development of the PDP is currently underway. To successfully provide sufficient capacity to meet demand for new development and manage environmental and urban effects arising from this demand, this Plan must be implemented well. Monitoring of all demand and capacity factors will be important. It is noted that we will consider developing a Future Development Strategy following the development of the new District Plan.

6 Glossary

Term	Definition
CBD	Central Business District
EC	Employee Count
FDS	Future Development Strategy
FUZ	Future Urban Zone
GDP	Gross Domestic Product
GFA	Gross Floor Area
HAI	Housing Affordability Index
HAM	Housing Affordability Measure
HBA	Housing and Business Capacity Assessment
HCA	Housing Capacity Assessment
HNZ	Housing New Zealand
IS	Infrastructure Strategy
IS	Infrastructure Strategy
LA	Local Authority (city, district and regional councils)
LTP	Long Term Plan
MBIE	Ministry Business Innovation and Employment
MCA	Multiple Criteria Analysis
MDZ	Medium Density Zone
NPDC	New Plymouth District Council
NPS	National Policy Statement
NPS-UD	National Policy Statement on Urban Development (2020)
NPS-UDC	National Policy Statement on Urban Development Capacity (2016)
ODP	Operative District Plan
PDP	Proposed District Plan
PFI	Potential Future Industrial
RMA	Resource Management Act
RPS	Regional Policy Statement
SNZ	Statistics New Zealand
SPD	Structure Plan Development Area
SQM	Square meters
TA	Territorial Authority (city and district councils)
TRC	Taranaki Regional Council
UDS	Urban Development Strategy
UGA	Urban Growth Area

Appendix 1

NPS-UD Objectives and Policies

2.1 Objectives

Objective 1: New Zealand has well-functioning urban environments that enable all people and communities to provide for their social, economic, and cultural wellbeing, and for their health and safety, now and into the future.

Objective 2: Planning decisions improve housing affordability by supporting competitive land and development markets.

Objective 3: Regional policy statements and district plans enable more people to live in, and more businesses and community services to be located in, areas of an urban environment in which one or more of the following apply:

a) the area is in or near a centre zone or other area with many employment opportunities

b) the area is well-serviced by existing or planned public transport

c) there is high demand for housing or for business land in the area, relative to other areas within the urban environment.

Objective 4: New Zealand's urban environments, including their amenity values, develop and change over time in response to the diverse and changing needs of people, communities, and future generations.

Objective 5: Planning decisions relating to urban environments, and FDSs, take into account the principles of the Treaty of Waitangi (Te Tiriti o Waitangi).

Objective 6: Local authority decisions on urban development that affect urban environments are:

a) integrated with infrastructure planning and funding decisions; and

b) strategic over the medium term and long term; and

c) responsive, particularly in relation to proposals that would supply significant development capacity.

Objective 7: Local authorities have robust and frequently updated information about their urban environments and use it to inform planning decisions.

Objective 8: New Zealand's urban environments:

a) support reductions in greenhouse gas emissions; and

b) are resilient to the current and future effects of climate change.

2.2 Policies

Policy 1: Planning decisions contribute to well-functioning urban environments, which are urban environments that, as a minimum:

a) have or enable a variety of homes that:

   (i) meet the needs, in terms of type, price, and location, of different households; and

   (ii) enable Māori to express their cultural traditions and norms; and

b) have or enable a variety of sites that are suitable for different business sectors in terms of location and site size; and

c) have good accessibility for all people between housing, jobs, community services, natural spaces, and open spaces, including by way of public or active transport; and

d) support, and limit as much as possible adverse impacts on, the competitive operation of land and development markets; and

e) support reductions in greenhouse gas emissions; and

f) are resilient to the likely current and future effects of climate change.

Policy 2: Tier 1, 2, and 3 local authorities, at all times, provide at least sufficient development capacity to meet expected demand for housing and for business land over the short term, medium term, and long term.

Policy 3: In relation to tier 1 urban environments, regional policy statements and district plans enable:

a) in city centre zones, building heights and density of urban form to realise as much development capacity as possible, to maximise benefits of intensification; and

b) in metropolitan centre zones, building heights and density of urban form to reflect demand for housing and business use in those locations, and in all cases building heights of at least 6 storeys; and

c) building heights of least 6 storeys within at least a walkable catchment of the following:

   (i) existing and planned rapid transit stops

   (ii) the edge of city centre zones

   (iii) the edge of metropolitan centre zones; and

d) in all other locations in the tier 1 urban environment, building heights and density of urban form commensurate with the greater of: (i) the level of accessibility by existing or planned active or public transport to a range of commercial activities and community services; or (ii) relative demand for housing and business use in that location.

Policy 4: Regional policy statements and district plans applying to tier 1 urban environments modify the relevant building height or density requirements under Policy 3 only to the extent necessary (as specified in subpart 6) to accommodate a qualifying matter in that area.

Policy 5: Regional policy statements and district plans applying to tier 2 and 3 urban environments enable heights and density of urban form commensurate with the greater of:

a) the level of accessibility by existing or planned active or public transport to a range of commercial activities and community services; or

b) relative demand for housing and business use in that location.

Policy 6: When making planning decisions that affect urban environments, decision-makers have particular regard to the following matters:

a) the planned urban built form anticipated by those RMA planning documents that have given effect to this National Policy Statement

b) that the planned urban built form in those RMA planning documents may involve significant changes to an area, and those changes:

   (i) may detract from amenity values appreciated by some people but improve amenity values appreciated by other people, communities, and future generations, including by providing increased and varied housing densities and types; and

   (ii) are not, of themselves, an adverse effect

c) the benefits of urban development that are consistent with well-functioning urban environments (as described in Policy 1)

d) any relevant contribution that will be made to meeting the requirements of this National Policy Statement to provide or realise development capacity

e) the likely current and future effects of climate change.

Policy 7: Tier 1 and 2 local authorities set housing bottom lines for the short-medium term and the long term in their regional policy statements and district plans.

Policy 8: Local authority decisions affecting urban environments are responsive to plan changes that would add significantly to development capacity and contribute to well-functioning urban environments, even if the development capacity is: unanticipated by RMA planning documents; or out-of-sequence with planned land release.

Policy 9: Local authorities, in taking account of the principles of the Treaty of Waitangi (Te Tiriti o Waitangi) in relation to urban environments, must:

a) involve hapū and iwi in the preparation of RMA planning documents and any FDSs by undertaking effective consultation that is early, meaningful and, as far as practicable, in accordance with tikanga Māori; and

b) when preparing RMA planning documents and FDSs, take into account the values and aspirations of hapū and iwi for urban development; and

c) provide opportunities in appropriate circumstances for Māori involvement in decision-making on resource consents, designations, heritage orders, and water conservation orders, including in relation to sites of significance to Māori and issues of cultural significance; and

d) operate in a way that is consistent with iwi participation legislation.

Policy 10: Tier 1, 2, and 3 local authorities: that share jurisdiction over urban environments work together when implementing this National Policy Statement; and engage with providers of development infrastructure and additional infrastructure to achieve integrated land use and infrastructure planning; and engage with the development sector to identify significant opportunities for urban development.

Policy 11: In relation to car parking:

a) the district plans of tier 1, 2, and 3 territorial authorities do not set minimum car parking rate requirements, other than for accessible car parks; and

b) tier 1, 2, and 3 local authorities are strongly encouraged to manage effects associated with the supply and demand of car parking through comprehensive parking management plans.

Appendix 2

Major Growth Projects as part of the 2021 LTP

Area		LTP Spend
Area Q	Land Purchase - Area Q	$1,395,117
	Park Development - Area Q Growth Area	$1,872,786
	WC341 Waitaha Stream Underpass Area Q	$704,200
Upper Carrington	Upgrading of Huatoki Valley Sewer Main	$1,006,000
	Upper Carrington Road Widening	$905,400
	Land Purchase - Upper Carrington Growth Area	$241,440
Junction	Junction Growth Area Sewer Upgrade Thames	$503,000
	Land Purchase - Junction Growth Area	$201,200
Patterson	Patterson Road Water Main	$402,400
	Land Purchase - Patterson Growth Area	$201,200
Frankley/Cowling	Waimea Valley Sewer Extension	$3,521,000
Waitara	Waitara Stormwater Upgrades	$18,210,379

Appendix 3

Property Economics Infill Report

PROPERTY ECONOMICS

NEW PLYMOUTH INITIAL FEASIBLE RESIDENTIAL CAPACITY ASSESSMENT

Client: New Plymouth District Council

Project No: 51946

Date: June 2021

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SCHEDULE

Code	Date	Information / Comments	Project Leader
51946.6	June 2021	Report	Tim Heath / Phil Osborne

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1. INTRODUCTION

Property Economics has been engaged by New Plymouth District Council (**NPDC**) to undertake an assessment of the commercially feasible residential capacity (supply) of the New Plymouth District under both the Operative District Plan (Operative Plan) and Proposed New Plymouth District Plan (Proposed Plan). This is to inform the NPDC's policy development in the Strategic Directions chapter of the new Proposed Plan and quantify the additional capacity that will be enabled under the policy settings. This work will continue to be updated to reflect new data and/or recommended changes related to zoning in the PDP.

2. THEORETICAL CAPACITY

This section discusses the work undertaken by both Property Economics and New Plymouth District Council in analysing existing residential capacity of New Plymouth and developing a capacity model for calculating the level of feasible development within the district under both the Operative and Proposed Plans. This will inform policy makers on the feasible level of housing supply, and which areas are able to accommodate future residential development.

The NPDC developed a GIS model to calculate the potential infill area on each site within the "urban" residential zones. Property Economics then convert this to potential Infill dwelling capacity and generated a Comprehensive development option across each site under the operative and proposed plans. Infill refers to any development that retains the existing home and subdivides the remaining section to build new homes. Comprehensive refers to any development that removes the existing home and redevelops the entire property.

The two key differences between the two plans, is a change in the minimum lot size and the introduction of a Medium Density Residential Zone. The theoretical capacity for each site within these zones is based on the following minimum lot sizes:

Operative:

- RESA: 450sqm
- RESB: 300sqm
- RESC: 700sqm

Proposed:

- General Residential Zone: 400 sqm
- Medium Density Residential Zone: 200 sqm
- Low Density Residential Zone: 750 sqm

Table 1 following outlines the theoretical capacity outputs under both the Operative and Proposed Plan for both Comprehensive and Infill development.

TABLE 1: NEW PLYMOUTH THEORETICAL RESIDENTIAL CAPACITY BY RESIDENTIAL ZONING FOR OPERATIVE AND PROPOSED PLANS UNDER THE PROPOSED PLAN ZONE AREAS

	Operative		Proposed	
	Comprehensive	Infill	Comprehensive	Infill
General Residential Zone	9,781	3,320	14,182	4,697
Low Density Residential Zone	246		248	
Medium Density Residential Zone	1,489	472	5,420	1,060
Total	11,516	3,792	19,850	5,757

Source: NPDC

Table 1 shows that the theoretical Comprehensive and Infill capacity under the Operative Plan is assessed at 11,516 and 3,792 new dwellings respectively. Under the Proposed Plan, this increases to 19,850 and 5,757 new dwellings for comprehensive and infill development options respectively.

There are two key differences that are driving this change, firstly the move from 450sqm minimum lot size to 400sqm in the General Residential Zone (**GRZ**). Within the areas for which the GRZ has been proposed, this has the impact of increasing the theoretical infill capacity from 3,377 under Operative Plan to 4,777 under the Proposed Plan.

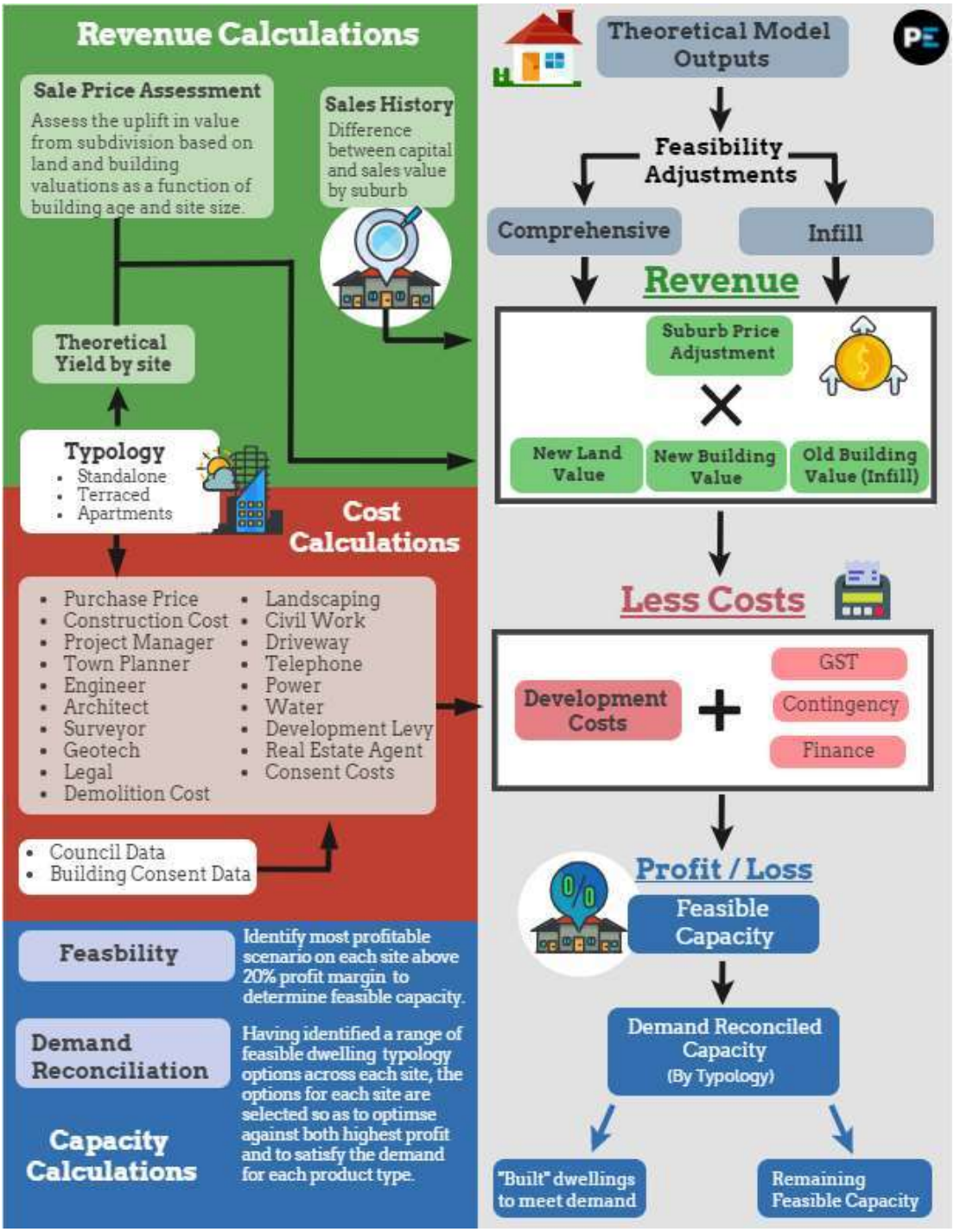
Secondly, the addition of the Medium Density Zone (**MDZ**) increases the Infill capacity within the identified areas from 472 in the Operative Plan to 1,060 in the Proposed Plan. This has a larger difference in regard to the Comprehensive capacity which increases from 11,841 to 20,531 dwellings.

Although there is technically no minimum lot size in the MDZ, an average of 200sqm has been applied. Different typology options and their impact on feasibility has been assessed within the potential adjustments section of this report.

3. FEASIBLE CAPACITY MODELLING

A high-level overview of the model process utilised by Property Economics in determining the feasible residential capacity for New Plymouth is outlined in the flow chart in Figure 1 below. This report will be updated to reflect new data and/or recommended changes relating to zoning in the PDP.

FIGURE 1: PROPERTY ECONOMICS RESIDENTIAL FEASIBILITY MODEL OVERVIEW



4. FEASIBLE CAPACITY OUTPUTS

Property Economics has assessed the variables outlined above in the New Plymouth market and run feasible capacity models across the range of locations, improvement values and land value changes. A key component of the market's willingness to develop infill is the relationship between a site's land value, fixed subdivision costs and the identifiable 'uptake' in value (sqm) through subdivision.

Tables 3 and 4 below outline a summary of the number of potential sections on sites where the ratios reach a profit level that meet market expectations (20% for the purpose of this analysis) under the Operative and Proposed Plans.

TABLE 2: FEASIBLE DEVELOPMENT UNDER OPERATIVE PLAN

Operative	Infill		Comprehensive	
	Theoretical	Feasible	Theoretical	Feasible
RESA	3,181	555	9,360	335
RESB	567	387	1,770	334
RESC	44	19	386	35
Total	3,792	961	11,516	704

Source: Property Economics

TABLE 3: FEASIBLE DEVELOPMENT UNDER PROPOSED PLAN

Proposed	Infill		Comprehensive	
	Theoretical	Feasible	Theoretical	Feasible
General Residential Zone	4,697	811	14,182	542
Low Density Residential Zone	-	-	248	10
Medium Density Residential Zone	1,060	595	5,420	893
Total	5,757	1,406	19,850	1,445

Source: Property Economics

Out of the 3,792 Infill dwellings that are theoretically enabled in the Operative plan, only 961 are financially feasible to develop. Although there is significantly more capacity under the comprehensive development options, the number of feasible dwellings is lower at 704.

Under the Proposed Plan the feasible infill capacity increases to 1,406, while the feasible capacity under the Comprehensive Model more than doubles to 1,445.

4.1. MAXIMUM PROFIT

It is important to note that some of the feasible options for infill development, are also the sites that are feasible for comprehensive development. By taking the highest profit option between the two we can calculate the net feasible capacity as shown in Table 5 following. The combined infill and comprehensive model report the feasible capacity under the Operative Plan is 884 new dwellings while the feasible capacity under the Proposed Plan is 1,527.

TABLE 4: FEASIBILITY UNDER MAXIMUM PROFIT OPTION BETWEEN INFILL AND COMPREHENSIVE FOR OPERATIVE AND PROPOSED

	Operative	Proposed
General Residential Zone	935	1,156
Low Density Residential Zone	11	10
Medium Density Residential Zone	402	1,066
Total	1,348	2,232

Source: Property Economics

4.2. ATTACHED DWELLING OPTIONS IN THE MEDIUM DENSITY ZONE

The feasible capacity as assessed above, assumes a standalone 100sqm house is built in the medium density zone across a 200sqm site (under a 50% maximum site coverage). However, this does not consider the potential capacity that can be achieved by building up to the maximum height and building attached or "joined" dwellings. This includes options like three level townhouses.

Under the maximum profit for each site, applying a range of attached dwelling options to the Medium Density Zone raises the potential feasible capacity from 1,066 dwellings to 3,166. However, it is important to assess this potential capacity against the demand for attached dwellings.

Joined dwelling typologies according to the 2018 Census currently makes up 11% of the New Plymouth District housing stock. However, as the average New Zealand house price continues to increase (resulting in escalating affordability issues in many markets), there is a growing acceptance in the market for joined dwelling options.

Based on market trends across New Zealand and the projected household composition of the New Plymouth market, Property Economics estimates that about a quarter of all new dwellings in New Plymouth will be joined dwellings. Based on this assumption, there will be demand for 2,554 joined dwellings over the next 30 years. This increases to 2,983 dwellings when incorporating the appropriate NPS buffer.

Reconciling this against demand, accounting for some of the joined dwelling demand to be supplied outside of the Medium Density Zone, suggests that only 1,767 feasible joined dwellings will be built in the Medium Density Zone with the remaining sites having a feasible capacity of 141. This brings the total estimated feasible dwelling capacity for the Medium Density Zone to 1,908.

TABLE 5: FEASIBILE CAPACITY APPLYING A MAXIMUM PROFIT FOR GENERAL RESIDENTIAL ZONE AND DEMAND RECONCILED CAPACITY BASED ON TYPOLOGY SCENARIOS ACROSS THE MEDIUM DENSITY ZONE

	Operative	Proposed
General Residential Zone	935	1,156
Low Density Residential Zone	11	10
Medium Density Residential Zone	402	1,908
Total	1,348	3,074

Source: Property Economics

It is important to note that while the numbers indicated in Table 5 have been reconciled against demand by typology, there may need to be additional consideration given the level of realisable capacity over the associated period. This has the potential to reduce the total level of capacity within that is available to the market within New Plymouth.

While all due care has been taken with the modelling, refinements may be further undertaken to ensure accuracy of the outputs.