



RĀRANGI TAKE AGENDA

Te Komiti Whāiti Toitūtanga Pāpori | Social Sustainability Subcommittee Meeting

I hereby give notice that a Meeting of the Te Komiti Whāiti Toitūtanga Pāpori | Social Sustainability Subcommittee will be held on:

Te Rā | Date: Tuesday, 9 May 2023

Te Wā | Time: 1.30pm

**Te Wāhi | Location: Council Chamber
Ground Floor, 175 Rimu Road
Paraparaumu**

**Janice McDougall
Group Manager People and Partnerships**

Kāpiti Coast District Council

Notice is hereby given that a meeting of the Te Komiti Whāiti Toitūtanga Pāpori | Social Sustainability Subcommittee will be held in the Council Chamber, Ground Floor, 175 Rimu Road, Paraparaumu, on Tuesday 9 May 2023, 1.30pm.

Te Komiti Whāiti Toitūtanga Pāpori | Social Sustainability Subcommittee Members

Cr Martin Halliday	Chair
Cr Rob Kofoed	Deputy
Mayor Janet Holborow	Member
Deputy Mayor Lawrence Kirby	Member
Cr Kathy Spiers	Member
Cr Nigel Wilson	Member
Ātiawa ki Whakarongotai (André Baker or Janine Huxford or Christopher Gerretzen)	Member
Mr Huriwai Paki	Member
Ms Kim Tahiwī	Member
Mr Guy Burns	Member
Mr Jonny Best	Member
Mrs Jackie Elliott	Member
Ms Sorcha Ruth	Member

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	9.1 Confirmation of Minutes	22
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1 NAU MAI | WELCOME**2 KARAKIA A TE KAUNIHERA | COUNCIL BLESSING**

I a mātou e whiriwhiri ana i ngā take kei mua i ō mātou aroaro, e pono ana mātou ka kaha tonu ki te whakapau mahara huapai mō ngā hapori e mahi nei mātou. Me kaha hoki mātou katoa kia whaihua, kia tōtika tā mātou mahi, ā, mā te māia, te tiro whakamua me te hihiri ka taea te arahi i roto i te kotahitanga me te aroha.

“As we deliberate on the issues before us, we trust that we will reflect positively on the communities we serve. Let us all seek to be effective and just, so that with courage, vision and energy, we provide positive leadership in a spirit of harmony and compassion.”

3 WHAKAPĀHA | APOLOGIES**4 TE TAUĀKĪ O TE WHAITAKE KI NGĀ MEA O TE RĀRANGI TAKE | DECLARATIONS OF INTEREST RELATING TO ITEMS ON THE AGENDA**

Notification from Elected Members of:

4.1 – any interests that may create a conflict with their role as an elected member relating to the items of business for this meeting, and

4.2 – any interests in items in which they have a direct or indirect pecuniary interest as provided for in the Local Authorities (Members' Interests) Act 1968

5 HE WĀ KŌRERO KI TE MAREA MŌ NGĀ MEA E HĀNGAI ANA KI TE RĀRANGI TAKE | PUBLIC SPEAKING TIME FOR ITEMS RELATING TO THE AGENDA**6 NGĀ TAKE A NGĀ MEMA | MEMBERS' BUSINESS**

(a) Leave of Absence

(b) Matters of an Urgent Nature (advice to be provided to the Chair prior to the commencement of the meeting)

7 HE KŌRERO HOU | UPDATES**7.1 IMPLEMENTING THE HOUSING STRATEGY, UPDATE ON WORK WITH KĀPITI YOUTH SUPPORT AND OTHER TRANSITIONAL HOUSING PROVIDERS****Author:** Stephen Cross, Housing Programme Manager**Authoriser:** Kris Pervan, Group Manager Strategy & Growth**TE PŪTAKE | PURPOSE**

An overview of work underway with Kāpiti Youth Support and other transitional housing providers as part of the implementation of the Kāpiti District Council Housing Strategy. The way we are working with the Trust demonstrates the variety of roles Council is able to adopt to implement the Housing Strategy.

7.2 TE NEWHANGA COMMUNITY CENTRE

Author: Morag Taimalietane, Principal Advisor

Authoriser: Janice McDougall, Group Manager People and Partnerships

TE PŪTAKE | PURPOSE

An update about the Te Newhanga Kāpiti Community Centre project, including background, current situation and next steps.

8 PŪRONGO | REPORTS

8.1 NATIONAL POLICY STATEMENT ON URBAN DEVELOPMENT - QUARTER 3 REPORT

Kaituhi | Author: **Aston Mitchell, Policy Advisor**

Kaiwhakamana | Authoriser: **Kris Pervan, Group Manager Strategy & Growth**

TE PŪTAKE | PURPOSE

- 1 To provide the Committee with information on the National Policy Statement on Urban Development (NPS-UD) Monitoring for the third quarter for the 2022/23 year, covering the period from 1 December 2022 – 28 February 2023.
- 2 The Monitoring report for the third quarter is included as Attachment 1 of this report.

HE WHAKARĀPOPOTO | EXECUTIVE SUMMARY

- 3 The attached report provides an update and key findings from monitoring of development activity and urban development indicators over the 1 December 2022 – 28 February 2023 period.

TE TUKU HAEPAPA | DELEGATION

- 4 The Social Sustainability Committee has the authority to consider this matter under section C.1 of the Governance structure and delegations 2022-2025.

TAUNAKITANGA | RECOMMENDATIONS

- A. That the Committee receives and notes the findings of the NPS-UD monitoring report for Quarter 3 as attached as Attachment 1 of this report.

TŪĀPAPA | BACKGROUND

- 5 This is the third quarterly update required by the National Policy Statement for Urban Development 2020 (NPS-UD 2020) for the 2023/24 year. Previous Monitoring Reports are available on our 'Urban development capacity' webpage at <https://www.kapiticoast.govt.nz/our-district/the-kapiti-coast/urban-development-capacity/>.
- 6 The NPS-UD 2020 is one of a suite of tools that sets the requirements for how New Zealand communities grow. It sets out the objectives and policies for planning for well-functioning urban environments under the Resource Management Act 1991. It enables the Government of the Day to set requirements for Regional and District Councils, including for example, planning for anticipated future growth.
- 7 Central Government has advised that it anticipates managing for growth as early as possible, so that Regions and Districts will:
 - a) be supported to plan for growth in ways that meets the needs of current and future communities; and
 - b) ensure that the unique characteristics and needs of respective communities can be nurtured and maintained.A key input for achieving this, is to understand trends in local development needs.
- 8 The NPS-UD 2020 requires Councils to undertake quarterly monitoring across local development activity, including a range of market indicators published by the Ministry of Housing and Urban Development (HUD) as part of their Urban Dashboard.

- 9 Monitoring reports provide information of activity and changes to inform a range of participants, including Council's own development tools and instruments, as well as the local development community and other community and housing stakeholders.
- 10 Council currently publishes results quarterly, typically in September (Q1), December (Q2), March (Q3), and June (Q4) each year, and focus on changes to key indicators across the quarters. In addition to quarterly reports, September reports also provide analysis of activity from across the previous year, except where a Housing and Business Assessment has been recently completed, which provides long-term analysis of trends and changes.

HE KŌRERORERO | DISCUSSION

- 11 The attached NPS-UD Monitoring Report provides an update and analysis of changes across the housing and development market for Kāpiti Coast District over the 1 December 2022 – 28 February 2023 period. This also includes an update on changes to housing affordability measures that will be reported going forward.
- 12 Key findings from the reporting period include:
 - 12.1 The median house price has decreased to \$790,000 at the end of 2022. This is the fourth consecutive quarterly drop in the median sales price from the high of \$930,000 reported in 31/12/2021.
 - 12.2 The number of house sales has also decreased to 87 for this quarter. While this is likely to be revised up with late reporting of sales data (the last quarter result has now increased from 90 to 186), the number of house sales has fallen overall, with the last high of 294 sales reported alongside the peak median house price in 31/12/2021.
 - 12.3 There has also been a slight decrease in average weekly rent levels – down to \$569 from the previous quarters \$575 (as of 31/12/22).
 - 12.4 The number of resource consents granted have decreased for a third quarter in a row, down to 53. However, potential net additional dwellings have continued to increase across this same period, with 237 potential net additional dwellings recorded from the 111 reported for the previous quarter.
 - 12.5 The number of building consents granted have also decreased slightly for the third quarter in a row, to 143. The drop in new build housing consents accounts for most of this drop (down to 44 from 60 the previous quarter), while numbers for housing alterations remain consistent. The value of building work has increased for this quarter to \$53,473,843, from \$40,088,805 the previous quarter.
 - 12.6 New housing affordability change measures (CHAI) show that rental and mortgage affordability have recently worsened, while deposit affordability had improved. Alternative Corelogic measures similarly show that mortgage servicing, and the number of years to save a deposit remain higher than our neighboring councils, while rental affordability fares slightly better in comparison.
- 13 The data from HUD's dashboard for this reporting period shows median house prices and weekly rent prices have fallen. This might normally indicate improving affordability, however, we note two of the new CHAI affordability indicators identify affordability as worsening. It is difficult to be exact on the factors influencing these contrasting factors, but we do know that the current high cost of living is impacting many people financially, and a likely factor eroding any affordability gains from reduced prices for many as day to day living costs go up.
- 14 While noting there is usually a seasonal dip during the holiday period for this quarter, there has been a slight decrease in both resource consent and building consent numbers for this quarter and for the last three quarters. Current market conditions (increasing construction costs and supply challenges) may be a contributing factor to lower levels of building applications coming forward during this period, however at the same time the district has also been experiencing a number of larger scale and more complex developments coming through the consenting system during the same time, with a number of large developments under construction. We will continue to monitor this going forward.

- 15 Lastly, this quarter identified an increase in overall build value for building consents where overall numbers had decreased. This increase in value may partially reflect increasing build costs being experienced by the sector, but also reflects a number of multi-unit and larger scale developments within the overall consent activity for this period. This has identified a gap in our current reporting and we will look to include the size and scale of building consent activity alongside application numbers in future reports to help further understand activity and changes across local development in the district.

He take | Issues

- 16 This report is for noting findings from NPS-UD monitoring only. Due to the timing of data updates to various monitoring tools including the Changes in Housing Affordability Indicators (CHAI), the results of this report are lagged against more recent market changes. Changes occurring from early 2023 will be updated as part of the next Quarter 4 report.

Ngā kōwhiringa | Options

- 17 This report is for noting findings from NPS-UD monitoring only.

Tangata whenua

- 18 We have not engaged directly with iwi on this report.

Panonitanga āhuarangi | Climate change

- 19 This report does not directly consider climate change matters but provides information on changes and pressures relating to housing and business demand that informs processes managing how we grow, which consider the impacts of climate change and low carbon living.

Ahumoni me ngā rawa | Financial and resourcing

- 20 There are no financial considerations arising from this report.

Ture me ngā Tūraru | Legal and risk

- 21 The report attached as Attachment 1 meets the NPS-UD 2020 requirement to monitor and publish monitoring results.

Ngā pānga ki ngā kaupapa here | Policy impact

- 22 As well as meeting the requirements of the NPS-UD, monitoring information helps understand changes across the local housing market and supports implementation of Te tupu pai – Growing Well - District Growth Strategy and provides input into the Housing and Business Assessment – identifying the amount of available development capacity to meet current and future housing and business needs.
- 23 Information and analysis from NPS-UD monitoring will also be used to help support development and reporting on the Community Vision 2060 and blueprint work, as well as Council's ongoing planning and investment work as part of the Long Term Plan 2024.

TE WHAKAWHITI KŌRERO ME TE TŪHONO | COMMUNICATIONS & ENGAGEMENT

- 24 The attached NPS-UD reports will be published alongside previous monitoring reports on our website (as per paragraph 9).

Te mahere tūhono | Engagement planning

- 25 The reports provide an update to monitoring information and have a low level of significance under Council's Significance and Engagement Policy, with no further engagement planned.

Whakatairanga | Publicity

- 26 The NPS-UD Monitoring Reports will be published on the Council's 'Urban Development' webpage alongside previous reports. An email will also be distributed to update a list of stakeholders who have expressed an interest in the reports and to receive future updates.

NGĀ ĀPITI HANGA | ATTACHMENTS

1. NPS UD Report - Quarter 3 [↓](#)



National Policy Statement on Urban Development

Kāpiti Coast District Council Quarter 3 Monitoring Report

March 2023





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Executive Summary

This third quarter (Q3 2022/23) National Policy Statement on Urban Development (NPS-UD) monitoring report provides an update and analysis of changes across the development market for the 1 December 2022 – 28 February 2023 period.

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

This quarter has identified a third consecutive decrease in median house values and house sales. There has also been a slight decrease in both resource consent and building consent numbers for the last quarter, but also across the last three quarters. Noting there is usually a seasonal dip of activity across the holiday period, current market conditions (increasing construction costs and supply challenges) may be a contributing factor to lower levels of applications coming forward during this period. Despite this, the district is also experiencing a number of larger scale and more complex developments coming through the consenting system. This is identified by another increase of potential net additional dwelling yield from resource consents for this quarter, up to 237 from the previous quarter’s 111.

This report also provides an update on new Changes in Housing Affordability Indicators (CHAI). These have replaced previous measures first home buyer and rental affordability measures. The new indicators are discussed in more detail alongside an alternative set of affordability indicators published by Corelogic as part of their Housing Affordability Report.

A snapshot of indicator activity for 1 December 2022 – 28 February 2023 is summarised below:

Indicator	Movement from Last quarter	Context
Building consent applications issued	Decreasing (by 9 as per Appendix 1)	143 consents issued with a total value of \$53,473,843
Resource consent applications granted	Decreasing (by 23 as per Appendix 1)	53 consents granted - 47 residential - 6 non-residential - Indicating a potential net addition of 237 dwellings from new builds and subdivisions
House values	Decreasing	The median value of house sales has historically increased but has fallen from \$800,000 at 30/09/2022 to \$790,000 for the latest period at 31/12/2022.
House sales	Decreasing	The sales figures for 30/09/2022 were 186 (revised up from last reports 90), with a significant decrease for 31/12/2022 to 87.

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

Nominal mean rent	Decreasing	Mean rent has started to decrease, dropping from \$575 for 30/09/2022 to \$569 at 31/12/2022.
Dwellings sale volume as percentage of stock	Decreasing	The ratio of housing sales to housing stock has fallen to 0.04% for 31/12/2022 from 0.09% for 30/09/2022. This reflects the significant drop in house sales from the average of 1.5% experienced since 2018.
Land value as percentage of capital value	Increasing	53.6% for both 31/12/2022 and 30/09/2022, increasing from 47% at 14/08/2022
Average land value of a dwelling	Decreasing	\$372,020 (as of 30/09/2020) decreasing marginally from

Kāpiti Coast District Council - Quarter 3 Monitoring Report March 2023

Introduction

This is the third quarter monitoring report implementing the National Policy Statement on Urban Development (NPS-UD). The report provides updated data and analysis of changes to the housing market for the 1 December 2022 – 28 February 2023 period.

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

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

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

Affordability Measures

New Changes in Housing Affordability Indicators (CHAI)

Two previous indicators used to report housing affordability (*HAM Buy: Affordability of first home buyer households* and *HAM Rent: Rental Affordability*) are now discontinued and have been replaced by Changes in Housing Affordability Indicators (CHAI).

The new CHAI indicators show how affordability of renting a home, saving for a deposit, and servicing a mortgage for people entering the market, has changed over time. Each indicator compares price changes with growth in median NZ household income. This is estimated using tax data and is revised as further data becomes available.¹

The indicators track whether affordability is improving or worsening in an area but not how affordable an area is at a point in time. This means it is not possible to compare the level of affordability between areas using these indicators. Affordability in one area can improve more than another's over a period of time, while the level of affordability remains worse.

When reading the indicator results, a higher index means it is becoming more affordable, with positive values meaning it is more affordable than a year ago.

- **The change in rental affordability** compares changes in rental prices for new tenancies with the growth in median household disposable (after tax) income. This indicator is impacted by rental prices and household disposable income.
- **The change in deposit affordability** compares changes in house sales prices with the growth in median household disposable (after tax) income. This indicator is impacted by house sales prices and household disposable income.

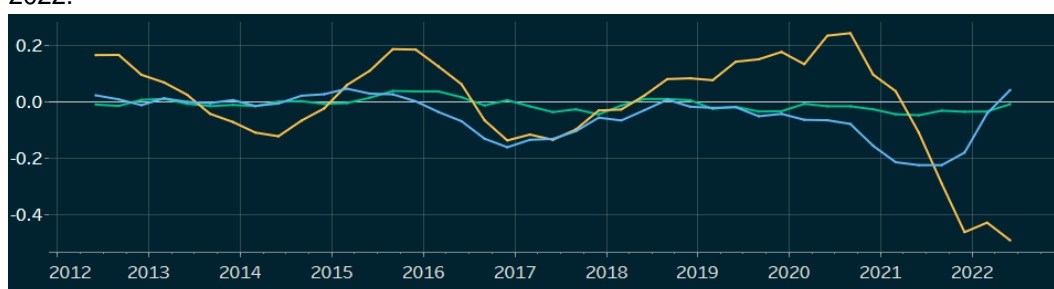
¹ [About the Indicators - Te Tūāpapa Kura Kāinga - Ministry of Housing and Urban Development \(hud.govt.nz\)](#)

- **The change in mortgage serviceability** compares changes in the purchasing power of mortgage interest payments for new home loans with the growth in median household disposable (after tax) income. This indicator is impacted by mortgage interest rates, house sales prices, and household disposable income.

The CHAI indicators are measured quarterly. The Kapiti Coast indicators as of 30 June 2022 when compared to 30 June 2021 were:

- Rental Affordability is -0.9% (worse than a year ago – more unaffordable)
- Deposit Affordability is 4.1% (better than a year ago – more affordable)
- Mortgage Affordability is -49% (worse than a year ago – more unaffordable)

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



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

Corelogic’s Housing Affordability Measures

Corelogic also publishes a Housing Affordability Report to monitor affordability, the most recent of which was released in February 2023 for Quarter 4 2022. Corelogic data is calculated using means, rather than medians which the CHAI data uses and provides more up to date than the CHAI data – which is lagged given availability of data inputs.

The Corelogic report provides a number of indicators, including average property values, average household income, value to income ratio (the share of household income required to service an 80% loan to value mortgage), mortgage servicing (% of income), years to save deposit (number of years it takes to save a 20% deposit, assuming 15% of income is saved), and rent affordability (proportion of household income required to pay the rent).

Unlike the CHAI indicators that focus on changes, Corelogics indicators provided a consistent baseline which enables relative comparison across council areas. Looking at and understanding some of the changes to our neighbouring districts is helpful to understand impacts and effects for the Kāpiti Coast District. When compared to our neighbours in Porirua and Horowhenua, the Kapiti Coast District is less affordable.

- Average property values are higher in Kapiti at \$865,338, compared to \$604,666 in Horowhenua and \$835,957 in Porirua.
- Average household income is in the middle at \$104,210 in Kapiti, compared to \$86,190 in Horowhenua and \$159,709 in Porirua.

9 TE WHAKAŪ I NGĀ ĀMIKI | CONFIRMATION OF MINUTES**9.1 CONFIRMATION OF MINUTES**

Author: Jessica Mackman, Senior Advisor, Democracy Services

Authoriser: Janice McDougall, Group Manager People and Partnerships

Taunakitanga | Recommendations

That the minutes of the Social Sustainability Subcommittee meeting of 16 March 2023 be accepted as a true and correct record.

APPENDICES

1. Social Sustainability Subcommittee Meeting Minutes 16 March 2023 [↓](#)

**10 TE WHAKAŪNGA O NGĀ ĀMIKI KĀORE E WĀTEA KI TE MAREA |
CONFIRMATION OF PUBLIC EXCLUDED MINUTES**

Nil

11 PURONGO KĀORE E WĀTEA KI TE MAREA | PUBLIC EXCLUDED REPORTS

RESOLUTION TO EXCLUDE THE PUBLIC

PUBLIC EXCLUDED RESOLUTION

That, pursuant to Section 48 of the Local Government Official Information and Meetings Act 1987, the public now be excluded from the meeting for the reasons given below, while the following matters are considered.

The general subject matter of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48 for the passing of this resolution
11.1 - 254 Rangiuru Road, Ōtaki	Section 7(2)(i) - the withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	Section 48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7

12 CLOSING KARAKIA