Kāpiti Coast
DISTRICT COUNCIL
Me Huri Whakamuri, Ka Titiro Whakamua

APPENDICES

Council Meeting
Under Separate Cover

Tuesday, 10 October 2023

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1 Kāpiti Coast District Council

Key findings for Kāpiti Coast District's 2023 HBA

Housing Demand: *25,000 additional dwellings are forecast over the next 30 years. This is down from the previous assessment's 32,000 as a result of border restrictions from Covid-19. This growth will require 11,899 additional dwellings (13,888 with a margin for competitiveness).*

Housing Capacity: *A theoretical plan enabled development capacity of 300,996 dwellings has been identified from across residential and mixed-use zones and urban centres. Of this capacity, 55,383 dwellings are feasible to develop and 32,673 are likely to be realised.*

Residential Sufficiency: *This assessment has identified that sufficient realisable residential capacity (32,673) is available to meet future forecast demand for dwellings of 13,888 across the next 30-years, with 18,785 surplus.*

Business demand: *Population growth and better accessibility to the Kāpiti Coast is forecast to see demand increase for an additional 495,019m^2 of business floorspace over the next 30 years, with demand increasing most across the industrial, retail and healthcare sectors. This increases to 577,949m^2 with a margin for competitiveness.*

Business Capacity: *Theoretical plan enabled capacity (floorspace) has been identified across three development scenarios including 1,438,837m^2 from infill development, 3,966,144m^2 from redevelopment and 1,655,957m2 from vacant land. Recent development activity and assessment suggests feasible opportunities that are likely to be realised over time.*

Business Sufficiency: *This assessment has identified that there is sufficient business capacity available across infill, redevelopment and vacant land scenarios to meet business demand forecast for the District over the next 30 years. Further work is needed to understand future needs for intensified urban centres and changing industrial uses to inform future assessments.*

Infrastructure capacity: *Planning capacity for growth remains an ongoing challenge. While short- and medium-term capacity for developments is generally available, further work is required to identify and adjust current planning and investment to reflect the recent increase in intensification of residential and urban centres across the District.*

1.1 District context

1.1.1 The Kāpiti Coast District

The Kāpiti Coast District (Kāpiti or District) covers 730 square kilometres and sits between the Tasman Sea and the Tararua Ranges. Historically, development and growth has concentrated around its early coastal and inland settlements along the 40-kilometre length of the District.

Paraparaumu is the District's centre, supported by the Ōtaki and Waikanae townships to the north, Paraparaumu Beach to the west, Raumati and Paekākāriki villages to the south, and the rural/ beach settlements of Te Horo and Peka Peka in between. The District sits in the middle of Wellington's western growth corridor, with the Horowhenua District to the north and Porirua City District to the south.

Historically an area of rural services with a number of seaside settlements, the District has seen periods of substantial growth over the last 100 years – with a particular increase in urbanisation over the 1990's to 2000's. Opportunities for lifestyle, proximity to Wellington and lower house prices compared to Wellington, have been key drivers of its ongoing growth and popularity.

Recent improvements from national roading projects and more flexible working arrangements have increased accessibility of the District, making it easier for people to live and work on the coast.

Similar to national and regional trends, Kāpiti Coast has experienced increasing demand for housing, which has led to significant increases in local property and rental prices. The impact of this increase is a particular challenge for Kāpiti, due to the drivers of underlying growth and its location in the region. As Kāpiti sits between metropolitan and provincial areas, its on-going attraction of people from across the region and other parts of the country is creating additional affordability pressures, particularly on those residents who live and work locally.

1.1.2 Te Tupu Pai: Growing well

Kāpiti Coast District Council adopted a new District Growth Strategy *Te Tupu Pai: Growing* well in February 2022. The Strategy provides an outline for managing how and where the District grows over the next 30 years. The Strategy provides detail on how Kāpiti Coast sees itself growing to meet the requirements of the National Policy Statement on Urban Development (NPS-UD) and as part of regional growth under the Wellington Regional Growth Framework (WRGF).

The Strategy informs how we shape the development of land and manage activities across our town centres and urban, rural and business areas, including through changes to the District Plan and infrastructure planning and investment decisions.

This includes making sure there is adequate planning and investment in the necessary infrastructure, services and facilities needed by our current and future population.

The Strategy sits alongside other Kāpiti Coast District Council strategies, including the economic development strategy, sustainable transport strategy, housing strategy, open spaces strategy and the climate change action framework, to provide direction and coordination of activities to help support and achieve our community outcomes for the District.

1.1.3 Kāpiti Coast District Plan

Kāpiti Coast District Council's District Plan became operative in June 2021.

The current overall approach to development within the District Plan is to maintain a consolidated urban form within existing urban areas and a limited number of growth areas which can be efficiently serviced and integrated with existing townships. This reinforces an overall hierarchy of centres and the effective and efficient use of infrastructure.

The District Plan provides for residential use across the General Residential Zone and also has provision for residential use within its Metropolitan, Town and Local Centre zones and mixed-use zone. It also has a number or rural residential areas providing for smaller rural and lifestyle opportunities. A number of areas of future growth and expansion are identified as Future Urban Zone and Ngārara and Waikanae North development areas.

An urban development plan change (PC2 Intensification) was recently adopted and made operative from 1 September 2023. The Plan Change was a response to future growth needs and requirements under the National Policy Statement on Urban Capacity (NPS-UD) and the Medium Density Residential Standards.

It is important to note that this assessment is based on the notified version of the Proposed Plan Change 2 (intensification) published in August 2022. A number of subsequent changes have been made in the version adopted by Council. These changes are not reflected in this assessment but will be reflected in the assessment of the operative district plan as part of the next HBA.

1.1.4 Housing Strategy and Housing Needs Assessment 2022

A Housing Needs Assessment was undertaken, and a Housing Strategy developed in 2022[1]. The Needs Assessment provides a detailed understanding of different demand for housing types across the Kāpiti Coast District including underlying factors affecting housing affordability.

In May 2022, Council adopted the Kāpiti Coast District Council Housing Strategy 2022. The Strategy outlines Council's vision and principles to address housing needs in the District, and actions the council can take over short, medium and long term across a range of roles it plays (for example, as regulator, facilitator, funder and provider).

A key part of our strategy is to provide a foundation from which productive partnerships can be grown with iwi partners, central government, the private sector, community housing providers and the community.

Alongside the HBA, the Housing Needs Assessment and Strategy help Council to prioritise investment, capitalise on partnership opportunities, manage risk and coordinate a response to meeting the housing needs of the District.

[1] *www.kapiticoast.govt.nz/your-council/projects/housing/our-role-in-housing*

1.2 Residential assessment of development capacity and findings

This section provides context and assessment of residential development capacity for the Kāpiti Coast District Council over the short (3 years), medium (10 Years) and long-term (30 years).

1.2.1 Current population and future forecasts

The Sense Partners 50th percentile population forecast for 2022 is used as the basis of assessment for this HBA. The comparison and rationale for selecting this scenario across all councils is provided in the regional overview. Forecast population growth is broken down across the short (2021- 2023) medium (2024- 2030) and long-term (2031-2051) periods to support analysis of demand as required by the NPS-UD.

Table 1. Forecast population growth by short, medium, and long-term periods for Kāpiti Coast District, 2021-2051

Population Forecast	Estimated population 2021	Additional population 2021–24	Additional population 2024–31	Additional population 2031–51	Forecast population 2051	Change in population 2021–51
Sense Partners Median	57,900	2,400	6,800	15,900	83,000	25,100

Understanding some of the factors shaping the make-up of Kāpiti's population provides context for understanding current and future demand for housing across the District. Further information on Census 2018 and monitoring indicators can be found in Council's NPS-UD Quarterly Monitoring Reports,[1] the People and Places[2] website, and the Urban Development Dashboard[3].

Lifestyle, proximity to Wellington, and lower house prices compared to Wellington, are key factors attracting people to live in Kāpiti.

The 2022 population update[4] forecasts the Kāpiti Coast district will grow by 25,000 over the next 30-years. While this has dropped from 32,000 forecast in 2021, the District is still forecasting strong growth into the future.

Migration is the primary driver of population growth in Kāpiti, with many new residents relocating to Kāpiti from across Wellington suburbs, other national centres like Auckland, and internationally. The drop from previous growth forecasts is primarily a reflection of the impacts Covid-19 border restrictions had on migration levels into New Zealand and to Kāpiti.

Kāpiti is expected to follow national trends, with a growing and aging population. Kāpiti already has one of the oldest populations in New Zealand which is reflected in its high proportion of single (29%) and two-person (38%) households. While the District is expected to continue to increase its number of families, people in their mid and late career, and retirees moving to the District, it is also expected to lose young adults as they move away from the District for study, work and travel.

[1] *https://www.kapiticoast.govt.nz/your-council/forms-documents/reports/urban-development-capacity/*
[2] *https://peopleandplaces.nz/*
[3] *Urban Development (shinyapps.io)*
[4] *www.demographics.sensepartners.nz/*

The opening of Transmission Gully and the Peka Peka to Ōtaki Expressway has improved accessibility to Kāpiti. While the opportunity for rural and semi-rural living continues to see some growth across the District's rural areas, most population growth is forecast across the larger urban centres of Paraparaumu, Raumati, Waikanae and Ōtaki.

Kāpiti Coast has lower average household incomes than regional and national averages. It also has a number of the most deprived areas in New Zealand. The increasing accessibility and demand for housing has driven up housing and rent prices to the highest levels ever experienced in the District.

Covid-19 also had an impact on housing demand and pressures in the District. Initially, Covid-19 saw a large number of expat kiwis and those from different parts of the country returning home. It also increased the ability for remote and flexible working, with people looking for options for better work life balance. With its improved access and connection to Wellington, and more affordable housing compared other larger centres, Kāpiti is an attractive option for those looking to relocate.

This additional demand has contributed to the significant affordability issues the District already had, with Kāpiti having some of the worst levels of affordable housing and rent regionally and nationally. These pressures persist across the District but are most acute in Ōtaki, where the differences in housing availability, costs, incomes and demand for housing are creating significant levels of housing stress and resulting in mana whenua and local residents being displaced from the area.

Kāpiti has a high level of home ownership at 59.8% compared to national levels of 51.3%. As a result, increasing housing costs also have an impact on rates affordability for homeowners in our district. Increasing numbers of households on low and fixed incomes also affects Council's ability to collect residential rates, and in turn, maintain and increase services as the District grows.

Kāpiti has a high proportion of unoccupied private dwellings. These are concentrated across its beach settlements, which have been historically popular holiday destinations and therefore have a number of baches and second homes. At the 2018 Census, vacant dwellings made up 16% of stock in the Waikanae and Ōtaki Beach areas and 12% in Te Horo.

Recent demand for housing has seen an increase in new houses being consented. Between 200 – 350 new houses have been consented annually over the last five years. This is up from 200 – 250 from the last assessment. This is still lower than levels of growth experienced through the late 1990's to 2000's where between 400 – 600 new houses were built annually in Kāpiti.

Comparing dwelling consents to household growth for Kāpiti shows a level of responsiveness from the housing market to population growth. However, comparing numbers more closely shows a clear period of net housing growth between 1996 – 2007 when the District was growing strongly, but an undersupply of housing against household growth almost every year from 2008 -2020. It is difficult to draw full conclusions without more longitudinal data (pre-1996) – but this recent period of undersupply of housing corresponds with increasing housing pressures across the District.

There continues to be a preference for larger standalone houses across the District. This creates a mismatch with the high number of smaller (single and couple) households in the District. However, increasing demand and house prices has seen an increase in smaller houses and medium density developments emerging on the market.