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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 495,019m² of business floorspace over the next 30 years, with demand increasing most across the industrial, retail and healthcare sectors. This increases to 577,949m² with a margin for competitiveness.

Business Capacity: Theoretical plan enabled capacity (floorspace) has been identified across three development scenarios including 1,438,837m² from infill development, 3,966,144m² 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 of 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 2022¹. 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 Places² website, and the Urban Development Dashboard³.

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

The 2022 population update⁴ 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 \(shinyapps.io\)](https://shinyapps.io/UrbanDevelopment/)

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.

1.2.2 Forecast housing demand

Forecast population growth is used alongside forecasts changes in household formation to determine future demand for the number and type of housing. Housing type includes:

- Stand-alone housing – housing on its own lot, typically associated with lower density areas.
- Joined housing – including terraced housing, flats and apartments.

In accordance with the NPS-UD, an additional competitiveness margin of 20% is added to forecast demand for the short and medium-term demand, and 15% to forecast demand over the long-term. The competitiveness margin provides for additional development capacity, over and above the expected demand, in order to support choice and competitiveness in housing markets.

Table 2. Dwelling demand (including competitiveness margin) for Kāpiti Coast District, 2021-2051

Dwelling demand	Additional dwellings 2021–24	Additional dwellings 2024–31	Additional dwellings 2031–51	Change in dwellings 2021–51
Sense Partners Median Forecast	1,298	3,280	7,321	11,899
Demand with competitiveness margin	1,549	3,928	8,411	13,888

To help us understand and analyse differences for housing across different parts of the District we have identified six housing market areas. The six housing areas are identified in Figure 1 below.



Figure 1. Map of the six housing areas used for analysis of residential development capacity

Table 3 sets out the short, medium and long-term demand for dwellings by type and housing area. Note – analysis within this assessment uses rounding in its breakdown of housing demand across housing areas and housing types. This accounts for slight differences in subtotals and totals when aggregated in this report and when compared to supporting assessment work.

Table 3. Dwelling demand (with competitiveness margin) by type and housing area, 2021-2051

	2021-2024	2024-2031	2031-2051	Total
Paekākāriki				
Stand-alone housing	3	10	40	53
Joined housing	0	1	4	5

	2021-2024	2024-2031	2031-2051	Total
Total	3	12	44	59
Raumati				
Stand-alone housing	138	437	795	1,370
Joined housing	18	78	118	214
Total	156	518	914	1,588
Paraparaumu				
Stand-alone housing	332	851	1,656	2,839
Joined housing	124	185	612	921
Total	464	1,038	2,273	3,775
Waikanae				
Stand-alone housing	318	640	1,132	2,085
Joined housing	211	412	1,161	1,784
Total	527	1,053	2,289	3,869
Ōtaki				
Stand-alone housing	181	423	723	1,327
Joined housing	68	426	1,417	1,911
Total	249	848	2,133	3,230
Other				
Stand-alone housing	106	264	467	837
Joined housing	41	191	290	522
Total	150	459	758	1,367
Total				
Stand-alone housing	1,078	2,625	4,813	8,516
Joined housing	462	1,293	3,602	5,357
Total	1,549	3,928	8,411	13,888

1.2.3 Analysis of housing demand

Analysis of housing demand helps us identify changes since the last HBA.

- The strongest demand for housing continues to be centred in Waikanae and Paraparaumu. Their share of growth has fallen slightly from the 2021 projections but still makes up nearly two thirds of all projected growth, with 28% and 27% respectively.
- Ōtaki has seen a slight increase in its proportion of forecast growth, up to 23% from 20% in 2021. This remains a significant increase from the 10% of total growth identified in the 2019

assessment. Raumati and the 'Other/Rural' housing areas continue to make up 11% and 10% of the remaining demand.

- Standalone housing is forecast to make up 61% of future demand, still showing a strong preference but also a clear shift down from higher levels (84%) identified in the first HBA in 2019.
- In contrast, forecast demand for joined housing (terraces, town houses and low-rise apartments) has increased from 12% to 39% over this period. This reflects consistently with national changes enabling intensification but also market changes observed locally, with a number of medium density developments emerging across Paraparaumu in recent years.
- Growth in Paekākāriki remains under 1% of the District's overall future demand reflecting the current constraints for development in the area.
- The proportion of smaller (one person and couple) households is forecast to increase from 64% to 68% of all growth which is offset by a drop in one parent and two parent households from 32% to 29%. This primarily reflects the aging of the current population and additional older persons moving to the area.
- Sense Partners forecasts also identified that a portion of the future growth in households would be met through increased use of vacant housing currently found across the District. Census 2018 indicated particularly high levels of vacant housing at Ōtaki Beach (16%), Te Horo (12%) and Waikanae Beach (16%), which are areas that have been popular for baches and second homes in the past.
- An average household size of 2.2 persons is forecast across the next 30 years. This is a slight decrease from the average of 2.5 average identified in Census 2018 and the last Long-term Plan in 2021 and 2.3 in Sense Partners 2021 forecasts. This decrease in size reflects an aging population and increase in couple and one person households over the next 30 years.

1.2.4 Housing demand for other groups

This section identifies housing demand across different groups to help understand some of the different needs for housing across Kāpiti.

1.2.4.1 Māori housing demand

A number of settlements across Kāpiti have developed from sites of early Māori settlement. Census 2018 identified a growth in Māori population in Kapiti, from 13% in 2013 to 14.7% in 2018. The distribution of Māori population ranges from 8-15% across five of the housing areas, but Ōtaki is a clear standout, with Māori making up 33% of its population in 2018.

While Paraparaumu has the highest number of Māori households at approximately 1092, proportionately Ōtaki has approximately 33% of all households identifying as Māori. The next highest is Paekākāriki at 15%, then Paraparaumu 11%, Raumati 10%, Waikanae 9% and Other just under 8%.

In comparison, Māori have a number of different outcomes for housing. Just under 50% of Māori households own or partly own the dwelling they live in compared to 61.7% of non-Māori households. As a result, a much higher percentage of Māori households are renting in Kāpiti.

Household compositions also look very different, with lower levels of households of couples or one person, but much higher levels of group and other family households with children.

Some of these differences in household composition between Māori and non-Māori, may be explained by cultural composition of family units and supported living arrangements. Housing challenges and Covid-19 have also contributed to whanau returning home to live with family.

With recent price increases affecting both the ability to buy and rent, it is clear from tenure differences that Māori households are more susceptible to housing affordability issues across the District. This has been identified in more detail in the Housing Needs and Social Impact Assessment which identifies the social impacts of housing pressures across the District and in particular the impacts it is having in Ōtaki with overcrowding and housing stress and displacement.

A study by BERL in 2016 on the Māori Economy identified 2,200 hectares of Māori Freehold Land across Kāpiti¹. The recent Needs Analysis identified a need and demand for Māori and papakāinga housing across the District. Council is working with our iwi partners on opportunities to meet housing needs as part of the Housing Strategy. The District Plan was also recently amended through Plan Change 2 to introduce new objectives, policies and rules intended to be more enabling of papakainga. Those amendments became operative on 1 September 2023.

1.2.4.2 Public Housing demand

Recent data on the Ministry of Social Development's (MSD) Housing Register shows that registrations for social housing have risen significantly across the last five years alongside increasing house prices and rents in the District. Registrations have increased from 57 reported in December 2017 to 165 registrations in December 2022, peaking at 216 registrations in March 2022.

Of applicants, 62% were matched to a one-bedroom home, 27% a two-bedroom home, 7% a three-bedroom home and the remaining 4% a four-five-bedroom home. The proportion of demand for one-bedroom properties in Kāpiti is much higher than that in many of our surrounding districts and the national average. This is a mismatch with the current portfolio of housing available.

Kāinga Ora Homes and Communities currently manage a portfolio of approximately 217 dwellings in the Kāpiti Coast district, with most of these homes located in Ōtaki and Paraparaumu. This consists of 12x1 bed, 123 x 2 bed, 74 x 3 bed and 8 x 4 bed houses. Historically there has been a significant under investment in public housing in Kāpiti, which has very low social housing numbers compared with our neighbours. This puts significant pressure on the market, which is not able to meet these needs, contributing further to increasing affordability pressures.

Kāinga Ora is undertaking work as part of the Central Government's Public Housing Plan 2021-24 to deliver additional capacity (itself and working with Community Housing Providers) to meet increasing needs in the District. Kāinga Ora are also in the process of developing an Area

¹ BERL. 13 December 2016 *The Māori economy in the Kāpiti Coast District*.

Development Strategy for Kāpiti that will help inform how they support future needs and demands across the District. While work is underway to provide new and additional housing, this is building from a low base against the District's needs and will take some time for developments for additional stock to come into the market to start making a difference to significant needs in this space.

1.2.4.3 Housing for older persons

The Kāpiti Coast District has one of the oldest populations nationally, with 19% of its population over 70 compared to the national average of 10%. Similarly, the District has a high proportion of one person households at 29% compared to the national average of 21%.

Future forecasts expect the over 70 age group to grow further to 25% by 2051. This is driven by the natural aging of New Zealand's population, but also the continued attraction of the Kāpiti Coast District area as a retirement location with Kāpiti providing a large proportion of the region's retirement living, with further retirement villages in development supporting this growth.

Council also provides a small portfolio of housing to support older persons that are able to live independently. This includes 118 one-bedroom units. 56% of this stock is in Ōtaki (66 units) with 38% in Paraparaumu and less than 3% each in Waikanae and Paekākāriki.

Council currently has 63 approved applicants on the register for future places and has continued to see increasing demand for these places as pressure has increased over the last few years. Council is currently undertaking a review of its older persons housing under its housing strategy to support better housing outcomes in the District. This will include looking at suitability of existing housing provision, including accessibility and how best to support growth and ensure sustainability. Community feedback has indicated support for intergenerational housing opportunities.

1.2.4.4 Demand for Student Accommodation

Demand for student accommodation is a factor with a particular impact on housing demand in Ōtaki, where Te Wānanga o Raukawa is located. The Wānanga has on site accommodation to support a number of courses it provides but a number of students undertaking full-time study look to relocate to the area for the duration of their studies, often bringing their whanau with them. There is currently a lack of market housing and in particular one and two bed options in the area to help meet this need in the area.

This demand for student accommodation and lack of current options creates additional demand in an area that already has limited availability and options for housing and market rentals. The lack of capacity to be able to meet these needs locally also acts as a constraint to attracting more students to the area.

1.2.4.5 Visitor Accommodation

The Kāpiti Coast has long attracted visitors to the area with its coastline and recreational opportunities. Currently the Kāpiti Coast District has no hotels, limited motels and several campgrounds, and has a significant shortage of traditional visitor accommodation. More recently, housing pressures and the demand for housing has seen a number of motels and campgrounds being used more for transitional housing, or close as accommodation to provide market rentals.

The introduction of Air BnB in 2015 created an ability to use house listings to support short-term stays in the District – providing an alternative to meet demand for visitor accommodation. Since its introduction, data shows that Kāpiti Coast District's proportion of Wellington Region's AirBnB listings have steadily increased, with 383 house listings at the end of 2022, making up 19% of the Wellington regional house listings.

The use of housing for visitor accommodation effectively takes stock out of use for housing needs, adding to the overall demand for housing. While we suspect some Air BnB properties may be utilising the District's historical stock of bachs and second homes, the data does not identify listings by location to support further analysis.

Assumptions around the impacts of visitor accommodation and the usage of vacant housing is something we would like to analyse further when Census 2023 results are available, to help identify any shifts in the occupancy of housing stock across the District.

1.2.4.6 First Home Buyers

Core Logic data¹ on houses sales and first home buyers helps us understand differences between levels of activity and opportunity for first time buyers to get onto the housing ladder. Comparing percentages of first-time buyers of total sales identifies Kāpiti as having the lowest percentage across the region, closely followed by Masterton.

Recent analysis showed 95% of renters are unable to afford to buy a house within the Kāpiti district, up 16% since 2013². The most unaffordable areas for renters to buy were Ōtaki at 98% and Paekākāriki at 100%.

The similarly low level of first-time buyers in Kāpiti and Masterton may be explained by their shared situation. Both these areas are growing through people moving to the area driving demand and prices up – making it difficult for first time buyers to compete in the market. Similarly, a lack of options of housing types, including smaller and more affordable options is limited by what the market is providing, limiting first time buyer's choices.

1.2.5 Residential development capacity – Theoretical plan enabled, feasible and realisable

This section provides the assessment of residential development capacity calculated from the District Plan (including the notified Proposed Plan Change 2 Intensification).

Theoretical development capacity is identified for all residential, mixed-use and urban centres (which allow residential uses) based on their underlying zoning and development controls. The assessment includes two brownfield (existing urban area) scenarios for all site under five hectares in size:

¹ <https://www.corelogic.co.nz/news-research/reports/fhb-report>

² Source: Updated information from the Housing Needs Assessment 2022 based on modelled data from Statistics New Zealand, Headway Systems and MHUD.

- Infill development – which includes development capacity that can be developed around existing buildings.
- Redevelopment – which includes development capacity that could be built if sites were fully redeveloped.

Both infill and redevelopment scenarios are assessed against development potential for different housing typologies. This includes standalone housing, terraced housing, and apartments.

All residential sites over five hectares in size; or sites zoned for future development are identified and assessed as greenfield development. Given the size of these sites, they are calculated with different development costs and assumptions over those in brownfield areas.

Assumptions are also used as a proxy for theoretical development capacity for residential use across the District's mixed-use and urban centres. These include 30% of development capacity being attributed to residential use in the metropolitan centre and mixed-use areas, and 50% in town and local centres. Further information on the modelling process and assumptions can be found in the supporting HBA methodology and Property Economics Report.

Theoretical plan enabled residential capacity

The assessment of development capacity identified an additional capacity for 300,996 theoretical dwellings from across residential and mixed-use zones. This is significantly higher than the 17,983 identified from the last assessment. This reflects the increase in intensification enabled through the Medium Density Residential Standards and National Policy Statement on Urban Development.

Table 4. Theoretical plan enabled residential development capacity for Brownfield and Greenfield, by housing area

Housing area	Theoretical Infill/Redevelopment		Theoretical Greenfield		Total Theoretical	
Paekākāriki	8,557	3%	0	-	8,557	3%
Raumati	40,774	16%	4,750	12%	45,524	15%
Paraparaumu	91,372	35%	9,782	24%	101,154	34%
Waikanae	75,820	29%	15,499	38%	91,319	30%
Ōtaki	37,709	15%	9,937	24%	47,646	16%
Other	5,817	2%	979	2%	6,796	2%
Total	260,049	100%	40,947	100%	300,996	100%

Feasible residential capacity

The feasibility of theoretical capacity is assessed using a range of development factors including land values, building costs and sales prices to inform what development scenarios are profitable. This indicates the extent to which theoretical development is feasible to develop at the time of this assessment.

Overall, 55,383 dwellings were assessed as feasible to develop. This is 18% of the total theoretical development capacity. Of note, 73% of feasible capacity from the redevelopment and infill

scenarios is for terraced housing, with 14% standalone and apartments only making up 3%. Feasible dwellings in a greenfield setting make up 12% of total feasible capacity.

The shift in balance of underlying land values and the large increase in construction costs has had a significant impact on the financial feasibility of housing development. Although terraces have not historically played a large role in Kāpiti's housing market, the new intensification planning standards are likely to result in a significant shift towards this typology.

Table 5. Total supply of feasible residential development capacity for Greenfield and Brownfield, by typology & housing area

Housing area	Redevelopment and Infill			Greenfield			Total
	Stand-alone Housing	Terraced housing, flats	Apartments	Stand-alone Housing	Terraced housing, flats	Apartments	
Paekākāriki	238	1,871	0	0	0	0	2,109
Raumati	1,729	7,355	62	204	78	0	9,428
Paraparaumu	3,698	9,370	931	50	316	579	14,944
Waikanae	4,566	9,673	82	1,894	619	0	16,834
Ōtaki	1,072	5,719	119	831	1,522	0	9,263
Other	157	2,288	0	29	331	0	2,805
Total	11,460	36,276	1,194	3,008	2,866	579	55,383

Realisable residential capacity

Last, we assess development capacity that is likely to be realised – or built. There are a range of variables that influence the likelihood of feasible development being built including the risks of developing different housing typologies – with more intensive housing increasing costs and risks, and underlying profit motivations – where a developer has different motivations than a landowner.

Overall, 32,673 dwellings are likely to be realised. This is 60% of feasible capacity and 11% of theoretical capacity. 15% of all realisable capacity is from greenfield sites. The highest amount of realisable capacity across the District is in Waikanae at 33%, Paraparaumu is not far behind on 27% and Raumati on 18% and Ōtaki at 11%.

Paekākāriki has a realisable capacity of 1,446 dwellings (4% of all realisable capacity). This capacity reflects the increased intensification of the area under the NPS-UD. However, the assessment of realisation does not directly factor in the capacity of supporting infrastructure of the area. Paekākāriki is currently supported by septic systems and has no reticulated wastewater infrastructure, creating a practical constraint on the amount of the realisable capacity achievable in Paekākāriki.

Market practicalities of development are also reflected in the assessment, including infill development having a relatively lower risk for a developer over comprehensive development. It also shows the increasing risk of development as a typology increases in scale from standalone dwellings through to terraced products and lastly, apartments.

When modelled, this sees the feasible apartment capacity in the residential zones fall away and number of terraces significantly reduce, partially in favour of standalone typologies.

Table 6. Total supply of realisable residential development capacity by typology & housing area

Housing area	Redevelopment and Infill			Greenfield			Total
	Stand-alone Housing	Terraced housing, flats	Apartments	Stand-alone Housing	Terraced housing, flats	Apartments	
Paekākāriki	854	592	0	0	0	0	1,446
Raumati	3,691	1,948	42	239	0	0	5,920
Paraparaumu	5,105	2,942	471	69	288	0	8,875
Waikanae	5,014	3,401	0	2,003	376	0	10,794
Ōtaki	983	882	0	1,584	0	0	3,449
Other	570	1,440	0	179	0	0	2,189
Total	16,217	11,205	513	4,074	664	0	32,673

1.2.6 Sufficiency of residential capacity

In considering whether there is sufficient development capacity to meet housing demand, it is useful to look at the comparison of demand by housing area against realisable capacity, but also consider other factors, including recent residential development rates.

Table 7 below compares the total demand for housing (with competitiveness margin) by housing type, against the realisable development capacity by housing area.

Table 7. Comparison of housing demand against realisable capacity, by typology & housing areas

	Demand	Capacity	+/-
Paekākāriki			
Stand-alone housing	53	854	801
Joined housing	5	592	587
Total	59	1,446	1,387
Raumati			
Stand-alone housing	1,370	3,930	2,560
Joined housing	214	1,948	1,734
Total	1,588	5,920	4,332
Paraparaumu			
Stand-alone housing	2,839	5,174	2,335
Joined housing	921	3,230	2,309
Total	3,775	8,875	5,100

Waikanae			
Stand-alone housing	2,085	7,017	4,932
Joined housing	1,784	3,777	1,993
Total	3,869	10,794	6,925
Ōtaki			
Stand-alone housing	1,327	2,567	1,240
Joined housing	1,911	882	-1,029
Total	3,230	3,449	219
Other			
Stand-alone housing	837	749	-88
Joined housing	522	1,440	918
Total	1,367	2,189	822
Total			
Stand-alone housing	8,516	20,291	11,775
Joined housing	5,357	11,869	6,512
Total	13,888	32,673	18,785

The table identifies enough realisable capacity to meet almost all areas of housing demand, with many also having healthy levels of surplus capacity. Ōtaki, is the one exception where there is a shortage of joined housing. While a large amount of joined housing was identified in the feasibility modelling for Ōtaki this appears to be trumped by preferences for standalone housing, or market factors (costs, risks and motivations) preventing it from being realised.

The supporting Property Economics report also assesses realisable capacity by typology sizes using their own methodology for household compositions. This identified that small, medium and large sized housing across standalone, terraced and apartment housing types could all be meet with the exception of small apartments. While there was excess demand for standalone and terrace typologies, the margins were much closer for apartments.

This is unsurprising as medium density housing typologies are only just starting to appear across parts of Kāpiti (with the exception of Paraparaumu Beach) and given apartments are identified as the riskiest and most expensive typology to develop.

Property Economics also undertook two additional sensitivity scenarios looking at the impacts on realisability if land values were reduced by 14%, and if land values increased by 20% alongside a drop in construction costs by 10%. The first scenario had limited impact on feasibility but saw a drop of realisable capacity to 22,808. The second scenario saw a marginal increase in feasibility but a significant increase to realisable capacity to 43,833.

This identifies a sensitivity to changing land values in both levels of feasible development and realisation rates. The sensitivity analysis also shows that change to land values, sales price and construction costs would further increase the feasibility and realisation of apartments across parts of the District.

Using the current rates of new builds to compare against forecast demand can help us understand differences between current supply and demand. Recent building consent rates for new builds range from 200 – 350 new builds a year over the last 5-year period. This includes an average of 262 dwellings including 210 standalone houses and 52 joined houses per year. This is an increase from 240 dwellings from the last assessment including 208 standalone houses and 32 joined houses.

Table 8 below provides a breakdown of new build rates against future demand across the short medium and long term. This shows a potential gap in current levels against forecast demand. A simple comparison of the current build rate and shortage against the inflated demand would see us get to 19 years worth of demand at current rates (26 years uninflated). While this shows a gap, we know that the market has been increasing supply in recent years and has a significant pipeline of larger scale developments in the pipeline. We also know that the local market has also previously delivered rates of new builds up to 400 – 600 a year. The last two HBA's have shown a movement from standalone and greenfield to feasible medium density housing. This HBA reinforces this shift further, but its sensitivity analysis also shows that apartments are also on the edge of becoming both feasible and realisable, depending on what future market conditions and demand is.

Table 8: Comparison of building consent rates against forecast demand over the short, medium, and long-term

Housing typology	2021-2024		2024-2031		2031-2051	
	Demand	Build	Demand	Build	Demand	Build
Stand-alone housing	1,078	630 (-448)	2625	1,470 (-1,155)	4,813	4,200 (-613)
Joined housing	462	156 (-306)	1293	364 (-929)	3,602	1,040 (-2,562)
Total	1,549	786 (-763)	3,928	1,834 (-2,094)	8,411	5,240 (-3,171)

Overall, the assessment in Table 9 below identifies that there is sufficient development capacity available to meet short, medium and long-term demand for the Kāpiti Coast district. The assessment also identifies a surplus of realisable capacity of 18,785 dwellings, which suggests enough capacity to cover any shifts towards a higher level of growth over time.

Table 9: Sufficiency of realisable development capacity to meet forecast demand over the short, medium, and long-term

Type	2021-2024	2024-2031	2031-2051	TOTAL
Demand (inflated with 20%/15% buffer)	1,549	3,928	8,411	13,888
Development capacity (realisable)		32,673		
Balance	31,124	27,196	18,785	+18,785
Sufficiency	Yes	Yes	Yes	

1.3 Business assessment of development capacity and findings

This section assesses business development capacity for the Kāpiti Coast District over the short (3 years), medium (10 Years) and long-term (30 years).

1.3.1 Business areas

Kāpiti Coast has a range of urban centres and business areas and uses across the District. The District Plan recognises a hierarchy of these centres based on their size and function. This includes:

- Paraparaumu Sub-Regional Centre, including the Metropolitan Centre Zone and mixed-use zone;
- Town Centres, including Ōtaki Main Street, Ōtaki Rail Centre, Paraparaumu Beach, Waikanae and Raumati Beach;
- Local Centres, including Paekākāriki, Raumati South, Kena Kena, Meadows, Te Moana Road and Mazengarb Road (future local centres are also provided for in the Waikanae North and the Ngārara Development Areas).

In addition to its centres, the District Plan also identifies two additional business-related zones:

- General Industrial Zone - that provides for a range of activities including manufacturing, light industry, fabricating, processing, and servicing and repair of goods.
- Airport zone - that provides for business compatible with the areas' use.

Collectively these centres and zones provide approximately 356 hectares of land for business use alongside a range of civic and mixed-uses. Table X provides a breakdown of land area by business zone type.

Table 10: Land area by District Plan business zone for the Kāpiti Coast District

District Plan 'Business' Zones	Area (m2)	Area (Hectares)
Airport Zone	12,66,382	127
General Industrial Zone	1,240,551	124
Local Centre Zone	61,431	6
Metropolitan Centre Zone	724,395	72
Town Centre Zone	269,825	27
Total	3,562,584	356

For the purposes of this HBA, business land is grouped into eight business areas. The business areas are used to analyse demand and development capacity across different parts of the District. The eight business areas are listed below and also shown in Figure 2.

- Ōtaki
- Waikanae
- Paraparaumu Central
- Te Roto Drive
- Paraparaumu Beach
- Raumati
- Paekākāriki
- Local Centres (spatial collection)

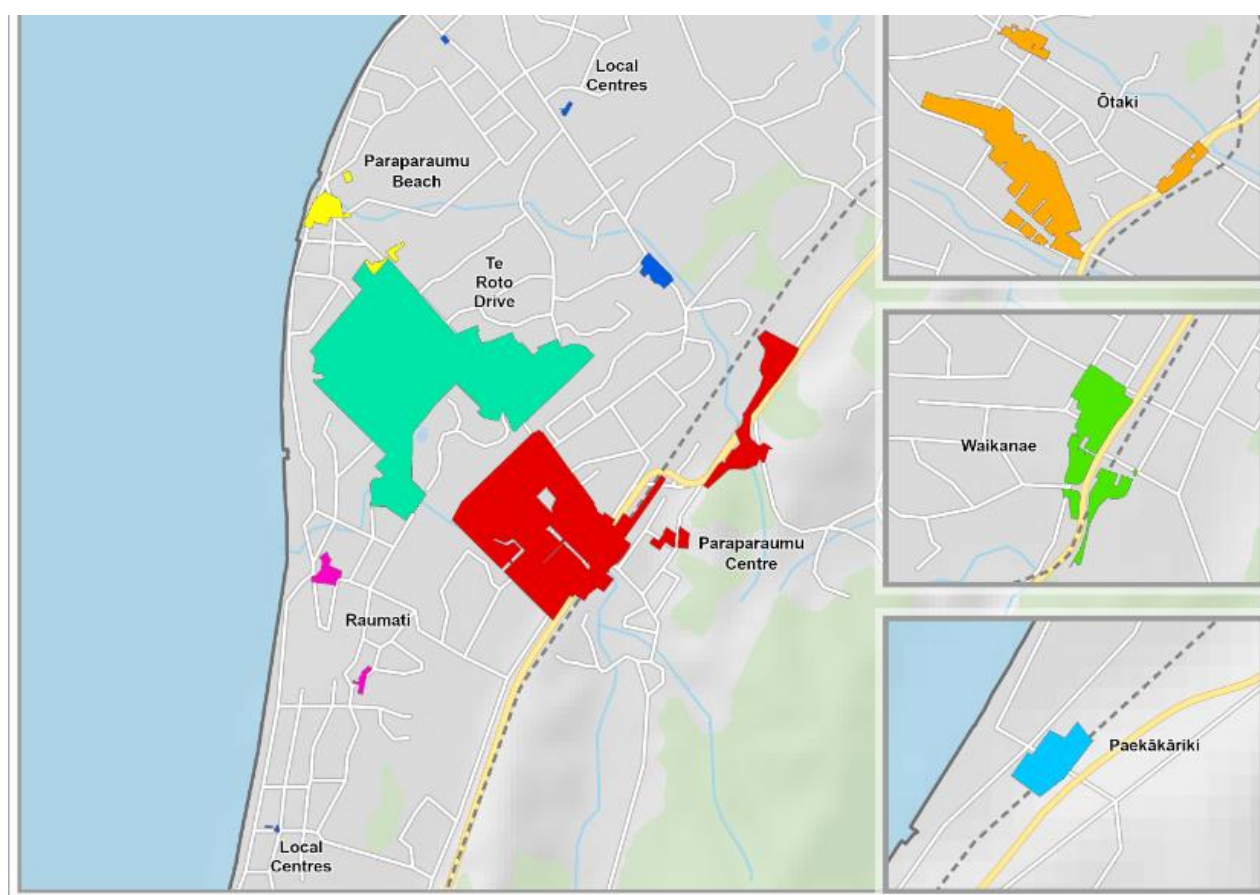


Figure 2. Map of the eight business areas used for analysis of business development capacity

1.3.2 Economic business drivers and activity

Several factors act to shape the demand and supply of business capacity across the Kāpiti District. Further details can be found in Sense Partners *Demand for business land in the Wellington-Horowhenua region 2023*, The Property Groups *Review of the suitability of existing business and industrial land 2023*, and Infometrics *Economic Profile Report 2022*¹.

¹<https://ecoprofile.infometrics.co.nz/kapiti%2Bcoast%2Bdistrict/PDFProfile#:~:text=Economic%20growth%20in%20Kapiti%20Coast,of%20national%20GDP%20in%202022.>

Different areas of the region play different roles across the region's economy. Kāpiti Coast is primarily a residential services centre but has its own base of local industry and commercial services.

Population growth goes hand in hand with economic growth. Since 2000, the Kāpiti Coast district has grown at an annual average rate of 1.5%, slightly higher than the national growth rate of 1.2%. This growth is reflected in the District's growth in its gross domestic product, businesses and employees.

Gross domestic product (GDP) for Kāpiti Coast District has grown at an annual average of 3% between 2000 – 2022, slightly higher than the national average of 2.8%. Key industries that have contributed to growth of this period include Professional, scientific and technical services (16%), Construction (14%), Health care and social assistance (12%), retail trade (8%).

Over the 2001-2022 period Kāpiti Coast has had an annual average employment growth of 2.1%, slightly higher than the national annual average growth rate of 1.9% over the same period. The sectors supporting growth in jobs corresponds with the those contributing to GDP. Construction has made the largest contribution adding 1,942 jobs, Health care and social assistance has added 1,411 jobs, and Professional, scientific and technical services has created 1069 additional jobs.

While slowly declining over recent years, the manufacturing and agriculture industries play an important part of the Districts economy. As well as producing some niche products, both sectors are linked to economic development efforts. In particular, a focus on sustainable food production is looking to combine and leverage district advantages from its productive land and climate, food and beverage manufacturing and local tourism.

In 2022, Kāpiti had 5,877 business employing 19,494 people. This is up from the 5,004 businesses and 16,451 employees from 2016, used in the first HBA (an increase of 873 business and 3,043 employees). The number of larger businesses has also grown from the last HBA. Most notably there are 15 additional businesses (90 in total) with 20-49 employees and 6 additional business (30 in total) with between 50-99 employees.

Kāpiti has some unique characteristics reflecting its function and proximity to Wellington. It has a higher number of self-employed workers (28%) compared to national levels (16%) and almost a third (27%) of its resident workers commute outside the District to work, including Wellington, Lower Hutt and Porirua.

The highest number of self-employed are from the Construction and Professional, scientific and technical services industries. This reflects the connections Kāpiti workforce has in supporting demand for labour across the industrial, commercial and government sectors of Wellington.

More recently, the opening of Transmission Gully and Covid-19 have coincided with an upswing in economic activity for the District. Since 2020, Kāpiti has grown between 0.6 - 2% higher than national levels of employment and GDP, which has averaged 4.3 over this period over the national rate of 2.4%. This period has also seen strong retail growth. This is thought to attribute to Covid-19 changing consumption patterns as people working from home, working remotely and supporting a large, retired community with services. This reflects a high share of commuters into Wellington who may still do a large portion of their shopping locally. Future planned transport projects such as Otaki to Levin (O2L) will provide stronger connection for Kāpiti through to Palmerston North to the North.

There continues to be a smaller number of non-residential new builds coming forward over the last few years. Ōtaki has seen a cluster of developments across its town centre and industrial areas and Paraparaumu Central and Te Roto Drive have both seen a number of commercial developments. As with the last HBA, rural development (implement sheds) continues to be the highest level of activity. Further analysis is provided of recent development and demand in the following sections.

1.3.3 Forecast Business demand

Sense Partners have updated business demand forecasts used in the 2019 HBA. Demand is based on their 2022 population forecast and identifies forecasts for both land and floorspace to meet business needs. Demand is also broken down into seven business sectors, reflecting changing demands for different types of businesses.

Additional demand for business floorspace and land by sector is outlined in Table 11 below.

Table 11: Demand for business land and floorspace, by business sector over the short, medium, and long term

Type	Floorspace (m ²)				Land (m ²)			
	2021-2024	2024-2031	2031-2051	Total	2021-2024	2024-2031	2031-2051	Total
Commercial	7,138	12,082	25,429	44,650	9,518	16,110	33,905	59,533
Education	3,643	8,359	29,260	41,262	4,858	11,145	39,013	55,016
Government	-1,127	-29	707	-449	-1,503	-39	942	-599
Healthcare	10,419	25,469	70,989	106,877	13,893	33,959	94,652	142,503
Industrial	20,428	16,032	121,088	157,548	51,070	40,079	302,720	393,869
Other	7,390	10,070	14,270	31,731	9,854	13,427	19,027	42,308
Retail	17,391	27,039	68,971	113,400	34,782	54,077	137,941	226,801
Total	65,284	99,022	330,713	495,019	122,472	168,759	628,200	919,431

In accordance with the NPS-UD, a buffer of 20% is added to the short and medium-term demand, and 15% is added to the long-term demand. The inclusion of this buffer provides an additional margin to support competitiveness. The resulting inflated demand is as set out in Table 12 below.

Table 12: Demand for business land and floorspace (with competitiveness margin) by sector over the short, medium and long term.

Type	Floorspace (m ²)				Land (m ²)			
	2021-2024	2024-2031	2031-2051	Total	2021-2024	2024-2031	2031-2051	Total
Commercial	8,566	14,499	29,243	52,308	11,421	19,332	38,991	69,744
Education	4,372	10,031	33,648	48,051	5,829	13,375	44,865	64,068
Government	-902	-23	813	-112	-1,202	-31	1,084	-150

Type	Floorspace (m ²)				Land (m ²)			
	2021-2024	2024-2031	2031-2051	Total	2021-2024	2024-2031	2031-2051	Total
Healthcare	12,503	30,563	81,637	124,703	16,671	40,750	108,849	166,271
Industrial	24,514	19,238	139,251	183,003	61,284	48,095	348,128	457,507
Other	8,869	12,085	16,411	37,364	11,825	16,113	21,881	49,819
Retail	20,869	32,446	79,316	132,632	41,738	64,893	158,633	265,264
Total	78,791	118,838	380,320	577,949	147,567	202,526	722,430	1,072,523

Demand for business land and floorspace is forecast to grow strongly over next 30 years, in part by stronger population projections. Kāpiti will require 919,431 m² of land and 495,019 m² of floorspace to accommodate demand across the seven business sectors to 2051. This increases to 1,072,523 m² and 577,949 m² once inflated to include a margin for competitiveness.

There is a significant increase in forecast demand for business from the first HBA in 2019 (64,488 m² of land and 61,585 m² of floorspace). This is due to the timing of the first HBA forecasts based on Statistics NZ 2013 Census data, which meant a significant increase in the population over the 2013-2018 period was not reflected into the forecasts at the time.

Transport investment is a major influence on the future rate and shape of forecast business demand. The completion of Transmission Gully and expressways project to Ōtaki has significantly improved connectivity along the norther corridor, placing Kāpiti in a prime position to access the wider region, north and south.

This connectivity is forecast to further drive population growth, with people continuing to locate to the District for its lifestyle, proximity to Wellington and more affordable housing options compared to Wellington. In turn, population growth is forecast to increase demand for healthcare, retail, and education – to support the growing needs of local residents, including commuting workers and retirement community.

The availability and geographic constraints of industrial land in Porirua and the Hutt Valley create an incentive to seek more affordable and plentiful land up the coast, increasing demand for Kāpiti.

Demand for industrial land is forecast to make up 43% of forecast demand for business land in Kāpiti to 2052. Retail demand accounts for 25% and healthcare 16%. Demand across the commercial and education sectors is more modest at 7% and 6% respectively.

Demand for business floorspace reflects a similar order of demand for land across sectors. Demand for industrial floorspace make up 32%, retail 23% and health close behind at 22%, commercial 9% and education 8%. Different floorspace amounts reflect the different floor to land ratios applied in calculations.

1.3.4 Business development capacity – Theoretical plan enabled, feasible and realisable

This section provides the assessment of theoretical plan enabled, feasible and realisable development capacity for business calculated from the District Plan (including the notified Proposed Plan Change 2 Intensification).

Like the residential assessment two brownfield scenarios identify development capacity for infill and redevelopment scenarios. A third scenario of vacant land is also identified. This is a subset of the redevelopment capacity but identifies capacity that is ready to develop.

A number of additional assumptions are made in the modelling of business sites to help provide a more realistic identification of development capacity. This includes the use of ratios to split development capacity between residential and business uses across mixed-use and urban centres. Some zones also have an additional site coverage factor applied to them. While many business zones don't have site coverages under the District Plan, these have been used to help provide a more realistic provision of the use of land and allows the use of space to provide for parking and accessways to support shops and services and yard space in the case of industrial uses.

Another key assumption relates to industrial sites. While building heights in industrial zones theoretically enables multi storey development, an assumption of single storey development has been used across all industrial areas to reflect the large warehouse and factory building typology which is historically associated with this zone.

Lastly, given different business uses can use space flexibly across a range of different arrangements (including multi-storey development) this assessment uses floorspace as a common measure to analyse forecast demand and development capacity.

Table 13: Assumptions for modelling business capacity, by business zone

Business Zone	Proportion of capacity assumed for residential use	Site coverage proportions used
Airport Zone	0	30%
General Industrial Zone	0	50% (Single storey only)
Local Centre Zone	50%	80%
Metropolitan Centre Zone	30%	60%
Mixed Use Zone	30%	80%
Town Centre Zone	50%	80%

Theoretical plan enabled business capacity

The table below provides a breakdown of the theoretical business capacity calculated across each of the above scenarios for sites across the relevant District Plan zones. This shows a significant increase in potential capacity from the previous assessment, reflecting the increased heights across the metropolitan, town centre, local centre and mixed-use zones. For example, infill capacity has tripled from 424,571 to 1,438,837 m² and redevelopment increased by more than four times as much, from 872,220 to 3,966,144 m².

Table 14: Existing floorspace and theoretical plan enable business development floorspace, by business zone

Business Zone	Existing floorspace	Infill floorspace	Redev floorspace	Vacant floorspace
Airport Zone	21,802	103,593	403,247	207,474
General Industrial Zone	189,042	189,208	423,194	104,232
Local Centre Zone	7,177	30,778	80,406	0
Metropolitan Centre Zone	74,065	813,972	2,145,403	1,238,262
Mixed Use Zone	43,028	160,422	521,793	94,485
Town Centre Zone	66,099	140,863	392,100	11,504
Total	465,629	1,438,837	3,966,144	(1,655,957)

Feasible business capacity

Given the complexities with many different and varied forms of business that can use business land, a Multi Criteria Analysis (MCA) has been used as a way of assessing the feasibility of development across business areas.

The MCA was developed in the first HBA in 2019 and uses scoring against a number of criteria (including linkages to transport, infrastructure servicing, costs of land, resilience and constraints) to help identify relative strengths, weaknesses and overall characteristics within and between business areas.

An update of this assessment was undertaken by The Property Group as part of this assessment and included discussions with business stakeholders across the District and region. Details of the MCA can be found in Appendix 4 alongside discussion on recent changes and factors influencing demand and opportunities for business development across the District.

Table 15 below identifies the MCA score (out of 70) and business capacity available by type for each business area. All areas scored above average (35) and have a range of characteristics and advantages that supports the overall feasibility for development across business areas. Examples of recent development are also provided in the next section.

Table 15: Comparison of theoretical business floorspace, by business area & multi criteria analysis score

Business Area	MCA Score	Existing floorspace	Infill	Redev	Vacant
Area 1 Ōtaki	40	89,841	123,697	402,387	95,223
Area 2 Waikanae	44	38,128	46,240	99,532	
Area 3 Paraparaumu District Centre	45	172,807	1,009,297	2,723,859	1,333,730
Area 4 Airport/Te Roto Drive	51	104,115	169,410	516,550	227,004
Area 5 Paraparaumu Beach	49	36,693	37,194	91,892	

Business Area	MCA Score	Existing floorspace	Infill	Redev	Vacant
Area 6 Raumati	46	12,569	18,063	42,180	
Area 7 Paekākāriki	39	5,537	12,154	24,019	
Area 8 Local Centres	NA	3,350	18,624	56,387	
Area 9 Other	NA	2,589	4,157	9,337	
Total		465,629	1,438,837	3,966,144	1,655,957

Key characteristics from across the MCA and recent changes include:

- Te Roto Drive/Kāpiti Landing Industrial and Airport areas scored the highest in the assessment. This reflects the desirability of the location with its good transport connections and access, clustering and ease of development in the area.
- Paraparaumu Beach and Raumati town centres also scored highly. This reflected the characteristics of both areas being higher amenity locations that attract visitors and tourists with a good clustering of business such as restaurants and boutique shops. The surrounding area and ground conditions were also seen as factors reflected higher scores for developability and resilience to hazards.
- Paraparaumu Centre scored in the middle. Although the Centre has excellent access to transport and public transport, with large potential for development, the availability of parking, access to land to develop, and underlying ground conditions resulted in lower developability and scores relative to other locations.
- The Waikanae area consists of a town centre and surrounding industrial land. While the areas proximity to roading corridors was lower, it had high public transport access. Waikanae was also identified as having good resilience to hazards, and a strong clustering of businesses and services serving the surrounding community.
- Ōtaki includes two town centres and an industrial area to the south. Scoring for Ōtaki's overall access was previous lower than other centres but has been increased as part of this assessment following the completion of Transmission Gully and Peka Peka to Ōtaki Expressway. While recognised as having available industrial land at lower prices than Central Paraparaumu, this was seen to be offset by some of the challenges and costs to develop parts of the area, which are susceptible to flooding.
- Similarly, to Paraparaumu Beach and Raumati, Paekākāriki was recognised as a busy local centre, catering to its local population and an increasing number of tourists/visitors.

Realisable business capacity

While business capacity may be theoretically available and feasible to develop, not all feasible business capacity will be built. There are a range of other influences and factors that determine whether development capacity is likely to be realised.

Looking at recent developments can help our understanding of some of these factors. Comparing existing floorspace figures from the 2019 assessment highlights an increase from 450,031m² to 465,629 m² – a 15,598 m² increase across all business areas. This increase comes from a range of developments across the District including:

-
- the Takiri North and South retail/office buildings at Coastlands and refit of a building on Rimu Road for a new Dental practice,
 - a new service station and two large office refits along Ihakara Street,
 - new medical/GP hub at Te Roto Drive, Placemakers relocated to a new building by the airport,
 - Restaurant and café and new ground floor retail under new apartments at Paraparaumu Beach
 - a new dental practice and café at the Meadows Local Centre.

Paekākāriki has also had a redevelopment of several buildings within its local centre with a new bakery/café supporting increased weekend and tourist traffic from the escarpment walkway.

Ōtaki has also seen a significant level of activity in recent years with a new café, daycare, offices and industrial uses taken up in the Riverside industrial area, a new retail shop (Hunting and Fishing) and motel development at the Ōtaki Railway end of town, and a significant development of the Te Wānanga o Raukawa campus the Ōtaki town centre.

As part of the MCA, The Property Group identified the changing nature of the market as a key factor affecting the feasibility of new commercial and industrial developments across the region. This included increases in land value, high demands for residential development on vacant sites, labour force shortages and increasing development costs, including costs to address resilience issues. Discussions with local business stakeholders also identified the availability of land and floorspace to accommodate specific business needs, and the availability of local labour to support new business, as two factors affecting the shape of business growth and development in Kāpiti.

Notwithstanding, Sense Partners' business forecasts identified growth in the local population would continue to drive increasing demand for local services in Kāpiti. They also identify the improved accessibility to Kāpiti as a factor driving increased demand as businesses look to relocate and set up in the District.

While the assessment of development capacity identifies large tracts of land are currently vacant, this excludes sites that are not vacant, but have lower value uses on them. These sites are spread throughout key locations of the District and often in accessible and sought after areas, and includes sites currently used to park/store vehicles and yards used for landscape or building storage.

These factors highlight some of the dynamics around demand and competition for business land, as owners and business in industrial areas often seek ownership and security for their businesses over opportunities to pursue best or highest value uses. This is compounded in some areas where business land ownership sits with a handful of owners, which means the market does not always move to meet needs or terms sought from the market. This makes business land stickier and slower to respond to market demands.

Overall, recent business development activity and the ongoing availability and extent of vacant and infill development capacity, alongside small levels of redevelopment of buildings, indicates that the market is enabling business opportunities to be realised, while recognising factors will always prevent it being realised to its fullest extent.

1.3.5 Sufficiency of business capacity

We can use our understanding of current business activity and factors influencing feasibility to understand whether there is sufficient development capacity available to meet future demand for business floorspace.

The assessment of the redevelopment, infill and vacant land scenarios identifies a large amount of development capacity to meet short, medium and long-term demand for business floorspace across the District.

Retail and healthcare sectors are expecting strong growth over the next 30 years, with demand in commercial and education sectors also increasing, but to a lesser extent. The need to service a growing and aging population are the main driver for much of this increase. These activities are likely to locate in and around the Paraparaumu District Centre and other centres and areas with good accessibility and offer complementary services. A portion of healthcare floorspace is also expected to be located in future retirement facilities, typically located in residential areas, which often provide onsite health and care services.

There is currently a large amount of vacant and infill capacity available to meet these needs in the Paraparaumu District Centre but also in the surrounding Te Roto Drive/Airport area. The MCA scoring identifies this area as the highest scoring given its favourable elements making it likely to attract a larger portion of development to the centre of the District.

While already more developed, it is also expected that over time we would see further investment and intensification of services around town centres and increasingly local centres, with the increased density of local communities creating opportunities to support more business and services in localised areas.

Town and local centres are generally already developed, with limited vacant capacity available to meet demand for floorspace. However, there are a range of low value uses and buildings across these centres and we expect to see more properties recycled and redeveloped as local demand and population grows. Changes to intensification will support the feasibility and opportunity for more mixed-use developments and scale and agglomeration of activities across centres over time.

The industrial sector has the largest amount of floorspace forecast with 183,003m², with a significantly higher land demand of 457,000 m² over the next 30 years.

The assessment of development capacity identifies a quarter of demand could be met through currently vacant land. An additional 189,000m² is available through infill capacity. There are also a number of low use sites that we would expect to be redeveloped to meet higher value uses over time as need and value increases.

Paraparaumu District Centre and Te Roto Drive/Airport central industrial areas for Kāpiti. Uses in these areas tend to have higher site coverages and can be expected to absorb more floorspace than used in the settings for calculating development capacity. There is also a large amount of industrial land in Ōtaki. This includes a large extent of vacant land. Ōtaki also has a number of larger sites, with a range of manufacturing operations in the area requiring more space. However, it too has recently seen more intensive smaller and multi-storey uses developing in the area. There is also

some vacant industrial land on the periphery of Paraparaumu and some manufacturing and larger site yards in Raumati.

While forecasts identify strong demand for industrial floorspace, it is important to understand some of the key assumptions and sensitivities of the forecasts. One is that substitution or competition is not taken into account. This is important, as if land is not as available as assumed, or other locations are more desirable, demand will change and move to reflect this. The forecasts are also sensitive to changes in lighter industrial uses and increasing use of technology and automation, which increases efficiency and will reduce the amount of floorspace used by activities over time.

This means more industrial floorspace will be able to be accommodated on current available land and we are already seeing area of more intensive industrial uses. Further work to provide a more detailed understanding of future changes in industrial uses and demand for Kāpiti would help refine modelling and assessment of future needs of industrial land across Kāpiti.

The last factor identified in the MCA is the loss of business land to residential use. A number of residential developments have been undertaken within urban centres. While recent changes look to increase development capacity (including mixed uses) around urban centres, the potential loss of well-located business land to residential uses could undermine the ability to meet future business needs and support well-functioning urban centres.

There is a need to continue to monitor and track business development as part of regular monitoring processes, including change of business development types, mixed use development and residential activities on business land.

Overall, this assessment identifies sufficient development capacity is available to meet short, medium and long-term demand for business across the District.

Table 16: Sufficiency of realisable development capacity to meet forecast demand over the short, medium, and long-term

Type	2021-2024	2024-2031	2031-2051	TOTAL
Demand (inflated with 20%/15% buffer)	78,791	118,838	380,320	577,949
Development Capacity	Infill			1,438,837
	Redevelopment			3,966,144
	Vacant			(1,655,957)
Sufficiency	Yes	Yes	Yes	

1.4 Infrastructure Capacity

The HBA 2022 provided a detailed assessment of infrastructure capacity supporting forecast growth across the District¹. The assessment was based on the recently completed 2021-41 Long Term Plan (LTP).

¹ See Appendix 5.2 Kāpiti Coast District Council assessment of infrastructure availability to support future growth

A range of assessment work has been undertaken over recent months including work to support the transition of councils three waters infrastructure to the new water entity as part of the Affordable Water reforms and in response to several developments that are progressing through government's alternative fast track process. However, overall changes to the settings and assumptions outlined in the LTP 2021-41 are limited.

As a result, this HBA has continued to use the underlying capacity assessment from 2022 and identifies key changes to activities, investments and constraints identified over the last 18 months into the summary of network capacity for Council's three waters, roading and parks and open spaces below.

It is worth noting two key points from the previous assessment. The LTP 2021-41 provided for a significant increase in its capital investment to help meet the needs of anticipated growth, in many cases bringing key infrastructure upgrades and capacity forward sooner than previously planned. At this time 32,000 additional people were forecasts over the next 30 years. As a result of Covid-19 impacting national and local migration, this has dropped to 25,000 for this assessment. While this provides some potential headroom around investment and capacity, a return to pre-covid levels of migration could see a return to previous higher levels of forecast growth.

The second key change is the significant amount of additional development capacity that has been enabled across residential and urban centres in line with requirements under the National Policy Statement on Urban Development and the Medium Density Residential Standards.

Council's previous planning and investment focussed on servicing key areas of greenfield development and planned areas of urban infill and intensification. With a greater extent of development capacity enabled across the entire district, Council needs to refine its approach to planning and investment to accommodate any subsequent changes in development patterns. Notwithstanding the ability to plan and provide for additional areas of growth it is not practical or feasible to service all additional capacity enabled over and above previous planned levels.

1.4.1 Three Waters

Results from the 2022 assessment indicates that Kāpiti has sufficient capacity available across its three waters networks to meet the short- and medium-term growth needs. While there are some areas of current deficiency across Council's networks, these are known and have plans to address them through planned maintenance and upgrades.

The first 2019 HBA identified a number of challenges around capacity in the drinking water and wastewater networks in the Ōtaki area to meet higher forecasts for growth than were previously forecast. Further assessments of capacity across a number of these areas have been undertaken to identify additional investment and upgrades to ensure sufficient infrastructure is in place to meet longer-term growth in the area.

A number of these works have now been completed to increase capacity in storage ponds. Council has also been successful in securing government funding of \$29 million to help accelerate works and create resiliency across Ōtaki's water networks to help meet growth challenges in the area. This includes work to construct a new water reservoir and increasing capacity of trunk infrastructure to meet water pressure requirements for existing and future residential and business development.

The nature and location of future growth also creates a challenge for water and wastewater networks as they are impacted by increasing physical costs to develop and maintain their efficiency and effectiveness as networks grow and expand, but also the costs of meeting higher health standards and environmental controls relating to receiving environments.

Waikanae has been a long-term focus of greenfield growth, but has recently been subject to several large-scale developments through government's alternative fast-track consenting process. If successful, these developments will require Council to provide additional infrastructure and services to areas where it was not previously anticipating provision in the short to medium term. This includes a new bulk main for providing drinking water along the old state highway.

Additional growth has also reduced capacity available in Waikanae's wastewater network ahead of the completion of the rising main project, which will help service future growth in the area. If the project cannot be completed or alternative provided, it is expected that capacity to service growth will be significantly restricted. Provision to address both of these issues will be made as part of the next 2024 LTP process.

Additional works have been completed at Paraparaumu's wastewater plant to provide additional wet weather storage capacity, with ongoing works to prevent water infiltration into the system to maintain network capacity during wet weather events.

A substantial programme of work is already in place to address existing stormwater constraints across the District. Further investment has reduced the programmes timeframes from 45 to 37 years. Impacts of new development on stormwater networks has been assisted by hydraulic neutrality requirements in the District Plan. However, the scale of future growth and shifting balance between greenfield growth and intensification may require different long-term approaches in order to meet future growth outcomes.

Further assessment work will be undertaken alongside the District Growth Strategy to help inform infrastructure planning and investment as part of the next and future Long-Term plans. These assessments will consider any additional steps required to ensure we meet recommendations that come out of the Kāpiti Whaitua, which is focusing attention on maintaining and improving awa (water) across the District.

1.4.2 Local Road Network

The local roading network is vital to Kāpiti to enable the movement of people, trade and goods. The assessment of the local road network identified a range of on-going challenges, including congestion and parking. Some of these are able to be managed and mitigated through programmes of work and the resource consent process, while others will worsen and effect growth if not managed effectively.

Currently, congestion and parking issues are experienced at both the Paraparaumu Metropolitan Centre and Waikanae Town Centre. In the case of Paraparaumu, greater accessibility to central Paraparaumu has contributed to congestion on Kāpiti Road. Current traffic levels average in excess of 27,000 vehicle movements per day, and this is predicted to increase.

Similarly, the traffic in Waikanae will increase further as a result of the development of Waikanae North and Ngārara areas, and some congestion is experienced at the old state Highway One/Elizabeth Street junction, partly as a result of the rail crossing.

Both Paraparaumu and Waikanae also suffer from increasing and competing demand between parking for daily business and commuter parking.

To mitigate these challenges, the District Plan identifies a number of notional roads designed to alleviate current and future congestion and aid future access and connectivity of future areas of development. This includes the East-West connector road to help congestion and movement around Kāpiti Road and Paraparaumu Metropolitan Centre, but also proposed roads connecting and distributing traffic from future greenfield development to the north of Waikanae.

Council has also undertaken parking studies, updated its Sustainable Transport Strategy, and is working with partners to seek public transport improvements and enhance access and transport connectivity around the two centres/stations. The work relating to parking and improved access to rail stations is particularly aimed at commuters and supporting modal shift away from private cars, alongside a greater use of public transport.

Revocation and opportunities to undertake town centre enhancements are underway in Paraparaumu, and due to commence in Ōtaki later this year. These include improvements to connectivity, safety and amenity, such as pedestrian crossings and better civic spaces, which can be achieved as a result of significantly lower traffic volumes on Old State Highway One.

1.4.3 State Highway Network

Waka Kotahi have provided an assessment of the State Highway network see Appendix 1.5.

The assessment identifies Waka Kotahi's role in keeping the state highway network safe, resilient and optimised, while also supporting future development with better public transport, walking and cycling connections. An underlying driver of this focus is to reduce travel by single occupancy vehicles and encourage growth in areas where multiple travel options are (or can be) enabled.

While recognising growth in Kāpiti Coast, the assessment identifies ongoing roading projects will improve the network capacity and increase accessibility, safety and connectivity across the District.

As well as delivery of major roading improvements Waka Kotahi will continue to work to support improvements across the District including the Paraparaumu East West Connection, shared paths alongside the expressways to improve multi-modal safety and access and work to improve amenity of town centres a part of the revocation of the old state highway.

1.4.4 Public Transport

A public transport assessment has been provided by Metlink at Greater Wellington Regional Council and is provide in full at Appendix 1.4. The assessment identifies ongoing investment in the region's public transport network is a critical factor in responding to population growth and providing opportunity for residents and reducing congestion on the road network.

This is particularly important for Kāpiti Coast where a large portion of growth is expected along the western corridor from Tawa to Levin and where historic development has created a high-level of

car dependency. Public transport is identified as a critical factor to: ensuring residents have access to core services; in achieving accessible and connected communities; and supporting emission reduction goals; as part of the District's future growth.

Public transport is important to help support accessibility across the District. It is also important for helping connect across the settlements within the District north and south and east and west. Improved public transport is particularly important for Ōtaki, where the need for better rail and bus services has long been advocated to support residents access to jobs, education and services. Addressing this deficiency is also important to support future growth of Ōtaki which borders two regional boundaries and sits at the heart of the northern gateway as part of the Wellington Regional Growth Framework.

Rail is seen as playing a significant role in providing access and linking to growth in the District, both to the north and south to Wellington's CBD. The priority is to improve rail's reliability, capacity and frequency, and over the longer term the aim is to further improve journey times and reach.

This is reflected in the Regional Land Transport Plan 2021 which includes a focus on implementing the Wellington Regional Rail Strategic Direction investment pathway of regional rail service, rolling stock and infrastructure improvements and procuring and delivering lower north island regional rail trains. This recognises the need for options for better transport across regional council boundaries.

Bus transport is also seen as important in moving people around. While capacity is not considered an issue outside of Wellington, the frequency and connections for large parts of the Kāpiti Coast district lead to ongoing reliance on private cars.

Regional mode shift plans are a key part in supporting the future provision of public transport networks including focussing on nodal development and improved multi-modal access to train stations. This has particular relevance for Kāpiti Coast District with some key challenges identified in Metlink's assessment including:

- The need for public transport to increasingly balance the needs of commuters from the District with a large proportion of retirees with the District.
- Ensure improved access to the District from roading improvements does not encourage further sprawl.
- Ōtaki has no regular rail service and increasing population growth and complex social needs, which are been impacted by lack of access to services based in Levin or Paraparaumu.

1.4.5 Open Space

Kāpiti is lucky to be well placed with the number, size and variety of parks and open spaces across the District. Discussion and analysis with the Council's Parks and Open Spaces Team identifies that overall, the District has sufficient open space infrastructure available or planned to meet the needs of forecast growth.

The ability to consider new development on a case-by-case basis at both the local and district scale provides a key mechanism to address any current gaps and future needs and demands. While there are some gaps in services to existing developed areas, this does not constrain new greenfield development, but does present opportunities to fill these gaps through potential future infill developments.

The recently adopted open space strategy sets out Council's strategic priorities for managing the District's open space reserves, including where and how contributions from new development will support the ongoing development of the open space network, including through the intensification of existing urban areas. The anticipated increased density of living in and around town centres increases the need for investing in high quality urban open spaces, noting that there is already a strong foundation for this with existing reserves network.

The Kāpiti Coast District also benefits from Greater Wellington Regional Council's two regional parks (Queen Elizabeth Regional Park and Akatarawa Forest Park) (see Greater Wellington Regional Council's Overview of regional open space at Appendix 1.6) and the management of the Waikanae and Ōtaki river corridors, which are managed for flood protection and recreation purposes. Department of Conservation also has Whareroa Farm and the Tararua Forest Park in the District.

1.4.6 Education

The Ministry of Education has provided an assessment of school rolls and capacity for the region attached as Appendix 1.7. Current school capacity varies across the District. The following capacity also includes state-integrated schools which are part of the education network but have special characteristics which may not appeal to all families. The information is drawn from the July 2022 rolls for all schools. By way of summary:

Northern Kāpiti

- This is a key area in Ministry of Education's ten-year growth plan. The Ministry of Education plan to closely monitor this area and invest in additional capacity.
- There are five state primary schools and one state-integrated school in this catchment. There is space for 218 students in the state primary network and 130 students in the state-integrated school.
- There is one secondary school in this catchment, Ōtaki College. This School has space for 332 students. There is no secondary state-integrated provision in this area.
- Waikanae and Kapakapanui Schools have been allocated funding for teaching spaces.

Kāpiti South

- There are seven primary schools and two state-integrated schools in this catchment. There is space for 400 students in the state primary schools and 208 students in the state integrated primary schools.
- There are two secondary schools in this catchment. Both these schools are at or over capacity. Although one College takes around 420 students from outside their enrolment scheme. Approximately half of these do still come from the area. There is no secondary state-integrated provision in this area.
- Paraparaumu College was allocated funding for 10 teaching spaces.

1.5 Conclusion and next steps

This is the third HBA undertaken by the Kāpiti Coast District Council. While Covid-19 has contributed to a lower growth forecast than the last assessment, the District is still expected to grow by an additional 25,100 people over the next 30 years.

The completion of Transmission Gully and Peka Peka to Ōtaki expressway along with flexible working has increased accessibility to the District and driven demand for housing. This demand has pushed up house and rent prices, which is increasing affordability pressures on existing residents. 11,899 additional houses will be needed to support the increase in population over the next 30 years (13,888 with a margin for competitiveness). Assessment of the District Plan as of August 2022 (including the notified version of the Intensification Plan Change 2), has identified sufficient realisable capacity (32,673) is available to meet this demand over the short, medium and long-term, with surplus of 18,785.

While the market is starting to deliver some mix of housing types and sizes, there is still an ongoing mismatch of market housing against local demand, limiting choices, affordability and ability to meet the needs of the community.

Following the completion of its Housing Strategy in 2022, Council is focussing its actions to support both social housing needs and market housing needs. A focus of this work is to develop partnerships with iwi partners, central government, the private sector and community housing providers to support the needs across Kāpiti.

A growing population and better accessibility are also driving future demand for business floorspace across the District, with an additional 495,019m² of floorspace forecast over the next 30 years (577,949m² with a margin for competitiveness). Assessment of development capacity across the District has identified sufficient development capacity is available across infill, redevelopment and vacant development scenarios, to meet this demand across the District over the short, medium and long-term.

Council has a number of initiatives underway to support economic development across the District. This includes supporting the development of clusters across education, healthcare, food and beverage and tourism sectors, focusing on locational advantages and benefits from agglomeration. These clusters will also support more training, business, and employment opportunities across the District.

While Council's local infrastructure networks have a number of on-going challenges, these are being managed through ongoing planning and investment. The Long-Term Plan 2021-41 provided a significant increase in investment across local infrastructure networks to help ensure networks keep pace with growth. This means capacity is generally available to meet short and medium term growth needs, and longer-term needs for most networks, recognising further work will help identify the specific nature of longer term works required. This assessment has also recognised a number of more recent challenges relating to localised growth which are identified to be addressed as part of the upcoming Long-Term Plan.

The recent increase in intensification across residential and urban centres to meet the requirements of the National Policy Statement on Urban Development, and Medium Density Residential Standards, provides a significant shift for Kāpiti. This presents opportunities for

supporting scale and mixed uses across its centres, but also creates a need to look at how our centres and their needs might grow or evolve in light of these changes. It also creates the potential for intensification to occur more broadly across existing residential areas, where it was previously expected, and where it was not.

This creates a need to understand and reflect these changes into revised plans for how we see our communities and centres growing, understanding at a more detailed level what land and uses are needed where, especially in regard to the increasing and changing needs of industrial demand, and lastly, where and what additional infrastructure might be required to support market growth over and above the current planned approach. This work will help inform future HBAs as well as ongoing planning and investment processes.