National Policy Statement on Urban Development Capacity

Kāpiti Coast District Council - Quarter 1 Monitoring Report September 2017

Executive Summary

This is the first quarterly monitoring report that implements the National Policy Statement on Urban Development Capacity. It measures a number of indicators including population projections, land and building supply and housing affordability.

The key points of note are:

- We are expecting an average growth rate of 0.75% per year over the next 25 years;
- Average household sizes are reducing which, along with affordability issues, suggests housing type is an important issue to address. For example, our building consent data shows that there are no general purpose apartments being built;
- A majority of non-residential building consents were for farm buildings, reflecting the rural nature of the District;
- We are not anticipating more households than dwellings based on population projections and anticipated development rates; however, more land may be required to ensure the 20% short term and 15% medium to long term additional margin of feasible development capacity required by the NPS; and
- Affordability for current residents is a challenge.

1 Introduction

The National Policy Statement on Urban Development Capacity (NPS UDC) was introduced by the Ministry for the Environment in 2016 and requires Council to assess housing and business demand and capacity across the district. The purpose of this work is to ensure the Council and community have a good understanding of housing and business trends and demands. Kāpiti Coast District Council, along with the other Wellington urban territorial authorities, has been identified as a medium growth district. This requires that we provide specific quarterly and three-yearly reports to inform our community. In particular the reporting includes:

- Preparing housing and business development capacity assessments on at least a three-yearly basis, which forecast demand and "feasible" development capacity, and the likely take-up of capacity; and
- undertaking quarterly monitoring of market indicators, and using indicators of price efficiency (the purpose of this report).

This quarterly monitoring report is the first in a series of reports that implements Policy PB6 of the NPS UDC. The policy states:

> *To ensure that local authorities are well-informed about demand for housing and business development capacity, urban development activity and outcomes, local authorities shall monitor a range of indicators on a quarterly basis including:*
>
> *a) Prices and rents for housing, residential land and business land by location and type; and changes in these prices and rents over time;*
>
> *b) The number of resource consents and building consents granted for urban development relative to the growth in population; and*
>
> *c) Indicators of housing affordability.*

The quarterly monitoring reports will provide some of the evidence required to develop the three-yearly housing and business needs and capacity assessments.

2 The Kāpiti Coast District

The Kāpiti Coast District is situated in the Wellington region and covers an area of 730.6 square kilometres, including Kāpiti Island. One of the main resource management issues facing the District is managing and accommodating growth and development, whilst ensuring that the needs of the community are met and adverse effects on the environment are avoided, remedied or mitigated. This is particularly challenging at the moment as the Roads of National Significance (RoNS) that are being built across the District are resulting in high rates of change.

The estimated population of the district was 52,344 in 2017, and this is expected to increase 21.7% by 2043.[1] This equates to growth of 11,341 people who will have a wide range of social, housing, environmental and economic needs.

There are a range of factors that will impact the ability to meet these needs including: residential and commercial sales prices and rents, availability of land, infrastructure delivery and the viability of development. The data captured by these monitoring reports and the three-yearly assessments will help us to understand and respond to these factors in Kāpiti.

The following sections of this report provide information on demographics, potential residential and non-residential housing supply and development, the number of buildings being constructed in Kāpiti and housing affordability indicators. Some of the data is presented over different time frames for a variety of reasons. For example, projections run from 2013 to 2043 as they reflect the period over which Statistics New Zealand and ID produce their data.

Where previous trends are useful to understand, the data runs from 1 July 2007 to 31 July 2017 or from 1 July 2006 to 30 June 2016; this is in part due to data availability but also to report financial years. Where data is identified for the one month of July 2017, this is because it is the only data available for the 2017/18 financial year. Where average yearly data has been discussed, the data for July 2017 has been removed to prevent distortion of the figures.

We have provided information on building and resource consents from 1 June 2017 to 31 August 2017 as this is Kāpiti Coast's quarter one for the purpose of the NPS UDC quarterly monitoring requirements.

There is some information required by the NPS UDC that has not yet been collected; this includes price point information on non-residential properties, price efficiency indicators, and building consents by location. Council will be working to refine the data contained in the monitoring reports and further guidance on monitoring price efficiency is expected from the Ministry of Business, Innovation and Employment.

Council has commissioned housing feasibility work from Wellington City Council, which will form part of the housing capacity assessment. In addition, all local authorities in the Wellington region are in the process of commissioning a business needs assessment. This is likely to address some of the gaps identified above.

[1] Due to the influence of the RoNS on the District, Council is using population and household forecasts that were prepared by ID. Council worked closely with ID on the development of these forecasts to ensure that the most recent information on development in the District was incorporated. More information can be found at: http://forecast.idnz.co.nz/kapiti.

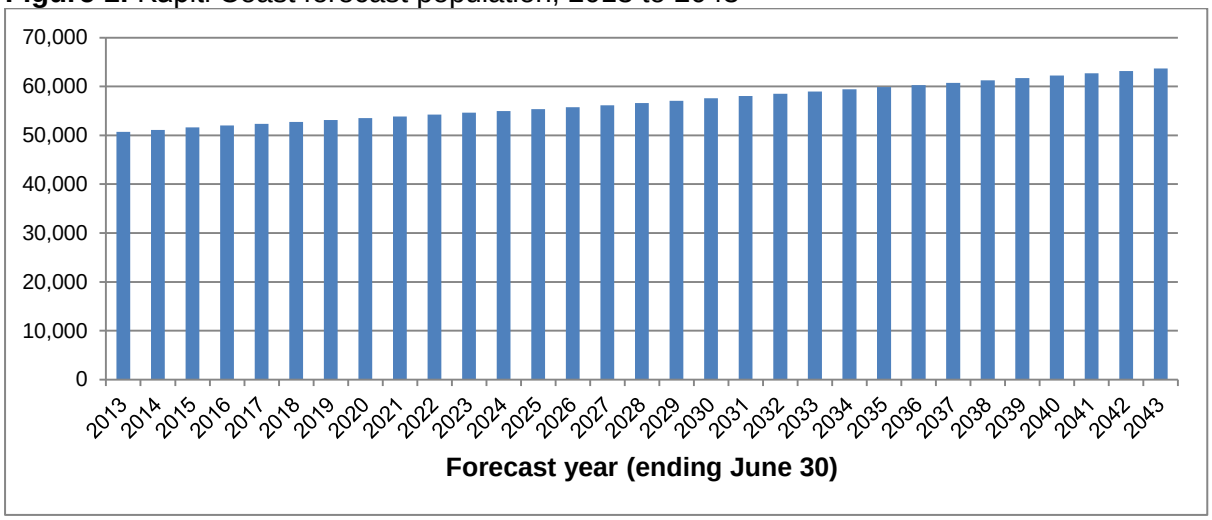
3 Population projections

- The Kāpiti Coast is expected to see steady population growth over the next 25 years, with an average annual growth rate of approximately 0.75% (Figure 1).

Population projections help to determine the housing and business requirements that Council will need to accommodate at a strategy and resource consents level. This section provides information on population projections to help inform the three-yearly needs and capacity assessments.

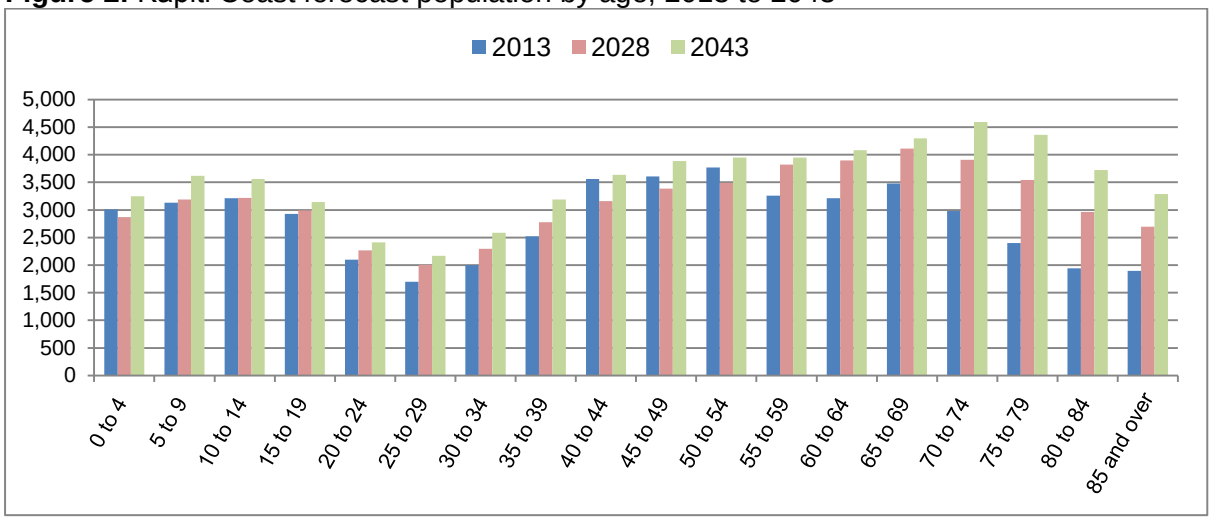
Population projections show that all age groups will experience population growth, but the largest proportion of growth will occur in those aged 55 and above (Figure 2). The average household size is projected to decrease slightly from 2.33 to 2.28 persons per household (Figure 3).

Figure 1: Kāpiti Coast forecast population, 2013 to 2043



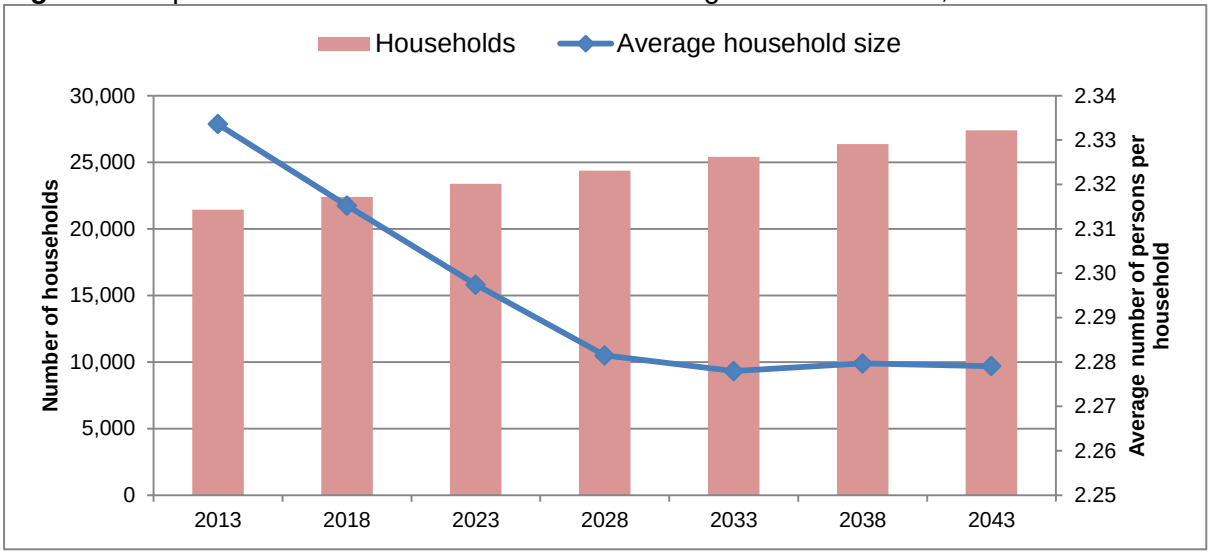
Source: *Population and household forecasts, 2013 to 2043*. February 2017. Compiled by ID.

Figure 2: Kāpiti Coast forecast population by age, 2013 to 2043



Source: *Population and household forecasts, 2013 to 2043*. February 2017. Compiled by ID.

Figure 3: Kāpiti Coast forecast households and average household size, 2013 to 2043



Source: *Population and household forecasts, 2013 to 2043*. February 2017. Compiled by ID.

4 Building and resource consents in Kāpiti

- Over the 10 years between July 2007 and July 2017 Council consented an average of 250 new buildings per annum, of which 83% were for residential purposes. Of the residential buildings 78% were for houses and less than 1% for apartments, and a majority of non-residential consents were for farm buildings. Over the same period an average of 234 resource consent applications were received and almost all were granted. These were for a range of land uses and subdivisions that will contribute to housing and business land supply. However, building consents can give a more accurate picture of delivery against need as many residential and commercial buildings will not require a resource consent under the District Plan rules and some resource consent applications will not progress to development.

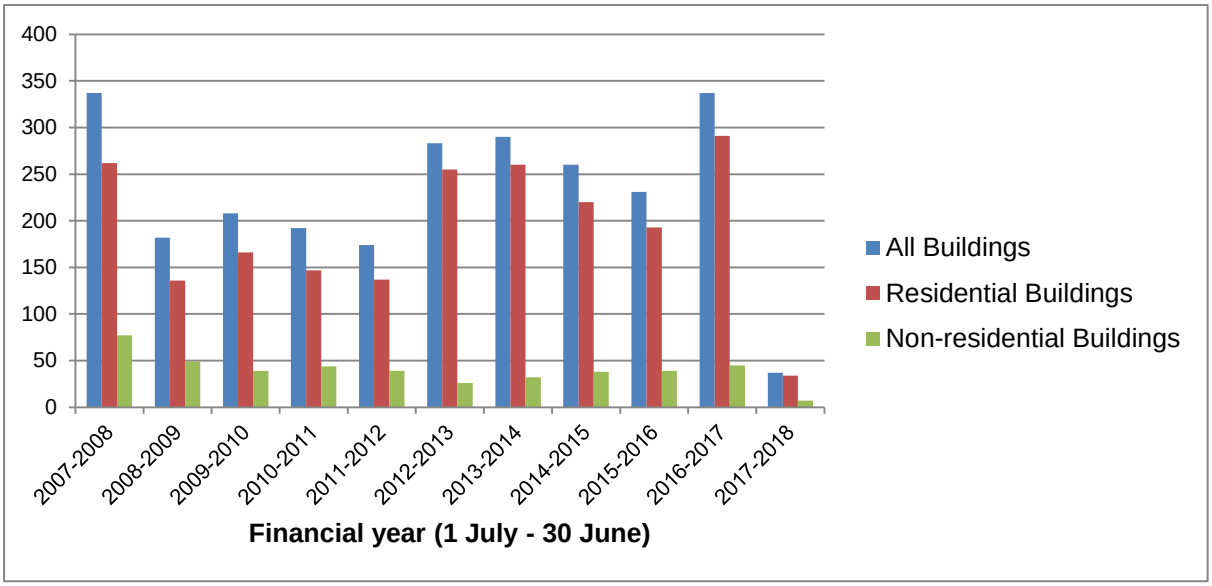
4.1 Total buildings consented

Between 1 July 2007 and 31 July 2017, there were 2,531 buildings consented in Kāpiti (approximately 250 per annum, on average). Of those, 430 were for non-residential buildings (17%) and 2,101 were for residential buildings (83%). This is a useful indicator of the supply as most consented buildings are constructed.

Total buildings consented dropped significantly following the Global Financial Crisis, but started rising again in 2012-2013 (Figure 4).

These new consents equate to 2,101 new residential homes and 154526 square metres of non-residential floor space; however, care should be taken not to assume that this represents additional floor space since some buildings consents may have been to replace existing buildings and the figures do not account for demolitions. Kāpiti Coast District Council data shows that, between 1 July 2007 and 30 June 2017, 94 residential and 29 other buildings received Code Compliance Certificates (CCCs) for demolition.

Figure 4: Total buildings consented, 1 July 2007 to 31 July 2017



Note: 2017-2018 only includes one month (July 2017). The data also only relate to new buildings, and not additions or alterations to existing buildings. However, additions and alterations have been identified for the first NPS quarter and more detail on these will be provided in future reports.

Source: Statistics New Zealand

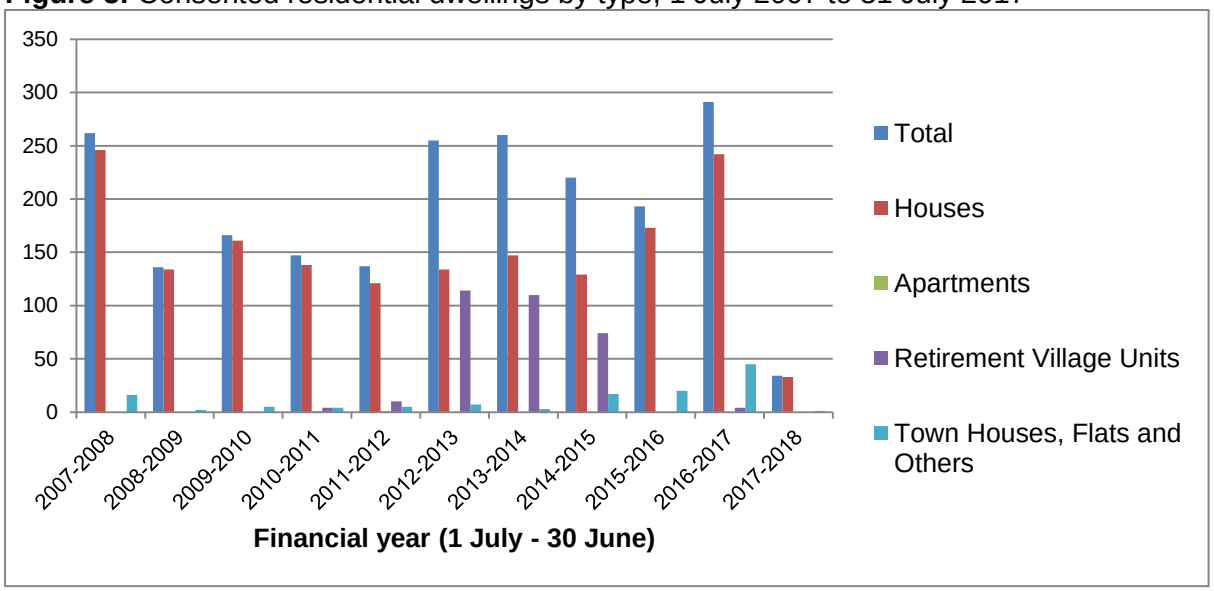
4.2 Consented residential dwellings by type

While information on consented dwellings by type is important for understanding past delivery, it is also important for understanding whether the type of dwellings being constructed will meet the demand identified in the three-yearly assessment required by the NPS UDC.

Of the 2,101 residential buildings that were consented between 1 July 2007 to 31 July 2017, 78.9% (n=1,658) were for houses, 15.0% (n=316) were for retirement village units, and 5.9% (n=125) were for town houses, flats and other dwellings, whilst less than 1% (n=2) were for apartments (Figure 5).

As with total buildings, the number of residential dwellings consented dropped significantly following the Global Financial Crisis, but had returned to pre-GFC levels by 2013-2014.

Figure 5: Consented residential dwellings by type, 1 July 2007 to 31 July 2017



Note: 2017-2018 only includes one month (July 2017).

Source: Statistics New Zealand

4.3 Consented non-residential buildings by type

The 430 non-residential buildings consented between 1 July 2007 to 31 July 2017 equated to a total floor space of 154,526 square metres. Total non-residential building consents dropped significantly following the Global Financial Crisis, and have yet to return to pre-GFC levels (Figure 6).

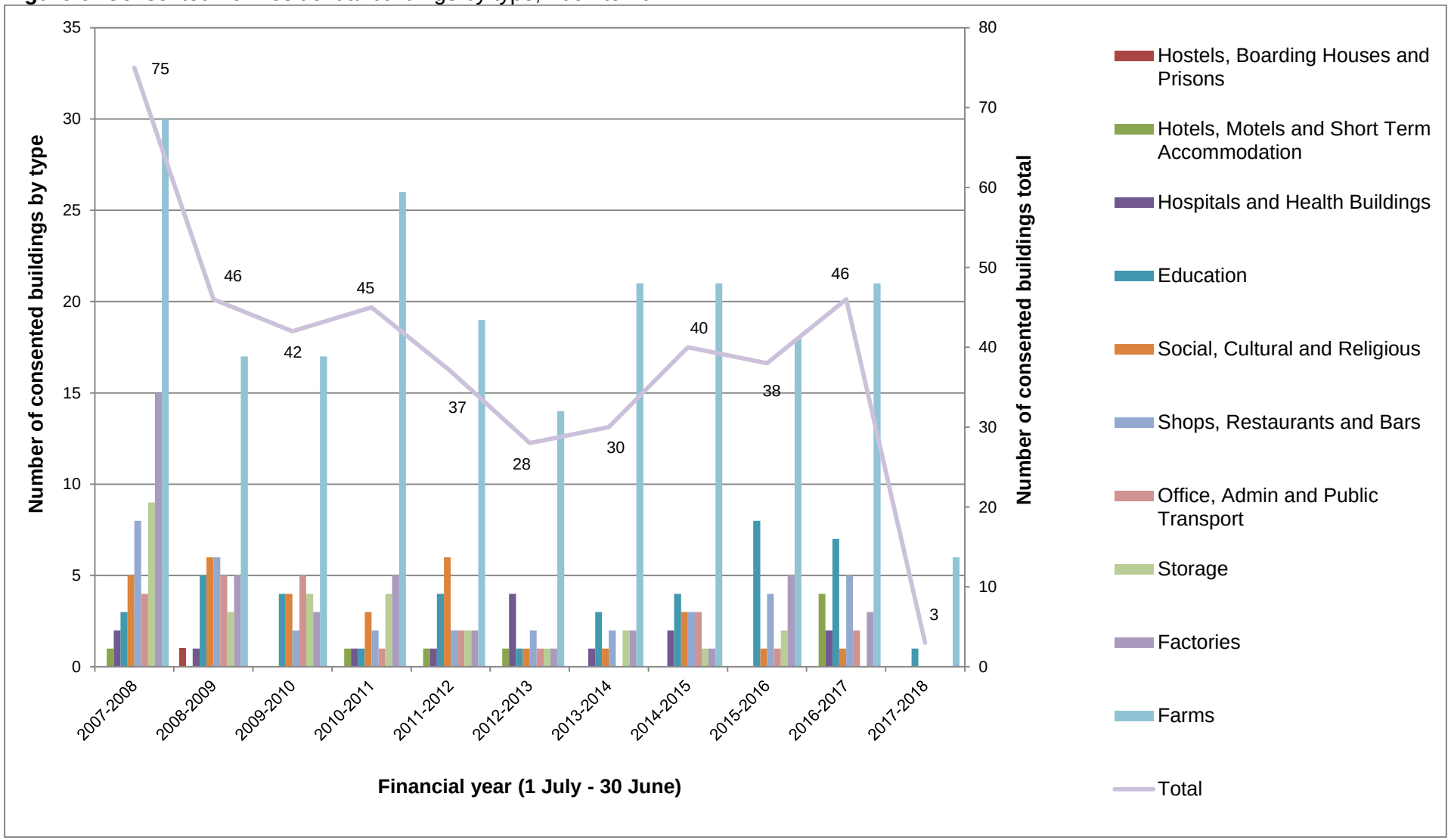
Farm buildings accounted for the most non-residential building consents approved between 2007 and 2017 (n=210, or 48.8%), reflecting the semi-rural nature of the Kāpiti Coast.

The second highest number of non-residential building consents approved between 2007 and 2017 were for factories/industrial buildings and storage facilities (n=69, or 16.0%, combined), whilst the third highest number were for commercial buildings (n=58, or 13.4%). Commercial buildings include shops, restaurants and bars (n=35) or office, administration and public transport buildings (n=23). While consents for both types of commercial buildings declined during the GFC, consents for shops, restaurants and bars have been on the rise since 2014.

Non-residential building consents for education buildings have risen in recent years. Nearly 37% of the 41 consents for education buildings during this time occurred in 2015-2016 and 2016-2017.

As with the residential dwelling consents, in the future this information on non-residential building consents will provide valuable information about whether the types of buildings being constructed will meet the demand identified in the three-yearly assessment required by the NPS UDC.

Figure 6: Consented non-residential buildings by type, 2007 to 2017



Note: 2017-2018 only includes one month (July 2017).

Source: Statistics New Zealand

4.4 Resource Consents

Information on resource consents can provide useful data on the types of developments coming forward and the expected future supply. It is important to note, however, that resource consents do not necessarily lead to buildings being constructed and there will be buildings that do not require resource consents (e.g. residential buildings in residential zones). There will also be a delay between a resource consent being approved and a building actually being constructed on site. Therefore, whilst resource consents provide an indication of potential supply, building consents data and particularly CCCs, provide a more accurate picture of actual supply.

Between 1 July 2007 and 31 July 2017 (period used to match building consents data), Council made a decision on 2,374 applications; this is an average of 234 per annum. Of those, 99.9% (n=2,372) were granted.

These applications related to a wide range of activities including earthworks, changes of conditions, rights of way, and transport designations (Table 1). In addition, these applications were distributed across the District with concentrations in the population centres (i.e. Ōtaki, Paraparaumu, Raumati and Waikanae).

Table 1: Resource consents by activity type, 1 July 2007 – 31 July 2017

Type	Number
Compliance certificates	49
Existing use rights	9
Land use controlled activity	176
Land use discretionary activity	1,229
Land use non-complying activity	128
Land use restricted discretionary activity	29
Land use subdivision controlled activity	9
Land use subdivision discretionary activity	20
Land use subdivision non-complying activity	5
Legal documentation (e.g. waiver of requirements)	6
Outline plan approval	47
Requirements for designation	46
Right of way approvals	9
Subdivisions - controlled activity	196
Subdivisions - discretionary activity	228
Subdivisions - non-complying activity	150
Subdivisions - restricted discretionary	2
Unrecorded activities	36
Total	**2,374**

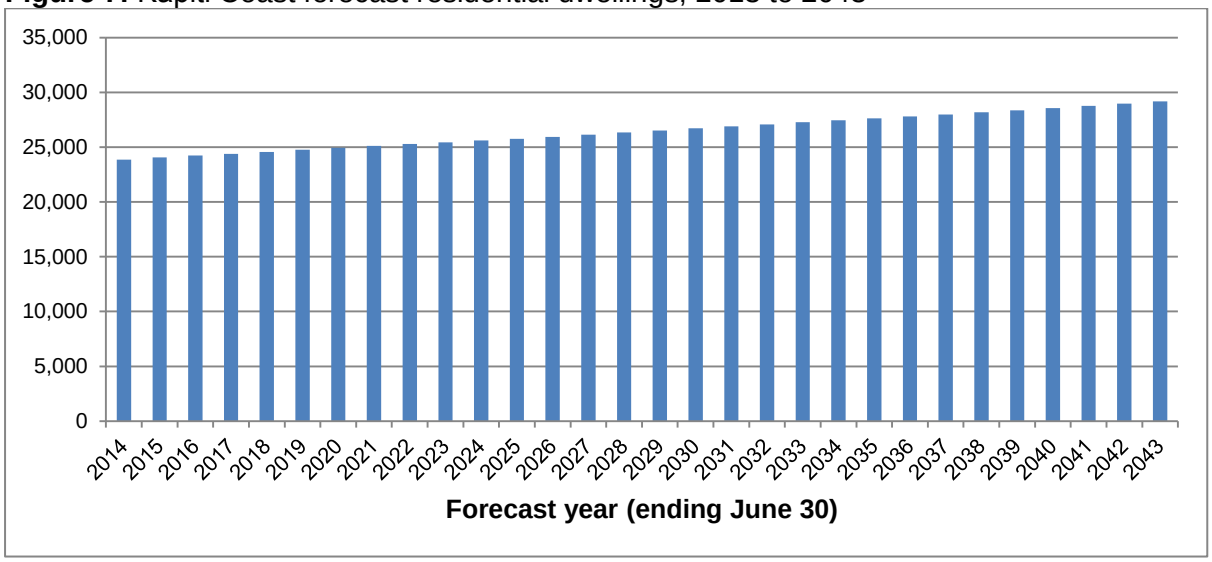
Source: Kāpiti Coast District Council resource consent data.

4.5 Forecast residential dwellings

In the 10 years between 2007 and 2017, Council has consented on average approximately 210 residential buildings per annum (return to Figure 5).

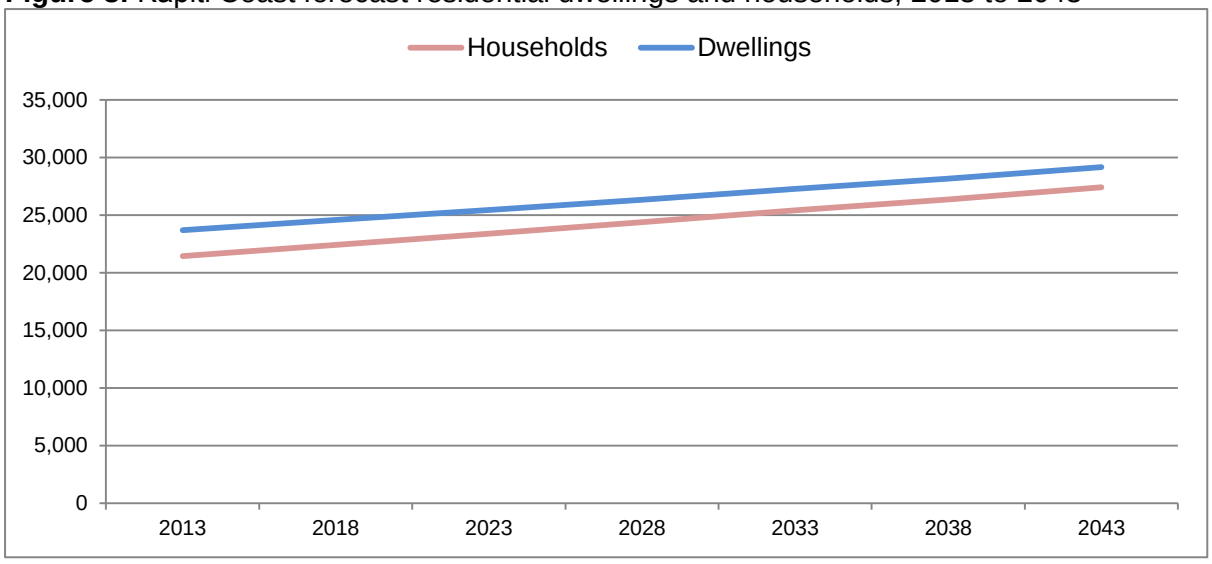
Forecasts based on currently known, planned residential development suggest that this average rate of residential development is projected to continue over the next 25 to 30 years (Figure 7). As such, the forecast suggests that residential development as projected will meet demand (Figure 8). At no point, is residential demand forecast to exceed residential supply.

Figure 7: Kāpiti Coast forecast residential dwellings, 2013 to 2043



Source: *Population and household forecasts, 2013 to 2043*. February 2017. Compiled by ID.

Figure 8: Kāpiti Coast forecast residential dwellings and households, 2013 to 2043



Source: *Population and household forecasts, 2013 to 2043*. February 2017. Compiled by ID.

5 Detailed Growth Trends

- In three months between 1 June 2017 and 31 August 2017, Council received 172 building consent applications, issued 194 consents and 129 Code Compliance Certificates. Over the same period Council granted 103 resource consents of which 9 were for commercial development and 58 were for residential development that has the potential to yield 103 dwellings. Locations were varied across the district but most applications were for Waikanae, Paraparaumu and Raumati.

5.1 Building Consents

The consideration of data over a 10-year time period provides useful information on long term trends; however, it is also helpful to consider more recent consent data in more detail. Consents do not necessarily always mean that construction will take place.

Between 1 June 2017 and 31 August 2017, 172 applications were made for both residential and non-residential buildings (Table 2). During that same time, 194 building consents and 129 buildings Code Compliance Certificates (CCCs) were issued for new buildings and alterations to buildings (Tables 3; Table 4).

The data on building consent applications and building consents issued identify potential supply, whilst the CCC data show constructed buildings, or additions and alterations to existing buildings. However, some buildings may not receive a CCC. For example, in the 10 years between 1 July 2007 and 31 July 2017 our figures show that eight buildings or alterations to buildings had not been granted CCCs.

Table 2: Building consent applications by type, 1 June 2017 – 31 August 2017

Type	Number	Value $
New (& prebuilt) House, Unit, Bach, Crib	70	28,269,600
New Flats	2	360,000
New Education Buildings - Other	2	7,500,000
New Shops, restaurants - Other	1	5,000
New Offices	1	90,000
New Surgeries, e.g. doctor, dentist, vet	1	19,000
New Farm Buildings – Other	4	115,000
New Other Buildings	1	500
New Office/Warehouse Buildings	1	610,000
Dwellings - Alterations & additions	69	4,402,650
Dwelling with flats - Alterations & additions	1	18,000
Resited Houses	1	70,000
Education Buildings - alterations & addition	1	80,000
Shops, restaurants - Alterations & additions	9	1,179,500
Alterations & additions - office/admin	1	20,000
Farm Buildings - alterations & additions	2	50,000
Other Buildings - alterations & addition	5	197,000
Total	**172**	**42,986,250**

Note: applications for garages; fireplaces; fences; retaining walls; outbuildings; conservatories; swimming and spa pools; and other construction (e.g. signs and pergolas) have been deliberately excluded.

Source: Kāpiti Coast District Council building consent data.

Table 3: Building consents issued, 1 June 2017 – 31 August 2017

Type	No	Value ($)
New (& prebuilt) house, unit, bach, crib	88	32,501,000
New flats	2	750,000
New flats added to existing building	0	0
New education building - other	2	7,200,000
New offices	1	90,000
New service stations	0	0
New farm buildings - other	5	151,000
New other buildings	0	0
New office / retail buildings	0	0
Dwellings - alterations & additions	78	5,757,250
Dwellings with flats - alterations & additions	1	18,000
Re-sited houses	1	30,000
Education buildings - alterations & additions	1	1,350,000
Social buildings - alterations & additions	0	0
Shops, restaurants - alterations & additions	6	481,500
Alterations & additions - office/admin	1	400
Farm buildings alterations and additions	2	50,000
Other buildings - alterations & additions	6	405,000
Total	**194**	**48,784,150**

Note: due to a time lag, these building consents issued are not necessarily for the same buildings for which building consent applications were received over this time period.
Source: Kāpiti Coast District Council building consent data.

Table 4: Constructed buildings (based on CCCs), 1 June 2017 – 31 August 2017

Type	Number	Value ($)
New (& prebuilt) house, unit, bach, crib	57	20,673,920
New flats	1	120,000
Total Residential New	**56**	**20,793,920**
New universities	1	800,000
New childcare facilities	1	18,000
New shops	1	100,000
New farm buildings - other	1	17,100
New other buildings	1	32,000
Total Non-Residential New	**6**	**967,100**
Dwellings - alterations & additions	52	3,717,350
Re-sited houses	5	171,000
Education buildings - alterations & additions	2	800,000
Social buildings - alterations & additions	2	182,000
Shops, restaurants - alterations & additions	2	369,000
Alterations & additions - office/admin	1	2,000
Other buildings - alterations & additions	2	14,001
Total	**129**	**27,076,371**

Note: due to a time lag, these CCCs issued are not necessarily for the same buildings for which building consent applications were received over this time period.
Source: Kāpiti Coast District Council building consent data.

5.2 Resource Consents

Between 1 June 2017 and 31 August 2017, Council granted 103 resource consents, of those 58 were consents for residential subdivisions, new dwellings, additions to dwellings and commercial activities in a range of locations across the District (Table 5).

Of these 58 consents, 49 related to residential activities and 9 to commercial activities. In terms of consent type, 37 were land use consents and 21 were subdivisions. Information on the 58 consents relating to residential activities (including lot size) suggests that these applications have the potential to yield 103 new properties and additions to 3 existing properties.

During that same period, 8 non-residential resource consents were granted. Many of these non-residential applications were to start businesses within existing dwellings or buildings, with one application resulting in a loss of a residential building (120 square metres) and in total creating additional commercial floor space of 2,856.53 square metres.

Table 5: Resource consents by location, 1 June 2017 – 31 August 2017

Location	Number
Maungakotukutuku	2
Ōtaki	2
Ōtaki Forks	1
Paraparaumu (Central, North Beach, and South Beach)	10
Peka Peka	1
Raumati Beach and Raumati South	9
Waikanae	23
Other	1
Residential (total)	**49**
Ōtaki	2
Ōtaki Forks	1
Paraparaumu (Central, North Beach, and South Beach)	5
Peka Peka	1
Non-residential (total)	**9**

Source: Kāpiti Coast District Council resource consent data.

5.3 Value of consented construction

The value of constructed residential and non-residential buildings between 1 June 2017 and 31 August 2017 was estimated to be $20,793,920 for new residential buildings and $967,100 for new non-residential buildings. The figures represent anticipated value at the time of the CCC being issued rather than actual sales values and not all of the buildings will have been constructed.

6 Housing affordability

- Housing affordability is an issue for current residents, whilst housing in Kāpiti has become more affordable, housing is less affordable in Kāpiti compared to Wellington City and the Wellington Region. In part this is due to high house prices and low income. In addition 92.6% of housing in Kāpiti is detached and only 2.8% is high density, compared to 71.2% and 9.2% in Wellington City, which may have an impact on affordability.

6.1 Affordability Indicators

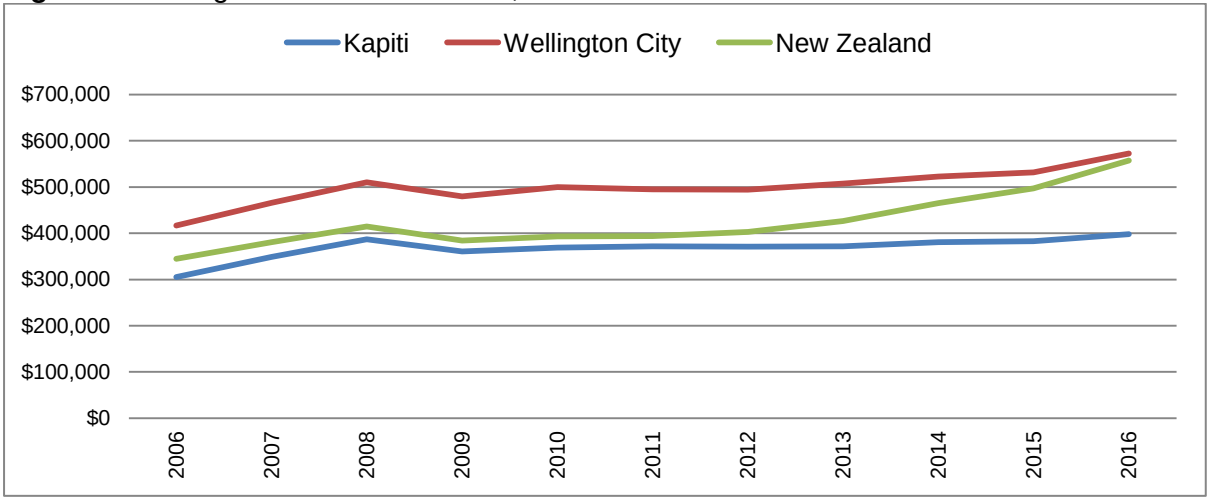
Affordable housing is important for people's well-being. For lower-income households, high housing costs relative to income can leave households with insufficient income to meet other basic needs such as food, clothing, transport, medical care and education. This section investigates the affordability of housing in the Kāpiti Coast District.

6.2 Average current house value

Expenditure on housing is a major component of household spending and a key factor in the assessment of housing affordability. Current house value is one factor influencing expenditure on housing.

The average current house value in Kāpiti has increased since 2006, but has remained consistently lower than the average house value in Wellington City and the rest of the country (Figure 9).

Figure 9: Average current house value, 2006-2016



Source: Infometrics, citing QVNZ data. Downloaded from https://ecoprofile.infometrics.co.nz/Kāpiti%2bcoast%2bdistrict/StandardOfLiving/House_Prices.

6.3 Housing tenure

Another factor influencing expenditure on housing will be housing tenure. Nearly 70% of households in Kāpiti live in a home that they own, with 36.8% of those being fully owned without a mortgage (Table 6). Just over 20% of households are renting, with 1.8% of those renting social housing.

Table 6: Housing tenure 2013

Tenure type	Kāpiti (%)	Wellington Region (%)	New Zealand (%)
Mortgage	31.5	32.8	31.7
Fully owned	36.8	26.9	26.9
Renting	20.8	30.6	29.2
Social housing	1.8	5.3	4.5
Private	17.9	23.8	22.9
Unknown sector	1.0	1.5	1.8
Other tenure type	6.1	4.4	5.9
Not stated	4.8	5.3	6.3

Source: Statistics New Zealand, *Census of Population and Dwellings 2013*. Compiled by ID, the population experts.

The high concentration of home owners in Kāpiti is likely to be attributable to a number of factors. While home ownership may provide insight into socioeconomic status, it must also be acknowledged that high concentrations of home owners in particular geographic areas could indicate more settled areas with mature families or older residents; fully-owned homes that have been passed down through families for generations; or the available supply of affordable and suitable residential dwellings.

All of these reasons are likely to have contributed to high levels of home ownership in Kāpiti. For example, in many Kāpiti communities families have maintained fully-owned, holiday homes for generations. In some areas, these family homes are still used for holidays – in Waikanae Beach, for instance, over 35% of homes are fully owned and over 35% of homes are unoccupied private dwellings (compared to 11.1% nationwide), suggesting a high number of holiday homes that have been owned for quite some time. Meanwhile, in other areas – particularly in the southern parts of the District where regular commuting to Wellington is more viable – families have converted these fully-owned, holiday homes to fully-owned, occupied private dwellings.

It may also be true that the types of houses available in the District have influenced housing tenure. The types of homes available will be due to a combination of land use and zoning rules, developer interests, and buyer behaviour. Kāpiti has a high percentage of separate houses compared to the Wellington Region and New Zealand, meaning that other types of medium to high density housing (e.g. apartments or townhouses) may not be as prevalent (Table 7).

Table 7: Dwelling structure 2013

Dwelling structure	Kāpiti (%)	Wellington Region (%)	New Zealand (%)
Separate house	92.6	71.2	76.4
Medium density	2.8	9.2	9.7
High density	1.4	14.3	7.4
Other dwelling	-	0.3	0.7
Not stated / included	3.2	5.0	5.8

Source: Statistics New Zealand, *Census of Population and Dwellings 2013*. Compiled by .id, the population experts.

Alternatively, a high concentration of renters may indicate lower socio-economic levels, but it could also indicate a transient area that is attractive to young singles and couples or an area that has more medium and high density housing. While the percentage of households that rent is low in Kāpiti compared to the Wellington Region and New Zealand (Table 6), this could be due in part to a limited availability of rental units (Table 7).

Some areas have higher percentages of renting households. For example, approximately 30% (+/- 2%) of households in Ōtaki, Ōtaki Beach, and Paekākāriki rent. In Ōtaki, approximately 6.6% of renters live in social housing, but this is in part due to the higher concentration of Housing New Zealand homes in that part of the District.

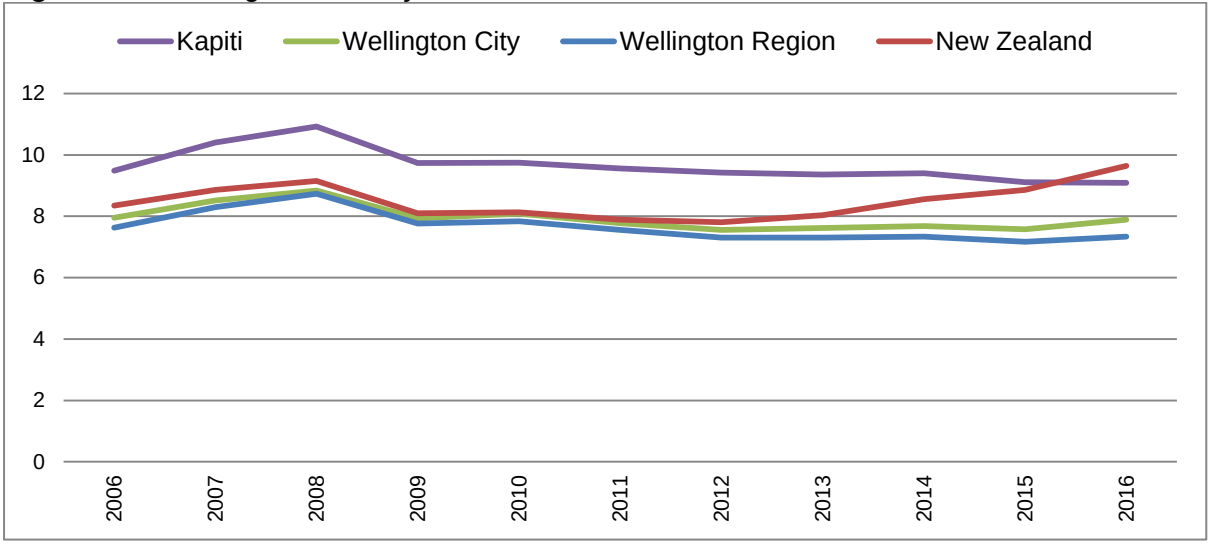
6.4 Housing affordability index

The housing affordability index seeks to measure housing affordability. It is the ratio of the average house value to average annual earnings. A higher ratio suggests that housing costs are a greater proportion of usual resident typical incomes, indicating lower housing affordability.

According to Figure 10, from 2006 to 2016:

- housing in Kāpiti was most unaffordable in 2008, but has since become more affordable;
- despite these improvements, housing has consistently remained less affordable in Kāpiti compared to Wellington City and the Wellington region overall; and
- from 2006 to 2015, housing was less affordable in Kāpiti compared to the country as a whole, but in 2016 housing became more affordable in Kāpiti compared to the country as a whole.[2]

Figure 10: Housing affordability index, 2006-2016



Source: Infometrics, citing QVNZ and Statistics New Zealand data. Downloaded from https://ecoprofile.infometrics.co.nz/Kāpiti%2bcoast%2bdistrict/StandardOfLiving/Housing_Affordability.

6.5 HAM Buy

Another housing affordability measure has recently been developed by the Ministry of Business, Innovation and Employment (MBIE) to measure housing affordability for renters and first time home buyers. This data from Corelogic has been jointly published by MBIE and the Ministry for the Environment (MfE) and is available through the MBIE Urban Capacity Dashboard for Council to use in our reporting. The housing affordability measure for first time home buyers (HAM Buy) is based on potential housing costs for renters if they were to transition to home ownership by purchasing a modest home in the area in which they currently live.[3]

The HAM Buy indicator first seeks to calculate each household's residual income (i.e., how much money first time home buyers would have left over if they were to transition from renting to home ownership by purchasing a modest home in the area in which they currently live). After a series of adjustments to equivalise the data, the residual incomes are then used to classify households as being above or below the 2013 National Affordability Benchmark. A higher HAM Buy number equates to less affordable housing because it

[2] Because housing affordability is calculated by comparing house costs with usual resident incomes, low housing affordability can be due to either high house prices or low usual resident incomes.
This is important for two reasons. First, it is interesting to note that the average current house value has increased in Kapiti (Figure 9) while housing affordability has also increased at the same time (Figure 10). This would suggest that the reason for improved housing affordability since 2008 is due to increased household incomes, rather than reduced house prices.
Second, Kapiti house values are generally lower than those of Wellington City (Figure 9), which could suggest that housing would be more affordable in Kapiti than in Wellington. This is not the case, though, because the usual resident household income in Kapiti is considerably lower than that of Wellington City (e.g., the 2016 mean income for Kapiti residents was $43,760; the 2016 mean income for Wellington City residents was $72,600). This causes Kapiti housing to be less affordable for residents of Kapiti than Wellington housing is for residents of Wellington.

[3] MBIE. 10 May 2017. *Housing Affordability in New Zealand: Results for HAM version 1.0*.

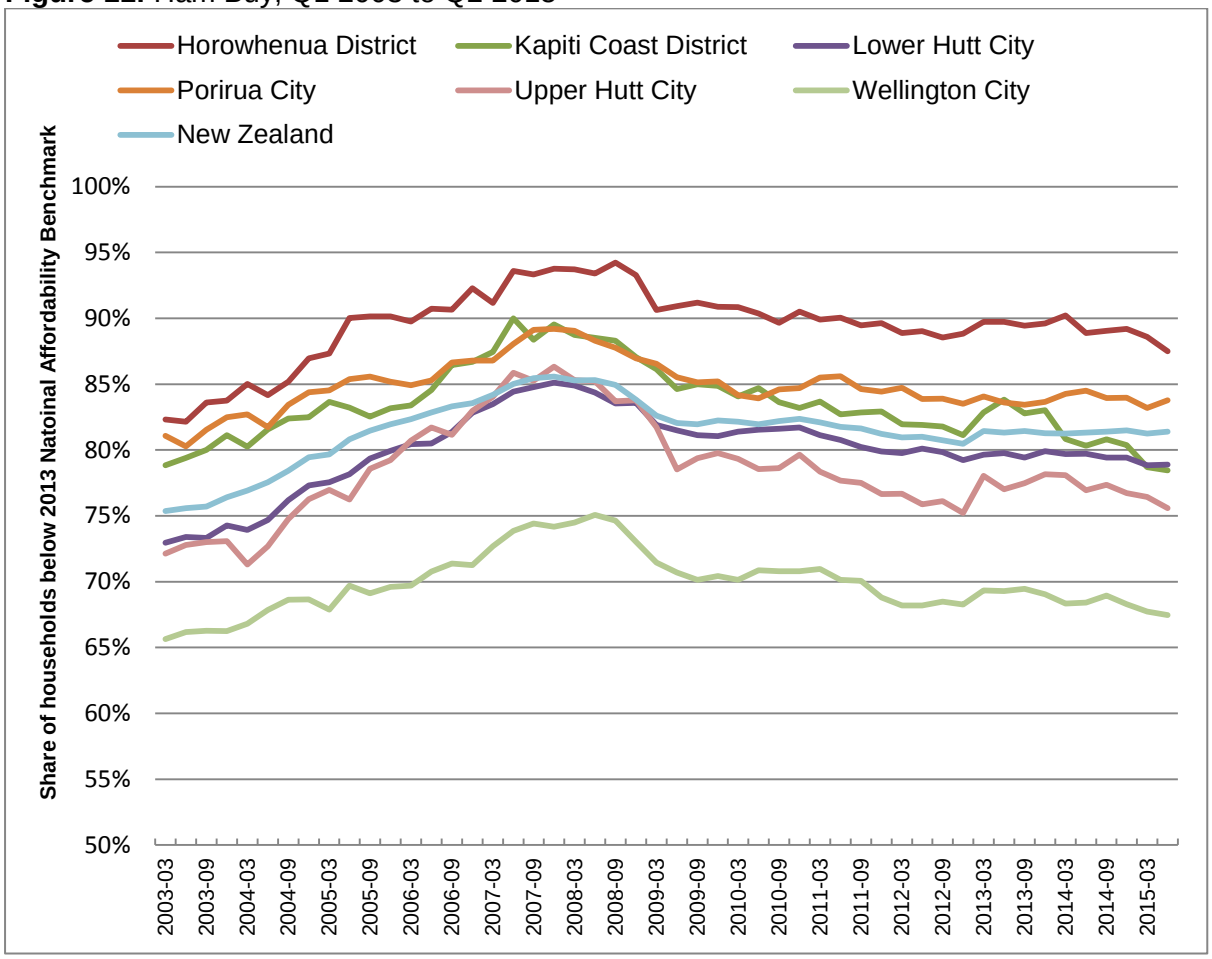
means that more households are below the 2013 National Affordability benchmark. In contrast, a low HAM Buy number means that housing is more affordable because more families are above the benchmark.

According to the HAM Buy indicator, approximately 80% to 90% of households in Kāpiti were below the 2013 National Affordability Benchmark from 2003 to 2015 (Figure 11). This is due to a combination of high house prices and low median household incomes. The HAM Buy indicator also demonstrates that:

- housing in Kāpiti was at its most unaffordable in 2007/2008, but has since become more affordable;
- despite these improvements, housing has consistently remained less affordable in Kāpiti compared to Wellington City, Lower Hutt City and Upper Hutt City;
- housing in Kāpiti has often been more affordable than housing in Porirua, while being consistently more affordable than housing in Horowhenua; and
- from 2006 to 2013, housing was less affordable in Kāpiti compared to the country as a whole, but in 2013 housing started to become more affordable in Kāpiti compared to the country as a whole.

These findings from the HAM Buy indicator are similar to those from the Housing Affordability Index (Figure 10).

Figure 11: Ham Buy, Q1 2003 to Q2 2015



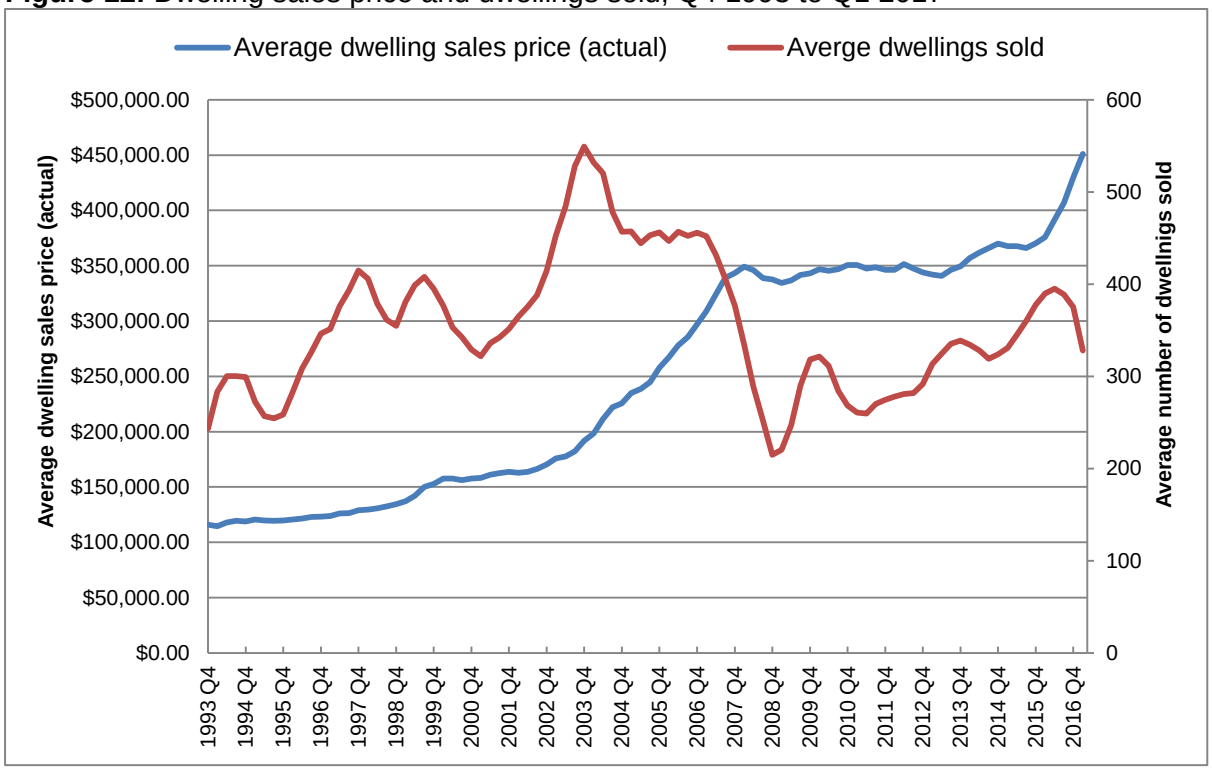
Source: MBIE, downloaded from https://mbienz.shinyapps.io/urban-development-capacity/#help-ts.

6.6 Average dwelling sales price and average number of dwellings sold

The average dwelling sales price indicator reports the prices of residential dwellings sold each quarter (in nominal terms, not adjusted for inflation, size or quality of dwellings). The average dwelling sales price (actual) in Kāpiti has increased from $115,856.25 in 1993 to $451,000 in 2016, despite being relatively flat from 2007 to 2015 (Figure 12).

The number of dwellings sold per annum dropped sharply between 2003 and 2008 (down from over 500 dwellings sold in 2003), but has been steadily increasing since that time. In the first quarter of 2017, 328 dwellings were sold (although the number for this latest quarter of data is likely to be underestimated due to a lag between sales and data collection).

Figure 12: Dwelling sales price and dwellings sold, Q4 1993 to Q1 2017



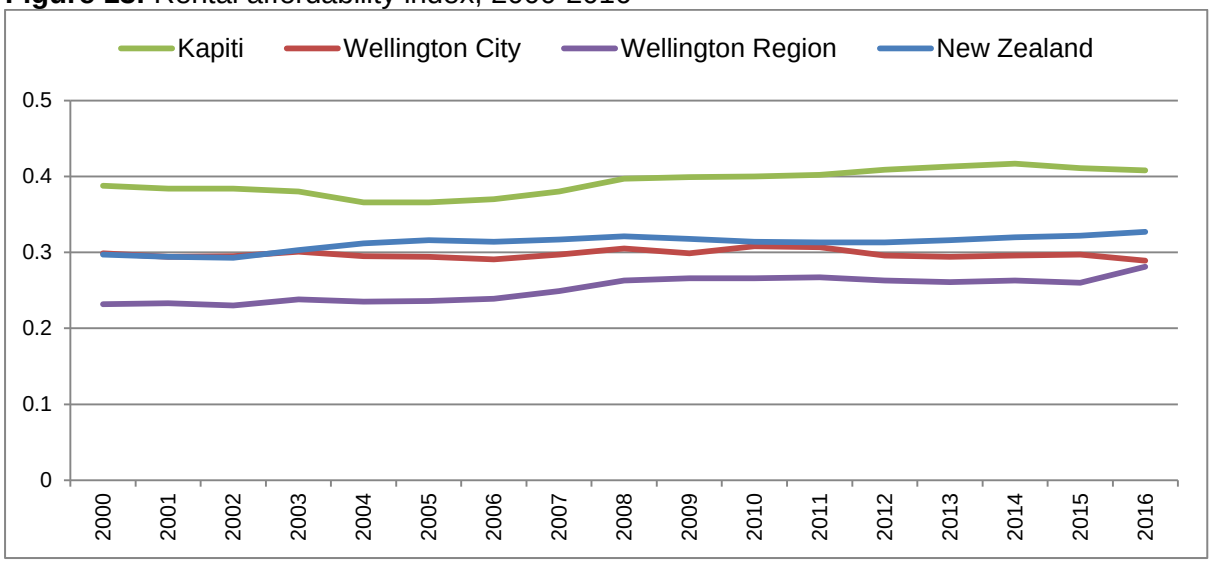
Source: MBIE, using CoreLogic data. Downloaded from https://mbienz.shinyapps.io/urban-development-capacity/#help-ts.

6.7 Rental affordability index

The rental affordability index is the ratio of the average weekly rent to average weekly earnings (calculated from average annual earnings). A higher ratio suggests that average rents cost more than average weekly earnings, which indicates lower rental affordability.

Since 2000, the rental affordability index for Kāpiti has not changed significantly (ranging from approximately 0.37 to 0.42). Over this time, however, rent has consistently been less affordable in Kāpiti than in Wellington, the Wellington Region and New Zealand (Figure 13).

Figure 13: Rental affordability index, 2000-2016



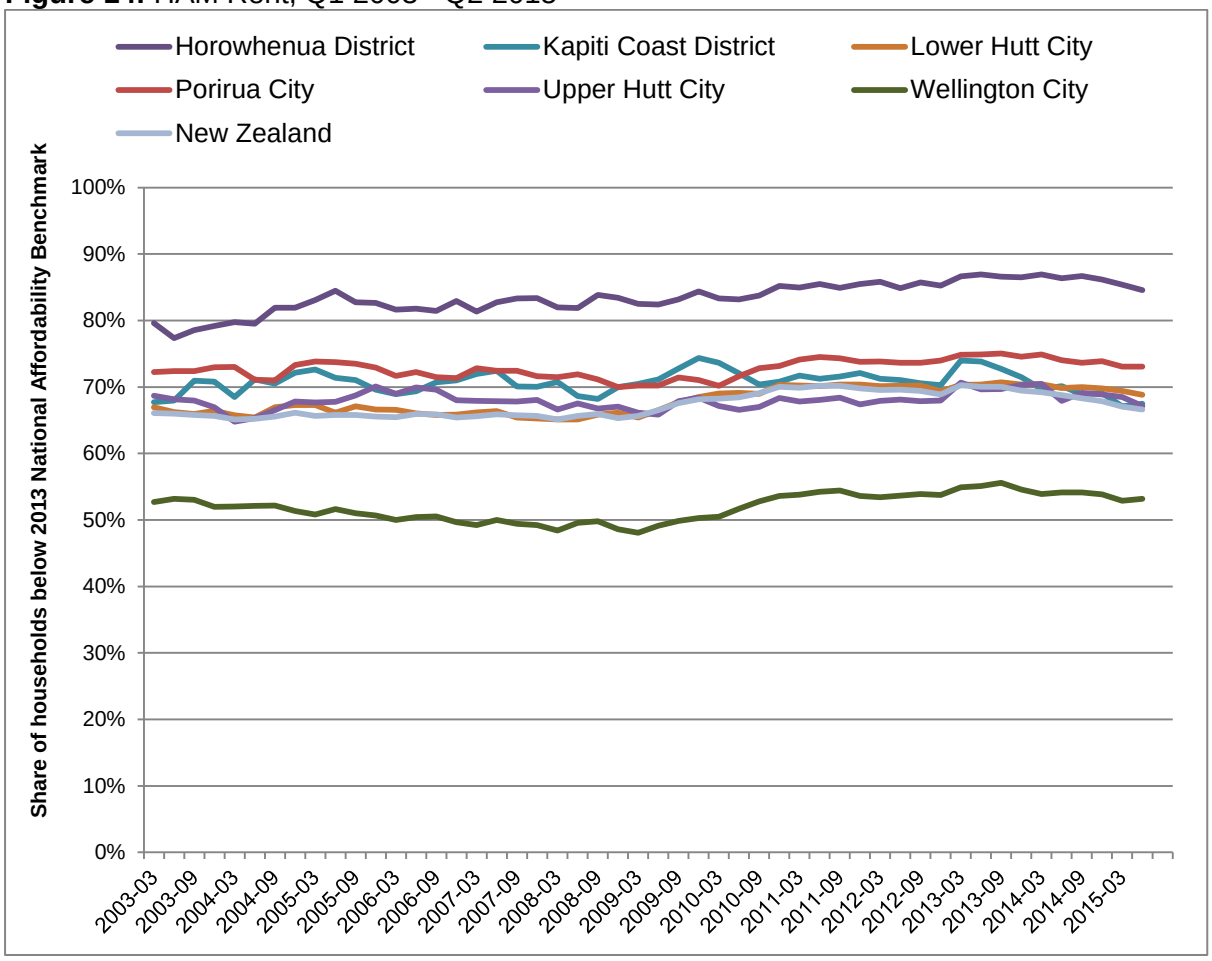
Source: Infometrics. Downloaded from
https://ecoprofile.infometrics.co.nz/Kāpiti%2bcoast%2bdistrict/StandardOfLiving/RentalAffordability.

6.8 HAM Rent

The MBIE Housing Affordability Measure for rent (HAM Rent) measures trends in housing affordability for renting households. The indicator examines household residual incomes after rent and determines the proportion of renters above or below the 2013 National Affordability Benchmark. A high HAM Rent measure for a particular area indicates a lower level of affordability in that area because more households have residual incomes after rent below the benchmark.

From 2003 to 2015, rental housing in Kāpiti has been consistently less affordable than rental housing in Wellington City, and slightly less affordable than rental housing in Upper Hutt, Lower Hutt, and all of New Zealand (Figure 14). Rental housing in Kāpiti has been consistently more affordable than rental housing in Horowhenua and slightly more affordable than rental housing in Porirua.

Figure 14: HAM Rent, Q1 2003 - Q2 2015



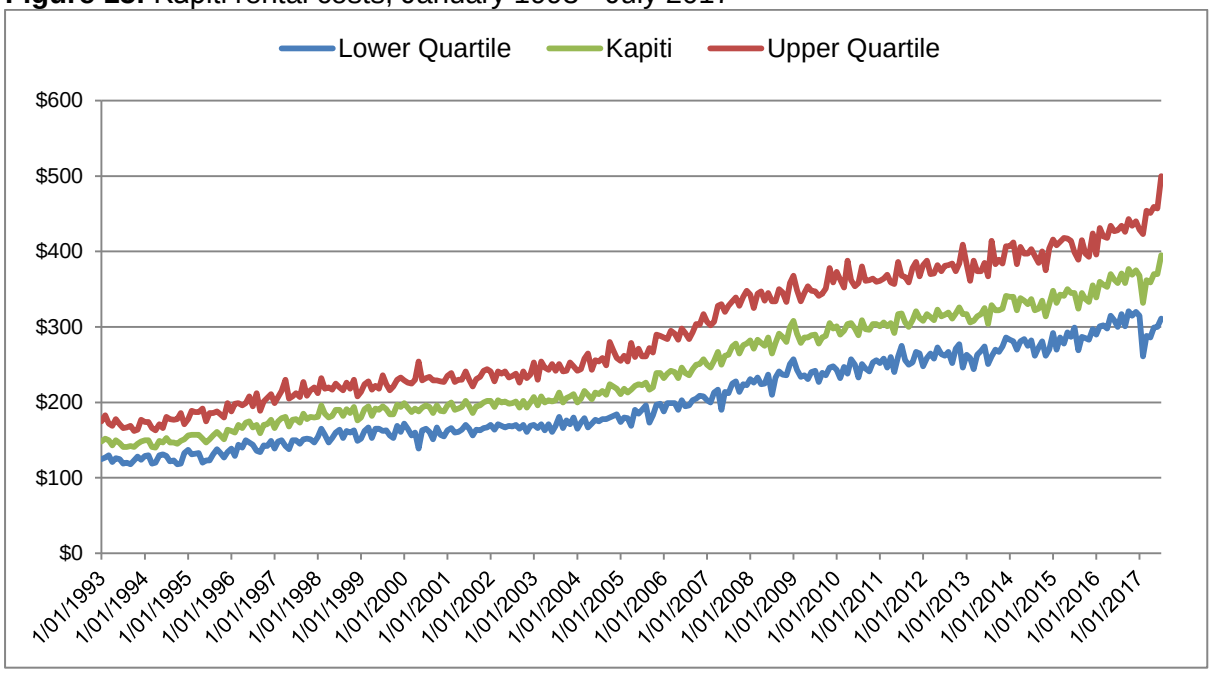
Source: MBIE, downloaded from https://mbienz.shinyapps.io/urban-development-capacity/#help-ts

6.9 Rental costs (lower quartile, mean, upper quartile)

A key determinant of rental housing affordability will be the cost of rental housing. Rental costs can be estimated using data from the tenancy bond database held by MBIE, which records all new rental bonds lodged.

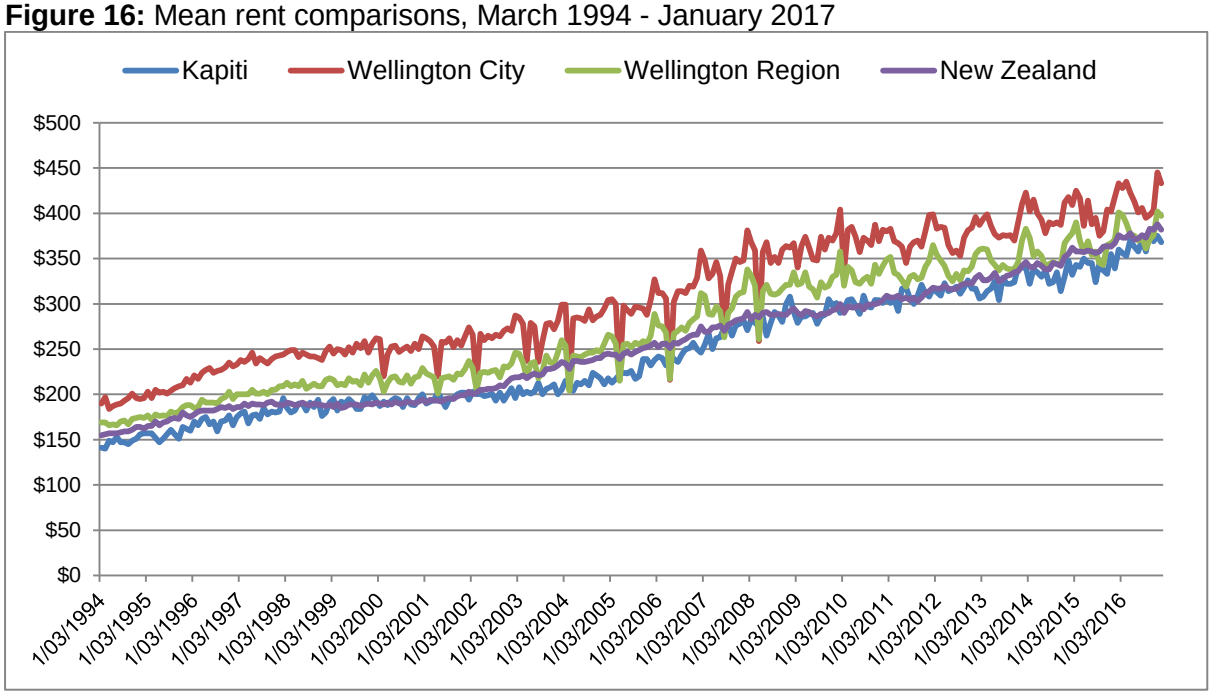
Not surprisingly, rental costs have increased in Kāpiti from January 1993 to July 2017 (Figure 15). While rental costs have also increased in Wellington City, the Wellington region and New Zealand mean rents in Kāpiti remain low in comparison (Figure 16). This would suggest that the reason for lower rental housing affordability in Kāpiti compared to Wellington City is not due to the rental prices, but because Kāpiti residents have lower median incomes than Wellington City residents.

Figure 15: Kāpiti rental costs, January 1993 - July 2017



Source: MBIE, downloaded from http://www.mbie.govt.nz/info-services/housing-property/sector-information-and-statistics/rental-bond-data.

Figure 16: Mean rent comparisons, March 1994 - January 2017



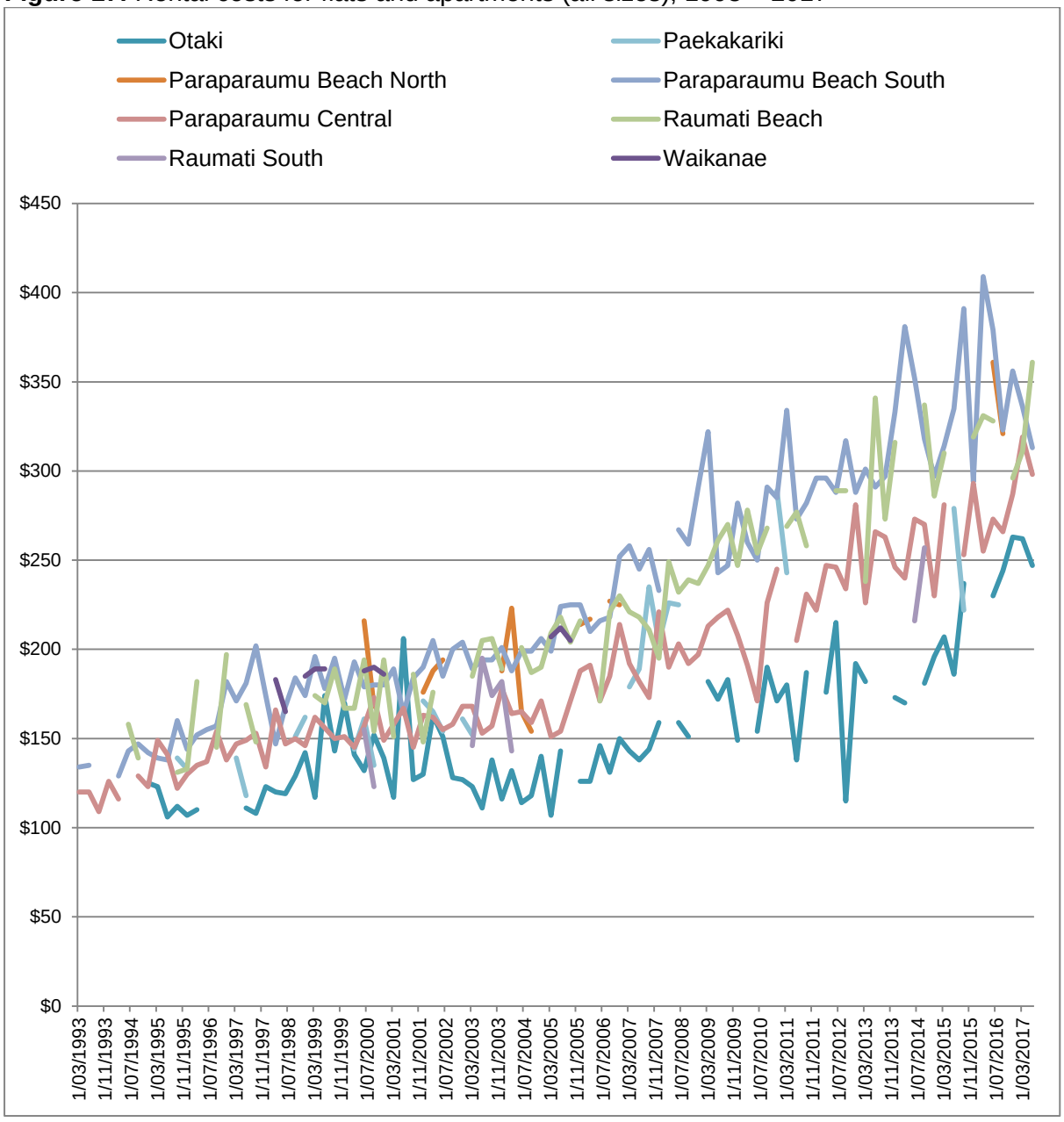
Source: MBIE, downloaded from http://www.mbie.govt.nz/info-services/housing-property/sector-information-and-statistics/rental-bond-data.

6.10 Detailed rental costs

The tenancy bond database breaks down rental data by geographic area, type of house, and number of rooms. Because the data are sourced from lodged tenancy bonds, information is not consistently available across all types of housing, all geographic areas, or all time periods.

One can conclude from the tenancy bond data that, in recent years, the highest rents in the Kāpiti District for flats and apartments of all sizes have been in Paraparaumu Beach South and Raumati Beach, while the lowest rents have been in Ōtaki and Paraparaumu Central (Figure 17). Very little rental data were available for Paekākāriki, Paraparaumu Beach North, Raumati South and Waikanae, particularly in recent years.

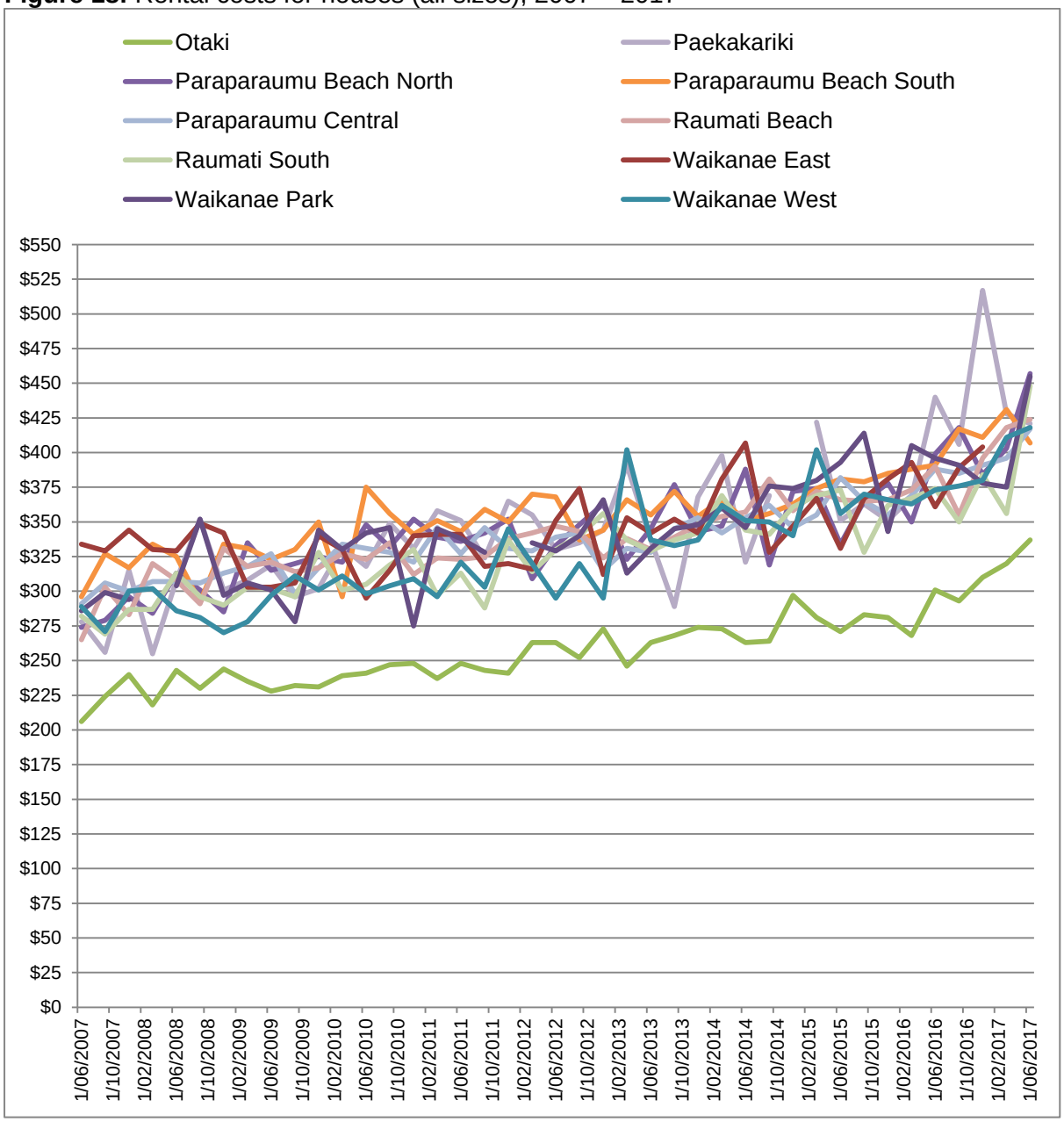
Figure 17: Rental costs for flats and apartments (all sizes), 1993 – 2017



Source: MBIE, downloaded from http://www.mbie.govt.nz/info-services/housing-property/sector-information-and-statistics/rental-bond-data.

For houses of all sizes, Ōtaki has consistently had the lowest rental costs for the past 10 years (Figure 18). While the rental costs for houses of all sizes in the other communities have been higher than those in Ōtaki, they have been more comparable to each other.

Figure 18: Rental costs for houses (all sizes), 2007 – 2017



Source: MBIE, downloaded from http://www.mbie.govt.nz/info-services/housing-property/sector-information-and-statistics/rental-bond-data.

7 Conclusion

This report has sought to meet the requirements of the NPS UDC by undertaking the first quarterly monitoring of market indicators and using indicators of price efficiency. This report has focused on residential development; future reports will include additional information on non-residential development.

In summary, the report sets the scene to show that within the District there is steady population growth and increasing house prices. It identifies that there is adequate capacity of housing land going forward if the 20% margin is not included, and suggests that there is an increasing issue of housing affordability for our existing residents.