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Date: 15 October 2020

To: **Hamish Wesley, Boffa Miskell**

From: **Louise Wai, Senior Policy Advisor, District Planning Team**

SUBJECT: **MEMO FOR PRIVATE PLAN CHANGE 49: JOHNSON STREET, WAITARA
REZONING.**

Introduction

The purpose of this memorandum is to outline the updated population projections post-covid and provide a response to the applicant's information about population and housing projections. This memorandum will inform the S42A report for Private Plan Change 49: Johnson Street, Waitara Rezoning (PPC49).

1. Overview of work undertaken or commissioned by the New Plymouth District Council (NPDC) in the last 2-3 years on population and housing projections

The key pieces of work undertaken or commissioned by NPDC in the last 2-3 years include the Housing and Business Development Capacity Assessment (NPDC), Population Projection Report/ Population Source Data (Infometrics) and the Population Scenarios Post Covid (NPDC). The key findings of these pieces of work are summarised as follows:

1.1 Housing and Business Development Capacity Assessment, June 2019 (HBA)

This document was produced by NPDC and Taranaki Regional Council to meet the requirements of the (then) National Policy Statement on Urban Development Capacity 2016 (NPS-UDC¹). The New Plymouth District was identified as a high growth area in 2016 under the NPS-UDC and consequently had to meet all the requirements of the NPS-UDC including producing a HBA². This involved a detailed analysis of housing and business growth across the New Plymouth District, based on current and future levels of demand, supply and development capacity. The evidence base of the HBA informed and provided background data for New Plymouth's growth story and the development of the Proposed New Plymouth District Plan (2019).

¹ Superseded by the National Policy Statement on Urban Development 2020.

² The HBA report will be reviewed/updated to ensure it meets the requirements of the new National Policy Statement on Urban Development 2020.

The HBA assessed both the Operative District Plan and the Draft District Plan (2018)³. This assessment indicated that the Operative District Plan has enough plan-enabled capacity (including oversupply requirements of the NPS-UDC) to meet the short (0-3 years) and medium (3-10 years) term requirements and that the Draft District Plan had enough plan-enabled capacity to meet long-term requirements (10-30 years) of growth demand. The release of the Proposed District Plan in 2019 took this supply a step further and provided a framework to meet the long term (10-30 years) supply of land for growth by identifying Future Urban Zones (previously identified as overlays).

The HBA used NPDC's population forecasts that were developed and used by the Long-Term Plan 2018-28 (including the 30-year projections for the Infrastructure Strategy 2018-48). Drilling down into these population growth forecasts, the New Plymouth District population is projected to grow to about 106,100 people by 2048 (22,700 more people than live here today). To accommodate this growth, the district will need an additional 10,919 new dwellings (or 364 new dwellings per annum) over the next 30 years.

The table below shows an overall summary of population growth and projected households for the New Plymouth District in the HBA:

	Projected number of households	Total Change	NPS-UDC Margin	Projected number of households	Total Change
2018	34,295			34,295	
Short Term (2018-21)	35,454	1,156	20%	35,686	1,391
Medium Term (2021-28)	37,996	2,541	20%	38,736	3,050
Long Term (2028-48)	43,629	5,634	15%	45,214	6,479
Total		9,334			10,919

Table 1: Housing Demand Projections for New Plymouth District (HBA)

Key findings from the HBA in relation to Waitara was that under the Draft District Plan the town has capacity for 675 feasible lots, totalling 68.3 hectares. It has a mixture of undeveloped residential land (49.1 hectares) plus two growth areas totalling, 19.2 hectares. This growth yield is shown in the table below:

	Zone under current DP	Total Area (ha)	Future Yield (lots)	Proposed Start Year	Grade	Feasibility	Feasible future yield
Undeveloped Res Land Waitara	Res	49.1	577	2018	1.0	77%	444
Waitara Growth Area	Rural/FUD	19.2	231	2028	1.5	100%	231
Total		68.3	808		1.25	84%	675

Table 2 – Waitara Growth Area Yield from the HBA

It is important to note this above assessment for Waitara does not include PPC49.

³ Released in February 2018, the Draft District Plan was a non-statutory consultation eplan that signalled the new framework, policy direction and zones (planning maps) that was used to inform the Proposed District Plan (September 2019).

1.2 Population Projections 2018-2051 Report and Population Source Data April 2020 (Infometrics)

This report was prepared by Infometrics for Venture Taranaki/New Plymouth District Council, Stratford District Council, Taranaki Regional Council and South Taranaki District Council. This report covers comprehensive projections of residential population and household numbers for the Taranaki Region covering the period of 2018-2051. This report contains the high level findings regarding population projections and household growth in the Taranaki Region from the population source data contained in the population source data report.

Infometrics' population projection model factors in demographic trends, expected economic growth, international migration, expected employment growth, the Proposed District Plan zoning and likely development timeframes. The model brings in a wide range of macro-economic forecast reflecting government policy changes and market signals, including that there is no further oil and gas exploration, the price of carbon in the emissions trading scheme rising significantly, and that workplaces continue to become automated.

These matters have been factored into the population information to forecast the number of dwellings required in the District. This is done through analysing forecast age groups to determine living arrangements. These living arrangements are then used to determine dwelling counts.

The intention of this report was to inform the Long Term Plan 2021-31 and the Infrastructure Strategy 2021-51 for all four local authorities in Taranaki. It will also inform the Proposed District Plan process and help to provide updated population projections for New Plymouth's growth story.

This data shows the household projections for Waitara East and Waitara West but also highlights that the projected household growth in New Plymouth will be centred in Fitzroy-Glen Avon, Bell Block East, Bell Block West and Hurdon areas⁴, which mirrors the population projections.

The data shows Waitara is expected to lead the growth for the smaller settlements outside of New Plymouth, adding 1,000 people by 2051. Ōākura is expected to grow by around 600 people through to 2051, and Inglewood is expected to grow by another 500 people by 2051. Other settlements may have some limited growth. The number of households (i.e. dwellings) within Waitara is also expected to grow by 2051 as shown by the below table:

Statistical Area 2	2019	2051
Waitara East	1180	1557
Waitara West	1589	1951

Table 3 – Waitara Sub-District households projections (Infometrics April 2020)

⁴ Statistical Area 2 – Statistics New Zealand

1.3 Population Scenarios Post Covid May 2020 (NPDC)

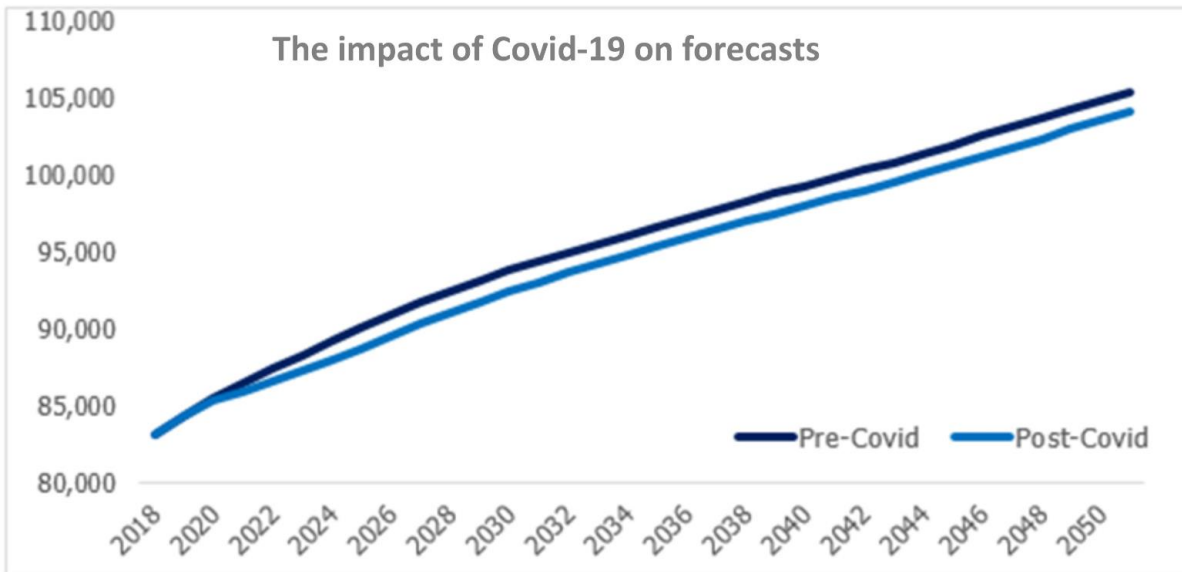
The forecasts in the Population Projections 2018-2051 report were provided to NPDC before the Covid-19 Pandemic impacted New Zealand significantly through the Alert Level 4 Lockdown. Since then, Council officers adjusted the forecast to understand the economic impact Covid would have on these figures. This takes the medium' projection from Infometrics and reduces net migration in the lead up to the LTP and during the first four years of the LTP (2021-2025). This is to reflect the economic downturn and the recovery timeframes. The evolving nature of the Covid pandemic/lockdowns and its economic impacts increase the uncertainty in these forecasting assumptions. The table below explains how the net migration in the population projections has been adjusted post-Covid:

Year (ending 30 June)	Net migration percentage	Comment
2020	75%	Due to the timing of population figures, officers have had to make changed assumptions for the 2019/20 financial year onwards. Approximately 75 per cent of the financial year occurred before lockdown.
2021	20%	This year is likely to see strongly reduced migration, however some may occur as former Taranaki residents return and fewer leave.
2022	50%	This reflects decreased employment opportunities, and that employment opportunities that arise are more readily filled by locals returning to the workforce after unemployment. Migration slowly increases.
2023	50%	
2024	75%	
2025	75%	
2026 and onwards	100%	Economic conditions assumed to return to relative normality, which was already assuming a general decrease in net migration in the longer-term.

Table 4 – Post-Covid explanation on the changes in net migration in the population projections (NPDC July 2020)

Key findings from the population scenarios/population forecasts post-Covid are that there will be an estimated 1165 fewer people District-wide between 2021-2031. This equates to an estimate of 467 fewer dwellings over the next 10 years (between 2021-2031). This post-Covid data also shows an increase in dwellings required per year in Waitara in the long term (between 2031-2051) of between 6-8 dwellings.

The graph below shows the pre-Covid and post-Covid forecasts to demonstrate the long-term impacts:



Graph 1 - Long term impact pre-Covid and post-Covid forecasts

Dwelling Growth by Location (additional dwellings)				Percentage			
<u>Includes NPS-UD Buffer*</u>	<u>2024</u>	<u>2031</u>	<u>2051</u>		<u>2024</u>	<u>2031</u>	<u>2051</u>
Bell Block	353	577	309		36%	23%	5%
Oakura	15	65	223		1%	3%	3%
Inglewood	27	79	138		3%	3%	2%
Waitara	54	134	308		6%	5%	5%
Southern Growth	29	283	606		3%	11%	9%
Existing New Plymouth	443	1,245	2,554		45%	49%	40%
Rural and smaller townships	66	160	183		7%	6%	3%
Smart Road	0	0	2,062		0%	0%	32%
	987	2,543	6,382		100%	100%	100%

Table 5 - Additional dwellings by location post-Covid

The above table highlights the dwelling growth post-Covid by location. As detailed above this has led to the conclusion that Waitara is expected to lead growth for the smaller settlements, adding 1,000 people by 2051. The HBA shows that Waitara needed 508 dwellings over the next 30 years. The post-Covid analysis shows that Waitara now needs 496 dwellings over the next 30 years. The HBA indicates Waitara has 675 feasible lots.

In short, the HBA data analysis shows that Waitara requires 508 dwellings over the next 30 years and indicates Waitara has 675 feasible lots. The post-Covid analysis shows Waitara now needs 496 dwellings over the next 30 years.

2. Private Plan Change 49: Demand and supply of land for housing in Waitara

Further information supplied as part of the PPC49 process is contained in a memorandum from Kathryn Hooper (Landpro Limited) to Derek Foy (Market Economics) dated 16 October 2019 and a report to Hamish Wesney (Boffa Miskell on behalf of NPDC) from Kathryn Hooper dated 24 February 2020. The memorandum considers the implications of the key conclusions of the NPDC HBA report for the PPC49 application.

2.1 HBA report demand projections

The applicant questions the use of the ratio of 2.43 people per household used in the HBA stating the ratio of 2.62 people per dwelling should have been used when using Statistics NZ population projections to derive household projections. They consider that the assessment presented above indicates that it is likely that the HBA report understates future demand of dwellings in the District because of the assumed constant household size. They note that from the HBA reports' assessment of residential development capacity, the understated demand is unlikely to result in any supply shortfall, given the level of feasible development capacity identified. The applicant questions both what ratio the HBA uses in terms of people per dwelling, and then argues for a lowering ratio over time to reflect demographic trends. They also do acknowledged that the understated demand is unlikely to make a material difference to the reports' conclusions that there is adequate residential land supply in the district in the short, medium and long term.

In response to the above, the HBA includes taking account of unoccupied dwellings which may account for the question as to whether the HBA uses a 2.62 people per household ratio or a 2.43 people per household ratio. The HBA undertook a static ratio as, at that time, there was no evidence of a trend towards smaller household sizes in census data (2006 and 2013 censuses). Arguably the national housing affordability issues have limited the demographic trend towards smaller household sizes.

The ratio of occupied dwellings to population is set at 2.43 per cent, reflecting the 2013 census figure. Similarly the number of unoccupied dwellings is set at the ratio from the 2013 census – 7.5% additional dwellings unoccupied from occupied. The District Planning Teams' position is that altering these assumptions will impact the outcomes. For instance, lowering the average number of people per household by 0.01 every 5 years will result in around 1,500 more houses required by 2048 than the assumption above. This is slightly less than the additional dwellings planned for as a result of "capacity buffer" (1,493 compared to 1,585 due to the capacity buffer). If household size does drop then the current land supply capacity planning will be able to cope with those impacts.

However, the Infometrics report and the post-Covid population analysis has undertaken a more nuanced approach to understanding dwellings required in relation to the changes of population. This has involved cohort living arrangement analysis. This shows a declining average household size on average, but more importantly shows the breakdown in types of households and their respective patterns.

2.2 *HBA report capacity scenario*

The applicant queries the Councils approach to growth distribution and states that the supply configuration represents only one possible way of accommodating that growth and note that just because a proposed residential area is not included in the HBA does not mean it would not be an appropriate addition to the District's residential supply and they view their proposal in PPC49 as one such alternative.

The applicant also states that PPC49 would provide:

- approximately 115 lots and this would only have minor effects on the demand-supply balance assessed in the HBA,
- 2.6% of the additional 4,441 dwellings that are projected to be needed in the District by 2028.
- a choice (e.g. new residential dwellings in Waitara) for prospective home buyers that would otherwise be absent (or very limited) in the short to medium term, despite having some precedent to indicate that they will appeal to the market.

It is acknowledged that the supply configuration detailed in the HBA/Proposed District Plan represents only one possible way of accommodating growth and that there will be alternatives that can be considered (taking into account new policy direction set out in the NPS-UD).

2.3 *Benefits of PPC49 location*

The applicant's memo also states that:

- Historically residential growth in Waitara has been slower than the rest of the District.
- This does indicate Waitara is unattractive for new residential growth.
- The recent multi-stage residential development on Armstrong Avenue sold quickly
- Waitara has an advantage over other parts of the District because land values are lower there, making new dwellings more affordable, and providing an opportunity for first home owners and prospective purchasers with lower budgets to enter the property market in Waitara.

Waitara has potential to accommodate more housing as part of the District's growth and currently can provide sections that are more affordable when compared with other parts of the District (as indicated through the sale of Armstrong Avenue and Aratupu Street sections).

The population analysis also highlights that Waitara has the potential to accommodate part of the District's growth as it is forecast to contain the highest amount of growth out of all the smaller settlements in the District.

While greenfield development is part of the growth story, it is important to keep in mind that there is 49.1 hectares of undeveloped residential zoned land in Waitara and already has 675 feasible lots for development.

Most residential houses in Waitara are standalone buildings on subdivided sections laid out on traditional grid plan streets. While this does give Waitara a distinctive character, there is a flipside in that there is considerable space around houses which is not being “used” and in some places vacant sections in the middle of streets creates gaps in the streetscape. Aspects such as market demand, ability to invest in residential property, availability of capital, (former) lease hold land and storm water issues do play a role in the reasons why land is currently underutilized and properties have not been redeveloped. However, there is considerable scope for infill housing and multi-unit development in Waitara and the Proposed District Plan encourages this type of residential growth in the town.

The New Plymouth District Council (Waitara Lands) Act 2018 also provides Waitara leaseholders with the right to freehold their property, removing a barrier to infill subdivision for approximately 25 per cent of residential properties in Waitara (prior to this right being issued).

3. New/recent information on population and housing projections and demand and supply for land for housing in Waitara

Combined, the Operative and Draft District Plans⁵ will provide a maximum capacity for between 12,400 and 21,000 new dwellings. Slightly more than half of these dwellings are feasible to build in the current market conditions. When the 15-20 per cent margin required by the NPS-UDC is included, the residential capacity provided in the Operative District Plan falls short by 3,900 dwellings. However the urban growth areas indicated in the Proposed District Plan provides sufficient long term capacity, with an excess capacity of 2,000 dwellings.

The above section 1 of this memorandum contains commentary on new/recent information on population and housing projections, which in summary show the population and household projects indicate Waitara is expected to be the lead growth area for the smaller settlements in the District.

The demand for housing in Waitara can be seen through the uptake and sale of residential sections in the last couple of years. All of the sections along Armstrong Avenue have been sold in the last couple of years and developed for residential dwellings. More recently there has been development and subdivision along Aratapu Street. In that development, the first two stages had 31 residential sections created, all of which have sold and now stage 3 is now lodged with Council and on hold awaiting further information. Stage 3 will create 55 new residential lots. There is also a proposed Papākainga development to occur on Bayley Street. This Bayley Street development will provide up to 60 lots and is a listed project in Schedule 2 of the COVID-19 Recovery (Fast-track Consenting) Act 2020, indicating it is considered to be of national importance to occur in a timely fashion.

This indicates we may be seeing on the ground demand for residential development in Waitara in the short-medium term rather than in the long term as anticipated by the HBA, highlighting a shift in the anticipated growth in Waitara moving from the medium-long term

⁵ Noting this has been the bases for zoning in the Proposed New Plymouth District Plan that was publicly notified on 23rd September 2019.

to the short-medium term. However, taking into account the infill capacity in Waitara and the land proposed to be rezoned through the Proposed District Plan Waitara has enough capacity over the long term 30 year timeframe.

4. Overall summary

The overall growth story for the District is that there needs to be adequate land in the right location for future urban growth that prevents outwards expansion of the urban boundaries.

There is 49.1 hectares of undeveloped residential zoned land in Waitara as well as considerable scope for infill housing and multi-unit development in already established residential areas. The Proposed District Plan proposes two Future Urban Zones and various land for residential rezoning. This 49.1 hectares does not include the Bayley Street housing which will provide up to 60 lots.

Nevertheless, there have been some changes in the policy space since PPC49 was first lodged, including updated population and housing projection data, the Proposed District Plan advancing through the submission process and the new NPS-UD.

Waitara is expected to lead growth for the smaller settlements, adding 1,000 people by 2051.

Recent development and land sales could indicate that we may be seeing on the ground demand for residential development in Waitara. In short, the HBA data analysis shows that Waitara requires 508 dwellings over the next 30 years and indicates Waitara has 675 feasible lots. The post-Covid analysis shows Waitara now needs 496 dwellings over the next 30 years. However, taking into account the infill capacity in Waitara and the land proposed to be rezoned through the Proposed District Plan Waitara has enough capacity over the long term 30 year timeframe.