tasman district council | Te Kaunihera o te tai o Aorere

National Policy Statement on Urban Development:
Housing and Business Assessment for Tasman

July 2021

Cover Page: Photograph showing the largest housing developments currently underway in Tasman, at Lower Queen Street, Richmond, comprising 1,200 dwellings

Contents

1. Executive Summary

This report is one of three that comprise the Nelson Tasman Tier 2 Urban Environment Housing and Business Capacity Assessments 2021. Together these reports provide the analysis to assess the sufficiency of Nelson and Tasman's residential and business land capacity to meet future needs over 30 years 2021-2051. The Tier 2 Urban Environment includes the following city and towns: Nelson, Richmond, Motueka, Māpua, Wakefield, Brightwater, Cable Bay and Hira, in recognition that these communities are part of the same labour and housing market, and these areas are, or are intended to be, predominantly urban in character.[1]

Tasman District Council (TDC), in this report assesses housing and business capacity for both its part of the Tier 2 Urban Environment and the remainder of the District. There is a third bridging report prepared by both Councils, called *"National Policy Statement on Urban Development – Nelson-Tasman Tier 2 Urban Environment"*. The overview report summarises the capacity assessment for the Urban Environment covering both Councils.

The purpose of this Housing and Business Assessment is to inform Resource Management Act (RMA) planning documents, the Future Development Strategy (FDS) and Long-Term Plans (LTPs). The analysis contained within this assessment has already been used to inform the LTP 2021-2031 and will be used to inform the review of the 2019 FDS. In 2022/23 further housing and business analysis will take place to inform the LTP 2024-2034.

1.1 Affordability Context

Tasman District and Nelson City operate and function as a single economic market and business activity flows both ways across the Territorial Authority boundaries. Consequently, Tasman and Nelson also function as a single housing market. Infometrics recently estimated a median multiple (house price to income multiple) in Tasman of 8.0, making it the fourth least affordable local authority, equal to Auckland. There are a number of indicators measuring affordability of house prices, but they all point to Tasman being severely unaffordable. This is not helped by lower than national average household incomes, which are 13% below the New Zealand (NZ) average and have only caught up by 2% in the last 20 years. Nelson Tasman is second lowest in NZ.

The Government's measure of housing affordability (Housing Affordability Measure Buy (HAM Buy) , shows that at December 2018, about 81% of first-time buyer households in Tasman could not afford a typical 'first home' priced house, spending more than 30% of income on housing costs. Mean incomes in Nelson Tasman are 13% below the NZ average. As at November 2020, the Massey University Home Affordability Index showed Tasman remained the second least affordable region in the country, after Auckland, as it has done for over two years.

According to the Ministry of Housing and Urban Development's (MHUD's) dashboard, house prices have increased by 64% in Tasman since 2015. The Real Estate Institute of NZ (REINZ) also monitors house prices in the region, and it finds that the median house price in Tasman was a record $850,000 in May 2021, an increase of 21% since May 2020. According to REINZ, there are only two regions in the country currently with higher median house prices – Auckland and Wellington. These unaffordable house prices

[1] Resolution of the Joint Committee of Tasman District and Nelson City Councils 10th November 2020

are against a backdrop of record consenting activity for Tasman. Building consents for dwellings for year ending March 2021 reached a new record high of 601. Sections created and resource consents for housing are also trending upwards.

1.2 Population Growth

Tasman's population continues to grow, outstripping predictions by Stats NZ, with average annual growth between 2015-2020 averaging 2.2%. In the year ending 30 June 2020, the population grew by 2.4%. Most of this growth is from net migration gains and, importantly for Tasman, a sizable proportion of this is from internal migration. Population is projected to increase in Tasman by 7,700 residents between 2021 and 2031, from 56,600 to 64,300 (13%) and then slowing but still by a further 11,810 residents to 2051 (18%), totalling 76,110. Population growth projections in the urban environment are slightly higher at 18% for the first 10 years and 18% for the following 20 years. Highest growth continues to be in the 65+ age group, of which the proportion is projected to increase in Tasman from 21% in 2018 to 34% in 2048. The ageing population, driving an increase in one-person households and couples without children, continues to mean smaller average household sizes across the District. Council has its own growth model, now on its sixth iteration that forecasts land requirements for housing and business. A Housing Preferences Survey was undertaken earlier this year of the Urban Environment to also inform housing demand.

1.3 Residential Demand

As with population growth, dwelling demand is expected to decrease District wide over time, averaging 451 dwellings a year in the short term, 427 per year medium term and 416 per year long term. However, for the Urban Environment, dwelling demand remains constant over the 30 years; 67% of the dwellings required in the District are needed in the Urban Environment. This demonstrates the role these towns are playing in providing locations to live within commutable distance to the major employment areas of Richmond and Nelson. Richmond and Motueka, the two largest towns, need the most new dwellings in the future. While the actual number of dwellings varies significantly between the low, medium and high scenarios, the composition by age group and household type remains relatively similar. Unmet demand (new dwellings consented versus actual household growth) amounts to approximately only 260 dwellings in total for the last ten years.

In considering different household group needs, the greatest concentration of Māori residents is in Motueka, where 15% of the population identify as Māori (compared with 8% for the total Tasman population). Tasman's Māori population is projected to increase from 8% of Tasman's population in 2018 to 12% in 2038. Despite having more residents per household, Māori are slightly more likely to live in smaller homes than the general population, but this could be due to affordability constraints.

Home ownership proportions in Tasman have been one of the highest nationally since 2006. Dwellings owned or held in a family trust had increased slightly from 75% to 75.6% between 2013 and 2018, despite affordability worsening. Housing affordability is an issue across all the District, but Motueka and Golden Bay have the highest proportion of households on relatively low incomes and a greater need for affordable housing options. There are about 5,500 seasonal workers in Tasman in a given season and about 1,500 -1,700 of these are Recognised Seasonal Employees (RSEs). In towns such as Motueka and Riuwaka, growers face particular seasonal accommodation challenges with lack of motor camps and motels.

The Housing Preferences Survey 2021 shows that while the majority (71%) of respondents prefer stand alone dwellings, an increased proportion prefer attached dwellings, when compared with previous surveys – 25%. 4% prefer apartments. The majority (62%) of older residents prefer standalone dwellings, but a significant proportion also prefer attached dwellings (31%) and these would generally be smaller dwellings. A further 6% of older people prefer apartments. Overall, 34% of respondents could not afford to buy a dwelling and only 5% of these could afford to rent.

1.4 Residential Capacity

Overall, in Tasman District, there is sufficient development capacity for housing to meet demand under the medium growth population scenario for 30 years. In its latest LTP, Council has aimed for housing capacity that is 'reasonably expected to be realised' to equal demand District-wide, by Ward and for most individual towns. However, some towns are providing capacity for others where demand cannot be met. For example, capacity in Richmond in the next 10 years will also meet partial short-term demand for Brightwater and Motueka. Council has prioritised infrastructure delivery in the LTP for Motueka West to commence shortly. Since Motueka's further development is constrained by a combination of natural hazards, low lying land and productive land, a climate change adaptation strategy is required, together with stormwater and river modelling, before brownfield intensification can proceed here. Further greenfield expansion in Motueka is limited to already zoned land. Therefore, a longer-term growth site in Lower Moutere identified in the FDS could provide for longer term demand from Motueka. Such a location is between Richmond and Motueka, located 6km from the centre of Motueka. The Housing Preferences Survey 2021 has shown that income constrained demand in areas like Lower Moutere is higher than the unconstrained demand. Some of the urban demand may be driven into these more rural areas of Tasman, constrained by affordability issues.

On commercial feasibility for brownfield intensification, using the rules of the intensification Plan Change for Richmond, resource consents have yielded a net addition of 52 dwellings in two years. According to Quotable Value (QV), the very existence of the Richmond Intensive Development Area (RIDA) has caused land values to rise where there is potential for redevelopment.

Representative greenfield sites within the Urban Environment have been analysed for commercial viability to a developer using the National Policy Statement on Urban Development Capacity (NPS UDC) development feasibility tool. These were all found to be commercially feasible at varying densities, depending on the individual site.

In terms of type of capacity (location and typology), the inability of Council to currently provide for all demand in Motueka is highlighted. Motueka is the worst mismatch according to the Housing Preferences Survey with double the amount of people wanting to live there than can actually afford to. Motueka is facing particular housing demands, in terms of opportunities generally, affordable options, needs of Māori residents, seasonal workers and renter needs. Affordability is an issue for the whole District but is worse in Motueka and Golden Bay due to lower incomes. Additional seasonal worker accommodation is needed in the Motueka area where campground facilities are smaller and fewer.

The Housing Preferences Survey 2021 showed that for renters, location is key, underlining once more the importance of meeting demand in specific locations.

1.5 Business Demand and Capacity

The Property Economics model (2016 extrapolated) has been used to estimate business land demand for Tasman's Urban Environment and rest of District. Council has very recently procured a new business model from Sense Partners, and this will be used in the FDS review and next HBA. Business land demand for Tasman District (including the Urban Environment) has decreased from the Property Economics model to the more recent Sense Partners model. This HBA is therefore based on the upper extreme of business land demand and future assessments are likely to be lower. That said, the Sense Partners model states that Tasman District needs to provide for 89% of the future business land demand requirements for the Nelson Tasman region, hence the importance of business land capacity in Tasman.

The business land capacity includes vacant and underutilised zoned business land in Tasman. These levels of vacant land have been recently ground-truthed by Council with on site surveys in 2018/19. There is sufficient business land for the Urban Environment and rest of District for the 30-year period. While a small shortfall of industrial land exists in the long term in the Urban Environment, there is a surplus of land in the short and medium terms which would meet this longer-term demand.

1.6 Housing Bottom Lines

As soon as practicable after this HBA is made publicly available, Tasman District Council will insert into its Regional Policy Statement and District Plan, a housing bottom line for the short, medium and long term for the Urban Environment. The housing bottom line only refers to the Urban Environment because the NPS-UD requires this obligation in relation to the Urban Environment. The rest of Tasman District is the rural remainder.

The housing bottom lines for the Urban Environment are the amount of feasible, reasonably expected to be realised development capacity along with the competitiveness margin for the short, medium and long terms. These are:

Urban Environment	Short term Years 1-3 (2021-2024) Number of dwellings
Richmond	398
Brightwater	77
Māpua/Ruby Bay	109
Wakefield	64
Motueka	262
Total	**910**

Urban Environment	Medium term Years 4-10 (2025-2031) Number of dwellings
Richmond	1006
Brightwater	175
Māpua/Ruby Bay	268
Wakefield	145
Motueka	631
Total	**2225**

Urban Environment	Long term Years 11-30 (2032-2051) Number of dwellings
Richmond	2697
Brightwater	412
Māpua/Ruby Bay	722
Wakefield	377
Motueka	1812
Total	**6020**

2. Introduction

Parts of Tasman District form the Nelson Tasman Tier 2 Urban Environment under the NPS-UD 2020. These comprise Richmond, Brightwater, Wakefield, Māpua and Motueka. Tasman District and Nelson City operate and function as a single economic market and business activity flows both ways across the Territorial Authority boundaries. Consequently, Tasman and Nelson also function as a single housing market. Infometrics recently estimated a median multiple (house price to income multiple) in Tasman of 8.0, making it the fourth least affordable local authority, equal to Auckland. According to MHUD's dashboard, house prices have increased by 64% in Tasman since 2015. REINZ also monitors house prices in the region, and it finds that the median house price in Tasman was a record $801,000 in March 2021, an increase of 19.6% since March 2020. According to REINZ there are only three regions in the country currently with higher median house prices – Auckland, Bay of Plenty and Wellington. These unaffordable house prices are against a backdrop of record consenting activity for Tasman. Building consents for dwellings for year ending March 2021 reached a new record high of 601. Sections created and resource consents for housing are also all trending upwards in Tasman.

2.1 Purpose and Objectives

This HBA has been prepared to meet requirements under the NPS-UD 2020, particularly Policy 2 and implementation clause 3.10 of the NPS-UD. Nelson Tasman is identified as a Tier 2 Urban Environment in the NPS-UD.

Policy 2 of the NPS-UD requires Tier 2 local authorities, at all times to provide at least sufficient development capacity to meet expected demand for housing and for business land over the short, medium and long term.

The purpose of this HBA is to inform RMA Planning documents, the FDS and LTPs. The analysis contained within this assessment has been used to inform the LTP 2021-2031 and will be used to inform the preparation of a new FDS in 2021. In 2022/23 further housing and business analysis will take place to inform the LTP 2024-2034.

This HBA provides an introduction to the assessment, explains the methodology and approach, analyses residential and business demand and capacity, and makes conclusions on sufficiency.

2.2 The Tier 2 Urban Environment and its Geographic Areas

"Urban environment" is defined in the NPS UD as any area of land (regardless of size, and irrespective of local authority or statistical boundaries) that: (a) is, or is intended to be, predominantly urban in character; and (b) is, or is intended to be, part of a housing and labour market of at least 10,000 people.

Richmond is the only town in Tasman with a population of more than 10,000 people and according to latest medium growth population projections (commissioned privately), no other town would have a population of more 10,000 by itself by 2051. However, as Ministry for the Environment (MfE) confirmed by email (22nd Sept 2020), the definition of urban environment includes non-contiguous areas of urban land – so long as they are part of the same housing and labour market that is greater than 10,000 people.

In determining whether a town in Tasman is part of the Richmond housing and labour market, Council has considered commuter patterns for work and education, travel time to Richmond or Nelson, connectivity to Richmond or Nelson and the real estate market - whether people are likely to move house within this Urban Environment.

Statistical Area 2 (SA2) data was used *"New Zealand Commutes* – 2018 Census, Main means of travel to work and education" New Zealand Commutes - Flowmap.blue to understand commuter patterns. The towns included show significant numbers of commuters to Richmond. In addition, some residents of these towns commute beyond Richmond to Nelson. These are (outside of Richmond) Brightwater, Wakefield, Māpua and Motueka. There could also be some smaller towns with relatively high numbers of commuters to Richmond and Nelson, for work and education, but the SA2 area encompassing these towns is too large to be able to draw accurate conclusions; for example, the Moutere Hills SA2 area includes Upper Moutere but is very large at 98 sq km.

The Joint Nelson Tasman Committee resolved on 10 November 2020 that the Nelson Tasman Urban Environment comprises the following city and towns: Nelson, Richmond, Motueka, Māpua, Wakefield, Brightwater, Cable Bay and Hira, in recognition that these communities are part of the same labour and housing market, and these areas are or are intended to be predominantly urban in character. The map below highlights these areas:

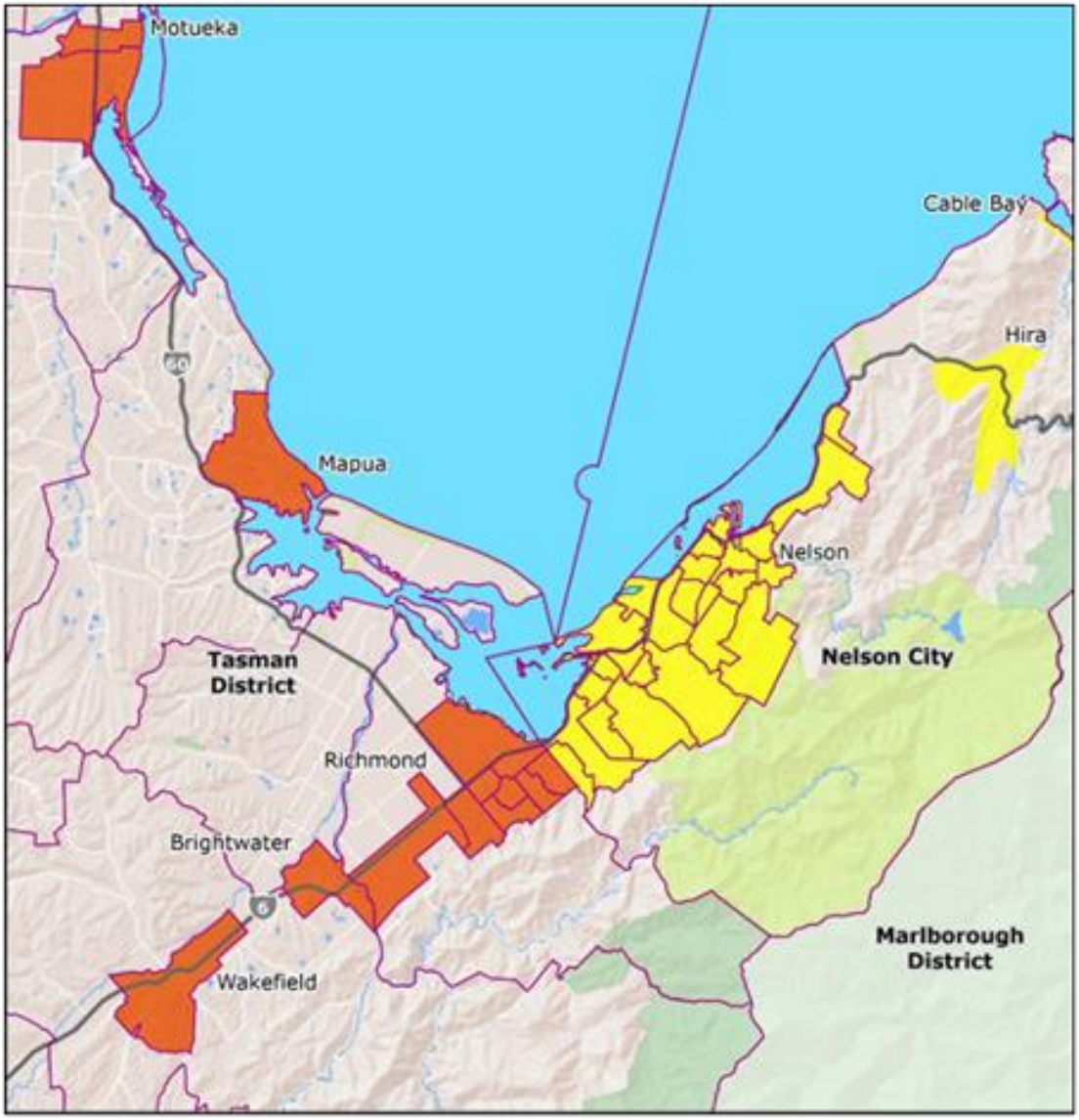

Figure 1: Map showing Tier 2 Nelson Tasman Urban Environment, across both Districts

The Urban Environment within Tasman comprises a very small component of the overall 10,000 sq km land area of the District, as shown in Figure 2 below (black boundary represents Tasman District Council boundary, excluding the Coastal Environment):

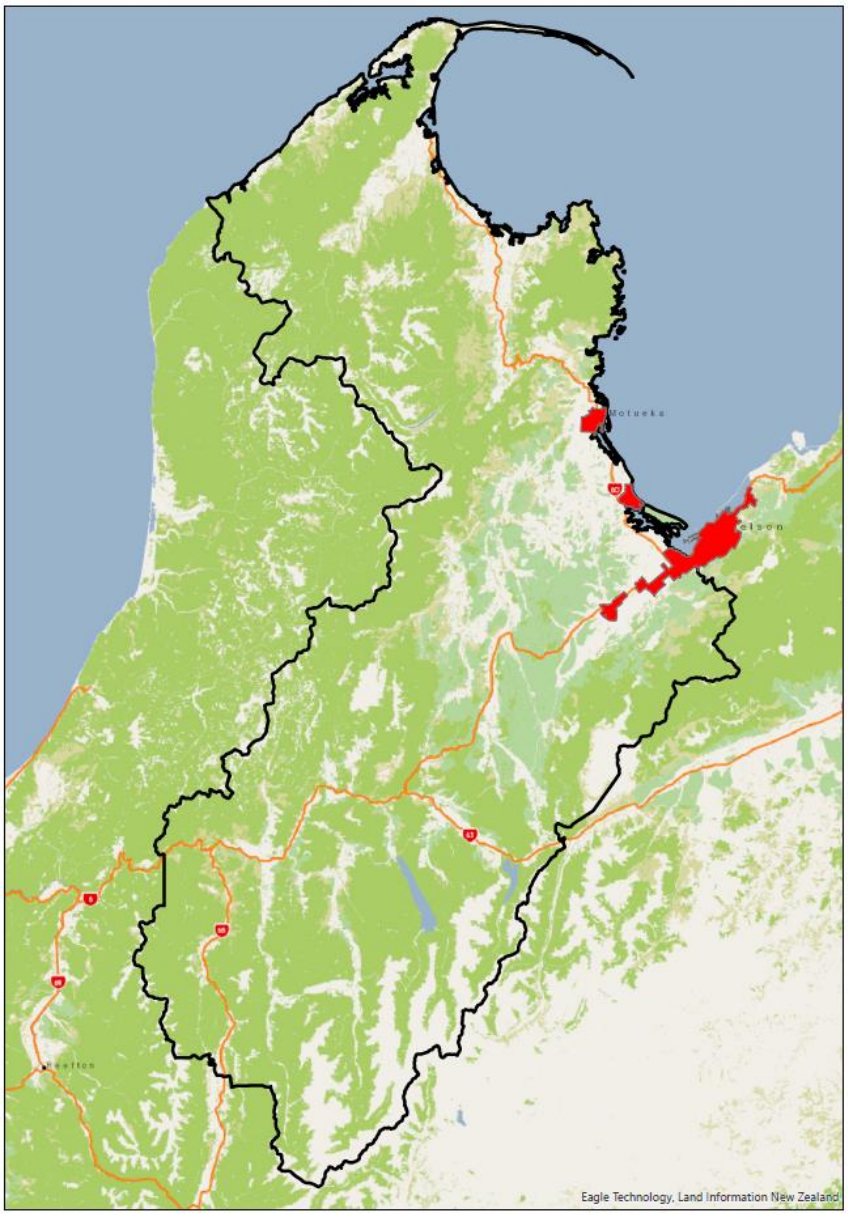

Figure 2: Map showing the Urban Environment within Tasman District as a whole

2.3 Relationship between Nelson City and Tasman District Territorial Authorities

Tasman District and Nelson City operate and function as a single economic market and business activity flows both ways across the Territorial Authority boundaries. The relative isolation of the Tasman and Nelson markets, reinforces this interconnectedness. Tasman and Nelson rely, to varying degrees, on each other to sustain their respective economies and generate significant economic benefits for each other.

Consequently, Tasman and Nelson also function as a single housing market. For these reasons, the Tier 2 Nelson Tasman Urban Environment covers a relatively large non-contiguous area.

2.4 Background to Assessment

Housing affordability is usually measured by house prices in relation to incomes. The Demographia International Housing Affordability[2] uses the "median multiple" to rate middle-income housing affordability. The Median multiple is a price-to-income ratio of the median house price divided by the gross median household income. Middle-income housing affordability is rated in four categories, ranging from the most affordable ("Affordable") to the least affordable ("Severely unaffordable"), as is indicated in Table 1.

Table 1: Housing Affordability Ratings (Source International Demographia Survey 2021)

Table 1 DEMOGRAPHIA HOUSING AFFORDABILITY RATINGS	
Housing Affordability Rating	**Median Multiple**
Affordable	3.0 & Under
Moderately Unaffordable	3.1 to 4.0
Seriously Unaffordable	4.1 to 5.0
Severely Unaffordable	5.1 & Over
Median multiple: Median house price divided by median household income	

According to Demographia, in the late 1980s, the median multiple (price to income multiple) in NZ was approximately three but had risen to seven in 2019. In March 2021, infometrics estimated a ratio of 7.5 between Tasman's average house values and average household incomes, making it one of NZ's least affordable local authorities.[3]

The Government's measure of housing affordability HAM Buy, shows that at December 2018, about 81% of first-time buyer households in Tasman could not afford a typical 'first home' priced house, spending more than 30% of income on housing costs – which are defined as lower quartile price point of housing in the area. The HAM Buy has not been updated since. Mean incomes in Nelson Tasman are 13% below the NZ average and have only caught up by 2% in the last 20 years. Nelson Tasman is second lowest in NZ, second only to Gisborne.[4] The MHUD's website comments that the *"affordability of buying a first home for those in the South Island is better than for those living in Auckland, except in Tasman, Nelson and Otago"* (Tasman is in fact the worst.) [5]

[2] Demographia International Housing Affordability - 2021 Edition

[3] Insights - Do Business - NelsonTasman.NZ and Infometrics

[4] Project Kōkiri Nelson Tasman Economic Recovery and Regeneration Plan Discussion Document March 2021

[5] Experimental Housing Affordability Measure for potential first home buyers | Te Tūāpapa Kura Kāinga - Ministry of Housing and Urban Development (hud.govt.nz)

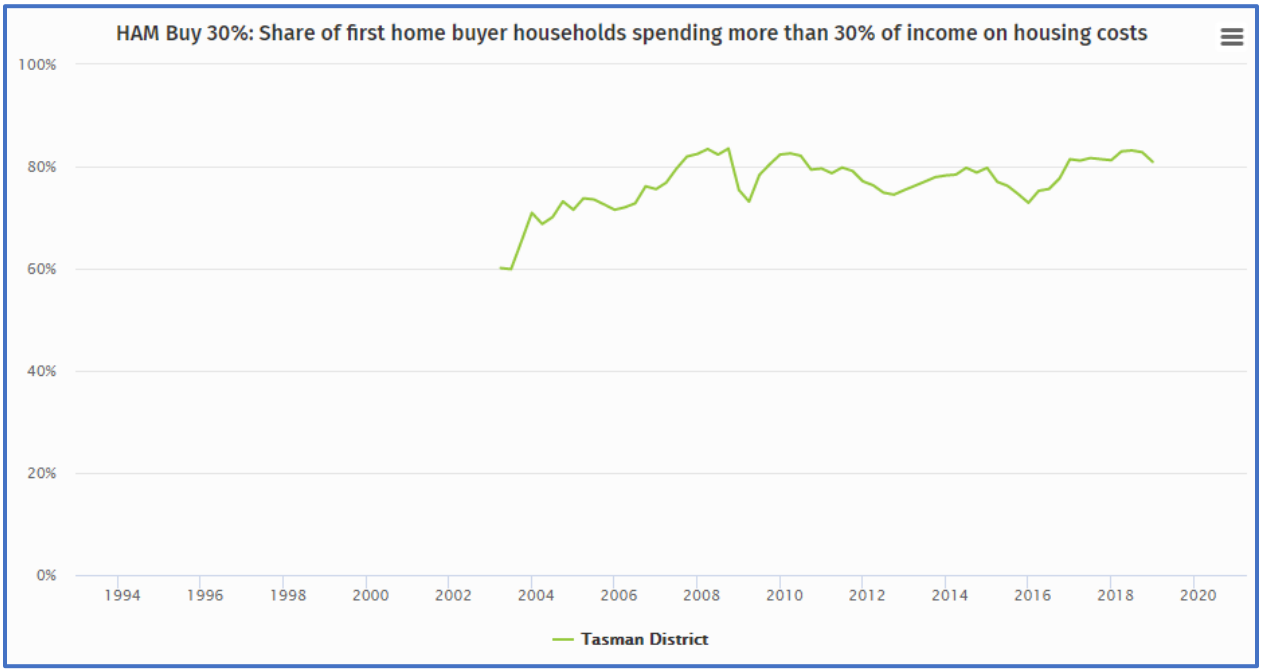

Figure 3: Government's measure of housing affordability HAM Buy for Tasman District

According to the Government's HAM Rent measure, as at December 2018, 38% of renting households are spending more than 30% of their income on rent.

Another affordability measure updated more regularly is the Massey Home Affordability Index, which takes into account the cost of borrowing as well as house prices and wage levels. The income data is for both renting and owner occupier households. As at May 2021, Tasman remained the second least affordable region in the country behind Auckland, as had been the case for nearly two years. In August 2020, the Massey index showed Tasman as the third least affordable region in the country, after Auckland and Nelson.

According to MHUD's dashboard, house prices have increased strongly in Tasman since 2015. Compared with six years ago, since March 2015 median house prices in Tasman have increased by around 64%. Note that this data has recently been revised by MHUD following an error on the dashboard. The median actual sale price for the year ended 31 March 2021 was $689,507 in Tasman. Compared with 31 December 2019, when median house prices were $614,995, prices have increased in Tasman by 11%.

REINZ also monitors house prices in the region, and it finds that the median house price in Tasman was a record $850,000 in May 2021, an increase of 21% since May 2020. According to REINZ there are only two regions in the country currently with higher median house prices – Auckland and Wellington. [6] The report notes for the Nelson/Tasman/Marlborough region, *"attendance at open homes eased slightly, however, interest from out-of-town prospective purchasers has remained strong. A shortage of available stock in the region has continued to put upward pressure on prices and resulted in a number of multi-offers being placed on homes. Sales of million dollar plus properties increased from 5.3% in May 2020 of the market to 17.6% in May 2021. Activity is expected to remain steady over the winter months before picking up again in spring."*

[6] REINZ Monthly Property Report - May 2021.pdf

2.4.1 Residential Consent Activity

Council's latest annual monitoring report under the NPS UDC, covering the year ending June 2020 (Monitoring reports | Tasman District Council) noted building consents in Tasman reached a high of 491:

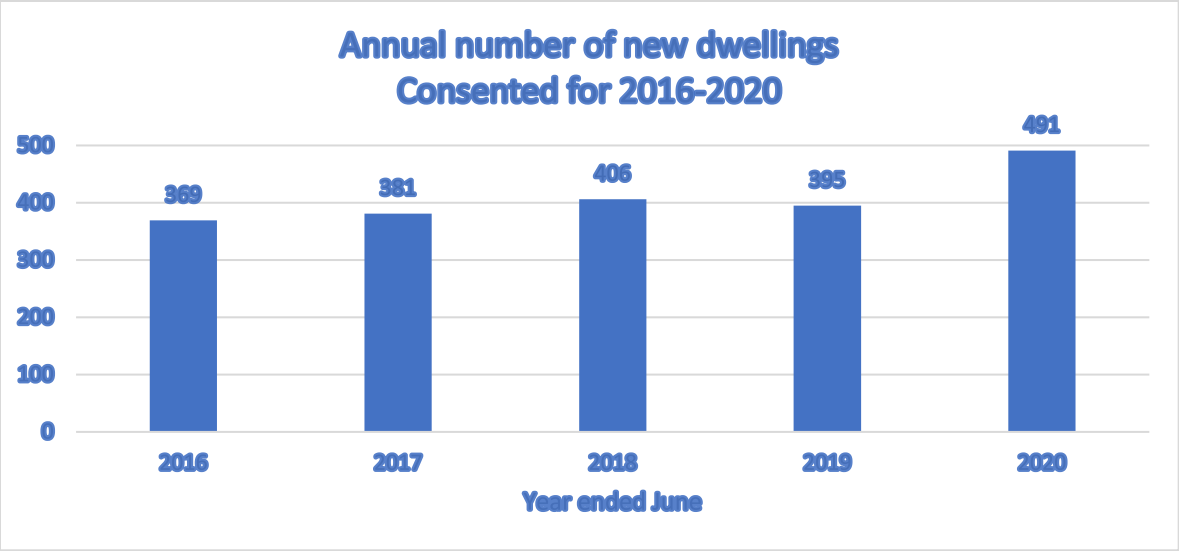

Figure 4: Annual number of new dwellings consented, 2016-2020, Tasman District

Since this annual report, building consents have actually further increased for the year ending March 2021 when they reached a new record high of 601. Returning to the year ending June 2020, 322 sections on residentially zoned land were created, with Richmond accounting for 75% of these sections. Excluded from this count of new sections are a further 92 sections created in the Coastal Tasman Area for residential purposes (Rural 3 zoned land), for the year ending 30 June 2020. These are not counted as they are not on residentially zoned land, but importantly are adding to the District's potential supply of housing.

Similar trends can be seen in the resource consents for residential units. For the year ended 30 June 2020, in Tasman, resource consents were granted for 680 residential lots. This includes a special housing area in Richmond in the September quarter and nine subdivision resource consents granted for intensification within the Richmond intensive development area. There were also additional resource consents granted that did not involve subdivision.

Tasman District and Nelson City Councils adopted their first FDS in 2019[7]. This is a high-level plan showing future growth areas across the region that will accommodate future housing and business demands over the next 30 years. It shows the location of future growth, the form of development expected, and the type of infrastructure required. While most of these future growth sites are not zoned appropriately, the review of the Resource Management Plan has commenced. [8] The first round of public engagement occurred late 2020. This new Plan will propose the growth sites for rezoning.

[7] Future Development Strategy FDS | Tasman District Council
[8] Aorere ki uta Aorere ki tai - Tasman Environment Plan | Tasman District Council

There are a number of factors affecting affordability. Council has obligations under RMA to ensure there is sufficient housing and business land to meet expected demands of the region. Council also has obligations under the NPS-UD as a Tier 2 Urban Environment:

- Planning decisions should seek to improve housing affordability by supporting competitive land and development markets.
- Tier 2 authorities, at all times, provide at least sufficient capacity to meet expected demand for housing and for business land over short, medium and long term.

A number of special housing areas (SHAs) are currently under construction in Lower Queen Street, Richmond and demographic sales data has been provided by the developers to the Council. For stages recently released, between 42% and 50% of sales are to investors and speculative buyers. As Central Government acknowledged in March 2021 in its housing announcement, this level of speculation in the property market is further inflating property prices. Providing zoned, serviced land is therefore only part of the affordability puzzle. Other factors affecting affordability include:

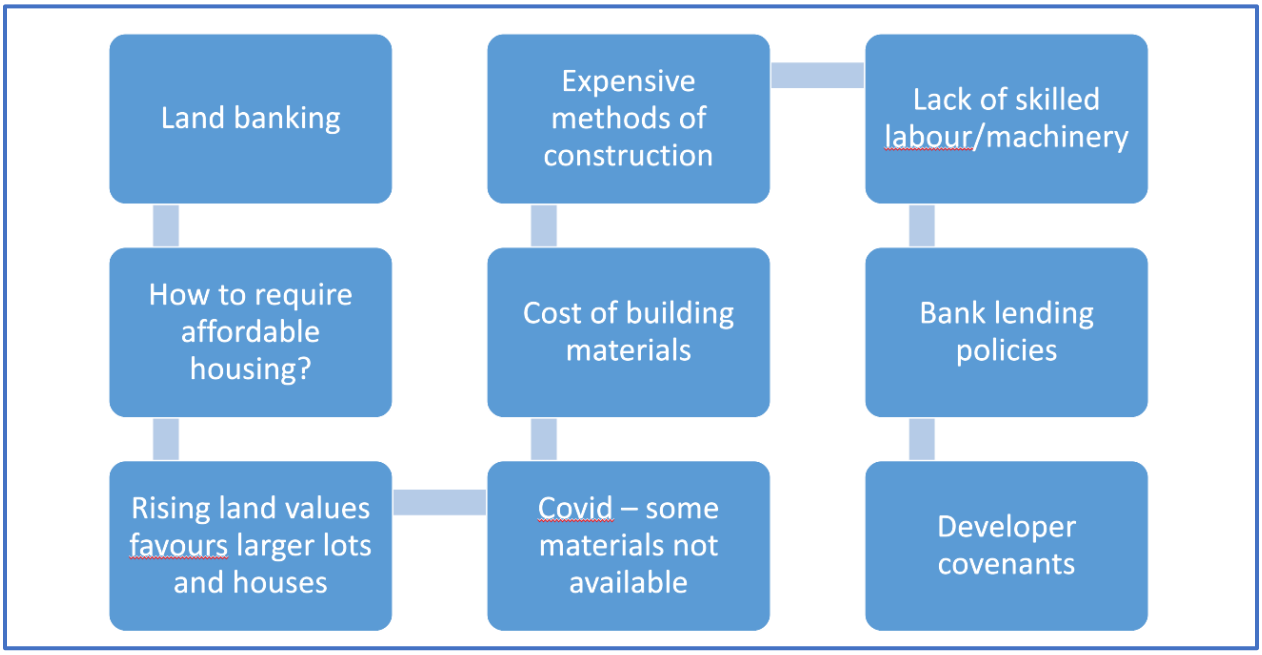

Figure 5: Other factors affecting affordability of housing

3. Methodology and Approach

Tasman's population continues to grow, outstripping predictions by Stats NZ, with average annual growth between 2015-2020 averaging 2.2%. In the year ending 30 June 2020, the population grew by 2.4%. Most of this growth is from net migration gains and importantly for Tasman a sizable proportion of this is from internal migration. Population is projected to increase in Tasman by 7,700 residents between 2021 and 2031, from 56,600 to 64,300 (13%) and then slowing but still by a further 11,810 residents to 2051 (18%), totaling 76,110. Population growth in the Urban Environment is slightly higher at 18% for the first 10 years and 18% for the following 20 years. Highest growth continues to be in the 65+ age group, of which the proportion will increase in Tasman from 21% in 2018 to 34% in 2048. The ageing population, increase in one-person households and couples without children, continues to mean smaller average household sizes across the District. Council has its own growth model, now on its sixth iteration that forecasts land requirements for housing and business. A Housing Preferences Survey was undertaken earlier this year of the Urban Environment to also inform housing demand.

3.1 Population Growth and Projections

Tasman's population growth has been significantly higher in recent years, than during the previous decade:

- the annual average population growth over the last ten years to 2020, was 1.8% (which included an increase in 2011 following the Canterbury earthquakes)
- in the five years between 2015 and 2020, average annual growth increased to 2.2% (ranging between 1.9% and 2.4%)
- the latest provisional Stats NZ population estimate for Tasman, estimates the population grew by 2.4%, or 1300 residents, in the last year, to 56,400 as at 30 June 2020

Most of the growth was net migration gains, with half from rest of NZ and half from overseas. Looking at past trends, it is typical for half or more of Tasman's migration to be internal rather than from overseas. In the year ending June 2019, net internal migration accounted for at least three-quarters of the population growth.

Statistics NZ had previously projected that the Nelson Urban Area's population was likely to grow by not more than 9.95% in the ten years between 2013 and 2023, meaning it was classified as 'medium growth', according to the NPS-UDC, falling just below the ten percent threshold defining 'high growth' urban areas. We have exceeded this by some margin, growing by over 15% in the seven years between 2013 and 2020. The Tasman part of the Urban Area grew by 20%, Nelson's by 10%.

In the absence of up-to-date Stats NZ population projections, Council engaged Natalie Jackson Demographics Ltd (NJD)[9] to provide District and Ward population and household projections (2018-

[9] Tasman District Projections 2018-2053 provided by Natalie Jackson Demographics Ltd, November 2019 "*Tasman District Council and Wards – Population, Household and Dwelling Projections 2018-2053"*

base), with low, medium, high scenarios[10]. The projections were based on Tasman's long-term demographic trends (births and deaths) and observed migration trends since 2006. After considering recent estimated population and dwelling growth rates, Council has assumed the medium growth scenario for the LTP. The Covid-19 pandemic has created more uncertainty in the development of this LTP.

The effects of Covid-19 were considered on the preferred medium population growth trend but for the following reasons, it remained unchanged:

- Population growth in Tasman is driven by net gains in people moving from other parts of New Zealand, rather than overseas
- During the Global Financial Crisis in 2008, Tasman's population growth rate appears to be relatively unaffected
- Strong growth continues in new dwellings built
- The Tasman economy has a relatively strong economic contribution from the primary sector – agriculture, forestry and fishing is Tasman's largest employer, followed by manufacturing, retail trade and construction. These industries account for over half of all employment in Tasman. Tasman Region saw the largest rise nationally in economic activity in the September 2020 quarter according to Infometrics estimates, rising 5.1%p.a. *"More people in the region, and a sustained boost in construction activity, has supported the local economy."* Stats NZ report on national GDP[11] notes that *"the September quarter reflected a bounce back after a slump in the June quarter, due to the COVID-19 national lockdown when many businesses were shut for weeks."*
- In the December quarter, GDP for Tasman was down 0.9% for the year to December 2020, compared to a year earlier. Although growth was still higher than in NZ generally (-2.6%)

Tasman District Council applies up to date population projections to its own growth model every two-three years to inform the LTP. The growth model projections span 30 years in total. The latest projections are for annual population growth of 1.3% for the next 10 years, 2021-2031, based on the medium growth scenario[12]. These are based on population projections undertaken by Dr Natalie Jackson, which note that the projections result in relatively modest annual average growth rates when compared with recent years, but advised against assuming growth would continue at a high level unabated. The report also notes that the projections already assumed relatively high net migration compared with previous Stats NZ projections, and growth rates are likely to decline over time as structural ageing increases. The rates for the medium scenario aligned well with the average growth over 2006-2018.

Figure 6 shows the three growth scenarios for Tasman's population growth between 2018 and 2053. The graph also shows Stats NZ's population estimates for 2003 to 2018. The three population projections (low, medium, and high growth) incorporate different fertility, mortality, and migration assumptions for Tasman. Further information on the population projections is available in Dr Natalie Jackson's report.

[10] Due to delays in Census 2018 data, Stats NZ population projections were not updated in time to inform the growth model and the LTP.

[11] December 2020 quarter GDP drops 1.0 percent after record September rebound | Stats NZ

[12] Growth model | Tasman District Council

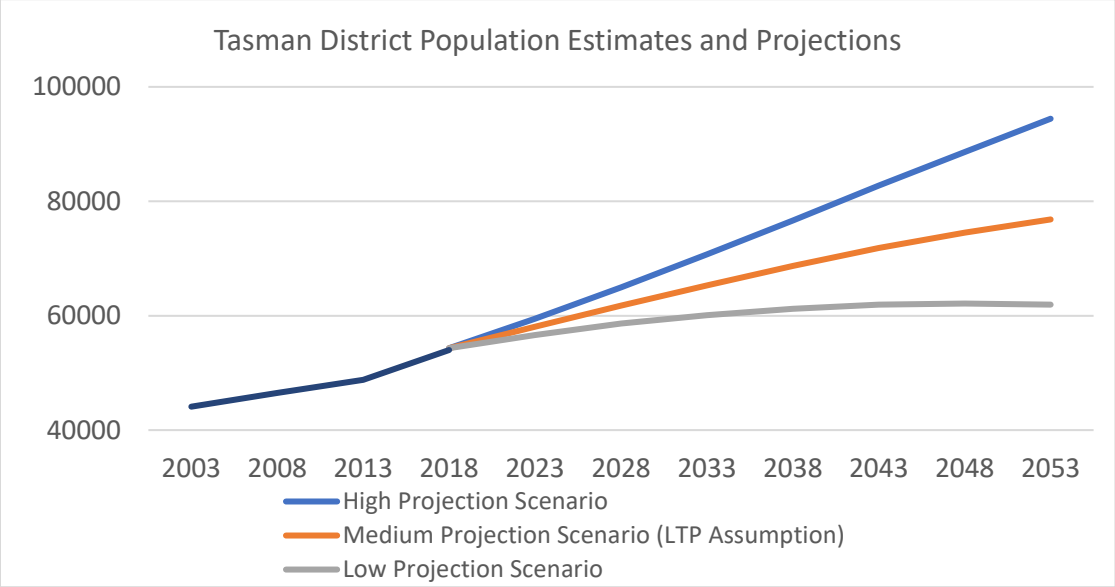

Figure 6: Estimated and projected population series, 2003-2053, Tasman District

Consequently, in adopting the medium projection scenario, the overall population of Tasman is expected to increase by 7,700 residents between 2021 and 2031, from 56,600 to 64,300 (13%) and then slowing but still by a further 11,810 residents to 2051 (18%), totalling 76,110. Most of the overall population growth will be driven by net migration gains (more people moving to Tasman District than leaving).

As at 2019, 55% of Tasman's population is estimated to live in the Urban Environment. Population within the urban environment is forecast to grow by 18% between 2021 and 2031 and a further 18% to 2051.

Under the medium scenario, the Motueka, Moutere-Waimea and Richmond Wards are projected to experience the greatest growth in population, parts of which form part of the Nelson Tasman Tier 2 Urban Environment. The Golden Bay Ward population is projected to peak in the 2030's and then decline slightly, offsetting some of the growth in 2018-2028. The Lakes-Murchison Ward population is projected to plateau around 2038. These projections reflect each Ward's age structure and its migration trends (net gains/losses) for different age groups.

Table 2: Summary of Population Projections (*towns forming part of the Nelson Tasman Tier 2 Environment)

Growth model Area	**Total Population** (as at 30 June)				
	2019	**2021**	**2031**	**2041**	**2051**
Richmond*	15,169	15,606	19,277	21,388	23,255
Brightwater*	2,294	2,391	2,654	2,975	3,307
Māpua/Ruby Bay*	2,657	2,779	3,399	4,005	4,500
Motueka*	8,027	8,306	8,962	9,803	9,409
Wakefield*	2,453	2,528	3,063	3,382	3,662
Subtotal urban environment	**30,600**	**31,610**	**37,355**	**41,553**	**44,133**
Collingwood	270	273	283	274	247

Growth model Area	Total Population (as at 30 June)				
	2019	2021	2031	2041	2051
Kaiteriteri	367	371	391	404	415
Mārahau	142	149	186	212	177
Moutere	5,682	5,908	7,069	8,936	11,386
Murchison	479	491	541	555	542
Pōhara/Ligar/Tata Bay	600	606	632	633	612
Riuwaka	617	620	625	597	575
St Arnaud	114	120	136	132	118
Tākaka	1,387	1,402	1,458	1,449	1,396
Tapawera	305	309	327	330	324
Ward Remainder Golden Bay	3,148	3,177	3,280	3,257	3,167
Ward Remainder Lakes Murchison	2,863	2,892	3,024	3,076	3,049
Ward Remainder Motueka	1,844	1,904	1,975	2,217	2,474
Ward Remainder Moutere Waimea	4,258	4,333	4,497	4,697	4,884
Ward Remainder Richmond	2,403	2,418	2,491	2,558	2,611
Total District	**55,076**	**56,583**	**64,269**	**70,881**	**76,110**

Under the medium scenario, all age groups in Tasman are projected to experience growth. However, the highest growth continues to be in the 65+ age group, of which the proportion will increase from 21% in 2018 to 34% in 2048. This increase, known as structural ageing, means that total population growth rates are projected to slow down over time. Once a population has more than 20% aged 65 years and over, it is usually approaching the end of natural increase.

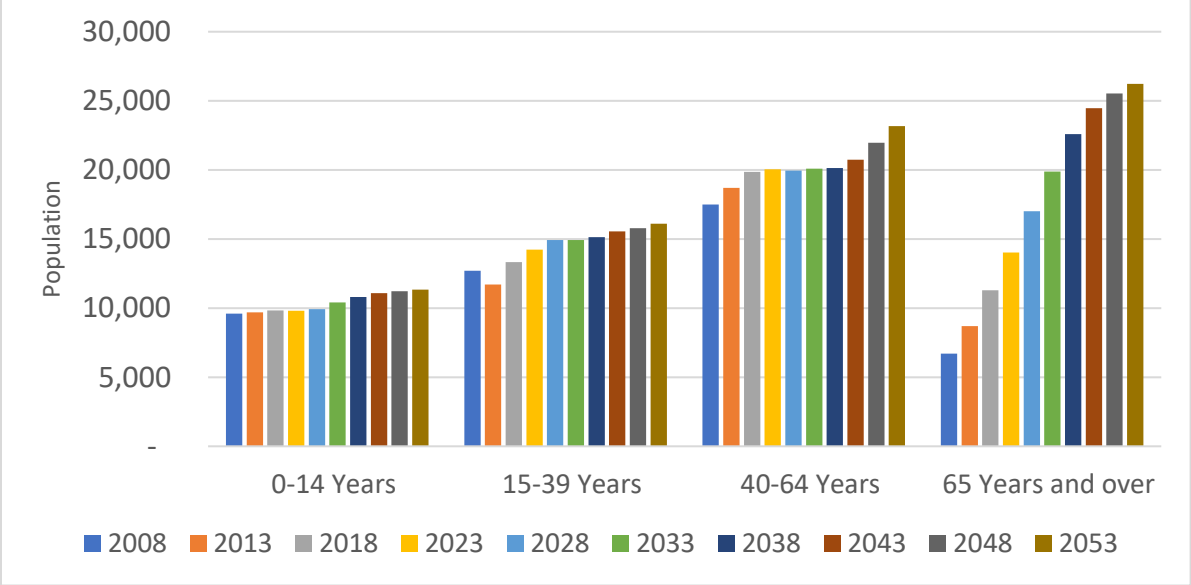

Figure 7 Estimated and projected population by age group, 2008-2053, Tasman District

3.2 Household Size

The ageing population is driving a change in the average household size across the District, projected to decrease from 2.5 residents per household in 2018, to 2.4 in 2028 and 2.3 in 2038. The numbers of one-person households and couple-without-children households are also projected to increase. There are variations in the projected household size across the District. Focusing on the towns in the Urban Environment, Brightwater and Wakefield are projected to have above average household sizes across all the time series.

3.3 Business Land Projections

The medium growth scenario for Tasman[13] also informs demand for business land in Tasman. The Nelson-Tasman business land forecasting model, provided in 2016 by Property Economics, estimates future land requirements for three different types of business land (industrial, office, retail). The model incorporates national and regional economic and demographic trends, employment projections, and employment to land ratios. Further information on how business land projections are calculated are provided in Appendix 3. The land requirements assume that development will be 'at grade', i.e., single storey. For Tasman, this is appropriate with few two storey business developments.

3.4 Housing Preferences Survey 2021

Tasman District and Nelson City Councils procured a Housing Preferences Survey in 2021 and results of this are discussed in the housing demand section of this report. Appendix 1 outlines the methodology of the survey.

3.5 Consideration of Other Growth Scenarios

Since Council adopted population projections for its LTP, Stats NZ released the Territorial Authority population projections (2018 based) in March 2021. The Stats NZ high projection is very close to Council's adopted population projections for the LTP:

[13] Tasman District Projections 2018-2053 provided by Natalie Jackson Demographics Ltd, November 2019

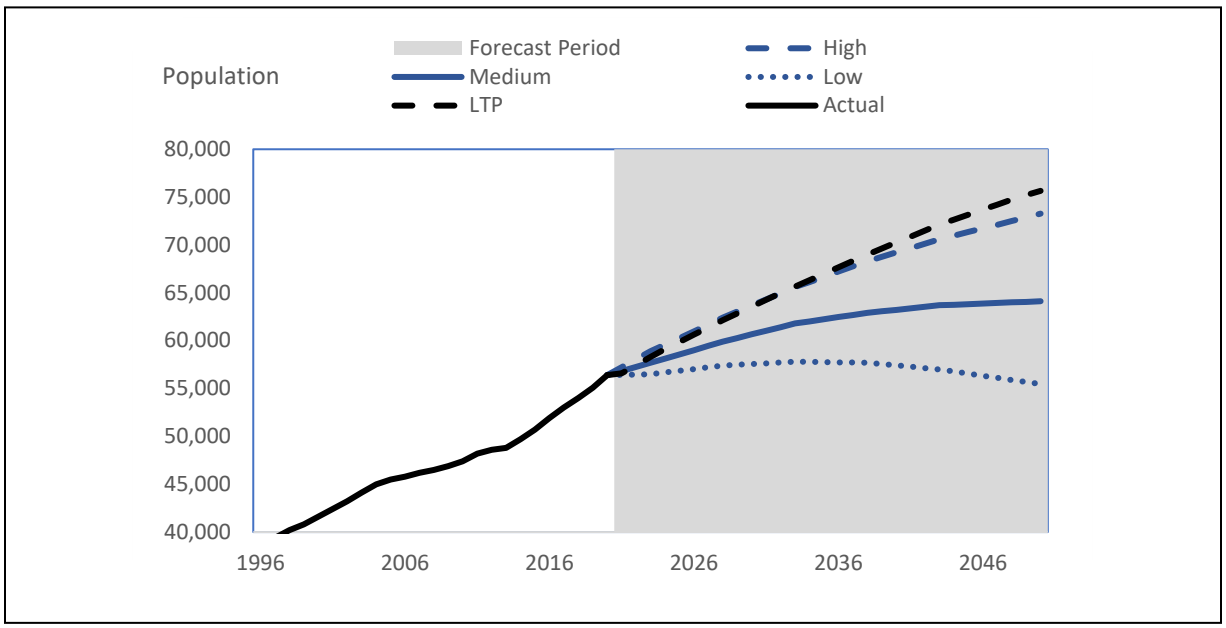

Figure 8: Tasman's LTP population projections compared with Stats NZ Territorial Authority Population Projections (2018 based)

Stats NZ has underestimated population growth for Tasman District since at least 2013. The adopted LTP medium scenario population projections are considered robust as they reflect average growth between 2006 and 2018.

There is always a degree of uncertainty when making assumptions about the future. There are several factors which are difficult to predict such as, population migration (either to/from overseas or within NZ); the proportion of dwellings used as holiday houses; developer and landowner activity; and natural events. Positive net migration is the major contributor to the District's population growth and can be affected by housing supply, house prices and incomes in other regions and countries.

In providing the population projections, Dr Natalie Jackson provided three sets, 'high', 'medium' and 'low', and noted *"changing economic, political and social circumstances can have an impact on the underlying assumptions regarding births, deaths, and especially migration, and cause trends to fluctuate between the upper and lower bounds."* [14] It is conventional for the medium scenario to forecast the most likely scenario. However, the high and low scenarios should also be considered for potential effects on Council's financial estimates, infrastructure needs, and zoning requirements. The Council considered these other scenarios and adopted the medium growth projection.

If population growth is higher than assumed, debt incurred by Council will be repaid faster to fund the growth-related portion of infrastructure than assumed under the medium scenario. This is through the payment of development contributions to Council. However, higher growth than planned could also result in an insufficient amount of serviced land for development and a potential worsening of housing affordability. Regular monitoring of consents and population trends will inform Council, if it is required to undertake further urgent plan changes to the Tasman Resource Management Plan, rather than wait for the emerging new Tasman Environment Plan and/or increase its investment in infrastructure to

[14] Growth model | Tasman District Council

make more land available for development. Council is currently considering such an urgent growth plan change.

If population growth is lower than assumed, it may take longer for development contributions to pay off debt incurred to fund growth related infrastructure. Council may need to revise its capital works programme for growth related infrastructure. The forecast increases in rates and development contributions may be smaller than anticipated.

The Nelson Tasman FDS (Future Development Strategy FDS | Tasman District Council) will be reviewed in July 2021, to be adopted in July 2022. The growth model will be updated in 2022/23, and the next HBA will be prepared in time to inform the next LTP (2024-2034).

3.6 Growth Model Methodology

Appendix 2 provides a summary of Council's growth model methodology. The Council's growth model was run for a sixth time in 2019/20 to inform this HBA. Estimates of dwellings to be built are made for the period 2019-2021 based on consents, physical constraints of the land, yields allowing consideration of stormwater, roading and the zoning and known developer intentions. Projections are then made for the period 2021-2051. The model has been externally peer reviewed in 2019 and minor changes were made.

4. Residential Demand

As with population growth, dwelling demand is expected to decrease District wide over time, averaging 451 dwellings a year in the short term, 427 per year medium term and 416 per year long term. However, for the Urban Environment, dwelling demand remains constant over the 30 years. 67% of the dwellings required in the District are needed in the Urban Environment, demonstrating the role these towns are playing in providing locations to live within commutable distance to the major employment areas of Richmond and Nelson. Richmond and Motueka, the two largest towns, need the most new dwellings in the future. While the actual number of dwellings varies significantly between the low, medium and high scenarios, the composition by age group and household type remains relatively similar. Unmet demand (new dwellings consented versus actual household growth) amounts to approximately only 260 dwellings in total for the last ten years.

In considering different household needs, the greatest concentration of Māori residents is in Motueka, where 15% of the population identify as Māori (compared with 8% for the total Tasman population). Tasman's Māori population is projected to increase from 8% of Tasman's population in 2018 to 12% in 2038. Despite having more residents per household, Māori are slightly more likely to live in smaller homes than the general population, but this could be due to affordability constraints.

Home ownership proportions in Tasman have been one of the highest nationally since 2006. Dwellings owned or held in a family trust had increased slightly from 75% to 75.6% between 2013 and 2018, despite affordability worsening. Housing affordability is an issue across all of the District, but Motueka and Golden Bay have the highest proportion of households on relatively low incomes and a greater need for affordable housing options. There are about 5,500 seasonal workers in Tasman in a given season and about 1,500 -1,700 of these are RSE workers. In towns such as Motueka and Riuwaka, growers face particular seasonal accommodation challenges with lack of motor camps and motels.

The Housing Preferences Survey 2021 shows that while the majority (71%) of respondents prefer stand alone dwellings, an increased proportion prefer attached dwellings, when compared with previous surveys – 25%. 4% prefer apartments. The majority (62%) of older residents prefer standalone dwellings, but a significant proportion also prefer attached dwellings (31%) and these would generally be smaller dwellings.

4.1 Demand for Dwellings

As with population growth, dwelling demand is expected to decrease District wide over time, whereas for the Urban Environment, demand remains constant over the 30 years:

- Over the 30-year period, 11,757 dwellings are required to meet District wide demand
- For the Urban Environment only, 7,847 dwellings are required to meet demand
- District wide, the growth model projects an average of 451 new dwellings a year for 2021-

2024 (short term), dropping to 427 a year for 2025-2031 (medium term), 416 a year for 2032-2041 and 337 dwellings a year for 2042 -2051 (long term). Figure 9 below illustrates this.

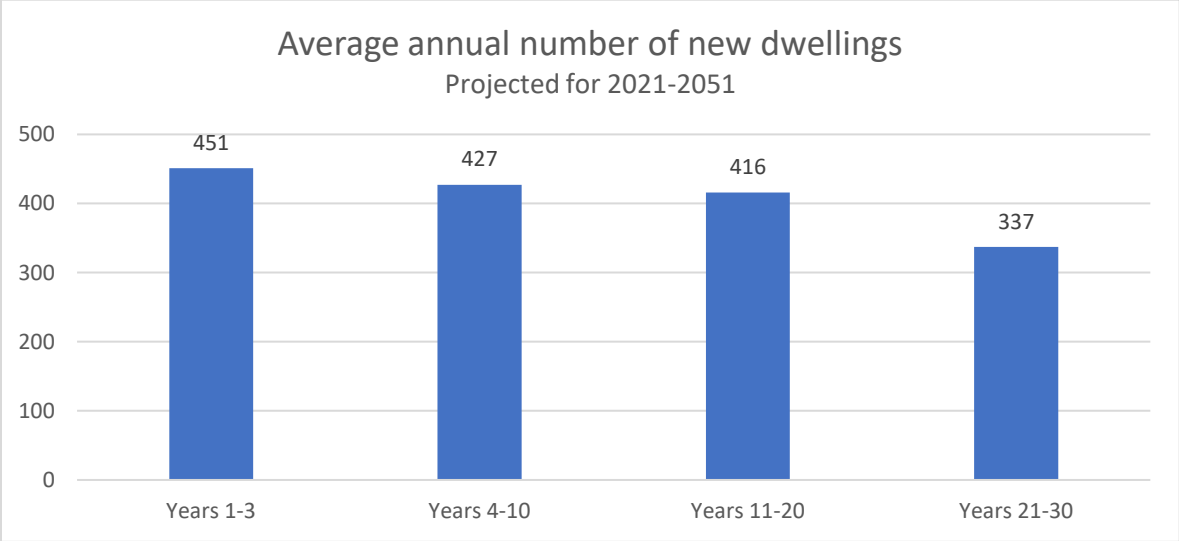

Figure 9: Annual average number of new dwellings projected, 2021-2051, Tasman District

4.2 Demand by Location

Table 3: Demand for new dwellings – Tasman District (*towns forming part of the Nelson Tasman Urban Environment)

Town or ward area	**Demand for new dwellings** Years 1-10 (2021-2031)	**Demand for new dwellings** Years 11-30 (2032-2051)
Brightwater*	210	358
Māpua/Ruby Bay*	314	628
Motueka*	744	1,576
Richmond*	1,170	2,345
Wakefield*	174	328
Subtotal for Urban Environment	**2,612**	**5,235**
Collingwood	13	2
Kaiteriteri	46	77
Mārahau	32	60
Moutere area	569	1,130
Murchison	37	25
Pōhara/Ligar/Tata Bay	52	33
Riuwaka	17	33
St Arnaud	74	17
Tākaka	54	25

Town or ward area	Demand for new dwellings	Demand for new dwellings
	Years 1-10 (2021-2031)	Years 11-30 (2032-2051)
Tapawera	14	10
Ward Remainder Golden Bay	132	74
Ward Remainder Lakes Murchison	109	120
Ward Remainder Motueka	165	305
Ward Remainder Moutere Waimea	210	331
Ward Remainder Richmond	61	124
Subtotal for remainder of District	**1,585**	**2,325**
TOTAL DISTRICT	**4,197**	**7,560**

67% of the dwellings required in the District are needed in the Urban Environment. This demonstrates the role these towns are playing in providing locations to live within commutable distance to the major employment areas of Richmond and Nelson. Richmond and Motueka, already the two largest towns by some margin in the District need the most new dwellings in the future.

4.3 Different Growth Scenarios and Effect on Composition of Age Group and Household Type

While the actual number of dwellings varies significantly between the low, medium and high scenarios[15], the composition by age group and household type remains relatively similar. The population is slightly younger on average under the high scenario, and slightly older under the lower scenario. The majority of households by 2038 under all three growth scenarios are of similar composition, with couples-without-children and one person households the only types expected to increase in number by 2038:

Table 4: Different growth scenarios and effect on age group and household type

	Age composition differences	Family or household type differences	Types of dwellings needed	Number of dwellings required
High growth scenario	Population slightly younger on average, due to fertility rate and net migration all being higher. Proportion of 65+ years is slightly lower, reaching 32% by 2053 compared with 34% under the medium scenario	No significant difference to the medium or low scenario. Under all scenarios majority of households by 2038 are expected to be couples-without-children (41%), followed by one-person households (30%)	Demand for types of dwellings likely to be similar to medium growth scenario	All Tasman wards experience significantly higher population growth and demand for new dwellings over the next 30 years, including Golden Bay and Lakes-Murchison (which are otherwise projected to stop growing beyond 2033 under the medium growth scenario)

[15] Growth model | Tasman District Council

	Age composition differences	Family or household type differences	Types of dwellings needed	Number of dwellings required
Low growth scenario	Population slightly older on average, due to lower fertility rate, life expectancy and net migration Proportion of 65+ years is slightly higher, reaching 36% by 2053 compared with 34% under the medium scenario	No significant difference to the medium or low scenario. Under all scenarios majority of households by 2038 are expected to be couples-without-children (41%), followed by one-person households (30%)	Likely increased demand for smaller dwellings	All Tasman wards experience significantly lower population growth and less demand for new dwellings over the next 30 years. Golden Bay and Lakes-Murchison would see an even larger decline in their population than under the medium growth scenario

4.4 Demand for Type of Dwellings

Holiday Homes

The 2018 census found approximately 14% of private dwellings were unoccupied in Tasman District. Using the methodology described in Appendix 2, there is projected demand for a significant proportion of homes not occupied permanently in the following communities: St Arnaud (80%), Kaiteriteri (62%), Mārahau (33%), and Pōhara/Ligar/Tata (55%). These will include holiday homes and homes for seasonal workers. According to the methodology used, the only town within the Urban Environment that is likely to need new holiday homes in the future is Richmond and this is less than 1% of all new dwelling demand. Richmond and the other towns in the Urban Environment (Brightwater, Wakefield, Māpua and Motueka) generally provide for permanent residents.

Table 5: Demand for new dwellings in towns with significant proportions of holiday home demand (*town forming part of the Nelson Tasman Urban Environment)

Town	New dwelling demand 2021-2051	Holiday home component	% holiday homes
Kaiteriteri	123	76	62%
Marahau	92	30	33%
Pōhara/Ligar/Tata Bay	82	45	55%
Richmond*	3,515	33	0.9%
St Arnaud	67	54	80%

4.5 Demand for Dwellings by Different Household Groups

Implementation clause 3.23 of the NPS UD requires HBAs to assess current and likely future demands for housing by Māori and different groups in the community (e.g. older people, renters, homeowners, low income households, visitors and seasonal workers.)

4.5.1 Māori

In terms of Tasman's urban environment, the greatest concentration of Māori residents is in Motueka, where 15% of the population identify as Māori (compared with 8% for the total Tasman population).

In terms of Tasman's urban Māori population, 43% live in Motueka and 38% live in Richmond, both towns within the Urban Environment.

In terms of Tasman's total Māori population, 29% live rurally, outside of towns and villages, 26% live in Motueka and 23% live in Richmond.

Stats NZ are yet to update subnational ethnic population projections to a 2018-base. According to the medium scenario of the 2013-base projections, Tasman's Māori population is projected to increase by 53% between 2018 and 2038, from 4,300 (8% of the population) to 6,600 (12%).

This means, in terms of Tasman's urban development, it is particularly important for Motueka and Richmond to have housing options that meets the needs of Māori residents.

There is limited data on the housing preferences of Tasman's Māori population. As at December 2020, Tasman has 137 people on the public housing register, according to the Ministry of Social Development. Of these 137 people, 21 in Tasman identify as Māori:

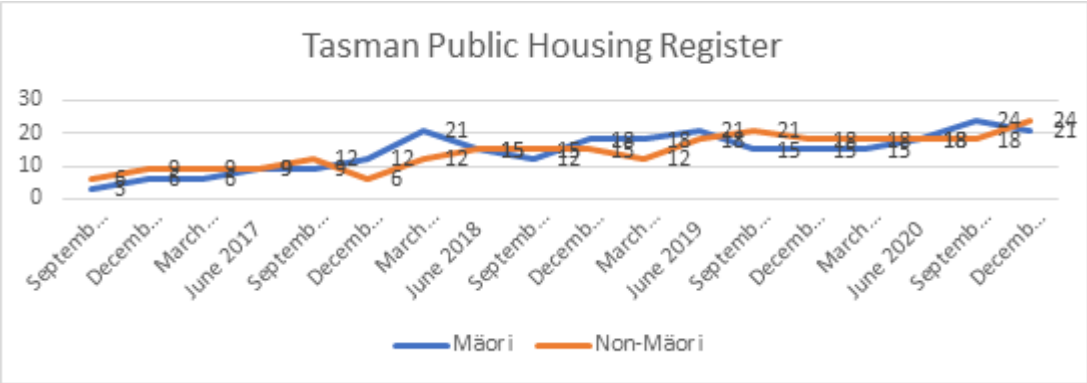

Figure 10: Proportion of Māori and non-Māori on Tasman public housing register

Figure 10 shows that since 2017, except for a peak towards the end of 2017, people on the public housing register identifying as Māori have roughly tracked non-Māori.

Staff purchased some bespoke data from Stats NZ that revealed the following:

According to 2018 Census data for Tasman:

- Māori households are larger on average, with an average household size of three compared to 2.5 for all households in Tasman
- 16% of Māori households have five or more usual residents, compared with 9% of all households in Tasman

- 48% of Māori households are families with children and 5% are multi-family households (these rates are higher than the general Tasman population, 36% and 2% respectively)
- Despite having more residents per household, Māori are slightly more likely to live in smaller homes than the general population, with 25% of Māori living in homes with one or two bedrooms compared with 22% for non-Māori in Tasman

While Census data provides statistics on current housing situations, this data may be the outcome of a poor range of options for Māori due to affordability, therefore it is difficult to know how much importance to attach to this data.

Te Kotahi o Te Tauihu Charitable Trust (the Trust) was formed in February by all of the eight iwi of Te Tauihu. The Trust was formed to cement partnerships formed in ongoing response to Covid-19 and its variants across Te Tauihu. The Trust's guiding principles are:

- Whāngai – Feeding our people - Whānau will not go hungry on our watch
- **Tāwharautia – Shelter and support - Shelter the homeless and keep a roof over the heads of whānau**
- Whiwhi Mahi – Work and Training - Whānau will have access to meaningful work and training
- Whai Oranga – Holistic Wellness - Whānau wellbeing includes mental, emotional, and spiritual support.

The Trust is undertaking contextual analysis for the near future which it will use to inform its actions. The Trust is trying to help all Māori (not just iwi) develop their land for housing.

The FDS 2019 allows for a larger area than currently zoned for papakāinga housing at Te Awhina Marae in Motueka. A resource consent has recently been granted for 20 papakāinga homes, housing 70 individuals. Six will be replacement kaumatua flats and these will be the first to be completed. The FDS review will continue to explore specific housing opportunities for Māori.

4.5.2 Homeowners

Home ownership proportions in Tasman have been one of the highest nationally since 2006. The 2018 census showed that dwellings owned or held in a family trust had increased slightly from 75% to 75.6% from the 2013 census, despite affordability worsening.

Table 6: Tenure of households for occupied private dwellings in Tasman 2006-2018

Tenure of households for occupied private dwellings in Tasman	2006 (%)	2013 (%)	2018 (%)
Dwelling owned or partly owned	62.7	58.6	61.2
Dwelling held in a family trust	13.1	16.4	14.4
Dwelling not owned and not held in a family trust	24.2	25.0	24.4

4.5.3 Renters

Based on Table 6 above, the proportion of the community renting is approximately 25%.

The Housing Preferences Survey 2021 provides some data about housing preferences of renters. Those survey respondents that could not afford to purchase a house in the Nelson Tasman Urban Environment were asked about preferences for renting. The most important factor in making a decision on rented housing, is location (the area they chose). The location was ranked as most important by 46% of rental respondents – almost twice as high as the next category (house type). Least important in their choice is the dwelling's value.

Table 7: Rental Respondents level of importance for decision factors on housing choice

Feature Set	Most Important	>>>>>>>>>	>>>>>>>>>	Least Important
Dwelling features	27	34	41	18
Dwelling value	13	12	22	74
House type	30	49	32	13
Location	59	25	24	13
Total Responses	129	120	119	118

This result underlines the importance of providing housing in the right location to meet demand in the District and the challenges with the lack of capacity in places like Motueka, where the FDS is seeking to meet such demand in a location close to, but outside of the town.

4.5.4 Low Income Households

Low income and housing affordability is an issue across most of the District, but Motueka and Golden Bay have the highest proportion of households on relatively low incomes and a greater need for affordable housing options. Mean incomes in Nelson Tasman are 13% below the NZ average and have only caught up by 2% in the last 20 years. Nelson Tasman is second lowest in NZ, second only to Gisborne.[16] The MHUD's website comments that the *"affordability of buying a first home for those in the South Island is better than for those living in Auckland, except in Tasman, Nelson and Otago"* (Tasman is in fact the worst.) [17]

According to the 2018 census, median household incomes are as follows:

Table 8: Median household incomes in Tasman District

	Median household income	% of all households with a household income less than $70,000
Richmond	$70,000	50%
Brightwater	$81,000	40%
Wakefield	$76,700	43%
Māpua	$77,400	42%
Motueka	$51,000	62%
Tākaka	$46,500	65%

[16] Project Kōkiri Nelson Tasman Economic Recovery and Regeneration Plan Discussion Document March 2021

[17] Experimental Housing Affordability Measure for potential first home buyers | Te Tūāpapa Kura Kāinga - Ministry of Housing and Urban Development (hud.govt.nz)

For a household earning $70,000, a house priced over $210,000 is considered unaffordable. This is according to the internationally recognised measure of the median multiple, outlined in section 2.4 of this report. Average house prices in Tasman are now $850,000 according to REINZ (May 2021). Housing is not affordable in any part of Tasman District. While average incomes vary from town to town, housing remains unaffordable in all parts of the District.

Council owns 101 houses for older people in various locations, including within the Urban Environment. These units are available for NZ residents or citizens, over 55, receiving Superannuation and in receipt of a supported living payment. Total assets including cash investments must not exceed $50,000. These units are very popular and there is a large waiting list of 120 people; with 83% of the people on the waiting list wishing to live in the Urban Environment. These are the only dwellings that Council owns. A review of Council's community housing is due to commence in August 2021.

Kāinga Ora currently owns 179 homes in Tasman District which house 426 people. Most of these are situated in Motueka. Over the next four years (2021-2024) the Government's latest Public Housing Plan proposes 130 new homes for Nelson and Tasman combined. 11 new dwellings have recently been completed in Richmond within the Richmond Intensive Development Area, where rules enable intensification. Three stand-alone dwellings were replaced by 11 smaller units, some attached.

As at December 2020, Tasman has 137 people on the housing register, according to the Ministry of Social Development, and 121 of these are category 'A'.[18] The vast majority of demand is for 1 and 2 bed properties. In December 2015, there were just 13 people on the housing register, so the demand for state housing has increased markedly.

An alternative to state housing is affordable housing provided by Community Housing Providers (CHPs). In Tasman there are currently four active CHPs – Nelson Tasman Housing Trust, Habitat for Humanity, Golden Bay Housing Trust and Abbeyfield New Zealand. Council held a workshop with the CHPs and Kāinga Ora in February 2021 to understand how it can better help them in the current climate of worsening housing affordability. While a number of issues were raised by the CHPs, some of which Council can help with, the largest issue is acquiring land due to increased prices and lack of available land on the open market.

Council also owns little developable land but is currently exploring whether it can help the CHPs with suitable sites to deliver affordable housing (which evidence shows is in strong demand in Tasman District). Council has adopted in its LTP 2021, for CHPs to be exempt from Development Contributions for new housing developments. Council also considered inclusionary zoning at the recent workshop, as a way of leveraging affordable homes funded by the private sector. With legislative change to enable councils to implement inclusionary zoning, this is something Tasman District Council would consider.

4.5.4 Older People

Under the medium population projection scenario, highest growth continues to be in the 65+ age group, of which the proportion will increase from 21% in 2018 to 34% in 2048. Under the low or high population projection scenario, the proportions of 65+ age group only vary by 2% (32% under high

[18] Housing Register - Ministry of Social Development (msd.govt.nz)

growth and 36% under low growth). This increase is known as structural ageing, meaning that total population growth rates are projected to slow down over time.

The Table 9 below shows the contribution in the District, by ward, to population growth from the 65+ age group, using the medium scenario. The three wards highlighted orange lie partly within the Urban Environment:

Table 9: Breakdown by ward showing ageing, low incomes and percentages of dwellings with one or two bedrooms

Ward	Contribution to ward's population growth from 65+ age group 2018-2053[19]	% of dwellings with one or two bedrooms[20]
Golden Bay	100%	27%
Lakes Murchison	100%	18%
Motueka	45%	27%
Moutere-Waimea	65%	17%
Richmond	74%	22%
Tasman District	66%	22%

According to the Housing Preferences Survey 2021, the majority (62%) of older residents in Nelson/Tasman prefer standalone dwellings, with 20% wanting standalone dwellings with two bedrooms and 31% wanting three bedrooms. However, a significant proportion also prefer attached dwellings (31%) and a further 6% prefer apartments and these would generally be smaller dwellings.

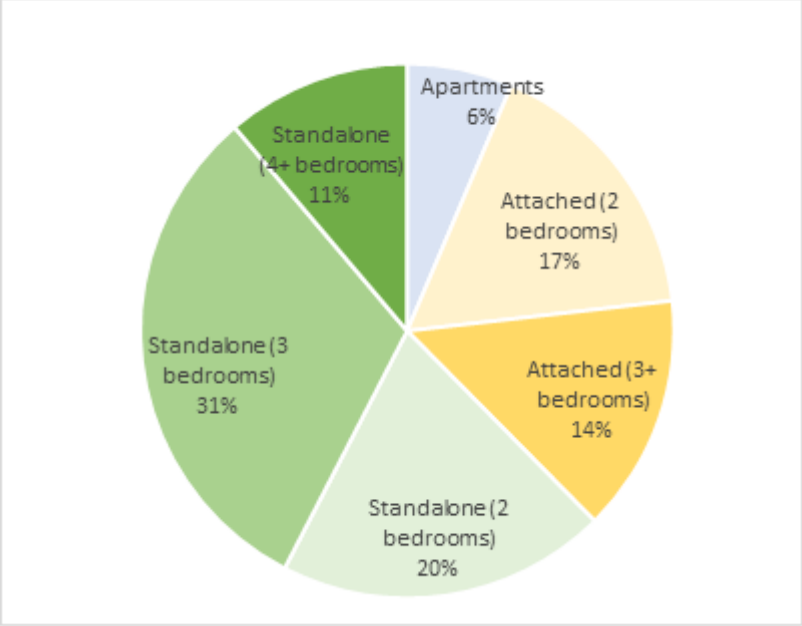

Figure 11: Housing Preferences for Nelson Tasman older people living in the Urban Environment

[19] Population, household and dwelling projections 2018-2053 Tasman District Council (Dr Natalie Jackson)
[20] Stats NZ

Tasman District Council also conducted research in 2018 on housing issues for older people, as part of developing Council's Age-Friendly Policy. This included feedback from over 180 groups and individuals. The main findings in terms of housing were:

- Increasing demand for smaller houses
- Demand for affordable rental properties
- An increasing demand for safe, warm, low-maintenance and accessible housing

4.5.5 Seasonal Workers

Tasman District Council undertook a survey of 39 Tasman growers in March 2021. It received a 74% response rate to the survey with 29 companies responding, representing the wide range of produce grown in Tasman.

Survey of Growers in Tasman 2021

- 38% of employers own accommodation to house seasonal workers and 35% of employers rent or lease properties to house workers, so ownership of property and renting property is fairly even split
- Only five companies own purpose built accommodation (the type encouraged by Government for employers using the Recognised Seasonal Employer (RSE) scheme)
- Eight companies own existing residential houses bought on the open market to house workers. This may be off site or on site and may have been built or bought by the grower. This is the most common type of worker accommodation
- A significant 72% of respondents (20 companies) require additional accommodation in the future for seasonal workers and this indication is given during the Covid 19 climate
- A significant number (10 companies) want purpose built on-site worker accommodation
- Six companies specifically want on site communal type accommodation with an ablution block and rooms leading to it
- A maximum of 632 additional beds are required from the 20 companies that responded in the survey, most companies (16) want up to 40 beds each
- 70% of these companies requiring further accommodation have as yet only identified the need. Six companies are progressing plans for future accommodation (30%) and two have building consent. Two companies have also started construction
- Discussions with the ex-chair of Apples and Pears NZ and the chair of the Nelson growers governance group revealed that there are about 5,500 seasonal workers in Tasman in a given season and about 1,500 -1,700 of these are RSE workers
- The future demand for types of seasonal worker accommodation is:
    - Purpose built facilities on site for RSE workers
    - "Camp ground" facilities (eg kitchen, ablution block) for Kiwi and European backpackers who want seasonal work and to freedom camp on the orchard. Some Richmond orchards make this group find their own accommodation e.g. at Tahuna motor camp or motels but this becomes harder in areas like Motueka, Riuwaka where such facilities don't exist
    - Rented accommodation for permanent seasonal workers (locals) – now 10-11 months in Tasman

4.5.7 Demand for different housing typologies and locations

According to the 2018 Census, of the 19,770 occupied private dwellings in Tasman District:

- 90% were separate houses
- 8% were joined dwellings and
- 2% were 'other.'

According to the Housing Preferences Survey 2021, the majority of residents in the Tasman Urban Environment still prefer standalone dwellings, even when financial constraints are taken into account. However, this proportion appears to be reducing from previous surveys, such as the Communitrak annual residents survey of 2018 and 2019 and the Otago University 2015 survey for TDC and NCC.

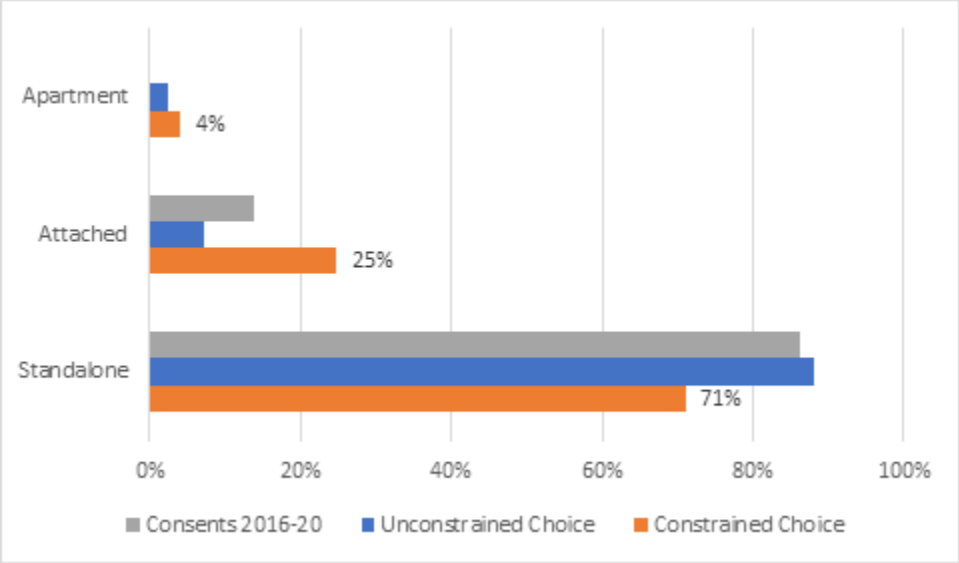

Figure 12: Housing Preferences of respondents in the Tasman Urban Environment 2021

This suggests that current housing stock is too heavily skewed towards stand-alone housing and further efforts should be made for zoning of attached housing and apartments. Applying these percentages to the total number of new dwellings required in the Urban Environment, the following number of dwellings by each are required to meet demand:

Table 10: Tasman Urban Housing Preferences (constrained choice) and Demand by Dwelling Type

	Preference (constrained choice)	Years 1-10	Years 11-30
Apartment	4%	104	209
Attached	25%	653	1309
Standalone	71%	1855	3717
Total Demand for new Dwellings in Tasman Urban Environment	**100%**	**2612**	**5235**

In terms of locational preference, a proportion of respondents living in the Tasman Urban Environment (Richmond, Brightwater, Māpua, Wakefield and Motueka) would like to live in Nelson, approximately 13% income constrained. Richmond is the most popular location of choice, with 32% of respondents choosing this location (very similar for unconstrained and income constrained). The largest mismatch is

observed in Motueka where 26% respondents would live in this location if they could but, given financial constraints, this drops to 11%.

Conversely the constrained demand in Tasman Rural and Waimea plains is higher than the unconstrained demand. These are therefore locations that people choose less often when unrestrained by their financial situation. The findings indicate that some of the urban demand may be driven to these more rural areas of Tasman, given they are constrained in terms of their first choices by affordability issues. The results showed that respondents traded off location for price rather than choosing a different typology in the same location for lesser cost.

According to the Housing Preferences Survey, out of the 300 Tasman Urban Environment residents' sample, 34% of respondents could not afford to buy a dwelling. 5% of these could afford a rental. The remaining 28% could not afford to buy or rent. This illustrates the known affordability problem.

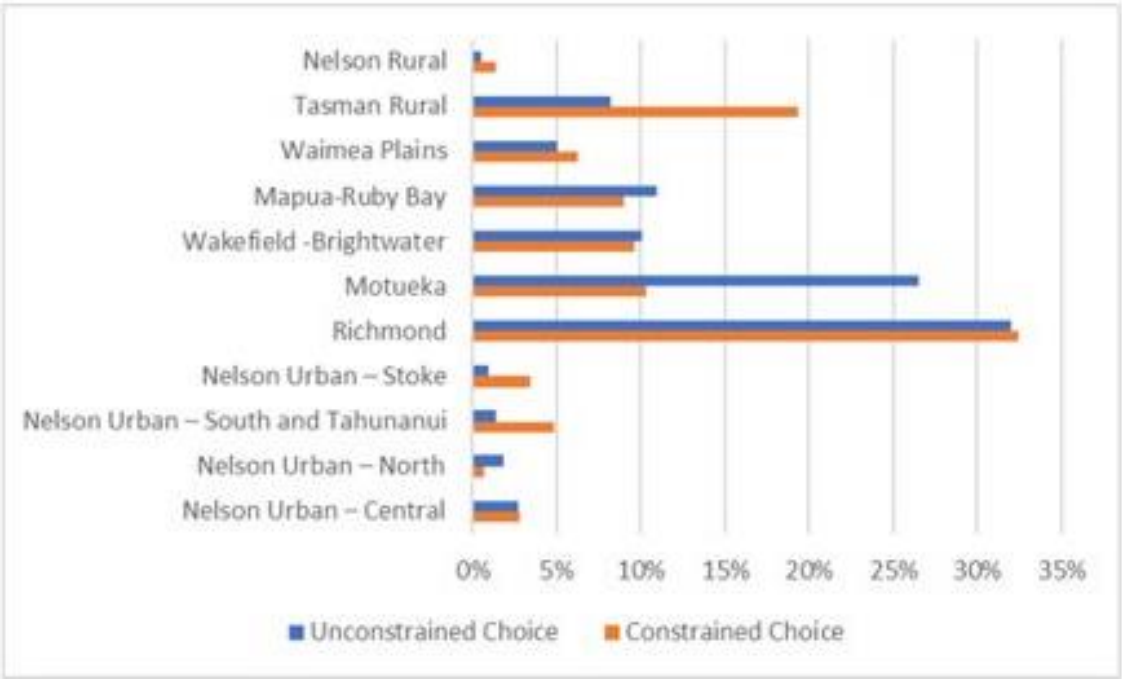

Figure 13: Income constrained and unconstrained housing location preferences – "The Housing We'd Choose" survey 2021

4.6 Unmet Demand

Council acknowledges that there is unmet latent, or residual demand in some parts of the District. The growth model, like most models around the country, looks forward and does not quantify or include unmet demand in future projections. In December 2020, MHUD revised its data for new dwelling consents compared to household growth, using latest Stats NZ population projections. We understand from MHUD that there have been shortcomings in the model Stats NZ uses to estimate population between censuses. The initial versions of this data were inaccurate. However, the latest one is shown in Figure 14 below:

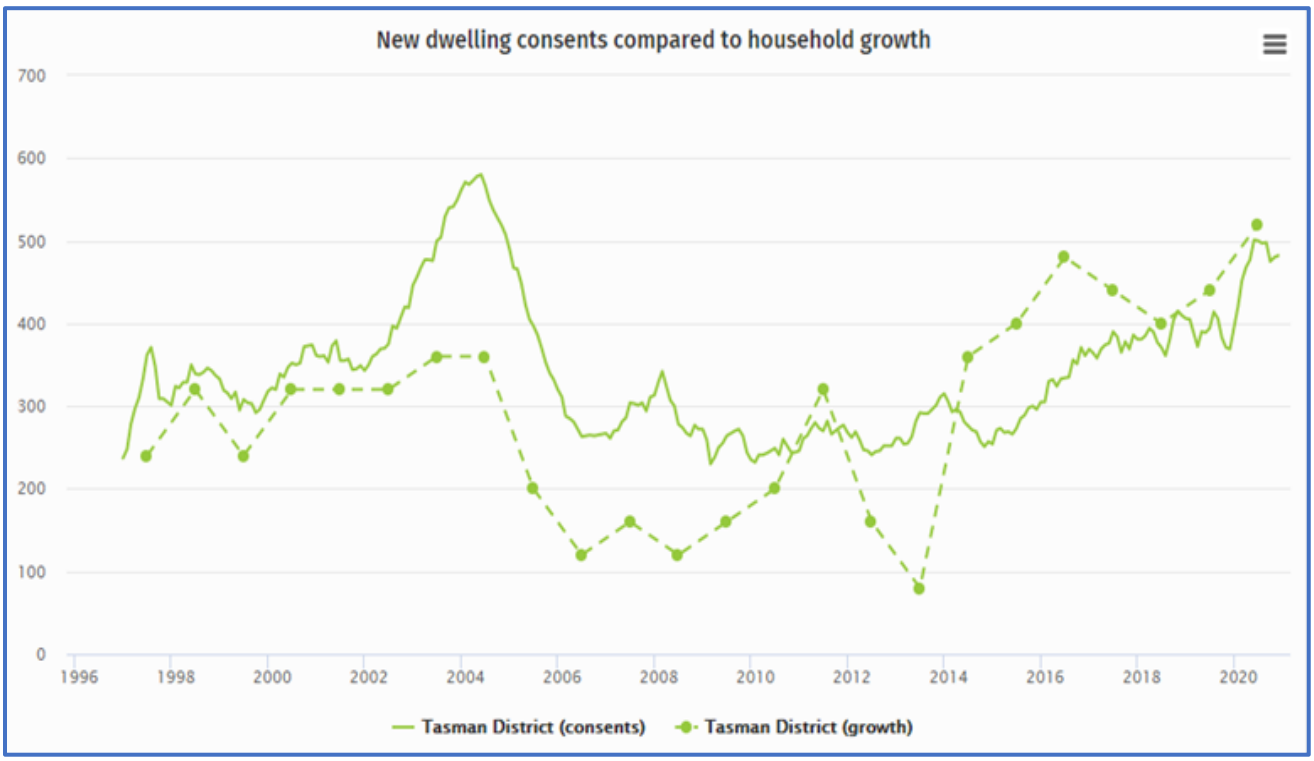

Figure 14: Unmet demand new dwellings consents compared with household growth (Source MHUD)

Assuming this data is now correct, unmet demand amounts to approximately 260 dwellings in total for the last ten years. This is a relatively small amount and under the NPS UD, Council monitors housing and business markets regularly and considers reacting with urgent Plan Changes to ensure sufficient developable land capacity is available. Council also considers a higher growth scenario for each LTP and the FDS identifies sufficient housing and business sites for a high growth scenario and is reviewed every three years.

4.7 Consultation on Housing

The growth model projections and infrastructure strategy are components of the LTP 2021-2031. Consultation on the LTP ran from 24th March until 24th April 2021 and full details of the thorough engagement exercise can be found here: Tasman's 10-Year Plan. At least 17 community drop- in sessions were held around the District in March and April 2021. Some 741 submissions were received on growth and housing, relating to Council's approach to growth planning and infrastructure.

Consultation with developers and stakeholders has been continual since preparation of the FDS in 2018/19. This has included:

- Developers have provided data on the demographics of sales, from recent subdivisions
- A large number of developers and their surveyors have provided information about market demand and planned intentions for large sites through pre application meetings and regular conversations
- Workshops have been held with four Community Housing Providers, Kāinga Ora and Waka Kotahi

- Meetings have been held with the Ministry of Education, the District Health Board and the Police
- Occupiers of new intensive dwellings in Richmond were surveyed to inform the Intensification Action Plan, adopted by Council in August 2020 (Intensification Action Plan | Tasman District Council)
- Meetings with developers and applicants' agents for intensification proposals were held to understand both frustrations they may have with the plan rules for intensification in Richmond and general housing market information
- A meeting was held with a first-time developer currently undertaking an intensification development in Richmond to better understand brownfield redevelopment commercial feasibility
- Meetings have been held with three developers of greenfield subdivisions to discuss commercial feasibility
- Staff and councillors have undertaken two additional visits to meet with representatives of the community in Murchison, to better understand the specific housing need there
- Meetings have been held with the ex- chair of Apples and Pears Board NZ and the chair of the Nelson growers' governance group
- A number of surveys have been undertaken to help inform this HBA – a business survey to understand future requirements; a survey of growers employing seasonal workers and a Housing Preferences Survey
- A number of audits have been undertaken also to inform this HBA, including of all zoned business land and all the town centres
- Attendance at Te Tauihu Māori housing forum meetings
- Attendance at Top of the South Impact Forum Housing Working Group hui
- Hui with Te Kotahi o Te Tauihu Charitable Trust
- Three huis with iwi of Te Tauihu to discuss housing – Ngāti Toa, Rangitāne O Wairau and Ngāti Rārua

5. Residential Capacity

In Tasman District overall there is sufficient development capacity for housing under the medium growth population scenario for 30 years. In its latest LTP, Council has aimed for housing capacity that is 'reasonably expected to be realised' to equal demand District-wide, by Ward and for most individual towns. However, some towns are providing capacity for others where demand cannot be met. For example, capacity in Richmond in the next 10 years will also meet partial short-term demand for Brightwater and Motueka. Council has prioritised infrastructure in Motueka West in the LTP to commence shortly. Since Motueka's further development is constrained by a combination of natural hazards, low lying land and productive land, a climate change adaptation strategy is required, together with stormwater and river modelling, before brownfield intensification can proceed here. Therefore, a longer-term growth site in Lower Moutere identified in the FDS could provide for longer term demand from Motueka. Council has also provided for the competitiveness margin within the Urban Environment.

Within the rest of the District, capacity meets demand. Golden Bay and Lake-Murchison generally have sufficient land supply to enable enough new dwellings to meet demand, without requiring further Council growth-related infrastructure.

On commercial feasibility for brownfield intensification, using the rules of the intensification Plan Change for Richmond, resource consents have been granted yielding a net addition of 52 dwellings in two years. According to QV, the very existence of the RIDA has caused land values to rise where there is potential for redevelopment. Representative greenfield sites in the Urban Environment have been analysed for commercial feasibility using MHUD's development feasibility tool. They were all found to be commercially feasible, with profit maximizing densities varying according to the individual site.

In terms of type of capacity (location and typology), the inability of Council to currently provide for all demand in Motueka is highlighted. Motueka is the worst mismatch according to the Housing Preferences Survey in terms of double the amount of people wanting to live there than can actually afford to. Affordability is an issue for the whole District but is worse in Motueka and Golden Bay due to lower incomes. Additional seasonal worker accommodation is needed in the Motueka area where campground facilities are smaller and fewer. Motueka particularly also needs to try and meet the needs of housing for Māori residents, since 15% of the population identify as Māori, compared with 8% in the rest of Tasman.

The Housing Preferences Survey showed that for renters, location is key, underlining once more the importance of meeting demand in specific locations. For older people the survey showed an increase in the proportion of residents that would prefer an attached dwelling – 31% and a further 6% would prefer an apartment, signaling the demand for more intensive forms of dwellings.

5.1 Introduction

The requirements of housing and business land capacity are provided in Table 11 below:

Table 11: Implementation clause 3.4 of the NPS UD

Time frame	Plan enabling and infrastructure ready requirements for Tier 2
Short term (1-3 years)	Zoned for housing or business use in an operative district plan and there is adequate existing development infrastructure
Medium term (4-10 years)	Zoned for housing or business use in an operative or proposed district plan and there is adequate existing development infrastructure, or funding for adequate infrastructure is identified in a long term plan
Long term (11-30 years)	Zoned for housing or business use in an operative or proposed district plan, or on land identified for future urban use or urban intensification in an FDS. There is adequate existing development infrastructure, or funding for adequate infrastructure is identified in a long term plan or the infrastructure is identified in the Infrastructure Strategy

In addition to the above requirements, HBAs must quantify over the short, medium and long term the housing capacity that is 'reasonably expected to be realised' to try and provide a more realistic supply of development capacity (implementation clause 3.25 1(c) NPS UD).

In a Q & A document provided by MfE on 14^{t} September 2021, the Ministry clarified that implementation clause 3.4(2) of the NPS UD on plan enabled capacity, complements deferred zones. This is "*provided the planned release/up-zoning of the deferred zones coincides with the timing of the capacity assessments for the HBA. For example, if a deferred zone is planned to have all the conditions in place to be up-zoned in 10 years, this can be considered as plan-enabled for the long term. This applies only for the long term, as short term requires the zoning to be in an operative district plan 3.4(1)(a), and medium term requires zoning to be in an operative or proposed district plan 3.4(1)(a).)"*

Deferred zoned land in the TRMP that is included in the rollout for this HBA can be serviced within 10 years. Infrastructure is in the latest LTP 2021-2031 where that land is needed in the next 10 years. Land zoned deferred can be uplifted very easily in Tasman, requiring only a development agreement between a developer and the Council. Once that is signed, Council's Strategy and Policy Committee approves the uplifting of the deferred zone. Deferred zone capacity only applies to short term capacity.

The amount of feasible developable capacity and the sequencing of rollout (dwellings) across the District, for both residential and business development is based on the following information and assumptions in Council's growth model:

- an initial assessment of developability of large areas of the District, taking into account land use factors such as hazard risk, network services and settlement form
- geo-spatial data on developable land area, including terrain, topography and existing buildings
- excluding land available for development that is required for other uses, such as stormwater infrastructure, roads, community facilities or open space
- recommendations from the FDS for future growth areas
- future zoning and density, including typical lot size

- recent building consents, subdivision consents and applications, and gazetted Special Housing Areas
- knowledge of forthcoming development proposals together with landowner and developer intentions
- the location and timing of proposed infrastructure capital works programme in the LTP 2021-2031, including the Infrastructure Strategy.

Therefore, in the 'rollout' (of dwellings) only capacity is included that is reasonably expected to be realised.

5.2 Rollout Strategy and Provision of Housing by Location

"Rollout" of dwellings is the number of new dwellings or business properties Council assumes can and will be built, based on the demand projections, development capacity estimates, landowner and developer intentions. If a town is unlikely to have enough development capacity to provide sufficient rollout to meet demand, due to e.g., hazard constraints in Motueka, this is offset by more rollout in other towns that do have capacity, as permitted under the NPS UD (implementation clause 3.19 (2)). The rollout numbers inform the LTP 2021-2031.

Council has aimed for rollout to equal demand District-wide, by Ward and for most individual towns based on the following rollout and Infrastructure Strategy i.e., at the town level, some towns are providing capacity for others where demand cannot be met. In addition, Council has provided for the competitiveness margin within the Urban Environment, and this is considered later in this section of the report. Within the Urban Environment, Council will enable:

- Development in Richmond and Māpua to meet their demand (Years 1-30), with excess capacity in Richmond for the next 10 years, enabled to provide for partial undersupply in Brightwater and Motueka in Years 1 - 10.
- Some development in Brightwater by Year 4, once the Waimea Community Dam and new pump station construction are complete, enabling a sufficient water supply. A staged suite of infrastructure upgrades for Brightwater over 30 years, will enable sufficient capacity from Year 10.
- All Motueka's current development capacity west of High Street with infrastructure, (Years 1-20), noting this only partly meets demand. Motueka's further development is constrained by a combination of natural hazards, low lying land and productive land. A climate change adaptation strategy is required for Motueka together with stormwater and river modelling before brownfield intensification can proceed.
- Development on an FDS growth site in the Lower Moutere area (Years 11-30) (1300 dwellings) to address Motueka's undersupply from approximately 2038 onwards. If this growth site proves unrealistic, e.g., due to landowner preferences, an alternative growth site will be identified in the new FDS.

Within the rest of the District:

- Golden Bay and Lake-Murchison generally have sufficient land supply to enable enough new dwellings to meet demand, without requiring further Council growth-related infrastructure.

- Council has not planned to enable increased capacity in Riuwaka as this land is flood prone. This does not prevent new houses from being built in this area, but it does signal that Council's preference is for this demand to be taken up elsewhere in the Motueka Ward area.

By ensuring rollout equals demand District-wide in Tasman, Council has assumed that Nelson City will provide adequately for its growth with a sufficient supply of new residential dwellings and business properties, in line with recent population growth trends.

For years 11-30, rollout is estimated based on an assumption that the new Resource Management Plan (Tasman Environment Plan (TEP)) zones will enable the types of development identified in the FDS and will stop development in hazard risk areas. In fact, housing demand is such that staff are currently proposing a growth Plan Change ahead of the TEP, to seek zoning of some growth options ahead of when they are needed, to provide for extra capacity and flexibility so Council is not behind growth demands.

5.3 Residential Growth Strategy

Council has planned for 4,300 new dwellings over the next ten years, and a further 7,500 dwellings between 2031 and 2051, to meet demand shown in Table 3 (in section 4.2 of this report). As shown below in Tables 12 and 13, Council has identified sufficient capacity to enable enough new dwellings to at least meet the demand both in the Urban Environment and District wide. At the individual area level, some towns are providing for others, as outlined above.

5.4 Dwellings 'reasonably expected to be realised'

Tables 12 and 13 below show residential demand across the District, by Urban Environment and remainder of District. It also shows the 'rollout' i.e., the number of new dwellings Council assumes can and will be built, based on the demand projections and evaluation of the land being suitable for development. This is the capacity reasonably expected to be realised (clause 3.25 (1) (c) of NPS UD). The NPS competitiveness margin is excluded from this table and is considered in the next table.

The growth model goes into considerable detail for each sub area of each town, known as 'development areas'. Once a development area is considered suitable for development, typical lot sizes are factored into the model according to the likely zone, providing an estimate of yield for the area by typical density for each zone.

Tables 12 and 13 below show the dwellings reasonably expected to be realised in both the Urban Environment and the whole District. The intensification numbers shown relate only to the intensive residential rules that exist in Richmond currently and which the FDS proposes also for Motueka, Brightwater and Wakefield in the future, when rules changes are proposed. In fact, other medium density rules are also currently operative in parts of the Urban Environment including the compact and comprehensive residential rules, but these are not included in the intensification estimates. Further details are provided in Appendix 6 of the range of residential rule options available in Tasman.

Table 12: Summary of Residential Demand and Rollout Projections in the Urban Environment (*Lower Moutere – new FDS growth area – is helping to meet Motueka's demand years 11-30 by providing approximately 1,000 dwellings, see table below)

Town or ward area	Dwellings					
	Demand	Rollout of dwellings (excludes competitive-ness margin)	Greenfield & intensification split G/I	Demand	Rollout of dwellings (excludes competitive-ness margin)	Greenfield & intensification split G/I
	Years 1-10 (2021-2031)			Years 11-30 (2032-2051)		
Urban Environment						
Brightwater	210	131	111/20	358	360	340/20
Māpua/Ruby Bay	314	317	317G	628	628	588/40
Motueka*	744	449	249/200	1,576	580	380/200
Richmond	1,170	1,781	1,561/220	2,345	2,339	1,513/826
Wakefield	174	242	242G	328	328	302/26
Total for Urban Environment	**2,612**	**2,920**	**2,480/440**	**5,235**	**4,235***	**3,123/1,112**

Table 13: Summary of Residential Demand and Rollout Projections in remainder of Tasman District (*Lower Moutere – new FDS growth area – is helping to meet Motueka's demand years 11-30 by providing approximately 1,000 dwellings)

Town or ward area	Dwellings			
	Demand Years 1-10 (2021-2031)	Rollout of dwellings (competitiveness margin not required) All greenfields	Demand Years 11-30 (2032-2051)	Rollout of dwellings (competitiveness margin not required) All greenfields
Collingwood	13	13	2	2
Kaiteriteri	46	46	77	73
Mārahau	32	32	60	29
Moutere area *	569	569	1,130	2,130
Murchison	37	37	25	25
Pōhara/Ligar/Tata Bay	52	52	33	33
Riuwaka	17	13	33	-
St Arnaud	74	71	17	15
Tākaka	54	54	25	25
Tapawera	14	14	10	10

Town or ward area	Dwellings			
	Demand Years 1-10 (2021-2031)	Rollout of dwellings (competitiveness margin not required) All greenfields	Demand Years 11-30 (2032-2051)	Rollout of dwellings (competitiveness margin not required) All greenfields
Ward Remainder Golden Bay	132	132	74	74
Ward Remainder Lakes Murchison	109	112	120	122
Ward Remainder Motueka	165	78	305	325
Ward Remainder Moutere Waimea	210	140	331	307
Ward Remainder Richmond	61	61	124	124
Subtotal for Urban Environment (Table 12)	**2,612**	**2,920**	**5,235**	**4,235**
Subtotal for rest of District	**1,585**	**1,424**	**2,325**	**3,294**
Total District	**4,197**	**4,344**	**7,560**	**7,529**

Longer term where land has yet to be zoned, certainty of development is less but these sites are in the FDS and have therefore gone through reasonably rigorous testing, against nearly 30 different assessment criteria. It is also worth noting that the 2019 FDS identifies more capacity than is required even under a high growth scenario meaning sufficient capacity is likely to be realised when required. The next FDS review commences July 2021.

5.5 Appropriate Zoning for Capacity

The towns within the Urban Environment where intensive housing capacity could be provided according to Table 12, are as follows:

- Brightwater – Ellis Street where comprehensive rules can be used now, (after year 10, rules should also be operative for intensive development in this area in the new Resource Management Plan – the area is earmarked in the FDS).
- Māpua/Ruby Bay – In the Māpua Development Area and Māpua Special Development Area, compact and comprehensive housing rules can be used to provide more intensive forms of housing. In the Seaton Valley area where FDS proposes intensification of existing rural residential to standard residential, this should be rezoned by year 10 and may in fact be proposed for rezoning in the near future.
- Motueka – Motueka West is being prioritised for a rule change in the near future to enable more intensive housing over and above the standard density currently enabled. The landowner is also prioritising this site for development.
- Richmond – Existing operational Richmond intensification area and an additional area is proposed for intensification (Washbourn Drive area) in the FDS – will be proposed for rezoning within 10 years.

- Wakefield - limited water and wastewater capacity for growth including intensification. New treatment plant and new water main up to Wakefield needed as well as new wastewater main from Wakefield. Likely to be post 10 years so no intensification assumed until then and then only small amounts.

All land required in 10 years is already zoned. Beyond 10 years the capacity (if not already zoned) is in the FDS and will be proposed for rezoning through the TEP. However, an urgent growth plan change is currently being considered by Council, in advance of the resource management plan review. This is to ensure that Council stays ahead of growth demands due to the potential delay caused by RMA reform to the plan review.

By servicing these development areas for housing, additional capacity is realised, providing for greater numbers of dwellings than is demanded. Subsequent sections of the report examine this excess capacity which is needed to both provide for the competitiveness margin in the Urban Environment. First, the commercial feasibility of the capacity reasonably expected to be realized is examined below.

5.6 Feasibility

5.6.1 Intensification (brownfield) Commercial Feasibility

Between 2015 and 2018 staff at TDC undertook significant work preparing for a housing intensification plan change for Richmond (Plan Change 66), the largest town in Tasman. The area in Richmond to which the intensive rules apply does not cover the whole of Richmond. Figure 15 below shows where the intensive rules apply:

Figure 15: Extent of Richmond Intensive Development Area (RIDA) in Richmond

The land value to capital value ratio for Richmond has been mapped every three years, as shown in Figures 16, 17 and 18 below. The RIDA are character areas 2 (Croucher St), 2A (Croucher St), 3 (Queen St East), 4 (Waverley/Oxford) and 5 (Cautley St), shown on the maps. The other character areas lie outside RIDA.

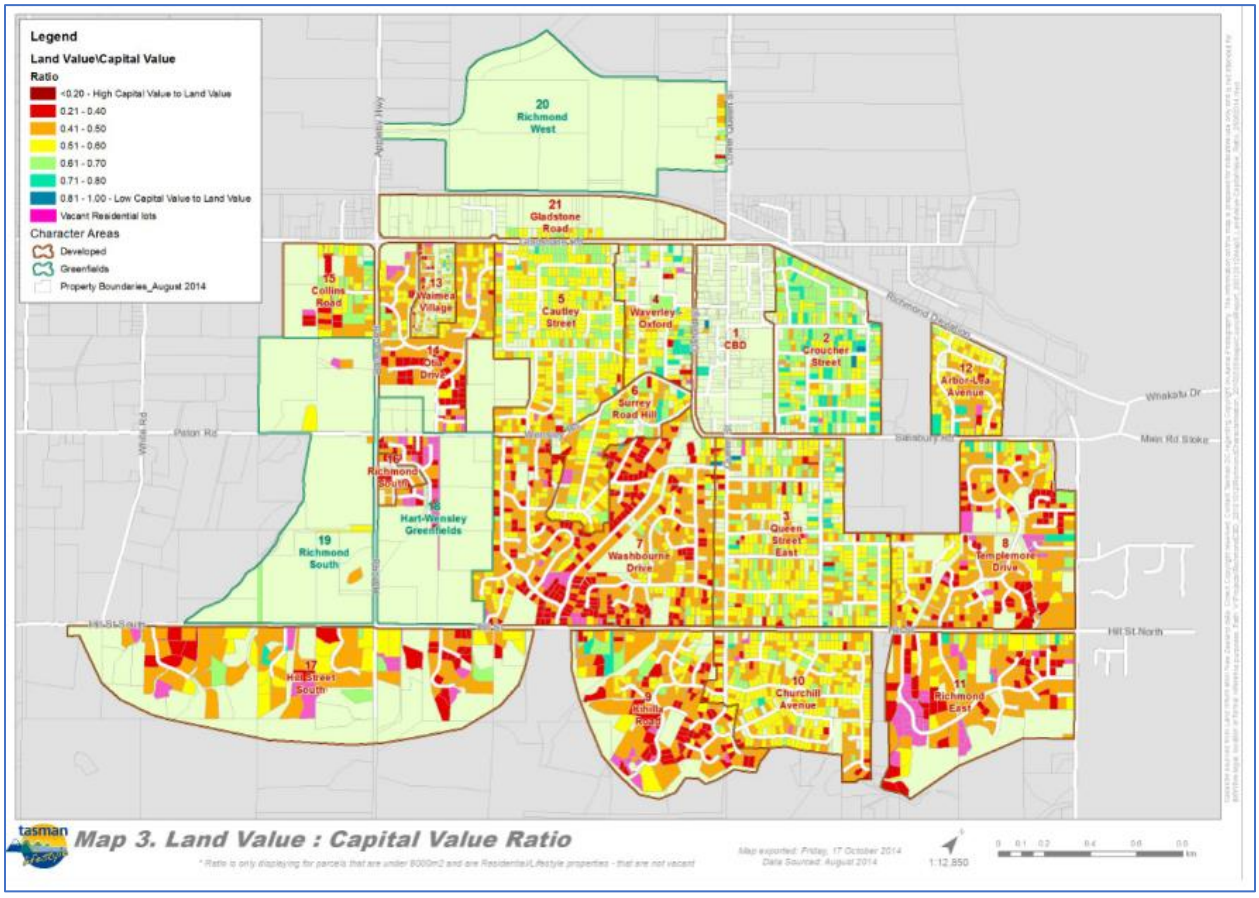

Figure 16: Land Value to Capital Value ratio, Richmond 2014. Note character areas 2, 2A, 3, 4 and 5 inside RIDA

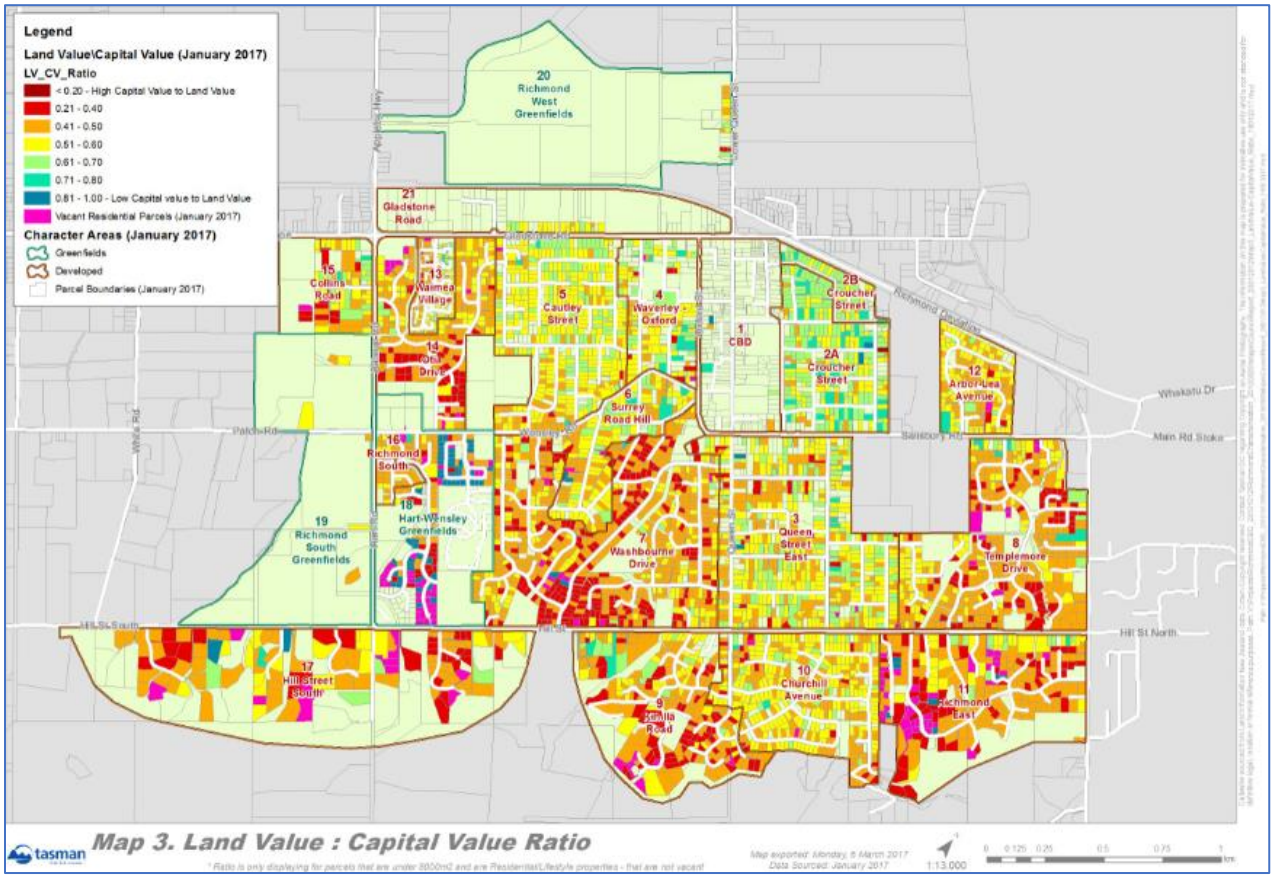

Figure 17: Land Value to Capital Value ratio, Richmond 2017. Note character areas 2, 2A, 3, 4 and 5 inside RIDA

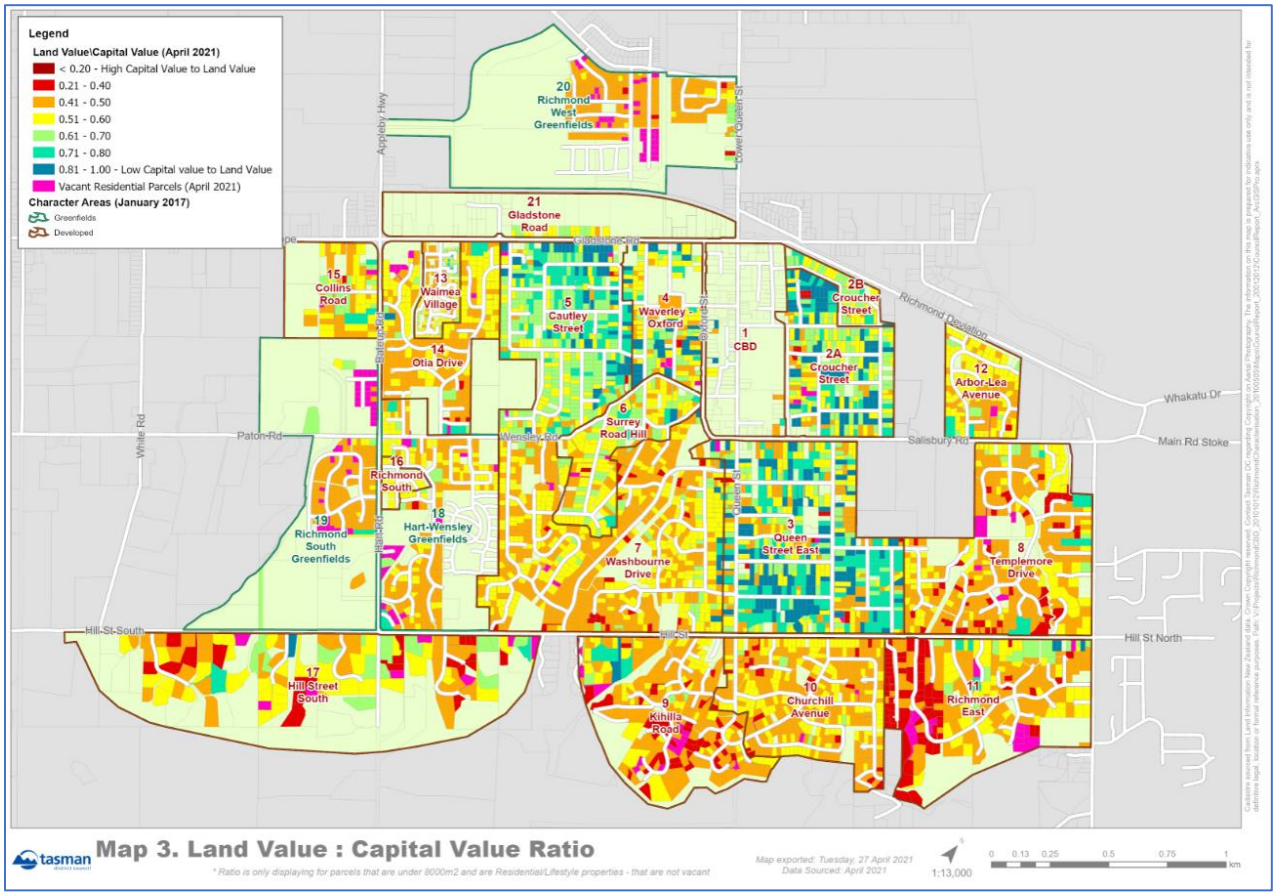

Figure 18: Land Value to Capital Value ratio, Richmond 2021. Note character areas 2, 2A, 3, 4 and 5 inside RIDA

At the time of Plan Change 66, it was generally thought that for intensification one should strive to select an asset where the land represents 70% of the value of the property (0.7 decimalised), with 50% as the minimum. A higher land to capital (asset) ratio can result where there is large land size; a high land value per square metre; or an older dwelling.

During the 2021 Tasman revaluation however, QV reported "*consistent strong land sales within the Richmond intensive development area for sites which could be redeveloped into multi-unit type housing, where the original dwelling is demolished. The Plan Change became operative in 2018 and the potential for redevelopment due to the RIDA is apparent. Land values are increasing at significantly faster rates than capital values in RIDA and capital values have increased markedly in Richmond generally.*" Figures 16 to 17 illustrate that between 2014 and 2017 for character areas 2, 2A, 3, 4, and 5, there was little change in the land value to capital value ratio in RIDA. The new rules became operative in 2018 and the difference between the 2017 and 2021 maps (Figures 17 and 18) are very noticeable with ratios increasing markedly in RIDA. As QV has commented, the very introduction of the RIDA rules in parts of Richmond has pushed land values up markedly, where the section has potential for redevelopment for multi-unit housing. Another factor to note is the whole market movement in the three years since last revaluation, leading to increased values everywhere as a whole.

Table 14 below shows locations where intensification by redevelopment has occurred in RIDA since 2018 and provides the land value to capital value ratio for these sites prior to building consent:

Table 14: Land value to capital value ratio where intensification has occurred by redevelopment in RIDA since 2018

Location	Land Value prior to resource consent ($)	Capital Value prior to resource consent ($)	Land Value to Capital Value ratio (decimalised)	Date of valuation
10 Chisnall Street	290,000	425,000	0.68	2019/2020
8A Chisnall Street	335,000	450,000	0.74	2019/2020
8 Chisnall Street	290,000	450,000	0.64	2019/2020
29 Talbot Street	350,000	580,000	0.60	2019/2020
38A D'Arcy Street	285,000	480,000	0.59	2019/2020
11 Florence Street	375,000	730,000	0.51	2019/2020
5 Herbert Street	350,000	460,000	0.76	2019/2020
1 & 3 Oxford Street (two sections, values combined)	600,000	1,000,000	0.6	2019/2020
7 Oxford Street	350,000	640,000	0.55	2019/2020

This analysis shows that intensification developments are being built even where the land represents just over 50% of the value of the property. That said, some of these do include a large number of new dwellings (seven) which will proportionately increase revenue once developed. A land value to capital value ratio of 0.7 for intensification redevelopment does not currently seem to apply in Richmond, possibly helped by a sharply rising property market, although earlier intensification redevelopments in RIDA (pre-2018) also had ratios much less than 0.7.

Tasman's HBA for 2018 attempted commercial feasibilities for two brownfield intensification sites in RIDA, none of which were feasible according to the analysis and yet both these developments have gone ahead. Given this past experience and the evidence above, this HBA does not contain commercial feasibilities for brownfield redevelopments.

Since the RIDA Plan Change was operative (2018), 20 resource consents have been granted where the intensive rules are used. Nine of these consents are where the house has been removed and replaced with multi units and 11 of these are where a second dwelling is added to the site. The majority of these consents are single storey but some are 2-storey and together these consents have resulted in a net addition of 36 dwellings in two years. Just before the RIDA rules were operative (2026-2017) a further six resource consents were granted within RIDA where the proposals were discretionary due to not complying with original rules, providing 16 net additional dwellings. This makes a total of 52 net additional dwellings from the RIDA rules.

The growth model review that informed the 2018 HBA assumed a net gain of eight dwellings per year from intensification. The most recent growth model that informs this HBA has therefore been updated in light of consent activity to a net gain of 24 dwellings per year for the next 30 years. This seems feasible based on 18 units per year between 2018 and 2020, although the long-term effects of Covid-19 on the construction industry remain to be seen.

There are current applications for intensification outside of RIDA which will inform the review of the intensive housing boundaries through the new Resource Management Plan, the TEP. The FDS already recommends extension of the RIDA boundary.

5.6.2 Greenfield Commercial Feasibility

Implementation clauses 3.25(1)(c) & 3.26 of NPS UD explain that feasibility estimates of housing development capacity are based on the current relationship between costs and prices, with flexibility to alter this relationship for long term feasibility. So, the short- and medium-term developments need to be commercially viable today, but longer-term changes can be factored in such as infrastructure costs or new building technologies.

The following representative greenfield examples within the Urban Environment were analysed for commercial viability to a developer using the NPS UDC development feasibility tool (Guidance for local authorities on the NPS-UDC | Te Tūāpapa Kura Kāinga - Ministry of Housing and Urban Development (hud.govt.nz)):

1. **Highland Drive, Richmond** – a gazetted Special Housing Area in the foothills of Richmond, still going through the Resource Consent process; a 10.79-hectare site, zoned Residential and Rural Residential Serviced with 61 residential lots proposed in five stages, varying in size from 400 sq m to 2,000 sq m.
2. **Paton Rise, 20 Paton Road, Richmond South** – 3.64 hectares consented for a 48-lot residential subdivision, in four stages, with remainder of land for future subdivision. Land is zoned Residential. Section sizes range from 500-600 sq m.
3. **100 Bryant Road, Brightwater** – 5.5 hectares, recently zoned Residential (was previously Rural 1 deferred Residential, but the deferral was uplifted with a servicing strategy in agreement). The development assumed on this site (not subject to any current resource consent application) is of standard Residential section sizes between 550-600 sq m, and 30 lots in total. This site suffers from some contamination and so some remediation would be required.
4. **166 Māpua Drive, Māpua** – 3.7 hectares current zoned Rural 1 deferred Residential. The development assumed on this site (not subject to any current resource consent application) is of standard Residential section sizes 450-600 sq m and 45 lots in total. The 1,500 sq m existing house would remain on the site, with the remainder as developable land. This site is a former orchard so some remediation would be required.
5. **Richmond South Future Development Strategy growth site** – The adopted FDS contains a large growth area to the south, totalling 130 hectares, split across two main roads, Paton Road and Hill Street. A small part of this has been examined for commercial feasibility – 11 hectares on the flattest part of the site, south of SH6, but north of Paton Road.

Sources of information:

- Three developers were consulted in order to obtain an indication of civils costs, construction costs (including professional fees) per section, any unusual costs associated with sites and general levels of profit expected. One notable indicator that has changed since the last HBA (2018) is the general costs per lot (construction and professional fees). These were approximately $45,000 per lot in 2018 for flat land but now range from $110,000 - $150,000 in 2021 depending on the site. For steep sites, costs per lot can be in the region of $180-200,000.
- Colliers International provided residential section values.
- An indication of telecoms connection fees was obtained online from Chorus “our costs and fees to service subdivisions” Pricing .pdf. Electricity connection costs were based on BRANZ data online Mains and Grid power when building (level.org.nz)

- Land values (predevelopment), if not provided by the developer were obtained from the Council's rating database using the 2020 revaluation.

The commercial feasibilities are provided in Appendix 5 and the results are summarized below:

1. **Highland Drive Richmond** - The density proposed is low (below 10 dwellings/ha) since although 61 residential lots are proposed, the site is steep and the lot size variable. There are some lots around the 2,000 sq m mark, with smaller ones at 400 sq m. Allowance was made for more earthworks and site preparation as this is a steep and difficult site to develop with geotechnical challenges. According to the commercial feasibility, this development is feasible at all densities (10-30 dwellings per hectare), providing a return of 30% (as advised by developers). The feasibility shows the density as profit maximising at 30 dwellings per hectare however, but this probably does not take into account the site's steep terrain.
2. **Paton Rise, 20 Paton Road, Richmond South** – the density proposed is approximately 13 dwellings per hectare on this flat site. This is an easy site to develop, close to Richmond, when compared with some steeper options. According to the commercial feasibility, this development is feasible at all densities (10-30 dwellings per hectare), providing a return of 30% (as advised by developers). The feasibility shows the density as profit maximising at 30 dwellings per hectare however.
3. **100 Bryant Road, Brightwater** – the density proposed is approximately 12 dwellings per hectare on this relatively flat site. An extra allowance for road reserve was made for this potential development due to access constraints. According to the commercial feasibility, this development is feasible at all densities (10-30 dwellings per hectare), providing a return of 30% (as advised by developers). The feasibility shows the density as profit maximising at somewhere between 10-15 dwellings per hectare however.
4. **166 Māpua Drive, Māpua** - The density proposed is roughly 12 dwellings per hectare. According to the commercial feasibility, this development is feasible, providing a return of 30% (as advised by developers). The densities shown in the feasibility range from 10 dwellings per hectare to 15 dwellings per hectare, so 12 dwellings per hectare is not a separate category. The feasibility shows the density as profit maximising at 25 dwellings per hectare, so denser than what is assumed typical for this area.
5. **Richmond South Future Development Strategy growth site –** The density proposed is approximately 25 dwellings per hectare, since this is productive land and if it was rezoned for housing, efficient use of that land would be needed. According to the commercial feasibility this development is feasible, providing a return of 30% (as advised by developers). The feasibility shows the density as profit maximising at somewhere between 10 and 15 dwellings per hectare, so less dense than what is assumed for this area.

5.7 Development Capacity including Competitiveness Margin in the Urban Environment

The NPS-UD also requires Council to provide an additional margin of feasible development capacity in the urban environment which is 20% above the projected demand for the next ten years, and 15% above the demand projected for the next 11 to 30 years. By servicing the development areas required to meet demand, further capacity is released, over and above that required to meet demand. This provides for the competitiveness margin.

Using the growth model, calculations have been made of the baseline capacity by each town as at 2019 and the 'rollout' for 2019 and 2020 has been deducted from this baseline capacity. This is because the growth model is run well in advance of the LTP year 2021, so as to be able to inform the LTP.

Council can provide for the additional margin of feasible development capacity for the Urban Environment, (Richmond, Motueka, Māpua, Brightwater and Wakefield) over the 30-year period. Tables 15 - 18 below illustrate this:

5.8 Residential Capacity: Short Term: (zoned and serviced) in the Urban Environment years 1-3

Table 15: Residential Capacity – Short Term

Town	**Demand (including competitiveness margin) in the Urban Environment**	**Capacity reasonably expected to be realised and remaining capacity** **Number of dwellings**
	Years 1-3 (2021-2024)	
Richmond	398	695
Brightwater	77	100
Māpua/Ruby Bay	109	192
Wakefield	64	150
Motueka	262	237
Total	910	1374
Excess cumulative capacity from year 3	464	

5.9 Residential Capacity: Medium Term (zoned and serviced) in the Urban Environment years 4-10

Table 16: Residential Capacity – Medium Term

Town	Demand (including competitiveness margin) in the Urban Environment	Capacity reasonably expected to be realised and remaining capacity Number of dwellings
	Years 4-10 (2025-2031)	
Richmond	1006	1226
Brightwater	175	83
Māpua/Ruby Bay	268	216
Wakefield	145	134
Motueka	631	331
Total	2225	1990
Excess cumulative capacity from year 3	464	
Remaining capacity from years 4-10	229	

5.10 Residential Capacity: Long Term (land identified in FDS and planned to be serviced in LTP or in Infrastructure Strategy) in the Urban Environment years 11-30

Table 17: Residential Capacity – Long Term

Town	Demand (including competitiveness margin) in the Urban Environment	Capacity reasonably expected to be realised and remaining capacity Number of dwellings
	Years 11-30 (2032-2051)	
Richmond	2697	2496
Brightwater	412	639
Māpua/Ruby Bay	722	628
Wakefield	377	372
Motueka	1812	580
Total	6020	4715
Excess cumulative capacity from years 4-10		229
Remaining capacity at year 30	-1076	

Table 17 above shows a deficit by year 30 for the Urban Environment. In order to provide sufficient capacity for primarily Motueka, the Lower Moutere FDS growth area, outside the Urban Environment would provide 1,200 houses, as detailed below. Such a location is between Richmond and Motueka and just 6km from the centre of Motueka. The Housing Preferences Survey 2021 has shown that income constrained demand in areas like Lower Moutere is higher than the unconstrained demand. Some of the urban demand may be driven into these more rural areas of Tasman, constrained by affordability issues. If this proves unrealistic, additional sites will be identified in the new FDS.

5.11 Residential Demand, Rollout and Remaining Capacity: short, medium and long term in the rest of Tasman District years 1-30

Table 18: Housing Capacity remainder of Tasman District 2021-2051

(*Lower Moutere – new FDS growth area – is helping to meet Motueka's demand years 11-30 by providing approximately 1,000 dwellings in the Urban Environment)

Town	Demand	Rollout years 1-30 (dwellings reasonably expected to be realised)	Additional theoretical capacity in Development Areas (DAs)	Comments re additional theoretical capacity
	Years 1-30 (2021-2051)		Years 1-30 (2021-2051)	
Collingwood	15		126 lots DAs 1-3, DA 5, DA 9 and DA13	The FDS future growth area in Collingwood (DA9) is already serviced for water and wastewater. Stormwater would be provided by developer. DA4 is future development area not serviced
Kaiteriteri	123	119	0 lots	80% of demand for dwellings over the next 30 years is for holiday homes in Kaiteriteri
Marahau	92	61	0 lots	33% of demand for dwellings over the next 30 years is for holiday homes in Marahau
Moutere	1699	2,699*	0 lots	Excess rollout is due to providing for demand in Motueka (see Table 17). In reality there will be further capacity, due to existence of large Rural 3 zones in this area, however the rule framework is open ended and it is therefore difficult to be certain over future dwelling numbers
Murchison	62	62	94 lots DA1, DAs10-11, DAs18-19	The FDS future growth area in Murchison (DA11) is already serviced, developer is in agreement to extending the wastewater main into the site and would need to provide stormwater detention.
Pōhara, Ligar, Tata	82	82	100 lots	Wastewater and stormwater services are provided in Pōhara/Tata/Ligar. DA5,

Town	Demand Years 1-30 (2021-2051)	Rollout years 1-30 (dwellings reasonably expected to be realised)	Additional theoretical capacity in Development Areas (DAs) Years 1-30 (2021-2051)	Comments re additional theoretical capacity
			DA1, DA5-7, DAs 16-19, 22	6, 7, 16-19, 22 are zoned Rural Residential unserviced and can be developed as such. DA25 although Rural 2 zone has a SHA consented within it but only the portion consented has been included as rollout, since the remainder is not appropriately zoned
Riuwaka	50	13	0 lots	Natural hazards prevent further development here
St Arnaud	67	86	0 lots	80% of demand for dwellings over the next 30 years is for holiday homes in St Arnaud
Tākaka	77	77	154 lots DA1, DA3, DA16 (part)	Council provides wastewater and stormwater here, no reticulated water supply DA16 – the FDS has recommended a future site of 70 dwellings here which avoids the highly productive soils. This capacity has been included, servicing is achievable in long term. DA14 is rural residential.
Tapawera	24	24	62 lots DAs 1, 2, 4 and 11	Council provides water, wastewater and stormwater here FDS area is DA4 and this is not planned to be serviced until mid 2030s
Ward Remainder Golden Bay	206	206	n/a	Too imprecise over such a large area to include
Ward Remainder Lakes Murchison	229	**234**	**n/a**	Too imprecise over such a large area to include
Ward Remainder Motueka	470	**403**	**n/a**	Too imprecise over such a large area to include
Ward Remainder Moutere Waimea	541	**447**	**n/a**	Too imprecise over such a large area to include
Ward Remainder Richmond	185	**185**	**n/a**	Too imprecise over such a large area to include
Sub total	**3922**	**4,713**	**536**	
Total		**5,249**		
Surplus capacity		**1,327***		

The growth model indicates that in the District overall there is sufficient serviced and zoned capacity to meet demand under the medium growth population scenario for 30 years. Within the Urban Environment, sufficient serviced and zoned capacity also exists when the Lower Moutere FDS area provides for Motueka's demand in the long term (approximately 1,000 dwellings).

There remains approximately 200 dwellings excess capacity in the remainder of the District over the 30-year period, once the capacity required for Motueka is deducted. This is a worst-case scenario as additional capacity in the Ward remainder areas exists but it is too difficult to quantify. Different zones and rules apply in these areas, and it is therefore too difficult to estimate the number of dwellings that may eventuate, but there will certainly be some capacity additional here.

5.12 Servicing of land required

In recent years (2015-2020), actual population growth surpassed what Council had estimated would occur. This resulted in more homes being built, taking up infrastructure capacity far sooner than we had anticipated. Our future population projections suggest this period of growth will continue for many years yet. This growth is occurring in all of our key settlements meaning that a number of our networks are under strain and require capacity upgrades. We have planned upgrades in Motueka, Richmond, Māpua, Brightwater and Wakefield (the Urban Environment) to provide capacity for future homes that will need to connect to our networks.

Of the approximately 11,800 new dwellings required over the next 30 years, 60% of these homes will need to connect to Council's infrastructure. Council plans to enable growth within Tasman by investing $317 million in growth related infrastructure over the next 30 years. Council has increased its growth investment significantly compared with the LTP 2018-2028, which had a growth-related infrastructure spend of $100m. Figure 20 overleaf provides a diagrammatic summary of the infrastructure required due to growth.

Figure 19 below shows the total planned investment in growth infrastructure over the next 30 years:

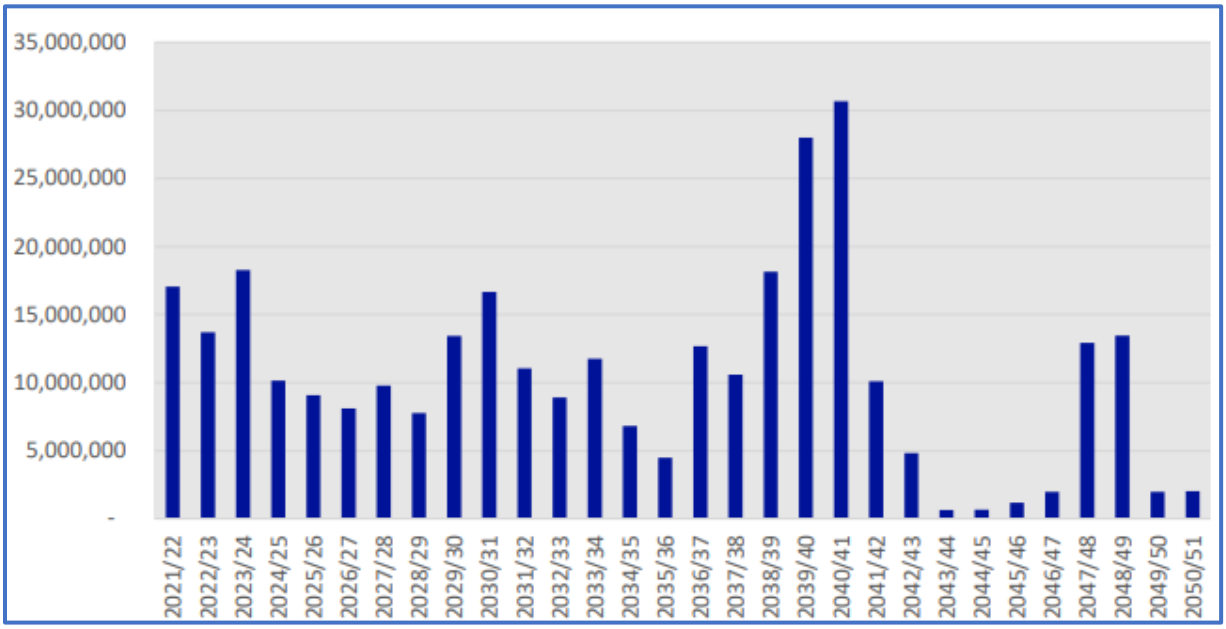

Figure 19: Total Growth Expenditure for Infrastructure for the next 30 Years

Council expects the proposed Three Waters Reforms to have a significant impact on the way in which it delivers services. However, Central Government has not fully developed its proposal and Council is uncertain of how it will take shape. Council has assumed that challenges such as asset renewal, resilience, meeting service standards and meeting growth needs will exist and be important for any entity that is responsible for delivery of the Three Waters services. Council expects more clarity on the reforms in late 2021. In the meantime, Council has assumed that it will continue to own and provide Three Waters services within Tasman District.

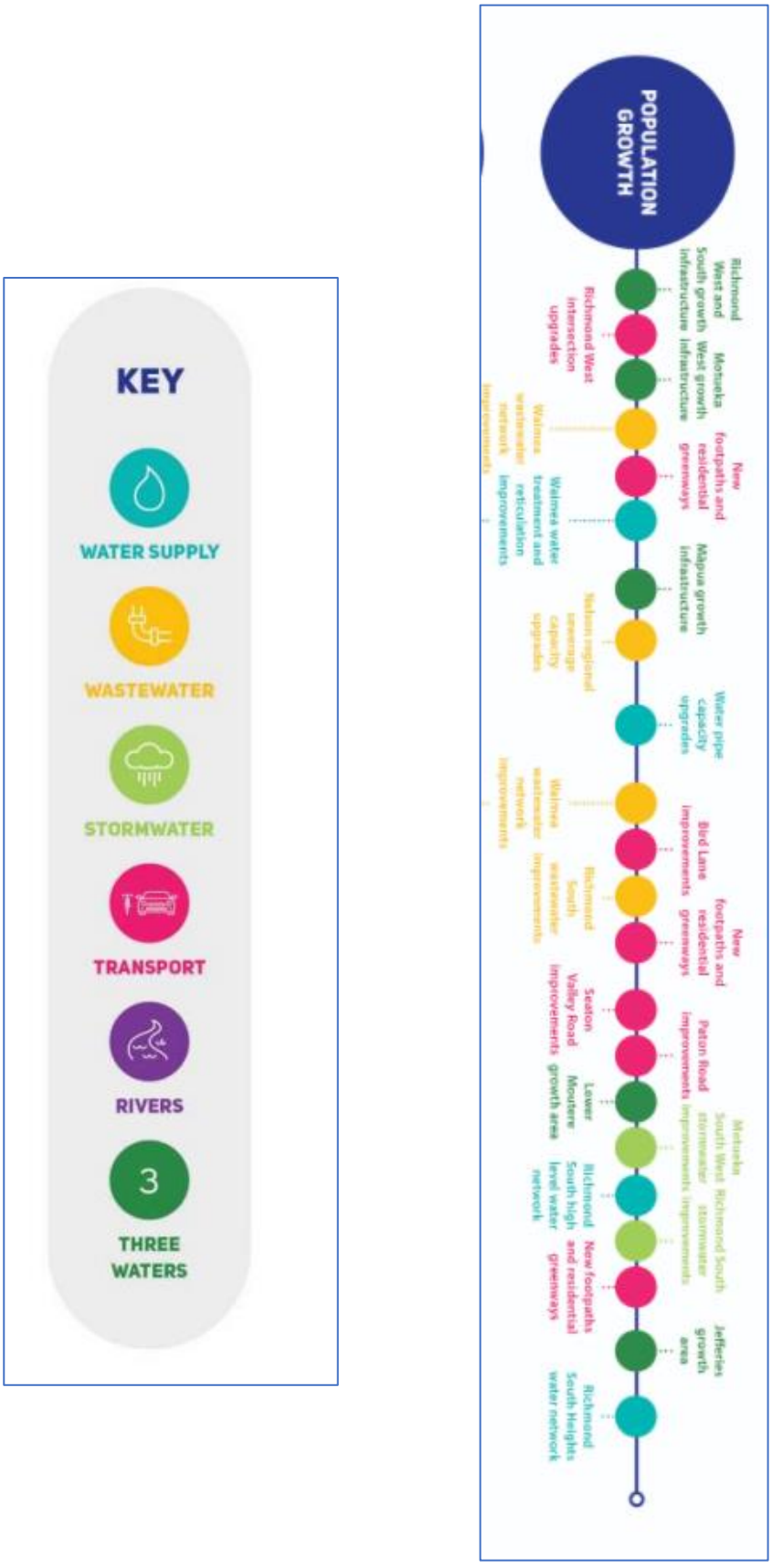

Figure 20: Key growth infrastructure projects in LTP 2021-2031

Appendix 8 provides details of investment in services planned over the period 2021-2031 contained within the LTP, for each town or ward. For each of these capital projects, a detailed business case is prepared, identifying if it is needed for growth. The business case includes cost and risk estimates and preliminary and general costs. The total project costs are then included in the LTP budget, phased over the appropriate time period.

The relevant activity planning advisor for each service (water, wastewater, stormwater and transport) is intrinsically involved in the growth model review. More specifically, once the rollout has been settled for each town, the planning advisor verifies that each development area needed to provide capacity is either already serviced or requires servicing and that the project is either budgeted for in the LTP or the Infrastructure Strategy.

The Waimea Community Dam is estimated to cost between $148 million and $164 million to complete. The dam will be completed in the first half of 2022, and then filled over the winter of 2022, becoming fully operational in October 2022. This will ensure it is ready to operate from the 2022/2023 summer season. Businesses in Waimea and Nelson are already benefiting, directly and indirectly, from the transitional Tasman Resource Management Plan provisions which ensure that water restrictions are applied less often and are less severe than if the dam project had not proceeded. Once the dam is operational, there will be both water supply security and additional water available, along with wider public benefits including improvements to environmental, cultural and recreational values.

In summary, the LTP (and if beyond year 10, the Infrastructure Strategy) will ensure the following investment in services over the next 10 years in the **Urban Environment**:

- **Richmond** - Council has planned significant growth infrastructure in the medium and long term to enable development of the Richmond South FDS areas. Council has also planned financial support to developers/occupiers for low pressure smart pump wastewater systems in the intensification area of Richmond (likely to be the smart technology elements of the kit.) This budget is $30,000 per year for the next ten years. Council has seen a noticeable increase in traffic congestion on State Highway 6 through Richmond. This is of concern as it highlights the unfavourable impact increased traffic numbers will have on this section of highway without further interventions. A programme business case joint with Waka Kotahi is currently underway for Richmond, to try and alleviate the congestion problems.
- **Motueka** - Council has planned sufficient infrastructure servicing over the next 20 years to enable development of all the residential land in the western side of High Street, Motueka. Development in the other parts of Motueka will remain limited, due to natural hazard risks in the east and a preference to avoid expansion into productive land on Motueka's outskirts. To address the long-term undersupply of residential land in Motueka, Council is planning for development during the 2030's of a significant area of land in Lower Moutere, with potentially 1,200 new houses (medium to low density). Infrastructure for Lower Moutere is in the Infrastructure Strategy. Intensification in the FDS area west of High Street is currently dependant on not only upgrading the stormwater network but also Council's climate change/sea level rise strategy in combination with stormwater and river flooding modelling.
- **Brightwater** – A new bypass wastewater pump station is proposed for Brightwater to support growth, as well as water pipe capacity upgrades and a programme to upgrade capacity of bores, treatment plant, trunk mains, reticulation and reservoirs also to support growth. The location and

type of future development after 2031 has been guided by the FDS. Council is expecting some intensification to start by 2028 in the Brightwater Town Centre FDS area and is expecting development to start in the Jefferies Road and Shannee Hills (Katania) FDS areas by 2050.

- **Māpua** - Council has recently invested in water and wastewater upgrades in Māpua, and the replacement of the water main, providing a safe and secure water supply for future subdivisions, means the moratorium on new water connections in Māpua will be lifted from August 2021. The location and type of future development has been guided by the FDS. Council is expecting development to start in the Seaton Valley Hills FDS area after 2030, with intensification of Rural Residential zoning to residential standard.
- **Wakefield** – The urban water supply will be extended in the Eighty-Eight Valley area including new water mains and pump station upgrades. There is also a wastewater network capacity upgrade to replace and upgrade capacity of trunk mains and pump stations to support growth. There is a water programme to upgrade capacity of bores, treatment plant, trunk mains, reticulation and reservoirs also to support growth. The location and type of future development after 2031 has been guided by the FDS. Council is expecting some intensification to start by 2028 in the Wakefield Town Centre FDS areas. There is significant potential capacity for future development in the Pigeon Valley FDS areas but we are currently not expecting these areas to be developed for at least 30 years, unless growth occurs at a higher rate than expected

In summary the LTP (and if beyond year 10 the Infrastructure strategy) will ensure the following investment in services over the next 10 years in the **rest of the District**:

- Moutere – The Moutere area is currently largely self-serviced. However Council has planned significant growth infrastructure from 2034/2035 for the Lower Moutere Hills FDS growth area, including new water supply, wastewater and stormwater networks
- Lakes Murchison ward - Council provides water, wastewater and stormwater services to the Murchison and Tapawera settlements and provides wastewater and stormwater services to the St Arnaud settlement, but residents are required to provide their own water supply. No further servicing investments related to growth are currently planned for these towns in the next 10 years. The location and type of future development has been guided by the FDS. The FDS has identified potential growth areas in Murchison and Tapawera and Council is expecting development to start in these areas by the 2030s.
- Golden Bay - Golden Bay's population growth is projected to slow down and eventually decline from approximately 2038. However, due to the decrease in household size, some demand for new houses is expected to continue beyond then. The location and type of future development has been guided by the FDS. The FDS has identified several potential growth areas in Golden Bay. At this stage, Council does not expect development to start in these areas, unless growth occurs at a higher rate than expected.
- Kaiteriteri - Beyond 2031, the future demand for new dwellings in Kaiteriteri and Mārahau is likely to use up all remaining developable land by the 2040s. Changes to zoning to enable further development in these communities will be considered, along with the future implications of climate change and sea level rise, in the development of Tasman's new resource management plan. Significant amounts of demand for housing in these towns is for holiday homes (see Table 5), hence the FDS did not focus on these towns for new growth areas.

In accordance with clause 3.4 of the NPS UD, capacity in years 1-3 is serviced. Capacity in years 4-10 is serviced or is in the LTP and will be serviced within 10 years. Capacity in years 11-30 is either in the LTP or Infrastructure Strategy.

5.13 Housing Type/Choice/Location

The residential demand section of this report examined demand by location and type, including holiday homes, workers' accommodation and by household groups including Māori, low income, older persons and seasonal workers. Above sections of this report have explained how Council proposes to provide housing by location.

The Housing Preferences Survey 2021 provides evidence on a sample of residents' income constrained housing choice in the Tasman Urban Environment. Applying these percentages to the total number of new dwellings required in the Urban Environment, the following number of dwellings by each type are required to meet demand:

Table 19: Tasman Urban Housing Preferences (constrained choice) and Demand by Dwelling Type

	Preference (constrained choice)	Years 1-10	Years 11-30
Apartment	4%	104	209
Attached	25%	653	1309
Standalone	71%	1855	3717
Total Demand for new Dwellings	**100%**	**2612**	**5235**

Within the Urban Environment the standard density, compact, comprehensive and intensive residential rules are operative in different areas for residential development. Appendix 6 provides more information on this. The compact, comprehensive and intensive rules allow for medium density forms of housing such as attached and apartments. They allow for more than one dwelling on a site and minimum lot sizes either do not exist or are small in these zones (e.g., 200 sm or 280 sq m). Should the height of the building exceed 7.5 metres, a higher activity consent status applies but it is still possible.

Table 12 shows the reasonably expected to be realised capacity in the Urban Environment by type (greenfield/intensification). The intensification figure in Table 12 is based on a conservative uptake of intensive developments outlined earlier but does not try to calculate medium density capacity provided by the other comprehensive or compact rules. This is because it would be too difficult to predict which rules a developer may use in parts of the Urban Environment where a wide range of options exists. Using the intensive rules only approximately 1,500 dwellings are expected to be provided over 30 years in the Urban Environment. Table 19 above shows a requirement for 2,275 apartments and attached dwellings for the 30-year period in the Urban Environment, based on the Housing Preferences Survey. Given the range of other medium density types that are operative in the Urban Environment, it is entirely feasible that 775 dwellings over 30 years would be apartments or attached dwellings, rather than stand alone. This constitutes just 1% of the greenfield capacity in the Urban Environment according to Table 12.

In terms of housing type, demand for holiday homes is not significant within the Urban Environment. The only town with demand for holiday homes according to the growth model is Richmond and constitutes just 0.9% of housing demand over the next 30 years.

In terms of location, the Housing Preferences Survey has shown that Motueka is a popular preference for survey respondents to live in, but more than half of these respondents could not afford to live there when income and house prices were considered. This underlines the strong demand for housing in Motueka and the fact that Council has been unable to provide sufficient zoned serviced land here to meet demand may be contributing to higher prices. Motueka West has however been prioritised in the current LTP for servicing investment (years 1-3) and the landowner is keen to develop a medium density development here in the next 18 months.

In terms of different types of household groups:

Renters – The Housing Preferences Survey has shown that the most important factor in making a decision on rented housing, is location (the area they chose). The location was ranked as most important by 46% of rental respondents – twice as high as the next most important factors, house type (23%) and dwelling features (21%). This underlines the importance of Council providing zoned serviced residential land in all locations of the District and the issue with e.g., a different part of the District providing capacity for demand elsewhere.

Low-income households – Low income and housing affordability is an issue across most of the District, but Motueka and Golden Bay have the highest proportion of households on relatively low incomes and a greater need for affordable housing options. Council is undertaking a review of its community housing portfolio in August 2021. However, there is already a waiting list of 120 people for these properties. Council is also working with Community Housing Providers and Kāinga Ora to see if it can assist them in providing more affordable housing. In Motueka, Council has prioritised servicing of Motueka West in years 1-3 to provide for 400 medium density dwellings. Through discussions with the developer, it is hoped these will be more affordable since the occupants will lease the land (leases of 100-150 years) making the cost of dwellings cheaper. In Golden Bay, further work is required but recently a project has commenced initiated by a private individual, the Mohua affordable housing project , which will provide a small number of affordable dwellings.

Older people - Only 15% of all houses built in Tasman District between 2013 and 2018 had two beds or less. During the same period there was a decrease in the number of dwellings built that had one bed (e.g., in 2018 there were no one bed dwellings built), so overall between 2013 and 2018 just 12% of new dwellings had one or two beds. The Housing Preferences Survey shows that 31% of older people prefer an attached dwelling (which would typically be smaller than a stand-alone dwelling). The FDS review will seek to identify more opportunities for intensification in the Urban Environment than the 2019 FDS. However, given most of our towns remain rural, opportunities are limited in scale.

Seasonal worker demand - Central Government changed the rules in 2019 for Tasman, over the type of accommodation RSE employers can offer workers. RSE employers cannot rent a residential house they have not previously used as accommodation for RSE workers. The fact Council's survey shows so many respondents appear to rent properties suggests either the house was included in an Agreement to Recruit (ATR) for the RSE worker approved before 26 September 2019, or the properties are used to

house employees outside of the RSE scheme. Innovative ways are also in use to provide accommodation for seasonal workers, such as renting a block on another grower's site nearby.

Based on the average figures provided by the grower chairs, approximately 3,800 seasonal workers in Tasman are not RSE workers i.e., they need accommodation in the local area. Of these approximately half are backpackers who wish to freedom camp. This leaves approximately 1,900 workers per season who may need rented accommodation. Notwithstanding Council's growth model takes workers' accommodation into account, anecdotal evidence such as this emphasises the need for additional rental accommodation, particularly in the Motueka area, where campground facilities are smaller and fewer. The growth model assumes that the proportion of workers' accommodation will stay the same, but this does not take into account growth in the horticultural industry for example.

Accommodation for RSE workers should be provided for by purpose-built accommodation on the site of the employers. A landowner, Wakatu purchased the former Fernwood holiday park in Motueka to house RSE workers, on behalf of its lessees. This was because providing purpose-built worker accommodation is expensive and difficult to obtain consents for. The definition of workers' accommodation in the Tasman Resource Management Plan requires updating to meet the needs of growers and the new Tasman Environment Plan will propose this. The survey and discussions with growers have highlighted that purpose-built facilities are sought after for workers' accommodation in the future and therefore the definition in the Resource Management Plan needs to allow cooking and ablution facilities within the same building as the bedrooms. (The definition of workers' accommodation currently and hence the permitted activity status is that kitchen and bathroom facilities are not located in a separate building to the sleeping area). In addition, it has been suggested that Council should enable more backpackers through the new Tasman Environment Plan zoning to create seasonal worker accommodation.

5.14 How Planning and Infrastructure Decisions impact the Competitiveness and Affordability of the Local Housing Market

Nelson and Tasman Councils have experienced difficulties in applying the price efficiency indicators in the past for the urban area and now Tier 2 Urban Environment. Given the previously urban area and now Urban Environment spans a city and several towns (non-contiguous), the indicators do not seem to work as well as say for a concentric city like Christchurch.

The indicators comprise: Price – Cost ratio (homes), Rural-urban land value differential, Industrial zone differential and land ownership concentration. All these indicators are spatially based on the Nelson main urban area of the NPS UDC (not the current Tier 2 Urban Environment). Therefore, their usefulness in informing planning and infrastructure decisions is limited. In theory, potential planning vehicles to respond to these indicators include development capacity targets, plan changes, district plan reviews and future development strategies.

The price efficiency indicators were analysed for the 2018 HBA. This was after extensive discussions with MBIE over some of the source data. The data is regularly monitored, and analysis of latest data reveals the following:

5.14.1 Price/Cost Ratio Indicator

This is the gap between house prices and construction costs in the Nelson Urban Area for standalone dwellings i.e., the cost of the land. The indicator assumes that if the cost of land is significant and/or increasing, relative to building costs, there is a shortage of sections relative to demand. The price-cost ratio is 1.5 when the cost of a section (land) comprises one-third of the house price. Therefore, the 1.5 price-cost ratio is used as a benchmark for assessment as it signals that the supply of land is relatively responsive to demand. If sufficient development opportunities exist, the ratio should be below 1.5 most of the time. Figure 21 below shows that the price-cost ratio for Nelson-Tasman peaked most recently in 2017 and 2018 before dropping again in 2019 and 2020. The latest ratio of 1.41 indicates that the Nelson Urban Area supply of land is relatively responsive to demand. This is despite house prices having increased by 64% since 2015 and MHUD's indicator on new dwelling consents compared with household growth showing that there has been modest unmet demand in Tasman since 2015.

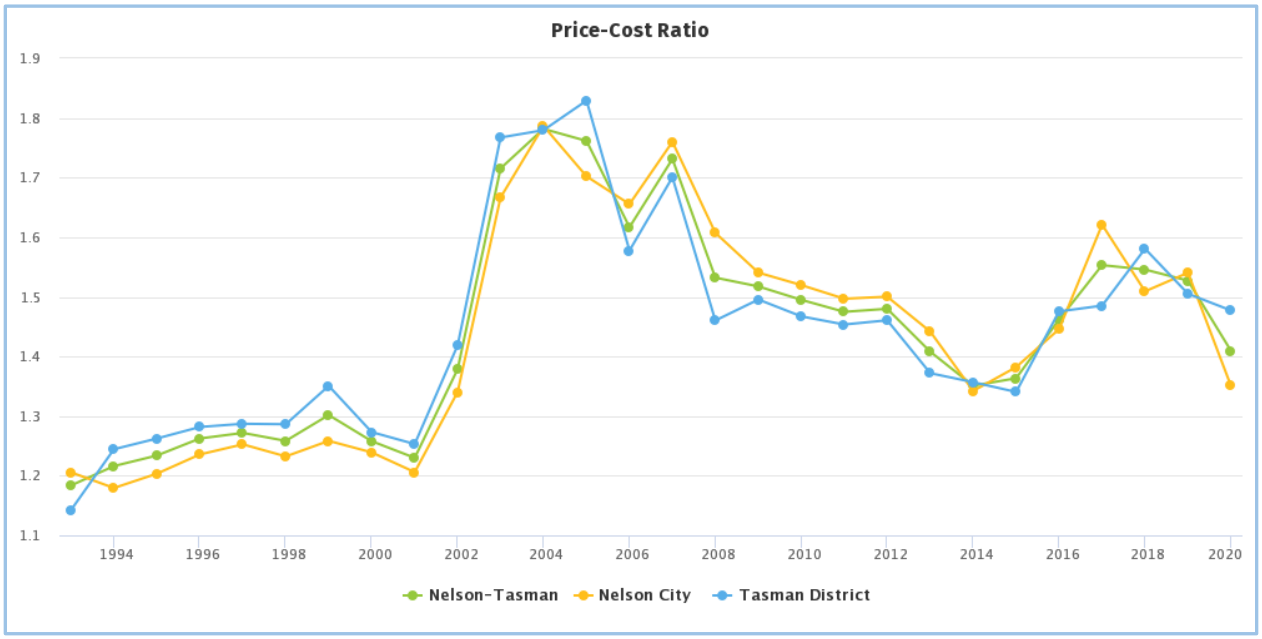

Figure 21: Price/Cost Ratio

5.14.2 Rural-Urban Land Value Differential Indicator

The values of residential land 2km either side of the boundary between urban and non-urban zones are compared, after removing the impact of differences in amenities, geographic characteristics and infrastructure. The impact of zoning is therefore assessed i.e., the rural-urban differential. Nelson's Main Urban Area ratio is currently 2.10 i.e., urban land is valued at roughly twice the value of non-urban land or $153 per sq. m more. The cost per section of the rural-urban differential is estimated at $91,671 for Nelson's Main Urban Area by MBIE. Nelson Main Urban Area land values do not rise as you get closer to the centres of Nelson and Richmond; conversely, they increase steeply as you get closer to the rural-urban boundaries of both Districts. This is not the same as for a more concentric city like Christchurch. However, as in other cities, there is a significant drop off in land values at the rural-urban boundary itself. This indicator has previously been assessed as not suitable for describing the housing market in

the Nelson Urban Area. As a result, MfE did not require this measure to be reported for the monitoring reports for the Nelson Urban Area.

5.14.3 Industrial Zone Differential Indicator

This indicator seems to reflect local nuances overall and may be of limited value for the capacity assessments. This indicator has previously been assessed as not suitable for describing the housing market in the Nelson Urban Area. As a result, MfE did not require this measure to be reported for the monitoring reports for the Nelson Urban Area.

5.14.4 Land Ownership Concentration

Around 65% of the undeveloped residentially zoned land in the Nelson Main Urban Area is owned by just ten people or companies, with the largest land holding being 20.3%. It is difficult to determine the level of ownership concentration that will begin to have an effect on section prices but for comparison, the Nelson Main Urban Area is in the top three worst areas for a large amount of land being held by a small number of owners, along with Napier and Hamilton.

5.14.5 Conclusions on Price Efficiency Indicators

Unfortunately, the price efficiency indicators are of limited use for Tasman District and the Nelson urban area. The price cost ratio, potentially one of the more useful indicators indicates that supply of land is relatively responsive to demand. This is despite house prices having markedly increased and MHUD identifying in a separate indicator that some unmet demand exists over the last 10 years.

6. Business Land Demand and Capacity

The Property Economics model has been used to estimate business land demand for Tasman's Urban Environment and rest of District. Council has very recently procured a new business model from Sense Partners, and this will be used in the FDS review and next HBA. Business land demand for Tasman District (including the Urban Environment) has decreased from the Property Economics model to the more recent Sense Partners model, therefore this HBA is based on the upper extreme of business land demand and future assessments are likely to be lower.

The business land capacity includes vacant and underutilized zoned business land in Tasman. These levels of vacant land have been recently ground-truthed by Council with on- site surveys in 2018/19. There is sufficient business land for the Urban Environment and rest of District for the 30-year period. While a small shortfall of industrial land exists in the long term in the Urban Environment, there is a surplus of land in the short and medium terms which would meet this longer-term demand.

6.1 Introduction

The "business land projections" section in Appendix 3 explains how business land projections are calculated and inform Council's growth model.

6.2 Demand for Business Land

Business growth is measured in the number of new business properties (retail, commercial, industrial) in Council's growth model.

As noted in the methodology section, the Property Economics model (2016, extrapolated to 2051 and latest population projections applied), projects demand for business land in hectares. The demand is therefore converted from hectares to lots. The average business lot sizes are based on a District wide field survey in 2018/19, which found the following for developed zoned business sites:

Table 20: Average lot size by business type by town (Urban environment shown in orange)

	Average lot size by business type (sq m)		
Town	Retail	Industrial	Commercial
Richmond	800	3500	2200
Brightwater	600	5000	600
Wakefield	1300	5000	1300
Māpua/Ruby Bay	1400	2000	1400
Motueka	1100	4300	1100
Collingwood	1200	3000	1200
Kaiteriteri			2000
Marahau		5000	5000
Murchison	1600	5000	1600
Pōhara/Ligar/Tata Bay	1200	5000	1200

Riuwaka	600	2700	600
St Arnaud			1600
Tākaka	1300	5400	1300
Tapawera		1500	1500

These average lot sizes are applied to the demand in hectares for different types of business land to estimate number of business lots.

6.3 Demand and Rollout of Business Land

The NPS UD requires councils to express business demand in floor areas or hectares. It also requires councils to identify business sectors in any way it chooses but as a minimum distinguish between commercial, retail or industrial. Unfortunately, these business types do not match Tasman's zoning in the TRMP. In the TRMP there are Central Business, Commercial, Light Industrial, Heavy Industrial, Rural Industrial and Mixed Business zones. Separate retail zones do not exist. Retail could locate in CBD zoned locations in Richmond and Motueka, commercial zoned or mixed business zoned (Richmond and Motueka only). Therefore, business demand and capacity for retail and commercial is combined in the assessment below.

Using the medium growth population projections, according to the Property Economics model, demand exists for the following type of business land:

Table 21: Business land demand in hectares and by type (Urban environment shown in orange)

	Industrial		Retail/commercial	
Business demand in hectares	2021 - 2031 (10 years)	2031 - 2051 (20 years)	2021-2031 (10 years)	2031-2051 (20 years)
Richmond	2.6	19.3	10.0	16.2
Brightwater	0.2	1.7	0.2	0.4
Wakefield	0.2	1.7	0.5	0.6
Māpua/Ruby Bay	0.0	0.0	1.0	1.7
Motueka	0.3	3.9	3.8	6.5
Sub total urban environment	**3.4**	**26.5**	**15.4**	**25.3**
Collingwood	0.0	0.2	0.2	0.2
Kaiteriteri	0.0	0.0	0.0	0.0
Marahau	0.0	0.0	0	0.0
Moutere	0.0	0.0	0.0	0.0
Murchison	0.1	0.7	0.5	0.5
Pōhara/Ligar/Tata Bay	0.1	0.6	0.7	1.1
Riuwaka	0.0	0.1	0.2	0.3
St Arnaud	0.0	0.0	0.2	0.2
Tākaka	0.2	1.4	1.5	2.6
Tapawera	0.1	0.4	0.1	0.1
TOTAL	**3.9**	**29.8**	**18.9**	**30.4**

6.4 Business Land reasonably expected to be realised

Table 22 below shows business demand across the District and the 'rollout' i.e., business properties Council assumes can be built, based on the demand projections, evaluation of the land, development capacity estimates, landowner/developer intentions. This is the business land reasonably expected to be realized. The same assumptions are made for rollout of business land as for residential land, as detailed on pages 36-37. Table 22 excludes the competitiveness margin.

The analysis of capacity of business land for Tasman includes vacant and underutilized zoned business land. These levels of vacant land have been recently ground-truthed by on-site surveys in 2018-19.

Table 22: Business land demand and capacity reasonably expected to be realised (Urban environment shown in orange) by hectares

	Industrial demand hectares		Industrial rollout hectares		Retail/commercial demand hectares		Retail/commercial rollout hectares	
Town	**2021 - 2031 (10 years)**	**2031 - 2051 (20 years)**	**2021-2031 (10 years)**	**2031 - 2051 (20 years)**	**2021-2031 (10 years)**	**2031-2051 (20 years)**	**2021-2031 (10 years)**	**2031-2051 (20 years)**
Richmond	2.6	19.3	11.6	10.2	10.0	16.2	18.8	51.8
Brightwater	0.2	1.7	1.0	4.5	0.2	0.4	0.1	-
Wakefield	0.2	1.7	1	4.0	0.5	0.6	0.3	0.1
Māpua/Ruby Bay	0.0	0.0	-	-	1.0	1.7	1.0	1.7
Motueka	0.3	3.9	6.0	7.7	3.8	6.5	2.5	6.2
Subtotal Urban Environment	**3.4**	**26.5**	**19.6**	**26.4**	**15.4**	**25.3**	**22.7**	**59.8**
Collingwood	0.0	0.2	-	0.3	0.2	0.2	0.2	0.1
Kaiteriteri	0.0	0.0	-	-	0.0	0.0	-	-
Marahau	0.0	0.0	-	-	0	0.0	-	-
Moutere	0.0	0.0	-	-	0.0	0.0	-	-
Murchison	0.1	0.7	0.5		0.5	0.5	0.3	0.6
Pōhara/Ligar /Tata Bay	0.1	0.6	3.0	5.0	0.7	1.0	-	-
Riuwaka	0.0	0.1	0.3	-	0.2	0.4	-	-
St Arnaud	0.0	0.0	-	-	0.2	0.2	-	-
Tākaka	0.2	1.4	-	1.08	1.5	2.6	1.6	0.5
Tapawera	0.1	0.4	0.3	0.6	0.1	0.1	0.1	-
TOTAL HA	**3.9**	**29.9**	**23.7**	**33.4**	**18.8**	**30.3**	**24.9**	**61.0**
Surplus/ deficit?			**+19.8**	**+3.5**			**+6.1**	**+30.7**

Table 22 shows that:

- for the 30-year period, demand and rollout of business land when combined by business type (industrial/retail/commercial) for the whole District is sufficient

- for the long term in the Urban Environment there is a small shortfall of industrial land of 0.1ha, which will increase when the competitiveness margin is added. However there is excess capacity of 16.2ha industrial land in the short and medium terms which will provide for the long term shortfall. The competitiveness margin is discussed below.

Appendix 10 shows the business rollout table for Richmond and both identifies the vacant and underutilized commercial and retail zoned land and explains how it has been calculated.

6.5 Competitiveness Margin

As with residential land, according to the NPS UD, a competitiveness margin needs to be applied to the Urban Environment for business land. This comprises an additional margin of feasible development capacity which is 20% above the projected demand for the next ten years, and 15% above the demand projected for the next eleven to thirty years. This results in the following extra business land required:

- industrial – 4.6ha
- retail/commercial – 6.9ha

Given Table 22 shows a small shortfall of industrial land of 0.1ha in the longer term, this will increase to 4.7ha when the competitiveness margin is added. Given the excess capacity of 16.2ha in the short and medium terms of industrial land in the Urban Environment, this will provide comfortably for the competitiveness margin also.

The retail/commercial competitiveness margin of business land can be provided for by the 41ha of excess retail/commercial capacity in the Urban Environment, as Table 22 shows.

In 2018/19 a zoned business land audit was carried out, with every zoned site in the District visited and assessed for suitability for business use as well as underused and vacant land. This ground-truthed the growth model's assessment of zoned vacant land. It is acknowledged that the surplus land varies with location. Some towns such as Māpua, Tākaka and Wakefield have very small amounts of vacant business land, and these will be looked at in the new FDS. However the Urban Environment contains ample vacant and underutilized land to provide for demand.

Additionally, there is the FDS business site in Richmond South which has not been included in the capacity calculations. This is for 13 ha of land (52 lots). It is not currently zoned but is capable of being serviced.

Council has very recently procured an updated business land forecasting model from Sense Partners. Early outputs from this study show that the business land demand for Tasman District (including the Urban Environment) has decreased from the Property Economics model used. Reasons for this reduction include flattening of industrial growth and decline of retail and more people working from home post Covid. Therefore, it seems likely that this growth model iteration has forecast more business land than may be required. That said, the Sense Partners model states that Tasman District needs to provide for 89% of the future business land demand requirements for the Nelson Tasman region, hence the importance of business land capacity in Tasman.

Council will however investigate the provision of further business land in the review of the FDS and new zoning when developing the Tasman Environment Plan, in order to meet specific shortages in certain locations and for certain types of business land.

6.6 Any Insufficient Business Capacity

There is sufficient business land across the 30-year period for the Urban Environment and remainder of District.

6.7 Suitability of Business Land Capacity (location and site size as a minimum) (feasibility)

In October 2020, Council undertook a survey of 500 businesses in the region. The aim of the survey was to understand whether zoned business land (and future business areas) is of the right type in the right location, ensuring that all our businesses are provided for. A summary of the responses is provided below.

Survey of Tasman Businesses 2020

- 195 businesses responded (40%)
- 70% of the 195 businesses employ 10 or less people
- Amount of floorspace occupied is also small on average – of the 121 businesses that answered this question, 65% occupy 1,000 sq m or less
- 36% of businesses stated that their current site and/or buildings meets their current space requirements
- 19% of businesses stated there was not enough space
- In terms of quality of current premises, 88% of respondents to this question rated the quality of their buildings as average to excellent
- 26 businesses require more floorspace and 18 businesses require more land
- Of those businesses that require more *floorspace*:
    - 15 respondents require less than 500 sq m
    - 5 respondents require between 500-1,000 sq m (Brightwater, Spring Grove, Richmond, Motueka)
    - 4 respondents require between 2-3,000 sq m (Richmond, Riuwaka, Motueka)
    - 2 respondents require more than 5,000 sq m (Motueka, Marahau)
    - Of those wanting more than 500 sq m in floorspace, there are retail and commercial businesses, a construction contractor, a manufacturer and 4 engineering workshops
    - In terms of the larger floorspace requirements (more than 3,000 sq m) these comprise a horticulture company, a manufacturer and a holiday park.
- Of those businesses that require more *land*:
    - 7 respondents require 500 sq m or less
    - 4 respondents require between 1-5,000 sq m (Richmond, Brightwater)
    - 3 respondents require between 5-10,000 sq m (0.5-1ha) (Motueka)
    - 3 respondents require between 10-20,000 sq m (1-2 ha) (Richmond, Motueka)
    - 1 respondent requires more than 2ha (2.5ha) (Golden Bay)
        - Of those wanting more than 1,000 sq m of land, there is a haulage company, two manufacturers, two engineering companies and a recycling business
        - Of those wanting more than 10,000 sq m (1ha) of land there are two construction contractors, a manufacturer, a commercial business and an engineering company.
- 83% of businesses (122 respondents answered this question) are not planning to relocate in the short term, with just 9% of businesses planning to relocate in the next 5 years
- Of the businesses considering relocation, most need industrial units or manufacturing/ workshops and warehouses. Converted offices, depot and civil construction and aggregate outlet are also required. Most are required in Richmond
- Reasons for relocation are traffic congestion for Richmond, more space required and high industrial lease costs (Richmond)
- 16% of companies plan to introduce working from home practices and 16% plan to use automation/mechanisation
- The survey responses clearly showed that suitable location, proximity to customers/clients, quality of premises, quality of life, road network access and cost of premises or land are most important to the businesses when selecting premises to locate their business
- Dissatisfaction with the road network was a recurring theme in the survey responses, particularly around Richmond, Lower Queen Street junction with SH6, at peak times

Part of the Urban Environment is therefore a popular location for extra business land and floorspace, with demand for sites in Richmond, Brightwater and Motueka.

While the responses only provide an indication of some demand in the District, since only nearly 3% of all Tasman businesses took part (188 companies of the 7,000 registered), the geographical location of the businesses was widespread around the District. The range of business types was also varied with most industries represented, except public services, fishing, scientific services and admin and support services.

In relation to the specific future needs, it appears that most demands are being provided for in the capacity reasonably expected to be realised. The exceptions to this would be Marahau, Golden Bay and probably Motueka. Zoned business land in Marahau is limited but there is zoned tourist services land available which may be suitable for the requirements specified in the survey.

While business land in Motueka is included in the capacity, based on anecdotal evidence, it is insufficient for light industrial uses. There is a large area of deferred light industrial and deferred mixed business zoned land in Motueka West, yet to be serviced. With the prioritisation of the servicing of adjacent land for housing in years 1-3 of the LTP, this land would be next and could be prioritised in the next LTP 2024-2034. It is already in the Infrastructure Strategy.

In Golden Bay, Council is aware of anecdotal shortages of business land and this has been prioritised in the next FDS, for additional sites to be identified.

While not reflected in the survey, Council has evidence of a shortage of cool store facilities in Richmond, Motueka, Lower and Upper Moutere, for orchard, hops and pharmaceutical companies. There have been ten such applications or pre application discussions in the past three years. This highlights a need to protect existing zoned business land opportunities, since demand for such facilities is likely to remain high with the Waimea Community dam soon to be operational. Council is currently experiencing demand from developers to rezone business land to residential land. Demand for fruit internationally has translated to increased capacity in terms of cool stores. The Tasman economy base relies heavily on the export of food and food products. So perhaps not unsurprisingly, several applications for resource consent have been made to council recently.

7. Conclusions and Recommendations

Housing affordability has worsened in Tasman District since the last HBA in 2018, largely due to escalating house prices and incomes remaining lower than national average. Mean incomes in Nelson Tasman are 13% below the NZ average and have only caught up by 2% in the last 20 years. Nelson Tasman is second lowest in NZ. However, the number of building consents issued by TDC has risen significantly in 2020 and 2021, reaching a new record of 601 year ending April 2021. According to Central Government's own monitoring, unmet housing demand in Tasman only amounts to 260 dwellings in total for the last ten years (this is a measurement of new households created compared with building consents.)

This HBA demonstrates that TDC is providing sufficient development capacity for housing and business land. This is important since insufficient development capacity would only serve to increase house prices further. The FDS 2019 was the first strategic spatial strategy Council had prepared together with Nelson City Council, sharing jurisdiction over the then Nelson urban area. The FDS includes medium and high growth scenarios to ensure capacity will be provided if population growth continues to increase. In a high growth District, it is important to plan strategically for future growth demands. The FDS will be reviewed in July 2021 and latest population projections will be used.

However, as stated in the HBA 2018, there remain a number of constraints that are beyond Council's control, in ensuring serviced zoned land becomes residential and business floor space, meeting identified demand. These include:

- Land ownership concentration - 65% of undeveloped residentially zoned land is owned by 10 people or companies in the Nelson Main Urban Area. This can lead to land banking, as developers release capacity on to the market at a price that maximises their return, hence there are incentives to produce new housing slowly.
- Capacity of skilled labour in the construction industry and the methods of housing construction.
- Construction costs rising several times rate of general inflation according to "A Stocktake of New Zealand's housing".[21]
- No legal requirement exists in New Zealand to provide genuine affordable housing – TDC is currently discussing inclusionary zoning with MHUD. There is scope for this to be included in the RMA reforms.
- Developers' and house builders' preference to provide larger homes when demand is growing for smaller homes. Rising land values in some cases favour larger lot sizes and properties in order to be commercially feasible.
- Policies of banks on lending finance to developers, including high levels of pre-sales.
- Developer covenants on subdivisions that usually have the effect of adding to the cost of building, to a varying degree dependent on the extent of the covenants.

[21] "A Stocktake of New Zealand's Housing" February 2018 by Alan Johnson, Philippa Howden-Chapman and Shamubeel Eaqub page 24

7.1 Sufficiency of Housing capacity

This HBA demonstrates that there is sufficient development capacity for housing both within the Urban Environment, including the competitiveness margin and the rest of the District in the short, medium and long term. Sufficient development capacity exists for both stand-alone dwellings and attached dwellings. The capacity is plan enabled, infrastructure ready and feasible and reasonably expected to be realised in accordance with the specific requirements of the NPS UD.

7.2 Sufficiency of Business Capacity

This HBA demonstrates that there is sufficient development capacity for business both within the Urban Environment, including the competitiveness margin and the rest of the District over the 30 year period. While in the long term in the Urban Environment there is a small shortfall of industrial land, there is excess capacity of 16.2ha industrial land in the short and medium terms which will provide for the long term shortfall. The capacity is plan enabled, infrastructure ready and feasible and reasonably expected to be realised in accordance with the specific requirements of the NPS UD. The business land capacity is deemed suitable in terms of location and site size and a recent survey helped confirm some future business demands.

7.3 Housing Bottom Lines to be inserted into RPS and District Plan

In accordance with policy 7 and implementation clause 3.6 of the NPS UD, as soon as practicable after an HBA is made publicly available, the regional council must insert into its regional policy statement, a housing bottom line for the short, medium and long term. A District Council must insert the housing bottom lines into its district plan. Once this HBA is approved by Council, steps will be made to insert housing bottom lines into both the regional policy statement and district plan.

The housing bottom lines are the amount of feasible, reasonably expected to be realised development capacity along with the competitiveness margin for the short, medium and long terms. The insertion of bottom lines must be done without using a process in Schedule 1 of the RMA, but any changes to RMA planning documents required to give effect to the bottom lines must be made using a Schedule 1 process.

The housing bottom lines for the Urban Environment are:

Urban Environment	Short term Years 1-3 (2021-2024) Dwellings
Richmond	398
Brightwater	77
Māpua/Ruby Bay	109
Wakefield	64
Motueka	262
Total	**910**

Urban Environment	Medium term Years 4-10 (2025-2031) Dwellings
Richmond	1006
Brightwater	175
Māpua/Ruby Bay	268
Wakefield	145
Motueka	631
Total	**2225**

Urban Environment	Long term Years 11-30 (2032-2051) Dwellings
Richmond	2697
Brightwater	412
Māpua/Ruby Bay	722
Wakefield	377
Motueka	1812
Total	**6020**

Given the HBA applies (at a minimum) to the relevant tier 1 or tier 2 Urban Environment, the housing bottom lines also only apply to the Urban Environment.

In terms of recommendations:

- Due to the growth pressures TDC continues to experience, an urgent Growth Plan Change is currently being considered for parts of the District experiencing the most severe pressures
- The review of the current Resource Management Plan has begun and work on the new Tasman Environment Plan will continue over the next few years.
- Work will commence shortly on a new FDS.

7.4 Assumptions/Limitations

The survey of zoned business land to check for vacant land and under utilised land in 2018/19 has proved very useful. It will however need updating as the current take up of business land particularly in Richmond is relatively quick. This survey will therefore be updated in December 2022 in time to inform the next HBA.