

Whangārei Housing and Business Land Demand and Capacity Assessment

Summary Report

Whangarei District Council / MRCagney (NZ) Ltd

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Executive Summary

The National Policy Statement on Urban Development (NPS-UD) came into force on 20 August 2020. It is part of the urban planning pillar of the government’s Urban Growth Agenda. National Policy Statements allow the government to prescribe objectives and policies for matters of national significance that are relevant to sustainable management under the Resource Management Act 1991 (RMA). The NPS-UD relates to spatial strategy and land use planning, and the intended purpose is to require councils to plan well for growth and ensure the delivery of a ‘well-functioning urban environment’ for all people, communities and future generations.

To support well-functioning cities, the Government considers it important to improve the responsiveness and competitiveness of land and development markets. In particular, the NPS-UD requires local authorities to provide sufficient plan-enabled, infrastructure-ready, and commercially feasible development capacity so that more homes can be built in response to demand. To demonstrate this, a Housing and Business Assessment (HBA) must be published every three years. The first HBA is required to be completed by July 2021 for a housing capacity assessment only, not a business land capacity assessment.

Whangārei District Council has developed a Housing Capacity and Feasibility Tool and a Business Capacity Tool to assess the capacity for housing and business development in Whangārei, respectively.

Glossary

Feasible capacity	Developments that are commercially feasible (i.e. developers make a profit, taking into account financing costs and a minimum return on investment).
HBA	Housing and Business Assessment
NPS-UD	National Policy Statement – Urban Development
Plan-enabled capacity	Developments that are enabled by the zoning rules.
WDC	Whangarei District Council

Summary of the assessment

MRCagney (NZ) Ltd have developed three models for Whangarei District Council (WDC) to use to help understand the supply and demand for both housing and business land across Whangārei. These are:

- Housing Demand and Sufficiency Model (Excel)
- Housing Capacity and Feasibility Tool (web tool)
- Business Development Model (Excel)

Housing Land Summary

The housing demand assessment projects demand for 20,100 additional dwellings by 2051 (against the 2020 baseline). The demand split across the different housing typologies is:

- 16,600 as standalone houses
- 1,100 as townhouses
- 2,400 as apartment units.

The NPS-UD competitiveness margin brings the total demand to 23,000 residential dwellings.

The housing sufficiency and capacity models show that the feasible housing supply in Whangārei is estimated to be around 19,600 new dwellings over the next 30 years. There are also some specific areas within Whangārei that may have less feasible capacity than expected demand.

Whangārei has enough housing supply to meet demand (including the NPS-UD margins) in the short and medium term (by 2024 and 2031 respectively,) but is currently short of feasible housing capacity in the long term. This shortfall relates to standalone dwellings and apartment typologies. However, this shortfall can be accommodated by zoning, which is excluded from the model, including the Port Nikau Development Area, the Rural Production Zone and the Marsden Primary Centre. These zonings are likely to result in more than 5,000 additional feasible dwellings. In addition, the outcome from the Urban and Services Plan Change appeals could create additional plan enabled and feasible capacity.

Business Land Summary

The business land assessment involved an update to the 2018 model. This update has shown that additional land required beyond 2020 levels is estimated to be a total of :

- 47 hectares in the short term
- 112 hectares in the medium term
- 199 hectares in the long term.

A total of 406 hectares of land is estimated to be available for business activities. Therefore, under these base assumptions for business land demand and capacity, we estimate that WDC does have sufficient land available and zoned for business activities through to 2051.

Overview of the 2018 assessment

Under the 2016 National Policy Statement on Urban Development Capacity, Whangārei was identified as a 'high growth' urban area. In response to this, we were required to complete a Housing and Business Land Capacity Assessment. This assessment was completed by MRCagney (NZ) Ltd in 2018.

Summary of the 2018 Housing assessment

The 2018 Housing Land Assessment estimated housing demand of a total of 12,788 dwellings (including the competitiveness margin). Plan enabled capacity and feasible capacity was assessed under the Operative District Plan and the Draft District Plan (which would form the Urban and Services Plan Change). The assessment showed a shortfall in long term capacity for the long term under the Operative District Plan, but a sufficiency in the short, medium and long term for the Draft District Plan, as shown below in Table 1.

Table 1: 2018 Housing Land Assessment

Time period	Short term (2018-21)	Medium term (2021-28)	Long term (2028-48)
Demand			
Projected dwelling growth	1,750	5,370	11,120
Growth + NPS margin	2,100	6,440	12,788
Operative District Plan			
Plan-enabled capacity	26,210		
Feasible capacity	11,130		
Sufficient to meet demand?	Yes	Yes	No
Draft District Plan			
Plan-enabled capacity	29,520		
Feasible capacity	13,050		
Sufficient to meet demand?	Yes	Yes	Yes

Summary of the 2018 Business land assessment

The 2018 business land assessment showed a total demand of 257.8 hectares. This was broken down into business sectors and includes the competitiveness margin. The capacity assessment shows the Operative District Plan had sufficient capacity and capacity by sector to meet short, medium- and long-term demand. The model showed a lack of sufficient capacity by sector in the medium and long term as shown in Table 2.

Table 2: 2018 Business Land Assessment

Time period	Short term (2018-21)	Medium term (by 2028)	Long term (by 2048)
Land demand by sector (in hectares, including NPS-UD margins)			
Industry	55.6	121.0	209.5
Retail and personal services	0.9	15.8	32.4
Office based activities	0.6	2.4	4.3
Health, education, and community services	2.7	6.9	11.6
Total demand	59.8	146.1	257.8
Operative District Plan			
Total vacant plan-enabled capacity (hectares)	430.2		
Sufficient to meet demand in the aggregate?	Yes	Yes	Yes
Sufficiency by sector	Yes	Yes	Yes
Draft District Plan			
Total vacant plan-enabled capacity (hectares)	540.2		
Sufficient to meet demand in the aggregate?	Yes	Yes	Yes
Sufficiency by sector	Yes	No	No

Overview of Demand

Housing requirements

The NPS-UD requires that the HBA must estimate the demand for additional housing, for the short term, medium term, and long term. This must be done in a way that identifies location and dwelling types (which at a minimum must distinguish between standalone dwellings and attached dwellings). The NPS-UD goes on to require that the HBA must:

- a) set out a range of projections of demand for housing in the short term, medium term, and long term; and
- b) identify which of the projections are the most likely in each of the short term, medium term, and long term; and
- c) set out the assumptions underpinning the different projections and the reason for selecting the most likely; and
- d) if those assumptions involve a high level of uncertainty, the nature and potential effects of that uncertainty.

Business land requirements

For business land, the NPS-UD requires that the HBA must estimate, for the short term, medium term, and long term, the demand from each business sector for additional business land. The HBA must:

- a) set out the most likely projection of demand for business land by business sector in the short term, medium term, and long term; and
- b) set out the assumptions underpinning that projection; and
- c) if those assumptions involve a high level of uncertainty, the nature and potential effects of that uncertainty.

Housing Demand

To establish estimates for demand for additional housing, Whangārei District Council worked with MRCagney (NZ) Ltd to create a demand model. The details of the methodology can be found in the *Whangārei Housing and Business Capacity Models Report* by MRCagney (NZ) Ltd.

Demand model inputs

In determining the project demand, the NPS-UD requires a range of projections to be considered and an assessment as to which one is more likely and why.

To ensure alignment across our planning, finance and infrastructure decision making we have used the same population and housing forecasts that we have used in our 2021 – 2031 Long Term Plan and our associated 30-year Infrastructure Strategy.

In developing these forecasts three scenarios were looked at, which are summarised below along with the underlining assumptions:

Table 3: Forecast scenarios

Scenarios	Summary Assumptions
Low population increase	Low population increase largely due to ongoing and prolonged impact of COVID-19 into the medium. It is assumed low levels of internal migration driven by economic uncertainty or downturn
Medium population increase	Reduce growth compared to increases experienced over the past 5 years. Partly due to COVID-19.
High population increase	Continued high rates of population increase supported by the existing drivers for people internal migration (relative house price points, lifestyle and employment flexibility) and supported by continued investment in infrastructure and economic opportunities

A high population increase scenario was chosen because data has shown strong economic performance in Northland and Whangārei since COVID-19. Demand for housing is high, shown through sales and consent data.

The NPS-UD requires us to assess the level of uncertainty and potential effects of that uncertainty. Any forecast includes uncertainty and the longer the timeframe of projection, generally the greater level of uncertainty. Therefore, looking at all three scenarios, the projections beyond 15 years have a greater uncertainty in terms of the rate of population increase and location (where), within the District it will occur. The main effects of this include potential over or under-estimate of long-term demand leading to either:

- Oversupply of land and infrastructure which will not be needed within the whole or parts of the District, or
- Undersupply of land and infrastructure which will constrain growth within the whole or parts of the District

To minimise these effects the following steps have been taken:

- To build a robust forecast using a variety of data sources (Stats NZ, Building Consents, Subdivision Consents, District Heath Board Data)
- Forecasts will be updated every three years to support Long Term Development – the updates will take into account economic activity, development and any updated Statistics NZ information.

Note: the full methodology for the population and dwelling forecast and assumptions can be found in the Whangārei District Growth Model 2020.

Scenarios have also been developed for the demand by dwelling typologies. These scenarios assess the different population densities and how these relate to three different typologies (standalone homes, townhouses and apartments).

The typology demand scenarios include:

- Low density

- Medium density
- High density

Each of these scenarios change the projected population densities and the demand of each typology. A low-density scenario will maintain highest demand for standalone homes and higher density scenario will generate greater demand for townhouses and apartments.

Overview of housing demand model

The housing demand model estimates:

- Population by population density grouping
- The number of each housing type in each population density group
- The number of each housing type by area

Table 4 below gives an example of the outputs from the model, for the medium density scenario. For more scenarios and estimates by sub-regional area, see the Housing Demand Forecasting spreadsheet.

Table 4: Medium density housing demand scenario

SUMMARY		2020	2024	2031	2051
POPULATION IN:	1. 0-250 per sq km	45,743	48,721	45,942	53,445
	2. 250-2000 per sq km	45,027	44,627	59,222	73,000
	3. 2000+ per sq km	7,530	9,777	10,061	17,990
	Total	98,300	103,125	115,225	144,435
	Growth since 2020		4,825	16,925	46,135
SEPARATE DWELLINGS IN:	1. 0-250 per sq km	19,330	20,702	19,688	23,107
	2. 250-2000 per sq km	14,016	14,055	19,048	23,980
	3. 2000+ per sq km	2,237	2,848	2,928	5,091
	Total	35,584	37,605	41,664	52,178
	Growth since 2020		2,022	6,081	16,594
	Growth since 2020, including NPS-UD margin		2,426	7,297	19,083
TOWNHOUSES IN:	1. 0-250 per sq km	313	336	319	375
	2. 250-2000 per sq km	1,032	1,035	1,402	1,765
	3. 2000+ per sq km	206	262	270	469
	Total	1,551	1,633	1,991	2,609
	Growth since 2020		81	440	1,058
	Growth since 2020, including NPS-UD margin		98	528	1,216
APARTMENTS IN:	1. 0-250 per sq km	1,254	1,343	1,277	1,499
	2. 250-2000 per sq km	2,150	2,156	2,922	3,678
	3. 2000+ per sq km	500	637	655	1,139
	Total	3,904	4,136	4,854	6,316
	Growth since 2020		232	950	2,412
	Growth since 2020, including NPS-UD margin		278	1,139	2,773

Business Land Demand

The demand model for business land uses the same data and assumptions from the 2018 Housing and Business Land Demand and Capacity Assessment. This is considered the most likely scenario for the demand for business land by business sector in the short term, medium term, and long term because:

- The robust methodology and testing used to create the 2018 business land demand model.
- Analysis of the model against employments stats and building consents shows alignment.

As with the housing model, there is an inherent uncertainty in the later years of the model which could lead to either an under or over estimation of business land demand.

The other factor of uncertainty for business land is decision making on major projects that will influence the take-up of business land. Known examples include:

- Decision making on the port and freight network in the upper north island
- Rail investment
- Road investment, particularly State Highway 1
- Defence force hub

The difficulty is that these decisions do not sit with Whangārei District Council, so the nature and timing of those decisions is not easy to anticipate.

Overview of business land demand model

The Business Land Demand Model provides a forecast for business land demand for the short, medium and long term relative to 2020. These results show that the dominant demand for land use does stem from the industrial sector in Whangārei with retail and personal services being the second largest sector of land demand.

Under the NPS-UD requirements, WDC will need to ensure we can provide up to 228 additional hectares of business land in the long term, compared to what is currently being used.

Table 5: Projected additional land required in the short, medium and long term by sector (hectares)

Sector	Now (2021)		Short term (2024)		Medium term (2031)		Long term (2051)	
	Growth	Plus, margin	Growth	Plus, margin	Growth	Plus, margin	Growth	Plus, margin
Industry	14.4	17.3	38.4	46.1	91.6	110	157	180
Retail and personal services	-0.3	-0.3	4.9	5.8	13.8	16.6	29.2	33.6
Office based activities	0.2	0.2	0.9	1.1	1.9	2.3	3.6	4.1
Health, education, community services	0.7	0.8	2.5	3.1	4.7	5.6	9.0	10.3
Total	15.1		46.8		112		199	
Total with NPS-UD margins		18.1		56.1		134		228

Overview of Capacity

Methodology for the Capacity Model

A methodology has been developed to be consistent with an improvement upon the methodology used for the 2018 HBA developed by MRCagney (NZ) Ltd. Full details of the methodology can be found in *Whangārei Housing and Business Capacity Models Report* by MRCagney (NZ) Ltd.

The key changes from the 2018 Model include:

- A move away from an excel based model to a Python Library and web-based tool.
- Introduction of capacity by location (defined in our 2021 Whangārei District Growth Model)
- Updated parcel data (ratings, land parcel shapes and vacancy)
- Updated District Plan data (particularly in relation to the Urban and Services Plan Change)
- New data sets for housing typologies (price estimates and cost estimates)
- Capacity by development objective (maximise net add dwellings or maximise profit – actual and percentage).

These changes to the methodology have built a more robust capacity model needed to meet the requirements of the NPS-UD. The capacity model shows:

- Housing / Business Land Capacity by District Plan zoning
- Housing Capacity by area
- Housing Capacity by development type
- Business Land sufficiency by sector

Assumptions

There are a number of assumptions relating to the capacity which sit outside the model, due to either the complexing provisions or uncertainty of outcomes due to ongoing processes:

- **Rural Production Zone Land** – approximately 5,000 plan enabled capacity
- **Port Nikau Development Area** – 1000 plan enabled capacity (as per the masterplan)
- **Ruakaka Equine Zone** – 200 plan enabled capacity
- **Marsden Primary Centre** – 500 plan enabled capacity
- **Urban and Services Plan Change** (outcome from the appeals process) – unknown additional capacity
- **Land identified for future growth** through the Growth Strategy and Placemaking Plans – 18,000 plan enabled capacity

Housing Capacity

These results show that under the Operative District Plan, WDC has plan-enabled capacity for around 37,200 new dwellings and about 19,600 (53%) of those dwellings are estimated to be feasible.

The NPS-UD HBA analysis shows that Whangārei has sufficient feasible capacity in the short and medium terms. The model shows a shortfall of 3500 feasible capacity in the long-term.

Results by location

The model provides capacity by District Plan zone and by area (noting the assumptions above do impact on the capacity of certain areas). The model also breaks down capacity by typology for each of these areas and zones.

Full results can be found in *Whangārei Housing and Business Capacity Models Report* by MRCagney (NZ) Ltd and the webtool. Note: this is not publicly available, at present.

In summary the capacity by location shows:

The General Residential Zone provides for the most plan enabled and feasible capacity across District but is also the largest zone by area and parcels. 11,138 feasible dwellings are provided through this zone. The next group of zones (Local Centre, Low Density Residential, Medium Density Residential, Mixed Use, Rural Village Residential) individually supply between 1,388 and 5,935 feasible dwellings.

When assessing capacity by area, Marsden Point – Ruakaka provides the highest number of feasible dwellings (4,459). Of note is the relatively low difference between the plan-enabled and feasible capacity and that a majority of the feasible capacity is for townhouse type development.

In addition, there are a number of areas that show insufficiency depending on the model settings for:

- Demand projections by typology
- Maximise profit / Maximise net dwellings

These insufficiencies are noted below in Table 6.

Table 6: Residential dwellings capacity by District Plan zone and by area

AREA	2024 DEMAND	2031 DEMAND	2051 DEMAND	FEASIBLE CAPACITY
ABBAY CAVES-PARAHAKI-RIVERSIDE	60	165	462	419
HIKURANGI-SPRING FLAT	100	275	746	1343
KAMO EAST (PART)-TIKIPUNGA	147	392	947	1056
KAMO-WHAU VALLEY (PART)	16	44	176	560
KENSINGTON-MAIRTOWN-WESTERN HILLS	24	66	223	181
KIRIPAKA	27	83	248	5
MARSDEN POINT-RUAKAKA	337	1373	3958	4459
MATAPOURI BAY-NGUNGURU-TUTUKAKA	52	143	410	786
MAUNGATAPERE-WHAREKOHE	29	50	139	3
MAUNU-TE HIHI	60	165	448	1315
MORNINGSIDE-RAUMANGA EAST	100	275	769	437
ONERAHI	16	44	141	78
OPOUTEKE	48	138	415	0
OTAIKA-PORTLAND-MAUNGAKARAMEA	44	121	345	0
OTANGAREI	44	121	348	0
PARUA BAY	80	200	449	926
PATAUA-WHAREORA-BREAM HEAD	55	139	392	1209
PORT NIKAU	230	985	2080	0
PUNARUKU	40	87	211	109
RAUMANGA WEST	102	277	767	0
SHERWOOD RISE	31	59	174	208
TANEKAHA	39	60	154	109
THREE MILE BUSH-WHAU VALLEY (PART)	40	110	308	793
TIKIPUNGA NORTH	240	660	1743	1889
WAIOTIRA-SPRINGFIELD	95	466	1380	16
WAIPU-BREAM BAY	207	774	2039	892
WHANGĀREI CENTRAL-REGENT-VINETOWN	36	99	302	2371
WOODHILL-HORAHORA	36	99	291	386

Results by typology

The results by typology include:

- 3 bedroom and 5-bedroom standalone house
- 3 storey and 4 storey apartments
- 2 storey and 3 storey townhouses

These development typologies are assessed using the following development scenarios:

- Less than 1 hectare with demolition of existing buildings
- Less than 1 hectare with infill (no demolition)
- Greater than 1 hectare

There are three key findings from this analysis:

- Feasible capacity of standalone typologies and townhouse typologies are approximately the same (9,704 and 9,556 respectively)
- 2 storey townhouse typology provides 8,524 feasible dwellings, which is the highest number of dwellings across all typologies assessed
- Apartment typology provides significant less capacity compared to the other typologies with a total of 290 dwellings being feasible

The relatively high number of feasible townhouse development is located in the General Residential Zone and concentrated in Marsden-Point Ruakaka, Tikipunga and Whangārei Central. This reflects the more enabling provisions with the Urban and Services Plan Change.

The relatively low number of feasible apartment typologies results in a lack of sufficient capacity to meet demand in the medium and long term. However, in response to this shortfall the following factors should be noted:

- If the development objective is changed from maximising Net Added Dwellings to maximising profit the number of feasible apartments increases to 3,449 – meeting demand over the medium and long term.
- There is an oversupply of Townhouse development in comparison to demand. Generally, the zones that enable Townhouse typology, also enable apartment development. Therefore, the capacity for apartment typologies could be provided in these zones at the expense of townhouse developments and meet the short medium- and long-term demand.
- Council has undertaken a number of programmes to enable and encourage more apartment style development in and around our City Centre:
 - Working with Kāinga Ora on development opportunities on Council owned land
 - Investigating private development options on key sites, including Council owned land
 - Producing an inner-city living tool kit and business case to understand the barriers for this type of development and to support and enable new apartment style living.

Housing – reasonably expected to be realised

To estimate the ‘reasonably expected to be realised’ requirement of the NPS-UD we have undertaken an analysis of recent developments within Whangārei. The analysis looks at the plan enabled capacity of recently developed sites and compared that with the actual yield of subdivided lots.

The case study developments have all occurred within the past 10 years. Recent housing development in Whangārei has predominantly been on large vacant land parcels in suburban or urban fringe locations. The case study sites chosen to reflect these development trends.

The analysis indicates that between 45% – 55% of the plan enabled capacity was actually realised. This aligns with the 53% figure of plan enabled capacity being shown as feasible.

More work does need to be carried out in the space, particularly in relation to other typologies and more urban/high density development scenarios as those types of developments occur.

Housing bottom lines

As per the NPS-UD requirements the following housing bottom lines will be provided to the Northland Regional Council and inserted in the Whangārei District Plan as soon as practicable:

- 11,800 Dwellings in short – medium term
- 23,100 Dwellings in the long term

Housing sufficiency summary

A summary of overall sufficiency is shown below:

Table 7: Sufficiency of housing capacity in Whangārei by housing type

	Standalone house			Townhouse			Apartment		
	2024	2031	2051	2024	2031	2051	2024	2031	2051
Demand growth since 2021	2,022	6,081	16,594	81	440	1,058	232	950	2,412
Demand growth plus margin	2,426	7,297	19,083	98	528	1,216	278	1,139	2,773
Feasible capacity (for maximising net added dwellings)	9,556			9,704			290		
Sufficient?	Yes	Yes	No	Yes	Yes	Yes	Yes	No	No
Maximum feasible capacity (if ignoring other housing types)	16,780			18,452			2,240		
Sufficient?	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	No

Business Land Capacity

The NPS-UD sets out the requirements for a business land capacity assessment: development capacity (in terms of hectares or floor areas) to meet expected demand for business land for each business sector, plus the appropriate competitiveness margin the development capacity that is:

- (i) plan-enabled; and
- (ii) plan-enabled and infrastructure-ready; and
- (iii) plan-enabled, infrastructure-ready, and suitable for each business sector

Suitability for each sector has been defined through the site size. We have also through the support documentation to the Business Land Capacity model, including the Industrial Land Demand Study, identified suitability in terms of location and site characteristics:

- Location in relation to arterial transport networks / state highway networks
- Large, flat sites of a usable shape

The capacity model is an update of the model utilised in the 2018 HBA. Full details of that methodology can be found in the following:

- Whangārei housing and business development capacity assessment: Appendices, 2018 prepared by MRCagney (NZ) Ltd
- Whangārei housing and business development capacity assessment prepared, 2018 by MRCagney (NZ) Ltd

Note: the updates to this methodology are outlined in Full results can be found in *Whangārei Housing and Business Capacity Models Report* by MRCagney (NZ) Ltd.

An assessment of capacity by sector shows sufficiency through to 2051. If land with flood susceptibility is excluded from the capacity assessment there is still sufficiency through overall land allocation, but some small insufficiency where land is allocated to a sector.

Business Land Sufficiency

We estimate that additional land required beyond 2020 levels is estimated to be a total of 47 hectares in the short term, 112 hectares in the medium term and 199 hectares in the long term. A total of 406 hectares of land is estimated to be available for business activities.

Under these base assumptions for business land demand and capacity, we estimate that WDC does have sufficient land available and zoned for business activities through to 2051.

Māori Housing considerations

Alongside the development of this assessment, WDC has been working on a number of strategic programmes which have included issues and opportunities in relation to Māori housing outcomes. This includes:

- Hui with Te Huinga (hapū forum) on the Whangārei District Growth Strategy and Climate Action Plan
- Spatial planning in Tikipunga and Hikurangi
- Participation in the Whai Kainga group (multi agency group with a primary focus on Māori housing outcomes)

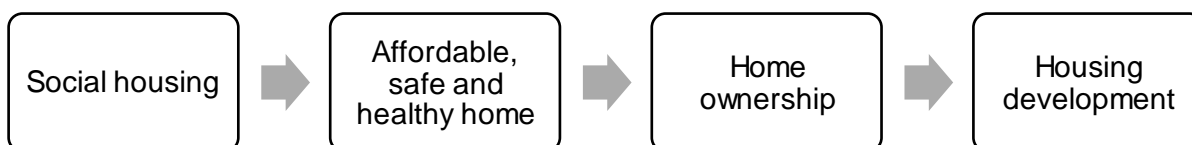
The outcomes of this discussions are summarised below. The summary was drafted by Puawai Kake, Planning Manager at WSP NZ Ltd as part of the report Delivering outcomes for and with Māori – Whangārei District Growth Strategy:

Homelessness, housing affordability, and equitable outcomes for Māori in the housing sector is problematic. There is recognition that more needs to be done to assist with building more homes and getting whānau Māori in to safe, warm and healthy homes, home ownership and development areas.

Opportunities exist where there is Māori Land in the District to build one where desired. It is noted however that the capacity of Māori Land in the District is less than 5%. This is a result of several reasons including, land alienation by the Crown, and to European settlers.¹ A large proportion of Māori land was also vested in to reserves governed by the Crown. The land loss and alienation of Māori to their whenua is an ongoing issue being discussed through the Treaty Settlement process.

The diagram below provides an overview of the spectrum that may be considered to enhance Māori housing and papakāinga opportunities.

Figure 1. Spectrum of Māori housing



The role of Council is important as the District Plan will enable where growth can and may not occur. The papakāinga provisions in the District Plan enable more homes to be built on whenua Māori. But building more homes on whenua Māori is complex and multiple factors need to be considered when the development potential is being thought through. This includes governance structures or trusts, amenities and infrastructure to support growth and development, and ongoing maintenance costs.

¹ See brief history on Whangārei online at www.teara.govt.nz

It is expected that development potential for Māori housing and papakāinga can be done systematically if the desire and need is evident in areas.

Issues

- Homelessness, social housing and housing affordability is impacting Māori
- Cost of building and the processes can be prohibitive for Māori
- Rating of whenua Māori is the same as general title land, but services differ in areas
- Māori land is often land locked between private landowners
- Costs for papakāinga development, such as development contributions, can be restrictive
- Not all whānau want to develop land. This should occur where a want or need is identified.

Opportunities

- Council to work alongside with Community Housing Providers (CHP) and TPK, Ministry of Housing and Urban Development (MHUD), Ministry of Social Development (MSD), Kāinga Ora to support the delivery of more homes and papakāinga
- Collaborate with Tangata Whenua on introducing NPS-UD provisions systematically
- Advocate and support for healthy homes within Whangārei
- Develop a more co-ordinated and streamlined consenting process to papakāinga and Māori housing developments
- Whānau resilience is enhanced where possible through Council housing initiatives
- Opportunity to define papakāinga and Māori housing and what this means for the Taitokerau Papakāinga Toolkit.
- Develop Māori design principles with iwi, hapū and Māori specialists to enable more design opportunities that fit within Te Ao Māori paradigm. For example, intergenerational living.

It is recognised that the HBA is step in a broader process. Many of the issues and opportunities raised will need to be explored further through the development of the Future Development Strategy and other Council programmes and plans.

Developer perspective

Developer input in the HBA has been focused on inner city living and more intensive housing options. This was a key area identified in the 2018 assessment and warrants further integration through this process.

Developer input has been achieved through the following:

- Development feasibility on specific land holdings
- Intervention Logical Mapping with city centre developers and land/building owners
- Interviews with city centre developers and real estate professionals
- Presentation to the Property Council (Auckland Region)

It is also noted that the models have been prepared by MRCagney (NZ) Ltd who do have expertise in economics and urban development and feasibility.

The outcome of these developer discussions is outlined below. This information has been summarised from the Whangārei Inner City Living Business Case report prepared by Ruth Allen from the Property Group.

The results of the development feasibility assessment demonstrate that development of new residential apartments in the City Centre is very difficult to achieve under current market conditions and high construction costs.

Developer feedback highlighted three problem areas:

- Landowner/developer risk aversion and lack of capital to invest alongside challenging construction costs means that owners are not developing in the inner city
- Cars still dominate transport use so that demand for carparks exceeds supply, this can create barriers for development
- Inner city amenity, vibrancy and liveability is perceived as being poor so people do not want to spend time or live in the inner city

Development of new residential buildings would need to be high quality and achieve high price points to become viable. The Market Assessment completed by the Property Group demonstrates that there is some evidence of high-end apartments achieving higher than market averages in locations of higher amenity. For example, in areas close to the waterfront.

The modelling undertaken on Council owned land close to the waterfront indicates that even with maximising the density achievable on the site and factoring some revenue from leasing of car parks, high end prices are required.

The results do demonstrate that the continued focus on investment in the quality of the urban domain and in services to support inner city residents, such as public transport, active transport links and open space is critical to the success of achieving inner city residential development. Other considerations to improve the consenting process and providing financial incentives through development contributions and rates are also being explored.

It also demonstrates that creating affordable housing options within the city centre are going to be difficult to achieve without direct Government intervention and working in partnership alongside Kāinga Ora.

The outcome of this analysis highlights the most viable option currently for residential development is the adaptive reuse of underutilised commercial spaces. Overtime, as more spaces are converted to residential apartments and the vibrancy of the city centre improves the market for more newly built developments may improve.

Developer insights will continue to be sought through the development of the Future Development Strategy and actions from our Inner City Living Business Case.

Response to the finding of the report

Amendments Post 31 July: District Plan appeals

Appeals on the Urban and Services Plan change are still ongoing. The settlement of these outstanding appeals may unlock further feasible housing development in Whangārei Urban Area. At a time when these appeals are settled (likely after the 31 July deadline for the HBA) the new zoning and District Plan provisions will be used to update the Housing Capacity and Feasibility Tool as well as the Housing Demand and Sufficiency Model.

Further engagement

This HBA has highlighted the need for further and continued engagement with hapū and the development sector through the development and implementation of the Future Development Strategy. This is likely to focus on:

- Māori housing opportunities
- Unlocking inner city living
- Providing more housing choice and affordability

Housing Bottom lines

As per the NPS-UD requirements the following housing bottom lines will be provided to the Northland Regional Council and inserted in the Whangārei District Plan as soon as practicable:

- 11,800 Dwellings in short – medium term
- 23,100 Dwellings in the long term

Future Development Strategy

The NPS-UD requires the development of a Future Development Strategy in time to inform the 2024 Long Term Plan. This process will begin in early 2022, however some work has already been completed through the Whangārei District Growth Strategy and Placemaking Plans, this includes:

- Identification of future housing and development areas beyond what is identified in the District Plan (includes urban development and greenfield)
- Potential plan-enabled capacity of the future housing and development areas
- High-level assessment of the infrastructure requirements

This work will be further refined to meet the FDS requirements in the NPS-UD.

Inner city living

Continued work to enable and encourage more inner city living opportunities will support the implementation of the NPS-UD requirements, particularly around enabling a greater choice of housing typologies to meet demand. This work will focus on:

- A tool kit to assist developers and landowners work through the process of developing apartment / town house development.
- Investigation into incentives for development including development contributions and rates
- Explore opportunities to stimulate development through Council's commercial property portfolio.

Housing Strategy

Development of a new Whangarei District Housing Strategy is underway in support of the housing sector and Central Government. No decisions have been made on the approach of the Strategy.