



# **NAPIER HASTINGS URBAN AREA**

## **Housing and Business Capacity Assessment**

***2018***



**Published October 2019**

# Contents

<b>1 EXECUTIVE SUMMARY</b>	<b>6</b>
1.1 Purpose of Assessment	6
1.2 Context	6
1.3 Growth Demand	6
1.4 Capacity to Meet Housing Demand	7
1.5 Capacity to Meet Business Demand	8
<b>2 PURPOSE AND BACKGROUND</b>	<b>8</b>
2.1 National Policy Statement on Urban Development Capacity	8
2.2 Urban Development Strategy	10
<b>3 HOUSING DEMAND ASSESSMENT</b>	<b>11</b>
3.1 Population and Household Growth Projections	11
3.2 Latent Household and Other Demand	13
3.3 Timing of Demand	16
3.4 Composition of Demand	17
3.5 Distribution of Demand	18
3.6 Housing Typologies	20
3.7 Housing Price Points	21
3.8 Complied Projections Extrapolated to 2048	22
<b>4 BUSINESS DEMAND ASSESSEMENT</b>	<b>24</b>
4.1 Economic Growth Outlook and Growth Projections	24
4.2 Latent Business Land Demand	25
4.3 Distribution of Demand	26
<b>5 HOUSING CAPACITY</b>	<b>28</b>
5.1 Meaning of Capacity	28
5.2 Greenfields Capacity	28
5.3 Intensification Capacity	32
5.4 Rural/Lifestyle Capacity	37
<b>6 BUSINESS CAPACITY</b>	<b>38</b>
6.1 Industrial	38
6.2 Commercial	41
<b>7 HOUSING CAPACITY SUFFICIENCY</b>	<b>45</b>
7.2 Greenfields Sufficiency	45
7.3 Intensification Sufficiency	51
7.4 Rural Lifestyle Sufficiency	54
<b>8 BUSINESS CAPACITY SUFFICIENCY</b>	<b>58</b>

8.1	<i>Industrial</i>	58
8.2	<i>Commercial</i>	59
<b>9</b>	<b>OVERALL SUFFICIENCY SUMMARY</b>	<b>62</b>
<b>10</b>	<b>RECOMMENDATIONS</b>	<b>63</b>
<b>APPENDICIES</b>	Error! Bookmark not defined.	
APPENDIX 1	<i>Population and Household Growth Projections</i>	67
APPENDIX 2	<i>Latent and Other Household Demand</i>	71
APPENDIX 3	<i>Distribution and Composition of Demand</i>	78
APPENDIX 4	<i>Greenfields Sufficiency Scenario Tests</i>	91
APPENDIX 5	<i>Business Land Projections</i>	96

## List of Figures

Figure 1:	Napier Hastings StatsNZ Urban Area .....	9
Figure 2:	HPUDS Boundary Relative to the Urban Area Boundary.....	11
Figure 3:	Hawke's Bay Social Housing Registrations.....	15
Figure 4:	Rural and Lifestyle Uptake and Capacity Utilisation .....	56
Figure 5:	StatsNZ 2015 and 2017 Subnational Household Projections .....	67
Figure 6:	Permanent & Long Term NZ Migration1980-2018 .....	68
Figure 7:	StatsNZ Estimated Annual Population Change 2001 to 2018.....	68
Figure 8:	Comparison of Actual growth and HPUDS Projections 2009-2021 .....	69
Figure 9:	Medium and Medium to High Household Growth Projections .....	69
Figure 10:	Cumulative New Dwelling Consents to Household Growth .....	71
Figure 11:	Percentage of Total Un-occupied Housing v Peer Group .....	72
Figure 12:	Total Dwellings to Households v Peer Group .....	73
Figure 13:	Price Cost ratio Peer Group Councils 1994-2016.....	76
Figure 14:	Change in Sales Volume by Aggregated Suburb 2012-2017 .....	84
Figure 15:	Non Residential Building Consented Floorspace 2000-2018.....	96

## List of Tables

Table 1:	HPUDS Area Household Base Projections 2015-2045.....	12
Table 2:	HPUDS 2017 Projected Household Five Yearly Increase .....	16
Table 3:	HPUDS 2017 Household Projections Adjusted to NPS Timeframes .....	17
Table 4:	HPUDS2017 Target Sector Growth Allocations .....	18
Table 5:	Napier Hastings Growth Apportionment Range.....	19
Table 6:	Greenfield Growth Range Targets by Broad Location .....	19
Table 7:	Projected Infill Demand by Suburb and Projection Period.....	20
Table 8:	Projected Demand for Smaller Dwellings based on Household Types.....	21
Table 9:	Greenfields Development Price Points.....	22
Table 10:	Median 2018 Sale Value by Aggregated Suburb .....	22
Table 11:	Spatial and Temporal Demand Projections Extrapolated to 2048.....	23
Table 12:	Combined Long term and Near Term Business Land Projections.....	25
Table 13:	Adjusted Projected Business Land Demand .....	26
Table 14:	Projected Spatial and Temporal Business Land Demand Distribution .....	27
Table 15:	Current Greenfields Land Supply.....	29
Table 16:	Summary of Current and Planned Greenfield Lot Capacity .....	30
Table 17:	Staging Process for Te Awa.....	31
Table 18:	Timing of Planned Capacity .....	33

Table 19: Hastings Residential Redevelopment Potential 2015 .....	35
Table 20: Theoretical Intensification Capacity.....	36
Table 21: 2015 Rural and Lifestyle Development Vacant Lot Capacity .....	37
Table 22: Theoretical and Consented Rural and Lifestyle Lot Capacity at 2015.....	37
Table 23: Summary of Industrial Zone Extents .....	39
Table 24: Industrial Land Capacity Estimate .....	40
Table 25: Current and Planned Industrial Capacity .....	41
Table 26: Composition of Napier Hastings Commercial Activity .....	43
Table 27: Commercial Land Capacity Estimate.....	44
Table 28: Total Current and Potential Redevelopment Capacity.....	45
Table 29: Summary of Commercial Feasibility Assessments for Greenfields Areas.....	46
Table 30: Broad Housing Capacity Sufficiency Assessment.....	47
Table 31: Projected Uptake of Residential Greenfields Capacity.....	48
Table 32: Sufficiency of Greenfields Capacity by Broad Location .....	49
Table 33: Short Term Greenfields Capacity Test.....	51
Table 34: Feasible Intensification Capacity Assessment.....	52
Table 35: Sufficiency of Feasible Intensification Capacity for Projected Demand .....	53
Table 36: Rural Lifestyle Lot Capacity Adjusted for Market Appeal .....	55
Table 37: Sufficiency of Feasible Rural Lifestyle Capacity.....	57
Table 38: Rural Lifestyle Capacity Less Plains Production Zone.....	58
Table 39: Industrial capacity Sufficiency Test .....	59
Table 40: Commercial Capacity Sufficiency Test.....	60
Table 41: Overall Sufficiency Summary.....	62
Table 42: Urban Rural price Efficiency Indicator.....	77
Table 43: Napier Hastings Growth Apportionment Based on SNZ Projections.....	81
Table 44: Napier Hastings Growth Apportionment Split 50/50 for Urban Component.....	81
Table 45: Napier Hastings Growth Apportionment Based on Dwelling Consents .....	82
Table 46: Property Sales by Aggregated Suburbs 2012-2017.....	84
Table 47: Projected Infill Demand based on Housing Sales and Suburb Size.....	85
Table 48: Percentage of Housing Typologies.....	86
Table 49: Napier Hastings Projected Family and Household Types.....	86
Table 50: Percentage of Household Sizes Living in Townhouse Flats etc. ....	87
Table 51: No. Residents by No. of Bedrooms per Dwelling.....	87
Table 52: Projected Demand for Smaller Dwellings Based on Household types .....	87
Table 53: Industrial Land Uptake and Projection.....	98
Table 54: Adjusted Business Land Demand allowing for Delayed (latent) Demand.....	100

# 1 EXECUTIVE SUMMARY

## 1.1 Purpose of Assessment

- 1.1.1 The purpose of this report is to meet the requirements of Policy PB1 of the National Policy Statement of Urban Development Capacity (NPSUDC). This directs local authorities to quantify, in broad terms, how much feasible development capacity should be provided in resource management plans, supported with development infrastructure, to enable the supply of housing and business space to meet demand. It directs medium and high growth Councils to carry out a Housing and Business Capacity Assessments at least every three years for this purpose.
- 1.1.2 This report therefore sets out to quantify the aggregate levels of demand and supply of land for housing and business development across the Napier Hastings sub-region as a key input into the next of the Heretaunga Plains Urban Development Strategy (HPUDS) and District Plans Changes.

## 1.2 Context

- 1.2.1 The Napier City Council, Hastings District Council and Hawke's Bay Regional Council worked together from 2009 to produce the Heretaunga Plains Urban Development Strategy 2010 and more recently to review the strategy in 2016-2017. Accordingly this report focuses on the adopted HPUDS Area, draws heavily on the recent material and research completed as part of the HPUDS Review. The next review of HPUDS is due in 2021/22 which will coincide with the next iteration of these Housing and Business Capacity Assessments. The focus for this report is to provide a baseline and development guidance for these future reports to enable timely, efficient and fit for purpose evidence to be accumulated to support the long term strategic planning effort.

## 1.3 Growth Demand

- 1.3.1 This assessment is based on the HPUDS2017 projections. These were based on the SNZ 2015 Subnational Population projections, which were significantly exceeded in 2017 when there was a surge in inwards migration mainly from Auckland as a response to the pressures associated with record national inbound immigration. Growth returned closer to projections in 2018 and the use of the **medium to high** projection scenario adopted for HPUDS purposes is considered to adequately account for slightly more optimistic 2017 based SNZ **medium** projections going forward. On this basis the anticipated increase in households/dwellings over the projection period through to 2048 is approximately 12,000.
- 1.3.2 The 2017 surge in migration occurred faster than Council and the development industry could respond to the associated demand for new housing. A lack of resilience in housing stock may well have led to a sharp increase in social housing registrations and homelessness. There are also observable pressures mounting on the existing housing supply from RSE accommodation, public housing demand as well as yet unquantifiable tourism based demands such as Airbnb. While there is no evidence of systemic latency in demand this assessment makes an allowance for a further 500 households over future growth demands to account for these suppressed demand factors.
- 1.3.3 In terms of more normalised growth, HPUDS has an overarching strategic objective of a transition away from a reliance on urban sprawl in favour of intensification as the preferred growth option and the capacity assessment allocates higher level sector demand on this basis. Inherent in this is that the Council's will be active in facilitating such a shift in demand and supply preferences.

- 1.3.4 Against this background the assessment notes that population is aging and household types are also changing. One person households are expected to comprise over 60% of the total projected growth in households and together with couples without children, it is reasonable to assume that upwards of 2500-3500 more households will likely desire a smaller accommodation offering than in the past. Approximately 30-40% of the 1-2 bedroom market is projected to be in greenfield retirement village developments.
- 1.3.5 This assessment also uses the HPUDS 2017 Review update on the economic outlook for projecting long term industrial and commercial growth. A real GDP annual average growth rate of 2%, combined with annual average labour productivity growth over the forecast period of 1%, will likely generate a total increase in industrial sector employment for the period of approximately 5,000 FTEs or a 35% increase over existing employment.
- 1.3.6 Similarly a real GDP annual average growth rate of 1.5-2%, combined with annual average labour productivity growth over the forecast period of 1%, will likely generate a total increase in commercial sector employment for the period of approximately 14,000 FTEs or an increase of 34% over existing.
- 1.3.7 Collectively, this represents a nominal land demand to 2048 of 215 ha for industrial and 120 ha for commercial activity, broadly split 70/30% and 60/40% in favour of Hastings, based on historical growth trends.

## **1.4 Capacity to Meet Housing Demand**

- 1.4.1 Given the limited time and resources available at this point means commercial feasibilities have not been completed for all identified greenfields areas, although some have been assessed in this manner. Generally speaking however, there is confidence in the commercial viability of current and immediately programmed development areas. In addition is noted that in order to provide resilience against physical and commercial uncertainty HPUDs, in the 2017 review, introduced "Reserve Greenfields Growth areas". These are potentially able to be substituted for any of the planned growth areas if for any reason they prove to be unviable in the medium to longer term.
- 1.4.2 On this basis there does not appear to be any capacity issues in Hastings provided planned capacity is able to be delivered as planned over the next year or two (although technically there may be a current undersupply in terms of maintaining a three year forward supply buffer). There is however, an early continuation of a lack of Havelock North supply until the Iona area is brought on stream. It is important therefore that the Councils remain committed to, and active in, promoting the necessary services and other conditions to enable the short to medium term supply to be realised.
- 1.4.3 The major risk is in the medium term around responding quickly to any lack of commercial viability for Kaiapo Road in Hastings and Te Awa in Napier and therefore the mechanics of progressing with reserve areas to replace these in time. While likely viability at Te Awa has improved in recent times, this is a large component of Napier's capacity and if it is not be available within the ten year period Parklands and Park Island will be fully developed earlier. This could leave the Western Hills as the only confirmed greenfield growth option to meet demand toward the end of the first ten years. Relying on a single option, albeit a large one, carries inherent risks for meeting urban growth demand.
- 1.4.4 For infill development the overall conclusion is that there is sufficient capacity to meet demand. Projected demand represents an overall uptake rate of 20% of theoretically feasible capacity at the beginning of the period, but rises to 70% at 2048 with the HPUDS desired transition to infill and intensification. To achieve this however, current development rates need to be higher earlier on in the planning period. Further encouragement for both

supply and demand side drivers would therefore appear to be a sensible strategy to achieve the HPUDS targets these projections are based on.

- 1.4.5 In terms of rural lifestyle development uptake is expected to fall away quite quickly as the population ages and the disadvantages of lifestyle living take on more significance for residents. Notwithstanding this the figures above, there remains considerable capacity to respond to higher than projected levels of rural lifestyle development (which would more naturally substitute for greenfield site options as opposed to infill).
- 1.4.6 The biggest cautionary factor to bear in mind with the rural residential component of this assessment is Plains Production Zone land in Hastings. The indicative stock of 188 vacant lots within the Plains Production Zone is a large component of the currently vacant stock. Further work should be done to quantify the resource and how to make the best use of those vacant lots given the importance of this resource for primary production.

## **1.5 Capacity to Meet Business Demand**

- 1.5.1 Recent rezonings mean there is ample industrial land capacity in Hastings for the short medium and long terms, while in Napier there is potentially a medium term issue. Depending upon the nature and feasibility of the Napier Business Park and Awatoto, a longer term shortage in Napier is also possible. It is this prospect that has motivated the regional industrial strategy study to be initiated.
- 1.5.2 Although the Hastings current and planned capacity represents around 25 to 33 years regional land supply, structure planning for the Tomoana area should be undertaken sooner rather than later. This will allow it to be brought to market when the existing Whakatu capacity is nearing full utilisation and enable continuity for a full range of industrial activities to be accommodated, including “wet” industries.
- 1.5.3 On the other hand, the commercial capacity assessment would at first seem to suggest that there is insufficient space capacity to meet demand in the short term for retail space in Hastings and in the medium term in Napier. This issue also arises for office space in the medium term in both cities. The assessment of redevelopment potential within existing used premises and land however, was beyond the scope of this Housing and Business Capacity Assessment. As recognised in HPUDS, more intensive redevelopment represents real potential to meet commercial growth demands.
- 1.5.4 Logan Stone also observed that in the City centres there is surplus space and evidence of under-utilisation, with significant scope for intensification through redevelopment and there remains capacity for current growth. They noted that it is unlikely that the apparent population growth currently being experienced across the region will continue at a similar rate to that of the last three years. This combined with emerging trends in retailing in particular, suggests ample capacity is likely to be available through until at least 2025. Accordingly a full review of the capacity for commercial requirements is recommended for circa 2023.

## **2 PURPOSE AND BACKGROUND**

### **2.1 National Policy Statement on Urban Development Capacity**

- 2.1.1 The National Policy Statement on Urban Development Capacity (NPSUDC) came into effect on 1 December 2016 and provides direction to local authorities to ensure sufficient and feasible urban development capacity is provided to support housing and business growth for the short medium and long terms. Its emphasis is on understanding the demand for housing and business land by ensuring the Councils are well-informed about urban

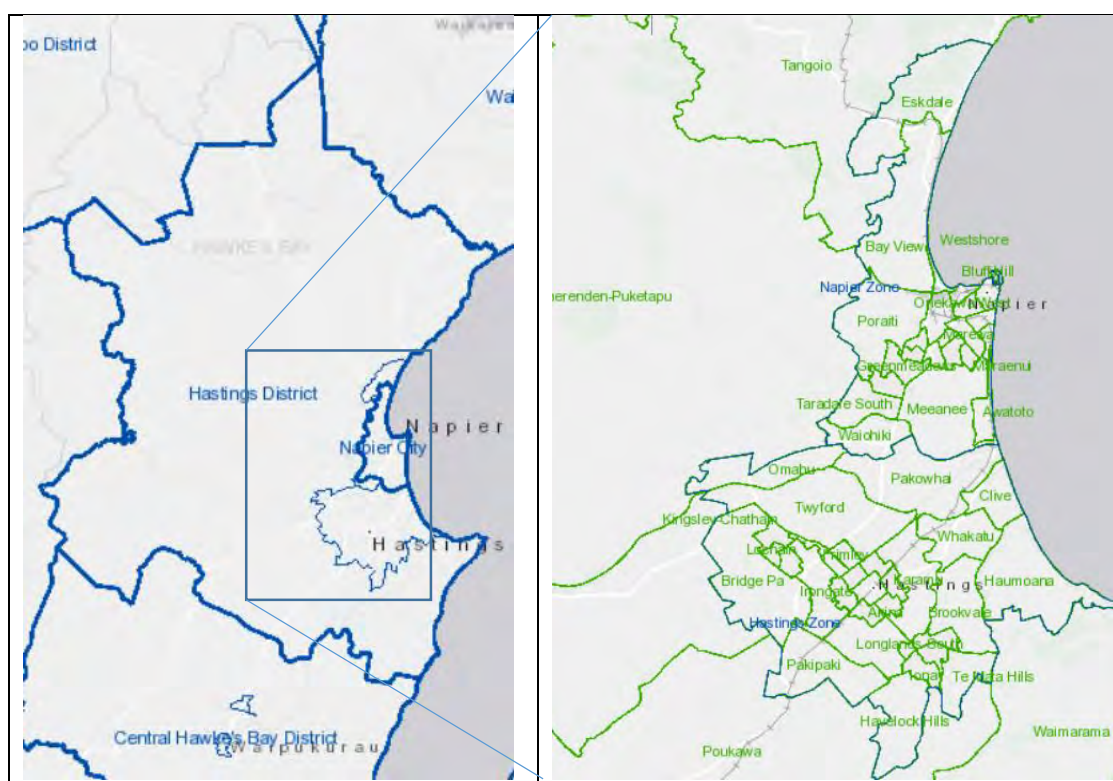


development activity by monitoring property market indicators on a quarterly and annual basis depending upon the metric being monitored. In addition it requires medium and high growth local authorities to undertake a housing and business capacity assessment at least once every three years. This is the first assessment for the Napier/Hastings urban area.

2.1.2 **Figure 1** shows the boundary of the Napier Hastings Main Urban Area as defined by Statistics New Zealand's classification of urban areas in relation to the census area units incorporated within it. As can be seen, the Hastings Napier Urban Area includes Napier City and the Hastings District, excluding the census area units of:

- Waimarama
- Tangoio
- Sherenden Puketapu
- Poukawa
- Maraekakaho
- Tutira

**Figure 1: Napier Hastings StatsNZ Urban Area**



2.1.3 Statistics New Zealand completed its progressive update of population projections for urban areas in September 2017. For the Hastings Napier Extended Urban Area this concluded that the population growth forecast between 2013- 2023 has risen to just over 5% meaning the area is classified as 'medium growth', triggering the requirement to undertake this Housing and Business Development Capacity Assessment (HBCA).

2.1.4 The NPS-UDC sets out the main requirements for the housing demand part of the HBCA in policies PB1 and PB2.

*PB1: Local authorities shall, on at least a three-yearly basis, carry out a housing and business development capacity assessment that:*

- a) *Estimates the demand for dwellings, including the demand for different types of dwellings, locations and price points, and the supply of development capacity to meet that demand, in the short, medium and long-terms; and*
- b) *Estimates the demand for the different types and locations of business land and floor area for businesses, and the supply of development capacity to meet that demand, in the short, medium and long-terms; and*
- c) *Assesses interactions between housing and business activities, and their impacts on each other.*

*Local authorities are encouraged to publish the assessment under policy PB1.*

*PB2: The assessment under policy PB1 shall use information about demand including:*

- a) *Demographic change using, as a starting point, the most recent Statistics New Zealand population projections;*
- b) *Future changes in the business activities of the local economy and the impacts that this might have on demand for housing and business land; and*
- c) *Market indicators monitored under PB6 and PB7.*

2.1.5 Market indicators have been monitored under PB6 and & PB7 since the end of 2017 with the production of a baseline report, which looked at annual data going back, in some cases, to 1994 (HPUDS IWG BLR, April 2018). This Housing and Business Capacity Assessment also draws on the 2018 Fourth Quarter report (HPUDS IWG BLR, April 2019) which in addition to quarterly data, also updates the 2017 Baseline report. Where appropriate therefore reference is made to that report as part of this Housing and Business Capacity Assessment.

2.1.6 In addition to the market indicators referred to in NPSUDC Policy PB6; Policy PB7 requires local authorities to use indicators of price efficiency in their land and development market. This is to help the Councils understand how well the market is functioning, how planning policies may affect this, and when additional capacity might be needed.

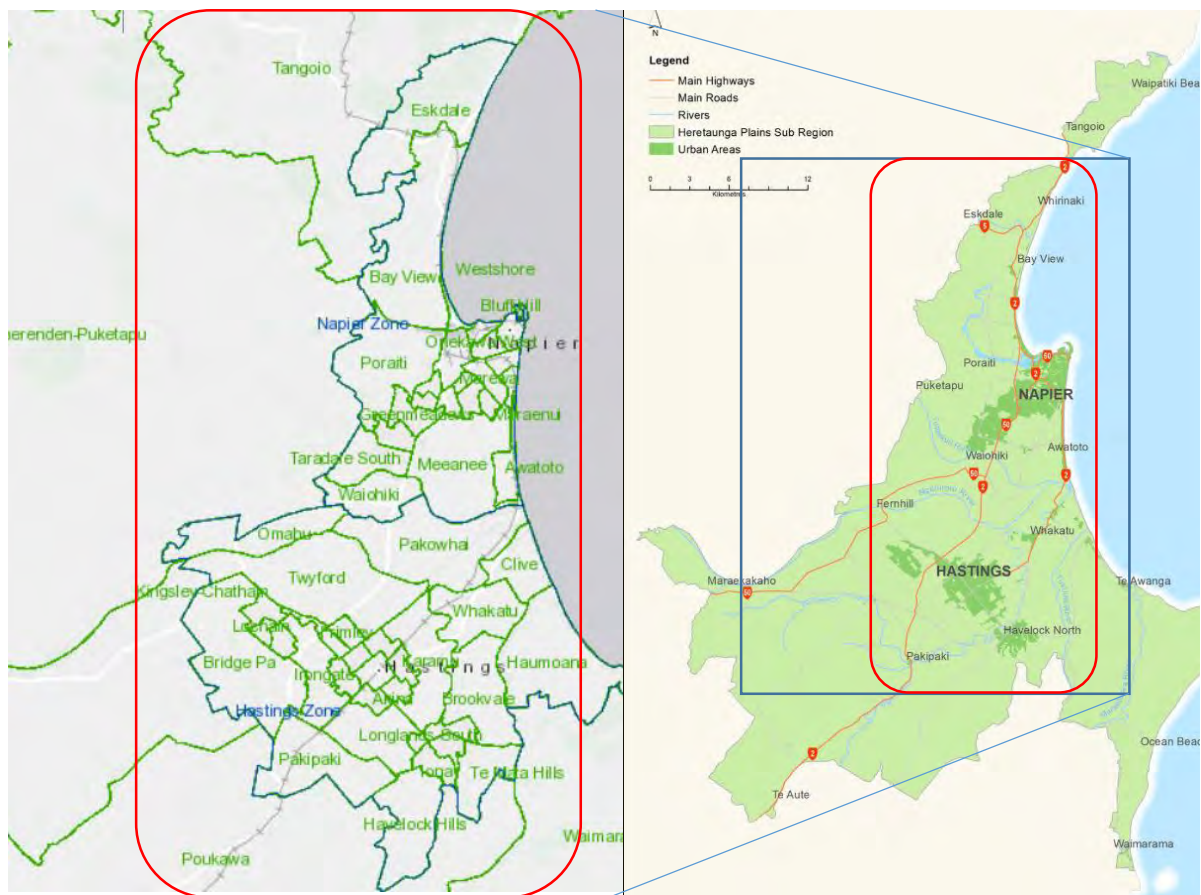
## **2.2 Urban Development Strategy**

2.2.1 The NPSUDC encourages local authorities that have been identified as medium or high growth to work together to implement the requirements of the NPSUDC. The Napier City Council, Hastings District Council and Hawke's Bay Regional Council worked together from 2009 to produce the Heretaunga Plains Urban Development Strategy 2010 and more recently to review the strategy in 2016-2017. Under the Strategy the three partner Councils have committed to regular joint monitoring, which now includes taking account of the requirements of the NPSUDC starting with the preparation of this quarterly monitoring reports required under Policy PB6. This joint approach continues with the production of this Housing and Business Capacity Assessment.

2.2.2 HPUDS was adopted in 2010, based on research undertaken in 2009 with much of that research based on the 2006 census. The planned five yearly monitoring and review was delayed from 2015 to 2016 due to the Canterbury earthquakes delaying of the 2011 census to 2013 and therefore the delay in production of subnational population and household projections. The Review was ultimately adopted by three partner Council's in 2017 and resulting in updated servicing provisions incorporated into the Long term Plans for 2018-2028 and the thirty year infrastructure strategies.

- 2.2.3 Given its relative currency, this Housing and Business Assessment draws heavily on material and research completed as part of the HPUDS Review. In terms of the future the partner Councils will need to consider the frequency of HPUDS reviews relative to the three yearly housing and Business' Capacity Assessments required under the NPSUDC and the need for the outcomes of these processes to feed into the Councils Long Term Plan Cycle as appropriate.
- 2.2.4 Accordingly this Assessment report focuses on the adopted HPUDS Area, which also aligns with the Heretaunga Plains Transportation Study boundary essentially represents the main extent of the daily commuting catchment. It should also be noted that the HPUDS Strategy boundaries do not match entirely the combined city district boundaries (used extensively in the monitoring data to align with published monitoring and data sources) or the Stats NZ Urban Area Boundaries as Figure 2 below indicates. With the new statistical geographies being released by StatsNZ the opportunity will exist moving forward for the greater alignment between urban areas and transportation planning areas and StatsNZ data aggregation levels.

**Figure 2: HPUDS Boundary Relative to the Urban Area Boundary**



### 3 HOUSING DEMAND ASSESSMENT

#### 3.1 Population and Household Growth Projections

- 3.1.1 PB5 requires Councils to use the most recent Statistics New Zealand population projections as a starting point for projecting demographic change. This Housing and Capacity Assessment is however based on the HPUDS2017 projections, which were based on the SNZ 2015 Subnational Population projections, rather than the more recent 2017 projections. These later projections took into account the record levels of international

migration between 2015 and 2017. An increase in Auckland residents migrating into the regions, including Hawke's Bay, presumably because of the effect this was having on Auckland house prices (See sections 7.12 and 8.8 of the 2017 Monitoring Indicator Baseline Report) (HPUDS IWG BLR, April 2018) created a sharp upswing in Napier Hastings household growth in 2017, but abating in 2018.

- 3.1.2 **Appendix 1** identifies the 2017 HPUDS projections for households out to 2045. Importantly the projected household growth across the HPUDS2017 Study Area for the 2015 – 2045 study period was, based on 'Halfway Medium to High' growth projection scenario, rather than a straight medium projection (used in the NPSUDC to define medium and high growth Councils). The more optimistic 2017 SNZ subnational projection update is therefore adequately accounted for by the use of a medium to high projection scenario in HPUDS 2017 for the purpose of this capacity assessment. This recognises that there is usually a likely evening out of fluctuations in growth cycles over the medium to longer term. Future reviews will however, need to be alert to any signs of ongoing international or internal migration trends, starting with the release of the 2018 census results.
- 3.1.3 As a starting point the HPUDS 2017 distribution of projected growth was based in part on the timing of anticipated new residential sub-division developments and associated total housing capacities, over the planning period as foreshadowed in HPUDS2010<sup>1</sup>. On this basis the total increase in households/dwellings of 10,610 over the projection period through to 2045 was made up as set out in **Table 1** below.

**Table 1: HPUDS Area Household Base Projections 2015-2045**

HPUDS Area	Estimated Total Households 2015	Projected Households						Change 2015-2045
		2021	2026	2031	2036	2041	2045	
Hastings Plains	4,720	5,115	5,535	5,935	6,220	6,390	6,795	2,075
Hastings Rural	960	1,015	1,050	1,080	1,115	1,135	1,155	195
Hastings Urban	12,290	13,240	13,755	14,115	14,435	14,710	14,840	2,550
Flaxmere	3,010	3,195	3,305	3,405	3,480	3,555	3,575	565
Havelock North	4,745	5,025	5,200	5,355	5,490	5,610	5,665	920
Havelock North Lifestyle	830	875	895	950	985	1,030	1,035	205
Napier City	24,900	26,110	27,060	27,850	28,420	28,710	29,000	4,100
Total HPUDS Study Area	51,455	54,575	56,800	58,690	60,145	61,140	62,065	10,610

- 3.1.4 These provided a starting point for the 2017 HPUDS Review, recognising that changes in market preferences and conditions as well as planning and strategic considerations will and did result in a different spatial distribution to this growth from the original base projection in Table 1.
- 3.1.5 In addition to traditional housing growth it is considered good practice to account for and, if possible, project other forms of demand for urban housing land. These include latent demand due to slow supply responses to household growth, tourism/holiday housing, social housing and demand from seasonal workers.

<sup>1</sup> But with the proposed scale of new housing adjusted in a few cases in order to meet the overall housing formation totals for the projection period,

## 3.2 Latent Household and Other Demand

### Suppressed Demand

- 3.2.1 Surges in household growth (say through immigration policy changes) can occur faster than Councils can rezone and service new land supply. In addition market conditions can also mean the development industry can struggle to respond fast enough to demand for new housing so suppressed demand can build up which needs to be accounted for in forward planning. There may also be other demand influences that put pressure on supply for household growth. These factors are considered in **Appendix 2** and summarised here.
- 3.2.2 HPUDS2017 did consider latent demand by comparing new dwelling consents with average household growth between censuses over a 15 year period (HPUDS IWG DG, 2016). This was recalculated in 2018 using the Ministry of Business Employment and Innovation's (MIBE) Urban Development Capacity Dashboard (MBIE, 2018), which uses Statistics New Zealand (SNZ) household growth estimates and lagged buildings consents data. Both indicate the total housing construction over the last 15 years outweighs new household growth even when accounting for demolitions. However, if only the last ten years is used a latent demand of around 400-500 households would be predicted.
- 3.2.3 Another measure of possible latent demand is the trend in the percentage of un-occupied dwellings at the census count. The trend in unoccupied housing stock for the last three census periods, indicates an increasing proportion of unoccupied dwellings that is similar to other peer group Council's. Likewise the level of total housing stock to households also shows an increasing level of available stock relative to households, even after allowing for multi-family housing as a possible un-met demand. Again this is consistent amongst peer group Councils. These measures preceded the recent population surge and the 2018 census update will be informative when available.
- 3.2.4 While these measures do not suggest there is a medium to long term latent demand issue in term of total housing stock and household demand they do not account for mismatches in housing suitability or affordability, or latent market driven (as opposed to core household growth) demand in particular market segments. Nor do they estimate any latent demand in the form of migrants from outside the region who may not have been able to find suitable affordable accommodation within the region and accordingly may have been lost to the region. These could be areas for further research.

### Temporary Worker Demand

- 3.2.5 The Recognised Seasonal Employer (RSE) scheme provides for horticultural or viticultural employers who cannot find New Zealand workers to plant, maintain, harvest or pack crops to recruit workers offshore to undertake those tasks. One of the major challenges for regional seasonal employers is providing suitable temporary accommodation for workers over the peak harvesting season. A RSE stakeholders group has advised that with the increased level of horticultural production, seasonal worker numbers could double by 2022 to around 7000-8000 workers.
- 3.2.6 Based on 2018 Department of Labour information it is estimated that the Napier Hastings area has around 100 urban (including boarding with others) and orchard dwellings rented for RSE workers, providing around 1200 beds. Approximately 250 are accommodated cottages/cabins/hostels and a further 500 in travellers accommodation and an additional 2,000 in purpose built accommodation. Napier's contribution to RSE supply is only around a dozen private dwellings. Over 1000 additional beds were consented in 2018, which if built, brings the total to around the estimated 2018 registered workers of 5,000.

- 3.2.7 The Hastings District Council has recently produced a Discussion Document (Hastings District Council RSE, 2018) on possible solutions to the RSE worker accommodation issues that would reduce impacts on the mainstream housing market. A plan change has been initiated to provide for purpose built accommodation for RSE workers in several zones within Hastings and this is currently going through the public consultation process. Accordingly, this aspect is not accounted for in this Housing Capacity Assessment directly.

#### Visitor Demand

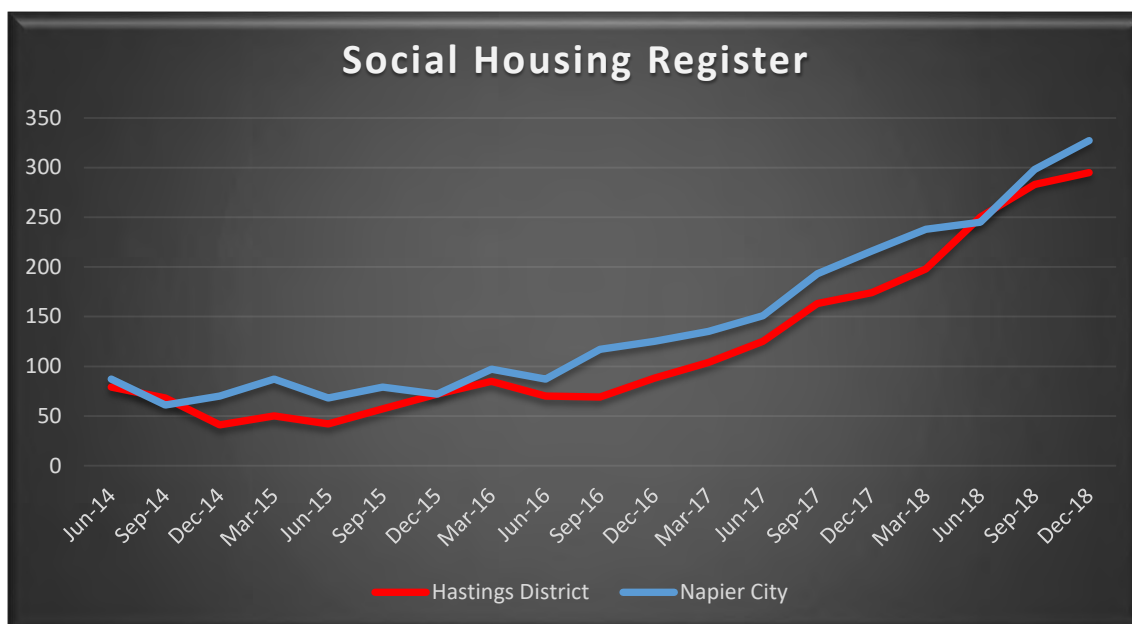
- 3.2.8 The demand for visitor accommodation may be included in the demand for housing and/or business land, recognising that this includes demand for holiday homes and hotels. Visitors can be numerically and proportionally significant in some local areas, but are not part of the sub-national household projections, which focus on the usually resident population. The census count based indicators suggest that holiday accommodation is not a major influencer of housing capacity in the region, although there are coastal settlements, such as Waimarama, where holiday homes do comprise a significant proportion of the existing stock and potential demand.
- 3.2.9 This may however, need to be a topic for further investigation in the future given the rise in alternative forms of dwelling based visitor accommodation such as AirBnb which can have either a long term or a transient effect on permanent housing supply depending upon the strength of the local tourism market. An examination of AirBNB data for 2018 suggests around 220 houses may be essentially entire places rented for more than 90 days or less than 1% of the total housing stock. However, many of these may well be holiday homes that were not part of the general rental stock to begin with.

#### Social Housing

- 3.2.10 Social housing need can be reflective of a number of influences, but supply shortages can be one of the contributing, or exacerbating factors. The effects of constrained supply can flow through to lower value and rental properties, which impacts most acutely on the more vulnerable in society, placing pressure on public housing supply.
- 3.2.11 The social housing register (Ministry of Social Development, 2018) as shown in **Figure 3** below suggests a base level of social housing need appears to have been around 150-200 households for the combined region through to around 2017. Of concern however, is the rapid rise from around the latter half of 2016 to sit at over 600 households at the end of 2018. This aligns with significant inwards migration into the region, which appears to have placed some pressure on the housing market.



**Figure 3: Hawke's Bay Social Housing Registrations**



3.2.12 While other factors may be at play it would seem sensible to account for a one-off latent demand for social housing of around 400 households (given these households are part of the household projections going forward).

#### Market Indicators of Latent Demand

3.2.13 MBIEs price cost ratio<sup>2</sup> is another way of detecting whether latent or demand pressures exists due to a lack of supply for urban land. This is an indicator of whether a shortage of residential land is impacting on general house prices because of increasing competition for existing housing stock.

3.2.14 While the ratio for Napier and Hastings remains under 1.5 it has tracked upwards from 2016 which coincides with a pinch point in greenfield land supply in Hastings, but a similar shift in the mid 2000's occurred during a period of relatively strong supply. Nevertheless the 2017 ratio remains one of the lowest in the country and a similar upwards trend is exhibited across the peer group councils suggesting factors other than localised land supply issues are affecting prices.

3.2.15 Another indicator of land shortage and therefore potential latent demand is the urban/rural price differential<sup>3</sup> produced by MBIE (MBIE, 2018). Amongst the measured urban areas the Napier Hastings differential is below the average and roughly on a par with Palmerston North and New Plymouth.

#### Allowance for Latent and Other Demand

3.2.16 On balance therefore it does not seem that there is a systemic latency in demand for the Napier/ Hastings Urban area, but there are observable pressures mounting on the existing housing supply from RSE accommodation, public housing demand as well as yet unquantifiable tourism based demands such as Airbnb. Accordingly it would seem sensible

<sup>2</sup> Effectively the ratio of non-land cost components of a new dwelling construction to serviced land prices e.g. if land is 1/3 of the cost of a new building the land price ratio is 1.5.

<sup>3</sup> The difference in land value at the boundary between residential uses and other uses. Where the residential value is high by comparison with the adjoining use this may suggest constrained demand for expansion.

to add a nominal allowance for latent demand since the HPUDS 2017 projections were made.

- 3.2.17 Given the above discussions it is estimated that there may be a latent demand of around 500 new dwellings. This need is based on recent growth in social housing demand of 350 dwellings being a possible displacement arising from un-met household growth demands (as discussed in section 2.2.2 above); an allowance of 50 RSE dominated existing households to account for possible recent increases in RSE workers being accommodated in private dwellings (an increase over assumed baseline levels of approximately 100% and which potentially also contribute to any displacement effects on social housing needs) and a nominal 100 dwellings for any reduced availability due to increases in visitor/holiday home accommodation. This also roughly equates to the un-anticipated (i.e. over that projected) inward population migration that occurred between 2016 and 2018.

### 3.3 Timing of Demand

- 3.3.1 The HPUDS base projections given in **Table 1** above are in five year blocks from 2015 to 2045. HPUDS2017 however converts these to 10 years supply targets to be achieved through the adopted settlement pattern. To meet the NPS requirements for the purpose of the Capacity Assessment, demand needs to be expressed as follows:

- Short Term: 0-3 years
- Medium Term: 4-10 years
- Long Term: 11-30 years

- 3.3.2 **Table 2** therefore lines up the HPUDS and the NPS timeframes, back casting to the HPUDS 2015 base.

**Table 2: HPUDS 2017 Projected Household Five Yearly Increase**

<i>Household Growth 2015 base</i>	2016- 2020	2021- 2025	2026- 2030	2031- 2035	2036- 2040	2041- 2045	Change 2015-2045
HPUDS Projections	3120	2225	1890	1455	995	925	<b>10,610</b>
NPS Targets	3120	2225	5265				<b>10,610</b>
HPUDS Targets	5345		3345		1920		<b>10,610</b>

- 3.3.3 In **Table 3** below however, the projections have then been adjusted to account for the actual growth over the past three years and resetting the projections using the NPS timeframes of 0-3, 4-10, 11-30 year periods from 2018.
- 3.3.4 For efficiency reasons and practicality reasons most of the remaining analysis still draws on the HPUDS 2017 2015 to 2045 ten year projections targets, but at the end of this section they are adjusted to account for the latent demand and recast as per **Table 3**, but extrapolated from 2018-2048 to align to the NPS timeframes, and capacity is then assessed against this.



**Table 3: HPUDS 2017 Household Projections Adjusted to NPS Timeframes**

<i>Household Growth 2015 base</i>	2016- 2018	2019- 2021	2022- 2028	2029- 2033	2029- 2033	2039- 2043	2044- 2045	2046- 2048
HPUDS2017	1872	1,693	2914	1629	1179	953	370	-
2018 actual and extend to 2048	2038	1693	2914	1629	1179	953	370	513
NPS periods from 2018 base		1639	2914	2808		1836		
		2016- 2018	2019- 2028	2029-2038		2039-2048		

### 3.4 Composition of Demand

- 3.4.1 While household growth and the need to replace aging stock with modern healthy homes represents the core demand for new housing, how actual demand is experienced is highly influenced by market demand preferences and affordability constraints amongst households. This in turn affects the demand for land. In light of this the 2017 HPUDS Review commissioned a review of the 2009 Market Demand Report (Telfer Young Ltd, 2016), which is summarised in **Appendix 3** along with other data to understand the broad household projections in terms of their distribution and composition of demand.
- 3.4.2 Telfer Young noted that while Census derived household growth figures indicate short term differences compared to residential growth rates based on historic building consent data, convergence of these measures over the longer time frame, would be expected in the absence of an increasing number of unoccupied dwellings.
- 3.4.3 To understand the distribution and composition of demand requires an assessment of market demand against the HPUDS targets for broad sectors of development described as Rural/Lifestyle, Infill (including redevelopment as brownfields) and Greenfield development.

#### Rural Lifestyle

- 3.4.4 Rural uptake can be difficult to predict due to net rates of building being inflated as there are no records of demolition or conversion of housing being replaced by new construction i.e. there may some double counting rather than what may in reality simply be replacing existing. Telfer Young's best estimation for Lifestyle is a demand of 850 sites over a 30 year horizon, with a range between 560 based on household growth projections to 1350 based on previous year's sales.
- 3.4.5 The projection rate of building new dwellings of 45 p.a. over the 2015-2025 period compares with historical average building rates for rural/lifestyle of around 100 per annum over 2000-2015 or 25% of new construction (but demolitions and vacant older stock is not deducted) (HPUDS IWG DG, 2016). Telfer Young remarked that demographics (aging population and smaller family units) are, expected to result in lower future lifestyle demand, and noted that lifestyle lot sales from 2006 had dropped from around 90-100 to 55 p.a.

#### Residential

- 3.4.6 Telfer Young's projection of 484 p.a. new residential dwellings for the first 10 years was in line to meet HPUDS's projected household growth demands and with an average of 322 sites per year over the full thirty years a slowing of population growth from around 2025 is

anticipated, which is a similar trend across the country. On this basis a quite optimistic growth outlook for the early part of the strategy, which slows over subsequent decades as the population continues to age appears reasonable and allows for re-calibration over time if the growth outlook over the medium to longer term improves.

- 3.4.7 Since 1999 to 2015 greenfield has accounted for 40 % of new dwelling construction and infill 35% in the sub-region, with rural/lifestyle accounting for the other 25%. As rural development is expected to decline as the population ages and demographics change urban growth demands are expected to increase accordingly, including potentially for greater greenfield development on versatile soils.
- 3.4.8 The original HPUDS anticipates a transition away from a reliance on greenfield development ((which has been an increasing share since 2006) towards greater intensification, including through retirement villages in greenfield areas in order to cater for a specific market sector that is projected to experience considerable growth in demand
- 3.4.9 As a result of the 2017 Review (with its attendant identification of a previously un-anticipated and relatively significant increase in internal net migration) the HPUDS targets for these sectors of demand were adjusted so the relative proportion of greenfield development is anticipated to fall more gradually over the beginning of the thirty year study period than HPUDS2010, as per the target in **Table 4** below:

**Table 4: HPUDS2017 Target Sector Growth Allocations**

Type of Development	2000-2015 Development	Proposed of Additional Households [No.]			
		2015-2025	2025-2035	2035-2045	2015-2045
Intensification	[35]	40% [2128]	48% [1706]	60% [1152]	46% [4986]
Greenfields	[40]	50% [2673]	45% [1405]	35% [672]	46% [4750]
Rural Residential	[25]	10% [535]	7% [234]	5% [96]	8% [865]
Total	[100]	5345	3345	1920	10610

- 3.4.10 The assessment above therefore sets the higher level sector demand assumptions upon which to test development capacity. The projections assume a shift away from rural choices to urban choices including greenfields at a much quicker rate than has been occurring in reality over recent years. Looking at historic uptake rates on balance the projections are still potentially on the high side for greenfields, in the right arena for infill, but potentially a bit low for rural if those were to continue. HPUDS does however, have an overarching strategic objective of reducing reliance on urban sprawl (due to its impact on versatile soils with their productive capacity, sustainable energy use and infrastructure demands), in favour of intensification as the preferred growth option.

## 3.5 Distribution of Demand

- 3.5.1 Given the size and relative accessibility of the Hawke's Bay market there is little point in trying to project growth demands based on location too finely. The first step however is to break the demand down to Hastings Urban, Napier Urban and Rural as the major location choices.
- 3.5.2 **Appendix 3** provides a number of scenarios to do this, but rather than selecting one or other of these, this Housing and Business Capacity Assessment recognises different futures are possible. Using the scenarios in **Appendix 3** a growth range for the disaggregated projections is arrived at as shown in **Table 5** below for considering sufficient

capacity, with the overall total representing the minimum requirement within the total study area.

3.5.3 These give demand range distribution for sufficiency testing as follows:

**Table 5: Napier Hastings Growth Apportionment Range**

Components of Demand	10 Year Average Consents Splits	Projected Number of Additional Households [No.]			
		2015-2025	2025-2035	2035-2045	2015-2045
Intensification	Hastings	820-1190	660-970	445-795	1925 -2955
	Napier	930-1310	735-1050	360-710	2030 -3070
Greenfields	Hastings	1335-1500	700-800	335-460	2370-2760
	Napier	1175-1335	605-700	210-335	1990-2370
Rural	Hastings	460	200	80	740
	Napier	80	35	15	130
Total	Hastings	2615-3150	1560-1970	860-1335	5035- 6455
	Napier	2190-2725	1375-1785	585-1060	4150-5570
Grand Total		5345	3345	1920	10610

3.5.4 Below this level of demand assessment accuracy diminishes, but relative popularity for larger suburban aggregations are able to be obtained from reviewing new building consents issued during the last property cycle when multiple options were available (2005-2010). Applying this to the greenfields targets above (after diverting a nominal proportion of the projected Havelock North and Parklands/Park Island growth to the nearby Havelock North Hills and Western Hills growth areas of 10 and 15% respectively<sup>4</sup>), gives a future overall total demand distribution in terms of projection ranges as set out in **Table 6**.

**Table 6: Greenfield Growth Range Targets by Broad Location**

Greenfields		2015-2025		2025-2035		2035-2045		2015-2045	
Location	% Split	Lower	Upper	Lower	Upper	Lower	Upper	Lower	Upper
Hastings	55	734	825	385	440	184	253	1304	1518
Havelock	35	467	525	245	280	117	161	830	966
Havelock Hills	10	134	150	70	80	34	46	237	276
Hastings Total		1335	1500	700	800	335	460	2370	2760
Napier	40	470	534	242	280	84	134	796	948
Parklands/Park Island	45	529	601	272	315	95	151	896	1067
Western Hills	15	176	200	91	105	32	50	299	356
Napier Total		1175	1335	605	700	210	335	1990	2370
Minimum Total Projection		2673		1405		672		4750	

3.5.5 Given the overall size of the market there is little value in trying to predict infill demand by suburb to any great deal of precision. Some suburbs will clearly be more appealing than

<sup>4</sup> A lower volume of proximate rural residential sites in the Napier's Western Hills by comparison with the Havelock North Hills, suggests the western hills residential sites may find slighter greater local appeal.

others, but in some cases age and condition of housing stock may limit potential and past building consent histories are of limited value for projecting forward.

- 3.5.6 A proxy for relative attractiveness of suburbs for infill may be obtained by looking at the distribution of house sales over the past few years as an indicator of appeal and therefore demand to give a temporal and spatial demand distribution as set out in **Table 7** below.

**Table 7: Projected Infill Demand by Suburb and Projection Period**

Infill projection range	%	2015-2025		2025-2035		2035-2045		2015-2045	
Suburb		Lower	Upper	Lower	Upper	Lower	Upper	Lower	Upper
Taradale	25	233	328	184	263	90	178	506	768
Greenmeadows	10	93	131	74	105	36	71	203	307
Tamatea/Poriati	10	93	131	74	105	36	71	203	307
Central Suburbs	30	279	393	221	315	108	213	608	921
Hill and Northern	15	140	197	110	158	54	107	304	461
Te Awa and South	10	93	131	74	105	36	71	203	307
<b>Total</b>		<b>930</b>	<b>1310</b>	<b>735</b>	<b>1050</b>	<b>360</b>	<b>710</b>	<b>2025</b>	<b>3070</b>
Clive	5	41	60	33	49	22	40	96	148
Havelock North	30	246	357	198	291	134	239	578	887
North Eastern Suburbs	15	123	179	99	146	67	119	289	443
North Western Suburbs	15	123	179	99	146	67	119	289	443
Southern Suburbs	20	164	238	132	194	89	159	385	591
Western Suburbs	15	123	179	99	146	67	119	289	443
<b>Total</b>		<b>820</b>	<b>1190</b>	<b>660</b>	<b>970</b>	<b>445</b>	<b>795</b>	<b>1925</b>	<b>2955</b>

### 3.6 Housing Typologies

- 3.6.1 The housing market in Hawkes Bay is fairly representative of the national market with a predominance of standalone homes. Household types are however changing and one person households are expected to comprise over 60% of the total projected growth in households and couples without children are expected to account for more than the total growth in families, with both one and two parent families reducing.
- 3.6.2 Single and two resident households have a higher propensity for townhouse or apartment living and dwellings with fewer bedrooms. Notwithstanding that, there are still a considerable number of smaller households residing in detached dwellings and/or three plus bedrooms which could be freed up if attractive more compact housing product was available to meet changing demographic demands.
- 3.6.3 Even in a housing market supply dominated by three + bedroom homes, changing demographics is likely to influence the type of housing required in the future and the emergence and growth of retirement villages is a classic example. Based on current propensities and the growth in smaller households we can estimate demand for smaller dwelling formats and anticipate further growth as these formats become more popular if the market responds to this demand as shown in **Table 8**.

**Table 8: Projected Demand for Smaller Dwellings based on Household Types**

Increase in Smaller Housing	One Bedroom with One Resident	One Bedroom with Two Residents	Two Bedroom with One Resident	Two Bedrooms with Two Residents	Total
Current	942	2455	135	1201	4733
Growth Scenario	1231	2769	544	1632	6177
Propensity Assumption	15-20%	40-45%	2.5-10%	22-30%	

- 3.6.4 The projected demand compares with the infill/intensification target in HPUDS2017 of approximately 5000, although the market in greenfields and infill will overlap somewhat in terms of size of dwelling and typology, particularly as retirement and lifestyle villages also seek out greenfield locations. It is expected however, that greenfields will however generally favour traditional standalone homes with 3 plus bedrooms, while intensification will tend to favour smaller 1-2 bedroom attached/semi-detached townhouse and apartment typologies. Using the existing propensity of smaller households for townhouse/apartment type living and a modest propensity increase in demand for this housing option, we could expect upwards of 2500-3500 more households wanting these types of accommodation.
- 3.6.5 HPUDS2017 found about 40% of all people over the age of 75 are presently accounted for as living in retirement villages, rest home care or pensioner rental housing in the HPUDS study area. The remaining 60% are staying on in their own homes or private or state-owned 'general rental' accommodation (Environmental Management Services, 2016).
- 3.6.6 It also estimated that about 3,340 retirement age units of all kinds (including rentals) could be constructed over the next 30 years, with about ½ of those being medium to higher end, with the demand from the retirement village sector for predominantly 'greenfield' sites of 6.25 hectare or greater (Environmental Management Services, 2016). This compares with the 2500-3500 townhouse/apartment demand discussed earlier, noting that these are overlapping markets.
- 3.6.7 In other words around half of the townhouse/apartment demand may be in greenfield retirement village developments and comprise around 30-40% of the 1-2 bedroom market. Any overestimation of greenfield needs may also insulate against higher than expected demand (and supply) for smaller housing typologies in greenfields locations, albeit at higher net densities than anticipated for these areas.

### **3.7 Housing Price Points**

- 3.7.1 **Table 9** provides a summary of likely greenfield average house and land price range within generalised locations showing typical section sizes. These is based on sales of near new and second hand houses within current greenfield growth areas undertaken by Telfer Young in 2016 (Telfer Young Ltd, 2016) and adjusted for movements in median house prices and confirmed with some adjustment as considered reasonable by Logan Stone Valuers. Given that greenfields bare land prices are sitting around \$250,000 to \$300,000 between Napier/Hastings and Havelock North (HPUDS IWG BLR, April 2019), they are therefore considered to be a reasonable approximation for the situation at 2018, although the hill developments are yet to come to market.

**Table 9: Greenfields Development Price Points**

Greenfields New/Near New	Section Sizes	Likely Section Price Range
Hastings	650-750	\$680,000-\$850,000
Havelock North	700-800	\$850,000-\$1,000,000
Havelock Hills	1200-1500	\$1,100,000-\$1,500,000
Napier	400-600	\$700,000-\$800,000
Parklands/Park Island	350-700	\$800,000-\$950,000
Western Hills	250-1500	\$1,100,000-\$1,500,000

- 3.7.2 While there is likely to be demand for lower priced residential sites with associated new builds, the associated lower profit margins, higher relative development levies and higher risk factors are likely to dissuade potential developers from working in this sector. This leaves only individual property owners who may have secured a section privately and with limited funds optioning to choose a smaller more affordable housing typology. This is more likely to occur in infill situations rather than greenfield where many sections are pre-sold to package builders.
- 3.7.3 As indicator of relative price points by location for existing properties, **Table 10** below shows aggregated urban suburbs of Napier and Hastings. This comparison helps to provide some relativity of potential demand for infill development between locations, and identify where further infill may be difficult to sustain due to lower likely sale values.

**Table 10: Median 2018 Sale Value by Aggregated Suburb**

Suburb	Proportion of Average Sales	Median Value
Taradale	23	\$491,750
Greenmeadows	11	\$475,000
Tamatea/Poriati	13	\$495,019
Central suburbs	27	\$349,957
Hill and Northern	17	\$549,087
Te Awa and South	11	\$433,693
Clive	4	\$505,000
Havelock North	32	\$610,000
North Eastern Suburbs	14	\$372,316
North Western Suburbs	14	\$404,121
Southern Suburbs	22	\$354,959
Western Suburbs	14	\$210,633

### 3.8 Complied Projections Extrapolated to 2048

- 3.8.1 HPUDS 2017 used demand projections from 2015-2045 for its short, medium and long term time frames whereas this Capacity Assessment needs to align to a planning horizon of 2018-2048. Accordingly the HPUDS 2017 projections and distribution and composition discussed above have been complied, extrapolated and recast into the revised time periods as set out in **Table 11** below. Allowing for the latent demand allowance and the NPSUDC buffer allowances the anticipated growth figure for this assessment is close to 12,000 households to 2048.





## 4 BUSINESS DEMAND ASSESSMENT

### 4.1 Economic Growth Outlook and Growth Projections

- 4.1.1 Business demands also need to be provided for, which in turn flows into greater employment related housing demand. In some cases this also creates a need for business to expand onto existing housing areas, requiring households to relocate elsewhere, creating a further need for more land for more housing.
- 4.1.2 In this respect HPUDS2017 also reviewed the 2009 economic growth outlook as summarised in **Appendix 4**. The report noted that since 2000, the Hawke's Bay industrial sector GDP has increased in real terms at an average annual growth rate of approximately 2% and the commercial sector at 1.8%. Forecast GDP growth results in employment gains throughout the study period in both the industrial and commercial sectors (Economic Solutions Limited, 2016).
- 4.1.3 In terms of the sector floorspace requirement for business needs for the 2015-2045 period, this is estimated at 900,000m<sup>2</sup>. The total land requirement associated with the forecast industrial floorspace demand across Napier-Hastings over the period is in the order of 225 hectares, assuming an average building gross floor area to site coverage ratio of 40%. This equates to an additional average annual new industrial land requirement of approximately 7.5 hectares. These projections remain the same as those estimated in HPUDS2010.
- 4.1.4 Commercial land projections also remain unchanged from HPUDS2010. This is estimated to require approximately 110ha of land assuming a plot ratio of 65% in line with the low rise nature of provincial commercial centres or on average around 4 ha p.a. or 2.5% annual compound growth.
- 4.1.5 While these high level projections are useful for long range planning, with industrial land use ten years is regarded as the limit for detailed planning purposes. Accordingly HPUDS2017 commissioned more detailed and updated industrial land demand projections for the 10 year period of the reviewed HPUDS and for financial planning in the Long Term Plans from a local property consultancy (Logan Stone ILD, 2016).
- 4.1.6 They observed that the principal source of industrial land demand will be based upon Hawke's Bay's existing competitive endeavours, being primary production and associated processing, distribution and marketing. They also observed that significant construction activity was planned over the 2016-2019 period and will be an impetus for industrial expansion, and concluded that some 64 hectares of industrial land was likely be consumed before 2026.
- 4.1.7 Combining these long range and near term projections provides land requirement projections for the HPUDS area in **Table 12**. The base projections are for the industrial and commercial sectors, so retail and office development are not separately predicted for in this capacity assessment, but the benefits of doing that should be considered for the next assessment.



**Table 12: Combined Long term and Near Term Business Land Projections**

<i>Business Growth</i>	2015-2021	2022-2026	2027-2031	2032-2036	2037-2041	2042-2045	Change 2015-2045
<i>Industrial (Logan Stone to 2026)</i>	46.0	27.0	37.5	37.5	37.5	30.0	215.5
<i>Commercial (4 ha)</i>	24.0	20.0	20.0	20.0	20.0	16.0	120.0
<i>Total Business</i>	<b>76.0</b>	<b>36.0</b>	<b>57.5</b>	<b>57.5</b>	<b>57.5</b>	<b>46.0</b>	<b>330.5</b>

## 4.2 Latent Business Land Demand

- 4.2.1 Logan Stone's industrial growth projections for 2015 -2018 were based upon expected activity and initiatives which would satisfy some pent up demand as well as current demand. Their projections represented around 5 ha above the projected ten year average or an estimated gross floor area of 125,000m<sup>2</sup> at 40% site coverage. However around only 98,000m<sup>2</sup> of new industrial floorspace was added in the three years between 2015 and 2018. This suggests that around 27,000m<sup>2</sup> of the projected increase is yet to be built and around 3.5 ha should therefore be regarded as delayed demand when projecting forward from 2018. Similarly as only around 26,500 m<sup>2</sup> additional commercial floorspace was added between 2015 and 2018 compared to the HPUDS projection of 78,000m<sup>2</sup>, around 51,500m<sup>2</sup> or 7.9 ha of delayed demand could be allowed for.
- 4.2.2 While no other clear evidence of latent demand for business land exists, low and reducing vacancy rates may be an indicator that some level of latent demand exists as discussed in **Appendix 4**.
- 4.2.3 For industrial vacancy the trend seems to be fairly level over time, but the overall rate is consistently low, suggesting constrained supply for prime industrial property, but not necessarily sub-prime. In this respect the Hastings District Council's recent substantial rezoning of new industrial areas at Irongate, Omaha North and the Tomoana Food Hub have accommodated reasonably solid growth, but have yet to fully filter through to easing of supply within the existing industrial property market. Any latent demand that may exist should ease as these areas continue to open up and the, but a buffer over expected demand for any latent demand could be sensible in terms of demand projections.
- 4.2.4 In addition, looking at the Price Efficiency ratio's produced by MBIE (MBIE, 2018) for Industrial land values compared to rural, residential and commercial land values where they adjoin, only Omaha Road South shows any significant difference at over seven times the adjoining rural value. This could suggest some level of pent up demand, but it is expected to abate when the infrastructural services underway at Omaha Road North development are completed.
- 4.2.5 Office vacancy rates are likely to be at least partly influenced by seismic issues arising from the Canterbury earthquakes with secondary property being vacated in favour of prime property with higher seismic (building strengthening) rating. While the latter stock has been expanding in response, it appears to be still sought after from larger businesses where health and safety may be a contributing reason. The high rate of secondary office property vacancy may be starting to abate, but suggests there is still plenty of scope for redevelopment in this sector, albeit contingent on seismic upgrading of existing buildings

to fully realise the potential supply options. In this regard the latent demand should not be a major factor for the office sector and will be hard to detect amongst the seismic rationalisation and renewal process for a while longer.

- 4.2.6 Retail property markets are complex, but the data does not indicate an obvious shortage or constraint in the supply of retail property and therefore pent up demand at this point. If anything vacancy rates are increasing slightly in the primary retail stock. The increasing move by consumers to purchase through on line formats should limit significant growth in demand for physical locations in the foreseeable future.
- 4.2.7 **Table 13** provides the demand projections adjusted to account for the actual floorspace added from 2015-2018, the latent demand allowances discussed above and adding the NPSUDC sufficiency buffers of 20% for the short and medium term and 15% for the long term we arrive at the following demand targets adjusted to the NPSUDC time scales.

**Table 13: Adjusted Projected Business Land Demand**

<i>Household Growth Buffer added</i>	2015-2018	Balance	2019-2021	2022-2028	2029-2038	2039-2048	Change 2018-2048
Industrial Logan Stone to 2026)	24.5	10.2	33.0	36.45	86.3	86.3	242.0
Commercial (4 ha)	4.1	9.4	23.8	33.2	46.0	46.0	149.0
<b>Total Business</b>	<b>28.6</b>	<b>19.7</b>	<b>56.9</b>	<b>69.7</b>	<b>132.3</b>	<b>132.3</b>	<b>391.0</b>

### 4.3 Distribution of Demand

- 4.3.1 For business land, the past patterns and future outlook discussed above suggest that industrial growth projections can and should be split between Hastings at 70% and Napier at 30% (Economic Solutions Limited, 2016). This proportional split was based on employment and floorspace shares over the previous five years and the value of building work since 2000. On the same basis Commercial floorspace projections were split 60% Hastings and 40% Napier. **Table 14** represents the projected business sector demand assuming these proportions broadly continue. The commercial component is further split into retail and office space within each of Hastings and Napier shares based on consented floorspace for these categories over the 2010-2018 period.
- 4.3.2 Distributing growth demands below this spatial breakdown has not been attempted due to the low level and widely fluctuating nature of demand in relation to economic cycles, structural changes within the economy and relatively poor data sources.
- 4.3.3 While no attempt has been made here to predict Industrial demand by more specific locations/business types, a joint Napier Hastings Industrial Land Strategy study has been commissioned. This is a specific study to understand and better plan for industrial development on the Heretaunga Plains to input into the next review of HPUDS and the current review of the Napier City Plan as appropriate.

**Table 14: Projected Spatial and Temporal Business Land Demand Distribution**

<i>Projected Business Growth</i>	<i>%</i>	<i>2015-2018</i>	<i>Balance</i>	<i>2019-2021</i>	<i>2022-2028</i>	<i>2029-2038</i>	<i>2039-2048</i>	<i>Change 2018-2048</i>
Hastings Industrial	70	17	3	18	35	60	60	174
Napier Industrial	30	1	1	8	15	26	26	74
<b>Total Industrial</b>		<b>18</b>	<b>4</b>	<b>26</b>	<b>50</b>	<b>86</b>	<b>86</b>	<b>248</b>
							0	0
Hastings Commercial	60	2	6	14	20	28	28	89
Napier Commercial	40	2	4	10	13	18	18	60
<b>Total Commercial</b>		<b>4</b>	<b>9</b>	<b>24</b>	<b>33</b>	<b>46</b>	<b>46</b>	<b>149</b>
								0
Hastings Retail	70	2	4	10	14	19	19	63
Napier Retail	55	1	2	5	7	10	10	33
<b>Total Retail</b>		<b>3</b>	<b>6</b>	<b>15</b>	<b>21</b>	<b>29</b>	<b>29</b>	<b>95</b>
								0
Hastings Office	30	1	2	4	6	8	8	27
Napier Office	45	1	2	4	6	8	8	27
<b>Total Office</b>		<b>1</b>	<b>3</b>	<b>9</b>	<b>12</b>	<b>17</b>	<b>17</b>	<b>54</b>
								0
<b>Total Commercial</b>		<b>4</b>	<b>9</b>	<b>24</b>	<b>33</b>	<b>46</b>	<b>46</b>	<b>149</b>
<b>Total Business</b>		<b>23</b>	<b>14</b>	<b>50</b>	<b>83</b>	<b>132</b>	<b>132</b>	<b>397</b>

- 4.3.4 The intention is to determine on a wide range of factors (servicing, affordability, hazards, environmental impact, access to resources etc.), what industry type is best located where within the sub-region, rather than both authorities attempting to cater for all types of industry individually. In Napier's case a lack of suitable land for supporting large scale industries renders such an approach problematic. That study could well produce a replicable model for projecting industrial land needs and capacity into the future as the basis for future Housing and Business Land Capacity assessments on an ongoing three yearly basis to meet the NPSUDC requirements.
- 4.3.5 In terms of commercial development, both Napier and Hastings have been pursuing policies of commercial consolidation since the mid-2000s, so there is little data to project different locational demands beyond the Napier and Hastings CBDs. Again for this assessment landuse surveys have been undertaken to better understand the resource and capacity in the main CBDs and commercial corridors. It is noted however, that some significant commercial development are however planned in Napier with the Kmart development and Mana Ahuriri proposals for the ex-railway land post treaty settlement and these may account for a large proportion of the expected growth demand.

4.3.6 Detailed growth projections have not been undertaken below the main urban areas level due to a lack of current information and informed basis for doing so. Considerable research was done on the commercial sector in Hastings as part of the 2012 commercial service zone review (Logan Stone Limited HCPS, 2012) (CBRE, 2012) (NZIER, 2012), which could provide the basis for further dis-aggregating these projections on the basis of location and business sub-sector. However, similar data is not available for Napier or for Havelock North and the information is now over six years old. It is considered that the process could be repeated for the next capacity assessment on a sub-regional basis against at least the following broad location types:

- Central
- Suburban
- Corridor

4.3.7 Because of the complexity and rapidly evolving nature of commercial environments fine grained growth projections need to be supported by specific studies, which is beyond the scope of this first Housing and Business Capacity Assessment. Again this is something that the partner Councils will need to consider over the next years and it may be appropriate to undertake a combined study, at least for understanding demand and capacity, if not for coordinated planning responses.

## **5 HOUSING CAPACITY**

### **5.1 Meaning of Capacity**

5.1.1 The NPS definitions of short, medium and long term capacity are as follows:

- Short Term: Development (0-3 years) capacity must be feasible, zoned and serviced with development infrastructure.
- Medium Term: Development (4-10 year) capacity must be feasible, zoned and either:
  - Serviced with development infrastructure, or
  - The funding for infrastructure identified in a Long Term Plan
- Long Term: Development (11-30 years) capacity must be feasible, identified in relevant plans and strategies, and infrastructure identified in the relevant Infrastructure Strategy
- Feasible' – means that development is commercially viable, taking into account the current likely costs, revenue and development yield.

5.1.2 This Assessment evaluates capacity in terms of greenfields, infill/intensification within existing urban areas, and rural/lifestyle development.

### **5.2 Greenfields Capacity**

5.2.1 HPUS2017 identifies Greenfields growth areas to meet the HPUDS projected demand out to 2045. Current and future capacity changes are monitored quarterly through the Housing and Business Market Indicator Monitoring Reports. **Table 15** below sets out the

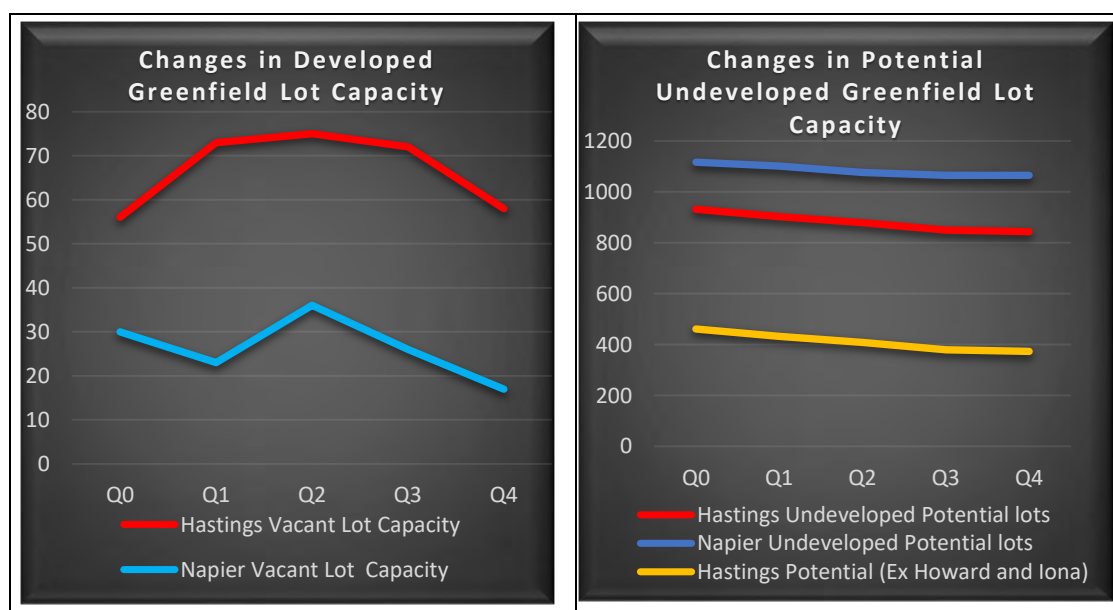
status of the main greenfields growth areas that are developed and supplying the market at present or currently under development as at the end of 2018. In this table remaining capacity means zoned and serviced with bulk infrastructure and either subdivided or ready for subdivision.

**Table 15: Current Greenfields Land Supply**

31-Dec-2018	Unbuilt Lot Capacity At 30 - Sept	New Lots Created Last Quarter	Building Consents Granted Last Quarter	Balance lots Unbuilt	Lots yet to be Created	Total Remaining Capacity
Area						
Arataki	17	5	1	21	30	51
Lyndhurst Stage 1	4	1	1	4	12	16
Lyndhurst Lifestyle Village	8	0	8	0	0	0
Lyndhurst Stage 2	38	0	10	28	255	283
Northwood	4	0	0	4	77	81
Parklands	13	0	4	9	156	165
Te Awa	13	0	5	8	909	917
<b>Total</b>	<b>97</b>	<b>6</b>	<b>29</b>	<b>74</b>	<b>1439</b>	<b>1513</b>

5.2.2 **Figure 4** shows changes in current and developed potential capacity over the last year, indicating that the current subdivided capacity is fluctuating around 80-100 lots between Hastings and Napier, which at current uptake rates represents around six month's supply. Excluding Iona and Howard Street which are not yet serviced, there is however capacity for a further subdivision of approximately 1500 lots. Excluding the balance of Te Awa in Napier for now<sup>5</sup> this represents around 3-4 years supply.

**Figure 4: Recent Changes in Actual and Potential Greenfields Land Capacity**



<sup>5</sup> The remaining stages of Te Awa are not currently provided with bulk services, but is zoned with an approved structure plan. Infrastructure is intended to be provided as required by developers upon commitment to pay the requisite financial contributions. This qualification is discussed more fully later in this report.

- 5.2.3 **Table 16** shows the projected potential capacity planned to be realised over the next two years (as provided for in Long term Plans and current District Plan Changes and Variations), as well as future development areas identified for the remainder of the 30 year planning horizon envisaged by HPUDS.

**Table 16: Summary of Current and Planned Greenfield Lot Capacity**

Areas	Available Capacity
<b>Currently Zoned and Developing (Table 1 Above) + Park Island</b>	
<b>Total</b>	<b>1683</b>
<b>Planned Over Next Two Years</b>	
Iona (V4)	210
Howard Street (V3)	260
Parklands Extension (PC 11)	280
Western Hills (The Mission) (PC12)	550
Flaxmere	80
<b>Total</b>	<b>1380</b>
<b>Remaining HPUDS Areas</b>	
Riverbend	350
The Loop	250
Bay View	90
Lyndhurst Extension	230
Haumoana/Te Awanga <sup>6</sup>	130
Havelock Hills	160
Kaiapo Road	350
Copeland/Murdoch	230
Irongate	270
Brookvale Romanes	575
<b>Total</b>	<b>2635</b>
<b>Grand Total</b>	<b>5698</b>

#### Near Term Development

- 5.2.4 It should be noted that Iona (variation No. 4) was recently approved by the Minister for the Environment under the streamlined planning procedure. Howard Street (Variation No 3) was subject to an appeal, and designations for bulk infrastructure have now been resolved by mediation. In both cases services have yet to be finalised and all the requisite funding confirmed. However, these are nearing completion and for this assessment it assumes that capacity for subdivisions to proceed will be available in year two of the Capacity assessment timeframe. With respect to Lyndhurst Stage 2, bulk services are currently underway and being installed as subdivisions progress. Capacity is therefore assessed as being available now.
- 5.2.5 Plan Changes 11 and 12 in Napier relating to the Parklands Extension and Western Hills are also complete and the land is now rezoned and operative. In the case of Parklands

<sup>6</sup> A Private Plan Change has seen early development of part of the Haumoana growth node, so remaining capacity is now considered as current capacity.

this is a Napier City Council subdivision funded from the proceeds of section sales outside of the Long Term Plan as a commercial undertaking, hence is able to be effectively serviced from a development perspective on a staged basis as demand dictates.

- 5.2.6 The Western Hills development comprises a single large land holding of over 200ha and so most services required to support the development are effectively 'on site' (i.e. developer supplied). Council supplied bulk services to support roading, wastewater and water supply for the development are already in place. The remaining infrastructure for stormwater is to be entirely serviced by the developer with onsite low impact systems, so is not dependent upon any additional Council services. It is therefore ready for development as soon as the owners are prepared to develop, so capacity is slotted as available in year two also.

#### Remaining Developments

- 5.2.7 In terms of the remaining stages of Te Awa while there are not currently all bulk services available for each required infrastructure for every stage, Napier City Council has undertaken to provide all such services in accordance with an approved structure plan when required by developers providing there is a commitment to pay the requisite financial contributions.
- 5.2.8 Specifically for Te Awa, each stage moves through as a controlled activity in each of the sequential steps of staged development. The percentage of lots (as a total across the relevant stage/s) that must have received Section 224 certification prior to development of the next stage is as follows in **Table 17**:

**Table 17: Staging Process for Te Awa**

Staged Development Step	Prerequisite (no. of lots with Section 224 Certification)
1 + 2	None
3	Stage 1+2 = 65%
4	Stage 1+2+3 = 70%
5	Stage 1+2+3+4 = 75%
6	Stage 1+2+3+4+5 = 80%

- 5.2.9 Out of sequence development will be discouraged by:

- Requiring out of sequence development to be a Discretionary activity
- Requiring developers to fund the full cost of infrastructure
- Requiring out of sequence developments to provide at their own cost an internal buffer from surrounding rural landuse activities

- 5.2.10 As a controlled activity consent must be granted and the services required to support the development provided or approved by Council, unless out of sequence development occurs, in which case it falls to the developer pursuing that particular development.

- 5.2.11 No specific funding has currently, been identified in the LTP, and given some uncertainty about viability and timing of actual infrastructure provision it is assumed for the purpose of this capacity assessment that the remaining stages at Te Awa may not be available within the short to medium term in order to judge the impact this could have in terms of sufficiency of supply. However, this is sensitivity tested on the basis that some stages may well be provided earlier if needed.
- 5.2.12 In addition to HPUDS planned capacity, further capacity will be provided through resource consents that may be granted for developments. While these are hard to predict where they may occur they can be regarded as a further buffer against demand supply fluctuations, or imbalances caused through unforeseen events or circumstances. At this stage however three retirement village complexes have been, or are likely to be, granted on greenfield sites outside of the HPUDS Greenfields areas.
- 5.2.13 These are highly likely to commence over the next 1-2 years and comprise around 450 household unit equivalents (allowing for hospital care beds as ½ unit) and can therefore be regarded as additional short term capacity for the purpose of this assessment. In addition a 350 unit development is planned for within the Te Awa greenfields growth area. These are therefore included in the assessment as planned capacity, with an accompanying reduction in general residential section demand, but representing an overall increase as a result of the in higher density associated with the retirement village.
- 5.2.14 **Table 18** sets out the current and planned Greenfield growth capacity provision for the HPUDS2017 growth areas according to the authors understanding of when provision is made in the respective Councils long term plans and the above explanations.

### 5.3 Intensification Capacity

#### Strategic Background

- 5.3.1 HPUDS advocates for a clear recognition by all sectors of the community that the versatile soils of the Heretaunga Plains are a valued natural resource. It promotes higher densities to accommodate growth and housing choice whilst ensuring the protection of versatile soils. Achieving the HPUDS targets will require some intensification of housing within the existing urban areas, supplemented by parts of greenfield locations. Given the overlapping and potentially competing markets this approach is reflected in the HPUDS targets used in the demand analysis for both Hastings and Napier.
- 5.3.2 The potential for residential intensification capacity within the Hastings and Napier urban areas was looked at during the HPUDS2017 Review (HPUDS IWG IC, 2016). Discrete areas of both Napier and Hastings have been identified as not suitable for large scale intensification due to heritage (particularly Heritage Character Zones, Special Character Zones) and/or infrastructural limitations. Specific proposals can still be considered through the consenting process on a case by case basis.
- 5.3.3 In most other defined urban areas of Napier (particularly the Main Residential Zone) there are no minimum lot sizes within the District Plan. This, together with a suite of supporting District Plan policies, encourages appropriate intensification to take place. Accordingly infill has been, and continues to be, a significant proportion of new housing development in Napier (averaging 62% of urban development since 2000, but slipping to 50% since 2008). The Napier City Council is confident that future market demand will likely meet the HPUDS intensification targets without significant Council interventions, although the current District Plan review provides an opportunity to reconsider this approach.



**Table 18: Timing of Planned Capacity**

Greenfields	Yield	2019-2021 Capacity Added			Capacity Added 2022-2027							Capacity Added 2028-2048	
		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029-2038	2039-2048
Lyndhurst 2	299	299											
Lyndhurst Extension	230							230					
Howard Street	260			260									
Northwood	81	81											
Kaiapo Road/Wall/Murdoch	350								116			117	117
Copeland	230											230	
Irongate	270												270
Flaxmere	80		80										
Retirement	50	50											
Hastings Sub Total	1850	430	80	260	0	0	0	230	116	0	0	347	387
Arataki	51	51											
Iona	210		210										
Brookvale/Romanes	575					288						144	144
Havelock North Retirement	250		250										
Havelock North Sub-Total	1086	51	460	0	0	288	0	0	0	0	0	144	144
Havelock Hills	160					160							
Te Awanga	80						80						
Haumoana	45	25			20								
Hills/Coastal	285	25	0	0	20	160	80	0	0	0	0	0	0
Hastings Total	3221	506	540	260	20	448	80	230	116	0	0	491	531
Te Awa (left in Stage 1 ex Summerset)	757	50										353	354
Riverbend	350												350
The Loop	250											250	
Napier Retirement	520		520										
Napier Sub-Total	1877	50	520	0	0	0	0	0	0	0	0	603	704
Parklands	165	165											
Parkland Extension	391	391											
Park Island (treaty Claim)	170				170								
Taradale	726	556	0	0	170	0	0	0	0	0	0	0	0
Mission SCZ Western Hills	550	550											
BayView	90											90	
Hills/Coastal	640	550	0	0	0	0	0	0	0	0	0	90	0
Napier Total	3243	1156	520	0	170	0	0	0	0	0	0	693	704
Total	6464		2982								1064		2419

- 5.3.4 With comparatively lower rates of historic intensification (42% of urban development since 2000, slipping back slightly to 38% since 2008) Hastings has determined that a more active approach is necessary to achieve HPUDS density targets (especially in order to ensure appropriate residential amenity). In 2009 the Hastings Urban Design Framework proposed that medium density housing development by way of multi-site redevelopment of older housing stock should be encouraged within identified areas of Hastings, rather than relying on traditional greenfield and limited brownfields opportunities.
- 5.3.5 Stage 1 of a subsequent 2012 Hastings Medium Density Strategy concluded that the intensification targets set out by HPUDS could be met via a mixture of infill and comprehensive site redevelopment if development standards and assessment criteria changes were implemented through the district plan review process that was being undertaken at the time.
- 5.3.6 The second stage of the Medium Density Strategy sought to do this by encouraging intensification into specific areas with appropriate levels of amenity, supported by density ready infrastructure and amenity improvements, and an encouraging design led regulatory framework. It recognised however, that traditional infill would still make an important contribution to the achievement of the targets.
- 5.3.7 The 2013 -2018 District Plan review gave effect to this by identifying a 'City Living Zone' located near to the Mahora Shops and in the Heretaunga Street East / Queens Square area to promote redevelopment for medium density housing. The District Plan also identified other land deemed suitable for 'Comprehensive Residential Development' and includes land in the General Residential Zone.

#### Brownfields/Redevelopment

- 5.3.8 Stage 1 of the Medium Density Strategy estimated that in 2011 there was plan enabled capacity for around 1563 household units in Hastings and Havelock North; (Beca Carter Hollings & Ferner Ltd (Beca) and Property Economics Ltd (PEL), 2011): This was a comprehensive analysis that took into account:
- i Housing market considerations including demographic and demand analysis
  - ii Appropriate medium density development formats including cost sensitivity
  - iii Physical capacity considerations including amenity demands
  - iv Financial viability analysis
- 5.3.9 Stage 2 completed in 2014 took this further with more detailed evaluation of the intensification areas, specific site design and feasibility testing. This concluded that this type of development is financially viable as the housing stock ages in the selected areas. Overall this gave confidence that in addition to general infill, feasible capacity for intensification through brownfields and comprehensive redevelopment existed as set out in **Table 19**.

**Table 19: Hastings Residential Redevelopment Potential 2015**

Redevelopment and Brownfields Potential	2015-2025	2025-2035	2035-2045	2015-2045
Havelock North	27	21	50	98
Heretaunga Street East	256	106	154	516
Mahora	104	154	112	370
Parkvale	52	54	39	145
Raureka	10	40	16	66
Brownfields	242	69	57	368
<b>Total</b>	<b>691</b>	<b>444</b>	<b>428</b>	<b>1563</b>

5.3.10 Although a similar exercise was not undertaken for Napier it is reasonable to assume that given the similarity in the markets, and with Napier exhibiting slightly higher property values, that similar results should be achievable. On the information available the HPUDS2017 review concluded therefore that sufficient physical and economic (in terms of financially viable) infill and intensification existed in both cities to meet the HPUDS targets over time.

#### Development Rates

5.3.11 Unfortunately subdivision data split into separate infill and greenfields areas is not readily available prior to 2015. However, as an indication of infill subdivision rates, over 510 infill lots have been granted since the beginning of 2016 (262 in Napier<sup>7</sup> and 255 in Hastings). This represents around 50% of urban lots created since this time, or an average of 170 per year. This compares with 590 new infill dwelling consents over the same period, with a long term average of 195 p.a. At this stage there are no signs of diminishing infill capacity affecting infill dwelling consenting rates, although at least in the short term i.e. since 2015, created capacity is being used up slightly faster (12%<) than it is being created.

5.3.12 If the recent lot creation rates can be sustained in the future through to 2048 a total of 5100 lots would be created compared to HPUDS targets of 5,368 (with the NPSUDC margins added). This means that infill lot creation will need to increase slightly over that experienced in the recent past to around 180 p.a. This is not an unreasonable expectation given that infill dwelling construction rates over the 2004-2007 property boom averaged around 320 p.a.

#### Current Capacity

5.3.13 Given movements in property and land values, relative to development costs, the feasibility of infill and intensification is only likely to have improved since 2011. For the purpose of this assessment however, a high level re-assessment of feasible infill capacity was commissioned from Property Economics Limited (PEL) (Property Economics Limited, 2019) for the Napier and Hastings areas.

5.3.14 The first step assessed the theoretical infill capacity based on minimum subdivision site area requirements, applied to the Councils property databases, where the existing dwelling was assessed to contain less than 40% of the site area assumed from value per square metre and no. of storeys. Sites above 2000 m<sup>2</sup> were excluded as these are more

<sup>7</sup> Excluding the 135 lots created from conversion of market gardens in Guppy Road as this is not typical infill and more like brownfields development

likely suited to greenfield or brownfields development, as opposed to infill depending upon location.

5.3.15 A broad brush assessment was also made of the potential for aggregation of sites to arrive at an estimate of comprehensive redevelopment and brownfields potential at a city wide rather than suburban level. For Hastings this is 890, which compares with the 691 assessed in 2016 in **Table 19** above, and the increased number is consistent with movements in market values since then. For Napier the figure is 1,160 which is again consistent with higher rates of intensification in the past in Napier relative to Hastings. It also signifies greater redevelopment potential, consistent with Napier being established before Hastings with older housing stock and potentially more plan enabled subdivision potential.

5.3.16 **Table 20** below sets out the assessed theoretical capacity relative to the current stock in the aggregated suburb areas and represents about 32% of the current stock of residential properties. It is notable that Napier has higher potential at 38% and Hastings less at 26%, which may be partly explained by the relative ages of the two cities and possibly differences in plan enabled subdivision potential.

**Table 20: Theoretical Intensification Capacity**

<i>Residential Intensification Location/Range</i>	<i>Current Dwellings</i>	<i>Theoretical Yield</i>	<i>% of Current Dwellings</i>
<i>Clive</i>	514	0	0
<i>Havelock North</i>	5007	204	4
<i>Hastings North Eastern Suburbs</i>	4749	1508	32
<i>Hastings North Western Suburbs</i>	3804	1374	36
<i>Hastings Southern Suburbs</i>	5981	1881	31
<i>Hastings Western Suburbs</i>	3940	390	10
<i>Hastings Redevelopment</i>		890	4
<i>Hastings Subtotal</i>	23995	6247	26
<i>Taradale</i>	4583	2017	44
<i>Greenmeadows</i>	2875	1042	36
<i>Tamatea/Poriati</i>	2674	424	16
<i>Napier Central Suburbs</i>	7022	2125	30
<i>Napier Hill and Northern Suburbs</i>	3066	1139	37
<i>Te Awa and South</i>	2554	689	27
<i>Napier Redevelopment</i>		1160	5
<i>Subtotal Napier</i>	22774	8596	38
<i>Total Plus Redevelopment</i>	46769	14843	32

5.3.17 A number of other adjusters were then used to arrive at the practical infill yields before applying financial feasibility tests. It is noted that as both Councils have digitised building platforms within their GIS systems there is scope for the next HBCA to undertake a much more accurate analysis than was able to be completed this time. It is recommended that the Council look into this further.

## 5.4 Rural/Lifestyle Capacity

- 5.4.1 HPUDS 2017 also looked at the Rural/lifestyle component of the market as this has historically been a significant part of the new dwelling construction within the sub-region. A specific report (Cheal Consultants, 2016) was commissioned to review the assumptions in HPUDS2010 around rural/residential land supply and then provide suggestions as to the regulatory responses necessary to deal with any identified issues. This required an assessment as to how many lifestyle sites are available, or are likely to be available over the life of the strategy and the probability of them being developed. **Table 21** below sets out the estimated existing vacant lifestyle lot supply as estimated in the Cheal report at that time.

**Table 21: 2015 Rural and Lifestyle Development Vacant Lot Capacity**

Rural/Lifestyle Zone	Vacant Stock					No. Lots occupied*
	<1.5ha	1.5ha – 4ha	4ha – 6ha	Total	>6ha	
Hastings District Council						
Plains Production	138	54	7	199	8	4349
Plains Settlement	8	0	0	8	0	130
Rural	208	181	22	411	92	5598
Rural Residential	120	26	4	150	12	582
Te Mata Special Character	19	7	1	27	5	141
Tukituki Special Character	1	6	1	8	3	60
Nature Preservation Zone	0	0	0	0	1	6
Te Awanga Lifestyle Area	0	0	0	0	1	1
Napier City Council						
Rural Residential	52	41	2	95	3	497
Main Rural	17	12	10	39	10	382
Rural Settlement	29	0	0	29	0	533
Jervois town	19	2	0	21	0	163
Total	611	329	47	987	135	12442

- 5.4.2 The next step in quantifying potential stock involved considering how properties, whether they are vacant or not, could be further subdivided to create additional vacant lots under the current Hastings and Napier District Plans, excluding scenarios that only allow lots of greater than 6ha to be created. The latter are considered as being part of the land available for standard rural household demand (estimated by Telfer Young at 300 households – see **Appendix 3** at clause 5). **Table 22** adds vacant and consented rural lifestyle lots to arrive at a total current capacity:

**Table 22: Theoretical and Consented Rural and Lifestyle Lot Capacity at 2015**

District	No. Lots	X Potential Yield	Y Approved Yield	Z Vacant Lots	% of Y + Z of X
Hastings	11,791	3,790	46	803	22
Napier	1,772	1,220	116	184	25
<b>Total</b>	<b>13,563</b>	<b>5,010</b>	<b>162</b>	<b>987</b>	
<b>Average</b>					<b>23</b>

- 5.4.3 The report concluded that the regulatory framework of each District appears to enable more than sufficient subdivision opportunities to meet demand unaffected by market preferences or other parameters; indeed current vacant and consented lots exceeds the projected demand by a considerable margin. Not all of this potential will however, be attractive to the market, and it was necessary to further assess this capacity to provide for the type and nature of 'rural lifestyle living' demand to help determine whether there is likely to be sufficient capacity. This is discussed in **section 7**

## **6 BUSINESS CAPACITY**

### **6.1 Industrial**

- 6.1.1 As noted above, for this assessment and the regional industrial land strategy study, a full field survey of the available zoned industrial land and building resource was completed at the end of 2018 (Tracey Kendall Gray, 2018). This identified vacant sites, underutilised portions of sites, potential redevelopment sites with older buildings and infrastructure, and Landuses were also classified using ANZSIC codes to identify where there could be potential for activities to relocate to make space for industrial growth.
- 6.1.2 There are a number of special purpose and general industrial zones within the Napier Hastings Urban Area to meet industrial development needs as shown in **Table 23** below. It is clear from this table that after discounting the special purpose zones such as the airport and Whirinaki (Panpac Mill) that there are clear differences between Hastings and Napier industrial locations in terms of the size of industrial activities as represented by the average parcel size and land area per activity, with the Hastings sites being larger in terms of both zoned area and average site sizes.
- 6.1.3 The special purpose zones have been excluded for the capacity assessment as not being suitable to absorb the general growth demands projected. For simplicity the smaller general purposes zones have been aggregated under the banner of light industrial. For the purpose of this exercise only the vacant land with development potential has been allowed for as capacity i.e. relocation of non-industrial activities and redevelopment of older but occupied buildings to achieve greater efficiency and rationalisation of land has not been estimated. Further, although demand has not been projected on this basis, each is indicated as to whether they are generally suitable in terms for the following higher level industry classifications:
- Wet Industry
  - Dry Industry
  - Service Industry
  - Transport and Storage

**Table 23: Summary of Industrial Zone Extents**

Location and Zone	Zone Area (Ha)	Number of Land Parcels within zone	Average area of Land Parcel (m²)	Activities within zone	Average Area of land per activity (m²)
<b>Napier City</b>					
<b>Main Industrial Zone</b>					
Pandora	60	84	7,093	95	6,272
Awatoto	47	47	10,003	47	10,003
Onekawa	103	400	2,585	517	2,000
	210	531	3,954	659	3,186
Business Park Zone	44	3	147,093	3	147,093
Airport Zone	206	2	1,029,261	6	343,087
Deferred Airport Zone	44	3	145,661	8	54,623
Suburban Industrial Zone	11	56	1,912	69	1,552
Mixed Use and West Quay Waterfront Zones	49	338	1,437	355	1,368
Port and Marine Zones	1	13	914	13	914
Wastewater Treatment Zone	71	2	353,081	2	353,081
<b>Total Napier City</b>	<b>635</b>	<b>948</b>	<b>6,696</b>	<b>1,115</b>	<b>5,693</b>
<b>Hastings District</b>					
<b>General Industrial Zone</b>					
Hastings Central	13	30	4,487	30	4,487
Irongate	118	26	45,535	43	27,533
Omahu Road	236	287	8,224	342	6,901
Tomoana	50	22	22,808	26	19,299
Whakatu	164	84	19,466	94	17,395
	582	449	12,953	535	10,870
<b>Light Industrial Zone</b>					
Tomoana Food Industry Zone	17	5	33,523	5	33,523
Havelock North Village: Industrial and Business Zones	10	94	1,015	121	788
Hastings Central	16	137	1,171	156	1,028
Omahu Road, Storford Lodge, Tomoana, Whakatu	17	49	3,373	54	3,061
	59	186	3,165	210	2,803
Whirinaki Industrial Zone	94	4	235,087	4	235,087
Deferred General Industrial Zone	0	0	0	0	0
<b>Total Hastings District</b>	<b>734</b>	<b>639</b>	<b>11,494</b>	<b>749</b>	<b>9,806</b>
<b>Total</b>	<b>1,369</b>	<b>1,587</b>	<b>8,628</b>	<b>1,864</b>	<b>15,499</b>

- 6.1.5 This capacity assessment is shown in **Table 24** below. It represents the assessed current feasible capacity based that it is currently zoned, largely serviced or in the process of being serviced and under active development in the market place. It included recently added capacity in Hastings of 118 ha at Irongate, which is suitable for large scale dry industry, and 65ha in the Omahu Road corridor, which is suited to smaller service industries favouring some profile as well as wholesale and storage. Planned future capacity signalled in the Hastings Industrial Expansion Strategy and the 30 year Infrastructure Strategy (and HPUDS), includes a further 60 ha in the Tomoana North or Whakatu area to cater for larger scale wet industries needing trade waste capacity

**Table 24: Industrial Land Capacity Estimate**

Location and Zone	Zone Area (Ha)	Vacant land with Development Potential (Ha)	% Potential Capacity	Number of Current Activities - General Suitability				
				Wet Industry	Dry Industry	Service Industry	Transport/Storage	Wholesale/Retail
<b>Napier City</b>								
<i>Main Industrial Zone</i>								
Pandora	60	4	6	16	11	14	15	20
Awatoto	47	12	26	21	6	3	2	3
Onekawa	103	2	2	17	125	64	31	144
Business Park Zone	44	40	91	0	0	0	0	0
Napier Light Industrial Zones	11	0	1	0	4	21	4	19
<b>Total Napier City</b>	<b>265</b>	<b>58</b>	<b>22</b>	<b>54</b>	<b>146</b>	<b>102</b>	<b>52</b>	<b>186</b>
<b>Hastings District</b>								
<i>General Industrial Zone</i>								
Hastings Central	13	0	0	28	0	0	1	1
Irongate	118	68	58	2	12	2	6	6
Omahu Road	236	57	24	34	62	58	19	83
Tomoana	50	4	9	9	4	0	3	2
Whakatu	164	54	33	14	10	10	11	5
Tomoana Food Industry Zone	17	2	11	0	2	0	0	1
Hastings Light Industrial Zones	42	0	1	7	38	39	28	57
<b>Total Hastings District</b>	<b>640</b>	<b>186</b>	<b>29</b>	<b>94</b>	<b>128</b>	<b>109</b>	<b>68</b>	<b>155</b>
<b>Total Combined</b>	<b>905</b>	<b>244</b>	<b>27</b>	<b>148</b>	<b>274</b>	<b>211</b>	<b>120</b>	<b>341</b>

- 6.1.6 Capacity is more constrained in Napier, with the bulk of the potential being in the area identified as future business park. However there are also potential aspirations for alternative use for this land to be considered though various strategies currently being proposed by NCC. These include a landuse strategy for the area known as Lagoon Farm which includes as part of this land, the whole of the Business Park (approximately 30ha), but substantial additional land as well totalling approximately 250ha (280ha in total). There is also a regional industrial strategy designed to determine a preferred location for all of the various industry types across the Heretaunga Plains sub region. For the purpose of this exercise however, the Business Park is retained as future capacity programmed for the long term as it would be inappropriate to pre-empt the outcome of these strategies.



- 6.1.7 HPUDS also notes a possible further expansion of the Awatoto Industrial Zone along its western boundary of approximately 36ha provided major road upgrading is undertaken including a road link between Awatoto and the Hawkes' Bay Expressway (Meeanee Overpass), as well as appropriate engineering solutions being developed and funded to resolve flooding and stormwater issues. Stormwater is currently being addressed through the development of a whole of city network model to understand opportunities and constraints for development throughout the city including Awatoto. Funding for a feasibility study for the Awatoto to the Expressway link is identified in the LTP.
- 6.1.8 Rather than relying on specific infrastructural projects in set locations Napier City Councils Long Term Plan and Thirty Year Infrastructure Strategy make assumptions around growth in line with HPUDS projections but focus on whole of network solutions for the enhanced provision of three water infrastructure and roading in terms of improved supply, network resilience and growth. As demand dictates preferred locations for specific projects, growth can be re prioritised to support growth. There are however no specific allocations for these two areas in the Long Term Plan, Awatoto and the Business Park are not able to be considered as part of the available capacity in the short or medium terms and for the purposes of the capacity and sufficiency assessment are instead indicated for 2029-2038.
- 6.1.9 Given the above current and future capacity for industrial growth at the city scale is assessed in **Table 25** below for sufficiency testing in section 7.

**Table 25: Current and Planned Industrial Capacity**

<i>Projected Industrial Capacity ha</i>	2019-2021	2022-2028	2029-2038	2039-2048	Total Capacity 2018-2048
Hastings Current	186				186
Tomoana Stage 1		25			25
Tomoana Stage 2			35		35
<b>Total Hastings</b>	186	25	35	0	246
Napier Current	18				18
Napier Business Park			40		40
Awatoto			36		36
<b>Total Napier</b>	18	0	76	0	94
<b>Total Industrial</b>	<b>204</b>	<b>25</b>	<b>111</b>	<b>0</b>	<b>340</b>

## 6.2 Commercial

- 6.2.1 For the commercial sector the situation is more complex and the level of existing information between the two cities is variable. In recognition of that the HPUDS partners commissioned Logan Stone Valuers (Logan Stone HNCPR, 2019) to undertake a land use survey similar to that run for Hastings in 2012 as part of the Commercial Service Zone review. This will help to provide a baseline against which future HBCAs can monitor trends in uptake.

- 6.2.2 It should also be noted that while the demand projections are for a considerable increase in required floorspace and therefore land, HPUDS takes the approach that this growth should be met through redevelopment of existing commercially zoned land at higher densities. Higher densities are possible under the commercial zonings and the nature of commercial property development, which is extremely sensitive to location and often responds to growth demands in this way. This is however, difficult to model in terms of feasibility at any one point in time, and is a major exercise beyond the scope of the Housing and Business Capacity Assessment.
- 6.2.3 Both cities did undertake extensive demand and supply modelling for their reviews of commercial zones in the early 2000s response to the demand for large format retail development. This included in Hastings' case, the distributional effects of different locational options for large format development. Both cities adopted long term retail and commercial strategies, which will reach the end of their 20-25 year projection timeframes by the middle of the next decade.
- 6.2.4 The main aim therefore of this assessment is to undertake a broad brush evaluation of current capacity against projected demand for the medium term. This will allow the Councils to get an indication of how soon a major commercial land review is required for the sub region, possibly including along the lines of the current regional industrial strategy study, and to programme that work accordingly.
- 6.2.5 The Logan Stone landuse study provides data on building floorspace within the main commercial precincts of Napier and Hastings and their landuse category groupings. Specifically they were asked to identify any readily developable land that represents potential for additional commercial floorspace. They also provided market commentary on the ability for commercial growth to accommodate the HPUDS growth projections.
- 6.2.6 **Table 26** below shows composition of the commercial offering between the two cities. Napier's commercial offering is more dispersed with large proportions in Ahuriri and Fringe CBD while Hastings is more centrally located. Napier has larger shares of core retail, entertainment, accommodation and offices, while Hastings has a larger share of big box retail and secondary retail.

**Table 26: Composition of Napier Hastings Commercial Activity**

Commercial Precinct	Activity Groups Floorspace m2 (000s)												
	Total Floor Area	Accomm	Big Box Retail	Commercial Offices	Community	Core Retail	Entertainment	Essential Services	Industrial	Mixed Use	Personal Services	Secondary Retail	Vacant
Hastings	404	2	100	88	14	27	18	14	22	4	20	56	38
Hastings Central Commercial	218	2	45	57	6	19	11	10	3	4	16	20	26
Hastings Commercial Service	115	1	18	22	7	7	5	3	12	0	3	28	9
Hastings Residential Commercial	3	0	0	1	1	0	0	1	0	0	0	0	0
Hastings Large Format Retail	67	0	37	8	1	1	1	0	7	0	1	8	3
Flaxmere	7	0	1	2	0	2	1	0	0	0	0	1	0
Flaxmere Commercial	5	0	1	0	0	2	0	0	0	0	0	0	0
Flaxmere Commercial Service	3	0	0	2	0	0	1	0	0	0	0	0	0
Havelock North	56	5	2	20	0	7	6	0	2	0	5	6	2
Havelock North Village Centre Retail	26	4	0	6	0	5	5	0	0	0	1	4	1
Havelock North Village Centre Business	27	0	2	12	0	1	1	0	2	0	3	2	2
Havelock North Village Centre Mixed	3	1	0	1	0	0	0	0	0	0	1	0	0
District Total	467	7	104	110	14	35	25	14	24	5	26	63	40
Napier CBD	341	18	41	63	15	66	42	15	4	7	12	26	31
Inner City Commercial	31	0	5	3	1	9	5	0	0	1	2	2	2
Art Deco Quarter	121	6	0	14	7	53	23	1	0	1	5	3	8
Fringe Commercial	188	12	36	46	8	5	14	15	4	5	5	20	21
Taradale	28	0	1	2	2	7	5	1	1	0	2	5	2
Suburban Commercial	28	0	1	2	2	7	5	1	1	0	2	5	2
Ahuriri	224	18	12	148	2	1	8	0	22	0	3	10	1
Foreshore Commercial	4	4	0	0	0	0	0	0	0	0	0	0	0
Suburban Commercial	6	0	1	0	0	1	2	0	0	0	0	0	0
Mixed Use	214	14	11	148	2	0	5	0	22	0	2	10	1
District Total	592	36	54	214	19	74	55	16	26	7	17	41	34
Combined Total	1,059	43	158	324	33	110	80	30	51	12	42	104	74

6.2.7 **Table 27** below set outs the assessed land area as at December 2018 – January 2019 either under development or available for development in these locations.

**Table 27: Commercial Land Capacity Estimate**

<i>Projected Business Growth</i>	<i>Total Existing</i>	<i>Capacity</i>	<i>2019-2021</i>	<i>2022-2028</i>	<i>2029-2038</i>	<i>2039-2048</i>
Hastings Retail	202	7.5	-2.5	-16.4	-35.8	-55.1
Hastings Office	136	7.5	2.3	-5.0	-15.1	-25.3
Hastings Other	130					
<b>Combined Hastings</b>	<b>467</b>	<b>7.5</b>	<b>-7.7</b>	<b>-29.0</b>	<b>-58.4</b>	<b>-87.9</b>
Napier Retail	169	5.7	0.5	-6.8	-16.9	-27.0
Napier Office	230	5.7	1.5	-4.5	-12.8	-21.1
Napier Other	193					
<b>Combined Napier</b>	<b>592</b>	<b>5.7</b>	<b>-3.8</b>	<b>-17.1</b>	<b>-35.5</b>	<b>-53.9</b>
<b>Total Commercial</b>						
<b>Total Retail</b>	<b>371</b>	<b>13.3</b>	<b>-2.0</b>	<b>-23.2</b>	<b>-52.7</b>	<b>-82.1</b>
<b>Total Office</b>	<b>366</b>	<b>13.3</b>	<b>3.7</b>	<b>-9.6</b>	<b>-28.0</b>	<b>-46.4</b>
<b>Total Other</b>	<b>322</b>					
<b>Total Combined</b>	<b>1059</b>	<b>13.3</b>	<b>-11.5</b>	<b>-46.1</b>	<b>-93.9</b>	<b>-141.7</b>

6.2.8 The Analysis was undertaken to identify any undeveloped, or readily redeveloped land, representing potential for additional commercial floor space. This was limited to sites which are currently vacant as these are the only sites considered to be readily available for development at this time. However, there are other sites which are not developed to their full potential, or contain poor quality buildings reaching the end of their lifespan. These sites hold further potential for additional floorspace, which could be realised as long as redevelopment is economically viable at the time they become available.

6.2.9 In Hastings District there was a total of 88 vacant units across all the commercial precincts of which fifteen units were within multi-tenanted buildings leaving 63 vacant sites subject to this review. Ten units, with a combined land area of 2.3939 hectares, were being redeveloped and ten units, with a combined land area of 1.1307 hectares, were identified as available for development to provide additional commercial floor space. The remainder of the sites were considered unsuitable as they comprised one or more modern or heritage buildings with full utilisation of the land area.

6.2.10 In Napier District there was a total of 80 vacant units across all of the commercial precincts. Five units, with a combined land area of 0.3622 hectares, were being redeveloped and ten units, with a combined land area of 2.0443 hectares, were identified as available for development to provide additional commercial floor space. The remainder of the sites were considered unsuitable as they comprised one or more modern or heritage buildings with full utilisation of the land area.

6.2.11 Apart from this current redevelopment there are no plans at present to increase zoned capacity for commercial activities. For the purpose of the sufficiency test the vacant floorspace and vacant/redeveloping land area are added and converted to hectares as set out in **Table 28** below:

**Table 28: Total Current and Potential Redevelopment Capacity**

Commercial Capacity	Total Existing	Current Vacant Floorspace	Current Vacant Land Potential	Under Redevelopment	Total Capacity	% Of Existing
Hastings Commercial	46.7	4.0	1.1	2.4	7.5	16.1
Napier Commercial	59.2	3.4	2.0	0.3	5.7	9.7
<b>Total Commercial</b>	<b>105.9</b>	<b>7.4</b>	<b>3.1</b>	<b>2.7</b>	<b>13.3</b>	<b>12.5</b>

## **7 HOUSING CAPACITY SUFFICIENCY**

- 7.1.1 To qualify as sufficient capacity under the NPSUDC to meet demand, the assessed capacity must also be commercially viable in order that it is able to be delivered to the market. For infill development this means assessing the theoretical for the commercially viable component. For greenfields it means assessing the proposed development areas for likely commercially viable development on market conditions no less favourable than at present.

### **7.2 Greenfields Sufficiency**

- 7.2.1 Generally speaking, while high level servicing cost assessments were completed to compare alternative greenfield site options in HPUDS, as a higher level long term strategy, it did not delve into commercial feasibility, with the expectation that these aspects would form part of the detailed structure planning work prior to rezoning. Given the limited time and resources available at this point, commercial feasibilities have not been completed for all areas listed in **Table 16** above. However, some high level commercial viability tests have been completed by Logan Stone Valuers (Logan Stone GF, 2019) for some of the medium term growth areas. For these sites there is less certainty than for committed development and greater programme risk than for areas slated for longer term development. For longer term development future assessments can be undertaken to improve the state of knowledge around commercial feasibility. In addition Feasibilities had been separately prepared for Brookvale (Logan Stone BV, 2018) and Kaiapo Road (Logan Stone KR, 2019).
- 7.2.2 It is also worth noting that the selection of greenfield sites is based on a number of factors beyond cost and market attractiveness alone and HPUDS anticipates that questions about viability cannot be fully resolved until detailed planning has been completed. To provide resilience against physical and commercial uncertainty HPUDs in the 2017 review introduced “Reserve Greenfields Growth areas” that are potentially able to be substituted for any of the planned growth areas if for any reason they prove to be unviable (Opus International, 2017). These include part of the Wall Road Block (estimated yield 160), part of the Murdoch Road West block (180) and Pirimai South (960 – less 4ha of land consented for the BUPA retirement village already, or approximately 60 households). These could be potential substitutes for Kaiapo Road and Te Awa if these prove commercially infeasible in the near term. Other reserve areas include part of Middle Road (350 households) and Arataki extension (220 households). It should be noted from **table 29** below, that there are question marks over the Wall Road reserve area as well.
- 7.2.3 The feasibility for each of the Greenfields growth areas is summarised in **Table 29** overleaf. On this basis it is assumed that that the capacity shown in **Table 18** above is or will be commercially feasible in the year shown. In this respect it is noted that capacity is

measured against demand that has been inflated by 20% over the short and medium term and 15% over the long term. In conjunction with the use of the medium-high growth projection this helps to insulate the capacity assessment against any lack of confidence about the commercial viability of the greenfield growth areas, particularly over the longer term given the regular three yearly reviews of these assessments as required by the NPS.

**Table 29: Summary of Commercial Feasibility Assessments for Greenfields Areas**

	Growth Area	Servicing Status	Feasibility Status
Short Term	Aralaki	Serviced	Rezoned in 2000 and currently reaching capacity.
	Lyndhurst Stage 2	Servicing	Feasibilities undertaken in 2005 for whole area prior to zoning, stage 1 largely complete stage 2 currently developing.
	Northwood	Serviced	Rezoned at landowners request in 2000 currently in final stages of development.
	Te Awa Stage 1	Serviced	Re zoned and currently under development.
	Parklands	Serviced	Rezoned in 2005 Council as Developer and development occurring.
	Te Awa Stages 2-6	Staging is dependent on market driven demand.	Logan Stone Valuers feasibility confirms viability as long as a sales rate of 50 sections per year can be achieved for the development. Average section prices required for viability are strong at \$265,000 for each stage compared to competing products at Parklands expected to be around \$250,000.
	Howard Street	Services Pending	Rezoning requested by significant land owner with strong professional property market interests. Committed development with a high degree of commercial confidence
Medium Term	Iona <sup>1</sup>	Services Pending	Rezoning requested by family with strong property development experience. Committed development high degree of commercial confidence
	Lyndhurst Extension	In LTP	Logan Stone Valuers report confirms viability. High existing capital improvements values are likely to be mostly retained as these are largely associated with existing dwellings. Sales values are likely to be comparable with those currently being obtained in Lyndhurst stage 2
	Brookvale/Romanes	In LTP	Logan Stone Valuers feasibility report supplied by the developer as part of a pending plan change application - high degree of commercial confidence.
	Parklands Extension	Serviced	Part of Council's Parklands development and expected to be completed by 2025. Logan Stone Valuers report confirms variability
	Park Island	Serviced	Part of a Treaty settlement offering to Mana Ahuriri Trust. Awaiting final signing with government. Structure plan in place and no market impediments identified preventing conversion to full residential development. Logan Stone Valuers report confirmed viability.
	Kaiapo Road	In LTP	Logan Stone's Valuer's feasibility assessment of different density options concludes there is ultimate potential for 307 lots of mixed density 550m <sup>2</sup> – 2500m <sup>2</sup> and 1 ha, but not within the next 10-15 years. Given some doubt on viable capacity within the next 10 years, a further report was commissioned on HPUDS Reserve Areas with similar yield; namely Wall Road (160-170 lots) and Murdoch Road West (160-180 lots) as presenting potentially viable alternatives. This confirmed likely viability of the Murdoch Road option at sales values of approximately \$180,000, but values need to rise to around \$200,000 for the Wall Road area to be viable. This is not unrealistic in the long term when the more attractive alternative areas commanding higher values have been fully developed.
			Accordingly for this assessment 1/3 of the Kaiapo Road development yield or these alternatives are retained in the capacity assessment (and funded in the LTP) toward the end of 2022-2027 period (although not required under the 500 household latent demand scenario until the 2028-2037 period), with the remainder in the longer term programme as either being in that location or substituted by the reserve areas. Another option is to bring forward Copeland Road structure Planning and feasibility analysis to provide Council with more options.
	Havelock Hills	In LTP	Part of Iona development. Rezoning requested by family with strong property development experience. High degree of commercial confidence.
	Western Hills - Mission Special Character Zone	Single landowner with all onsite servicing	Landowners requested rezoning and considered by that landowner to be market feasible. Similar to Havelock Hills- see footnote 2. High degree of commercial confidence.
	Haukoana	Self Servicing	Currently Under Development
Long Term	Te Awanga	Self Servicing	Rezoning requested by land owner no feasibility evidence supplied.
	Copeland	30 Year Infrastructure Plan	Awaiting structure planning to commence.
	Irongate/York	30 year Infrastructure Plan	Awaiting structure planning to commence.
	Riverbend	30 year Infrastructure Plan	Awaiting structure planning to commence.
	The Loop	30 year Infrastructure Plan	Awaiting structure planning to commence.
	Bay View	30 year Infrastructure Plan	Awaiting structure planning to commence.

7.2.4 **Table 30** below compares this total capacity to the minimum total greenfields demand projections (including the 20 % and 15% contingency required by the NPSUDC), with any period surplus or deficit carrying forward to the next period. This indicates an overall sufficiency of planned capacity to demand but does not account for uptake rates at a more disaggregated level.

**Table 30: Broad Housing Capacity Sufficiency Assessment**

	Periods	2018-2021	2021-2028	2028-2048	Total
Key	Hastings				
	Napier				
Greenfields Capacity	Short Term	1306			2982
		1676			
	Medium Term		894		1064
			170		
	Long Term			1022	2419
				1397	
	2982	1064	2419	6464	
Greenfields Demand	Short Term	700			1316
		616			
	Medium Term		930		1748
			818		
	Long Term			1195	2192
				997	
	1316	1748	2192	5256	
Surplus Deficit	Short Term	606			1666
		1060			
	Medium Term		570		982
			412		
	Long Term			396	1208
				812	
	1666	982	1208	1208	

7.2.5 **Table 31** does provide the assessment at a level of spatial dis-aggregation to match the demand analysis. This allows cross referencing back to the demand projections **Table 11** to check whether the planned capacity sits within the upper and lower bands for each of the broad Greenfields locations over the short, medium and long term timeframes<sup>8</sup>. This requires estimating uptake rates between greenfield growth areas to meet the assumed demand and how these might change when areas have reached capacity and demand shifts to other areas. This assessment is therefore somewhat subjective noting that the demand side is also subject to broad assumptions about market preferences. It is helpful however, to provide a sense of where/how supply and demand imbalances might occur within the overall demand supply balance demonstrated above. This allows the Councils to consider interventions where and when appropriate in advance of issues developing into major imbalances.

<sup>8</sup> Any remaining capacity is added to any planned new added capacity in the next period.



Table 31: Projected Uptake of Residential Greenfields Capacity

Greenfields	Yield	Average per Annum Uptake			Projected Uptake			Capacity Utilisation 2019-2021				Capacity Utilisation 2022-2028			Additional Capacity 2029-2048	
		Last 5 Years	Last 10 Years	2000-2010	2019-2021	2022-2028		Initial Capacity	Uptake	Capacity Added	Capacity Remaining	Uptake	Capacity Added	Capacity Remaining	2029-2038	2039-2048
Lyndhurst 2	299	15	28	19	65	35		299	195		104	104				
Lyndhurst Extension	230					35						141	230	89		
Howard Street	260					35			94	260	166	165		1		
Northwood	81	11	8	8	55			81	81							
Kaiapo Road/Wall/Murdoch	350					20						116	116	116	117	117
Copeland	230														230	
Irongate	270															270
Flaxmere	80					15				80	80	80		0		
Retirement	50				20				50	50						
Hastings Sub Total	1850	26	36	27	140	70	70	380	420	390	350	490	346	206	347	387
Arataki	51	33	25	48	65			51	51							
Iona	210					30			144	210	66	66				
Brookvale/Romanes	575					30						94	288	194	144	143
Havelock North Retirement	250				20	20	20		60	250	190	190				
Havelock North Sub-Total	1086	33	25	48	85	50	50	51	255	460	256	350	288	194	144	143
Havelock Hills	160					5	5					35	160	125		
Te Awanga	80					10	10					75	80	5		
Haumoana	45				5	5	5	25	15		10	30	20	0		
Hills/Coastal	285	0	0	0	5	20	20	25	15	0	10	140	260	130	0	0
Hastings Total	3221	59	61	75	230	140	140	456	690	850	616	980	894	530	491	530
Te Awa (left in Stage 1 ex Summerset)	757	50	28	10	70	0	0	50	50						353	354
Riverbend	350															350
The Loop	250														250	
Napier Retirement	520				50	40	40		150	520	370	280		90		
Napier Sub-Total	1877	50	28	10	120	40	40	50	200	520	370	280	0	90	603	704
Parklands	165	38	39	25	90			165	165							
Parkland Extension	391					40	40	391	265		126	126				
Park Island (treaty Claim)	170											170	170	0		
Taradale	726	38	39	25	90	40	40	556	430	0	126	296	170	0	0	0
Mission SCZ	550					30	30	550			550	194		356		
BayView	90														90	
Hills/Coastal	640	0	0	0	0	30	30	550	0	0	550	194	0	356	90	0
Napier Total	3243	88	67	35	210	110	110	1156	630	520	1046	770	170	446	693	704
Total	6464	147	128	110	440	250	250	1612	1320	1370	1662	1750	1064	976	1184	1234

7.2.6 **Table 32** includes the past average uptake rates for the developing areas as a comparative guide to future uptake, but it should be born in mind that these averages have been influenced by the variations in both past greenfields supply and demand. For the purposes of this assessment the projected uptake rates need to be aligned with the total annual target demand for greenfields development. In this respect the projected uptake rates are higher in early projection periods to allow for the latent demand allowances and then reduce in line with falling demand growth rates over time.

7.2.7 Notwithstanding that, the table allows sufficiency to be assessed over time. Whether or not the market has the capacity to deliver, or the conditions for affordability exist at any point in time to meet those uptake rates is beyond the scope of this capacity assessment. If not, then the planned capacity will take longer to be utilised and adverse housing conditions will prevail for longer. For context greenfield growth rates last peaked in 2007 at 250 p.a. between Napier and Hastings. This assessment uses 430 p.a. over the next three years to account for any latent demand and current growth peaks. For the next following seven years this settles out to an average of 290 p.a. In context therefore, the assessment is pitched at supporting record high growth rates for an extended period.

7.2.8 **Table 32** below compares capacity utilisation in **table 31** with the demand distribution in **Table 11** to determine whether the capacity is sufficient (assuming financial feasibility) to meet demand over time in the broad locations described. The red highlight indicates where there is a potential deficient on both the lower and upper demand, noting that smaller amounts are not significant given the subjective nature of the forecast uptake rates.

**Table 32: Sufficiency of Greenfields Capacity by Broad Location**

Greenfields Location/Range	% Share	2019-2021		2022-2028		2029-2048	
Latent Demand 500 Te Awa 10+ yrs		Lower	Upper	Lower	Upper	Lower	Upper
Hastings	55	409	364	216	156	335	223
Havelock	35	281	253	238	201	96	25
Havelock Hills	10	-41	-49	183	172	20	0
<b>Total Hastings</b>		<b>649</b>	<b>568</b>	<b>637</b>	<b>529</b>	<b>450</b>	<b>248</b>
Napier	40	339	307	63	21	1036	957
Parklands/Park Island	45	296	260	-50	-97	-406	-495
Western Hills	15	463	451	435	419	311	281
<b>Total Napier</b>		<b>1098</b>	<b>1019</b>	<b>447</b>	<b>343</b>	<b>940</b>	<b>742</b>
<b>Total</b>	<b>Greenfields Total Surplus</b>	<b>1746</b>	<b>1586</b>	<b>1084</b>	<b>872</b>	<b>1390</b>	<b>990</b>
	<b>Minimum Projection Surplus</b>	<b>1666</b>		<b>978</b>		<b>1202</b>	

7.2.9 There does not appear to be any capacity issues in Hastings provided capacity is able to be delivered according to plan. There is however, an early continuation of a lack of Havelock North supply until Iona is brought on stream.

- 7.2.10 The most significant observation is related to Te Awa which is a large component of Napier's capacity, but potentially may not be available within the ten year period. In that case the available Parklands/Park Island sites are likely to be consumed much quicker than would otherwise be the case. This risks a shortage in these areas following the first ten year period.
- 7.2.11 In terms of Napier sites (e.g. Te Awa) if these remain unavailable after ten years, it will only leave the Western Hills as a greenfield growth option to pick up the overflow demand from the Napier options and from Parklands and Park Island at the end of the first ten years. The Napier sites balance is predicted to turn into a surplus after that provided the other greenfield options come on stream and growth rates slow. This is something Napier City Council should monitor closely and consider having contingency plans for due to the relatively limited range of options available.
- 7.2.12 To test the sensitivity of these indications, a scenario was run with half of the remaining Te Awa sites being available in year five (or South Pirimai in the alternative). In addition and as discussed above, both scenarios have been tested with a higher latent demand figure of 750 households.
- 7.2.13 In brief the earlier introduction of Te Awa mitigates the Parkland/Park Island supply concerns significantly and offers an option for any remaining overflow in addition to Western Hills. With the higher latent demand scenario forming the basis of projections the effect of Te Awa being serviced in year five is in itself insufficient to counter that increased pressure, but still provides a viable overflow option and certainly a better situation than without it. These results are shown in **Appendix 3**, but caution should be exercised in relation to the size of the numbers, rather than trends, especially in the 2022-2027 period, given the number of assumptions at play. In Napier in particular the large supply of retirement village units planned for the Te Awa and South Primai areas are likely to alter the projected demand distribution the capacity is being compared to.
- 7.2.14 The overall conclusion is that there is likely to be sufficient capacity to meet projected household growth demands over the planning period. However, whether that capacity is realised in suitable typologies and format depends upon the building sector's capacity and motivation on the supply side and favourable market conditions relating to household affordability on the demand side. The major risk is around responding quickly to any lack of commercial viability for Kaiapo Road and Te Awa and in terms of progressing with suitable reserve areas, while noting the question mark over the Wall Road area.
- 7.2.15 Finally, it should be noted that while strictly speaking the three year short term capacity under the NPSUDC should be zoned and currently serviced land, the above analysis accounts for capacity for some greenfield areas becoming serviced during the next three years. On the former basis there is a deficit in capacity to service the next three years projected demand if the planned/anticipated servicing does not occur, as shown in **Table 33** below. It is important therefore that the Councils remain committed to, and active in, promoting the necessary services and other conditions to enable the short to medium supply to be realised.

**Table 33: Short Term Greenfields Capacity Test**

Greenfields Location/Range	% Share	2019-2021	
		Lower	Upper
Hastings	55	19	-26
Havelock	35	-179	-207
Havelock Hills	10	-41	-49
<b>Total Hastings</b>		<b>-201</b>	<b>-282</b>
Napier Te Awa	40	-181	-213
Parklands/Park Island	45	296	260
Western Hills	15	-87	-99
<b>Total Napier</b>		<b>28</b>	<b>-51</b>
<b>Total</b>	<b>Greenfields Total Surplus</b>	<b>-174</b>	<b>-334</b>
	<b>Minimum Projection Surplus</b>		<b>-254</b>

### 7.3 Intensification Sufficiency

- 7.3.1 PEL (Property Economics Limited, 2019) assessed typical model feasibilities, converted these to improved value to land value ratios and applied these to the theoretical capacity to arrive at an assessed commercially feasible capacity. The theoretical feasible capacities arrived at in the PEL report at the suburb level have been aggregated to approximate the larger suburban groupings used in the demand analysis.
- 7.3.2 Given that sufficiency of capacity is required to be determined over the short, medium and long terms PEL also made an assessment of the number of properties that could become feasible over time as the improved value relative to land value drops. On the basis that these conditions will be felt relatively evenly across different locations this “dynamic capacity” was reported at the city wide scale. For this HBCA the city wide dynamic capacity has been spread back to the aggregated suburbs on an even basis. It is noted that future HBCAs could provide a finer grained assessment as some suburb characteristics may indicate a higher dynamic capacity than others due to the age of the housing stock.
- 7.3.3 Similarly the aggregated site redevelopment potential has also been increased at the same rate as the feasible infill capacity to reflect improving potential overtime as the housing stock ages and falls in value relative to the underlying property value, creating more feasible properties for aggregation opportunities. This gives a cumulative capacity distribution for the sufficiency assessment as set out in **Table 34** below.

**Table 34: Feasible Intensification Capacity Assessment**

<i>Residential Intensification Location/Range</i>	<i>2018</i>	<i>2023</i>	<i>2033</i>	<i>2048</i>	<i>2018 % of Theoretical</i>	<i>2048 % of Current Dwellings</i>
<i>Clive</i>	0	0	0	0	0	0
<i>Havelock North</i>	0	0	0	0	0	0
<i>Hastings North Eastern Suburbs</i>	685	734	824	980	45	21
<i>Hastings North Western Suburbs</i>	596	638	717	853	43	22
<i>Hastings Southern Suburbs</i>	652	698	784	933	35	16
<i>Hastings Western Suburbs</i>	19	20	23	27	5	1
<i>Hastings Redevelopment</i>	520	549	623	749	58	3
<i>Hastings Subtotal</i>	<b>2472</b>	<b>2640</b>	<b>2971</b>	<b>3542</b>	<b>40</b>	<b>15</b>
<i>Taradale</i>	1198	1265	1435	1725	59	38
<i>Greenmeadows</i>	612	646	733	881	59	31
<i>Tamatea/Poraiti</i>	90	95	108	130	21	5
<i>Napier Central Suburbs</i>	403	426	483	580	19	8
<i>Napier Hill and Northern Suburbs</i>	737	778	883	1061	65	33
<i>Te Awa and South</i>	218	230	261	314	32	12
<i>Napier Redevelopment</i>	648	684	776	933	56	4
<i>Subtotal Napier</i>	<b>3906</b>	<b>4124</b>	<b>4679</b>	<b>5625</b>	<b>45</b>	<b>24</b>
<i>Total Plus Redevelopment</i>	<b>6378</b>	<b>6764</b>	<b>7650</b>	<b>9167</b>	<b>43</b>	<b>20</b>

- 7.3.4 On this basis approximately 40-45% of the theoretical capacity is assessed as being commercially feasible as at 2018 and around 20% of the total residential property stock is assessed as being feasible by 2048. This would appear to be plausible in the current market, but it is a fairly broad brush approach. It is however, likely conservative given that there will be a variety of situations where the various tests exclude properties that have less generic characteristics which if recognised would favour feasible development.
- 7.3.5 Evidence of this is seen in the results for Havelock North. Only a small proportion of the total stock of residential properties in that location are theoretically subdivisible (4% in **Table 20** above), but this translates to zero potentially feasible sites in **Table 34**, whereas the suburb has experienced infill building rates of around 55 p.a. since 2005. By comparison the relatively low theoretical and feasible rates in Clive and Hastings Western suburbs are to be expected, due to historically small section sizes and high capitalisation rates. Overall the figures are therefore considered to err on the conservative side.
- 7.3.6 The projected demand distribution therefore (bearing in mind the suburb level distribution is a broad indication only) is subtracted from projected feasible capacity to indicate where there is spare capacity or where capacity is constrained. This might provide a useful starting point for District Plan policy investigations on where infill and intensification might need to be further encouraged. In terms of sufficiency however, the overall capacity sufficiency is the important variable in terms of HPU DS where a shift from greenfields to infill and intensification is desired from a strategy perspective. This results of this exercise are shown in **Table 35** over:

**Table 35: Sufficiency of Feasible Intensification Capacity for Projected Demand**

Intensification - Latent Demand	% Share	2018	2019-2021		2022-2028		2029-2038		2039-2048		2018-2048	
			Lower	Upper	Lower	Upper	Lower	Upper	Lower	Upper	Lower	Upper
Suburb		Base										
Clive	5	0	-20	-29	-47	-69	-77	-113	-103	-153	-103	-153
Havelock North	30	0	-122	-177	-283	-411	-463	-676	-621	-916	-621	-916
Hastings North Eastern Suburbs	15	665	653	626	637	573	644	538	670	522	670	522
Hastings North Western Suburbs	15	596	561	533	536	472	531	424	542	395	542	395
Hastings Southern Suburbs	20	652	599	562	552	467	525	383	519	322	519	322
Hastings Western Suburbs	15	19	-41	-68	-120	-184	-207	-314	-283	-431	-283	-431
Hastings Redevelopment		520	537	537	586	586	665	665	749	749	749	749
Subtotal		2472	2167	1984	1861	1434	1617	909	1473	488	1473	488
Taradale	25	1198	1123	1076	1082	973	1097	916	1174	923	1174	923
Greenmeadows	10	612	587	568	583	539	609	536	661	561	661	561
Tamatea/Porirua	10	90	47	28	-6	-49	-59	-131	-91	-191	-91	-191
Napier Central Suburbs	30	403	278	222	133	1	-6	-224	-81	-382	-81	-382
Napier Hill and Northern Suburbs	15	737	693	665	670	604	682	573	730	580	730	580
Te Awa and South	10	218	179	161	139	95	105	32	93	-7	93	-7
Napier Redevelopment		648	670	670	730	730	829	829	933	933	933	933
Subtotal		3906	3577	3389	3330	2893	3255	2532	3419	2418	3419	2418
Total		6378	5744	5373	5191	4327	4872	3441	4892	2906	4892	2906
Against Minimum Projection			5557		4756		4154		3899			

- 7.3.7 The overall conclusion is that there is sufficient capacity to meet demand. Projected demand represents an overall uptake rate of 20% of theoretically feasible capacity at the beginning of the period, but rises to 70% at 2048 with the HPUDS desired transition to infill and intensification. This will require an average building rate of around 200 p.a. which is slightly higher than the last 18 year average building rate for infill/intensification.
- 7.3.8 Current rates however, need to be much higher to meet higher growth rates earlier on in the period, of around 270-350 over the first ten years. It is noted that these rates were being achieved during the peak growth rates around 2004-2007. Further encouragement for both supply and demand side drivers would therefore appear to be a sensible strategy to achieve the HPUDS targets these projections are based on.
- 7.3.9 In terms of distribution there appears to be a reasonable spread of feasible capacity with the exception of Havelock North, Clive and the Western suburbs as already mentioned above for Hastings. For Napier, Tamatea/Poraiti (which are largely dominated by greenfield developments) and the older Napier suburbs could be reaching capacity later on in the planning period. The results are not greatly altered when the 750 household latent demand scenario is run.

## 7.4 Rural Lifestyle Sufficiency

- 7.4.1 In respect of lifestyle development, the Cheal analysis removed those zones that represent peripheral urban living as these effectively form part of the urban demand and supply analysis, as opposed to more typical rural lifestyle living. Examples of zones close to main urban centres that were excluded include the Rural Settlement and Jervois town Zones of the Napier District Plan and the Plains Settlement Zone of the Hastings District Plan. These zones comprise properties of generally 500m<sup>2</sup> to 2,500m<sup>2</sup>, and while not connected to full municipal services, are better described as larger residential properties on the urban periphery, rather than rural properties.
- 7.4.2 Referencing the Telfer Young Market preferences report referred to earlier, Cheal then considered some of the more generic market forces that influence locational preferences such as commuting distance to the urban CBDs. They identified areas within bands of 10 to 15, 15 to 20 and 20 to 25 minutes' drive time of the Napier, Hastings and Havelock North Central Business Districts.
- 7.4.3 **Table 36** below shows the properties captured in 0-15 minutes band as potentially the most attractive to the market in broad terms. The potential sites from subdivision were moderated using the percentage of vacant and approved sites to total lots in the zones as an indicator of the likelihood of future subdivision.



**Table 36: Rural Lifestyle Lot Capacity Adjusted for Market Appeal**

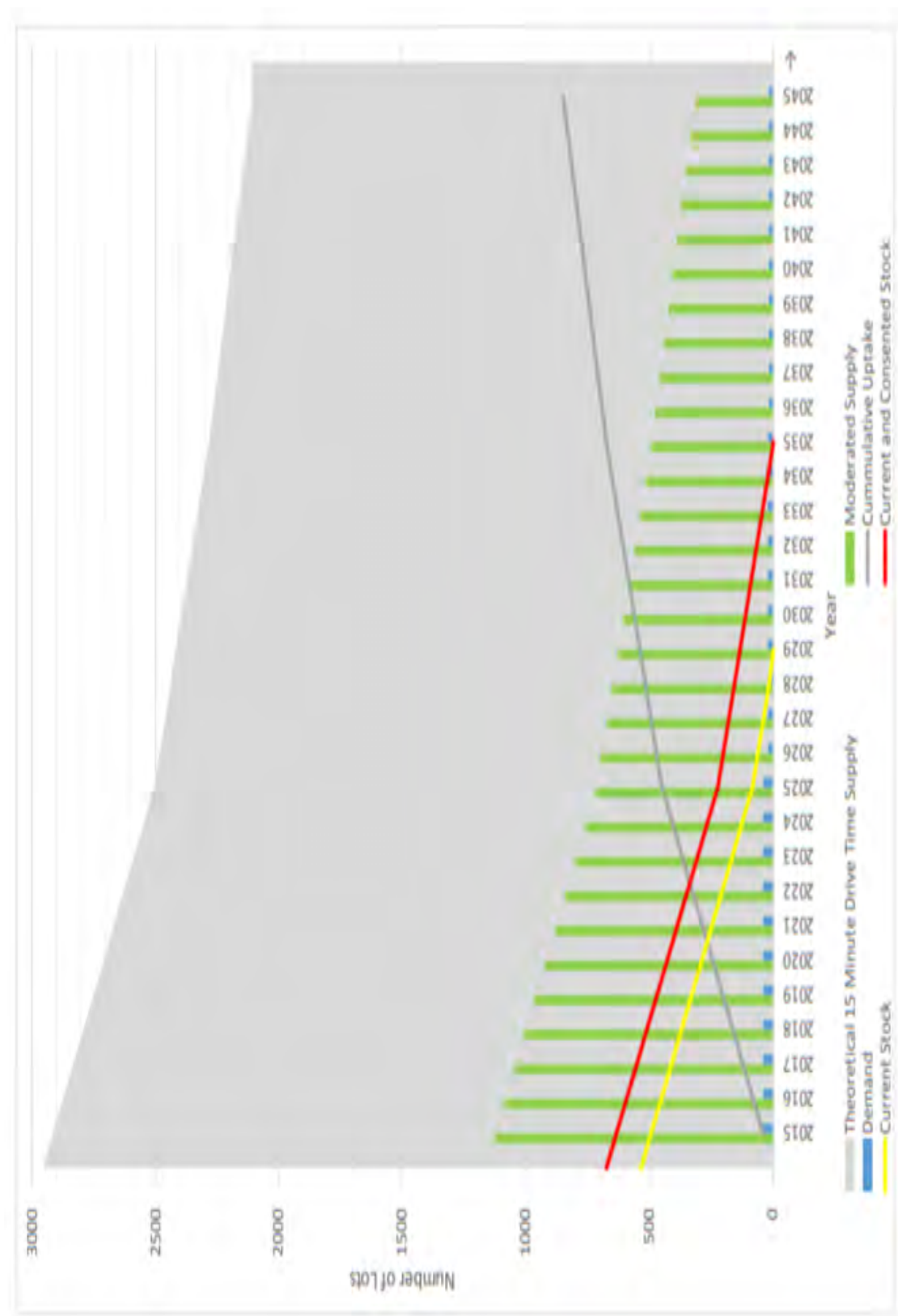
Zone	Potential Supply within 0-15 Minutes' Drive Time					Total
	X	%T	Refined X	Y	Z	
Hastings						
Plains Production	188	5	9	5	188	202
Rural	190	7	13	2	84	99
Rural Residential	804	23	185	16	109	310
Te Mata Special Character	65	16	10	0	27	37
Tukituki Special Character	79	18	14	5	8	27
Nature Preservation Zone	0	0	0	0	0	0
Te Awanga Lifestyle Area	8	0	0	0	1	1
Napier						
Rural Residential	729	30	219	85	79	383
Main Rural	287	15	43	27	39	109
Total	2350		494	140	535	1169

X = Potential Yield, Y = Potential from Existing Consents, Z = Current Vacant Sites.

7.4.4 With a total of 535 vacant lots (of less than 6ha) available within 15 minutes' drive time of Hastings, Havelock North and Napier, and with a further 140 already consented (total 675), it is concluded that the projected demand of 450 lots over the next 10 years can be adequately met. In addition there is a moderated potential for an additional 494 lots to be created through further subdivision within 15 minutes' drive time of the two major CBDS.

7.4.5 **Figure 4** below indicates this supply availability versus demand as at the HPUDS 2017 Review.

Figure 4: Rural and Lifestyle Uptake and Capacity Utilisation



- 7.4.6 **Table 37** below compares the current and potential capacity against the projected demand from **section 3.8** to align with the 2019-2048 planning period for this assessment. The potential yield has accordingly been adjusted to account for vacant or consented sites built on since 2016 (assuming all rural dwelling consents were on sites of less than 6ha) and adding any newly consented lots<sup>9</sup> (assuming these are rural lifestyle or are at least associated with a new dwelling) to get, an estimated potential yield at the end of 2018.

**Table 37: Sufficiency of Feasible Rural Lifestyle Capacity**

Rural/Lifestyle	Potential Yield	2019-2021	2022-2028	2029-2038	2039-2048
		263	350	226	106
Current Vacant Z	251	-12			
Consented Potential Y	304		-58		
Potential for Development X	494		58	210	
Surplus	1,049	786	436	210	104

- 7.4.7 The above figures indicate a potential slight deficit of 12 vacant lots after meeting demand over the next 3 years meaning some of the consented potential will need to come to realisation. Over the next seven years the realisation of the existing consented lots is just short of demand so some further subdivision will need to occur within the next ten years. The remaining potential is however sufficient for the long term with a potential surplus capacity of around 100 lots (over and above the 20% and 15% calculated demand side buffer required by the NPSUDC).
- 7.4.8 The figures above show there remains considerable capacity to respond to higher than projected levels of rural lifestyle development (which would more naturally substitute for greenfield site options as opposed to infill). For example no account has been made for supply outside the 15 minute drive time extent, which while not necessarily attractive to the bulk of the market, would still account for some of the projected demand that might seek a hobby farming property, or greater remoteness from urban influences. In that regard there are estimated to be approximately another 1500 vacant or potential lots of less than 6 ha available lots within the next 15-25 minutes-drive time.
- 7.4.9 Even excluding the additional supply outside the 15min drive time the remaining capacity in **Table 37** demonstrates there is sufficient supply to accommodate higher household growth rates than the projected HPU DS rate of around 7% to around 10%. The converse of that however, is that higher rates of rural lifestyle demand would come largely at the expense of greenfield demand.
- 7.4.10 Although uptake is expected to fall away quite quickly as the population ages and the disadvantages of lifestyle living take on more significance for residents, so far uptake rates have remained up 80-100 new dwellings per year or around 25-30% of total consents. This compares with the HPU DS target demand for 2019-2021 of 72 p.a, or 60 p.a. over the first ten years to 2029. The building consent data may overstate the proportion of household growth in this sector as demolitions (i.e. replacement dwellings) have not been able to be accounted for in the rural area, or the effect of RSE accommodation demands on stimulating new building.

<sup>9</sup> The data does not easily allow consented lots that have subsequently had titles issued and therefore change to vacant lots status to be calculated. Not much turns on that as they are both part of the available supply capacity.

7.4.11 Commercial feasibilities have not been assessed for the rural lifestyle capacity given the wide range of circumstances and development options impacting on costs and revenues. Often the current landowner will be the developer which affects profit and risk expectations and timing. Development of broad scale feasibility tools to account for this may be a matter for future investigations but is beyond the scope of this assessment.

7.4.12 The biggest cautionary factor to bear in mind with the rural residential component of this assessment is Plains Production Zone land in Hastings. The indicative stock of 188 vacant lots within the Plains Production Zone is a large component of the currently vacant stock. The Cheal report recommended that further work be done to quantify the resource and how to make the best use of those vacant lots given the importance of this resource for primary production. If this supply is unavailable for any reason then a different result would emerge as shown in **Table 38** below.

**Table 38: Rural Lifestyle Capacity Less Plains Production Zone**

<i>Rural/Lifestyle</i>	Potential Yield	2019-2021	2022-2028	2029-2038	2039-2048
		263	350	226	106
<b>Current Vacant Z</b>	63	-200			
<b>Consented Potential Y</b>	304	200	-246		
<b>Potential for Development X</b>	494		246	22	-84
<b>Surplus</b>	<b>861</b>	<b>598</b>	<b>248</b>	<b>22</b>	<b>-84</b>

7.4.13 Some 200 consented lots would have needed to progress to title within the next three years. A further 246 potential lots would need to have been consented and proceeded to title over the next seven years and the remaining potential would still insufficient to last to the end of the period with a deficit of 84 lots. This reduces to 114 under the 750 household latent demand scenario. This serves to reinforce the need to examine the status of the Plains Production Zone vacant lifestyle lots before the next HPUDS review.

## **8 BUSINESS CAPACITY SUFFICIENCY**

### **8.1 Industrial**

8.1.1 While acknowledging the uncertainty around the Napier business park (and its potentially limited range of permitted activities) and expansion at Awatoto, the capacity projected in **Table 25** is used for the sufficiency test in the first instance. It is also noted that this exercise is a broad brush pre-cursor to the more in depth regional industrial strategy study that has been commissioned by the Napier and Hastings Council's.

8.1.2 It also noted that feasibility testing of redevelopment of current stock has not been undertaken, given the wide range of variables at play between individual industrial activities. In addition it is noted that the existing land supply is being traded in the current market. New greenfield areas recently opened up at Irongate and Omahu Road were subject to feasibility analysis (insert citation) prior to rezoning and despite positive results the Hastings District Council has subsequently changed its approach to staging and development contributions

to speed up the uptake of the development. Feasibilities have yet to be undertaken for Tomoana, Awatoto and the Napier Business Park, but are likely to be undertaken if confirmed through the regional industrial strategy study.

- 8.1.3 On this basis the available capacity is tested against the demand projections in **Table 39** below.

**Table 39: Industrial capacity Sufficiency Test**

<i>Projected Industrial Capacity ha</i>	2019-2021	2022-2028	2029-2038	2039-2048
Total Hastings	186	25	35	0
Total Napier	18	0	76	0
<i>Total Capacity</i>	204	25	111	0
<i>Projected Business Growth</i>				
Hastings Industrial	18	35	60	60
Napier Industrial	8	15	26	26
<i>Total Demand</i>	26	50	86	86
<i>Balance of Capacity Over Demand</i>				
Hastings	168	158	133	72
Napier	10	-5	45	20
<i>Total</i>	178	153	178	92

- 8.1.4 This shows there is ample capacity in Hastings for the short medium and long terms, while in Napier there is potentially a medium term issue. Depending upon the nature and feasibility of the Napier Business Park and Awatoto, a medium to longer term shortage in Napier is also possible. It is this prospect that has motivated the regional industrial strategy study to be initiated. In terms of overall regional supply, based on the projected industrial demand of 7.5 ha per annum, the Hastings current and planned capacity represents around 25 years out to 33 years regional land supply. Accordingly this study makes no recommendations other than the regional study should take its course. Structure planning for the Tomoana area should however, be undertaken in time for that area to be brought to the market when the existing Whakatu capacity is nearing full utilisation as signalled in HPUDS.

## 8.2 Commercial

- 8.2.1 **Table 40** below compares the projected growth in **section 4.3** with the assessed capacity **section 6.1**. Because office and retail activities sometimes compete for the same land and often share the same space on different floor levels, the total capacity is assumed to be available for both office and retails demand at the same time. Obviously that cannot be the case in all situations, so the capacity is also assessed against the combined office and retail demand. This very simple analyses cannot do justice to the complexities of the commercial property market, but can signal issues for closer examination and possibly a sense of scale or urgency.

**Table 40: Commercial Capacity Sufficiency Test**

<i>Projected Business Growth</i>	<i>Total Existing</i>	<i>Capacity</i>	<i>2019-2021</i>	<i>2022-2028</i>	<i>2029-2038</i>	<i>2039-2048</i>
Hastings Retail	202	7.5	-2.5	-16.4	-35.8	-79.0
Hastings Office	136	7.5	2.3	-5.0	-15.1	-37.8
Hastings Other	130					
<b>Total Hastings</b>	<b>467</b>	<b>7.5</b>	<b>-7.7</b>	<b>-29.0</b>	<b>-58.4</b>	<b>-124.4</b>
Napier Retail	169	5.7	0.5	-6.8	-16.9	-39.6
Napier Office	230	5.7	1.5	-4.5	-12.8	-31.4
Napier Other	193					
<b>Total Napier</b>	<b>592</b>	<b>5.7</b>	<b>-3.8</b>	<b>-17.1</b>	<b>-35.5</b>	<b>-76.7</b>
<b>Total Commercial</b>						
<b>Total Retail</b>	<b>371</b>	<b>13.3</b>	<b>-0.2</b>	<b>-21.5</b>	<b>-50.9</b>	<b>-116.9</b>
<b>Total Office</b>	<b>366</b>	<b>13.3</b>	<b>2.3</b>	<b>-5.0</b>	<b>-15.1</b>	<b>-37.8</b>
<b>Total Other</b>	<b>322</b>					
<b>Total Combined</b>	<b>1059</b>	<b>13.3</b>	<b>-11.5</b>	<b>-46.1</b>	<b>-93.9</b>	<b>-201.1</b>

- 8.2.2 On the strength of this analysis it would seem that there is insufficient space capacity to meet demand even in the short term for retail space in Hastings and for the medium term in Napier. This issue also arises for office space in the medium term in both cities. This is unlikely to be as serious a problem as it would first seem, as the assessment of redevelopment potential within existing used premises and land was beyond the scope of this Housing and Business Capacity Assessment. As recognised in HPUDS, more intensive redevelopment represents real potential to meet commercial growth demands. To understand the commercial sufficiency question a bit more, Logan and Stone (Logan Stone HNCPR, 2019) were asked to provide market commentary on this more complex aspect.
- 8.2.3 They advise that because Hastings Central Business District (CBD) is not constrained by physical boundaries and is largely surrounded by land that carries transitional zonings, the spread of CBD activities (retail & office) has occurred about the CBD core. The availability of lower valued property outside of the core and the relatively permissive zoning framework has allowed development to occur along traffic arterials and provide profile options for commercial activities.
- 8.2.4 This supply availability had for many years lead to a scenario where refurbishment and redevelopment of the existing central commercial stock was uneconomic. Given recent strong economic activity and value growth, refurbishment has become a viable and appealing option. Accordingly it is likely that much of the projected growth will be able to be accommodated within existing commercial precincts. An example is the former HB Today site, which upon completion will provide some 1800m<sup>2</sup> of office accommodation in addition to new hospitality space. The Havelock North Village core on the other hand is tightly constrained and expansion of commercial activities into the employment precincts and the retail fringe areas is readily apparent
- 8.2.5 Like Havelock North, the Napier CBD is somewhat constrained physically and through zoning. Rejuvenation of existing building stock is therefore more viable and desirable. Due

to the volume of heritage property within the core, there is reduced capacity to accommodate future growth, except through renovation of currently under-utilised space. At present pressures for new development about the core are apparent. Combined with a growing upper floor residential (permanent & visitor) occupancy, the volume of heritage buildings with Napier's CBD limits the capacity of the core to accommodate much of the future growth projections.

- 8.2.6 Further commercial accommodation can therefore be expected within the Mixed Use zone at Ahuriri, where vacant land is almost exhausted. Many buildings are however, of low architectural value and have the potential to be redeveloped or adapted for re-use and to accommodate some of the future growth. Growth of commercial activities within the service areas of the City can also be expected.
- 8.2.7 In the current positive economic climate Napier's established suburban shopping precincts, such as Marewa, Onekawa, Maraenui and the like are well occupied and thriving as convenience and community service centres. Few will be growth targets, but whilst trade is sustainable, the space is near fully utilised.
- 8.2.8 Like Havelock North, Taradale is somewhat constrained and without a transitional zone. It appears that demand for retail space, other than local convenience and hospitality is low and there seems little pressure for expansion beyond existing boundaries.
- 8.2.9 The combined results of the Hastings and Napier Commercial Use Surveys (2018 and 2019 respectively) found a total of 73,990m<sup>2</sup> of vacant non-residential floor space across the precincts studied, representing 7% of the total non-residential floor space available. This vacancy rate is largely consistent with the findings of Logan Stone's bi-annual Retail Occupancy Survey (February 2019) which is a study of the retail core for Hastings, Napier, Havelock North and Taradale, which reported that vacancy rates in all four commercial centres were down over the past 12 months.
- 8.2.10 The reviews identified a total of 5.9 hectares of land within the precincts studied, which was either under development or readily available for re-development and expected to provide additional floor space. However, whilst carrying out the survey it was clear that there are a number of sites across the precincts studied, with significant scope for intensification through redevelopment, as long as redevelopment is economically viable at the time they become available. This is seen most notably in Hastings.
- 8.2.11 In the City centres there is surplus space and evidence of under-utilisation. Re-development and refurbishment will increase the capacity of the existing zones and will encourage greater activity within the current commercial precincts. Continued regional growth will lead to increased demand for accommodation across most sectors. The projections within the CBRE report of 2012 suggest a shortage of capacity. The vacancy rates in the retail areas have decreased since and there has been an increase in supply within existing zoned precincts. There remains capacity for current growth.
- 8.2.12 It is unlikely that the apparent population growth currently being experienced across the region will continue at a similar rate to that of the last three years. This combined with emerging trends suggests ample capacity through until at least 2025. Accordingly Logan Stone recommend a full review of the capacity for commercial requirements be undertaken circa 2023.
- 8.2.13 Finally an examination of MBIE price efficiency ratios (MBIE, 2018) reveals that commercial values are higher than adjoining industrial values by a large margin at Ahuriri, Georges Drive and Greenmeadows in Napier and Karamu Road North in Hastings. This may mean that commercial expansion in those locations may be worth considering when the review is undertaken.



## 9 OVERALL SUFFICIENCY SUMMARY

9.1.1 **Table 41** summarises the efficiency assessments from above. While overall the assessments do not indicate an overall lack of capacity to meet demand, there is still an acknowledged immediate pinch point in residential land supply. While this is easing, the programmed releases at Howard Street and Iona Road need to occur in the near term to meet the NPS target of three years forward land supply at any one time.

**Table 41: Overall Sufficiency Summary**

<b>Sufficiency Summary</b>	<b>2019-2021</b>		<b>2022-2028</b>		<b>2029-2048</b>	
<b>Greenfields Capacity v Projected Growth</b>	<b>Lower</b>	<b>Upper</b>	<b>Lower</b>	<b>Upper</b>	<b>Lower</b>	<b>Upper</b>
Hastings	409	364	216	156	335	223
Havelock	281	253	238	201	96	25
Havelock Hills	-41	-49	183	172	20	0
<b>Total Hastings</b>	<b>649</b>	<b>568</b>	<b>637</b>	<b>529</b>	<b>450</b>	<b>248</b>
Napier - Te Awa	339	307	63	21	1036	957
Parklands/Park Island	296	260	-50	-97	-406	-495
Western Hills - Mission	463	451	435	419	311	281
<b>Total Napier</b>	<b>1098</b>	<b>1019</b>	<b>447</b>	<b>343</b>	<b>940</b>	<b>742</b>
<b>Overall Greenfields Total</b>	<b>1746</b>	<b>1586</b>	<b>1084</b>	<b>872</b>	<b>1390</b>	<b>990</b>
<b>Intensification Capacity v Projected Growth</b>	<b>Lower</b>	<b>Upper</b>	<b>Lower</b>	<b>Upper</b>	<b>Lower</b>	<b>Upper</b>
Clive	-20	-29	-47	-69	-103	-153
Havelock North	-122	-177	-283	-411	-621	-916
Hastings North Eastern Suburbs	653	626	637	573	670	522
Hastings North Western Suburbs	561	533	536	472	542	395
Hastings Southern Suburbs	599	562	552	467	519	322
Hastings Western Suburbs	-41	-68	-120	-184	-283	-431
Hastings Redevelopment	537	537	586	586	749	749
<b>Hastings Subtotal</b>	<b>2167</b>	<b>1984</b>	<b>1861</b>	<b>1434</b>	<b>1473</b>	<b>488</b>
Taradale	1123	1076	1082	973	1174	923
Greenmeadows	587	568	583	539	661	561
Tamatea/Poriati	47	28	-6	-49	-91	-191
Napier Central Suburbs	278	222	133	1	-81	-382
Napier Hill and Northern Suburbs	693	665	670	604	730	580
Te Awa and South	179	161	139	95	93	-7
Napier Redevelopment	670	670	730	730	933	933
<b>Napier Subtotal</b>	<b>3577</b>	<b>3389</b>	<b>3330</b>	<b>2893</b>	<b>3419</b>	<b>2418</b>
<b>Overall Intensification Total</b>	<b>5744</b>	<b>5373</b>	<b>5191</b>	<b>4327</b>	<b>4892</b>	<b>2906</b>
<b>Rural/Lifestyle Capacity v Projected Growth</b>						
Current Vacant Z	-12					
Consented Potential Y			-58			
Potential for Development X					210	
<b>Overall Rural Lifestyle</b>	<b>786</b>		<b>436</b>		<b>104</b>	
<b>Industrial Capacity v Projected Growth</b>						
Hastings	168		158		72	
Napier	10		-5		20	
<b>Total</b>	<b>178</b>		<b>153</b>		<b>92</b>	
<b>Commercial Capacity v Projected Growth</b>						
Hastings Retail	-2		-16		-79	
Hastings Office	2		-5		-38	
Combined Hastings	-8		-29		-124	
Napier Retail	0		-7		-40	
Napier Office	1		-5		-31	
Combined Napier	-4		-17		-77	
<b>Total Combined</b>	<b>-12</b>		<b>-46</b>		<b>-201</b>	

- 9.1.1 It should be remembered however, that the growth demand projections have had 500 households added to reflect latent and other demand due to recent record net immigration into Hawkes Bay. This is assumed to be supplied in addition to current growth, through accelerated uptake of supply over the next three years. This may be overly optimistic and industry capacity issues mean a longer timeframe to address this backlog may be needed.
- 9.1.2 In the medium term there are questions about the feasibility and financing arrangements for Kaiapo Road in Hastings and possibly Te Awa in Napier (if sales of 50 sections per year prove elusive). While there are reserve areas identified as potential substitutes, these questions require active resolution if there is to be sufficient time to bring these or the reserve areas to the market to meet demand and the NPSUDC requirement for three years forward land supply at any one time.
- 9.1.3 Likewise over the long term, feasibility will need to be demonstrated for any identified future growth areas, which means progressing with at least high level structure planning in a timely manner to ensure sufficient time is available to identify other areas if necessary through future HPUDS Reviews.
- 9.1.4 It is however, worth noting that the growth projections use the medium to high 2015 SNZ projections as a base, which is higher than the medium projections used for the updated 2017 SNZ projections. This provides an additional level of buffer on top of the 20% short to medium term and 15% medium and long term supply buffers required by the NPSUDC to insulate supply against issues with feasibility or other unexpected physical or legal limitations.
- 9.1.5 In terms of business land, there is overall more than sufficient capacity for industrial growth, given recent rezoning in Hastings and further areas identified at Tomoana/Whakatu. There are potentially issues with the distribution of such growth, with questions over future land supply at the Napier Business Park and Awatoto, but these are planned to be addressed by taking a regional approach through a specific study that has already been commissioned.
- 9.1.6 The situation with commercial land is less clear but is considered to be sufficient at present to accommodate immediate demands until around 2025. However it is considered prudent that further specific work should be done to quantify redevelopment potential within commercial zones. The anticipated lifespan of the exiting commercial strategies of the two cities expire around then and an in depth fresh look at commercial sector needs should therefore be programmed around 2022-2023.

## **10 RECOMMENDATIONS**

- 10.1.1 It is noted that while this document is essentially a technical piece of work the NPSUDC does encourage Councils to seek and use the input of specialised sector groups such as iwi authorities, the property development sector, significant land owners, social housing providers, requiring authorities, and the providers of development and other infrastructure. This was not done for this assessment as this type of engagement was effectively provided during the recent HPUDS Review. Additionally the HPUDS process went further by engaging on policy response options to emerging issues. Nevertheless professional property market advice was received during the HPUDS Review and throughout this assessment. In addition it is noted that the Regional Industrial Land Development Strategy has its own consultation and engagement process underway.
- 10.1.2 It is also noted that the NPSUDC encourages Council to publish their assessments. It is recommended that this be done along with an opportunity to provide feedback as doing so

could provide a useful avenue for supplementary information and views to inform the next assessment in three years' time and any policy decisions in the interim.

10.1.3 Finally it should be noted that late production of this assessment and in some cases a dearth of information and accompanying analysis is an indicator of the need to better resource future studies. Consequently recommendations along this line are made.

10.1.4 It is clear that housing is, and will continue to be, a significant issue for the HPUDS partner Councils and the sub-regional development community. The lack of an integrated housing model and detailed understanding of the sub regions industrial and commercial markets is a significant risk to the ongoing production of timely evidence based advice on decision making that can have significant short and longer term impacts for our communities.

10.1.5 Bearing in mind the foregoing the following recommendations are made for consideration in the first instance by the HPUDS Implementation Working Group and then by the respective partner Councils.

**A. That this Housing and Business Capacity Assessment be Received and**

- a) Be published on the HPUDS Website**
- b) That property developers, iwi Groups, social housing providers, requiring authorities, infrastructure providers and property valuers be advised of its availability**
- c) That the parties listed in b) be invited to provide any feedback they may have.**
- d) That such feedback be reported to the HPUDS Implementation Working Group for consideration.**

**B. That resourcing and planning for future assessments be considered by the partner councils for the next Annual Plan so that future assessments can be produced in a more efficient, equitable and timely fashion that satisfies the requirements of NPSUDC while providing relevant information and guidance for the ongoing reviews of HPUDS including in particular:**

- a) The use of the Councils GIS Platforms for assessing theoretical capacity for infill and rural lifestyle development.**
- b) Further development of Infill and brownfields development feasibility assessment modelling, preferably integrated with the GIS Platforms**
- c) Further development of existing joint greenfield land supply and capacity monitoring to provide a regionalised GIS based resource.**
- d) Development of a common basis for feasibility assessment of greenfield development sites at site selection, structure plan and rezoning stages for use in HPUDS and District Plan processes.**

**C. That in respect of greenfields development capacity it be noted that:**

- a. Greenfield housing construction rates of approximately 220 p.a. in both Hastings and Napier will be needed to meet projected future and estimated latent (backlog) demand over the next three years, falling to around 120 p.a. over the following seven years, approximating an average land requirement in each city of 10 hectares annum.**

- b. That the NPSUDC requires a three years supply of development capacity in advance of demand and while there is or is planned to be sufficient capacity available to meet these projected growth demands and supply buffers there are risks which require active management by the Councils.
  - c. Specifically there is a need to progress with the Howard Street and Iona Road Greenfields Development Areas ongoing releases in Parklands as part of the short term supply and
  - d. Uncertainties over the viability, or otherwise, of Kaiapo Road and Te Awa greenfield growth areas as part of the medium term capacity needs should also be resolved sooner rather than later, so that if needed alternative reserve area structure planning, feasibility analysis and rezoning can be completed in a timely manner.
- D. That in terms of infill and intensification capacity it is noted that:
- a. To meet the short to medium term demand for infill/intensification in line with HPUDS policy targets, around 175 housing units p.a. will need to be constructed over the next three years in each city, falling to around 100 p.a. over the following seven years. These are higher than rates experienced in recent years and will require active encouragement by the Councils.
  - b. Specifically the implementation of the Hastings District Council's Medium Density Housing Strategy should be progressed in order to stimulate both demand and supply side conditions to meet demand for smaller more diverse housing typologies that can meet changing demographic and social patterns, which the market is currently not delivering.
  - c. That the Napier City Council should also consider, as part of its current District Plan Review, policy options for how to encourage infill and intensification capacity and uptake in a range of locations.
- E. That in terms of rural residential/lifestyle development capacity, Hastings District Council investigate the approximately 188 lifestyle sites identified in the Plains Zone and evaluate whether they are, and/or, should remain available for development.
- F. That in terms of Industrial capacity it is noted that:
- a. It is projected that around 70 ha of industrial land will be required to meet growth demands over the next ten years, with past growth being split 70% to Hastings and 30 % Napier, which would approximate to 50 ha for Hastings and 20 ha for Napier.
  - b. While overall there is sufficient sub-regional capacity to meet the demand, most of this capacity lies in Hastings and there is very little certain capacity in Napier, and that this is a strong driver underpinning the need for the sub-regional Industrial land strategy study.
- G. That in terms of commercial capacity it is noted that:

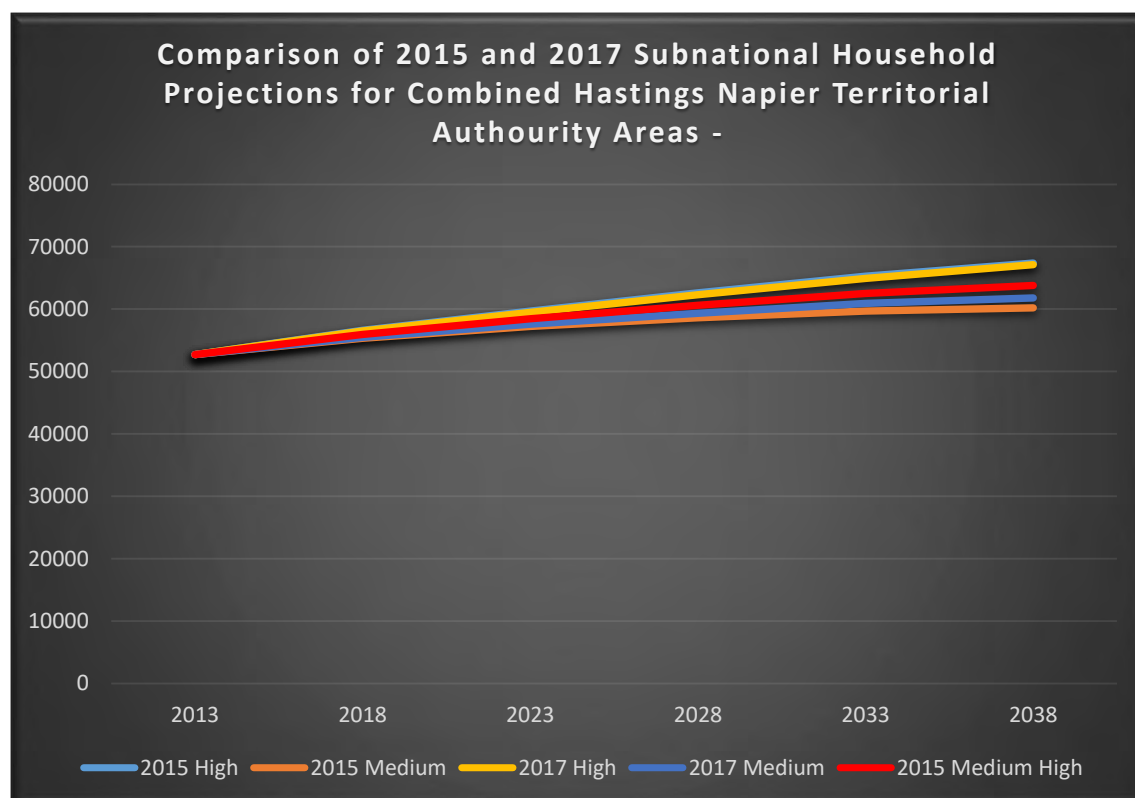
- a. Although the current supply of vacant or underused land and building capacity is insufficient to meet the theoretical land requirement of 57 ha for the projected commercial growth over the next ten years, there appears to be considerable remaining scope for growth to be absorbed through further intensification of existing land and buildings.**
  - b. The partner Councils should nevertheless consider commissioning a joint review of commercial demand and redevelopment capacity from around 2022/2023 to inform the subsequent Review of HPUDS, even if the policy responses between the cities remain separate pieces of work.**
- H. That to meet the NPSUDC requirements, it is noted that the infrastructure to enable planned development capacity to be released needs to be provided for within the Councils Long Term Plans and Thirty Year Infrastructure Strategies.**

## APPENDICES

### APPENDIX 1 Population and Household Growth Projections

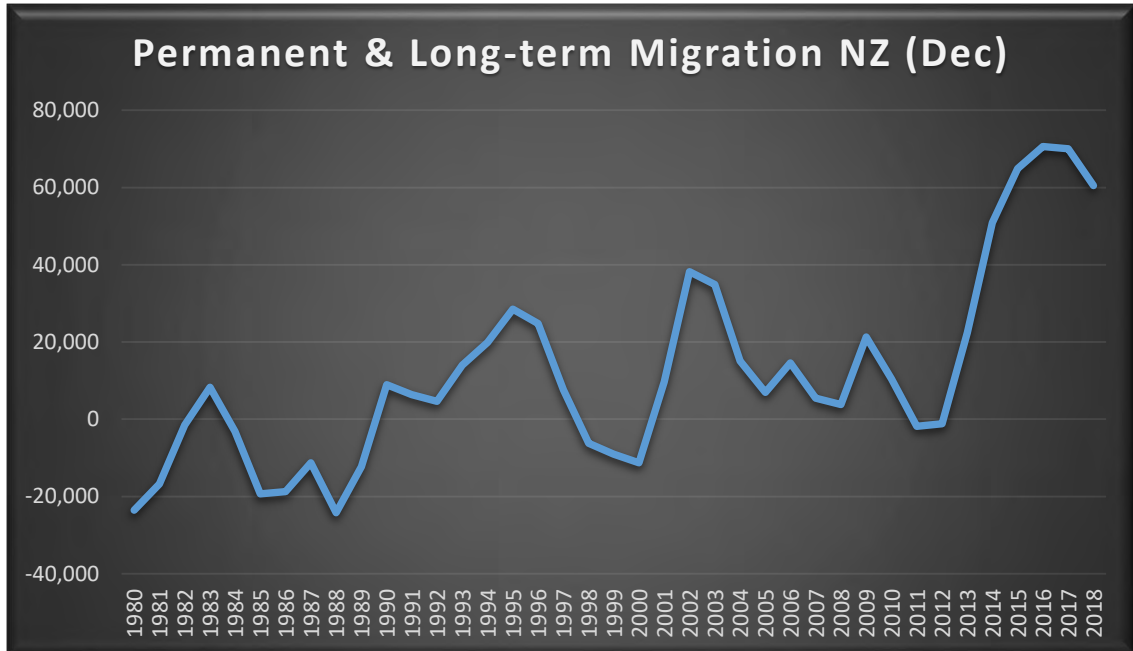
1. PB5 requires that Councils use the most recent Statistics New Zealand population projections in the first instance as a starting point for projecting demographic change, which for HPUDS2017 was the SNZ 2015 Subnational Population projections. At that time population growth within the HPUDS study area had risen from the 2009 estimated population by 5000 people, or an increase of 4.4% to give a population of 131,400. This was higher than that projected in 2009 (by 1,080) for HPUDS2010 and was driven by both natural population increase (4,594) and net migration gain (1,106). This gain was from internal migration from other parts of New Zealand of 3,172, which more than compensated for a net overseas migration loss of 2,066 (Economic Solutions Limited, 2016).
2. The total number of 'households' in the study area had also increased by 3,063 to 51,455 between 2009 and 2015, exceeding the projections made six years earlier by 545 households. In addition to the population increase, this has resulted from demographic and social changes in the community which has reduced the average number of people per household from 2.6 in 2009 to 2.55 in 2015.
3. The 2017 HPUDS Review was therefore based in the first instance on more optimistic 2015 StatsNZ 2015 Sub-National Population than those used by HPUDS as a base in 2009 for the combined Hastings Napier Territorial Authority area. These were however, updated again in December 2017 with a slightly more optimistic view as shown in **Figure 5** below:

**Figure 5: StatsNZ 2015 and 2017 Subnational Household Projections**



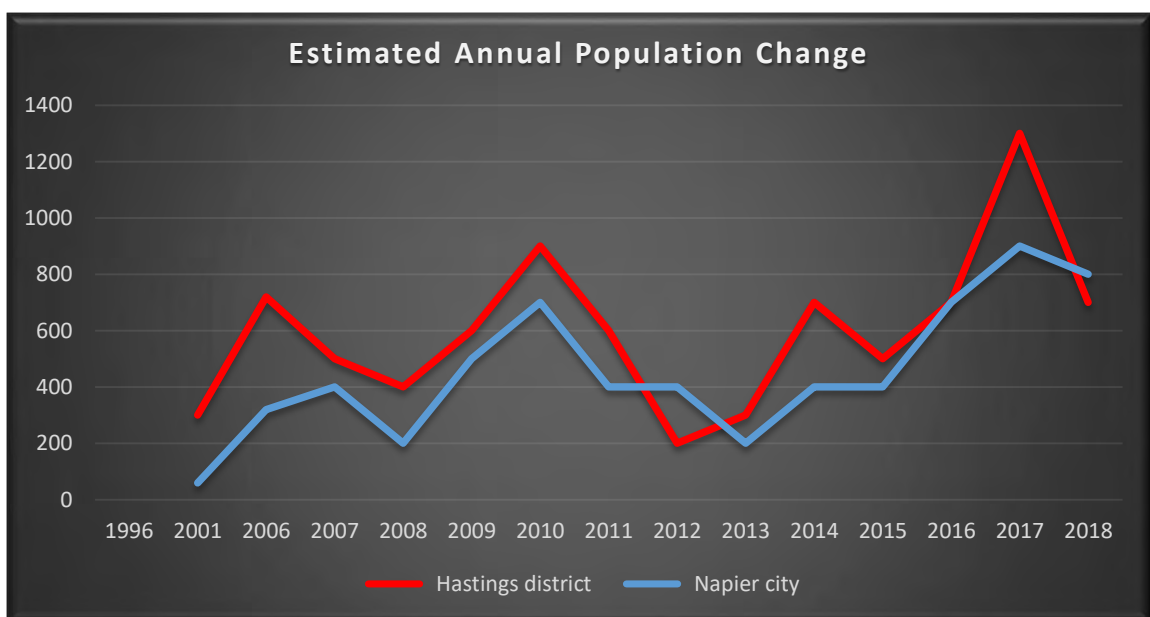
4. These projections will have taken into account the record levels of international migration between 2015 and 2017, as shown in **Figure 6**.

**Figure 6: Permanent & Long Term NZ Migration 1980-2018**



5. In addition there was an increase in Auckland residents migrating into the regions, including Hawke's Bay, presumably because of the effect this was having on Auckland house prices (See sections 7.12 and 8.8 of the 2017 Monitoring Indicator Baseline Report) (HPUDS IWG BLR, April 2019). The increase in the estimated population change in 2017 in particular was marked as shown in **Figure 7** below:

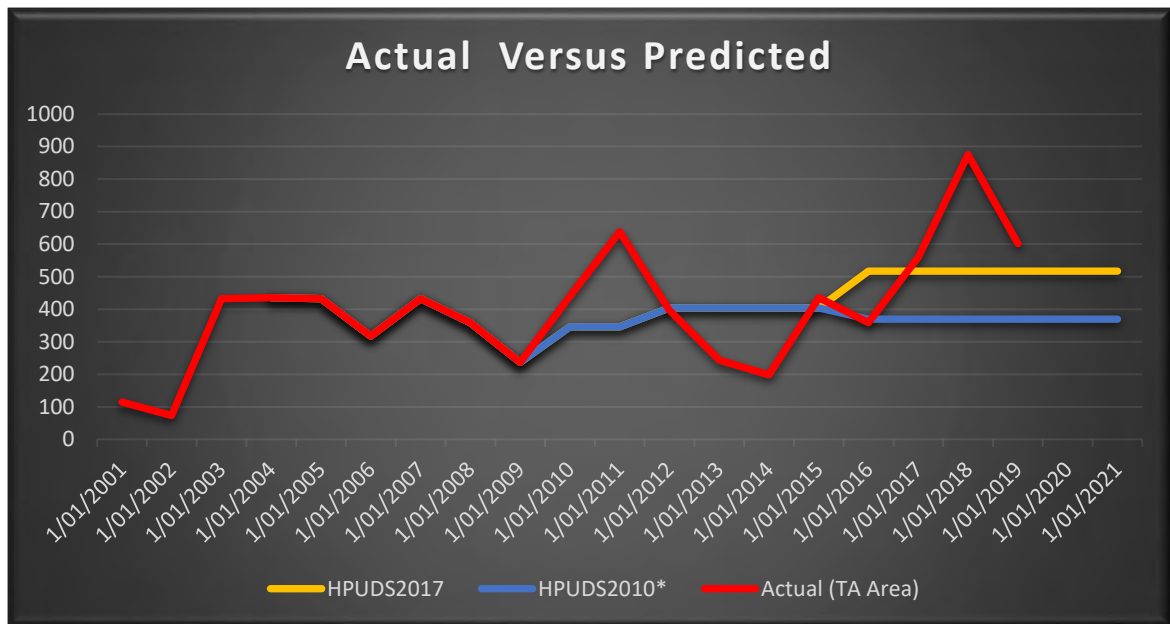
**Figure 7: StatsNZ Estimated Annual Population Change 2001 to 2018**





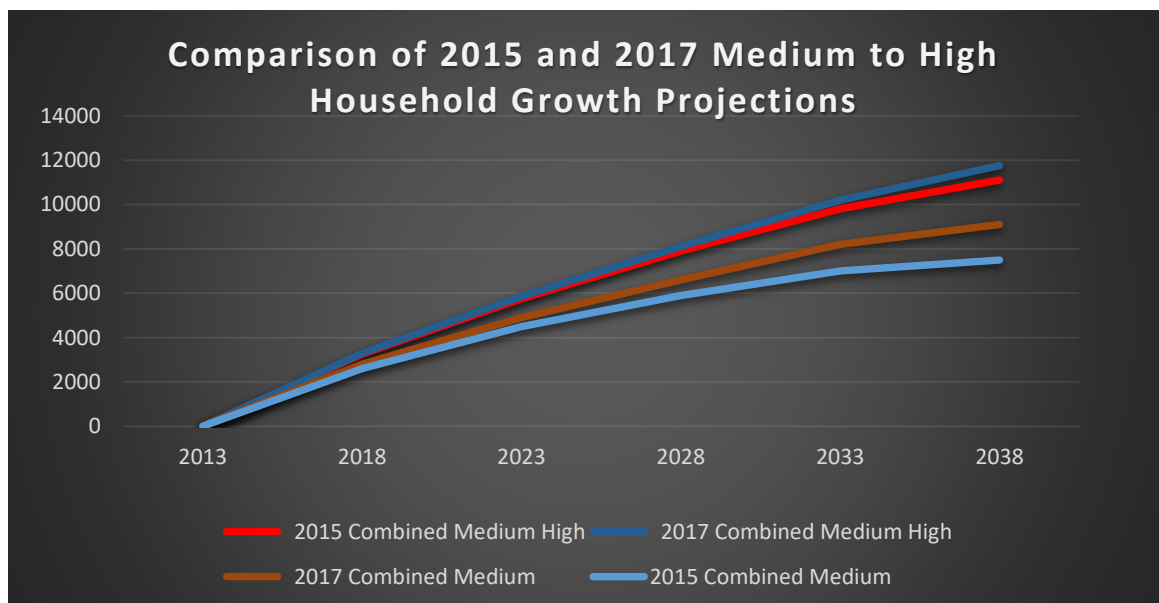
6. Interestingly the surge in Hastings in 2017 dropped significantly in 2018 and the moderate rise in Napier was followed by a softer fall. This supports the view that this recent increase is unlikely to be sustained over the medium to longer term and this is also reflected in the relatively low level of difference in the high and medium projections between the 2015 and 2017 based projections in **Figure 5** above. **Figure 8** below compares the recent growth against the HPUDS projections on an annual change basis.

**Figure 8: Comparison of Actual growth and HPUDS Projections 2009-2021**



7. Importantly the projected household growth across the HPUDS Study Area for the 2015 – 2045 study period was, based on ‘Halfway Medium to High’ growth projection scenario, rather than an often used medium projection. This equated to 11,100 for the combined territorial authority areas based on the 2015 projections, which compares to 11,750 based on the updated 2017 projections. As shown in **Figure 9** below.

**Figure 9: Medium and Medium to High Household Growth Projections**



8. The HPUDS2017 sub-region projection proportion of 10,610 households for the 30 year horizon compares with a 2017 projected medium increase of 9,100 households for the combined districts or 8698 for the HPUDS area on a pro-rata basis. Total population growth in the area over this timeframe is projected to be 16,455, while average household occupancy falls from 2.55 to 2.38.
9. Given the above it is considered that the recent growth upswing and slightly more optimistic 2017 SNZ subnational projection update is adequately accounted for by the use of a medium to high projection scenario in HPUDS 2017 for the purpose of this capacity assessment. This recognises that there is usually a likely evening out of fluctuations in growth cycles over the medium to longer term. Future reviews will however, need to be alert to any signs of ongoing international or internal migration trends, starting with the release of the 2018 census results.
10. As a starting point for the HPUDS 2017 review the base distribution of projected growth was assessed in part on the timing of anticipated new residential sub-division developments and associated total housing capacities, over the planning period as foreshadowed in HPUDS201010. The total increase in households/dwellings over the projection period of 10,610 was comprised as set out in **Table 1** in the main body of the report but repeated below.

**Repeated Table 1: HPUDS Area Household Base Projections 2015-2045**

HPUDS Area	Estimated Total Households 2015	Projected Households						Change 2015-2045
		2021	2026	2031	2036	2041	2045	
Hastings Plains	4,720	5,115	5,535	5,935	6,220	6,390	6,795	2,075
Hastings Rural	960	1,015	1,050	1,080	1,115	1,135	1,155	195
Hastings Urban	12,290	13,240	13,755	14,115	14,435	14,710	14,840	2,550
Flaxmere	3,010	3,195	3,305	3,405	3,480	3,555	3,575	565
Havelock North	4,745	5,025	5,200	5,355	5,490	5,610	5,665	920
Havelock North Lifestyle	830	875	895	950	985	1,030	1,035	205
Napier City	24,900	26,110	27,060	27,850	28,420	28,710	29,000	4,100
<b>Total HPUDS Study Area</b>	<b>51,455</b>	<b>54,575</b>	<b>56,800</b>	<b>58,690</b>	<b>60,145</b>	<b>61,140</b>	<b>62,065</b>	<b>10,610</b>

11. This represents an approximation of the core non-price driven demand for additional housing dwellings in local areas, before market and other factors are applied. These provided a starting point for the 2017 HPUDS Review, recognising that changes in market preferences and conditions as well as planning and strategic considerations will result in a different spatial distribution to this growth by the end of the process.

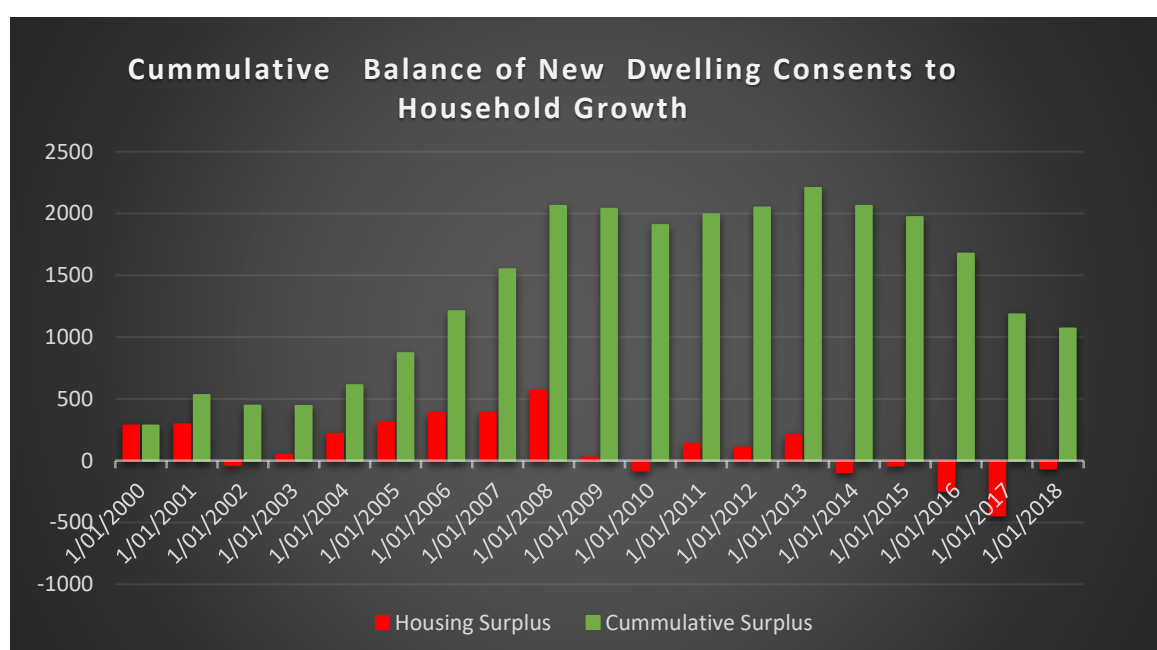
<sup>10</sup> But with proposed scale of new housing adjusted in a few cases in order to meet the overall housing formation totals for the projection period,

## APPENDIX 2 Latent and Other Household Demand

### Suppressed Demand

1. Surges in household growth (say through immigration policy changes) can also occur faster than Council can rezone and service new land supply. In addition market conditions can also mean the development industry can struggle to respond fast enough in terms of new housing so latent demand can build up which needs to be accounted for in forward planning.
2. Latent household driven demand can be expected to influence demand where new housing development has not kept up with the need to accommodate the growth in households, or a significant amount of existing housing has been removed or rendered un-inhabitable. HPUDS2017 did consider latent demand to an extent by comparing new dwelling consents with average household growth between censuses over a 15 year period. This found a cumulative surplus that built up during the last property boom had reduced following the global Financial Crisis to near balance by 2015 (HPUDS IWG DG, 2016), although accounting for demolitions (conservatively estimated at approx. 40-50 p.a, but for which there is no actual reliable data to verify against) may have pushed this slightly into deficit (approx. 250).
3. As discussed earlier however, the effects of the record increase in international immigration and internal migration from Auckland to the region became marked over the last two years and during this period household growth considerably outstripped building supply. Repeating the cumulative analysis from 2000 to 2018 using MIBE's (MBIE, 2018) annual household growth estimates, indicates the total housing construction over the last 15 years still outweighs new household growth as shown in **Figure 10**, even when accounting for notional demolitions.

**Figure 10: Cumulative New Dwelling Consents to Household Growth**

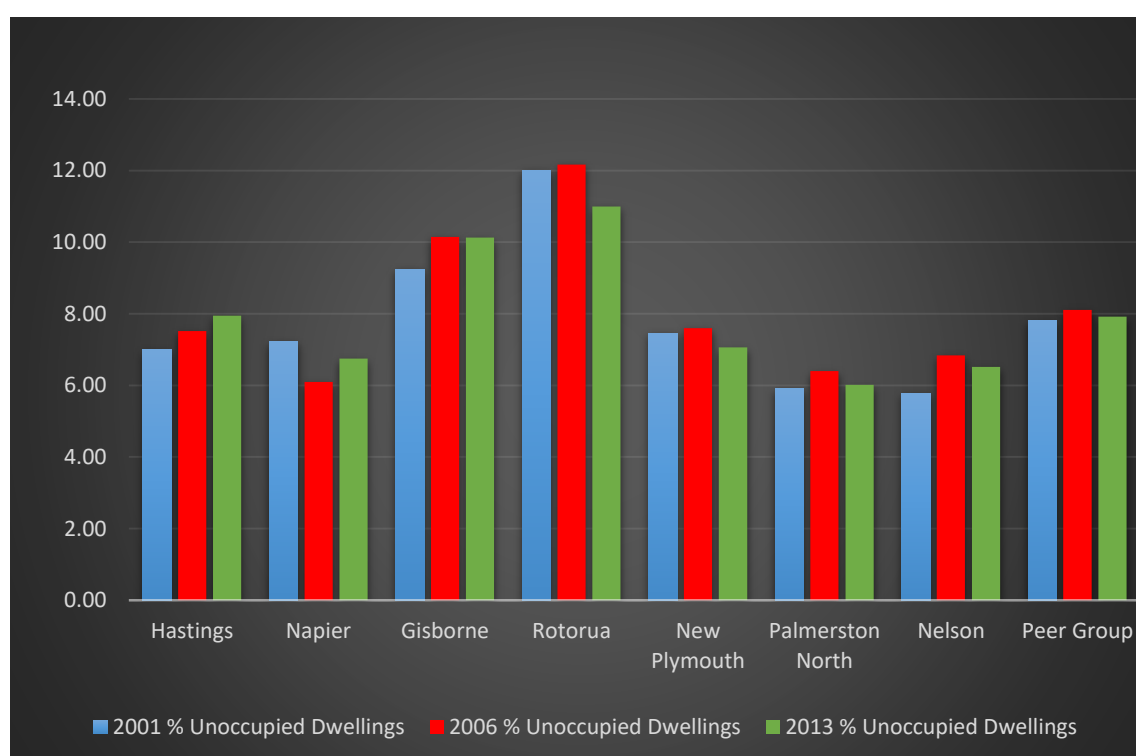


4. Given the above analysis it would appear that there is no obvious latent household growth demand to account for. However the analysis is highly sensitive to timeframe and if only the last 10 years is used a latent demand of around 400-500 household would need to be

accounted for and up to 1000 households if only the last five years is used. In addition it does not mean that there is not latent market driven demand (as opposed to core household growth) in particular market segments, including for new builds. It also does not attempt to estimate any latent demand in the form of migrants from outside the region who could not find suitable affordable accommodation within the region and accordingly were lost to the region once they decided to move elsewhere. These could be areas for further research and development, but are not within the scope of this report.

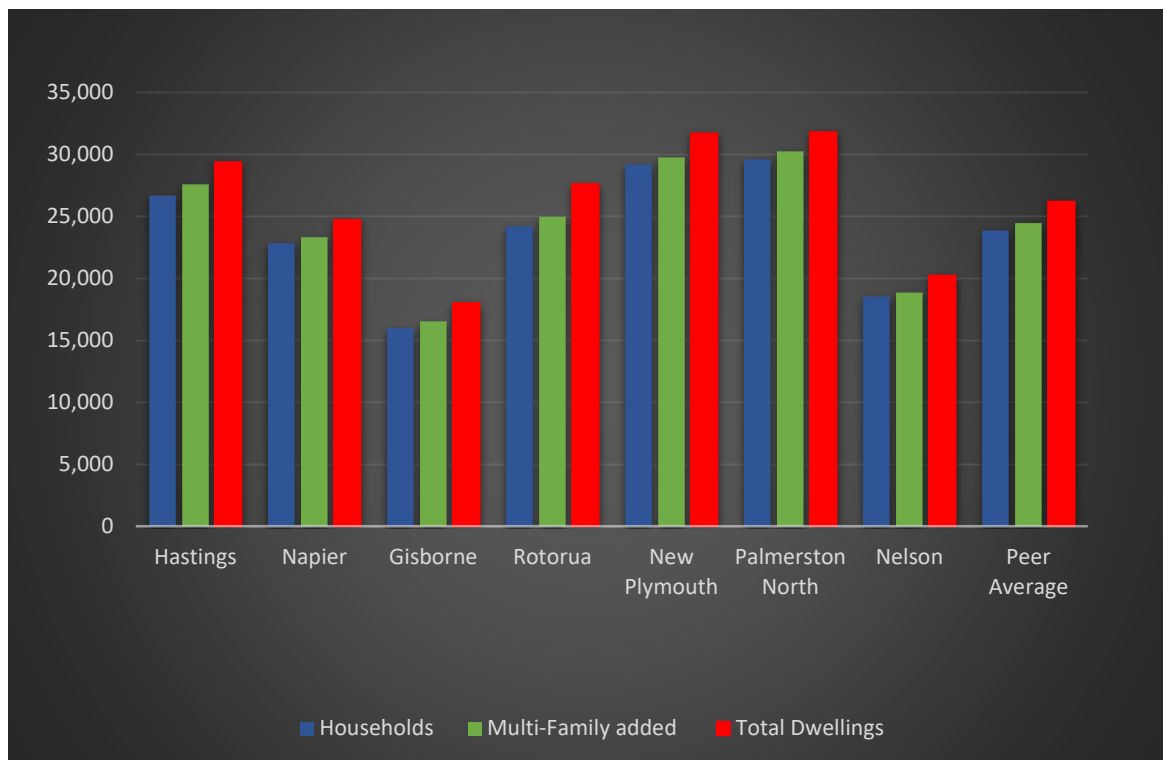
5. Another measure of possible latent demand is the trend in the percentage of un-occupied dwellings at the census count. While there will usually be a baseline percentage of un-occupied dwellings (due to property transactions, refurbishments etc.) a decreasing trend that is out of step with other similar areas could signal pressure on existing housing stocks through reduced available vacant housing stock below normal. This would represent latent demand for new stock.
6. In this respect **Figure 11** shows the trend in unoccupied housing stock for the last three census periods against selected peer group Councils. The graph indicates an increasing proportion of unoccupied dwellings that is similar to other peer group Council's. They also seem to be around the same level at 6-8% of un-occupied dwellings with the exception of Gisborne and Rotorua, which may be due to a higher proportion of holiday homes in these cities.

**Figure 11: Percentage of Total Un-occupied Housing v Peer Group**



7. Another indicator could be the level of total housing stock to households as shown in **Figure 12** below. Even after allowing for multi-family housing as possible un-met demand, the total housing stock remains in excess of households and shows a trend of increasing surplus and this is again common among peer group Councils.

**Figure 12: Total Dwellings to Households v Peer Group**



8. While these measures do not suggest there is latent demand in terms of total housing stock and household demand, it does not account for mismatches in housing suitability or affordability. In addition, although the un-occupied dwelling measure does not indicate a major problem for existing housing stock arising from temporary worker demand, this is an issue in the region that requires further investigation due to the expected increase in RSE workers in the coming years.

### **Temporary Worker Demand**

9. The Recognised Seasonal Employer (RSE) scheme provides for horticultural or viticultural employers who cannot find New Zealand workers to plant, maintain, harvest or pack crops to recruit workers offshore to undertake those tasks. One of the major challenges for regional seasonal employers is providing suitable accommodation for workers. This issue has direct implications for the Hastings District Council, both in ensuring that the economic prosperity of the district can be maintained and also in ensuring that the accommodation needs of the entire community can continue to be met.
10. A RSE stakeholders group has advised that with the increased level of horticultural production, seasonal worker numbers could double by 2022 to around 7000-8000 workers. This signals the need for significant investment in accommodation to provide for these workers. The accommodation of RSE workers is currently provided for through a variety of means. These include;
  - Orchard based accommodation
  - Residential rental accommodation
  - Motel accommodation
  - Hostel type accommodation
  - Use of industrial buildings refitted for residential purposes.

11. The issues for Council that are raised by the varying types of accommodation, involve the effects on amenity for residential areas where there are larger numbers of workers on-site, but another important effect is the potential impact that housing workers in residential dwellings has on the rental market. Based on 2018 Department of Labour information it is estimated that the Napier Hastings area has around 100 urban (including boarding with others) and orchard dwellings which rented for RSE workers, providing around 1200 beds. Approximately 250 are accommodated cottages/cabins/hostels and a further 500 in Travelers accommodation and an additional 2,000 in purpose built accommodation. Napier's contribution to RSE supply is only around a dozen private dwellings. Over 1000 additional beds were consented in 2018, which if built, brings the total to around the estimated 2018 registered workers of 5,000.
12. While not the only form of temporary worker accommodation need, it is considered the main influencer of seasonal employment on mainstream housing capacity. New Zealand seasonal workers are more likely to find accommodation as paying boarders, or with friends and whanau.
13. HPUDS2017 did not take into account temporary worker accommodation in its demand and supply analysis, with any effects on the mainstream residential market demand expected to be handled within the supply contingencies applied. The Hastings District Council has however, recently produced a Discussion Document (Hastings District Council RSE, 2018) on possible solutions to the RSE worker accommodation issues that would reduce impacts on the mainstream housing market. Accordingly, this aspect is not accounted for in this Housing Capacity Assessment directly (other than as part of a nominal latent demand allowance), but this may become a factor in the next assessment once these investigations have been completed.

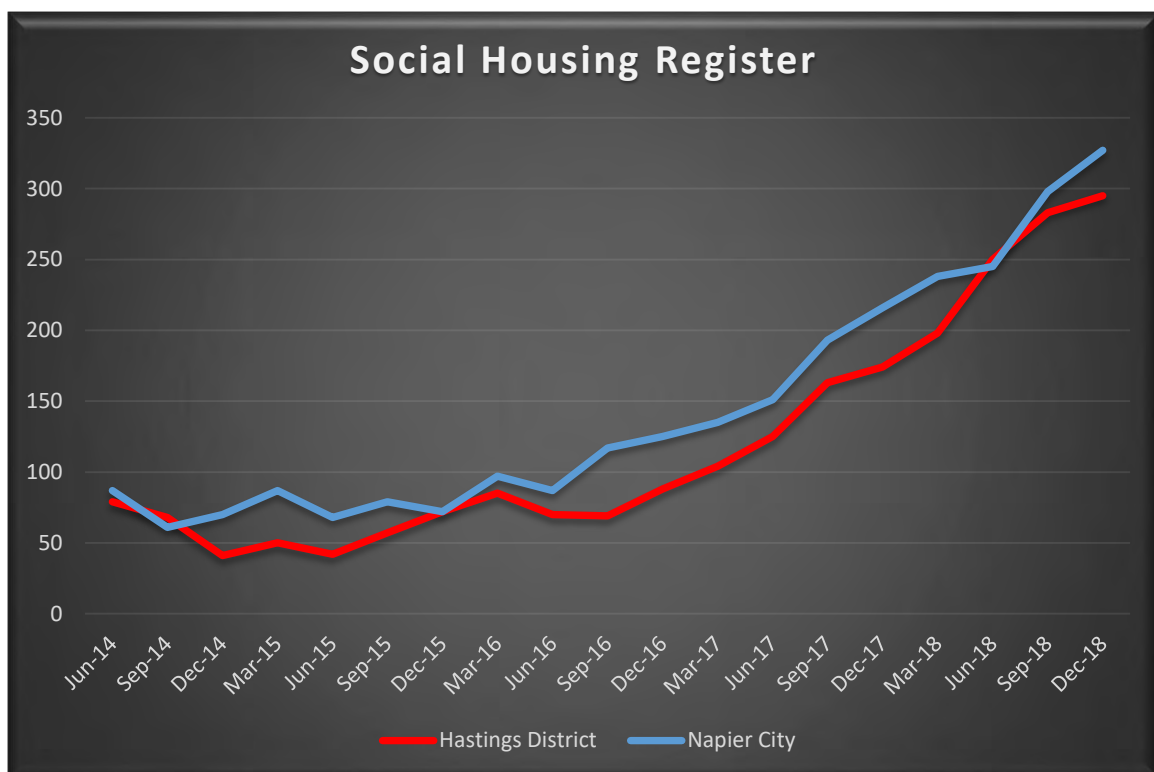
### **Visitor Demand**

14. The demand for visitor accommodation may be included in the demand for housing and/or business land, recognising that this includes demand for holiday homes and hotels. Visitors can be numerically and proportionally significant in some local areas, but are not part of the sub-national household projections, which focus on the usually resident population. The census count ratio for households to dwellings referred to earlier can also provide an indicator of the significance of the visitor sector on housing capacity. Nationally that ratio at the 2013 census was 1.13 dwellings per household while locally the ratio for Hastings and Napier was 1.11 and 1.09 respectively compared to the peer group average of 1.10, which does not suggest there is an issue here.
15. A related indicator is the proportion of dwellings unoccupied on Census night, recognising that some are temporarily unoccupied because the residents are away. Nationally, around 11% of dwellings were unoccupied at Census night 2013. For Hastings and Napier and the Peer Group these were between 6 and 8%. These indicators suggest that holiday accommodation is not a major influencer of housing capacity in the region, although there are discrete coastal settlements, such as Waimarama, where holidays homes do comprise a significant proportion of the existing stock and potential demand.
16. This may however, need to be a topic for further investigation given the rise in alternative forms of dwelling based visitor accommodation such as AirBnb. This type of accommodation can have a transient or longer term effect on permanent housing supply and while a report on the Airbnb market in Wellington City found only 1 per cent of the city's housing stock is on Airbnb, this was growing rapidly in the Wellington region with 31,214 listings in the year end to April 2018, compared to 5918 in 2016 (**Stuff Sept 30 2018**).

## Social Housing

17. Social housing need can be reflective of a number of influences, but supply shortages can be one of the contributing, or exacerbating influences. The effects on constrained supply at one end of the market can flow through to lower value properties and the more vulnerable in society, placing pressure on public housing supply.
18. When New Zealanders are in need of public housing, their needs are recorded on the Social Housing Register, including by household, composition, ethnicity, age and number of bedrooms. In terms of housing capacity we might expect a certain level of public housing need at any one time to be unrelated to housing supply issues across the mainstream housing market. **Figure 3** below (as repeated from the main body of the report) shows the number of households on the social housing register from the middle of June 2014 for Hastings and Napier. This suggests that this base level could sit around 150-200 households for the combined region.

**Repeated Figure 3                      Social Housing Registrations**



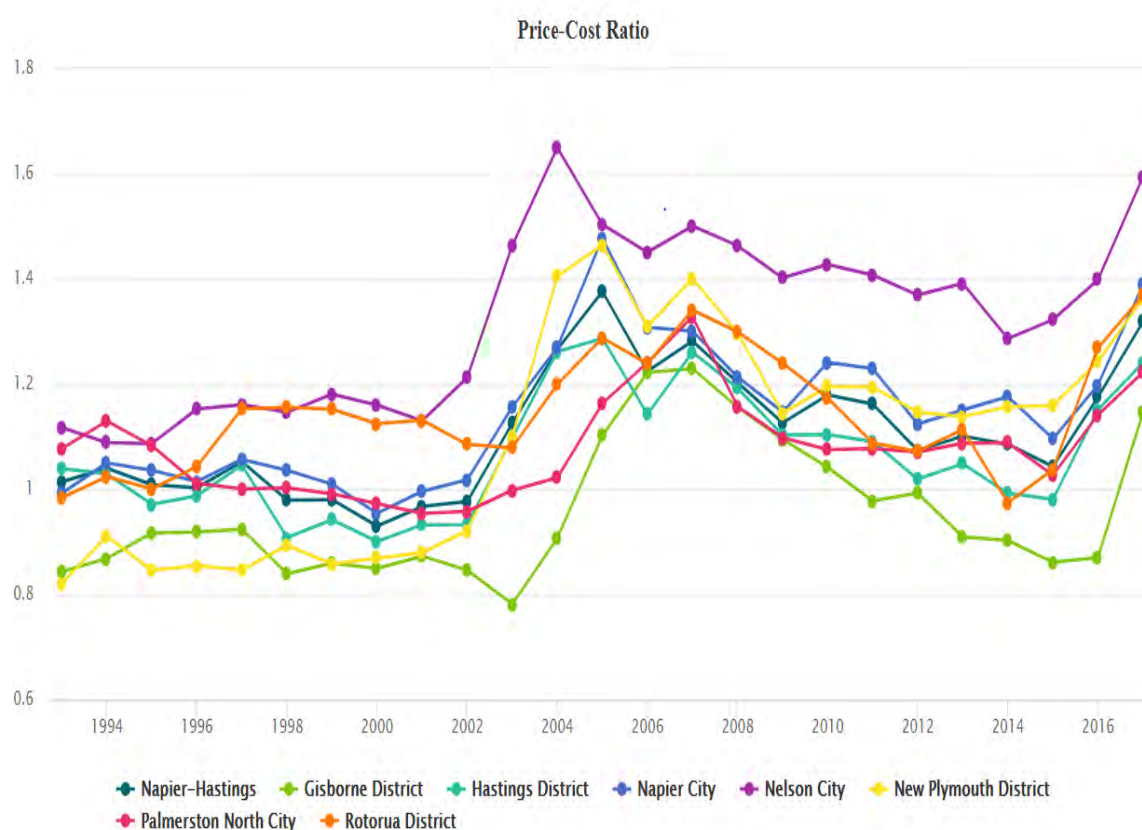
19. What is concerning however, is the rapid rise from around the latter half of 2016, which aligns with significant inwards migration into the region, placing pressure on the existing housing stock. While other factors may be at play it would seem sensible to account for a one-off latent demand for social housing of at around 350-400 households (given these households are part of the household projections going forward). This will need to be met through redevelopment of existing sites or freeing up of existing stock through greenfield development (including where homeowners downsize to retirement villages for example), or potentially new social housing stock within greenfield development areas.



## Market Indicators of Latent and Other Demand

20. MBIEs price cost ratio<sup>11</sup> is another way of detecting whether latent or demand pressures exists due to a lack of supply for urban land. This is an indicator of whether a shortage of residential land is impacting on general house prices because of increasing competition for existing housing stock. Generally an index of less than 1.5 would suggest that is not the case, while above 1.5 would suggest the opposite.
21. The Quarterly Monitoring Baseline Report (HPUDS IWG BLR, April 2019), evaluated this and other price measures to 2017. While the ratio remains under 1.5 it has tracked upwards from 2016 which would coincide with a pinch point in greenfield land supply in Hastings. Nevertheless the 2017 ratio remains one of the lowest in the country and the last spike in 2005 coincided with a relatively unconstrained greenfield land market at least locally.
22. In addition a check with other peer group Councils urban areas price ratio trends shown in **Figure 13** indicates a similar upwards trend across the board at the same time, suggesting factors other than localised land supply issues were/are now affecting prices having an impact on the measure.

**Figure 13: Price Cost ratio Peer Group Councils 1994-2016**



23. Another indicator of land shortage and therefore potential latent demand is the urban/rural price differential<sup>12</sup> produced by MBIE (MBIE, 2018). Amongst the measured urban areas

<sup>11</sup> Effectively the ratio of non-land cost components of a new dwelling construction to serviced land prices e.g. if land is 1/3 of the cost of a new building the land price ratio is 1.5.

<sup>12</sup> The difference in land value at the boundary between residential uses and other uses. Where the residential value is high by comparison with the adjoining use this may suggest constrained demand for expansion.

the Napier Hastings differential is below the average and roughly on a par with Palmerston North and New Plymouth as shown in **Table 42** below:

**Table 42: Urban Rural price Efficiency Indicator**

Urban area	Ratio	Difference (\$/m <sup>2</sup> )	Difference (\$/600m section)
Auckland	3.15	\$345	\$206,722
Blenheim	1.46	\$61	\$36,303
Christchurch	2.23	\$150	\$90,136
Dunedin	1.29	\$38	\$22,505
Gisborne	1.22	\$24	\$14,352
Hamilton	2.42	\$227	\$136,213
Napier	1.66	\$102	\$61,372
Nelson	2.1	\$153	\$91,671
New Plymouth	1.61	\$92	\$55,080
Palmerston North	1.57	\$73	\$43,902
Queenstown	3.12	\$337	\$202,485
Rotorua	1.33	\$46	\$27,441
Tauranga	2.02	\$232	\$139,135
Wellington	2.3	\$201	\$120,371
Whangarei	2	\$80	\$48,064
The example of an 600m section is provided as a typical size section at the edge of many cities.			

24. On balance therefore, while it does not seem that there is a current systemic latency in demand, there are observable pressures mounting on the existing housing supply from RSE accommodation, unmet public housing demand as well as yet uncertain tourism based demands such as Airbnb. Accordingly it would seem sensible to add an allowance for latent demand since the HPUDS 2017 projections were made.
25. Given the above discussions it is estimated that there may be a latent demand of around 500 new dwellings. This need is based on recent growth in social housing demand of 350 dwellings being a possible displacement arising from un-met household growth demands; an allowance of 50 RSE dominated existing households to account for possible recent increases in RSE workers being accommodated in private dwellings (an increase over traditional baseline levels of approximately 100% and which potentially also contribute to any displacement effects on social housing needs) and a nominal 100 dwellings for any reduced availability due to increases in visitor/holiday home accommodation. This also roughly equates to the un-anticipated (i.e. over that projected) inward population migration that occurred between 2016 and 2018.
26. To test the sensitivity of the demand assumptions to suppressed demand as discussed above a scenario is run using a figure of 750 households for latent demand.

## APPENDIX 3 Distribution and Composition of Demand

### Sectors of Demand

1. While household growth and the need to replace aging stock represents the core component of demand for new housing, how actual demand is experienced is highly influenced by market demand preferences and affordability constraints amongst households. This in turn affects the demand for land. In light of this the 2017 HPUDS Review commissioned a review of the 2009 Market Demand Report (Telfer Young Ltd, 2016) to:
  - i Analyse the existing and new housing market in terms of volume, broad suburb or new development location and prices, but should also identify any trends such as less conventional forms of urban development that could influence the level of demand in the various sectors.
  - ii Identify locations that are or would be attractive to the market for residential development over time for different market price segments/locations.
  - iii Identify site sizes, current day pricing and other conditions that would satisfy market demand for land for new housing development.
  - iv Ascertain preference levels for residential site sizes and gauge market acceptance for more compact forms of residential development such as the apartment market.
2. Telfer Young consulted with property developers and builders to ascertain future residential market demand as well as current and previous practices. They utilised in-house resources to identify and research a range of market related issues, using six experienced valuers on different parts of the assignment. The following is a summary of their findings.

#### Rural Lifestyle

3. Given an expected convergence of household demand and demand for new construction over the medium to long term, Telfer Young used the HPUDS broad household projections as a starting point.
4. Projecting future lifestyle demand is difficult to predict due to incomplete records and substitution of property types for lifestyle use. e.g. use of an orchard for lifestyle use and the various data bases considered supplied variable demand profiles. In addition rural uptake can be difficult to predict due to actual net rates of building being inflated as demolition or conversion of housing replaced by new construction are not recorded. In the absence of actual figures they estimated rural households demand based on reasoned estimates and then deducted the lifestyle demand to arrive at the residential projection.
5. Telfer Young estimated straight rural growth comprised at about 3% of the projected growth demand or around 300 households. Based on building consent data, they estimated that on top of this between 35-45 lifestyle lots per annum will be required until 2025, this should then fall to between 18 – 22 per annum as demographics (aging population and smaller family units) are expected to result in lower future lifestyle demand. Accordingly this gives an annual demand estimate over the 30 year study period of approximately 28 lots per annum.
6. This is higher than the 5% assumed in the HPUDS2010 household growth data and allocation targets for rural and lifestyle development, but they note that market demand

will not only come about from increasing household numbers but from a desire to be in new modern housing in preferred locations.

7. Their best estimation within the Lifestyle section is for demand of 850 sites with a range between 560 based on household growth projections to 1350 based on previous year's sales.
8. The projection rate of 45 p.a. for 2015-2025 compares with historical average building rates for rural/lifestyle of around 100 per annum over 2000-2015 or 25% of new construction (but demolitions and vacant older stock is not deducted as there are no records of such activities) (HPUDS IWG DG, 2016). Over the last three years rates have tracked up to around 120 p.a. This supports anecdotal evidence that cashed up Auckland buyers have boosted lifestyle sales in recent years. During more subdued economic times and in light of an aging population rural development rates are projected to fall. HPUDS2017 subsequently adopted the 850 household for the rural/lifestyle target demand/supply allocation and deducted this from the overall projections to get a starting point for residential market demand.

#### Residential Demand

9. Telfer Young noted that the Census derived household growth figures indicate short term differences compared to residential growth rates indicated by historic building consent data. Convergence of these measures after allowing for demolitions and conversions to other activities over the longer time frame, would however be expected in the absence of an increasing count of unoccupied dwellings.
10. A projection of 484 p.a. new dwellings for the first 10 years is in line to meet household growth demands compared with the average growth rate of 338 dwellings per annum, achieved for the 1999-2015 period. Retirement units are included in the building consent figures and account for 350 units.
11. The next two 10 year period projections were 306 pa and 175 pa for the residential growth component giving an average 322 sites per year over the thirty years. This is slightly up on the HPUDS 2009 projection for the same period of 313 sites, but lower than the actual from 2009-2015 of 338 pa, however growth projections anticipate a slowing of population growth from around 2025 across the country. On this basis a quite optimistic growth outlook for the early part of the strategy, which slows over subsequent decades as the population continues to age appears reasonable. It allows for re-calibration over time if the growth outlook over the medium to longer term improves.

#### Greenfields/Infill Splits

12. Since 1999 to 2015 greenfield has accounted for 40 % of new dwelling construction and infill 35% in the sub-region, with rural accounting for the bother 25%. As rural development is expected to decline as the population ages and demographics change urban growth demands will increase accordingly, including potentially for greater greenfield development on versatile soils.
13. HPUDS however, anticipates affecting a transition away from greenfield development demand (which has been an increasing share since 2006) towards greater intensification, including through retirement villages in greenfield areas. As a result of the 2017 Review the HPUDS targets for these sectors of demand were adjusted so the relative proportion of greenfield development is anticipated to fall more gradually over the 30 study period than HPUDS2010, as per the target in **Table 4** of the main body of the report repeated below:

**Repeated Table 4: HPUDS2017 Target Sector Growth Allocations**

Type of Development	2000-2015 Development	Proposed Additional Households [No.]			
		2015-2025	2025-2035	2035-2045	2015-2045
Intensification	[35]	40% [2128]	48% [1706]	60% [1152]	<b>46% [4986]</b>
Greenfields	[40]	50% [2673]	45% [1405]	35% [672]	<b>46% [4750]</b>
Rural Residential	[25]	10% [535]	7% [234]	5% [96]	<b>8% [865]</b>
<b>Total</b>	<b>[100]</b>	<b>5345</b>	<b>3345</b>	<b>1920</b>	<b>10610</b>

14. This therefore sets the higher level sector demand assumptions upon which to test development capacity.

*Comparison with Historic Uptake Rates*

15. While there is little value in using historical greenfield rates to project future demand too far into the future (due to reduced household growth) we can, as a reality check, compare projected demand with historic uptake rates for the more immediate future e.g. 2015-2025. Looking at the average rate of development over the previous 15 years as represented by new dwelling consents the projected uptake rate of 270 p.a. compares with actual greenfield uptake over the 2000-2010 of 185 p.a. and around 135 p.a. for the 2010-2015 period. The average over the past three years has however, tracked back up to around 180 p.a. The projections assume a shift away from rural choices to urban choices including greenfields at a much quicker rate than has been occurring in reality.
16. Looking at infill, the next ten years are projected to see demand for around 200 p.a. compared to an actual uptake over the 2000-2010 of 240 p.a. and around 100 p.a. for the 2010-2015 period tracking back up to 170 p.a. over the past three years. Looking at just the last property cycle high of 2005-2010 we get 200 p.a. for greenfield and 220 p.a. for infill. So on balance the projections are potentially on the high side for greenfields, but in the right arena for infill judged on past uptake rates.

**Location of Demand**

17. The first task in distribution projected demand is to allocate the growth demand back out at the territorial authority level. This can be done in a number of ways based on differing assumptions about the future market preferences. The HPUDS household projections have been generated by stats NZ in the first instance at the Territorial local authority level, which generally shows growth favouring Hastings as discussed above. Adopting SNZs expectations for growth at the urban area level gives a spit shown in **Table 43** below, with the rural component being split in proportion to the last ten years of rural dwelling consents.

**Table 43: Napier Hastings Growth Apportionment Based on SNZ Projections**

Components of Demand	ESL Splits	Proposed of Additional Households [No.]			
		2015-2025	2025-2035	2035-2045	2015-2045
Intensification	Hastings	1192	972	793	2957
	Napier	936	734	359	2029
Greenfields	Hastings	1497	800	462	2760
	Napier	1175	605	210	1990
Rural	Hastings	463	199	82	743
	Napier	82	35	15	132
Total	Hastings	3152	1971	1337	6460
	Napier	2193	1374	583	4150
Grand Total		5345	3345	1920	10610
Urban % Splits	Hastings	56	57	69	59
	Napier	44	43	31	41

18. However Telfer Young's advice that urban growth demand should be equally split in proportion between Hastings and Napier instead of 60% 40% respectively for infill and 63% 37% for Greenfields, gives a distribution as shown in **Table 44** below.

**Table 44: Napier Hastings Growth Apportionment Split 50/50 for Urban Component**

Components of Demand	50/50 Splits	Proposed of Additional Households [No.]			
		2015-2025	2025-2035	2035-2045	2015-2045
Intensification	Hastings	1064	853	576	2493
	Napier	1064	853	576	2493
Greenfields	Hastings	1336	702	336	2375
	Napier	1336	702	336	2375
Rural	Hastings	463	199	82	743
	Napier	82	35	14	131
Total	Hastings	2863	1754	994	5611
	Napier	2482	1591	926	4999
Grand Total		5345	3345	1920	10610

19. It is noted that HPUDS 2017 does not maintain the 50/50 supply allocation between Hastings and Napier, but instead says that "the strategy was ... developed on the basis of achieving balanced supply across Napier and Hastings." If Infill and Greenfields is however assumed to occur in proportion to average new dwelling consents issued over the 2005-2015 period i.e. before supply constraints became too limiting, gives a demand spread as follows in **Table 45**:

**Table 45: Napier Hastings Growth Apportionment Based on Dwelling Consents**

Components of Demand	10 Year Average Consents Splits	Proposed of Additional Households [No.]			
		2015-2025	2025-2035	2035-2045	2015-2045
Intensification	Hastings (38%)	819	657	443	1919
	Napier (62%)	1309	1049	709	3067
Greenfields	Hastings (55%)	1463	769	368	2600
	Napier (45%)	1210	636	304	2150
Rural	Hastings	463	199	82	743
	Napier	82	35	14	131
Total	Hastings	2745	1625	893	5262
	Napier	2600	1720	1027	5348
Grand Total		5345	3345	1920	10610

20. Rather than selecting one or other of these, this Housing and Business Capacity Assessment recognises different futures are possible. Using the above scenarios a growth range for the disaggregated projections is arrived at in repeated **Table 5** in the main body of the report but repeated below, for considering sufficient capacity, with the overall total representing the minimum requirement within the total study area.

**Repeated Table 5: Napier Hastings Growth Apportionment Ranges**

Components of Demand	10 Year Average Consents Splits	Proposed of Additional Households [No.]			
		2015-2025	2025-2035	2035-2045	2015-2045
Intensification	Hastings	820-1190	660-970	445-795	1925 -2955
	Napier	930-1310	735-1050	360-710	2030 -3070
Greenfields	Hastings	1335-1500	700-800	335-460	2370-2760
	Napier	1175-1335	605-700	210-335	1990-2370
Rural	Hastings	460	200	80	740
	Napier	80	35	15	130
Total	Hastings	2615-3150	1560-1970	860-1335	5035- 6455
	Napier	2190-2725	1375-1785	585-1060	4150-5570
Grand Total		5345	3345	1920	10610

21. Below this level demand assessment accuracy diminishes, but relative popularity for larger suburban areas are able to be obtained from past new building consents as was reported in the HPUDS review (HPUDS IWG DG, 2016). That analysis suggested that the market demand for greenfields locations is much more varied than it would appear during periods of constrained supply when fewer choices are available. Once the supply side diversifies, it appears that people can, and do, make different choices. There is however a tension between providing diversity and choice and having affordable development infrastructure at risk on too many fronts.



22. Nevertheless looking at greenfield consents granted during the 2010-2015 period when there were a number of greenfield site choices across the sub-region we get a relative historic demand distribution. Applying this to the greenfields targets above (after diverting a nominal proportion of the projected Havelock North and Parklands/Park Island growth to the nearby Havelock North Hills and Western Hills growth areas of 10 and 15% respectively<sup>13</sup>), gives a future overall total demand distribution in terms of projection ranges as set out in **Table 6** in the main body of the report repeated below (noting that the balance between has changed since 2015 as the Te Awa development gained traction and now accounts for around 40% of the greenfield development and this is reflected in the table).

**Repeated Table 6: Greenfield Growth Range Targets by Broad Location**

Greenfields		2015-2025		2025-2035		2035-2045		2015-2045	
Location	% Split	Lower	Upper	Lower	Upper	Lower	Upper	Lower	Upper
Hastings	55	734	825	385	440	184	253	1304	1518
Havelock	35	467	525	245	280	117	161	830	966
Havelock Hills	10	134	150	70	80	34	46	237	276
Hastings Total		1335	1500	700	800	335	460	2370	2760
Napier	40	470	534	242	280	84	134	796	948
Parklands/Park Island	45	529	601	272	315	95	151	896	1067
Western Hills	15	176	200	91	105	32	50	299	356
Napier Total		1175	1335	605	700	210	335	1990	2370
Minimum Total Projection		2673		1405		672		4750	

23. While ranges are expressed, the overall total projection must at least meet the initial projection for greenfield as whole, hence a minimum greenfields total projection from **Table 4** (repeated above) is repeated here.
24. Again, because of the overall size of the market there is little value in trying to predict infill demand by suburb to any great deal of precision given that households are mobile within urban areas and will accept trade-offs between similar types of suburbs. Because physical constraints and characteristics such as the age of housing stock, section sizes etc, will dampen infill development in any particular suburb, past building consent histories are of limited value.
25. Some suburbs will clearly be more appealing than others, but in some cases age and condition of housing stock may limit potential. Again a proxy for relative attractiveness of suburbs for infill may be obtained by looking at the distribution of house sales over the past few years as an indicator of appeal and therefore demand, including within broad price points. Planning policies can attempt to make up for capacity limitations in one area by providing more scope in other areas with similar qualities. Care needs to be taken that in trying to accommodate for demand, the qualities that drive that demand may be diminished over time as infill proceeds.

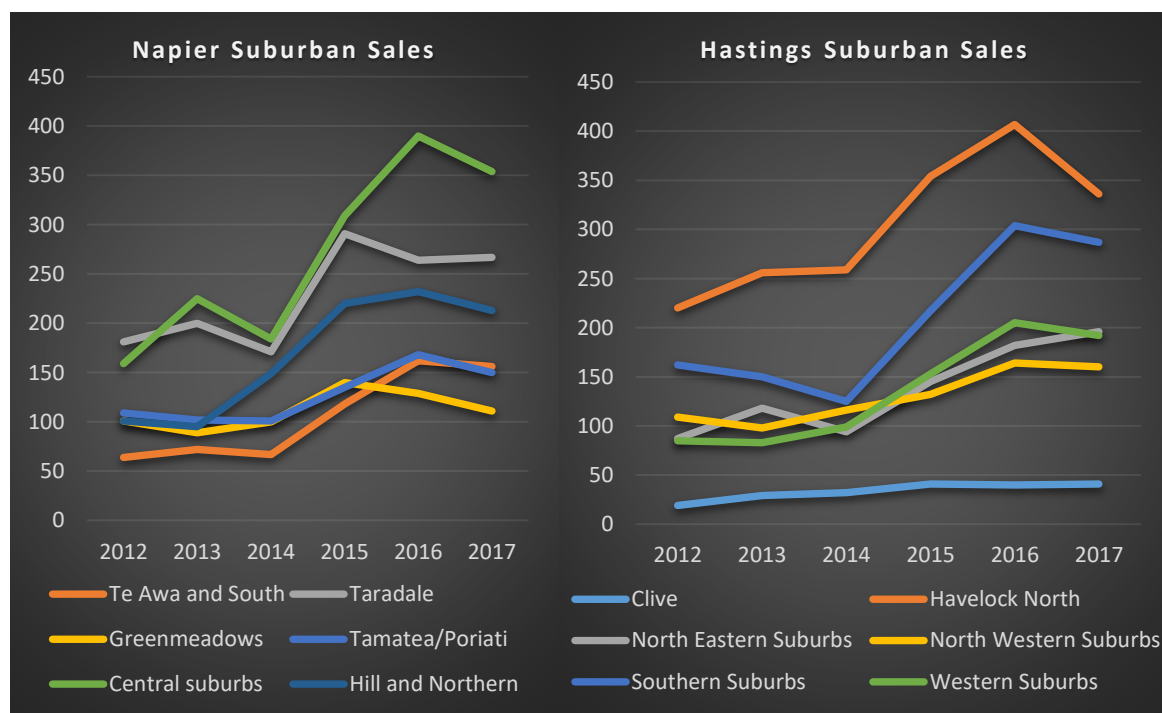
<sup>13</sup> A lower volume of proximate rural residential sites in the Napier's Western Hills by comparison with the Havelock North Hills, suggests the western hills residential sites may find slighter greater local appeal.

26. **Table 46** below shows the percentage of the five year average house sales occurring in aggregated<sup>14</sup> urban suburbs of Hastings and Napier, while **Figure 14** shows how this has changed over time.

**Table 46: Property Sales by Aggregated Suburbs 2012-2017**

Suburbs	2012	2013	2014	2015	2016	2017	Ave	% of Total
Taradale	181	200	171	291	264	267	229	23
Greenmeadows	101	89	100	140	129	111	112	11
Tamatea/Poriati	109	102	101	135	168	150	128	13
Central suburbs	159	225	184	309	390	354	270	27
Hill and Northern	101	95	149	220	232	213	168	17
Te Awa and South	64	72	67	118	162	156	107	11
Napier Total	715	783	772	1213	1345	1251	1013	100
Clive	19	29	32	41	40	41	34	4
Havelock North	220	256	259	354	407	336	305	32
North Eastern Suburbs	87	118	94	145	182	196	137	14
North Western Suburbs	109	98	116	132	164	160	130	14
Southern Suburbs	162	150	125	217	304	287	208	22
Western Suburbs	85	83	99	153	205	192	136	14
Hastings Total	682	734	725	1042	1302	1212	950	100

**Figure 14: Change in Sales Volume by Aggregated Suburb 2012-2017**



<sup>14</sup> In Napier, Central Suburbs refers Pirimai, Onekawa, Marewa, and Maraenui; Hills and Northern; Northern refers to Bluff Hill, Ahuriri, Westshore, Pandora and Hospital Hill, Te Awa and South refers to McLean Park Awatoto and Maraenui. While in Hastings North Eastern refers to Mayfair and Parkvale; North Western to Frimley and Mahora; Southern to Raureka, Akina and St Leonards and Western to Camberly and Flaxmere.

27. Applying these to the projected infill/intensification target ranges after adjusting for suburb size gives a demand distribution scenario as shown in **Table 47** below.

**Table 47: Projected Infill Demand based on Housing Sales and Suburb Size**

Suburb	Infill Demand Projection			Lower	Upper
	Proportion of Average Sales	Proportion of Households	Adjusted Proportion	2015-2045	
Taradale	23	19	25	508	768
Greenmeadows	11	12	10	203	307
Tamatea/Poriati	13	12	10	203	307
Central Suburbs	27	38	30	609	921
Hill and Northern	17	16	15	305	461
Te Awa and South	11	3	10	203	307
				2030	3070
Clive	4	3	5	102	154
Havelock North	32	19	30	609	921
North Eastern Suburbs	14	15	15	305	461
North Western Suburbs	14	11	15	305	461
Southern Suburbs	22	24	20	406	614
Western Suburbs	14	27	15	305	461
				1925	2755

28. This can then be broken down by time period as for greenfield to give a temporal and spatial demand distribution as set out in repeated **Table 7** of the main body of the report but repeated here below.

**Repeated Table 7: Projected Infill demand by Suburb and Projection Period**

Infill projection range	%	2015-2025		2025-2035		2035-2045		2015-2045	
		Lower	Upper	Lower	Upper	Lower	Upper	Lower	Upper
Suburb									
Taradale	25	233	328	184	263	90	178	506	768
Greenmeadows	10	93	131	74	105	36	71	203	307
Tamatea/Poriati	10	93	131	74	105	36	71	203	307
Central Suburbs	30	279	393	221	315	108	213	608	921
Hill and Northern	15	140	197	110	158	54	107	304	461
Te Awa and South	10	93	131	74	105	36	71	203	307
<b>Total</b>		<b>930</b>	<b>1310</b>	<b>735</b>	<b>1050</b>	<b>360</b>	<b>710</b>	<b>2025</b>	<b>3070</b>
Clive	5	41	60	33	49	22	40	96	148
Havelock North	30	246	357	198	291	134	239	578	887
North Eastern Suburbs	15	123	179	99	146	67	119	289	443
North Western Suburbs	15	123	179	99	146	67	119	289	443
Southern Suburbs	20	164	238	132	194	89	159	385	591
Western Suburbs	15	123	179	99	146	67	119	289	443
<b>Total</b>		<b>820</b>	<b>1190</b>	<b>660</b>	<b>970</b>	<b>445</b>	<b>795</b>	<b>1925</b>	<b>2955</b>

## Housing Typologies

29. The housing market in Hawkes Bay is fairly representative of the national market with a predominance of standalone homes. The New Zealand market has been relatively slow to trend away from this product as shown in **Table 48**, especially outside the metropolitan centres, with small scale individual builders being risk adverse in terms of product differentiation. Nevertheless changing demographics is likely to influence the type of housing required in the future and emergence and growth of retirement villages is a classic example.

**Table 48: Percentage of Housing Typologies**

Area	Occupied separate house			Two or more flats/units/townhouses/apartments/houses joined together			Other Occupied Dwelling Type		
	2001	2006	2013	2001	2006	2013	2001	2006	2013
New Zealand	76	77	76	15	17	17	8	6	7
Hastings District	75	78	78	13	16	15	11	6	6
Napier City	75	77	77	16	18	18	9	5	6

30. Household types are however changing. **Table 49** below, uses StatsNZ's 2013 to 2038 based subnational household projections to approximate the HPUDS Medium High growth scenario and generate HPUDS household type projections to 2045. Of note is that one person households are expected to comprise over 60% of the projected growth of households and couples without children are expected to account for more than the total growth in families, with one and two parent families reducing.

**Table 49: Napier Hastings Projected Family and Household Types**

	Year at 30 June	Family type				Household type			
		Couple-without-children	Two-parent	One-parent	Total	Family	Other multi-person	One-person	Total
Year	2013	16,100	14,000	8,500	<b>38,700</b>	37,100	1,700	13,800	<b>52,700</b>
	2018	18,050	14,000	8,600	<b>40,650</b>	38,950	1,800	15,300	<b>55,950</b>
	2023	19,600	13,850	8,550	<b>42,050</b>	40,100	1,750	16,700	<b>58,450</b>
	2028	20,800	13,700	8,550	<b>43,150</b>	40,900	1,700	18,050	<b>60,600</b>
	2033	21,700	13,700	8,650	<b>43,950</b>	41,550	1,650	19,250	<b>62,500</b>
	2038	22,150	13,650	8,700	<b>44,550</b>	41,900	1,600	20,300	<b>63,800</b>
	2043	22,517	13,245	8,389	<b>44,150</b>	42,055	1,941	20,704	<b>64,700</b>
Total Change	2013-2043	<b>6,417</b>	<b>-755</b>	<b>-112</b>	<b>5,450</b>	<b>4,955</b>	<b>241</b>	<b>6,904</b>	<b>12,000</b>
	2018-2043	<b>4,467</b>	<b>-755</b>	<b>-212</b>	<b>3,500</b>	<b>3,105</b>	<b>141</b>	<b>5,404</b>	<b>8,650</b>
Adjusted to HPUDS Projection Total 2017-2045		<b>5,442</b>	<b>-755</b>	<b>-162</b>	<b>4,525</b>	<b>4,030</b>	<b>191</b>	<b>6,154</b>	<b>10,375</b>

31. Even in a housing market supply dominated by three + bedroom homes, single and two resident households have a much higher propensity for townhouse or apartment living as shown in **Table 50**. Notwithstanding that, there are still a considerable number of smaller households residing in detached dwellings and/or three plus bedrooms which could be freed up if attractive more compact housing product was available to meet changing demographic demands.

**Table 50: Percentage of Household Sizes Living in Townhouse Flats etc.**

	% of Household sizes living in flats/units/townhouses/apartments/houses joined together			
	One usual resident	Two usual residents	Three usual residents	Four or More
NZ	32	16	13	8
Napier	33	13	8	4
Hastings	35	15	9	5

32. **Table 51** below also indicates the propensity of smaller household for smaller housing product using Stats NAZ resident occupancy to bedrooms within dwellings generally.

**Table 51: No. Residents by No. of Bedrooms per Dwelling**

	% One Residents in			% Two Residents in		
Bedrooms	1	2	3+	1	2	3+
NZ	17	36	47	4	22	49
Hastings	14	39	47	3	20	51
Napier	16	41	43	2	24	53

33. Combining the Hastings /Napier averaged propensities to the projected increase in smaller 1- 2 occupant households above generates an additional demand for smaller houses as shown in **Table 52**. Assuming more compact housing forms are introduced to the market it would be expected that these propensities would rise, so a growth scenario is shown to test the sensitivity of latent demand in this smaller part of the market.

**Table 52: Projected Demand for Smaller Dwellings Based on Household types**

Increase in Smaller Housing	One Bedroom with One Resident	One Bedroom with Two Residents	Two Bedroom with One Resident	Two Bedrooms with Two Residents	Total
Current	942	2455	135	1201	4733
Growth Scenario	1231	2769	544	1632	6177
Propensity Assumption	15-20%	40-45%	2.5-10%	22-30%	

34. The current projected demand compares with the infill/intensification target of 4,900 for HPUDES2017, although the market in greenfield and infill will overlap in terms of size of dwelling and typology, particularly as retirement and lifestyle villages also seek out

greenfield locations. Greenfields will however generally favour traditional standalone homes with 3 plus bedrooms, while intensification will tend to favour smaller 1-2 bedroom attached/semi-detached townhouse and apartment typologies due to limited land size and configuration options. Using the existing propensity of smaller households for townhouse/apartment type living and a modest propensity increase there could be expected to be a demand of upwards 2500-3500 more households wanting these types of accommodation.

35. While infill has been and will likely still be a significant part of the housing market, this has tended to be in the form of detached dwellings rather than smaller footprint townhouse and semi-detached formats popular in the 1980s and 1990s (HPUDS IWG BLR, April 2019). There is however, some renewed sign of interest in the supply side of the market being willing to provide these formats or modern variants (such as the Frimley Lifestyle Village) of them possibly due to more market support for them as affordable dwellings.
36. The popularity of retirement village housing is however, clearly evident in a development spike in Hastings in 2012 associated with the Summerset in the Orchards development in Ada Street, along with other developments in Napier and Havelock North before that. HPUDS2017 examined this sector specifically noting that there were in 2015 approximately 1,340 villas and apartments held as licenses to occupy or unit titles in the various retirement villages (including smaller village complexes) in the Study Area. Attached to some of the villages are rest-homes and other care facilities which altogether provide an additional 708 care beds (Environmental Management Services, 2016).
37. In addition, there are approximately 613 pensioner rental units – mostly run by Napier City Council and Hastings District Council. The report found about 40% of all people over the age of 75 are presently accounted for as living in retirement villages, rest home care or pensioner rental housing in the HPUDS study area. The remaining 60% are staying on in their own homes or private or state-owned 'general rental' accommodation.
38. It also estimated that based on projected increases in the population aged 75 or more that another 1,770 'contemporary' retirement village villas and apartments are likely to be constructed and sold over the next 30 years, Altogether about 3,340 retirement units of all kinds (including rentals) could be constructed with about ½ of those being medium to higher end, with the demand from rest home operators predominantly for 'greenfield' sites of 6.25 hectares or greater (Environmental Management Services, 2016).
39. This compares with the 2500-3500 townhouse/apartment demand discussed earlier, noting that these are overlapping markets. In other words around ½ of the townhouse/apartment demand may be in greenfield village development and comprise around 30-40% of the 1-2 bedroom market. It is not therefore possible to precisely align housing typologies with intensification and greenfield development and monitoring of the target splits to ensure supply and demand are in balance will continue to be important.

### **Housing Price Points**

40. Telfer Young advised in 2016 (Telfer Young Ltd, 2016) that the majority of new residential development was occurring in the upper medium price bracket from \$325,000 (for smaller infill developments) to \$650,000 for good quality four bedroom homes in new greenfield subdivisions, house and land packages. These levels compare to the then median home price for Hawkes Bay of approximately \$310,000, but which now sits around \$450,000 (MBIE, 2018).
41. Telfer Young also advised that there was a transition of people from lower priced existing stock to new housing with first home buyers moving into the lower price existing stock.

This acts to reduce the impact that the lack of affordability of new housing has on the market.

42. **Table 9** (repeated below from the main body of the report) shows a summary of likely current greenfield average house and land price range within generalised locations showing typical section sizes. These are based on sales of near new and second hand houses within current greenfield growth areas undertaken by Telfer Young in 2016 and adjusted for movements in median house prices and modified on advice from valuers Logan Stone. They are considered therefore to be a reasonable approximation for the situation at 2018, given that greenfields bare land prices are sitting around 250,000 to 300,00 between Napier/Hastings and Havelock North, although the hill developments are yet to come to market.

**Repeated Table 9: Greenfields Development Price Points**

Greenfields New/Near New	Section Sizes	Likely Price Range
Hastings	650-750	\$680,000-\$850,000
Havelock North	700-800	\$850,000-\$1,000,000
Havelock Hills	1200-1500	\$1,100,000-\$1,500,000
Napier	400-600	\$700,000-\$800,000
Parklands/Park Island	350-700	\$800,000-\$950,000
Western Hills	250-1500	\$1,100,000-\$1,500,000

43. Developer responses to Telfer Young's survey in 2016 indicated a strong preference for land in upper medium price brackets. While there is likely to be demand for lower priced residential sites, the associated lower profit margins, higher relative development levies and higher risk factors are likely to dissuade potential developers from working in this sector. This may not be an issue with more affordable homes in the existing second hand market which allows those sellers to step up and become buyers in the new market.
44. An indicator of relative price points by location **Table 10** below repeated from the main body of the report, shows the median house prices for the aggregated urban suburbs of Napier and Hastings. This helps to provide some relativity of potential demand for infill development between locations, particularly where development feasibilities may be hard to sustain. These are based on 2017 figures supplied by Telfer Young adjusted for the general city wide movement in median sales from November 2017 to November 2018.



**Repeated Table 10: Median 2018 Sale Value by Aggregated Suburb**

Suburb	Proportion of Average Sales	Median Value
Taradale	23	\$524,323
Greenmeadows	11	\$506,464
Tamatea/Poriati	13	\$527,809
City	27	\$373,138
Hill and Shore	17	\$585,458
Te Awa and South	11	\$462,421
Clive	4	\$567,817
Havelock North	32	\$685,878
North Eastern Suburbs	14	\$418,629
North Western Suburbs	14	\$454,389
Southern Suburbs	22	\$399,113
Western Suburbs	14	\$236,833

## APPENDIX 4 Greenfields Sufficiency Scenario Tests

### Summary of Tests

Greenfields Location/Range	% Share	2019-2021		2022-2028		2029-2048	
Latent Demand 500 Te Awa 10+ yrs		Lower	Upper	Lower	Upper	Lower	Upper
Hastings	55	409	364	216	156	335	223
Havelock	35	281	253	238	201	96	25
Havelock Hills	10	-41	-49	183	172	20	0
Total Hastings		649	568	637	529	450	248
Napier	40	339	307	416	374	946	867
Taradale	45	296	260	-50	-97	-300	-389
Western Hills	15	463	451	435	419	295	265
Total Napier		1098	1019	800	696	940	742
Total	Greenfields Total Surplus Minimum Projection Surplus	1746	1586	1437	1225	1390	990
			1666			1331	1202
Greenfields Location/Range	% Share	2019-2021		2022-2028		2029-2048	
Latent Demand 750 Te Awa 5 yrs		Lower	Upper	Lower	Upper	Lower	Upper
Hastings	55	367	318	111	51	151	39
Havelock	35	255	223	253	216	70	-1
Havelock Hills	10	-48	-57	183	172	60	40
Total Hastings		574	483	547	439	280	78
Napier	40	312	277	326	284	866	787
Taradale	45	266	227	-20	-67	-360	-449
Western Hills	15	453	440	435	419	375	345
Total Napier		1032	944	740	636	880	682
Total	Greenfields Total Surplus Minimum Projection Surplus	1606	1427	1287	1075	1814	1613
			1516		1181		972

Greenfields Location/Range	% Share	2019-2021		2022-2028		2029-2048	
Latent Demand 500 Te Awa 5 yrs		Lower	Upper	Lower	Upper	Lower	Upper
Hastings	55	409	364	216	156	335	223
Havelock	35	281	253	238	201	96	25
Havelock Hills	10	-41	-49	183	172	20	0
Total Hastings		649	568	637	529	450	248
Napier	40	339	307	63	21	1036	957
Taradale	45	296	260	-50	-97	-406	-495
Western Hills	15	463	451	435	419	311	281
Total Napier		1098	1019	447	343	940	742
Total	Greenfields Total Surplus Minimum Projection Surplus	1746	1586	1084	872	1390	990
			1666		978		1202
Greenfields Location/Range	% Share	2019-2021		2022-2028		2029-2048	
Latent Demand 750 Te Awa 10+ yrs		Lower	Upper	Lower	Upper	Lower	Upper
Hastings	55	367	318	111	51	141	29
Havelock	35	255	223	253	216	70	-1
Havelock Hills	10	-48	-57	183	172	60	40
Total Hastings		574	483	547	439	270	68
Napier	40	312	277	-27	-69	946	867
Taradale	45	266	227	-20	-67	-406	-495
Western Hills	15	453	440	435	419	341	311
Total Napier		1032	944	387	283	880	682
Total	Greenfields Total Surplus Minimum Projection Surplus	1606	1427	934	722	1150	750
			1516		828		962

# Latent Demand 500 Households Te Awa in Years 2028+

Greenfields	Yield	Average per Annum Uptake			Projected Uptake			Capacity Utilisation 2019-2021				Capacity Utilisation 2022-2028			Additional Capacity 2029-2048	
		Last 5 Years	Last 10 Years	2000-2010	2019-2021	2022-2028		Initial Capacity	Uptake	Capacity Added	Capacity Remaining	Uptake	Capacity Added	Capacity Remaining	2029-2038	2039-2048
Lyndhurst 2	299	15	28	19	65	65	35	299	195		104	104				
Lyndhurst Extension	230					35						141	230	89		
Howard Street	260					35			94	260	166	165		1		
Northwood	81	11	8	8	55			81	81							
Kaiapo Road/Wall/Murdoch	350					20						116	116	116	117	117
Copeland	230														230	
Irongate	270															270
Flaxmere	80					15				80	80	80		0		
Retirement	50				20	20			50	50						
Hastings Sub Total	1850	26	36	27	140	70	70	380	420	390	350	490	346	206	347	387
Arataki	51	33	25	48	65			51	51							
Iona	210					30			144	210	66	66				
Brookvale/Romanes	575						30					94	288	194	144	143
Havelock North Retirement	250				20	20	20		60	250	190	190				
Havelock North Sub-Total	1086	33	25	48	85	50	50	51	255	460	256	350	288	194	144	143
Havelock Hills	160					5	5					35	160	125		
Te Awanga	80					10	10					75	80	5		
Haumoana	45				5	5	5	25	15		10	30	20	0		
Hills/Coastal	265	0	0	0	5	20	20	25	15	0	10	140	260	130	0	0
Hastings Total	3221	59	61	75	230	140	140	456	690	850	616	980	894	530	491	530
Te Awa (left in Stage 1 ex Summerset)	757	50	28	10	70	0	0	50	50						353	354
Riverbend	350															350
The Loop	250														250	
Napier Retirement	520				50	40	40		150	520	370	280		90		
Napier Sub-Total	1877	50	28	10	120	40	40	50	200	520	370	280	0	90	603	704
Parklands	165	38	39	25	90			165	165							
Parkland Extension	391					40	40	391	265		126	126				
Park Island (treaty Claim)	170											170	170	0		
Taradale	726	38	39	25	90	40	40	556	430	0	126	296	170	0	0	0
Mission SCZ	550					30	30	550			550	194		356		
BayView	90														90	
Hills/Coastal	640	0	0	0	0	30	30	550	0	0	550	194	0	356	90	0
Napier Total	3243	88	67	35	210	110	110	1156	630	520	1046	770	170	446	693	704
Total	6464	147	128	110	440	250	250	1612	1320	1370	1662	1750	1064	976	1184	1234

## Latent Demand 500 Households Te Awa in Years 2023+

Greenfields	Yield	Average per Annum Uptake			Projected Uptake		Capacity Utilisation 2019-2021				Capacity Utilisation 2022-2028			Additional Capacity 2029-2048	
		Last 5 Years	Last 10 Years	2000-2010	2019-2021	2022-2028	Initial Capacity	Uptake	Capacity Added	Capacity Remaining	Uptake	Capacity Added	Capacity Remaining	2029-2038	2039-2048
Lyndhurst 2	299	15	28	19	65	65	35	195		104	104				
Lyndhurst Extension	230					35					141	230	89		
Howard Street	260					55	35	94	260	166	165		1		
Northwood	81	11	8	8	55			81	81						
Kaiapo Road/Wall/Murdoch	350					20					116	116	116	117	117
Copeland	230													230	
Irongate	270														270
Flaxmere	80					15			80	80	80		0		
Retirement	50				20	20		50	50						
<b>Haslings Sub Total</b>	<b>1850</b>	<b>26</b>	<b>36</b>	<b>27</b>	<b>140</b>	<b>70</b>	<b>70</b>	<b>380</b>	<b>420</b>	<b>350</b>	<b>490</b>	<b>346</b>	<b>206</b>	<b>347</b>	<b>387</b>
Arataki	51	33	25	48	65		51	51							
Iona	210				65	30		144	210	66	66				
Brookvale/Romanes	575					30					94	288	194	144	143
Havelock North Retirement	250				20	20	20	60	250	190	190				
<b>Havelock North Sub-Total</b>	<b>1086</b>	<b>33</b>	<b>25</b>	<b>48</b>	<b>85</b>	<b>50</b>	<b>51</b>	<b>255</b>	<b>460</b>	<b>256</b>	<b>350</b>	<b>288</b>	<b>194</b>	<b>144</b>	<b>143</b>
Havelock Hills	160					5	5				35	160	125		
Te Awanga	80					10	10				75	80	5		
Haumoana	45				5	5	5	15		10	30	20	0		
Hills/Coastal	285	0	0	0	5	20	25	15	0	10	140	260	130	0	0
<b>Hastings Total</b>	<b>3221</b>	<b>59</b>	<b>61</b>	<b>75</b>	<b>230</b>	<b>140</b>	<b>456</b>	<b>690</b>	<b>850</b>	<b>616</b>	<b>980</b>	<b>894</b>	<b>530</b>	<b>491</b>	<b>530</b>
Te Awa (left in Stage 1 ex															
Summerset	757	50	28	10	70	0	50	50			0	353	353		354
Riverbend	350														350
The Loop	250													250	
Napier Retirement	520				50	40		150	520	370	370		0		
<b>Napier Sub-Total</b>	<b>1877</b>	<b>50</b>	<b>28</b>	<b>10</b>	<b>120</b>	<b>40</b>	<b>50</b>	<b>200</b>	<b>520</b>	<b>370</b>	<b>370</b>	<b>353</b>	<b>353</b>	<b>250</b>	<b>704</b>
Parklands	165	38	39	25	90		165	165							
Parkland Extension	391				160	40	391	265		126	126				
Park Island (treaty Claim)	170										64	170	106		
Taradale	726	38	39	25	90	40	556	430	0	126	190	170	106	0	0
Mission SCZ	550					30	550			550	210		340		
BayView	90													90	
Hills/Coastal	640	0	0	0	0	30	550	0	0	550	210	0	340	90	0
<b>Napier Total</b>	<b>3243</b>	<b>88</b>	<b>67</b>	<b>35</b>	<b>210</b>	<b>110</b>	<b>1156</b>	<b>630</b>	<b>520</b>	<b>1046</b>	<b>770</b>	<b>523</b>	<b>799</b>	<b>340</b>	<b>704</b>
<b>Total</b>	<b>6464</b>	<b>147</b>	<b>128</b>	<b>110</b>	<b>440</b>	<b>250</b>	<b>1612</b>	<b>1320</b>	<b>1370</b>	<b>1662</b>	<b>1750</b>	<b>1417</b>	<b>1329</b>	<b>831</b>	<b>1234</b>

## Latent Demand 750 Households Te Awa in Years 2023+

Greenfields	Yield	Average per Annum Uptake			Projected Uptake			Capacity Utilisation 2019-2021				Capacity Utilisation 2022-2028			Additional Capacity 2029-2048	
		Last 5 Years	Last 10 Years	2000-2010	2019-2021	2022-2028		Initial Capacity	Uptake	Capacity Added	Capacity Remaining	Uptake	Capacity Added	Capacity Remaining	2029-2038	2039-2048
Lyndhurst 2	289	15	28	19	80	35		299	240		59	59				
Lyndhurst Extension	230					35						186	230			
Howard Street	260				75	30			154	260	106	106		0		
Northwood	81	11	8	8	75			81	81			104	116	12	117	117
Kaiapo Road/Wall/Murdoch	350					30									230	
Copeland	230															
Irongate	270															270
Flaxmere	80					10	10			80	80	70		10		
Retirement	50				20	20			50	50						
Hastings Sub Total	1850	26	36	27	175	75	75	380	525	390	245	525	346	22	347	387
Arataki	51	33	25	48	60			51	51							
Iona	210				60	30			129	210	81	90				
Brookvale/Romanes	575					30						120	288	168	144	143
Havelock North Retirement	250				20	20	20		60	250	190	140				
Havelock North Sub-Total	1086	33	25	48	80	50	50	51	240	460	271	350	288	168	144	143
Havelock Hills	160					5	5					35	160	125		
Te Awanga	80					5	10					35	80	45		
Haumoana	45				5	5	0	25	15		10	30	20	0		
Hills/Coastal	285	0	0	0	5	15	15	25	15	0	10	100	260	170	0	0
Hastings Total	3221	59	61	75	260	140	140	456	780	850	526	975	894	360	491	530
Te Awa (left in Stage 1 ex Summerset)	757	50	28	10	70	0	30	50	50			80	353	273		354
Riverbend	350															350
The Loop	250														250	
Napier Retirement	520				80	30	30		240	520	280	280		0		
Napier Sub-Total	1877	50	28	10	150	80	60	50	290	520	280	360	353	273	250	704
Parklands	165	38	39	25	80			165	165							
Parkland Extension	391				150	40	40	391	235		156	156				
Park Island (treaty Claim)	170											124	170	46		
Taradale	726	38	39	25	80	150	40	556	400	0	156	280	170	46	0	0
Mission SCZ	550					40	10	550			550	130		420		
BayView	90														90	
Hills/Coastal	640	0	0	0	0	10	10	550	0	0	550	130	0	420	90	0
Napier Total	3243	88	67	35	230	110	110	1156	690	520	986	770	523	739	340	704
Total	6464	147	128	110	490	250	250	1612	1470	1370	1512	1745	1417	1099	831	1234

## Latent Demand 750 Households Te Awa in Years 2028+

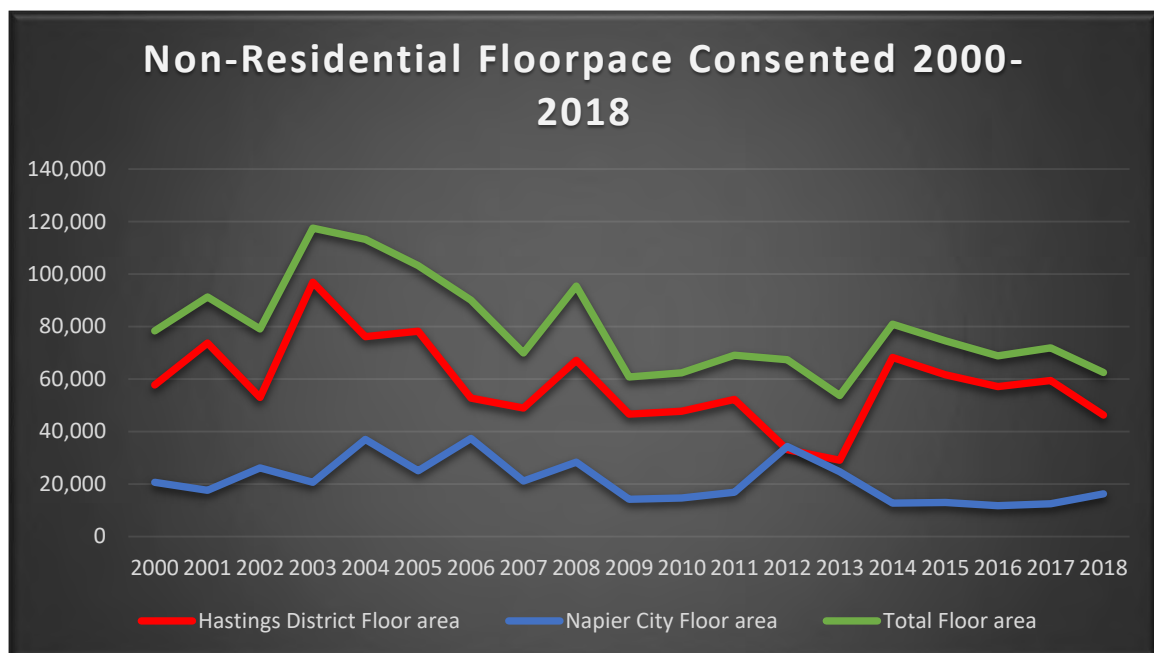
Greenfields	Yield	Average per Annum Uptake			Projected Uptake			Capacity Utilisation 2019-2021				Capacity Utilisation 2022-2028				Additional Capacity 2029-2048	
		Last 5 Years	Last 10 Years	2000-2010	2019-2021	2022-2028		Initial Capacity	Uptake	Capacity Added	Capacity Remaining	Uptake	Capacity Added	Capacity Remaining		2029-2038	2039-2048
Lyndhurst 2	298	15	28	19	80	35		299	240		59	59					
Lyndhurst Extension	230					35						186	230				
Howard Street	260				75	30			154	260	106	106		0			
Northwood	81	11	8	8	75			81	81								
Kaiapo Road/Wall/Murdoch	350					30						104	116	12	117	117	
Copeland	230															230	
Irongate	270																270
Flaxmere	80					10	10			80	80	70					
Retirement	50				20	20			50	50							
Hastings Sub Total	1850	26	36	27	175	75	75	380	525	390	245	525	346	12	347	387	
Arataki	51	33	25	48	60			51	51		0						
Iona	210				60	30			129	210	81	90					
Brookvale/Romanes	575					30					0	120	288	168	144	143	
Havelock North Retirement	250				20	20	20		60	250	190	140					
Havelock North Sub-Total	1086	33	25	48	80	50	50	51	240	460	271	350	288	168	144	143	
Havelock Hills	160					5	5				0	35	160	125			
Te Awanga	80					5	10					35	80	45			
Haumoana	45				5	5	0	25	15		10	30	20	0			
Hills/Coastal	285	0	0	0	5	15	15	25	15	0	10	100	260	170	0	0	0
Hastings Total	3221	59	61	75	260	140	140	456	780	850	526	975	894	350	491	530	
Te Awa (left in Stage 1 ex Summerset)		50	28	10	70	0	0	50	50		0				353	354	
Riverbend	350										0					350	
The Loop	250										0				250		
Napier Retirement	520				80	40	40		240	520	280	280		0			
Napier Sub-Total	1877	50	28	10	150	40	40	50	290	520	280	280	0	0	603	704	
Parklands	165	38	39	25	80			165	165		0						
Parkland Extension	391				150	40	40	391	235		156	156					
Park Island (treaty Claim)	170											170	170	0			
Taradale	726	38	39	25	80	40	40	556	400	0	156	326	170	0	0	0	0
Mission SCZ	550					30	30	550			550	164		386			
BayView	90														90		
Hills/Coastal	640	0	0	0	0	30	30	550	0	0	550	164	0	386	90	0	0
Napier Total	3243	88	67	35	230	110	110	1156	690	520	986	770	170	386	693	704	
Total	6464	147	128	110	490	250	250	1612	1470	1370	1512	1745	1064	736	1184	1234	

## APPENDIX 5 Business Land Projections

### Growth Outlook

1. Business needs also need to be provided for, which in turn flows into greater employment related housing demand. In some cases this also creates a need to expand onto existing housing areas, requiring households to relocate elsewhere, creating a further need for more land and housing.
2. Population growth consistent with existing projections will not in itself generate demand for additional industrial land (Logan Stone ILD, 2016) so demand is projected on a linear yearly average, although in reality both are highly peaked, as shown in the **Figure 15** below.

**Figure 15: Non Residential Building Consented Floorspace 2000-2018**



3. HPUDS2017 also reviewed the 2009 economic growth outlook as it relates to business growth. Potentially important influences noted at the time included:
  - i. Further primary production sector growth with new industry possibilities such as marbled grass-fed beef meat production, and goats-milk production and added value processing.
  - ii. Further growth and expansion in the important regional pipfruit industry, the wine industry, fresh and processed vegetables and forestry.
  - iii. The flow-on regional impacts in terms of rural servicing industries, regional processing (e.g. the new Delegats wine-making facility currently being constructed near Hastings)
  - iv. The major new Ruataniwha Water Storage Scheme proposed for the Central Hawke's Bay District



- v. Further transportation/roading upgrades in the region, for example, the new Whakatu Arterial road, further upgrading of the Pakowhai-Expressway-Port of Napier link, ongoing developments at the Port of Napier.
4. With the exception of the Ruataniwha Regional Water Storage Scheme, these influences still hold true today.
  5. The report noted that since 2000, the Hawke's Bay industrial sector GDP has increased in real terms at an average annual growth rate of approximately 2% and the commercial sector 1.8%. Forecast GDP growth results in employment gains throughout the study period in both the industrial and commercial sectors (Economic Solutions Limited, 2016).
  6. A real GDP annual average growth rate of 2%, combined with annual average labour productivity growth over the forecast period of 1%, will accordingly generate a total increase in industrial sector employment for the period of approximately 5,000 FTEs or a 35% increase over existing employment.

### **Growth Projections**

7. In terms of the sector floorspace requirement for the 2015-2045 period, this is estimated at 900,000m<sup>2</sup>. At approximately 180m<sup>2</sup> per employee this is at the high end of the scale, but is in line with the large scale nature of modern pack houses and highly automated food processing industries that predominate in the urban area. The total land requirement associated with the forecast industrial floorspace demand across Napier-Hastings over the period is in the order of 225 hectares, assuming an average building gross floor area: site coverage ratio of 40%. This equates to an additional average annual new industrial land requirement of approximately 7.5 hectares. These projections remain the same as those estimated in HPUDS2010.
8. Commercial land projections also remain unchanged from HPUDS2010. A real GDP annual average growth rate of 1.5-2%, combined with annual average labour productivity growth over the forecast period of 1%, will likely generate a total increase in commercial sector employment for the period of approximately 14,000 FTEs or an increase of 34% over existing. This converts to an estimated demand for 700,000m<sup>2</sup> of building floor area over the study period of land using a productivity ratio of 1 worker per 50m<sup>2</sup>. This is estimated to require approximately 110ha of land assuming a plot ratio of 65% in line with the low rise nature of provincial commercial centres or on average around 4 ha p.a. (2.5% annual compound growth).
9. A ratio of 1 worker per 50m<sup>2</sup> floorspace for combined retail/office activities is again, at the upper end of the scale and potentially suggests that there is still scope within existing areas and buildings to accommodate some of the demand. In any event it is considered that future projections should separate retail from other commercial business sectors given that they are affected by different drivers (population on the one hand and economic performance on the other hand). The latter should perhaps be further split along accommodation and hospitality service lines which can be tied more to tourism growth.
10. While these high level projections are useful for long range planning, with industrial land use ten years is regarded as the limit for detailed planning purposes. Accordingly HPUDS2017 commissioned more detailed and updated industrial land demand projections for the 10 period of the Long Term Plan from a local property consultancy (Logan Stone ILD, 2016).
11. They observed that the principal source of industrial land demand will be based upon Hawke's Bay's existing competitive endeavours, being primary production and associated

processing, distribution and marketing. Napier Port was noted as a critical regional facility capable of generating further industrial demand and there will likely be an increasing demand for land to be used for open storage/consolidation purposes by the freight, logistics and forestry sectors. They observe that significant construction activity is planned over the coming three years and if it eventuates will be an impetus for industrial expansion.

12. It was concluded that some 64 hectares of industrial land is likely be consumed before 2026. However, they did signal that strong growth and regional economic performance, together with a continuation of the current favourable conditions may escalate consumption to 80 hectares. On the other hand less favourable conditions and low activity suggest a lower uptake of just 45 hectares.
13. **Table 53** records the actual (as far as can be ascertained) industrial land consumption and the projected uptake through until the end of 2015. As can be seen these projections are not wildly different but somewhat more conservative than the higher level projections promoted by Economic Solutions Limited based on projected GDP and employment growth.

**Table 53 Industrial Land Uptake and Projection**

	Hastings		Napier		Total	
	Projected	Actual	Projected	Actual	Projected	Actual
2000		5.3		1.0		6.3
2001		3.9		1.0		4.9
2002		0.0		1.0		1.0
2003		2.1		1.0		3.1
2004		3.6		1.0		4.6
2005		4.2		2.0		6.2
2006		6.0		3.0		9.0
2007		6.6		2.0		8.6
2008		2.6		0.5		3.1
2009		4.1		0.5		4.6
2010		4.1		0.5		4.6
2011		4.1		1.5		5.6
2012		4.1		2.0		6.1
2013		4.1		2.0		6.1
2014		4.1		9.0		13.1
2015		3.0		2.0		5.0
2016	9.0		6.0		15.0	
2017	6.0		2.0		8.0	
2018	4.0		1.0		5.0	
2019	4.0		1.0		5.0	
2020	6.0		1.0		7.0	
2021	5.0		1.0		6.0	
2022	5.0		1.0		6.0	
2023	5.0		1.0		6.0	
2024	4.0		1.0		5.0	
2025	4.0		1.0		5.0	
Ten Year Total	52.0		16.0		68.0	
Ten Year Average	5.2		1.6		6.8	
Ten Year Actual to 2014		44.0		23.0		67.0
Ten Year Actual Average to 2014		4.4		2.3		6.7

14. Since those projections were made, the Ruataniwha Water Storage Scheme contemplated for the Central Hawke's Bay District has been abandoned and its flow-on regional impacts in terms of new land-uses, associated servicing industries, new manufacturing and processing industry possibilities, and Port of Napier and related transport implications are no longer part of the demand considerations. While this was unlikely to have been taken as a given for the purposes of the original projections, the projections may well have been more optimistic than would be the case if undertaken today.
15. Combining these long range and near term projections we get a demand profile as represented in **Table 12** below (repeated from the main body of the report for business land). The base projections are for the industrial and commercial sectors, so retail and office development are not separately accounted for in this capacity assessment, but that is something that should be considered for the next assessment.

**Repeated Table 12: Combined Long term and Near Term Business Land Projections**

<i>Business Growth</i>	2015-2021	2022-2026	2027-2031	2032-2036	2037-2041	2042-2045	Change 2015-2045
<i>Industrial (Logan Stone to 2026)</i>	46.0	27.0	37.5	37.5	37.5	30.0	215.5
<i>Commercial (4 ha)</i>	24.0	20.0	20.0	20.0	20.0	16.0	120.0
<i>Total Business</i>	<b>76.0</b>	<b>36.0</b>	<b>57.5</b>	<b>57.5</b>	<b>57.5</b>	<b>46.0</b>	<b>330.5</b>

### **Latent Business Land Demand**

16. The extent of non-residential floorplate that has been added in the last three years since the HPUDs 2017 projections were made has been comparable with building rates from 2014, but lower than the long term 15 year average as shown at Figure 34 in the 2018 Baseline Quarterly Monitoring report (HPUDS IWG BLR, April 2019) at. Similarly actual industrial floorspace added from 2015-2018 of 32,000m<sup>2</sup> pa compares with the 2015 HPUDS based long term projection average of 30,000m<sup>2</sup> p.a. (Economic Solutions Limited, 2016) so are broadly within expectations, but below the more nearer term projections of Logan Stone of 48,000m<sup>2</sup>.
17. Logan Stone's industrial growth projections for 2015 - 2018 were based upon expected activity and initiatives which would satisfy some pent up demand as well as current demand. Their projections represented around 5 ha above the projected ten year average or an estimated gross floor area of 125,000m<sup>2</sup> at 40% site coverage. However around only 98,000m<sup>2</sup> of new industrial floorspace was added in the three years between 2015 and 2018. This suggests that around 27,000m<sup>2</sup> of the projected increase is yet to be built and around 3.5 ha should therefore be regarded as delayed demand when projecting forward from 2018.
18. Commercial floorspace tends to be more highly peaked and from 2015-2018 added floorspace was just over a 1/3 of the long term projected average and ½ the previous five year average. Several large commercial consents however were lodged in 2018 as noted in the Q2 Monitoring report (HPUDS IWG Q2, 2018 Q2) which should help average out the actual. Given this peaking profile, the 2015 based business projections remain valid for use in this capacity assessment at this point, but as only around 26,500 m<sup>2</sup> additional commercial floorspace was added between 2015 and 2018 compared to the HPUDS

projection of 78,000m<sup>2</sup>, around 51,500m<sup>2</sup> or 7.9 ha of delayed demand may need to be allowed for.

19. Allowing for this we get a demand profile as represented in **Table 54** below for business land, noting in this case that the base projections are for the industrial and commercial sectors, so retail and office development are not separately accounted for in this capacity assessment, but, as already stated, that is something that should be considered for the next assessment.

**Table 54: Adjusted Business Land Demand allowing for Delayed (latent) Demand**

<i>Business Growth</i>	2015-2017	Balance of Projection	2018-2021	2021-2026	2026-2031	2031-2036	2036-2041	2041-2045	Change 2015-2045
Industrial Logan Stone to 2026) Then ESL	19	4	27	23	39	39	39	39	225
Commercial (4 ha) ESL	2.5	4.5	22.5	17	17	17	17	17	110
<b>Total Business</b>	<b>21.5</b>	<b>8.5</b>	<b>49.5</b>	<b>40</b>	<b>56</b>	<b>56</b>	<b>56</b>	<b>56</b>	<b>335</b>

20. While there is no clear evidence of latent demand for business land, however, low and reducing vacancy rates may be an indicator that some level of latent demand exists.
21. The Quarterly Monitoring Baseline Report (HPUDS IWG BLR, April 2019), uses local vacancy estimates supplied by Turley & Co for industrial, retail and office activity for the combined Napier Hastings areas. For industrial vacancy the trend seems to be fairly stable level over time with the overall rate being consistently low, suggesting constrained supply for prime industrial property. In this respect the Hastings District Council's recent substantial rezoning of new industrial areas at Irongate, Omahu North and the Tomoana Food Hub have accommodated reasonably solid growth, but have yet to fully filter through to easing of supply within the existing property market. Any latent demand that may exist should ease as these areas continue to open up.
22. Office vacancy rates are likely to be influenced by seismic issues arising from the Canterbury earthquakes with secondary property being vacated in favour of prime property with higher seismic rating. While later stock has been expanding in response, it appears to be still sought after. The high rate of secondary office property vacancy may be starting to abate, but suggests there is still plenty of scope for redevelopment in this sector. Latent demand should not be a major factor and will be hard to detect amongst the seismic rationalisation and renewal process for a while longer.
23. While prime retail vacancy remains very low, secondary property vacancy has trended upwards during the early part of the period, probably as a result of the global financial crises of 2008/09 and increasing on-line retailing but has improved since 2013. The number (supply) of mainstreet shops has expanded and expansion of the Park mega centre has added to the available floor space. Retail property markets are complex, but the data does not indicate an obvious shortage or constraint in the supply of retail property and therefore pent up demand at this point. If anything vacancy rates are increasing slightly in the primary retail stock.
24. In addition, looking at the Price Efficiency ratio's produced by MBIE (MBIE, 2018) for Industrial land values compared to rural, residential and commercial land values where they adjoin, only Omahu Road South shows any significant difference at over seven times

the adjoining rural value. This could suggest some level of pent up demand, but it is expected to abate when the infrastructural services underway at Omahu Road North development are completed. Notwithstanding this it is considered a buffer over expected demand could be sensible.

## Bibliography

- Beca Carter Hollings & Ferner Ltd (Beca) and Property Economics Ltd (PEL). (2011). *Medium Density Strategy - Stage 1*.
- CBRE. (2012). *Hastings Central City and Commercial Services Property Economics*.
- Cheal Consultants . (2016). *HPUDS Review of Rural Residential Lifestyle Sites* .
- Economic Solutions Limited. (2016). *'Heretaunga Plains Urban Development Strategy 2015-2045 Review of Base Demographic and Economic Growth Trends and Projections Since 2009*.
- Economic Solutions Limited. (2016). *'Heretaunga Plains Urban Development Strategy 2015-2045 Review of Base Demographic and Economic Growth Trends and Projections Since 2009*.
- Environmental Management Services. (2016). *Retirement Sector Housing Demand Forecasts*.
- Hastings District Council RSE. (2018). *Providing for Future RSE Accommodation Needs*.
- HPUDS IWG BLR. (April 2018). *Hastings and Napier Urban Area 2017 Housing and Business Market Indicator Monitoring Baseline Report* .
- HPUDS IWG BLR. (April 2019). *Hastings and Napier Urban Area Housing and Business Market Indicator Monitoring Baseline Report to 31 December 2018*.
- HPUDS IWG BLR. (April 2019). *Hastings and Napier Urban Area Housing and Business Market Indicator Monitoring Fourth Quarter and Baseline Update Report*.
- HPUDS IWG DG. (2016). *Heretaunga Plains Urban Development Strategy 2015-245 Distribution of Housing Growth 2000-2015*.
- HPUDS IWG GLS. (2016). *Review of Greenfields Land Supply and Housing Affordability*.
- HPUDS IWG IC. (2016). *Heretaunga Plains Urban Development Study Update (Res) Intensification Capacity*.
- HPUDS IWG Q2. (2018 Q2). *Hastings and Napier Urban Area Housing and Business Market Indicator Monitoring Quarterly Report to 30 June 2018*.
- Logan Stone BV. (2018). *Market Valuation Report Brookvale Road & Romanes Drive Residential Structure Plan Area, Havelock North*.
- Logan Stone GF. (2019). *Assessment of Greenfields Viability*.
- Logan Stone HNCPR. (2019). *Hastings and Napier Commercial Property Review*.
- Logan Stone ILD. (2016). *2016 – 2025 Industrial Land Demand Projection*.
- Logan Stone KR. (2019). *Feasibility Assessment Kaiapo Block Hastings*.
- Logan Stone Limited HCPS. (2012). *Hastings Commercial Property Survey*.
- MBIE. (2018). *Urban Development Capacity Dashboard*.
- Ministry of Social Development. (2018, December 31). <http://www.housing.msd.govt.nz>.
- NZIER. (2012). *Services in the Hastings Commercial Zone - Outlook to 2023*.
- Opus International. (2017). *HPUDS Greenfields Alternatives*.
- Property Economics Limited. (2019). *Napier Hastings Commercially Feasible Residential Capacity Assessment*.
- Telfer Young Ltd. (2016). *Market Demand Report* .
- Tracey Kendall Gray. (2018). *Napier Hastings Industrial Land Utilisation Study*. HPUDS IWG.