third bearing

South Taranaki and Stratford Districts

Housing development capacity assessment

FINAL REPORT • JUNE 2024

Stratford District – Summary

Stratford District has sufficient capacity* to meet projected overall housing demand for the next 30 years. Capacity is tight in the rural area, and there is limited capacity available beyond the long-term due to a lack of identified future development zones.

Drivers

There are two main population trends influencing Stratford District's housing demand:

- **aging population** – there will be steady increase in the number of people aged over 75, lifting from 740 in 2018 to 1,650 by 2048 (at which point the 75+ year olds will outnumber those aged between 65 and 74 years old)
- **projected growth in rural population** – demand for housing in rural Stratford in the short to medium-term is expected to remain close to what it has been over the last five years, and then increase in the long-term.

Smaller dwellings

The aging population is the main driver behind a projected increased demand for smaller and attached dwellings (1-2 bedroom). Right now these make up around 10-15% of demand, but will need to account for 70% of new housing supply over the next 30 years. This presents significant challenges for capacity – it will require almost all infill developments to be smaller dwellings (up from the current 36%), and over a third of new developments of residentially zoned land over 1 hectare in size. This is much higher than New Plymouth District Council is projecting for similar areas, raising an issue of feasibility. Stratford District also has low levels of pensioner housing, public housing, and retirement village units which contributes to this issue.

Rural demand

By the long-term (10-30 year mark), rural demand is projected to surpass demand in Stratford town. There is a slight shortage of capacity based on recent proportions of rural lifestyle and out-of-zone residential developments in the long-term, but this will be severely impacted if rural capacity is constrained by regulations such as the National Policy Statement Highly Productive Land. This is estimated to remove 80% of rural capacity, resulting in a negative capacity in the rural area. While there is enough urban capacity to absorb this, it raises issues about affordability and household preferences, as well as increased emphasis on the need for future development zones.

Housing affordability

Housing affordability has recently got worse in Stratford District. While all affordability measures have worsened over the last 5 years, most have tended to stay below the New Zealand average. However, rental affordability recently peaked above the New Zealand level. The price-to-cost ratio (a measure of whether land markets are working well), has been nudging toward the 1.5x level that indicates land supply is starting to become an issue. Affordability is projected to improve slightly, but lower income households will remain priced out of home ownership. Housing unaffordability in Stratford District is at similar levels to New Plymouth District, increasing evidence that Stratford District is effectively a suburb of New Plymouth in terms of its housing market.

Risks

The three biggest risks for Stratford District Council in terms of housing capacity are:

- fulfilling the demand for smaller and attached dwellings. Capacity calculations suggest that this will be a major challenge without some form of policy intervention.
- if rural capacity is constrained by regulations then this will put increased pressure on urban developments, and will heighten the need for identification of longer-term capacity.

* Capacity means the amount of land available for housing, based on planning rules, infrastructure plans, and previous development history.

Stratford District housing storyline

Stratford District has adequate housing capacity for 30 years, but challenges arise due to an aging population, rural growth, and affordability concerns. Key risks include meeting demand for smaller dwellings and potential constraints on rural capacity.

431
Long-term Bottom-line

Enough capacity overall, but future growth zones not identified.

75+

740
2018

1,650 (+220%)
2048

Aging drives demand, with the number of 75+ year olds more than doubling.

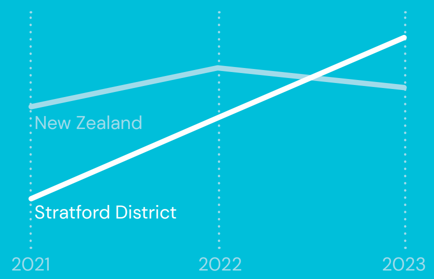
71%
1 & 2 bedrooms

Smaller dwellings will be 71% of demand, compared to 10% now.

49%
Town

51%
Rural

Rural areas in more demand than Stratford town in the long-term.



Rental affordability went higher than NZ average in 2023.

-80%

Rural capacity could be severely impacted by regulatory changes.

Meeting demand for smaller dwellings could be a major challenge.

Figure 1

Stratford District (theoretical)

This 'theoretical' assessment assumes that industry builds on all the land that is made available (including infill), that planned infrastructure investments are made, and that similar proportions of rural lifestyle developments are allowed compared to the recent past. It is the most optimistic scenario.

Demand

Capacity

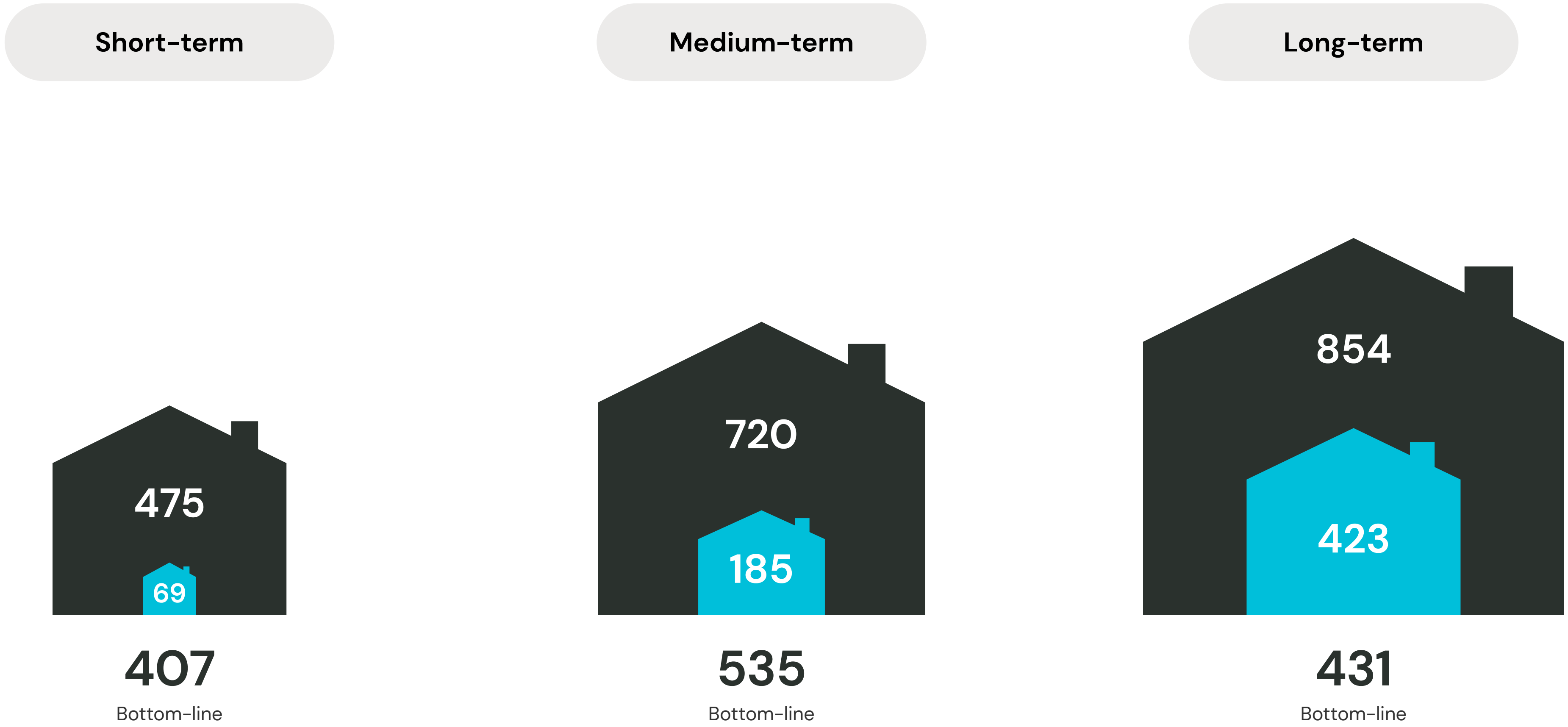


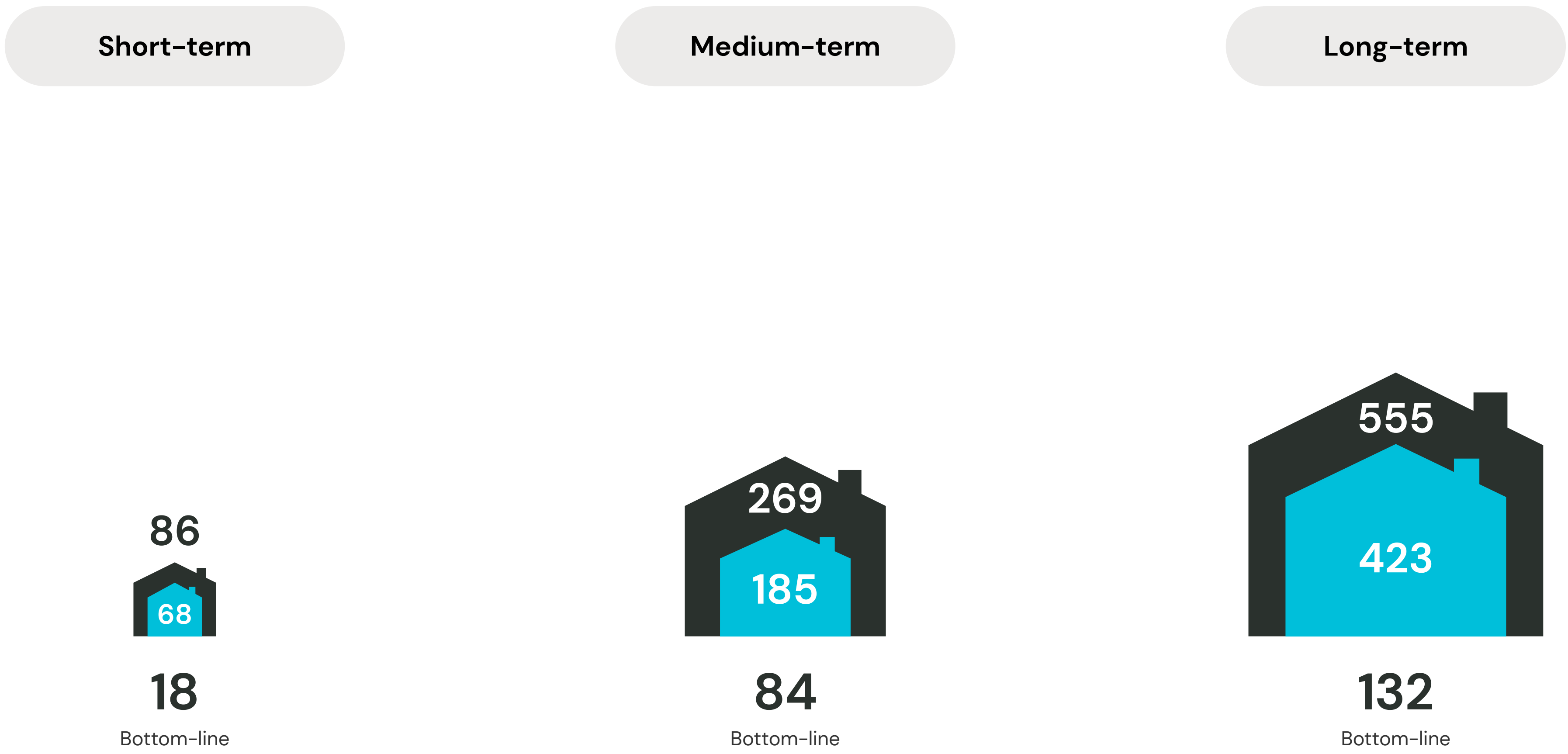
Figure 2

Stratford District (real life)

The 'real life' assessment assumes that developers and builders construct homes at similar rates to the last 5 years. It attempts to give a more realistic picture of housing capacity, regardless of how much 'theoretical' capacity may exist.

Demand

Capacity



South Taranaki District – Summary

South Taranaki District has sufficient capacity* to meet projected overall housing demand over the next 30 years. This is primarily due to the residential zone having a number of land blocks that are over 1 hectare in size.

Very little new capacity comes online in the long-term due to no infrastructure investment being signalled for the Hāwera West Structure Plan area, increasing the risk of capacity issues beyond the long-term.

Drivers

There are three main population trends influencing South Taranaki District's housing demand:

- **aging population** – the number of people over the age of 75 is projected to increase from 1,810 in 2018 expected to increase to 4,630 by 2048 (an increase of over 2.5x)
- **Māori populatio**n – by 2043 Māori are expected to make up 42% of South Taranaki's population (up from 30% currently)
- **the rural population is expected to decrease slightly**, but in the long-term the rural towns are expected to grow.

Smaller dwellings

Demand for smaller and attached dwellings will peak in the medium-term (next 10 years), and then the emphasis will shift back to standalone homes of 3 bedrooms or more for the 20 years after that (the long-term). This creates a risk of:

- Being able to build the numbers of smaller homes that are likely to be in demand. These homes make up only about 10%-15% of current new builds, and this will need to increase to closer to 50% over the next 10 years.
- When the emphasis shifts back to standalone, larger homes, in the longer term there is a risk that smaller homes built in the first 10 years may not longer be in demand or unsuitable for households. Not building smaller homes risks increasing unaffordability for the households that need more compact options.

Affordability

Housing and rental affordability has recently eased, but is not forecast to improve to pre-COVID19 levels. If the projected number of smaller dwellings cannot be built, then this will impact on older households in terms of affordability (especially those that need to rent). Low levels of pensioner housing, public housing, and retirement village units all contribute to this.

Risks

Three key risks for housing capacity in South Taranaki District are:

- If rural lifestyle developments are not as numerous as in the past, then this will significantly reduce capacity in the long-term.
- If housing developers and builders do not maintain or increase what it is able to currently deliver then demand is unlikely to be met in the medium-term.
- The lack of infrastructure investment signalled for the Hāwera West Structure Plan area increases the risk of capacity issues in the long-term.

* Capacity means the amount of land available for housing, based on planning rules, infrastructure plans, and previous development history.

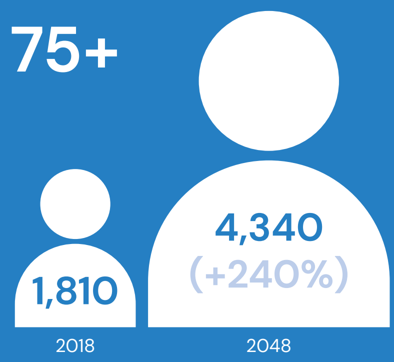
South Taranaki District housing storyline

South Taranaki has enough capacity over the next 30 years, but if building rates do not increase may struggle to meet demand.

Infrastructure investment in Hāwera West area is needed to avoid long-term capacity issues.

1,205
Long-term
Bottom-line

Enough capacity in long-term, though very little new capacity comes online.

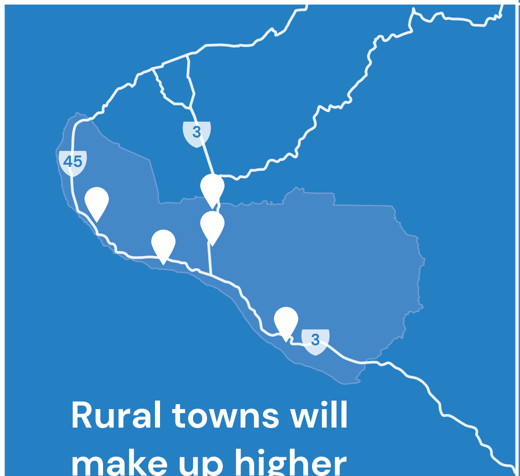


Aging drives demand for a lot more 1 & 2 bedrooms over the next 10 years.

28% 2018

42% 2043

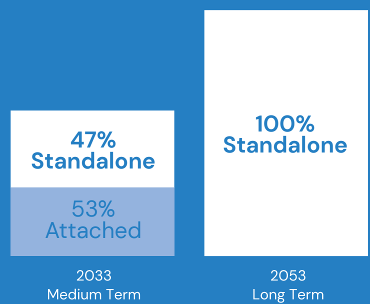
Growth in Māori population will influence choices of location and type of house as well.



Rural towns will make up higher share of demand in the long-term.

-6
Medium-term
Bottom-line

Build rates will have to increase to avoid a possible 'real life' shortage in the medium-term.



Managing switch in house types demanded will be difficult.

Lack of infrastructure investment in Hāwera West risks long-term capacity issues.

Figure 3

South Taranaki District (theoretical)

This 'theoretical' assessment assumes that industry builds on all the land that is made available (including infill), that planned infrastructure investments are made, and that similar proportions of rural lifestyle developments are allowed compared to the recent past. It is the most optimistic scenario.

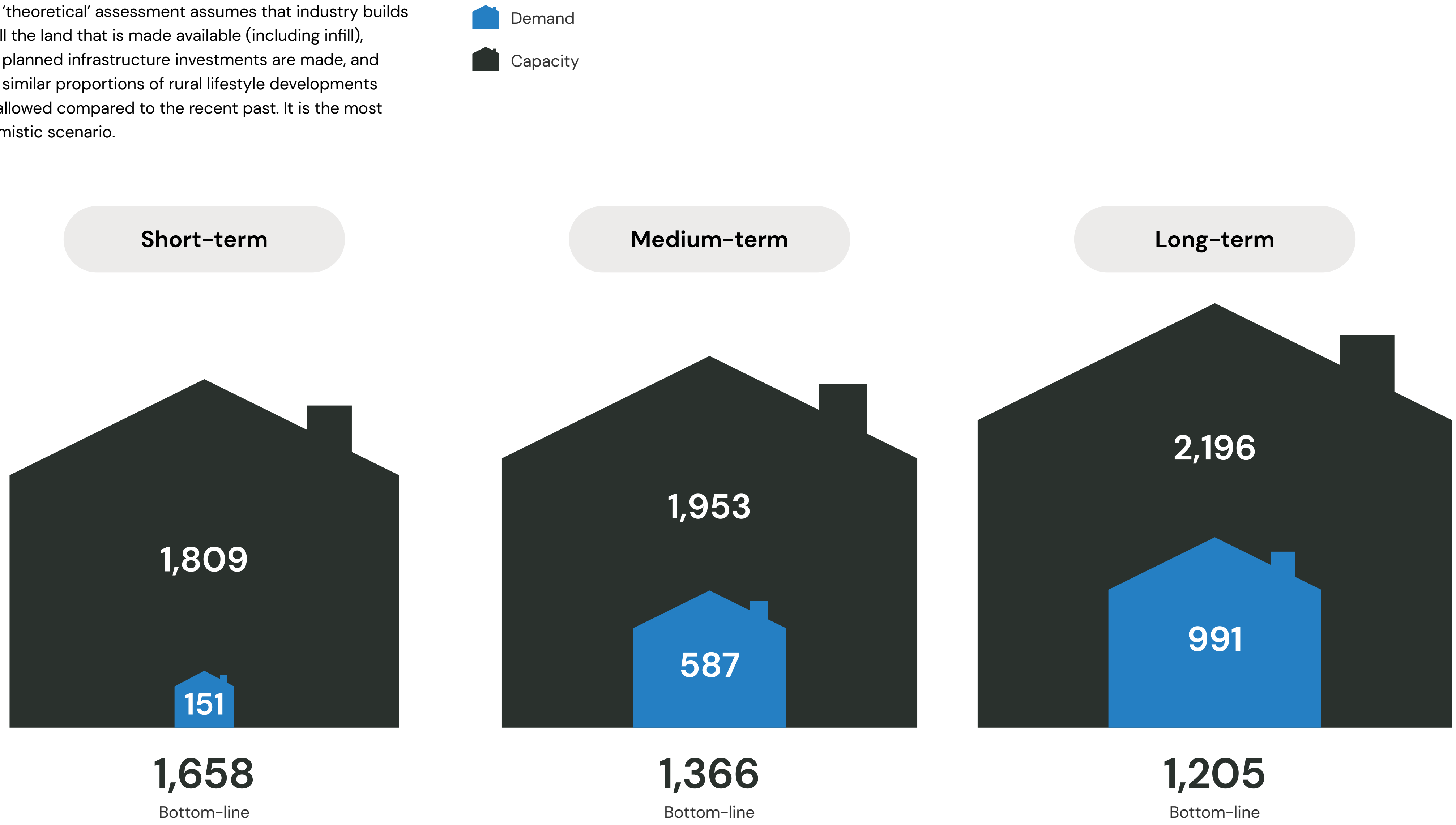
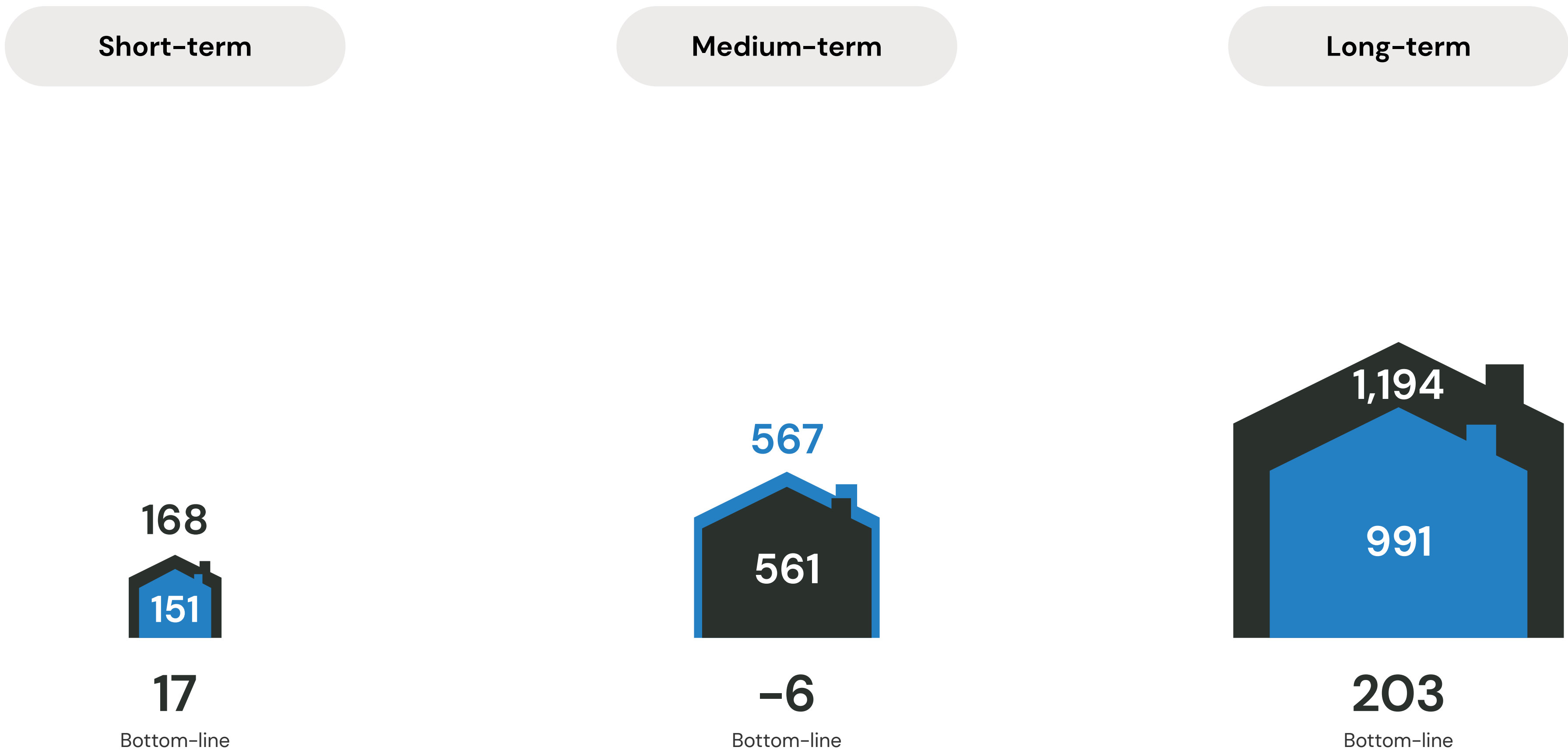


Figure 4

South Taranaki District (real life)

The 'real life' assessment assumes that developers and builders construct homes at similar rates to the last 5 years. It attempts to give a more realistic picture of housing capacity, regardless of how much 'theoretical' capacity may exist.

Demand
Capacity



Big questions and possible responses

The housing capacity assessment raises some key issues that are not just planning or resource management related, but influence wider social and community matters. Most of these are common to both Districts (and are noted in the assessment), and some may suit common responses, while others may better suit individual initiatives.

Demand for attached/smaller dwellings – can this be supplied?

There are further planning and resource management options available to help address the need for the increased number of attached/smaller dwellings. This may include looking at development and/or financial contributions to incentivise smaller builds, or considering how to encourage more medium-density housing.

It will also be important to make sure make sure that the development and building industry are aware of the need and the different options and models available for smaller dwellings. The developers we talked had no issue with the feasibility of 2 bedroom dwellings, but were not all aware of the likely level of demand into the future. Given New Plymouth, Stratford and South Taranaki District Councils are all facing demand for smaller dwellings it may make sense to take a collaborative approach around raising awareness with industry.

Both Stratford and South Taranaki District Councils may want to collaborate on trying to attract and grow retirement village provision in their areas. This will help address the demand for smaller dwellings and give people more options to remain in the District as they age. This may need to be part of business attraction efforts of both Councils.

Addressing affordability impacts on vulnerable populations

Lower home ownership rates will mean that more people are renting as they age. Those with limited incomes are more likely to feel housing stress if they pay market rents. There is also likely to be more older people on the public housing register, indicated by the demand for 1 and 2 bedroom publicly funded housing places.

Adding new supply of 1 and 2 bedrooms will help overall, but these are not going to be affordable by those most in housing stress. The limited supply of pensioner and public housing places in both Stratford and South Taranaki Districts can be addressed in a range of ways – either by Councils creating supply themselves (i.e. building more pensioner housing), supporting the growth of Community Housing Providers, or helping Kāinga Ora to advance its builds. Again, these are all issues for the region and may best suit regional collaboration.

Risk of losing rural development capacity

Both Districts rely on capacity in rural areas for meeting demand into the future, and this is especially important for Stratford District. Changes such as the National Policy Statement Highly Productive Land could have a significant impact on the amount of rural capacity available, placing more emphasis on residential zone developments and potentially making affordability worse due to increasing demand in urban areas. In the long-term and beyond there will be a need expand residential zones, which will also be difficult given how prevalent highly productive lands are around towns in both Districts.

This will also have social and community impacts given how important the rural sector is to the identity of both Districts. If households prefer rural living (as demand projections indicate) but there is not enough supply of this type of housing, they may choose to move to other Districts rather than live in urban areas. Increased demand for urban areas would further emphasise the need for density, which is not a traditional housing type in either District. Part of the response may require engaging the community on housing preferences in an effort to help ease any difficulties with transitioning to a denser future (if needed).

We understand that a strict interpretation of the District Plan for South Taranaki District would mean that rural land is not available for residential development. However, past practice has seen a number of plan changes and rural lifestyle developments occur, helping deliver housing supply. If this past practice does not continue, then the effect will be similar to any restrictions that could occur under the National Policy Statement Highly Productive Land, putting greater pressure on urban areas to meet demand.

The potential loss of rural capacity may not be seen as much of an issue for New Plymouth District Council. However, any loss of capacity by Stratford and South Taranaki Districts removes some ability for them to act as ‘pressure valves’ for the New Plymouth housing market, and also reduces housing preferences across the region (which may mean people leave the region in search of their preferred housing location).

Stratford big questions

While there is sufficient housing capacity overall in Stratford District, if rural capacity is reduced and population growth exceeds forecasts then there is a risk that there will not be much residentially zoned capacity left at the end of 30 years. With no future development zones identified, and regulatory changes increasingly making extensions to residential zones more difficult, over the short and medium-terms Stratford District Council may need to encourage development activity on existing land whilst also planning for where new supply can be found. Given how long it can take to bring new zones into play, starting this work sooner rather than later is preferable.

Stratford District feels the impact of New Plymouth's housing market more than South Taranaki District because of its close proximity but also its scale gives it less options to absorb and respond to short-term changes. A more regional approach to understanding how planning and housing decisions in one District impact the others will reduce the risk of cost displacement (where one District bears costs resulting from housing market shifts in another).

South Taranaki big questions

South Taranaki District has quite a bit of housing capacity identified in its Hāwera West Structure Plan and also the deferred residential zone. This is not currently able to be counted as available due to the infrastructure investment needed not being identified in Long Term Plans or supporting infrastructure strategies. Looking at the 'theoretical' capacity figures may make it seem like this is appropriate. However, if rural capacity is reduced and developments are progressed more in line with the 'real life' assessment, then the additional supply available in the Hāwera West Structure Plan will be important for the long-term. From a housing capacity assessment, having the infrastructure investment included in the infrastructure strategy supporting the upcoming Long Term Plans is important.

One of the drivers of Māori increasing significantly as a proportion of South Taranaki's population is that Māori are a younger population. Addressing the housing needs of a younger Māori population will progress at the same time as the District responds to the needs of an aging population (where Māori will not be as high a proportion). Māori are also more likely to be impacted by any reduction in rural housing capacity. It will be important to ensure that these potential differences in focus are understood and that responses to one issue (an aging population in the medium-term, for example), does not inadvertently hamper responding to the demographic shifts of Māori. Engagement with iwi and Māori on housing capacity should be a priority for South Taranaki District Council.

1. Introduction

Appointment and terms of reference

In June 2023, the Toi Foundation received the Taranaki Housing Eco-System Review report, revealing a notable gap in the regional understanding of housing capacity. The report underscored the necessity of conducting a housing capacity assessment for South Taranaki and Stratford Districts.

Following this recommendation, Third Bearing Limited was commissioned on October 18, 2023, to carry out the assessment. The resulting housing capacity assessment report is designed to help complete a region-wide perspective on housing capacity. Its findings will feed into regional spatial planning initiatives and Council Long Term Plan proceedings.

Work programme and reporting

The project was commissioned on 18 October 2023 with a draft report delivered on 31 January 2024.

Interviews and desktop research were undertaken between October and December 2023 and three workshops held with South Taranaki District Council and Stratford District Council between October 2023 and January 2024. A final report was delivered in June 2024.

Our work was carried out by Tyson Schmidt, Mark Devery, Sonia Griffin and Jemma Cheer of Third Bearing Limited.

Scope

South Taranaki District Council, Stratford District Council and Toi Foundation collaborated to commission a housing assessment for both Districts.

This work aims to:

- Understand housing capacity for South Taranaki and Stratford Districts.
- Apply a methodology that allows comparison to the existing New Plymouth District Council housing assessment (i.e. follow NPS-UD requirements).
- Identify District-level factors that are important to understanding housing capacity.
- Draw initial conclusions about housing capacity connections across Districts in Taranaki.

Successful delivery will result in:

- Toi Foundation having a clear view of regional housing capacity to inform its support for regional housing initiatives.
- South Taranaki and Stratford District Councils will have information to inform any District-level housing initiatives and will be in a better position to participate in regional spatial planning
- Increased confidence for private developers and housing investors.

This report

This report summarises the work carried out and findings. It is presented in sections as follows:

- Stratford District – Summary
- South Taranaki District – Summary

1. Introduction
2. Background
3. Our Approach
4. Housing Demand
5. Housing Capacity

Acknowledgements

The co-operation and assistance of the people we interviewed for this project is gratefully acknowledged, as is the assistance and hospitality provided by South Taranaki and Stratford District Councils, planning and regulatory teams.

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2. Background

Councils across New Zealand are required to conduct housing demand assessments under the National Policy Statement Urban Development in an effort to understand and address housing needs within their respective areas.

1. New Plymouth District Council completed a Housing and Business Assessment in 2019, and a Housing Capacity Assessment in 2021. These were done in conjunction with Taranaki Regional Council and focussed on the New Plymouth District.
2. South Taranaki and Stratford District Councils are not required to undertake housing assessments under the National Policy Statement Urban Development due to not meeting the size threshold.[1]
3. Without assessments of South Taranaki and Stratford Districts it is difficult to get a picture of housing demand and capacity across the whole Taranaki region. In early 2023 the Toi Foundation commissioned research into the Taranaki housing ecosystem. This considered where the greatest areas of need were and where the Toi Foundation is best placed to influence improvements. The research highlighted that while each of Taranaki's three Districts had issues specific to them, each District also had an influence on the housing markets of its neighbours.
4. Taranaki local authorities and iwi were preparing to undertake a regional planning exercise as part of the Government's reform of the Resource Management Act 1991. Housing assessments for Stratford and South Taranaki District Councils were seen as an important input into the regional planning exercise given that housing was likely to be a focus issue.

South Taranaki District

5. South Taranaki District spans 3,575 square kilometres, making it the largest district in the Taranaki region. It features a diverse landscape of fertile plains, rugged coastlines, hill country stretching into the Whanganui National Park in the east, Taranaki maunga and its National Park dominating the north-west of the District.
6. Hāwera is South Taranaki's main urban centre with a population of just over 10,000.[2] A number of smaller towns stetch across the District – Eltham, Kaponga, Manaia, Normanby, Ōpunakē, Pātea and Waverley – accounting for 8,000 residents.
7. The South Taranaki District has a deep cultural heritage and history with a significant presence of Māori communities and over 25 marae. Māori account for approximately 30% of the South Taranaki District population, with a higher proportion in younger age groups.
8. Primary industry dominates South Taranaki District's economy, with agriculture and forestry accounting for 31% of gross domestic product in 2023 and 30% of employment. Manufacturing is the next biggest with 20% of gross domestic product and 28% of employment.[3]
9. Major food businesses like Fonterra, ANZCO, Silver Fern Farms, Quinoa Co, Yarrows, Green Meadows Beef and Taranaki Bio Extracts are based in South Taranaki. Significant energy assets also operate – such as Todd Energy's Kapuni gas field – and growth is expected in solar farms and offshore wind energy.

1 The National Policy Statement Urban Development divides Councils into three tiers, with Tiers 1 and 2 being required to undertake the housing assessments. South Taranaki is classified as a Tier 3 Council and are required to monitor housing demand and supply but not undertake a housing assessment. Stratford District is not counted as being in any of the three tiers due to Stratford town not meeting the threshold of an urban centre under the National Policy Statement Urban Development.

2 Population figures are taken from Statistics New Zealand's Subnational Population Projections 2018(base)-2048 June 2022 Update.

3 Sourced from Infometrics Regional Economic Profile made available by Venture Taranaki (see https://rep.infometrics.co.nz/taranaki-region/economy/structure?compare=stratford-district,south-taranaki-district, accessed 19 December 2023)

Figure 5

Regional overview

- Population as at 2023 (Stats NZ)
- Travel time and distance
- State highway
- Main road
- District boundary
- Area boundary

Stratford District

10. Stratford District covers a land area of 2,163 square kilometres immediately to the east of Taranaki maunga. Situated between New Plymouth and South Taranaki District, it shares its eastern border with the Ruapehu and Whanganui Districts. Stratford District is land-locked, stretching from the edge of the maunga at the District's western edge, past Stratford and Midhurst towns, and then across increasingly steep terrain as the District opens up the east.

11. With a population of just under 10,000, the district ranks as the tenth smallest District in New Zealand. The District's main centre, Stratford, lies on the eastern slopes of Mount Taranaki and is surrounded by predominantly farming lands and the smaller communities of Midhurst, Toko, and Whangamōmona. Stratford town's population is 6,400 (including Midhurst), and Māori make up approximately 15% of the District's population.

12. The predominantly rural landscape supports farming, forestry and Department of Conversation reserves and key attractions include Te Papakura o Taranaki, the Maunganui ski field, and the renowned Forgotten World Highway (SH43), which spans between Stratford and Taumarunui.

13. Agriculture and forestry is Stratford District's biggest industry, but less dominant than for South Taranaki District with 15% of gross domestic product and 16.5% of employment in 2023. Manufacturing and mining are the next two biggest industries, each accounting for just over 10% of gross domestic product each. Manufacturing is responsible for 6.6% of employment, but mining less than 1%. Education and training contributes 12% of Stratford's employment.[4]

4 Sourced from Infometrics Regional Economic Profile made available by Venture Taranaki (see https://rep.infometrics.co.nz/taranaki-region/economy/structure?compare=stratford-district,south-taranaki-district, accessed 19 December 2023)

Policy Context

14. A number of key policy and strategy documents have informed this housing assessment. These include:
    - Long Term Plans for South Taranaki District Council and Stratford District Council (and supporting Asset Management Plans and Infrastructure Strategies)
    - District Plans for both Stratford and South Taranaki District Councils
    - Regional Policy Statement for Taranaki 2010 (in particular the built environment objectives and policies)
    - Regional Land Transport Plan for Taranaki 2021-2027
    - National Policy Statements on Urban Development, Freshwater, Coastal, and Highly Productive Land.

15. Reference has also been made to New Plymouth District Council's Housing and Business Assessment 2019 and Housing Capacity Assessment 2022. Several other Housing and Business Assessments from around New Zealand have also been drawn on.

Constraints

16. This report was undertaken with a number of constraints which impact the results and insights that are possible:
    - The change of Government in late 2023 has introduced uncertainty around the status of various National Policy Statements relevant to housing and also the Resource Management Act 1991 reforms (including the preparation for regional spatial planning).
    - Both Councils are undertaking their 2024-2034 Long Term Plans which includes updating their asset management plans and considering investments in infrastructure relevant to housing capacity.
    - This assessment is limited in that it is only ever a 'snapshot in time' of the housing and building data. Census 2023 information will become available in the middle of 2024 and will enable an updated view of factors that contribute to housing outcomes.
    - COVID-19 had a significant impact on housing related matters in the Districts, and while some aspects of the economy have returned to 'normal', it is difficult to know whether the Districts have fully recovered (or when they will).

Commonalities and cooperation

17. While there are commonalities across the Districts – including the dominance of primary industries, the spread of land types, and the importance of commuting to the economies – there are also noticeable differences. These differences do not mean separation, but instead need to be understood as part of how the housing system operates across the Taranaki region. For example, the Toi Foundation housing eco-system research noted how pressures on New Plymouth's housing market were having a flow-on effect for affordability in Stratford District.

18. Both Districts work closely together whilst maintaining their own decision-making rights in relation to resource management and housing. There are no areas of joint jurisdiction or shared responsibility relating to housing. The most common area for cooperation is when regional planning matters require all four Taranaki local authorities to work together, including on the Resource Management Act 1991 and Three Waters reforms (both of which have been impacted by the change of Government in late 2023).

3. Our Approach

Given the need for this housing assessment to feed into the upcoming spatial planning and Long Term Plan work being undertaken by Councils there was not enough time available to undertake a full assessment.

19. It was agreed with both Councils that the following aspects would not be included:

> Engagement on housing typology preferences. Ideally the community would be engaged as part of understanding their preferences for various housing typologies (such as standalone or attached, medium-density etc). It was agreed that this assessment would accept current preferences as revealed through consent and new build sales data.

> Engagement with iwi. It was agreed that this assessment would form the basis for future engagement with iwi as part of the spatial planning process or other Council processes such as the Long Term Plan.

> Engagement with large landowners around intentions. With a comparatively high number of large landowners, it was agreed that it would not be feasible to engage with them and effort should instead be placed on engaging with developers. Some information on landowner intentions is able to be revealed through consent and new build information on when sections are subdivided and sold in recent years.

20. We have closely followed the methodology used by New Plymouth District Council in its previous housing assessments. This was done as much as possible to ensure that comparisons could be made across all three Districts. Some differences have been introduced to better recognise the particular circumstances of South Taranaki and Stratford Districts, or to introduce improvements in methodologies from assessments of other Districts in New Zealand.

Quarterly Monitoring

21. The National Policy Statement Urban Development requires Tier 3 Councils to monitor demand, supply, prices and rents, affordability, and realised housing development capacity on a quarterly basis.[5] There is also a requirement that Tier 3 councils publish the results of their monitoring at least annually.[6]

22. This requirement only applies to South Taranaki District due to Hāwera having a population of over 10,000. Stratford District does not have an urban centre large enough to meet the requirement for Tier 3.

23. We understand that South Taranaki District does not publish a separate monitoring report under the National Policy Statement Urban Development, instead using information it makes available via Infometrics Regional Economic Profile and other governance reports to fulfil this requirement.

24. Ideally monitoring and reporting would be undertaken at a regional level in order to identify any cross-District issues and opportunities. This may be possible if housing as an issue is taken up by regional groups such as the Mayoral Forum or any regional planning committees.

5 National Policy Statement Urban Development 2020, section 3.9.1.

6 National Policy Statement Urban Development 2020, section 3.9.3.

Figure 6

Cross-district commuters

Census 2018 showed that South Taranaki District gains the most from commuting each day, with 339 people from Stratford District and 105 from New Plymouth on average.

Stratford District loses the most each day, with 339 heading to South Taranaki and 180 to New Plymouth.

It is important to note that most travel occurs not between Districts, but within. Over 9,000 commuters move between rural and urban areas in South Taranaki District each day, and 2,300 in Stratford District.

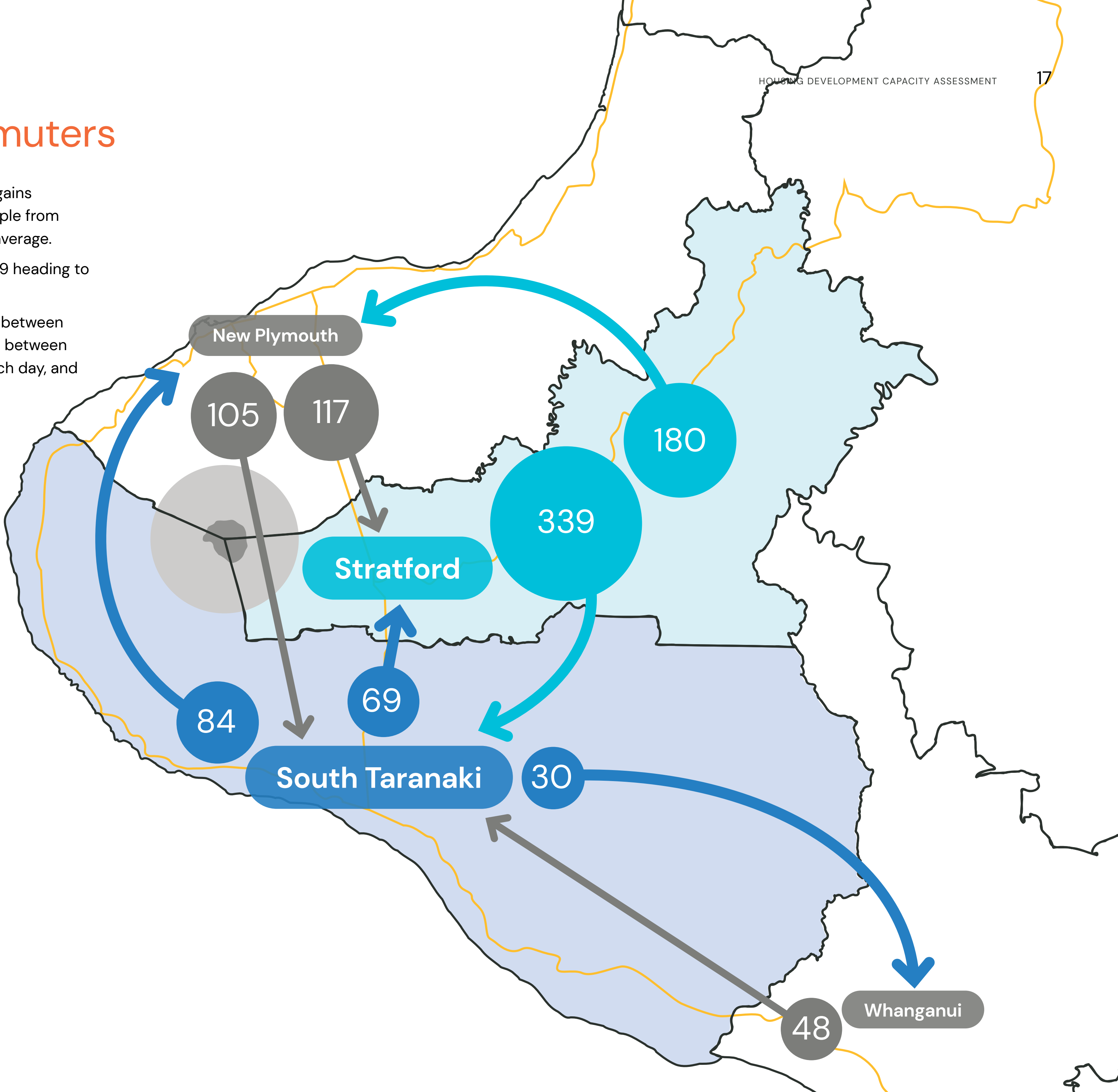
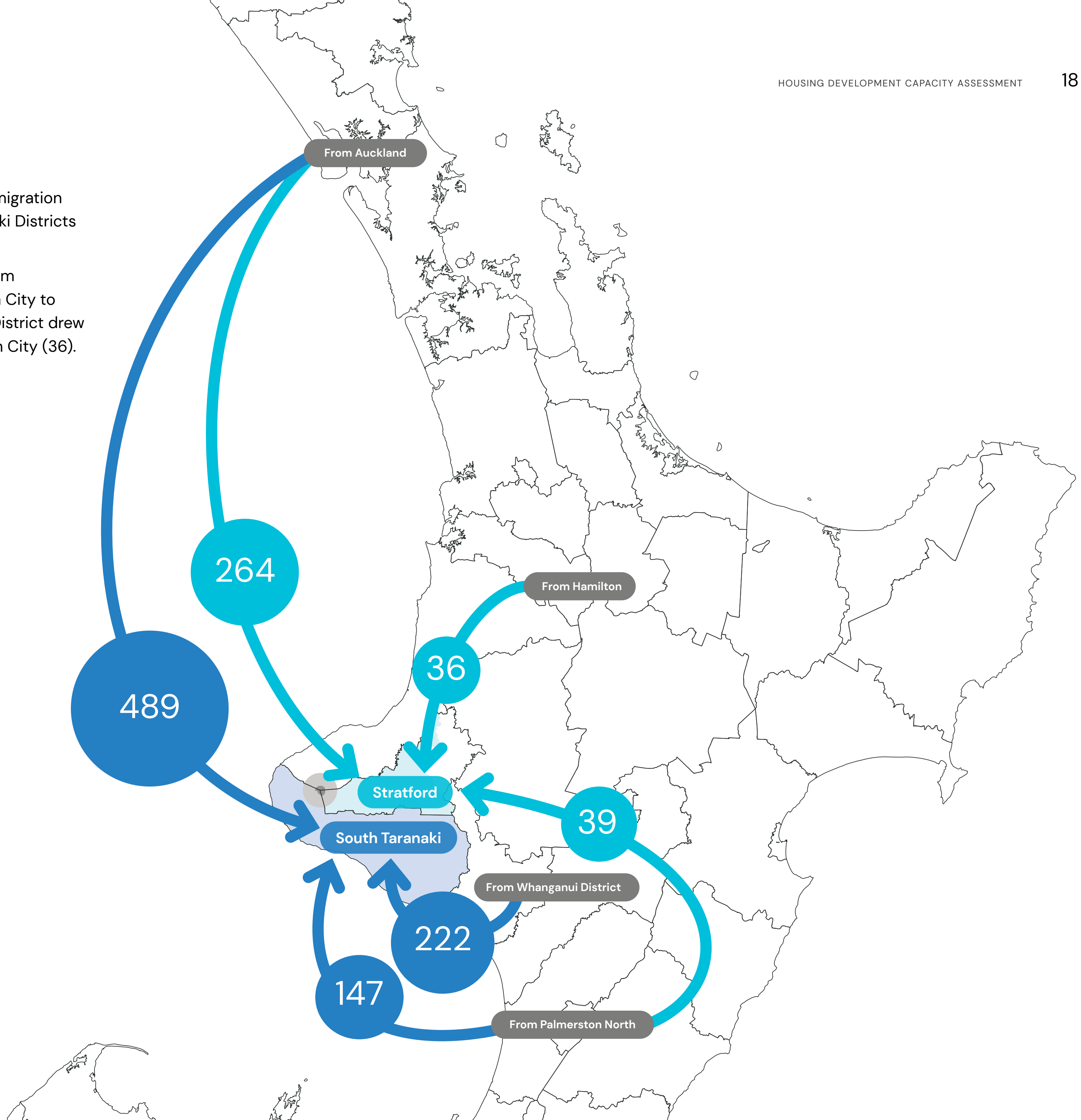


Figure 7

Migration trends

Census 2018 showed that there had been strong migration from Auckland to both Stratford and South Taranaki Districts over the previous 5 years.

South Taranaki District also drew 222 residents from Whanganui District and 147 from Palmerston North City to round out its top through contributors. Stratford District drew from Palmerston North City (39) and also Hamilton City (36).



Demand Assessment

25. Stratford and South Taranaki District Councils provided us with population and household projections produced by Infometrics that they are using for their upcoming 2024-34 Long Term Plans. Using these figures helps ensure that decision-makers are presented with 'apples-to-apples' comparisons as much as possible.

26. We also drew on StatsNZ's 2022 update of its 2018 (base) to 2048 population projections. These allowed us to drill a little further into aspects such as age demographics, ethnicity, household composition, housing typology, and location within the Districts (particularly the rural and urban splits). These are primarily used to derive a proportion that was then applied to the Infometrics projections (i.e. we are not using two different sets of projections).

27. The populations of both Stratford and South Taranaki Districts are expected to grow at a slower rate than New Zealand overall over the next 30 years. Stratford District is expected to grow by 1,102 people, which is a 9.9% increase on 2023 (0.3% per annum). South Taranaki District is expected to peak in 2036 with an additional 868 people (a 2.9% increase on 2023) before slowly declining through till 2053.

Table 1. Population projections for Stratford and South Taranaki Districts

Area	Year	2023	2026	2033	2053
Stratford District	Population	10,256	10,373	10,650	11,268
	Growth from 2023		117	394	1,012
	% growth 2023		1.1%	3.8%	9.9%
South Taranaki District	Population	29,751	30,022	30,499	30,339
	Growth from 2023		271	748	588
	% growth 2023		0.9%	2.5%	2.0%
New Zealand	Population	5,141,837	5,275,448	5,616,826	6,400,875
	Growth from 2023		133,611	474,989	1,259,038
	% growth 2023		2.6%	9.2%	24.5%

28. The key influences on these projections are:
    - The aging demographic within the Districts. This is one of the main drivers behind South Taranaki's population peak and then decline from 2036.
    - Net migration both within the region and also from outside Taranaki. In recent years Stratford District has experienced strong migration from New Plymouth, and the Taranaki region as a whole has seen significant migration from Auckland.
    - Proportion and age demographics for the Māori population. This impacts South Taranaki the most, with the Māori population much younger than other ethnicities.

Comparison to StatsNZ Projections

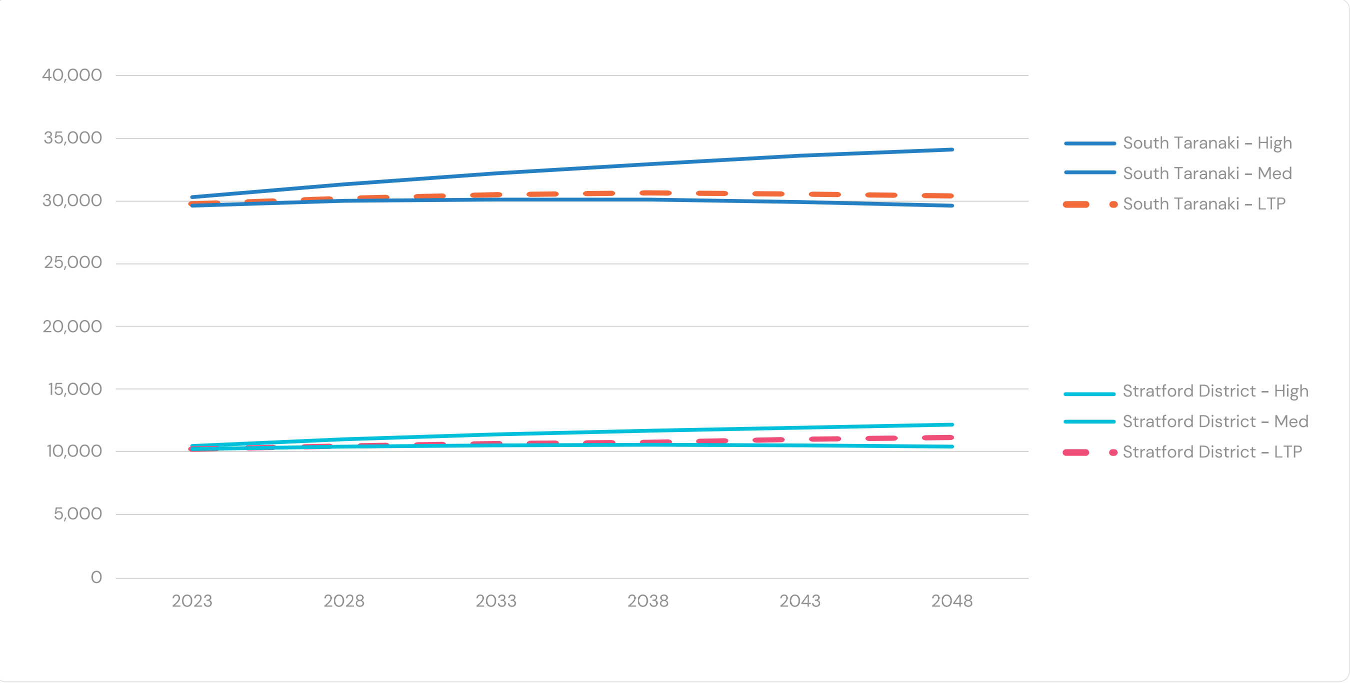
29. The Long Term Plan projections are higher than the 'medium' scenario projections produced by StatsNZ, but lower than the 'high' scenarios. This is likely due to the Long Term Plan projections being more recent and therefore being able to factor in the relatively positive 'return-to-normal' following the COVID-19 period.

30. For South Taranaki District (the top set of lines in Figure 8), the Long Term Plan projections are higher than the StatsNZ medium scenario, but track that scenario quite closely. This likely indicates less of a 'halo' growth effect from New Plymouth (with net migration in the medium scenario negative), and more of a reliance on natural demographic growth. Factors that could see the Long Term Plan projections track closer to the StatsNZ high scenario are the realisation of planned large growth projects, and higher than expected migration from other parts of New Zealand.

31. For Stratford District, the Long Term Plan projections are more in the middle of the StatsNZ medium and high scenarios. Toward the end of the projection period, when the StatsNZ medium scenario starts to decline slightly, the Long Term Plan projections maintains a slightly positive growth trajectory (similar to the high scenario). Factors that would see the Long Term Plan projections track closer to the StatsNZ medium scenario are lower migration from New Plymouth (or higher migration to there), which would then mean Stratford's population growth is driven more by its aging demographic (which kicks in later than South Taranaki District).

32. Overall we are comfortable with the use of the Long Term Plan projections. There are indications that the Stratford and South Taranaki District economies are recovering relatively well from the COVID19 period, with tourism back to pre-COVID19 levels, unemployment not increasing as much as expected, primary industry incomes remaining relatively high, and retail spending holding firm in the face of a cost-of-living crisis. There are also potential upsides that will come into fruition in the near future, such as decisions on large infrastructure investments (wind energy, iwi investments in housing) that would positively influence growth.

Figure 8. Comparison of Long Term Plan and StatsNZ population projections



Capacity Assessment

33. The National Policy Statement Urban Development requires capacity to be assessed and quantified against the following hierarchy:

    A. **Plan-enabled.** This is the highest theoretically possible capacity based on what is allowed under the District Plan (and other associated plans).

    B. **Plan-enabled and infrastructure-ready.** This requires an assessment of whether the capacity enabled under the District Plan is serviced by sufficient infrastructure that the land could be developed for housing. It covers a wider range of infrastructure (electricity, broadband, schooling, health), not just three waters.

    C. **Plan-enabled, infrastructure-ready, and feasible and reasonably expected to be realised.** This final assessment and quantification requires two considerations – would the infrastructure-ready land be commercially viable (i.e. would anyone invest in developing it), and then could it be reasonably expected to be realised by the developer (just because it is commercially viable does not mean it will necessarily be developed).

34. Additionally, the various levels of capacity are required to be presented for the short (3 years), medium (10 years), and long-terms (30 years).

Table 2. Description of timeframes for housing capacity

Term	Timeframe	Land Use
Short Term	2023-2026	All land that is plan-enabled and infrastructure ready
Medium Term	2026-2033	All land that is plan-enabled and has infrastructure investment signalled in the relevant Long Term Plan
Long Term	2034-2053	All land that is plan-enabled and has infrastructure investment noted as needed in the relevant Infrastructure Strategy

35. Within the respective zones described below, we identified:

    > Any block of land within a residential zone that is 1ha or more. This was done using GIS and valuation data analysis.

    > Any empty sections, defined as any section that had a capital value equal to land value (i.e. no or minimal improvements).

    > For Hāwera and Stratford, infill capacity, defined as any section that had an existing dwelling but was large enough to accommodate two minimum lot sizes (with an additional 20% allowance for services). This equated to a minimum of 720m² in Hāwera's Intensification Zone and 960m² in all other areas.

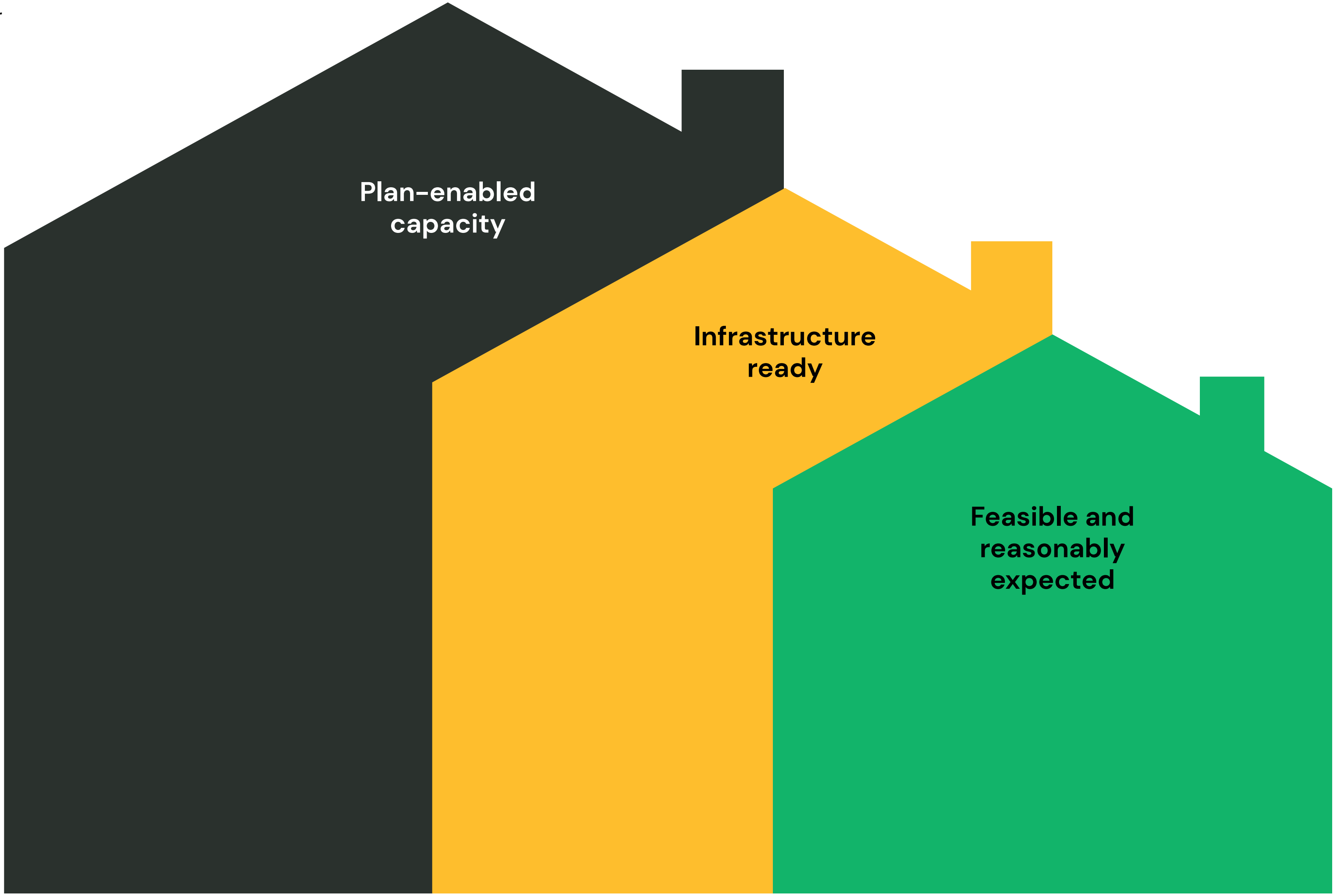
36. For both Stratford and South Taranaki Districts, we have included estimates of capacity for out-of-zone developments and rural lifestyle developments. These estimates have been based on volumes of recent subdivision consents and new build sales, with the average annual volume applied over the 30 year timeframe (i.e. we have assumed such developments continue at recent levels).

Figure 9

Development Capacity

Model based on National Policy Statement Urban Development guidance.

Some capacity sits outside of this model - for example there is capacity that is delivered that do not fit neatly in the definition of 'plan-enabled'. In this housing assessment this is mostly out-of-zone residential developments (e.g. private plan changes) and rural lifestyle development (which are allowed for under the District Plans but are not as contained as residential zones).



Plan-enabled

37. For Stratford District Council we have only assessed land within the residential zones of Stratford and Midhurst (and have treated these as one given their proximity). Because Stratford's District Plan does not define a minimum lot size, we agreed to use the size specified in South Taranaki's District Plan (400m²) as this tends to be the smallest level developed. We have not factored in any capacity that may be available in the retail and business zones for the District.

38. For South Taranaki District Council we have used the residential zones in Hāwera and the other main towns (Ōpunakē, Manaia, Eltham, Normanby, Pātea), applying the prescribed minimum lot size of 400m². For Hāwera we also assessed capacity in the Intensification Zone where the minimum lot size reduces to 300m³. No capacity was assessed for the township zones due to the small size of these areas.

39. South Taranaki's District Plan includes a deferred residential zone. This is currently not available for residential development, but will be activated once the current residential zoned land reaches a prescribed level of usage. We agreed that this deferred residential land would only be included in the housing assessment calculations if it was found that there was a long-term shortage with the current residentially zoned land.

Infrastructure-ready

40. We looked at the asset management plans and infrastructure strategies for both South Taranaki and Stratford District Councils to identify any potential infrastructure issues that would impact future housing developments. We also discussed these matters with Council staff to clarify any points.

41. Three main issues were identified:
    - Stratford District Council's 2021-31 Long Term Plan includes funding for roading works to provide access to land on the western side of the town.
    - South Taranaki District Council recently invested in three waters infrastructure to enable the Longview residential development on its eastern edge.
    - The need for investment to open up residentially zoned land in the Hāwera West Structure Plan is noted in the South Taranaki District Council Infrastructure Strategy but no funding has been allocated or identified.

42. We also contacted PowerCo, Waka Kotahi New Zealand Transport Agency, and Chorus to identify if there were any significant infrastructure concerns from their perspective. No issues were identified that would restrict developments in current residential zoned areas.

Feasible and reasonably expected to be realised

43. We used a combination of approaches to assess feasibility and to inform the level of development that could reasonably be expected to be realised:
    - Use of the National Policy Statement Urban Development Feasibility Tool made available by the Ministry of Business, Innovation and Employment and Ministry for the Environment to assess feasibility based on cost inputs and sales prices. This was also informed by the developers we spoke to.
    - Analysis of new build sales over the last six years, allowing identification of location, sale price, valuation, size of lot, and size and type of dwelling.
    - Analysis of recent resource and building consents from both Councils.

44. One of the main findings from these assessments was the identification of an average lot size of 800m² as the most feasible for development. While smaller lots can be feasible, they tend to offer lower margins and occur less frequently. Analysis of recent sales and consents point to a preference for 8-12 lot developments in both areas, with large developments such as the Longview subdivision being very rare.

45. Infill and empty section developments are also viable, but do not occur as often as rural lifestyle and comprehensive developments. There are also few examples of medium density developments occurring in either District. This means that our capacity assessments have reduced the pace at which you would reasonably expect these type of developments to be completed. Despite this, the limited number of empty sections and infill opportunities in Hāwera's Intensification Zone means they are expected to be absorbed within 10 years.

46. As well as producing capacity assessments in line with the National Policy Statement Urban Development guidelines, we have also produced a second scenario that we have termed a 'real-life' capacity assessment. This 'real-life' capacity assessment uses recent rates of development and builds to indicate how much of the theoretically available capacity will likely come on line over time. The more theoretical capacity assessment tends to weight capacity quite heavily into the short-term, whereas the 'real-life' assessment is more conservative and focusses more on when lots will be practically available.

4. Housing Demand

This section sets out estimates of housing demand over the short, medium and long-terms for Stratford and South Taranaki Districts.

47. There are three important things to note with these estimates:

- The timeframes required by the National Policy Statement Urban Development hides the 'peaks' in population and dwellings that occur within the periods. These peaks occur in the long-term, with South Taranaki's occurring very early (2036). The demand estimates account for these peaks (i.e. the numbers are set at the peak values), but not their specific timing within the term they occur.
- The demand for smaller dwellings driven by the aging population (with significant increases in 75+ year olds, including more aging as couples) means that dwelling demand has been assessed higher than indicated in the Long Term Plan household projections.
- Affordability of housing will impact specific segments of the population, especially older persons or those in rural communities. We have made some allowance for this in the demand figures (for example, by increasing the weighting toward smaller dwellings), but the Councils may want to factor these issues in to broader policy decisions.

Total Housing Demand

48. The National Policy Statement Urban Development requires a competitiveness margin to be applied to housing demand projections. This margin is over and above the expected demand that local authorities are expected to provide, in order to support choice and competitiveness in housing markets. The competitiveness margins are:

- 20% for short term (3 years) and medium term (10 years) projections,
- 15% for long term (30 years) projections.

49. The tables below set out total housing demand over the short, medium and long terms for Stratford and South Taranaki District Councils.

Table 3 Stratford District Housing Demand

	Short Term 2023-2026	Medium Term 2027-2033	Long Term 2034-2053
Projected dwelling growth	57	154	368
Competitiveness margin	20%	20%	15%
Growth including margin	69	185	423

Table 4 South Taranaki District Housing Demand

	Short Term 2023-2026	Medium Term 2027-2033	Long Term 2034-2053
Projected dwelling growth	126	489	862
Competitiveness margin	20%	20%	15%
Growth including margin	151	587	991

Housing Demand by House Type

Historical demand by house type

50. Demand by housing type has been approximated by the number and type of dwellings that have been built in the past. This was determined by analysing Statistics New Zealand's "Building consents issued" series.

51. We have followed New Plymouth District Council's approach of categorising type by standalone and attached. Attached encompasses the 'townhouses, flats, units and other dwellings' category used by Statistics New Zealand, and should therefore be read as 'small' rather than strictly only as attached dwellings, as it captures housing types such as granny flats.

52. Both South Taranaki and Stratford District housing type to date have been dominated by standalone houses, accounting on average for over 90% of dwellings constructed. The number of townhouses, flats, units and other dwellings has slowly increased to form 10% of consents in the last year (2022).

53. The major difference when compared to New Plymouth District is the lack of apartments and retirement village units. Apartments and retirement village units barely make an appearance in the last 10 years in South Taranaki and Stratford Districts (and are quite 'lumpy' in that they only appear every few years, rather than a consistent pattern), but have been a strong feature of New Plymouth's consents over the last 10 years. Later on in this report we highlight a potential gap in retirement village unit provision for South Taranaki and Stratford Districts, part of which is potentially being filled by growth in New Plymouth.

Table 5 Historical consents by type for Stratford District

Period	Houses	Townhouses, flats, units, and other dwellings	Apartments	Retirement Village Units
Last year (2022)	89%	11%	0%	0%
Last 5 years (2018-2022)	94%	6%	0%	0%
Last 10 years (2013-2022)	94%	6%	0%	0%

Table 6 Historical consents by type for South Taranaki District

Period	Houses	Townhouses, flats, units, and other dwellings	Apartments	Retirement Village Units
Last year (2022)	90%	10%	0%	0%
Last 5 years (2018-2022)	91%	9%	1%	0%
Last 10 years (2013-2022)	90%	8%	2%	1%

Table 7 Historical consents by type for New Plymouth District

Period	Houses	Townhouses, flats, units, and other dwellings	Apartments	Retirement Village Units
Last year (2022)	84%	7%	1%	8%
Last 5 years (2018-2022)	85%	7%	1%	7%
Last 10 years (2013-2022)	83%	6%	1%	6%

Projected Demand by Housing Type

54. Our projected demand by housing type draws on the historical data but is not a straight extrapolation (i.e. we aren't assuming that demand remains the same). Key drivers behind the changes in demand for house type are:

> Aging population, with a significant increase in the number of people aged 75+ and an increase in the number of these people living as couples for longer. This trend increases the demand for smaller 1 and 2 bedroom dwellings.

> Affordability pressures also put more emphasis on demand for smaller dwellings – not just 1 and 2 bedrooms but also smaller 3 bedrooms that are attached. This is going to be an issue for the aging population with less owning their own home in their later years, just as their incomes drop.

55. The age profile of Stratford District's population is more 'stretched out' than for South Taranaki District, meaning that the demand for attached (smaller) dwellings is strong throughout the short, medium and long-terms. South Taranaki District has a different age profile and is influenced by strong growth in its more youthful Māori population, which means demand for attached dwellings is noticed in the short and medium-term, but does not appear in the long-term.

Figure 10 Stratford District Housing Demand by Type (with margin)

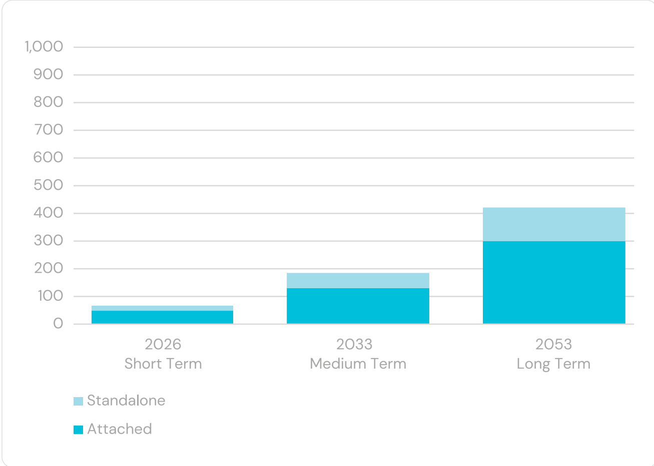


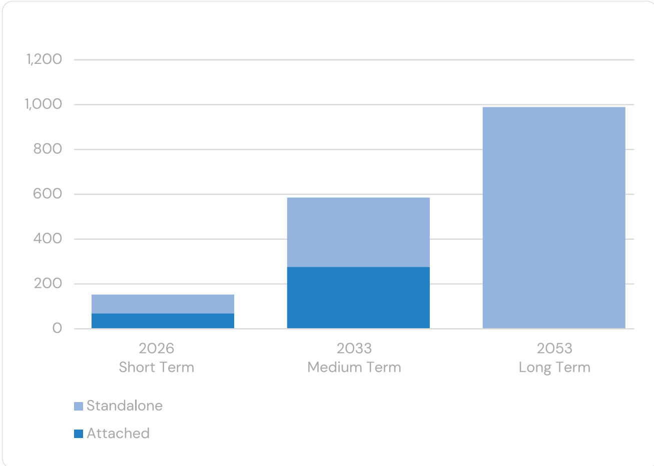
Table 8 Stratford District Housing Demand by Type

	Short Term		Medium Term		Long Term	
Typology	Attached	Standalone	Attached	Standalone	Attached	Standalone
Projected dwelling growth	40	17	109	45	262	106
Competitiveness margin	20%	20%	20%	20%	15%	15%
Growth including margin	**48**	**20**	**131**	**54**	**301**	**122**

Table 9 South Taranaki District Housing Demand by Type

	Short Term		Medium Term		Long Term	
Typology	Attached	Standalone	Attached	Standalone	Attached	Standalone
Projected dwelling growth	58	68	231	258	0	862
Competitiveness margin	20%	20%	20%	20%	15%	15%
Growth including margin	**70**	**82**	**277**	**310**	**0**	**991**

Figure 11 South Taranaki District Housing Demand by Type (with margin)



Housing Demand by Location

56. Projections point to subtle shifts in housing demand by location in each of the two Districts.

57. For Stratford District, the emphasis on Stratford town increases in the short and medium-terms (70% of housing in the next 3yrs and 61% in the next 10yrs), and then rural locations increase in demand in the long-term. Demand for housing in rural Stratford in the short to medium-term is still expected to remain close to what it has been over the last five years.

58. South Taranaki District has the opposite trend, with Hāwera township projected to experience slightly less demand over the full forecast period, and the smaller townships projected to experience increased demand in the long-term. While demand for rural housing (outside of the smaller townships) in the short to medium-term is expected to remain close to what it has been for the last 5 years, there is a significant drop in demand (halving down to 19% of new dwellings) in the long-term.

Table 10 Housing Demand by Location for Stratford District

Area	Last 5 Years	Last Year	Short Term	Medium Term	Long Term
Stratford	62%	60%	70%	61%	49%
Other	38%	40%	30%	39%	51%

Table 11 Housing Demand by Location for South Taranaki District

Area	Last 5 Years	Last Year	Short Term	Medium Term	Long Term
Hāwera	54%	53%	46%	50%	50%
Eltham	1%	1%	4%	4%	12%
Opunake	4%	8%	4%	2%	8%
Pātea	0%	0%	4%	2%	9%
Normanby	2%	2%	3%	2%	2%
Manaia	2%	0%	1%	0%	0%
Other	38%	35%	38%	40%	19%

Housing Demand by Affordability

59. Housing affordability has worsened across New Zealand in recent years. Stratford and South Taranaki Districts have not avoided this trend, though generally remain more affordable compared to New Zealand as a whole. Stratford District has seen the biggest shifts in affordability recently, with house price to income ratios increasing to nearly match that of New Plymouth District. Rental affordability is becoming an increasing issue across South Taranaki especially.

60. The sections below present analysis of housing affordability in both Stratford and South Taranaki Districts, including a look at land price-cost ratio which is one indicator of the competitiveness of housing markets (and a driver of affordability).

Housing Demand by Income

61. We have followed New Plymouth District Council's approach of looking at household composition by household income as a way of understanding housing demand. This can give a starting point for understanding what households may be able to afford, and to serve as a comparison for other affordability projections.

62. One person households earnt less than other household types in South Taranaki and Stratford Districts in 2018, reflecting the significant proportion of older age people who rely on the New Zealand Superannuation as their main source of income. Couple-only and family households tend to earn the most, and South Taranaki District had a higher proportion of these households earning over $150,000.

63. Household composition projections point to an increase in the number of older couples, which are likely to earn less than the existing couple-only households shown in the tables below. The number of one-person households is likely to remain dominated by older age people who rely on New Zealand Superannuation for their income. One change that will impact future income bands is the rise in number of people retiring with Kiwisaver.

Table 12 Historical Housing Demand by Household Income for Stratford District (2018)

Household Composition	$20,000 or less	$20,000-$30,000	$30,001-$50,000	$50,001-$70,000	$70,001-$100,000	$100,001-$150,000	$150,001 or more
One person	27%	29%	23%	12%	5%	2%	1%
Couple-only	3%	6%	23%	19%	20%	20%	9%
One family*	6%	4%	13%	16%	23%	26%	12%
Other multi-person household	7%	4%	17%	13%	22%	20%	17%

*Excluding couple-only.

Table 13 Historical Housing Demand by Household Income for South Taranaki District (2018)

Household Composition	$20,000 or less	$20,000-$30,000	$30,001-$50,000	$50,001-$70,000	$70,001-$100,000	$100,001-$150,000	$150,001 or more
One person	27%	27%	21%	14%	8%	2%	1%
Couple-only	3%	6%	23%	17%	19%	20%	12%
One family*	6%	7%	14%	17%	22%	21%	14%
Other multi-person household	5%	8%	19%	17%	18%	21%	12%

*Excluding couple-only.

Housing Demand by Price

64. We have looked at what the forecasted shifts in household incomes and house prices are likely to mean for housing affordability over the short, medium and long-term. The starting bases for this analysis were:

  - the 2018 household composition and income information in the section above
  - actual sales prices in 2018 and 2023 from Corelogic as the starting point
  - the 3-year mortgage rate at June of each year for 2018 and 2023 from the Reserve Bank of New Zealand.[7]

65. Adjustments were then made based on relevant forecasts contained in the Government's Pre-Election Economic Forecast Update 2023[8] and Half-Yearly Economic Forecast Updates 2019 to 2023.[9]

66. We have taken the generally accepted affordability measure as being no more than 30% of income (before tax) being spent on servicing a mortgage.

67. This is a straightforward model designed to give an indication of direction of travel, rather than definitive results. Things can and will change over the forecast period (especially in the long-term), and can be influenced by policy choices of the Councils.

68. The two tables below show the shift in mortgage affordability for both Districts between 2018 and 2023. Using the 30% affordability measure, only Ōpunakē town was close to being defined as unaffordable (with a measure of 28%). By 2023 this situation had almost reversed completely across both Districts, with only Manaia and Normanby below the 30% affordability measure.

7 This was taken from the Reserve Bank of New Zealand's new standard residential mortgage interest rates (average % end of month).

8 Sourced from The Treasury, see https://www.treasury.govt.nz/publications/efu/pre-election-economic-and-fiscal-update-2023 - assessed 19 December 2023.

9 Sourced from The Treasury, see https://www.treasury.govt.nz/publications/efu/half-year-economic-and-fiscal-update-2023#:~:text=Household%20budgets%20are%20expected%20to,to%205.1%25%20in%20June%202025 – assessed 19 December 2023.

Table 14 Mortgage affordability for Stratford and South Taranaki District 2018 and 2023

2018

Area	Median House Price	Median Household Income	Borrowed amount (80%)	Monthly Payment	% repayments of income
Stratford District	**$248,000**	**$59,900**	**$198,400**	**$1,099**	**22%**
Stratford	$249,000	$53,100	$199,200	$1,104	25%
South Taranaki District	**$205,000**	**$58,300**	**$164,000**	**$909**	**19%**
Hāwera	$240,000	$62,600	$192,000	$1,064	20%
Eltham	$158,500	$45,700	$126,800	$703	18%
Ōpunakē	$215,000	$41,100	$172,000	$953	28%
Pātea	$104,500	$30,600	$83,600	$463	18%
Manaia	$125,000	$53,800	$100,000	$554	12%
Waverley	$117,000	$51,800	$93,600	$519	12%
Normanby	$167,500	$78,000	$134,000	$742	11%

2023

Area	Median House Price	Median Household Income	Borrowed amount (80%)	Monthly Payment	% repayments of income
Stratford District	**$479,400**	**$76,051**	**$383,520**	**$2,475**	**39%**
Stratford	$487,500	$67,417	$390,000	$2,517	**45%**
South Taranaki District	**$420,000**	**$74,019**	**$336,000**	**$2,168**	**35%**
Hāwera	$470,000	$79,479	$376,000	$2,426	**37%**
Eltham	$369,000	$58,022	$295,200	$1,905	**39%**
Ōpunakē	$405,000	$52,182	$324,000	$2,091	**48%**
Pātea	$280,000	$38,851	$224,000	$1,445	**45%**
Manaia	$322,500	$68,306	$258,000	$1,665	29%
Waverley	$390,000	$65,767	$312,000	$2,013	**37%**
Normanby	$439,000	$99,031	$351,200	$2,266	27%

69. Households earning the median household income in Stratford District in 2018 could afford 80% of homes for sale at that time (point 'A' in Figure 12). By 2023 Stratford District's median household income had increased to $76,000, but with the increase in house prices this meant median households could only afford 50% of houses for sale in 2023 (point 'D'). If median income had not increased, then they would only have been able to afford 15% of houses for sale (point 'B'). To maintain the 80% affordability, median household incomes would have had to increase to just under $100,000 (point 'C').

70. Households earning the median household income in the South Taranaki District in 2018 could afford 75% of homes for sale at that time (point 'A' in Figure 13). By 2023 South Taranaki District's median household income had increased to $74,000, but with the increase in house prices this meant median households could afford 45% of houses for sale in 2023 (point 'D'). If median income had not increased, then they would only have been able to afford 18% of houses for sale (point 'B'). To maintain the 75% affordability, median household incomes would have had to increase to just under $100,000 (point 'C').

Figure 12 Projections of House Affordability by Household Income for Stratford District

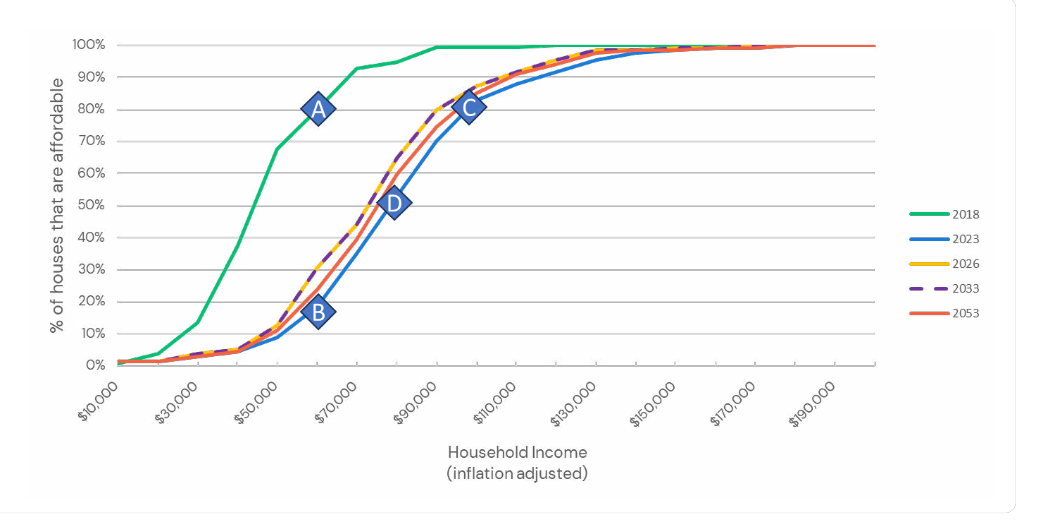
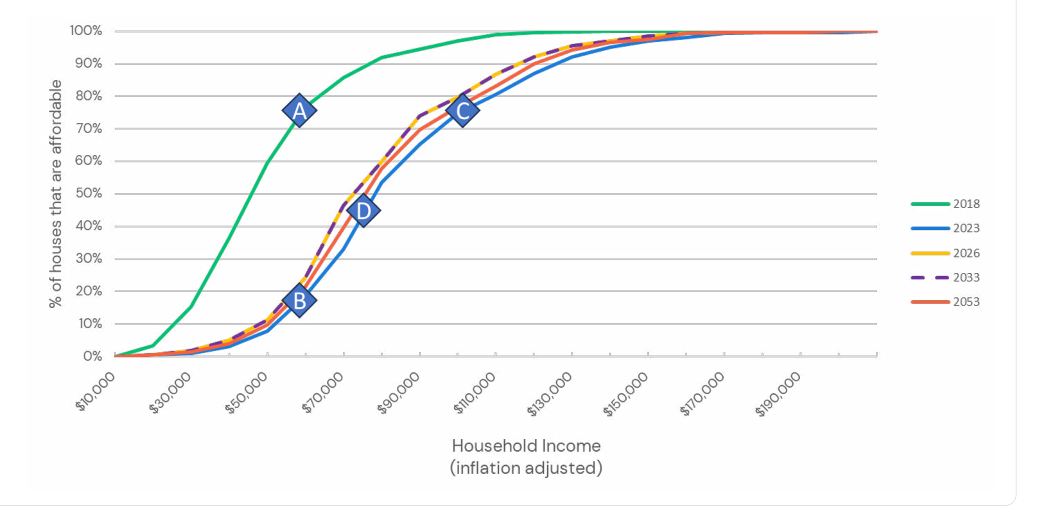


Figure 13 Projections of House Affordability by Household Income for South Taranaki District



Housing affordability

71. Various other measures of housing affordability support the findings in the section above. The Ministry of Housing and Urban Development publishes a range of affordability statistics as a dashboard on its website, with all of these showing worsening affordability in Taranaki.[10] Mortgage serviceability, house deposit, and rent affordability indicators have all got worse quicker in Stratford and South Taranaki Districts than New Plymouth since 2019.

72. TThis increased pace of change in housing affordability in Stratford and South Taranaki Districts has meant that the gap in housing affordability with New Plymouth District has closed. Infometric's rental affordability index shows that in 2023 Stratford District actually rose higher than the New Zealand average for the first time.

Figure 14 House deposit affordability indicator change since 2013 (MHUD)

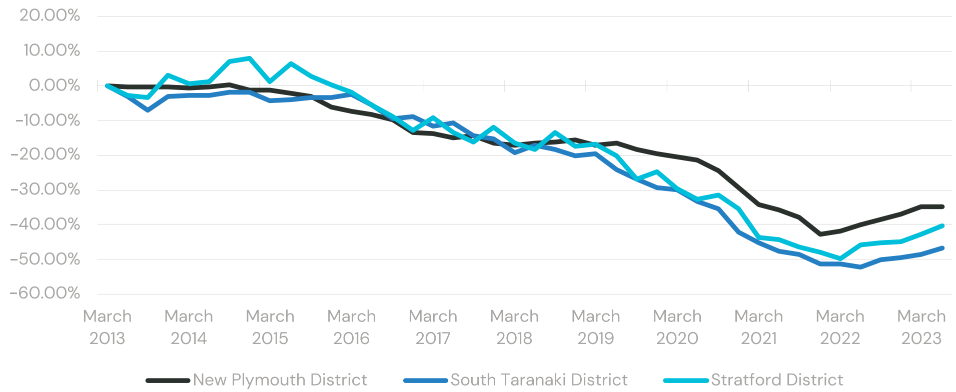
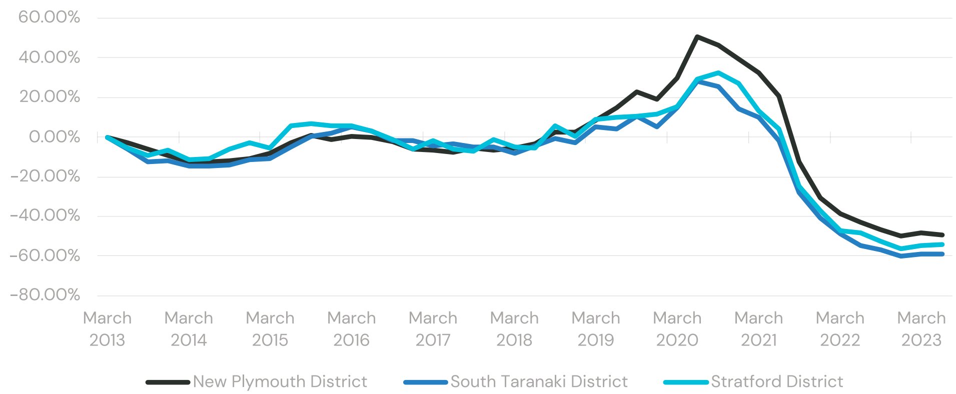


Figure 15 Mortgage serviceability indicator change since 2013 (MHUD)



10 See Ministry of Housing and Urban Development's website at https://www.hud.govt.nz/stats-and-insights/change-in-housing-affordability-indicators/affordability-indicators

Figure 16 Rent affordability indicator change since 2013 (MHUD)

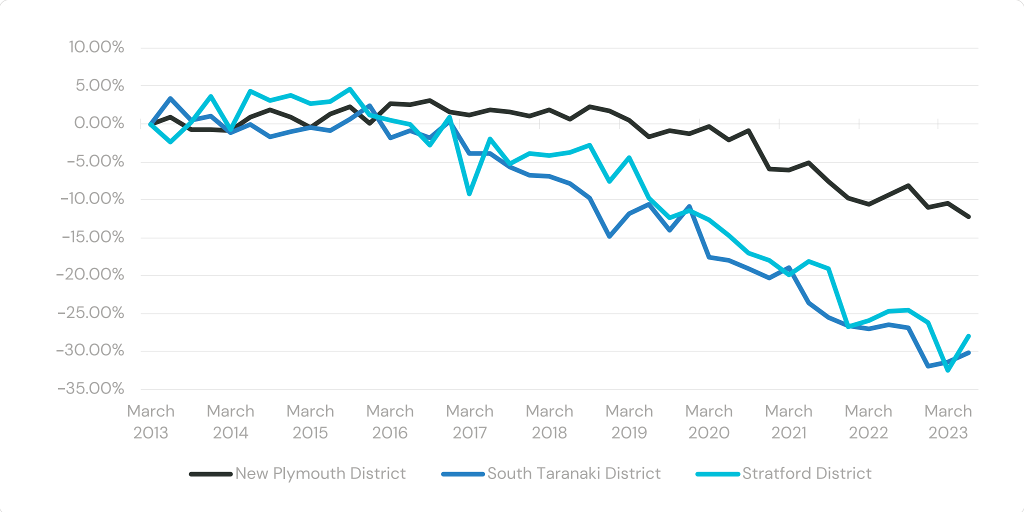


Figure 17 Housing affordability index since 2013 (Infometrics)

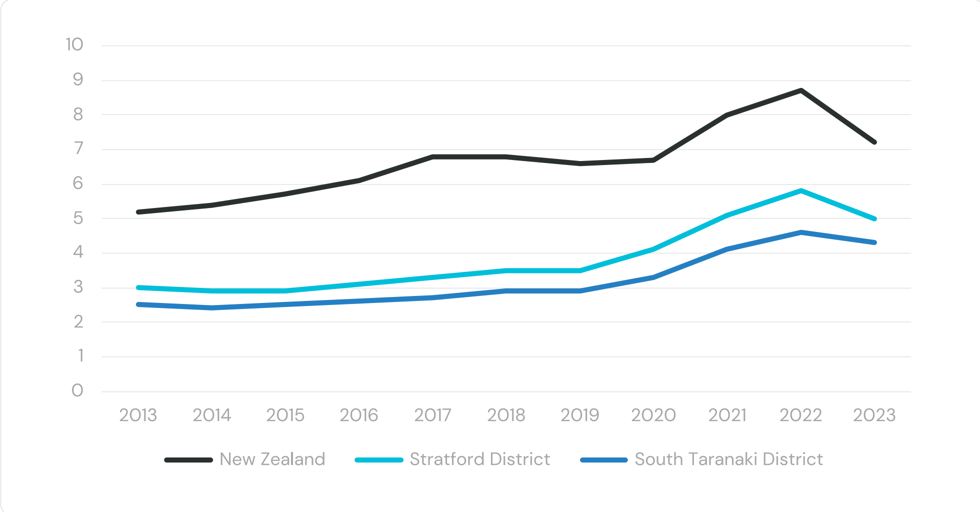
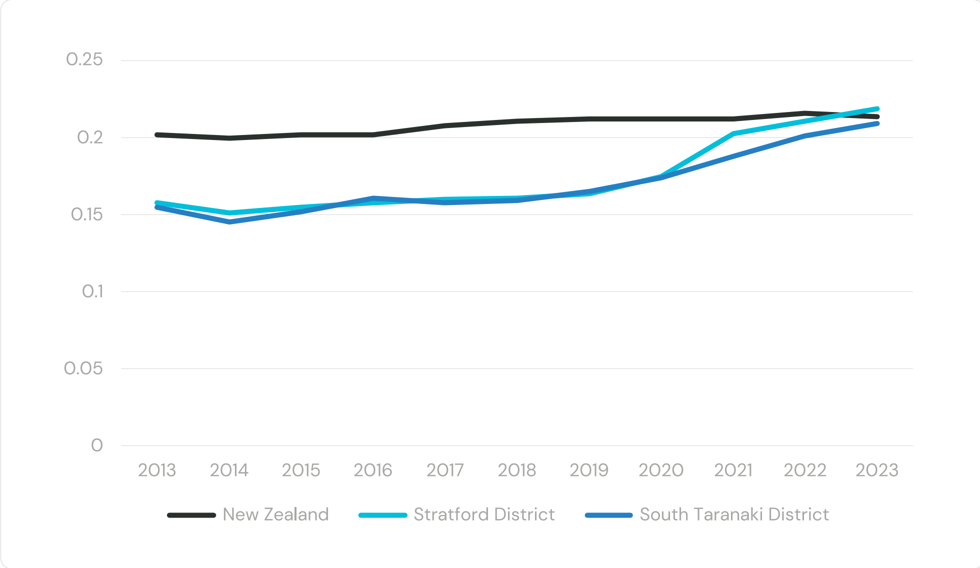


Figure 18 Rental affordability index since 2013 (Infometrics)



Price-Cost Ratio

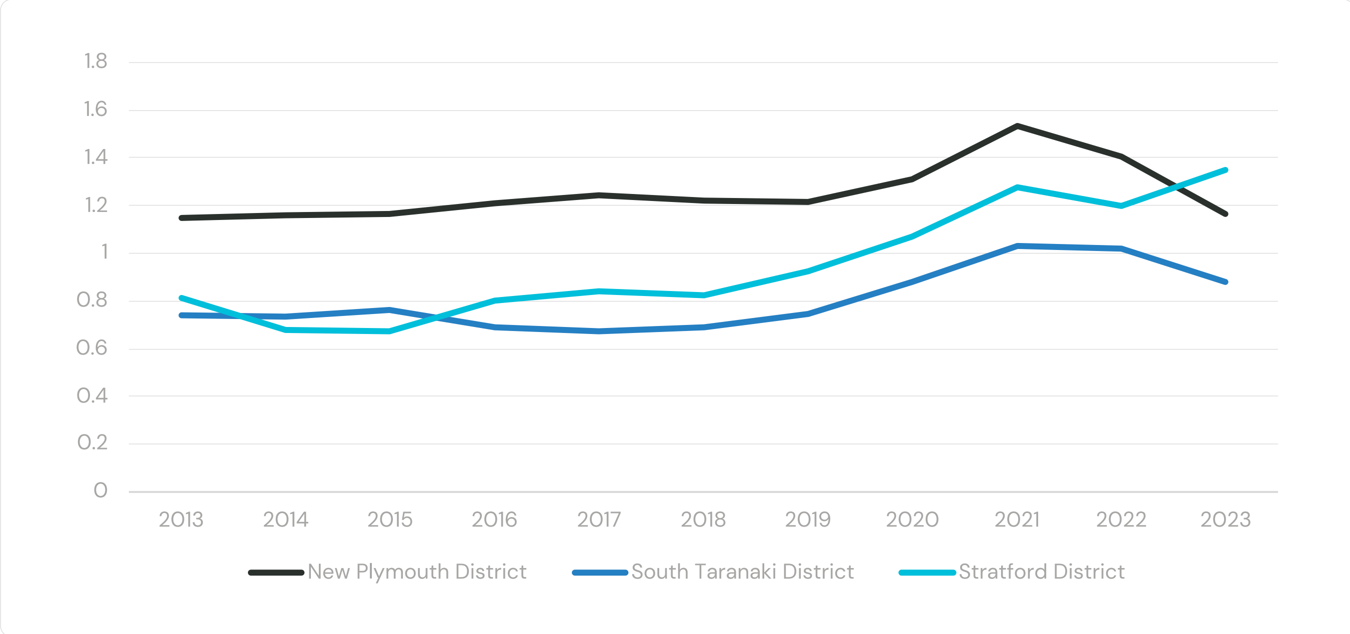
73. One indicator of whether land markets are contributing to housing affordability is the price-cost ratio. This ratio compares the extent to which construction of land costs contribute to house prices. The National Policy Statement Urban Development suggests that a ratio below 1.5 means that land markets are operating well in an area. If the ratio is above 1.5, then there are likely to be constraints on the land supply which will increase pressure on housing affordability.

74. Price-cost ratios for Taranaki show that only New Plymouth District has breached the 1.5 level since 2013.[11] While there has been an upward trend in the ratio for Stratford and South Taranaki District's since 2018, this has still not seen a breach of the 1.5 level. Stratford's ratio has been higher than South Taranaki's since 2016, suggesting that land supply is more of a contributing factor to affordable housing.

Table 15 Price-cost ratios for Taranaki Districts 2013-2023 (MHUD)

District	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
New Plymouth District	1.151	1.162	1.167	1.211	1.245	1.22	1.218	1.311	**1.535**	1.407	1.166
South Taranaki District	0.738	0.736	0.764	0.691	0.673	0.689	0.746	0.877	1.029	1.019	0.878
Stratford District	0.813	0.68	0.673	0.8	0.841	0.822	0.922	1.068	1.276	1.197	1.349

Figure 19 House price to cost ratio for Taranaki Districts 2013-2023 (MHUD)



11 The ratios are available at the Ministry of Housing and Urban Development's Dashboard at https://huddashboards.shinyapps.io/urban-development.

Drivers of housing demand

Ageing population

75. The populations of Stratford and South Taranaki Districts have been aging over the last decade, with the percentages of under 65 year olds decreasing and over 65 year olds increasing. In 2013 the over 65 year old demographic accounted for around 15% of each District's population, and by 2048 this is projected to increase to 25%.

76. While the percentage of 65 year olds is expected to be similar into the future for both Districts (26% of total population), the 40-64 year old age band is projected to remain at a similar percentage and the under 14 year old demographic will decrease more rapidly in South Taranaki (due mostly to the younger Māori population).

Table 16 Age distribution historic and projected for Stratford District

Year	0-14 years	15-39 years	40-64 years	65+
2013	22%	30%	32%	16%
2018	21%	30%	32%	17%
2023	22%	28%	31%	19%
2028	21%	27%	29%	22%
2033	21%	26%	29%	24%
2038	20%	26%	29%	26%
2043	19%	27%	28%	26%
2048	19%	27%	28%	26%

Table 17 Age distribution historic and projected for South Taranaki District

Year	0-14 years	15-39 years	40-64 years	65+
2013	23%	30%	32%	15%
2018	22%	30%	32%	16%
2023	21%	29%	32%	18%
2028	20%	29%	31%	20%
2033	19%	28%	31%	23%
2038	18%	28%	30%	25%
2043	17%	27%	30%	25%
2048	17%	26%	31%	26%

Figure 20 Age distribution historic and projected for Stratford District

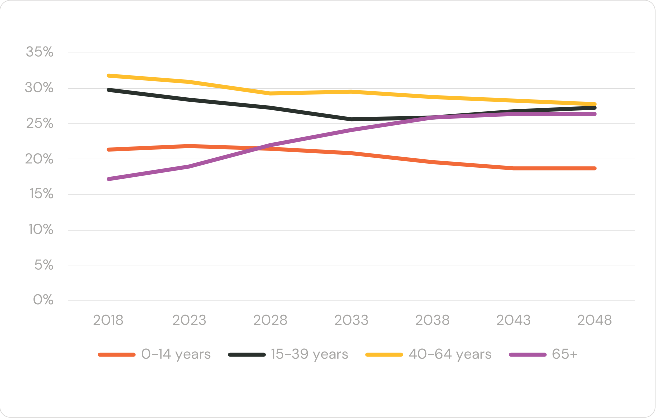


Figure 21 Age distribution historic and projected for South Taranaki District

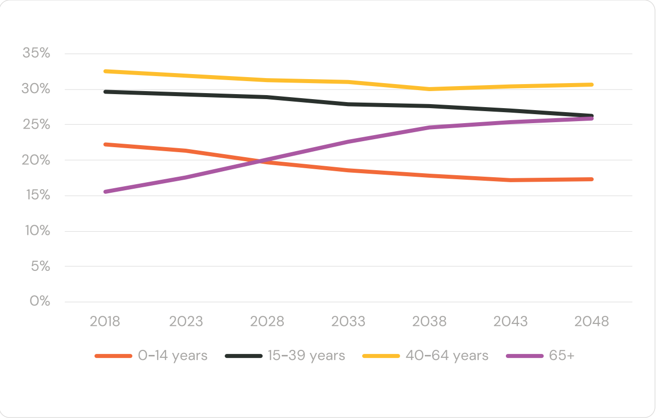
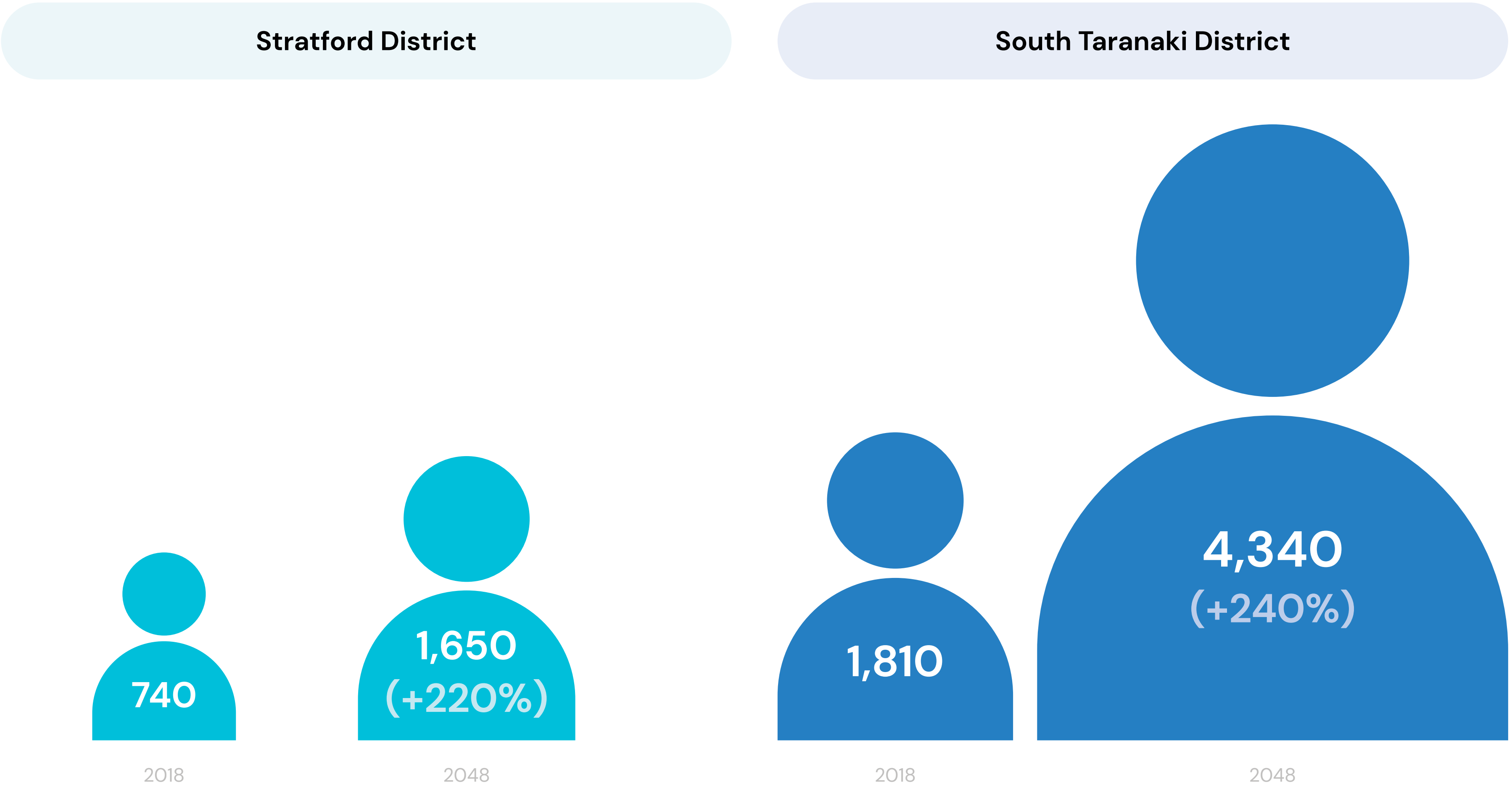


Figure 22

Growth in 75+ years demographic

The number of people aged over 65+ is projected to grow strongly over the coming years, including the 75+ demographic more than doubling in both Stratford and South Taranaki Districts by 2048.



77. The aging demographic will be particularly noticeable in the 75+ year old age bands. The number of 65 to 74 year olds will peak in 2033 in Stratford District and a little later in South Taranaki District (where the 65-74 year old age band will peak in 2043), with increases of around 50% compared to 2018.

78. The numbers of 75+ year olds will increase much more significantly, going from 740 in 2018 in Stratford District to 1,650 by 2048 (at which point the 75+ year olds will outnumber those aged between 65 and 74 years old. An even stronger shift occurs in South Taranaki District, with 1,810 75+ year olds in 2018 expected to increase to 4,630 by 2048.

Table 18 Projected distribution of 65+ year olds for Stratford District

Year	65-69 Years	70-74 Years	75-79 Years	80-84 Years	85-89 Years	90 Years and over
2018	520	410	290	230	150	70
2023	560	500	370	240	150	80
2028	710	540	460	310	160	90
2033	660	680	500	380	210	100
2038	600	640	630	420	260	130
2043	540	590	590	540	300	160
2048	540	530	550	520	390	190

Table 19 Projected distribution of 65+ year olds for South Taranaki District

Year	65-69 Years	70-74 Years	75-79 Years	80-84 Years	85-89 Years	90 Years and over
2018	1,400	1,210	840	520	290	160
2023	1,650	1,320	1,060	630	310	150
2028	1,880	1,560	1,150	810	390	160
2033	1,890	1,780	1,380	900	520	200
2038	1,940	1,800	1,600	1,110	590	280
2043	1,620	1,860	1,630	1,300	740	330
2048	1,680	1,560	1,690	1,340	890	420

Household composition projections for 65+ year olds

79. There is also projected to be a shift in household composition for the 65+ year old demographic as it grows in both Districts.

80. The projections show that there will be an increase in the number of people aging as couples from the 70-74 year old age band upwards, with a reduction in the proportion of one person households. It is only the 90+ year old age band where one person households remain similar in proportion to current figures in both Districts, although the 'family and other' living arrangements is expected to decrease for this group as the proportion of couple households increase.

81. Traditionally housing for older people has tended to focus on 1 bedroom dwellings, with some 2 bedrooms for younger couples. The projected household demographic changes for the 65+ year olds in Stratford and South Taranaki Districts point to an increasing demand for 2 and 3 bedrooms dwellings for the 65+ demographic over the next 30 years. This will create tension given the affordability issues are not expected to improve significantly over the same period.

Table 20 Projected household composition for 65+ year olds for Stratford District

Year	Household	65-69 Years	70-74 Years	75-79 Years	80-84 Years	85-89 Years	90 Years and over
2018	One person	22%	24%	31%	39%	47%	43%
	Couple only	65%	62%	55%	43%	27%	14%
	Family and other	14%	14%	14%	17%	27%	43%
2023	One person	20%	24%	28%	36%	43%	38%
	Couple only	65%	64%	58%	44%	29%	13%
	Family and other	15%	12%	14%	20%	29%	50%
2028	One person	20%	22%	27%	32%	44%	44%
	Couple only	65%	64%	58%	48%	31%	11%
	Family and other	14%	15%	16%	19%	25%	44%
2033	One person	20%	21%	27%	31%	43%	40%
	Couple only	65%	66%	59%	49%	33%	20%
	Family and other	15%	13%	14%	21%	24%	40%
2038	One person	19%	20%	24%	31%	39%	42%
	Couple only	64%	66%	60%	50%	32%	17%
	Family and other	17%	14%	16%	19%	29%	42%
2043	One person	19%	19%	23%	30%	40%	44%
	Couple only	63%	66%	60%	52%	33%	19%
	Family and other	19%	15%	17%	19%	27%	38%

Table 21 Projected household composition for 65+ year olds for South Taranaki District

Year	Household	65-69 Years	70-74 Years	75-79 Years	80-84 Years	85-89 Years	90 Years and over
2018	One person	23%	26%	31%	36%	41%	38%
	Couple only	59%	58%	51%	43%	28%	13%
	Family and other	19%	16%	18%	21%	31%	50%
2023	One person	21%	24%	29%	35%	42%	40%
	Couple only	60%	60%	53%	44%	29%	13%
	Family and other	19%	16%	18%	21%	29%	47%
2028	One person	21%	23%	27%	33%	41%	40%
	Couple only	60%	60%	54%	44%	28%	13%
	Family and other	20%	17%	19%	22%	31%	47%
2033	One person	20%	22%	25%	31%	38%	40%
	Couple only	60%	60%	55%	47%	31%	15%
	Family and other	21%	18%	20%	22%	31%	45%
2038	One person	19%	21%	24%	29%	39%	39%
	Couple only	60%	61%	55%	47%	32%	18%
	Family and other	21%	19%	21%	24%	29%	43%
2043	One person	19%	20%	22%	28%	37%	39%
	Couple only	59%	60%	56%	47%	32%	18%
	Family and other	23%	20%	22%	25%	31%	42%

Māori population

82. The Māori population across Taranaki is expected to increase over the forecast period. This increase will be particularly significant in South Taranaki District, where Māori currently make up 30% of the population but by 2043 are expected to account for 42%.

83. This trend is driven by the much younger age profile for the Māori population. The 0-14 year old age bracket accounts for over 30% of the Māori population in Taranaki, compared to just over 20% for the overall population. At the other end of the spectrum, the 65+ year old demographic is much smaller, currently accounting for around 5% of the Māori population compared to nearly 20% for the total population.

84. There is a significant amount of Māori land in South Taranaki District, and very little in Stratford District. Nearly all of the Māori land in the South Taranaki District is rural in nature, with only one or two blocks identified in currently residential zoned areas. Because of the rural nature of the Māori land in both Districts we have not counted it as part of capacity assessments.

Table 22 Projected Māori population 2018-2043

District	2018	2023	2028	2033	2038	2043
New Plymouth District	18.2%	19.5%	21.2%	22.9%	24.8%	27.0%
Stratford District	14.3%	15.5%	17.2%	18.6%	20.0%	21.8%
South Taranaki District	28.1%	30.4%	32.8%	35.6%	38.5%	42.0%

Table 23 Māori population age proportions 2006-2018 Stratford District

Year	0-14 years	15-29 years	30-64 years	65+
2006	40%	24%	32%	3%
2013	39%	25%	33%	4%
2018	38%	24%	34%	5%

Table 24 Māori population age proportions 2006-2018 South Taranaki District

Year	0-14 years	15-29 years	30-64 years	65+
2006	36%	23%	35%	5%
2013	34%	23%	36%	7%
2018	34%	22%	37%	7%

85. We are aware of three factors that are of relevance to this housing assessment:

> There are a large number of marae across South Taranaki District, and one in Stratford District. We looked at the land associated with or next to each marae and confirmed that there is enough land for housing at nearly all. It is difficult to estimate whether or how many houses would be developed at the marae, but if we assume that at a minimum half of marae would developer 2 to 3 houses for kaumatua or as part of papakainga development then there would be capacity for 30-60 houses.

> Iwi are currently at different stages of implementing their settlements, and this includes making decisions on whether to action any rights of first refusal over land suitable for housing, and/or to make any investment into housing. Our approach has been to assume that any land acquired by iwi for housing is likely to either be residentially zoned or can be counted as part of our assumptions of out-of-zone developments.

> We are aware that early work is being done on a residential development at Parihaka pā for approximately 300 houses. This area is not zoned residential and does not currently have infrastructure to support any development (we understand this is subject to funding applications and arrangements), so we have not included it as part of capacity assessments. When this development comes on line it is likely to be in the long-term (and can be counted against 'other' capacity in the South Taranaki District).

86. We understand that South Taranaki and Stratford Councils already engage with iwi in their areas about housing, and that there are some potential housing developments being discussed. We also understand that this housing assessment will be made available to iwi and used as the basis for further engagement on housing preferences and intentions, especially since the timeframe for this assessment did not allow this to occur.

Tourist accommodation

87. Stratford and South Taranaki Districts are not traditionally as reliant on tourism as other parts of New Zealand (or New Plymouth). While the Forgotten Highway, Surf Highway, and Taranaki National Park are tourist attractions, the numbers of visitors does not seem to have created issues for the housing market in the Districts.

88. Tourism is bouncing back in both Stratford and South Taranaki Districts. Information from Venture Taranaki shows that visitor spend between July 2022 and 2023 had increased by 18% in Stratford District and 13% in South Taranaki District. Both saw jumps in the number of international guest nights, and Stratford District had a small increase in domestic visitors while these declined slightly in South Taranaki District.[12] Ministry of Business, Innovation and Employment data shows that by October 2023 tourism spending was almost back to pre-COVID19 levels in Stratford District (less than 10% of a gap), and had actually gone up by over 10% in South Taranaki District.[13]

89. New Plymouth District Council looked at counts of unoccupied and empty houses from the 2018 Census as an indicator of whether homes were being used for tourist accommodation purposes and were therefore not available for housing District residents. They found that New Plymouth had a lower level of unoccupied dwellings on Census night than New Zealand overall (7.5% versus 10.4%).

90. Stratford and South Taranaki have slightly higher levels of unoccupied and empty dwellings compared to New Plymouth (8% and 11% respectively), but these are still not out of line with the New Zealand figures (10.4%). We also looked at these figures at sub-District level, which showed that the areas with highest levels of unoccupied dwellings were often the more remote rural areas where population decline had been occurring.

91. Another indicator of tourism accommodation impact is the proportion of AirBnB's registered in an area. A 2018 study '*Disrupting the regional housing market – Airbnb in New Zealand*' mapped out the density of AirBnB's at a sub-District level across New Zealand. South Taranaki District had very low levels, with only Ōpunakē recording high levels. Stratford recorded a higher level of AirBnB's, concentrated on the mountain side of Stratford town.[14]

92. We did not find any evidence to suggest that any of the housing demand projections needed to be adjusted to take into account pressure from, or likely increasing demand for, tourism accommodation.

12 Obtained from Venture Taranaki's Business Analyst, 16 November 2023. This is based on tourism electronic card transaction data that Venture Taranaki obtains from the Ministry of Business, Innovation and Employment.

13 Sourced from the Ministry of Business, Innovation and Employment's Tourism Evidence and Insights Centre on 7 November 2023(https://teic.mbie.govt.nz/ste/regions/relianceOnTourism/#indicatorSection2

14 Malcolm Campbell, Hamish McNair, Michael Mackay and Harvey C. Perkins, Disrupting the regional housing market – AirBnB in New Zealand, Regional Studies, Regional Science, 6:1, 2019, pp.139-142, see https://www.buildingbetter.nz/case-study/disrupting-the-regional-housing-market-airbnb-in-new-zealand/.

Household composition

93. While the aging population will see changes in housing composition demand for the 65+ demographic, it is important to consider the shifts that are likely to occur for the rest of the population.

94. Stratford District will see an increase in single and couple households between now and 2053, with a decrease in households of three or more residents (35.9% in 2023 down to 31%). These changes occur relatively steadily across the projection time period.

95. Household composition is projected to stay relatively stable in South Taranaki District in the short and medium-term. In the long-term, however, it will experience the opposite shifts to Stratford, with a decrease in single and couple households by the long-term, and an increase in households with three or more people.

96. The timing of these household composition changes in South Taranaki District is the main reason the lack of demand for attached in the long-term.

Table 25 Projected household composition 2023-2053 for Stratford District

Composition	Current Year 2023	Short Term 2026	Medium Term 2033	Long Term 2053
Single	25.3%	26.3%	27.3%	28.4%
Two residents, couple	31.6%	31.8%	32.2%	32.9%
Two residents, non-couple	7.3%	7.3%	7.4%	7.6%
Other	35.9%	34.6%	33.2%	31.0%

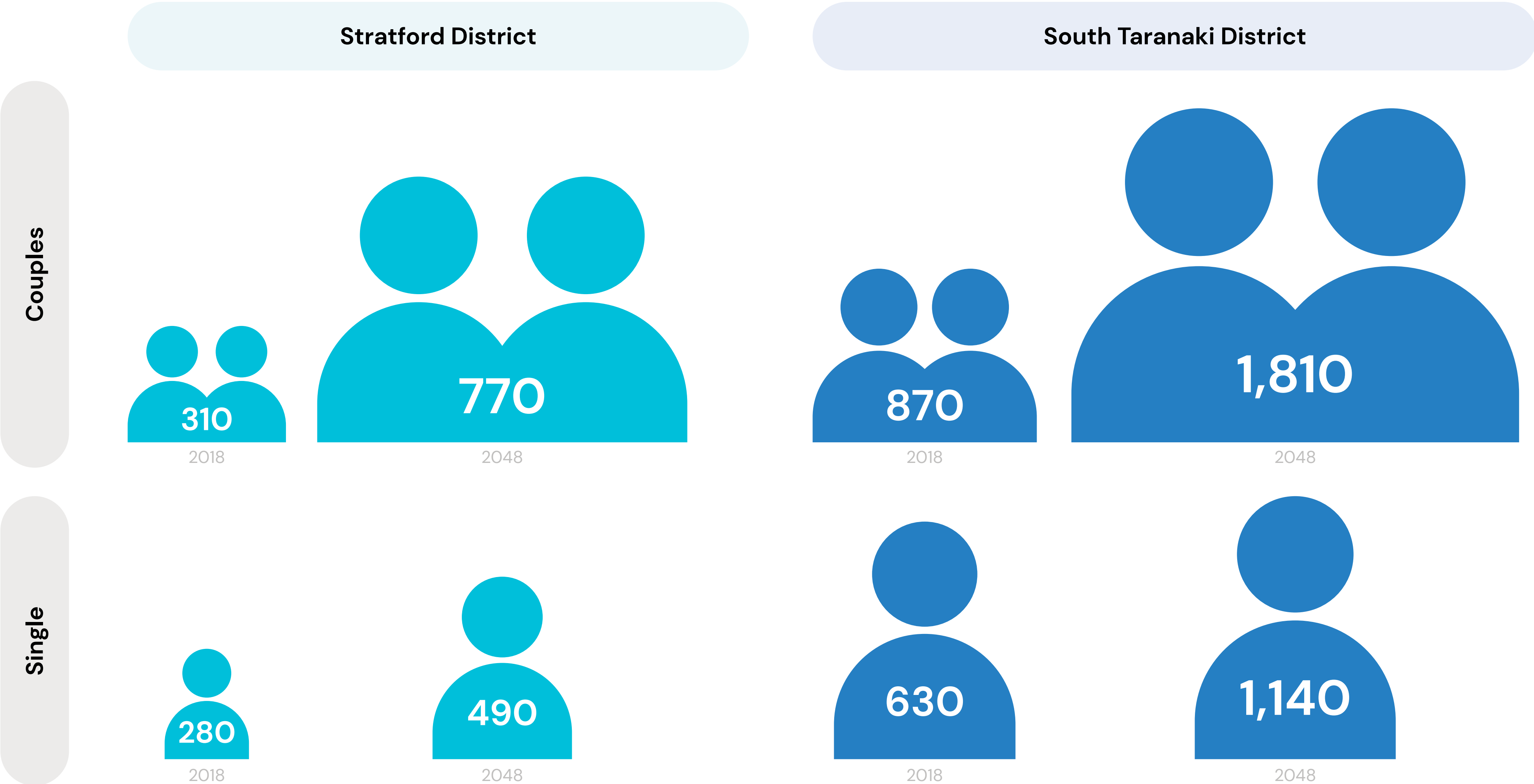
Table 26 Projected household composition 2023-2053 for South Taranaki District

Composition	Current Year 2023	Short Term 2026	Medium Term 2033	Long Term 2053
Single	26.0%	25.9%	25.9%	24.0%
Two residents, couple	29.9%	30.0%	30.1%	27.7%
Two residents, non-couple	8.9%	8.9%	8.9%	8.2%
Other	35.3%	35.2%	35.0%	40.0%

Figure 23

Population – single vs couples 75 years + Stratford

Not only are the number of 75+ year olds projected to increase in both Stratford and South Taranaki Districts, but the number living as couples is also projected to increase strongly as a result of people living for longer.



Social housing

97. Demand for public housing has increased in both Stratford and South Taranaki Districts, with a significant jump from 2020. In 2018 the total number of households on the public housing register (i.e. awaiting a publicly funded house) was just over 30, and by June 2022 it had peaked at 147 in South Taranaki District and 45 in Stratford District.

98. The availability of public housing has not kept pace with the increase in demand. Across the whole of Taranaki the supply of public housing has only increased marginally from 2018 to 2023 – Stratford has gained 1 additional unit (to 39 in total) and South Taranaki District has gained 2 (to 121 in total).

99. The Government's Public Housing Plan 2024-2025 indicates the Taranaki region (which includes Rangitikei District and Ruapehu Districts) will see an increase of around 200 homes. The bulk of these are indicated for the New Plymouth District where Kāinga Ora has 59 homes currently under construction, 9 homes in the consenting phase and 149 homes in the early planning stages. Stratford District in comparison has 3 homes in the planning stage and South Taranaki District 6 homes (and a further 7 properties identified for development).

100. Other Community Housing Providers are funded by the Government to provide public housing in Stratford and South Taranaki Districts. In 2023 LinkPeople Limited have 4 homes in South Taranaki District (2 in Eltham and 2 in Hāwera) and Salvation Army 2 homes (1 in Stratford and 1 in Hāwera).

101. Both District Councils also provide pensioner housing. Stratford District Council has 10 pensioner units and South Taranaki District Council owns 72 units. Neither Council currently has any plans to expand its provision of pensioner housing.

Figure 24 Public housing register figures for Stratford and South Taranaki Districts 2018-2023

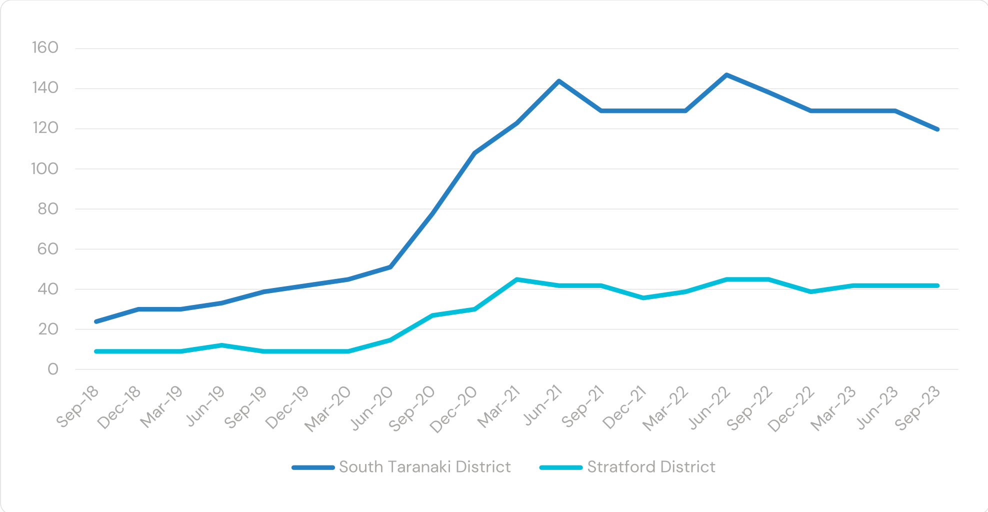


Table 27 Growth in Kāinga Ora-provided public housing places 2018- 2023*

District	Dec-18	Dec-19	Dec-20	Dec-21	Dec-22	Sep-23
Stratford District	39	38	38	39	39	39
South Taranaki District	119	119	119	119	121	121

*December 2023 figures were not available at the time of finalising this report

Table 28 Growth in Council pensioner housing required to match growth of 65+ year old population

District	2023	Short-term (by 2026)	Medium-term (by 2033)	Long-term (by 2053)
Stratford District	10	11	13	15
South Taranaki District	72	79	95	107
Stratford District at South Taranaki levels	26	30	35	39

102. The most significant issue is increasing the level of public housing stock to meet the recent increase in the public housing register. If the register was to be fully addressed in both Districts then an additional 150 public housing places would be needed. Beyond that point it is a question of whether housing affordability and other economic factors may result in further increases in public housing demand.

103. If Stratford District Council was to maintain its level of pensioner housing as a proportion of 65+ year olds it will would need to add 5 additional units over the long-term. South Taranaki District Council would require an additional 35 units to maintain its current proportion. For Stratford District Council to match South Taranaki District Council's provision as a proportion of 65+ year olds would require an increase from 10 units to 39 units by 2053. These increases only maintain current proportions and do not allow for any increase in need or change in demographics.

Climate change

104. We were not made aware of any climate change factors that would have a significant impact on future housing developments in the residential zones of either South Taranaki or Stratford Districts.

105. Both Councils make reference to climate change and related policies as part of their Long Term Plans (including associated asset management plans and infrastructure strategies). These note, for example, that climate change is likely to lead to increased frequency and severity of flood events, with subsequent risks for stormwater management. Some of the policy responses have been to require more information from developers as part of consents, and the commissioning of additional modelling to understand the impacts on existing infrastructure. Any future versions of this housing assessment should take this modelling into account.

5. Housing Capacity

In this section we set out the capacity assessments for both Stratford and South Taranaki Districts, and match this to demand to determine whether there is sufficient capacity available (also known as 'the bottom line').

106. We present two capacity and sufficiency assessments:

> The first is as required by the National Policy Statement Urban Development and is the one that would be used to compare to New Plymouth District Council's housing assessment (we call this 'theoretical').

> The second is a 'real-life' capacity assessment that takes into account current building and developing rates to determine when it is most likely that capacity would be used for housing. Think of this one as a check on the more theoretical model under the National Policy Statement Urban Development.

107. At an overall District level there is sufficient capacity, but this capacity is weighted toward the main urban areas of Stratford and Hāwera. Both Districts lack capacity in the rural parts of their Districts.

Overall Housing Capacity (theoretical)

108. Both Stratford and South Taranaki District Councils have sufficient capacity to meet housing demand over the short, medium and long terms.

109. Each District has a significant surplus of capacity in the short-term which is then carried over to help meet demand in the medium and long-terms.

110. South Taranaki has limited additional capacity coming online in the medium-term (only assumed lifestyle and out-of-zone development), primarily because the 2021-31 Long Term Plan does not include any infrastructure investment for growth. The residentially-zoned land identified in the Hāwera West Structure Plan is very likely to appear in the upcoming 30 Year Infrastructure Strategy being drafted to support the upcoming 2024-34 Long Term Plan, but since no funding has been made available we have assessed this as plan-enabled but infrastructure-ready.

111. Stratford District has additional capacity coming online in the medium-term due to roading investment being identified in its 2021-31 Long Term Plan. There is no additional capacity coming online in the long-term (apart from assumed lifestyle and out-of-zone developments as a proportion of demand).

Table 29 Overall capacity and sufficiency for South Taranaki District

	Short Term	Medium Term	Long Term
Demand			
Projected growth	126	489	862
Competitiveness margin	20%	20%	15%
Growth including margin	151	587	991
Capacity			
Plan-enabled	5,715	5,859	6,102
Infrastructure-ready	4,225	4,369	4,612
Feasible and reasonably expected	1,809	1,953	2,196
Sufficiency	**1,658**	**1,366**	**1,205**

Table 30 Overall capacity and sufficiency for Stratford District

	Short Term	Medium Term	Long Term
Demand			
Projected growth	57	154	368
Competitiveness margin	20%	20%	15%
Growth including margin	69	185	423
Capacity			
Plan-enabled	1,246	1,303	1,437
Infrastructure-ready	866	1,285	1,419
Feasible and reasonably expected	475	720	854
Sufficiency	**407**	**535**	**431**

Urban vs rural capacity

112. The positive picture of sufficient capacity at a District-wide level is trimmed when looking at urban vs rural capacity. This trimming comes under additional pressure if the National Policy Statement Highly Productive Land makes it difficult to undertake rural lifestyle or out-of-zone developments.

113. For Stratford District Council, rural capacity has been assessed assuming that recent levels of rural lifestyle subdivision and development continue, and that recent levels of residential development outside of the Stratford residential zone continue (we call these 'out-of-zone'). If recent levels of these developments continue there would only be just enough capacity to meet the levels of projected rural demand. In the long-term demand starts to outpace capacity, resulting in a very small negative result.

114. We have assumed the same continuation of rural lifestyle and out-of-zone developments for South Taranaki District, but have also assessed the residential zone capacity for the larger rural towns (Ōpunakē, Manaia, Eltham, Normanby, Pātea). These larger rural towns have a feasible capacity of 525 lots in the short-term, and the medium and long-term capacity are reliant on lifestyle and out-of-zone development. This is sufficient to meet demand across the whole period, but the level of available capacity reduces in the long-term.

115. Implementation of the National Policy Statement Highly Productive Land 2022 will make it very difficult for Stratford and South Taranaki District Councils to meet the projected level of rural demand. A significant portion of land in both Districts is at least Land Use Class 3, making it difficult to develop for housing purposes. This will limit where any rural lifestyle or out-of-zone residential development could take place, especially anywhere in close proximity to existing settlements. Our estimate is that this will reduce these type of developments by 80% in the medium and long-term.[15]

116. Rural capacity in South Taranaki District is able to remain positive under the National Policy Statement Highly Productive Lands scenario due to the high amount of capacity available in the residential zones of the smaller rural towns.

117. Because Stratford District does not have any residential zone capacity outside of Stratford (and Midhurst), the reduction of rural lifestyle and out-of-zone capacity means that there is insufficient rural capacity in the medium and long-term. While there is enough capacity in the Stratford urban area, there is still the issue of those households not necessarily having their housing preference met (i.e. force to live in an urban environment, which may mean they move elsewhere).

Table 31 Lifestyle and out-of-zone developments as a proportion of new build sales in the last six years for Stratford and South Taranaki Districts

	% of total new build sales 2017-2023	
	Lifestyle developments	Out-of-zone residential
Stratford	28%	13%
South Taranaki	28%	16%

15 This estimate is based on the percentage of highly productive land that forms part of a band 5km either side of State Highway 3 between the southern and northern boundary of Stratford District. For South Taranaki District the percentage is higher until past Rahotu in the west and a short stretch between Whareroa and Mokoia. This was assessed using Manaaki Whenua Landcare Research's Our Environment maps of Baseline Highly Productive Land. No impact is assumed for the short-term (next 3 years) as the National Policy Statement Highly Productive Lands is unlikely to be fully implemented by then.

Table 32 Overall capacity and sufficiency for Stratford town

	Short Term	Medium Term	Long Term
Demand	48	112	207
Capacity	453	641	641
Sufficiency	405	529	434

Table 33 Overall capacity and sufficiency for Stratford rural

	Short Term	Medium Term	Long Term
Demand	20	73	216
Capacity	22	79	213
Sufficiency	2	6	-3

Table 34 Overall capacity and sufficiency for Hāwera urban

	Short Term	Medium Term	Long Term
Demand	71	295	492
Capacity	1,248	1,248	1,248
Sufficiency	1,177	953	756

Table 35 Overall capacity and sufficiency for rest of South Taranaki District

	Short Term	Medium Term	Long Term
Demand	81	292	499
Capacity	561	705	948
Sufficiency	480	413	449

Table 36 Potential impact of Highly Productive Land changes on rural capacity in Stratford District

	Short Term	Medium Term	Long Term
Demand	20	73	216
Capacity (80% reduction)	22	16	43
Sufficiency	2	-57	-173
Change due to HPL	0	-63	-170

Table 37 Potential impact of Highly Productive Land changes on rural capacity in South Taranaki District

	Short Term	Medium Term	Long Term
Demand	81	292	499
Capacity (80% reduction)	561	590	754
Sufficiency	480	298	255
Change due to HPL	0	-115	-194

Capacity by type of land assessed

118. In section 3 of this report we set out the type of land that we assessed for capacity:

- Any block of land within a residential zone that is 1ha or more, reduced by 20% to allow for services during development.
- Any empty sections, defined as any section that had a capital value equal to land value (i.e. no or minimal improvements).
- For Hāwera and Stratford, infill capacity, defined as any section that had an existing dwelling but was large enough to accommodate two minimum lot sizes (with an additional 20% allowance for services). This equated to a minimum of 720m² in Hāwera's Intensification Zone and 960m² in all other areas.

119. For both Stratford and South Taranaki Districts, we also included estimates of capacity for:

- out-of-zone developments that are residential in nature (generally less than 2,000m², and more often are 1,000m² or 800m²)
- rural lifestyle developments of at least 2,000m² but more often of 4,000m²+.

120. Calculations for out-of-zone and rural lifestyle developments are based on the proportion that these to total development in recent years. This involved analysis of new build sales information between 2017 and 2023, and consents. This showed that rural lifestyle developments accounted for just under 30% of total demand in recent years in both Districts, and out-of-zone residential developments 13% for Stratford District and 16% for South Taranaki District.

121. For infill sections, we defined feasibility in two ways:

- where the existing dwelling is likely to remain, any subdivision would have to return at least 20% over and above the costs;
- where the existing dwelling would be removed, the current improvement value of the property had to be less than the likely value being created by the subdivision and subsequent new builds (including allowing for a 20% margin).

122. Any form of infill was much more feasible in Hāwera's Intensification Zone than in the general residential zone based on the assessment of section sizes and previous new build sales. So while there was almost twice as much plan-enabled infill capacity in the general residential zone, by the time feasibility is taken into account there is more capacity available in the Intensification Zone. This is further emphasised when making judgements about what can be reasonably expected, with recent new build sales data showing that development on existing sections was twice as likely to occur in the Intensification Zone than in the general residential zone.

123. For empty sections in the Hāwera Intensification Zone we assumed that each would be developed with 2 new dwellings. For general residential zones in both Stratford and South Taranaki Districts we have been more conservative and assumed that only 1 dwelling per section would be built.

124. Table 38 shows that while the residentially-zoned blocks of land over 1 hectare provide most of Stratford District's capacity, empty and infill capacity still provide over 100 lots of capacity (about 10% of Stratford District's total). Rural lifestyle and out-of-zone developments are still assessed as contributing more over the three terms (20% of the total).

125. Blocks over 1 hectare are expected to provide a similar proportion of South Taranaki District's total capacity (67%). Rural lifestyle and out-of-zone developments provide only 14% compared to Stratford's 20%. Empty sections and infill developments (across both general residential and the Intensification Zone) account for 18% of South Taranaki's available capacity.

126. Both empty sections and infill capacity has been assessed as all being available in the short-term due to all of it being infrastructure ready. Because rural lifestyle and out-of-zone capacity is calculated as a percentage of demand, it stages in across the short, medium and long-terms. Capacity from blocks above 1 hectare appears as it become infrastructure ready, with the majority available in the short-term in both Districts.

Table 38 Stratford feasible and reasonably expected by capacity type

	Short Term	Medium Term	Long Term
Only >1ha blocks	344	188	0
Empties residential	84	0	0
Infill residential	25	0	0
Rural lifestyle	15	39	91
Out-of-zone residential	7	18	43
Cumulative total	475	720	854

Table 39 South Taranaki feasible and reasonably expected by capacity type

	Short Term	Medium Term	Long Term
Only >1ha blocks	1,240	0	0
Empties residential	192	0	0
Empties intensification	42	0	0
Infill residential	106	0	0
Infill intensification	193	0	0
Rural lifestyle	25	97	164
Out-of-zone residential	11	47	79
Cumulative total	1,809	1,953	2,196

Capacity by typology

127. In the demand section of this report we highlighted how the changing demographics (especially aging demographic) will significant increase the number of attached (including smaller) dwellings.

128. New Plymouth District Council expects the number of attached dwellings to make up 25% of new supply, including accounting for nearly 60% of suburban infill supply.[16] This would be an increase from the average of 15% of consents over 2011-2021 and 17% of consents in 2021, driven by an increased focus on medium-density housing (including more apartments in the City) under the District Plan changes that are currently being introduced. New Plymouth also has a much higher number of consents for retirement village units than either Stratford or South Taranaki (which isn't hard given it hasn't got above 1% of consents in these areas).

129. Consents data for Stratford and South Taranaki Districts show a much lower level of attached/smaller dwellings. Stratford District reached 11% in 2022, almost twice the average for the 10 years prior. South Taranaki District had only 10% of consents as attached/smaller dwellings, but has managed to maintain around this level for the last 10 years.

130. New build sales data indicates that a higher level than shown by consent figures could be achieved. This is due to the analysis of new build sales data being based on the number of bedrooms (1-2 bedrooms) and floor size (no more than 120m²), rather than the required statistical division into townhouses, apartments etc. Smaller dwellings accounted for 14.4% of new build sales in South Taranaki District over the last 6 years, and 6.8% in Stratford District.

16 See page 24 of New Plymouth's Housing Development Capacity Assessment 2021.

131. Developers we talked to saw no issue delivering on smaller dwellings and noted that there had been a shift in demand. Commercial feasibility analysis undertaken suggested that it is difficult to achieve the 20% profit margin indicated by the Ministry of Housing and Urban Development in any area other than Hāwera's intensification zone, mainly because of the comparatively low value of sections. Despite this, new build sales data shows that attached/smaller dwellings are being built in other areas.

132. Attached/smaller new build sales over the last 6 years in Stratford District were spread roughly evenly across development types – 36% in rural areas, 36% in infill/empty section developments, and 28% in general residential developments. In the South Taranaki District there was less weighting toward rural developments (only 14% of attached/smaller dwellings), with 26% in the residential intensification zone and 58% in the general residential area.

133. If these past proportions are applied to the projected numbers of attached/smaller dwellings required in Stratford and South Taranaki Districts, we are able to test whether it is reasonably to expect this level of available capacity to be achieved.

134. For Stratford District Council, the past proportions would mean that nearly every single future dwelling built in the identified infill or empty section capacity would need to be an attached or smaller dwelling. Even when adjusting to figures more comparable to New Plymouth District Council (25% of general residential developments), there is still at need for at least 80% of infill and empty section capacity to be attached or smaller dwellings. This indicates a potential issue for Stratford District in being able to meet the demand for attached/smaller dwellings.

Table 40 Estimate of percentage of capacity for attached/smaller dwellings for Stratford District (long-term)

Area	Attacheds required to meet demand	As percentage of total capacity of area	Adjusted percentage	Adjusted attacheds capacity
Residential >1ha blocks	84	16%	34%	181
Residential empties & infill	108	99%	81%	88
Rural	108	51%	15%	32
Total	301			301

135. Achieving capacity for attached/smaller dwellings is an easier task in South Taranaki District due to the residential intensification zone and the larger number of empty and infill development opportunities in the general residential zone. Applying recent proportions to the number of attached/smaller dwellings required produces percentages of capacity that are not too dissimilar to the recent proportions. Recent new build sales data suggests that close to 50% of intensification zone developments are currently attached/smaller dwellings, so we believe it is feasible to adjust this percentage (which eases the percentage required in other areas).

Table 41 Estimate of percentage of capacity for attached/smaller dwellings for South Taranaki District (medium-term)

Area	Attacheds required to meet demand	As percentage of total capacity of area	Adjusted percentage	Adjusted attacheds capacity
General residential (empties/infill)	298	54%	44%	133
Intensification zone (empties/infill)	235	31%	50%	118
Rural	180	22%	15%	27

Table 42 Stratford District Capacity by Typology

	Short-term		Medium-term		Long-term	
	Attached	Standalone	Attached	Standalone	Attached	Standalone
Residential >1ha blocks	117	227	181	351	181	351
Residential empties & infill	88	21	88	21	88	21
Rural	3	19	12	67	32	181
Total by typology	208	266	281	439	301	553
Total combined	**475**		**720**		**854**	

Table 43 South Taranaki District Capacity by Typology

	Short-term		Medium-term		Long-term	
	Attached	Standalone	Attached	Standalone	Attached	Standalone
General residential (empties & infills)	133	165	133	165	133	165
Intensification zone (empties & infill)	118	118	118	118	118	118
Rural	5	31	27	153	63	359
Residential >1ha	0	1,240	0	1,240	0	1,240
Total by typology	255	1,554	277	1,676	313	1,883
Total combined	**1,809**		**1,953**		**2,196**	

Capacity Maps

136. The maps on page XX-XX indicate where the main amounts of capacity are located in Stratford town and South Taranaki's towns. This provides an indication of where the large block (1 hectare or more) are located, and provides the total amounts in these areas.

137. In Stratford most of the capacity lies on the western side of the town. In the north-west we have assessed feasible capacity for 230 houses. This includes a block of land owned by Stratford District Council, and several lifestyle properties within the residential zone. A similar amount of capacity is available in the south-west area, with the majority of this becoming available in the medium-term once the planned roading investment is made. On the eastern side of Stratford there are two blocks of residentially zoned land that are over 1 hectare, and we estimate these would yield approximately 74 houses.[17]

138. We have identified five main areas in Hāwera that provide the majority of capacity. The largest is the Hāwera West Structure Plan area (to the west of Rata Street) where there is capacity for 200 houses currently serviced by infrastructure, and over 700 available once the Structure Plan area is serviced. The next largest area for capacity is at the south end of South Road, where there are a number of land blocks over 1 hectare are residentially zoned (most not by much) which offer capacity for nearly 240 houses.

139. The third largest area for available capacity is the Longview development on the eastern side of Hāwera (off Turuturu Road). The unsold sections of Stages 1 and 1D of the development have been counted as empty sections in our assessment, and the remainder of the development assessed as providing 138 sections. While the Longview development is not within Hāwera's residential zone, the fact that it has obtained resource consent has meant that we have included it in plan-enabled capacity.

140. Two remaining areas of Hāwera – Glover Road North and the northern end of South Road – are assessed as providing housing capacity of 53 and 85 respectively. These are primarily from small blocks just over 1 hectare, though also includes the former Hāwera Intermediate School land.

141. The other South Taranaki towns are assessed as providing a total feasible housing capacity of 525. The majority of this is in Ōpunakē and Eltham, contributing 94 and 230 respectively. In Eltham most of this capacity is in the northwest of the town, and from several lifestyle blocks over 1 hectare in size in the southeast. In Ōpunakē the capacity is spread across a number of blocks around the township, including some Crown-owned land and a block owned by South Taranaki District Council.

142. We identified a number of land blocks owned by South Taranaki District Council in Hāwera and the other South Taranaki towns. While not covered by any reserve status, a number of these blocks are used as green space by the community. We have assumed that only 50% of these Council-owned blocks would be available for housing, with the other 50% remaining as green space for the local community.

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17 One of these blocks is Crown land associated with Stratford High School, but separate enough for it to be included in this assessment. Given its Crown-owned status this block may be difficult to make available in reality.

Figure 25

Stratford capacity

Most of the feasible and reasonably expected capacity for Stratford town is located in the North-west and West of the township.

In addition to what is shown in the diagram, there is also capacity of 109 dwellings from empty sections and infill development.

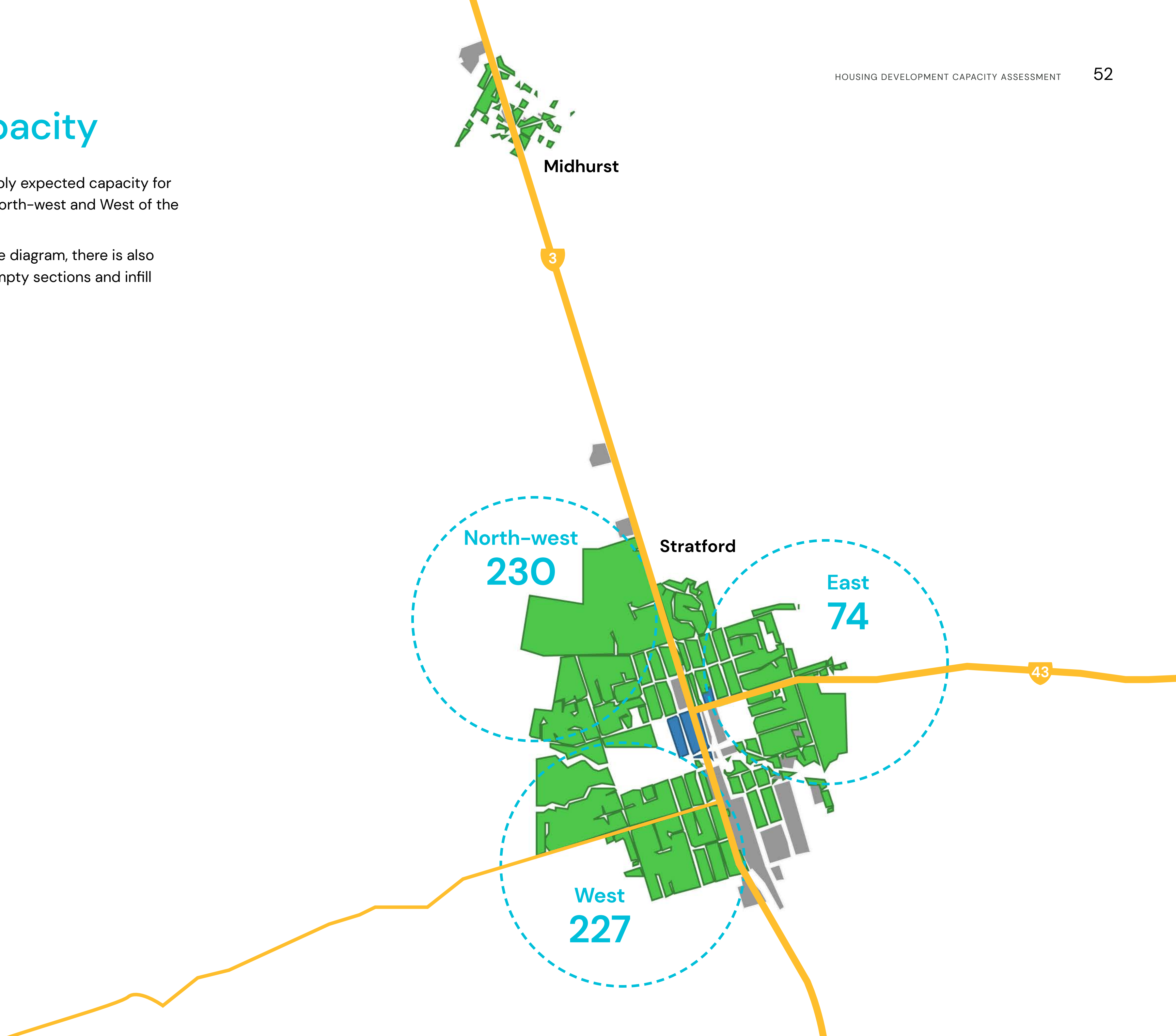


Figure 26

Hāwera capacity

Most of Hāwera's feasible and reasonably expected capacity is located in the North-west and South of the township, and to the East with the remaining stages of the Longview development.

The Rata St area could provide capacity for a further 700+ dwellings once infrastructure investment is made to service this area.

Hāwera also has estimated capacity for 235 dwellings in the intensification zone, and 298 in the general residential zone (empty sections and infill).

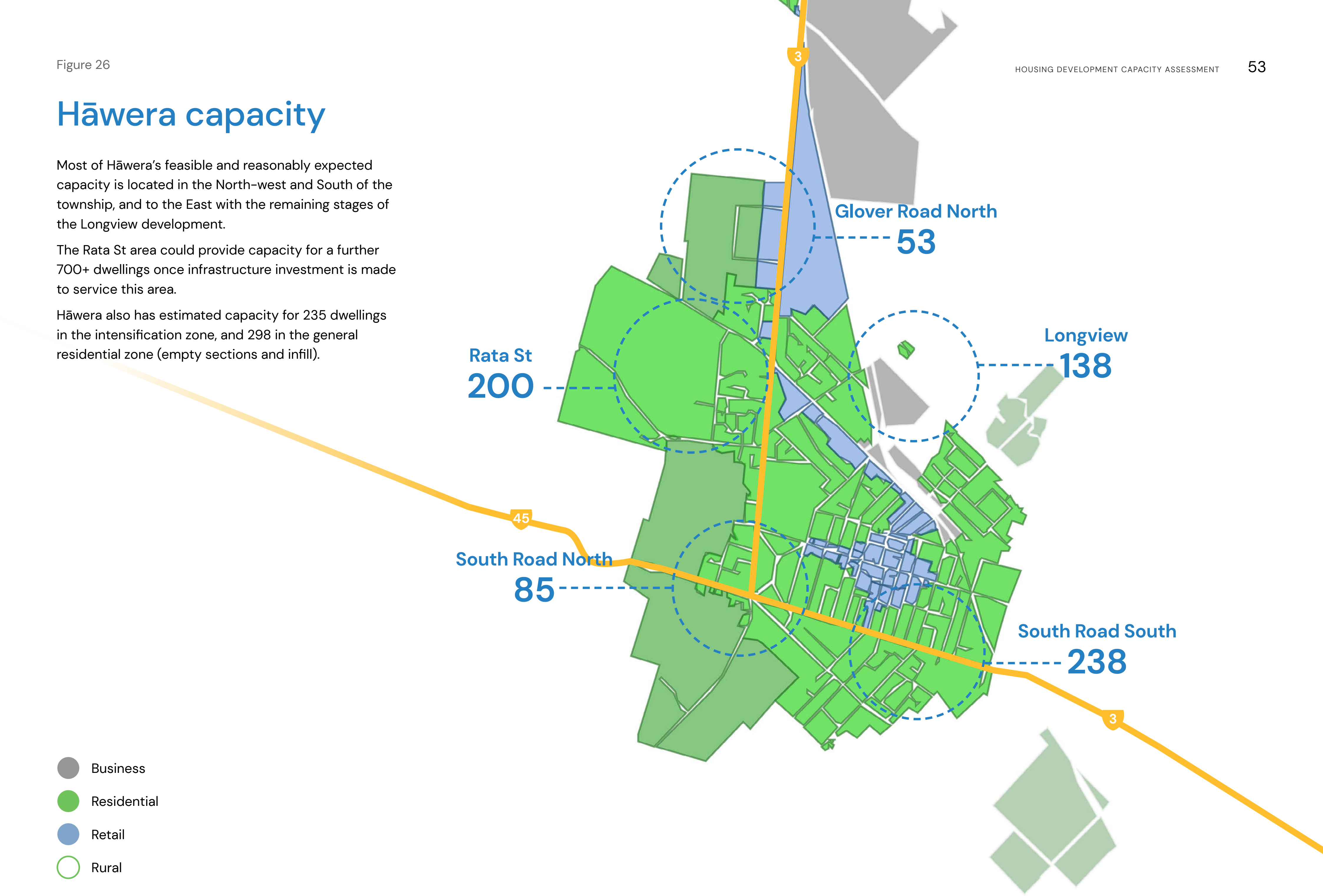
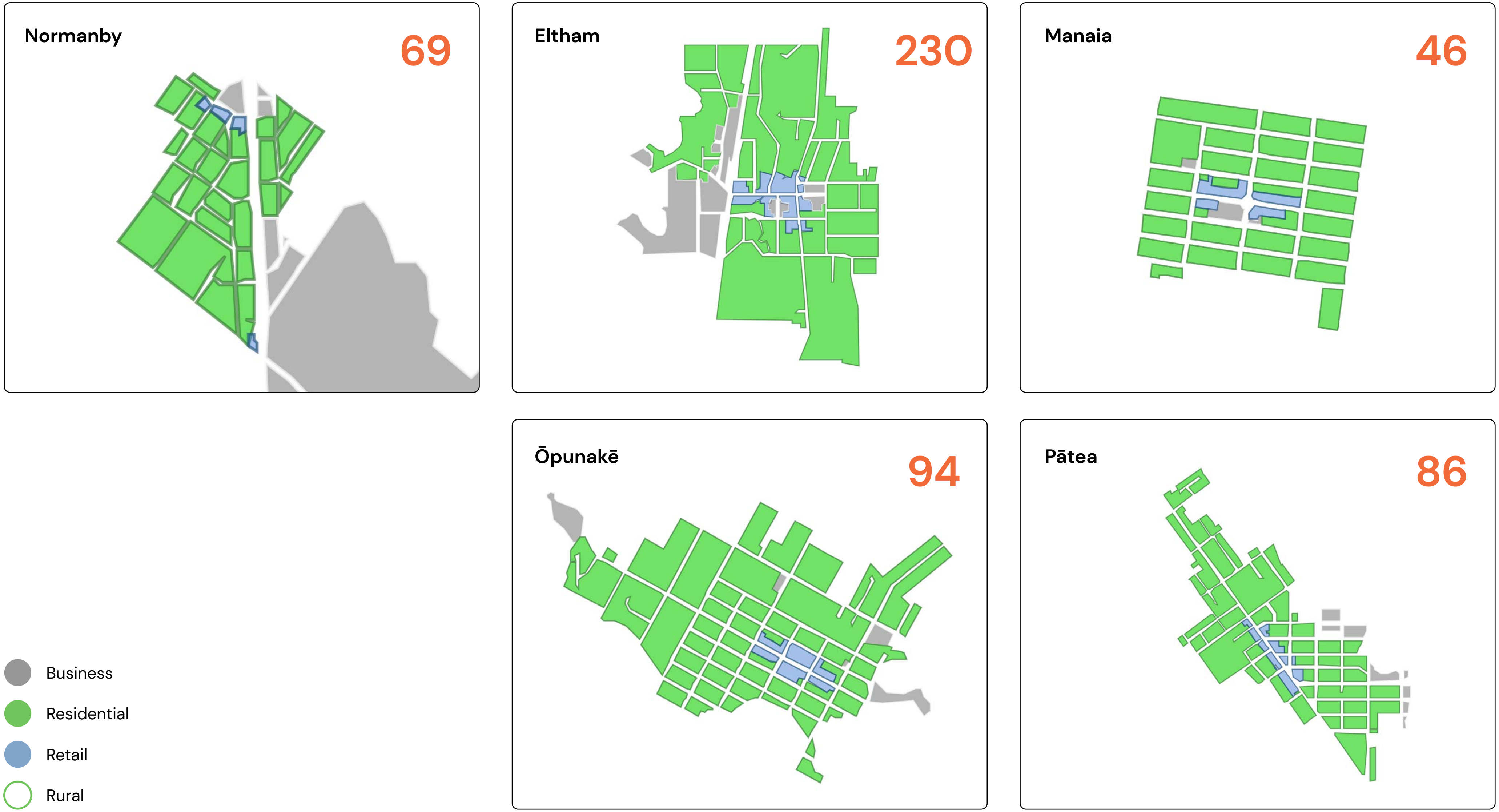


Figure 27

Other capacity

South Taranaki's smaller towns have an estimated capacity for a further 525 dwellings from lots that are greater than 1 hectare in size and are zoned residential.



Capacity across the short, medium and long-terms

143. The tables below set out the capacity for Stratford and South Taranaki Districts by the assessment categories required under the National Policy Statement Urban Development.

144. These figures emphasise that that majority of capacity occurs in the short-term, with very limited amounts being generated in the medium-term. Most of the capacity in the long-term comes from any infrastructure servicing of the Hāwera West Structure Plan area.

Table 44 Short term capacity for Stratford and South Taranaki District

Area	Plan enabled	Infrastructure ready	Feasible and reasonably expected
Stratford District	1,246	866	493
South Taranaki District	5,715	4,225	3,481
Hāwera	4,615	3,125	2,381
Rest of South Taranaki	1,100	1,100	1,100

Table 45 New medium-term capacity for Stratford and South Taranaki District

Area	Plan enabled	Infrastructure ready	Feasible and reasonably expected
Stratford District	57	419	245
South Taranaki District	144	144	144
Hāwera	0	0	0
Rest of South Taranaki	144	144	144

Table 46 New long-term capacity for Stratford and South Taranaki District

Area	Plan enabled	Infrastructure ready	Feasible and reasonably expected
Stratford District	134	134	134
South Taranaki District	243	243	243
Hāwera	0	0	0
Rest of South Taranaki	243	243	243

Figure 28

Stratford District (theoretical)

This 'theoretical' assessment assumes that industry builds on all the land that is made available (including infill), that planned infrastructure investments are made, and that similar proportions of rural lifestyle developments are allowed compared to the recent past. It is the most optimistic scenario.

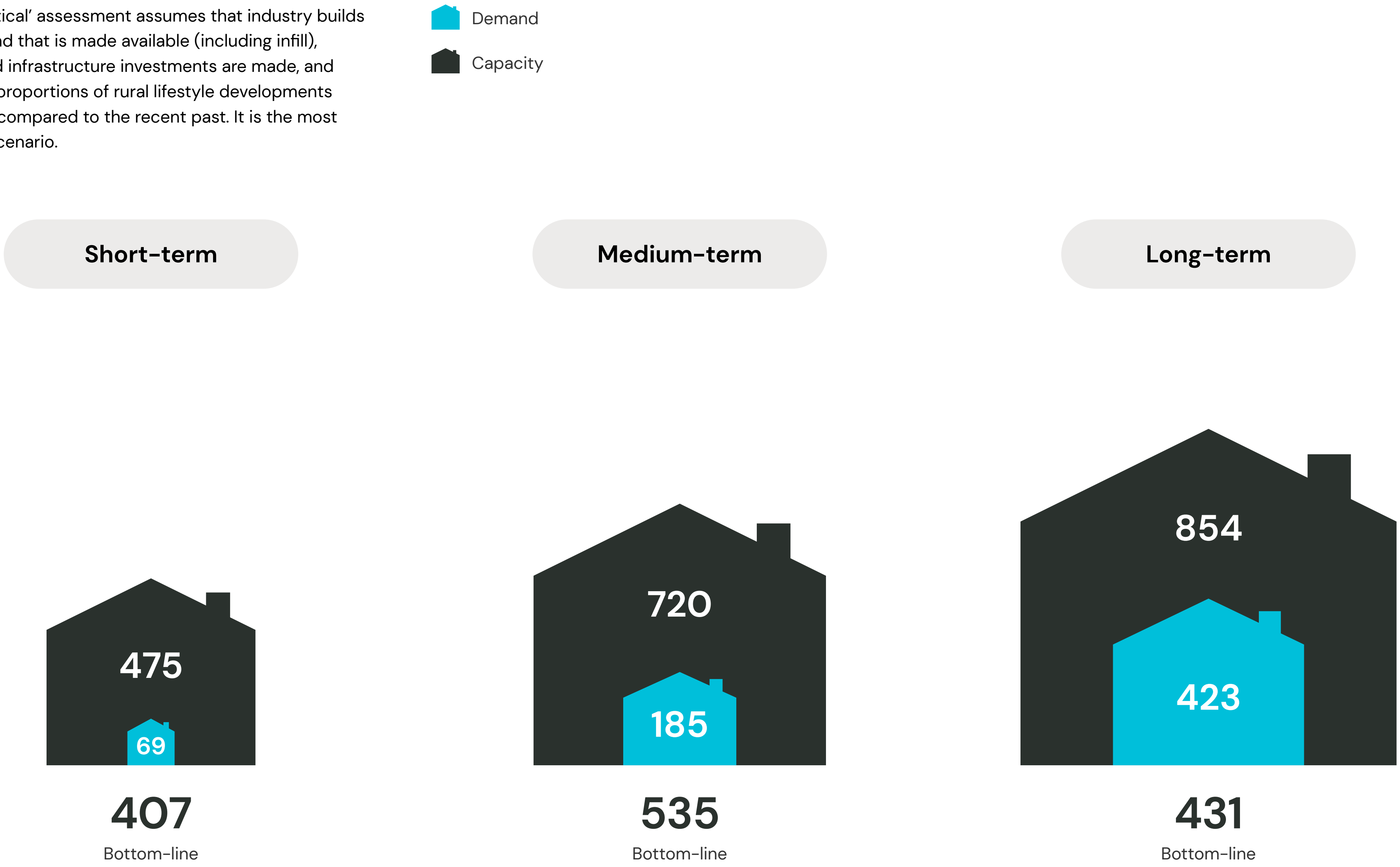
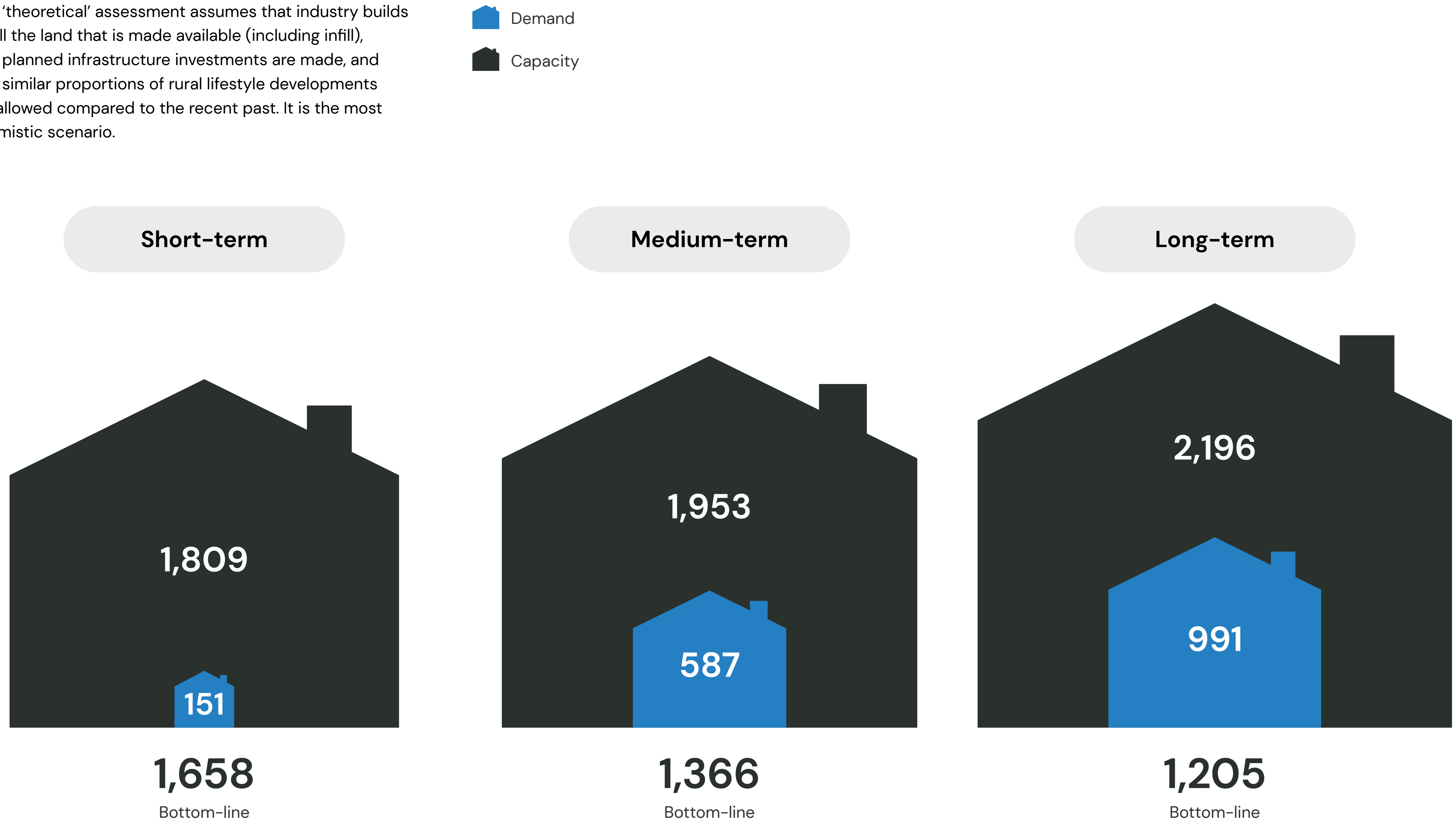


Figure 29

South Taranaki District (theoretical)

This 'theoretical' assessment assumes that industry builds on all the land that is made available (including infill), that planned infrastructure investments are made, and that similar proportions of rural lifestyle developments are allowed compared to the recent past. It is the most optimistic scenario.



'Real-life' capacity assessment

145. While the land may be theoretically available, the methodology of the National Policy Statement Urban Development emphasises the short-term availability of this capacity. This is fine when wanting to understand the total amount of capacity available, but in surplus situations it does not give a good indication of when the housing supply may actually be made available.

146. We wanted to provide a sense of industry capacity to deliver and how developers respond to the market, and what this would mean for supply in the Districts. This required an assessment of development and build rates to provide a conservative picture of what could be reasonably expected to be supplied. Think of it as 'if the industry keeps building and developing like it has done recently, how much supply can be brought on line in the short, medium and long-terms?'.

147. Build rates measured by the number of residential consents and new build sales have been higher in the last 6 years than the projected level of demand in both Stratford and South Taranaki Districts. While this reflects that growth is expected to be lower than in the recent past, it also provides some comfort that industry is able to operate at a level greater than projected short-term demand.

148. We have chosen to use the average from the last 6 years as it is more conservative than the 'peak' demonstrated in the last 3 years. The development and building industry tends to be subject to more ups and downs than most other industries, so we believe that the 6 year average is a better indicator. It also helps remove any COVID-19 related influences (including any new build sales surge following 2yrs of lockdowns).

149. Residential consents have also been higher than the levels of new build sales[18] over the last six years. This reflects that not all residential consents are for new supply, that some consents are not actioned (i.e. no house built), and that there can be a significant lag between consent and a build. We therefore view consents as the upper bound of what the industry can achieve (it is effectively intentions), and new build sales the lower bound, and have based our estimate of capacity on a point slightly below the midpoint of both (this equates approximately to 75% of consents, or 20% above new build sales.

150. Using these estimates, Stratford has a development capacity of 33 dwellings per annum (in comparison to an average of 44 consents and 27 new build sales), and South Taranaki District has a development capacity of 58 dwellings per annum (77 consents and 49 new build sales). We have assumed that these annual figures will be delivered in the same proportions as has occurred in the last 6 years (i.e. same percentages of rural lifestyle, infill etc). These rates alter over the terms being looked at based on rural lifestyle and out-of-zone capacity being calculated as a percentage of demand, and as the empty section and infill capacity becomes fully utilised.

151. For Stratford District the 'real life' capacity assessment remains above demand through the time period. In the short-term and the long-term this is reliant on rural development, which accounts for 28 and 146 of 'real life' capacity respectively – if this was not available due to the National Policy Statement Highly Productive Land then the 'real life' capacity figures would be negative in both of those terms. It should also be remembered from the section above that the demand for attached and smaller dwellings remains a significant challenge for Stratford District, and that this challenge is not captured by the 'real life' figures below (which only deal with capacity at an overall level).

152. For South Taranaki the 'real life' capacity assessment story shows very little room to move in the short-term and a slightly negative capacity in the medium-term.[19] Both of these would turn severely negative if rural lifestyle and out-of-zone developments were not available – reducing the 'real life' bottom line to -52 in the short-term and -262 in the medium-term. These would need to instead be covered by other development types, primarily new developments of blocks over 1 hectare in size due to limited infill and empty section opportunities by the medium-term.

153. It is tempting to suggest that housing affordability may be negatively impacted if the 'real life' capacity assessments eventuate, particularly in the short and medium terms. Our view is that it is important to remember that the demand figures include a 20% competitiveness margin over those terms, which should provide some protection in terms of affordability. If rural capacity is not available, and this needs to be covered by capacity in the residential zone, then this may make urban dwellings more expensive until the market adjusts to provide the additional residential zone capacity needed.

18 Note that our assessment of new build sales includes instances where sections were sold and subsequently built on, but not sold as a house (i.e. someone bought a section and build a house for themselves). This is still part of new supply but is not a house built for sale. Our analysis used 2-3yrs as the assumed gap for a 'new build'. We looked at any sale of a section or house that within 2-3yrs had a new build recorded on it. This allowed for building time, but also time for the new build to be sold and recorded.

19 This medium-term lack of capacity is primarily due to the estimated full utilisation of empty sections in the Hāwera intensification zone. If that capacity was picked up elsewhere then the 'real life' bottom line for the medium-term would be 0.

Figure 30

Stratford District (real life)

The 'real life' assessment assumes that developers and builders construct homes at similar rates to the last 5 years. It attempts to give a more realistic picture of housing capacity, regardless of how much 'theoretical' capacity may exist.

Demand

Capacity

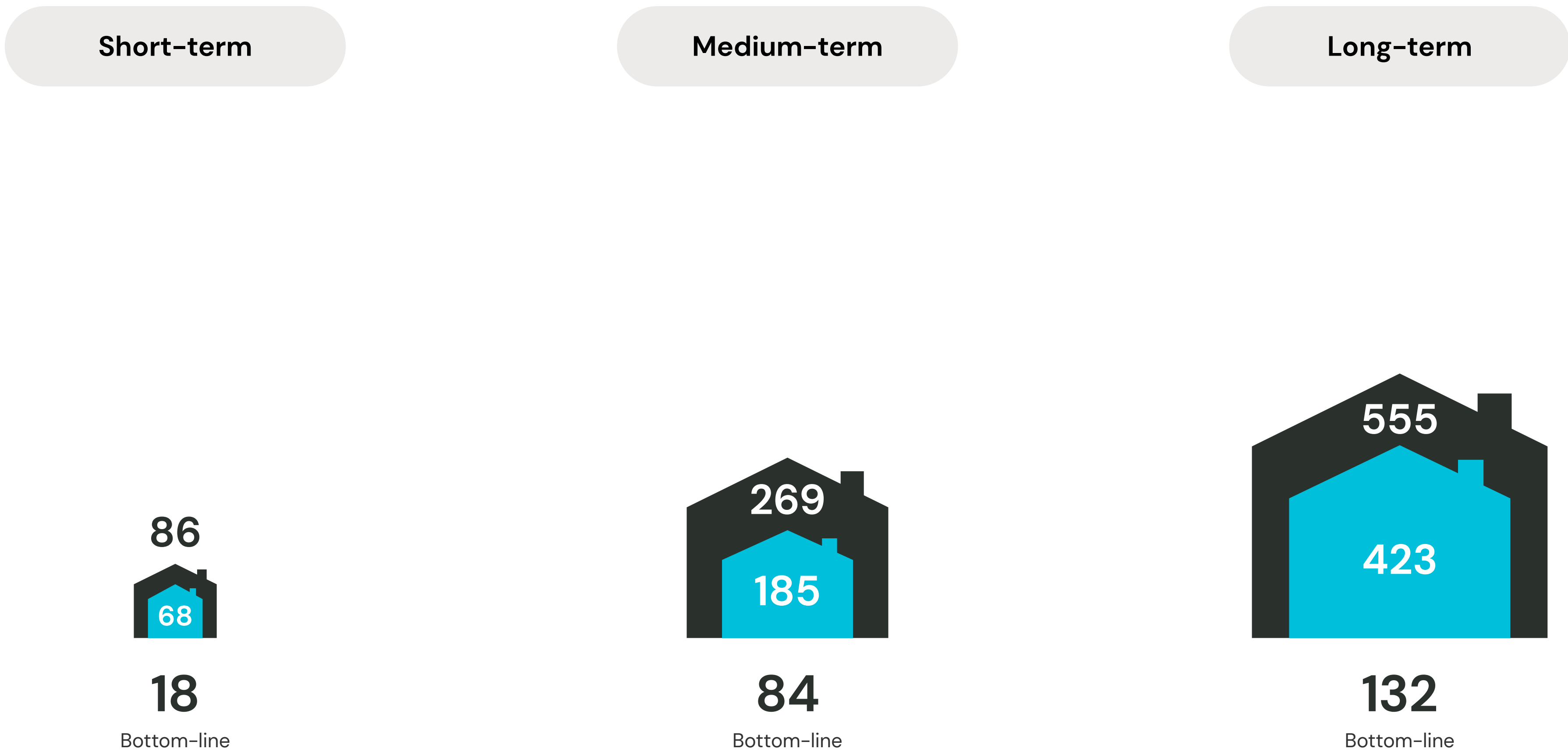


Figure 31

South Taranaki District (real life)

The 'real life' assessment assumes that developers and builders construct homes at similar rates to the last 5 years. It attempts to give a more realistic picture of housing capacity, regardless of how much 'theoretical' capacity may exist.

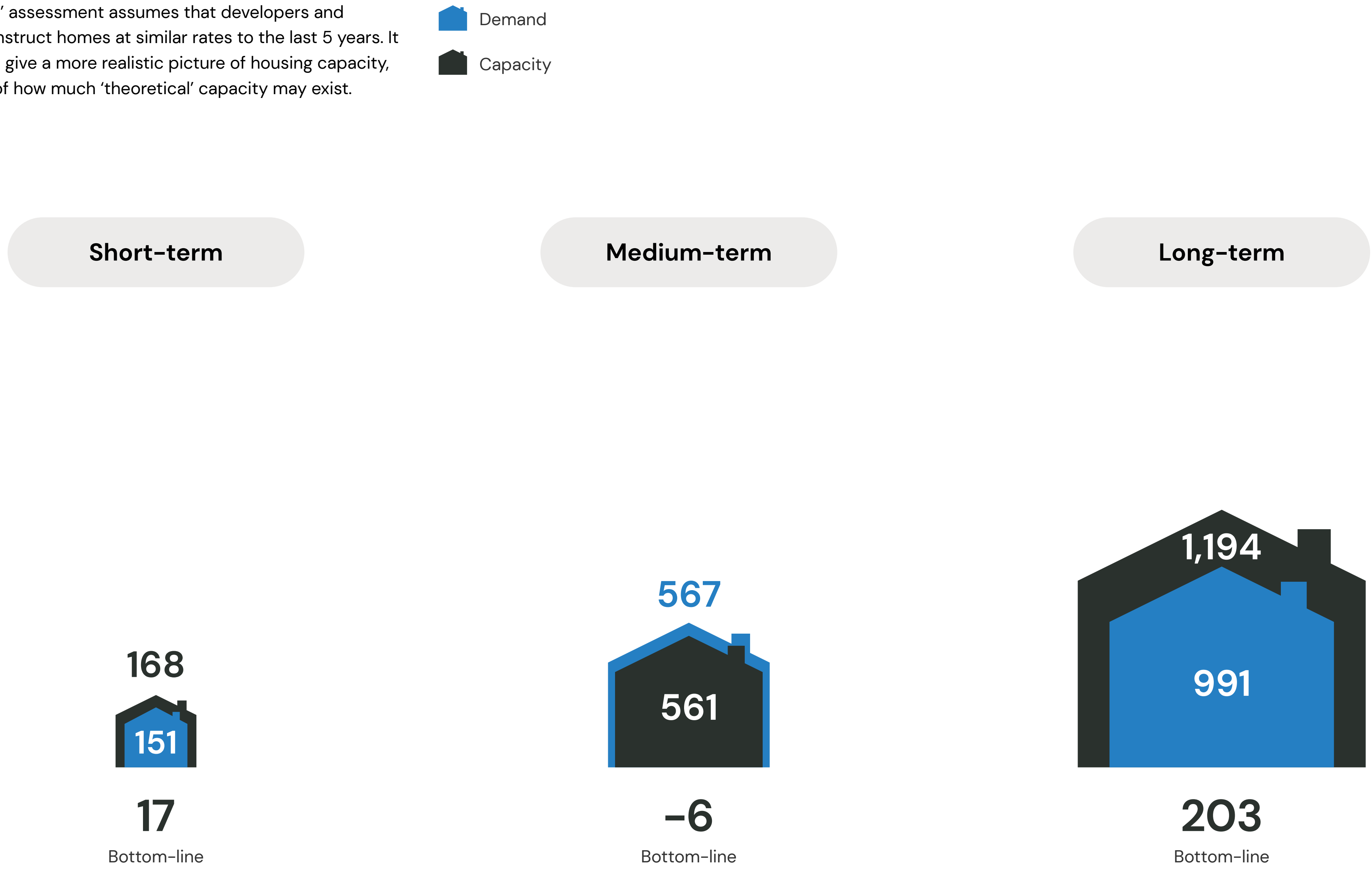


Table 47 'Real-life' capacity check for Stratford District

	Short-term 2024-27	Medium-term 2028-2035	Long-term 2036-55
Demand	68	185	423
'Real life' capacity	86	269	555
'Real life' bottom line	**18**	**84**	**132**
NPS theoretical bottom line	407	535	431

Table 48 'Real-life' capacity check for South Taranaki District

	Short-term 2024-27	Medium-term 2028-2035	Long-term 2036-55
Demand	151	567	991
'Real life' capacity	168	561	1,194
'Real life' bottom line	**17**	**-6**	**203**
NPS theoretical bottom line	1,658	1,366	1,205

South Taranaki and Stratford Districts

Housing development capacity assessment

FINAL REPORT • JUNE 2024

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