

Kāpiti Coast District Plan Review:

Housing Choice and Affordability

May 2011

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1 Introduction

1.1 Purpose

The Kāpiti Coast District Council (KCDC) is in the process of preparing a new District Plan for its District. As part of this process, it has requested advice on what steps the Plan could take to ensure future housing choices are met and housing affordability is maintained.

The study is not expected to present detailed district plan provisions, rather the objective is to identify issues and recommend District Plan options for debate. It is anticipated that the outcomes of the study will contribute to public consultation on the topic and form one input into the wider plan development process.

1.2 Background

The Kāpiti Coast District has grown strongly over the past 10 years. It is a favoured location for retired households (23% of the population are 65 years old or over) and is increasingly been looked upon by first home buyers due to the relative affordability of property, compared to more central locations in the Wellington region. As of 2006, about 5,000 people commuted from Kāpiti into Wellington for work purposes. As the demographics of the area change, there is a need to consider future housing needs and how the planning system should respond.

As with the rest of region and country, the District saw a strong upswing in residential property prices during the last decade, although since 2008 prices have fallen back somewhat. This upswing would have made property unaffordable to some groups (in terms of rental and home ownership), and while affordability issues are not of the scale faced by other communities, there is nevertheless an issue of whether the Council should take actions to maintain current affordability levels, while addressing specific pressure points.

1.3 Methodology

The methodology followed to prepare this report is set out in Appendix One. It has involved a review of existing reports and policies, a scan of published data on population, growth and housing and interviews with:

- Council staff
- Developers / subdividers
- Real Estate agents.

A workshop was also held with Councillors.

The second stage of the project involved the identification and analysis of a number of options to address the highlighted issues. A draft report was prepared and comments received from Council officers.

The list of reports and information made available by the Council is set out in Appendix Two.

1.4 Structure of the report

Part One identifies the nature and scope of the housing issues facing the District:

- Section 2 provides an overview of the District in respect of its current population demographics and housing stock. Recent population projection data obtained by the Council is also considered.
- Section 3 summarises the residential property market, in particular house and section prices, and the rental market. A discussion on the affordability of the market is then outlined. This is followed by a brief analysis of the specific housing markets in the District.
- Section 4 examines the current policy initiatives, including the Council's growth management strategy and the District Plan. An analysis of how key provisions in the District Plan affect housing choice and affordability is provided.
- Section 5 presents a brief summary and sets out conclusions that can be drawn from the first stage of the study.

Part Two sets out options:

- Section 6 provides an overview of possible techniques; discusses the links between housing choice and affordability and sets out a choice for the Council: fundamental overhaul or a more evolutionary approach to the review of the District Plan.
- Section 7 discusses District Plan options to address housing choice that take a more evolutionary approach to the Plan's development.
- Section 8 sets out techniques commonly used to encourage housing affordability. These cover a range of non-regulatory methods, as well as possible regulatory approaches, the uptake of which would require major policy development.
- Section 9 provides a summary and conclusion of the main points.

Part One - Issue Identification

2 Overview of District

2.1 Population and Housing

2.1.1 Population

The latest estimates from Statistics New Zealand places the District's resident population at just under 50,000 people, as of mid 2010. The annual average growth rate since 2006 is 1% per annum, higher than other suburban areas in the Wellington Region, but slower than central Wellington (as contained within Wellington City). See Table 1.

Table 1: Resident population (Source: Statistics NZ)

	2006	2010	Change 2006 - 2010	Annual Growth Rate
Kāpiti Coast District	47,500	49,400	1,900	1.0%
Porirua city	50,600	52,100	1,500	0.7%
Upper Hutt city	39,700	41,100	1,400	0.9%
Lower Hutt city	101,300	102,700	1,400	0.3%
Wellington city	187,700	197,700	10,000	1.3%
Total NZ	4,184,600	4,367,800	183,200	1.1%

Prior to 2008, Kāpiti Coast District grew strongly, recording one of the fastest growth rates in the country. The more recent slowing growth trajectory of the District, compared to the pattern through the 1990s and 2000s, may help to ameliorate some of the upward pressures on the housing market often seen in an "overheated market" (capacity limits in the construction sector, skill shortages, short term supply blockages, speculative behaviour).

Within the District, between 2006 and 2010, Paraparaumu is estimated to have grown the most, adding 770 people, followed by Waikanae and Raumati.

Inward migration is the main source of growth in the District. Natural increase (births minus deaths) is very small, if not negative given the large number of older adults.

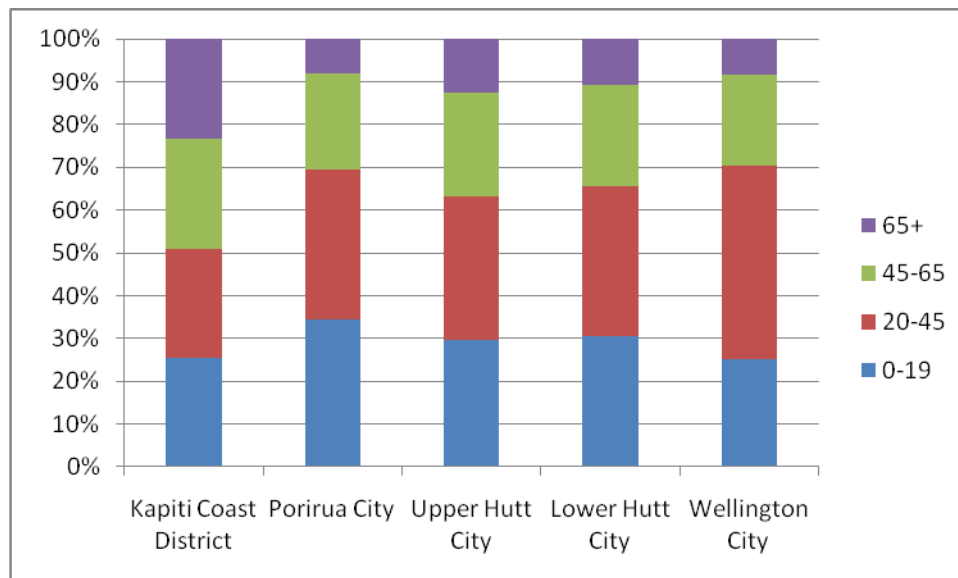
The census records where people lived five years before the current census (ie. in 2001, for the 2006 census). Data for Kāpiti Coast District shows that 22,000 people said they lived other than in Kāpiti at the 2001 census. Major sources of this inward migration were Wellington City, as well as overseas.

Table 2: Home location in 2001, for Kāpiti Coast District residents in 2006 (Source: Statistics NZ, 2006)

Home location: 2001	Number of people
Wellington City	2832
Overseas	2445
NZ not defined	1608
Porirua	1209
Lower Hutt	1131

The population profile of the District is weighted towards older adults. Just under half the population is 45 years or older (Figure 1). At 2006, 23% of the population were 65 plus, this compares to a New Zealand average of 12%.

Figure 1 Population profile: 2006 (Source: Statistics NZ, 2006)



The median age at the 2006 census was 44¹. This median age would be the highest for any urban area in the country. As discussed further in this report, a key issue to be considered is the

¹ Median = half are older, and half are younger than this age

housing needs of the semi-retired and retired sector. This sector involves households who are likely to still want their own home, often with some land for gardening and the like, but one suited to some uncertainty over future health (i.e. less house maintenance required, level or with lifts, but not stairs).

2.2 Households

The 2006 census records 19,110 households in private occupied dwellings, up from 15,200 in 1996.

2.2.1 Size of households

Between 1996 and 2006, the largest growth has been in households formed by single people, followed by couples / two people living together. The number of households formed by three or more people (which may be families or a number of individuals sharing a house) has increased at a slower rate.

Households involving two residents have increased the most, in absolute terms (see Table 3).

Table 3: Number of usual residents (Source: Statistics NZ, 2006)

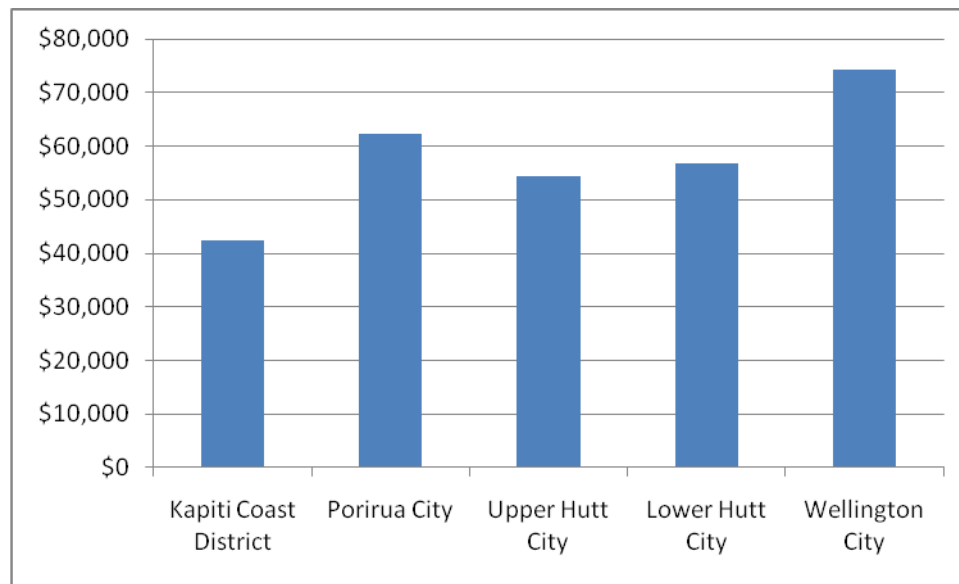
Number of usual residents	1996	2001	2006	Change 1996 to 2006	% Change
One	3891	4749	5457	1566	40%
Two	6003	6834	7656	1653	28%
Three or more	5331	5640	5991	660	12%

Trends since 2006 suggest a growth in family-type households. This is based on the types of houses constructed (a predominance of 3 / 4 bedroom homes) as well as some anecdotal evidence of school rolls being at or near capacity.

2.2.2 Household Incomes

Median household income as of 2006 (the last statistics available) reflects the make up of the population, with median incomes the lowest in the region. This is likely to be because of the many retired households in the area who are on fixed incomes (Figure 2).

Figure 2: Median household income, 2006 (Source: Statistics NZ, 2006)



The published census information does not allow for easy interpretation of household incomes by types of households (for example incomes of retired households versus working households).

One measure of relative income levels for working households is household income for households formed by couples with children. In 2006, 4,500 households in the District fell into this category.

This data suggests that there is a relative concentration of lower income family households in the District, with 45% of households formed by couples with children earning less than \$70,000 per year. This is compared to between 25% and 40% elsewhere in the region. This is not unexpected, given the relative affordability of the District (Table 4).

Table 4: Household income: couples with children, 2006 (Source: Statistics NZ, 2006)

District	Up to \$50,000	\$50,000 to \$70,000	\$70,000 +
NZ	24%	21%	54%
Kāpiti Coast District	22%	23%	55%
Porirua City	20%	20%	60%
Upper Hutt City	16%	21%	63%
Lower Hutt City	19%	19%	61%
Wellington City	12%	13%	75%

There is considerable variation in personal and household incomes across the District. For example, mean household income for all households in 2006 varied from a low of \$30,000 in Ōtaki to \$56,000 in Raumati South (Figure 3).

Figure 3: Median household income, 2006, by Census Area Unit (Source: Statistics NZ, 2006)

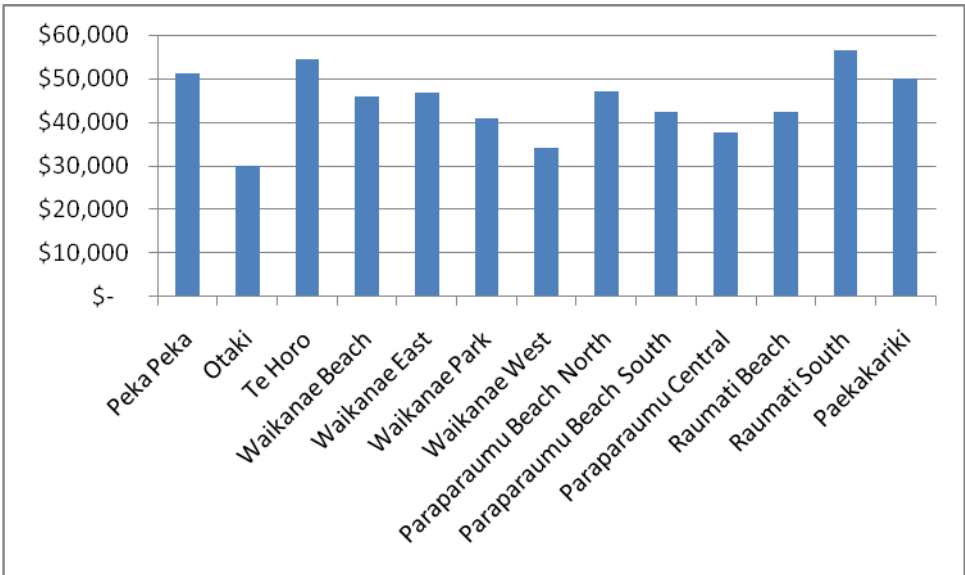
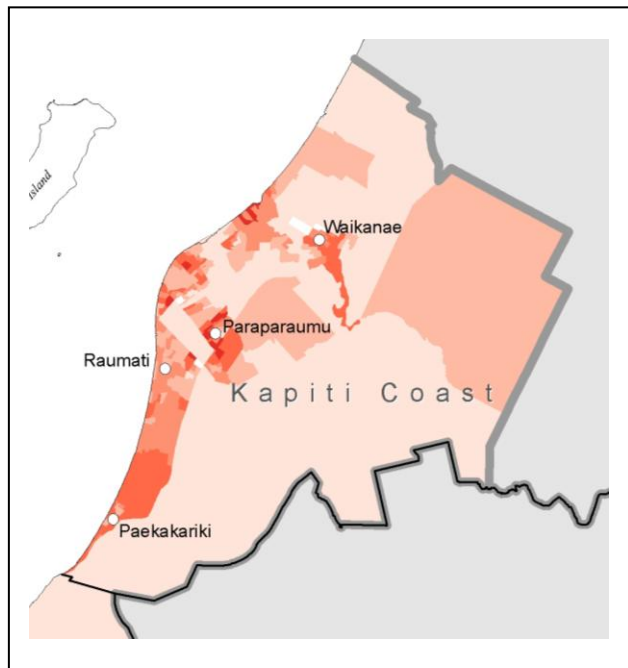


Figure 4 comes from the NZ Atlas of Deprivation. This is based on 2006 census data and ranks all areas in the country from 1, least deprived to 10, most deprived (dark red areas), as calculated on a range of variables. The map covers the area within the Capital and Coast District Health Board Area, and so Ōtaki is excluded.

Most of Kāpiti is in the mid range, with a concentration of more deprived households around central Paraparaumu and Waikanae West. There will also be pockets of more deprived households in and around Ōtaki.

Figure 4: Deprivation Index, 2006. (Source: Ministry of Health Atlas of Socioeconomic Deprivation)



This data would suggest that there are pockets of lower income households who are likely to be suffering housing stress of one form or another, even with the moderate house prices in the area.

This is from the point of view of high rents, high mortgage payments or inability to gather the appropriate deposit. With an income under \$70,000, most households in this bracket are likely to be restricted to owning homes in the under \$250,000 range, unless they can access deposit assistance. While the District does offer some housing in this range, it is limited, and in most cases, new homes are being built in the \$300,000 plus range.

Further analysis of affordability measures are set out in section 3.2.

2.3 Housing Stock

Rates of home ownership in the District are higher than elsewhere in the region, again reflective of the large retired population (Table 5).

Table 5: Home ownership, 2006 (Source: Statistics NZ)

	Dwelling Owned or Partly Owned by Usual Resident(s)	Dwelling Held in a Family Trust by Usual Resident(s)	Dwelling Not Owned by Usual Resident(s)
Kāpiti Coast District	63%	13%	24%
Porirua City	53%	10%	37%
Upper Hutt City	64%	10%	26%
Lower Hutt City	56%	12%	33%
Wellington City	50%	11%	40%

In terms of the future size of the rental sector versus the owner-occupier sector, there is speculation that with the recent removal of tax incentives on rental properties there will be less interest from investors in buying rental properties, and rental property owners will require higher rents so as to cover costs. This may shrink the rental stock, and put upward pressure on rental levels. The countervailing trend will be for part of the rental stock to come onto the home ownership market, creating the opportunity for some people to shift from renting to homeownership.

The long term consequences of the government's intention to reduce people's dependency upon housing as a means of saving and investment are unclear at the moment. Rental levels of around \$330 per week make ownership of a median priced \$350,000 dwelling a marginal investment

proposition, particularly with uncertainty over longer term trends in relation to capital gains. However, investment in a lower quartile house (in the \$250,000 range) is likely to be a realistic proposition for an investor.

It would appear that most new housing in the area is aimed at the owner-occupier market, with the older houses providing the rental stock. As such, it may be that with house prices stabilizing, rates of home ownership will start to move upwards, and that if anything, this will see the rental stock become a smaller proportion of the total stock. This may in turn, affect rental levels.

2.3.1 Attached versus detached housing

The District's housing stock is mostly made of separate houses on individual sections. This is to be expected, given that the District is on the edge of a larger metropolitan area. There is a clear trend towards more intensive housing formats closer to central Wellington, though there are pockets within the Kāpiti Coast District where attached housing is located (e.g. Paraparaumu Beach). In 2006, 13% of the District's houses were classified as being "attached", compared to over 30% in Wellington City (Table 6).

Council has estimated, based on building permit data, that 170 dwelling units were constructed in the District during 2004 to 2008 as part of apartment/townhouse developments. For the corresponding period the Council's database shows that building consents were granted for 1672 new dwellings. 75 out of the 170 were built as part of retirement complexes.

Table 6: Percentage of attached dwellings, 2006 (Source: Statistics NZ)

Area	% Separate house / unit	% Attached house / unit
Kāpiti Coast District	82%	13%
Porirua City	79%	15%
Upper Hutt City	76%	20%
Lower Hutt City	76%	21%
Wellington City	61%	34%

The percentage of attached dwellings is not dissimilar to other areas in the country which have a similar geographic situation to Kāpiti, being on the edge of a metropolitan area and popular with retired households (Table 7).

Table 7: Percentage of attached dwellings, 2006, other districts (Source: Statistics NZ)

District	% separate houses	% attached
Rodney District	89%	11%
Franklin District	92%	8%
Thames-Coromandel	90%	10%

District	% separate houses	% attached
District		
Waimakariri District	92%	8%
Selwyn District	96%	4%

In terms of holiday homes / second homes, at the night of the 2006 census, just over 3,000 properties (or 13.5% of the total dwelling stock) were classed as being unoccupied, with 19,368 being occupied. This measure is the only one available as to the size of the holiday / second home market.

The number of unoccupied dwellings increased slightly between 1996 and 2006, suggesting on-going demand for second / holiday homes, although anecdotally, there are reports of a sell down of holiday and second homes in response to the global financial crisis of 2008/2009.

Most second / holiday homes tend to be located along the coastal fringe. It may be that any expansion of the housing stock in this area will be taken up by the holiday home / second home market, rather than the permanent home / long term rental market. On the other hand, the second / holiday home market may transition into the permanent home market at some point in the future.

2.3.2 Size of Homes

Census data reveals that between 1996 and 2006, the number of 1 or 2 bedroom homes increased only marginally, while the number of 3 and 4 bedroom homes increased substantially (Table 8).

Table 8: Number of bedrooms in homes (Source: Statistics NZ)

Number of bedrooms	1996	2001	2006	Change 1996 to 2006	% Change
1	708	786	840	132	19%
2	4,299	4,488	4,695	396	9%
3	6,756	7,860	8,544	1788	26%
4+	3,039	3,762	4,557	1518	50%

The data on the number of additional 1 and 2 bedroom dwellings can be contrasted with the growth in the number of 1 and 2 member households, set out in Table 3 above.

There appears to be a considerable miss-match between the dwelling stock (as reflected in number of bedrooms) and the composition (and size) of local households. Between 1996 and 2006, 3,200 one and two person households joined the District, yet only 530 1 and 2 bedroom units were added to the District's housing stock. Partly this will reflect market demand for more space, but there may also be some barriers to the ability to provide smaller units. It is also

possible that there may be some under counting of single / double bedroom units that are part of retirement villages, as it is not clear how Statistics New Zealand record such units.

2.4 Employment

The District has a relatively low employment base compared to its population, with employment focused on the retail and construction sectors.

The number of people employed in the District stands at 11,850, as of mid-2010, based on Statistics New Zealand business demography data.

Employment has grown roughly in-line with population, with an annual average growth rate of 1% since 2006. As a share of total regional employment, the District has seen an increase from 4.9% of total regional employment in 2000, to 5.3% in 2010.

The District's workforce stands at over 15,000 workers. Census data from 2006 indicates that around 1/3rd of this workforce works elsewhere in greater Wellington (including 3,700 in Wellington City, 880 in Porirua and 760 in Lower Hutt).

A question mark over future housing demands arises from the economic profile of the District, and the extent to which this profile may change due to factors such as:

- Improved transport accessibility into central Wellington seeing a dispersal of some jobs out of central areas, particularly "back office" functions
- Development of the Paraparaumu airport
- Expansion of the retirement sector and growth of related health and personal services.

Individually or combined, all three factors could see increased demand for appropriately priced houses from working households on average incomes.

2.5 Population Projections

The Council has undertaken considerable work looking at future population growth prospects. The uncertainty over the Kāpiti Expressway has introduced an element of risk to these projections, at least in the short term. In the longer term, changes to the economic profile of the District could alter some base assumptions.

Council's mid-level scenario foresees the District's population increasing to 58,000 by 2031 with the number of occupied dwellings increasing from 20,500 in 2011 to 26,000 by 2031.

What is more important than the overall number is the make up of future population growth.

In particular, the number of older adults is anticipated to rise from 11,800 in 2011 to 16,800 by 2031. There is a corresponding decrease in the relative size of the 45 to 65 age group, the size of which grows by about 1,000 people between 2011 and 2031 (Table 9).

Table 9: Existing and projected share of population, by age band (MERA, 2011)

Age band	2011	2031
0-19	24%	21%
20-44	24%	23%
45-65	28%	23%
65+	24%	32%
Total	100%	100%

These demographic changes, if they come about, signal a housing market that will be much more focused on the semi-retired and retired market. In particular the number of people in the elderly bracket will increase substantially, with the number of 75 plus year olds growing from 6,000 in 2011 to over 10,000 by 2031.

Households formed by single persons will climb from 29% of current households to 33% by 2031, with a similar increase in couple only households. Combined, these two household types will account for 68% of all households in the District, by 2031 (Table 10).

Table 10: Projected number of single and couple only households (MERA, 2011)

	2011		2031	
	Number	Share	Number	Share
Single person	6,031	29%	8,572	33%
Couples without children	6,788	33%	9,094	35%

These projections are, of course, subject to a range of assumptions. As noted, perhaps the biggest unknown relates to the future employment composition of the District. If local employment levels rise substantially, then the dynamics of future population growth will change. However growth in the number of working aged people is not necessarily going to reduce the number of older adults in the population.

3 Residential Property Market

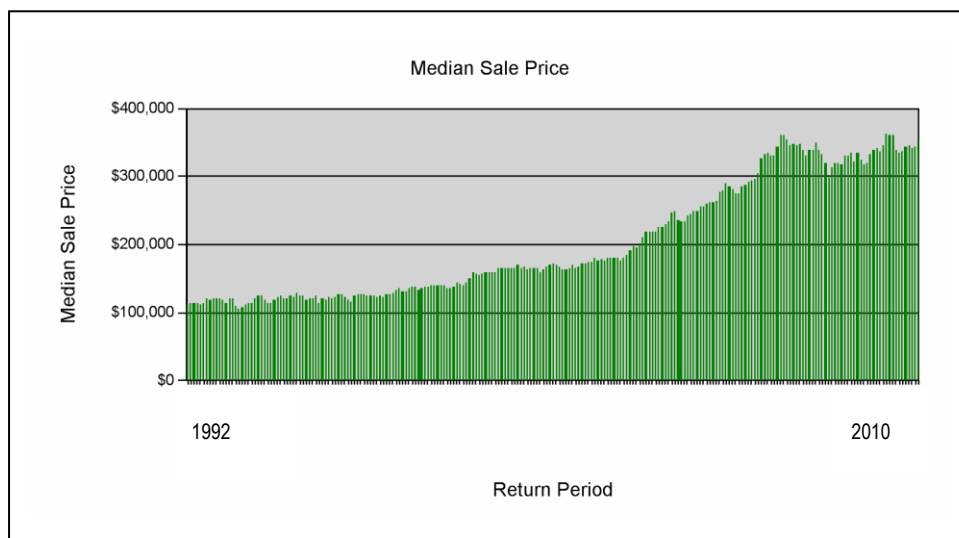
3.1 Overview

Median property prices in Kāpiti are in the order of \$330,000 to \$350,000.

Figure 5 shows the long term growth pattern of median prices in Kāpiti, based on Real Estate Institute of New Zealand data. This data extends from 1992 (when median prices were in the order of \$112,000) to the present day. Over this time, median house prices have increased by 316%, but most of this growth was recorded in the period 2000 onwards.

The pattern of growth in KCDC is the same as for the Wellington Region as a whole, where median values have increased by 322% over the same time period.

Figure 5 Median property prices (REINZ, 2011)



Median sale prices in the District compare with \$450,000 in Wellington's middle suburbs, and up to \$500,000 to \$600,000 in suburbs close to the centre. Thus, the Wellington Region sees about a 45% to 50% price differential between the centre and the edge.

In comparison, median house prices on the periphery of the Auckland urban area in areas popular with retired people are in the order of \$450,000 to \$500,000 in Whangaparoa, north of Auckland, and \$350,000 to \$400,000 in Franklin in south Auckland. This compares to prices of \$800,000 or more for homes in the central suburbs of Auckland, or a similar price differential of around 50% between the centre and the edge.

In terms of flats and apartments, data from Quotable Value for average sale prices in the quarter ending September 2010 indicates that prices are in the order of \$260,600, while sections sell for an average of around \$170,000.

The following figures compare average sale prices for stand alone dwellings (ie. Detached houses), sections and flats in September 2010 quarter in Kāpiti with other cities and districts in the country.

Figure 6: Kāpiti Coast's average selling prices for stand alone dwellings compared with other districts: Sept 2010 (Source: QV)

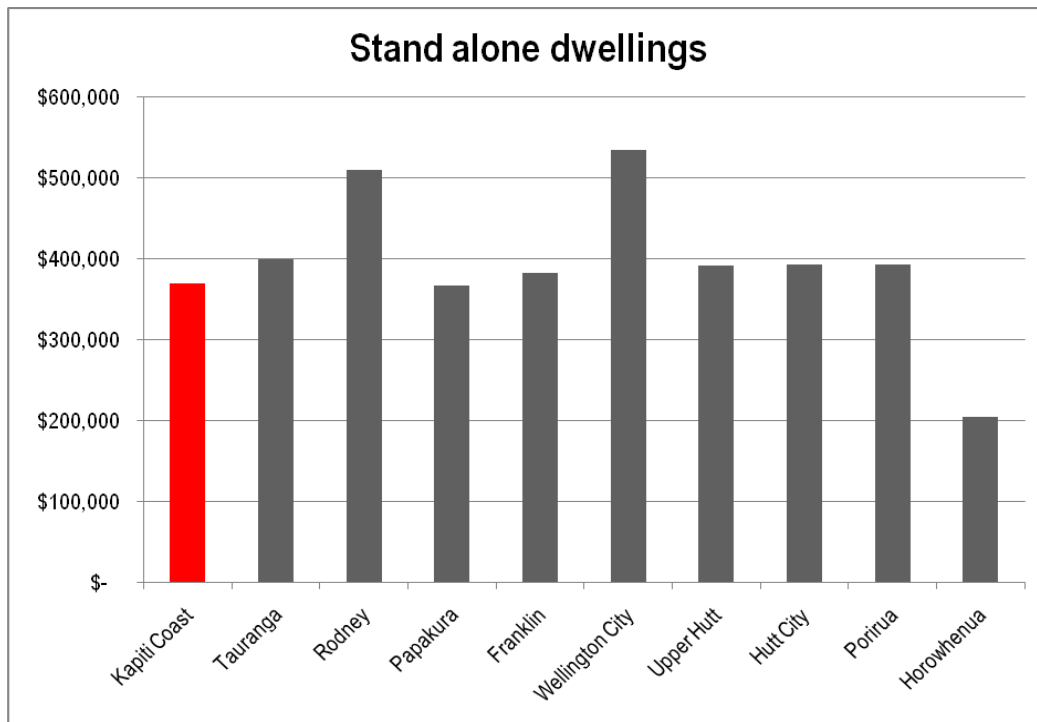


Figure 7: Comparing Kāpiti Coast's average selling prices for sections with other districts: Sept 2010 (Source: QV)

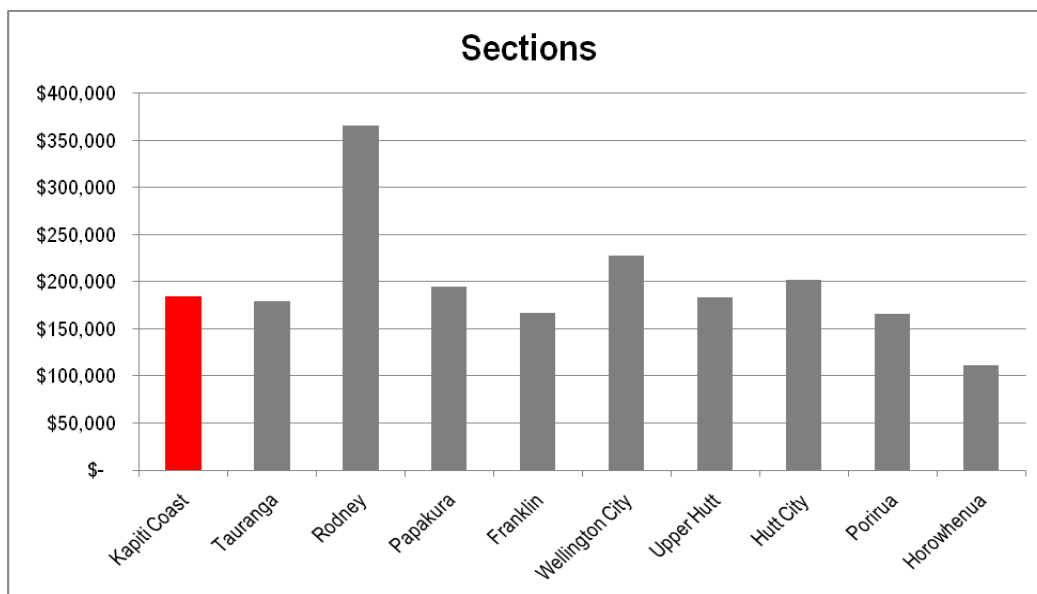
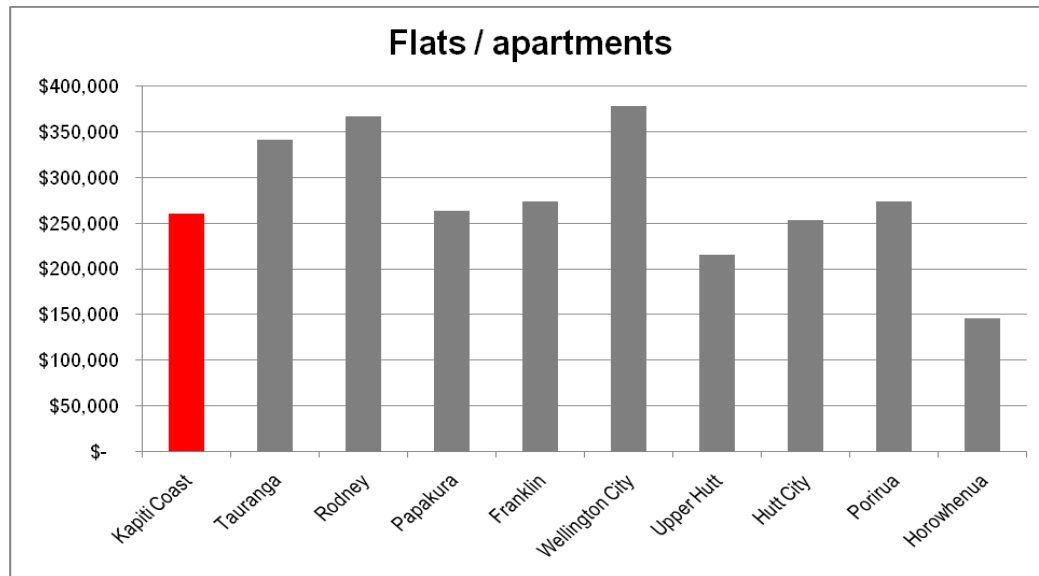


Figure 8: Comparing Kāpiti's average selling prices for flats / apartments with other districts: Sept 2010 (Source: QV)



These comparisons, while simple, suggests that the Kāpiti housing market does not display any particular differences from other regional housing markets.

3.1.1 Changes in Prices

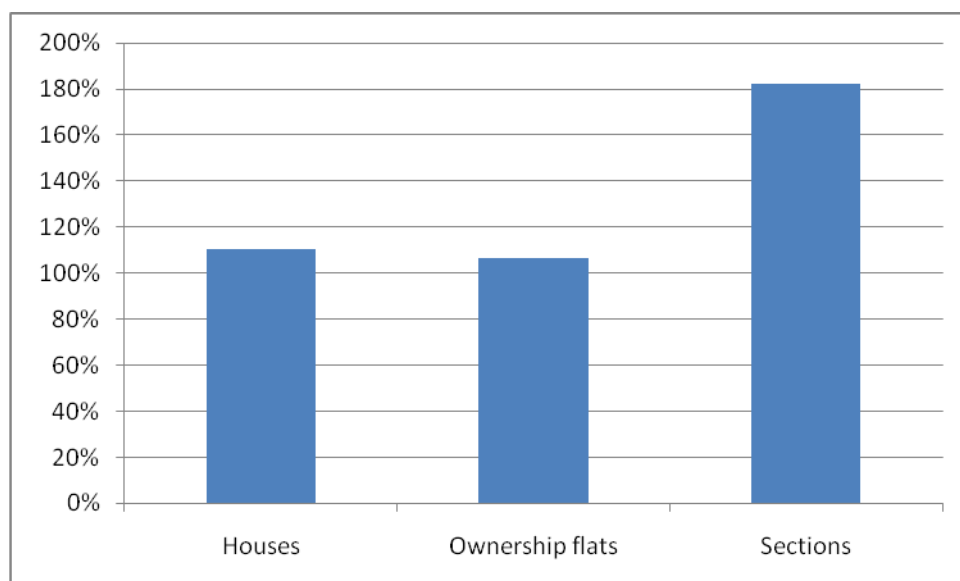
Table 11 sets out changes in average sale prices for houses, flats and sections in Kāpiti, since 2000. Figure 9 shows the change between 2000 and 2010 graphically.

Table 11: Average sale prices, Kāpiti (Source: QV)

	Houses	Flats	Sections
2000	\$175,751	\$126,282	\$65,440
2001	\$173,974	\$136,127	\$68,713
2002	\$195,330	\$150,996	\$70,540
2003	\$202,201	\$152,407	\$72,159
2004	\$248,455	\$212,994	\$89,963

	Houses	Flats	Sections
2005	\$285,215	\$210,024	\$113,249
2006	\$333,144	\$239,117	\$129,440
2007	\$383,279	\$266,584	\$176,735
2008	\$355,479	\$254,021	\$170,050
2009	\$370,136	\$263,989	\$183,382
2010	\$370,050	\$260,620	\$184,626

Figure 9: % Change in average prices from 2000 to 2010, Kāpiti Coast District (Source: QV)



Section prices are now equal to around 50% of a total dwelling cost, a not unreasonable ratio, but one that has been rising since 2000. Since 2000, section prices in the District have risen by over 180%, while dwellings in general have increased by just over 100%. This more rapid rise in land values relative to capital values suggests that the market place is pricing in a perceived long term scarcity of supply of residential land across the region.

A comparison of the ratio of the average sales prices of sections compared with houses for other areas in the region over the period from 2000 to 2010 shows a similar increase in this ratio (see Table 12).

Table 12: Ratio of average sales prices of sections to houses, 2000 to 2010 (Source: QV)

Area	% ratio section to house sale price 2000	% ratio section to house sale price 2010
Kāpiti Coast District	37%	50%
Porirua City	31%	42%
Upper Hutt City	35%	47%
Lower Hutt City	16%	51%
Wellington City	32%	43%

In 2010, flats are priced at 70% of a stand-alone house, partly reflecting their smaller size and less land involved. There is consistency across local areas, with the same 70% ratio for Porirua City and Wellington City, and with Lower Hutt City and Upper Hutt City having lower ratios of 64% and 55% respectively. Interestingly, the ratio for Tauranga is 83%, indicating the quality apartment component of the flats sold in that District (based on QV data for 2010). This differential is important in helping to make the flats market work in the Kāpiti Coast District: if the price of purchasing smaller houses / flats gets too close to the price for stand alone houses, then the market for flats is likely to reduce, given long standing preferences amongst home buyers for a stand alone product.

3.1.2 Dwelling Prices within the District

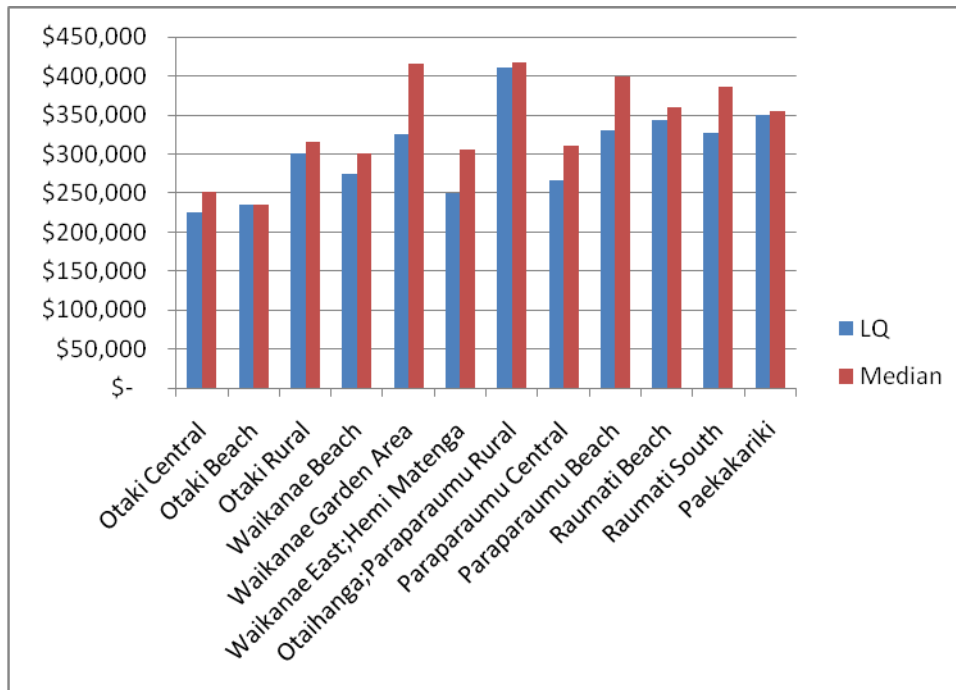
In terms of the spread of house prices across the District, there is a trend for prices to rise towards the south and towards the coast. This is expected, given the two major drivers of demand: on the one hand proximity to Wellington for commuters, and on the other, proximity to amenities for the retired sector. The Waikanae Garden area has the highest median price for an urban suburb.

Table 3: Lower quartile and median house prices, 2010

Valuation Roll Area	Lower Quartile Price	Median Price
Ōtaki Central	\$ 225,000	\$ 252,000
Ōtaki Beach	\$ 235,000	\$ 235,000
Ōtaki Rural	\$ 300,000	\$ 315,000
Waikanae Beach	\$ 275,000	\$ 300,000
Waikanae Garden Area	\$ 325,000	\$ 415,000
Waikanae East; Hemi Matenga	\$ 250,000	\$ 305,000
Otaihanga; Paraparaumu Rural	\$ 410,000	\$ 417,500
Paraparaumu Central	\$ 266,750	\$ 310,000
Paraparaumu Beach	\$ 330,000	\$ 399,750
Raumati Beach	\$ 343,750	\$ 359,375
Raumati South	\$ 327,000	\$ 386,000
Paekākāriki	\$ 350,000	\$ 355,000

Figure 10 shows the data graphically. It can be seen that for most suburbs, there is only a small spread between lower quartile prices and median prices.

Figure 10: Lower quartile (LQ) and median house prices, 2010 (Source QV).



A longer term picture of house prices across the District's communities is provided in Table 14. This data is for average sale prices, from Quotable Value New Zealand.

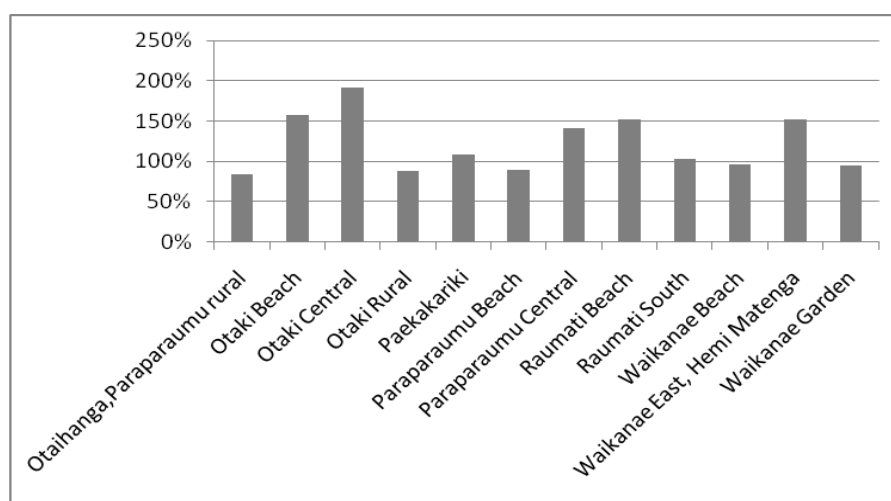
Table 14: Average sale prices for the quarter to September: Kāpiti Coast (Source: QV)

Area	2000	2005	2010
Hautere/Waikanae	N/A	\$389,000	\$357,000
Otaihanga, Paraparaumu rural	\$196,717	\$319,368	\$362,600
Ōtaki Beach	\$100,100	\$169,861	\$257,176
Ōtaki Central	\$91,980	\$186,281	\$268,722
Ōtaki Rural	\$141,600	\$271,714	\$265,625
Paekākāriki	\$175,000	\$362,000	\$364,571
Paraparaumu Beach	\$206,431	\$331,287	\$391,547
Paraparaumu Central	\$153,242	\$253,381	\$369,658
Raumati Beach	\$189,633	\$360,655	\$477,962
Raumati South	\$180,444	\$282,693	\$367,000
Waikanae Beach	\$190,967	\$268,469	\$375,007

Area	2000	2005	2010
Waikanae East, Hemi Matenga	\$160,158	\$280,500	\$403,038
Waikanae Garden	\$206,196	\$336,523	\$402,361

The traditional lower price areas such as Ōtaki Beach and Ōtaki Central have seen the highest increases in sales price over this ten year period, when compared with other areas (Figure 11). If this trend continues, these areas will no longer provide affordable housing options for the District.

Figure 11: Percentage change in average sale prices 2000 to 2010 (September quarters)
(Source: QV)



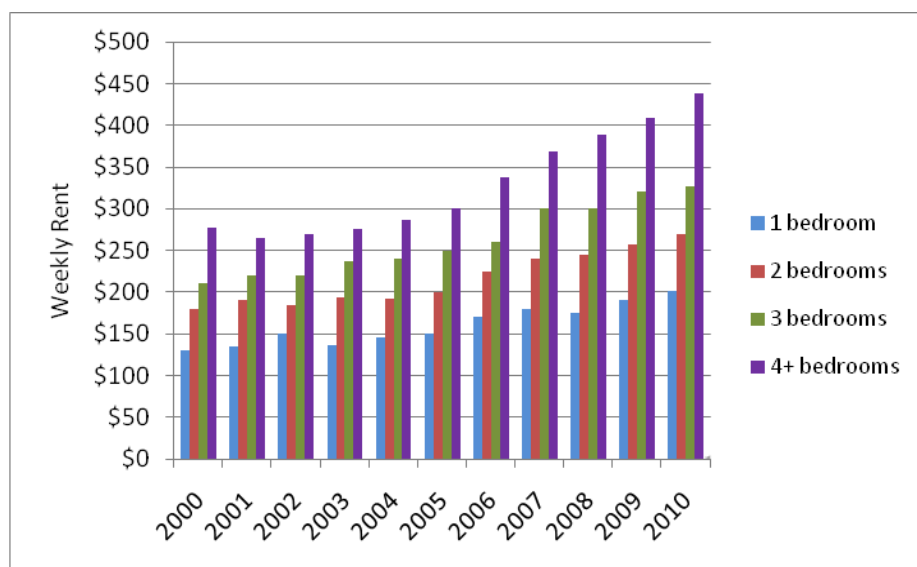
3.1.3 Rental Market

The price of rental accommodation varies by type of dwelling, size (numbers of bedrooms) and location. Median rental levels for a 3 bedroom house in Paraparaumu are \$330 per week, falling to \$280 per week for Waikanae / Ōtaki (as stated in the Department of Building and Housing's on-line database of rental prices, for 2011).

These compare with median rentals for 3 bedroom homes of \$350 per week in Tawa, and up to \$390 in Johnsonville (Department of Building and Housing, 2011).

Looking at the trend over time, Department of Building and Housing figures show median rental levels, by quarter, have increased by around 50% between 2000 and 2010. This is less than the rise in house prices over the same time period, perhaps reflecting an expansion in the rental market.

Figure 12: Median weekly rents for the Kāpiti Coast District by number of bedrooms from 2000 to 2010, for the September quarter (Data Source: DBH)



The increase in rents has shown some variation according to bedroom size (Table 15). In particular, rents for larger dwellings, with 4 or more bedrooms, have increased by 65% over the period from 2000 to 2010, with almost all of this increase occurring since 2004. This may be a reflection of increasing demand for the larger houses in the rental sector as families find their purchase opportunities constrained.

Table 15: Percentage increase in median rent from 2000 to 2010 by number of bedrooms (Source: DBH)

No. of bedrooms	% increase 2000-2010
1 bed	49.6%
2 bed	42.1%
3 bed	48.6%
4+ bed	65.2%

3.2 Housing Affordability

3.2.1 Regional comparison

The website: Interest.co.nz² tracks home affordability at a local authority level by comparing median house prices with median incomes for working households, across time (see Table 16).

² Sourced from: <http://www.interest.co.nz/property/house-price-income-multiples>

For the Wellington region and its constituent cities, the website calculates the following median house price to median income ratios, for the three years from March 2009 to March 2011. A ratio of over 3.0 is usually taken as an indicator of reducing housing affordability.

Table 16: Median household income to median house price ratios

Area	Median House Price (March 2011)	Median Income (March 2011)	Ratio: Price/Income March 2011	Ratio: March 2010	Ratio: March 2009
NZ Total	\$365,000	\$77,022	4.74	4.89	4.55
Wellington metro	\$415,000	\$85,481	4.85	5.02	4.68
Kāpiti Coast District	\$350,000	\$74,796	4.68	5.36	4.52
Porirua City	\$417,500	\$81,848	5.10	5.06	4.62
Upper Hutt City	\$300,000	\$83,130	3.61	4.38	3.84
Lower Hutt City	\$382,250	\$83,985	4.55	4.31	4.22
Wellington City	\$484,043	\$95,098	5.09	5.39	5.14

Kāpiti Coast District has a ratio of house prices to incomes lower than for NZ as a whole in March 2011, as well as being lower than for the combined Wellington urban area. It is however somewhat less affordable than Upper and Lower Hutt cities.

3.2.2 Affordability within Kāpiti Coast District

2006 Census data provides the most up to date picture of household incomes for areas within the District. However this data does not allow for easy interpretation of household incomes by types of households. As a result, understanding the relationships between household incomes and housing costs is not straightforward. Equally, some households have the ability to raise a larger deposit than others, and interest rates and mortgage products fluctuate. Households vary considerably in their composition and stage in the family lifecycle.

Neither is it possible to accurately gauge changes in household incomes since 2006, as national level surveys of household incomes do not provide enough detail to assess changes at the local level.

However, it is possible to gain some understanding of changes in the local housing market, by looking at two types of households. Firstly are households consisting of couples with children and their ability to purchase a house within the District. Secondly are households that rely solely on superannuation and their ability to achieve affordable rental accommodation.

3.2.3 Families consisting of couples with children

One third of the families in the District are couples with children. In 2006, 45% of these households earned less than \$70,000 per year. In comparison, in 2001, 45% of households of this type earned less than \$58,600 per year.

A couple with dependent children earning \$70,000 per annum (i.e. at the top of the 45% of households of this type) will be at the upper limit of affordability purchasing a \$257,445 house with a 5% deposit (Source: Kiwibank). Similarly a family of this type earning \$58,600 per annum will be at the upper limit of affordability purchasing a dwelling for \$171,199, with a 5% deposit (Source: Kiwibank). A comparison of these purchase limits with selling prices for houses in 2001 and 2006 suggests that many families of this type (couples with children) would have been priced out of buying a median priced dwelling in a number of settlements and that this number increased from 6 settlements in 2001 to 11 in 2006 (Table 17). Only Ōtaki Beach and Ōtaki Central had median sales prices in 2006 that would have been affordable for households of this type.

These households may still have been able to purchase a lower quartile priced dwelling in the areas listed. However, the analysis highlights the extent to which choices have narrowed due to house prices rising faster than incomes, over the period 2001 to 2006. Whilst there is limited information available about increases in household incomes to take this analysis forward to 2011, we do know average house prices in Ōtaki Beach and Ōtaki Central have increased at the fastest rate in the District over the last ten years (see Section 3.1.2) suggesting the potential for a further narrowing of housing choices for households of this type.

Table 17: Areas where median priced dwellings are likely to be unaffordable to 45% of couples with dependent children in 2001 and 2006, in Kāpiti (Source: QV, Residential Sales Summary)

Sub Area	2001	2006
Hautere/Waikanae	N/A	\$462,000
Otaihanga, Paraparaumu rural	\$184,715	\$329,462
Ōtaki Beach	\$95,667	\$243,800
Ōtaki Central	\$116,500	\$223,011
Ōtaki Rural	\$84,000	\$316,786

Sub Area	2001	2006
Paekākāriki	\$156,750	\$352,500
Paraparaumu Beach	\$207,730	\$371,419
Paraparaumu Central	\$143,750	\$310,370
Raumati Beach	\$199,518	\$376,071
Raumati South	\$193,000	\$351,583
Waikanae Beach	\$168,679	\$361,276
Waikanae East, Hemi Matenga	\$186,222	\$311,417
Waikanae Garden	\$188,733	\$349,065

Green square = affordable areas, based on household income of \$56,000 in 2001 and \$70,000 in 2006.

3.2.2 Households on low incomes and the rental market 2001 to 2010

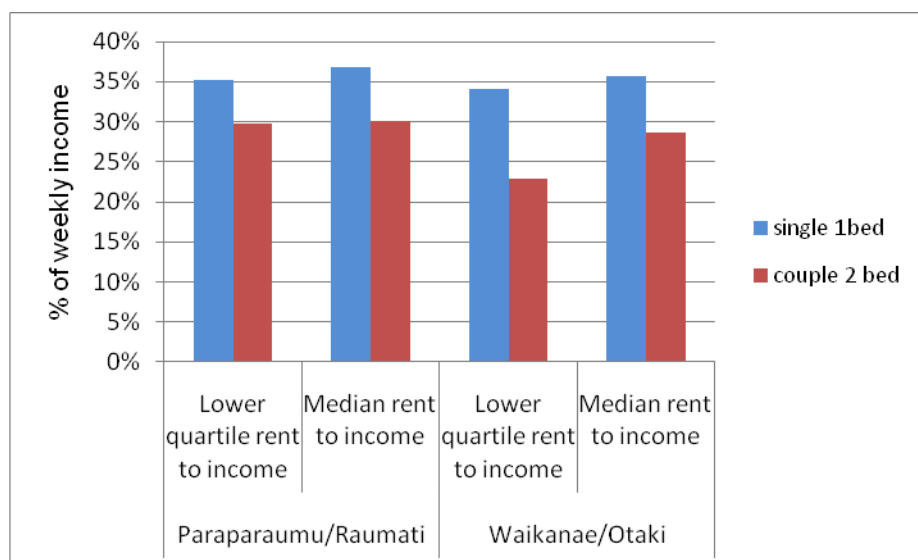
Households on low incomes, such as those reliant solely on superannuation and similar incomes, are likely to be facing some level of housing stress due to increasing rental costs. Whilst this may be a small portion of the households in the Kāpiti Coast District, they are some of the most vulnerable households in the community, so it is important to have some understanding of how their circumstances place them in the housing market.

As an example, in 2001 a single person household whose sole source of income is superannuation paying the median rent for a one-bedroom dwelling in the Kāpiti Coast District, would have been spending nearly 32% of their income on rent (taking into account the accommodation supplement). In 2010, the same type of household would have been spending in excess of 37% of their income on rent (again taking into account the accommodation supplement). Nationally and internationally, a 30% ratio is considered to be the upper limit for affordability. A similar analysis for households consisting of two people, both reliant on superannuation, indicates that median rent to household income ratios have remained little changed – from 31.5% in 2001 to 31.3% in 2010. Whilst this ratio is above the 30% threshold for affordability, it does not appear to have risen significantly, as is the case for the one-person household.

The results of a similar analysis for single and couple households of this type and using rental price data for the most recent period available from 1st September 2010 to 28th February 2011, is shown in Figure 13 below. The analysis indicates that single-person retired households are likely to be in housing stress (ie, spending more than 30% of their income on rent, for a 1-bedroom dwelling, taking into account the accommodation supplement) in both Paraparaumu/Raumati and

Waikanae/Ōtaki. This ratio is higher for median rental prices (at 37% and over 35% respectively) but still remains significant (35% and 34%) when considering lower quartile prices in the two areas.

Figure 13: Rent to income ratios for single-person and couple only households reliant on government transfers: September 2010 to February 2011 (Sources: DBH, WINZ, IRD)



3.3 Specific Housing Markets

3.3.1 Retired Market

Housing for semi-retired or retired households represents a significant proportion of the housing market compared with other districts, given the population aged over 65 years in the District.

Real estate agents spoken to as part of this study identified a trend for the semi-retired and retired to progressively move northwards from Wellington to Paraparaumu and Waikanae. This geographical shift occurs for lifestyle reasons (such as new affordable homes on flat land, warmer climate, leisure opportunities) but also acts as an opportunity to release capital from a “family” home for future living expenses.

For the semi-retired/recently retired market moving from Wellington, the trend is still to buy a ‘family-sized’ home as the additional bedrooms are used as guest bedrooms, office space or general storage. However, as this market is also looking to ‘future proof’ their home as they age they are predominately interested in single storey, low maintenance homes (ie. brick and tile) on flat land.

A further shift northwards from Paraparaumu/Waikanae to Ōtaki and Levin can occur. In this case, it is usually associated with elderly people needing to downsize their homes to further release capital, as well as to shift to an area with more services suited to older adults. The higher level of hospital care available in Levin (compared with the services available in the Kāpiti Coast

District) and greater social opportunities combined with the substantially lower house prices are therefore likely to be the main factors driving this move northwards.

There are a number of retirement villages in Paraparaumu and Waikanae (some of which provide facilities for all three stages of elderly care) and one retirement village in Ōtaki. While this form of living is clearly desired by some retired people and elderly, not all can afford or wish to live in such villages, which raises the issue of suitable housing stock for this sector outside the retirement village market.

Both developers and real estate agents said there was notable demand for smaller sized homes on small sections but that these were not always easy to find in the District. There was a very strong preference for single storey units. Multi-unit development was not generally desired by this market. Apartments were not generally sought, usually because of concerns about maintenance (leaky buildings), but also because their design did not offer a “future proof” living arrangement (such as corridors and circulation spaces being of inadequate width for wheelchairs). While there are a number of smaller units (perhaps with party walls) on cross lease titles that are single storey, such properties were more difficult to sell compared with smaller, detached units on freehold titles.

Developers considered the demand for smaller houses on smaller sections is difficult to satisfy due to the proportionally higher costs of developing and building on small sections and comparing this to the return from developing a larger section and constructing a 3-4 bedroom house on it. Further, demand for units close to services and amenities were hard to satisfy, with most opportunities for smaller lots in greenfields areas on the edge of existing settlements.

As most retired households are on a fixed income, major capital purchases are dependent upon savings, or the release of capital from the “family home”. As commonly occurs, retired households often take a step down the property ladder to obtain some capital after they cease full time employment. Housing for retired households therefore needs to be \$50,000 to \$100,000 less than average 3 to 4 bedroom homes to make this step down worthwhile. In other words, the affordability of homes for retired people is set by the differential between the home that they might have occupied for a number of years, and the product available for them to transition into. In other words if housing prices in Kāpiti rise faster than elsewhere in the Wellington region, then the area may become less attractive for retired households, particularly those suburbs in Kāpiti closer to Wellington which are likely to see the faster appreciation of house prices in response to improved transport links to Wellington. As identified, retired households may undertake a number of property shifts as they age, seeking houses closer to services, smaller and/or more suited to their health needs. An issue is therefore the future comparative advantage of the District for retired households, and the extent to which these households can or wish to “retire in place” in the District, rather than shift to other areas.

Housing also needs to be cheap to run, in terms of energy and transport costs, maintenance, insurance and the like. Here, the question of the location of retired households is relevant. There is likely to be some pressure for retired households to locate on the edges of the District's settlements where greenfields land can be provided at reasonable cost and potential economies of scale of development can be achieved by developers. However in these locations, households may be some distance from shops, services and public transport.

3.3.2 Working/Commuter Market

A significant proportion of Kāpiti residents travel into the Porirua/Wellington Districts for work each day, estimated to be in the order of 5,000 people at 2006, or approximately one third of the District's working population.

Real estate agents identified the housing preferences of commuters are still to have 3-4 bedroom homes on larger flat sections. It appears that there is little appetite from this market for townhouse style development – a style of development that is widely available in central Wellington. For the price of such a town house in Wellington, commuters can afford a traditional, detached family home on a reasonably sized section in the District.

Both real estate agents and developers commented on the particular preferences of 'immigrants' (such as English and South African families). Immigrant families do not generally consider the commute to Wellington a barrier and have therefore based their decisions to live in the District on lifestyle and affordability reasons.

It was noted by one developer that the extension of commuter train services originally to Paraparaumu in the 1970s (and later by an electrified service in 1983) triggered a development boom in the area. Accordingly, for those spoken to during the study, there was a general expectation that the recent extension of commuter rail services to Waikanae (resulting in a more flexible train service for commuters) will result in more people choosing to live in Kāpiti; and commuting to Porirua or Wellington for work.

Separate from commuter households, are lower income households who work in the District. As identified in the discussion on housing affordability, there will be a group of households who have only moderate incomes, and whose housing choices would have been narrowed over the past 10 years. Expansion of the Districts' economy may be hampered in the future if lower income, working households cannot find a home in the area. The alternative is likely to be a growing inflow of lower income workers from homes in Ōtaki and further north. These households can be said to fall into an intermediate housing category: they are not eligible for state housing, but their incomes are such that they cannot enter the home ownership market. Rental costs are likely to absorb a high proportion of their income, making it hard to save a deposit.

3.3.3 First Home Buyers / Intermediate housing market

Both real estate agents and developers alike considered that the first home buyer market was well catered for in the District, compared to other areas. There are a wide variety of homes in the District – partly a reflection of its history as a series of beach settlements. Depending on the location, 3 bedroom homes can be found for under \$200,000 in Ōtaki, and between \$200,000 and \$250,000 in Paraparaumu or Waikanae.

First home buyers do not usually expect to buy 'new' homes, and instead buy homes that become available as other people in the housing market 'upsized' to larger or new homes, or downsize to retirement units. Many first home buyers do expect that some form of renovation will be required to houses, but this still usually represents a more affordable option than purchasing a new house.

The analysis in Section 3.2.1 on the narrowing of housing choices for families consisting of couples with children wishing to purchase a dwelling suggests that there may be a small but growing intermediate housing market in the District. It is unlikely that these households will be able to afford to access home ownership without some form of subsidy. The Welcome Home Loan is the current government subsidy for these households, with a maximum loan of \$350,000

available in the District. This is not an extensive scheme – a total of 42 loans were approved for the whole of the Wellington Region in the 6 months to April 2011. The size of each loan is dependent on the household's income and whilst loans up to \$200,000 can be based on no-deposit, loans up to \$350,000 require a 15% deposit.

3.3.4 Investors/Rental

Real estate agents considered that the investment/rental market in the District is reasonably balanced between the supply available and the demand for rental properties. This is particularly the case in Paraparaumu where it was thought that the investment/rental market is very active. In Ōtaki, it was considered that rental properties made up between 10-20% of the market, with most homes in the areas being occupied by the owner.

It was noted that the price of housing in Paraparaumu and the current market rentals (compared with Wellington) meant that a property investor could achieve a reasonable rate of return on a rental property. However, it was also noted that the affordable price of houses in the District (compared with Wellington) meant that people were as likely to buy their own home as they were to rent.

In respect of the market for 'holiday homes', neither the Ōtaki or Paraparaumu based real estate agents considered this was a significant portion of the market. Homes in that market are found in close proximity to the beach and the bulk of the housing market is more for permanent homes. With the recent economic recession there has been a notable trend of people selling holiday homes.

3.3.5 Social/Community Housing

The Council has collated several reports that have looked at the needs of various sub groups in the community. The research (set out in Appendix 2) identified a need for social housing for a range of people, including elderly, people on low incomes, and people in need of 'emergency' and longer term accommodation (ie. youth at risk, people from relationship breakups, single parents with children, women/children escaping domestic violence, ex-prisoners and people with mental health issues).

In respect of providing some affordable housing for the elderly, the Council owns 120 pensioner units. The housing stock includes a range single and double bedroom accommodation in Paraparaumu, Ōtaki and Waikanae, with weekly rents priced from \$62 to \$90 per week. Sixty of the Council's housing units for older people are located in Ōtaki, suggesting a geographic imbalance between demand and supply. We understand there are no imminent plans to either expand or reduce this housing asset and it is noted that it is currently fully self-funded (ie. there is no subsidy from ratepayers). Council's own information noted that the waitlist for pensioner units in March 2011 is 52 people, up from 33 people in 2009. This suggests there is some demand for small, affordable housing.

Housing New Zealand Corporation (HNZC) has 226 housing units across the District. As at March 2011, the occupancy rate for these was 90%. HNZC classifies people on the waiting list for their properties depending upon need, and in the Kāpiti Coast District, it noted that there are 24 people/families classified as A and B (ie. people with the highest need). It is also understood that HNZC do not plan to increase their housing stock in the District.

There are two other main providers of social housing, which cater solely for 'emergency' situations. These are the Kāpiti Women's Refuge and the House of Hope in Ōtaki.

The Council has also identified a need for longer term housing to meet the needs of housing people 'post emergency'. There appears to be little of this housing available in the District, although some building owners are beginning to offer short-term accommodation (Photo 1). It is understood that there are community concerns about the quality and suitability of private temporary accommodation.



Photo 1: Telegraph Hotel, Ōtaki with sign advertising "Rooms for rent, from \$110 per week".

3.3.6 Maori

5,481 people identified themselves as being Maori in 2006, an increase of 624 people, or 12.8 percent, since the 2001 Census. 12.3 percent of people in Kāpiti Coast District belong to the Māori ethnic group, compared with 14.6 percent for all of New Zealand.

For Māori aged 15 years and over, the median income in Kāpiti Coast District was \$21,500, compared with a median of \$23,000 for all residents in the District, as of 2006.

The housing needs of Maori have been touched upon in various Council reports. These identify that there is both a rural and urban component to Maori housing needs and that Māori solutions to Māori housing are needed. There is need for Kaumatua housing and papakainga around marae. Treaty settlements are likely to increase the ability for Iwi to develop and fund their own housing schemes.

4 Current Policy

This section of the report reviews current policy settings. The focus is on District Plan provisions as the main purpose of the study is to inform the review of the Plan. Before looking at the District Plan, a short review of the Council's overall approach to growth planning and infrastructure funding is presented.

4.1 Growth Planning

The 2007 Development Management Strategy sets out the Council's vision and strategy for managing the long term growth of the District. The Council has adopted a mixed approach to accommodating future growth pressures (estimated to be in the order of 6,000 additional dwellings between 2011 and 2031). That is, growth is expected to involve both infill and greenfields expansion.

The Council has recently estimated that there is 450 hectares of vacant residential land in the District. This might accommodate 4,000 to 5,000 dwellings, assuming that all of it is free of constraints and could be developed at a gross density of between 10 and 12 dwellings per hectare. Further development opportunities lie north of Waikanae. Combined with infill and redevelopment potential, there is therefore sufficient land to meet at least the next 20 years of projected growth.

However it should be noted that a substantial part of the 450 hectare land bank is in Ōtaki, at the northern end of the District and outside the "commuter belt". Also, it appears that at least part of the development areas available north of Waikanae are controlled by a limited number of landowners. There is therefore the potential for these landowners to "land bank" their sites so as to extract additional value from them.

There is a longer term question mark over the District's growth patterns, given the extent of natural environment and physical infrastructure constraints that are present in the area. The area suffers from flooding hazards, while coastal areas are subject to coastal erosion. Transport infrastructure is constrained because of the "single" route in and out of the District, while water and wastewater systems need to be expanded from a low base. The District also wishes to maintain some green space between its settlements and not see them merge into a larger urban conglomeration in the future. There are also high quality soils and areas of high quality landscapes that are to be protected from urban development.

The extent to which these factors may constrain land supply in the longer term are hard to judge. However it is reasonable to expect that in the future, land will become more costly to develop as the easier land is taken up first, and as a result there will be continuing upward pressure on land prices that will affect housing affordability.

In terms of urban redevelopment, as land prices rise then this becomes more feasible, but as with all suburban areas, land amalgamation to form reasonable development parcels becomes costly. This holds back the feasibility of incremental redevelopment. For example, once an initial phase

of “infill” development has occurred with larger sections divided into two and a unit added, it is likely that redevelopment pressures need to reach a point where low rise apartment type development is feasible. The intermediate “terrace type” development may be skipped in this scenario.

There is therefore a prospect that at some point, post 2031, the District may face a situation of declining greenfields land, but limited uptake of redevelopment opportunities. If this was to occur, then land and house prices could move upwards substantially if demand for housing remains strong.

4.2 Infrastructure funding / consenting costs

The District faces considerable infrastructure investment, reflecting its fast growth from a number of small seaside settlements into a larger urban centre. How this infrastructure is to be paid for affects land and house prices to an extent, although the costs of land development, including development impact fees, should be reflected in raw land prices, rather than all being passed onto the home owner. In other words, it is the landowner who is generally affected by development impact fees, provided these fees are transparent and certain prior to purchase.

In 2008 a report was prepared for the Department of Internal Affairs which analysed all development contribution policies for every local authority in the country (for the 2007/2008 period). This study showed that Kāpiti Coast was ranked 30th out of 73 Councils studied in terms of the anticipated revenue from development contributions compared to total income. In the Wellington Region, Wellington City and Lower Hutt City ranked higher than Kāpiti Coast District (5th and 13th respectively); whereas Porirua City (36th) and Upper Hutt City (45th) ranked below Kāpiti Coast District. Horowhenua District Council ranked 47th. Kāpiti Coast District's placement in this study is not unexpected given the significant infrastructure required to support future growth. However, it would not appear that the council is not seeking new development to help subsidise the replacement of existing infrastructure.

The District operates a comprehensive development impact fees system, with the Council's website listing contributions in the range of \$11,400 to \$15,300 per residential lot for Waikanae and Paraparaumu / Raumati respectively. Reserve contributions of around \$13,000 per lot are in addition to this.

These impact fees appear to be within the range of other districts that are also experiencing considerable urban expansion (and therefore extension of infrastructure):

- Western Bay of Plenty³

Tauranga Infill: \$8,226 subdivision impact fee per additional lot (\$364 reserves contribution incl.), \$13,009 building impact fee for a three bed dwelling.

West Bethlehem: \$27,540 subdivision impact fee per additional lot (\$4,815 reserves contribution incl.), \$13,009 building impact fee for a three bed dwelling

³Source:http://econtent.tauranga.govt.nz/data/documents/lead/annual_plans/2010-11/dc/residential_IC_fees.pdf

- Selwyn District (Christchurch)⁴

Lincoln = \$20,448 per lot

Rolleston = \$26,413 per lot.

N.B. does not include reserves contribution – calculated up to 7.5% of the mean value of additional allotments

More established cities, like the former North Shore City, generally have lower development contributions as there is often more opportunity to utilise existing capacity. North Shore City Council fees⁵ included:

- Takapuna infill = \$16,652 for the value of 1 Household Equivalent Unit (HUE)
- Long Bay = \$15,270 per lot.

Reserves contribution is in addition.

The analysis of average section prices set out in section 3.1 above (Figure 7) also does not suggest that council-generated costs are seeing section prices that are above similar districts. However it should be noted that the figures in Figure 7 do not take into account section sizes.

Consent delays can also affect house prices. A brief analysis of the most recent Survey of Local Authorities 2007/2008 (carried out by MfE, and designed to examine TLA effectiveness in implementing resource consent processes under the RMA) shows that the Kāpiti Coast District Council processed 99% of resource consents on time. This resulted in a ranking of 11th out of the 73 councils in the study. This ranking increased significantly from the previous study (2005/2006) where the Council was ranked 51st out of 73 councils.

The Department of Building and Housing has also begun to record the timeliness of council's processing of building consents. Its study in February 2010 found that Kāpiti Coast District Council processed 100% of consents on time. Kāpiti's building consent fees (as a proportion of declared building value) at 1.33% do however appear to be somewhat higher than both the national and regional averages, being 1.01% and 1.15% respectively (Source: Department of Building and Housing).

While indicative of efficient processing times, the above quantitative measures do not necessarily capture all of the risks and uncertainties involved in the consent process, from a developer's point of view.

⁴ Source: http://www.selwyn.govt.nz/_data/assets/pdf_file/0004/28876/Development-Contribution-Policy.pdf

⁵ Source: <http://www.northshorecity.govt.nz/dccalculator/default.aspx>

4.3 District Plan Analysis

The purpose of this analysis was to understand the extent to which the existing District Plan provisions may either directly or indirectly affect housing choice and affordability.

4.3.1 District Plan Outline

The KCDC District Plan, made operative on 30 July 1999, includes a number of objectives, policies and zones; each designed to manage specific resource management issues. Since the Plan was made operative the Council has also processed a large number of plan changes to amend the Plan; many of these being private plan changes.

The District Plan zones include:

- Residential
- Rural
- Commercial/Retail
- Paraparaumu Town Centre
- Industrial/service
- Open Space
- River Corridor
- Conservation
- Waikanae North Development
- Ngarara

In addition, the Plan contains a number of 'overlay' or 'precinct' areas, some of which closely relate to the density of residential development anticipated for certain areas, for example 'Infill residential', 'Medium density residential' and 'Low density housing'.

Of particular interest to this study on housing choice and affordability are the objectives, policies and methods for the Residential and Rural zones. The Waikanae North Development Zone and Ngarara Zone, which were the result of private plan change proposals are also considered in this analysis as these areas are expected to provide the District's main greenfield development for the next 20 years.

Other plan changes, still in progress, also relevant to this study include:

- Plan Change 64C – Miscellaneous Changes
- Plan Change 75 - Water Demand Management (effectively operative)
- Plan Change 77 - Ōtaki Residential Subdivision Review (at appeal stage)

4.3.2 Greenfields Development

In addition to any undeveloped areas in the Residential Zone, the District Plan principally provides for new greenfield development by way of two new zones (ie, Waikanae North Development Zone and Ngarara Zone) and also anticipates further greenfield development in the 'Waikanae North Policy Areas' subject to future structure plan and plan change processes.

The Waikanae North Development Zone and the Ngarara Zone are the result of two private plan changes affecting rural land to the north of Waikanae.

The Waikanae North Development Zone (71.51 Ha) sets out six different precinct areas, each of which provide for a range of development densities and housing typologies, ranging from low density development (ie, Precinct 1 which provides for 25% site coverage), medium density development (ie, Precinct 5 which contains no minimum lot size) and mixed use development (ie, Precinct 6 where 10-12 metre buildings are provided for). The Plan sets out one objective (*“To promote the sustainable management and efficient utilisation of land within the Zone for urban development, while avoiding or mitigating adverse effects”*) and 7 specific policies.

The Ngarara Zone covers approximately 280ha of land and is designed to provide for a variety of residential development clusters which are integrated into its rural, coastal, conservation and forest setting. About 50% of the zone is likely to be used for development. The zone was comprehensively designed by way of a structure plan process and provides for a range of dwelling densities, mixed use areas and will have full access to reticulated services. The Plan sets out one objective for this zone (*“Promote the sustainable management and development of the Ngarara Settlement to provide for an environmentally sustainable community”*). A total of 19 policies are identified that set out how the Council will achieve that objective.

Further greenfield development is anticipated in the Plan by way of the Waikanae North Policy Areas, specifically the Low Impact Urban Area (66.09 Ha) and the Eco-Hamlet Area (310.30 Ha). These areas represent land to be used for future urban development. These areas continue to be zoned as Rural, but the Plan’s policies (set out under Chapter C.7.2 Rural Subdivisions and Development) and District Plan maps (eg, Map 07 District wide and Urban Plan Features) identify the extent of these policy areas and clarify that development in these areas is anticipated. It does this in policies 6(b) and 7(a) by requiring that a structure plan process be carried out before any development in the area occurs, and that the structure plan outcomes are to be adopted into the District Plan by way of the plan change process.

Effect of these provisions on housing choice and affordability

These zone changes, along with the identification through the policies of land available for future urban expansion and the Plan’s other intensification policies, provide enough land supply for the District for a further 20 years. If developed, this will provide adequate scope to maintain housing choice for greenfields housing within the life of the next District Plan.

The detailed zone requirements of the Waikanae North Development Zone and the Ngarara Zone specifically provide for a wide range of housing densities. This will help to achieve a range of housing typologies, ensuring that the housing provided will support a wide range of housing markets. If developed as intended, the new zones have the potential to provide a further 1800-2000 dwellings. However some uncertainty currently exists over the future development of these areas due to the proposed siting of the expressway⁶ and the current economic climate.

Some concern was expressed during the developer interviews that the Council has effectively “all its eggs in two baskets”; referring to the two landowners that control the future development of the Waikanae North Development Zone and the Ngarara Zone. It was noted that given the current uncertainties surrounding the actual development of these zones it may be wise to consider other

⁶ Kāpiti Observer Article, 15 February 2011, “Expressway forces subdivision redesign”. <http://www.stuff.co.nz/dominion-post/news/local-papers/Kāpiti-observer/4655773/Expressway-forces-eco-subdivision-redesign>

areas appropriate for greenfield development. It is noted that the Development Management Strategy does envision some future Greenfield rezoning at the edge of Ōtaki township.

4.3.3 Apartments / medium density housing

The Plan explains that urban environments in the District generally have a low density character, typified by low buildings, larger lots and a high proportion of public and private open space. Whilst the Plan already provides for mixed use in town centres and infill development in certain areas, in recognition of growth pressures in the District, the Council introduced Plan Change 62 which provided for medium density housing areas. Each of these three tools is explained below.

Firstly, the Plan provides for mixed use developments in the town centres. This provides scope for apartments and the like above the ground floor (with a minimum area per dwelling of 150m²).

Secondly, the Plan identifies specific areas where medium density housing will be provided for as a restricted discretionary activity. These areas can be found around the Paraparaumu Town Centre, and in selected locations at Paraparaumu Beach and Raumati Beach. Other areas that may be considered in the future for medium density housing (once further public transport investment takes place) are Waikanae town centre, Raumati South and Lindale. As noted below, some medium density development has already occurred at Lindale, but technically this has not occurred under the medium density provisions.

Objective 3 in the Residential Zone relates to medium density housing and states: *“Allow for medium density housing at appropriate locations throughout the District in a way that is consistent with the maintenance of the character and amenity values of the Kāpiti Coast”*. This is supported by five policies.

The three key development standards that apply to medium density housing include:

- having a minimum site area of 1500m²
- the development comprises at least four units, and
- having a minimum area of 200m² per dwelling unit and an average of 250m² per dwelling unit.

The Council also has a design guide for medium density developments and this was given stronger status as a result of Plan Change 64C - a plan change containing miscellaneous changes to the District Plan. That plan change clarified that applicants for medium density developments must demonstrate, through reference to the Medium Density Design Guide, how the proposal will achieve high quality living environments both within and surrounding the development.

Lastly, the Plan provides for a higher degree of residential infill surrounding the Paraparaumu Town Centre (explained more fully below).

Effect of these provisions on housing choice and affordability

The inclusion of provision for medium density housing in the Plan definitely provides greater scope for enhancing housing choice, more so for younger people, single households or professionals rather than the retired sector. However, the low level of uptake of these provisions in the four years since the provisions were adopted suggests that the opportunities for greater housing choice have not yet been realized.

Council officers were able to identify one development that had been processed under the medium density housing provisions and could identify other attempts at medium density style housing though these were not necessarily in the areas zoned for such development.

In discussing the medium density housing provisions with developers and real estate agents, a number of possible factors were raised that explain the current lack of interest in medium density housing:

- The pre-dominant markets (especially retired households and families) strongly focused on single storey development on flat land, which does not fit well with concept of townhouse/apartment development envisaged by the medium density provisions
- Too much risk for developers due to the market not wanting the 'product'
- Uncertainty associated with Paraparaumu Town Centre redevelopment means uptake of medium density housing in this area likely to be slow.
- Difficult and costly to amalgamate existing residential sites to achieve the required 1500m² minimum site areas requirement – at least three sites likely to be required.
- Acknowledgement from developers that medium density housing (ie, land development followed by subdivision) is a different development model than what most local developers are experienced with (ie, subdivision followed by land development). It requires a different set of experience and skills to work through the Council processes associated with this form of development. It also requires a different funding model as such developments are less able to be staged.
- Design guide provisions difficult to work with (presumably because it required 'negotiation' with Council officers as to whether the provisions had generally be met).

It is understood that the Council did not expect significant uptake of the provisions initially. Instead, the plan change was intended to 'future-proof' the Plan to ensure such housing choice was provided for the future.

Some developers have experimented with town house style developments, but these have largely been in greenfields areas outside specifically identified areas. Jade Gardens, in the Waterstone Development (at the northern edge of Paraparaumu), provides one example of medium density development outside the specifically identified medium density housing overlay area (Photo 2). This area was developed in anticipation of a future rail station planned for Lindale, which has not proceeded as yet. However, the developer noted the units were slow to sell, taking more than three years. He considered this was in part due to the different typology of the units, but also acknowledged that the economic recession had started to take effect in 2008.

In summary, while the concept of providing for medium density housing in the District Plan provides the opportunity for greater housing choice, it is apparent from discussions with real estate agents and land developers that the significant uptake of these provisions in the short term is unlikely. We agree with the Council that having these provisions in place now ensures the Plan is in a good position to respond to market demand for this form of housing if consumer housing preferences change over time and when the possible development opportunities associated with the Paraparaumu town centre are clarified.

In the event that consumer housing preferences do change and there is an interest in developing medium density housing, it is noted that the actual development economics of redeveloping some land may still slow the uptake of the provisions (ie. the need to acquire several lots to achieve minimum site area requirements).



Photo 2: Medium density development example, Jade Gardens, Waterstone Development.

4.3.4 Infill development

The objective and policies for the Residential Zone of the District Plan do not explicitly address infill development, however the issue is addressed in a separate chapter of the Plan (C.20 Management of Urban Densities), which was introduced by way of Plan Change 62 in 2007 (discussed above). The Plan had, prior to Plan Change 62, already included provision for infill development in an area surrounding the Paraparaumu Town Centre.

The Infill Development Area (shown on planning maps as an overlay) provides for higher density of development within 1km of the edge of the commercial/retail zone in Central Paraparaumu. Specifically it allows for a minimum site of 300m² as a Discretionary Activity. Apart from this, infill development is catered for generally in the Residential Zone as a Controlled Activity for lots with a minimum area of 450m² and as a Discretionary Activity for lots down to 350m². Not all residential areas are able to be infilled to this extent though. One example of this is the Low Density Housing overlay that applies to the Waikanae Garden Precinct and which requires a minimum site area of 700m². Another example is the effect of Plan Change 77 which requires an average minimum lot area of 700m² outside the Ōtaki Subdivision/Development Infill Area.

Plan Change 77 (Ōtaki Residential Zone Review), which included the proposal to restrict infill development in and around parts of Ōtaki, is notable due to the particular discussion on housing affordability issues (in response the submissions on this matter) by the commissioners in their decision. The commissioners acknowledged that *“the methods of achieving affordable housing are not aligned with the intent of the plan change, which is to protect low density character and support vitality of the town centres through focused growth”*. The commissioners did however also note that the rules changes themselves would not increase the cost of allotments.

That plan change is perhaps an example of how it is possible to introduce mechanisms in the Plan to address one issue, but which may also contribute to unintended consequences elsewhere. The District Plan review process provides an opportunity for the Council to recognise housing affordability as an issue for some sectors of the community; ensuring that it will be taken into account during decision-making processes on other planning issues in the District.

Effect of these provisions on housing choice and affordability

The provision for infill development down to 300m² close to town centres does, at first glance, suggest that the Plan is providing scope for opportunities for infill development close to town centres and therefore enabling housing choice.

Such sections, if developed, would help to fulfil the need identified for 1-2 bedroom homes on smaller sections. In this way it would suit elderly people wishing to be close to shops and services who may not have access to their own transportation. Similarly it would suit singles looking for affordable accommodation.

However, the specific requirements for this type of infill development appear to act as a disincentive for such infill. This is because infill subdivision in the overlay areas requires consent as a Discretionary Activity. For many developers, Discretionary Activities pose a significant risk due to the level of uncertainty associated with this consent category (ie, risk of notification of application to neighbours and the unlimited discretion of the council in considering the consent). This may well influence the extent to which infill occurs, thus affecting the ability to fill a gap in the housing market for small sized sections.

A study of the Council's own infill subdivision resource consent data⁷ (by D. Raymond for KCDC) also reveals that infill subdivision has not been a significant component of all subdivision activity in the District. Figures 14 and 15 show that infill lots account for between approximately 7% and 20% (or less than 40 lots each year) of all lots created between 2000 and 2008.

⁷ ie. infill subdivisions as defined in the District Plan as being subdivision of land less than 3000m².

Figure 14: Number of infill lots created in Kāpiti Coast District compared with other lots created (Raymond, 2008)

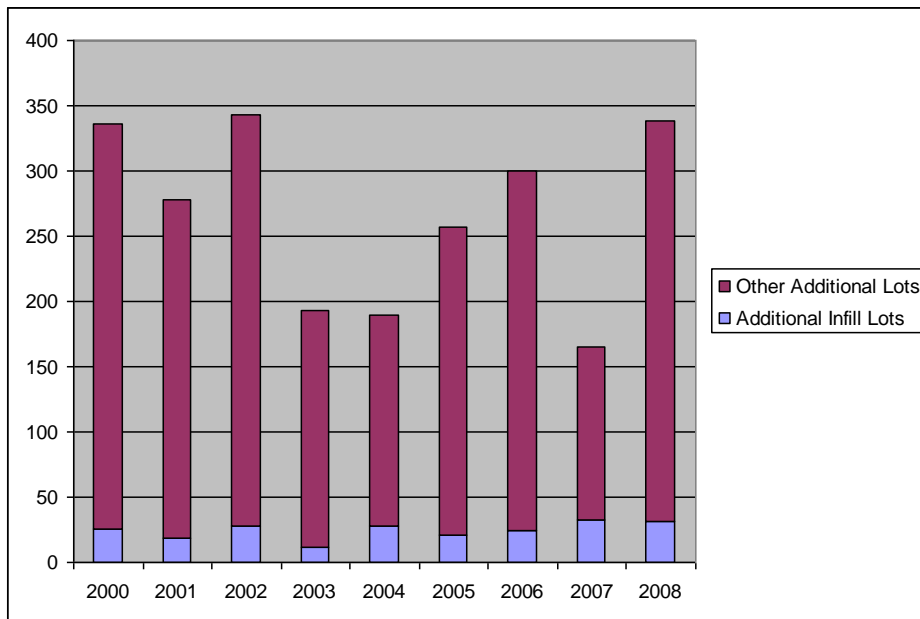
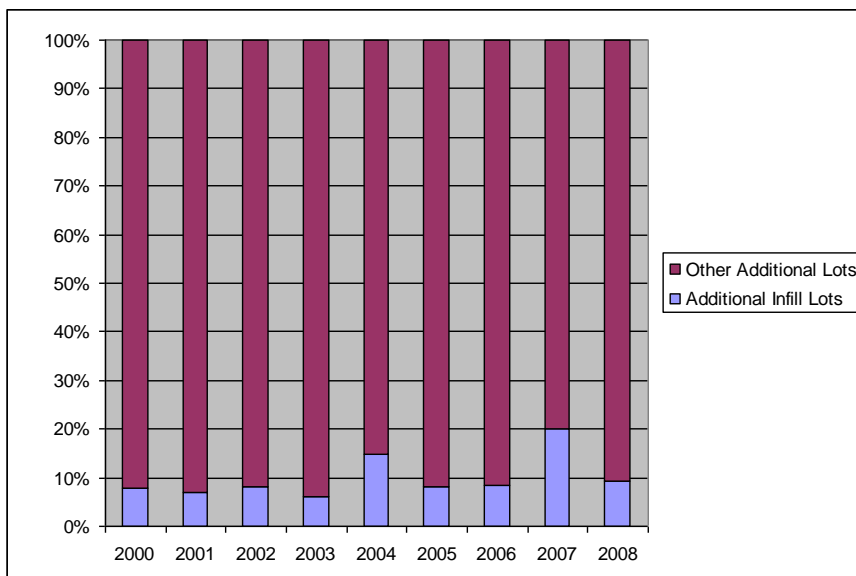


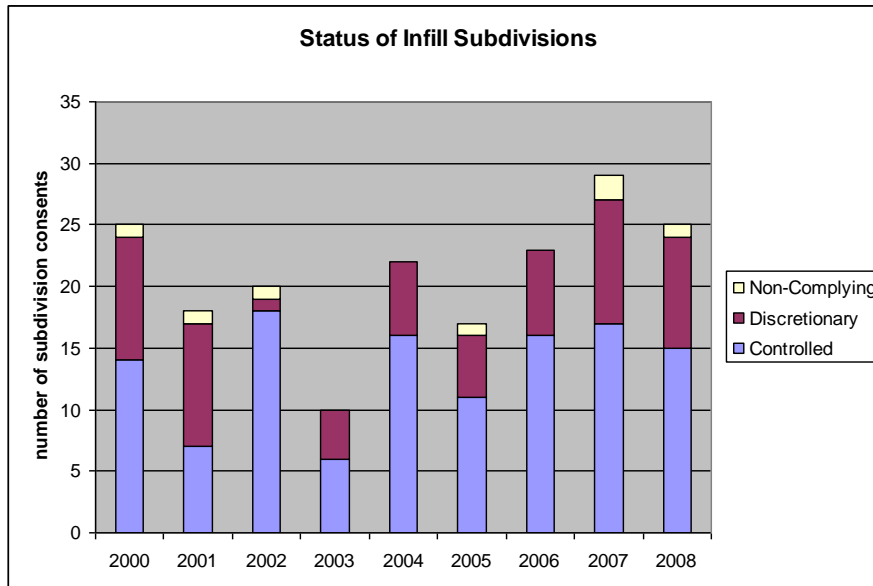
Figure 15: Proportion of infill lots created in Kāpiti Coast District compared with other lots created (Raymond, 2008)



The same analysis also identifies the activity status of the infill subdivisions during that same period 2000 – 2008 (Figure 16). Figure 16 demonstrates that the majority of all infill subdivisions were classed as Controlled Activities (ie, section sizes of at least 450m²). There were notably

fewer Discretionary Activity consents applications for subdivision; being the category of consent that provides for smaller scale infill subdivision in the order of 300-350m² ⁽⁸⁾.

Figure 16: Resource consent activity status of infill lots created in Kāpiti Coast District (Raymond, 2008)



Accordingly, it is not considered that infill subdivision of lots to 300m² in the Infill Development overlay area is a tool that can be relied upon to enable housing choice, if this was the intent of the Council in creating to infill overlay close to the Paraparaumu town centre.

4.3.5 Family Flats

The District Plan provides for one family flat per site in addition to one dwelling and any accessory buildings. A family flat is defined as:

Family Flat - shall be no greater than 50m² gross floor area (excluding decks and covered outdoor living areas) and shall be capable of relocation. No family flat shall be sold or otherwise disposed of except in conjunction with the dwelling. The flat may, however, be removed from the site. Note: A family flat should only be occupied by a socially dependent relative or close family associate of the occupants of the dwelling.

Being a permitted activity, it is not known how many family flats exist across the District.

Effect of these provisions on housing choice and affordability

The family flat provisions, though a permitted activity, only enhance housing choice to a limited extent. This is because the option is only available to those people who have relatives/close associates willing to erect a family flat on their property. Further, the very specific definition (in particular who can occupy the flat and that it must be removed once the occupier no longer resides there) decreases the ability for such units to be used for a wider range of people in need

⁸ Note that some larger scale infill developments (ie. 450m²) may have also defaulted to a Discretionary Status in the event the Controlled Activity standards could not be met.

of a small dwelling. Accordingly, it does not provide greater housing choice for the broader population.

We understand that some owners of family flats currently rent out these flats on the open rental market. If the conditions associated with the family flat definition were strictly enforced (ie, family flats removed once socially dependant relative no longer residing there) then this may result in a reduction of residential units available in the District that would otherwise meet an identified market need (ie. small units).

It is noted that many councils removed the family/granny flat provisions from their first RMA district plans in response to the effects-based philosophy of the RMA. While some councils removed the provisions altogether, others modified the concept to provide for 'minor household units' on the same site as the main dwelling. Plan provisions for minor household units still limit the size of the units (typically 50-60m², single storey nature), and requires them to meet all other bulk and location standards, but does not restrict how they may be used or by whom. As such, plans containing provision for minor household units enhance housing choice for a broader sector of the housing market more so than the traditional concept of family/granny flats. One consideration in permitting a broader spectrum of population able to occupy minor household units is whether this will increase demand on the District's existing infrastructure capacity.

4.3.6 Boarding houses / lodges etc

Boarding houses for up to six people are a permitted activity in the Residential Zone of the District Plan. If more than six occupants are proposed, then the boarding house activity becomes a Discretionary Activity. Boarding Houses are not expressly permitted in any other zone, requiring a Discretionary Activity consent if established elsewhere. This may be in part a reflection of concerns about the quality and suitability of private temporary accommodation.

Of note is that alternative living arrangements for elderly, such as Abbeyfield Homes or perhaps rest homes generally would technically fall into the definition of boarding house as these places provide "live-in health care or support" for people boarding in the 'house'.

Effect of these provisions on housing choice and affordability

Enabling small scale boarding houses as a permitted activity does help to ensure some limited scope for the provision of low cost/social housing needs. There may be many such houses throughout the District which 'pass under the radar' for most residents because boarding houses of this size are, in theory, comparable in effect to any normal residential home.

The Plan does however set a reasonably high activity status for boarding houses greater than 6 people. Again, being a discretionary activity, there is a high degree of uncertainty as to whether applications will be publicly notified and the range of matters that the Council will take into account in making a decision. This uncertainty may represent a very real barrier to providers of social housing wishing to establish larger scale boarding houses (perhaps to fulfil the needs identified by the Kia Kaha Report⁹, the Kites Trust report¹⁰ and the Kāpiti Housing Forum).

⁹ Kia Kaha Charitable Trust, 2007, An enquiry into Emergency Housing Needs for young people in the Kāpiti and Porirua Districts of Wellington, New Zealand.

¹⁰ Kāpiti Choices and Kites trust, 2007, My home, My Wellbeing: An exploration of mental health consumers experiences of housing needs in the Kāpiti Coast region.

One private provider of a boarding house in Paraparaumu noted that the Plan would ideally recognise 'commercially managed boarding houses' as permitted activities. This is on the basis that boarding houses of a certain size (40 people plus) can support full-time, on-site management of the facility – a feature that would help to address a number of community concerns that are often raised in connection with boarding houses.

In reality, boarding houses of this size in a residentially zoned area are likely to have some residential amenity and traffic/parking effects on surrounding land uses making a permitted activity status less appropriate. Even so, the Plan review process provides an opportunity to see whether there are other possibilities for catering for larger style boarding houses.

As noted above, smaller-scale rest homes providing live-in care and support for elderly and where there are communal facilities (ie. kitchens, living rooms, gardens) may also fall into the boarding house definition. The particular needs of more elderly residents in such a complex are likely to be different than a boarding house for younger, more mobile residents.

4.3.7 Retirement villages/homes

The main zones in the Plan do not expressly provide for the establishment and operation of retirement villages (or indeed other forms of alternative living arrangements or communal living). Accordingly any application for a retirement village would be processed as a Discretionary Activity. The one area where retirement villages are expressly permitted is within Precinct 5 of the Waikanae North Development Zone. This relatively recent plan change reflects the detailed structure planning process carried out prior to the private plan change which had identified the opportunity for a retirement village within this 'multi-unit precinct'.

Effect of these provisions on housing choice and affordability

The lack of express provision for retirement villages or even multi-unit development generally in the Residential Zone of the Plan does mean that providers of such facilities face considerable uncertainty due to possible notification requirements and the extent of matters that are able to be considered by the Council in making a decision.

It is noted that the developers of large scale retirement homes are likely to work with whatever planning provisions are in place, as they have substantial management structures and financing in place to fund the planning approval process. However, smaller scale developers are less likely to take such risks. Also, people interested in setting up alternative living arrangements (ie. communal living with some shared facilities) are also likely to struggle in any consent process. Accordingly, the lack of flexibility in the Plan to develop larger sections containing multiple smaller units does not assist in providing for housing choice for elderly people who are not interested in the retirement village lifestyle per se.

4.3.8 Relocatable Buildings

The Plan permits the use of relocatable buildings that are up to or including 15 years old or other buildings that are up to or including 30m². If these conditions are not met, then the activity defaults to Controlled Activity Status.

Effect of these provisions on housing choice and affordability

Relocatable buildings can provide an effective low-cost housing option for people, compared with the cost of building a new home. The level of control imposed (ie. Permitted and Controlled

Activities) is appropriate and provides certainty for landowners that the consent will be granted, albeit with the possibility that some conditions could be imposed to address issues normally associated with relocated housing.

These enabling provisions ensure that there are no unnecessary barriers in place and should assist with enhancing housing choice in the District.

4.3.9 Papakainga Housing

The Residential Zone policies contain a policy enabling the development of papakainga housing (Policy 5) but there do not appear to be any rules explicitly providing for it, resulting in such activity being considered as a Discretionary Activity.

The rural zone rules and standards do however explicitly provide for papakainga housing on rural zoned land at the northern end of Kāpiti Island. Applicants are required to submit a concept plan and meet certain standards (including a minimum site area of 250m² per residential unit).

Effect of these provisions on housing choice and affordability

With a notable proportion of Maori land across the District, in particular in and around Ōtaki, it would be desirable for the Plan to contain more explicit provisions for the development of papakainga housing to address housing choice for the Maori community.

It was noted by the real estate agents based in Ōtaki that young Maori are more likely to stay in the District compared with other ethnic groups. This view was supported by the Council's iwi liaison officer who also noted however that with the increased value of housing in the Ōtaki area that Maori may be increasingly affected (and possibly displaced from the area) by these higher housing costs. This suggests there is a need for wider housing choice in the area.

There is considerable interest from tangata whenua in developing papakainga and it is noted that future treaty settlements may help to provide an economic foundation for tangata whenua to pursue this interest.

4.3.10 District Plan Residential Zone provisions

The residential zone expressly provides for one dwelling, one family flat and accessory buildings as a permitted activity provided the development standards can be met. The Plan provides for up to four dwellings on one lot provided each dwelling can still achieve the relevant controlled activity subdivision, which include among other requirements, a minimum site area ranging from 450m²-550m².

A shape factor applies to lots. Each lot (except for network utilities) has to be capable of accommodating an 18 metre diameter circle, though this is reduced to 12m for lots in the Infill Development overlay near the Paraparaumu Town Centre.

The key generic development standards that manage the bulk of and location of buildings on a section in the Residential Zone are:

- Building Height: maximum 8m (though some exceptions)
- Building height in relation of boundary: starts at 2.1m above ground at the boundary and inclines inwards on a 45° angle.
- Front yards: 4.5m

- Rear Yards: 3m
- Side yards: For front sites 3m for one side yard, 1.5m for other yards; For rear sites 3m for all other yards
- Site coverage: 40%
- Outdoor living court: minimum 40m² (with minimum 4m dimensions)
- Permeable surfaces: 30%
- Car parking: two carparks per residential dwelling unit.

A cursory assessment of these provisions compared to a sample¹¹ of other district plans reveals the following:

- 8m is the 'standard' building height adopted for district plans so in this respect the KCDC Plan is consistent with other plans. An 8m building height provides scope for two storey dwellings, though it is noted that the predominant character of houses in the District are single storey.
- There are a range of 'formulas' used across plans to manage building height near the boundary. Of the plans studied 2.5m at the boundary was the most commonly used height, with the range being from 2m to 3.5m. An angle of 45° is also most commonly adopted in plans across the country (and particularly in the Wellington Region). Accordingly the 2.1m boundary height used in the KCDC Plan is less than what other plans provide for and may contribute to the perception held by some that the bulk and location rules are stringent, especially considering the predominantly flat land across much of the District.
- In respect of yards, while most council plans maintain a front yard requirement (to manage streetscape character), a notable number of plans no longer specify side or rear yards (apart from the need to maintain some access to the rear yard). This is on the basis that the height/boundary provisions effectively create a yard on each boundary. Further, some councils have adopted ground level open space area requirements to optimise the quality of ground level open space on a site. As the KCDC Plan also requires an outdoor living court, it could be argued that these three tools together (height/boundary, yards and outdoor living court) result in a 'belts and braces' approach that may be overly restrictive.
- The site coverage provision of 40% is more generous than the standard 35% site coverage adopted in many plans studied, perhaps reflecting the traditionally larger lots found in the District.
- The prescription of a permeable surface area is a tool used in some plans, usually where there are demonstrated environmental issues with surface flooding and the management of stormwater. In addition to addressing these environmental effects, prescribing a

¹¹ Auckland City Isthmus Plan, North Shore City District Plan, Manukau District Plan, Hutt City District Plan, Wellington City District Plan, Combined Wairarapa District Plan, Invercargill District Plan, Southland District Plan, Gore District Plan.

certain proportion of a site to be permeable also enhances residential character and the amenity values of an area.

We note that it is not uncommon for plans to have shape factors in the order of 15 or 16 metres, rather than 18 metres. It was put to us by one developer that many existing lots in the urban area are just under 18 metres wide, and so the shape factor acts as a restriction on infill-type subdivisions that can meet the controlled activity minimum site area requirements. This is obviously not an issue for the Infill Development overlay area (where the shape factor was reduced to 12m), but it may continue to be an issue for subdivision in other parts of the District.

In addition to considering the effects of the main development standards, it is also helpful to note the effect of recent changes to household related definitions in the Plan. Plan Change 64C 'Miscellaneous Changes' sought, among other things, to clarify existing definitions for 'dwelling', 'residential activity', 'household unit' and introduced new definitions for 'kitchen' and 'bathroom'. The reason for these changes was to clarify ongoing issues associated with how many 'dwellings' were on a site which had traditionally been related to how many kitchens were part of a dwelling. The decision adopted by the Council was to clarify that any household unit containing more than one kitchen and one bathroom (excluding a family flat kitchen and bathroom) would be regarded as two household units; having the effect of no longer allowing the dwelling as a permitted activity. This change also affects how development contributions are calculated for such sites. In the event that the house extension was reasonably small (ie, less than 50m²) this actually creates an unfair scenario because a 'family flat' containing a kitchen is permitted on a site without attracting the same level of development contributions. The plan change is now effectively operative.

Effect of these provisions on housing choice

The bulk and location provisions are generally in accordance with other district plan requirements and appear to reflect the desire to maintain a predominantly low density character of dwellings in the District and the larger lot sizes. In considering these development standards and their effect on housing choice, the main issue that arises is whether these standards can continue to be satisfied for the construction of smaller homes on smaller lots (eg. maintaining a requirement for two carports for smaller units may be unnecessary).

In respect of the 'household unit' and 'kitchen' definitions, it was noted by one interviewee that this could impact on housing choice. The scenario considered related to the situation where people carry out house renovations to cater for expanding households – the occupants of which desire some independence from each other in the form of a kitchen space¹² and additional bathrooms (ie, as a result of teenagers staying at home longer or the arrival of elderly relatives). For some people, house renovations are a more affordable option than purchasing a larger house to meet the requirements of a larger household. The true effect of these particular district plan changes on housing choice is unlikely to be known as potential house renovators will likely ensure that their renovations comply in order to avoid the resource consent process and trigger additional development contribution payments.

¹² NB: Definition of kitchen as a result of PC64C is that a kitchen contains fixed cooking facilities, a sink and food preparation areas. Accordingly, a house extension that includes a 'kitchenette' (ie, small bench space and a sink, but no fixed cooking facilities, will not trigger the definition of kitchen).

5 Summary / Conclusions from Part One

A review of the District's housing market demonstrates that average house sales prices in the Kāpiti Coast District are notably less than average house prices in Wellington City. Similarly the research confirms that the Kāpiti Coast District housing market operates in a similar way to other provincial housing markets situated close to larger centres.

Population projections provide strong signals that Kāpiti Coast District's currently aging population will continue to expand relative to other age groups, over the coming 30 years. No matter what economic future may eventuate, it seems certain that the District will contain a large retired sector, and planning for housing and the urban environment needs to recognise this.

The District is also attracting a range of working households, partly due to improved transport links with central Wellington, but also due to the reasonably affordable housing stock present. Given the lack of recent, quality information on household incomes, it is difficult to make firm conclusions about housing affordability in the Kāpiti Coast District for this group. However, some conclusions have been drawn based on the data available and this suggests that the main group likely to be affected by housing affordability concerns are working households on modest incomes and single-person households. To maintain options into the future to expand the District's workforce, there is a need to consider housing options for these households.

The Council has undertaken considerable research into the social / community aspects of housing. This work has highlighted the lack of stable, affordable rental accommodation for single people. As reported by the Kāpiti Housing Action Group, agencies have resorted to using local boarding houses, motels and backpackers not just for emergency/short term housing but also for longer term housing.

In order to test how housing choice and affordability may be influenced by the District Plan, a review of the plan provisions was carried out. The main finding here was that as a result of numerous plan changes to the Plan during its 10 year period (in particular Plan Change 62, 69 and 80), the District Plan is in a better position now than when it was first adopted to provide for increased housing choices throughout the District. However there is still scope to provide greater flexibility in the Plan to enhance housing choices further.

In light of the findings from sections 2, 3 and 4 of the report, it is considered that specific attention to the following three issues should be made in Part Two of the study (ie. identification and analysis of options to address issues identified):

1. Aging in place

Given the big increase in the number of single person and couple only retired households, along with growth in the 75+ age group, there will be the need to provide further opportunities for retired households to find smaller, easier to maintain units close to shops and services. This may be in the form of a small single storey unit (attached or detached), or perhaps in the future, an appropriately designed low rise apartment. While there are moves to provide additional retirement villages within the District, not all retired residents

will be able to afford to, or desire to live in these environments. There needs to be more choices for retired households in and around existing and future hubs.

Within this broad sector will be a number of households who will be on low incomes where having access to secure affordable rental product is important to their well being.

2. Intermediate housing sector:

This sector refers to those households that are likely to earn sufficient income to place them above Housing New Zealand criteria but below that which will enable them to enter the freehold housing market, in other words, the non-social housing rental market. This sector is likely to include lower income working households, as well as families involving single parents, for example. It would also include many Maori households.

While there is a period of readjustment to house prices going on which will help to make housing more affordable to this group, it is possible that within the Kāpiti Coast District area, house prices will again rise in the future and/or the size of the intermediate housing market will grow. For example this may be in response to increasing constraints on land supply, which sees land prices increase. On the other side of the coin, improved travel connections to Wellington increasing the attractiveness of the area to working households, or via an expansion of locally-based employment may boost the size of this sub market.

3. Temporary / short term accommodation

As identified in the section on community needs, there is a shortage of housing available to help people in stress get themselves “back on their feet”.

Options to address these specific issues will be identified and considered in the Part Two of this report.

Part Two – Options Analysis

6 Introduction

Following on from the main findings from Part One, a number of options have been identified that help to address housing choice and affordability for the three main housing segments identified in section 5 of this report, being:

- Aging in place
- Intermediate housing sector
- Temporary/short-term accommodation

The options have been identified based on the consultant teams' knowledge of various planning tools used in New Zealand as well as overseas, the analysis undertaken as part of Stage 1 of the project, and input from Council staff and Councillors.

This section of the report looks first at options to improve housing choices, for the above three housing segments; followed by housing affordability. The two outcomes (increased choice and improved affordability) are interlinked, in that increasing housing choices should help to address some affordability pressures. However it is worth looking at them separately as improving housing choices largely rests on increasing opportunities for households to seek out different living arrangements and housing types, while improving affordability of housing tends to involve various types of active encouragement of certain housing outcomes for certain target groups. Therefore two different sets of tools tend to be used: improving housing choices mostly involves relooking at various planning controls that limit certain types of housing from occurring, while improving affordability often involves new actions and policies for councils that need to be developed and justified.

In the case of Kāpiti Coast District, there is also a temporal issue. That is, housing affordability is perhaps not as pressing as it is for other cities and districts, but it may become a larger issue in the future if no action is taken. In the short term, the most likely action to take to address housing affordability is to look at how housing choices can be expanded in way that fits with wider community goals. At the same time as this is occurring, we would recommend that the Council start to develop policy that can more proactively develop an affordable housing stock in the District, over the medium to long term. This is a point that we develop in more detail in the section on housing affordability options.

7 Improving Housing Choices

Councils around the country are considering a variety of ways to manage and enable a wider range of housing choices within their districts. This is in response to changing demographics, lifestyles and rising housing costs. As a result, suburbs are becoming more complex built environments as the traditional three bedroom home model evolves, both into much larger homes as well as smaller units for singles, couples and other “non-family” household types.

This evolution is most apparent in the newer greenfield subdivisions that are being developed on the edge of urban areas. It is now common for a range of housing types to be planned for (stand alone houses, duplexes, terrace housing, low rise apartments) in the same development. Greenfields developments offer opportunities to plan for such diversity in a comprehensive way and to build in the amenities and infrastructure required to support the mix of development types. In many cases, good urban design outcomes are achieved. Plan Change 69 (Waikanae North) is a good example of this. However the downside can be the location of the new, mixed communities, some distance from workplaces and transport infrastructure.

Existing suburban areas have been slower to adapt to changing lifestyles and housing needs, particularly so for the suburban areas developed through the 1960s to 1990s. These suburbs lack the diversity found in older, pre WWII suburbs, and as discussed, the greater scope for housing choices within greenfields suburbs. This slow rate of adaptation is creating longer term issues in terms of urban sustainability, with limited ability to make more effective use of the land and infrastructure resources present in these suburbs, and the growing externalisation of environmental costs (like congestion), as well as social costs (like reduced housing affordability). This in turn is placing greater costs on future generations in terms of managing the effects of urban areas, in total.

In Australia, America and Britain, particularly those cities facing strong growth pressures, councils are considering quite substantial overhauls of planning frameworks to enable greater change and diversity within existing suburban areas. There is an increasing importance being placed on urban design outcomes, rather than urban density, in terms of managing this process. Two techniques being advanced to promote this are:

- **Master planning**

One approach is to undertake detailed master planning of a suburban area to determine in what way greater housing choice could be accommodated. This planning may get down to a block-by-block analysis of constraints and opportunities and result in a new set of District Plan zones that are much more “fine-grained” than previously applied. Typically a master plan or area plan is developed by the council in conjunction with the community. This plan may be quite detailed and considers physical, economic and social conditions. A variety of actions are likely to be noted to address future pressures, while maintaining important local resources / values. Parts of the master plan are then brought into the RMA environment via a plan change (such as those elements relating to the built environment), with a range of sub zones brought forward for an area. This process is basically the same as that used in greenfields areas (in that a structure plan or similar

typical proceeds a plan change). In the case of a suburban area, the main difference is the multiple land ownership involved and often diverse values in the community. This means that gaining agreement on the plan change can be a long winded process, often only concluded via an Environment Court appeal or similar.

- **More discretionary planning processes**

This approach pulls back on detailed master planning of an area, and instead seeks to provide greater guidance within relevant zones as to what type of housing typologies are likely to be appropriate within different parts of these zones, but without actually specifying within the plan the areas where such housing is to occur. A more principle-based approach is followed (District Plan policy and assessment criteria), backed by appropriate guidance material. Blanket density-type control measures on built form are reduced in importance, if not eliminated. They may be replaced with controls on built form (floor area ratio controls) or people intensity – such as habitable rooms per hectare or similar that provide much more scope for a range of different sized and arranged housing to be provided. Alternatively, detailed provisions can be developed that set out appropriate building types for the wide range of conditions found within the same zone (main road versus cul-de-sac, corner site versus mid block, close to local shops versus more distant, for example). In these approaches, the critical success factor is usually the extent of public (third party) involvement in the resource consent process and subsequent appeal rights, given the absence of a negotiated overall plan for an area. Each development has to get transacted on a case-by-case basis, and unless there are clear boundaries around public input, then processes become very uncertain. As a result, plans are increasingly specifying for the different types of activities whether they will be publicly notified or not, with the general trend to be to increase the number of development types within the “not-notified” basket. In other countries, it is also common for appeal rights to be curtailed to the applicant only (not the submitter). However, to work these approaches need to be backed up by greater council involvement in the consent assessment process, particularly in terms of urban design input and analysis.

Both approaches raise issues with regards to the Resource Management Act. In the first case is the need to update and modify master plans as development proceeds, yet plan changes are often a lengthy and costly process due to the appeal rights involved. Master plans can then get “cast-in-stone” if there is a reluctance to modify plans because of these costs. The other, discretionary route tends to rely on negotiated development control processes, with use of relevant guidance material and processes, much of which may lie outside the District Plan / RMA (such as the use of Independent Urban Design Panels to review development proposals or reference to non-statutory areas plans and design guides). The Resource Management Stage II reforms are partly seeking to address some of these matters, but there is as yet no clear direction on the scope of the reforms and whether the New Zealand system will be modified so that it can better cope with greater housing diversity within small urban areas.

In the case of Kāpiti Coast District and the review of the District Plan, the Council has the choice of undertaking a fundamental overhaul of the way it plans for existing suburban areas, perhaps anticipating to an extent possible changes to the RMA, or it could taken a more evolutionary approach that seeks to take the current structure of zones, but modify and adapt them to better accommodate the identified issues. The decision as to which route to take partly depends upon Council resources and the extent to which they wish to “front-foot” a debate about the need for

suburban areas to accommodate greater housing diversity and the various ways and means to do so.

In the following options, we concentrate on more evolutionary techniques that build on existing planning frameworks. We do this to provide some understanding of the extent to which such evolutionary approaches may accommodate the issues identified in the first stage of the report. From this understanding, the need or otherwise for a more substantial overhaul could be judged. It is also our impression that the Kāpiti community (developers and residents) will need considerable engagement with alternative processes before they would be in a position to accept either much more detailed, or much more discretionary, planning frameworks.

Table 17 lists each of the options considered in respect of housing choice and also identifies which of the three housing segments it will primarily help to address. In addition to the three main housing segments identified, the study also identified some other areas of the Plan that could benefit from a revised approach in order to assist housing choice more generally in the District, for example papakainga housing.

Table 17: Options to address housing choice

List of Options	Aging in Place	Intermediate Housing Sector	Temporary /short term accommodation	Generic Issues
Extend Housing Choice				
1. Replace family flats with provision for 'minor household units'	✓	✓	✓	
2. Provide for Dual Occupancy Dwellings	✓	✓		
3. Amend subdivision provisions to better enable/incentivise smaller lots for the provisions of infill units close to Paraparaumu Town Centre	✓	✓		✓
4. Provide scope for multi-unit development in all residential areas (catering for retirement villages, 'pocket housing', other forms of communal housing), in conjunction with design guidance.	✓	✓		
5. Density Bonus Zoning	✓	✓	✓	✓
6. Specific provision of retirement villages	✓			
7. Amend boarding house provisions (to better provide for shared accommodation, Abbeyfield Houses as well as temporary housing needs)	✓	✓	✓	
8. More explicit provision for papakainga housing (would suit wide range of Maori community housing needs)	✓	✓	✓	✓
9. Review carparking standards and some bulk and location development standards	✓	✓		✓

10. Complement existing upzoning provisions (in and around town centres) with provision of design guidance on apartment design	✓	✓		
11. Provide design guidance on: Housing needs for elderly/people with physical disabilities (ie. Lifetime design)	✓			✓

Each of the options set out in Table 17 above are described below in more detail. The description typically includes:

- A brief outline on why the option is proposed, including the main benefits (or costs and risks) of the option and referring back to the issue/s it seeks to address
- A set of key attributes that could be used to form a 'rule' or other such provision (in the case of the regulatory options)
- Examples from plans or other documents which set out how the option has been used in practice. Note that examples of plan provisions are not included in this report, but are instead provided separately to the Council.

7.1 Minor Household Units

As outlined in Part One of this report, the Plan's current provision permitting one family flat on any site should be reviewed as this provision does not assist housing choice as much as it could. As foreshadowed in section 4.3.5 of this report, other councils have adopted the concept of 'minor household units' in their plans as a replacement of the family/granny flat approach. Such provisions generally limit the size and scale of minor dwellings in order to manage residential amenity effects on surrounding properties, such as visual amenity and

residential character. However there is no limit on who may occupy the units or the requirement for the units to be removable.

One implication of this provision, compared with the family flat provision, is that it may result in a larger number of smaller units being built, either for family members or to provide a rental stream for the main dwelling ('home and income' property). While it is unlikely every property in the District would be developed to have an additional minor household unit on them, some research will need to be done from an infrastructure perspective to better understand the effect of this provision on the existing capacity of the District's infrastructure.



Figure 17: A single storey minor household unit at the back of an inner city Auckland property fits unobtrusively into the neighbourhood

Key attributes of a minor household unit provision:

- Maximum of one 'minor' unit per site
- Maximum gross floor area of 50/60m²
- Minor unit not able to be subdivided from the main dwelling
- Minor unit could either be attached to the main dwelling or detached. That is, the unit could occur as a result of a conversion of part of an existing house or through an extension to the main dwelling, or it is a stand alone unit.
- If detached from the main dwelling the maximum height would be 4.5 - 5m (ie. single storey)
- Must meet all other residential bulk and location development standards (and in respect of carparking, only requires one carpark).
- Consider adopting a two-tier approach to minor household units, by adopting an additional threshold, based on section size, to create a permitted tier of minor household unit and one where resource consent is required (ie. minor household units are permitted on section sizes greater than 600m², and become Restricted Discretionary Activities on smaller sections).

The maximum gross floor area of 60m² is larger than the 50m² currently provided for in the family flat provision. As with any threshold of this nature, there is no one correct figure. 60m² is suggested as it reflects the average unit size generally adopted in other plans (NB: the examples referred to below range from 50m² to 80m²). Should the Council, in moving to a minor household unit provision, wish to create an obvious link between the new provision and the family flat provision then retaining the 50m² floor area will achieve this.

The idea of providing for conversion of part of an existing dwelling into a minor household unit allows flexibility for existing home owners seeking to adapt their property to meet changing needs in a more cost effective manner than building a stand-alone unit. We note that minor household unit provisions in other plans do tend to assume that a new, stand-alone unit will be created. However, in considering long term housing needs, being able to create a minor household unit within an existing dwelling (or resulting from some additions or alterations) could provide more flexibility. At the same time, it may well reduce the visual impact of a separate stand-alone minor household unit on the residential character of the District.

There will be some building regulations that are triggered as a result of this type of provision, such as the need for fire rated walls between the two units. Careful attention will also need to be paid to building consent applications to ensure that (for the purposes of calculating development contributions) a minor household unit can be distinguished from a 'studio extension' which may not have full kitchen facilities (as defined by the current kitchen definition).

The last attribute outlined above suggests the need for the Council to consider an additional threshold for determining the activity status of minor household units. This attribute may be needed if, following an assessment of the District's infrastructure capacity, there is some concern that a permitted minor household unit provision may result in many properties in the District developing these units as permitted activities. The rationale for setting the threshold for a permitted activity minor household unit at 600m² (or thereabouts) is that the Plan already provides for larger sections to be subdivided and it is assumed that the infrastructure can cope with such development intensity.

District Plan Examples:

- Hastings District Plan
- North Shore City Council District Plan
- Manukau District Plan

NB: the Wellington City District Plan also provides for smaller sized 'infill' units however, the particular details of those planning provisions are not considered to be entirely applicable for the Kāpiti Coast District. This is because the provisions were developed to recognise the hilly topography in Wellington and also to reflect other planning approaches used in that plan which are not found in the Kāpiti Plan (eg, no minimum section size).

7.2 Duplexes (Dual Occupancy)

Common in Australia (dual occupancy) and America (duplexes), this housing typology is often used to expand housing choice in a way that maintains the suburban character of an area. Dual occupancy buildings are generally defined as residential units being either:

- attached, by a common wall or with a ceiling or floor (ie. upstairs/downstairs apartment) where the overall building maintains the appearance of a single dwelling; or
- detached (two units on the same site).



Figure 18: A duplex home example from America showing orientation of the units to the street

In the case of the Kāpiti Coast District, it is suggested that only the attached version be considered, as two separate units on a site is covered by the infill provisions (which are discussed below). Attached dual occupancy developments provide for greater housing density, but the resulting building forms generally read as being consistent with the "stand alone" housing character of the surrounding neighbourhood. In doing so, this type of building can have fewer amenity effects on surrounding properties, compared with a detached dwelling in the front or rear yard (ie. as a result of an infill subdivision). There is usually a density type control, in that attached dual occupancy can only occur on sites of a minimum size, such as 600m².

Dual occupancy is not unknown in New Zealand, with a common trend in the 1970s being the conversion of a larger home in an older suburb, into two flats. This expanded the housing stock in a way that did not involve redevelopment. Many of these flats have now been reconverted back into a large home as areas gentrified. Some State House developments involved semi-detached dwellings.

Dual occupancy is however, a new concept for most New Zealand planning schemes and we are unaware of any existing provisions that facilitate an attached, duplex type housing option. However, a range of Australian planning schemes can be accessed via the web, and we have listed some below.

It is noted that the current Plan rules already provide for up to 4 units on a lot provided each dwelling can comply with the minimum lot size area requirement and all other controlled activity subdivision standards can be met. Thus, an attached, dual occupancy type development is possible on a larger section (e.g. 900m²). An attached dual occupancy type development would also be feasible as a Discretionary Activity in the relevant areas where infill development to a level of 1 unit per 300m² or 1 unit per 350m² is possible.

However there is no flexibility within the Plan that acknowledges the reduced impact of a semi-detached type housing option, compared to two stand alone houses. Thus one option would be to provide for attached, dual occupancy as a separate activity that sits between the current Controlled and Discretionary Activity classes for infill. See Table 18 for an example.

Table 18: Example of possible activity status for dual occupancy

Area	Controlled	Restricted Dictionary	Discretionary
Paraparaumu Town Centre overlay	450m ²	300m ² (attached units)	300m ² (detached units)
General Residential Zone (ie, excludes special overlay areas)	450m ²	300m ² (attached units)	350m ² (detached units)

Key attributes of a dual occupancy provision:

- Each 'unit' considered a dwelling in its own right under current Plan definition of 'dwelling'
- Restricted discretionary activity to construct dual occupancy
- Maximum of two dwellings attached in the same building, including the ability to convert an existing dwelling into two units
- Able to be subdivided (ie. cross lease, unit title)
- Minimum section size of 600m² with a minimum street frontage of, say 15 metres (not a rear lot), but no minimum site average for each unit
- Must meet all other residential bulk and location development standards for a dwelling, including site coverage across the site, though we would suggest car parking requirements be reduced to one per dwelling, if the dwelling unit has only 1 or 2 bedrooms.
- Consider adopting a threshold relating to bedrooms, ie. maximum of 6 bedrooms across both dwellings (ie, 3 bedrooms in each dwelling, or 4 bedrooms in one dwelling and 2 bedrooms in the other).
- Front doors must be orientated to the street frontage.

The minimum section size in the order of 600m² is smaller than what the current Plan provisions provide for in respect of the infill subdivision provisions in most parts of the District. This smaller

lot size is suggested here on the basis that attached dual occupancies are generally designed to be akin to one large house and therefore have fewer visual effects than two stand-alone houses. As noted above, it provides the opportunity for slightly greater density of development without necessarily the same scale of adverse effects that might usually be associated with this level of density.

The attribute relating to the maximum number of bedrooms is proposed as a tool to manage the overall size of the building and ensure it remains generally in scale with surrounding properties. The basic idea being that on a 600m² lot, a large 6 bedroom stand alone home is possible as a permitted activity. The alternative to this would be a large stand alone building that is subdivided internally into two separate units, one which may contain 4 bedrooms, one with 2 bedrooms. Equally a 3 bedrooms / 3 bedroom split could occur. In other words the resulting development is roughly in the same “environmental effects envelope” as the permitted activity. It may be argued that traffic generation will be greater when two 3 bedroom homes are compared to a single 6 bedroom home, although there is no straight forward relationship between the number of bedrooms and the number of cars. The control on the number of bedrooms would also seek to stop any long term “creep” in the size of the two dwellings.

A common issue with ‘bedroom’ controls is how to enforce them. To a large extent, this approach relies on the applicant being truthful in identifying on proposed plans the intended use of each room. The Council could include a definition for bedroom in the Plan along the lines of “*a bedroom is a habitable room that is, or could be, used for sleeping in. It would not include living and family room space, dining areas and the like, but would include rooms of more than 4m² (study’s or similar) that are might be used in the future as a bedroom*”. It is noted that the Draft Auburn Development Control Plan (cited below) makes the following statement in respect of bedrooms for the purpose of determining unit size: “*rooms that are capable of being used as a bedroom will be counted as such*”.

It is also common for design / layout criteria to apply to attached dual occupancy dwellings. Generally, these types of controls seek to ensure that both dwellings “face” the street, that is, their front doors are visible from the street. The units cannot be one behind-the-other. It is not uncommon for the Australian codes to have a minimum frontage requirement to help drive this outcome, along with a preference for corner lots (where two road frontages provide ample street interface).

One risk with this provision is that it will more likely result in two storey developments. The District Plan already provides for two storey dwellings (given the 8m height limit) however it is clear from visiting most residential areas in the District that single storey homes are the predominant housing type and, in this way, are a strong character trait of the residential environment. The Council will need to consider whether the introduction of a dual occupancy will impact on the community’s general desire to maintain a low density character (as set out in the LTCCP) and balance this against the long established provisions of the Plan that allow for two storey development.

Plan examples:

- Draft Auburn Development Control Plan 2009
- Tweed Shire Development Control Plan

- Also note: Maroochy Plan 2000, Queensland State Government Summary Guide to exempt development in residential zones, and Draft Mosman Local Environment Plan 2007.

7.3 Infill development /subdivision

Reconsidering aspects of the current approach to infill development in the Plan is raised as an option to address the specific findings from Part One, which suggested that housing choice could be expanded through the provision of smaller lots, containing 1-2 bedroom dwellings. This form of development is different from dual occupancies and minor household units (both outlined above) in that it relates to detached housing and there would be no maximum limit on the gross floor size of the dwelling or the number of bedrooms. Instead the size of the dwelling would be determined by the section size and the permitted district plan bulk and location development standards (along with any general residential design guidance that may be introduced in the future).

As noted, the Plan already provides for smaller scale infill development in some parts of the District (in particular around the Paraparaumu Town Centre down to 300m², across most parts of the residential area to either 350m² (as a Discretionary Activity) or to 450m² as a Controlled Activity).

The main issues discussed in the previous plan assessment was that, if smaller scale infill was to be encouraged as a way to help fulfil the need for smaller scale housing for a particular sector of the market, then the Discretionary Activity status for infill in the order of 300m² or 350m² was not likely to encourage such subdivision. It is understood from the Councillor workshop that there are however some concerns relating to inappropriate infill subdivision that has already occurred in the District.



Figure 19: Infill development has a role as a “soft” means of providing housing choices, but layout and design needs to be controlled

One way to address concerns about the ‘quality’ of infill development is to better link (in the Plan) the land use outcomes desired with the subdivision consent process. Whilst subdivision in the early days of the RMA may have been regarded as just ‘lines on maps’ having no actual land use implications, it is clear that this is no longer the prevailing view (amongst planners anyway). Councils have sought to address this issue in respect of infill subdivision by requiring more information as part of the subdivision consent on the size and scope of buildings that will be created on the proposed lot, and may also look to include consent conditions limiting the scope of the building platform (ie. size and location).

A further step is to first require that a land use consent first be granted in respect of the infill development, with the subdivision consent to follow. For example, within the main residential areas of Waitakere City, for subdivision to be considered as a Controlled Activity, lots must be either 450m² in area, or “comprise the net unit area specified in a resource consent”. This later

clause can be used in relation to infill development (e.g. development to a density of greater than 1 unit per 450m²) that has been granted consent as a land use development. This process allows for design and layout of the infill unit to be addressed first, with subdivision then giving effect to the resulting development.

This approach could have been used, for example, to help address the particular concerns that prompted the need for aspects of Plan Change 77 relating to subdivision in and around Ōtaki.

It is also recommended that the Council reconsider some aspects of the infill subdivision requirements associated with the overlay 'infill development' layer in and around the Paraparaumu Town Centre. This will complement the goal of providing for greater housing choices close to existing shops, services and transportation links for elderly people living independently at home and single/small families on lower incomes. In particular, infill development could be considered as a Restricted Discretionary Activity, given the overall emphasis in policy on supporting development within this area.

Key attributes of the revised approach to infill overlay provision include:

- 300m² minimum section size as a Restricted Discretionary Activity within 1km of Paraparaumu Town Centre
- Must meet all other residential bulk and location development standards for a dwelling, though suggest car parking requirements be reduced in relation to the size of the unit (as is discussed in section 7.9 below). NB: the 40% site overage rule means that a dwelling of up to 120m² could be built (assuming all other standards are met).
- In addition, the provisions should provide for at least one of the following approaches:
 - a design-led approach, requiring all infill subdivisions to only proceed once a land use consent had been granted for the infill development. The development itself would need to be assessed against relevant design and layout criteria, including privacy and outlook in relation to neighbouring housing. Once an appropriate design had been agreed, then subdivision in accordance with that development could then proceed. In this case, normal shape factor requirements could be set aside.
 - the maximum height for a rear infill unit being single storey (ie, 4.5-5m). It is likely that without this type of condition, two storey developments will be more common on rear infill development sections. Experience from other councils suggests that two-storey rear infill units cause considerable environmental effects on adjoining neighbours and have been the main reason for concerns about poor quality infill (ie, especially in respect of decreased privacy, sunlight and increased visual impacts). Such a provision will help to ensure infill units can be incorporated into the residential environment with fewer environmental effects and, consequently less concern from neighbours.

The main long-term risk of enabling infill development close to the town centre is that it will make it more difficult in the future for people to be able to amalgamate sites in order to undertake

comprehensive residential redevelopments. It is noted however, that the infill development overlay close to the Paraparaumu Town Centre covers a different area from the areas where medium density housing is provided for. Accordingly, unless there are intentions by the Council for the medium density area to be expanded at some time in the future, then this represents a minimal risk.

District Plan Examples:

- Waitakere City: subdivision procedure notes
- North Shore City: Rule 9.4.5.6 and 9.4.5.7
- Wellington City District Plan, specifically rule 5.3.14 (Restricted discretionary subdivision creating and 'infill household unit') and assessment criteria 5.3.14.13 which deals specifically with the ability of a dwelling constructed within the infill subdivision to meet the development standards, and possibly be assessed against the Residential Design Guide to ensure a good 'fit' with surrounding properties.
- Wellington Residential Design Guide, originally developed as a design guide for multi-unit developments, the design guide was revised as part of Plan Change 56 (Infill Housing) to be more applicable to a wider range of housing typologies. It is equally applicable to infill housing developments as it is to multi-unit developments or apartments.

7.4 Multi-unit development: Medium density housing

The Council's current medium density housing provisions are a positive step towards providing greater housing choice. Expansion of the overlay areas to those areas already outlined in the Plan as being appropriate for future medium density development is supported.

However, as noted in section 4.3.3, the housing capacity made available by the introduction of the medium density overlay areas has not yet been taken up by the market place. The analysis of different housing segments indicates that there is no substantial market for a terrace-type housing typology in the area. This reflects demographics (retired households wishing a single level dwelling) and other choices available to the family-type households.

As has been discussed in the section on market segments, there is likely to be a growing demand for apartment type units as retired households age. The retirement village concept meets this need in one way. For some retired households, alternatives to the managed retirement complex option are likely to be desired. Providing for housing choices for the elderly sector in close proximity to shops and transport services makes sense.

What is likely to be required is a low rise apartment type housing development, rather than a terrace type housing development. That is rather than three, 3-storey terrace houses in a row, the alternative could be three, one level apartments.

In theory, the medium density housing provisions should be able to accommodate this type of building, but as the provisions are still relatively untested (given the low level of uptake for medium density development in the identified medium density housing overlay areas), the suitability of the current set of provisions is hard to judge. We discuss this further below.

It is likely to be necessary to provide for apartment-type living in a variety of areas to enable “aging-in-place”, and the Council should consider the benefits of identifying additional medium density housing areas to those already planned. This may involve a number of smaller, neighbourhood level centres, for example, so as to ensure a spread of opportunities across the main urban settlements of the District.

It is also apparent that there is a demand for more intensive housing formats around open spaces – households are often willing to accept a trade-off between less on-site outdoor living space, provided they are adjacent to quality outdoor space. The Council should investigate options for medium density housing around larger areas of open space. Well designed, such development can enhance the safety of these public spaces, while the associated development contributions can help to provide improved facilities that all of the community can enjoy. Located beside open spaces, such housing is likely to be more attractive to non-retired households.

Development around areas of open space could be facilitated by appropriate zoning, or perhaps through policy and assessment criteria in the relevant existing residential zoning that signal the desirability of increased density around open spaces of a minimum size.

Development controls

One area where development controls could be modified to help improve design outcomes (and therefore, over time, uptake of medium density housing developments) would be to consider a minimum frontage requirement (in the order of 20 to 25m). Given the typical lot width is about 15 to 18m, this would still require the amalgamation of two adjacent sites on the same road frontage, and so the requirement for a minimum area of 1,500m² would also remain.

The emphasis on street frontage is to ensure that part of the development fronts the street, rather than be side on to the street. It would also avoid the situation where development occurs on dog leg type sites or a site with a narrow street frontage, but with long frontages to adjoining properties. In these cases, there are usually interface issues with adjoining development (existing and future) which result in compromised design outcomes.

Development fronting the street helps to create a more positive street environment, while it orientates living space (indoor and outdoor) in a way that more easily fits in with existing and future dwellings in terms of privacy and outlook.



Figure 20: Medium density development side on to the street may meet minimum section size requirements, but the side orientation of the units means that they rely on borrowed outlook areas over adjacent properties, while the street frontage is diminished due to high walls and little engagement with the street in terms of the building's design.



Figure 21: Orientated to a street, this development has a secure outlook and daylight / sunlight access over the street, while street conditions are enlivened. Behind is a further row of housing on the same alignment, but orientated to an internal garden / courtyard space.

Car parking requirements are also an area that should be looked at, on the basis that proximity to transport and services may reduce car ownership rates. It is now common for District Plans to allow for 1 car park for smaller units, i.e. one or two bedroom units. There should be scope for parking to be grouped, rather than dedicated to individual units. The current provisions allow for an average of 1.5 car parking spaces per unit.

A more significant move, but one that is likely to be needed to meet the future needs of the community for a range of living spaces close to services and amenities would be to allow for additional building height in the MDH areas. A four storey apartment building is more likely to be feasible from a development point of view, than a 3 storey building, when land amalgamation is required. This reflects the higher construction costs involved in apartment buildings, as well as the higher capital outlay (development of the building cannot be staged, for example, as is the case with row housing). It also acknowledges that there is a cost involved in providing lift access, something which is likely to be needed for the retirement sector, as well as more generous circulation spaces (lobbies, corridors to accommodate wheelchairs and buggies). A 4 storey building has to provide lift access under the Building Code. In a 3 storey apartment building, this is discretionary. While a 3 storey apartment building aimed at the retirement sector may provide a lift for marketing purposes, this is not assured.



Figure 22: Four storey apartment development in Auckland. The building is broken down into a number of sub units, helping to modulate the façade and create a more domestic appearance to the building

Resource consent processes

It is recommended that the Restricted Discretionary Activity status remain. It is also recommended that the existing requirement for such developments to be assessed against the medium density development guidelines remain, although these would need to be amended to reflect the specific issues involved in apartment design (which include how lobby and circulation issues are dealt with), private outdoor space (balconies), inter tenancy privacy, access to light / daylight and cross ventilation.

It is noted that the Plan provides for these developments to proceed on a non-notified basis¹³ and this is supported. This is the sort of incentive needed to encourage developers. It should also send a clear signal to both residents and developers that the MDH areas are areas where the style of building will change. Matters of urban design are generally discussed between the applicant and council, in the same way that traffic and parking issues are resolved directly with the council.

Overarching policies need to be reviewed so that there is an emphasis on the creation of a new built environment within the medium density housing areas, rather than the protection of the current environment. For example, Policy 4 of the Medium Density Housing provisions refers to “ensuring that Medium Density Housing developments maintain the amenity values and character of existing environments by assessing applications against the extent to which they are compatible with their adjacent development and do not dominate or otherwise sit incongruously in their built environment, including materials and finishing”.

¹³ Provided that the applicant has achieved full compliance with the rules and standards.

This is a fairly restrictive interpretation of amenity, focusing as it does on existing character of existing residents, not future character or amenity for future residents and the public in general. It is now not uncommon for plans to introduce policies that speak of the need for development to create a better urban environment than current, where streets are seen as high quality public spaces, engaged with and given shape to by buildings alongside them, while developments are designed to offer future residents high quality living spaces. Relationships to existing development are still relevant, but it is not the overriding concern in the development control process.

7.5 Multi-unit development: generic provisions for the remainder of the residential area

One option is for the Plan to provide more flexibility for housing choice in other parts of the residential areas by providing for multi-unit developments generally in the residential zone. This could help to provide more explicitly for larger retirement villages which, in Kāpiti at least, still tend to be single storey developments, but usually at a higher density than currently provided for by the plan provisions.

A general multi-unit provision could also provide flexibility for other forms of community or communal developments, including those communities known as ‘pocket neighbourhoods’¹⁴. Pocket neighbourhoods could be of interest to some sectors of the housing market in the Kāpiti Coast District (ie, retired/elderly people wanting to retain some form of independence in existing neighbourhoods). This is because they provide for housing of an appropriate size to meet the primary needs of the occupants and, due to the design principles of these communities, help to create community driven neighbourhoods.

Plans have traditionally provided for comprehensively designed developments to be accommodated in suburban residential zones. Usually criteria refer to larger sites where, through a masterplan type approach, there is the ability to accommodate a range of housing types in way that fits within the neighbourhood’s built form.

One likely concern of this option is that it may be viewed as weakening the current (and deliberate) approach in the Plan to consolidate higher density residential development around key town centres and other places located close to transportation nodes. Equally, providing for multi-unit residential options of this nature may incrementally affect the low-density amenity and lifestyle values so highly prized by the community. If there was a desire to provide flexibility in the Plan then one way to manage this concern is to ensure that, regardless of what general multi-unit rules may apply elsewhere in the residential areas, it will always be more attractive or ‘easier’ for developers to consider developing within the medium density housing areas. This could be achieved by incentivising development in those areas over other areas (ie, lower consent

¹⁴ Technically, pocket neighbourhoods are regarded as a cluster of neighbouring houses or apartments gathered around some sort of shared open space (ie, a garden courtyard, a pedestrian street, a series of joined backyards, or a reclaimed alley). See: <http://pocket-neighborhoods.net/>

category status, notification status of applications, working more collaboratively with developers to achieve desired results).

In the event that this option is pursued as a way to provide more flexibility in the Plan, it will be important to adopt a more design-led approach to these developments. The Plan should contain specific design guidance that address the particular issues created by multi-unit developments (both for occupants of the units, but also for surrounding property owners). Development of a more generic residential design guide could help to achieve a highly quality of development than may have occurred in the past.

Key attributes of a general multi-unit development provision:

- Multi-unit development in the Residential Zone be a Discretionary Activity
- That there be no minimum lot size requirement, but that the average lot size per dwelling be in the order of 350m² – 400m² (ie, designed to generally correlate with the current Discretionary Activity subdivision sizes, but with scope for some site areas to be smaller and others larger)
- That there be no maximum set on the number of units
- A design-led approach be used ie, requiring the development of a more general design guide for residential development
- Existing bulk and location requirements could be retained for the exterior of the comprehensive development sites (the boundaries with adjoining residential properties); with an acknowledgement that certain provisions such as street frontage and internal yards and height to boundary requirements may become redundant due to a different housing typology. This can be addressed with a design based approach.

As developments of this nature are not understood to be very common across the residential areas of the District, it is considered that a Discretionary Activity status (while strict) is appropriate as this will enable the Council to consider the wide range of effects arising from such a development. Similarly, as noted by developers during the first stage of this project, this type of development does not fit the usual “subdivide then develop model”, suggesting that the Council would need to engage in more of a partnership role with developers planning to carry out multi-unit developments. A more generic residential design guide would greatly assist this partnership process.

District Plan Examples:

- Wellington City District Plan, specifically rule 5.3.4 (though note that general multi-unit development is a Restricted Discretionary activity in this plan).
- North Shore City Council Urban Design Guidelines: *Good Solutions Guide for Terraced Properties* and *Good Solutions Guide for Medium Density Housing*
- Auckland City Isthmus Plan: Integrated Housing Development provisions for zones 6a, 6b, 7a, 7b and 7c.

7.6 Density bonus zoning

This type of zoning allows a developer to build a larger number of dwelling units on the site provided that the development meets certain criteria, one of which may be the provision of a range of housing choices (and possibly affordable units). It can therefore be seen as a variation on the comprehensive development / retirement home provisions referred to above.

Examples from the USA (where density bonuses are in common usage) include an increase in dwelling units permitted when the developer commits to providing lifetime homes or barrier-free design; when the developer commits to providing a certain number (and various types) of affordable housing units; and when, in specified locations which have high proximity to services and facilities, the development consist of multi-unit dwellings with community (and care) facilities for older people. From the perspective of the developer, the increase in density can be put against any additional costs of provision.

In the USA, density bonuses are commonly used and often provide the incentive that makes an inclusionary zoning scheme acceptable to developers (inclusionary zoning is discussed in the next section). As an example from San Diego, the City Council developed a set of locational criteria and design guidance for senior citizens housing projects. These include that the site should be near services, facilities and public transport and that the dwellings must meet accessible design requirements. Density bonuses for developments that meet the criteria and guidance are allowed up to a 50% higher density with the requirement that either these units are available to lower income residents or the development must provide daily meals and transportation services.

However, this type of zoning needs careful consideration in New Zealand under the Resource Management Act, since it enables an increase in density above what is generally held to be acceptable from an amenity point of view, in return for desired community outcomes. Clearly the Council would have to be satisfied that any increase in density is indeed acceptable from an 'effects-based' perspective, and that the development site is sufficiently unique so as not to trigger 'permitted baseline' arguments to be initiated on neighbouring sites.

Even so, density bonuses remain in use in some districts in New Zealand; most commonly in commercial areas. One example is the Auckland City Council's Density Bonus provision in the District Plan Central Area (Section 6.7.2). This provision provides additional floor area at various ratios in return for the provision of a range of desirable public outcome, such as community services and facilities, as well as plazas and through site linkages. Other councils (such as Wellington City Council) removed such bonuses from their RMA District Plans because they were not regarded as being 'effect-based'. We note that whether such bonuses are, or are not in accordance with the RMA has not been tested in the Courts, as far as we are aware.

The use of bonus type provision in residential environments is usually curtailed by concerns about there being little public / community benefit to be gained from additional housing development. Thus a bonus directly aimed at a social outcome (rather than an amenity outcome, such as a plaza or through site link) is likely to be heavily scrutinised in the context of the Resource Management Act.

However it is not impossible to justify such a provision if there can be shown to be a link between the provision and a wider resource management outcome. For example, the community may determine that having mixed neighbourhoods is important to the sustainable management of the District's natural and physical resources, and from this have a base upon which an bonus

provision that results in a range of housing types being encouraged, could be justified. One area where bonus density type provisions could apply would be in relation to the Paraparaumu Town Centre. Zoning already provides for mixed use development. Bonus development could be in the form of additional floor space and/or height where specific activities are incorporated into developments. Some particular considerations could be providing a density bonus in return for inclusion of apartments designed in accordance with lifetime homes / barrier free design principles. The basis of this would be a positive enablement of the social wellbeing of the community.

7.7 Specific provision for Retirement Villages

A specific rule relating to retirement villages would appear appropriate, given the demographics of the District. This would help to recognise the significance of this particular housing type in this District. It also acknowledges that larger retirement village complexes may contain a wide variety of activities (ranging from typical residential dwellings, through to rest home care and also hospital care facilities) in a managed environment that might not easily fall within the normal definition of “residential activity”. Equally, traffic generation, and wider amenity effects (like refuse collection and domestic social activities) from a retirement complex are likely to be much less than for a development of family homes.

Specific assessment criteria would enable the Council to send a clear message to prospective developers on how such developments would be assessed in the Plan; particularly in relation to the degree of enclosure of such developments (they tend to “wall” themselves off from the street, for example). Specific provisions could also provide scope for the Council to engage in discussions with developers over particular design outcomes that will better meet the needs of the elderly/retired residents.

Key attributes of a retirement village provision include:

- Discretionary status outside of MDH areas, limited discretionary within MDH overlays
- Definition that is flexible to enable a wide range of activities on the site
- Design-led approach, which would include consideration of how the development interfaces with the street and surrounding properties, and demonstrate consideration been given to lifetime design principles.
- In addition to the usual assessment criteria applied for residential developments, other criteria may include extent to which propose site is located with proximity to key services (including public transport stops and local shops).

District Plan Examples:

- North Shore City Council
- Auckland City Council

These plans have quite complex sub categories for various types of retirement homes and aged care facilities, reflecting the evolution from hospital-like Rest Homes to purpose built retirement villages. The Auckland City Plan (Isthmus Section) defines retirement complexes as follows:

Retirement Village

The term 'Retirement Village' is applied to a comprehensively designed 'village' that provides accommodation with a community aspect for elderly, retired or infirm residents through the provision of on-site facilities such as recreational facilities, support, care, and medical services. A range of accommodation types are usually provided, including hospital and rest home beds, serviced apartments, and units providing independent living. Parking provisions differ in relation to the different range of accommodation and activities provided.

Visitor and staff parking are an important consideration as is the location and design of parking areas, accessways, internal roading networks, and pedestrian linkages. Consideration will also be given to the design and layout of the village, especially the integration and interface treatment with the streetscape and neighbouring properties.

This is a possible model for the District, incorporating as it does the wide range of activities often associated with these types of activities.

7.8 Lodges/ Boarding Houses/ Shared Accommodation

The boarding house provisions in the current Plan are reasonably consistent with similar provisions in other NZ district plans. That is, many plans provide for boarding houses up to a certain number (usually less than 10 people) as a permitted activity, before requiring either a restricted or fully discretionary consent for boarding houses catering for more than the identified threshold.

Given the concerns expressed at the lack of suitable emergency housing, or even short to medium housing needs for the vulnerable people in the community, it is considered that the Plan's current fully discretionary activity status for boarding houses over 6 people is unnecessarily strict.

Also, it is noted that the current definition of boarding house in the Plan would also include developments such as an Abbeyfield's House (ie. shared accommodation with communal living for elderly people) or other such community houses catering for over 6 residents. This is because the definition does not include the concept that 'board' is provided on a temporary basis only. It is accepted that the needs of more 'permanent' residents in an Abbeyfield Home or other such community houses may be different than for those people in the community needing temporary housing in a traditional boarding house scenario.

One option to address this would be to expand the definition of retirement complex to also explicitly include the Abbeyfields model. This would however, not cover shared accommodation for people with disabilities. A more general category of housing for elderly and disabled could be



Figure 23: Bond Street lodge in Kingsland, Auckland, offers shared facilities accommodation close to a town centre, on a main road

created to cover this¹⁵. However, it is questionable whether the level of activity in the Kāpiti Coast District for either of these types of housing justifies developing specific rules.

Accordingly, the approach outlined below seeks to provide additional flexibility in the general boarding house rules, but does not seek to incorporate an 'easier' regulatory option for a specific type of boarding house (ie, the Abbeyfield scenario). Instead, it is considered that the best way for the Council to assist specific housing needs of that nature is likely to be through non-regulatory measures (eg, gifting of land, waiver of consent fees, reduced development contributions).

One way to include more scope for flexibility in the existing boarding house provisions in relation to the different types of users (short term versus long term) is to acknowledge within the policies and assessment criteria that some boarding houses (particularly those designed for short-medium stay accommodation) are better located close to main shops, services and public transport. In many towns, boarding houses are not uncommon along main roads, being an activity that accepts the environment of the busier road, more so than permanent residential housing. This offers housing choices to a segment of the community that might otherwise be excluded from the area. In contrast, shared accommodation for elderly or disabled residents would be appropriate in all residential areas.

We note the Plan already provides for medium density housing developments close to town centres. While boarding houses would not necessarily meet the requirements for a medium density development, there is some synergy in having such institutions located in this overlay area. Accordingly, as the overlay area is already defined in the Plan, it provides a useful tool in helping to make the boarding house provisions more flexible.

Key attributes of a more flexible boarding house provision:

- Boarding houses with fewer than 6 people still permitted
- Boarding houses with more than 6 people and located in a medium density housing overlay area and which are located in transitional areas (such as beside commercial areas or along main roads, rather than in cul-de-sacs for example) could be a Restricted Discretionary Activity
- Boarding houses with more than 6 people located in other parts of the Residential Zone remain a Discretionary Activity, with an emphasis on the elderly / disabled sectors.
- Medium density housing provisions do not have to apply to boarding house activities, instead underlying residential bulk and location provisions would apply
- In recognition of proximity to town centres and public transport options, parking provisions for boarding houses should be substantially reduced

¹⁵ See Auckland City Isthmus Plan example of "Housing development for elderly or disabled"

- Assessment criteria would also include something along the lines of “extent to which on-site management structures/caretaker are in place” to ensure regular maintenance of the site and buildings and management of occupiers.

Provisions such as these are likely to see either small boarding houses being provided, or larger complexes that can sustain an on-site manager. The economics of the larger complexes are not known, but it is our view that the benefits of having on-site management are likely to outweigh possible concerns about such developments being “too large”.

7.9 Papakainga Housing and related activities

The current papakainga housing provisions in the Plan are reasonably limited (see section 4.3.9). It was noted in Part One of this report that there is some concern at the future affordability of housing for tangata whenua. Given this, and in light of the particular interest from tangata whenua in having scope to provide more for their own community needs and the likelihood of treaty settlements at some stage in the future, the Plan review process provides a good opportunity to consider adopting a broader set of papakainga provisions.

A number of District Plans provide for papakainga housing in some form or another. Perhaps the two most common models are to provide either a special zone for “Maori Purposes”, or alternatively to include particular rules for papakainga housing within existing zones. In respect of the latter approach, most papakainga provisions are found in the ‘rural zone’ provisions in recognition that most Maori land is located in rural environments.

Further work will need to be done with local tangata whenua to understand which approach will best reflect their needs and also the structure of the proposed second generation District Plan.

Even so, it is possible at this early stage to identify some matters that the Council will need to work through in developing provisions to provide for papakainga housing in the Plan.

Key attributes of papakainga provisions include:

- A definition for papakainga housing, which will likely include some of the following:
 - Requirement that housing is developed on Maori owned land
 - Maori owned land usually defined as land within context of s129 or Te Ture Whenua Maori Land Act
 - Maori land could also be described as being consistent with any license to occupy land issued by the Maori Land Court
- Provide for housing at a range of activity status categories, to reflect the proposed number of units (ie. permitted, controlled, restricted discretionary)
- The main assessment criteria would include:
 - Housing density, size and siting

- Infrastructure and servicing requirements (ie. provision for sewage and water)
- Vehicle access and parking
- Scope for other 'non-housing' activities to be carried out on the site which are typically associated with Maori communities ie, Marae, educational institutions (including Kohanga Reo), health centres, churches, administration offices etc. Consider a Controlled Activity basis subject to similar assessment criteria outlined above.

District Plan Examples:

- Manukau District Plan, Kaipara District Plan and Tauranga District Plan all provide for special zone for 'Maori purposes'
- Ruapehu District Plan
- Auckland City Council Isthmus Plan
- Hastings District Plan
- Whakatane District Council brochure on papakainga provisions
- Whangarei District Plan Change 94 and current pilot scheme with Council staff working alongside whanau to assist in planning successful papakainga developments

7.10 Residential Development Standards, including parking provisions

The analysis carried out as part of the first phase of the project identified that the main residential bulk and location provisions are reasonably similar to other district plan residential provisions. However, in thinking about the combined effect of these provisions on housing choice specifically, it was noted that there are two areas which could be considered further as part of the Plan review process given the possible difficulty of meeting all rules on smaller sites. These include:

- The combined effect of the yard, height to boundary, and outdoor living court standards, and
- The carparking rules requiring two parks per dwelling

Yard, height to boundary, and outdoor living court standards

It has not been possible within the scope of this research to develop a more in depth understanding of the extent to which the combined effect of these provisions may be impacting on the ability to construct permitted activity dwellings on smaller sections. The discussions with developers suggested that the yard requirements were tough to meet in some circumstances. As was noted in Part One, a number of councils have removed the strict yard requirements in favour of relying on the height to boundary provisions (to provide some separation from neighbours) and the outdoor living requirements which are more focused on providing good quality outdoor space.

It is recommended, if at all possible, that the Council carry out some preliminary research of consents processed under the Plan that breach either one or all of these three development standards to get a better understanding of:

- how many consents were approved or declined (and the reasons for the decision),
- the extent of the infringements; and
- in the case of a yard infringement, the degree to which the proposed activity still achieves the height/boundary standard or the outdoor living court standard and whether these were considered adequate to mitigate any effects.

One alternative approach to consider for use in subdivisions is a zero lot line rule. The zero-lot line approach allows dwellings in a street to be set along one side boundary line, when undertaking developments of smaller dwellings on sites in the order of 400 sq metres, in order to maximise the amount of usable outdoor space along the other side of the dwellings. It was successfully introduced in the Australian Joint Venture for Affordable Housing initiatives in the 1980s and 90s.

Car parking requirements for dwellings

It is understood that the parking requirements are being reviewed generally as part of the District Plan review process. In the course of this project, we have identified some areas where we consider it appropriate to reduce the parking requirements in order to better enable housing choice. It is noted that the Council may well look to address parking in a different way that currently prescribed in the Plan (ie. a list of minimum parking requirements for a range of activities).

It has already been noted that the parking requirements for medium density housing have been reduced from the typical two spaces per dwelling. An average of 1.5 parking spaces per unit has to be provided. This represents a good start in terms of the Plan signalling a move away from unnecessarily providing for parking which may not be needed.

If the Council wished to provide further flexibility over car parking requirements, it could consider adopting a 'sliding scale' for car parking requirements.

Statistics from the 2006 Census (Table 19), indicate that the Kāpiti Coast District does have a higher proportion of no and one car households (at 55%) compared to other areas (Porirua City has 48% of households with no, or one car, for example).

Table 19: Car ownership in the Wellington Region (Source: Statistics NZ, Census 2006)

% of households	No car	One car	Two cars	Three or more	Total
Kāpiti Coast District	9%	46%	34%	11%	100%
Porirua City	11%	37%	37%	14%	100%
Upper Hutt City	10%	40%	36%	14%	100%
Lower Hutt City	11%	42%	34%	12%	100%
Wellington City	14%	46%	31%	9%	100%

This is likely to reflect the greater proportion of retired households in the District. Accordingly, if it is accepted that there is a need to provide for smaller units on smaller sections (ie, for the independent elderly submarket, or even singles), we suggest that the parking requirements for smaller homes be reconsidered.

As noted earlier in the discussion on dual occupancies, some plans use bedrooms as the main determinate in deciding how many parking spaces should be provided. For example, 1 and 2 bedroom units/dwellings only need to provide one space per unit.

One implication of maintaining the standard “two carpark” requirement for all sizes of infill subdivision developments is that a greater proportion of the site becomes devoted to parking and vehicle access than is often necessary, affecting the overall design. In reducing the parking requirement to a minimum of one per dwelling for smaller units, this will help to free up space on smaller sections, allowing other aspects of the development to remain compliant with the Plan (ie. outdoor living court areas, permeable surfaces).

For larger scale developments close to main transport hubs (ie, development in the medium density overlay areas), some plans have become quite refined in how they manage parking (depending on particular local characteristics). For example, in Albany centre and other mixed use areas in North Shore City¹⁶ where public transport is present, maximums and minimums are set out, as follows:

- 1 bedroom: 0.8 to 1 space;
- 2 bedroom: 1.1 to 1.5 spaces per unit;
- 3+ bedroom: 1.6 to 2 spaces per unit;

¹⁶ Note that the North Shore City Plan does not define ‘bedroom’ to help with the implementation of this rule. The Council confirmed that they require applicants to record on the plans the intended use of any rooms. In taking this approach the Council accepts that the approach requires the applicant to be truthful in labeling plans.

- 1 space per 5 units for visitors.

7.11 Enhanced design guidance to complement existing upzoning around town centres

This option builds on the existing provisions in the Plan that provide for higher density housing in and around town centres. Having reviewed the existing design guidance available, we consider there is scope to complement that guidance with further design principles for low-rise apartments. As already noted in the Plan, low-rise apartments would be best suited in the identified mixed use areas in town centres.

Apartments designed for use by elderly will need to incorporate lift access, along with other design features associated with circulation space, and ensure that each apartment is contained within one level. Such guidance could also look to adopt the main principles associated with lifetime design.

Life time design is a concept used to describe the process of designing a home to ensure accessibility and adaptability for users, over their lifespan. It ensures that homes are designed to fit around the needs of people living there, rather than requiring people to fit around homes. The main five Lifetime Design principles are:

1. Usability
2. Adaptability
3. Accessibility
4. Inclusion
5. Lifetime value.

Two standards have been prepared that specify how homes should be designed (and constructed) to meet these principles. These are the Private Space LifeStandard and the SharedSpace Life Standard¹⁷. Both standards specify 'acceptable solutions' that can be used to meet the main design principles.

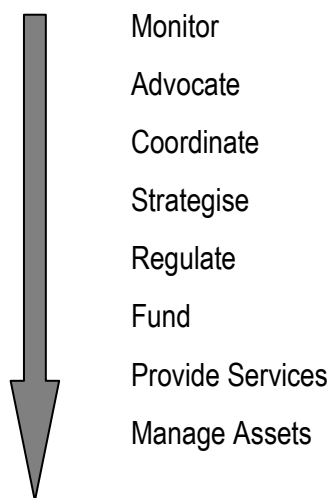
Given the ageing population in the District and the desire for a large proportion of the population to remain in their homes independently for as long as possible it is appropriate to consider adopting the high level principles espoused by the Lifetime design concept in any design guides developed by the Council. It would not, however, be appropriate to adopt the specific design solutions set out in these standards in the District Plan (or any regulatory design guides), as this may risk adopting what are essentially building construction standards into the District Plan (which would be ultra vires).

¹⁷ <http://www.lifetimedesign.org.nz/LifetimeDesignStandards/LifetimeDesignStandards/tabid/360/Default.aspx>

8 Affordable Housing

This part of the report considers options to promote affordable housing. The options outlined are more generic than those developed for housing choice, given that housing affordability issues and problems have not been looked at in detail in the first stage report.

The options we have considered cover a range of actions. As with many other possible interventions, the Council has to determine the level of activity that is appropriate for it to undertake. The levels of intervention are commonly considered along a continuum:



Regulatory methods sit in the middle of the continuum and there is a range of non-regulatory interventions that could also be considered to address housing affordability. Some of these interventions present multiple choices when considering the most efficient and effective ways of achieving desired housing outcomes, not least because of the complexity of the housing markets, the current and emerging policy context, the diversity of stakeholders, and the need to consider measures that will retain some measure of housing affordability into the future. The methods outlined in this section have been selected as the most relevant for the Council to consider.

We note that providing adequate land supply (and housing choices) is an important action in restraining housing cost increases, although we do not directly address this technique here. As noted in the Stage One report, land prices have risen more steeply than housing costs, and in the long term, the District may face some constraints on urban expansion. In the short to medium term, the planned greenfields areas, as well as providing for more housing choices within existing suburban areas will help to stimulate more supply of housing.

The options we have considered are ones that could be developed during this “transition phase” ready for use at a later stage; that is, while the immediate focus is on expanding choices, at some point, housing choices may get more constrained, and at that point, more direct measures are likely to be needed. These measures need to be explored now, so that the appropriate tools are available when they are needed.

Table 20: Options to address Housing Affordability

List of Options	Aging in Place	Intermediate Housing Sector	Temporary /short term accommodation
1. Rates relief (or deferral) for affordable housing schemes	✓	✓	
2. Identify a Tax Incremental Financing (TIF) zone to provide finance towards desired housing outcomes	✓	✓	
3. Reduce or waive resource consent/building consent fees for affordable housing schemes (eg. Abbeyfields)	✓	✓	
4. Strategic reduction of development contributions	✓	✓	
5. Voluntary use of 'inclusionary zoning' , including flexible density zoning	✓	✓	
6. Public private partnerships - Use council owned land for demonstration project or provide land to others	✓	✓	✓
7. Expand Councils' own pensioner housing stock	✓		
8. Put Council housing stock into Housing Trust (or to third party) to help leverage new development opportunities	✓		✓
9. Guarantee bond/rental payments for low income people to increase their access		✓	
10. Develop partnerships with local iwi – as providers of papakainga housing	✓	✓	✓
11. Strengthen links with HNZ and third sector housing providers	✓	✓	✓
12. Facilitate redevelopment of existing 'suitable' buildings for use by third sector providers (eg. motel units, hotels)			✓
13. Advocating for appropriate use of private covenants, so as not to significantly increase housing costs	✓	✓	✓
14. Coordinate and provide targeted support to improve existing dwellings		✓	
15. Develop Council strategy/policy on affordable housing	✓	✓	✓

8.1 Rates relief (or deferral) for affordable housing schemes and reduce or waive resource consent / building consent fees for affordable housing schemes (eg Abbeyfields)

This type of method (rates or consent fee reductions or waivers) may be of particular significance in the case of an affordable housing scheme, enabling the project to become economically viable and to proceed. We understand that there is interest in developing an Abbeyfields House in the District. This is an ideal example of a scheme that could benefit from this option. It has already been discussed in section 7.7 that developing a specific regulatory rule to cater for this specific type of development is not preferred and instead the Council should consider rates relief or waiver of consent fees to assist the development.

This method can also be used as an incentive to a private sector developer, in return for providing a desired housing outcome – such as a percentage of units of affordable housing (a form of inclusionary zoning described below). In the case of private sector development, research suggests that these initiatives, whilst demonstrating Council support for the desired housing outcome, are not viewed as particularly significant by the developer. The time involved in obtaining consents and the costs of infrastructure may be (viewed as) significantly greater. As a result the amount of affordable housing provided (or other desired housing outcome) using this method may be less than anticipated, depending on market conditions at the time of development. In the case of an Abbeyfields Home (being established by a non-profit organisation) this form of financial relief is likely to be very beneficial.

In either case, the Council would need to be satisfied that the housing outcome (an affordable housing scheme or potentially the delivery of affordable dwellings from a development) provides the desired community benefits, to balance against the loss of rates or consent fees revenue. Such schemes would need to be built into the Council's long term plan (LTCCP) so that the fees/rates forgone are recouped from other sources.

These methods have been used in New Zealand for reasons other than housing affordability. For example, Auckland City had a rates relief scheme in place for a number of years to encourage residential development in the central area. Mechanisms of this sort are used overseas for affordable housing. For example, Portland Oregon, offers a ten-year local tax (ie, rates) exemption if affordable housing is provided as part of a development in an urban renewal area, or for multi-unit family with some units of affordable housing, in a transit-oriented development.

8.2 Identify a Tax Incremental Finance (TIF) zone

TIFs have been under discussion in New Zealand as part of the recent Resource Management law reform discussions. Once a TIF is designated in a growth area in the District, the increment, or rise in council rates associated with new development in the area (local taxes) from the designated area is diverted into a special fund, which is then used as a source of revenue to finance affordable housing in the area. TIFs are in common usage in the USA, both to increase the supply of affordable housing and for other purposes (such as enhancing public spaces). They are popular as they are seen as rates neutral by the developers and the community in the designated areas (ie the rates paid associated with that local area are the same whether or not a TIF has been established); and it seems that development in an area is a source of funding for

affordable housing in that area. A TIF zone could in theory be applied to the Medium Density Housing area already identified in the Plan.

Despite their popularity in America, TIFs may be less applicable in New Zealand. Here, rates are lower than comparable city taxes; they are likely to respond only slowly to rises in land values; and there may be a shortfall in the Council's operational areas, if some funds are directed towards affordable housing and not compensated by a cross-subsidy from elsewhere. However, because of the government's current interest in the potential of this approach, the Council may wish to consider it as a relevant method or at least adopt a watching brief in this area, until the government's policy approach is clarified. It is noted that Wellington City Council have been reasonably active in investigating this option to assist them in implementing some of their own growth aspirations for parts of the city.

In California, state law requires 20% of all TIF revenues to be allocated to affordable housing.

8.3 Strategic reduction of Development Contributions

Development contributions are often a significant development cost, and any reduction would be a positive move towards the production of more affordable housing. Related to reductions in development contributions is the policy option of the Council agreeing to be the provider of infrastructure that would normally be provided by the developer. This may be preferred option by a developer, where the costs of providing that infrastructure are uncertain and the potential for unanticipated costs could make a project unviable. Reductions in development contributions (or infrastructure provision by the Council) should be a strategic consideration however in order to ensure that this is the most effective and efficient means of achieving the desired housing outcome. Inevitably the costs that the Development Contributions are designed to cover do not 'go away' – the costs are simply shifted to the ratepayer, so there needs to be certainty that this is the only mechanism that will deliver what is wanted in terms of affordable housing or other housing outcomes.

There are three areas in particular where this method has the potential to be worth considering.

Firstly, in the case of an affordable housing scheme, the Council would need to make the case that the scheme will benefit the community as a whole and that it is reasonable for the costs to be borne across the community. Reduced development contributions may make the scheme economically viable. Applying this option to the proposal to establish an Abbeyfields Home in the District would be a good test of the willingness of the Council (and community) to accept reduced development contributions. It could be used as a 'pilot' to better define the range of criteria that should be applied in considering reduced development contributions for affordable housing schemes.

The second situation is where the developer agrees to provide a certain number of affordable housing units in return for a reduced contribution requirement. In this case, it would be reasonable to expect a significantly greater number of affordable housing units to be delivered than could be purchased for the same sum.

The third area is where the development contributions policy should be reconsidered to recognise the differences between main dwellings and minor household units on a site, or family flats if the earlier recommendation to amend the family flat provision is not pursued. We understand that the

Council may look to review its development contributions policy in the future to better recognise the difference between 'dwellings' and 'family flats'.

8.4 Voluntary use of 'inclusionary zoning'

With inclusionary zoning a certain proportion of new housing in a development is set-aside for low-income or affordable housing. The proportion can be provided in the form of sites, housing units or equivalent funds in lieu of construction. Housing can be provided on the site or in the vicinity. It can be gifted to the Council or 'purchased' by a community housing organisation or housing trust or purchased (at a designated price) by households who have applied to the Council for a unit. In the case of a community housing organisation or trust, the housing is then managed to ensure that it is retained in the affordable housing sector into the future. In the case of dwellings that are purchased by households, covenants on titles restrict the capital gain when the dwelling is sold and place restrictions on who can purchase the dwelling – normally someone designated as 'eligible' by the Council.

One of the main benefits of inclusionary zoning is that the costs of affordable housing fall on the land owner / developer and not on the public purse. It is most often introduced either when up-zoning is taking place (thereby raising the value of the land) or when some other incentive mechanism, such as a density bonus, is introduced.

In terms of up-zoning, this option could have been considered when the Medium Density Housing overlay areas was created. While the tool would not be effective now for the existing overlay areas, there may be scope for the Council to consider it, if it extends the Medium Density Housing overlay to other parts of the District.

In New Zealand, the *Affordable Housing: Enabling Territorial Authorities Act 2008* gave councils the ability to adopt inclusionary zoning, however this Act has since been repealed. Even so, the Council does have the ability to introduce 'voluntary inclusionary zoning', where the cost of provision of affordable housing units can be balanced by a range of incentives, applicable on a case by case basis – depending on the development. The Council could consider incentivising 'inclusionary zoning' by utilising rates relief and / or waiving consent fees and / or reducing or waiving development contributions (Sections 8.1 and 8.3) in order to encourage developments to include some affordable housing. These are non-regulatory methods and would have to use stakeholder agreements, or similar legal agreements between the Council and the developer, to ensure that the agreed affordable housing is provided. This approach could be applied in any of the existing residential zones, by the Council developing clear policy on this method. The strategic decision for the Council, in each case, will be to ensure that the gain in affordable housing outweighs the loss in Council income from rates, consent fees or development contributions.

Voluntary inclusionary zoning has been in place in Queenstown Lakes District since 2003 – for larger comprehensive development areas, arising from negotiation between the Council and the developers. The affordable housing contribution takes place via stakeholder agreements between the two parties that lie outside the RMA process. Housing, sites or equivalent funds are then transferred to the Queenstown Lakes Community Housing Trust for ongoing management. The Council and the Community Housing Trust have clearly defined roles and responsibilities to ensure transparency and accountability. The KCDC could draw on this experience if it decided to adopt a voluntary inclusionary zoning policy.

8.4.1 Flexible density zoning

An extension of inclusionary zoning, flexible density zoning is designed to encourage the provision of affordable housing (and a greater mix of dwelling types) by varying the density across the site. In this way it is similar to the regulatory option outlined in section 7.5 (General multi-unit development provisions). The flexible density zoning gives the developer the freedom to vary the location and density of development on a particular site, so long as the average density does not exceed the maximum density. Possible outcomes might be a cluster of smaller dwellings on smaller lots in one part of the development, with more expensive houses on larger lots than in the original zoning, in another part. This type of approach is likely to be most successful in delivering the desired mix of housing across the site, when the subdivision and the development are undertaken by the same company. Design rules and guidance will be needed to ensure desired quality in design and liveability via minimum lot sizes, building heights, parking requirements etc.

8.5 Public-private partnerships – use of Council owned land for housing developments

Based on overseas experience and on current government considerations, it is clear that public-private partnerships have the potential to play a significant role in the provision of affordable housing in a community. Council-owned land provides a significant opportunity for such a partnership (between the Council and other stakeholders such as a developer, a community housing organisation, HNZA etc). The land could be gifted outright to the project (ie. as the Council has indicated it is willing to do with the Abbeyfields House project), provided at a discounted market price, provided as leasehold land, or requiring deferred payment.

Other possibilities to consider is land swapping – to enable the consolidation of sites into large enough parcels for development – potentially leading to a better market opportunity and / or better sites for affordable housing.

This approach is relatively common in the USA, the UK and Australia. For example, Inkermann Oasis in Port Phillip, Victoria was developed on the former St Kilda's Depot Site. The developer gave the Council 28 units of affordable housing in exchange for the site, in a total development of 242 dwellings and three retail outlets. In the UK, it is becoming increasingly common in these types of partnerships for the council-owned land to be offered to the scheme as leasehold land, in some cases transferring the land on completion of development to a community organisation. This approach enables the Council to retain greater control of all elements of the scheme whilst still achieving the desired level of housing affordability, quality and sustainability.

Given the Council's ownership of land adjacent to the Paraparaumu Town Centre, we consider there could be scope to develop a portion of this land to provide housing (in conjunction with a developer) as part of the wider town centre redevelopment project. Such a project would help to achieve mixed use development, but also meet some of the housing needs identified in Part One.

8.6 Councils' own pensioner housing stock

The Councils' own pensioner housing stock provides a strategic asset for the Council. This suggests that there are several possibilities that could be considered. Firstly, consideration might be given to reconfiguring the existing housing stock to provide an opportunity to further develop

the sites for additional pensioner housing. Secondly, consideration might be given to the best use of the asset – to leverage additional finance to redevelop or expand the affordable housing stock in response to increasing demand for pensioner housing.

As an example of this approach, Waitakere City Council has developed proposals to redevelop Wilshire Village from a traditional pensioner village of one-storey low density 1- and 2-bedroom units into a higher density (and higher quantity) of units by reconfiguring into small apartment buildings on the same site and providing additional community facilities. The proposal is to replace the existing units by a mix of 4 – 5 storey apartment buildings containing 227 units in total. The City Council is to continue to own the complex (just as it owned the existing units and surrounding land), for the village to be managed by a third party specialist Retirement Village Manager, and for 68 of the units to be leased for the purpose of housing older adults by the Council (as rental tenants) with the balance to be occupied via License to Occupy arrangements.

The model may well be of interest to the KCDC, though possibly on a smaller scale. The market side of the project pays for the redevelopment of the site and the end result is an increase in smaller housing units for older people - but with a greater diversity of incomes / social mix on site than you would otherwise find in either a Council pensioner village or in a retirement village.



Figure 24: Impression of Wilshire Village, Waitakere

8.7 Put Council housing stock into Housing Trust (or to third party) to help leverage new development opportunities

The likely increasing role that third sector housing providers will have in the future suggests that the Council should consider whether there are positive benefits to be obtained from transferring the pensioner housing stock to a Community Housing Trust or third-sector housing organisation. There are a number of advantages of a third-sector organisation or Community Housing Trust that should be considered. A Trust has the ability to:

- be single focused on providing quality affordable housing in the District;

- it can be removed from the three-year election cycle of local government;
- it can access financing from government that is not available to local councils (currently from the Housing Innovation Fund);
- it can receive funds from other non-profit organisations and trusts, which are less available to the Council; and
- it can be established as a non-profit organisation for tax purposes.

On the down side, if the source of funds and resources come from the Council, there are issues of accountability and transparency that must be addressed; the pros and cons of a council controlled organisation versus an independent community trust have to be weighed up; and if established as an independent community trust there may be potential for future tensions in terms of alignment with Council plans etc. As an independent organisation there may be issues of the skills and capacity of staff (and board members) to maintain, develop and expand the supply of quality affordable housing.

After consideration of these and similar issues, Wellington City Council decided not to put its housing stock into a Community Housing Trust. However it did manage to leverage significant funding from central government as a result. This type of opportunity is, however, unlikely to be available in the current policy climate.

On the other hand, the Queenstown Lakes District Council decided that a community housing trust model was the best approach for its affordable housing arising from stakeholder agreements with developers. Queenstown Lakes Community Housing Trust provides one model to follow (see Figure 25). In Northland, Te Runanga O Te Rarawa provides a different community-trust model. Waitakere City Council was considering yet another type of community housing trust arrangement for Wilshire Village. This suggests that there may not be 'one' model for a community housing trust, but one may need to be developed to fit the local context

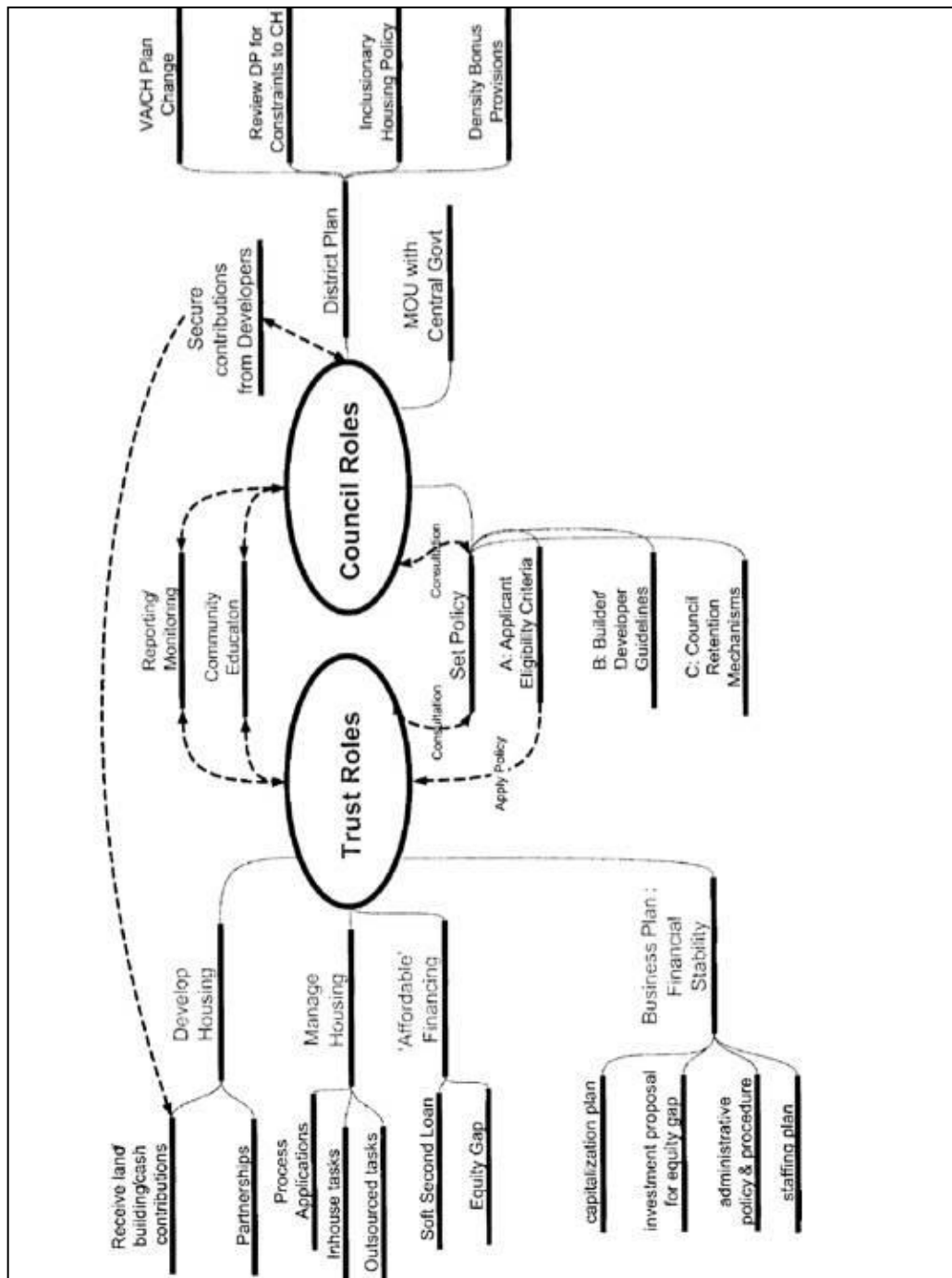


Figure 25: QLDC Housing Trust Model: Role of each party

8.8 Guarantee bond/rental payments for low income people to increase their access

In this method the Council acts as a guarantor facilitating access to appropriate housing for those households it deems as eligible for this support. One group of households that might benefit from

this policy would be households leaving emergency housing as they transition back into the private sector.

The method does expose the Council to some level of risk, as it effectively becomes a lender of last resort, but the sums involved are likely to be small. Alternatively, the Council could advocate to government that this is a more appropriate role for a central government agency to adopt.

Guarantor approaches of this kind can be found in the UK, Canada and Australia. The State of Victoria operates two guarantor schemes: a general guarantor scheme for low income households and a second scheme targeted to at-risk households as they move from emergency housing into more permanent accommodation.

8.9 Develop partnerships with local iwi – as providers of papakainga housing

One of the regulatory methods considered was a recommendation that the Council work with local tangata whenua as to the most appropriate papakainga zoning policies to include in the District Plan. It is becoming clear, however, that there are a number of barriers that make it more difficult for papakainga housing to be developed than is desirable. These barriers include:

- difficulty obtaining finance/loans for land owned by multiple parties
- difficulty of multiple landowners developing a common vision for development of a site
- costs of making the land suitable for development (ie. provisions of infrastructure and other services), including the costs of obtaining resource and building consents

The Council may wish to consider the approaches being taken by some other local councils to assist in this area. Examples include the publication of a brochure and provision of support from a group of councils lead by the Whakatane District Council. The current work of council staff at the Whangarei District Council includes developing (and documenting) pilot schemes, following a recent District Plan change introducing papakainga zoning. In both of these cases, the Council's role is seen as one of working alongside local iwi in order to achieve a mutually desired outcome of successful papakainga development.

8.10 Strengthen links with HNZN and third sector housing providers

As discussed earlier, the Government is currently considering a reconfiguration of its approach and support currently provided predominately by Housing New Zealand, with the potential for an expanding role for third sector providers – or community housing organisations. Until this policy is clarified, it is recommended that the Council strengthen its links with both HNZN and any community housing organisations that are either currently providing housing in the local communities or would seem to be likely future providers, based on identified housing need. This is important because both HNZN and community housing organisations provide housing for some of the most vulnerable people in the community.

Stronger links would enable the Council to act proactively to support innovative housing schemes that might require resource consents that are not anticipated in the District Plan; to develop partnerships to provide a greater number (and / or more sustainable or better quality) housing units than can be achieved by individual action; and to access additional resources – not simply financial but just as importantly the skills and capacity to enable housing schemes to meet local needs to be developed and to operate into the foreseeable future.

We recommend that further engagement with Housing New Zealand would be more successful following the development and adoption of a Council strategy/policy regarding housing in the District (ie, option 8.14). The development of such a strategy would likely involve HNZN, but ultimately demonstrate to Housing New Zealand that the Council is committed to addressing housing issues in its District, and the degree to which the Council is prepared to invest itself in addressing the housing issues in its District.

A specific action that could be sought from engaging with Housing New Zealand is to seek a Memorandum of Understanding (MoU) with them. Such a MoU might outline the need for one bedroom units (to respond to high rent to income ratios) for a range of small households (ie. elderly, superannuitants) or could include smaller family units designed to provide short term tenancies as families move from emergency shelter into housing that allows themselves to re-establish themselves in the community housing market. In return, the Council may be able to offer HNZN the land to site these units, or perhaps waive council fees and offer reduced development contributions.

We understand that there are few third sector housing providers in the District. However, there is a group wishing to establish an Abbeyfields Home and the Council have already made some level of commitment to assisting the development of that House in the District. For the moment, it is recommended that the Council continue to work with this group as a 'pilot' for how it may be able to engage with other third sector providers in the future. We also note that there has been a concerned community group active in recent years (Kāpiti Housing Action Group) and there are currently some small community housing providers, such as the Kāpiti Welcome Trust and the House of Hope. The Council might consider how it can assist with capacity building for these existing initiatives. In addition, we note that there is a national network of community housing providers (Community Housing Aotearoa Inc) if the Council is interested in working with an established organisation to open up new opportunities for community housing in the District.

8.11 Facilitate redevelopment of existing 'suitable' buildings for use by third sector providers (eg. motel units, hotels)

The Council may have several roles to play in such endeavours. The first is through the regulatory planning process, as for any (re-)development. In a facilitator role, however, the Council may wish to consider whether it can provide some resources, skilled staff time, waivers, reductions or deferrals of rates, consent fees and / or development contributions in order to assist the project.

Again, this is relatively common practice in the USA, Canada and the UK, particularly where some other community objective or co-benefit can be achieved. For example, if the existing building is awaiting redevelopment but is unlikely to be picked up private sector developers; or if some desired community facility can be provided alongside affordable housing provision.

8.12 Advocate for appropriate use of private covenants, so as not to significantly increase housing costs

In Part One, private covenants were cited a number of times as an issue, in the sense that new subdivisions incorporated private covenants that raised the production cost for the developers and increased the running costs of the dwellings for the owners (due to the need to construct certain sized homes – which may be greater than what is actually required). This would seem to be an area where the Council could usefully undertake some research on the content of recent private covenants, identify those aspects that unnecessarily contribute to housing costs; and adopt an *advocacy role* with local developers and also real estate agents.

8.13 Coordinate and provide targeted support to improve existing dwellings.

One of the key issues identified by Part One was that of *Ageing in Place*. Whilst changes to future housing stock and the ability to add to existing dwellings have been considered in the regulatory methods section, this still leaves the option of improving the existing housing stock to enable successful ageing in place to occur. The Council may wish to consider its role with respect to this issue, from coordinating the activities of other organisations through to providing funding in some form that will enable the owners of existing dwellings to improve insulation (thereby reducing utility bills and improving indoor warmth), maintain dwellings and undertake adaptations for accessibility. This is likely to be of particular significance for older people (but not exclusively so) and is most efficiently and effectively achieved in conjunction with other funders / providers.

The current government support for insulation and solar hot-water heating is an obvious place to start, with potential for the Council to leverage greater gains. The Nelson City Council solar hot water initiative suggests an approach that could be extended to other areas of dwelling improvement for ageing in place.

8.14 Develop Council strategy/policy on Affordable Housing

The preceding sections have outlined a range of techniques that can be used to encourage the provision of affordable housing. All of these techniques could be used in Kāpiti Coast District, depending upon resources and community outcomes.

Whilst the District Plan provides a vehicle for addressing some of the issues identified in the report via the development and provision of future housing in the district, it is not able to address all of the identified issues related to affordability. Further work is needed on the quality of the existing housing supply and its appropriateness for the community into the future; on understanding and responding to housing affordability; and to identify interventions that the Council may wish to take up in the future.

In addition to local economic and demographic change, there are a number of developments at the government level, of which the Council needs to be aware. Probably the most significant is the current government's support for the recommendations of the Housing Shareholders Advisory Group (Home and Housed: A Vision for Social Housing in New Zealand, 2010). This report

signals a changed (and reduced) role for Housing New Zealand Corporation and a much expanded role for the community housing sector in New Zealand, sometimes known as the third sector. In addition there may be new roles emerging for local councils, both as owners of council housing stock and as organisations that have the capacity and skills to respond in a variety of ways to local community needs.

The community housing sector has already some experience in developing initiatives that lie outside the traditional special needs area. For example, the Nelson Tasman Housing Trust received \$1.25 million from the Housing Innovation Fund (70% of the capital cost of the project as a loan and 15% as a development grant) and a further grant from the Canterbury Community Trust (to cover the remaining 15% of the project costs) for 4 new-build two-bedroom dwellings and 2 family houses, to be rented out at 80% of the market rent. The new-build dwellings won an award from the Registered Master Builders for their energy efficiency.

The potential for local councils to be more proactive in the provision of housing for particular groups in the community that are of concern, can be seen in Auckland City Council's Affordable Housing for Working Families Initiative that used the Council's own resources and a targeted rate (from 2005/06) to increase the supply of affordable housing. \$1 million p.a. of dedicated revenue was able to fund borrowings of \$9 million spread over 4 years. Partnerships with McConnell Property (a private development company) and the New Zealand Housing Foundation (a charitable trust) established a mechanism to deliver approximately 100 dwellings – a mix of affordable and market-rate dwellings. Whilst this initiative was considerably reduced in scale, following Council elections, the model remains valid.

Queenstown Lakes District Council (QLDC) has progressed the furthest of any council in New Zealand in recognising the importance of good quality, affordable and more sustainable housing to its community (and to its economy) and in proactively developing and implementing policies and plans to address this issue. The Housing Our People in our Environment Strategy 2005 (HOPE Strategy) has usefully guided the QLDC over the last 6 years.

It would seem sensible for KCDC to consider developing a community housing strategy, in order to move forward in a more efficient and effective way to line up any proposed regulatory and non-regulatory initiatives.

The purpose of a community housing strategy is to guide local action for the Council and also for other organisations and stakeholders involved in various aspects of housing supply and housing need, in order to plan effective interventions, in a more holistic and efficient way. In a general sense an effective community housing strategy should:

- be based on the concerns and preferences of local communities
- be based on an assessment of local housing supply, including an understanding of both the quantity of housing but also its quality, and housing demand and need
- be based on stakeholder involvement – from government agencies, such as HNZN, through private sector builders and developer, to local voluntary sector organizations
- be directly linked to the Community Plan – and desired Community Outcomes - as well as to the District Plan and the Council's local economic development policies, community wellbeing policies and infrastructure plans

- have regard for the relevant policies and plans of government agencies (such as Education and Transport) and the District Health Board etc
- consider all housing needs, including the needs of vulnerable members of the community
- set clear goals and objectives
- look ahead for at least 3-5 years and provide actions steps to achieve short-term desired outcomes, and set out a longer-term vision
- plan for improving the sustainability of the local housing stock

In order to progress the development of a community housing strategy, the Council would have to consider a number of steps including:

- Establishing processes for involving stakeholders and for consulting the community
- Identifying strategic parameters – such as the scope and main focus of the strategy and additional research needs
- Defining goals and objectives, strategic prioritise and criteria for evaluating options
- Identifying intervention options, assessing and selecting
- Developing detailed plans, targets and actions
- Considering implementation, monitoring and evaluation steps

9 Part Two summary and conclusions

9.1 Approaches to housing choice

As the Kāpiti Coast District community becomes more complex in its make-up, it can be expected that the District's settlements will need to change to reflect this complexity in their built form. Many cities have large suburban areas where change needs to be accommodated in the housing stock, yet in many cases this process of change is slowed by inherited planning frameworks that have sought to retain and protect the current look and feel of the suburbs. This creates a number of long term social and economic costs, including reduced housing choice and affordability.

In response to this, plans are introducing a range of design-based approaches to managing change within existing urban areas, where there is a growing emphasis on creating better urban environments through this process of change, rather than just trying to protect or retain current environments. There is a need to consider the willingness of Council to adopt a greater 'design-led' approach to development in the Plan, or maintain the current approach which is primarily rule-based (i.e. densities).

Feedback from the development community was that, more than anything, they were looking for a more flexible planning document. However, flexibility generally also requires a greater amount of 'discretion' on the Council's part, and this would necessitate them having to work collaboratively with the Council on urban design outcomes. Options outlined in the report generally build on and complement existing approaches to residential development in the Plan. The options expand the continuum in the Plan of the range of housing options available in order to support greater housing choice. There is a need for Council to overhaul its policy framework to support these changes, in particular is the need for policy to support a wider range of housing choices and for more complex, better designed built environments to emerge through the development process.

Considering all options presented in the report, we consider the following will best meet the needs of the District without fundamentally undermining the current approach to residential development in the District:

- Replace family flat provision with a more general minor household unit provision
- Consider scope for dual occupancies and, if necessary, limit these to certain parts of the District (ie, general residential zone and infill development overlay area)
- Reconsider aspects of the infill subdivision regime, to ensure the regime provides the right incentives (as opposed to barriers) to allow appropriately designed development in the areas where development is preferred
- Expand scope of Medium Density Housing overlay area to provide for greater range of housing typologies (ie. including apartments designed for elderly)
- Consider developing a specific retirement village provision

- Expand scope of boarding house provision to provide for larger boarding houses along main roads or close to town centres
- Develop comprehensive set of papakainga provisions in consultation with local tangata whenua
- Review the current residential development standards (including carparking standards) to see whether there is scope to relax aspects of these
- Review in a more general sense how urban design can be incorporated more fully into the Plan, perhaps by developing more generic residential design guidance.

9.2 Housing affordability

Housing affordability is an issue for a sector of the community; this sector will be assisted by increasing housing choices. Long term, housing affordability may become a larger issue, especially if the District wishes to expand its employment base, which will inevitably mean the need to house a range of workers (both low/modest income, as well as higher income). The inability to house lower income workers could either slow economic growth through the need to provide costly transport infrastructure, or lead to a less diverse community.

Housing affordability may also affect the retired sector, particularly those households that wish to retire in place, but are whose financial health is impacted upon by high rents, uncertainty over tenure, or in ability to trade down within their current community.

It is recommended that, of all the options outlined in section 8, that a Council policy/strategy be developed first. This can be used as a tool to re-engage a wide range of parties on the housing affordability issues in the District and more specifically to guide decision-making on the range of non-regulatory tools that could be adopted. A wide range of options have been outlined, many of which would be suitable for KCDC, but decisions as to which options could be adopted need to be made within a broader Council context (hence the development of a Strategy first). A number of regulatory options are open to the Council, but uptake of these options would require substantial policy development so as to meet the requirements of the RMA (Section 32).

Appendix One: Methodology

This section outlines the four main tasks carried out as part of the first stage of the project.

Inception Meeting/District Exploration

Two meetings were held between members of the project team and Council staff (Jim Ebenhoh, Hannah Bateman and Cath Edmondson). The first meeting was a teleconference and served to clarify any aspect of the proposed scope of the project and methodology. Potential sources of information were discussed at this meeting and agreements made for Council staff to provide a range of information that it possessed (eg. updated population projection data, analysis of vacant land in the District, and earlier reports on housing affordability issues in the District).

This meeting was followed by a site visit to the District by David Mead and Elizabeth Moncrieff over a period of two days in late February/early March. The site visit began with a second meeting with Council staff involved in the project. By the time this meeting occurred a significant portion of the desktop analysis has been carried out. Accordingly, the meeting served to provide clarification on a number of issues and to better understand the historical context for the Council's interest in housing affordability issues across the District.

During the site visit to the District, a series of interviews were held with key stakeholders (see section 2.3 below) and a tour of the District was also carried out. The particular places visited include:

- Paraparaumu: including the Town Centre, Paraparaumu Beach, and a selection of residential areas including Guildford Drive, Waterstone Avenue
- Waikanae: including the town centre, Waikanae beach and residential areas in between
- Ōtaki: including the shopping area alongside SH1, the main Ōtaki town centre, Ōtaki Beach and surrounding residential areas
- Peka Peka Beach residential area
- Raumati Beach residential area
- Paekākāriki residential area

Desktop analysis

The Council provided the project a significant amount of information it had already collected for review (Appendix B). This information was reviewed and information gaps identified. Information gaps were filled by obtaining readily available published data on population, housing and development trends from a variety of sources including Statistics New Zealand, Department of

Interviews and focus group discussion

Mindful of the research that had already been conducted on housing affordability in the District, the scope of this task was narrowed following discussion with Council staff. It was agreed that the main gaps in the Council's understanding of this issue related to understanding the 'market place' better (ie. the drivers for people wanting certain type of housing) and the drivers for developers in creating certain style of housing and development economics.

The following interviews/focus group were carried out during the site visit to the District:

- Interview: Dave Smithson, Managing Director of Homecreators Homes
- Focus Group of Developers/subdividers:
 - Guy Forrest - Aurecon
 - Stuart Pritchard – Investor and property developer with 35 years experience in the District.
 - Mark Edgar – Cuttriss Consultants
 - Dan Rodie – Cuttriss Consultants
 - Wilson Lattey – semi-retired land developer, former surveyor
 - Hannah Bateman from KCDC was also present.
- Interview: Graeme Brown, Branch Manager, Remax Paraparaumu (branch covers most of District)
- Interview: Grant Robertson, Principal First National Ōtaki, along with real estate agents Joanna Saunders and Trevor Wylie

Councillor Workshop

The purpose of this workshop was to engage with Councillors at a critical stage of the project where their input would be most valuable. The workshop was held for two main reasons:

- To provide Councillors with an overview of the initial findings on the scope of the housing choice and affordability issue.
- To provide an opportunity for them to comment on these findings from their particular experiences
- To gain feedback from Councillors on the range of possible options likely to be considered in Part Two of the project.

The workshop (held 22 March 2011) was well attended by the Mayor and a range of Councillors from across the District. Two Councillors were not in attendance. A presentation was given by all

members of the project team and this prompted a series of questions, observations and general from the Councillors and KCDC staff.

The outcome from the workshop was that Councillors seemed interested in considering a wide range of options to address housing choice and affordability. Some of these will be directly related to the District Plan review and other options include non-regulatory options that may need to be considered in the context of the LTCCP process.

Options Identification and Analysis

This phase of work involved a scan of other planning provisions, as they apply elsewhere in New Zealand, as well as internationally to identify relevant techniques.

Techniques to increase housing choices were identified separately from techniques commonly used to promote affordable housing.

Options to increase housing choice that were selected tended to be those that were sympathetic to the suburban character of the District's settlements and which would build on the current framework. As noted in the text, the Council could undertake a more fundamental review of the way it plans for suburban areas.

The affordable housing options tended to be drawn from overseas examples, given the lack of such programmes in New Zealand.

Appendix Two: Information / Reports Reviewed

Vacant land data analysis:

- 448ha of 'vacant' residentially zoned land:
 - Ōtaki Area Unit has most significant amount: 123ha
 - Paraparaumu Central Area Unit: 74ha
 - 4 Area Units in Waikanae contribute a further 119.27ha.
- Additional 66ha 'vacant' land in commercial, industrial, Towncentre, Waikanae North.
- Analysis did not include rural land.

MERA Population Projections:

- All data includes Low, Medium, High projections (incl 2006, 2007, 2008, 2009, 2010, 2011, 2016, 2021, 2026, 2031)
 - Population projections, by age, gender.
 - Household Composition projections
 - Workforce by full or part-time employment and employment sector
- Also have data on private occupied and unoccupied dwellings – 1996-2006

2006 Census data:

- Age
- Dwelling type
- Household Composition/Income
- Household tenure/Income
- Income/age
- Labour Force Status
- Travel to work
- Years at usual residence

Real Estate Data:

- REINZ medium sales figures: 10 year period – houses and sections.
- Supported by Interviews with Real Estate Agents
- DBH: average market rent for 6months to 31 Jan 2011.

Kāpiti Coast Choosing Futures: Community Plan 2009 (LTCCP)

- Relevant community vision statements for the District in 2003/2004

- Embracing the traditional Kāpiti Coast treasured lifestyle with its focus on.....low density character of small settlements and suburbs
- A willingness to explore modifications to the low density character, but only in limited or targeted areas where changes in form can support public transport and town centres
- A wish to no longer be relative to change and growth but to manage it in a way that clearly delivers benefit to the overall vision (not growth for growth's sake)
- To build on the Kāpiti Coast lifestyle by making it more sustainable and environmentally sensitive.
- Two relevant community outcomes (from 2009 process)
 - Outcome 3: The nature and rate of population growth and development is appropriate to community goals
 - Outcome 7: The District has a strong, healthy, safe and involved community
- Key actions since 2003/2004 process
 - Development Management Strategy – framework to ensure development is managed in a way that brings community benefits, is sustainable and makes efficient use of infrastructure.
 - Key district plan changes:
 - PC 62: Medium Density Housing – Operative (eg. DP Map 12)
 - PC 79: Waikanae North Urban Edge – Operative (DP Map 7)

Plan Change 62: Statement of Evidence from Council Urban Planner

- Dated November 2006
- KCDC Planning report
- Outlines:
 - Scope of Medium Density Plan Change
 - Statutory considerations, submissions analysis, officers recommendations, s32 assessment

Enquiry into Emergency Housing Needs for Young People in the Kāpiti and Porirua Districts of Wellington

- Dated July 2007
- Prepared by Kia Kaha Charitable Trust
- Outlines:
 - Young people – aged 14-24 years
 - Aim of enquiry to identify major gaps in provisions of emergency housing, accommodation and placement and support mechanisms
 - Recommendations included:
 - clarifying various definitions of homelessness, housing/accommodation and emergency
 - Collection of relevant information
 - Information about service delivery (and rationalisation of service providers)

- Evaluation and monitoring of services
- Gaps in service provision

My Home, My well-being: An exploration of mental health consumers' experiences of housing needs in the Kāpiti Coast region

- Dated August 2007
- Prepared by Kāpiti Choices and Kites Trust
- Outlines:
 - Information about mental health consumers in Kāpiti
 - Reasons for moving to, staying or moving from Kāpiti Coast
 - Type of tenure
 - Affordability
 - Quality of dwellings
 - Suitability
 - Availability of different housing (ie. mostly social housing)

Environment and Community Development Committee Report: Affordable Housing

- Dated 11 June 2008
- For information only paper
- Outlines:
 - Interest/concerns in increasing unaffordability of housing
 - Identifies some housing issues for Kāpiti ie. supply, demand, cost
 - Outlines government policy, regional strategy and role of District Plan
 - Outlines possible opportunities to increase the range, affordability and suitability of housing
 - Proposes further research on the issue.

Kāpiti Housing Forum

- Dated August 2008
- Forum convened by KCDC and Kāpiti Housing Action Group.
- Outlines:
 - Housing availability, suitability, affordability, quality for different sectors of population
 - Also considered housing ideas and solutions:
 - For Maori
 - New housing
 - Improving quality of existing housing
 - Emergency housing
 - Choices for older people

Snapshot of Housing in Ōtaki

- Dated September 2008

- Prepared by KCDC
- Outlines:
 - Housing Demand (ie. variety of population statistics and projections, housing tenure, demand for affordable housing and emergency housing)
 - Housing Supply (ie. nature of housing development, house quality, social housing supply and unavailable houses)
 - Housing Cost (ie. section and house prices)

Notes from Ōtaki Housing Meeting

- Dated 11 October 2008
- Included representation from KCDC, House of Hope, HNZN.

Reports on development trends

- Dated December 2008
- Prepared for KCDC
- Outlines:
 - Statistics and analysis of apartments/townhouses developed between 2004-2008
 - Statistics and analysis of new subdivisions and community facilities (s/d since 1999 to 2008)
 - Statistics and analysis of new subdivisions and reserves (s/d since 1999 to 2008)
 - Statistics and analysis of residential infill lots created between 2000 and 2008

Housing Needs in the Kāpiti Coast District: A report for Housing NZ Corporation

- Dated August 2009
- Prepared by Kāpiti Housing Action Group
- Outlines:
 - Summary of issues and needs in the
 - Outlines possible solutions that HNZN could assist with