

# National Policy Statement on Urban Development - Housing and Business Capacity Assessment

File No.: CP2021/07995

Item 11

## Te take mō te pūrongo

### Purpose of the report

1. To provide the preliminary, high-level results of the housing capacity assessment required by 31 July 2021 under the National Policy Statement on Urban Development 2020 (NPS UD).
2. To provide information on the next steps to fulfil the NPS UD requirement of a subsequent full Housing and Business Development Capacity Assessment (HBA).

## Whakarāpopototanga matua

### Executive summary

3. The National Policy Statement on Urban Development (NPS UD) came into force on 20 August 2020. It requires a housing development capacity assessment (hereafter referred to as the Housing Capacity Assessment 2021 or HCA) to be published by 31 July 2021.
4. The HCA consists of five parts that include:
  - assessment of the plan-enabled housing capacity
  - commercial feasibility of the assessed capacity
  - high-level infrastructure readiness assessment
  - the projected demand
  - housing affordability under current housing market conditions.
5. Results of the preliminary net plan-enabled capacity in residential zones in the urban area is between 101,000 (infill) and 909,000 (redevelopment).
6. The 'infrastructure readiness' assessment found that water supply, wastewater and stormwater infrastructure, at a network (bulk) infrastructure level, is broadly adequate to cater for forecast growth over the short, medium and long term. Although constraints exist within the existing network, projects funded through the Long-term Plan and identified in the Infrastructure Strategy will continue to unlock further development capacity across the region. This bulk 'infrastructure ready' assessment does not take into account local infrastructure constraints (which is generally developer built), which may play a significant role in enabling growth.
7. The initial assessment of the bulk water supply and wastewater networks indicates that of net plan enabled capacity, 57 per cent is infrastructure ready in the short term, 77 per cent in the medium term and 99 per cent in the long term.
8. This reduction in plan-enabled capacity, because of infrastructure constraints, is not a true reflection of all development infrastructure as land transport infrastructure is not included in this assessment. Ongoing work to develop land transport assumptions will be included in the next HBA.
9. Preliminary feasible development capacity in the existing urban and future urban areas is 840,000 residential dwellings (maximum profit scenario<sup>1</sup>) with an average estimated sales price of \$1.66 million.

<sup>1</sup> Scenarios were constructed to test the full extent of the plan-enabled development capacity at various sale price points and with different combination of development typologies.

10. The overall preliminary housing demand is projected to be between 332,000 (derived from StatsNZ medium growth population projection) and 342,000 households (using the Land Use/Growth Scenario adopted for the 2021 Long-term Plan, known as i11v6) over the next 30 years, to 2051.
11. Overall, the preliminary assessment shows that the plan-enabled development capacity can meet projected growth, over the short, medium and long-term.
12. Modelled results indicate meeting affordable housing demand is an on-going challenge. Delivery of affordable housing at pace and scale will require significant change and additional policy levers or interventions (other than the NPS UD).
13. Furthermore, the issue of funding and financing infrastructure (three waters, transport and all other council provided infrastructure) at local government level is still unresolved.
14. This initial assessment does not include a business land development capacity assessment. This is scheduled to be completed before the next Long-term Plan.
15. Further analysis will commence soon after this HCA is published to include intensification (up-zoned) locations, business land capacity, as well as additional demand analyses. The results of the next HBA are required to inform the council's next Future Development Strategy and Long-term Plan (2024).

## Ngā tūtohunga Recommendation/s

That the Planning Committee:

- a) receive the high-level preliminary findings of the Housing Development Capacity Assessment (2021).
- b) delegate authority to the Chair and Deputy Chair of the Planning Committee and an Independent Māori Statutory Board member, to sign off the Housing Development Capacity Assessment (2021) before 31 July 2021.
- c) note that the final Housing Development Capacity Assessment (2021) will be published by 31 July 2021 as required in legislation and provided to the Planning Committee and to the Ministry for the Environment for their information.
- d) note that the next Housing and Business Development Capacity Assessment analysis will commence soon after 31 July 2021, which will include additional assessment elements not completed for the Housing Development Capacity Assessment (2021).

## Horopaki Context

16. The NPS UD came into force on 20 August 2020. It is part of the urban planning pillar of the government's Urban Growth Agenda.
17. National Policy Statements allow the government to prescribe objectives and policies for matters of national significance that are relevant to sustainable management under the Resource Management Act 1991 (RMA). The NPS UD relates to spatial strategy and land use planning, and the intended purpose is to require councils to plan well for growth and ensure the delivery of a 'well-functioning urban environment' for all people, communities and future generations.
18. To support well-functioning cities, the government considers it important to improve the responsiveness and competitiveness of land and development markets. In particular, the NPS UD requires local authorities to provide sufficient plan-enabled, infrastructure-ready, and commercially feasible development capacity so that more homes can be built in response to demand. To demonstrate this, a Housing and Business Assessment (HBA) must be published every three years.

19. However, the requirement for the first assessment due by end-July is for a housing capacity assessment only, not a business land capacity assessment. For ease of reference, this assessment is therefore referred to as the Housing Capacity Assessment 2021 (HCA) throughout this report. The next full assessment (or when making reference to the NPS UD more generally) is referred to as the Housing and Business Assessment (HBA) throughout.
20. This report follows an introductory memorandum on the NPS UD to the Planning Committee (10 August 2020) and a [report on the proposed work programme](#) to respond to the NPS UD. The Planning Committee endorsed the work programme in February 2021 (Resolution PLA/2021/18). A series of Planning Committee workshops for the wider NPS UD work have been held over the past six months to establish the council's approach to the NPS UD. Two of these workshops focused on the housing capacity assessment (26 May and 2 June 2021).
21. The council has an existing HBA (2017), which was prepared under the precursor to this NPS UD, the National Policy Statement on Urban Development Capacity 2016. There are similarities in the requirements and the approach taken, however the NPS UD has introduced new requirements. This means an updated assessment has been produced. This report sets out the findings of this latest assessment.

## Tātaritanga me ngā tohutohu Analysis and advice

### Requirements and responses

22. Each HBA must provide information on the demand and supply of housing and business land in the urban environment and assess the impact of planning and infrastructure decisions on the demand and supply.
23. The assessment must quantify development capacity and assess whether it is sufficient to meet expected demand in the short, medium and long-term.
24. If the HBA indicates insufficient development capacity in the short, medium, or long-term, council must immediately notify the Minister for the Environment.
25. If the insufficiency is wholly or partly caused by RMA planning documents, local authorities should consider changes to those documents to increase development capacity for housing or business land. Any changes to enable development must be made as soon as practicable to the relevant plan or strategy.
26. A housing bottom line for the short, medium and long-term must also be included in the regional policy statement as soon as practical after the HBA is made publicly available.

### Development Capacity

27. Development capacity under the NPS UD refers to the land to be developed for housing or business use based on the RMA documents and the provision of adequate development infrastructure to support the development. In particular, the NPS UD specifies that HBAs must assess plan-enabled capacity, infrastructure readiness, commercial feasibility, and determine the amount of capacity that is expected to be realised.

#### Plan-enabled capacity assessment

28. Plan-enabled capacity must include an analysis of the cumulative effect of objectives, policies, zoning rules, overlays and existing designations in plans.

### Infrastructure ready

29. Infrastructure ready must determine if the council has adequate development infrastructure to support the development of the land:
- Development infrastructure is defined as network infrastructure for water supply, wastewater, stormwater and land transport (does not include local infrastructure).
  - Capacity of development infrastructure must be determined in the short (0-3 years), medium (3-10 years) and long term (10-30 years) across the Auckland Region.

### Commercially feasible development

30. Commercially feasible development capacity assessment involves analysing:
- plan-enabled supply to determine which developments are commercially viable considering current costs, revenues and yields,
  - the rate of take-up of development capacity, observed over recent years and estimated for the future, and
  - the market's response to planning decisions.

### Expected to be realised

31. Expected to be realised must quantify dwelling units that are both feasible and reasonably expected to be realised;
- in both existing and future urban areas, and
  - differentiate dwelling typologies such as stand-alone vs attached dwellings.

## **Housing Capacity Assessment 2021 (HCA) results**

### Plan-enabled housing development capacity for all residential zones

32. Plan-enabled capacity has been calculated using the council's Capacity for Growth Model with several key updates:
- Smallest geographic unit modelled has changed from individual parcel to 'site', which clarifies land ownership structures. Site is the smallest possible aggregate of associated parcels, titles, and rates assessment.
  - Shared access lots and shared rear site access laneways are removed from the capacity calculation. This avoids generating housing development capacity on land areas not suitable for additional housing development.
  - Alternative height in relation to boundary provisions are incorporated in the modelling to account for higher density development opportunities enabled by the Auckland Unitary Plan.
  - Effective building heights are adjusted to reflect the height control outcomes intended by the Auckland Unitary Plan. Previously, height restrictions were determined by the most restrictive control (lowest building height permitted). The latest model update relaxes this mechanism and allows height controls to reflect the effective height control provisions. Hence, permitted building height can be higher than base zone height.
33. Modelled outputs for all residential zones in the urban area are shown in table one below. The results exclude potential capacity in town centres and business areas. These areas will be included in the next HBA.

**Table 1. Summary of net plan-enabled capacity of Auckland Unitary Plan residential zones**

Net housing capacity summary – Unitary Plan residential zones		
Unitary Plan base zone	Net infill	Net redevelopment
Large Lot	2,296	2,323
Mixed Housing Suburban	26,359	327,125
Mixed Housing Urban	25,281	351,726

Net housing capacity summary – Unitary Plan residential zones		
Unitary Plan base zone	Net infill	Net redevelopment
Rural and Coastal Settlement	2,500	2,504
Single House	25,211	28,586
Terrace Housing and Apartment Building	20,002	196,915
<b>Total</b>	<b>101,649</b>	<b>909,179</b>

34. The plan-enabled capacity results are a hypothetical measurement of 'what the current planning system allows'. Whether this capacity will be realised (or not) has not been a consideration, nor is it implied that, because the plan enables a certain kind of development, it will necessarily occur, nor because a development has not been identified that it will not occur. The assessment is subject to several assumptions and limitations. These are set out in the main HCA report.

Infrastructure ready

35. The existing HBA (2017) did not require an infrastructure readiness assessment and therefore there is no inherited methodology.
36. The council must look at infrastructure availability at a whole of Auckland regional level, rather than focus on specific areas.
37. The NPS UD definition of 'development infrastructure' focuses the council to consider network (bulk) infrastructure for water supply and wastewater, stormwater and land transport. However, it is recognised that there are limitations due to 'local' infrastructure capacity constraints.
38. For development capacity to be considered as 'infrastructure ready' under the NPS UD it must:
- in the short term (1-3 years) have adequate existing development infrastructure to support development of the land
  - in the medium term (3-10 years), have either adequate existing development infrastructure or have funding for adequate infrastructure identified in the council's long-term plan
  - in the long term (10-30 years), either the above definitions apply or identified in the council's infrastructure strategy.
39. To determine infrastructure readiness for water supply and wastewater, bulk network capacity, which is based on the 'transmission network', was identified at a high level using information on known constraints and planned projects such as the Central Interceptor and the Northern Interceptor.
40. Staff consider that the stormwater network has limitations but is generally not a 'hard constraint' on development. In most instances, appropriate solutions can be found to mitigate or minimise any impact upon the receiving environment. A developer must make a financial decision weighing up cost feasibility of the stormwater solution / mitigation required. There are exceptions such as Takaanini North and Drury East where large floodplains create significant limitations. There is currently no technical solution or budget in the current Long-term Plan to deal with these constraints.
41. Land transport has not been considered in this assessment as Auckland Council and Auckland Transport are working to develop transport assumptions for the next HBA, due by 2024. The key reasons land transport is not included in this assessment is the complexity of the transport network, timeframe constraints and the complexity of the requirements.
- Auckland's transport system is complex and has many interdependencies and variables such as trip origins, destinations, and network effects and does not work in isolation;



- Further time is needed for a robust assessment of transport capacity in the short, medium and long term. Auckland Council and Auckland Transport are developing a methodology to test the required approach at a network level.
42. Once developed, the methodology will be applied to test/assess various scenarios using the tools and mechanisms such as: Future Connect, Macro Strategic Model (MSM), Regional Land Transport Plan (RLTP), Auckland Transport Alignment Project (ATAP), Brownfields Business Case and Supporting Growth Alliance assessments in greenfields.

#### Commercial feasible assessment results

43. The feasible assessment methodology is inherited from the 2017 HBA with several assumptions updated to reflect current costs and prices as of October 2020. The changes made have been developed with information provided by the Development Programme Office, Eke Panuku and include per sqm build costs from Ryder Level Bucknell. The key assumptions and changes are:
- The Operative in Part Auckland Unitary Plan rules and zonings (base zones only), overlays on the 2020 cadastral base are used for the input capacity.
  - The Future Urban Land Supply Strategy and various structure plans are incorporated in the model to assess feasible development capacity of all Future Urban zoned sites.
  - Build costs per sqm have increased. This cost centre includes materials and labour. The increase reflects construction sector constraints. However, it does not reflect the latest escalated costs due to material shortage.
  - The Development Contributions Policy 2019 and Watercare's Infrastructure Growth Charges (IGCs) are included. IGCs are locked in at the 20/21 level.
  - Costs (excluding per sqm build cost) have been adjusted to reflect inflation rates if not specifically provided by expert groups.
  - Sales prices are set by sales locations, floor area and typology, reflecting relatives to a 'standard' dwelling sale price. Prices, locations, floor area and typologies are informed by property transaction records sourced from Council's District Valuation Roll data.
  - The feasibility assessment is not a forecast or prediction of development. It is a test which provides a 'snapshot in time' of sites that would be appealing to an 'average' commercially motivated developer that wanted to commence a project today.
44. Two feasible housing development capacity scenarios for the urban and future urban areas are presented in tables two and three below.
45. Modelling outputs suggest housing development is extremely sensitive to market conditions and costs associated with the typologies of dwellings built. The modelled feasible dwelling sales prices and floorspace are consistent with the empirical property transaction records observed over the past 24 months at the time this assessment was carried out.

**Table 2. Feasible housing development capacity – maximum profit scenario**

Feasibility threshold	Feasible built form	Average sales price	Average floorspace	Feasible dwellings
<b>0-10%</b>	Apartment	\$2,105,020	146	622
	House	\$1,288,110	175	4,524
	Terrace	\$1,468,476	151	66,536
<b>10-20%</b>	Apartment	\$2,089,107	147	482
	House	\$1,332,741	178	19,942
	Terrace	\$1,610,880	158	115,713
<b>20-30%</b>	Apartment	\$2,126,012	150	206
	House	\$1,454,442	184	28,087
	Terrace	\$1,705,446	163	159,100

Feasibility threshold	Feasible built form	Average sales price	Average floorspace	Feasible dwellings
<b>30-50%</b>	House	\$1,580,037	191	62,074
	Terrace	\$1,916,173	174	226,306
<b>+50%</b>	House	\$1,659,137	195	51,888
	Terrace	\$2,303,085	190	102,791
<b>Average</b>		<b>\$1,659,957</b>	<b>172</b>	<b>838,271</b>

**Table 3. Feasible housing development capacity – minimum priced dwelling**

Feasibility threshold	Feasible built form	Average sales price	Average floorspace	Feasible dwellings
<b>0-10%</b>	Apartment	\$1,080,527	86	378,761
	House	\$1,047,516	125	24,031
	Terrace	\$988,676	107	560,057
<b>10-20%</b>	Apartment	\$1,054,195	82	89,880
	House	\$969,622	131	4,417
	Terrace	\$1,140,802	113	248,691
<b>20-30%</b>	Apartment	\$918,446	68	21,980
	House	\$1,134,000	167	11
	Terrace	\$1,081,571	107	44,116
<b>30-50%</b>	Apartment	\$888,789	68	15,265
	Terrace	\$1,182,866	107	16,758
<b>+50%</b>	Apartment	\$943,755	70	188
	Terrace	\$1,135,256	105	702
<b>Average</b>		<b>\$1,041,932</b>	<b>107</b>	<b>1,404,857</b>

46. It is worth noting that this feasible assessment is not dynamic – i.e. sales prices of dwellings, development sites or build costs are not affected by the calculated feasible supply. Feasible assessment is subject to various assumptions and limitations. These are set out in the main HCA report.

*Demand assessment – projected growth in the next 30 years*

47. Statistics New Zealand's 2018 Census data and its latest population projections are the starting point for housing demand assessment. Under the NPS UD council must review a range of projections and select the most likely scenario.
48. Five sets of projections are adopted for comparison purposes. Table four below shows three of the estimated household growths for the short, medium and long-term, as well as with competitiveness margins added.

**Table 4. Growth projection scenarios and competitiveness margins**

Growth projection scenario			
Projected growth + competitiveness margin	SNZ 2013 base (pre-COVID)	SNZ 2018 base (post-COVID)	i11v6 (post-COVID)
Short term demand (2020 - 2023)	37,620	30,221	30,245
Short term + 20%	<b>45,144</b>	<b>36,265</b>	<b>36,294</b>
Medium term demand (2024-2031)	82,478	73,372	87,163
Medium term + 20%	<b>98,973</b>	<b>88,046</b>	<b>104,595</b>
Long term demand (2032-2051)	208,071	180,368	174,581
Long term + 15%	<b>239,282</b>	<b>207,423</b>	<b>200,768</b>
30-year total	<b>383,399</b>	<b>331,734</b>	<b>341,658</b>

49. The NPS UD requires council to identify the most likely growth scenario based on sound and reasonable assumptions. After evaluating the current pandemic situation, potential prolonged border closure and uncertain policy guidance, no sound and reasonable assumptions can be drawn from the current information available. Therefore, it is advised that the current land-use assumption (under i11v6) adopted for the 2021 LTP is still the best projection available when council's strategic goals and funding capabilities are considered.

Sufficiency of capacity to meet demand / projected growth

50. This HCA 2021 assesses housing development capacity only and does not include a business land development capacity component. It therefore does not provide a holistic view of both housing and employment opportunities.
51. It also does not adequately and robustly assess infrastructure readiness at both bulk and local levels. Preliminary assessment results and empirical evidence provided by infrastructure providers have identified various degrees of infrastructure constraints across the city.
52. These limitations mean that further work is needed before completing the analysis on whether Auckland has sufficient capacity to meet demand. Once the information is available and can be included in the analysis, a housing bottom line can be practically identified and included in the Regional Policy Statement.
53. The preliminary findings indicate that, when looking simply at the modelling numbers, there is sufficient plan-enabled development capacity to meet projected growth over the short, medium and long-term. However, alongside looking at the modelling numbers, an understanding is needed of who is likely to be able to afford those properties, and whether sufficient capacity will have any impact on improving housing affordability.

Demand assessment – housing affordability

54. To further understand Auckland's housing market, and to meet the NPS UD requirements relating to improving housing affordability, feasible capacity is tested through the lens of housing affordability.
55. The modelling takes the form of an ex-ante exercise, where before anything is built developers assess whether dwellings are, firstly feasible, then commercially viable and ultimately reasonably expected to be realised. That is, dwellings will be realised (built) only if there is any household willing to and capable of buy such a dwelling. Thus, findings reveal that dwellings realisation is uncertain because feasible dwellings are too expensive across all scenarios.



56. Demand analysis was undertaken using the projected growth of the intermediate housing market as a benchmark. Households in the intermediate market correspond to those with at least one person in paid employment, who cannot affordably purchase a dwelling at the lower quartile price (\$770,000 or less) at the standard bank lending conditions. To be able to purchase, a household is required to earn at least \$132,300.
57. In 2021 there are 97,156 renting households in the intermediate housing market. This is about twice the current housing shortfall of Auckland (46,000 dwellings). This figure is expected to rise to at least 111,000 by 2031.
58. Supply of affordable housing (dwellings priced at \$770,000 or less) should grow by at least 25 per cent yearly to halve the size of the intermediate market within a generation (18 years). For the same reduction to occur within a decade, growth should be at least 45 per cent. Hence, halving the intermediate market is equivalent to filling the housing shortfall in Auckland. Importantly, if supply grows at a similar rate to the population (2.2 per cent), the mathematical model fails to find a solution.
59. For simulation scenarios reflecting Auckland's housing market, no household earning less than \$170,000 could buy a dwelling. That is, many households would require two incomes to afford a dwelling in Auckland. For other relatively more affordable scenarios, no household earning less than \$100,000 could buy a dwelling. In only one scenario, households earning at least \$60,000 may be able to buy a dwelling, where the average floorspace is 62 square metres. It should be noted that most of those households consist of couples (with or without children).
60. This implies that another driver of affordability is the mix of dwelling typologies (houses, terraces or apartments), not only land release or greater development capacity.
61. Greater housing supply does not necessarily imply affordability as lower and moderate-income households are outbid by wealthier households, and there is no guarantee that, given greater development opportunities, developers will be motivated to deliver affordable housing.
62. The analysis then demonstrates potential discrepancies between the dwelling price distribution and the ability of households to buy the new dwellings. Therefore, it is likely that any affordability improvements because of land release or greater development capacity, would benefit households earning well above the Auckland median income (about \$96,000).
63. Future research should focus on demand-side policies (e.g. progressive home ownership, leasehold land) that may improve affordability and close the gap between market efficiency and equity.

### **Key observations**

64. Greater development capacity does provide additional housing stock to meet demand. However, the result is often difficult to assess at the policy design stage. More importantly, there is little to no control when the required delivery relies solely on the market to meet the intended policy objectives.
65. Greater development capacity does not actually translate into better affordability for households in critical groups, such as the intermediate housing market.
66. Affordability does not noticeably improve because of new dwellings entering the market, greater land release, or development opportunities.
67. More importantly, it is worth noting the housing market is vastly complex and extremely sensitive to factors relating to monetary policy. Recent economic performance and the current pandemic situation forced many governments to rely on quantitative easing mechanisms to keep the global economy afloat. This led to vast cash injections (e.g. low mortgage interest rates over the past few years) into Auckland's housing market, consequently escalating the already dire housing situation as house price continues to soar. The current policy levers available to local government are not able to regulate this market behaviour.

## **The next Housing and Business Development Capacity Assessment**

68. The NPS UD requires a full HBA be prepared in time to inform an update of the council's Future Development Strategy and preparation of the next Long-term Plan (2024). The next HBA will include business land development capacity alongside and updated housing development capacity assessment.
69. The next HBA will also address outstanding matters that have not yet been included:
- transport network capacity;
  - an extended housing assessment, including a demand assessment encompassing Māori housing, accommodation demand for visitors, seasonal workers, elderly, as well as renters.

## **Tauākī whakaaweawe āhuarangi Climate impact statement**

70. The HCA 2021 does not directly imply nor address climate change impacts. However, the HCA (and future HBAs) will be used to inform the council's strategic documents, such as the Future Development Strategy, the Infrastructure Strategy and the Long-term Plan. Subsequent decisions made using assessment information could have significant climate implications. For example, decisions around land uses have strong links to emissions and resilience to climate impacts. Therefore, future decisions could have major climate benefits and/or disbenefits, depending on the actions taken.
71. Though climate impacts are not assessed as part of the HCA 2021, assessment outputs can be used to inform upcoming housing policies for climate change related analyses. For example, up/down zoning considerations in coastal areas and flood prone areas or impacts of development impacts on vulnerable communities.

## **Ngā whakaaweawe me ngā tirohanga a te rōpū Kaunihera Council group impacts and views**

72. Preparation of this HCA required information and support from across the council group. Staff from across Auckland Plan Strategy and Research, Plans and Places, Development Programme Office, Chief Economist Unit and Healthy Waters, have all contributed data, information and/or quality assurance. The Council Controlled Organisations have also played a key role in contributing to information on infrastructure capacity, Watercare and Auckland Transport in particular.
73. Ongoing collaboration will be needed to complete the next HBA, in particular to include transport network capacity information, and a more detailed housing assessment, including demand from different groups.
74. The HCA and underlying data sets will be available for use across the council group. This provides a single, consistent data source for different parties.

## **Ngā whakaaweawe ā-rohe me ngā tirohanga a te poari ā-rohe Local impacts and local board views**

75. As an evidence-based technical document, the HCA does not directly impact on local areas. However, the HCA will be used to inform the council's strategic documents, such as the Future Development Strategy, the Infrastructure Strategy and the Long-term Plan. These strategic documents have timeframes extending out over the next 2-3 years and local board involvement will be sought in the process of developing those strategic documents.
76. The HCA results can be reported by local board area, as can the demand assessment output. This may be of interest to individual local boards as it shows the plan-enabled development capacity, commercially feasible capacity and demand in each local board area.
77. To date, local boards have received a memorandum outlining the seven NPS UD workstreams, key milestones and opportunities for providing feedback (15 December 2020). A local board briefing was held on 5 March 2021.

78. Local board chairs (or alternates) have been invited to a series of Planning Committee workshops, held from September 2020 through to June 2021. Two of these workshops focused on the HCA (26 May and 2 June 2021).

## **Tauākī whakaaweawe Māori**

### **Māori impact statement**

79. The NPS UD specifies that the HBA demand analysis must include an assessment of how well demand for housing by Māori is currently met and how the demand is likely to be met in future. In particular, the assessment needs to include the demand for different types and forms of housing such as community housing, lower-cost housing and papakāinga.
80. This current HCA has not specifically analysed Māori housing demand of typologies or forms in detail. The NPS UD does not distinguish between housing for mana whenua on Māori land and the broader issue of access to affordable housing by those who identify as Māori. Staff are working with parties across the council (e.g. in the Māori housing Unit and Regulatory Services), and with the Independent Māori Statutory Board Secretariat, to develop a methodology for inclusion of this in the next HBA. For example, a component of the approach could be to model the potential development capacity for papakāinga or affordable housing from Unitary Plan zones applied to Māori Freehold Land or Treaty Settlement Land and examine trends in actual take-up rates over the past five years.
81. The affordable housing demand analysis shows that those on below median household income are highly unlikely to be able to purchase a home under the current market condition. As a percentage of residents who own their own dwelling, 40 per cent of people who identify as Māori in the NZ Census (2013) are homeowners compared to 69.5 per cent that identify as European/ other. Furthermore, [Mitchell, \(2019\)](#) reports that Māori make up 22 per cent of the intermediate housing market, as compared to NZ Europeans 12 per cent. This work does not specifically look at housing affordability for Māori, however, Māori are over-represented in lower income groups. This means Māori are more likely to be marginalised due to lower earnings, lower rates of homeownership, feel the impact of increases in house prices, and the lack of suitable housing stock that meets their demand. These findings align with other housing affordability and social equity work completed by council officers, showing that Māori are clearly adversely affected in the current housing market.
82. Staff are working to set the NPS UD work (including the HBA) within the broader, long-term strategic context of the Future Development Strategy and working with the Independent Māori Statutory Board Secretariat to explore the opportunities to align the HBA with the Kāinga Strategic Action Plan. Staff have also been working with the Mana Whenua Kaitiaki Forum to establish a process to engage on the strategic aspects of the NPS UD and Future Development Strategy. This kaupapa was raised at the recent Forum planning workshop on 17 June 2021. Affordable homes for mana whenua and Māori through a Tāmaki Makaurau Housing and Papakāinga Strategy was raised as a priority at that workshop.
83. The HCA assessment output can be reported at subregional level, including by local board area, to provide finer grain information for further analysis if required.

## **Ngā ritenga ā-pūtea**

### **Financial implications**

84. The results of the HCA outlined in this paper do not have any direct immediate financial impact as it is an evidence-based document showing that there is no plan-enabled development capacity shortfall. However, the current assessment has not explicitly examined infrastructure constraints at the local level and has not considered the condition of existing assets, unplanned future renewals and capital programmes. This report does not seek budgetary allocation but notes that infrastructure funding and financing at both bulk and local levels is still unresolved.

85. The council's strategic planning, using the HCA results, may have implications for financial decision-making, depending on the approach taken. This would most likely be seen in the Future Development Strategy, Infrastructure Strategy, Long-term Plan or development contributions policy. Any implications would be considered and elaborated on as those strategic documents are prepared. Financial decisions will be made by the Finance and Performance Committee.

## Ngā raru tūpono me ngā whakamaurutanga Risks and mitigations

86. There are many assumptions and caveats across much of the Housing Capacity Assessment 2021. The risk is that, when the HCA report is published, those assumptions and caveats are ignored. Mitigation is providing clear and consistent messaging around the assumptions and caveats.
87. There is a risk surrounding the terminology 'infrastructure ready' and that this is interpreted as meaning a) development can proceed in areas where local infrastructure may still be a restriction or b) changes to the sequencing of bulk infrastructure to respond to new priorities. Council still needs to assess impacts of proposed development on a case-by-case basis. Mitigation is again to provide clear and consistent messaging around the assumptions and caveats related to 'infrastructure ready'.

## Ngā koringa ā-muri Next steps

88. Staff will finalise the Housing Capacity Assessment (2021).
89. Provide the Housing Capacity Assessment (2021) to the Chair and Deputy Chair of the Planning Committee, and Independent Māori Statutory Board member, to sign off under delegated authority.
90. Provide the final Housing Capacity Assessment (2021) to the Planning Committee for information.
91. Publish the Housing Capacity Assessment (2021) by 31 July 2021.

## Ngā tāpirihanga Attachments

There are no attachments for this report.

## Ngā kaihaina Signatories

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