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tasman district council | Te Kaunihera o te tai o Aorere

25 June 2024

Hon Chris Bishop
Minister for Housing and RMA reform

Via email – chris.bishop@parliament.govt.nz

Hon Penny Simmonds
Minister for the Environment

Via email – penny.simmonds@parliament.govt.nz

Tēnā kōrua

Housing Capacity Assessment 2024 for Tasman District – Insufficient Housing Land Capacity

In accordance with clause 3.7 (1) (a) of the National Policy Statement for Urban Development, Tasman District Council is notifying you it has insufficient housing land capacity over the medium term. Under the National Policy Statement on Urban Development, the Tasman District Council, along with Nelson City Council is a tier-2 local authority and combined form the Nelson Tasman Urban Environment. The shortfall in capacity was identified through the Housing and Business Capacity Assessments (HBA), compiled to inform Nelson and Tasman's Long Term Plans 2024-2034.

As the recent 2023 Census release shows, Tasman was the fastest growing region in New Zealand, with population growth of 10.3% between 2018 and 2023. The combination of high population growth and a small rating base means it is challenging for Tasman to afford the infrastructure investment required to ensure there is sufficient capacity to meet demand. Most of the Council's existing infrastructure networks are near or at capacity and, in some cases, beyond capacity.

The HBA identifies Tasman has insufficient housing land capacity over the medium term. However, Tasman can provide sufficient capacity in the short term and long term. The medium-term shortfall amounts to 362 dwellings. This amounts to 4% of the overall capacity in Tasman's urban environment of 8,644 dwellings over 30 years. This is the first shortfall that the Council has identified in an HBA, with previous assessments in 2018 and 2021 finding sufficient capacity for 30 years for Tasman. Tasman does, however, have a surplus of business land in its urban environment over the short, medium, and long term. The surplus provides capacity for Nelson City Council's identified shortfall of commercial, retail, and industrial land in the medium and long terms.

The housing land insufficiency is largely due to infrastructure not being available in time, which is the reason the shortfall disappears by the long term when projects such as the proposed Waimea Plains Water and Wastewater Plan are complete. Without certainty of

infrastructure capacity, land cannot be rezoned for residential development. Furthermore, a significant shortfall also exists in Motueka, which is constrained by low-lying land, natural hazards, and highly productive land. Capacity in other towns of Tasman's urban environment e.g. Richmond and Māpua partly compensate for this medium-term shortfall but are not able to provide sufficient capacity overall for this time period.

Tasman District Council has several initiatives underway or recently completed to ensure there is sufficient housing capacity. These initiatives include:

- Recently made operative or close to concluding plan changes in five of its towns to provide housing land capacity.
- Work is also well progressed on a large plan change to zone land in nine of Tasman's towns, implementing the 2022-2052 Future Development Strategy. This plan change will provide for approximately 4,000 additional houses and 222 business units over the next thirty years.
- Tasman District Council has planned infrastructure upgrades in all five towns within the urban environment.

The Council's plans to enable growth in the whole of its District amount to $409 million of growth-related infrastructure between 2024-2054 (See Annex 1). This has led to the Council's development contributions rising from $31,556 per household unit to $54,146 in parts of the District. The Council's development contribution funding does have a substantial impact on debt, as it can take many years to recover the cost of this infrastructure as development occurs.

Additional servicing to that programmed above would be required in the Council's urban environment for those towns to enable more housing land capacity sooner. However, the pressure on the Council's finances and the limited capacity to deliver more means there is no scope to add further work to the infrastructure programme within the next five years.

Across the ten years of the proposed LTP the net debt figure increases from $202 million as at 30 June 2023 to $452 million in 2033/2034, as shown in Annex 1. The dynamic net debt cap of 160% of revenue is self-imposed and while it is possible to borrow more capital, this comes with associated risks. There remains headroom for further borrowing in the event of a natural hazard event. The Council also plans to increase its project management team by two staff.

The combined Nelson Tasman tier 2 urban environment HBA shows that the insufficiency of housing land capacity increases from 362 dwellings in Tasman, to 608 dwellings in the medium term in the combined Nelson Tasman urban environment. There is, however, suitable business land capacity in the combined urban environment across all time periods. It is not possible for this LTP to further alleviate the shortfall in housing land capacity that exists in Tasman's urban environment.

Tasman District Council has been exploring various initiatives with Central Government and crown entities, that may have assisted earlier delivery of urban land capacity e.g. with Kāinga Ora and the Ministry of Housing and Urban Development. Such potential projects include use of Urban Development Act powers, Kāinga Ora's land programme, City Deal and a place-based partnership. The recent review into Kāinga Ora suggests that working in partnership may no longer be realistic. Pending the release of further information on schemes such as the Regional Infrastructure Fund and City Deal, they may also provide opportunities to assist with Tasman's continued accommodation of high growth.

Housing intensification creates challenges for servicing new developments. Currently each council is trying to solve these problems independently, but we would suggest sector wide coordination on these solutions. Examples include standards for treatment of secondary flow paths and how these relate to the RMA and Building Act; or support to develop low-cost telemetry or internet-linked controls for private low-pressure pumps, to facilitate cost effective and flexible wastewater intensification servicing. We would welcome the opportunity to discuss this with you further.

Nāku noa, nā



Tim King
Mayor, Tasman District
Te Koromatua o te tai o Aorere

Annex 1

Figure 1 – Total growth expenditure for infrastructure 2024-2054

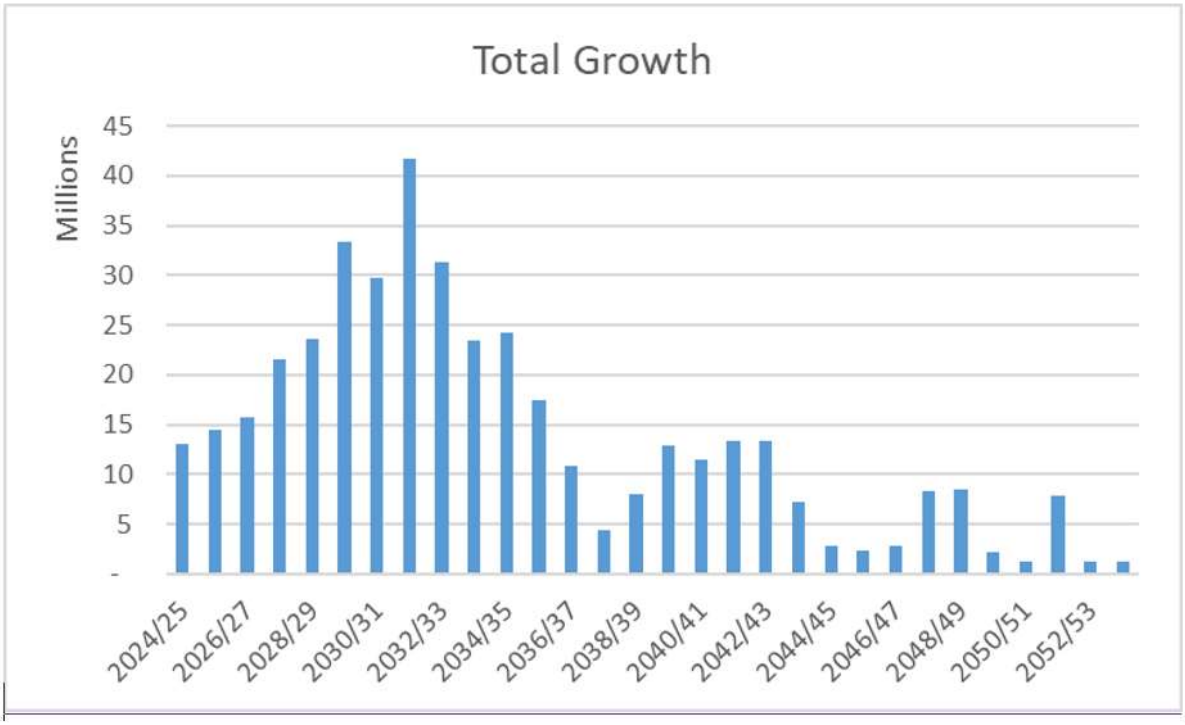


Figure 2 - LTP 2024-2054 net debt cap

