

National Policy Statement on Urban Development
Nelson-Tasman Joint Monitoring Report

June 2021



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KEY RESULTS

- The population in the Nelson-Tasman Urban Environment grew by 2.0% to reach 85,400 by 30 June 2020. Both regions have mirrored national population growth trends, with higher growth rates since 2015 compared with the previous ten years.
- Since around 2015, housing supply in Nelson and Tasman has not kept up with the increasing demand for housing, although the gap appears to have narrowed in recent years.
- The number of new dwellings granted building consent in the Nelson-Tasman Urban Environment was 20% higher in 2020/2021 than the previous year, with 718 new dwellings consented. The increase was due to a higher number of dwellings consented in Tasman. Nelson recorded a similar number of new dwellings in both years.
- An increasing proportion of new dwellings in Nelson have been attached dwellings, such as retirement village units, townhouses, and apartments, which were 35% of Nelson's new dwellings in 2020/2021. In Tasman, stand-alone houses continue to be the dominant housing typology, with attached dwellings at 12% of total dwellings. Two thirds of the attached dwellings were retirement villages.
- There were 348 new residential sections created in Tasman (332 (95%) in the Urban Environment), this is slightly more titles created in the District than last year. Of these, 202 sections were created in the Richmond West special housing areas, including some on land still zoned Rural 1 deferred Light Industrial or Mixed Business, some residential. (A Plan Change to rezone the business land is well progressed.) There were 106 sections created in Nelson, around half of the sections created in the previous 12 months. Of these new sections, 83 (78%) were greenfield sites, 10 were infill and 13 were redevelopment sites.
- Of the 467 new dwellings in Tasman's part of the Urban Environment granted building consent in 2020/2021, the majority (417 dwellings, 89%) have been in previously undeveloped areas, mostly in Richmond West. There have been 50 new dwellings in the previously urbanised areas of Richmond and Motueka.
- In 2020/2021, there were 588 new lots granted resource consent (subdivision) in all of Tasman District, of which 530 were in the Urban Environment. This is lower than in 2019/2020 when there were 680 new lots, including 530 in Richmond. In Nelson, 446 new lots were granted resource consent, approximately 15% more than the previous year. The new lots included 160 lots in the Bayview (Atawhai) subdivision.
- Tasman District Council also estimates demand and capacity for its main townships and communities. Growth over the last year in Tasman District has been higher than expected, particularly in Richmond, Brightwater, and Māpua. However, in Motueka, Wakefield and Lakes-Murchison, growth has been lower than expected.
- The 2021-2051 Nelson City Council Long Term Plan contains projected household growth over the next 10 years. For the year ending 30 June 2021, there is projected household growth of 35 households. On top of this the projected shortfall from the previous three years is estimated at around 200 households. In total, there were 260 new dwelling building consents granted in the 2020/2021 year. This would indicate that either there has been a period of 'catching up' with demand or alternatively growth in household numbers is higher than projected.
- There has been a steep rise in house prices in Nelson and Tasman since 2016, and particularly in 2020/2021. The median sales price for a house in Nelson reached \$685,500, and was \$760,000 in Tasman, an annual increase of 17% and 18% respectively. Compared with five years ago, Nelson house prices are 63% higher, and Tasman house prices are 74% higher.

- Nelson and Tasman rank as two of the least affordable regions in New Zealand for both housing and rental affordability.

Where possible, this report summarises quarterly data for the 12 months ending June 2021, and compares it with previous June year results. Using annual data means any consistent changes to trends in the data are likely to be more reliable. Some of the datasets can exhibit a large degree of variance between quarters.

MONITORING REQUIREMENTS OF NATIONAL POLICY STATEMENT ON URBAN DEVELOPMENT 2020

The National Policy Statement on Urban Development 2020 (NPS-UD) came into force in August 2020 and sets out the objectives and policies for planning well-functioning urban environments under the Resource Management Act 1991. The NPS-UD 2020 applies to all local authorities with an urban environment within their boundaries. The NPS-UD replaced the earlier NPS on Urban Development Capacity.

The NPS-UD requires these local authorities to monitor, quarterly, a set of indicators relating to housing and business land development, and to publish the results of its monitoring at least annually. Regular monitoring helps Councils better understand factors affecting the demand and delivery of residential and business development and also helps inform planning processes, including infrastructure investment.

As Nelson City Council and Tasman District Council each have jurisdiction over parts of the Nelson-Tasman tier 2 Urban Environment, both Councils are jointly responsible for monitoring development trends. Both Councils also monitor development trends more widely, including at the region-wide level and for specific locations outside of the Urban Environment. Where relevant data is available, this has been included in the annual report.

Since 2017, both Councils have monitored urban development trends, as required by the previous National Policy Statement on Urban Development Capacity 2016. These earlier reports are available on the Councils' websites. See [Monitoring reports | Tasman District Council](#).

NELSON-TASMAN URBAN ENVIRONMENT

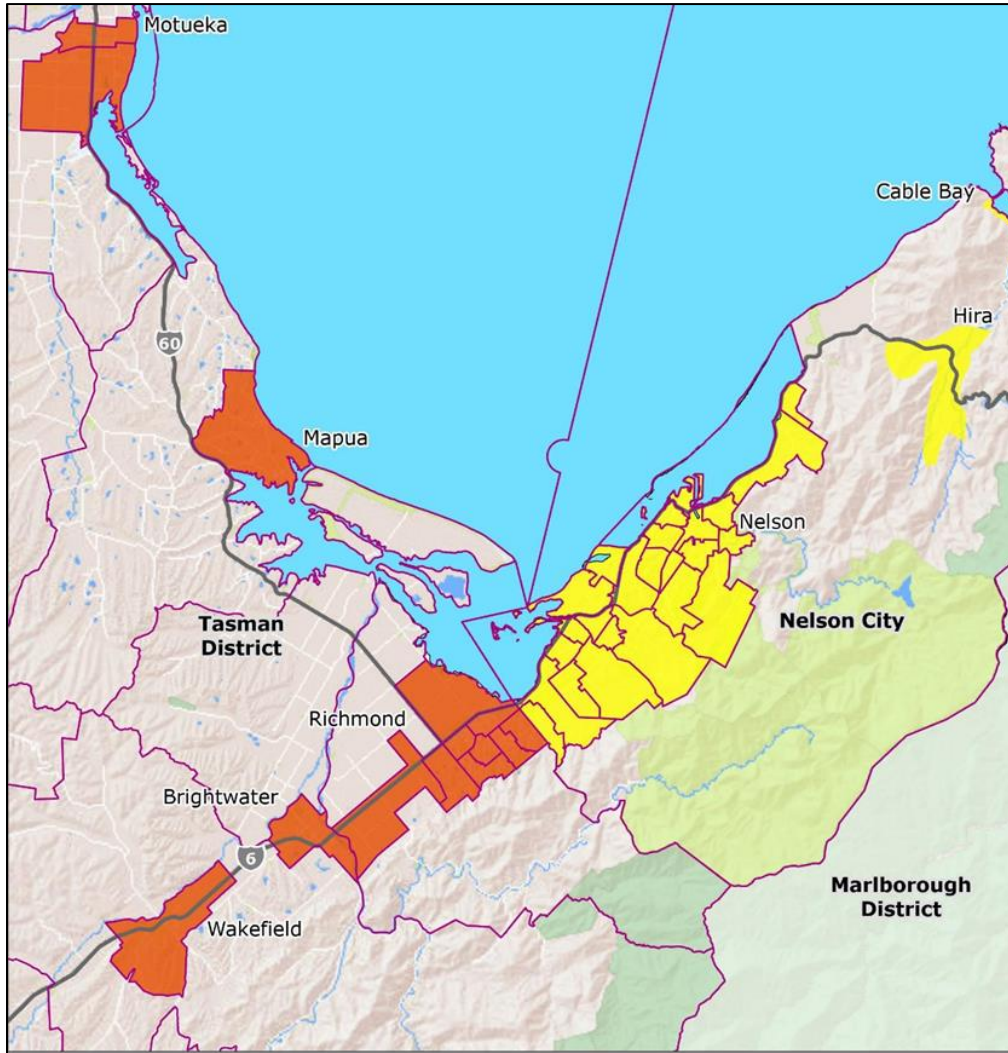
This report covers development trends for the Nelson-Tasman Urban Environment, as well as the wider Nelson City and Tasman District local authority areas. Nelson-Tasman is identified as a Tier 2 Urban Environment in the NPS-UD. The Nelson City and Tasman District Councils are jointly responsible for the monitoring requirements of the NPS-UD (as well as for preparing a Future Development Strategy and Housing and Business Capacity Assessments).

The two Councils have agreed the Nelson-Tasman Urban Environment comprises the following city and towns: Nelson, Richmond, Hope, Motueka, Māpua, Wakefield, Brightwater, Cable Bay and Hira. This is based on the definition of 'urban environment' in the NPS-UD, recognising these communities are part of the same labour and housing market, and are or are intended to be predominantly urban in character and can include non-contiguous areas of urban land.

As at 30 June 2020, 85,400 residents live in the Nelson-Tasman Urban Environment, approximately ¾ of the Nelson-Tasman population. Of the total population in the Nelson-Tasman Urban Environment, 52,500 live in the Nelson part (62%) and 32,900 (38%) live in the Tasman part.

NOTE: The Urban Environment now monitored in this report and future reports covers a wider area than the previous Nelson Urban Area which was monitored under the NPS Urban Development Capacity. The previous Nelson Urban Area covered most of Nelson as well as Richmond. This means some data is not directly comparable between years prior to 2020.

Figure 1 shows the extent of the Nelson Tasman Tier 2 Urban Environment:

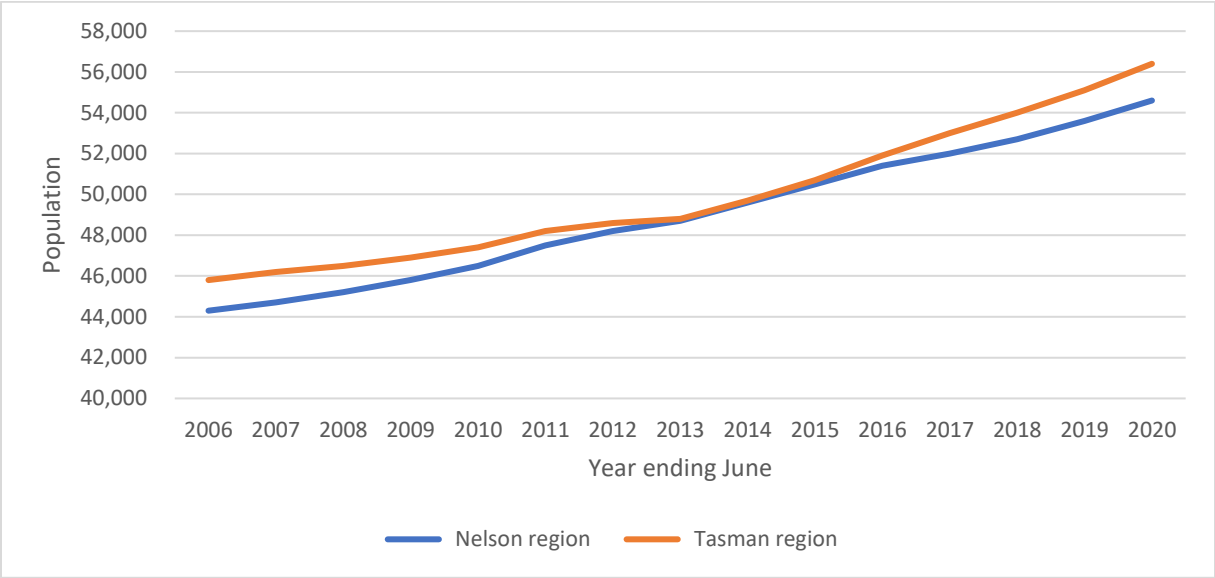


POPULATION TRENDS

The most recent population estimates from Stats NZ indicate that in the year ending June 2020, Nelson’s population grew by 1.9% to reach 54,600, and Tasman’s population grew by 2.4% to reach 56,400. The population in the Nelson-Tasman Urban Environment grew by 2.0% to reach 85,400. Both regions have mirrored national population growth trends, with higher growth rates since 2015 compared with the previous ten years.

Stats NZ estimated that nearly all of Nelson and Tasman’s population growth in the year ending June 2020 was from positive net migration (more people moving here than leaving). For Tasman, approximately half was a net gain in internal migration (from other parts of New Zealand) and half was from international migration. Nelson’s net migration gain was entirely from international migration.

Figure 2 Latest Stats NZ population estimates



RESIDENTIAL DEVELOPMENT TRENDS

Housing Demand and Supply

In reality, there are many market dynamics involved that affect the supply and price of housing, including the cost of infrastructure and building materials, the availability of skilled labour, bank lending policies to both developers and buyers, the release of new land and housing to the market, the types of new housing, investor purchase of housing, and internal migration and immigration trends.

The recent Housing and Business Capacity assessments published by both Councils have demonstrated there is sufficient zoned and serviced land in the Nelson Tasman Urban Environment to meet expected residential and business growth, with a 20% buffer, for at least the next 18 years. Both Council's are responding to growth pressures in various planning processes, including infrastructure investment. These include the Long Term Plan infrastructure programme, Nelson Plan, Tasman Environment Plan, and recent applications for government funding, such as the Infrastructure Acceleration Fund.

The following charts compare housing supply (the solid line) with housing demand (the dotted line). Housing supply uses data on consented new dwellings. Housing demand is based on household growth, using data on population growth and household size.

Figure 3: Nelson City housing supply and demand

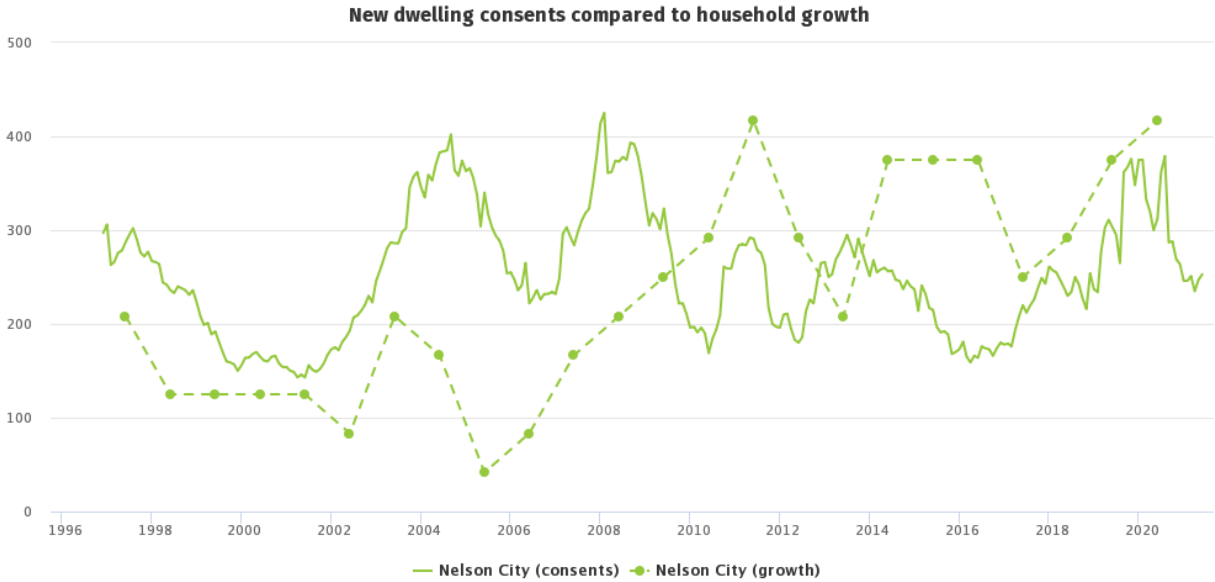
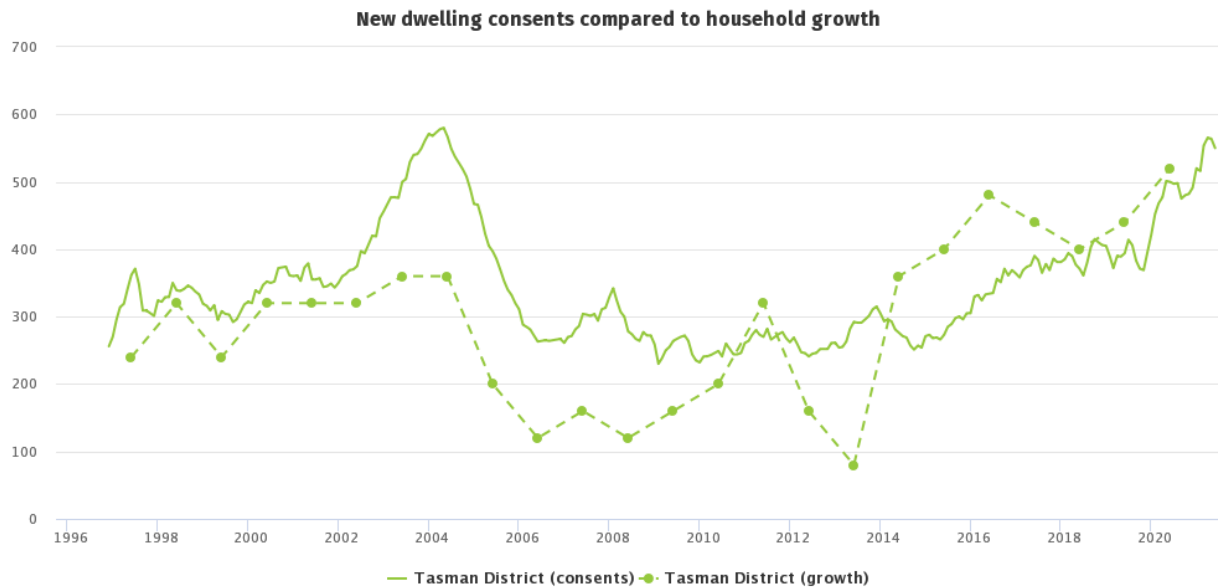


Figure 4: Tasman District housing supply and demand



Since around 2015, housing supply in Nelson and Tasman has not kept up with the increasing demand for housing, although the gap appears to have narrowed in recent years to an annual shortfall on 100 houses across Nelson and Tasman. About a third of the undersupply is in Tasman (about 35 a year) and two thirds is in Nelson.

Other Housing Demand Indicators

Both Nelson and Tasman have seen a significant increase in the number of eligible applicants on the waiting list for Social Housing, as recorded on the Ministry of Social Development’s Social Housing Register.

As at June 2021, there were 282 eligible applicants for social housing in Nelson and 165 in Tasman. Compared with June 2020, the number in Nelson has increased 32% and the number in Tasman has increased 53%. Compared with five years ago, Nelson has experienced a more than ten-fold increase, from 24 applicants in June 2016. Tasman has seen an eight-fold increase, from 21 in June 2016 to 165 in June 2021.

Other Housing Supply Indicators

Both Councils have additional data on residential development trends that can provide further detail on the type and location of development that has occurred in recent years.

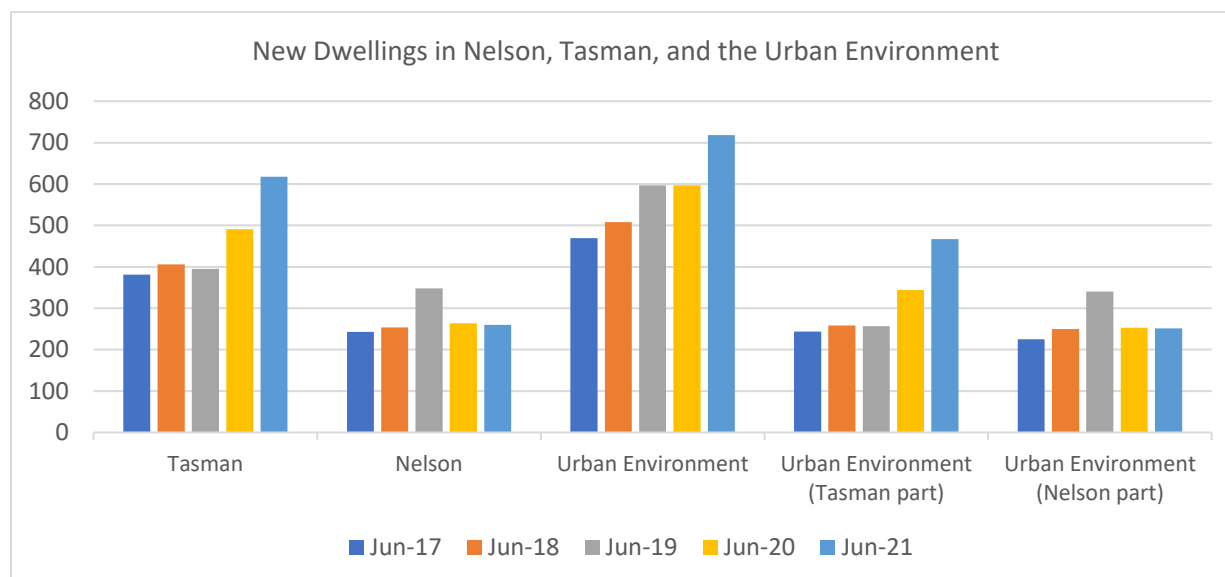
New Dwellings granted Building Consent

The number of new dwellings consented in the Nelson-Tasman Urban Environment was 20% higher in 2020/2021 than the previous year, with 718 new dwellings consented. The increase was due to a higher number of dwellings consented in Tasman's part of the Urban Environment, particularly in Richmond. Nelson recorded a similar number of new dwellings in both years.

Table 1 Building consents 2017-2021

Year Ending	Jun-17	Jun-18	Jun-19	Jun-20	Jun-21	Annual Change 2020/2021
NEW DWELLINGS						
Total Nelson City and Tasman District	624	660	743	755	878	123
Tasman	381	406	395	491	618	127
Nelson	243	254	348	264	260	-4
Urban Environment	469	508	597	597	718	121
Urban Environment (Tasman part)	244	258	257	344	467	123
Urban Environment (Nelson part)	225	250	340	253	251	-2

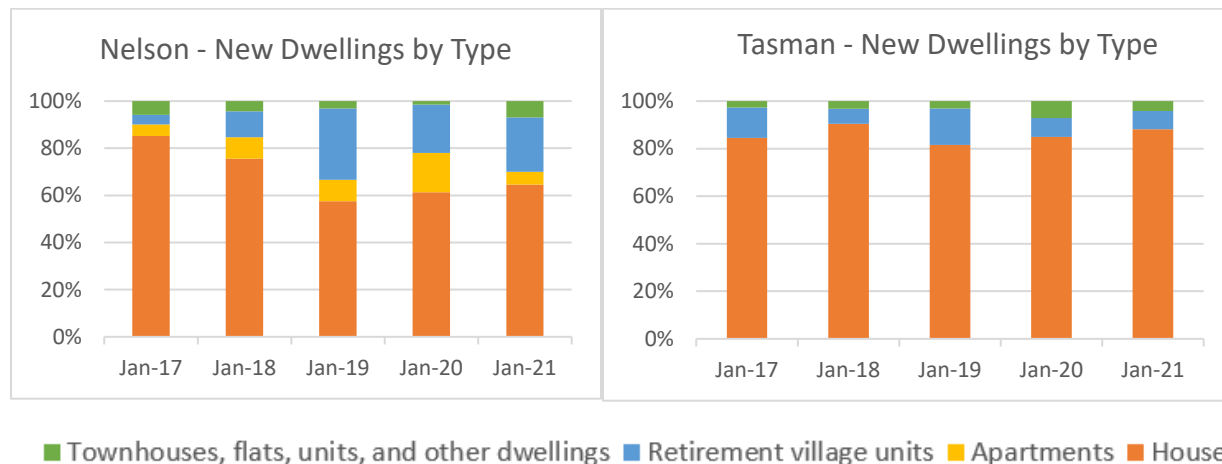
Figure 5 Building consents 2017-2021



Dwellings by Type

An increasing proportion of new dwellings in Nelson have been attached dwellings, such as retirement village units, townhouses, and apartments, which were 35% of Nelson’s new dwellings in 2020/2021. In Tasman, stand-alone houses continue to be the dominant housing typology, with attached dwellings at 12% of total dwellings.

Figure 6 Residential buildings consents by type



In the last year, two-thirds of the new attached dwellings in both Nelson and Tasman have been retirement village units.

Sections Created and Granted Resource Consent

The numbers of residential sections being created (titles) and granted resource consent (subdivision) are useful lead indicators on the capacity for future housing supply. The number of sections created uses LINZ data on new titles, once a subdivision is complete. The number of new residential lots is based on the resource consents for subdivisions.

Table 2 New residential sections created and resource consents (subdivision)

	2019/2020	2019/2020	2020/2021	2020/2021
New residential sections created				
	Urban Area only*	All of District	Urban Environment only	All of District
Nelson	211	211	106	106
Tasman	243	322	332	348

- The Nelson Urban Area was monitored under the NPS on Urban Development Capacity prior to the NPS UD replacing it with the Nelson Tasman Urban Environment definition.

Residential resource consents (subdivision)				
	2019/2020	2019/2020	2020/2021	2020/2021
	Urban Area only	All of District	Urban Environment only	All of District
Nelson	385	385	446	446
Tasman	530	680	530	588

Nelson

In 2020/2021, there were 106 new residential sections created in Nelson. Of these 83 were greenfield sites, 10 were backyard infill and 13 were redevelopment sites. This is down to around half of the sections created in the previous 12 months.

In 2020/2021, there were 446 new lots granted resource consent (subdivision) in Nelson City. The size of the subdivisions varied between providing a single additional lot through to an additional 160 lots in the Bayview (Atawhai) subdivision.

Tasman

In 2020/2021, there were 348 new residential sections created in Tasman (332 (95%) in the Urban Environment). Of these, 202 sections were created in the Richmond West special housing areas, including some on land still zoned Rural 1 deferred Light Industrial or Mixed Business, some residential. A Plan Change to rezone the business land is well progressed.) This is slightly more titles created in the district than last year.

In addition, there were an additional 24 titles created for housing in the Rural 3 zone in Moutere, making 372 residential titles in total for Tasman.

In 2020/2021, there were 588 new lots granted resource consent (subdivision) in all of Tasman District, of which 530 were in the Urban Environment. This is lower than in 2019/2020 when there were 680 new lots, including 530 in Richmond.

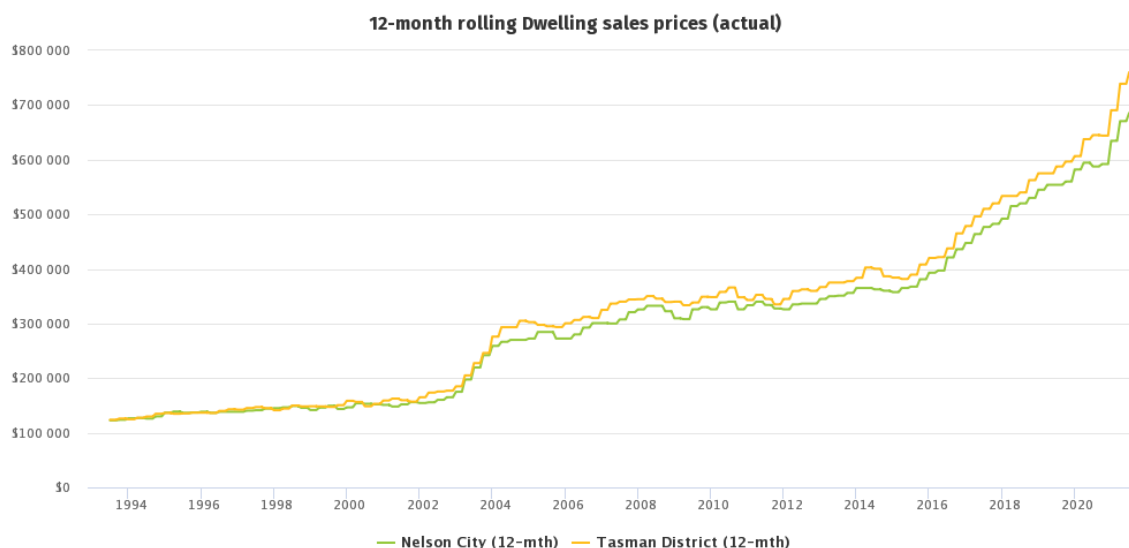
Housing prices, rents and affordability

Housing affordability is the cost of housing relative to a household's income.

House prices

Data from the Ministry of Housing and Urban Development (MHUD) shows a steep rise in house prices in Nelson and Tasman since 2016, and particularly in 2020/2021. The median sales price for a house in Nelson reached \$685,500, and was \$760,000 in Tasman, an annual increase of 17% and 18% respectively. Compared with five years ago, Nelson house prices are 63% higher, and Tasman house prices are 74% higher.

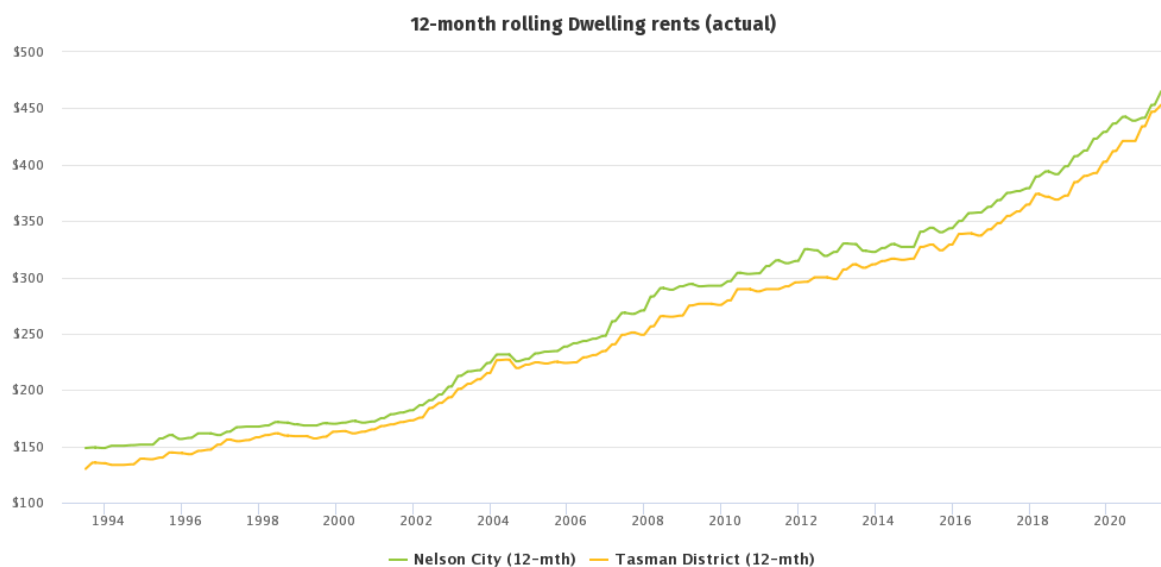
Figure 7 Median sales price (MHUD)



House rents

Data from MHUD also shows an increase in average rents in Nelson and Tasman, although not as steep as the increase in house prices. For 2020/2021, the average rent in Nelson was \$465, up 5% compared with a year ago, and 30% higher than five years ago. The average rent in Tasman was \$453, up 8% and 34% respectively.

Figure 8 average rents (MHUD)



Massey University Home Affordability and Residential Rental Reports

Massey University publishes a quarterly [Home Affordability Report](#) with a home affordability index by region. The index takes into account house prices, the cost of borrowing (interest rates), and wage levels. The June 2021 quarterly report shows a decline in home affordability in Nelson and Tasman. The report noted that, compared with all other regions, Tasman experienced the largest percentage increase in median house prices, and the most significant decline in home affordability. According to the Home Affordability Index, Tasman is the second least affordable region to buy a house (behind Auckland). Nelson is the fifth-least affordable.

Table 3 Massey University Home Affordability Report (June 2021)

HOME AFFORDABILITY INDEX			PERCENTAGE CHANGE IN HOME AFFORDABILITY IN THE LAST 12 MONTHS		PERCENTAGE CHANGE IN HOME AFFORDABILITY IN THE LAST 3 MONTHS		
Region	May 2020	Feb 2021	May 2021	Improvement	Decline	Improvement	Decline
Northland	19.4	19.5	21.5		10.8%		10.2%
Auckland	28.5	28.3	28.2	1.2%		0.6%	
Waikato	20.4	20.1	21.2		3.7%		5.7%
Bay of Plenty	21.2	23.7	24.7		16.2%		3.9%
Gisborne	15.6	17.3	20.5		31.7%		18.8%
Hawke's Bay	18.4	19.7	22.7		23.6%		15.7%
Manawatu/Whanganui	13.7	15.1	17.8		29.6%		17.9%
Taranaki	13.3	13.7	16.1		21.2%		17.7%
Wellington	20.2	21.5	21.3		5.5%	0.9%	
Tasman	25.2	22.7	27.6		9.5%		21.9%
Nelson	22.3	21.1	21.9	1.9%			4.0%
Marlborough	20.3	20.5	20.6		1.3%		0.5%
West Coast	7.9	8.2	8.9		13.0%		9.4%
Canterbury	15.6	15.6	16.6		6.4%		6.7%
Otago	17.5	18.5	20.4		16.7%		10.6%
Southland	12.5	11.6	12.1	3.2%			3.8%
All Regions	20.2	20.8	22.3		10.1%		6.8%

Massey University also publish a quarterly Rental Report with a rental affordability by region. Rental affordability is calculated by comparing average weekly wages and average rents. The June 2021 quarterly report shows a decline in rental affordability in Nelson and Tasman, with both regions slightly worse than the national average.

Infometrics Housing and Rental Affordability

Infometrics also publish measures of housing and rental affordability.

Housing affordability is measured by the ratio between average house values and average annual household income. For the June 2021 quarter, the average house value in Nelson is 8.9 times the average household income, and the average house in Tasman is 8.5 times the average household income.

For rental affordability, Infometrics use the ratio between average annualised rents and average annual household income. A higher ratio suggests that average rents cost a greater multiple of typical incomes, which indicates lower rental affordability. Rental affordability has worsened in Nelson and Tasman in recent years. Compared with other regions, Tasman and Nelson are the second and third least affordable regions for renting, behind Otago.

Proportion of Capacity in Greenfield Areas or in Previously Developed Areas

A new monitoring requirement of the NPS-UD is the proportion of housing development capacity which has been realized, in either previously urbanized areas or in previously undeveloped areas.

Of the 467 new dwellings granted building consent in Tasman's part of the Urban Environment in 2020/2021 (see table 1), the majority (417 dwellings, 89%) have been in previously undeveloped areas, mostly in Richmond West. There have been 50 new dwellings in the previously urbanised areas of Richmond and Motueka.

Nelson has assessed this requirement in relation to new residential sections created. In 2020/2021, there were 106 new residential sections created in Nelson. Of these 83 (78%) were greenfield sites, 10 were backyard infill and 13 were redevelopment sites.

Comparing Actual and Forecast Development

Nelson

The 2021-2051 Nelson City Council Long Term Plan contains projected household growth over the next 10 years. For the year ending 30 June 2021, there is projected household growth of 35 households. On top of this the projected shortfall from the previous three years is estimated at around 200 households. In total, there were 260 new dwelling building consents granted in the 2020/2021 year. This would indicate that either there has been a period of 'catching up' with demand or alternatively growth in household numbers is higher than projected.

Tasman

Tasman District Council also estimates demand and capacity for its main townships and communities. The following table compares the actual number of new dwellings with the number projected in Council's growth model. The actual number is based on building consents for new dwellings. The numbers of new dwellings in the growth model were based on the population growth assumption and the infrastructure work programme in the Long Term Plan 2021-2031 (LTP). Next year's report will include the actual number of dwellings for Year 1 of the LTP.

Growth over the last year in Tasman District has been higher than expected, particularly in Richmond, Brightwater, and Māpua. However, in Motueka, Wakefield and Lakes-Murchison, growth has been lower than expected.

Table 4 Tasman’s growth model dwelling forecasts compared with building consents

	Number of new dwellings projected (based on LTP projections)	Actual number of new dwellings (granted building consent)	Difference between actual and projected new dwellings
	2020/2021	2020/2021	2020/2021
Richmond	247	355	+108
Brightwater	8	37	+29
Wakefield	20	12	-8
Māpua	25	40	+15
Motueka	47	23	-24
Moutere	68	75	+8
Lakes-Murchison	21	14	-7
Golden Bay	26	29	+3
Tasman District	499	618	+119

The growth assumption for the Long Term Plan 2021-2031 was made in 2020 based on the best information available at the time. Council will review and update its growth assumption as part of developing the Long Term Plan 2024-2034.

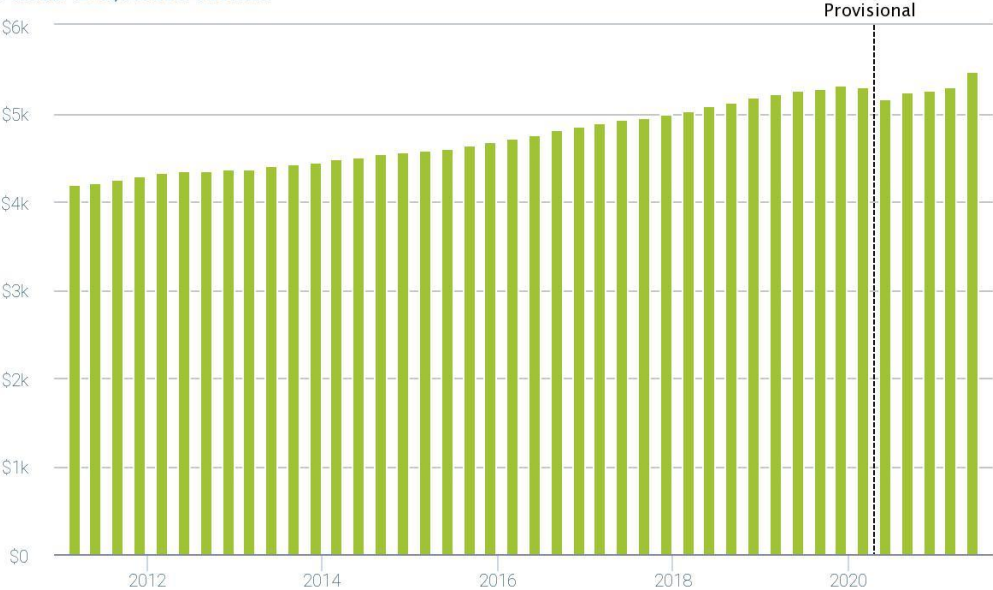
BUSINESS DEVELOPMENT TRENDS

Demand for Business Land

The June 2021 Quarterly Economic Monitor for Nelson-Tasman, prepared by Infometrics, indicated a relatively resilient economy for the region. Gross Domestic Product was provisionally up 5.9% for the year to June 2021. Employment numbers have been relatively flat over the last year, after average annual growth of 2.4% in the previous three years. Infometrics commented that our economic resilience is underpinned by industries such as construction, retail, health care and the public sector, and job creation is happening in these industries.

Gross domestic product (\$m)

Annual level, Nelson-Tasman



Employment (place of residence)

Annual level, Nelson-Tasman



Supply of Business Land

New Buildings granted Building Consent

One measure of retail, commercial and industrial business land development is the total floor area for new building consents, for new buildings which are either commercial buildings (including shops, restaurants, bars, offices), factories, industrial and storage buildings, or hotels, motels and other short-term accommodation.

The amount of new commercial and industrial floor area consented in the Nelson-Tasman Urban Environment was 29% higher in 2020/2021 than the previous year. The increase was due to more floor area consented in Tasman, half of which was in Richmond. Nelson recorded a similar amount of floor area consented in both years.

Table 5 New commercial and industrial buildings granted building consent by floorspace (sq m)

	Year ending June					Annual Change 20/21	
	Jun-17	Jun-18	Jun-19	Jun-20	Jun-21		
Total Nelson City and Tasman District	52,293	52,793	34,887	21,283	25,603	+4,320	20%
Tasman	15,782	35,548	24,463	14,229	18,043	+3,814	27%
Nelson	36,511	17,245	10,424	7,054	7,560	+506	7%
Urban Environment	42,149	41,388	13,367	15,113	19,540	+4,427	29%
Urban Environment (Tasman part)	5,638	25,241	2,943	9,209	12,455	+3,246	35%
Urban Environment (Nelson part)	36,511	16,147	10,424	5,904	7,085	+1,181	20%

Business Sections Created and Granted Resource Consent

The numbers of commercial and industrial sections being created (titles) and granted resource consent are useful lead indicators on the capacity for future business land supply. The number of business sections created uses LINZ data on new titles, once a subdivision is complete. The number of new business lots granted resource consent is based on subdivision consent.

Table 6 New Business sections created and Business Resource Consents

	2019/2020	2020/2021
New business sections created		
Nelson City	2	1
Tasman District	19	9
New business sections granted Resource Consent (subdivision)		
Nelson City	4	5
Tasman District	9	10

NELSON

In 2020/2021, there was one new business title created in Nelson, located in the Parkers Road industrial zone.

In 2020/2021, there were 5 new commercial or industrial lots granted resource consent, one more than the number granted resource consent in 2019/2020.

TASMAN

In 2020/2021, there were 9 new business titles created in Tasman, all in the mixed business zone.

In 2020/2021, there were 10 new commercial or industrial lots granted resource consent, similar to the number granted resource consent in 2019/2020.