

Monitoring Report March 2020

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NATIONAL POLICY STATEMENT ON

# Urban Development Capacity

BLENHEIM URBAN AREA

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MARLBOROUGH  
DISTRICT COUNCIL



# National Policy Statement on Urban Development Capacity Monitoring Report

## 1 July 2019 to 31 March 2020

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### Introduction

This report provides a summary of housing and commercial development market indicators for the period 1 July 2019 to 31 March 2020. The purpose of these reports is to monitor urban development activity in Marlborough. It is a requirement of the National Policy Statement on Urban Development Capacity (NPS UDC).

### Indicators Used in This Report

The NPS UDC dashboard provided by the Ministry for Housing and Urban Development is still unavailable. The Ministry has provided raw data for some key indicators at the Marlborough Region level only. Council's own data on building and resource consent trends has been provided for the Blenheim Urban Area. Indicators covered in this report include:

- Median dwelling sales price
- Mean weekly rents
- Ratio of dwelling sales price to rents
- Social Housing Register (from the Ministry of Social Development)
- Kainga Ora property count (Kainga Ora – Housing New Zealand)
- Building consent trends for residential and commercial activity
- Resource consent trends for residential activity

An update has also been provided on progress of infrastructure provision related to residential development capacity.

### Summary of Key Trends

#### Residential Activity

Dwelling sales prices and rents continued to climb over the reporting period meaning the ratio of sales prices to rents stayed relatively stable. The Ministry's housing affordability measure has not been updated since the previous report so has not been included, however the Infometrics affordability measure showed minimal movement over the year to December 2019.

The number of people applying for public housing in Marlborough increased over the year with 157 applicants on the social housing register at 31 March 2020.

Council held a workshop with members of the Marlborough Housing Group and the wider housing sector earlier this year. At the March Planning, Finance and Community meeting it was agreed that smaller working groups of housing sector representatives would be formed to look at issues raised with housing in Marlborough around the themes of accessibility and affordability. Council will help to coordinate this work in a similar way as it does the Smart and Connected groups. This work is currently on hold as staff focus on the COVID19 recovery efforts and will likely be re-visited in September.

The full impact of the COVID19 pandemic response on building activity is as yet unknown, however an early indication of building consent numbers received during may shows a slowing of activity.

## Commercial Activity

There were 20 building consents issued for commercial builds within the Blenheim Urban Area for the reporting period. In the full year to March 2020 commercial building consents were almost double the number of the previous year.

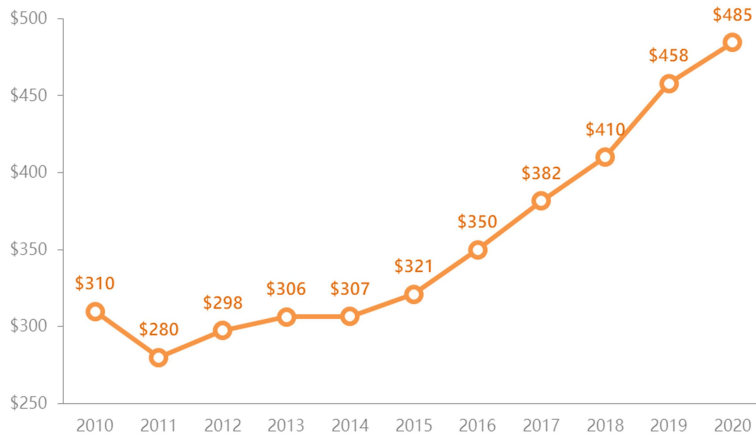
# 1. NPS UDC Dashboard Indicators (Marlborough Region)

## (a) Dwelling Sales Price

The median dwelling sales price rose by 8% over the reporting period 1 July 2019 to 31 March 2020 and 6% over the full year to March 2020. Marlborough’s median dwelling sales price has increased 39% between March 2016 and March 2020.

### Dwelling sales price | March quarter (IN THOUSANDS)

The median house sales price has increased by an average of 5% since 2010.



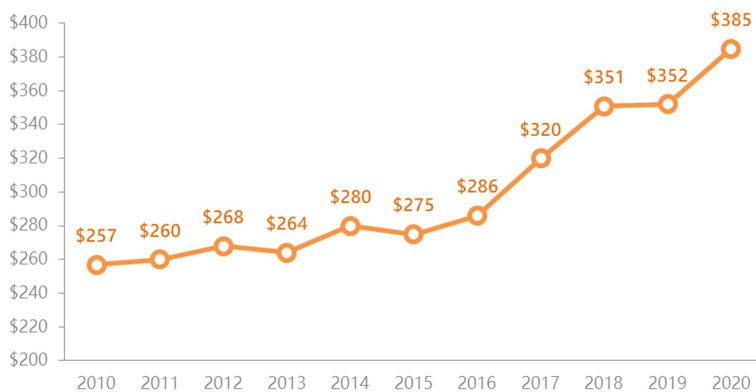
Median Dwelling Sales Price YTD			
Sep 2019	Dec 2019	Mar 2020	Change
\$450,000	\$480,000	\$484,500	8%

## (b) Dwelling Rents

The mean weekly rent fluctuated over the three quarters to March 2020, and increased by 9% over the full year to 31 March 2020. This follows a negligible increase in the year to March 2019, and a 10% increase in the year to March 2018. Overall, rents have risen 35% between March 2016 and March 2020.

### Dwelling Rents | March quarter

The mean weekly rent has increased by an average of 4% per annum since 2010.



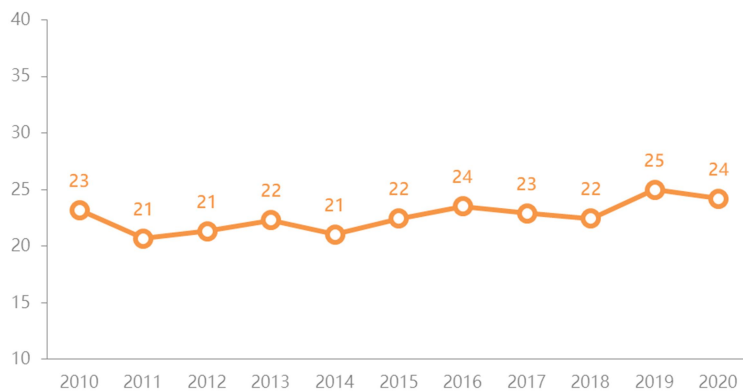
Dwelling Rents YTD			
Sep 2019	Dec 2019	Mar 2020	Change
\$381	\$362	\$385	1%

### (c) Sales Price to Rent Ratio

This indicator shows the ratio of nominal median dwelling prices to nominal (geometric) mean rents. It reflects the relationship between median house prices and mean rents, and indicates changes in the ease of moving from renting to home ownership. The higher the ratio, the greater the financial gap between renting and buying. Average returns to investors from renting out a dwelling decrease as the ratio increases. The ratio has remained relatively stable over the past 10 years as both dwelling sales prices and weekly rents increase at similar rates. The financial gap between renting and buying was greatest in 2019, but decreased by one point overall in the year to March 2020.

#### Sales Price to Rent Ratio | March quarter

The ratio of sales price to rent decreased by one point in the year to March 2020.

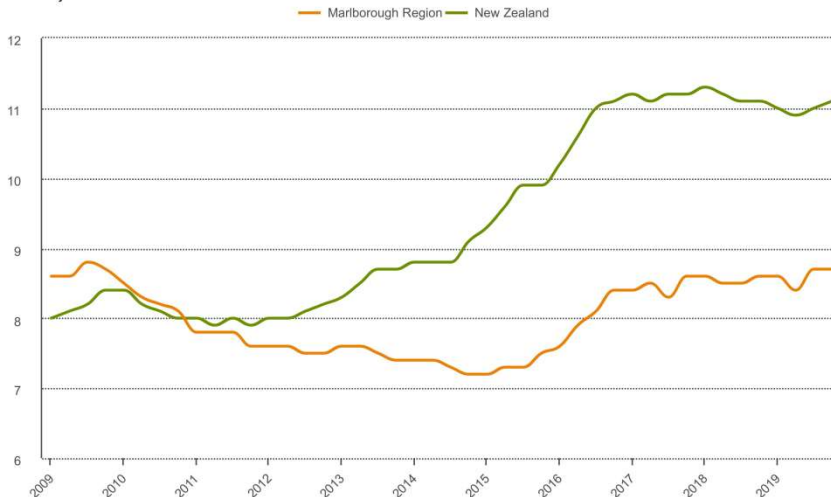


Sales Price to Rent Ratio			
Sep 2019	Dec 2019	Mar 2020	Change
23	25	24	1

### (d) Housing Affordability

The NPS UDC Housing Affordability Measure has not been updated since the previous report. However, the Infometrics housing affordability index (the ratio of the average current house value to average annual earnings) showed the index sitting at 8.7 for Marlborough, in comparison with the New Zealand index of 11.1. The higher the index, the lower the affordability of housing. Infometrics reports that housing in the Marlborough Region was more affordable than New Zealand in December 2019. While housing affordability in the Marlborough Region has not materially changed on average between December 2018 and December 2019, housing affordability in New Zealand has improved over the same period.

#### Housing affordability index

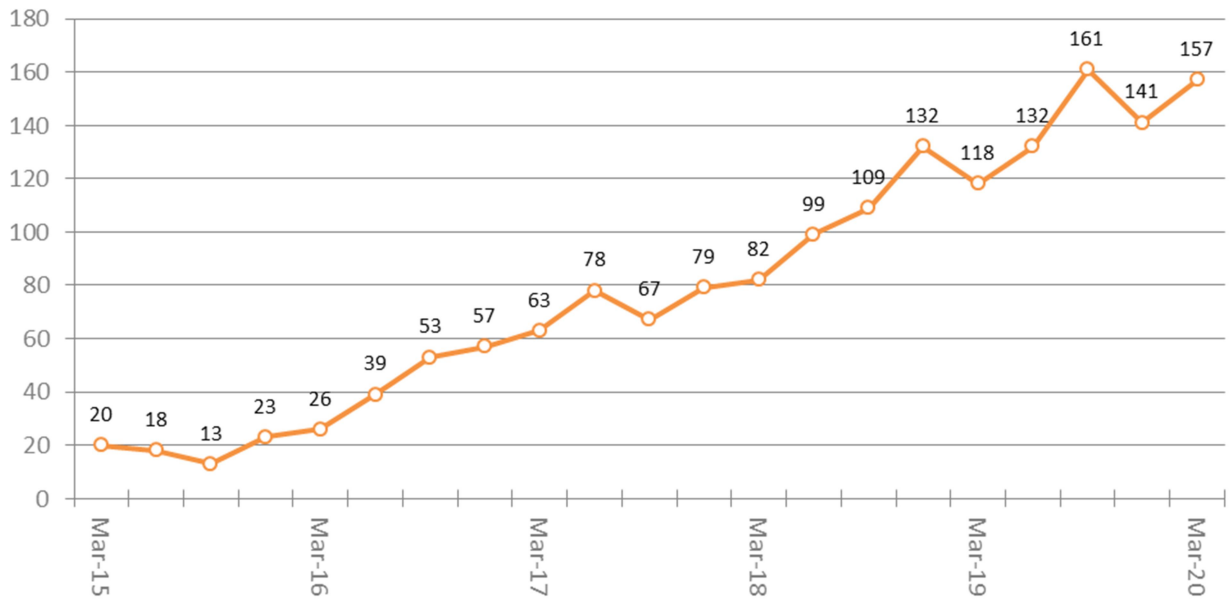


(e) Social Housing Need (Ministry of Social Development)

The number of people applying for public housing in Marlborough has increased steadily over the past five years. At 31 March 2020 there were 157 people applicants on the Social Housing Register for public housing in Marlborough. The register is administered by the Ministry of Social Development.

## Housing Need | Social Housing Register

The number of people applying for public housing in Marlborough has increased steadily over the past five years.



(f) Kainga Ora Property Updates

Since the update provided in September last year from Kainga Ora there have been 7 properties added to the public housing portfolio managed by their Blenheim team. There are 465 houses in the Marlborough District and 24 in Kaikoura currently. Kainga Ora reports that there are a further 48 properties under development at various stages ranging from consent lodged to project near completion.

## 2. Council Building and Resource Consent Data

Council's consent data is sourced using GIS to capture consents issued within the Blenheim Urban Area only. See Maps 1 and 2 below for the geographical extent of the area. This is the area of investigation used for the NPS UDC monitoring, reporting and assessments as it most accurately reflects the urban area of Blenheim, including the industrial zones to the south east of the town and the residential areas zoned for greenfield development to the Northwest of Blenheim.

### (a) Building Consents issued for New Dwellings

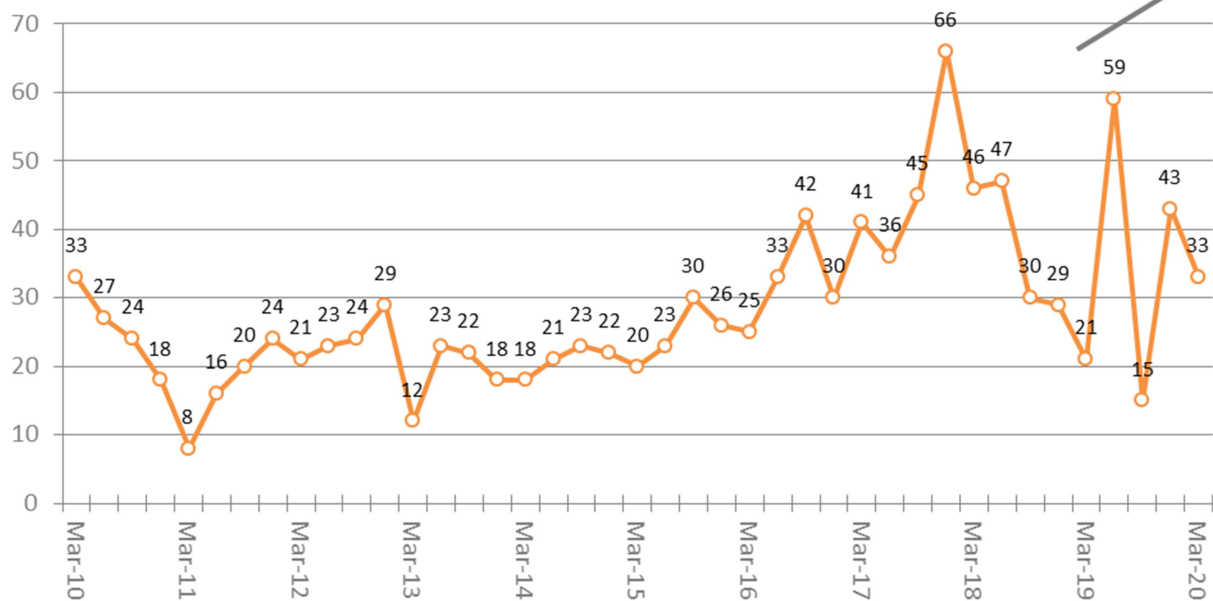
New dwelling consents in the Blenheim Urban Area typically account for around 60% of all consents in the Marlborough district. Between 1 July 2019 and March 2020 Council issued 91 building consents for new dwellings in the Blenheim Urban Area (compared with 80 consents for the same period in the previous year). The Majority of consents were for new dwellings in the Boulevard on Taylor, Omaka Landing and Rose Manor subdivisions.

Building consent data received to date for May 2020 indicates a slowing in building activity as a result of the country's response to the COVID-19 pandemic. It is likely that building activity will continue to be impacted to some extent for the near future.

### Building Consents Issued | New Dwellings

Spikes in building consents issued in 2017 and 2019 reflect building activity in new subdivisions.

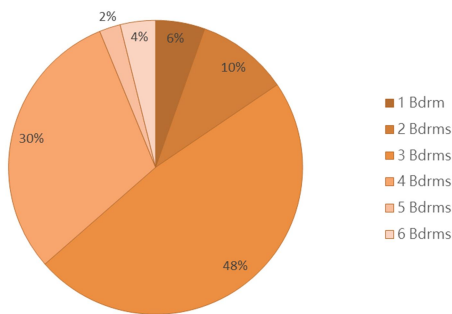
Consents issued for new dwellings between 1 July 2019 and March 2020 have varied significantly each quarter.



(b) Building Consent information about housing types and locations

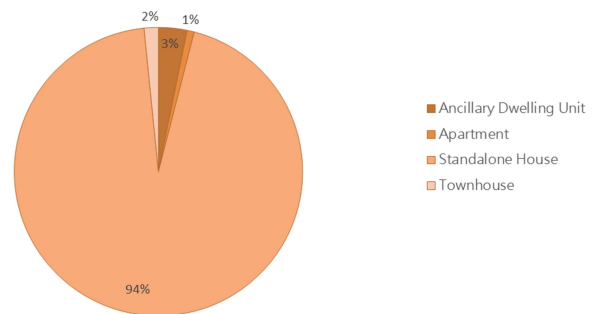
The 2018 NPSUDC Housing and Business Capacity Assessment recommended looking at ways to better capture Council’s building consent data to monitor housing stock. Staff have developed new methods to capture and report on building consent information including the size and type of homes being built, number of bedrooms, and the estimated cost of the building work - by location. This information has been collected since September 2019 and reporting options are being worked through, including GIS maps. The data will help to inform the next NPS UDC assessment, but will also be able to be included in regular monitoring reports. Below is a sample of data collected between 1 October 2019 to 31 March 2020.

**New Dwellings | Number of Bedrooms**  
October 2019 - March 2020



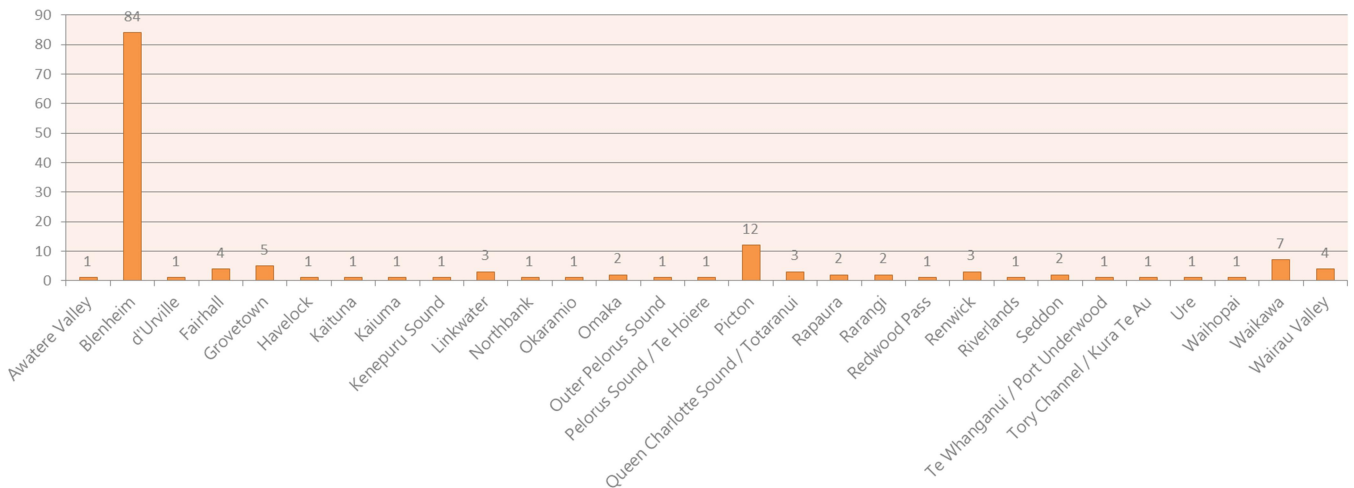
78% of building consents for new dwellings were for homes with 3 or 4 bedrooms.

**New Dwelling Consents | Type of Dwelling**  
October 2019 - March 2020



The majority of building consents for new dwellings were for standalone houses.

**New Dwelling Consents | Location**  
October 2019 - March 2020



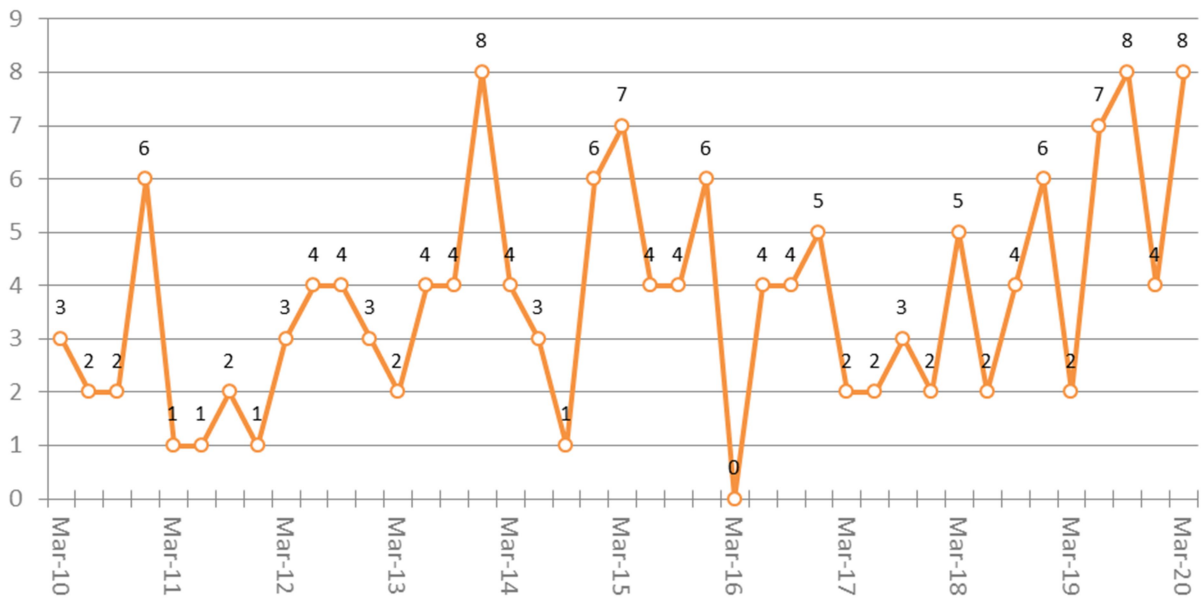


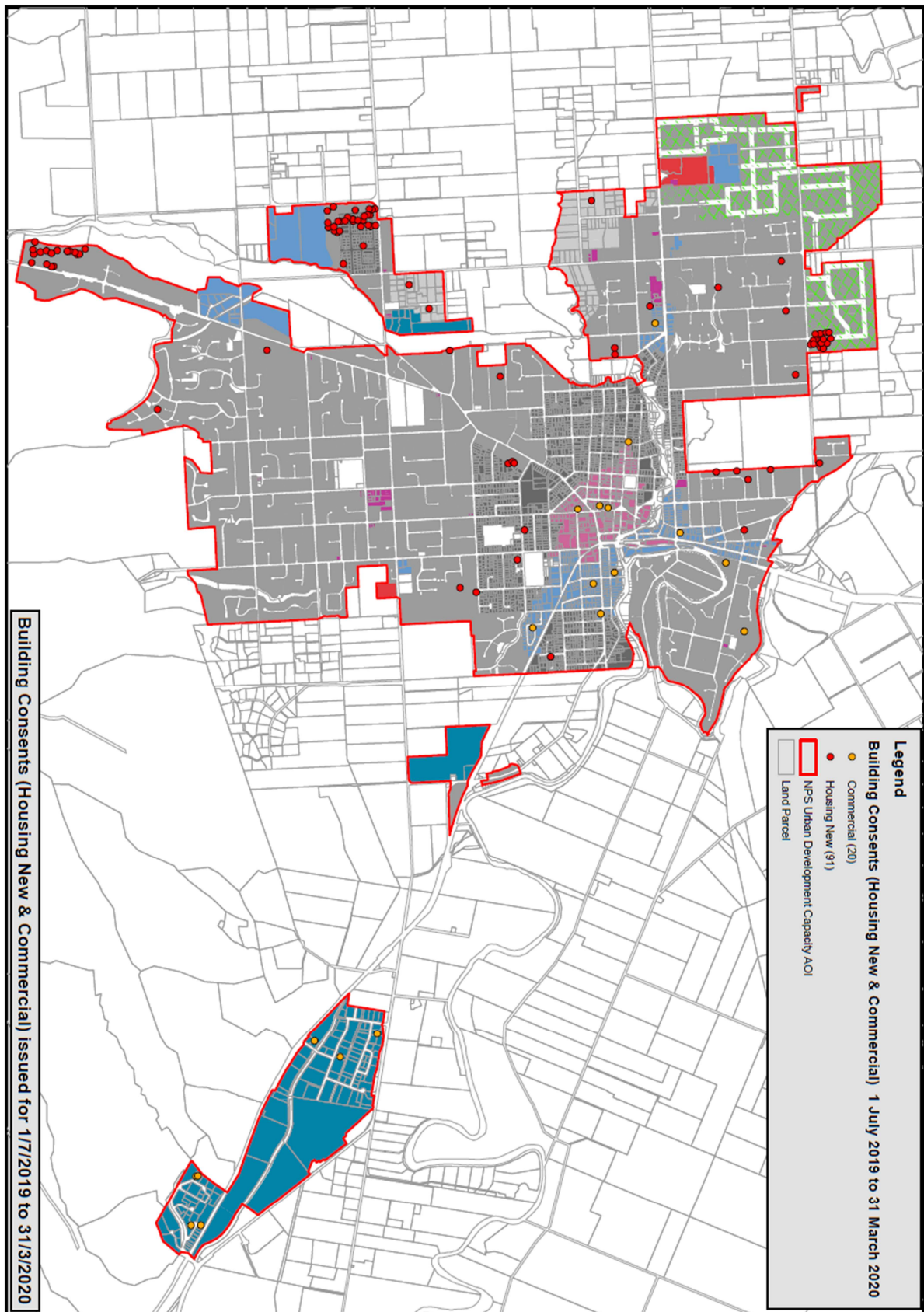
(c) Building Consents issued for Commercial Buildings

There were 20 building consents issued for commercial builds within the Blenheim Urban Area for the reporting period. The consents were for a wide range of activity from office and warehouse space, winery associated developments and commercial accommodation (including the YMCA accommodation on Scott Street, and worker accommodation on Budge Street).

## Building Consents Issued | Commercial Building

The number of building consents issued for commercial building activity has shown a general increasing trend over the past three years.





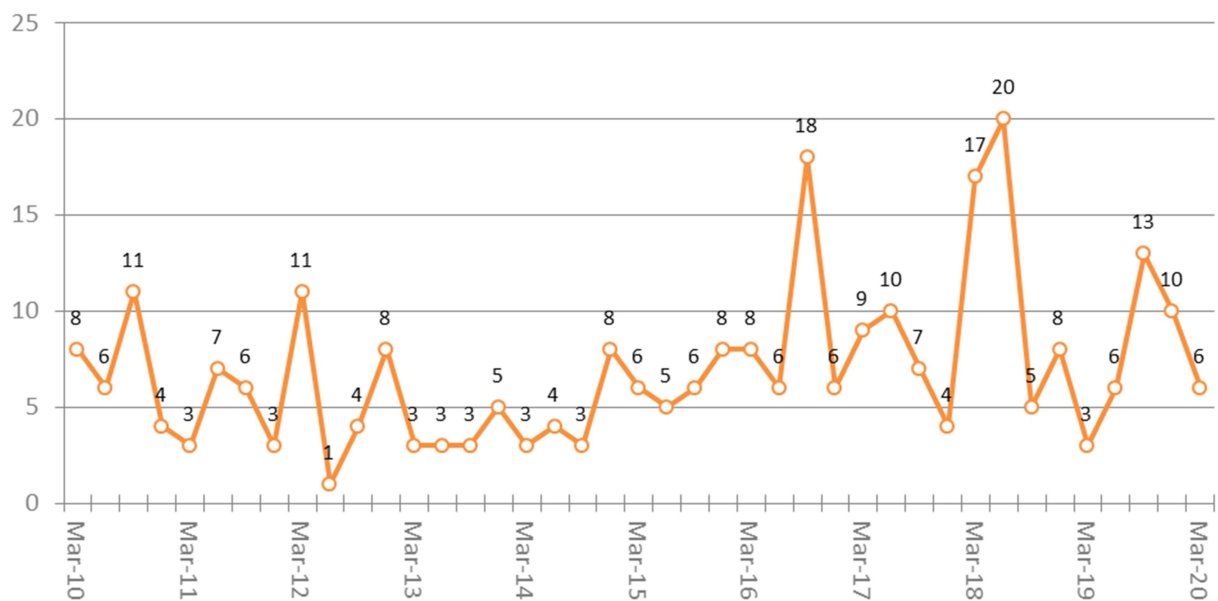
Map 1 – Location of building consents issued in the year to 31 March 2020 for new dwellings and commercial builds

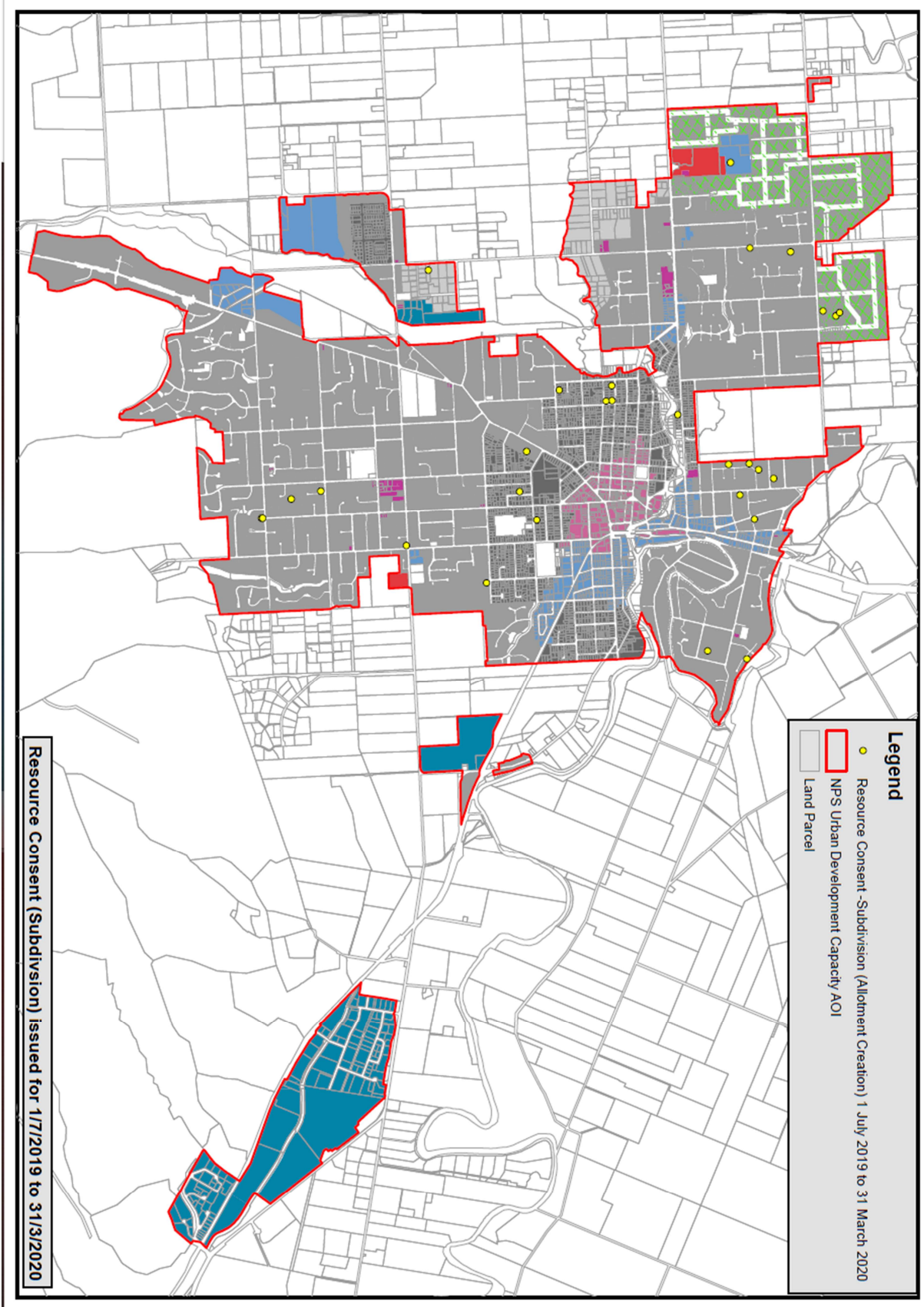
(d) Resource Consents issued for New Subdivisions

Council issued 29 resource consents for new subdivisions for a total of 77 new residential allotments over the reporting period. Three of the consents were issued to Housing New Zealand Corporation for the creation of 11 allotments for 11 two-bedroom dwellings. The spread of consents (shown on Map 2 below) demonstrates the slowing of activity in the Omaka Landing and Boulevard on Taylor subdivisions, and a number of subdivisions of existing lots in the Urban Residential 1 zone and to the north of the urban area.

## Resource Consents Issued | Allotment Creation

The number of resource consents issued for residential allotment creation shows an increase on the previous year, but a decreasing trend over the reporting period.





Map 2 – Location of resource consents for new subdivisions (residential allotment creation) issued between 1 July 2019 to 31 March 2020

## (e) Residential Growth and Infrastructure Provision

### Northwest Greenfield Zone Development

Stage 6 of the Deluxe Properties Development Rose Manor is currently progressing with the creation of 10 lots and a reserve area. The resource consent application for Stage 7 is being processed at the time of writing with a decision likely soon. The application is for the creation of 55 lots, and is proposed to be completed in 5 smaller sub-stages.

Trunk services to enable development to progress sequentially towards the west are being installed within the area of Stage 6 as planned. At the completion of stage 6, there will still be Deluxe owned land to pass through before other land owners to the west can connect.

### Council Infrastructure Installations

Council are still on track to complete the installation of the McLauchlan sewer pump station and associated services by late 2021. Completion of this will allow further progression of development in the Northwest.

Council are progressing on design of the proposed Sewer pressure pipeline to be installed within Murphys Road to facilitate part of the Northwest development areas. This pipeline includes provision for the Summerset development, with installation proposed to be completed late 2020 prior to Summerset requiring use of the pipeline.

Council have completed a Stormwater Management Action Plan, and lodged a resource consent application (u200218) for the discharges associated with the development of the Northwest area. These applications are in processing, and are still on track for a decision later this year.

### Battys Road South Area

The Battys Road South area is included within the Proposed Marlborough Environment Plan as Urban Residential 2 Zone. Council await a proposal to develop the land within this area.

### Alabama Road (East)

A resource consent application for development has been lodged by Nikau Drive Ltd. This application is currently being processed as a five stage development to create 131 lots, a reserve, and a stormwater treatment area.

The existing Town Branch Drain presently has limited capacity, and will rely on efficient use of Stormwater attenuation systems within the development to allow part of the application to be completed in the short term. The consent for this stage of development is in processing, and does not currently have an approval or decision.

The Town branch drain must be upgraded to accommodate the remainder of the development, and the timing of this is dependent upon other approvals associated with the Town Branch Drain.

### Additional Development Contributions calculated for Town Branch Drain upgrades

Council recognised the additional Town branch Drain costs directly attributable to development, and via the Annual Plan process has proposed an increase to the Blenheim Stormwater Development Contribution amount to ensure the costs associated with development are borne by the developers.



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