

National Policy Statement on Urban Development

Nelson and Tasman Tier 2 Urban Environment: Draft Housing and Business Assessment

2024

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Foreword

This combined Housing and Business Assessment for the Nelson Tasman Tier 2 urban environment forms part of a series of reports with the:

- Draft Housing Business Assessment for Tasman (2024)
- Draft Housing Business Assessment for Nelson (2024)

Together these reports provide the analysis to assess the sufficiency of Nelson and Tasman's residential and business land capacity, both individually and for the Tier 2 Urban Environment, to meet future needs over 30 years 2024-2054. Tasman's Housing and Business Assessment also provides information on housing and business demand and capacity in its rural environment.

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1. Executive Summary

This is a summary report that combines the results from the Nelson City Council and Tasman District Council's 2024 Housing and Business Assessments (HBAs) for their respective parts of the Tier 2 urban environment. Table 1 below summarises the combined housing demand and capacity situation. Short term refers to year 1-3 of the Long Term Plan (LTP). Medium term refers to years 4-10 of the LTP. Long term refers to years 11-30 of the LTP.

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Housing demand and capacity for the Nelson Tasman urban environment	Attached dwellings	Detached dwellings
Estimated housing demand (Note: A range of demand projections can be found in section 5.1)	Short term: 433	Short term: 917
	Medium term: 1,402	Medium term: 2,913
	Long term: 2,528	Long term: 5,517
	<i>Total demand: 13,710</i>	
Additional housing demand with the competitiveness margin	Short term: 520	Short term: 1,103
	Medium term: 1,683	Medium term: 3,494
	Long term: 2,910	Long term: 6,342
	<i>Total demand with competitiveness margin: 16,054</i>	
Plan enabled housing development capacity	Short term: 9,110	Short term: 10,640
	Medium term: 42,985	Medium term: 20,730
	Long term: 520	Long term: 4,155
	<i>Total plan enabled capacity: 88,140</i>	
Plan enabled and infrastructure ready housing development capacity	Short term: 717	Short term: 3,849
	Medium term: 774	Medium term: 2,439
	Long term: 2,043	Long term: 7,919
	<i>Total plan enabled capacity and infrastructure ready: 17,741</i>	
Plan enabled, infrastructure ready, and feasible and reasonably expected to be realized (RER) housing development capacity	Short term: 447	Short term: 2,149
	Medium term: 839	Medium term: 2,759
	Long term: 2,073	Long term: 8,574
	<i>Total RER capacity: 16,841</i>	
Housing development capacity surplus/deficit	Short term: -72 deficit.	Short term: +1045
	<i>Overall surplus of 973 dwellings</i>	
	Medium term: -845 deficit (-917 when include short term surplus). The deficit is in both the Nelson and Tasman urban environments, the majority of which is due to insufficient infrastructure in time.	Medium term: -736 deficit (+309 when include short term surplus).
	<i>Overall deficit of -1,581 dwellings (reduced to 608 when short term surplus included)</i>	
	Long term: -837 deficit (-1,754 when include medium term deficit) There is a deficit in both the Nelson and Tasman urban environments of attached dwellings.	Long term: +2,232 (+2,541 when include short term surplus and medium term deficit)
	<i>Overall surplus of 1,395 dwellings (reduced to 787 when medium term deficit included)</i>	

Table 1 Housing demand and capacity in the Nelson Tasman urban environment

In summary there is:

- sufficient housing capacity in the whole urban environment in the short term and long term but not in the medium term:
 - sufficient capacity of detached dwellings in the whole urban environment for all time periods
 - insufficient capacity of attached dwellings in the whole urban environment for all time periods
- sufficient housing capacity in the Tasman urban environment in the short term and long term but not in the medium term:
 - insufficient capacity for attached dwellings in the Tasman urban environment for all time periods
 - insufficient capacity for detached dwellings in the Tasman urban environment for the medium term
- sufficient housing capacity in the Nelson urban environment in the short term and long term but not in the medium term:
 - sufficient capacity for attached dwellings in the Nelson urban environment in the short term but not the medium or long term
 - sufficient capacity for detached dwellings in the Nelson urban environment for all time periods.

Table 2 shows whether there is sufficient housing capacity or not, by type and location. This is based on cumulative capacity in the medium and long term which accounts for any surplus/deficit in the previous period.

	Attached Dwellings			Detached Dwellings		
	Tasman urban environment	Nelson urban environment	Combined urban environment	Tasman urban environment	Nelson urban environment	Combined urban environment
Short Term	X	✓	X	✓	✓	✓
Medium Term	X	X	X	X	✓	✓
Long Term	X	X	X	✓	✓	✓

✓ = Sufficient Capacity X = Insufficient Capacity

Table 2 Sufficiency of capacity for attached and detached dwellings in the Nelson Tasman urban environment

Table 3 below summarises the combined business demand and capacity situation.

Business land demand and development capacity (hectares)	Retail/Commercial (ha) ¹	Industrial (ha)
Estimated business land demand (note: data and methodology limitations mean demand estimates are inherently uncertain. A range of demand projections can be found section 5.1)	Short term: 2.88	Short term: 4.44
	Medium term: 5.47	Medium term: 15.11
	Long term: 9.27	Long term: 26.07
	<i>Total business land demand 63.24 ha</i>	
Additional business land demand with the competitiveness margin	Short term: 3.44	Short term: 5.33
	Medium term: 6.56	Medium term: 18.13
	Long term: 10.66	Long term: 29.97
	<i>Total business land demand with margin 74.09 ha</i>	
Plan enabled business land development capacity	Short term: 36.27	Short term: 39.67
	Medium term: 18.26	Medium term: 0
	Long term: 26.77	Long term: 28.33
	<i>Total plan enabled business land capacity 149.3 ha</i>	
Plan enabled and infrastructure ready business land development capacity	Short term: 36.27	Short term: 39.67
	Medium term: 18.26	Medium term: 0
	Long term: 26.27	Long term: 28.33
	<i>Total plan enabled and infrastructure ready business land capacity 149.3ha</i>	
Plan enabled, infrastructure ready, and suitable for each business sector	Short term: 36.27	Short term: 39.67
	Medium term: 12.56	Medium term: 0
	Long term: 32.47	Long term: 28.33
	<i>Total plan enabled, infrastructure ready and suitable business land capacity 149.3ha</i>	
Business land development capacity surplus/deficit	Short term: +32.83	Short term: +34.34
	<i>Total surplus of 67.16ha</i>	
	Medium term: +6.00 (+38.83 when include short term surplus)	Medium term: -18.13 (+16.21 when include short term surplus)
	<i>Total deficit of -6ha (becomes a surplus of 27 ha when surplus of short term included)</i>	
	Long term: +21.81 (+60.64 when include medium term surplus)	Long term: -1.64 (+14.57 when include medium term surplus)
	<i>Total surplus of 20.17ha (becomes a surplus of 75.21 ha when surplus of medium term included)</i>	

Table 3 Business demand and capacity in the Nelson Tasman urban environment

¹ Retail and commercial land estimates include Tasman's mixed business zoned capacity

Table 4 below summarises the capacity situation by type of business land for the combined urban environment.

	Retail/commercial land			Industrial land		
	Tasman urban environment	Nelson urban environment	Combined urban environment	Tasman urban environment	Nelson urban environment	Combined urban environment
Short Term	✓	✓	✓	✓	✓	✓
Medium Term	✓	X	✓	✓	X	✓
Long Term	✓	X	✓	✓	X	✓

✓ = Sufficient Capacity X = Insufficient Capacity

Table 4 Sufficiency of capacity for retail/commercial and industrial land in the Nelson Tasman urban environment

In summary there is:

- Sufficient suitable business land capacity (industrial and commercial/retail) in the combined urban environment across all time periods
- Sufficient suitable business land capacity (industrial and commercial/retail) in the Tasman urban environment across all time periods
- Insufficient business land capacity (industrial and commercial/retail) in the Nelson urban environment in the medium and long terms, but sufficient capacity in the short term.

Table 5 provides information required by MfE on specific issues.

Issue	Summary
<p>How do the relevant councils support the provision of infrastructure? (e.g. planning decisions)</p>	<p>In Tasman District Council, land is proposed for zoning for housing when there is certainty over the infrastructure solution, in discussion with developers. Longer term potential capacity is identified in the Future Development Strategy 2022 - 2052. The shortfall of capacity in the medium term in the urban environment may have an impact on affordability of housing by restricting new capacity. However its impact is likely to be small as the shortfall of new homes (365 in total) is small at 4%, compared to the overall 30 year capacity. The shortfall of capacity in the medium term is largely due to insufficient infrastructure provision. Housing affordability is an issue across the whole Tasman District, but worse in Golden Bay and Motueka. Motueka is constrained for further zoning due to natural hazard constraints, low lying land and highly productive land.</p> <p>Nelson City Council works alongside developers to understand how the scale and sequencing of proposed developments impact the city's infrastructure capacity and programs projects in the LTP accordingly. Providing services for brownfield intensification areas is more complex and Nelson City Council monitors the infrastructure networks to predict where upgrades are needed. The Future Development Strategy recommends that priority intensification areas are identified and neighbourhood planning be undertaken to provide a detailed framework for infrastructure work p. This action has been identified in the FDS Implementation Plan 2023 and is planned to commence in 2024.</p>
<p>How does the district plan meet the current and likely future demands for housing for Māori?</p>	<p>The Tasman Resource Management Plan enables papakāinga development in the Residential Zone as a controlled activity. However, the land concerned must be Māori customary land, Māori freehold land, or general land owned by Māori, as defined in Section 129 of Te Ture Whenua Māori Act 1993 and the land must be vested in a Trust. Issues and Options analysis for a replacement Resource Management Plan identified a need to be more enabling of locations for papakāinga in Tasman.</p> <p>There is also demand for Papakāinga development in the Nelson region. There is currently one papakāinga development in the Nelson region located at Whakatū Marae. Six of the eight iwi who are tangata whenua in Whakatū affiliate with the Whakatū Marae.</p> <p>The operative district plan provisions relating to papakāinga in Nelson are restricted in their location, land ownership type and subject to a range of criteria, resulting in papakāinga effectively needing resource consent.</p> <p>Discussions with iwi representatives as part of preparing Nelson's Plan Change 29 identified Iwi aspirations include providing for development in a manner consistent with their traditional and cultural values. This may result in types of development not anticipated by the standard planning provisions.</p> <p>Plan Change 29 looks to respond to the future demands for housing for Māori through introducing a wider definition for papakāinga into the zones affected by the plan change, introducing an enabling objective and policy framework for the</p>

	development of papakāinga; and an associated refinement of the rules and standards in the NRMP that relate to papakāinga development.
How does the district plan meet the current and likely future demands for housing from different groups in the community? (eg, elderly, students, low income households, renters, homeowners etc)	<p>Tasman District Council (TDC): TDC prioritised servicing of Motueka West for housing in its LTP 2021-2031 and this is now partially complete. This will enable 200 medium density leasehold dwellings proposed by Wakatū, hopefully more affordable since the occupants will lease the land. In Golden Bay, further work is required but the Mohua affordable housing project has built five houses in Golden Bay since the last HBA, most for rent.</p> <p>Additional seasonal worker accommodation is needed in the Motueka area where campground facilities are smaller and fewer and some are being purchased by growers for seasonal worker accommodation. Since the last HBA, there have been at least nine resource consents for worker accommodation in the District with a further two current applications. While there may be individual issues with applications, the Council is enabling accommodation for seasonal workers. The Council proposes a plan change in 2024 to provide a less prescriptive definition of seasonal worker accommodation.</p> <p>TDC's research in 2018 on housing issues for older people, found increasing demand for smaller houses (consistent with the Housing Preferences Survey 2021) and demand for affordable rental properties. It also found a general preference to 'age in place' in the same community, with some level of independence rather than in residential care. This is consistent with previous consultations on Plan Changes and the FDS. Council knows that a significant proportion of older people do not wish to live in retirement villages and is therefore proposing to enable smaller homes in its major towns. TDC Plan Changes proposed for 2024, implementing FDS sites, will provide smaller home opportunities in all the Tasman urban environment.</p> <p>Nelson City Council: The operative district plan rules favor a detached single family housing typology in the residential zone, with larger lot sizes expected for new dwellings and allotments. The various building bulk and location provisions of the plan disadvantage groups in the community with housing needs other than a single family home, with alternative housing typologies being much more likely to require resource consent.</p> <p>Plan Change 29 is intended to address the current issues and aims to encourage infill development and provide for greater housing choice while supporting a well functioning urban environment. The changes are aimed to meet the future housing demands of different groups by enabling a greater range of housing typologies (including Māori families that tend to require larger homes) and increased density in suitable urban locations within and close to the city centre and local centres and community amenities.</p>

Table 5 Specific issues raised in HBA

2. Introduction

2.1 Purpose

The purpose of this report is to inform the two Councils on whether they have sufficient housing and business land capacity to meet anticipated population demands for the Nelson-Tasman urban environment. This HBA provides an assessment of the combined Tier 2 Nelson Tasman urban environment. A separate report provides an assessment of the Tasman District's development capacity, and a further report provides an assessment of Nelson City's development capacity. All three HBAs should be read in conjunction with each other.

Nelson-Tasman is identified as a Tier 2 urban environment in the NPS-UD. Policy 2 of the NPS-UD requires Tier 2 local authorities, at all times to provide at least sufficient development capacity to meet expected demand for housing and for business land over the short, medium and long term.

The overall objective is to have a robustly developed, comprehensive and frequently updated evidence base to inform planning decisions in urban environments. In short, the HBA estimates the demand for dwellings and business land and the available development capacity to meet that demand over 30 years, covering the short, medium and long term.

This assessment determines whether there is sufficient capacity enabled by the Nelson Resource Management Plan, the Tasman Resource Management Plan, the Long-Term Plans and 30 Year Infrastructure Strategies to meet projected demand. Included in the analysis of sufficiency is the competitiveness margin, as required by the NPS UD. This amounts to an additional margin of feasible development capacity in the urban environment which is 20% above the projected demand for the next ten years, and 15% above the demand projected for the following eleven to thirty years.

This report informs the "housing bottom lines" required to be inserted into both Councils' regional policy statements and district plans. These housing bottom lines for the short, medium and long term need to be inserted into the regional policy statements and district plans as soon as practicable after the HBAs are made publicly available. The housing bottom line for Tasman however only refers to the urban environment component of the District because the NPS UD only requires this obligation in relation to the urban environment. The housing bottom lines are the amount of feasible, reasonably expected to be realised development capacity that must be enabled to meet demand, along with the competitiveness margin, for the short, medium and long terms. Further information on the housing bottom lines can be found in the Councils' respective HBAs.

Finally, this report recommends next steps as to how the Councils could initiate a response to the findings of the joint housing and business capacity assessment.

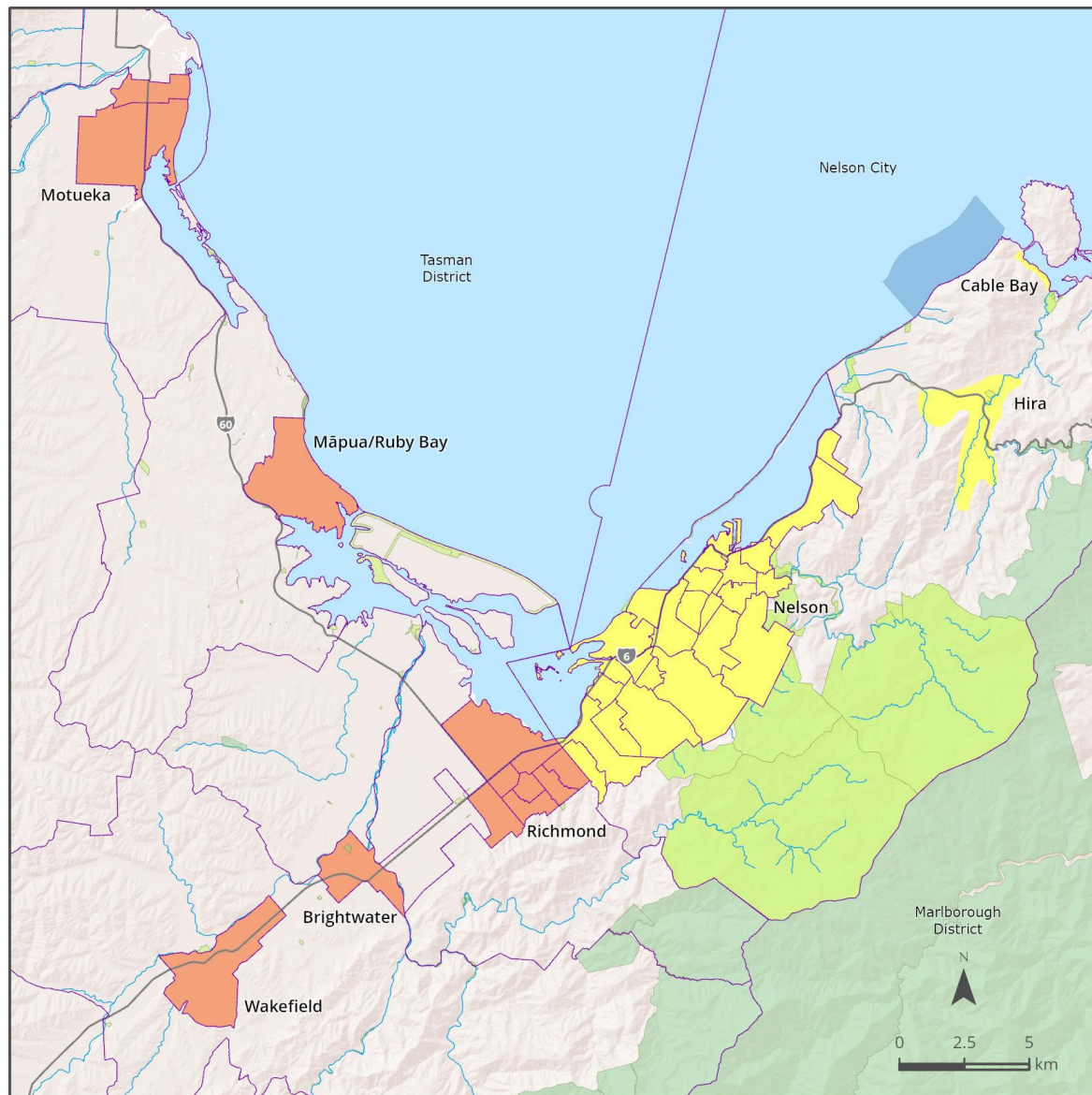
2.2 The Tier 2 urban environment and its geographic areas

"Urban environment" is defined in the NPS UD as any area of land (regardless of size, and irrespective of local authority or statistical boundaries) that: (a) is, or is intended to be, predominantly urban in character; and (b) is, or is intended to be, part of a housing and labour market of at least 10,000 people.

The definition of urban environment includes non-contiguous areas of urban land – so long as they are part of the same housing and labour market that is greater than 10,000 people.

The Joint Nelson Tasman Committee resolved on 10th November 2020 that the Nelson Tasman urban environment comprises the following city and towns: Nelson, Richmond, Motueka, Māpua, Wakefield, Brightwater, Cable Bay and Hira, in recognition that these communities are part of the same labour and housing market, and these areas are or are intended to be predominantly urban in character. Figure 1 shows the extent of the Nelson Tasman urban environment:

Figure 1: Map showing Tier 2 Nelson Tasman urban environment



Tasman District and Nelson City operate and function as a single economic market and business activity flows both ways across the Territorial Authority boundaries. The relative isolation of the Tasman and Nelson markets reinforces this interconnectedness. Tasman and Nelson rely to varying degrees on each other to sustain their respective economies and generate significant economic benefits for each other. Consequently, Tasman and Nelson also function as a single housing market.

The two authorities have similar populations, the latest Stats NZ estimates are 55,600 residents in Nelson and 59,400 residents in all of Tasman. The latest population estimate of the Nelson Tasman urban environment is 88,500. From a transport point of view, the networks within both areas are dominated during peak times by residents of one area travelling to and from the other. For these reasons, the Tier 2 Nelson Tasman urban environment covers a relatively large non-contiguous area.

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3. The Local Housing and Affordability Context

Massey University's Home Affordability Report June 2023 shows a decline in home affordability in Nelson and Tasman over the last 12 months, although Tasman showed a significant improvement between February and May 2023. Nelson was one of only three regions to still record a decline in affordability between February and May 2023. According to the Home Affordability Index as at May 2023, Tasman is the third least affordable region to buy a house (behind Auckland and Bay of Plenty). Nelson is currently the fifth-least affordable.

Infometrics measures housing affordability by the ratio between average house values and average annual household income. For the June 2023 quarter, the average house value in Nelson is 8.6 times the average household income, after peaking at a ratio of 10 between September 2021 and March 2022. In June 2023, the average house in Tasman is 7.5 times the average household income, down from the peak in December 2021 and March 2022 when the ratio was 9.6. Based on this measure, both Nelson and Tasman have worse housing affordability than the national average.

This is in part due to the lower than national average household incomes, which are 22% below the NZ average. For those still in the workforce average annual earnings in Nelson-Tasman are 14% lower than the national average in 2022. Nelson Tasman average wage earnings are the lowest in NZ, contributing to the poor housing affordability in the region.

Each individual HBA provides an analysis of demand for different housing types and locations as well as for different households groups. This also includes results of a housing preferences survey 2021 of the Nelson Tasman urban environment.

To help with affordability and competitiveness in markets, by providing more housing land capacity, the NPS-UD requires an additional margin (the competitiveness margin) be applied to development capacity. This is aimed at supporting choice and competitiveness in housing and business land markets.

The competitiveness margins for both housing and business land are:

- For the short term, 20%
- For the medium term, 20%
- For the long term, 15%

4. Planning Framework

This HBA determines whether there is sufficient capacity enabled by the Nelson Resource Management Plan, the Tasman Resource Management Plan, the Long-Term Plans and 30 Year Infrastructure Strategies (servicing) to meet projected demand.

In this context, in 2019 Tasman District Council commenced a review of its operative combined district and regional plan, the Tasman Resource Management Plan (TRMP) and the operative regional policy statement (see [Aore ki uta Aore ki tai - Tasman Environment Plan | Tasman District Council](#)). The review was however paused due to high levels of uncertainty following the enactment and subsequent repeal of legislation to replace the Resource Management Act. The coalition government formed after the 2023 General Election has signalled further comprehensive resource management law changes. Due to these factors, the Council has decided to pause the plan review and focus on four priority changes to the existing plan to address pressing issues for the region. The plan changes include one on urban growth, (implementing the Nelson Tasman Future Development Strategy) and natural hazards. These workstreams and others will be progressed during 2024-25 until there is clarity on the future of Resource Management Plans.

Nelson City Council has also been undertaking a review of its operative unitary (district and regional) plan, the Nelson Resource Management Plan (NRMP) and the operative regional policy statement. The development of the new Plan, the Whakamahere Whakatū Nelson Plan, is also waiting on direction and legislation from the new Government. In the meantime, Nelson City Council has notified a Plan Change, PC29 – Housing and hazards.

The main objective of the Plan Change is to amend the Nelson Regional Management Plan (NRMP) to implement the NPS-UD by supporting housing delivery and the provision of well-functioning urban environments within Nelson while ensuring that natural hazard risks are appropriately managed and historic heritage is protected.

The scope of the Plan Change 29 includes:

- Enabling the intensification of development on land currently zoned for residential and commercial uses (Residential Zone, Inner City Zone, and Suburban Commercial Zone), that is not within areas potentially affected by significant natural hazards. Residential intensification will be enabled primarily through the introduction of three new residential zone areas: General Residential zone, Medium Density Residential zone and High Density Residential zone which enable density at varying levels depending on the area.
- Changes to rules that focus on achieving a well-functioning urban environment (as defined in Policy 1 of the NPS-UD), within the General Residential Zone, Medium Density Residential zone, and High Density Residential zone areas;
- Managing development in urban areas potentially susceptible to natural hazards (river and coastal flood, fault, liquefaction, and slope instability), within the Residential, Inner City, Suburban Commercial, and Industrial Zones (including in areas that will retain their current NRMP zoning);
- Amendments to heritage buildings and other structures located within the Plan Change area including a new heritage precinct in Richmond Avenue;
- Providing for tangata whenua to develop papakāinga housing; and

- Alignment with the national planning standards and Medium Density Residential Standards where practicable.

Plan Change 29 was publicly notified on 11 August 2023 and closed for submissions on 31 October. Council received 880 submissions with 401 submitters indicating they wish to be heard at the Hearings, scheduled for August to September 2024. The Council must give a decision on the provisions and matters raised in submissions no later than two years after notifying the Plan Change proposal, i.e. no later than 11 August 2025. If no appeals are lodged, the Council will publicly notify the date the plan becomes operative, which will be no earlier than 30 working days after the decision is notified.

As a Tier 2 urban environment, Nelson City and Tasman District Councils adopted their second Future Development Strategy (FDS) in August 2022. Both Councils previously adopted a joint FDS in July 2019 under the NPS UDC.

This latest HBA for the Tier 2 urban environment has been prepared in time to inform the 2024 Long Term Plans. Even though the NPS UD requires an HBA to cover the urban environment only, Tasman District Council prepares a HBA for its entire land area as well as the urban environment. Tasman is a large district covering 9616 square kilometers and containing over 15 discrete towns/communities. As at 2022, 56% of Tasman's population resides in the urban environment. This means a significant proportion of the District's population resides in the smaller towns in the rural areas and some of these towns have their own acute housing needs.

Once an assessment of sufficiency of development capacity is made, implementation clause 3.7 of the NPS UD requires that if a local authority determines that there is insufficient development capacity over the short term, medium term or long term, it must:

- a) Immediately notify the Minister for the Environment; and
- b) If the insufficiency is wholly or partly as a result of RMA planning documents, change those documents to increase development capacity for housing or business land (as applicable), as soon as practicable and update any other relevant plan or strategy (including the FDS); and
- c) Consider other options for:
 - (i) increasing development capacity; and
 - (ii) otherwise enabling development

5. Growth Projections and Household Demand

5.1 Choosing a Projection Series

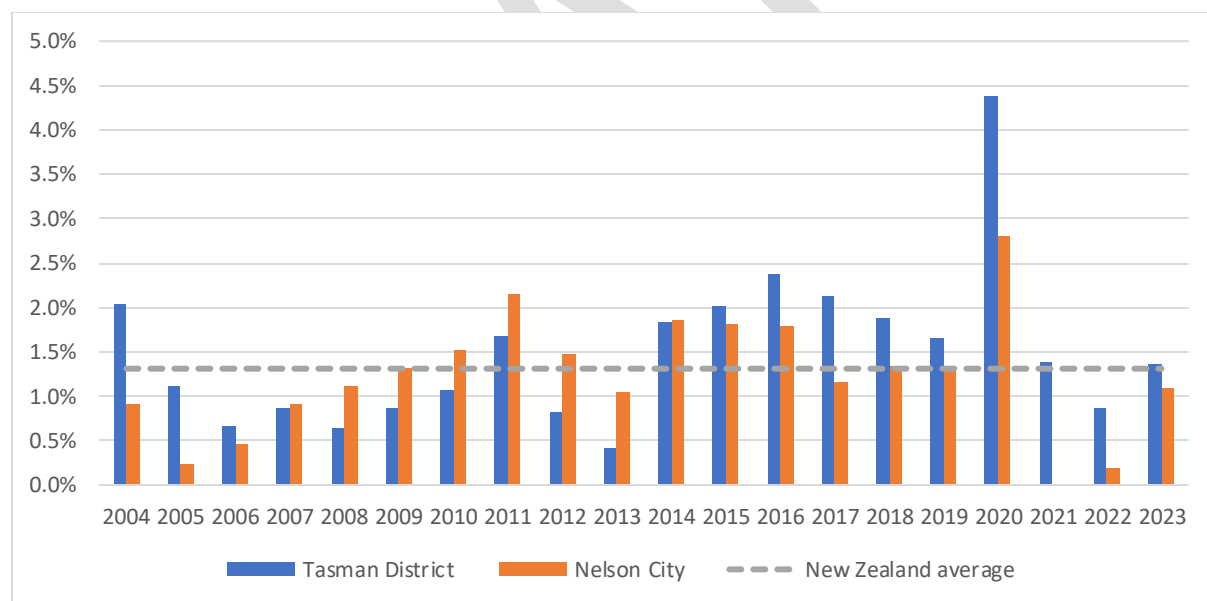
5.1.1 Tasman and Nelson Combined

Between 2013 and 2020, both Territorial Authorities experienced higher than average population growth, with Tasman also outpacing the national average. Growth in recent years has slowed, particularly in Nelson, although this was affected by Covid-19 immigration restrictions.

The most recent population estimates from Stats NZ indicate that, in the year ending June 2023, both Nelson's and Tasman's population grew by 1.2%, with Nelson's population estimated to be 55,600 and Tasman's to be 59,400. The population in the Nelson-Tasman urban environment grew by 1.4% to reach 88,500.

Figure 2 below shows the population growth in the last 20 years for both Nelson City and Tasman District Council areas, compared with the national average.

Figure 2: Annual population growth, Tasman and Nelson, 2003-2023



5.1.2 Nelson Tasman Population projections

Tasman District Council and Nelson City Council both engaged DOT Consulting² to provide population and household projections (2018-base), with low, medium, high scenarios. The projections were based on long-term demographic trends for fertility rates and life expectancy (births and deaths) and observed migration trends between 2001 and 2018 Census years. After considering recent estimated population and dwelling growth rates, both Councils have assumed the medium growth scenario for the LTP 2024-

² [Tasman District and Nelson City Population Projections 2018-2058 provided by DOT Consulting, March 2023](#)

2034.

Under the medium growth scenario of the DOT projections, Nelson City's population is projected to increase by 11,100 residents between 2023 and 2053, to reach 66,500. The low scenario projects an increase of 1,700 and the high scenario projects an increase of 22,400. In terms of dwelling demand over the 30-year period, the projections range between 2,300 and 9,400, with 6,500 required under the medium scenario.

Tasman District's population is projected to increase by 18,100 between 2023 and 2053 (medium scenario) to reach 77,600. However, the increase could range between low and high projections of 2,600 and 37,900. Projected dwelling demand over the 30-year period ranges between 3,900 and 17,300, with a medium projection of 11,600 new dwellings required.

Under all three scenarios, the population of the Tasman urban environment is projected to grow at a slightly higher rate than the rest of Tasman District, with a projected increase of 12,000 over 30 years under the medium scenario, with range between 3,600 (low) and 22,600 (high).

Stats NZ published sub-national population projections in December 2022 (2018 (base)–2048 update), also with high, medium and low scenarios. As figures 3 and 4 show, for both Nelson and Tasman, the Stats NZ high scenario is very close to the DOT medium scenario which each Council has assumed as the most probable growth scenario for the LTP. The DOT projections use the same fertility and mortality assumptions as Stats NZ but assume higher net migration assumptions. The DOT net migration assumptions are based on observed past migration rates, while Stats NZ apply predetermined migration numbers for each region for each projection period. The Stats NZ medium projections have previously underestimated population growth for Tasman District since at least 2013. The adopted DOT medium scenario population projections are considered robust as they are consistent with average growth between 2001 and 2018.

Figure 3 Comparison of total population projections for DOT and Statistics New Zealand, by variant, 2018-2058, Nelson City

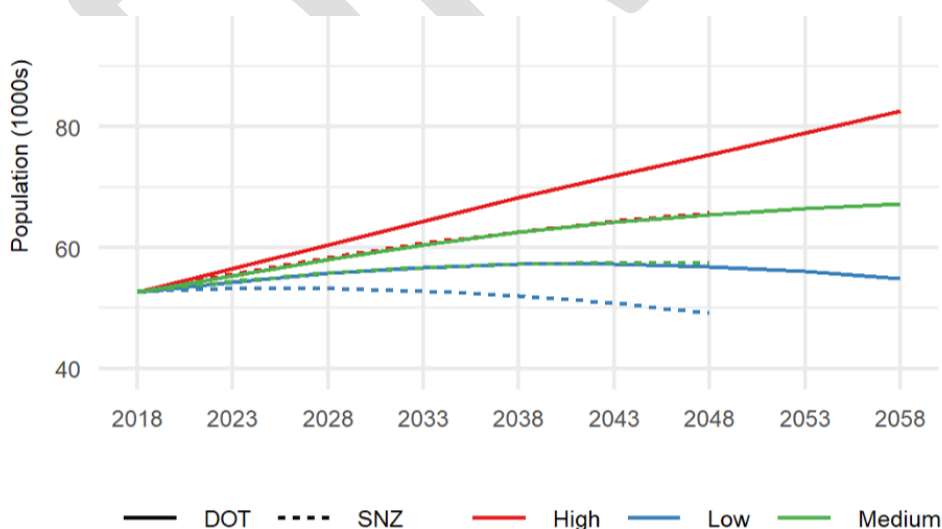
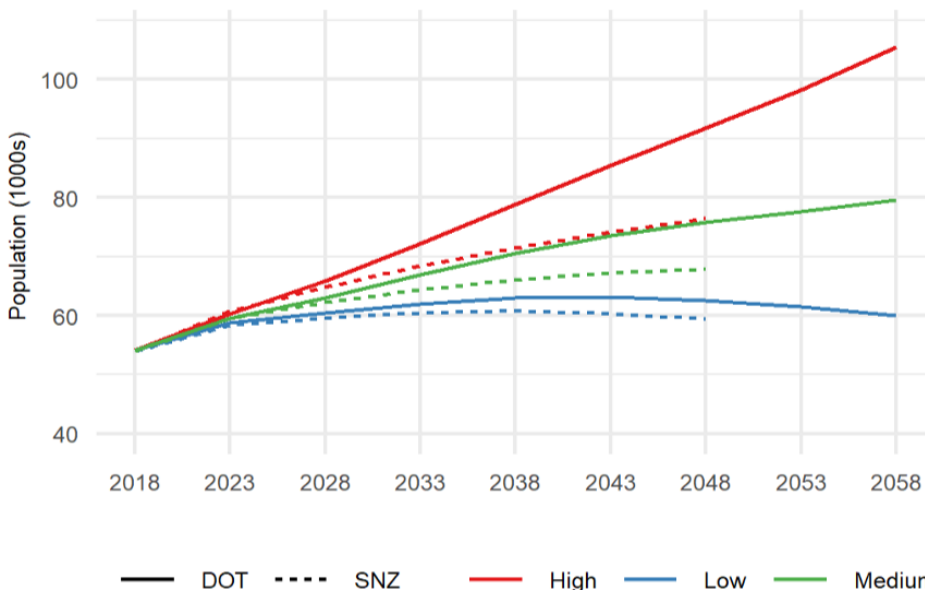


Figure 4 Comparison of total population projections for DOT and Statistics New Zealand, by variant, 2018-2058, Tasman District

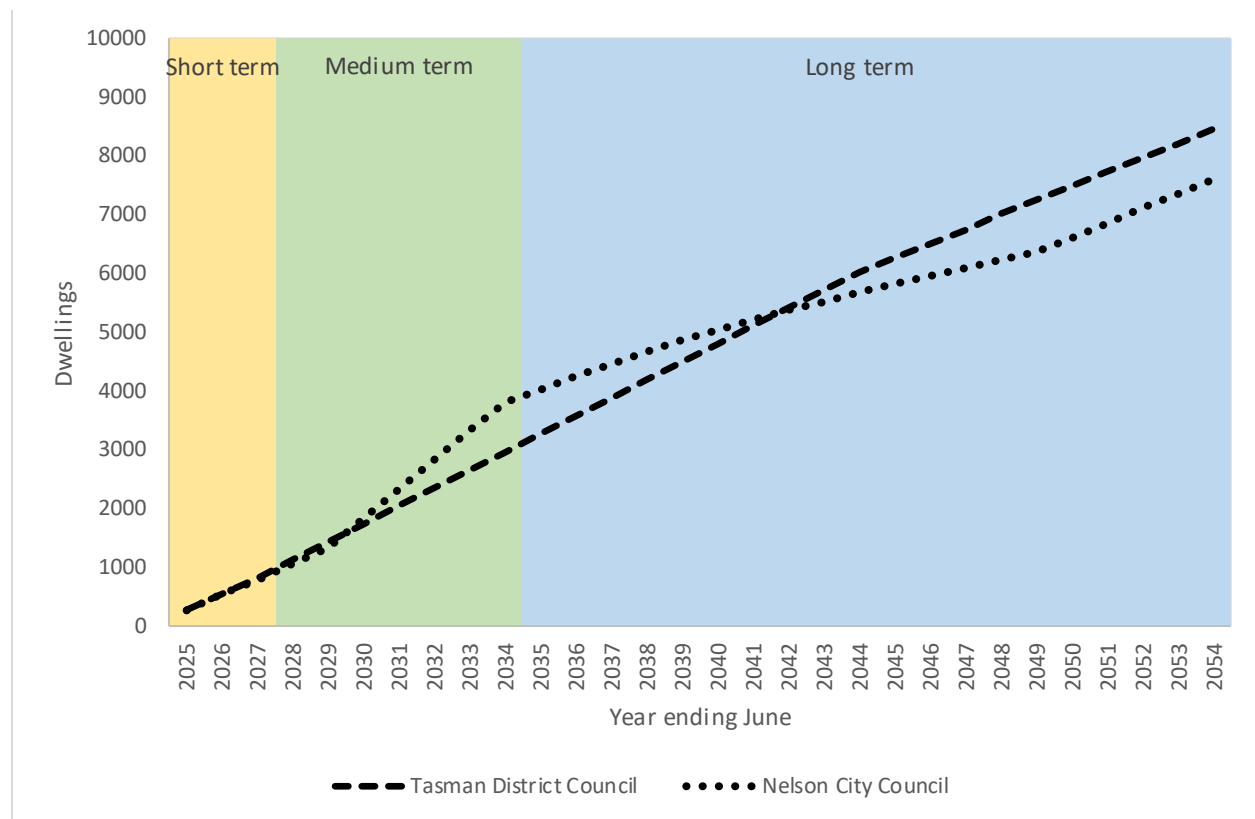


Both Councils have used the DOT medium population projection scenario to estimate residential and business demand between 2024 and 2054, with both Councils also using the same business land demand forecasting model provided by Sense Partners. However, each Council has used slightly different models for estimating housing and business land capacity. These methods are explained in each Council's HBA report. Since the 2021 Joint HBA, both Councils investigated using the same model. However, given the difference in geographic scale of the two Councils, neither model was fit-for-purpose for both Councils. Nelson's urban environment is relatively compact and contiguous while Tasman's is spread out across five discrete towns. Tasman District Council also estimates growth for ten other discrete communities. Where possible, both Councils have used consistent methods and assumptions.

5.1.4 Household Demand

Based on the above population projections, both Councils have calculated household demand for the 30 year period for the urban environment, including the competitiveness margin. The projected housing demand is shown in figure 5 below for each of the Councils.

Figure 2: Dwelling demand (including NPS UD margins) for Nelson-Tasman urban environment, 2024-2054, by Council



5.1.5 Housing Land Capacity

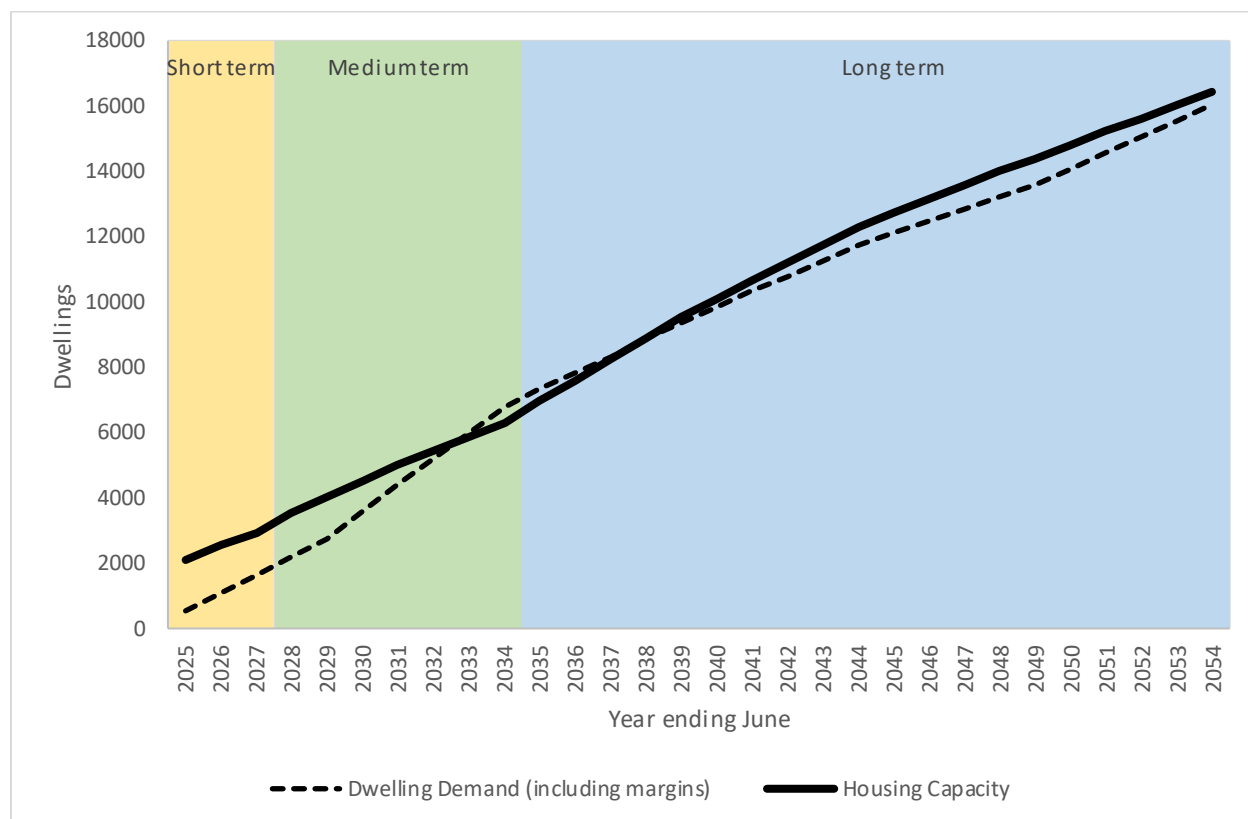
Table 6 below summarises the demand and capacity numbers for the Nelson-Tasman urban environment.

Period	Demand and capacity for housing		
	Demand (including margins)	Capacity	Difference
Short term (1-3 years)	1,623	2,596	+973
Medium term (4-10 years)	5,179	3,598	-1,581 (-608 if include short-term surplus)
Long term (11-30 years)	9,252	10,647	+1,395 (+787 if include medium-term deficit)
Total	16,054	16,841	+787

Table 6: Demand and Capacity housing numbers by period for Nelson Tasman urban environment

Figure 6 below and table 6 above show that the Nelson Tasman urban environment has adequate housing capacity in the short and long term but not in the medium term, with a shortfall expected to occur around 2033 for the urban environment, amounting to a deficit of approximately 600 dwellings by 2034.

Figure 6: Dwelling demand (including NPS UD margins) and Housing Capacity for Nelson-Tasman urban environment, 2024-2054



In summary there is:

- sufficient housing capacity in the whole urban environment in the short term and long term but not in the medium term:
 - sufficient capacity of detached dwellings in the whole urban environment for all time periods
 - insufficient capacity of attached dwellings in the whole urban environment for all time periods
- sufficient housing capacity in the Tasman urban environment in the short term and long term but not in the medium term:
 - insufficient capacity for attached dwellings in the Tasman urban environment for all time periods
 - insufficient capacity for detached dwellings in the Tasman urban environment for the medium term
- sufficient housing capacity in the Nelson urban environment in the short term and long term but not in the medium term:

- sufficient capacity for attached dwellings in the Nelson urban environment in the short term but not the medium or long term
- sufficient capacity for detached dwellings in the Nelson urban environment for all time periods

DRAFT

5.2 Business Demand

The Councils have used similar methods in assessing business land demand. The two Councils jointly commissioned an assessment of business land demand for each city/district as well as the Nelson Tasman urban environment in 2021.³ This model was updated in 2023 and the DOT medium population projections applied, projecting demand for business land for retail, commercial, industrial, health, education and other.

The NPS UD requires Councils to identify business sectors in any way it chooses but as a minimum distinguish between commercial, retail or industrial. Unfortunately, these business types do not match Tasman's zoning in the TRMP. In the TRMP there are Central Business, Commercial, Light Industrial, Heavy Industrial, Rural Industrial and Mixed Business zones. Retail could locate in CBD zoned locations in Richmond and Motueka, commercial zones or mixed business zones (Richmond and Motueka only). Therefore, business demand and capacity for retail and commercial is combined in the assessment below.

5.2.1 Analysis of Sufficiency of Business Land for the urban environment

Table 7 summarises the business land demand and capacity numbers for the combined Nelson Tasman urban environment. This shows there is sufficient business land for the urban environment for the 30-year period.

Demand and capacity for business land (hectares)			
Period	Demand (including margins)	Capacity	Difference
Short term (1-3 years)			
Retail/Commercial	3.44	36.27	+32.83
Industrial	5.33	39.67	+34.34
Medium term (4-10 years)			
Retail/Commercial	6.56	12.56	+6.00
Industrial	18.13	0	-18.13 (+16.21 if include short term surplus)
Long term (11-30 years)			
Retail/Commercial	10.66	32.47	+21.81
Industrial	29.97	28.33	-1.64 (+14.57 if include medium term surplus)
Total			
Retail/Commercial	20.66	81.30	+60.64
Industrial	53.43	68.00	+14.57

Table 7: Demand and Capacity for business land, by period for Nelson Tasman urban environment

³ Demand for business land in the Nelson and Tasman shared urban environment – from today's economy to future needs, Sense Partners (June 2021)

6. Next Steps and Recommendations

6.1 Tasman urban environment

There is insufficient housing capacity in the Tasman urban environment in the medium term only. This is largely due to an estimated shortfall in infrastructure provision during this period, particularly the Waimea Strategy which will provide trunk infrastructure for Brightwater, Wakefield and Richmond. To address the insufficiency additional investment in infrastructure is required but this is not possible under the LTP 2024-2034. See the Tasman HBA for further details. The Council awaits Government announcements on potential infrastructure funding that may become available.

In relation to insufficient capacity in Motueka, this is more complex due to low lying land, natural hazards and highly productive land preventing investment in infrastructure and rezoning of land.

Tasman District Council proposes to continue to progress the following structure plans:

- a) Richmond Spatial plan (Richmond on the Rise) – to be completed early 2024
- b) Māpua Masterplan (planning for FDS sites T-11 (Seaton Valley Flats), T-33 (Seaton Valley Hill), and T-42 (Seaton Valley Northern) - completed by mid to late 2024

Council will also progress the following plan changes to its Resource Management Plan for housing and business, as recommended in the FDS 2022-2052:

- a) Plan Change 76 to the TRMP – Wakefield (rezoning FDS site T-107, 177 Edward Street) – notified September 2022
- b) Plan Change 80 to the TRMP – Motueka West (rezoning FDS site T-190, Motueka Intensification South) – notified end of 2023
- c) A large number of other changes to the TRMP to implement FDS sites in Moutere, Motueka, Richmond, Māpua, Wakefield, Brightwater, Tākaka, Murchison. The programme for these changes is currently being scoped, including confirmation of available servicing
- d) A plan change to the Regional Policy Statement to include criteria for determining what plan changes will be treated, for the purpose of implementing Policy 8 NPS UD, as adding significantly to development capacity.

There is insufficiency of attached dwellings in the Tasman urban environment across all time periods, amounting to 735 such dwellings over the 30 years, of which 295 is in the first ten years. The forthcoming plan changes referred to above which will implement the FDS sites, will strive to enable as many attached dwellings as is commercially feasible. The proposed rules will require a minimum percentage of the lots to have for example an average area of 360 sq m with a minimum of 270 sq m and a maximum of 450 sq m. The remaining lots will have a specified minimum area also.

6.2 Nelson urban environment

There is insufficient housing capacity in the Nelson urban environment in the medium term. Nelson City Council proposes:

- 1) To continue to progress Plan Change 29:

- a) To enable greater infill feasibility and higher density development where these meet the requirements of the NPS UD.
 - b) To enhance market choice such as more attached options, price-points and make efficient use of the urban land resource and infrastructure – to provide a well-functioning urban environment.
 - c) To provide residential greenfield expansion areas where these meet the requirements of the NPS UD.
- 2) Identify priority intensification areas and undertake neighbourhood planning to provide a detailed framework for infrastructure planning.
 - 3) Proactively monitor intensification activities to identify potential servicing restraints and programme funding in the LTP as needed.
 - 4) Actively pursue Government funding opportunities to ensure growth areas are infrastructure ready.
 - 5) Build and strengthen developer relationships and identify potential partnership opportunities, including with central government agencies, working together to affect the volume and timing of supply.
 - 6) Continue to work collaboratively with the Tasman District Council taking a regional approach to solving demand for capacity to achieve sufficient housing and business capacity across the Nelson-Tasman urban environment.
 - 7) Continue to evaluate and monitor residential and business capacity with Tasman District Council to ensure decision making is aligned between the Councils where it affects the potential to provide sufficient residential and business land capacity.
 - 8) Continue to work collaboratively with the Tasman District Council taking a regional approach to solving demand for capacity to achieve sufficient housing and business capacity across the Nelson-Tasman urban environment.
 - 9) Continue to evaluate and monitor residential and business capacity with Tasman District Council to ensure decision making is aligned between the Councils where it affects the potential to provide sufficient residential and business land capacity.