



NPS-UDC Capacity Assessment

Joint Nelson City Council – Tasman District
Council Overview

November 2018

Foreword

This Capacity Assessment Overview Report (A2080812) is part of a series of reports undertaken by Nelson and Tasman Councils to meet the obligations of a medium growth urban area under the National Policy Statement on Urban Development Capacity. Reports in the series are:

A2080812	Capacity Assessment for the Nelson Urban Area
A1990408	Capacity Assessment for Nelson City Council Territorial Area.
A2099190	Capacity Assessment for the Tasman District Council (part of District forming the Nelson Urban Area)

All reports should be read together to gain an understanding of the urban development capacity for the Nelson Urban Area as a whole.

Executive Summary

This overview Capacity Assessment Report for Nelson and part of Tasman is one of a series of three reports undertaken by Nelson and Tasman Councils to meet the obligations of a medium growth urban area under the National Policy Statement on Urban Development Capacity.

Table 1 below summarises the residential dwelling demand–capacity relationship for the Nelson Urban Area for the next 30 years.

	Demand (dwellings)	Capacity (dwellings)	Difference (dwellings)
Short Term (years 1-3)	2,391	3,969	1,578
Medium Term (years 4-10)	3,556	4,850	1,294
Long Term (years 11-30)	3,887	1,804	-2,083

Table 1: Capacity versus Demand for the next 30 years - Residential

As shown above in table 1, there is adequate residential capacity to meet demand for the first ten years (2018/19-2027/28) and a shortfall occurring sometime after 2027/28.

To address at least a portion of the projected shortfall beyond year ten, recommendations regarding rezoning and servicing of land in Nelson, as well as Nelson Plan rules are made in the Nelson City council’s capacity assessment document and summarised in section 1.8 of this overview report.

Table 2 below summarises the business land demand–capacity relationship for the Nelson Urban Area for the next 30 years.

2016-2048 ¹	Demand (Ha)	Capacity (Ha)	Difference (Ha)
Commercial	30.9	33.48	2.58
Industrial	1.8	39.15	37.35

Table 2: Capacity versus Demand for the next 30 years - Business

As shown in table 2 above, there is ample capacity to allow for all of the anticipated growth in demand for land for business activities.

¹ Note that the business land capacity in Nelson has only been assessed to 2038 to reflect the period assessed in the Property Economics report from 2016. This assessment will be updated as part of the next capacity report in three years’ time.

1.1 Purpose

The purpose of this report is to give an overview of the capacity assessments done by both Nelson and Tasman. The individual reports for each local authority are attached in Appendix 1 and 2.

The purpose of this report is to meet the National Policy Statement on Urban Development Capacity (NPSUDC) requirements to carry out a Housing and Business Development Capacity Assessment (HBDCA). 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 HBDCA estimates the demand for dwellings and business land and the availability of development capacity to meet that demand in order to determine whether there is sufficient capacity enabled by the Resource Management Plans (zoning and rules), the Long Term Plans (short and medium term servicing) and 30 Year Infrastructure Strategies (long term servicing) to meet projected demand.

This report provides an assessment of the combined Nelson Urban Area's development capacity. That is the capacity to absorb projected growth in terms of serviced and zoned land for residential and business activities in the Nelson Urban Area. A separate report (A2099190) provides an assessment of the part of Tasman District forming the Nelson Urban Area and report A1990408 provides an assessment of the Nelson Council area's urban development capacity. All three reports should be read in conjunction with each other.

The NPS-UDC identifies the Nelson Urban Area as a medium-growth urban area, which covers all of the Nelson territorial authority area (excluding the Whangamoia Area Unit) and part of Tasman District including Richmond (see section 1.2 for details of area units included). Policy PB1 requires that a HBDCA be carried out at least every three years.

The HBDCA also requires feasibility assessments are made for each growth area identified to cater for future residential growth. The aim is to ensure that Council provides sufficient land area for business and residential growth that is zoned, serviced and feasible. The NPS requires that this is evaluated over the short (years 1-3), medium (years 4-10) and long term (years 11-30).

The NPS UDC requires that when a capacity assessment and monitoring indicates that development capacity is not sufficient in any of the short, medium or long term, local authorities are required to initiate a response to provide further capacity and enable development within 12 months.

1.2 Geographic Area

The Nelson Urban Area is defined by Statistics NZ. The geographic area covered by the Nelson Urban Area includes all of the Nelson territorial area (excluding the Whangamoia area unit) and the main Richmond urban areas of the Tasman territorial area including the following area units:

- Aniseed Hill
- Hope
- Best Island
- Bell Island
- Ranzau
- Richmond East
- Richmond West

Figure 1 shows the extent of the Nelson Urban Area in the geographic context of the wider Nelson/Tasman region:

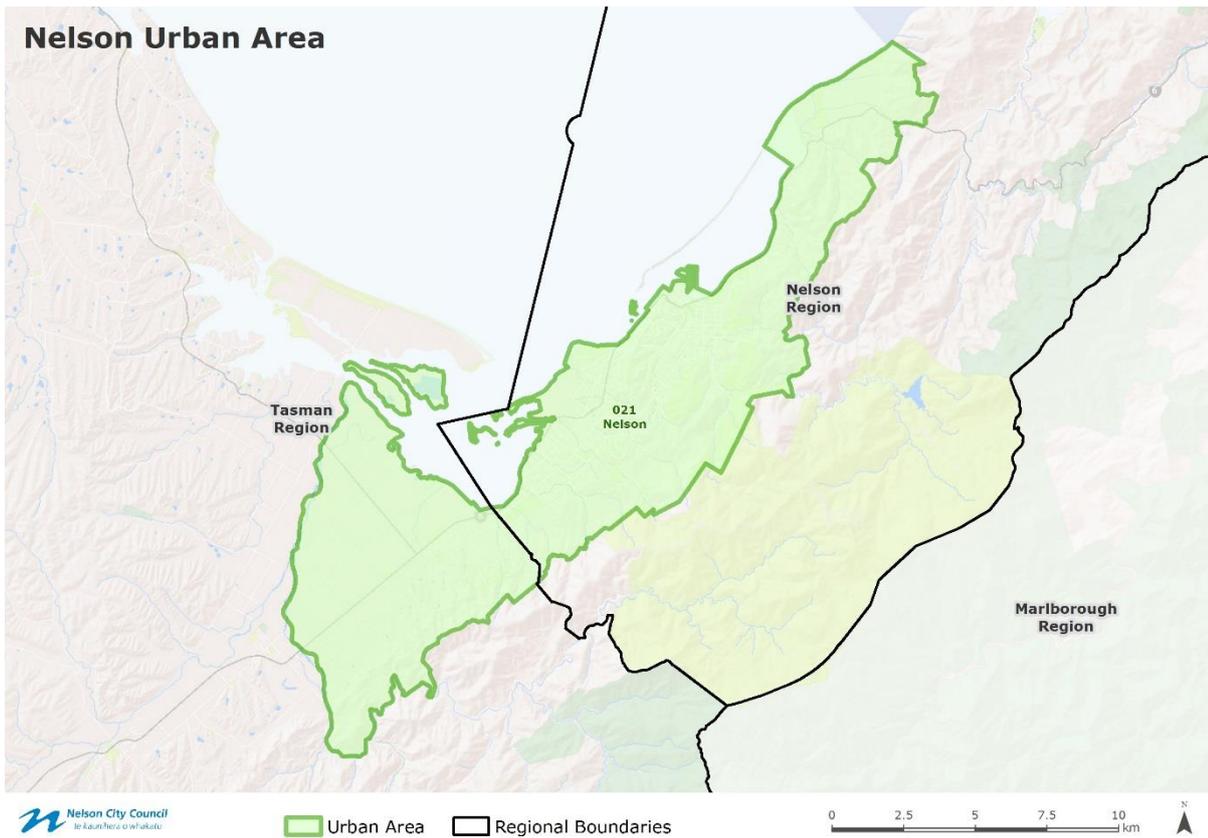


Figure 1: Nelson Urban Area

This summary report should be read in conjunction with both Councils individual capacity reports.

1.3 Relationship between Nelson City and Tasman District Territorial Authorities

The two authorities comprise similar levels of population, with latest estimates for both of approximately 52,000 people². The Insights app released recently by Treasury estimates that between 2013-2016 migration to each area from the other was very similar, at around 2,200 people moving each way.³

The adjoining Authorities are therefore intrinsically linked and essentially operate as a single economic unit i.e. the planning boundaries are arbitrary in this context and not reflective of commercial market realities with many businesses servicing cross-boundary markets. *"This synergetic relationship is so entrenched, and will only strengthen moving forward, that the economies need to be considered as an integrated economic unit for long term planning purposes."*⁴

² Stats NZ subnational population estimates June 2018

³ <https://insights.apps.treasury.govt.nz/>

⁴ Economic Demand Business Forecasting" Property Economics (2016) page 11

1.4 Residential Demand

Both Councils have adopted the Statistics New Zealand (StatsNZ) high growth series for the first ten years, beginning 2018/19, and the StatsNZ medium growth series after that. As required by the NPS-UDC, a margin of 20% has been added to the projected population growth for the first ten years and a 15% margin for the remainder of the 30 year period. **Figure 2** below shows the cumulative projected demand for additional residential dwellings for the overall Nelson Urban Area.

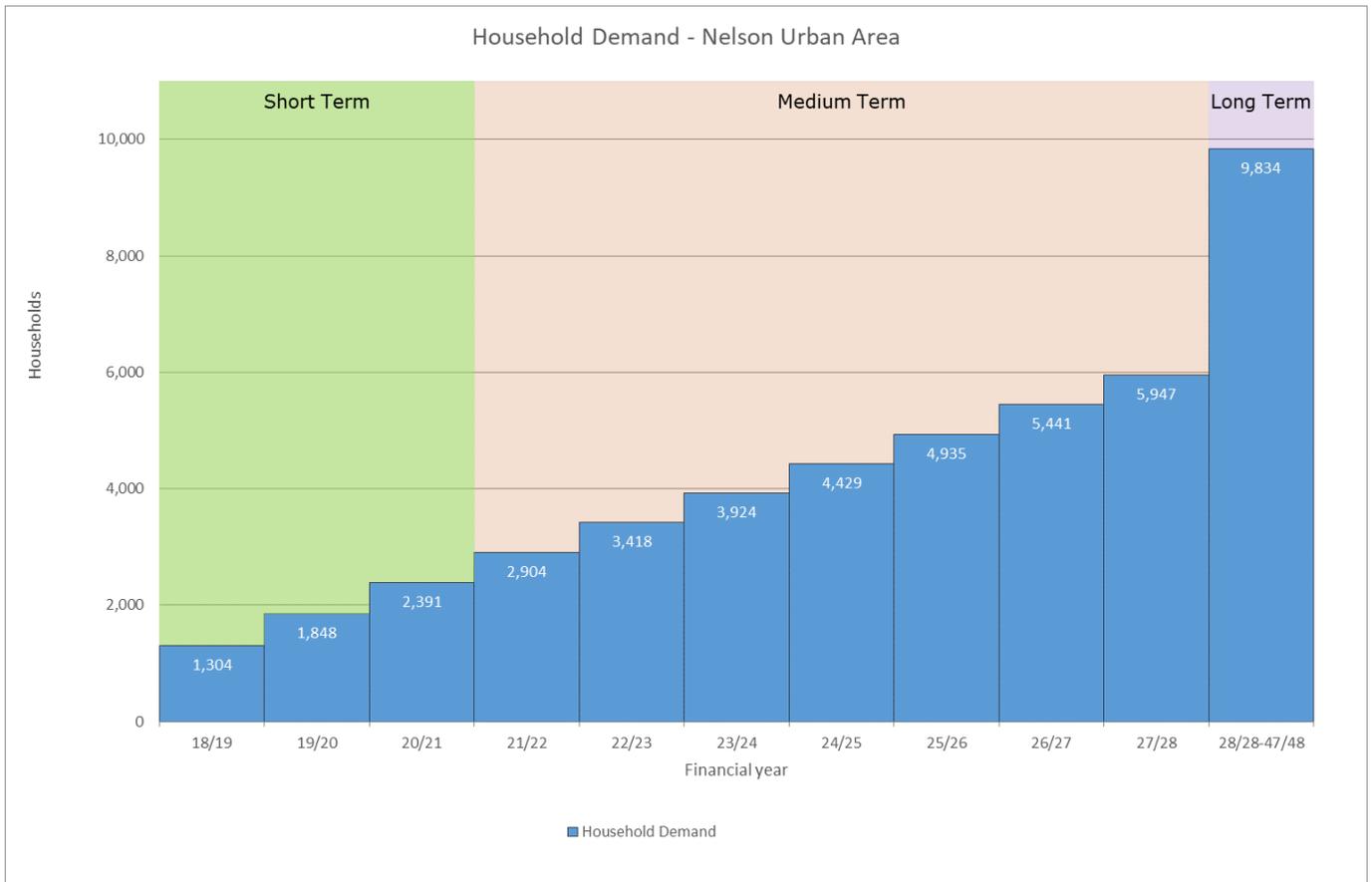


Figure 2: Combined demand for additional residential dwellings

Note that Figure 2 shows the total demand for years 11-30 in a single bar at the right hand end to allow easier reading of the figure.

1.5 Residential Capacity

Residential Figure 3 below shows the combined cumulative capacity from all sources for the overall Nelson Urban Area.

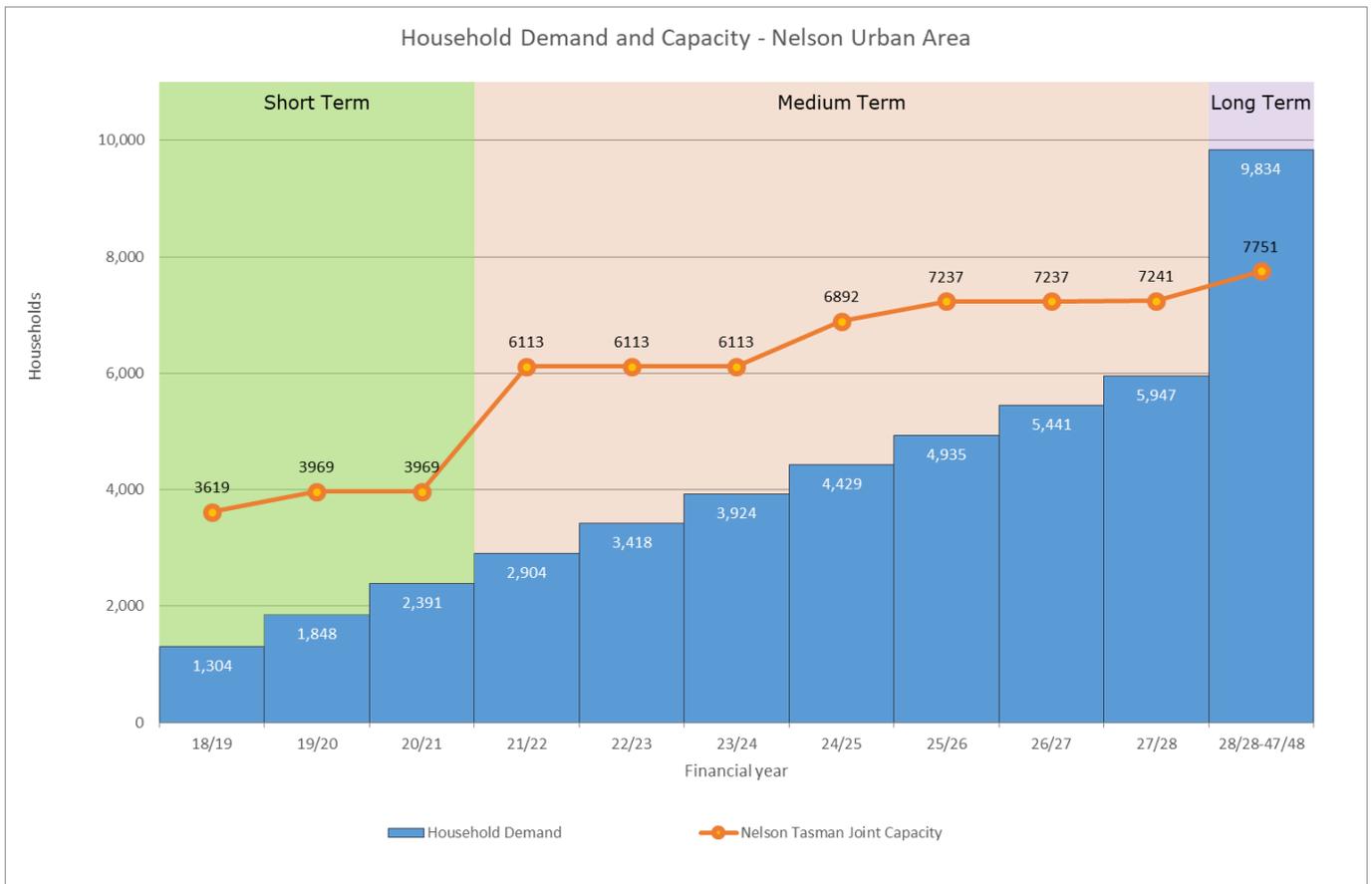


Figure 3: Combined capacity for residential dwellings

Figure 3 shows that there is projected to be adequate capacity over the first ten years when the demand and capacity is pooled for both Councils in the Nelson Urban Area. There is a shortfall expected sometime in the longer term year 11-30 period for the Nelson Urban Area.

Feasibility testing of the growth areas has shown that the lot yields assumed for each of the growth areas is generally slightly conservative or in other terms, underestimated the capacity marginally.

1.6 Business Demand

Nelson City Council and Tasman District Council commissioned Property Economics to undertake an assessment of business land capacity in both Regions. The report, completed at the end of 2016 provides a regional assessment that can be used for the Nelson Urban Area capacity assessment. **Table 3** below details the additional land needed up until 2048 and includes the additional margins required by the NPS-UDC.

Business Land Requirement	Land Area Required 2016-2048	
	NCC part of Nelson Urban Area	TDC part of Nelson Urban Area
Commercial (Includes retail)	16.6 Ha	14.3 Ha
Industrial land	0.1 Ha	1.7 Ha

Table 3: Additional business land required

It is pertinent to note however, that these growth derived land requirements do not automatically translate into a net additional land requirement to be zoned for business activity

within the region, with large tracts of the existing business land provision vacant or underutilised in Nelson.

1.7 Business Capacity

Tasman District Council has not undertaken detailed analysis of any current vacant or underutilised business land. Therefore a worst case scenario is assumed with no such vacancies. This analysis is being undertaken in November and December 2018 and will be incorporated into future capacity assessments. Analysis of the current vacant and underutilised Commercial and Industrial zoned land shows that capacity exists within Nelson as shown below in **Table 4**.

	Business Land Capacity	
	NCC part of Nelson Urban Area	TDC part of Nelson Urban Area
Commercial (Includes retail)	18 Ha	15.48 Ha
Industrial land	35.1 Ha	4.05 Ha

Table 4: Business land capacity

Allowing for redevelopment of underutilised and vacant land in Nelson, there is capacity to accommodate the projected demand for business land, particularly industrial land until at least 2048. Of the Tasman business land capacity (commercial and industrial), the bulk of the land included is dependent on the low-level trunk main from Richmond water treatment plant to the proposed low-level reservoir. The Council decision to uplift the deferred zoned status of these areas of land is also likely to be dependent on a decision on an augmented water supply, such as the proposed Waimea community dam.

1.8 Cross boundary issues

Inevitably, with Nelson City Council and Tasman District Council sharing an urban area, it is essential that there is close cooperation.

FUTURE DEVELOPMENT STRATEGY

The NPS-UDC encourages medium growth councils to prepare a Future Development Strategy for the purpose of ensuring that there is sufficient capacity for all of the likely activity demands into the future. Nelson City Council and Tasman District Council are currently working together to produce a joint Future Development Strategy.

LONG TERM PLAN (LTP) PROGRAMMING

Cooperation between the two Councils during the development of the works programme in the LTPs has been business as usual for many years jointly delivering a wide range of projects. Strategic projects include engineering and infrastructure such as the Waimea Community Dam, the public transport system and the Nelson Regional Sewerage Business Unit. Port Nelson and Nelson airport are jointly owned. Community development facilities such as Saxton field are jointly owned and funded, as is the Provincial museum. In environment and planning regulation both councils work together on aligning monitoring programmes such as industrial land and housing needs, air quality and biosecurity management. The two Councils have a joint urban design panel and civil defence and emergency management services.

This cooperation will continue into the future as it is recognised that the Nelson Urban Area forms a single urban hub with inter-related issues relevant to both Councils.

NETWORK OPERATING FRAMEWORK

Transport in the Nelson Urban Area is a significant issue with a large proportion of those employed in Nelson living in Tasman. However there are significant numbers travelling from Nelson to Richmond and beyond in morning traffic also - two thirds of that heading to Nelson. As a result, the two transport links that cross the boundary (Salisbury Road and State Highway 6) suffer from high levels of congestion. In recognition of the inter-relationship between the two local authority areas, a joint network operating framework is being developed between Nelson City Council, Tasman District Council and New Zealand Transport Agency.

The recommendations that come out of this work are expected to inform the future work programmes of all three involved parties.

WATER SUPPLY

The single most important infrastructure issue for the Tasman District Council is the security and capacity of the future water supply. The Waimea Community Dam has been proposed to ensure future capacity is securely available but the following issues still need to be resolved:

- The local Bill needs to go through Parliament to allow the inundation of conservation land.
- Access to landlocked land parcels needs to be negotiated
- A final decision made by Council whether to proceed at the end of November 2018

Should the Waimea community dam not proceed, there is potentially a shortfall of business land in Richmond over years 1 – 10 (or until an alternative water supply is secured). Therefore a no dam scenario would impact on modelled business land availability and growth in Richmond. To address this, Tasman's growth model would need to be revisited, to ensure that, as required under the NPS-UDC, capacity is provided to meet business growth demands. Initial responses may include:

- Bringing forward the rollout of other Development Areas that are serviceable that are currently assumed to be developed in years 11-30
- Including Lower Queen Street business park (750 Lower Queen Street) within the Richmond settlement area boundary – a new integrated industrial development close to central Richmond, consented since 2014 for approximately 45 lots
- Instead of enabling supply for the NPS-UDC extra margin of 15% in years 11-30 all in years 1-10, only provide for the extra margin required (20%) in years 1-10 in this period (16 lots less)
- And/or look to providing for Richmond's business growth elsewhere in the District, outside of the Waimea catchment, as provided for under the NPS-UDC (policies PC1-PC4).

In a no dam scenario, in the longer term (years 11-30), Nelson City would likely see higher growth than anticipated due to new residents to the region being forced across the boundary. This is particularly difficult to model. For the purposes of this capacity assessment it has been assumed that the Waimea dam will go ahead. Should this not be the case, the capacity assessment will need to be updated.

1.9 Recommendations

Recommendations to enable both Councils to initiate a response to the identified shortfall in urban development capacity for housing in the long term (11 to 30 years) as required in Policy PC3 are as follows.

Joint Nelson City and Tasman District

- (i) Undertake a joint Future Development Strategy to ensure sufficient residential and business development capacity is provided of the Nelson Urban Area over the next 30 years.
- (ii) Continue to evaluate and monitor residential and business capacity within the Nelson Urban Area to ensure decision making is aligned between the Councils where it affects the potential to provide sufficient residential and business land capacity.
- (iii) Build and strengthen developer relationships and identify potential partnership opportunities, including with Central Government agencies and the Urban Growth Agenda, Kiwibuild and Urban Development Agencies.

Nelson City

- (iv) Initiate assessment of a plan change/proposed plan to rezone identified greenfield future capacity areas with appropriate plan enabled provisions. More detailed recommendations are included in Appendix C of the Nelson City Capacity Report.
- (v) Initiate assessment of a plan change/proposed plan to provide a regulatory framework that enables feasible infill and redevelopment of existing areas. More detailed recommendations are contained in Appendix B of the Nelson City Capacity Report.

Tasman District

- (vi) Initiate review of Tasman District Plan at the end of 2018