



HOUSING **STRATEGY**

AUGUST 2022



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HOUSING STRATEGY

SUMMARY

HOUSING STRATEGY INTRODUCTION

Council has prepared a Housing Strategy as part of an overall strategic development that includes the District Strategy (aspirational future of Tararua) and the Growth Strategy (how Council will meet the infrastructure and planning issues to support forecast growth).

The Housing Strategy outlines the housing outcomes desired by the community, the role Council will aim to play in the future provision of housing across the Tararua, and the headline action pathways that will work to achieve the desired outcomes.

This Housing Strategy seeks to:

- clearly defines the current housing issues and the impacts these have on the wider community, including:
 - affordable housing and the general rental housing availability,
 - housing that reflects an ageing population and smaller household sizes,
 - impacts on increasing employment.
- states the desired housing outcomes for Tararua
- sets out the options that Council has considered for its role in the housing market and
- identifies the high-level types of actions to help achieve the desired outcomes.

The adopted housing strategy defines what Council is intending to achieve, the options selected to achieve this, and the costs and risks associated with them.



Types of affordable housing - the terms defined.



Community housing - is a form of affordable housing working alongside private housing in the open market. Typically, community housing organisations are not-for-profit groups meeting housing need through a range of affordable rental and home ownership options.



Social housing - is secure and affordable rental housing owned by the government or Councils for people on low incomes with housing needs, with rents subsidised by either the government or Councils.



Public housing - In this Strategy it is specifically Council pensioner units for older people with limited financial resources that can generally take care of themselves.



SUMMARY OF KEY POINTS

Key Messages

Our urban towns are small in scale and have significant vacant land and development potential within the existing residential zones. Many of these sites have challenges that restrict development, and there is still a need to have a wide range of housing options available for the future. This results in some key messages for the future:

1. We need to consider expanding the town boundaries, where it is efficient from an infrastructure point of view to do so, to build the housing we want / need to meet and enable the expected growth,
2. We need to understand and address what is required as a community to unlock and encourage the development of the land we have already provided infrastructure services to,
3. There is clear need for more social housing, and Council has a role to work with government to ensure that this investment occurs,
4. There are many local community organisations and individuals that are interested in investing and / or partnering in the building and running of social housing. The opportunities include papakainga iwi housing and Abbeyfield retirement housing, and
5. More social public housing will be great, but one solution will not solve all the housing issues and the private sector has a huge role in delivering more quality housing in general.

Housing Strategy outcomes

- More social housing is available to meet the housing needs of the most vulnerable in the community
- The quality of the housing stock improves
- A greater proportion of new housing is one and two bedrooms
- Kainga Ora and Community Housing Trusts are active in Tararua

- Council is seen as an active enabler of housing development
- Council is open to partnerships, relationships and other opportunities that result in excellent new housing developments

Councils Preferred Role - Active Enabler

The analysis supports the benefits of Council moving to an Enabler role from the current Reactive role.

Key proposed actions to be considered as part of our planning processes are:

- Infrastructure Investment
 - Complete future design and investment plan
- Build relationships and lobby for social housing investment
 - More resources to work with government, iwi and community organisations
- Regulatory settings
 - District Plan review to encourage more small houses and units
- Information, guidance and strategy
 - More resources to coordinate major developments,
 - Provide advice and guidance material
 - Development of engineering resource to respond to enquiries and consents
- Pensioner housing activity
 - Modelling and risk analysis of ability to debt fund additional investment in units while remaining self-funding by rental income
 - Consider outcomes of investing similar capital with community housing providers and other community housing models
- Utilise Council land - Identify and sell / utilise surplus Council property

TARARUA DISTRICT COUNCIL'S ROLE

Introduction

Councils' commitment to housing related work programmes, budgets and projects flows from the agreed role of Council in the housing sector.

The many options for the role of Council in trying to increase the supply of housing all come with a different mix of risk, costs and impacts. Given the level of harm currently in the community from the pressures on housing doing nothing is seen as not an option by Council. This was supported by community feedback on the draft Housing Strategy.

Council accepts that more involvement by Council generally results in more risk and costs.



Options considered

The role options consulted on were:

Residential Housing

- A. Status Quo / Reactive - facilitate with no dedicated resources within the existing Council staff and budgets. Pensioner unit activity as per the 2021 Long Term Plan (LTP).
- B. Council as an Enabler
(Councils preferred Role)**
- C. Council as a Developer

Pensioner housing

- A. As per A above
- B. Debt funded new pensioner units

SUMMARY OF OPTIONS ANALYSIS

These role options are analysed as to the most effective role to achieve the housing outcomes sought – balanced against risks and available resources. This analysis of options is then assessed against criteria to support the Council decision on the appropriate role to take.

Criteria	Option A Reactive	Option B Enabler	Option C Developer	Debt funded new pensioner units
Aligns with Housing Strategy Outcomes				
• Enough social housing is available	—	✓	✓	✓
• The quality of the housing stock improves	—	✓	✓	✓
• More one and two bedroom housing	—	✓	—	✓
• Kainga Ora and Community Housing Trusts are active	—	✓	✓	—
• Council is open to partnerships, relationships and other opportunities	✗	✓	✓	—
• Council seen as an Enabler	✗	✓	✓	—
Cost effective – most housing for the investment	—	✓	✗	✗
Supports working with iwi on housing initiatives	✗	✓	✓	—
Maintains Council financial resilience	✓	✓	✗	✗
Low to medium risks for ratepayers	✓	—	✗	✗
Aligns with Council 2021 LTP Vision	✗	✓	✗	—
Governance support	✗	✓	✗	✓
Responds to Community feedback	✗	✓	✗	—
Supports and unlocks community organisation investments	✗	✓	✓	✗
Minimal impact on rates	✓	✗	✗	✓
OVERALL ASSESSMENT	✗	✓	✗	?

 Positive contribution to criteria
  Does not meet criteria
  Maybe
 — Maybe, but reliant on other organisations

There is a lot of development activity currently in Tararua. Kainga Ora is actively considering their options around investing in Tararua, local iwi are looking to develop their land holdings and Council is handling many enquiries regarding land development.

The analysis above supports the benefits of Council moving to an Active Enabler role. This will also allow Council to proactively work within new government mandated processes such as regional Spatial Planning. Remaining in a reactive role increases the risk that Tararua will continue to have either no or limited government involvement in social housing.

HOUSING STRATEGY

DISCUSSION

WHY A STRATEGY?

Tararua has seen moderate sustained population growth for the first time since the 1960's. As a result, Tararua is experiencing unprecedented house and rental price increases in response to a shortage of housing. We are seeing families forced into sharing houses, being moved into emergency accommodation in Palmerston North, and local businesses unable to attract new staff as they cannot find suitable rentals.

Forecasts of population and housing growth for Tararua have been repeatedly increased over the last 5 years. Council's assumptions for the 2021 Long Term Plan were that over the 20-year period 2018 to 2038, up to 1,000 additional households will be required in the Tararua District. Council research for the Growth Strategy suggests that up to 1,750 new houses could be built – a 25% increase or around 90 houses per year.

Council is under pressure to 'do something', but what that is ranges from re-zoning new residential land to building more houses itself. The wide range of possible responses and a lack of focused Council resources has resulted in Council being reactive only to housing development.

Council research has shown that there are large areas of vacant residential land within the four major towns in the district. While there has been a shortage of sections for sale in recent years, there is considerable private sector development planning activity currently underway.

Council accepts that there are considerable development constraints on some of this undeveloped residential land, including stormwater, water and wastewater issues. Submissions to the draft Housing Strategy highlighted these issues, and that market demand included the need for some greenfield type development. Council agrees that there is a need to consider expanding urban boundaries as part of the District Plan review to accommodate this segment of market demand. The key considerations include the efficiency / costs of infrastructure extensions and the capacity of existing infrastructure, the impact on productive soils and the overall urban form.

Council research has identified that there is currently vacant residential land equal to 1,300 sections (assuming 60% of vacant land will be developed at 600m² average plus an allowance for 'backyard' vacant land) in Dannevirke, Woodville, Pahiatua and Eketāhuna.

COUNCIL STRATEGIC FRAMEWORK

The Housing Strategy is being developed within an overall strategy framework. Council is facing unprecedented change from government policy, climate change and growth trends. Significant changes are likely in Councils wider functions and role over the next five years.



These strategies and plans are inter-connected and this reflects the complex processes, large value investments and long lead times that result in the outcomes sought for housing. The Housing Strategy can also be represented as the following.



HOW WILL WE ACHIEVE THE HOUSING STRATEGY OUTCOMES?

A whole of community approach is required to deliver these outcomes. Opportunities exist for many different local residents, individuals and organisations to make a difference to the housing stock while delivering sound investment returns.

Making progress towards these outcomes will require Council to change its role and increase resources that are focused on housing issues. Continuing with current business as usual activity will result in Council still being reactive and the community continuing to be reliant on other agencies to make decisions that benefit or hinder Taranua.

Taranua is competing with the rest of New Zealand for social housing investments and progress will require:

- building relationships with government and community organisations outside of Taranua,
- better information and guidance on local resources and needs,
- leveraging off the land currently owned by Council, iwi and community organisations,
- innovative and nimble responses, and
- working proactively with local landowners, businesses and community organisations to develop and promote opportunities and solutions.

Council has begun to build relationships and lobby for social housing. The current government political and policy settings are likely to result in additional investment in Taranua social housing. These policy settings can change quickly and there is a finite amount of investment available - there is no guarantee that our local issues will be resolved in the short term.

The focus to date has been on affordable housing, but the issues identified highlight problems across the whole housing stock. Encouraging quality new residential development will put pressure on Council resources – managing growth is a new task for Council and the community and comes with its own challenges.

The current work and this Housing Strategy have placed Council in a good position to build on relationships with key stakeholders. Other work that is supporting housing development in general includes the Growth Strategy, Master Plan (infrastructure design and network condition) and an application to the government Infrastructure Acceleration Fund.

There are a number of tools and policies that Council will use to achieve the outcomes identified. These include:

- Infrastructure investment
- Lobbying and promotion
- Regulatory settings – District Plan
- Land ownership and disposal
- Council owned pensioner housing
- Partnerships and relationships
- Information and guidance to support investment decisions (private and public)

Council has limited capacity and capability to advise and support new developments. With the pressures on the overall budget currently being felt it will require community support to increase resources to focus on housing outcomes.

ANALYSIS

THE HOUSING ISSUE

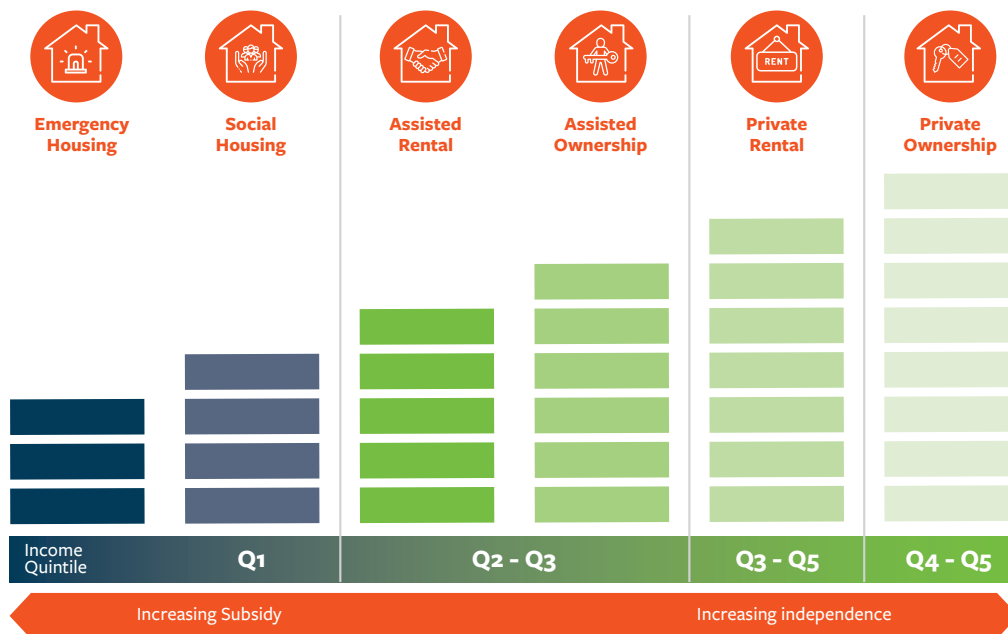
Housing is important, not only for the basic need for shelter, but to provide a foundation for social and economic wellbeing. Much has been written about both New Zealanders' love affair with housing, and the recent housing affordability issues plaguing the market. In Auckland, median house prices are around 11.5 times the median annual household income.

The impact of the housing crisis has been felt across the housing continuum (see below) from emergency housing, through to social housing and assisted rental/ownership products, private rentals and private ownership.

Home ownership rates are at their lowest levels in 70 years, with just 65% of all New Zealand households owning a home at the time of the 2018 census. First home buyers are finding it increasingly difficult to enter the market due to rapidly escalating prices (largely fuelled by record low interest rates), and minimum deposit requirements.

Across the country, renters are also facing stiff competition for properties, and increasing rents as a result of increased demand and higher house prices. This then leads to issues of affordability and impacts on people's ability to save for a house deposit.

Housing Affordability



HOW DID WE GET TO THIS SITUATION?

The current state of the housing market is the result of decisions, demand and investments made over many years. Past Councils and Government policies have had a major influence on housing supply, but equally market demand (assisted by population growth and immigration) and investment returns drive the building of houses. Since the 1960's up until 2014 there was a general decline in population in Tararua. This was the result of many different trends and economic conditions, but the overall result was that there was little demand for more housing.

The result has been that relatively few new houses were built in the last 50 years and house prices were very low. The quality of the rental housing stock deteriorated as financial returns from investing in housing were low.

Worldwide, there is increasing internal migration from urban to rural, reversing the normal urbanisation trend, as sustainability of cities becomes more difficult and house affordability pushes people further from the cities. COVID-19 has forced adoption of working remotely, and broadband improvements have facilitated remote learning, cloud based business and buying and selling goods and services online.

The sudden change in trend, and availability of low-cost loans has resulted in high demand for existing housing and very large increases in house prices as a result. Massive house price increases across New Zealand have also led to more people choosing to live in Tararua for lifestyle and affordability reasons.

Sustained suppression of immigration resulting from COVID-19 and accelerated housing developments may result in the current national housing deficit being satiated at the same time inflationary pressures cause borrowing interest rates to rise. Notwithstanding the current property market correction, the long-term attraction of New Zealand as a destination for immigration can be expected to continue and should be understood to provide context of the extent of Council's investment and involvement in housing.

Population of the District and Urban areas

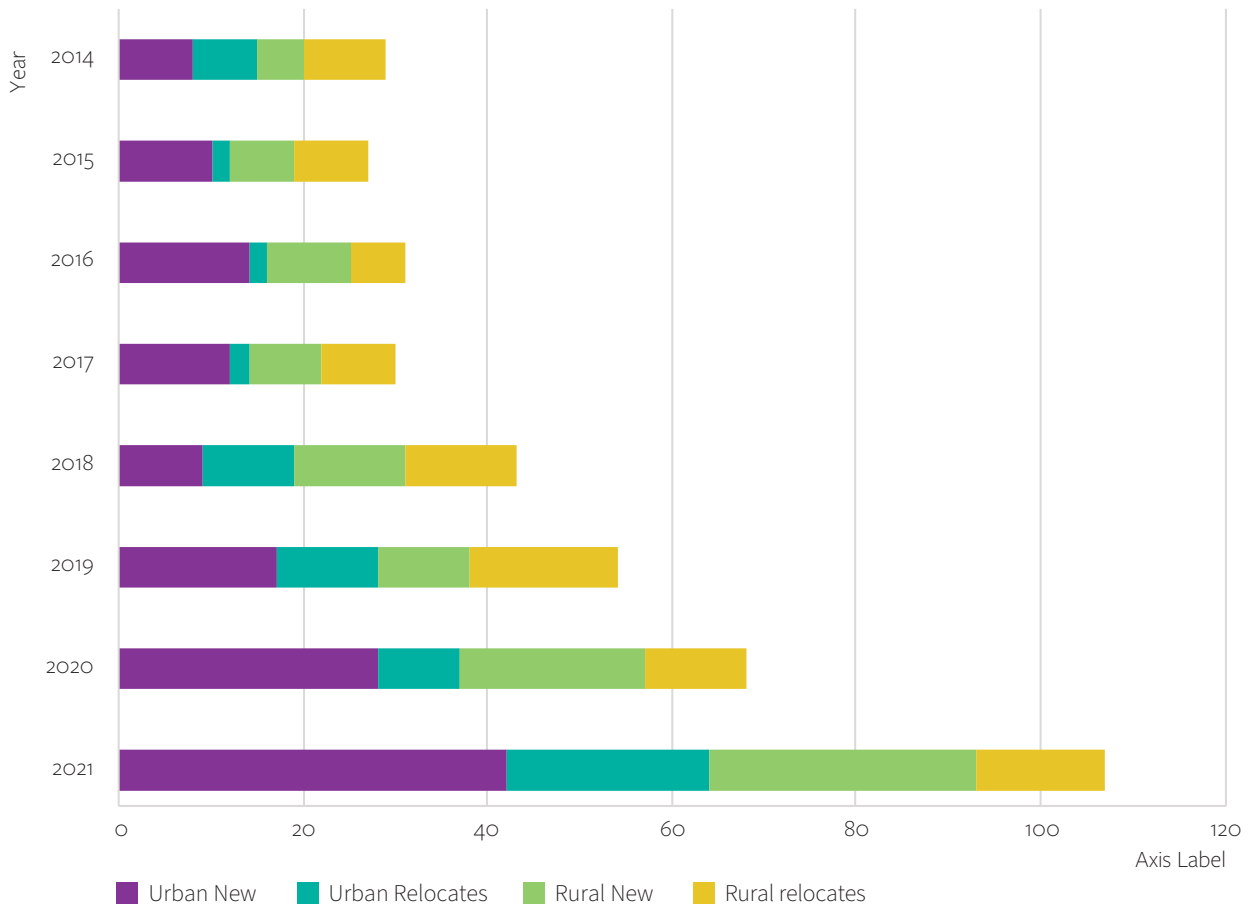
The district experienced a 6.5% increase in residents between 2013 and 2018 but lagged behind all of New Zealand in population growth over the same period (10.8%). This population growth comes after a prolonged period of population decline, commencing in the 1960s. Some of the growth in population is attributable to new residents, with the 2018 census reporting that 17% of the district’s residents lived outside of the district a year earlier.

Usually Resident Population: Tararua District

	2006 Census	2013 Census	2018 Census	2021 Estimate (June Year)
Woodville	1,401	1,401	1,548	1,650
Dannevirke	5,559	5,079	5,508	5,700
Pahiatua	2,547	2,403	2,682	2,820
Eketāhuna	456	444	504	530
Rural Areas	7,627	7,527	7,701	8,050
TARARUA DISTRICT	17,634	16,854	17,943	19,050

Source: Statistics NZ, 2018 Census and Sub-national estimates, Usually Resident Population Counts (by TA, SA2 and SA1 areas)

Housing Growth Urban and Rural by Type Calendar Years



Households

The 2018 census records there were 6,996 households in the Tararua district. While the district has slightly lower percentages of one-, two-, three-family and multi-person households when compared with all of New Zealand, it has 5.4% more one-person households than for all of New Zealand.

This largely reflects the ageing population in the district (where those aged 65 and over account for 18.3% of the Tararua population versus 15.2% nationally).

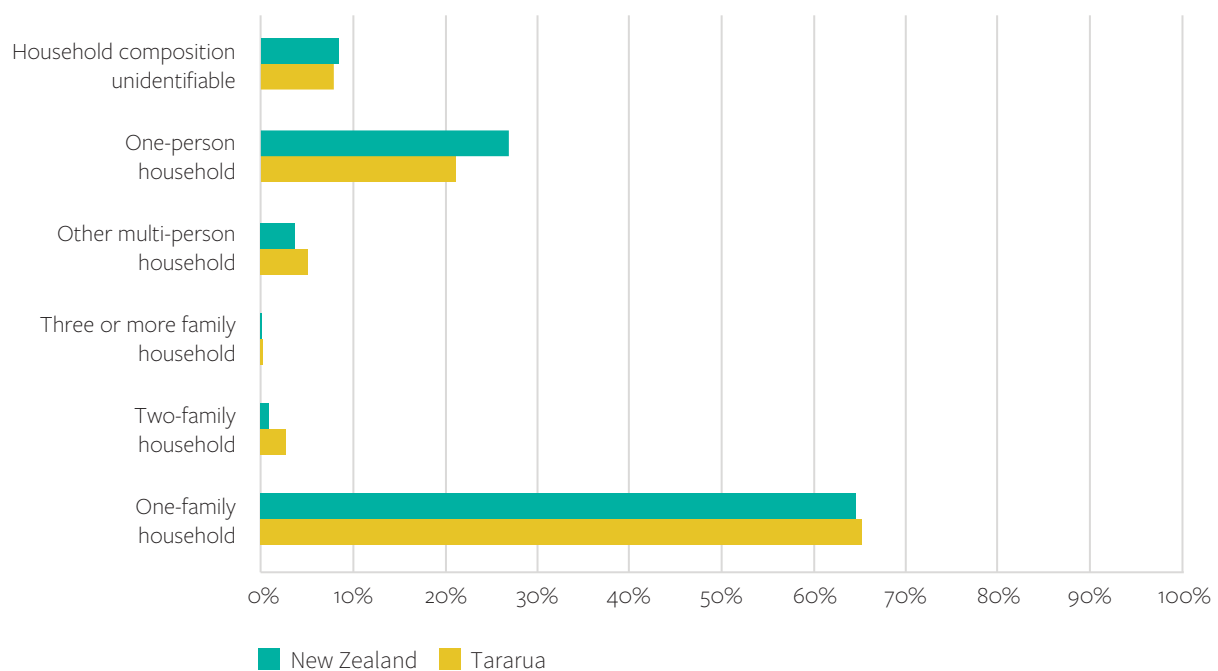
Total Dwellings - Private

Census Year	Woodville	Dannevirke	Pahiatua	Eketāhuna
2013	690	2,352	1,110	252
2018	729	2,361	1,149	267

Source: StatNZ, 2018 Census

Household Composition

Source: StatNZ, 2018 Census



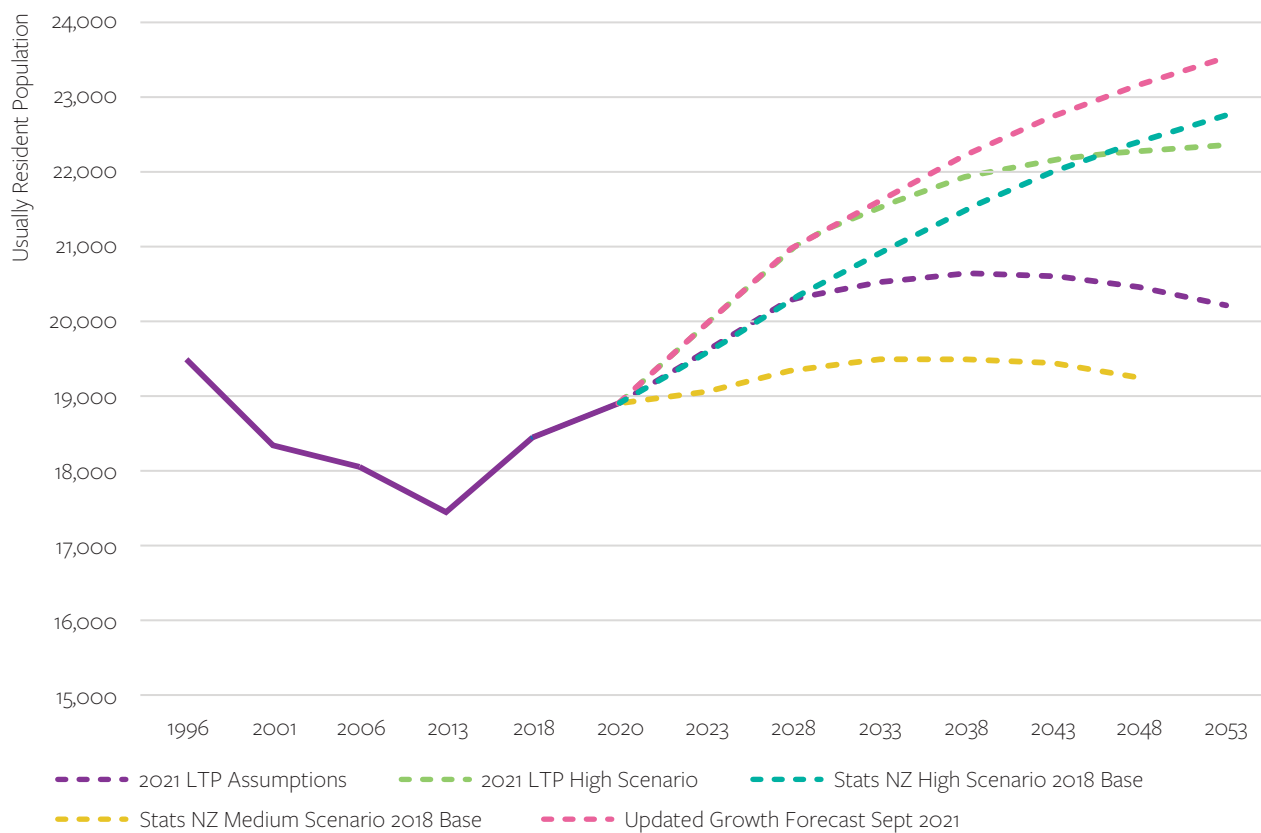
Population Forecast

Council population projections in the 2021 Long Term Plan are for population growth of 11.9% (from 18,450 to 20,646) between 2018 and 2038. These growth assumptions assume that growth will continue around 0.5% - 1.2% per year for the 10 years to 2031, and then flatten in 2038 before a slow decline from 2043. These projections are driven by the assumptions that people will continue to seek land and affordable housing in the district, balanced by increasing farm sizes and automation replacing some manufacturing / good processing jobs.

Housing development and housing demand during 2021 suggest that these projections may be too low. There is a high level of uncertainty currently with changing societal trends around working from home, and the impact of borders re-opening in 2022.

Tararua District Population Growth Forecasts - LTP, latest Stats NZ Growth Scenarios

2018 Census Base



Personal income

When compared with all of New Zealand, the Tararua District is relatively poorer, and has high levels of deprivation in some areas. The Tararua District has 61.2% of its residents earning between \$10,000 and \$50,000 annually, compared to 50.1% for all of New Zealand.

Similarly, only 22.9% Tararua residents earn over \$50,000 annually, versus 31.6% for all of New Zealand.

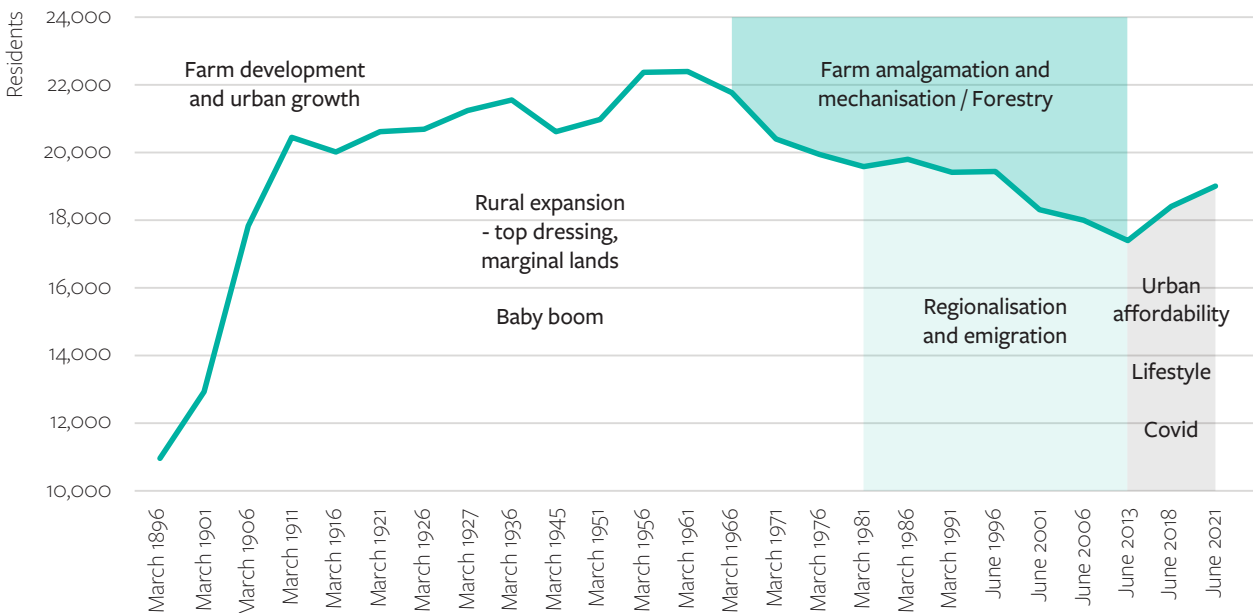
The median individual income for the Tararua District is \$23,600, with just 9.8% of residents earning over \$70,000 per annum. The median income for all of New Zealand was \$31,800 (or 1.2 times the median income in Tararua), with 17.2% earning \$70,000 or more per annum.

Tararua District Median Income

Town	Median Income
Dannevirke East	\$22,700
Dannevirke West	\$24,900
Woodville	\$22,700
Pahiatua	\$23,900
Eketāhuna	\$27,600
Tararua District	\$26,300
NEW ZEALAND	\$31,800

Source: Statistics NZ, 2018 Census, Ethnicity, For Census Usually Resident Population

Tararua Population Trends - 1896 - 2021



Because there was little residential development Council did not have any need to expand urban areas or network infrastructure such as water and wastewater. Any attempt to do so would have required increasing rates for little reason. As land and house prices have increased there is now a return that can be gained by developers by investing in residential subdivision and building houses.

The relatively quick shift in the market – no one forecast the speed or extent of the increases – has meant that all parties were caught unprepared. It takes considerable time to plan, design, develop and build housing. Council budgeted for minor extensions of services in the 2018 and 2021 Long Term Plans. The Growth Strategy and infrastructure Masterplan (future design of urban network services) that is currently underway by Council is aimed at Council ‘catching up’ on infrastructure design and planning.

Access to housing is becoming a significant problem in Tararua. This is a relatively new issue that has rapidly becoming larger – reflecting:

- Population increase – trend change from 2014 that is gaining momentum
- Rapid increases in house prices and rents
- Lack of new housing built in the last 3 decades
- Very few one and two bed dwellings built in the last 35 years
- Demand spilling over from Palmerston North and other areas as rents and property prices increase very quickly
- The high % of residents on benefits and high deprivation in urban areas
- Relatively high % of Māori residents, especially in the urban areas, with generally lower quality housing
- No new public housing in Tararua in the last 20 + years – Government sold to Trust House in 1999.
 - no Kainga Ora emergency or transitional housing at all
 - Trust House the only Community Housing Provider operating in the Tararua.

The shortage of affordable and general housing is a complex issue that requires multiple actions and policies to address.

Recent assessment by Council of vacant residential land shows that there is no shortage of land. The issue is the lack of subdivided serviced sections and a narrow range of housing types being built.

Climate Change

The United Nations has identified that climate change is expected to displace an estimated 1.2 billion people by 2050 and 2 billion by 2100. Pressure from New Zealanders and migrants from Australia, the South Pacific and further afield could contribute to a growing New Zealand population and demand for further housing and infrastructure. Climate driven population growth does not feature significantly in Statistics New Zealand growth forecasts which means higher growth scenarios for the Tararua District may be more likely than official forecasts indicate.

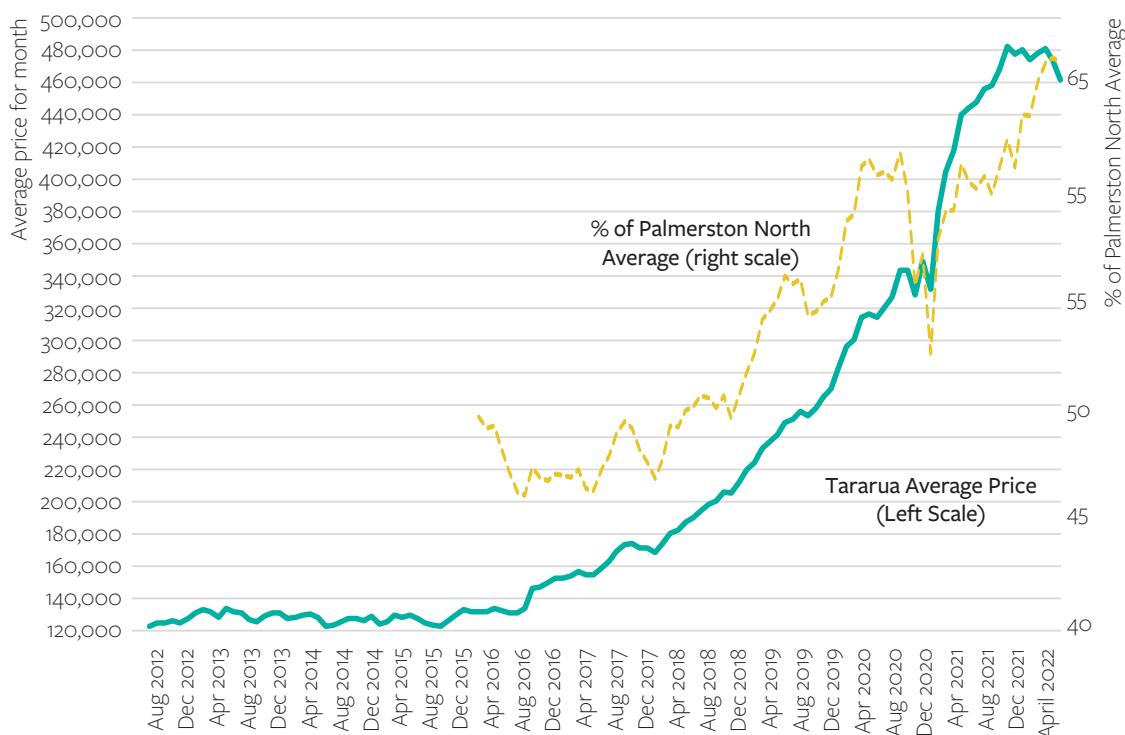
New housing design requirements to better manage climate events and sustainable design will affect cost of development. The district economic activity will also change. Already carbon farming and wind energy production is changing the way land is used in the Tararua and these and other technological changes will impact on agriculture and the associated support industries. There will also be further impacts on housing and Council infrastructure in coastal areas creating opportunities for new greenfield developments and affecting Council investment decisions on infrastructure.

The market is responding in part

As property prices increase there is more incentive to develop properties with spare land. Last year (2020) saw 46 consented dwellings, a significant increase on previous year (23 in 2019). However, it is still among the lowest level of house building in New Zealand (as a percentage of total housing stock), reflecting low house prices relative to the cost of building, and the resulting low margins for developers relative to other districts.

In the 12 months to June 2022, the average house price in the Tararua District increased 7% to \$474,250. Over the last five years, prices in the district have increased 267%.

QV HPI 3 Months Rolling Average House Price Tararua



There has been a recent surge in new dwellings consented. The year to June 2021 saw 65 new dwelling consents issued, and the year to June 2022 saw 54 new dwellings consented. These are currently roughly 50% urban and 50% rural.

Relocated houses are in addition to this and often are aimed at the lower price end of the market. These have increased to around 40 a year also with 50% urban and 50% rural.

Development has a long lead time. With a severe shortage of surveyors, designers and builders it can take two years or more for houses to be completed once a decision has been made to invest. The current demand has seen an increased number of residential and lifestyle sections come onto the market, as well as an increased number of houses for sale. What is not being seen is a meaningful increase in small houses, retirement type developments or social housing.

DEVELOPMENT OF THE HOUSING STRATEGY

So what does this analysis tell us?

Tararua has a range of stakeholders worried about the state of current housing and the type of housing being built. There are not enough rental houses available and there is an acute shortage of public housing choices.

Our urban towns are small in scale and have significant infill and development potential within the existing residential zones. This results in some key messages for the future:

1. We need to consider a modest expansion of the town boundaries to build the housing we want / need to meet expected growth,
2. We need to focus on what is required as a community to unlock and encourage the development of the land we already have,
3. There is clear need for more social housing, and Council has a role to work with government to ensure that this investment occurs asap,
4. There are many local community organisations and individuals that are interested in investing and / or partnering in the building and running social housing and building and running social housing. The opportunities include papakainga iwi housing and Abbeyfield retirement housing, and
5. More social and public housing will be great, but one solution will not solve all the housing issues and the private sector has a huge role in delivering more quality housing in general.

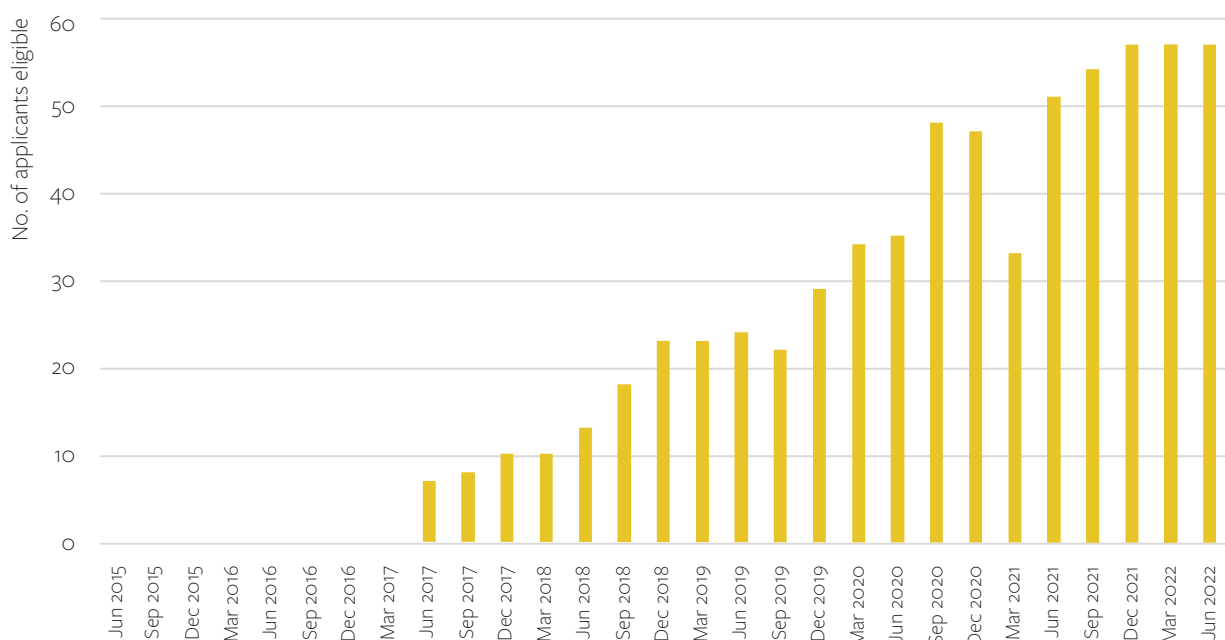
No one intervention will be a 'silver bullet'. A coordinated and concerted effort is required to address the housing issues faced in the district. Limited local building capacity allows for new employment and training opportunities but may also mean shortages will bring in outside suppliers and builders. Supply chain issues are likely to continue hampering the speed of development.

CURRENT SOCIAL AND PUBLIC HOUSING IN TARARUA

The demand for social housing has rapidly increased in the last few years. These are household applicants who have been assessed as having an urgent need for housing and require assistance from the government social agencies.

The large majority of these applicants are for one bed (40%) and two bed houses (35%). The majority of applicants are in Dannevirke.

Tararua Public (Social) Housing Register - MSD / HUD



There are currently two social and public housing providers operating in the Tararua District - the Tararua District Council and Trust House. The government, through Kainga Ora, currently has no social housing in Tararua. The old Housing New Zealand stock (96 houses) was sold to Trust House in 1999.

Social Housing Supply - Tararua

	Dannevirke		Woodville		Pahiatua		Eketāhuna		TOTAL
	Trust House	TDC	Trust House	TDC	Trust House	TDC	Trust House	TDC	
1 bedroom	5	37	0	12	2	15	0	3	74
2 bedroom	27	12	3	0	10	0	2	0	54
3 bedroom	31	0	3	0	8	0	0	0	42
4 bedroom	3	0	0	0	2	0	0	0	5
TOTAL	66	49	6	12	22	15	2	3	175

Council tenants are not eligible for Income Related Rent Subsidies (meaning rents are not supplemented by Central Government).

This limits the Council's ability to increase rents beyond a certain level, as rents are set with relation to affordability criteria, and are limited by the pension level. Rents are significantly below market currently. Tenants can receive the Accommodation Supplement for a small proportion of the rent if they meet all the criteria.

The effect of the supply and demand imbalances in social housing are acute in nature, but the actual scale of the change required to remedy the issues is relatively small. High level estimates based on current transitional housing places in the rest of New Zealand suggest that 14 transitional housing places would meet the current need in the Tararua District. Similarly, social housing would need to increase by 50% to align Tararua with national levels of social housing. While this is a large increase in percentage terms, it is only an additional 85 social housing places.

Demand is outstripping supply leading to increased rental prices

The rental market across the district is experiencing high levels of demand from new families moving into the district either for work or to take advantage of relatively lower rental prices than nearby districts, and a lack of supply.

This high demand for rental properties, combined with higher house prices, has seen rental prices increase considerably across the district in recent years.

Median Rent - 2018 to 2021

	2018	2021	% change
Dannevirke	\$200	\$295	48%
Woodville	\$190	\$295	55%
Pahiatua	\$190	\$330	74%
Eketāhuna	\$160	\$335	109%

Source: Stats NZ, Census Place Summaries
Tenancy Services, <https://www.tenancy.govt.nz/rent-bond-and-bills/market-rent/>

There continues to be a lack of smaller one and two bedroom rental properties

Where properties do become available, they are typically older-style 3 bedroom homes with one bathroom. There are very few, if any, smaller homes to rent. As a result, the typology of the rental housing stock does not fit the population profile, leading to smaller families and single people renting houses that are too big for them.

To date, as with properties for sale, the market has not responded adequately to the demand for smaller rental homes.

Within the overall housing market, there is strong demand for quality one and two bedroom homes. This is driven by demand from smaller families, couples and retirees looking to downsize. However, a lack of supply is hampering their ability to purchase smaller properties and free up larger homes for bigger households.

This is largely due to a mismatch between the housing typology in the district and the household occupancy. 65% of the residents of Dannevirke, Woodville, Pahiatua and Eketāhuna are living in one or two person households, and yet just 18% of the housing stock is 1 and 2 bedroom properties.

Number of bedrooms in homes in the Tararua District

2018 Census, % of homes where information is available



Key supply and demand issues by town

A summary of the key supply and demand issues for each of the four main townships across the district is included below. More detailed information by town is included in the Housing Needs Assessment report available from Council. The assessment draws on both publicly available information and feedback from stakeholders.

- All towns are experiencing a lack of supply of good quality, affordable rental properties.
- All towns are experiencing an imbalance between the typology of the housing stock available and the population profile. In particular, there is a need for up to 2,000 more 1-2 bedroom properties across all areas of the housing continuum (from emergency and transitional housing right through to private ownership).
- There is a small but acute need for some emergency or transitional housing within the district.
- There is high (and likely increasing) demand for social housing, given the decreasing affordability of rental properties.
- More housing in vacant urban land is required to meet current demand. However, there is a lack of residential sections available for sale within the urban centres to allow this to occur. We note that at the time of this review this was less pronounced in Pahiatua than in Woodville, Eketāhuna and Dannevirke.
- Recent subdivision applications point to the possibility that more supply could become available in the next year.

PROJECTED IMPACT ON HOUSING

Population forecast

Council's population forecasts suggest that over the 20-year period 2018 to 2038, up to 1,000 additional households will reside in the Tararua District (on average 50 per year). Of these, Council is forecasting that 70% of new households will reside in urban areas, with 30% residing in rural locations, and that as a result 60% of the Tararua district's population will live in the main urban centres by 2038.

Council estimates suggest that the type of households, and therefore the type of housing stock required, will change.

Most noticeably, the ageing population and societal factors will see continued increases in the number of people living alone and couples without children, resulting in an increasing need for smaller one and two bedroom homes over larger family homes.

Availability of sections

A number of residential subdivisions are underway, but the availability of sections within the urban centres remains limited

There are currently a modest number of sections for sale across Dannevirke, Pahiatua and Woodville. A few multiple lot subdivisions are being planned or just released in Dannevirke, while Pahiatua has two subdivisions still with sections remaining. Woodville has a couple of new subdivisions on the market. The majority of current subdivision activity is in the rural lifestyle market.

The recent increase in supply at the same time as a national property correction suggests prices will stabilise or even reduce. While prices have tripled in just a few years they are still lower than those in surrounding urban areas. As noted previously, as land prices increase, this will incentivise owners of larger urban properties to consider subdividing off a portion of their property. Similarly, developers may be more willing to buy poorer quality houses on large sections with a view to demolishing the house and subdividing the property, either to sell as bare sections, or to develop multiple properties on.

Demand for elderly accommodation

Demand for elderly accommodation is strong, but there are insufficient smaller homes to meet this demand.

The number of older people in Tararua has been rapidly increasing in the last five years. There are now 3,900 residents receiving the Superannuation payment (June 2022), 20% of the estimated population. Only five years ago this was 3,280 making up 18% of the population. This points to a significant increase in demand for building smaller houses and retirement type developments.

In addition, there are very few options for elderly looking to move into retirement villa-style accommodation. There are currently just two retirement villages in the district, both of which are located in Dannevirke.

Despite demand for smaller houses and permissive district planning rules, the market is slow to respond to the demand. Many of the homes in urban Tararua areas occupy large sections (often exceeding 1,000m²). However, to date there has been a lack of market movement to demolish or relocate older homes on large sections and build multiple (smaller) properties. This is despite a permissive district planning regulations that do not specify a minimum lot size for homes within the urban town boundaries.

Clearly the market has not responded to this increasing demand for smaller homes. This may be for several reasons, including a lack of availability of smaller urban sections, and Tararua's (relatively) low house prices compared to the cost of building. This provides less incentive for developers to demolish/clear/subdivide an income producing asset (i.e. a large, older home on a big section) in order to build two new ones. For individuals, the cost of building a smaller home has historically not been reflected in the market price once completed, again disincentivising the supply of smaller homes.

With house and section prices now substantially higher than in previous years, it is expected that residents and developers will increasingly see the value in subdividing and more infill housing will be provided. However, if 1-2 bedroom houses are to be built, developments will need to have sufficient scale to ensure the economics stack up.

HOW IS COUNCIL RESPONDING CURRENTLY?

Council highlighted growth issues and challenges as a key theme of the 2021-31 Long Term Plan (adopted in June 2021). Since then, new housing consents have grown rapidly, and a range of government funding processes have been announced.

Council is responding to increasing community concerns around social housing in particular. A lack of an agreed strategy and funded action plan has restricted Council in being able to respond. Our residents and community organisations are asking Council to act as the government (Kainga Ora) has no houses in Tararua, and the Community Housing Provider (Trust House) has made no new investments locally. Council has been expanding the capability and capacity of expertise and knowledge within the organisation where it can within limited resources.

During 2021 Council worked on the following:

- Building greater understanding of the urban infrastructure networks and the investments needed to 'free up' development
- Completing a Housing Needs Assessment with a focus on affordable housing (June 2021)
- Initiated a Growth Strategy to develop clear and ambitious plans to enable growth
- Completed an urban capacity analysis for residential housing
- Updated growth forecasts at a township level
- Initiated a Master Plan project to develop future design plans for urban infrastructure, and to identify where investment is required
- Applied for funding from government to upgrade infrastructure in Pahiatua
- Built relationships with Kainga Ora and lobbied for the return of public housing investment in Tararua.

Council is also considering increasing its investment in the pensioner housing activity. Council will also consider alternative investment options with other community housing providers. Any decisions on further investment will be part of the 2023/24 Annual Plan process and within the current policy of the activity being self-funding.

STAKEHOLDER INPUT

As part of the Housing Needs Assessment many local stakeholders that are active in community housing responses were invited to discuss and highlight key issues for the local communities that they live in. There was common feedback from people and organisations across all four main urban areas in Tararua. These can be summarised as:

- an acute shortage of public emergency and transitional housing
- a lack of investment in one and two bedroom houses
- no guidance or assistance to enable social housing
- a lack of capability and capacity to drive community housing initiatives
- failure of the market to deliver quality one and two bedroom housing
- a view that more residential land is required as so few residential sections are available
- a shortage of decent family homes for rent – impacting the ability of businesses to attract new staff
- a very real and high level of harm to communities that is resulting from the shortage of housing.

These views are supported by additional meetings that the Mayor and Councillors have had with individuals and businesses over the last year.

Submissions on the Draft Housing Strategy supported Council taking on the role of Active Enabler. There was no support for Council acting directly as a developer.

HOUSING STRATEGY

ACTIONS

ACTION PATHWAYS

Council Role – Active Enabler

This Strategy identifies six key action pathways that Council will focus on that will move Tararua towards the housing outcomes desired. Council is active in the following ways within these action pathways.



FUTURE ACTIONS

Steps and actions are required for Council to expand current activity to more of an Active Enabler role and to progress towards meeting the desired Housing outcomes.

Additional funding is required for Council to undertake many of these actions in any meaningful way. The Council was not in a position to increase budgets for this purpose in the 2022/23 year. A detailed Action Plan will be considered as part of the 2023/24 Annual Plan and 2024-34 Long Term Plan processes.

Following the adoption of this Strategy, Council in 2022/23 will continue to build relationships, respond to opportunities where possible and work with iwi partners around housing issues. The key Infrastructure Master Plan work and the review of the Tararua District Plan is also progressing.



Dannevirke Service Centre

26 Gordon St, Dannevirke
PO Box 115, Dannevirke 4942
Ph: 06 374 4080 (24 hours)

Woodville Service Centre & Library

45 Vogel St, Woodville
Ph: 06 376 0200 (24 hours)

info@tararua.govt.nz

Pahiatua Service Centre

136 Main Street, Pahiatua
Ph: 06 376 0110 (24 hours)

Eketāhuna Service Centre & Library

31 Main Street, Eketāhuna
Ph: 06 376 0219 (24 hours)

www.tararua.govt.nz

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