Ref: [redacted]

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19 June 2024

[redacted]

Tēnā koe [redacted]

**OFFICIAL INFORMATION REQUEST REGARDING THE DRAFT NELSON HOUSING AND BUSINESS CAPACITY ASSESSMENT**

I refer to your official information request dated 27 May 2024 for additional information pertaining to the draft Nelson Housing and Business Capacity Assessment.

The responses to your questions are in italics below:

1. On page 11 of the HBA 2024 it is stated that "the number of households in Nelson is expected to rise from 23,095 in 2023 to 29,562 in 2053, an increase of 6,467 households over the thirty-year period, approximately 17% growth**. "Could you kindly explain how you arrived at a percentage increase of 17%?** Using normal arithmetic, 6,467 is 28.0% of 23,095, not 17%.

   *NCC agrees that the percent change figure should be 28%. This has been remedied in the final HBA and the mistake does not have a consequential impact on the HBA findings.*

2. On page 12 of the HBA 2024, it is stated that "As shown in Table 3, when these margins are applied, the total demand for housing in Nelson increases to 30,913 over the long term..." Table 3 on page 6 of the HBA refers to "Industrial business land demand and capacity", it does not refer to demand for dwellings and does not show the number 30,913. Possibly the text should have referred to Table 1, but this number does not appear in Table 1 either. It appears that the number 30,913 has been obtained by adding to the number of dwellings in 2024 (as shown in Table 4) the additional households required over the period 2024-2053 including the competitive margin (7,596). That is, 23,317+7,596=30,913. But this calculation gives you the increase in dwellings for a 29 year period (2024-2053), not the 30-year period 2023-2053 that the HBA covers. The correct calculation is to add the "cumulative demand" to the number of dwellings in 2023, given that 2023 is the base year for the estimates, not 2024. (See the M.e report) That figure is 23,095 as given in Table 14 of the DOT Report and mentioned on p.11 of the HBA 2024. So, 23,095+7,596=30,691. **Would the NCC indicate whether it agrees with this figure or conversely maintains that 30,913 is the number of dwellings in 2053 according to the data in Table 4?**

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*Page 12 contains a typo and should refer to table 4, not table 3. The first iteration of table 4 used calendar years but should have used years ending in June over the period of 2025-2054. This labelling error will be fixed throughout the document and does not affect the overall figure of 30,913 dwellings required to meet projected 30 year demand.*

3. "Table 4: Key population projections, 2023-2054" (HBA 2024, pp. 9-10) appears to contain a significant anomaly:

   The column headed "Demand per year" shows the number 498 in each of the years 2029 through 2033. This number cannot be correct because it exceeds population growth in those years. Similarly, the "demand per year" over the period 2049-2053 is also in excess of population growth. But so long as the number of persons per dwelling is in the range 2.40 to 2.25 (as can be calculated from Table 4) then the number of new dwellings cannot be more than about 45% of population increase. The problem is illustrated by the graph below where it will be seen that the dwelling demand exceeds annual population growth in the two periods mentioned. Logically, new dwelling demand per year cannot exceed population growth in that year. **So, my request to NCC is to explain how those numbers were obtained.**

   *The demand per year in table 4 (column 6) was generated by calculating the annual change in dwelling demand (sourced from the medium project in the DOT report, page 36) and applying the competitiveness margin. The DOT report explains why dwelling demand does not necessarily follow population growth in section 3.3.1 (page 34).*

4. When Table 4 is corrected for these logical errors, it follows that the total number of additional households/dwellings ("Cumulative demand") could not be 7,596 as indicated in Table 4 but must be less than that. The true number is likely to be around 5,600 (+/-). **Could the NCC explain why the cumulated dwellings 2023-2053 should be 7,596 when this number has been obtained by the implausible increases in the number of dwellings in the years 2029-2033 and 2049-2053?**

   *NCC considers the cumulative demand in table 4 to be correct.*

5. I refer to the report ***Tasman District Council and Nelson City Council Population Projections 2018-2058*** (DOT Consulting, March 2023), which is Appendix 1 to the Draft Housing and Business Assessment 2024. This document is the source of the HBA's estimated future dwelling demand through to 2053. The net migration rates used in the three projection (low, medium and high) variants are presented in table form (Table 4) on page 14 and in graphical form (Figure 4) on page 13. There is an apparent discrepancy between the data in Table 4 and the figures presented in Figure 4. Figure 4 shows that net out-migration is highest in age group 20-24 for both males and females and in all four of the time periods presented (including the average of the periods). However, Table 4 shows that only the age group 15-19 had a negative migration rate. In Table 4, the migration rates in age group 20-24 are positive, indicating a net inflow of population in that age group. **Can NCC explain this discrepancy and indicate which set of migration rates was actually used to produce the population projections and household estimates reported by DOT consulting?** For reference, Figure 2, below, shows Statistics NZ's (medium) migration assumptions used in their current projections, providing an alternative perspective on net migration by age. It can be seen that the 20-24 age group has the highest net out-migration levels, while all other groups have net in-migration. **We understand that clarification on this matter may need to be provided by DOT Consulting.**

   *DOT Consulting confirmed it was a plotting error on Figure 4 (and the same issue affects Figure 5). The data in table 3 has the correct age groups and this was the data used in the projections; the projections themselves are not affected.*

6. **Would NCC explain whether, when formulating the migration assumptions in collaboration with DOT Consulting, the opinions of other relevant parties or stakeholders were sought?** For example, the Nelson Regional Development Authority, the Chamber of Commerce, representatives of the main industries and community groups in Nelson, property developers, state agencies or independent development experts. If there were no such consultations, would NCC kindly confirm that the migration assumptions were formulated solely by NCC staff and DOT Consulting.

   *NCC, TDC and DOT Consulting staff formulated migration assumptions and checked them against the Stats NZ migration assumptions at the time. Generally, the projections were based on data and past trends, not based on opinion. This is consistent with best practice for Long Term Plan assumptions needing to be realistic and evidence-based. The quality of Long Term Plan assumptions must be assessed in a report from the Auditor-General, who wrote: "the information and assumptions underlying the information in the consultation document are reasonable".*

   *Audit NZ went into more detail in TDC's Long Term Plan consultation information, noting: "We concluded the District Council's expert, DOT Consulting, is a suitably qualified expert with appropriate skills and experience to undertake this assessment. We also compared the growth assumptions to Statistics New Zealand estimates and confirmed that they are consistent. Overall, we are satisfied that the stated growth assumptions are reasonable and supportable, with a stated '"medium" level of uncertainty. We accepted this assessment based on the quality of Council's underlying data and methodology, and their alignment with the external expert's forecasts."*

7. **Can NCC confirm that the estimate of accumulated demand for housing of 7,596 dwellings between 2023 and 2053 (as indicated in HBA 2024 and in the M.E report) is not the number of dwellings that would actually need to be constructed to meet the demand implicit in the medium population projection prepared by DOT**. Rather, the actual number of dwellings that would need to be built is 7,596 less the competitiveness margin. The latter averages 17% over the 30 year period (20% in the short and medium term and 15% over the long term). Therefore, the actual demand for dwellings over the period 2023-2053 would be 7,596 less 17% (1,291) which is 6,305 dwellings. **Does the NCC concur with this calculation?**

   *NCC has prepared this draft HBA in accordance with the UPSUD, which states: "A competitiveness margin is a margin of development capacity, over and above the expected demand that tier 1 and tier 2 local authorities are required to provide, that is required in order to support choice and competitiveness in housing and business land markets" (page 22). NCC does not concur with your demand calculation.*

8. **Can NCC provide the actual data used to construct Figure 8 of HBA 2024 (p.31), but with a breakdown of "Total Intensification Cumulative" by currently available under the existing NRMA and the additional capacity to be facilitated by Plan Change 29?**

   *Information about operative and proposed plan change 29 enabled capacities can be found within the Draft HBA (page 27) and within the M.E. report. Please see the attachment 'Demand-Capacity tables' for the data used in Figure 8.*

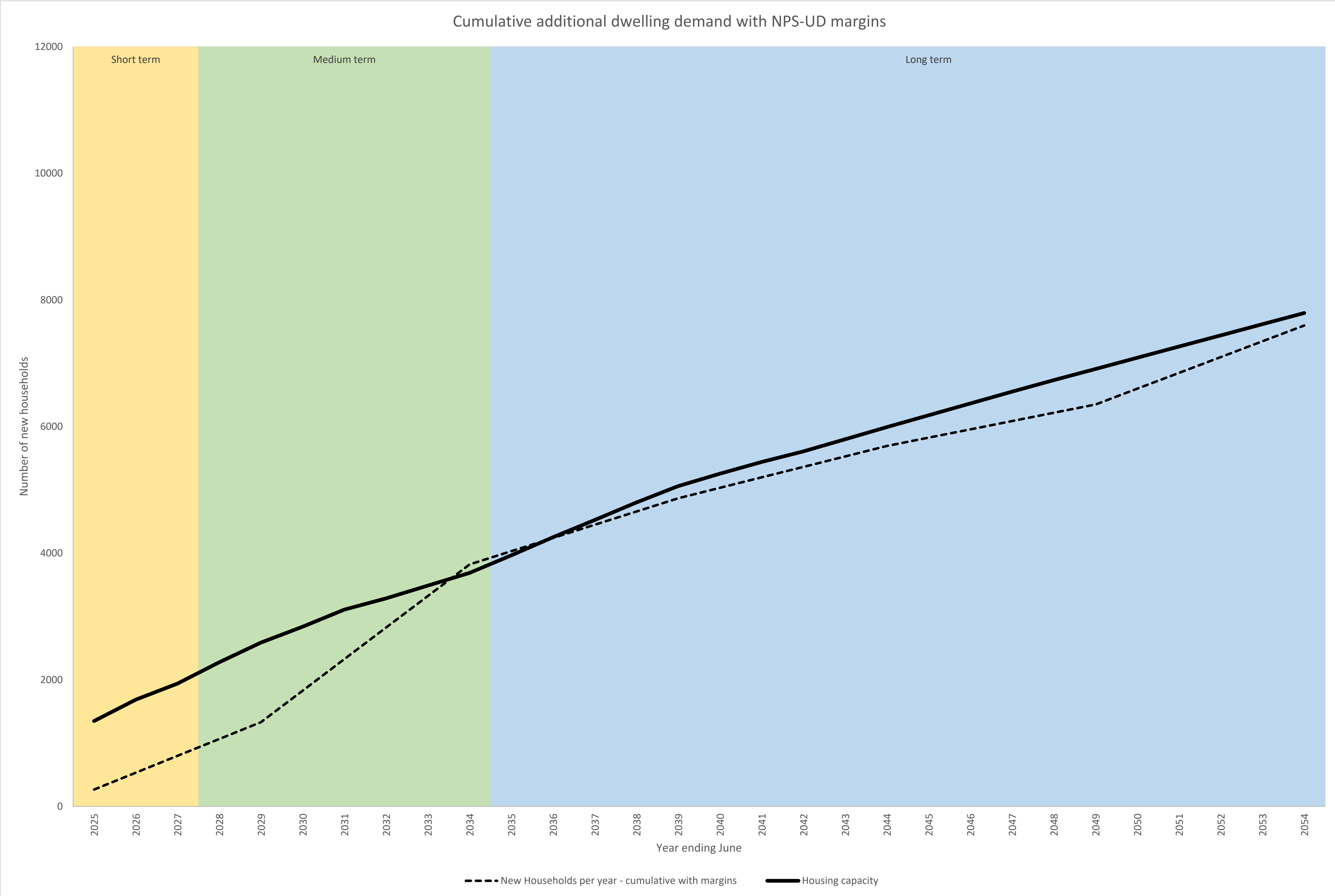
You have the right to seek an investigation and review by the Ombudsman of this response. Information about how to make a complaint is available at www.ombudsman.parliament.nz or Freephone 0800 802 602.

If you wish to discuss this decision with us, please feel free to contact **Clare Piper**
clare.piper@ncc.govt.nz

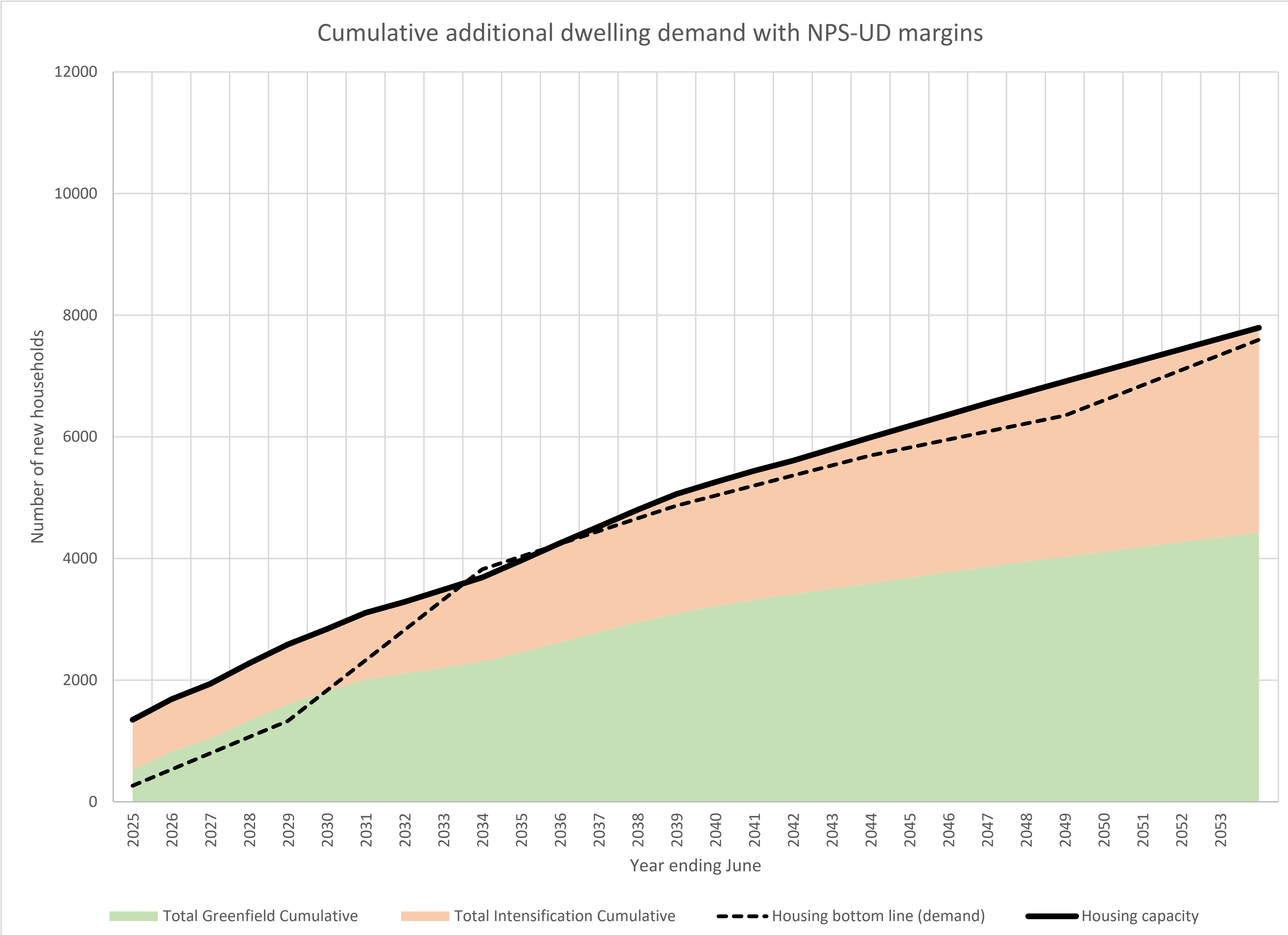
Ngā mihi,

**Clare Piper**
Manager Planning and Development
P 03 546 0343

Encl: Demand-Capacity table



Cumulative additional dwelling demand with NPS-UD margins
Short term
Medium term
Long term
Number of new households
0
2000
4000
6000
8000
10000
12000
2025
2026
2027
2028
2029
2030
2031
2032
2033
2034
2035
2036
2037
2038
2039
2040
2041
2042
2043
2044
2045
2046
2047
2048
2049
2050
2051
2052
2053
2054
Year ending June
New Households per year - cumulative with margins
Housing capacity



Cumulative additional dwelling demand with NPS-UD margins
12000
10000
8000
6000
4000
2000
0
Number of new households
2025
2026
2027
2028
2029
2030
2031
2032
2033
2034
2035
2036
2037
2038
2039
2040
2041
2042
2043
2044
2045
2046
2047
2048
2049
2050
2051
2052
2053
Year ending June
Total Greenfield Cumulative
Total Intensification Cumulative
Housing bottom line (demand)
Housing capacity

| year | Cumulative demand with margin | Short term | Medium term | Long term |
|---|---|---|---|---|
| 2024 | 266 | 12000 | 0 | 0 |
| 2025 | 532 | 12000 | 0 | 0 |
| 2026 | 798 | 12000 | 0 | 0 |
| 2027 | 1064 | 0 | 12000 | 0 |
| 2028 | 1330 | 0 | 12000 | 0 |
| 2029 | 1828 | 0 | 12000 | 0 |
| 2030 | 2327 | 0 | 12000 | 0 |
| 2031 | 2825 | 0 | 12000 | 0 |
| 2032 | 3324 | 0 | 12000 | 0 |
| 2033 | 3822 | 0 | 12000 | 0 |
| 2034 | 4031 | 0 | 0 | 12000 |
| 2035 | 4240 | 0 | 0 | 12000 |
| 2036 | 4449 | 0 | 0 | 12000 |
| 2037 | 4658 | 0 | 0 | 12000 |
| 2038 | 4867 | 0 | 0 | 12000 |
| 2039 | 5032 | 0 | 0 | 12000 |
| 2040 | 5198 | 0 | 0 | 12000 |
| 2041 | 5363 | 0 | 0 | 12000 |
| 2042 | 5528 | 0 | 0 | 12000 |
| 2043 | 5693 | 0 | 0 | 12000 |
| 2044 | 5824 | 0 | 0 | 12000 |
| 2045 | 5955 | 0 | 0 | 12000 |
| 2046 | 6086 | 0 | 0 | 12000 |
| 2047 | 6217 | 0 | 0 | 12000 |
| 2048 | 6349 | 0 | 0 | 12000 |
| 2049 | 6598 | 0 | 0 | 12000 |
| 2050 | 6848 | 0 | 0 | 12000 |
| 2051 | 7097 | 0 | 0 | 12000 |
| 2052 | 7347 | 0 | 0 | 12000 |
| 2053 | 7596 | 0 | 0 | 12000 |

| Year | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 | 2037 | 2038 | 2039 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Total Capacity (Yearly) | 1348 | 338 | 253 | 337 | 311 | 251 | 270 | 177 | 202 | 202 | 277 | 287 | 272 | 277 | 258 |
| Total Intensification Cumulative | 822 | 862 | 902 | 942 | 982 | 1030 | 1098 | 1177 | 1280 | 1384 | 1512 | 1631 | 1734 | 1850 | 1966 |
| Total Greenfield Cumulative | 526 | 824 | 1037 | 1335 | 1606 | 1809 | 2010 | 2109 | 2207 | 2305 | 2453 | 2621 | 2789 | 2950 | 3093 |
| Total Capacity (Cumulative) | 1348 | 1686 | 1939 | 2277 | 2588 | 2839 | 3108 | 3285 | 3487 | 3689 | 3965 | 4252 | 4524 | 4801 | 5059 |

| Year | 2040 | 2041 | 2042 | 2043 | 2044 | 2045 | 2046 | 2047 | 2048 | 2049 | 2050 | 2051 | 2052 | 2053 | 2054 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Total Capacity (Yearly) | 196 | 186 | 166 | 192 | 192 | 187 | 187 | 187 | 181 | 177 | 177 | 177 | 177 | 177 | 177 |
| Total Intensification Cumulative | 2042 | 2118 | 2195 | 2296 | 2398 | 2495 | 2592 | 2688 | 2785 | 2882 | 2979 | 3076 | 3172 | 3269 | 3366 |
| Total Greenfield Cumulative | 3213 | 3323 | 3413 | 3503 | 3593 | 3683 | 3773 | 3863 | 3947 | 4028 | 4108 | 4188 | 4268 | 4348 | 4428 |
| Total Capacity (Cumulative) | 5255 | 5441 | 5607 | 5799 | 5991 | 6178 | 6365 | 6552 | 6733 | 6910 | 7086 | 7263 | 7440 | 7617 | 7794 |