Fast-Track Approvals Bill Application

Brymer Farms Ltd

Relevant National Policy Statements and National Environmental Standards

1.1 National Policy Statement for Urban Development (NPS-UD)

The NPS-UD came into effect on 10 August 2020 and replaced the National Policy Statement on Urban Development Capacity 2016. The NPS-UD requires councils to plan well for growth and ensure a well-functioning urban environment for all people, communities and future generations. The NPS-UD is also designed to improve responsiveness and competitiveness of land and development markets by requiring local authorities to open up more development capacity, so more homes can be built in response to demand.

The NPS-UD applies to all local authorities that have all or part of an 'urban environment' within their district[1]. An urban environment in turn is defined as any area of land (regardless of size, and irrespective of local authority or statistical boundaries) that is or is intended to be predominantly urban in character and part of a housing and labour market of at least 10,000 people[2]. For the BFL site, the relevant urban environment is considered to be Hamilton City, being that the site adjoins that territorial authority boundary and existing residential footprint.

There are a number of objectives of the NPS-UD that are relevant to this proposal. They are:

> *Objective 1: New Zealand has well-functioning urban environments that enable all people and communities to provide for their social, economic, and cultural wellbeing and for their health and safety, now and into the future*
>
> *Objective 2: Planning decisions improve housing affordability by supporting competitive land and development markets.*
>
> *Objective 4: New Zealand's urban environments, including their amenity values, develop and change over time in response to the diverse and changing needs of people and communities and future generations.*
>
> *Objective 6: Local authority decisions on urban development that affect urban environments are;*
> *(a) Integrated with infrastructure planning and funding decisions; and*
> *(b) Strategic over the medium term and long term; and*
> *(c) Responsive, particularly in relation to proposals that would supply significant development capacity.*
>
> *Objective 7: Local authorities have robust and frequently updated information about their urban environments and use it to inform planning decisions.*

These objectives are supported by several relevant policies that refer to enabling a variety of homes (Policy 1(a)), supporting the competitive operation of land and development markets (Policy 1(c)) and being

[1] Clause 1.3, NPS-UD
[2] Clause 1.4, NPS-UD

responsive to plan changes that would add significant development capacity, even when it is out of sequence with planned land release (Policy 8(b)). Policy 6 also supports decisions that are consistent with well-functioning urban environments and can make a contribution to meeting the requirements of the NPS-UD.

These objectives and policies provide support for the BFL proposal as they emphasise the importance of increasing development capacity and supporting additional competition on the supply side of the housing market. In addition to this driver, the BFL proposal is consistent with the policy direction of the NPS-UD for the following reasons:

1. The NPS-UD imposes strong obligations on Councils, in high growth areas, to ensure that there is 'at least' enough feasible capacity 'at all times' to meet ongoing growth in housing demand, including providing a range of options to meet demand. Hamilton, being the largest urban centre within the Future Proof region, will experience the highest demand[3].
2. The linear pathway advocated by local authorities, has clearly not been successful or achieved for meeting actual housing demand or land supply, which has resulted in central government intervention and a direction in the NPS-UD for Future Development Strategies (FDS) to be prepared and for those strategies to address responsive planning (i.e. unanticipated or out-of-sequence developments).
3. The Housing and Business Capacity Assessment (HBCA) that supports and underpins Future Proof has identified that there are capacity shortfalls in the short-term, medium-term and long-term for Hamilton, which are driven by capacity constraints within existing urban areas and because the greenfield areas require significant economic investment in infrastructure to enable capacity to be "reasonably expected to be realised". The shortfalls are in the order of 4,500 dwellings, so additional capacity is clearly needed. This shortfall is also generating housing affordability issues, particularly for first home buyers. This view differs to HCC's whereby they have publicly stated that they have sufficient headroom between demand and zone-enabled supply[4]. Zoned enabled is one matter, but having capacity to service is the critical point – i.e. infrastructure ready. You can not deliver the land if it is not infrastructure ready.
4. Although significant increases in development opportunities are anticipated through intensification and funding for the development of greenfield areas for the medium and long-term, this is subject to funding being available. In this respect, Councils are experiencing significant challenges and financial commitments with infrastructure renewals (particularly in light of the retraction of the Three Waters Legislation) and new infrastructure development costs along with a desire to keeps rates at low as feasibly possible. There could accordingly be greater shortfalls, than projected, should infrastructure costs be delayed in favour of lower rates. The HBCA acknowledges this risk.
5. Following the announcement of various RMA policy changes, from the coalition government, there is also uncertainty as to whether Council's will proceed with the various residential intensification plan changes notified in 2023 as the Minister has set out that they will become "optional". Hamilton City Council (HCC), like other Council's in the Future Proof region, have opposed the mandatory intensification as they believe that they are already achieving higher rates of infill housing to meet the perceived shortfalls in urban density. Any reliance in the HBCA on expected intensification opportunity needs to be considered cautiously and perhaps re-evaluated should HCC decide not to proceed with Plan Change 12: Enabling Housing Supply[5]. Furthermore, HCC have recently confirmed

[3] The HBCA records that There is a projected demand for an additional 3,900 urban dwellings in the short-term (to 2025), or an additional 4,700 dwellings once a margin is applied. In the medium-term (to 2032) there is a demand for an additional 12,600 dwellings (+15,200 dwellings with a margin), and an additional 38,000 dwellings in the long-term (to 2052) (+44,400 dwellings with a margin).
[4] Memorandum of Counsel for HCC dated 26 April 2024 for PC12
[5] PC12 is currently on-hold, with a further reporting date in February 2024 to update the Hearing Panel with progress on Plan Change 14: Flood Hazards and central government direction on the MDRS.

that they will be 'opting-out' of the mandatory provisions and rolling back the intensification opportunities so they are focused on the City Centre (and its walkable catchment) and 6 suburban centres (Chartwell, Five Cross-Roads, Dinsdale, University, Hamilton East and the Hospital).

6. As an overarching national policy, the NPS-UD policy directive requires councils to apply an open mind genuinely and properly to consideration of unanticipated new growth areas. This needs to be applied, despite pre-existing strategies. There are also climate change effects, natural hazard issues and environmental bottom-lines, as well as economic and political wind changes. Councils, and by virtue Future Proof, must stay open minded and flexible to consider the merits of new urban growth areas and be prepared to re-examine the planning merits or viability of growth existing cells such as that the land areas are affected by new NPS policies, or more detailed knowledge available of constraints. That open-mind includes considering cross-boundary arrangements between territorial authorities where opportunities like the Brymer site are presented. Or enabling development where opportunities where the infrastructure requirements can be met on the site (as standalone systems) and/or where they are built and funded by developers with delayed paybacks.

7. The BFL site lies conveniently between the Dinsdale town centre and the proposed Rotokauri town centre. The southern portion of the site is currently accessed off Whatawhata Road providing a relatively direct and short route to Frankton, the Central City and the hospital. The northern portion will have connections to both Brymer Road and O'Brien Road, providing links to the adjacent road network, with good connections to arterial routes and the growing Rotokauri area. Public transport currently runs past the southern end of the site and very close to the proposed Brymer Road connection and other proposed northern connection points for active transport.

8. The BFL site will provide for 2000 additional houses. This represents a significant boost in supply and will help the market be more responsive to growth in demand, thereby reducing the rate at which prices in the sub-region will grow over time. Furthermore, BFL are committed to providing 25% of the site as affordable/social housing along with a dedicated retirement village/senior living offering. The variety of housing typologies proposed, particularly the higher density opportunities, will help with housing affordability.

9. In addition to boosting dwelling capacity, the Brymer site will also help to foster competition in the local market. This is important because, as recognised through objective 2 of the NPS-UD, competition is the cornerstone of economic efficiency. When the land market becomes more competitive, land developers have a greater incentive to get their product to the market in a timelier and cost effective manner.

10. The day-to-day needs of residents can be met through the provision of a Neighbourhood Centre, albeit recognising that the Hamilton CBD is only 5km to the east for higher order shopping and employment opportunities.

11. Energy demand is an important factor in any development. To cater for this demand BFL are investing options for both collective and individual solar arrays and batteries to cater for most, if not all of the development baseload requirements. Surplus power will also be diverted into the local network. Conversations with WEL Networks, to achieve such outcomes, are ongoing.

12. Substantial effort has already gone into investigations into the feasibility of development of the Brymer site since mid-2021 to inform the masterplanning and this application.

13. There are considerable opportunities to protect and enhance the site, which would have significant benefits to the wider catchment. This includes providing for the creation of a blue-green network with denser housing options and thriving communities based around it.

14. A high-level Infrastructure Assessment, by Maven has confirmed that there are available design solutions for three waters management, including on-site options should it be found that there are capacity constrains within the HCC networks. Similarly the Road Network Connectivity Assessment has looked at the transportation opportunities and constraints: Specifically these documents conclude that:

15. A high-level geotechnical investigation, by T&T, has also confirmed that the majority of the land is suitable for residential development, but does present some geotechnical challenges that will require careful earthworks management, site design and thereafter specific foundation design. The challenges identified (i.e. peat soils, liquification and static settlement risk and slope stability) are not new and are ones that developers are constantly working through within the sub-region.
16. The LUC classification has confirmed that the majority of the land is available for development is Class 3, which is the lowest classification in the NPS-HPL. Whilst not confirmed, it is also understood that the Government is looking at updating the NPS-HPL to remove Class 3 land from being defined as highly productive land, which would remove the NPS-HPL tests from the rezoning of the land. Should Class 3 be retained in the NPS-HPL the conclusion of the HBCA is that there are capacity shortfalls in the short and medium-term. The Brymer site could provide for some of this capacity shortfall and therefore has a pathway through the NPS-HPL tests.
17. The land is in single ownership of a motivated developer, with a proven track record and with a desire to develop. The development potential can be realised in the short term.

For these reasons, the enablement of development of the BFL land will positive address and be consistent with the principles of the NPS-UD.

1.2 National Policy Statement for Highly Productive Land (NPS-HPL)

The NPS-HPL came into effect on the 17 October 2022. The policy direction[22] of the NPS-HPL is to protect highly productive land (HPL) by prioritising land-based primary production; avoiding subdivision of HPL, protecting HPL from inappropriate use and development and managing reverse sensitivity effects so as not to constrain land-based primary production activities. HPL is defined as being land that has a Land Use Capability ('LUC') class of 1-3.

BFL has undertaken detailed mapping across the site which has confirmed that the site consists of LUC classifications of 2 to 4 and 6[6]. The LUC Class 2-3 land is generally located in the central and flatter portion of the site, with Class 4 being the predominant LUC to the north. This mapping is more detailed than the NZLRI map information which shows the site as having a LUC classification of 4e2 and 2w2, with a roughly even split.

Being that the site includes HPL, consideration of the NPS-HPL is required. The NPS-HPL provides pathways for the development of HPL where it is identified for future urban development (Clause 3.5(7)(b)) or if it is required to provide sufficient development capacity to meet a demand for housing to give effect to the NPS-UD and there are no other reasonably practicable or feasible options for providing at least sufficient development capacity within the same locality and market while achieving a well-functioning urban environment and the environmental, social, cultural and economic benefits outweigh the associated costs (Clause 3.6 (1)).

The BFL land is not identified in either the Hamilton Urban Growth Strategy (HUGS)[7], the Waikato District Council Growth & Economic Development Strategy (Waikato 2070)[8], or Future Proof[9] as being earmarked for future residential development because of its location on the HCC/Waikato District territorial authority boundary. The site therefore is not exempt from the NPS-HPL under Clause 3.5(7).

[6] Including LUC 2w2, LUC 3e3, LUC 3e1, LUC, 3w1, LUC 3w2, LUC 4w1, LUC 4w2, LUC 4e2 and LUC 6e2
[7] April 2023
[8] Waikato 2070 was adopted by WDC in May 2020
[9] BFL recently submitted on the Future Proof Strategy update, requesting that their land be signalled as a Future urban Area in the strategy (Map 6: Current and Future Urban Areas).

The Insight Economics report submitted in support of the Future Proof submission (and attached here) has confirmed that the BFL will help meet an identified shortfall in capacity. What makes the BFL site unique in this regard is the opportunity for that capacity to be delivered without the financial strain that other land places on the council. This is because BFL will fund and/or provide that infrastructure. It can also be established that the environmental, social, cultural and economic benefits outweigh the associated costs of not developing the land. For these reasons, there is a pathway through the test of NPS-HPL to enable development of the BFL land.

1.3 National Policy Statement for Freshwater Management (NPS-FW)

The NPS-FW came into effect on 3 September 2000. The NPS-FW is premised on a 'fundamental concept' termed 'Te Mana o Te Wai'/the integrated and holistic well-being of a freshwater body (Part 1 of the NPS), which must be recognised in development. To give effect to this concept, the NPS-FW requires Regional Councils to recognise the national significance of freshwater and freshwater quality (including for groundwater) within a region must be maintained or improved.

Te Mana o te Wai encompasses 6 key principles relating to the management of freshwater by both tangata whenua and other New Zealanders. These principles are set out in section 1.3 of the NPS Freshwater and inform the NPS and its implementation.

Any development in close proximity to a freshwater body has potential to compromise the health and wellbeing of the water body. Part 2 sets out the objective and policies of the NPS-FW. The objective states:

> *2.1 Objective*
> *The objective of the National Policy Statement is to ensure that natural and physical resources are managed in a way that practises:*
> *a) First, the health and well-being of water bodies and freshwater ecosystems*
> *b) Second, the health needs of people(such as drinking water)*
> *c) Third, the ability of people and communities to provide for their social, economic, and cultural well-being, now and in the future.*

Under this objective, there are various relevant policies relating to giving effect to Te Mana o te Wai, tangata whenua involvement, management of freshwater on a whole-of-catchment basis, maintenance and improvement of freshwater bodies and the efficient allocation and use of freshwater. The development of BFL can be designed having regard and in a manner that will achieve consistency with the above objective and its relevant policies.

1.4 National Policy Statement for Indigenous Biodiversity

The NPS-IB came into effect on 4 August 2023. It directs councils to protect, maintain, and restore indigenous biodiversity so that there is 'at least' no further reduction nationally. That direction is to be achieved by identifying, mapping and protecting Significant Natural Areas ('SNAs'), promoting restoration of indigenous biodiversity and indigenous vegetation cover and monitoring native species.

The SNA provisions in the NPS-IB apply to areas that have been identified as such in the district plan. SNAs within Waikato District have been introduced in the PDP-AV. There are no mapped SNAs on the site. The closest SNA, within Waikato District, is located north of the site on the southern margins of Lake Rotokauri.

The closest SNA, within HCC, is Brymer Park[10] which is located north of Brymer Road. Further afield is the Waiwhakareke Natural Heritage Park.

The NPS-IB also includes criteria, in Appendix 1[11] for identifying areas that qualify as significant natural areas. The Preliminary Ecological Assessment undertaken by Freshwater Solutions has confirmed that the vegetation covers within the site is as what would be expected on farmland, and there are no significant stands of vegetation that would qualify as SNA's.

The site however may trigger criterion C(6)(a). C(6)(a) specifies that an area that qualifies as an SNA under this criterion provides habitat for an indigenous species that is listed as Threatened or At Risk (declining) in the NZ Threat Classification System list. In this situation, the site may provide a foraging and/or commuting habitat for long-tailed bats. In addition, long-tailed bats are listed as a 'highly mobile species' in the NPS-IB. Further investigations are required to assess the extent at which the site may be used by long-tailed bats.

If further ecological investigation finds significant bat presence, then the site will qualify as an SNA, and Clause 3.10 of the NPS-IB will be relevant. Clause 3.10 requires the management of adverse effects on SNAs of new subdivision, use and development. This can be achieved through development controls, mitigation and potentially offsetting.

The implications of the NPS-IB, and overall consistency with it, will be confirmed through more detailed ecological analysis across the site.

1.5 National Environmental Standard – Assessing and Managing Contaminations in Soil to Protect Human Health (NES-CS)

NESCS commenced on the 1 January 2012. The NES-CS was established to ensure land affected by contaminated soil is appropriately identified and assessed when soil disturbance, soil sampling, subdivision or land use change activities take place. The NES-CS applies to any piece of land on which an activity or industry described in the current edition of the HAIL is being undertaken, has been undertaken or is more likely than not to have been undertaken. The NES-CS is administered by district and city councils.

To establish whether a HAIL activity has been undertaken on the site BTW has completed a Detailed Site Investigation (DSI). The DSI has identified that there are three separate stockyards on the site that are a 'piece of land'. For this reason, subdivision, soil disturbance and/or change of land use will require consent as a restricted discretionary activity under Regulation 10 of the NES-CS when those pieces of land are being developed. Apart from these three sites, the DSI has concluded that the balance of the land is highly unlikely to present a risk to human health when the site is developed for residential purposes.

1.6 National Environmental Standard for Freshwater Management (NES-FM)

The NES-FM came into effect on the 3 September 2020 as part of the Government's wider 'action for Healthy Waterways' and to provide regulation around the requirements of the NPS-FM. The NES-FM imposes tighter regulations around activities that pose a risk to the health of freshwater and freshwater ecosystems. The NES-FM imposes new standards for farming activities and standards for freshwater related activities. In summary, the standards are designed to:

- Protect existing inland and coastal wetlands
- Protect urban and rural streams from in-filling

[10] Lot 68 DPS 70339 (SA56C/176)
[11] Appendix 1 of the NPS-IB – Criteria for identifying areas that qualify as significant natural areas.

- Ensure connectivity of fish habitat (fish passage)
- Set minimum requirements for feedlots and other stockholding areas
- Improve poor practice intensive winter grazing of forage crops
- Restrict further agricultural intensification until the end of 2024
- Limit the discharge of synthetic nitrogen fertiliser to land and require reporting of fertiliser use (to take effect in winter of 2021).

As the proposal does not fall into the ambient of a farming activity the regulations relating to farming activities are not applicable. The proposal will however result in a discharge of water upstream of a waterway and a natural wetland. Further preliminary design of the design outcomes will subsequently confirm whether Regulation 54 of the NES-FW is relevant to this application, and thus whether additional authorisations under Regulation 54 are required. It is anticipated that Regulation 54 will apply where vegetation clearance and/or earthworks is within 10m of a natural wetland and/or if the development outcome discharges stormwater within or within a 100m setback from a natural wetland.

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Technical Memo

To:	Levin Da Costa	From:	Fraser Colegrave
Date:	Monday, 19 February 2024	Page:	5 (including this page)
Subject:	Review of 2023 HCA and related commentary		

Levin,

Thank you for contacting me about your submission on the updated Future Proof Strategy (**FPS**). As discussed, this short memo provides some preliminary comments and observations on the latest (2023) Housing Capacity Assessment (**HCA**), which appears to underpin the updated FPS. In addition, I briefly comment on the latest house price, rental, and affordability data for the sub-region.

Structure of this memo

The remainder of this memo is structured as follows:

- Short-medium sufficiency according to the 2023 HCA
- Need for additional capacity in/around Hamilton City
- Need for additional capacity in/around Te Awamutu
- Latest house price, rental, and affordability data
- Summary and conclusion

Short-medium sufficiency in the 2023 HCA

The 2023 HCA was commissioned to capture the impacts of new, higher density developments enabled by the MDRS, and by Policy 3 of the NPS-UD. In addition, it seeks to reflect recent changes in construction costs and interest rates, which affect viability. Figure 1 summarises the medium-term sufficiency assessment contained in the 2023 HCA, which I presume is the most relevant timeframe here (i.e. given the short-medium term focus of clause 3.6 of the NPS HPL).

Figure 1: Medium-Term Sufficiency Assessment (from 2023 HCA)

AREA	Additional Demand + Margin[1]	Plan Enabled Capacity[2]	Infrastructure Served Capacity[3]	Commercially Feasible Capacity[4]	Reasonably Realised Capacity[5]		Net Sufficiency[6]	
					Conservative Allocation/ Baseline	HCC Growth Model	Conservative Allcoation/Base	HCC Growth Model
WAIKATO DISTRICT								
Pokeno/Tuakau	1,700	23,600	21,100	5,500	3,900		2,200	
Te Kauwhata	600	8,300	7,500	1,100	900		300	
Huntly/Ohinewai	1,100	9,700	8,700	200	20		-1,100	
Taupiri/Hopuhopu/Ngaruawahia/Horotiu	800	12,700	11,600	800	200		-600	
Raglan	800	5,400	3,700	1,200	500		-260	
Total[7]	**5,100**	**59,700**	**52,700**	**8,700**	**5,600**		**500**	
HAMILTON CITY								
Greenfield	15,200	46,700	24,600	9,000	6,000	5,500	-2,800	- 4,500
Infill/Intensification		195,700	65,200	29,700	6,400	5,200		
Total[7]	**15,200**	**242,500**	**89,800**	**38,700**	**12,400**	**10,700**	**-2,800**	**-4,500**
WAIPA DISTRICT								
Cambridge	2,300	21,700	21,700	4,800	2,100		-170	
Te Awamutu	1,300	20,300	20,300	2,200	2,100		800	
Total[7]	**3,500**	**42,000**	**42,000**	**7,000**	**4,100**		**600**	
TOTAL FUTURE PROOF[7]	**23,700**	**344,200**	**184,500**	**54,500**	**22,100**		**- 1,700**	**- 3,300**

Need for additional capacity in/around Hamilton City
Figure 1 shows that significant shortfalls of up to 4,500 dwellings are expected in/around the city over the short-medium term, depending on the scenario adopted. So, additional capacity is clearly needed.

In my view, the Brymer proposal will provide a much-needed boost in supply, right on the edge of the city, while avoiding any undue financial strain on HCC to provide the necessary infrastructure. This is because, I understand, Ultimate can otherwise fund or provide that infrastructure its own behalf. At the same time, the Brymer proposal will increase choice and competition while providing new living options for the fastest-growing segment of the market. i.e. retirees. Accordingly, I continue to strongly support the Brymer proposal on economic grounds and urge Ultimate to work closely with other stakeholders to gradually bring it to life.

Need for additional capacity in/around Te Awamutu
Unlike Hamilton City, significant surpluses are estimated for Te Awamutu (**TA**) over the short-medium term, and for the Waipa district overall.

Without reading the entire (240-page) report from cover to cover, it is difficult to understand why TA is expected to have so much surplus capacity. However, we did notice that a very high proportion of its feasible capacity is deemed "reasonably expected to be realised" or **RER**. This is illustrated in the table below, where 95% of TA's feasible capacity is presumed to be RER, compared to a FP total of only 37%. We recommend that someone drill down to understand the basis for this assumption, as it has a profound impact on the perceived need (or otherwise) for additional capacity.

Table 1: Comparison of RER as a % of Feasible Capacity by Area

Waikato District	**Feasible**	**RER**	**RER %**
Pokeno/Tuakau	5,500	3,900	71%
Te Kauwhata	1,100	900	82%
Huntly/Ohinewai	200	20	10%
Taupiri/Hopuhopu/Ngaruawahia/Horotiu	800	200	25%
Raglan	1,200	500	42%
Total	**8,800**	**5,520**	**63%**
Hamilton City	**Feasible**	**RER**	**RER %**
Infill	9,000	5,500	61%
Greenfield	29,700	5,200	18%
Total	**38,700**	**10,700**	**28%**
Waipa District	**Feasible**	**RER**	**RER %**
Cambridge	4,800	2,100	44%
Te Awamutu	2,200	2,100	95%
Total	**7,000**	**4,200**	**60%**
FP Total	**54,500**	**20,420**	**37%**

In addition, it is important to realise that TA's reported medium-term capacity surplus only holds in aggregate across all price bands. Within that, there are significant shortfalls. This is shown in the excerpt below from page 157 of the 2023 HCA, where the overall surplus of 800 dwellings masks shortfalls in all but one price band. Accordingly, additional capacity is needed to provide new homes in TA outside the $500k to $600k price band where HCA capacity is mostly concentrated.[1]

Table 6-51: Sufficiency by Dwelling Value Band: Te Awamutu/Kihikihi Medium-Term (Current Prices)

Dwelling Value Band	2032 Demand (Current Prices)	CAPACITY: Existing Dwelling Stock	RER Capacity: Detached	RER Capacity: Attached	RER Capacity: Apartments	Total RER	Total Current + Potential Future	Net Sufficiency
Under $100k	30	20	-	-	-	-	**20**	0
$100k to $200k	100	80	-	-	-	-	**80**	-20
$200k to $300k	200	200	-	-	-	-	**200**	-30
$300k to $400k	400	300	-	-	-	-	**300**	-60
$400k to $500k	1,300	1,100	70	-	-	70	**1,200**	-200
$500k to $600k	1,900	1,600	2,000	-	-	2,000	**3,600**	1,700
$600k to $700k	1,500	1,200	10	-	-	10	**1,200**	-200
$700k to $800k	800	600	-	-	-	-	**600**	-100
$800k to $900k	500	400	-	-	-	-	**400**	-80
$900k to $1m	200	200	-	-	-	-	**200**	-40
$1m to $1.25m	300	300	-	-	-	-	**300**	-50
$1.25m to $1.5m	100	100	-	-	-	-	**100**	-20
$1.5m to $1.75m	50	40	-	-	-	-	**40**	-10
$1.75m to $2m	30	30	-	-	-	-	**30**	-10
$2m to $2.25m	20	10	-	-	-	-	**10**	0
$2.25m to $2.5m	10	10	-	-	-	-	**10**	0
$2.5m +	50	50	-	-	-	-	**50**	-10
TOTAL	**7,500**	**6,200**	**2,100**	**-**	**-**	**2,100**	**8,300**	**800**

Source: M.E 2023 FPP HBA.

Latest Price, Rental and Affordability Data

For context, we also reviewed the latest house price and weekly rental data published for the FP area under the NPS-UD. To that end, Figure 2 (overleaf) shows how the median price has changed over time. Despite a recent cooling, the median house price has still risen from $105,000 in 1993 to nearly $760,000 in late 2023 – an average annual growth rate of 6.8%.

Figure 3 (also overleaf) shows the corresponding trend in weekly rental values. While these haven't risen quite as quickly as house prices, growing at only 4.5% annually, they have still grown quicker than incomes and therefore placed increasing financial stress on renting households.

Households buying their first home are also (naturally) under pressure, with the latest Core Logic Affordability report showing that it takes about 9 years just to save the deposit on a home. In addition, Core Logic calculate that about 47% of gross household income is required to service a mortgage if/once acquired. The table below provides the detail by FP partner Council area.

Table 2: Latest Core Logic Housing Affordability Data for FP Council Areas

TA	Average Property Value	Average Household Income	Value to Income Ratio	Mortgage Servicing	Years to Save Deposit	Rent Affordability
Hamilton City	$803,275	$117,410	6.8	47%	9.1	21%
Waikato District	$729,685	$109,080	6.7	46%	8.9	24%
Waipa District	$888,090	$129,700	6.8	47%	9.1	22%

[1] We also consider Table 6-51 of the 2023 HCA to demonstrate that the analysis may not accurately represent real-world market outcomes, where developers usually meet a range of different price points to cater for varying needs and budgets.

shortfalls in all but one price band. Accordingly, additional capacity is needed to provide new homes in TA outside the $500k to $600k price band where HCA capacity is mostly concentrated.[1]

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Under $100k	30	20	-	-	-	-	**20**	0
$100k to $200k	100	80	-	-	-	-	**80**	-20
$200k to $300k	200	200	-	-	-	-	**200**	-30
$300k to $400k	400	300	-	-	-	-	**300**	-60
$400k to $500k	1,300	1,100	70	-	-	70	**1,200**	-200
$500k to $600k	1,900	1,600	2,000	-	-	2,000	**3,600**	1,700
$600k to $700k	1,500	1,200	10	-	-	10	**1,200**	-200
$700k to $800k	800	600	-	-	-	-	**600**	-100
$800k to $900k	500	400	-	-	-	-	**400**	-80
$900k to $1m	200	200	-	-	-	-	**200**	-40
$1m to $1.25m	300	300	-	-	-	-	**300**	-50
$1.25m to $1.5m	100	100	-	-	-	-	**100**	-20
$1.5m to $1.75m	50	40	-	-	-	-	**40**	-10
$1.75m to $2m	30	30	-	-	-	-	**30**	-10
$2m to $2.25m	20	10	-	-	-	-	**10**	0
$2.25m to $2.5m	10	10	-	-	-	-	**10**	0
$2.5m +	50	50	-	-	-	-	**50**	-10
TOTAL	**7,500**	**6,200**	**2,100**	**-**	**-**	**2,100**	**8,300**	**800**

Source: M.E 2023 FPP HBA.

Latest Price, Rental and Affordability Data

For context, we also reviewed the latest house price and weekly rental data published for the FP area under the NPS-UD. To that end, Figure 2 (overleaf) shows how the median price has changed over time. Despite a recent cooling, the median house price has still risen from $105,000 in 1993 to nearly $760,000 in late 2023 – an average annual growth rate of 6.8%.

Figure 3 (also overleaf) shows the corresponding trend in weekly rental values. While these haven't risen quite as quickly as house prices, growing at only 4.5% annually, they have still grown quicker than incomes and therefore placed increasing financial stress on renting households.

Households buying their first home are also (naturally) under pressure, with the latest Core Logic Affordability report showing that it takes about 9 years just to save the deposit on a home. In addition, Core Logic calculate that about 47% of gross household income is required to service a mortgage if/once acquired. The table below provides the detail by FP partner Council area.

Table 2: Latest Core Logic Housing Affordability Data for FP Council Areas

TA	Average Property Value	Average Household Income	Value to Income Ratio	Mortgage Servicing	Years to Save Deposit	Rent Affordability
Hamilton City	$803,275	$117,410	6.8	47%	9.1	21%
Waikato District	$729,685	$109,080	6.7	46%	8.9	24%
Waipa District	$888,090	$129,700	6.8	47%	9.1	22%

[1] We also consider Table 6-51 of the 2023 HCA to demonstrate that the analysis may not accurately represent real-world market outcomes, where developers usually meet a range of different price points to cater for varying needs and budgets.

Figure 2: Median House Price in the Future Proof sub-region

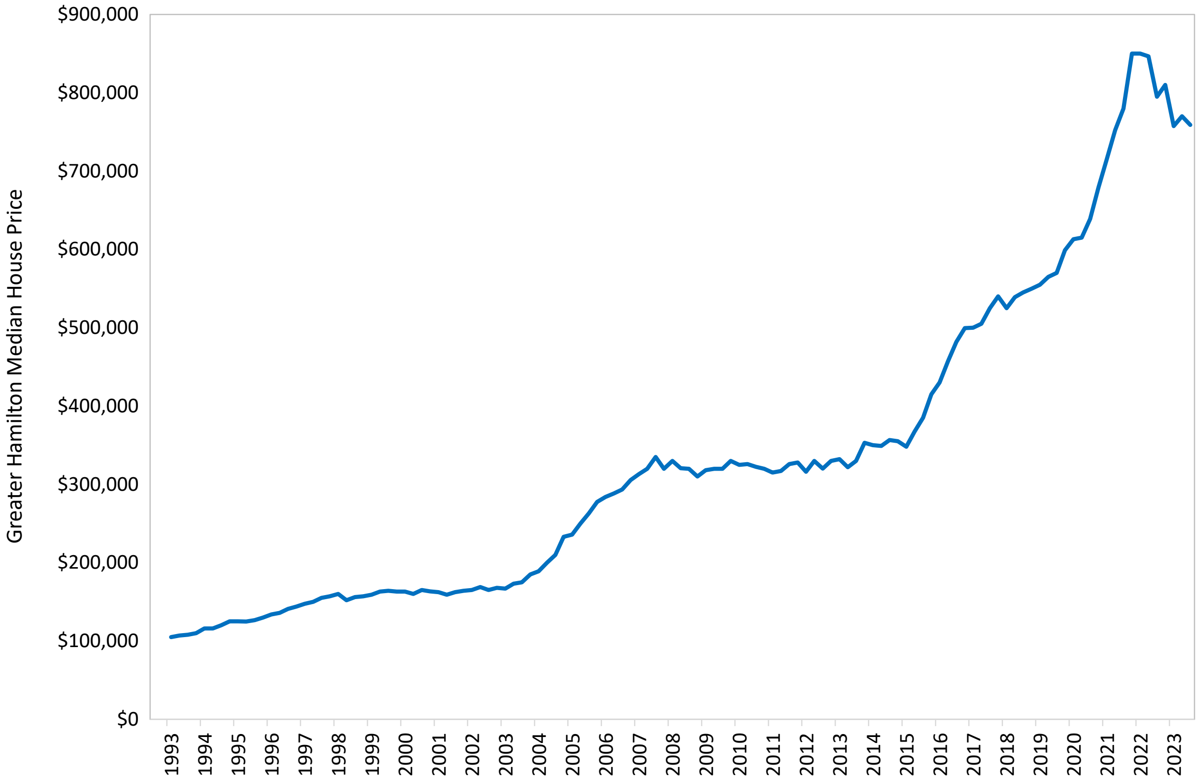
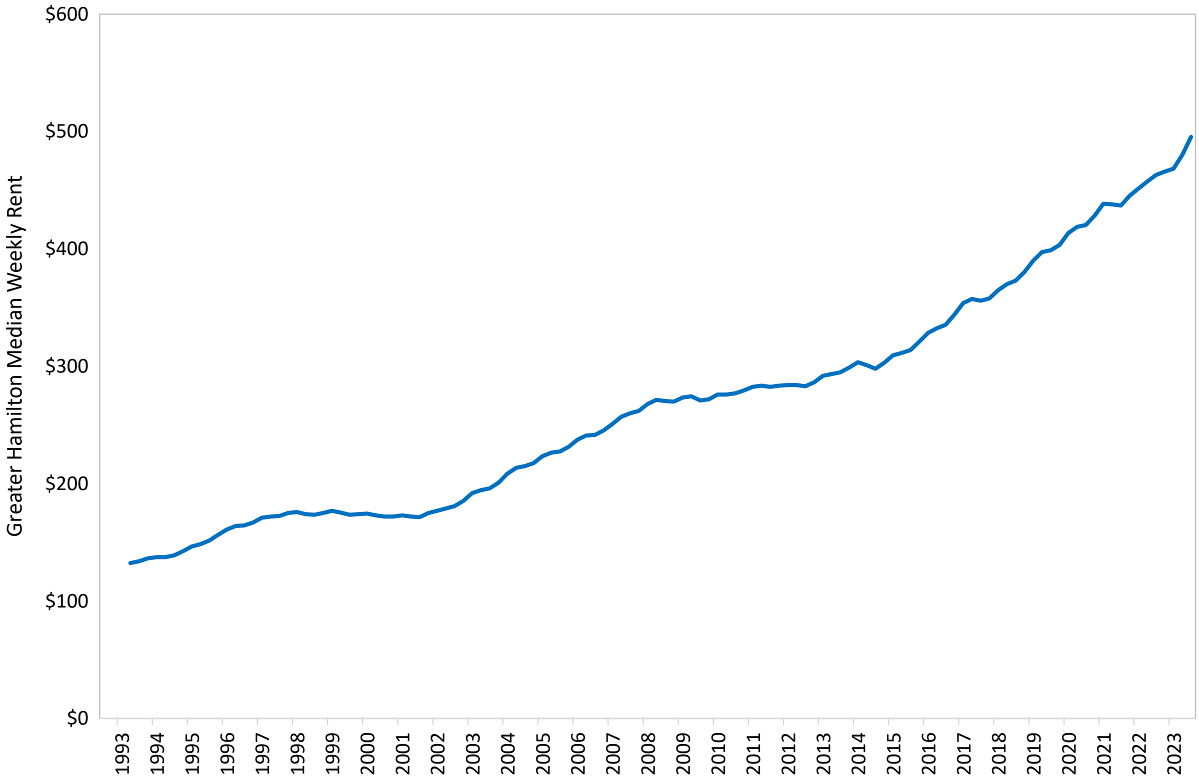


Figure 3: Mean Weekly Rent Values in the Future Proof sub-region



Summary and Conclusion

This memo has shown that there is insufficient capacity for new dwellings across the FP area overall in the short-medium term, with notable shortfalls also evident (i) at more fine-grained geographic levels, and/or (ii) for dwellings at specific price points. Coupled with ongoing increases in house prices and weekly rental values, these capacity shortfalls mean that significant boosts in supply are required. We therefore continue to support Ultimate Group's plans to rezone land for new housing in strategically chosen locations across the FP area over time, and to cater for the fastest growing segment of the local housing market (retirees).

I trust that this memo provides all the information that you need for now, but please let me know if you need anything further.

Sincerely,

Fraser Colegrave
Managing Director
Insight Economics Limited