



Economic Assessment for: Plimmerton Farm Mixed-Use Development – Stage 1

PREPARED FOR
KM and MG Holdings Limited



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1. Executive Summary

Stage 1 of the Plimmerton Farm development (the proposal) is comprised of 878 residential dwellings.

Within the Porirua City District, stand alone dwellings achieved an average sale price of \$1,010,000, while terrace housing achieved an average sale price of \$750,000.

There is a relatively low proportion of terrace (25%) and apartment (0%) dwellings consented over the last 5 years in the Porirua City District compared with the Region as a whole (32% and 17% respectively). The proposed development is anticipated to provide terrace and apartment housing that will address this comparative shortage.

There is one small scale and two medium-large scale residential developments currently selling within Porirua City, with a total supply of 1,122 new dwellings.

Of the total supply, there are approximately 727 dwellings remaining. This equates to 2-3 years of supply based on the annual demand of approximately 335 dwellings per annum, indicating there is a shortage of new residential dwellings resulting in unmet demand in Porirua City.

There are three retirement villages in Porirua City that currently provide a total of 584 units to the market. Additionally, a total of 158 government subsidised care/hospital units are provided across two care home/hospitals. This brings the total retirement unit supply in Porirua City to 731 units/beds.

As of 2022, there are approximately 5,265 65+ households residing in Porirua City (estimated based on an average household size of 1.5). At an estimated market penetration rate of 20%, this equates to retirement village demand for approximately 1,055 units. When compared against the total retirement village supply, there is a shortage of 324 units, which will continue to worsen unless additional supply enters the market.

Holding supply constant, Porirua City will have demand for approximately 2-3 medium-large additional retirement villages by 2032 and for approximately 4-5 medium-large additional retirement villages by 2042 when accounting for the existing shortage.

The proposal is estimated to house a population of approximately 2,280 based on an average household size of 3. Using the development benchmarks of 0.7m² and 1.0m² of centre floorspace per capita, stage 1 could support between 1,600m²-2,280m² of commercial floor area.

The proposal is within a 10-minute drive of the Porirua city centre, giving the residents access to approximately 786 businesses offering a total of approximately 10,800 jobs.

It is estimated that the construction of the proposal would generate 1,213 FTE jobs and contribute \$160.9 million to construction sector GDP.

The proposal would provide additional housing with an estimated development average price of approximately \$780,000. The proposal, therefore, provides a range of affordable housing that meets the market demand for additional dwellings.



The proposal would meet the economic requirements of the fast-track consenting process and is recommended for approval.

2. Introduction

This report provides an economic and market assessment to support a fast-track consent application for stage 1 of a proposed mixed-use development at Plimmerton Farm.

2.1. The Proposal

Figure 1 outlines the location of the total Plimmerton Farm development site. Stage 1 of the Plimmerton Farm development is for approximately 878 dwellings, with future stages containing a lot for a retirement village, a lot for a commercial development and a lot for a school. Stage 1 ("the proposal") is anticipated to provide a mix of stand alone (detached), duplex, apartments and terrace dwellings, with an estimated development average market price of approximately \$780,000.

Figure 1: Proposal Site



Source: Google, LINZ



Figure 2: Proposed Dwelling Yield

Product Type	Count	Estimated Sale Price*
Stand Alone	63	\$950,000
Duplex	263	\$900,000
Terrace	237	\$750,000
Apartment	292	\$650,000
Vacant **	23	\$950,000
Total/Avg	878	\$780,000

Source: Voxell, Urban Economics

*Average

** Anticipated to be developed with same configuration and price as the "Stand Alone" Product

3. Study Area

Figure 3 outlines the study area which is used to evaluate the local residential market for the proposed development. The study area includes all SA2's (Statistical Area Unit 2) that make up the Porirua City District.

Figure 3: Study Area



Source: Urban Economics



4. Housing Market Supply Assessment

This section provides an overview of the current housing supply market within the Porirua City District.

4.1. Existing Housing Stock (Recent Valuation)

Figure 4 displays the 'existing housing stock' capital valuation for the Porirua City District. The main points to note are:

- The majority of stand alone dwellings are valued in the \$400,000-\$800,000 price range.
- The majority of terrace houses are valued in the \$300,000-\$600,000 price range.

Figure 4: Porirua City District Residential Market Stock Profile (Current Capital Valuation)

Price Bracket	Stand Alone	Terrace	Total
Less Than \$300,000	0	65	65
\$300,000-\$400,000	475	360	835
\$400,000-\$500,000	3,615	395	4,010
\$500,000-\$600,000	2,450	280	2,730
\$600,000-\$700,000	2,770	240	3,010
\$700,000-\$800,000	2,450	105	2,555
\$800,000-\$900,000	1,795	40	1,835
\$900,000-\$1,000,000	1,190	15	1,205
\$1,000,000-\$1,100,000	515	5	520
\$1,100,000-\$1,200,000	260	5	265
\$1,200,000-\$1,300,000	130	5	135
\$1,300,000-\$1,400,000	70	5	75
\$1,400,000-\$1,500,000	40	0	40
\$1,500,000-\$1,600,000	35	0	35
\$1,600,000-\$1,700,000	15	0	15
\$1,700,000-\$1,800,000	10	0	10
\$1,800,000-\$1,900,000	10	0	10
\$1,900,000-\$2,000,000	5	0	5
\$2,000,000+	15	5	20
Total	15,850	1,525	17,375

Source: CoreLogic

4.2. Recent Residential Sales Analysis

Figure 5 illustrates the distribution of dwelling sales by price over the August 2021-2022 period. The highest priced locations within the Porirua City District are Aotea and Whitby, which typically achieve sale prices above \$1,000,000-\$1,500,000. The proposal site is located in close proximity to Camborne, which has a relatively mixed price profile, with an approximate equal share of sales over



the last year occurring between \$500,000-\$1,000,000 and \$1,000,000-\$1,500,000.

Figure 5: Porirua City District Residential Sales August 2021-2022



Source: CoreLogic

Figure 6 displays the average residential sale price achieved over the August 2021-2022 period in the Porirua City District. Stand alone dwellings achieved the highest average sale price of \$1,010,000, while terrace housing achieved an average sale price of \$750,000. In addition, the average sale price of vacant sections over the same period was \$470,000.



Figure 6: Porirua City District Average Residential Sale Price by Dwelling Type August 2021-2022

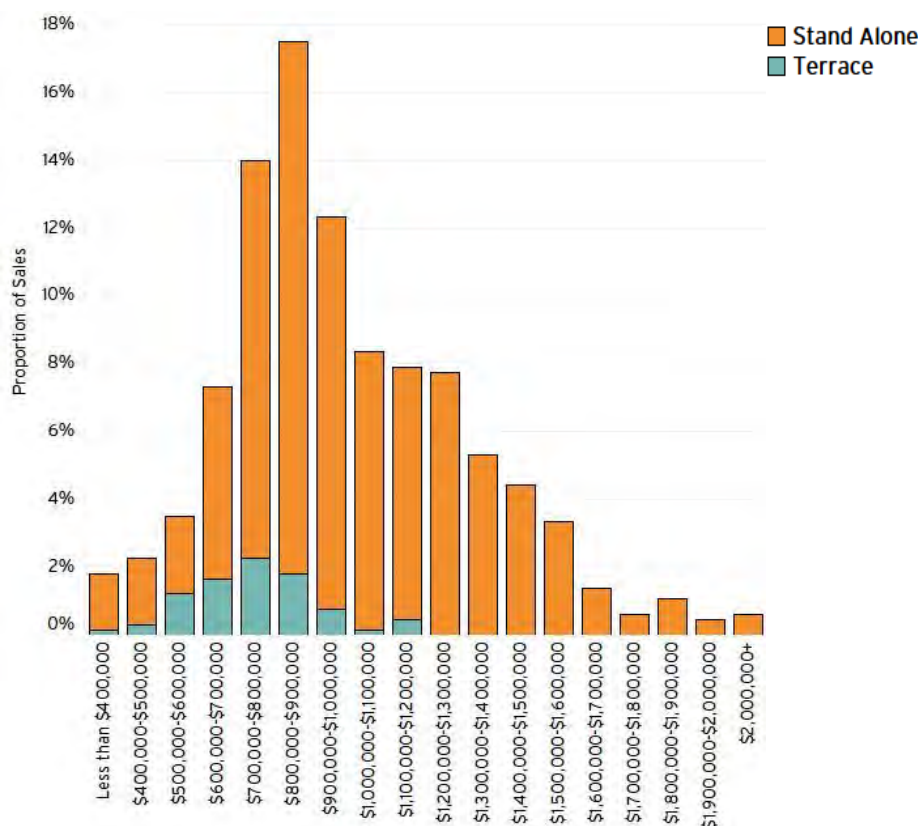
Dwelling Type	Average Sale Price
Stand Alone	\$1,010,000
Terrace	\$750,000
Vacant	\$470,000
Total	\$950,000

Source: Corelogic

The following figures display the proportion of residential sales for dwellings in the Porirua City District and the Wellington Region for the August 2021-2022 period. Within the Porirua City District, the majority of stand alone dwellings were sold in the \$700,000-\$1,300,000 price range and terrace houses were typically sold in the \$600,000-\$900,000 price range. It should be noted that no apartment sales occurred over this period.

Conversely, within the Wellington Region, the majority of stand alone dwellings sold in the \$900,000-\$1,400,000 price range, terrace houses sold in the \$700,000-\$1,200,000 price range and apartments primarily sold for less than \$800,000.

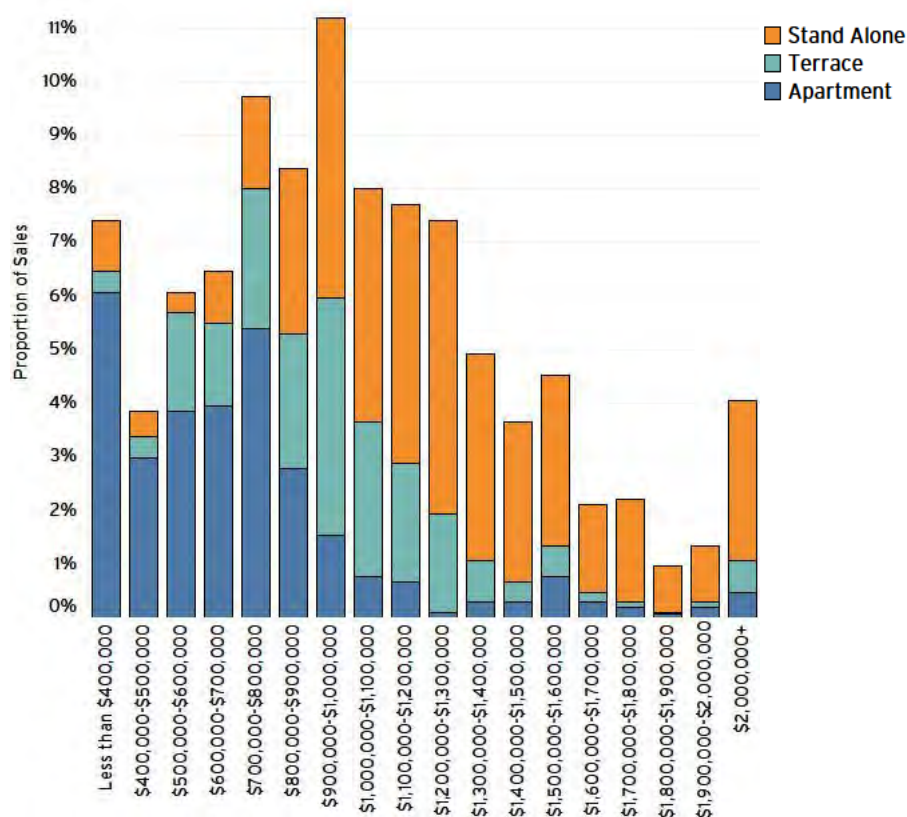
Figure 7: Porirua City District Sales August 2021-2022



Source: CoreLogic



Figure 8: Wellington Region Sales August 2021-2022



Source: CoreLogic

5. New Dwelling Construction 2018-2022

The following figures show dwellings consented since 2018 within the Porirua City District and the Wellington Region. This provides a useful indication of demand by dwelling type within the study area. The main points to note are:

- Over the last 5 years, an average of 335 dwellings per annum were consented within the Porirua City District. Of which, stand alone dwellings accounted for 215 dwellings (67%), terrace houses accounted for 85 dwellings (25%) and retirement village units accounted for 30 units (8%) consented per annum.
- Over the last 5 years, an average of 3,060 dwellings per annum were consented within the Wellington Region. Of which, standalone dwellings accounted for 1,440 dwellings, terrace houses accounted for 980 dwellings, apartments accounted for 510 units and retirement villages accounted for 130 units consented per annum.
- There is a relatively low proportion of terrace dwellings (25%) and apartments (0%) consented over the last 5 years in the Porirua City District compared with the Region as a whole (32% and 17% respectively). The proposed development is anticipated to provide terrace and apartment housing that will address this comparative shortage.



Figure 9: Porirua City Building Consents 2018-2022

Year	Stand Alone	%	Terrace	%	Apartments	%	Retirement	%	Total
2018	225	96%	10	4%	0	0%	0	0%	235
2019	295	71%	65	16%	0	0%	55	13%	415
2020	190	51%	110	30%	0	0%	70	19%	370
2021	235	63%	105	28%	0	0%	35	9%	375
2022*	140	52%	130	48%	0	0%	0	0%	270
Average (p.a)	215	67%	85	25%	0	0%	30	8%	335

Source: Statistics NZ

* As at September 2022

Figure 10: Wellington Region Building Consents 2018-2022

Year	Stand Alone	%	Terrace	%	Apartments	%	Retirement	%	Total
2018	1,595	58%	575	21%	445	16%	120	4%	2,735
2019	1,540	48%	955	30%	570	18%	155	5%	3,220
2020	1,485	49%	795	26%	685	22%	95	3%	3,060
2021	1,565	43%	1,350	37%	570	16%	170	5%	3,655
2022*	1,015	39%	1,220	46%	285	11%	115	4%	2,635
Average (p.a)	1,440	47%	980	32%	510	17%	130	4%	3,060

Source: Statistics NZ

* As at September 2022

6. Comparable Developments

Figure 11 provides an outline of comparable developments presently selling in Porirua City. The main points to note are:

- There is one small scale and two medium-large scale residential developments currently selling within Porirua City, with a total supply of 1,122 new dwellings.
- The most comparable developments are Silverbrooke and Kenepuru landing, which have a price profile of between \$860,000-\$1,100,000 and \$880,000-\$1,260,000.
- Of the total supply, there are approximately 727 dwellings remaining. This equates to just over 2 years of supply based on the annual demand of approximately 335 dwellings per annum (Figure 9), indicating there is a shortage of new residential dwellings resulting in unmet demand in Porirua City.

Figure 11: Comparable Developments

Development/ Address	Dwelling Type	GFA (m ²)	Price (\$000)	Remaining Units	Total Units
Silverbrooke, Whitby	Townhouse/Stand Alone	95-185	\$860-\$1,100	111	222
The Marina, Paremata	Townhouse	75-170	\$950-\$1,580	9	20
Kenepuru Landing	Townhouse/Stand Alone	100-220*	\$880-\$1,260	607	880

Source: TradeMe, Developer Websites

* Subject to various building company GFA preferences for house and land packages



Figure 12: Map of Comparable Developments



Source: Google, TradeMe

7. Retirement Village Market Assessment

This section evaluates the demand and supply of retirement villages within Porirua City.

7.1. Retirement Village Supply

The following figure displays key information on the current supply of retirement village units in Porirua City. The main points to note are:

- There are three retirement villages in Porirua City that currently provide a total of 573 units to the market. It should be noted that 170 units in the Summerset on the Landing retirement village in Kenepuru has 170 units that are not yet completed. Additionally, a total of 158 government subsidised care/hospital units are provided across two care home/hospitals. This brings the total retirement unit supply in Porirua City to 731 units/beds.
- Including the 170 units that are awaiting completion in the Summerset on the Landing retirement village, there are 179 available units in Porirua City.



- Of the market product (highlighted in yellow below), the assisted/care bed units are priced from approximately \$365,000 and \$395,000 across the respective villages. The independent living units are priced from approximately \$770,000 and \$990,000.

Figure 13: Retirement Village Supply

Village Name	Care Type	Total Units	Available Units	Price (if relevant)
Summerset at Aotea	Independent Living	96	1	\$890,000
	Care Home	45	0	\$365,000
	Sub-total	141	1	\$365,000-\$890,000
Summerset on the Landing (Kenepuru)*	Assisted/Independent Living	300	174	\$395,000-\$940,000
Whitby Lakes Retirement Village	Independent Living	132	1	\$770,000-\$990,000
Bupa Whitby Care Home	Care Home	9	***	***
	Dementia Care	33	***	***
	Hospital	41	***	***
	Psychogeriatric	17	***	***
	Sub-total	100	-	***
Kemp Home and Hospital	Care Home	18	0	***
	Hospital	40	3	***
	Sub-total	58	3	***
Total		731	179	***

Source: Eldernet, Village Guide, Retirement Village Websites

*130 have been sold, 170 awaiting completion as at June 2022

** Government Subsidised

*** Information unavailable

Market Product

7.2. Retirement Village Demand

The following table displays a summary of the current and projected retirement village demand in Porirua City. Future demand is estimated based on the 65+ population growth trends over the last 10 years extrapolated out. The main points to note are:

- As of 2022, there are approximately 5,265 65+ households residing in Porirua City (estimated based on an average household size of 1.5). At a market penetration rate of 20%, this equates to retirement village demand of approximately 1,055 units. Based on the total retirement village supply, there is a shortage of 324 units. This shortage is anticipated to continue to worsen over the next 20 years unless additional supply enters the market.
- Holding supply constant, Porirua City will have demand for approximately 2-3 medium-large additional retirement villages by 2032 and for approximately 4-5 medium-large additional retirement villages by 2042 when accounting for the existing shortage.



Figure 14: Retirement Village Demand and Sufficiency Analysis

	Year	65+ HH's	65+ HH's Growth p.a.	R.V. Demand	R.V. Demand Growth p.a.	R.V. Supply	R.V. Sufficien cy
Historic Actuals	1997	2,200	-	440	-	-	-
	1998	2,265	65	455	15	-	-
	1999	2,265	0	455	0	-	-
	2000	2,265	0	455	0	-	-
	2001	2,200	-65	440	-15	-	-
	2002	2,265	65	455	15	-	-
	2003	2,335	70	465	15	-	-
	2004	2,465	130	495	25	-	-
	2005	2,535	70	505	15	-	-
	2006	2,665	130	535	25	-	-
	2007	2,800	135	560	25	-	-
	2008	2,865	65	575	15	-	-
	2009	3,000	135	600	25	-	-
	2010	3,135	135	625	25	-	-
	2011	3,335	200	665	40	-	-
	2012	3,535	200	705	40	-	-
	2013	3,735	200	745	40	-	-
	2014	3,935	200	785	40	-	-
	2015	4,065	130	815	25	-	-
	2016	4,200	135	840	25	-	-
	2017	4,400	200	880	40	-	-
	2018	4,535	135	905	25	-	-
	2019	4,735	200	945	40	-	-
	2020	4,935	200	985	40	-	-
	2021	5,135	200	1,025	40	-	-
	2022	5,265	130	1,055	25	731	-324
Projections	2023	5,440	175	1,090	35	731	-359
	2024	5,615	175	1,125	35	731	-394
	2025	5,785	170	1,155	35	731	-424
	2026	5,955	170	1,190	35	731	-459
	2027	6,125	170	1,225	35	731	-494
	2028	6,295	170	1,260	35	731	-529
	2029	6,465	170	1,295	35	731	-564
	2030	6,635	170	1,325	35	731	-594
	2031	6,800	165	1,360	35	731	-629
	2032	6,965	165	1,395	35	731	-664
	2033	7,130	165	1,425	35	731	-694
	2034	7,295	165	1,460	35	731	-729
	2035	7,460	165	1,490	35	731	-759
	2036	7,620	160	1,525	30	731	-794
	2037	7,780	160	1,555	30	731	-824
	2038	7,940	160	1,590	30	731	-859
	2039	8,100	160	1,620	30	731	-889
	2040	8,260	160	1,650	30	731	-919
	2041	8,415	155	1,685	30	731	-954
	2042	8,570	155	1,715	30	731	-984

Source: Statistics NZ, Urban Economics



8. Commercial Market Analysis

The proposed development will include a commercial lot for future commercial development. An analysis of local centres within five similar masterplanned developments has been undertaken to provide a benchmark for demand for this future centre. These include Long Bay, Millwater, Hobsonville Point, Stonefields, and Stubbs Farm in Warkworth. Figure 15 provides a summary table of centre GFA, centre land area and the population within each development. The main points to note are:

- Centres in comparable developments support between 0.7m² and 5.2m² of centre GFA per capita.
- Millwater, Stonefields and Stubbs Farm are considered to be the most relevant benchmarks, as these centres primarily service the needs of the immediate population, rather than a wider area.

Therefore, it is estimated that **the proposal could support a centre that would support between 0.7m² and 1.0m² of centre GFA per capita**, which is applied to the estimated population in Figure 15.

Figure 15: Development Centre Summary

	Hobsonville Point	Millwater	Long Bay	Stonefields	Stubbs Farm
Retail GFA	7,200	4,090	6,000	2,800	3,000
Office GFA	600		200		
Other GFA	200		900	700	
Total GFA	8,000	4,090	7,100	3,500	3,000
Centre Land Area (Ha)	2.8	0.7	3.9	2.6	3.1
Census 2018 Population	3,770	6,000	1,370	3,790	3,120
Centre GFA per Capita	2.1	0.7	5.2	0.9	1.0

Source: Corelogic, Auckland Council, Development Websites

8.1. Demand for Commercial Centre Floorspace

The following figure provides an estimate of the supportable commercial centre GFA, using the development benchmarks of 0.7m² and 1.0m² of centre floorspace per capita. This is based on an estimated population of 2,280 for 878 dwellings (estimated at 3 people per household). This results in a supportable GFA of 1,600m²-2,280m², which would include for example a café/restaurant, hairdresser, gym, convenience store or other convenience retail activities.



Figure 16: Plimmerton Farm Stage 1 Supportable Commercial GFA

		878 Dwellings
	Estimated Population*	2,280
0.7m ² per Capita	Supportable Floorspace (m ²)	1,600
	Land Use Requirements (m ²)	4,000
1.0m ² per Capita	Supportable Floorspace (m ²)	2,280
	Land Use Requirements (m ²)	5,700

Source: Statistics NZ, Urban Economics

* Based on household size of 3 sourced from StatsNZ

9. Access To Amenity & Employment

The proposed development is located in a relatively attractive location, offering a wide range of amenities that support residential development. Most notably:

- The proposed development is within a 5-minute drive of a supermarket, medical centre, sports park, church, and various places of employment (i.e. small industrial centre).
- The proposed development is within a 10-minute drive of the Porirua city centre, giving the residents access to approximately 786 businesses offering a total of approximately 10,800 jobs.
- The residents of the proposed development would have access to a wide range of educational facilities, with most schools in Porirua City being within a 10-15-minute drive.

10. Impact of Covid-19

This section assesses the impact of Covid-19 on the residential sector.

10.1. Residential Sector

The NZ Treasury commissioned a report on the impact of Covid-19 on the national economy¹. This concluded that over the two years ending March 2022, total employment was expected to decline from 2.59 million jobs to 2.47 million jobs, or a decline of 120,000 jobs. The construction sector was similarly expected to decline, from 260,000 jobs to 239,000 jobs, or a decline of 21,000 jobs.

The Covid-19 Recovery (Fast-track Consenting) Act 2020 requires consideration of the costs and benefits of those involved in the construction sector, as follows:

The project's economic benefits and costs for people or industries affected by COVID-19 (see section 19(a)).

¹ The effects of COVID-19 on the regional economies of New Zealand for The Treasury, October 2020, Infometrics



Historically the construction sector has followed the wider economy closely. The global financial crisis of 2008 saw an accompanying drop-off in new dwellings consented. It wasn't until 2017 that Wellington Region's building consents recovered to the previous peak of 2,400 consented dwellings per annum last seen in 2003.

Covid-19 forced New Zealand's borders to close for over two years. Over this time, record high international immigration was replaced with near to zero international immigration. The ongoing effects of this border closure are likely to result in a decline in the number of houses demanded and constructed which may place pressure on the construction sector over the coming years.

11. Economic Contribution of The Proposal

The proposal would create a considerable number of jobs within the construction industry. The national 'value-added per employee' for each sector has been used to estimate the full-time equivalent (FTE) employment for the proposal. This methodology accounts for both the direct and indirect jobs to be generated from the proposed development. However, it doesn't account for the induced or flow-on jobs generated from the proposed development, and for this reason is considered to be a conservative estimate of the economic impact. .

Figure 17 outlines the FTEs and value-added to construction sector GDP that the Proposed Development would generate. It is estimated that the construction of the proposed residential development would generate 1,213 FTE jobs and contribute \$160.9 million to construction sector GDP. This is calculated based on the estimated average sale prices of each dwelling type (refer Figure 2).

Figure 17: FTE Employee Estimates

Product Type	Project Value (\$M)	Value Added (\$M)	FTE Employees			Total
			Building Construction	Construction Services	Architectural, Scientific, & Engineering Services etc	
Stand Alone	s 9(2)(b)(ii)	\$14.0	24	57	24	105
Duplex		\$55.5	97	226	96	419
Terrace		\$41.7	73	169	72	314
Apartment		\$44.5	78	181	77	336
Vacant		\$5.1	9	21	9	39
Total		\$160.9	281	654	278	1,213

Source: Urban Economics

Figure 18 shows the estimated national 'value-added per FTE employee'. These value added per employee figures are used to estimate the FTE employees created by the construction of the proposal.

Figure 18 shows that the construction sector contributes \$18.5 billion to the national GDP, employing 139,800 FTEs, resulting in a value-added of \$133,000 per FTE employee. The construction sector is comprised of other sub-industries, which are detailed in Figure 16.



Figure 18: Industry GDP and Value Added per Employee

Industry	Contribution to GDP (\$m)	FTE Employees	Value Added Per Employee
Building Construction	\$4,100	32,400	\$127,000
Construction Services	\$8,740	75,400	\$116,000
Architectural, Scientific, & Engineering Services etc	\$5,700	32,000	\$178,000
Construction Sector Total	\$18,540	\$139,800	\$133,000

Source: Statistics NZ, Urban Economics

12. Other Fast Track Assessment Considerations

The COVID-19 Recovery (Fast-track Consenting) Act 2020 requires several other economic considerations, which are addressed as follows.

The project's effect on the social and cultural well-being of current and future generations (see section 19(b)).

The proposal would provide additional employment and increase the range and affordability of new housing in Porirua City by providing a mix of dwellings with an estimated development average sale price of \$780,000. The proposal would have a positive impact on the social and cultural well-being of current and future generations by increasing the housing supply within Porirua City, at relatively affordable prices. Additionally, supplying new dwellings up to modern building standards reduces the social pressures caused by inadequate housing.

It should also be noted that future stages of the Plimmerton Farm development would provide a retirement village, a school, a commercial centre and likely more housing. This further boosts the overall positive social and cultural effects resulting from development. For example, providing housing for the growing retiree population, increasing schooling capacity, providing employment, and further increasing housing supply in the Porirua City District.

If applicable, whether the project may result in a public benefit by generating employment (see section 19(d)(i)).

As outlined in Section 11, the proposal would generate an estimated 1,213 FTE jobs and contribute \$160.9 million to construction sector GDP. These jobs would be in roading, construction, landscaping, planting, land surveying, administration and support services and other related activities. This is a notable economic benefit.

If applicable, whether the project may result in a public benefit by increasing the housing supply (see section 19(d)(ii)).

The proposal would increase residential housing supply by providing 878 new dwellings to the market.



13. NPS-UD, RPS & NES-F Assessment

The NPS-UD 2020 requires planning decisions to contribute to well-functioning urban environments (Policy 1). The provisions of Policy 1 that relate to the proposal are as follows:

***Policy 1:** "Planning decisions contribute to well-functioning urban environments, which are urban environments that, as a minimum:*

(a) have or enable a variety of homes that:

(i) meet the needs, in terms of type, price, and location, of different households; and...

(b) have or enable a variety of sites that are suitable for different business sectors in terms of location and site size; and

(c) have good accessibility for all people between housing, jobs, community services, natural spaces, and open spaces, including by way of public or active transport; and

(d) support, and limit as much as possible adverse impacts on, the competitive operation of land and development markets;..."

The proposal would increase the range of housing at affordable price points supplied to the market (development average of approximately \$780,000) in a location close to a wide range of employment and amenities (supermarket, schools etc.). The proposal therefore contributes towards meeting the provisions of Policy 1(a)(i) of the NPS-UD.

The proposal contributes towards meeting the provisions of Policy 1(c) & (d), as a commercial centre is expected to be provided in future stages of the development. The commercial centre will provide future residents with access to jobs and a range of businesses (i.e. hairdresser, café/restaurant etc.). In addition, the proposal is located approximately 10-minutes drivetime from the CBD, giving residents access to a range of community services, natural and open spaces, and approximately 786 businesses offering a total of approximately 10,800 jobs.

Policy 1(d) requires the competitive operation of land and development markets, as uncompetitive or concentrated land and development markets result in reduced housing affordability. A key finding from the latest Housing and Business Capacity Assessment (HBA) completed for Porirua City is housing affordability is worsening in the district, as "indicators of housing affordability identify that housing affordability is declining in Porirua. House prices are increasing due to increased demand, and this is not being met by a commensurate increase in new supply. This is exacerbated by a declining number of existing houses for sale. Incomes are also not increasing as much as house prices and this in turn is further reducing housing affordability"². The proposal would make a notable contribution towards meeting the need for more new housing to enter the market, while increasing competition among developers. The proposal therefore supports and improves the competitive operation of land and development markets in Porirua and thus contributes towards meeting the provisions of Policy 1(d).

² Porirua City Council Housing and Business Development Capacity Assessment - Housing update May 2022, pg. 51



In addition, an important consideration regarding the competitive operation of land and development markets is the critical role greenfield development plays. In general terms, a large number of greenfield developments are required for a city the size of Porirua, typically 20-40, to ensure a competitive land market exists over the ten-year life of a District Plan. This is because as individual developments are completed, there are fewer remaining potential developments over the life of the plan and the market quickly becomes less competitive. In general, as demonstrated in Christchurch, a competitive greenfield market can achieve affordable housing, with a large proportion of houses built in greenfield subdivisions sold in the \$500,000 - \$700,000 price range. These have lower upfront land costs, often around \$25,000 per house, and this is reflected in the lower end price of the house. However, in other major cities the upfront land cost in greenfield subdivisions is \$200,000-\$400,000 per house, and therefore the end house price is inevitably higher. This is evident in Porirua with the increasing unaffordability of new dwellings for the majority of households looking to enter the housing market, with the price of new dwellings by type and area displayed in the figure below.

Figure 19: Average Sale Price for Greenfield and Infill Areas

Areas	Stand Alone	Terrace
Greenfield	\$1,440,000	\$1,100,000
Infill	\$1,430,000	\$820,000
Total	\$1,440,000	\$1,070,000

Source: Homes.co.nz, Urban Economics

This confirms that a competitive greenfield land market is essential for a well-functioning urban environment and illustrates the important contribution the proposal will make towards meeting the provisions of Policy 1 of the NPS-UD, in particular Policy 1(d).

Based on the above, the proposal contributes towards achieving a well-functioning urban environment, which relates to Section 45C(6)(a) of the National Environmental Standards for Freshwater (NES-F). The NES-F aims to regulate activities that present risks to the health of freshwater and freshwater ecosystems, for example, regulating urban development on natural inland wetlands.

The resource consent for the proposal seeks to reclaim natural inland wetlands, which is a restricted discretionary activity under Section 45C(4) of the NES-F. For the consent to be granted, the conditions of section 45C(6)(a) are required to be met, which states that:

45C(6): *"A resource consent for a restricted discretionary activity under this regulation must not be granted unless the consent authority has first–*

(a) satisfied itself that the urban development–

(i) will contribute to a well-functioning urban environment; and

(ii) will provide significant national, regional, or district benefits; and..."



Section 45C(6)(a)(i) requires urban development to contribute towards a well-functioning urban environment. As mentioned above, the proposal is considered to contribute towards achieving a well-functioning urban environment (Policy 1 of the NPS-UD) for the reasons outlined, with the proposal increasing the range, affordability and supply of new housing in Porirua City being a key contribution.

In addition, the proposal would result in the generation of an estimated 1,213 FTE jobs and contribute \$160.9 million to construction sector GDP. This is a significant benefit to Porirua City, and therefore meets the provisions of Section 45C(a)(ii).

In addition, the proposal will assist in meeting the housing bottom lines, particularly in the short-medium term, as identified in Objective 22A of the Regional Policy Statement (RPS). This is a notable regional benefit to consider in relation to Section 45(6)(a)(ii) of the NES-F.

In summary, the proposal will contribute to a well-functioning urban environment while providing significant regional and district benefits. The proposal therefore meets the provisions of Section 45C(6)(a) of the NES-F.

14. Conclusion

The proposal would provide a range of stand alone, duplex, apartments and terrace houses to the market within Porirua City.

The proposal would result in a significant increase in construction sector output, with an additional 1,213 FTEs with a value-added contribution of \$160.9 million to construction sector GDP.

The proposal would meet the economic requirements of the fast-track consenting process and is recommended for approval.