**BEFORE THE HEARING PANEL**

**IN THE MATTER** of the Resource Management Act 1991

**AND**

**IN THE MATTER** of Proposed Plan Change 5 to the Operative Hamilton City District Plan

---

# STATEMENT OF EVIDENCE OF GREGORY MICHAEL AKEHURST (RETAIL ECONOMICS)

**Dated 2 September 2022**

---

LACHLAN MULDOWNEY
BARRISTER

**P** +64 7 834 4336 **M** +64 21 471 490
**Office** Panama Square, 14 Garden Place, Hamilton
**Postal** PO Box 9169, Waikato Mail Centre, Hamilton 3240
**www.lachlanmuldowney.co.nz**

**INTRODUCTION**

1. My full name is Gregory Michael Akehurst.

2. I have a Bachelor of Arts, majoring in Geography and a Bachelor of Commerce, majoring in Economics from the University of Auckland. I am a Director of Market Economics Limited (**M.E**), an independent research consultancy. I have more than 24 years of consulting and project experience, working for commercial and public sector clients.

3. I have developed models to assess community needs and assess allocation networks set up to meet those needs. I have previously given expert witness evidence in a number of local government hearings and the Environment Court and provided affidavits as an expert for the High Court in the area of development contributions.

4. I was Auckland Council's expert witness with respect to commercial land requirements during the formulation of the Auckland Unitary Plan providing evidence with respect to the volume and distribution of commercial centres and industrial land needs.

5. I drafted MBIE's guidance document for local councils needing to meet the National Policy Statement for Urban Development Capacity (**NPS-UDC**) requirements in respect of providing capacity for business land for economic growth. I subsequently carried out assessments of non-residential capacity and sufficiency of provision for the Future Proof Partners, the Queenstown Lakes District, and oversaw these assessments for Auckland Council, Selwyn District and Waimakiriri District under the NPS-UDC.

6. I have recently completed assessing non-residential land sufficiency for the Future Proof Partners under the National Policy Statement on Urban Development 2020 (**NPS-UD**) and have overseen the assessments in

Rotorua District, Queenstown Lakes District, Tauranga City, Napier City and Hastings District, and Matamata Piako District under the NPS-UD.

7. These projects are directly relevant because in each one an assessment of demand in terms of employment, land and Gross Floor Area (**GFA**) is required as a basis for determining sufficiency at a reasonably granular level.

8. I have significant experience in understanding the rating and development contribution systems and requirements of councils, having provided evidence on behalf of both developers and councils in New Zealand's leading cases on development contributions.

9. I have assisted in preparing a report for Hamilton City Council (**HCC**) assessing the retail and wider economic effects arising under proposed Plan Change 5 to the Operative District Plan (**PC5**) dated 21 October 2020 which is set out at Appendix M to the PC5 Assessment of Environmental Effects and have subsequently prepared a further retail and economic analysis, which responds to submissions, dated 29 August 2022 which is set out at **Attachment 1** to this evidence.

**CODE OF CONDUCT**

10. I have read the Environment Court Code of Conduct for expert witnesses contained in the Environment Court Practice Note 2014 and agree to comply with it. I confirm that the opinions expressed in this statement are within my area of expertise except where I state that I have relied on the evidence of other persons. I have not omitted to consider materials or facts known to me that might alter or detract from the opinions I have expressed.

**SCOPE OF EVIDENCE**

11. My evidence, presented on behalf of HCC as PC5 proponent, covers 4 key areas:

    a) An initial overview of previous technical work M.E has carried out for HCC that informs the formation of PC5.

    b) An assessment of the potential dwelling yields within the Peacocke area.

    c) An assessment of the size and location of the proposed commercial centres within the Peacocke area.

    d) Finally, a review of the economic issues raised in submissions to the proposed plan.

12. I will summarise the key economic issues and make recommendations by way of conclusions.

**EXECUTIVE SUMMARY**

13. Prior to notification of PC5 I have been involved in producing two technical reports assessing the economic and commercial feasibility of various dwelling densities within the Peacocke Structure Plan (**PSP**) area, and the associated demand for retail and commercial space necessary to service those additional dwellings.

14. Since notification of PC5 I have produced a further technical report dated 29 August 2022. The further report reviewed the submissions received on PC5, took account of new Medium Density Residential Standards (**MDRS**) being introduced to PC5, and provided an update on my analysis. My findings are summarised below.

15. **Dwelling Yield**. It is appropriate to consider that higher dwelling yields may occur within the Peacocke growth area, due to changes in residential dwelling development markets and with increased densities through the application of MDRS. I consider that the PSP high scenario yield is likely to form an appropriate upper range for understanding the potential dwelling yield within the Peacocke growth area. This reflects a higher level of density across the area, while retaining likely shares of dwelling growth occurring in Peacocke within the wider context of the total Hamilton projected growth.

16. **High Density Provisions:** I consider it important to apply any provisions for higher density residential development within appropriate locations. These should occur around areas of higher amenity and accessibility and take into account the overall market size for this type of development. If the high density provisions are applied too widely, then they may dilute the contribution made to sustaining areas of higher amenity (e.g. centres, key areas of public space).

17. **Local Centre Size**: I consider that it is important that the proposed Local Centre is appropriately scaled to serve demand from within its catchment area. The currently proposed zoned land area may allow for a higher level of commercial activity to establish than the intended role a local centre plays. If a larger centre were to develop, then this may adversely affect the role and function of other centres within Hamilton's surrounding urban centres hierarchy.

18. It may be appropriate to either reduce the zoned area or include a floorspace limit of up to 20,000m$^2$ GFA on core centres-based commercial activity within the centre.

19. **Supermarket Activity**: I consider that either one medium-sized or two small to medium-sized supermarkets are adequate to serve local demand from within the proposed Local Centre. It may be appropriate to include a

cap on the size of each supermarket within the centre. I consider that it is important for any supermarket activity to locate within the currently proposed centre zone on the eastern side of Peacockes Road. Any western expansion of the zone to include a supermarket on the western side of the road would be likely to result in fragmentation of the centre and a suboptimal outcome.

20. **Neighbourhood Centres**: I consider that the intended size of Neighbourhood Centres (300m$^2$ to 800m$^2$ GFA per centre), together with retail tenancy size caps (150m$^2$ per tenancy), provides sufficient scope for each centre to adequately serve surrounding local demand.

21. I understand there are some centres with larger land areas that may otherwise enable higher levels of retail floorspace to develop that may adversely affect the intended pattern of commercial centre activity across the Peacocke growth area. Therefore, in order to assist with centre viability, along with an overall retail cap of 800m$^2$, it is appropriate to allow for additional activity to establish within the centre. Appropriate activities are listed below at paragraph 64.

**TECHNICAL REPORTS**

**Previous Technical Reports – 2020**

22. M.E provided HCC with two supporting technical reports in 2020, they were:

a) Fairgray, S., McIlrath, L., Lunday, J., Nicol, J. and Bryce, N., 2020. *Greenfield Housing Policy Options Assessment for Hamilton,* prepared for Hamilton City Council by M.E Ltd and 4Sight Consulting, 13 October 2020.

b) Foy, D. and Foy, R., 2020. *Peacocke Structure Plan: Retail Assessment,* prepared for Hamilton City Council by M.E Ltd, 21 October 2020.

23. The first report assesses different dwelling densities within the Peacocke growth area to inform the HCC plan change process to increase the yield within this area (from the original lower density ODP zoning). It assesses the commercial feasibility of different dwelling densities to understand whether more sustainable patterns of urban development (i.e. higher density development) can be achieved within Hamilton's greenfield areas.

24. The second report assesses the demand for sustainable retail centre space within the Peacocke growth area. It calculates the demand for retail space arising from the projected dwellings and other surrounding areas likely to be served by retail centres within the Peacocke growth area. The report indicates the appropriate centre sizes (in terms of sustainable GFA) and types based on the assumed dwelling yields within the catchment areas.

25. It is important to note that the second report did not provide recommendations as to the appropriate scale and extent of zoned land areas for centres. They were determined through the Structure Plan process.

*Findings*

26. The housing policy options (**HPO**) assessment found that feasible densities were higher than those enabled by the existing General Residential planning provisions for 400m$^2$ minimum site areas. It estimated that detached dwellings were feasible to construct down to minimum site areas of around 370m$^2$, and up to 270m$^2$ at lower margins.

27. The assessment also found that attached dwellings were also feasible, at higher densities (around 230m$^2$ land area per dwelling) than detached dwellings, albeit at lower margins.

28. The report also found that the range of feasible densities and dwelling typologies is likely to increase through time. In the short-term, it estimated

that detached dwellings would be feasible at around 310m$^2$ per dwelling, and up to a density of around 250m$^2$ per dwelling at lower margins. Attached dwellings were estimated to be feasible at densities of up to 200m$^2$ per dwelling.

29. The range of feasible dwelling densities was projected to increase through time across all dwelling typologies throughout the medium and long-term. A limited number of vertically-attached apartments were also estimated to be feasible in the long term as long as located proximate to a node of higher amenity.

30. The retail assessment estimates that there is a projected net increase in demand for $298m (annual demand) within the catchment areas likely to be served by retail centres within Peacocke. Most (92%) of this increase is projected to occur within the Peacocke growth area, with smaller shares from the surrounding catchment areas.

31. The total demand translates into a net increase of 40,500m$^2$ of sustainable floorspace across all centre locations where the demand is met. The combination of existing and projected future households within Peacocke are projected to sustain a total of 39,100m$^2$ of retail floorspace across all locations.

32. The assessment estimates that there is 12,700m$^2$ of floorspace that is sustainable locally within the Peacocke suburban centre, and a further 3,100m$^2$ across the proposed smaller neighbourhood centres (in aggregate). This also includes an allowance for household services (that co-locate with retail) and a small amount of office activity). The dwelling growth staging within the report assumes that this would become sustainable by 2048, and that the centre would reach a sustainable size of an HCC-defined suburban centre size (10,000 to 20,000m$^2$ GFA) by around 2040.

33. The sustainable floorspace by type and centre from the retail assessment is shown in Table 3.2 of the **attached** report. The assessment notes that this could amount to either one or two supermarkets, with the potential for two supermarkets further increased if a higher share of supermarket spend was captured locally.

*Impact of alternative Dwelling Densities*

34. The PSP area is a large growth area within the context of the wider Hamilton City future urban footprint. It is expected to meet a substantial share of Hamilton's projected future greenfield residential growth and is also sizeable within the context of total city growth. The size of Peacocke's dwelling yield will affect the level of demand for commercial activity and social infrastructure within local Peacocke commercial centres.

35. I have assessed the implications of the proposed densities and yields within the structure plan and also the yields suggested in the Kainga Ora submission in the context of overall Hamilton City growth and other factors such as the MDRS provisions within The Resource Management (Enabling Housing Supply and Other Matters) Amendment Act.

36. The assessment is set out in detail in Section 4 of the **attached** report.

37. In summary, the structure plan has a total notified estimated yield for an additional 7,884 dwellings across the proposed Medium Density Zoned area . Over half (58%; 4,590 dwellings) of these are within the High Density Overlay (**HDO**) area, and the remainder (42%; 3,294 dwellings) within the balance of the Medium Density Zone area. The structure plan assessment also contains high and low yield scenarios, based on higher and lower densities within the structure plan area. These range from 7,116 dwellings (low) to 9,896 dwellings (high).

38. The Kainga Ora submission (number 55) considers that the HCC PSP densities are too conservative in relation to the NPS-UD objectives. This is

both in relation to the share of land that is developable, and the density targets within the developable areas. They consider that the future development market is likely to deliver dwellings at higher densities within the greenfield areas than set out in the PSP.

39. Kainga Ora have proposed that within the HDO that densities of 100 dwellings per *net* ha are achievable and across the remainder of the Medium Density Residential Zone, a minimum of 50 dwellings per ha.

40. The application of these densities results in an overall yield of around 16,000 additional dwellings. It should be noted that this calculation makes no allowance for an increase in the net developable area (as also suggested within the Kainga Ora submission), which would produce a higher yield.

41. As it stands the Kainga Ora submission would generate a yield nearly double the notified PSP and around 57% higher than the PSP high scenario I have modelled.

42. The resulting average section sizes are consistent with nearly all of the HDO are being developed as either vertically-attached apartments or medium to higher density terraced housing (100m$^2$ average land area per dwelling); and the remainder of the zone predominantly developed as terraced housing or duplexes (200m$^2$ section size). I do not believe this is a realistic future development scenario for Peacocke within the assessment timeframe.

43. The PSP notified yields are more realistic with an average section size of 250m$^2$ within the HDO and 450m$^2$ across the remainder. Under the PSP high scenario, the HDO would be mostly attached dwellings (200m$^2$ average section) and a mix across the remainder (330m$^2$ average).

44. It is important to place the Peacocke development in the context of Hamilton City growth.

45. Hamilton City has a projected demand for an additional 28,500 dwellings from 2020-2043. This is based on the most recent WISE High projection series, which is above earlier growth projections (for an additional 25,000 dwellings).

46. Currently there is a strong preference for stand alone dwellings (80%), yet this is anticipated to shift in future towards more attached dwellings. If a medium shift occurs the share of stand alone dwellings consented will drop to around 69%. Under a high preference shift, to 58%. This translates to a total of between 7,800 and 10,600 attached dwellings citywide to 2043.

47. By comparison, growth at Peacocke is expected to be split between attached (3,200) and detached (4,700) dwellings under the notified PSP. This rises to 4,800 attached and 5,100 detached under the PSP high yield scenario. These represent high shares of Hamilton's future growth at 44% of attached dwellings (under a high preference shift future) and 13% of the detached dwellings. These figures rise under the PSP high scenario to 45% and 25% respectively. While these are high shares they are achievable.

48. The Kainga Ora position sees some 13,500 attached dwellings required to 2043 and only 2,000 detached for a total of 15,600 dwellings in total. This represents 107% of Hamilton City's entire attached dwelling growth future, only 7% of the detached future to 2043, but over half of Hamilton's total growth. Given Peacocke's location on the urban edge, I do not believe it is feasible for Kainga Ora to achieve this level of development in this location.

*Commercial Centre Size Implications of Growth*

49. A development the scale of the PC5 will require a number of centres of different sizes to meet the retail and commercial needs of households. The PSP identifies a Local Centre on the eastern side of Peacockes Road, and up to 8 Neighbourhood Centres across the study area.

50. I have carried out an assessment of the effects of different dwelling yields on the demand for all commercial centre space within Peacocke (local and neighbourhood). I have concentrated on the PSP as notified, a PSP high scenario (approximately +25%) and the Kainga Ora submission scenario. The detailed findings are included in Section 5 of the **attached** report.

51. In summary, once fully developed under the PSP and notified, the Local Centre will support a total of 12,700m$^2$ of centre GFA with a further 3,100m$^2$ of GFA supported in Neighbourhood Centres.

52. Under the PSP +25% scenario, the Local Centre would sustain 15,000m$^2$ GFA with a further 3,700m$^2$ GFA in Neighbourhood Centres.

53. Finally, under the Kainga Ora scenario, the Local Centre grows to approximately 22,700m$^2$ GFA with 5,600m$^2$ GFA supported in Neighbourhood Centres. However, I do not think the Kainga Ora development scenario is credible or realistic and therefore the Local Centre should not provide for such a large volume of GFA.

54. Kainga Ora have also submitted that the centre will attract demand from outside Peacocke (south). This potential has already been canvased in the earlier M.E report and is not significant. In addition, the role of a Local Centre is not to draw significant volumes of spend from outside the local area as this has the potential to adversely impact on centres higher in the hierarchy (that the ODP aims to protect).

55. In terms of the Neighbourhood Centres, the sustainable floorspace translates to between 300 – 800m$^2$ when averaged across the 8 centres. This is entirely appropriate as it provides for between 4 – 12 retail or service outlets (discussed in more detail below).

56. The notified PSP contains a Local Centre Zone gross area of 7.8 ha on the eastern side of Peacockes Road. This is a large amount of land for a Local Centre that is likely to sustain around 15,000m$^2$ of GFA (under the PSP

+25% scenario). The resulting FARs (**Floor Area Ratios**) and SCRs (**Site Cover Ratios**) are low. The Base scenario has a FAR of 0.16, while the Base + 25% scenario has a FAR of 0.19, and respective SCRs of 15% and 18%. These are low within the context of centres with an intended similar role and function. Even under the Kainga Ora development scenario the resulting FARs and SCRs are low (details in Table 5.3 of the **attached** report).

57. The calculated FARs and SCRs suggest that the proposed zoned area is likely to be able to accommodate a larger quantity of commercial floorspace than that modelled under each of the yield scenarios.

58. However, I note that the proposed centre zoned area may include areas that are typically excluded (e.g. local roads), or that the centre may include land that will be used to accommodate centre-based activities that are not included within the projections of sustainable commercial floorspace. The FARs and SCRs, may be higher if calculated only across the areas of the centre that accommodate only commercial activities.

59. For example, assuming the removal of local roads and removal of land required for public space and other non- centre activities may reduce the land area for commercial to between 5ha and 6ha. This would see the FAR's increase to between 0.21 – 0.30 (depending on the scenario). While still low, these are more realistic.

60. In order to provide a level of protection to other centres in the centre network from a centre that is potentially zoned to enable over 7ha of Local Centre land, which (under a different ownership or development regime) may provide for over 35,000sqm of retail, I recommend that a commercial activity cap of 20,000sqm should be applied to the Peacocke Local Centre.

61. This should apply to the commercial activity component of the centre, to include retail, hospitality, household services and other commercial activity that contributes to the core role of the centre. I consider that it would be less appropriately applied to include community services and

other non-commercial centres-based activity, or other commercial/light industrial activity that may also locate within the peripheral areas of the centre zone and is not a driver of the main commercial household demand component of the centre. Any cap should be sufficient to enable flexibility for the centre to meet local catchment needs if a higher dwelling yield occurs than the notified PSP yield.

62. Further, I consider that either one or two supermarkets, within the proposed local centre, would be adequate to meet local demand within the Peacocke catchment area. This could occur as either one medium-sized supermarket, which may expand through time with demand growth (but remain within the nature and scale of a medium-sized supermarket within the Hamilton market context), or two small to medium-sized supermarkets.

63. My modelling of the notified base yield suggests that there is a sustainable supermarket floorspace of 4,800m$^2$ GFA within the centre. The PSP +25% forms an appropriate higher yield scenario, generates estimated sustainable supermarket floorspace of 5,700m$^2$ GFA.

64. A key additional point is that there is ample available and zoned land within the local centre on the eastern side of Peacockes Road to accommodate a two-supermarket outcome. It is not necessary to zone any additional land – especially additional land on the western side of Peacockes Road to facilitate a two-supermarket future for Peacocke.

*Neighbourhood Centre sizes*

65. In terms of the Neighbourhood Centre sizes, at 300m$^2$ to 800m$^2$ GFA per centre, together with the proposed maximum permitted retail tenancy size of 150m$^2$ GFA, is appropriate. This would enable a sufficient number of small tenancies to establish within each local centre to adequately serve demand across a localised catchment area. Centres serving localised catchments generally range from 4 to 12 businesses.

66. The size restriction of tenancies, if applied together with a total centre size restriction, would ensure that Neighbourhood Centres remain at a scale that served localised demand.

67. I understand that some proposed Neighbourhood Centre areas within Peacocke have larger land areas that could potentially accommodate a greater level of retail floorspace than the intended 300m$^2$ to 800m$^2$ GFA. I therefore consider that a floorspace cap of around 800m$^2$ within each centre may be appropriate to prevent the establishment of further retail within these centres that could adversely affect the intended pattern of commercial centres within the Peacocke growth area.

68. However, the cap should be applied to the commercial functions of the centre (i.e. retail, household services and hospitality), but it is appropriate to allow for additional activity outside of this cap to establish. Appropriate activities include gyms, healthcare services, childcare facilities, community centres, tertiary education and training facilities and public art. These are listed in the activity tables in the proposed Plan.

69. This would increase the feasibility of developing the zoned land areas while mitigating the potential economic effects on the intended balance of commercial activity across the PSP area.

**Summary of Key Issues**

70. I have canvased five broad economic issues above, summarised in turn.

71. **Dwelling Yield**. It is appropriate to consider higher dwelling yields may occur within the Peacocke growth area, due to changes in residential dwelling development markets and with increased densities through the application of MDRS. I consider that the PSP high scenario yield is likely to form an appropriate upper range for understanding the potential dwelling yield within the Peacocke growth area. This reflects a higher level of

density across the area, while retaining likely shares of dwelling growth occurring in Peacocke within the wider context of the total Hamilton projected growth.

72. **Higher Density Provisions**. I consider it important to apply any provisions for higher density residential development within appropriate locations. These should occur around areas of higher amenity and accessibility and take into account the overall market size for this type of development. If the high density provisions are applied too widely, then they may dilute the contribution made to sustaining areas of higher amenity (e.g. centres, key areas of public space).

73. **Local Centre Size**: I consider that it is important that the proposed Local Centre is appropriately scaled to serve demand from within its catchment area. The currently proposed zoned land area may allow for a higher level of commercial activity to establish than the intended role a Local Centre plays. If a larger centre were to develop, then this may adversely affect the role and function of other centres within Hamilton's surrounding urban centres hierarchy.

74. It may be appropriate to either reduce the zoned area or include a floorspace limit of up to 20,000m$^2$ GFA on core centres-based commercial activity within the centre.

75. **Supermarket Activity**: I consider that either one medium-sized or two small to medium-sized supermarkets are adequate to serve local demand from within the proposed Local Centre. It may be appropriate to include a cap on the size of each supermarket within the centre. I consider that it is important for any supermarket activity to locate within the currently proposed centre zone on the eastern side of Peacockes Road. Any western expansion of the zone to include a supermarket on the western side of the road would be likely to result in fragmentation of the centre and a sub-optimal outcome.

76. **Neighbourhood Centres**: I consider that the intended size of Neighbourhood Centres (300m$^2$ to 800m$^2$ GFA per centre), together with retail tenancy size caps (150m$^2$ per tenancy), provides sufficient scope for each centre to adequately serve surrounding local demand.

77. I understand there are some centres with larger land areas that may otherwise enable higher levels of retail floorspace to develop that may adversely affect the intended pattern of commercial centre activity across the Peacocke growth area. Therefore, in order to assist with centre viability, along with an overall retail cap of 800m$^2$, it is appropriate to allow for additional activity to establish within the centre. Appropriate activities are listed above at paragraph 64.

**RESPONSE TO SUBMISSIONS**

78. In addition to the detailed responses above to key centre and development submissions by Adare Company, Kainga Ora and Woolworths New Zealand Ltd, there are a number of other submissions covering economic matters that I have considered. Further detail on the submissions discussed below, is contained in Section 2 of the **attached** report.

79. **Submission 1: Glenview Club**: The text of the submission refers to the desired size of neighbourhood centres as being between 300m$^2$- 800m$^2$. This land area is too small to provide for meaningful urban design outcomes such as: - outdoor dining areas, which attract people to stay for longer, and utilise the sport and active recreation land. - landscaping, public art, common areas, pedestrian footpaths.

80. The 300m$^2$ – 800m$^2$ refers to the GFA of the businesses locating in the Neighbourhood Centres and not the total footprint of the entire centres – including the outdoor areas for dining, landscaping, art and pedestrian footpaths. This is an appropriate GFA scale for these centres and does not refer to the land area.

81. **Submission 13.12: Jones Lands Ltd**: The Jones Lands Ltd submission opposes the dairy provisions in the Medium Density Residential Zone (**MDZ**).

82. Dairies are the most convenient of retail outlets. They exist to meet the daily needs of residents and visitors, they are prevalent across the retail network, and are the cornerstone outlet in Neighbourhood Centres. Because they attract residents regularly, they should be encouraged to locate in centres, such that the other co-locating activities can benefit from foot traffic. This helps to ensure the centre delivers maximum vibrancy and vitality and therefore amenity to the catchment. By allowing dairies to locate outside Neighbourhood Centres within the MDZ, this potential vibrancy and vitality is undermined. From an economic perspective, this leads to an uneconomic outcome with multiple trips needing to be made to meet all needs – rather than multipurpose single trips.

83. I support this submission and propose dairies are Non-Complying in the MDZ.

84. **Submission 13.13: Jones Lands Ltd (JLL)**: In this submission JLL oppose all provisions relating to childcare facilities in the MDZ, "the gfa restrictions of childcare facilities should be deleted – this unduly restricts the efficient use of such sites."

85. While the submission states it relates to all provisions relating to childcare facilities in the MDZ, the reasoning only applies to the scale of the childcare centre. While the average across two of the large providers in the Auckland market is less than 120m$^2$, there is evidence that the newer centres are getting significantly larger. We consider that from an economic perspective and an urban function perspective, childcare centres need to be evenly distributed across residential areas to facilitate easy access for the maximum number of people.

86. However, there is no 'economic' reason for restricting the size to 250m$^2$ in the MDZ other than the presence of a very large central childcare centre, may limit the possibility for other more locally focused centres to establish closer to different parts of the residential catchment. Therefore, I support this submission point.

87. **Submission 21: Transpower New Zealand Ltd**: Submission points 2 and 3 of the Transpower New Zealand Ltd submission oppose the application of the Natural Open Space and MDZ to its existing site on Hall Road within the PSP area. Transpower seek an alternative Business 1 Commercial Fringe Zone for their site to protect their existing and potential future use of the site. If this cannot occur, then they seek MDZ for the full extent of the site.

88. Business 1 Commercial Fringe zoning in this location could potentially result in an additional future centre, which would adversely affect the wider land use framework. I therefore consider that the Business 1 Zone is unlikely to be appropriate for this location.

89. I consider that the MDZ would be most appropriate for this location in the long-term if Transpower no longer required the site.

90. **Submission 22: Woolworths New Zealand Ltd:** Point 22.1 states they are concerned that the extent and placement of the Local Centre Zone will not result in an optimum outcome for the Local Centre in terms of amenity and efficiency. Woolworths considers that the focal point of the Local Centre should be shifted further to the west and straddle the intersection of Peacockes Road and proposed east-west minor arterial road, so that the centre can benefit from the visibility and frontage provided by the intersection of two arterial roads, the activity levels of the proposed school, and the convenience of the proposed public transport hub. This will also allow separation of retail uses so that finer-grained retail, office, and entertainment activities are focused on the eastern side of Peacockes Road and the larger format supermarket can utilise the regular-shaped and flat land at 410 Peacockes Road. This corner site will enable the supermarket

to be easily accessible by heavy vehicles (for deliveries of goods) and private motor vehicles (for customers), without compromising the focus on creating a pedestrian-friendly environment with active street frontages within the core area of the Local Centre.

91. Effectively Woolworths want to extend the Local Centre to cover the site they own on the western side of Peacockes Rd. However, in my opinion, the existing centre provides for sufficient space to facilitate a two-supermarket future and that splintering the centre across Peacockes Road will result in a sub-optimal outcome as it becomes more difficult to carry out multipurpose trips at the centre without driving across the intersection, once supermarket shopping is completed, in order to access the fine grained retail to the east.

92. The Local Centre Zone as proposed is 7.8ha. This is very large relative to the amount of demand likely to be directed to it. The addition of approximately 1ha of land to be zoned Local Centre Zone would exacerbate the situation for minimal if any gain. This represents an inefficient use of urban land and is most likely to generate sub-optimal outcomes.

93. Therefore, I oppose the Woolworths submission.

94. **Submission 53: The Adare Company Ltd**: In point 6 of this submission Adare state, "*The Peacocke Local Centre Design Concept diagram identifies "Large Format Retail" in the location where it is currently intended that a supermarket would be established".* Adare wish to amend the Peacocke Local Centre Design Concept diagram to replace the term "large format retail" in the diagram with "Supermarket".

95. I agree with the submission on this point. I consider that a supermarket forms an important anchor store for the proposed Local Centre and is required to provide amenity for the surrounding catchment area.

96. I also consider that it is less appropriate for large format retail (**LFR**) to locate within the proposed local centre which would elevate the proposed centres' role within the urban centres hierarchy to a position above its intended spatial role and function. LFR increases the spatial catchment area of the centre, increasing its function beyond serving local demand. This is further compounded by its propensity to encourage additional retail to establish together with LFR. The effect of this is that other centres within the hierarchy are adversely impacted.

**UPDATED PC5 PROVISIONS**

97. Based on the assessment I have made of Hamilton City's proposed Plan Change 5 and the submissions received, I have made a number of recommendations for changes or additions to the notified Plan Change, as follows:

a) Local Centre Retail/Centre activity cap of 20,000$m^2$. This is to ensure that the Local Centre as proposed does not grow to exceed the role it is designed to play within the existing Hamilton Centre structure.

b) Supermarket size cap at the local centre of 4,500$m^2$ per tenancy or per Supermarket – this stops the possibility of a large format type supermarket establishing and adversely impacting surrounding centres. It also opens the possibility for a two-supermarket future. Note this is not a cap on the total size of the supermarket offer in the local centre, just per supermarket.

c) 800$sm^2$ cap on retail and core centre activities at the Neighbourhood Centres.

d) Inclusion of an activity list for activities that could/should co-locate with centres but sit outside the cap – for both the Local Centre and Neighbourhood Centres.

**CONCLUSION**

98. I support the proposed provisions as outlined in the updated PC5 provisions provided by HCC to this hearing. I anticipate that the dwelling yields will lie between the PSP as notified and the PSP high scenario (an additional 7,900 to 9,900 dwellings to 2043). This is sufficient to sustain a Local Centre of between 12,700 and 15,000m$^2$ GFA of core Local Centre retail and services.

99. In addition, it will sustain approximately 8 Neighbourhood Centres of between 300m$^2$ and 800m$^2$ of capped retail and services distributed across Peacocke. Given the land available at these sites, I support facilitating other activities to co-locate with the Local Centre and Neighbourhood Centres to ensure viability that will not adversely impact on the wider centre network.

100. I reject the need for the Local Centre to expand to the western side of Peacockes Road, and I reject Kainga Ora's proposed dwelling densities, the resulting yields in terms of total volume of dwellings, the split between attached and detached and the resulting size of the Local Centre to support that growth as being unrealistic and potentially damaging to the existing centre network.

**Gregory Michael Akehurst**

**2 September 2022**

**ATTACHMENT 1**

# Hamilton City Plan Change 5

## Updated Technical Assessment and Response to Submissions

29 August 2022

m.e consulting

# Hamilton City Plan Change 5

Updated Technical Assessment and
Response to Submissions

## Prepared for

Hamilton City Council

Document reference: HMCC037.22/Report/ME_TechnicalReportUpdated_29Aug22v2.docs

Date of this version: 29 August 2022

Report author(s): Susan Fairgray and Greg Akehurst

Director approval: Greg Akehurst (29/08/2022)

www.me.co.nz

# Contents


1 INTRODUCTION ..... 1

1.1 BACKGROUND ..... 1

1.2 UPDATED ASSESSMENT ..... 2

1.3 STRUCTURE ..... 2

2 ECONOMIC MATTERS RAISED IN SUBMISSIONS ..... 3

2.1 SUBMISSIONS REVIEWED ..... 3

2.2 M.E RESPONSES TO SUBMISSIONS ..... 3

3 PREVIOUS TECHNICAL ASSESSMENT ..... 10

3.1 M.E TECHNICAL REPORTS ..... 10

3.2 GREENFIELD HOUSING POLICY OPTIONS ASSESSMENT ..... 10

3.3 RETAIL CENTRE SIZE ASSESSMENT ..... 15

4 RESIDENTIAL DWELLING YIELDS ..... 18

4.1 PEACOCKE STRUCTURE PLAN NOTIFIED YIELDS ..... 18

4.2 KAINGA ORA IMPLIED ALTERNATIVE DWELLING YIELDS ..... 20

4.3 COMPARISON OF PEACOCKE YIELDS AND DENSITIES ..... 21

4.4 SHARE OF HAMILTON FUTURE DWELLING GROWTH ..... 22

4.5 HIGHER DENSITY OVERLAY AREA ..... 26

5 COMMERCIAL CENTRE SIZE CALCULATIONS ..... 27

5.1 ISSUES RAISED IN SUBMISSIONS ..... 27

5.2 EFFECT OF DWELLING YIELD CHANGES IN CENTRE SIZE ..... 27

5.3 ZONED LOCAL CENTRE LAND AREA RELATIVE TO PROJECTED DEMAND ..... 30

5.4 PROPOSED NEIGHBOURHOOD CENTRES ..... 35

6 SUMMARY OF KEY ISSUES ..... 37

# Figures

Figure 3-1: Hamilton City Household Projections ..... 12

Figure 3-2: Hamilton City Projected Net Change in Households ..... 12

# Tables

Table 3-1: Projected Demand for Attached Dwellings in Hamilton City ..... 14

Table 3-2: Peacocke Structure Plan Area Sustainable Floorspace (GFA, m2) ..... 17

Table 4-1: Peacocke Structure Plan Residential Yields and Densities: Medium Density Zone ..... 19

Table 4-2: Comparison of PSP (Appendix R and Chapter 3) and KO Suggested Residential Densities and Resulting Dwelling Yields ..... 22

Table 4-3: Hamilton City Projected Dwelling Demand: 2020-2043 ..... 23

Table 4-4: Modelled Distribution of PSP Dwelling Yields by Typology and Share of Projected Total Hamilton Growth ..... 24

Table 5-1: Peacocke Structure Plan Area Sustainable Floorspace (GFA, m2) ..... 30

Table 5-2: Comparison of Projected Sustainable Commercial Floorspace to Proposed Commercial Centre Land Area: 7.8 ha Local Centre Zone ..... 32

Table 5-3: Peacocke Commercial Centre Sustainable Floorspace by Modelled Scenario (Reduced Local Centre) ..... 32

Table 5-4: FARs by Centre Size and Modelled Sustainable Commercial Floorspace ..... 34

# 1 Introduction

Hamilton City Council (HCC) are undertaking Plan Change 5 (PC5) to enable greenfield urban expansion within the Peacocke Growth Cell Stage 2 area. M.E have previously completed economic assessment for HCC on feasible greenfield residential densities and sustainable retail centre floorspace to help inform the Peacocke Structure Planning process. HCC have engaged M.E to provide further assessment during PC5 to inform specific economic matters arising from the submissions relating to the plan change. This report contains our assessment and responses to submissions.

## 1.1 Background

Peacocke, with a gross land area of around 740 ha, is one of Hamilton City's largest greenfield growth cell areas, located on the southern urban edge of the city. It is expected to accommodate a significant portion of the city's greenfield growth over the short, medium and long-term. The Peacocke growth cell contains a number of existing sensitive areas, including significant shares of the land in the Mangakotukutuku gully network.

The structure plan area contains a gross residential developable area of around 403 ha. This is the gross area covered by the proposed Medium Density Residential Zone, including the High Density Residential Overlay Area.

Structure planning within Peacocke has been occurring over much of the past two decades, with changes to growth patterns occurring during this timeframe. The stage 1 area of Peacocke is largely already developed, with structure planning underway, through PC5, to develop the stage 2 area.

M.E have completed two technical reports within the past few years that have been used to help inform the PC5 development process. These include an assessment of the commercial feasibility of greenfield residential development densities during 2020 and an assessment of the level of sustainable retail floorspace within local Peacocke centres during 2019/2020.

HCC's latest yield information, during the commencement of the PC5 process, included an estimated 8,400 dwellings across the full Peacocke Growth cell area. Approximately 800 dwellings are already developed within the Stage 1 area, with the remainder estimated across the Stage 2 area. Recent market changes and potential changes to planning provisions may result in changes to the expected dwelling yield across the Peacocke area.

In addition to dwelling yields, an important part of the structure planning process has been to calculate the appropriate centre network to serve the projected household growth across the Peacocke area. The most recent assessment has identified the need for a Local Centre together with around eight smaller Neighbourhood Centres. It is important to understand the effect of any changes to overall dwelling yields on the required centre size.

## 1.2 Updated Assessment

M.E have been commissioned by HCC to undertake further economic assessment during the PC5 process to inform economic matters relating to the plan change. Our assessment has been limited to responding to specific economic matters raised within the submissions. Most significantly, this relates to understanding the potential effects of increased dwelling yields across the Peacocke growth cell area on required commercial centre sizes. Additional assessment has been sought on dwelling yields implied by alternative densities suggested in the submissions in relation to changes in dwelling market development patterns, the introduction of increased density planning parameters (Medium Density Residential Standards[1] (MDRS)), and issues relating to dwelling density raised by the land owners and other economic matters contained within submissions.

The proposed zoned land areas and associated provisions were decided prior to M.E's involvement in the Plan Change process. These were supplied by HCC as inputs to our assessment.

## 1.3 Structure

The Technical Report is structured as follows:

- Section 2 outlines the economic issues that have been raised submissions, and our responses, where HCC have sought advice from M.E.
- Section 3 provides an overview of the earlier technical assessment undertaken by M.E to inform the structure plan development process. It also includes updated projected dwelling demand information from subsequent M.E analysis.
- Section 4 assesses the potential dwelling yields within the Peacocke area and considers the application of the proposed High Density Overlay area.
- Section 5 assesses the size of the proposed commercial centres within the Peacocke growth area. It also considers the types and scale of commercial activity within the centres in relation to their intended role and function within their catchment areas.
- A summary of the key economic issues is contained within Section 6.

[1] Ministry for the Environment, 2022. *Medium Density Residential Standards: A guide for territorial authorities,* 21 April 2022, https://environment.govt.nz/assets/publications/Medium-density-residential-standards-A-guide-for-territorial-authorities-v2.pdf, accessed at June 2022.

# 2 Economic Matters Raised in Submissions

This section outlines the economic matters raised in the submissions on PC5. It then sets out M.E's response to each matter.

This section contains the assessment from the M.E 7 June 2022 memo[2] on our initial responses to economic points raised within the submissions. Further assessment has been requested by HCC in relation to the issues of residential densities and required centre sizes raised in the submissions are contained in subsequent sections.

## 2.1 Submissions Reviewed

HCC have requested that M.E review the economic matters contained within the following submissions:

- Submission 1: Glenview Club (reference 1.7)
- Submission 13: Jones Lands Ltd (reference 13.12 and 13.13)
- Submission 21: Transpower New Zealand Ltd (reference 21.2 and 21.3)
- Submission 22: Woolworths New Zealand Ltd (reference 22.1)
- Submission 38: Director General of Conservation (reference 38.40 and 38.53)
- Submission 53: The Adare Company (reference 53.24, 54.25, 53.41, 53.44, 53.46, 53.48, 53.51, 53.57, 53.87, 53.90 and 53.101)
- Submission 55: Kainga Ora (reference 55.13, 55.14, 55.49, 55.50, 55.192, 55.251, 55.243, 55.249, 55.301 and 55.312)

## 2.2 M.E Responses to Submissions

The following sub-sections are from the 7 June 2022 memo, and further requested evaluation, and contain M.E's responses to the first six of the above submissions. The Kainga Ora submission points and the analysis of the Adare Company proposed Local Centre size change are addressed in more detail through further assessment in Section 4 and Section 5.

### 2.2.1 Submissions 1: Glenview Club

The text of the Glenview Club submission point 1.7 Opposes in Part the DEV01-PSP 'Business Centres' on Page 27 and reads;

> *The text refers to the desired size of neighbourhood centres as being between 300m2- 800m2. This land area is too small to provide for meaningful urban design outcomes such as: - outdoor dining areas, which attract people to stay for longer, and utilise the sport and active recreation land. - landscaping, public art, common areas, pedestrian footpaths.*

They wish to remove the text that reads;

[2] Akehurst, G., 2022. *Re: Plan Change 5 – Peacocke Structure Plan Submissions,* memo from M.E to Craig Sharman, 7 June 2022.

*"providing approximately 2,600m$^2$ GFA between them ranging from 300m$^2$ – 800m$^2$ of GFA"*

*M.E Response*

The 300m2 – 800m2 reference refers to the Gross Floor Area (GFA) of the businesses locating in the Neighbourhood Centres and not the total footprint of the entire centres – including the outdoor areas for dining, landscaping, art and pedestrian footpaths. M.E consider that a GFA size range of between 300m2 and 800m2 for commercial household sector activities[3] serving localised convenience and hospitality demand is appropriate for a Neighbourhood Centre. It provides for between approximately 4 and 12 stores. This is sufficient to meet the convenience needs of the surrounding community.

M.E have provided further assessment of the appropriate development of the proposed Neighbourhood Centre Zone areas in Section 5.4.

### 2.2.2 Submission 13: Jones Lands Ltd

#### Submission Point 13.12

The Jones Lands Ltd submission point 13.12 opposes the Dairy provisions in the MDZ (Medium Density Residential Zone). Jones Lands Ltd consider that any provisions that relate to dairies should be to encourage them to locate in neighbourhood centres. Their reasoning reads;

> *Neighbourhood Centre activities should be encouraged to occur in those areas identified for a NZ, and the notified provisions undermine the viability of future NCs.*

*M.E Response*

Dairies are the most convenient of retail outlets, they exist to meet daily needs of residents and visitors, they are prevalent across the retail network and are the cornerstone outlet in neighbourhood centres. Because they attract residents regularly, they should be encouraged to locate in centres, such that the other co-locating activities can benefit from foot traffic. This helps to ensure the centre delivers maximum vibrancy and vitality and therefore amenity to the catchment. By allowing dairies to locate outside neighbourhood centres within the MDZ, this potential vibrancy and vitality is undermined. From an economic perspective, this leads to an uneconomic outcome with multiple trips needing to be made to meet all needs – rather than multipurpose single trips.

Therefore, I agree with the submission that dairies should be encouraged to locate within the commercial centre zones.

#### Submission Point 13.13

In Submission Point 13.13, Jones Lands Ltd oppose "*All provisions relating to Childcare Facility in the MDZ*". Their reason reads;

> *The gfa restrictions for childcare activities should be deleted – this unduly restricts the efficient use of such sites*.

[3] These generally include retail, hospitality and household services.

Currently the PC 5 provisions covering Childcare Centres in the Medium Density Zone MRZ – PREC1- PSP: R21 hold Childcare Centres are Restricted Discretionary status, where the following are complied with;

1. PREC1-P R36 – R48.
2. The Childcare Facility shall not be part of a multiunit residential development.
3. The activity shall be located on a front, corner, or through site
4. The activity shall have a maximum gross floor area for all buildings of 250m$^2$

*M.E Response*

While the submission states it relates to all provisions relating to Childcare facilities in the MDZ, the reasoning only applies to the scale of the Childcare Centre. Jones Lands Ltd wish to remove restrictions of GFA, saying it unduly restricts the efficient use of such sites. The average across 2 of the large providers in the Auckland market is less than 120m$^2$, although a share of the market is within larger centres. We consider that from an economic perspective and an urban function perspective, childcare centres need to be evenly distributed across residential areas to facilitate easy access for the maximum number of people. It appears that Childcare centres can be very successful at less than 250m$^2$.

However, there is no 'economic' reason for restricting the size to 250m2 in the MDZ other than the presence of a very large central Childcare centre, may limit the possibility for other more locally focused centres to establish closer to different parts of the residential catchment.

We understand there are likely to be traffic and urban form arguments against the presence of very large day care centres, and they flow through to have economic effects (local congestion, being out of scale with its surroundings and other aspects).

### 2.2.3 Submission 21: Transpower New Zealand Ltd

Submission points 2 and 3 of the Transpower New Zealand Ltd submission oppose the application of the Natural Open Space and Medium Density Residential Zone to its existing site on Hall Road within the Peacocke structure plan area. Points 2 and 3 state:

> Transpower opposes the Natural Open Space Zoning of the National Control Centre at 25 Hall Road, particularly given the anomaly of zoning part of the site Natural Open Space Zone given its existing use.
>
> Transpower oppose the Medium Residential Zoning – Peacocke Precinct of the National Control Centre at 25 Hall Road.

Transpower seek an alternative Business 1 Commercial Fringe Zone for their site to protect their existing and potential future use of the site. If this cannot occur, then they seek Medium Residential Zone for the full extent of the site.

*M.E Response*

Business 1 Commercial Fringe zoning in this location could potentially result in an additional future centre, which would adversely affect the wider land use framework. We note that, from an economic perspective, Business 1 zoning at this location would be relatively consistent with the zones' Objective 6.2.7 and Policy

6.2.7a to have particular activities out of centres that cannot locate within the centres due to their functional requirements. However, we also consider that the range of activities provided for within the Business 1 Zone could potentially result in the future development of a quasi-centre (if the site were no longer required by Transpower in the future) that may adversely affect the planned distribution of commercial activity within the Peacocke growth cell. We therefore consider that the Business 1 Zone is unlikely to be appropriate for this location.

M.E consider that the Medium Density Residential Zone would be most appropriate for this location in the long-term if Transpower no longer required the site. For this reason, we consider that an alternative business/industrial zone is also likely to be less appropriate in this location - while an alternative zone may also provide for Transpower's existing activities and exclude other, typically centres-based activity, from establishing, it would be less appropriate in the long-term than a zone reflecting the general intended long-term residential development pattern of the local area.

A remaining issue is whether the Medium Density Residential Zone (as currently proposed) would enable Transpower to expand its current activities within the site, including using the site more intensively. From an economic perspective, it is likely that the purchase and occupation of a site reflects a combination of current and intended future uses. If these are constrained, then this may result in wider economic costs through the effects on the infrastructure network.

### 2.2.4 Submission 22: Woolworths New Zealand Ltd

Point 22.1 from the Woolworths New Zealand Ltd submission states that:

> The submitter is concerned that the extent and placement of the Local Centre Zone will not result in an optimum outcome for the Local Centre in terms of amenity and efficiency. The submitter considers that the focal point of the Local Centre should be shifted further to the west and straddle the intersection of Peacockes Road and proposed east-west minor arterial road, so that the centre can benefit from the visibility and frontage provided by the intersection of two arterial roads, the activity levels of the proposed school, and the convenience of the proposed public transport hub. This will also allow separation of retail uses so that finer-grained retail, office, and entertainment activities are focused on the eastern side of Peacockes Road and the larger format supermarket can utilise the regular-shaped and flat land at 410 Peacockes Road. This corner site will enable the supermarket to be easily accessible by heavy vehicles (for deliveries of goods) and private motor vehicles (for customers), without compromising the focus on creating a pedestrian-friendly environment with active street frontages within the core area of the Local Centre.

Woolworths seek an expansion to the proposed Local Centre Zone to cover the property at 410 Peacockes Road, which is currently zoned Medium Density Residential Zone and forms part of the High Density Overlay. This site is located on the western side of the main artertial, Peacockes Road, and is directly opposite currently proposed Local Centre Zoned area. Woolworths are seeking a similar reduction in the Local Centre Zone area within northern and southern parts of the currently proposed zoned area.

*M.E Response*

The proposed reconfiguration of the centre zoned area would result in the fragmentation of the centre. It may also result in the supermarket functioning together to a lower extent with the rest of the centre, particularly where customers would be required to cross a main road to access the rest of the centre (we rely on the advice of Mr Munro that the arterial road creates a barrier to consumer pedestrian movements within the wider centre spatial structrure). It may also require supermarket customers to drive to another part of the centre to undertake multipurpose shopping trips (assuming that supermarket parking is only for supermarket customers).

M.E note that the proposed additional centre zoned area would be likely to represent a commercially attractive location for a supermarket due to a high level of visibility and accessibility from main arterial roads within the Peacocke area. However, in our view, there are significant economic effects on the centre overall (and consequently the amenity it provides to its catchment area) and the wider efficiency of land use at that location that need to be considered. These are discussed further in Section 5.3.4.

If a supermarket established on the proposed site on the western side of Peacockes Road, then it is likely to decrease the efficiency of land use across the centre zoned area. A supermarket in this location would require an additional car park area to that already likely to otherwise be provided within the eastern part of the centre, resulting in an increased overall area used for car parking purposes. If the supermarket were instead to locate within the existing proposed area, then there is greater potential for consumers to use the same car parking area to complete both their supermarket and other centre-based components of their trip.We further consider that the location of the supermarket within the currently proposed zoned area would encourage it to function together with other retail within the centre. This is important in establishing an efficient spatial structure for the centre where core retail functions (e.g. supermarkets) act to geographically focus consumer activity within central parts of the centre that contain access to social and other infrastructure.

The fragmentation of the centre structure, and associated land use inefficiencies, are also likely to occur in a situation where the expanded zoned area were instead used for other retail, hospitality or household services activity. The spread of this core centres-based activity across the western side of Peacockes Road would also be likely to dilute the concentration of this activity into central parts of the centre zone that better integrate with the social roles of the centre.

The proposed supermarket location would be likely to result in a 1 ha expansion to the centre zoned area. We consider that the centre zoned area is already likely to be large relative to its intended role and function, with associated economic costs (refer to Section 5.3). A 1 ha expansion to the centre area would be likely to exacerbate this situation.

### 2.2.5 Submission 38: Director General of Conservation

Submission points 40 and 53 of the Director General of Conservation state:

> The local centre identified on the zoning map abuts Bat Priority Area. There is no discussion on how the local centre will be developed in a way that recognises this and ensures protection for Long-tailed bats and their habitat.

> The Director-General appreciates that a suburban area as large as the PSPA will require a centre for retailing, offices, business and the like. That said, the proposed Local Centre will abut a Bat Priorirty Area, a fact that has not been considered in the 'issues' paragraph, or the entirety of Chapter 6B. It is considered there should be a thorough discussion of how Neighbourhood Centres will be designed and located to avoid and minimise the impact on long-tailed bats.

The submitter requests discussion of how the Local Centre will be designed and located to avoid and minimise any impact on long-tailed bats and ensures protection for their habitat.

*M.E Response*

The general location of centres is important relative to both the local immediately surrounding area (e.g. Neighbourhood Centres) as well as the catchment area at a broader scale. We consider that the proposed suburban centre is located efficiently to serve the Peacocke catchment area and is accessible given its positioning at the junction of two main arterial roads.

### 2.2.6 Submission 53: The Adare Company Ltd

In Submission Point 25 on DEV-01-PSP Components of the Peacocke Structure Plan Business Areas – Figure 19 Peacocke Local Centre Design Concept, The Adare Company make a number of points of amendment and seek change. Sub Point 6 reads;

> The Peacocke Local Centre Design Concept diagram identifies "Large Format Retail" in the location where it is currently intended that a supermarket would be established. The importance of a supermarket to anchor the Local Centre Zone is addressed in LCZPREC1- PSP: O2 which states:
>
> > *"The Peacocke Local Centre is the focal point for the Peacocke Community, providing a range of convenience, retail, employment and service activities and is the only location for a supermarket within the Peacocke Structure Plan area."*
>
> Supermarket is a defined term in the district plan so the diagram should expressly refer to the term "Supermarket" rather than "Large Format Retail".

Adare wish to amend the Peacocke Local Centre Design Concept diagram to replace the term "large format retail" in the diagram with "Supermarket".

*M.E Response*

I **agree** with the submission on this point. We consider that a supermarket forms an important anchor store for the proposed Local Centre and is required to provide amenity for the surrounding catchment area.

We consider the location of this site within the wider centre spatial structure is appropriate to accommodate a supermarket. It encourages the retail focus to establish at this location, which is important for anchoring surrounding retail within the core part of the centre.

We also consider that it is less appropriate for large form retail (LFR) to locate within the proposed local centre. Establishment of LFR may elevate the proposed centres' role within the urban centres hierarchy to a position above its intended spatial role and function. LFR typically increases the spatial catchment area of the centre, increasing its function beyond serving local demand. This is further compounded by its

propensity to encourage additional retail to establish together with LFR. The effect of this is that other centres within the hierarchy are adversely impacted.

# 3 Previous Technical Assessment

This section summarises the key findings and parameters contained within the earlier technical assessments undertaken by M.E in 2019 and 2020 that have been used to inform the PC5 development process.

## 3.1 M.E Technical Reports

M.E have completed two technical assessments for HCC to inform residential development and retail centre size within the Peacocke growth cell area. These are:

- Fairgray, S., McIlrath, L., Lunday, J., Nicol, J. and Bryce, N., 2020. *Greenfield Housing Policy Options Assessment for Hamilton,* prepared for Hamilton City Council by M.E Ltd and 4Sight Consulting, 13 October 2020.
- Foy, D. and Foy, R., 2020. *Peacocke Structure Plan: Retail Assessment,* prepared for Hamilton City Council by M.E Ltd, 21 October 2020.

The first report assesses different dwelling densities within the Peacocke growth area to inform the HCC plan change process to increase the yield within this area (from the original lower density ODP zoning). It assesses the commercial feasibility of different dwelling densities to understand whether more sustainable patterns of urban development (i.e. higher density development) can be achieved within Hamilton's greenfield areas.

The second report assesses the demand for sustainable retail centre space within the Peacocke growth area. It calculates the demand for retail space arising from the projected dwellings and other surrounding areas likely to be served by retail centres within the Peacocke growth area. The report indicates the appropriate centre sizes (in terms of sustainable GFA) and types based on the assumed dwelling yields within the catchment areas.

The reports do not include recommendations as to the appropriate scale and extent of zoned land areas. These were subsequently determined through the structure planning process.

The following sub-sections provide further detail on each of the economic assessments. They set out the input assumptions and key findings contained within the reports that are relevant for the consideration of the economic matters raised within the submissions.

## 3.2 Greenfield Housing Policy Options Assessment

### Overview

The housing policy options (HPO) research assess the commercial feasibility of developing the Peacocke greenfield residential area at different densities. It estimates the feasibility for a private, commercial developer to construct dwellings of different typologies at different densities and how this may change through time with the gradual development of the greenfield area. The estimated feasible development

densities within each typology were then compared to the overall city-level market size for each type of dwelling.

At the time of the research, Hamilton's patterns of urban expansion within greenfield areas were characterised by the construction of predominantly lower density detached dwellings. Only a minor share of the development within greenfield areas occurred as attached dwellings on smaller land areas. These development patterns emerged through a combination of patterns of market demand and the provisions within the residential zoning. The analysis was requested by HCC to understand whether more sustainable (increased density) patterns of urban development could be achieved within the greenfield areas.

The feasibility analysis reflected the residential development market patterns at the time of the assessment (2019/2020) in the base year. It identified the dwelling densities that were most feasible (in terms of profit margins), and also identified densities that had lower (positive) margins, but were still likely to be constructed. The report considered that these reflected emerging areas of the market that were likely to grow through time, with a smaller share of dwellings still constructed at these densities in line with existing patterns of demand.

### Key Technical Inputs

There are several technical aspects of the research that are relevant to the points raised within the submissions and the applicability of the research to current planning for the Peacocke growth area.

*Total Household Projections*

Firstly, the HPO research was based on household projections (a main driver of dwelling demand) supplied by HCC, which reflected the most recent information at the time of the assessment. These were the HCC low series projections, which were positioned between the Statistics New Zealand (SNZ) medium and high series projections. Although the 2020 year projection was higher, the HCC projections contain a level of net household growth similar to the SNZ high series projections across the assessment time period.

In 2021, updated household projections were produced by WISE for the Waikato Region, including Hamilton City. The WISE High Projection Series were used within Hamilton City's NPS-UD Housing Demand and Capacity Assessment (HDCA), the most recent assessment of dwelling demand for the city.

The WISE projection series, in comparison to the SNZ and previous HPO HCC projections are displayed in Figure 3-1, with a comparison of the net change in projected households in Figure 3-2. The WISE projections have a lower household estimate in 2020 than other projection series, and a higher projection by 2050.

The WISE projection series contains similar levels of net growth to the HPO report in the short (2020-2023) and medium-term (2020-2030). However, in the long-term, it contains substantially higher levels of household growth than previous projection series. It projects an additional 5,600 household net increase over the long-term, and an addition 3,500 households by 2043 in comparison to the HPO assessment projections.

Figure 3-1: Hamilton City Household Projections

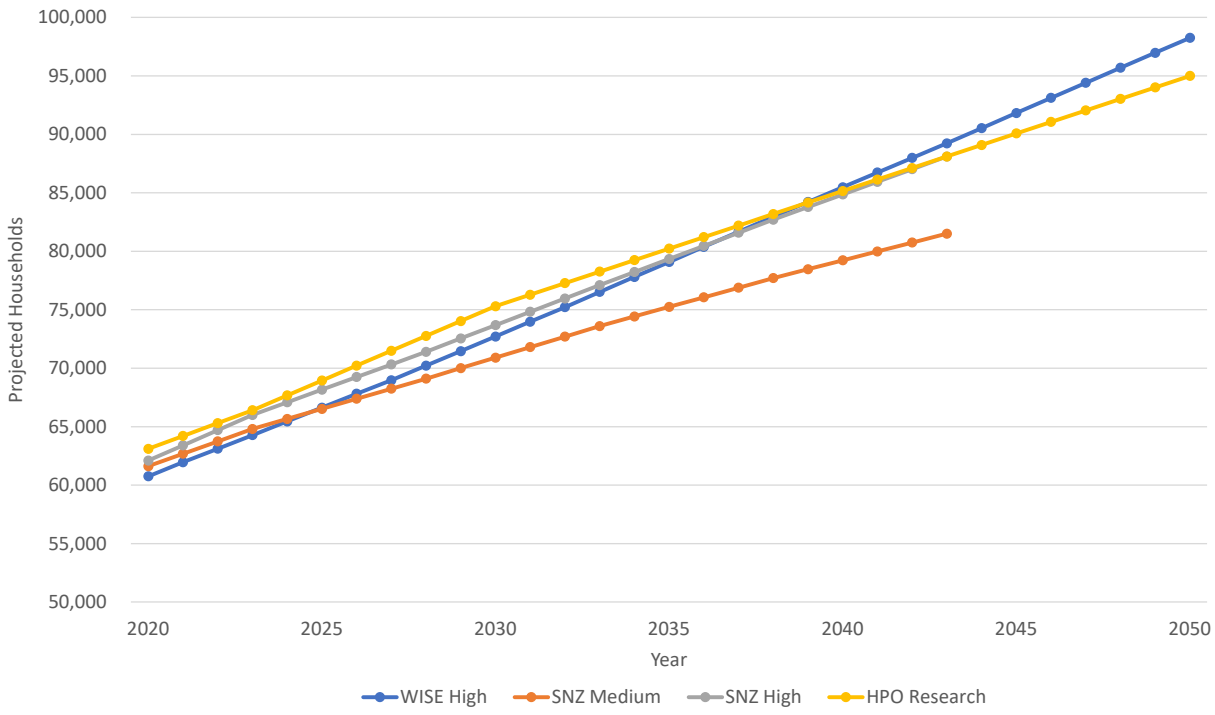
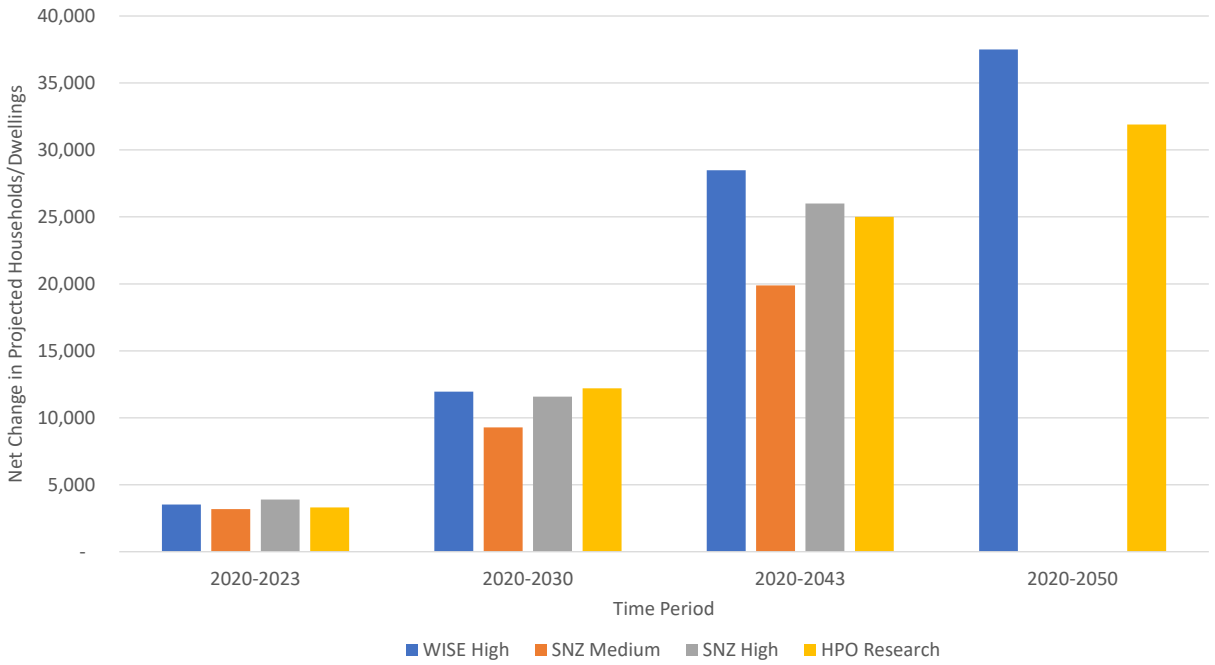



Figure 3-2: Hamilton City Projected Net Change in Households




*Attached Dwelling Projections*

Secondly, the HPO assessment projects dwellings by type (attached vs. detached), which is relevant for the consideration of demand for higher density dwellings across Hamilton City. The assessment contains three dwelling type projection scenarios to model increasing preference shifts towards attached dwellings as

households make trade-offs in dwelling size, location and price. The base structure reflects existing patterns of dwelling preference within the market (as at 2020) through analysis of household structures and dwelling stock (from the HCC Ratings Database); and the preference shift scenarios allow for gradual changes to this structure through time.

Updated assessment on the structure of dwelling demand is contained within HCC's HDCA report. In addition to the application of updated projection series (WISE High), the HDCA also provides updated estimates of the changes in the projected dwelling demand across detached and attached dwellings. These are based on a combination of updated information on household composition within the updated projection series as well as updated analysis of residential development market patterns of activity.

A comparison of the projected attached dwellings between the HPO research and the HDCA is contained in Table 3-1. The upper section of the table shows the projected net increase in attached dwelling demand for each time period and preference shift scenario in each of the assessments. The lower section shows the share of the total dwelling demand net change as attached dwellings under each modelled scenario. Importantly, the differences between the projections reflect a combination of overall differences in projected households (where total long-term projected demand is higher under within the HDCA) as well as changes to the structure of dwelling demand.

Table 3-1 shows that the HPO assessment projects a net increase in demand for between 6,200 and 14,000 attached dwellings over the long-term (2020-2050) across Hamilton City, and between 4,900 and 10,600 out to 2043. This equates to between 19% and 44% of the total long-term projected net increase in dwelling demand.

There is a higher projected net increase in attached dwellings within the HDCA during these time periods. There is a projected demand for between 7,300 and 18,500 additional attached dwellings out to 2050, and 5,600 to 13,600 dwellings out to 2043. Part of the increase between the assessments is due to the use of a higher projection series, while part is due to an increase in the share of total dwelling demand as attached dwellings. Under the preference shift scenario, attached dwellings account for 49% of the total net increase in dwelling demand, compared to 44% under the HPO assessment high preference shift.

Table 3-1: Projected Demand for Attached Dwellings in Hamilton City

| Projection Period | HPO Assessment | | | HDCA Assessment | |
|---|---|---|---|---|---|
| | Nil Preference Shift | Medium Preference Shift | High Preference Shift | Base Case | Preference Shift |
| | Net Change in Attached Dwellings | | | | |
| 2020-2023 | 600 | 800 | 1,100 | 600 | 1,400 |
| 2020-2030 | 2,400 | 3,400 | 4,400 | 2,300 | 5,200 |
| 2020-2043 | 4,900 | 7,800 | 10,600 | 5,600 | 13,600 |
| 2020-2050 | 6,200 | 10,200 | 14,000 | 7,300 | 18,500 |
| | Attached Dwellings Share of Total Net Change in Dwellings | | | | |
| 2020-2023 | 17% | 23% | 31% | 18% | 40% |
| 2020-2030 | 20% | 28% | 36% | 19% | 43% |
| 2020-2043 | 20% | 31% | 43% | 20% | 48% |
| 2020-2050 | 19% | 32% | 44% | 20% | 49% |

*Source: M.E, 2020 (HPO Assessment) and M.E 2021 (HDCA Assessment).*

*Development Sector Patterns and Planning Provisions*

Importantly, the HPO and HDCA research estimate the underlying demand for different dwelling types based on household preferences. This may differ to the patterns of future dwelling uptake as households make further trade-offs in location, price and dwelling size and respond to the patterns of dwelling supply from the development market.

The patterns of dwelling construction informing the HDCA are based on the Operative District Plan provisions and the existing construction sector. Future changes in dwelling development patterns may occur in response to changes in planning provisions and conditions within the building sector.

Further assessment on these factors is contained in Section 4.

## Main Findings

The HPO assessment found that current patterns of feasibility (in 2020) reflected the existing market preferences for construction of lower density detached dwellings within greenfield areas. The feasible densities were estimated to be higher than those enabled by the existing General Residential planning provisions for 400m2 minimum site areas. It estimated that detached dwellings were feasible to construct down to minimum site areas of around 370m2, and up to 270m2 at lower margins.

The assessment also found that attached dwellings were also feasible, at higher densities (around 230m2 land area per dwelling) than detached dwellings, albeit at lower margins. This reflects the patterns of dwelling development within Hamilton's greenfield areas at the time of the assessment.

The report also found that the range of feasible densities and dwelling typologies is likely to increase through time. Higher densities are likely to become feasible for both detached and attached dwellings. In the short-term, it estimated that detached dwellings would be feasible at around 310m2 per dwelling, and

up to a density fo around 250m2 per dwelling at lower margins (the extent of the modelled range). Attached dwellings were estimated to be feasible, albeit at lower margins, at densities of up to 200m2 per dwelling. The assessment considered that there was likely to be greater market substitutability between detached dwelling demand and larger attached dwellings (3+ bedroom) supply, increasing the feasibility of these options.

The range of feasible dwelling densities was projected to increase through time across all dwelling typologies throughout the medium and long-term. Within the medium-term, the larger dwellings (3+ bedrooms) were projected to be feasible across the range of modelled densities (up to 40 dwellings per ha: 150m2 land area per dwelling), albeit with the upper range of densities feasible at lower margins. Smaller dwellings (1-2 bedrooms) generally had lower levels of projected feasibility.

Within the long-term, the full range of modelled densities were estimated to be feasible for all dwelling types and sizes. A limited number of vertically-attached apartments were also estimated to be feasible, dependent upon the establishment of a node of higher amenity within the Peacocke growth area (with their feasibility limited to proximity to this node).

## 3.3 Retail Centre Size Assessment

### Overview

The retail assessment, undertaken by M.E in 2019/2020, calculates the appropriate scale of floorspace provision for centre-based activity within the Peacocke structure planning area. It calculates the total demand for retail activities arising from household demand from within the catchment areas likely to be served by centres located within Peacocke. The assessment then converts the retail demand into sustainable floorspace and estimates the share likely to occur within centres in Peacocke. It then estimates the other components of centre activity (household services and offices) likely to occur together with retail to provide an overall estimate of the projected centre size within Peacocke.

The report considers the eventual centre size to be of highest importance, which is estimated to occur by 2043 based on the Peacocke development yield projections used within the report.

Lastly, the report then assesses the appropriateness of the proposed centre locations within the Peacocke structure planning area. This is considered at a local scale in relation to the geographic spacing of proposed neighbourhood centres and at a broader spatial scale for the proposed suburban centre.

It is noted that the assessment does not specifically calculate the sufficiency of the zoned centre land areas required to accommodate the projected floorspace. This is considered instead within Section 5.3.

### Key Technical Inputs

*Peacocke Dwelling Yields*

Development yield information for the Peacocke growth area, supplied by HCC, formed a key input to retail assessment. The demand for retail space calculated predominantly from these dwelling yields, with some allowance for additional demand occurring within the surrounding rural and existing urban areas likely to be served by the Peacocke centres.

The retail assessment is based on a total dwelling yield of 8,400 dwellings across the Peacocke growth area. Around 800 of these dwellings are located within the Stage 1a area with a share already constructed at the time of the assessment. There is an estimated yield of around 7,300 future dwellings across the proposed medium and high density residential areas. The remainder of the dwelling yield occurs within the proposd sports park area (200 dwellings) and within the suburban centre (around 50-60 dwellings).

*Peacocke Zoned Area*

The report uses the information on zoned land area contained within the proposed structure plan at the time of assessment. It is based off a total gross land area of around 464 ha, of which 274 ha is the net developable area. Most of this area is contained within the Medium Density Zone and High Density Overlay areas (392 ha gross: 235 ha net). It also contains a gross area of 4.1 ha for the suburban centre[4]. Although the centre size differs to the subsequently notified centre size (7.8 ha) it does not determine the calculations from within the report.

Importantly, the retail report does not undertake the calculations of dwelling yield based on these land areas. These are instead supplied by HCC as total dwelling yields for the Peacocke area. The use of zoning information within the report is limited to considering the location of neighbourhood centres within the area.

*Demand from Surrounding Areas*

The retail assessment considers the likelihood of any Peacocke centres serving household demand originating from outside of the Peacocke growth area. The assessment takes into account the geographic limitations to any catchments, the existing local and city-level centre structures and the relativities to the proposed suburban centre, and the level of projected growth within these areas.

Taking these factors into account, the retail assessment makes an allowance for a small amount of demand arising from these areas.

## Main Findings

The retail assessment estimates that there is a projected net increase in demand for $298m (annual demand) within the catchment areas likely to be served by retail centres within Peacocke. Most (92%) of this increase is projected to occur within the Peacocke growth area, with smaller shares from the surrounding catchment areas.

The total demand translates into a net increase of 40,500m2 of sustainable floorspace across all centre locations where the demand is met. The combination of existing and projected future households within Peacocke are projected to sustain a total of 39,100m2 of retail floorspace across all locations.

The assessment estimates that there is 12,700m2 of floorspace that is sustainable locally within the Peacocke suburban centre, and a further 3,100m2 across the proposed smaller neighbourhood centres (in aggregate). This also includes an allowance for household services (that co-locate with retail) and a small amount of office activity). The dwelling growth staging within the report assumes that this would become

[4] The centre was identified as a 'suburban' centre during the assessment period.

sustainable by 2048, and that the centre would reach a sustainable size of an HCC-defined suburban centre size (10,000 to 20,000m2 GFA) by around 2040.

The sustainable floorspace by type and centre from the retail assessment is shown in Table 3-2. The assessment notes that this could amount to either one or two supermarkets, with the potential for two supermarkets further increased if a higher share of supermarket spend was captured locally.

Table 3-2: Peacocke Structure Plan Area Sustainable Floorspace (GFA, m2)

| Centre type | 2020 | 2023 | 2028 | 2033 | 2038 | 2043 | 2048 |
|---|---|---|---|---|---|---|---|
| **Suburban centre** | | | | | | | |
| Supermarket | 800 | 1,000 | 1,900 | 2,700 | 3,600 | 4,500 | 4,800 |
| Other retail | 900 | 1,200 | 2,100 | 3,000 | 3,900 | 4,900 | 5,300 |
| Services (incl medical) | 400 | 500 | 900 | 1,300 | 1,700 | 2,100 | 2,300 |
| Offices | - | 100 | 100 | 200 | 200 | 300 | 300 |
| Total Suburban centre | 2,000 | 2,800 | 5,000 | 7,200 | 9,400 | 11,900 | 12,700 |
| **Neighbourhood centres** | 500 | 700 | 1,200 | 1,700 | 2,200 | 2,900 | 3,100 |

The following section contains estimates of the required centre sizes within Peacocke if different dwelling yields are applied.

# 4 Residential Dwelling Yields

The Peacocke Structure Plan area is a large growth area within the context of the wider Hamilton City future urban footprint. It is expected to meet a substantial share of Hamilton's projected future greenfield residential growth and is also sizeable within the context of total city growth. The size of Peacocke's dwelling yield will affect the level of demand for commercial activity and social infrastructure within local Peacocke commercial centres.

This section discusses the potential future residential dwelling yields within Peacocke and clarifies their calculation in relation to stated residential dwelling densities. This is important for understanding the implied yields from submissions and earlier technical assessment, as well as interpreting the densities within the context of the wider Hamilton dwelling market.

The section starts by outlining the yields within the notified Peacocke Structure Plan. It then estimates the dwelling yields implied by the suggested densities within the Kainga Ora submission. The yields are then discussed within the context of the wider Hamilton market and total projected future growth.

The Resource Management (Enabling Housing Supply and Other Matters) Amendment Act requires amendments to district plans, Council will be responding to this direction across Hamilton through a specific Plan Change (PC12 – Enabling Housing Supply). Changes are proposed to PC5 provisions as a result of submissions to align the plan change with the requirements of the Amendment Act and the MDRS provisions. The impact of the changes is unlikely to materially impact the yield of the Peacocke Structure Plan, however additional yield may be enabled through more enabling plan provisions. Nevertheless, we consider that the range of impacts the MDRS provisions will have is covered within the range of scenarios tested in this section.

The overall level and patterns of demand within Hamilton's housing market will be a key factor in relation to the dwelling densities delivered within the growth area.

## 4.1 Peacocke Structure Plan Notified Yields

The estimated residential yields and dwelling densities within the Peacocke Structure Plan area are summarised in Table 4-1. These have been obtained directly from the Plan Change 5 Appendix R *Residential Yield Assessment.* The assessment is informed by the analysis undertaken by M.E on feasible greenfield densities outlined in Section 3.2. HCC have adopted appropriate densities for the structure plan area from within the estimated feasible dwelling density ranges from the M.E assessment[5].

[5] The M.E assessment identified the dwelling densities likely to be feasible within the greenfield areas. These formed density ranges, with the range increasing through time. HCC determined the appropriate densites from within these ranges together with further planning assessment.

Table 4-1: Peacocke Structure Plan Residential Yields and Densities: Medium Density Zone

| Zone Area | Gross[1] Zoned Area (ha) | PSP Yields (Dwellings) | | | Stated Densities (Dwellings per ha) | | | Average Section Size (m2) | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Low Yield | High Yield | Estimated Plan Change Yields | Low Yield | High Yield | Estimated Plan Change Yields | Low Yield | High Yield | Estimated Plan Change Yields |
| **Medium Density Zone** | | | | | | | | | | |
| **High Density Overlay Area** | 184 | 4,039 | 5,508 | 4,590 | 22 | 30 | 25 | 280 | 200 | 250 |
| **Remainder Medium Density Zone** | 219 | 3,077 | 4,388 | 3,294 | 14 | 20 | 15 | 475 | 330 | 450 |
| **Total Medium Density Zone[2]** | **403** | **7,116** | **9,896** | **7,884** | **18** | **25** | **20** | **364** | **258** | **334** |

*Source: HCC, 2021. Plan Change 5 Peacocke Structure Plan: Residential Yield Assessment, Appendix R, March 2021.*

[1] This area includes any local roads, road edges, and smaller reserves, etc within the subdivision areas. It excludes areas that have been identified for major roads and other non-residential uses.

[2] Total zoned area densities and average section sizes are estimated based on the densities and average section sizes stated for the zone sub-components (High Density Overlay and remainder area) stated within Appendix R.

### 4.1.1 Zoned Area and Dwelling Yields

The Peacocke Structure Plan area has a notified Medium Density Residential Zone area of 403 ha. Approximately 184 ha of this area is covered by the High Density Overlay (HDO) area, with 219 ha within the balance of the zoned area. These zoned areas exclude the main arterial roads, open space and other non-residential uses identified within the PSP area. However, it is important to note that they are gross areas in relation to the density assessment as they include areas that will be taken up with local roads, road edges, etc.

The structure plan has a total notified estimated yield for an additional 7,884 dwellings across the proposed Medium Density Zoned area[6]. Over half (58%; 4,590 dwellings) of these are within the HDO area, and the remainder (42%; 3,294 dwellings) within the balance of the Medium Density Zone area. The structure plan assessment also contains high and low yield scenarios, based on higher and lower densities within the structure plan area. These range from 7,116 dwellings (low) to 9,896 dwellings (high).

### 4.1.2 Dwelling Densities

Appendix R of the Structure Plan also states the dwelling densities and average section sizes across the HDO and balance areas. It states a *gross* density of 25 dwellings per ha within the HDO area, and 15 dwellings per hectare across the remainder of the zone. This amounts to average section sizes of 250m2 per dwelling and 450m2 per dwelling respectively.

The high and low scenarios provide a *gross* density range of 22 to 30 dwellings per ha within the HDO and 14 to 20 dwellings per ha within the balance of the zone. This amounts to HDO section sizes of 200m2 to 280m2 per dwelling, and 330m2 to 475m2 per dwelling within the balance area.

Importantly, the stated densities within Appendix R relate to the gross zoned area[7]. They are the dwellings per ha across the total area developable for residential uses, which includes local roads, road edges, etc.

[6] Together with dwellings within the Stage 1 area (including those already constructed), proposed sports park area (alternative residential estimates), and dwellings withi the commercial centres, this amounts to a total yield of around 8,400 dwellings.

[7] HCC requested that the *Housing Policy Options* assessment expresses densities in relation to gross land area. This was important to estimate the total potential yield of the structure plan area as the share of land removed for local roads and reserves differs by development density.

When section sizes are calculated, between 32% and 40%[8] of the developable area is removed for local roads, road edges, etc. The net area (i.e. zoned area less non-parcelled area) is then divided by the total dwelling yield to calculate the average site sizes per dwelling[9].

### 4.1.3 Dwelling Densities within Other PSP Technical Assessment

The densities calculated in Appendix R are consistent with the densities applied within the rest of the structure planning documentation. However, the expression of dwelling densities used in Appendix R differs to that used within other areas of the structure plan process, including the proposed Chapter 3 policies, due to differences in the intended purpose of each calculation. It is important to apply a conversion factor to generate a consistent comparison between the different stated densities. This is set out below.

Chapter 3 of the proposed Plan Change 5 contains a minimum *net* density within the HDO area of 35 to 50 dwellings per ha, and 22 to 30 dwellings per ha within the remainder of the Medium Density Residential Zone (Policy DEV01-PSP: P14). These are described as *net* residential densities and reflect the density across the final zoned area of the total developable area that excludes roads and open space.

The Chapter 3 densities are consistent with those in Appendix R for each part of the Zone. For example, a density of 50 dwellings per ha within the HDO area calculated across the final zoned parcel area is approximately[10] consistent with the high scenario density of 30 dwellings per ha calculated across the gross residential zone developable area of the HDO. This occurs as follows:

i. 5,508 dwellings (high yield) / 184 ha (gross HDO area) = 30 dwellings per ha
ii. 5,508 dwellings (high yield) / (184 ha X 60% (roads, reserve conversion)) = 50 dwellings per ha

The M.E Retail Assessment (outlined in Section 3.3) discusses PSP densities with an approach consistent with the net area density calculation in ii above.

## 4.2 Kainga Ora Implied Alternative Dwelling Yields

### 4.2.1 Original Submission

The Kainga Ora submission (number 55) considers that the HCC PSP densities are too conservative in relation to the NPS-UD objectives. This is both in relation to the share of land that is developable, and the density targets within the developable areas. They consider that the future development market is likely to deliver dwellings at higher densities within the greenfield areas than set out in the PSP.

Kainga Ora have proposed the following alternative, higher *net* dwelling densities across the Medium Density Residential Zone:

i. HDO area minimum of 100 dwellings per ha.

[8] A higher share (37% to 40%) is removed within the higher density area of the HDO to allow for higher density development, with a lower share (32% to 34%) removed within the balance of the Medium Density Residential Zone area.
[9] For example, the HDO gross zoned area of 184 ha is multiplied by 63% to account for local roads, etc, to produce a net parcelled area of 115 ha. This net area (115 ha) is divided by the estimated yield of 4,590 dwellings to produce an average site size of 250m2 per dwelling (i.e. 115 X 10,000 / 4,590 = 250m2).
[10] There are small differences due to rounding of density numbers.

ii. Remainder of zone area minimum of 50 dwellings per ha.

The Kainga Ora submission does not appear to contain any quantitative analysis to determine the yields arising from their suggested densities. Nor does it contain any assessment on the likelihood of any resulting yields to support their suggested densities. If this is available, then M.E are able to test this information within the retail demand model to calculate the required commercial centre space to support demand arising from the yields.

In the absence of assessment from Kainga Ora, the assessment below has applied the Kainga Ora proposed alternative dwelling densities across the medium and higher density areas (minimum of 50 and 100 dwellings per ha, respectively) to calculate an implied dwelling yield if development were to occur at these densities. Some allowance has also been made for higher density vertically-attached dwellings within the commercial centres (albeit at a lower scale than that suggested by the submission).

The application of these densities across the medium and high density areas (net areas), results in an overall yield of around 16,000 additional dwellings (excluding the approximately 800 dwellings within the Stage 1 area). It should be noted that this calculation makes no allowance for an increase in the net developable area (as also suggested within the Kainga Ora submission), which would produce a higher yield. Adjustments have not been applied to the net developable area is it is assumed that the low conversion rates[11] here are due to the topographical and conservation land aspects.

The Kainga Ora suggested densities would equate to an average land area of 100m2 per dwelling within the HCO area and 200m2 per dwelling within the remainder of the zone.

## 4.3 Comparison of Peacocke Yields and Densities

Table 4-2 summarises the dwelling yields produced within the PSP (high, low and PSP position) together with the yields produced under the KO suggested densities.

The upper section of the table contains the stated densities. It is important to note that the PSP Appendix R densities are expressed across the gross land area (as set out in Section 4.1.2), while the PSP Chapter 3 and KO densities are expressed across the net land area (as set out in Section 4.1.3 and Section 4.2). The middle section of the table contains the dwelling yields produced by each of the densities as applied to the Medium Density Zone land areas, while the resulting average section land areas per dwelling are contained within the lower portion of the table.

The densities suggested in the KO submission are estimated to produce a substantially higher dwelling yield than that notified under the PSP. At around 15,600 dwellings (across the Medium Density Residential Zone), it is nearly double the notified PSP yield (and 57% above the PSP high yield scenario). The resulting average section sizes are consistent with nearly all of the HDO are being developed as either vertically-attached

[11] It is estimated from the Structure Plan information that approximately 59% of the Peacocke growth area is developable. This excludes areas used for roads and reserves.

apartments or medium to higher density terraced housing; and the remainder of the zone predominantly developed as terraced housing or duplexes.

In comparison, the PSP notified yield has an average of 250m2 section land area per dwelling within the HDO area. This reflects predominantly attached dwellings. The remainder of the zone has an average of 450m2 section land area per dwelling. This reflects a development pattern of predominantly detached dwellings.

The PSP high scenario suggests that the HDO area would be developed mostly in attached dwellings. It could also potentially include some 2-3 level detached dwellings on smaller sections. The average section sizes suggests that the remainder of the zone would include a mixture of detached and attached dwellings.

Table 4-2: Comparison of PSP (Appendix R and Chapter 3) and KO Suggested Residential Densities and Resulting Dwelling Yields

| | Zoned Area (gross ha) - updated from Mar 21 Appendix R | | Gross Area Density (Appendix R) | | | Net Area Density (Chapter 3) | | Net Area Calculation Applied to Unconsented Area |
|---|---|---|---|---|---|---|---|---|
| | Total | Net of Existing Consented | PSP Low (Mar 21) | PSP High (Mar 21) | PSP Position (Mar 21) | PSP Low (Chpt 3) | PSP High (Chpt 3) | KO Submission |
| | | | Densities (DU per ha) | | | | | |
| High Density Area | 184 | 150 | 22 | 30 | 25 | 35 | 50 | 100 |
| Remainder Medium Density Zone | 219 | 169 | 14 | 20 | 15 | 22 | 30 | 50 |
| *Consented Dwellings Area (Implied)* | | 85 | | | | | | |
| **Total** | **403** | **403** | | | | | | |
| | | | Calculated Dwelling Yields | | | | | |
| High Density Area | | | 4,039 | 5,508 | 4,590 | 4,039 | 5,508 | 8,988 |
| Remainder Medium Density Zone | | | 3,077 | 4,388 | 3,294 | 3,077 | 4,388 | 5,061 |
| *Consented Dwellings* | | | | | | | | 1,515 |
| **Total** | | | **7,116** | **9,896** | **7,884** | **7,116** | **9,896** | **15,564** |
| | | | Average Land Areas per Dwelling (m2) | | | | | |
| High Density Area | | | 280 | 200 | 250 | 286 | 200 | 100 |
| Remainder Medium Density Zone | | | 475 | 330 | 450 | 455 | 333 | 200 |

*Source: Notified PSP (Chapter 3 and Appendix R); KO Submission*

**Key:**

Stated in KO Submission.

Calculated from densities stated in KO submission.

## 4.4 Share of Hamilton Future Dwelling Growth

It is important to consider the potential PSP dwelling yields within the context of wider patterns of total Hamilton City projected dwelling demand. The Peacocke growth area is one of several greenfield growth

areas within Hamilton City, together with substantial capacity for intensification within Hamilton's existing urban area[12].

### 4.4.1 Projected Dwelling Demand

Hamilton City has a projected demand for around an additional 28,500 dwellings from 2020-2043 (i.e. the PSP development time period). This is based on the most recent WISE High projection series, which is above earlier growth projections (for an additional 25,000 dwellings). Further information on the growth projections series and their application within the PSP analysis is contained in Section 3.2.

The Hamilton City growth projections and their estimated distribution across detached and attached dwelling typologies is contained in Table 4-3. These are the projections contained earlier in Table 3-1 (Section 3.2), with the addition of detached dwelling demand and a further alternative scenario included as a sensitivity test to reflect a market shift to increased dwelling densities. It does not reflect an adopted view of projected future growth. This additional scenario has 70% of future additional dwelling demand as attached dwellings, in comparison to the other projection series where attached dwelling demand accounts for between 20% and 48%.

Table 4-3: Hamilton City Projected Dwelling Demand: 2020-2043

| | HPO Assessment | | | HDCA Assessment | | Alternative Scenario Test |
|---|---|---|---|---|---|---|
| | Nil Preference Shift | Medium Preference Shift | High Preference Shift | Base Case | Preference Shift | |
| | **Projected Net Change in Dwellings (2020-2043)** | | | | | |
| Detached Dwellings | 20,100 | 17,300 | 14,400 | 22,800 | 14,900 | 8,500 |
| Attached Dwellings | 4,900 | 7,800 | 10,600 | 5,600 | 13,600 | 19,900 |
| **Total** | **25,000** | **25,000** | **25,000** | **28,500** | **28,500** | **28,500** |
| | **Share of Projected Net Change in Dwellings (2020-2043)** | | | | | |
| Detached Dwellings | 80% | 69% | 58% | 80% | 52% | 30% |
| Attached Dwellings | 20% | 31% | 42% | 20% | 48% | 70% |
| **Total** | **100%** | **100%** | **100%** | **100%** | **100%** | **100%** |

*Source: M.E 2020 HPO Research, M.E 2021 NPS-UD HDCA, M.E 2022 Analysis of WISE Projections.*

### 4.4.2 Comparison to Total Hamilton City Projected Dwelling Growth: Approach

The following table (Table 4-4) provides a comparison of the different modelled PSP yield scenarios to the above projected total Hamilton City growth across the 2020-2043 growth area development time period. The comparison is understaken at the total level (i.e. total yield compared to total growth), as well as assessing the shares of growth within different dwelling typologies. This is important because of the underlying development patterns that would need to occur to generate the differences in yields.

[12] It is estimated that around 58% of Hamilton City's consents for new residential dwellings from 2017 to 2022 occurred within the existing urban area.

The upper portion of the table firstly disaggregates each of the dwelling yields into detached and attached dwelling typologies. Information has not been provided in relation to the distribution of yields by typologies. The distributions are instead assumptions based on the average site sizes produced by the yields. It is therefore appropriate to model a range of distributions across the typologies within each yield, which is reflected in each side of the table.

One end of the range is formed by assuming a higher share of detached dwellings within the context of average site sizes (left side of table). The other end of the range is formed by assuming a lower share of detached dwellings (right side of table). The remainder of the yield in each case is allocated to attached dwellings. The resulting distribution of the yields across the typologies is shown in the upper middle part of the able. For example, there is a modelled range of 59% to 70% of the PSP Low yield as detached dwellings.

The remaing sections of the table then consider the modelled yields share of total Hamilton City Growth. The yield distributions have been compared to two different dwelling typology distributions of the most recent WISE High Series projections. The first is the HDCA assessment preference shift scenario where it is assumed that an increasing share of the demand will be for attached dwellings (lower middle section of the table). The second is a further scenario to produce a more conservative analysis through assuming an even greater shift to attached dwellings. It assumes that 70% of the further additional dwelling demand will be for attached dwellings. This is the Alternative Scenario Test contained in Table 4-3 in Section 4.4.1 above.

Table 4-4: Modelled Distribution of PSP Dwelling Yields by Typology and Share of Projected Total Hamilton Growth

| | MODELLED POTENTIAL DISTRIBUTION OF YIELD BY TYPOLOGY | | | | | |
|---|---|---|---|---|---|---|
| | High Detached/Low Attached Scenario | | | Low Detached/High Attached Scenario | | |
| Dwelling Yield Scenario | Detached Dwellings | Attached Dwellings | Total Dwellings | Detached Dwellings | Attached Dwellings | Total Dwellings |
| | Estimated Dwelling Yield by Typology | | | | | |
| PSP Low | 5,000 | 2,200 | **7,100** | 4,200 | 2,900 | **7,100** |
| PSP High | 5,100 | 4,800 | **9,900** | 3,800 | 6,100 | **9,900** |
| PSP Position | 4,700 | 3,200 | **7,900** | 2,000 | 5,900 | **7,900** |
| KO Submission | 2,000 | 13,500 | **15,600** | 1,100 | 14,500 | **15,600** |
| | Estimated Dwelling Yield Share by Typology | | | | | |
| PSP Low | 70% | 30% | **100%** | 59% | 41% | **100%** |
| PSP High | 52% | 48% | **100%** | 38% | 62% | **100%** |
| PSP Position | 60% | 40% | **100%** | 25% | 75% | **100%** |
| KO Submission | 13% | 87% | **100%** | 7% | 93% | **100%** |
| | Estimated Share of HCC Future Growth (HBA Preference Shift Scenario) | | | | | |
| PSP Low | 33% | 16% | **25%** | 28% | 22% | **25%** |
| PSP High | 34% | 35% | **35%** | 25% | 45% | **35%** |
| PSP Position | 32% | 23% | **28%** | 13% | 44% | **28%** |
| KO Submission | 14% | 100% | **55%** | 7% | 107% | **55%** |
| | Estimated Share of HCC Future Growth (Alternative Scenario) | | | | | |
| PSP Low | 58% | 11% | **25%** | 49% | 15% | **25%** |
| PSP High | 60% | 24% | **35%** | 44% | 31% | **35%** |
| PSP Position | 55% | 16% | **28%** | 23% | 30% | **28%** |
| KO Submission | 24% | 68% | **55%** | 13% | 73% | **55%** |

### 4.4.3 Comparison to Total Hamilton City Projected Dwelling Growth: Discussion

*Kainga Ora Submission Yield*

M.E consider that a yield of 16,000 dwellings (15,600 within the Medium Density Residential Zone) within Peacocke is unlikely to occur, particularly within the existing structure plan timeframe (to 2043). It is substantially higher than the most recent developer indications of yield, and if taken up, would mean that Peacocke would account for a very large proportion (55%) of Hamilton's future growth over the next 23 years.

Moreover, Kainga Ora's submission suggests that nearly all of this will occur as attached dwellings (consistent with their suggested densities), which would mean that this would account for a very large share of Hamilton's future attached dwelling growth. Under the HDCA preference shift scenario, it would account for all of Hamilton's attached dwelling demand out to 2043. It would still account for between two-thirds (68%) and three-quarters (73%) of Hamilton's attached dwelling growth under the scenario where a higher share of growth occurred as attached dwellings.

M.E consider that it is unlikely that Peacocke would account for a dominant share of Hamilton City's future attached dwellings. In our view, we would instead expect attached dwelling growth to have a tendency to locate within central areas, with some attached dwelling growth occurring within Peacocke[13]. We therefore consider it is appropriate to test other scenarios of higher yields in addition to that implied by the suggested densities within the original Kainga Ora submission.

*PSP Notified Yield*

M.E consider that the PSP Notified yield is likely to represent a reasonable lower range of dwellings within the Peacocke growth area. This yield reflects the most recent information provided to HCC by Peacocke land developers.

The notified yield is likely to contain a range of dwelling densities across both detached and attached typologies in accordance with the location within the Peacocke area. The modelling has tested scenarios ranging from 25%-33% of the yield as detached dwellings, up to 60%-80% as detached dwellings. The share of attached dwellings correspondingly range from 20%-40% up to 67%-75%.

If Peacocke were to develop with this overall yield, then it would account for over one-quarter (28%) of Hamilton's projected future growth. The range in the potential share of growth within each of the typologies is wide, reflecting a combination of the uncertainty of future demand and dwelling type supply within the growth area.

*PSP High Yield*

[13] We consider that a share of the future Peacocke growth is likely to occur as attached dwellings. This will be influenced by a combination of overall city level demand patterns and developer supply within the growth cell area.

M.E consider that it is also likely to be useful to consider the potential for a higher dwelling yield to occur within the Peacocke growth area. The application of the MDRS provisions within the Peacocke growth area, together with more recent trends in local residential dwelling markets towards higher density dwellings mean it is appropriate to consider higher yields in addition to the PSP notified yield.

It is important to take account of any effects that may arise from a higher dwelling yield to occur in this location. In particular, higher yields are likely to affect the level of demand for commercial activity and space within Peacocke's local centre.

We consider that the PSP High Yield is likely to form an appropriate upper range for this analysis. If developed with this yield, it would amount to 35% of Hamilton's projected growth to 2043. There is also scope for a range of different densities to be constructed both within the context of the total Hamilton dwelling growth market and the densities that this would imply within the Peacocke area.

## 4.5 Higher Density Overlay Area

The notified proposed Medium Density Residential Zone includes a High Density Overlay (HDO) applied to areas of higher amenity and accessibility within the zone. The HDO is applied across a gross area of 184 ha, which equates to nearly half (46%) of the overall Medium Density Residential Zone area (403 ha gross).

The HDO area would enabled higher density residential development to occur. This would include vertically-stacked apartment dwellings that are up to five storeys in height.

We consider that the HDO is applied to a substantially large area within the context of both the Peacocke growth area and the wider total Hamilton City residential dwelling market. The market for higher density vertical dwellings is not yet well established within Hamilton City, but is likely to increase within the future.

Under the modelled alternative growth scenario (of 70% of future growth as attached dwellings), there is a demand for nearly 20,000 additional attached dwellings across Hamilton City out to 2043. Most of these are likely to occur as medium-density attached dwellings, such as terraced housing, with a smaller share occurring as vertically-attached dwellings.

The proposed HDO within the Peacocke growth area forms one potential location for higher density, vertically-attached dwellings. There are other locations across Hamilton's existing urban environment that also provide for this type of development. Many of these are more centrally located in relation to the city's urban spatial structure and are therefore likely to attract a sizeable portion of the future market demand for higher density dwellings.

M.E consider, from an economic perspective, that if the provisions for higher density development are applied too widely, then it may reduce the likelihood of this development concentrating in the key locations such as in and around centres. A limited market size means that if the provision for this type of development is applied too widely, then it may dilute the contribution of higher density residential development to sustaining areas of higher amenity (e.g. centres, key areas of public space) that would otherwise occur through the concentration of this type of development into these areas. This reflects M.E's views from an economic and urban form perspective and we recognise that there may be additional factors guiding the appropriateness of the location of this zone from a planning perspective.

# 5 Commercial Centre Size Calculations

Further assessment has been undertaken to calculate the required commercial centre sizes within Peacocke when different dwelling yield assumptions are applied. The analysis also considers the sufficiency of the proposed zoned land area to accommodate the level of sustainable commercial floorspace.

This section addresses the economic issues in relation to the appropriate commercial centre sizes within the Peaocke growth area. It includes a response to issues raised in submissions around the effect of potentially higher yields on the adequacy of the proposed Local Centre Zone size and the effect of a proposed reduction in the zoned area. It also considers matters related to the scale of commercial activities, including supermarkets, within the proposed centres.

## 5.1 Issues Raised in Submissions

Kainga Ora (Submission 55) and The Adare Company (Submission 53) have raised issues in relation to the proposed commercial centre sizes within the Peacocke growth area.

*Kainga Ora*

Kainga Ora consider that further commercial zoned area is likely to be required to meet future household demand within the proposed centres. They state that the proposed centre size (currently, 7.8 ha gross) is insufficient to meet the likely demand for commercial space arising from the estimated dwelling yield of 8,400 dwellings within the Peacocke growth area.

Kainga Ora have also stated that the commercial centres may be required to serve a substantially larger dwelling yield than the 8,400 dwellings relied upon within the retail assessment. They consider that the Local Centre has greater potential to serve demand beyond the local area and that the Peacocke area is likely to be developed at a substantially higher density, resulting in an increased yield. Their submission states that the feasible densities calculated within the earlier HPO research are likely to understate the densities that are likely to occur within the Peacocke growth area.

*The Adare Company*

In contrast, the Adare Company are seeking to reduce the size of the proposed suburban centre to align with their intended subdivision plans for the area. They are seeking a reduction of approximately 7,600m2 land area, resulting in a total centre size of around 7.0 ha land area.

## 5.2 Effect of Dwelling Yield Changes in Centre Size

Further assessment has been undertaken to estimate the level of commercial floorspace demand arising from increased dwelling yields and the ability for this to be accommodated within the existing proposed suburban centre zoned area. This section firstly calculates the potential increases in yields implied by the Kainga Ora submission, then estimates their level of demand for centre floorspace.

### 5.2.1 Assessment of Kainga Ora Submission

There are two initial aspects that should be considered in relation to Kainga Ora's submission. Firstly, it is not clear whether the Kainga Ora assessment accurately takes account of the Peacocke yields applied within the retail assessment. Kainga Ora state that the proposed centre size is too small to support growth of 8,400 additional future households within Peacocke. This is different to saying that the centre size is too small based on a too low yield (i.e. this instead relates to the ratios of retail floorspace per household, which do not appear to have been raised in their submission).

The retail assessment does apply a yield of 8,400 households to calculate the total centre size. It also discusses the lower yield of 7,300 households, which relates to the future dwelling yields only within the proposed Medium Density Zone and High Density Overlay within the Stage 2 area. Kainga Ora have only raised concerns in relation to the total size of the yield and have not provided comment on the ratios of retail floorspace to households applied within the assessment. Consequently, it does not follow from their assessment that the calculated sustainable floorspace is insufficient to serve the yield of 8,400 households.

The further assessment below accordingly focuses on testing the effects of a larger dwelling yield rather than any differences in the ratios of sustainable retail floorspace per household.

Secondly, the Kainga Ora submission does not provide alternative yields that they consider may occur within the Peacocke area. They instead provide alternative densities, which do not appear to have been converted into yields. This is important, because the absence of actual yields means that they have not undertaken any analysis to test the reasonableness of the implied share of growth occurring within Peacocke (as a result of applying their assumptions) within the overall pattern of growth for Hamilton. This is covered below.

### 5.2.2 Modelled Scenarios

M.E have tested the effect of a range of different dwelling yields on the demand for commercial centre space within the Peacocke growth area. The modelled scenarios show the effect on centre size if Peacocke were developed at a higher density and yield.

In addition to the yield implied by the Kainga Ora originally suggested densities, the following yields have been tested to provide a range of outcomes:

- A dwelling yield half way between the existing base yield and the suggested Kainga Ora yield.
- A dwelling yield 25% higher than the existing base yield. This is similar to the PSP high scenario in the Plan Change 5 Appendix R.

Consequently, the modelled scenarios include:

- The Base scenario of the notified PSP.
- A base scenario + 25% - similar to the High PSP scenario.
- A half way position between the Base scenario and the Kainga Ora suggested densities scenario.
- The Kainga Ora submission scenario.

M.E consider that the first two scenarios (Base and Base + 25%) provide the most appropriate range through which to evaluate the adequacy of the proposed Local Centre Zone for the reasons described in Section 4.4. The remaining two scenarios provide a sensitivity test.

### 5.2.3 Modelled Sustainable Floorspace from Alternative Yields

The alternative yields set out above have been applied within the M.E Retail Model[14] to estimate the sustainable commercial floorspace within the Peacocke structure plan area centres. These are shown in the tables below for each modelled scenario. Table 5-1 shows the sustainable floorspace through time.

The sufficiency of the zoned area planning allowances to accommodate the sustainable floorspace is considered in relation to the ratios of floorspace to land area, site cover ratios and level of ground floor floorspace. Within this section, the sustainable floorspace is assessed in relation to the original proposed zoned area of 7.8 ha. Further assessment in relation to a proposed smaller area is conducted subsequently in Section 5.3.

The key findings in relation to each centre type are set out below.

*Local Centre*

The higher implied Kainga Ora yield results in an eventual suburban centre size of 22,700 m2 GFA – an increase of 10,000m2 GFA from the base scenario. The alternative higher modelled yields have smaller increases, with total centre GFAs of 15,000m2 and 17,800m2 (+2,300 to +5,100m2 GFA from the base).

As set out above, M.E consider that the implied Kainga Ora yield is unlikely and therefore, the highest centre size of 22,700m2 GFA is unlikely to be sustained. M.E also disagree with the Kainga Ora submission that there would be additional demand from further south beyond the Peacocke area in addition to that already included within the base modelling. We consider that the October 2020 report has already captured this demand and agree with the market area analysis within the report.

*Neighbourhood Centres*

M.E have also modelled the additional space requirements for neighbourhood centres, which are included in both tables below. All scenarios still produce centres of a floorspace size that is within the proposed ranges of 300-800m2 when averaged across the 8 centres.

[14] The M.E Retail Model was used to calculate the sustainable floorspace within the 2020 M.E Retail Assessment for the Peacocke Structure Plan described in Section 3.

Table 5-1: Peacocke Structure Plan Area Sustainable Floorspace (GFA, m2)

| Modelled Scenario | Centre type | 2020 | 2023 | 2028 | 2033 | 2038 | 2043 | 2048 |
|---|---|---|---|---|---|---|---|---|
| **Original Peacocke Future Yield** | **Local Centre** | | | | | | | |
| | Supermarket | 800 | 1,000 | 1,900 | 2,700 | 3,600 | 4,500 | 4,800 |
| | Other retail | 900 | 1,200 | 2,100 | 3,000 | 3,900 | 4,900 | 5,300 |
| | Services (incl medical) | 400 | 500 | 900 | 1,300 | 1,700 | 2,100 | 2,300 |
| | Offices | - | 100 | 100 | 200 | 200 | 300 | 300 |
| | Total Suburban centre | 2,000 | 2,800 | 5,000 | 7,200 | 9,400 | 11,900 | 12,700 |
| | **Neighbourhood centres** | 500 | 700 | 1,200 | 1,700 | 2,200 | 2,900 | 3,100 |
| **Base + 25%** | **Local Centre** | | | | | | | |
| | Supermarket | 700 | 1,100 | 2,100 | 3,100 | 4,200 | 5,300 | 5,700 |
| | Other retail | 900 | 1,200 | 2,300 | 3,400 | 4,600 | 5,800 | 6,200 |
| | Services (incl medical) | 400 | 500 | 1,000 | 1,500 | 2,000 | 2,500 | 2,700 |
| | Offices | - | 100 | 100 | 200 | 300 | 400 | 400 |
| | Total Suburban centre | 2,000 | 2,800 | 5,500 | 8,200 | 11,000 | 14,000 | 15,000 |
| | **Neighbourhood centres** | 500 | 700 | 1,300 | 1,900 | 2,500 | 3,400 | 3,700 |
| **Half Way KO and Base** | **Local Centre** | | | | | | | |
| | Supermarket | 700 | 1,000 | 2,300 | 3,600 | 5,000 | 6,300 | 6,800 |
| | Other retail | 900 | 1,200 | 2,600 | 4,000 | 5,400 | 6,900 | 7,400 |
| | Services (incl medical) | 400 | 500 | 1,100 | 1,700 | 2,300 | 3,000 | 3,200 |
| | Offices | - | 100 | 200 | 200 | 300 | 400 | 500 |
| | Total Suburban centre | 2,000 | 2,800 | 6,100 | 9,500 | 13,000 | 16,600 | 17,800 |
| | **Neighbourhood centres** | 500 | 700 | 1,500 | 2,200 | 3,000 | 4,000 | 4,400 |
| **KO Implied Alternative Yield** | **Local Centre** | | | | | | | |
| | Supermarket | 700 | 1,100 | 2,800 | 4,500 | 6,200 | 8,100 | 8,700 |
| | Other retail | 900 | 1,200 | 3,000 | 4,900 | 6,800 | 8,800 | 9,400 |
| | Services (incl medical) | 400 | 500 | 1,300 | 2,100 | 2,900 | 3,800 | 4,000 |
| | Offices | 100 | 100 | 200 | 300 | 400 | 600 | 600 |
| | Total Suburban centre | 2,000 | 2,900 | 7,300 | 11,800 | 16,300 | 21,200 | 22,700 |
| | **Neighbourhood centres** | 500 | 700 | 1,700 | 2,800 | 3,800 | 5,100 | 5,600 |

## 5.3 Zoned Local Centre Land Area Relative to Projected Demand

It is important that the proposed local centre within Peacocke is appropriately scaled to meet local catchment demand. The centre should be able to adequately serve local catchment demand, including a scenario of potentially higher yield. It is also important that the centre is appropriately sized within the context of Hamilton's surrounding urban centres hierarchy.

### 5.3.1 Notified PSP Local Centre Area

The notified PSP contains a Local Centre Zone gross area of 7.8 ha. The notified planning maps show that the extent of the zoned area is located on the eastern side of Peacockes Road. An Indicative Concept Plan

is being developed to guide the development of commercial and other activity within the proposed local centre.

M.E have considered the gross Local Centre Zone area in relation to the projected commercial space demand from the modelled scenarios in Section 5.2.3. The long-term[15] projected sustainable floorspace is compared to the zoned centre land area through the calculation of floor area ratios (FARs) and site cover ratios (SCRs). Floor area ratios are the level of total floorspace (across all floors) divided by the land area, while site cover ratios identify the share of land area covered by ground floor uses. These ratios enable a broad comparison with other similar developments to assess the sufficiency of the land area to accommodate the projected floorspace demand.

The resulting FARs and SCRs for the proposed Local Centre Zone are contained in Table 5-2. The FARs are calculated across the extent of the zoned area, resulting in very low ratios under some scenarios. The Base scenario has a FAR of 0.16, while the Base + 25% scenario has a FAR of 0.19, and respective SCRs of 15% and 18%. These ratios are low within the context of centres with an intended similar role and function to the proposed Local Centre. The FARs calculated under the additional scenarios (Kainga Ora original densities and that half way between the Base and Kainga Ora original yields) are also low relative to other centres with a similar role.

The SCRs calculated for each of the modelled scenarios are also low within the context of similar centres. The modelling has assumed only a small share of activity to occur as above ground uses. Above ground uses are likely to be limited to office space and some household services, with retail likely to be almost entirely limited to the ground floor.

The calculated FARs and SCRs suggest that the proposed zoned area is likely to be able to accommodate a larger quantity of commercial floorspace than that modelled under each of the yield scenarios. This is discussed further in Section 5.3.3.

Importantly, M.E note that the proposed centre zoned area may include areas that are typically excluded from the calculation of FARs (e.g. local roads), or that the centre may include land that will be used to accommodate centre-based activities that are not included within the projections of sustainable commercial floorspace. The inclusion of these areas will affect the calculation of FARs and SCRs, meaning that the ratios may be higher if calculated only across the areas of the centre that accommodate commercial activities. This is discussed further in Section 5.3.3.

[15] We note that the projected floorspace is for 2048, which is slightly beyond the 2043 development period of Peacocke. This allows for further household growth to occur, providing a conservative assessment.

Table 5-2: Comparison of Projected Sustainable Commercial Floorspace to Proposed Commercial Centre Land Area: 7.8 ha Local Centre Zone

| | LOCAL CENTRE (7.8 ha) | | | | NEIGHBOURHOOD CENTRES | |
|---|---|---|---|---|---|---|
| | | | | | Floorspace 2048 (m2) | |
| Modelled Scenario | Floorspace 2048 (m2) | Floor Area Ratio (FAR) | Ground Floor Floorspace (m2) | Site Cover Ratio (SCR) | Total | Av. Per Centre |
| Original Peacocke Future Yield | 12,700 | 0.16 | 11,900 | 15% | 3,100 | 388 |
| Base + 25% | 15,000 | 0.19 | 14,000 | 18% | 3,700 | 463 |
| Half Way KO and Base | 17,800 | 0.23 | 16,700 | 21% | 4,400 | 550 |
| KO Implied Alternative Yield | 22,700 | 0.29 | 21,200 | 27% | 5,600 | 700 |

*Source: M.E Retail Model and PSP Structure Plan Zoning Information as at 2022.*

### 5.3.2 Effect of the Proposed Reduction in the Local Centre Size

M.E have undertaken further modelling to understand the effect of The Adare Company Ltd's proposed reduction to the size of the Suburban Centre. The ability for a reduced suburban centre land area, of 7.0 ha, to accommodate the sustainable floorspace from the above modelled scenarios has been tested. A key aspect is to understand whether a reduced local centre land area would be able to adequately serve demand arising from within the catchment area.

In summary, M.E consider that the reduced centre size could still adequately serve the local population under all of the modelled scenarios. The modelled floorspace in relation to the reduced centre size is summarised in Table 5-3. The resulting FARs and SCRs remain low in the context of similar centres with the proposed reduction in zoned area.

Table 5-3: Peacocke Commercial Centre Sustainable Floorspace by Modelled Scenario (Reduced Local Centre)

| | LOCAL CENTRE (7 ha) | | | | NEIGHBOURHOOD CENTRES | |
|---|---|---|---|---|---|---|
| | | | | | Floorspace 2048 (m2) | |
| Modelled Scenario | Floorspace 2048 (m2) | Floor Area Ratio (FAR) | Ground Floor Floorspace (m2) | Site Cover Ratio (SCR) | Total | Av. Per Centre |
| Original Peacocke Future Yield | 12,700 | 0.18 | 11,900 | 17% | 3,100 | 388 |
| Base + 25% | 15,000 | 0.21 | 14,000 | 20% | 3,700 | 463 |
| Half Way KO and Base | 17,800 | 0.25 | 16,700 | 24% | 4,400 | 550 |
| KO Implied Alternative Yield | 22,700 | 0.32 | 21,200 | 30% | 5,600 | 700 |

*Source: M.E Retail Model and PSP Structure Plan Zoning Information as at 2022.*

### 5.3.3 Appropriate Commercial Local Centre Size

It is important that the proposed Local Centre is appropriately scaled to both adequately meet demand arising from its intended catchment area as well as manage its position and effects within Hamilton's surrounding urban centres hierarchy.

M.E consider that if the commercial centre zoned area is too large, then it may encourage a larger level of commercial activity to establish in this location. This could potentially adversely affect the operation of other centres within the surrounding centres hierarchy. Additional commercial activity may be able to be sustained through attracting a higher share of local demand and an expansion to the centre catchment area (enabled through the establishment of a larger centre).

M.E understand that the development of an Indicative Concept Plan is being undertaken to guide the level and types of activity within the centre. As above, it is likely that this may include currently Local Centre zoned land areas that are ultimately used for roads or public space. There may also be other centre-based activities (e.g. social infrastructure or community facilities) that require additional centre zoned land that are not included within the projected sustainable commercial space.

M.E have undertaken further high level calculations to account for these factors and indicate the appropriateness of the proposed centre land area. Table 5-4 below shows the FARs that would result from the modelled sustainable commercial floorspace applied to different zoned land areas. The sustainable floorspace reflects the range from the base and base + 25% dwelling yields, which M.E consider to form an appropriate range.

The table tests these levels of floorspace in relation to different centre land areas used to accommodate the commercial activity function of centres. These reflect the exclusion of centre zoned areas that may ultimately form roads, public space or be used to accommodate other non-commercial, centres-based activity. The table includes modelled centre zone areas accommodating commercial activities ranging from 5 ha up to the proposed 7.8 ha (with the full centre area used to accommodate commercial activities). The smaller modelled centre commercial activity areas of 5 ha and 6 ha reflect a situation where 1.8 ha to 2.8 ha of the centre zoned area is used for roads, open/public space or other non-commercial uses.

Table 5-4 shows the calculations of FARs when calculated across different areas of centre zoned land used to accommodate commercial activity. It shows that these reduced centre commercial activity areas still produce relatively low FARs. These range from 0.16 up to 0.30, with a range of 0.21 to 0.30 across the modelled smaller centre areas. These ranges are still relatively low within the context of other similar centres. This may indicate that the proposed Local Centre Zone area is too large relative to the intended role and function of the centre. However, further assessment on the appropriateness of the proposed zoned area can occur once further information is provided on the eventual net zoned area.

M.E consider that it may be appropriate to include a commercial activity size cap for the proposed Peacocke local centre. This should apply to the commercial activity component of the centre, to include retail, hospitality, household services and other commercial activity that contributes to the core role of the centre. We consider that it would be less appropriately applied to include community services and other non-commercial centres-based activity, or other commercial/light industrial activity that may also locate within the peripheral areas of the centre zone and is not a driver of the main commercial household demand component of the centre. Any cap should be sufficient to enable the flexibility for the centre to meet local catchment needs if a higher dwelling yield occurs than the notified PSP yield.

The commercial floorspace modelling indicates that around 12,700m2 to 15,000m2 GFA is sustainable within the core commercial activity role of the centre. We therefore consider that a cap of up to 20,000m2 GFA for this type of activity may be appropriate for the proposed Local Centre. We consider it appropriate for the remainder of the centre land area to develop in other centres-based activities. These include

community or social infrastructure, and other commercial land uses within the peripheral areas of the zone that may seek a centre location but do not have a core role in the commercial viability and function of the central centre area.

We also consider that residential ground floor uses may be appropriate within the outer edges of the proposed centre zone area. These may be suitable where it can be determined that the centre zoned area is not required to meet catchment demand. We consider that these should be limited to medium to higher density residential uses that integrate with the centre environment. In our view, lower density residential uses, or residential activity that is not well connected to the centre environment, is likely to be less appropriate in these locations.

While we understand that the current land developer has not signalled any intention to develop a larger centre, the possibility still remains for this to theoretically occur, with potential impacts on other Hamilton centres. If market conditions or commercial intentions change, or the larger zoned area encourages a larger amount of retail to establish, then this may result in a larger centre.

We consider that the inclusion of the commercial activity floorspace cap, as described above, would appropriately scale the commercial function of the centre to its intended spatial catchment operation area. It would also enable sufficient flexibility for the zoned area of the centre to development in a way that it is able to accommodate other non-commercial uses and land areas as outlined above.

M.E are able to further assess the appropriateness of this centre size with the provision of further information on the centre Indicative Concept Plan. If the currently proposed centre zoned area is too large, then this may constrain the ability for the surplus land area to be used for other more efficient purposes (e.g. residential uses). However, M.E understands that these may be enabled through a future discretionary assessment.

Table 5-4: FARs by Centre Size and Modelled Sustainable Commercial Floorspace

| | **Yield/GFA Demand Scenario** | |
|---|---|---|
| | PSP Base | Notified + Base (similar to PSP high) |
| Dwelling Yield | 7,600 additional (8,400 total) | 9,500 |
| Modelled GFA (M.E) | 12,700 | 15,000 |
| | **Resulting FAR** | |
| | | |
| **Potential Centre Commercial Activity Land Area** | | |
| Original 7.8ha | 0.16 | 0.19 |
| Reduced 7.1ha | 0.18 | 0.21 |
| 6ha (exclude roads, public space, etc) | 0.21 | 0.25 |
| 5ha (exclude roads, public space, etc) | 0.25 | 0.30 |

### 5.3.4 Supermarket Space within the Proposed Local Centre

M.E consider that either one or two supermarkets, within the proposed local centre, would be adequate to meet local demand within the Peacocke catchment area. This could occur as either one medium-sized supermarket, which may expand through time with demand growth (but remain within the nature and scale of a medium-sized supermarket within the Hamilton market context), or two small to medium-sized supermarkets.

The sustainable commercial floorspace modelling undertaken by M.E in Section 5.2.3 suggests that there is likely to be sufficient demand within the Peacocke growth area to sustain either one or two supermarkets within the proposed Local Centre. The modelling from the notified base yield suggests that there is a sustainable supermarket floorspace of 4,800m2 GFA within the centre. We consider the "Base + 25%" scenario to form an appropriate higher yield scenario, which generates an estimated sustainable supermarket floorspace of around 5,700m2 GFA within the proposed local centre.

In our view, it would be possible for the centre to sustain two supermarkets. This may also be viable in a situation where the supermarkets traded at lower than average floorspace productivities. Supermarket chain operators may be incentivised to operate in this situation to capture/retain market share within the Peacocke growth area.

As set out in Section 2.2.4, the location of the supermarket within the proposed centre forms a key consideration in relation to the potential economic effects. We consider that it would be appropriate for two supermarkets to locate within the notified Local Centre Zone area on the eastern side of Peacockes Road. Our initial analysis of the total zoned land area in relation to commercial floorspace demand indicates that there is potential for two supermarkets to be accommodated in this area. We consider that it is less appropriate for a supermarket to locate on the western side of Peacockes Road for the reasons set out in Section 2.2.4.

In our view, the Peacocke catchment area could also be adequately served by one medium-sized supermarket locating within the proposed Local Centre Zone. This supermarket could expand through time in response to growth in household numbers within the catchment area.

We consider that a cap on the floorspace size of any supermarkets locating within the centre may be appropriate. While it is unlikely to occur, a cap would prevent the establishment of a larger supermarket that would draw customers from across a more expansive geographic area that may affect other urban centres.

## 5.4 Proposed Neighbourhood Centres

M.E consider that the proposed suggested size of Neighbourhood Centres, at 300m2 to 800m2 GFA per centre (PSP Chapter 3A), together with the proposed maximum permitted retail tenancy size of 150m2 GFA (Chapter 6A), is appropriate. This would enable a sufficient number of small tenancies to establish within each local centre to adequately serve demand across a localised catchment area.

Businesses locating within Neighbourhood Centres are typically smaller tenancies that are predominantly convenience retail, household services, and hospitality services. Centres serving localised catchments generally range from 4 to 12 businesses.

The size restriction of tenancies, if applied together with a total centre size restriction, would ensure that Neighbourhood Centres remain at a scale that served localised demand.

We understand that some proposed Neighbourhood Centre areas within Peacocke have larger land areas that could potentially accommodate a greater level of retail floorspace than the intended 300m2 to 800m2 GFA. We therefore consider that a floorspace cap of around 800m2 within each centre may be appropriate to prevent the establishment of further retail within these centres that could adversely affect the intended pattern of commercial centres within the Peacocke growth area. We consider that any cap should be applied to the commercial functions of the centre (i.e. retail, household services and hospitality). It may be appropriate to allow for additional activity outside of this cap to establish with the centre. Appropriate activities are likely to include specific community/social infrastructure, or other activities that are unlikely to undermine the core commercial role of the Local Centre  to establish within these areas together with the commercial activity, that would otherwise be prevented if a cap were applied to total floorspace. This would increase the feasibility of developing the zoned land areas while mitigating the potential economic effects on the intended balance of commercial activity across the PSP area.

# 6 Summary of Key Issues

The report has summarised the Plan Change 5 economic matters where HCC have sought advice from M.E. This includes key economic matters in relation to the proposed plan change, economic matters raised within the submissions, and further information arising during the plan change process. The report has also summarised the earlier economic technical assessment, in relation to dwelling densities and commercial retail space demand, that has been undertaken to inform the development of the notified plan change.

This assessment has identified a range of economic issues that are likely be relevant to the further development of the plan change process in determining appropriate development patterns within the Peacocke area. These are summarised below.

- Total Dwelling Yield. It is likely to be appropriate to consider the potential for a higher dwelling yield to occur within the Peacocke growth area. This may occur due to changes in residential dwelling development markets and with increased densities through the application of MDRS. The current notified densities reflect a mixture of standalone and attached dwellings at a level broadly consistent with Hamilton's General Residential Zone. It is noted that topographical and environmental conditions within the Peacocke growth area may require a lower level of density than other locations within the urban environment where a Medium Density Residential Zone could be applied.
  M.E consider that the PSP high scenario yield is likely to form an appropriate upper range for understanding the potential dwelling yield within the Peacocke growth area. This would reflect a higher level of density across the area, but would remain within likely shares of dwelling growth occurring in Peacocke within the wider context of the total Hamilton projected growth.
  It is also important to understand the effect of a higher dwelling yield on demand for commercial activity within the proposed urban centres network across the Peacocke area.
- Location and Extent of Higher Density Provisions. M.E consider that it is important to apply any provisions for higher density residential development within appropriate locations within the Peacocke growth area. These should occur around areas of higher amenity and accessibility, and take into account the overall market size for this type of development. If the provision for this type of development is applied too widely, then it may dilute the contribution of higher density residential development to sustaining areas of higher amenity (e.g. centres, key areas of public space) that would otherwise occur through the concentration of this type of development into these areas.
- Local Centre Size. M.E consider that it is important that the proposed Local Centre is appropriately scaled serve demand from within its intended catchment area. The currently proposed zoned land area may allow for a higher level of commercial activity to establish than the intended role and function of the centre. If a larger centre were to develop, then this may adversely affect the role and function of other centres within Hamilton's surrounding urban centres hierarchy.
  It may be appropriate to therefore either reduce the zoned area or include a floorspace limit of up to 20,000m2 GFA on core centres-based commercial activity within the centre (with other activity to occur outside of this suggested cap as set out in Section 5.3). M.E acknowledge that the proposed zoned area may include other land uses (e.g. local roads, public space, etc) required for the centre beyond that needed to accommodate the projected level of commercial activity to serve

catchment demand. M.E is able to assess the appropriateness of the zoned area with further information on the intended land uses.

- Supermarket Activity within the Local Centre. M.E consider that either one medium-sized or two small to medium-sized supermarkets are adequate to serve local demand from within the proposed Local Centre. It may be appropriate to include a cap on the size of each supermarket within the centre. M.E consider that it is important for any supermarket activity to locate within the currently proposed centre zone on the eastern side of Peacockes Road. Any western expansion of the zone to include a supermarket on the western side of the road would be likely to result in fragmentation of the centre.
- Neighbourhood Centre Size. M.E consider that the intended size of Neighbourhood Centres (300m2 to 800m2 GFA per centre), together with the retail tenancy size caps (150m2 per tenancy), provides a sufficient scope for each centre to adequately serve surrounding local demand.
  In our view, it may be appropriate to also include a total commercial activity floorspace size cap of around 800m2 GFA per centre. We understand there are some centres with larger land areas that may otherwise enable higher levels of retail floorspace to development that may adversely affect the intended pattern of commercial centre activity across the Peacocke growth area. It may be appropriate to allow for additional activity outside of this cap to establish with the centre. Appropriate activities are likely to include specific community/social infrastructure, or other activities that are unlikely to undermine the core commercial role of the Local Centre to establish within these areas together with the commercial activity, that would otherwise be prevented if a cap were applied to total floorspace.