

PROPERTY **E**ECONOMICS



KĀPITI COAST PAPA KĀINGA

COMMERCIAL LAND USE

ECONOMIC MEMORANDUM

Client: Kāpiti Coast District Council

Project No: 52183

Date: May 2022

17 May 2022

MEMORANDUM

To: Jason Holland

District Planning Manager

Kāpiti Coast District Council

RE: Economic Impacts of Commercial Land Use of Papakāinga Land in Kāpiti Coast District

INTRODUCTION

Kāpiti Coast's Operative District Plan (ODP) currently includes objectives and policies that seek to focus commercial activities within the district's centres and working zones. Property Economics has been engaged by Kāpiti Coast District Council (KCDC) to assess, at a high-level, the potential for significant economic impacts to be generated on the commercial centre network of the district by enabling the use of tangata whenua owned, Papakāinga land, for small scale commercial use.

KCDC is proposing to include a range of provisions to enable iwi and hapū in the district to develop papakāinga within the district's residential and rural zones. Papakāinga can only be developed on land by tangata whenua on land that they own.

KCDC is considering the allowance of small-scale commercial activity, ancillary to the residential activity, on papakāinga up to 20% of the subject site or 500sqm, whichever is lesser.

This economic memo is not intended to represent a comprehensive assessment of the economic impacts on the current centre network within Kāpiti Coast District, but rather a high-level assessment of the potential impacts on the centre network as a result of some development of commercial activity within papakāinga as per the restrictions identified above.

MĀORI LAND AND KĀPITI COAST DISTRICT CENTRE NETWORK

The following figures show the locations of Māori land ownership geospatially in the context of the existing commercial centre network that could be adversely affected within the Kāpiti Coast District.

FIGURE 1: PARAPARAUMU AND SURROUNDING MĀORI LAND



FIGURE 2: OTAKI AND SURROUNDING MĀORI LAND



The Māori land ownership locations identified in Figure 1 & 2 represent what Property Economics understand as the current land holdings by Māori, or land reserved for Māori, recorded by the Ministry of Justice and Māori Land Court. This may not include all land holdings where future papakāinga development could occur as future treaty settlements and other land ownership change may occur in the future. These figures represent a current day snapshot of the Māori land ownership geospatially.

Much of the identified Māori land is likely to continue to be held in reserve and may not be developed for a range of reasons such as limited accessibility of roads and other vital infrastructure, geotechnical constraints, productive land use, etc.

It is clear that a significant proportion of the existing land parcels under Māori ownership are in rural locations. Most of these land holdings are some distance from the urban fringe of existing townships, particularly the larger parcels.

From a commercial economic perspective, it is considered highly unlikely that residential papakāinga development of these parcels would, by itself, create a sufficient catalyst to develop large scale retail / commercial environments that would threaten or detract from the existing centre network in Kāpiti Coast District.

The geospatial relationship of Māori land with the existing centre network would have the residential papakāinga development reliant on the existing centre network for destination and weekly shopping requirements. The proposed provisions limiting commercial development to 20% of site size or 500sqm (whichever is lesser) are considered sufficient to manage the scale of commercial / retail activities to levels that would not generate significant adverse impacts the existing centre network or their respective roles or functions as centres.

Nor would any commercial development of the Māori land in Property Economics' opinion undermine the future development potential or growth prospects of the existing centres to the point adverse impacts may be generated.

The indicated size of commercial / retail development (maximum of 500sqm) ancillary to residential activity in residential papakāinga development areas is equivalent to small neighbourhood centres that would primarily serve the papakāinga residents and would not draw a significantly wider catchment. This means that any demand that is drawn away from these centres is serving a convenience role and not a destination shopping role.

The location of the identified Māori land parcels is such that the vast majority would have limited access and profile to major State Highway (SH1) or key arterial roads within the district. This limits potential market / catchment size, and therefore the land's commercial potential, i.e., there is not meaningful propensity for commercial development on the Māori land to draw mass volumes of shoppers given commercial limitations and locational attributes of the land.

Further, in retail / commercial market terms there would need to be a significant level of residential development across the papakāinga areas to sustain a level of commercial development that would



adversely impact centres, and well above the commercial development enabled on the land. In all likelihood the level of residential development required would not be reached.

Also, there is a significant level of growth anticipated in the wider Kapiti Coast outside the Māori land holdings that would provide ongoing support and growth to the existing centre network. This level of growth significantly outweighs the level of residential development the Māori land holdings could achieve. As such, any commercial impact concerns of development of Māori land are not considered real in a RMA context.

Finally, it may be the case that some residential papakāinga developments would only economically viable with the inclusion of a small amount of commercial activity to provide employment, amenity and convenient commercial / retail needs to that community. Therefore, the allowance of a small amount of commercial activity as provided for within these residential papakāinga areas would improve housing outcomes, market efficiencies and community accessibility to fundamental goods and services for Māori within the papakāinga areas.

If you have any queries, please give me a call.

Kind Regards

Tim Heath