





Understanding medium
density development in Kāpiti
Kāpiti Coast District Council
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Quality control

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Executive summary

The Property Group Limited (TPG) has undertaken an assessment of the factors influencing medium density development feasibility in the Kāpiti Coast District (Kāpiti Coast). This work is being undertaken to support Kāpiti Coast District Council's (Council) plan for significant growth in medium density development in the Kāpiti Coast over the next 30 years and will be used to inform the review of Council's Growth Strategy (formerly known as the Development Management Strategy) and other related projects.

Purpose

This project has been undertaken in response to the findings of the 2019 Housing and Business Assessment (HBA) report, including housing shortages, market pressures and existing preferences for greenfield development over medium density. To inform its planning for this type of development, Council is wanting to understand the factors affecting the feasibility of medium density development, including housing and other development typologies, land costs, physical conditions, planning requirements and construction costs, and how these effect the feasibility of delivering medium density development in the Kāpiti Coast's town centres and greenfield areas.

TPG's assessment has included both a review of existing Council documents, such as the HBA report, the Proposed Kāpiti Coast District Plan (PDP), and engagement with the property development sector in order to identify the factors that influence medium density development in the Kāpiti Coast. Existing development in the Kāpiti Coast was then reviewed at a high level against those factors.

Objectives

The key objectives of the assessment are as follows:

- To understand medium density typologies and the likely demand for medium density development
- To assist future decision making by assessing feasibility drivers for medium density development
- To understand risks and mitigation strategies with the District Plan that may affect medium density development being achieved
- Engagement with the property development sector to provide context on the factors affecting medium density development in the Kāpiti Coast
- To prepare a medium density development framework for Council to inform its Development Strategy and associated projects.

Context

Medium density development is a typology of urban development that is best described along an urban development continuum of low (e.g. lifestyle blocks) to high density (e.g. high-rise apartments) developments. Medium density housing and business typologies in the current Kāpiti Coast context are generally townhouse, local shopping centre and mixed used developments (commercial ground floor and residential above) in limited locations.

The recently released National Policy Statement Urban Development (NPS-UD) and its implications for the Kāpiti Coast as a Tier 1 Council to support growth (and density) within the existing urban environment, together with the findings of the HBA, increase the importance of understanding the factors influencing the development of medium density housing on the Kāpiti Coast. Further details are discussed in section 2 of the report.

Key risk factors

Property development is generally a balancing of risks associated with cost, time, quality and profitability. These risks are intrinsic to each other. If one or more of these risks is realised, then the other risks must compensate to a tipping point where development will no longer be feasible.

Based on our analysis of Council documents and engagement with the property development sector, the following key risk factors are identified for medium density development on the Kāpiti Coast:

Commercial feasibility	Commercial feasibility for medium density residential development in the Kāpiti Coast is challenging due to project feasibility and revenue factors and development costs (e.g. construction costs and development impact fees).
Planning framework	There is limited support for medium to large scale medium density development in the existing PDP, with infill housing provided with a less risky (notification) and potentially less expensive consenting pathway.
Planning risks	The PDP and how it is applied provides uncertainty to developers in terms of how their resource consent will be processed (activity status, notified vs non-notified) and information requirements (design guide), which has significant cost and time implications.
Developer obligations	Costs associated with infrastructure, including the need for on-site stormwater solutions and development impact fees, makes development of medium density development less attractive than in other parts of the Wellington Region or neighbouring district to the north.

These risk factors are further explored under sections 3, 4 and 5 of the report.

Medium density development framework

The findings of the report have identified several challenges to achieve medium density developments on the Kāpiti Coast and there is no 'silver bullet' to address all project risks across the development lifecycle. However, the medium density market in the District is relatively early in the development lifecycle compared to other parts of the region which have had and continue to have medium density housing provided on an on-going basis. Despite wider market influences, Council has a unique opportunity to lead and shape the nature of medium density development through exploration and addressing the development barriers through the following framework of priority areas for enabling a medium density development:

Priority area one	Recognise the key challenges the Kāpiti Coast faces in relation to medium density development.	This involves recognising the challenges outlined in this report and acknowledging those that can or cannot be changed. For example, while the underlying soil types affecting development sites in the Kāpiti Coast cannot be changed, the planning framework applying to medium density development is explored to effect change.
Priority area two	Identify the key objectives for medium density development in the Kāpiti Coast.	This involves the Council exploring and establishing the key outcomes sought from medium density development. For example, provision of affordable homes or provision of greater housing capacity near key transport routes.
Priority area three	Propose a range of responses that define the function and approach of Council in medium density development.	This may involve exploring partnering, advocating, facilitating and/or regulating as described below.

Council's role in effecting change

To support this medium density development framework, Council's areas of influence encompass a range of roles to support this development typology, including regulation, advocacy, facilitation and partnerships. These roles are further defined as follows (refer to Section 6 of the report for details):

Regulating	Review of the planning framework in place for medium density development in the Kāpiti Coast to promote greater certainty for applicants in terms of the risk of notification and information requirements. Plan changes/variations can be undertaken as part of a review of the planning framework required by the NPS-UD.
Advocating	Council can lead engagement with developers to build relationships with the development community.
Enabling	Council can undertake a programme to identify key sites that may be suitable for amalgamation and/or medium density projects. Consideration could be given to waiving or reducing of development impact fees and resource consent fees for a defined period to encourage medium density development and educate the market and community on this type of development. Regardless, a review of the Development Contributions Policy and the PDP's Financial Contributions chapter should be undertaken to determine appropriate development impact fees to

	enable medium density development and how this compares to neighbouring districts.
Partnering	Council may partner with developers to deliver master planned projects for the development of greenfield sites, instead of leaving this to developer led projects.

1. Introduction

The Property Group Limited (TPG) has undertaken an assessment of the factors influencing medium density development feasibility in the Kāpiti Coast District (Kāpiti Coast). This work is being undertaken to support Kāpiti Coast District Council's (Council) plan for significant growth in medium density development in the Kāpiti Coast over the next 30 years and will be used to inform the review of Council's Growth Strategy (formerly known as the Development Management Strategy) and other related projects.

This project has been undertaken in response to the findings of the 2019 Housing and Business Assessment (HBA) report, including housing shortages, market pressures and existing preferences for greenfield development over medium density.

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The approach

The assessment has included the following key steps:

1. Identification of factors supporting medium density development feasibility
 - a. Identify and define the factors that influence the commercial feasibility of medium density development
 - b. Undertaking a review of relevant district planning controls and interpretation of planning risks associated with medium density development
 - c. Preparation of case studies of medium density development in New Zealand that apply these factors and discuss lessons learned
 - d. Define the range of medium density development typologies in a local New Zealand context
2. Engagement with the property development sector involving interviews with developers – both those who operate in the Kāpiti Coast and those who operate in other parts of Wellington
3. Identify and analyse the extent to which these factors affect the current feasibility of medium density development within the Kāpiti Coast.

Following this introduction, this report provides an overview of the feasibility assessment in the following sections:

- Section 2 provides an overview of medium density development typologies
- Section 3 puts the assessment in context by providing an overview of the Kāpiti Coast and the factors influencing change
- Section 4 identifies factors influencing medium density development feasibility in the Kāpiti Coast, based on the findings of a review of relevant Council documents, case studies and engagement with the local and regional property development sector through interviews and a workshop
- Section 5 provides a high level assessment of the key factors affecting the current feasibility of medium density development in the Kāpiti Coast, based on the factors identified
- Section 6 provides findings and recommendations to enable medium density development in the Kāpiti Coast.

2. Context

Kāpiti Coast context

The Kāpiti Coast is one of nine territorial authorities that make up the Greater Wellington Region. It is one of the northern gateways to the Wellington Region, bordering the Horowhenua District and Manawatu-Wanganui Region to the north, South Wairarapa and Carterton to the east and Porirua and Upper Hutt Cities to the south. The Kāpiti Coast sits between the western coastline of the North Island and the Tararua Ranges, with development and growth historically concentrated along the coastal and inland settlements adjacent to State Highway 1, which extends from north to south through the Kāpiti Coast.



Figure 1: Kāpiti Coast Location in the Wellington Region (Source: HBA 2019)

Currently, most homes in the Kāpiti Coast are low-density. This includes single detached dwellings on medium to large sized lots. Profile ID identifies that in 2018, only 13.3% of the dwellings were medium or high density, compared to 20.9% in the Wellington Region.

Factors influencing change

The Kāpiti Coast is experiencing a period of change influenced by population growth and investment in infrastructure. The key factors and projects with the potential to influence change are discussed in this section.

Infrastructure projects

The Kāpiti Coast continues to be influenced by infrastructure projects, primarily relating to the Northern Gateway State Highway projects undertaken by Waka Kotahi NZ Transport Agency. Of these projects, Transmission Gully, due to open in September 2021, is expected to increase the demand for residential properties in the Kāpiti Coast by making it more accessible to people working outside the Kāpiti Coast, particularly in the Wellington CBD.

Similarly, the Peka to Ōtaki Expressway and Ōtaki to north of Levin projects will significantly improve travel to, from and within the Kāpiti Coast. These Waka Kotahi projects will also result in the revocation of existing sections of State Highway 1 which run through Kāpiti Coast town centres, reverting these to local roads. These provide an opportunity for Council to change the nature of these town centres.

In addition, it is expected that there will be future extensions to the Kāpiti Rail Line and improvements to the town centres serviced by rail, which provides opportunities to support intensification and multi-modal transportation shifts.

COVID-19 impacts

COVID-19 presents wide-ranging impacts on growth in the Kāpiti Coast and the wider Wellington Region. A Greater Wellington Regional Council commissioned report by BERL¹, assesses the economic impacts of COVID-19 on the Wellington Region, including the Kāpiti Coast, based on three scenarios (best case, mid-point and worst case) to 2030. The report identifies the Kāpiti Coast as having one of the larger declines in GDP and employment in the region in 2021, however is projected to have a larger proportional bounce back in 2022. However, under all scenarios, the Kāpiti Coast appears to continue steady population growth, albeit at levels slightly lower than pre-COVID-19 projections.

¹ BERL (2020): Greater Wellington Region COVID-19 economic impact

Notwithstanding this, there is some anecdotal evidence that the Kāpiti Coast may see increased levels of housing demand due to COVID-19 enhancing work from home opportunities and the Kāpiti Coast providing an attractive and viable work from home location². Whether this will affect projected population growth and housing demand beyond forecasted levels is yet to be determined.

Policy and strategic context

Future development in the Kāpiti Coast will be influenced by policies set at both the national, regional and local levels of government. The key policies that will influence medium density development are discussed in this section.

National Policy Statement – Urban Development

The National Policy Statement on Urban Development 2020 (NPS-UD) came into effect on 20 August 2020, replacing the National Policy Statement on Urban Development Capacity 2016 (NPS-UDC) while maintaining and building on policies within the NPS-UDC. In particular, the NPS-UD includes some more directive policies to provide sustainable urban growth in fast-growing centres.

The NPS-UD requires councils to plan well for growth and ensure a well-functioning urban environment for all people, communities and future generations. This includes:

- Ensuring that plans make room for growth both ‘up’ and ‘out’, and that rules are not unnecessarily constraining growth
- Developing, monitoring and maintaining an evidence base about demand, supply and prices for housing and land to inform planning decisions
- Aligning and coordinating planning across urban areas.

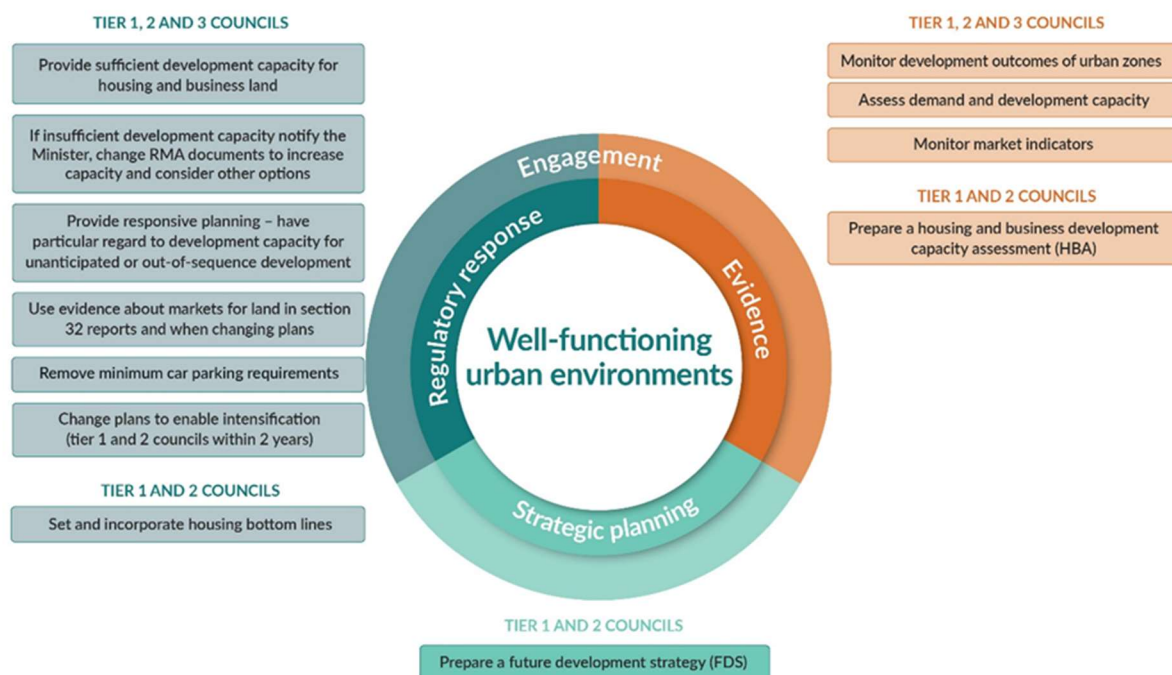
Not all NPS-UD objectives and policies apply to all councils, however as the Kāpiti Coast falls within the Wellington urban environment as a Tier 1 council, all objectives and policies will apply, as summarised in Figure 3. While there is a staggered implementation timeframe for some of the objectives and policies, all are relevant to consideration of the provision of future housing and business activities on the Kāpiti Coast.

² <https://www.stuff.co.nz/life-style/homed/real-estate/122815431/people-looking-for-property-eye-up-the-kpiti-coast-as-demand-heats-up>

The NPS-UD intensification provisions seek to enable intensification through council plans in appropriate locations, such as:

- Places in or close to urban centres where people can access many jobs, services and amenities
- Places that are well-served by public transport
- Other areas with high demand for housing and business space³.

While Council is still in the process of determining what the NPS-UD means for the Kāpiti Coast, allowing for this level of growth in the existing centres is likely to mean they will now need to accommodate significantly higher levels of growth than was previously anticipated. The focus on growing existing centres 'up and out' will also require consideration of how and where greenfield development will occur. However, the need to revise the District Plan to accommodate the requirements of the NPS-UD, provides an opportunity to revise the overall direction of the District Plan in terms of accommodating medium density development.



³ Ministry for the Environment (2020): National Policy Statement on Urban Development 2020 – intensification fact sheet

Figure 3: NPS-UD Required Council Implementation Actions (Source: MFE Introductory Guide to the NPS-UD 2020)

Housing and Business Assessment Report

The Wellington Region's HBA was produced in 2019 by the Region's urban councils (Wellington, Hutt City, Upper Hutt, Porirua and Kāpiti Coast) to take a 30 year look at capacity for housing and business. The HBA was prepared to meet the requirements of the NPS-UDC. While the NPS-UDC has now been superseded by the NPS-UD, the findings of the HBA provide a solid basis for identifying over and under supply of housing and business land in the Kāpiti Coast. This provides evidence to facilitate change to enable housing and business supply to meet the future demand in the Kāpiti Coast.

The HBA report identifies the existing broad housing areas and business areas within the Kāpiti Coast, as shown in Figures 4 and 5 below.

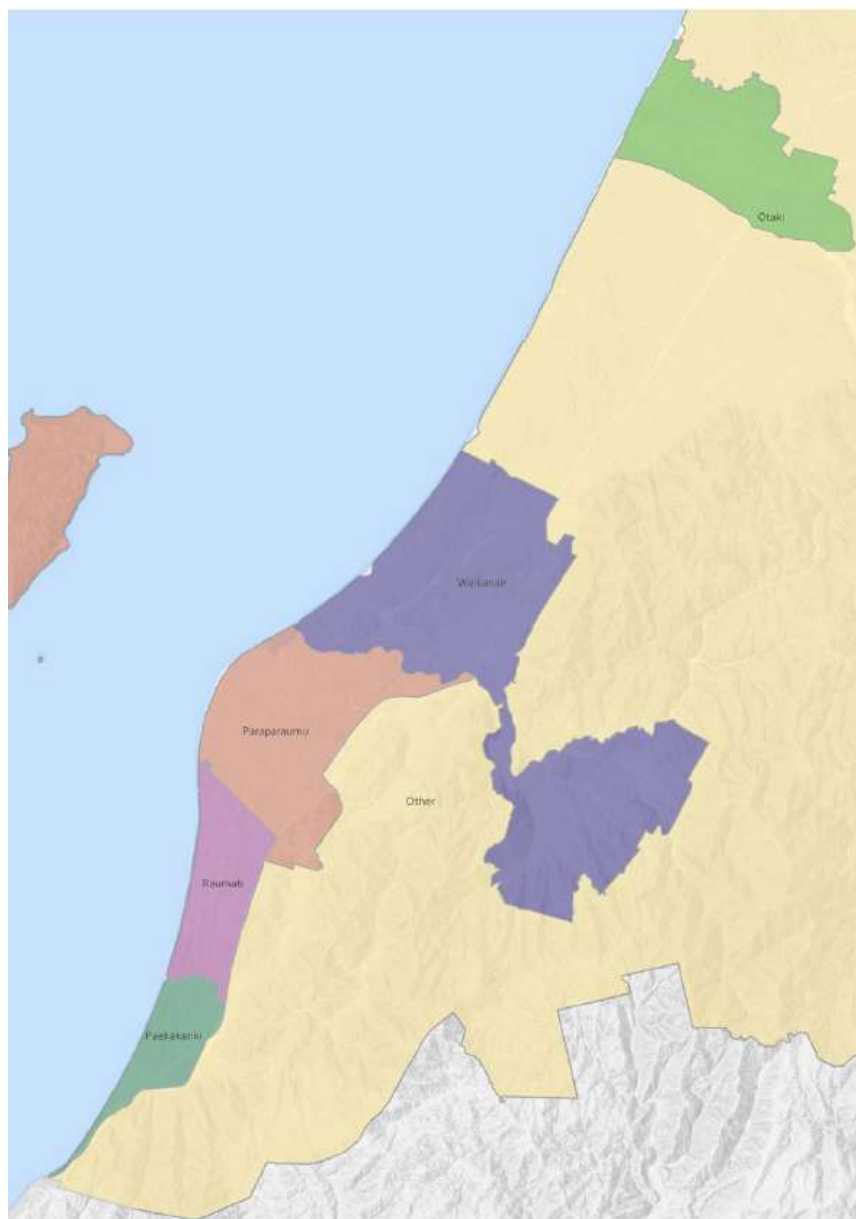


Figure 4: Housing Areas within the Kāpiti Coast (Source: HBA 2019)

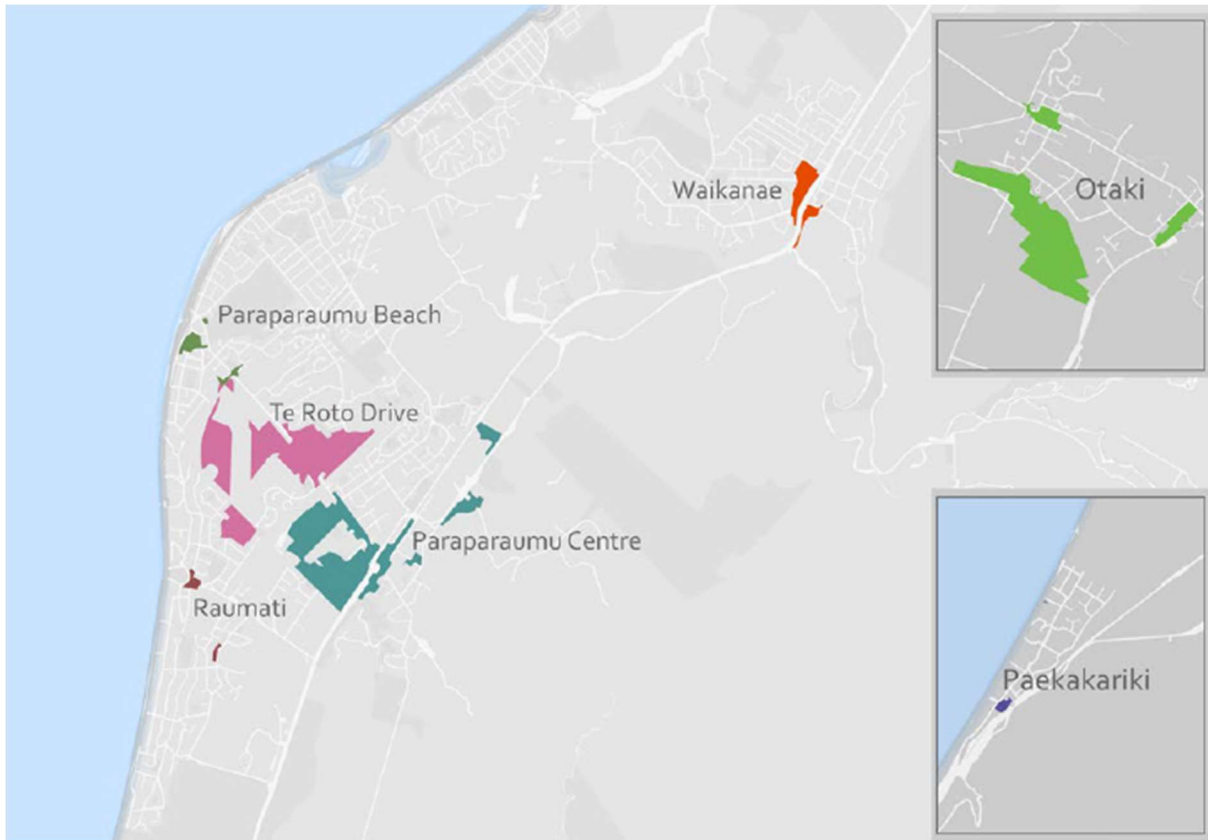


Figure 5: Location of Key Business Areas in Kāpiti (Source: HBA 2019)

The HBA provides a detailed summary of the residential and business land capacity across the Kāpiti Coast, establishing demand based on expected population growth to 2047. It also provides details on the supply of housing, adjusted for factors affecting the uptake of feasible development. The key information from the HBA relevant to medium density development in the Kāpiti Coast is discussed further in Section 3 of this report. However, the key factor relevant to this project is that the HBA identified that while there is sufficient capacity in Kāpiti, there is a market preference for low density greenfield development over medium density development in existing urban areas.

Wellington Regional Growth Framework

The Wellington Regional Growth Framework (WRGF) is a spatial plan that provides a long-term (30 year) vision for how the Wellington Region will grow, change and respond to key urban development challenges and opportunities. The key challenges recognised and forming the basis for development of the WRGF are:

- Sufficient and affordable housing and investment in infrastructure
- Natural hazards, climate change and enhancing the region's natural environment
- Inequitable access to social, educational and economic opportunities
- Poor access to affordable housing choices for Māori.

The WRGF has a draft framework that is currently being consulted on with key stakeholders, prior to community consultation. Figure 6 provides a summary of proposed Future Urban Development Areas

proposed by the draft WRGF. This signals significant regional growth to occur in Kāpiti, both in the form of urban renewal and future urban areas. This will increase the importance of enabling medium density development in existing areas and how growth occurs in new greenfield areas which are signalled as future urban areas.

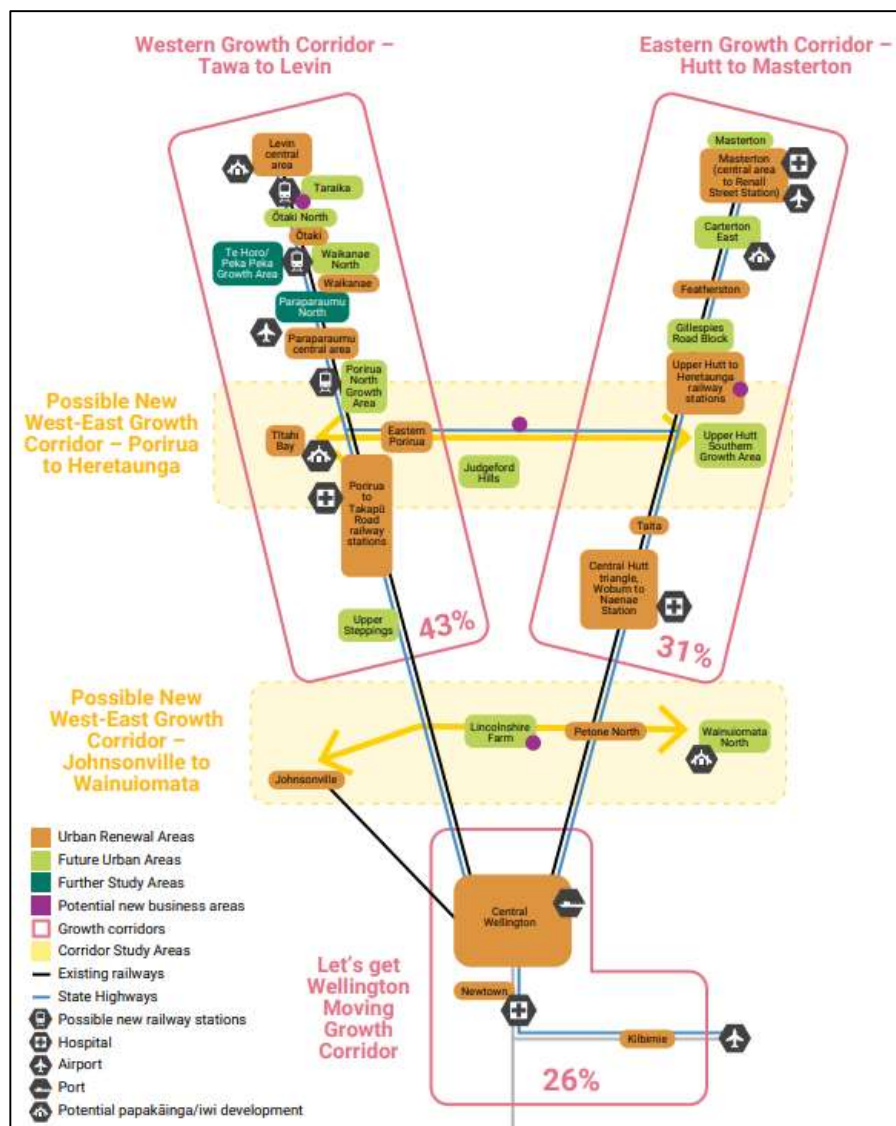


Figure 6: A Growth Corridor View of the Future Urban Development Areas (Source: Draft WRGF, 2020)

District Plan

As of October 2020, all appeals on the PDP are understood to have been resolved by the Environment Court by consent order and, while the PDP is not yet deemed fully operative, for the purposes of this assessment, the PDP is considered the relevant planning document to influence future medium density development in the Kāpiti Coast. Further details and assessment of the rules in the PDP affecting medium density development is provided in the Section 3 of this report, noting that the PDP provides for medium density development in key areas of the Kāpiti Coast.

Development Impact Fees

Development impact fees are imposed by the Council to ensure that new developments make a fair and equitable contribution to the necessary increased capacity of Council services to accommodate the additional resulting growth. The fees apply to all subdivisions and new residential dwellings, as well as new or expanded non-residential buildings in all zones shown in the PDP. Development Impact Fees are a combination of:

- Development contributions required under the provisions of the Council's Development Contributions Policy (as amended in the 2018-2038 Long Term Plan). These contributions are allowed for under the provisions of the Local Government Act 2002. These will be required on any relevant development
- Financial contributions (including reserves contributions) provided for under the Resource Management Act 1991 and the Council's Operative District Plan (Part E) and Chapter 12 of the PDP.

The calculation of Development Impact Fees is site specific, however indicative figures under the Council's Development Contributions Policy and PDP are shown in Tables 1 and 2 below. The impact of Development Impact Fees is discussed in Section 3 of this report in relation to its contribution to overall development costs and its corresponding role in determining commercial feasibility of a project.

Table 1: Kāpiti Indicative Development Impact Fees 2020/21

	Ōtaki	Paekākāriki	Paraparaumu – Raumati	Waikanae	Peka
Community Infrastructure - Districtwide	\$1,754.36	\$1,754.36	\$1,754.36	\$1,754.36	\$1,754.36
Roading & Transport - Districtwide	\$2,063.83	\$2,063.83	\$2,063.83	\$2,063.83	\$2,063.83
Stormwater - Districtwide	\$512.30	\$512.30	\$512.30	\$512.30	\$512.30
Stormwater collection & management	\$504.98	\$158.92	\$1,591.26	\$822.81	\$822.81
Wastewater Reticulation			\$1,629.94	\$1,202.33	
Wastewater Treatment	\$55.41		\$610.58	\$610.58	
Water Treatment & Reticulation	\$37.64				
Water Reticulation			\$1,629.94	\$2,249.93	\$1,124.96
Water Treatment			\$5,053.98	\$5,053.98	\$5,053.98
Total Development Contribution (GST Inclusive) per Household Unit Equivalent	\$4,928.52	\$4,489.40	\$13,216.24	\$14,270.11	\$11,332.24

Table 2: Kāpiti Reserve Contribution Fees

	Living and Working Zone	Living and Working Zone – Ōtaki Urban Area	Rural Zone
One Household Unit Equivalent	\$14,165.33	\$9,443.56	\$7,082.67

Development typologies

Urban development continuum

The urban development continuum provides a guide to understanding the change in densities across different types of urban environments. At the lower end of the continuum are outer suburbs which support large lot residential development and commercial/industrial uses which are typically not compatible with residential development. Moving up the scale to the city/district centre, the continuum shows how increasing densities results in a different urban form from local centres through to mixed use centres and onto more high density residential or commercial centres. Generally, costs increase from left to right through the continuum as complexity increases.

Existing development in Kāpiti is generally consistent with the continuum, with existing residential development in Residential Zones reflective of the lower end of the continuum, increasing to mixed use development in Working Zones, with some multi-residential and commercial uses.

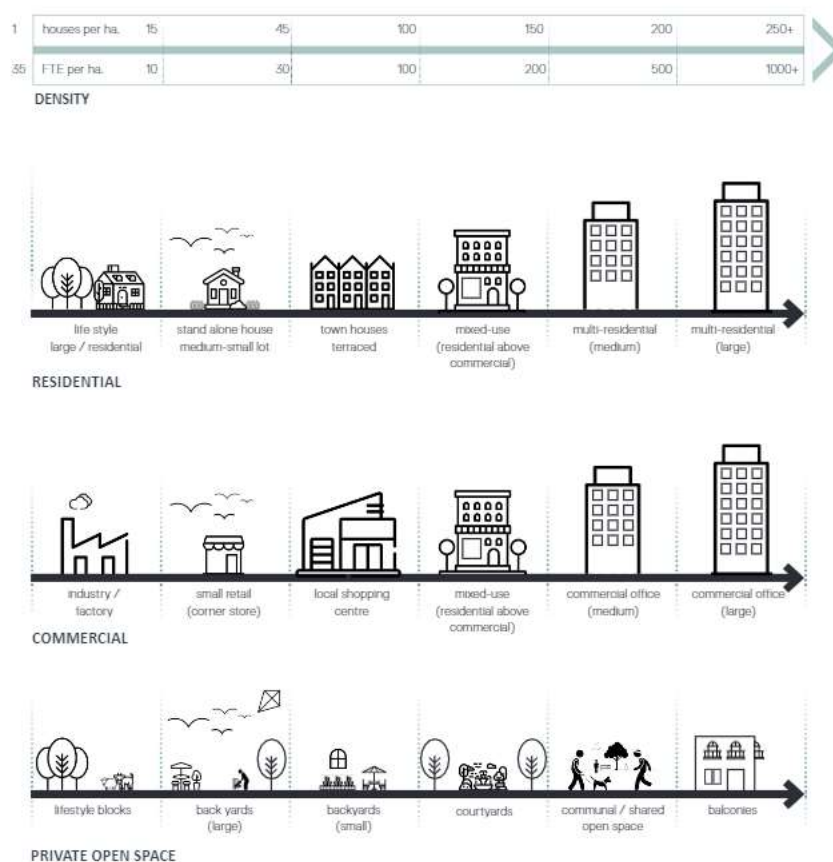


Figure 7: Urban Development Continuum (Source: TPG & Warren and Mahoney 2020)

Medium density development

There are many definitions of medium density development. The Ministry for the Environment (MfE) has previously defined medium density housing as:

“Multi-unit developments with an average site area density of less than 350m² per unit. It can include detached (or stand-alone), semi-detached (or duplex), terraced or low rise apartments on either single sites or aggregated sites, or as part of larger masterplanned developments” (Ministry for the Environment, 2012).

Medium density business is not clearly defined by MfE or in the Wellington Region’s Housing and Business Development Capacity Assessment (HBA). While floor space is used as a measure of capacity and demand by businesses, the size, location and design of the building in which it is located is not typically assessed beyond recognising the differing requirements of commercial versus industrial business. Mixed use developments tend to provide business that supports the co-location with residential uses, such as service or hospitality businesses. However, the lack of existing research on what is ‘medium density business’ is an area that would benefit from further investigation, given its importance to the wider concept of medium density development.

Medium density housing includes a range of different types of residential developments, including stand-alone, semi-detached and terraced dwellings and low-rise apartments. Table 3 below provides a summary of each typology.

Table 3: Medium Density Housing Typologies (Source: MFE 2012)

Typology	Key features	Site characteristics
Stand-alone housing	<ul style="list-style-type: none">• Not attached to other dwellings but close to neighbouring buildings• Two to three storeys in height.	Smaller lot size, often part of a master planned development. Typically involves a fee simple subdivision.
Semi-detached or duplex dwellings	<ul style="list-style-type: none">• Two side-by-side dwellings contained within one building, typically separated by a party wall• Two dwellings will typically be a mirror image of each other• Two to three storeys in height.	Smaller lot size involving a fee simple or unit title subdivision.
Terraced dwellings	<ul style="list-style-type: none">• Row of identical or similar attached houses, typically adjoined on both sides by a neighbouring dwelling or garage• Two to three storeys in height.	Typically created through a unit title subdivision of an underlying site.

Low rise apartments	<ul style="list-style-type: none"> • Apartments within a larger building, with shared access and service areas • Two to four storeys in height. 	Created through a unit title subdivision of an underlying site.
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3. Development risk factors

This section reviews available information to assess the impact of various factors on medium density development in the Kāpiti Coast. This provides the basis for an assessment of the relative importance of each factor on medium density residential development in the Kāpiti Coast in the following section of this report.

Development capacity

The HBA provides a detailed market assessment of residential development capacity across the Kāpiti Coast, establishing demand based on expected population growth from 2018 to 2047 and the realisable capacity of housing available, adjusted for factors affecting feasible development. Future intensification requirements will increase the need for more medium density development in Kāpiti, beyond the amounts identified in the HBA. Figure 8, taken from the HBA, provides a summary of demand and capacity by housing area and housing type over time in the Kāpiti Coast, based on Statistics NZ High Growth scenario.

	2017-2020		2020-2027		2027-2047	
	Demand	Realisable Capacity	Demand	Realisable Capacity	Demand	Realisable Capacity
Paekākāriki						
Stand-alone housing	14	2	28	5	36	12
Terraced housing, flats and apartments	2	0	3	0	4	0
Raumati						
Stand-alone housing	64	74	155	173	514	389
Terraced housing, flats and apartments	12	0	24	0	66	0
Paraparaumu						
Stand-alone housing	249	28	401	66	680	148
Terraced housing, flats and apartments	46	0	78	0	126	0
Waikanae						
Stand-alone housing	226	249	617	581	1,780	1,303
Terraced housing, flats and apartments	33	0	95	0	254	0
Otaki						
Stand-alone housing	92	214	195	498	207	1,117
Terraced housing, flats and apartments	11	0	23	0	25	0
Other						
Stand-alone housing	57	9	127	21	169	46
Terraced housing, flats and apartments	1	0	3	0	4	0

Figure 8: Demand and Capacity Comparison in the Kāpiti Coast by Housing Area and Type based on High-Growth Population Projections (Source: HBA 2019)

The summary in Figure 6 and findings in the HBA identify several potential shortages and oversupplies in the Kāpiti Coast across the short, medium and long-term periods. As summarised in the HBA:

- These discrepancies reflect the dynamics around the changing nature of land availability that is shaping future growth and development across the Kāpiti Coast, including the type of housing being built
- Over the next 30 years, the southern parts of the Kāpiti Coast are expected to have exhausted current greenfield and large infill sites, with infill and redevelopment of smaller sites providing the primary forms of development. Given this increasing constraint on land availability, and reduction in greenfield competition, it is expected that medium density development, including townhouses, terraces and low rise apartments will become more feasible and start to emerge in and around centres and areas with good access and amenity
- The northern half of the Kāpiti Coast is expected to continue its current levels of growth, driven by the supply of greenfield land. Ōtaki is expected to continue to further develop supply, replacing Waikanae as the primary location of greenfield housing growth, as greenfield opportunities in Waikanae become built out and development also starts to turn to intensification, in the form of medium density development.

The market assessment identifies a range of factors affecting development capacity. It recognises the need to better understand the economics of medium density development across the district.

Commercial factors

There are a wide range of commercial factors that potentially affect the development of medium density development. The following summarises the key commercial factors identified as relevant to the Kāpiti Coast market.

Project feasibility

Property feasibility studies are a comparison of the costs versus the values that could be delivered by a development project. Simply, if cost exceeds the value, the proposal is not feasible. However, if the value exceeds cost, the proposal is feasible. Feasibility development is determined by the assessment of a property's highest and best use.

Feasibility studies are underpinned by market and marketability assessments. Market assessments include the collection and evaluation of market data and interpretation of that data to information that can be used for analysis and decision-making. Generally, a market assessment is not site specific and relates to a property market.

A marketability assessment is more specific about the product type within a defined market and has the end user in mind. A marketability study will be informed by the market assessment and focus on the price points for the product and how long it will take to sell into the target market. The marketability study can be property and land use specific, for example a medium to high density residential development comprising 'x' number of apartments at 'y' dollar price points in a particular suburb.

The above is purely a commercial perspective and the feasibility of a development project could also be assessed based on meeting triple and quadruple bottom line outcomes, for example affordable housing for key workers.

Project revenues

Project revenues or the sales that are potentially achieved through medium density development are generally driven by the price points that support the highest and best use of land given the specific development costs and developers' risk. The key factors for project revenues comprise the following under Table 4 :

Table 4: Factors associated with development project revenues

Project revenues	Key drivers	Sensitivities
Development yield	Site considerations. Planning framework. Land uses assumptions. Building typologies.	Site location and situation. Prescriptive planning requirements. Market demand and supply. Minimum requirements to accommodate infrastructure services, the Building Code and bank financing.

Gross sales	Market demand and supply. Target markets. Capital values. Investment yields and returns.	Market volatility and preferences. Home buyers versus investors. Land uses and typologies. Appetite for risk. Transit orientated development.
Goods and services tax	15% tax deducted from gross sales of residential development.	Nil.
Other deductions	Marketing costs associated with a development project, approximately 2.5% of Gross Sales. Legal fees associated with a development project.	Dependent on the complexity of the project. The more complex the project the higher the costs associated with these deductions.
Consenting risk	Planning framework. Bank finance reliant on resource consent.	Uncertainty associated with the planning framework increases risk and reduces project viability.
Developers profit	Profit generated by the development project after development and land costs are deducted from net project revenues.	Profitability ranges from approximately 12.5% through to say 30% and is relative to a project's complexity.

Achieving viable revenues for medium density development under an infill scenario will generally differ to a greenfield scenario, for example:

- Infill development has a potentially higher risk of being marginal primarily due to constrained development yields, the higher costs of construction and land costs versus sale prices (and/or revenues) achieved in the market. However, the higher risks (or risk premium) equate to generally higher economic returns compared to greenfield development
- Greenfield development has a potential lower risk of being marginal primarily due to the potentially lower land acquisition costs under lower zoning provisions versus sale prices achieved. The cost of rezoning land can potentially be offset by the land value uplifts associated with the rezoned land and sales prices (and/or revenues) achieved in the market. However, the lower risks are reflected in the generally lower economic returns compared to infill development.

Depending on the prevalence and success of the market to deliver medium density development in either infill or greenfield contexts, the key drivers for the development feasibility are the balancing of profitability and risk. In areas with limited or stagnated medium density development and where there is a high underlying demand, adjusted investment yields to reflect risk can be used to determine price points for feasible development.

However, these price points may not be aligned with the local communities' or the market's capacity to acquire / rent, which renders the development not feasible, or alternatively introduces the potential for government subsidy to support the development and local community into housing, for example the Progressive Home Ownership scheme from the Ministry of Housing and Urban Development (MHUD).

Development costs

Project development costs comprise construction costs, direct costs and land costs. The key factors associated with development costs include the following examples with some factors further discussed below under Table 5:

Table 5: Factors associated with development project costs

Development costs	Key drivers	Sensitivities
Construction costs	Site location and situation. Geotechnical conditions. Contaminated land and/or ground water. Complexity and scale of development. Method of construction. Supply chains.	Site accessibility. Foundations, groundworks and infrastructure. Historic land uses. Land subdivisions, to light weight to more complex structures and their requirements. Traditional versus modern methods. Capacity of the construction market to deliver.
Direct costs		
Professional fees	Fees associated with consultants to design and delivery a development project. Fees are relative to the complexity of the development project.	Approximately 10% to 15% of development costs dependant on complexity.
Development impact fees	Development fees and levies in accordance with the planning framework, refer section 2.	Some dwelling typologies may have discounted development impact fees. Some Territorial Land Authorities have implemented time bound rebates to enable some types of development.
Resource consent fees	Includes the preparation and negotiation of a project's resource consent application. May include	Excluding development contribution and relative to project complexity,

	costs of rezoning if a Private Plan Change process is undertaken.	fees range from 0.5% to 1.0% of development costs. For complex projects, an additional allowance for environmental court costs may also be required for both Council and proponent fees.
Building consent fees	Includes the preparation and negotiation of a project's building consent application.	Excluding development contribution and relative to project complexity, fees range around 0.5% of development costs.
Survey and title	Surveying and subdivision fees.	Subject to complexity of a development project.
Infrastructure	Enabling infrastructure to site including services, earthworks, open space and transport access.	Site accessibility. Geotechnical conditions. Flood mitigation. Planning framework. Quality of open space. Trunk infrastructure capacity and onsite responsiveness.
Demolition costs	Costs associated with site clearance and disposal of existing improvements and/or infrastructure.	Costs are relative to increased scale, complexity and contaminated improvements on site.
Land costs	Land acquisition and holding costs.	Site location, land area and situation. Planning framework. Market demand and supply. Rates and insurance.
Contingency allowances	An allowance to reflect project risks associated with the stage of the design or delivery of the development.	The contingency is relative to the stage and uncertainties associated with the project.
Finance costs	Cost of financing the project.	Planning framework. Project feasibility. Pre-sales of development. Conditional on granting of resource consent.

Construction costs

Construction costs can be variable across the typologies. Lightweight timber structures from (NZS3604) generally ranging from about \$2,000.00/sqm to \$3,500.00/sqm or more for greenfield and medium density (e.g. up to 3 storey) developments, respectively. For projects of greater scale, construction costs increase significantly from about \$4,500.00/sqm to \$6,500.00/sqm as a rough guide for medium (4 storey and above) to higher rise and density developments, respectively. The increase in construction costs between lightweight structures and more intensive development are reflected by the increased complexity of construction from both a design and engineering perspective to address tenant requirements and risks such as seismic resilience.

Construction companies currently undertaking successful medium density development tend to be those that can achieve efficiencies from vertical integration, for example by providing most services in house rather than using subcontractors or by using streamlined construction techniques (e.g. prefabrication). We note that contractors will have competitive pricing strategies and it is challenging to establish exactly what is included in the square metre rate.

Land costs

Smaller, standalone medium density developments in existing urban areas have been successful where land was acquired at a low market rate, for example, where a rundown older property becomes available. Alternative medium density development opportunity can arise through surplus land on existing property, for example, where a property which has been held in speculation now provides an opportunity due to a change in land use zone or site restrictions become more favourable.

Given the lack of suitable vacant development sites available in existing infill or town centre locations or medium density zoned land, land and existing buildings would need to be acquired, with improvements then removed, potentially land remediated and increasing the underlying land development cost and risks associated with the delivering medium density development.

Infrastructure costs

The costs associated with enabling land, including three waters infrastructure, civil works, access, land remediation and resilience are generally covered under infrastructure costs. These costs are estimated based upon the condition and location of the land, proximity and capacity of infrastructure, the proposed development and risks associated with the same. Subject to scale, infill development can be more challenging than greenfield due to the risks associated with the existing built environment, for example trunk infrastructure capacity and onsite servicing to address the same may render a development proposal not feasible.

Comprehensive development

Medium density development undertaken as part of larger scale developments (e.g. Kenepuru Landings on the former hospital site at Kenepuru) have been successful by way of achieving construction efficiencies across the entire site and unlike developments within existing urban areas, have not been required to fund the demolition and/or removal of existing dwellings and is a similar situation for greenfield development. However, it is noted that medium density development in greenfield locations have other costs associated with enabling ready land.

There is a higher likelihood of site amalgamation being required for medium density development for infill locations. To successfully navigate site amalgamation, other factors needed to be considered include targeting lower value improved land, trading off time, cost and returns in order to secure the parcels of adjacent land and pressure on professional fees to deliver the mix of land uses and typologies to maximise profitability and manage risks.

Summary of key commercial risk factors

The high-level risks that are likely to impact the financial returns for a development project are presented below with the risk's consequences and proposed mitigation strategies, respectively under Table 6:

Table 6: Risk factors associated with development projects

Risks	Consequences	Mitigation strategies
Planning legislation or regulation changes between property acquisition and development consent.	<p>Ambiguous market conditions pricing in risk to deliver developments.</p> <p>Increased time and costs to plan and deliver development to market.</p> <p>Development stalls.</p>	<p>Engagement with Territorial and Government Agencies.</p> <p>Best practice is adopted.</p> <p>Development potential is maximised against planning requirements.</p> <p>Conditional Sale and Purchase Agreements to allow for Resource Consent to be obtained.</p>
Timing of development is not aligned with the cyclical movement in the property market.	<p>Increased time and costs to plan and deliver development to market.</p> <p>Alternatively, quality is traded off against time and cost and the consumers choice is potentially eroded.</p>	<p>Ensure timing and planning to deliver to market is aligned to the 7-10 year property cycle in NZ, i.e. the last correction in NZ was in 2008/09 during the Global Financial Crisis.</p> <p>Use development staging to reduce risk exposure and match demand.</p>
The onset of depressed or unstable economic conditions, including interest rates increases.	<p>Lowering property values and/or increased holding costs</p> <p>Increased time and costs to plan and deliver development to market.</p>	<p>Balanced risk/return profile. Retain quality stock and dispose of secondary, riskier propositions.</p>

Variations that occur in the supply and demand of markets causing adverse fluctuations in real estate prices.	<p>Increased time and costs to plan and deliver development to market.</p> <p>Supply chain is nearing or at capacity.</p> <p>Lack of supply – inertia.</p> <p>High demand – increased costs.</p>	<p>Investigation of development drivers to ensure timing and planning to deliver to market is aligned to the 7-10 year property cycle in NZ.</p> <p>Ensure the development meets the needs of the end user and/or community needs.</p> <p>Pre-commit development with anchor tenants.</p> <p>Trade-offs required against cost, time and quality.</p>
Increase in building, materials and labour costs (escalation).	<p>Increased costs to deliver development to market.</p> <p>Trade-offs required against cost, time and quality.</p> <p>Development stalls / market failure (earthquake prone buildings).</p>	<p>Trusted partnerships, procurement methodology where collaboration is prioritised, could be the solution to the supply and demand pressure.</p>
The end user or target market is not well defined.	<p>Developments do not align with the needs of the end user and/or community.</p> <p>Costs may increase without adequate supply.</p> <p>Revenue is not maximized.</p>	<p>Ensure timing and planning to deliver to market is aligned to the 7-10 year property cycle in NZ and end user / future community needs.</p>

District Plan

A planning assessment undertaken focused on planning related matters that are relevant to medium density development being undertaken in a commercially viable manner in the Kāpiti Coast. A detailed review of the relevant provisions of the PDP, including activity status and potential notification, is included in Appendix 1. The following provides a summary of the key aspects of the PDP that influence medium density development in the Kāpiti Coast. It is noted that Council is undertaking work to update the PDP to meet the National Planning Standards, which is likely to amend the planning terms referred to in the PDP and this report.

For the purposes of the assessment, we have looked at the PDP provisions that apply to sites within the following zones in the PDP:

- **Living Zones:** These zones are the urban areas of the Kāpiti Coast where residential activities are the primary activity. Within this zone is the Residential Zone, which includes the following Intensification

Precincts: Focused Infill Precinct (Paraparaumu, Raumati Beach, Waikanae and Ōtaki); and Medium Density Housing Precinct (Paraparaumu, Paraparaumu Beach and Raumati Beach)

- **Working Zones:** These zones incorporate a variety of business areas that have specific characteristics or are proposed for specific development. The framework applying to this zone is a centres-based approach to managing business activities across the Kāpiti Coast. Within this zone is the District Centre Zone Precinct (Paraparaumu) and Town Centres (Ōtaki, Waikanae, Raumati, Paraparaumu Beach), which include provision for medium density residential activities to be provided in conjunction with commercial activities.

Medium density development is provided for in the PDP as *medium density housing* and *infill development*. These have different definitions in the PDP.

In the PDP, medium density housing involves four or more household units. Infill housing involves less than four household units. Table 1 details the planning controls that apply to each type of housing. These types of development are summarised in Table 7.

Table 7: Overview of PDP Provisions for Medium Density and Infill Development

District Plan provisions	Medium Density housing	Infill development
District Plan Definition	Any housing type (detached, semi-detached, or terraced) falling within a gross average density range of 350m ² – 250m ² per unit with a minimum development area of 200m ² and capable of containing an 8 metre diameter circle, involving four or more units. It does not include conventional 'infill' where a household unit is placed on a single lot with an existing household unit.	Subdivision or development of a property of less than 3,000m ² in area.
Intensification Precincts	Medium Density Housing Precinct - Paraparaumu, Paraparaumu Beach and Raumati Beach.	Focused Infill Precinct - Paraparaumu, Raumati Beach, Waikanae and Ōtaki.
Identification in Planning Maps	Overlay on planning maps where in precinct. Inclusion in District Centre Zone Structure Plan.	Overlay on planning maps where in precinct.
Design Guide	Appendix 5.1 – Medium Density Housing Design Guide.	None – design guidelines provided within the Medium Density Housing Design Guide for consideration in Town Centre Zone.

Provision in Living Zones Objectives and Policies	<u>Policy 5.2</u> – Medium density housing will be provided for in precinct areas identified on the PDP Maps, which are in close proximity (i.e. approximately five minutes' walk or 400m) to centres, open spaces, public transport networks and where existing infrastructure has sufficient capacity.	<u>Policy 5.3</u> – Focused infill development will be provided for in identified precincts which are close to centres, other local services, and public open spaces and which have sufficient infrastructure capacity. The resulting density will be higher than general residential areas but lower than medium density housing precinct areas.
Provision in Working Zones Objectives and Policies	Provided for in conjunction with commercial activities and existing precinct plan (for District Centre Zone)	No specific provision – supported by policies encouraging residential activities in particular zones

Living Zones

As detailed in Appendix 1, under the provisions in the Residential Zone and Beach Residential Zone, infill housing that involves the addition of more than one household unit will require resource consent as a Restricted Discretionary Activity. There are no standards that need to be met under the relevant Restricted Discretionary Activity rule, and therefore a proposal will not be able to be elevated to a higher activity status. There are no specific design guides that apply to infill housing that require consideration in the assessment of a resource consent application.

A medium density housing development, which as defined by the PDP involves four or more household units, will also require resource consent as a Restricted Discretionary Activity. However, if the development is unable to comply with all the relevant standards under the Restricted Discretionary Activity or is located outside a Medium Density Housing Precinct, a medium density housing development would be elevated and assessed as a Non-Complying Activity. A resource consent for medium density housing will be assessed against the Medium Density Design Guide, amongst other matters.

In effect, the provisions of the PDP mean that any development involving less than four household units is considered as infill housing. Development of less than four household units is theoretically able to be accomplished through an easier consenting pathway than medium density housing for the following reasons:

- Restricted Discretionary Activity status, with no other standards that need to be complied with to prevent elevation to a Non-Complying Activity
- Limited matters in which Council has restricted its discretion
- No design guides which need to be considered.

In comparison, medium density housing is subject to a more complex consenting pathway for the following reasons:

- Strict PDP definition of medium density housing (refer to Table 4)

- Many detailed standards that need to be complied with to prevent elevation to a Non-Complying Activity status
- In addition to detailed standards, the development must be assessed against the detailed Medium Density Housing Design Guide
- Council has many matters in which they have restricted their discretion for assessing a resource consent application for medium density housing if it is to be assessed as a Restricted Discretionary Activity.

Activity status

A Non-Complying Activity status is typically used to capture activities that are not anticipated by a District Plan. However, in this case it seems plausible that there would be proposals for medium density housing that would be located outside the identified precincts and/or not comply with a detailed list of standards and ideally the PDP would provide for such activities as a Discretionary Activity, where Council's matters of discretion are not restricted, however the District Plan provides guidance in the objectives and policies as to what matters should be considered for the proposals.

Due to the high likelihood that a proposal for medium density housing could be elevated to a Non-Complying Activity status and exposed to greater uncertainty than is likely to arise through a Restricted Discretionary Activity, there is less incentive for developers to apply for resource consents for medium density housing proposals. It is likely there is greater incentive for proposals involving less than four household units, as these are likely to only trigger a resource consent as a Restricted Discretionary Activity. While there is no non-notification clause applying to these developments, as Council's discretion is limited, the potential for notification is less than for a Non-Complying Activity, where Council may consider all relevant effects. It is recommended that the activity status applying to proposals for medium density housing be reconsidered, to reduce the uncertainty that results from a Non-Complying Activity status. The inclusion of a non-notification clause would also increase certainty to developers.

Design guides and development standards

Medium density housing developments are subject to greater design controls than infill housing. The PDP Restricted Discretionary Activity standards and the Medium Density Housing Design Guide both impose many design controls. This likely results in resource consent applications for four or more household units being more expensive than those for less than four household units due to the high level of design detail required, likely requiring input from an urban designer at a minimum. Due to their prescriptive nature, it is possible that the controls could significantly limit design innovation in a development's design.

In comparison, developments involving less than four household units do not appear to be subject to any specific design assessment. This has the potential to result in low quality infill, with no specific consideration given to factors such as on-site amenity, which are specifically considered in the Medium Density Housing Design Guide. A rule framework that requires infill housing to also trigger assessment under the Medium Density Housing Design Guide is recommended, to ensure these developments are subject to the same scrutiny with regard to matters such as on-site amenity as a 'new' medium density housing development would be.

A revised design guide which provided principles for good medium density development would also be recommended, as this would set out the core principles that Council seeks in medium density housing, particularly with regards to on-site amenity considerations, while also providing some room for design innovation and flexibility to developers.

Summary of Living Zones provisions

The PDP provides an easier consenting pathway in its Living Zones for infill housing development, compared to the pathway that applies to medium density housing. The reasons for this distinction are unclear, however the result of the difference is likely to be more infill housing, involving less than four household units on a site and a lower occurrence of housing developments involving four or more household units. Due to the differing design controls and activity statuses applying to the two types of development, it is possible that there is greater presence of lower quality infill housing. While there are some policies that refer to medium density housing in Living Zones, the value of these are minimised if the activity status itself deters developers from initially undertaking the development.

Working Zones

As detailed in Appendix 1, the Working Zones rules provide the opportunity for medium density housing or infill development to be undertaken in the District Centre Zone as a Permitted Activity, subject to being undertaken in the specific precincts identified in the Structure Plan and also subject to satisfying the relevant permitted activity standards. This provides greater certainty for developers when purchasing property in the Structure Plan area.

The Outer Business Zone, Local Centre Zone and Town Centre Zone also provide for medium density housing or infill development as a Permitted Activity, where located above ground floor level and subject to the building itself satisfying all other relevant PDP standards. This provides opportunities for developers to undertake housing developments above ground floor level. The current rule framework is set up to accommodate mixed use medium density developments.

Case studies

TPG has reviewed details of medium density developments undertaken around New Zealand. A review of the District Plan framework and the resource consent process followed for each development was undertaken, to provide examples of how medium density development is supported elsewhere in the country.

The case studies are detailed in Appendix 2. These case studies generally show:

- Medium density developments on single sites have been achieved where there is a District Plan rule framework that specifically limits the matters of consideration (discretion) in a resource consent for medium density housing. This is typically through a Restricted Discretionary Activity status with a non-notification clause, with the matters of discretion limited to specific design matters, including on-site amenity
- Large scale medium density development on large or multiple sites supports a master plan approach, enabling consideration of wider matters including infrastructure (roads, three waters) and house design and typology.

The case studies also demonstrate the benefits obtained by the developer and Council working more collaboratively in undertaking a development. This may involve using a project team within the Council, which includes resource consent planners, infrastructure engineers and parks officers, to enable a Council wide view of a development than is achievable through just a resource consent process.

Consultation with the property development sector

TPG undertook a series of interviews with property developers and professionals regularly dealing with property developers. These involved both people who regularly develop property in the Kāpiti Coast, but also included people who are known to develop property elsewhere in the Wellington Region. Following interviews, a workshop was arranged with a wider group of local developers and development representatives to discuss and test the points raised in interviews and better understand the degree and extent to which factors impact decisions relating to medium density developments across Kāpiti. This consultation provided a robust understanding of what is considered to work well or not in property development in the Kāpiti Coast.

Feedback from the interviews are detailed in Appendix 3, with interviewee identities kept anonymous, and the key themes presented in the interviews, and tested in the workshop, are discussed in this section. The presentation to the developer workshop and key themes recorded are located in Appendix 4 and 5, respectively.

Several developers noted that Kāpiti Coast is the ‘new frontier’ for medium density housing now that Wellington and Hutt City are reaching capacity. While recognising the growing market in Kāpiti Coast, most interviewees noted that Council has not been proactive in encouraging this type of housing, with the following being the key observations from the interviewees, which have been included in the Commercial Factors section above:

- Resource consent processes are overly prescriptive and ‘rule bound’ and created risk and uncertainties to timeframes and costs. The resource consent process could be better stream-lined
- Resource consents for infill housing can be issued with consent conditions requiring the supply of detailed information, whereas resource consents for medium density housing require all detailed information upfront. This requires a disproportionate amount of investment in a project against the reasonable risk of notification for a medium density housing development
- Limited feasibility for medium density housing in the Kāpiti Coast due to a restrictive PDP, including constraints of recession planes and large yard setback requirements, increasing the potential for notification
- Greenfield development of medium density housing is easier due to PDP rules and less risk of notification due to an absence of existing neighbours
- Higher activity status is a deterrent for developments. Objectives and policies that provide for medium density housing is less important than the activity status that is triggered
- Development impact fees were seen as higher than in other districts in the Wellington and Manawatu Regions
- Ground conditions (peat and aquifers) make ground preparation for development expensive and can be prohibitive. There is a need for better information about ground conditions in the Kāpiti Coast, rather than relying on developers to provide this on a site-by-site basis

- On-site servicing and infrastructure requirements can be prohibitive, particularly in relation to on-site stormwater detention and water storage (i.e. rainwater tank requirement). Limited capacity of trunk infrastructure can affect viability of greenfield development.

There was a general sense from all interviewees that the NPS-UD presents the Council with an opportunity to rethink medium density residential development in the Kāpiti Coast, particularly with the need to focus growth on transport corridors. The developers all highlighted that medium density development, or other more intense residential development, can be more profitable than greenfield development, however it benefits from councils putting in place a framework which supports its development.

All developers interviewed recommended that the Council incentivise the development of medium density housing, be it through financial incentives and regulatory settings that support that development type. It was noted that Hutt City Council has previously used rates relief and waiving of development impact fees and resource consent application fees for a period of time to encourage medium density housing, with the objective of the market becoming educated in the medium density housing typologies. A similar approach is understood to have previously been undertaken by Porirua City Council and Horowhenua District Council. This option could be further investigated by the Council.

Developers also highlighted that other District Plans provide more enabling rules for medium density housing in Residential Zones. For example, Hutt City Council provides clear rules for medium density housing in Residential Zones which, when combined with a greater flexibility for site amalgamation and design, and better understanding of ground conditions from Wellington Water, makes for a more enabling process.

Summary of risk factors

The findings of our investigation into factors affecting the feasibility of medium density development in the Kāpiti Coast have generally supported the following conclusions under Table 8:

Table 8: Summary of key medium density development factors

Commercial feasibility	Commercial feasibility for medium density residential development in the Kāpiti Coast is challenging due to project feasibility and revenue factors and development costs (e.g. construction costs and development impact fees).
Planning framework	There is limited support for medium to large scale medium density development in the existing PDP, with infill housing provided with a less risky (notification) and potentially less expensive consenting pathway.
Planning risks	The PDP and how it is applied provides uncertainty to developers in terms of how their resource consent will be processed (activity status, notified vs non-notified) and information requirements (design guide), which has significant cost and time implications.
Developer obligations	Costs associated with infrastructure, including the need for on-site stormwater solutions and high development impact fees, makes

development of medium density development less attractive than in other parts of the Wellington Region or neighbouring district to the north.

The relative importance of factors will depend on the specifics of a project, for example, location, development yield, design, cost and financing. There is unfortunately no ‘silver bullet’ to address all project risks across the development lifecycle.

4. Assessment of factors on existing development

This section provides an assessment of the factors defined in the previous section on existing development in the Kāpiti Coast.

Overview

The key factors identified as influencing medium density development in the Kāpiti Coast are evident in looking at the nature of existing residential development in the Kāpiti Coast. As noted previously, Profile ID identifies that in 2018, only 13.3% of the dwellings in the Kāpiti Coast were medium or high density, compared to 20.9% in the Wellington Region.

While much of this is anticipated to be market driven and related to commercial feasibility, the contributing factors of a challenging planning framework and high site specific development costs, including development impact fees and infrastructure provision, makes medium density development a less economically viable option in the Kāpiti Coast.

Assessment of greenfield areas

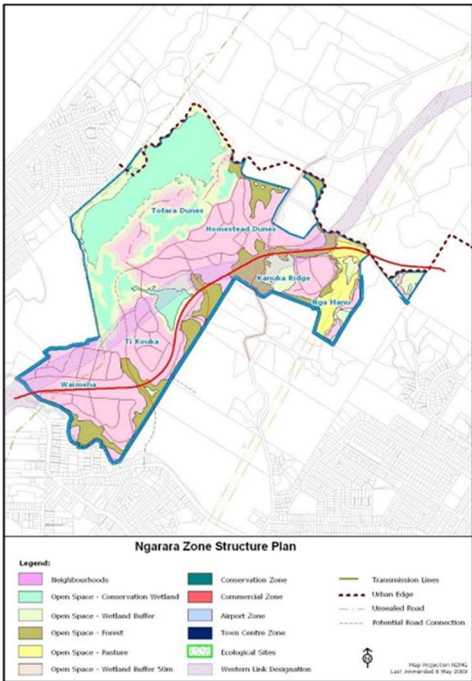
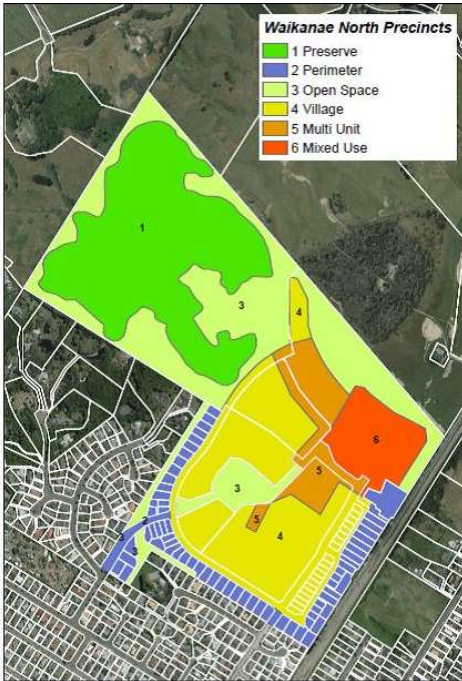
Comprehensive developments of greenfield areas have historically been the primary form of new residential development in the Kāpiti Coast. Recent examples of this type of development are in Ngārara and Waikanae North, both of which are summarised in Table 9.

This type of development allows for a staged approach to providing a mixture of housing types and associated services and amenities and is typically accompanied by a management agreement or memorandum of understanding with the Council to realise infrastructure requirements and funding.

This is a long term development approach, so the ability to meet short term objectives for realising medium density housing are limited, however once adopted, the master plan or structure plan provides greater certainty to the developer than may be achievable through a standard resource consent process. There are options for staging the development, such as developing smaller lots of medium density housing relatively quickly, once the infrastructure is in place. The commercial implications of staging will be a consideration for the master plan or structure plan process and associated funding decisions.

The commercial costs associated with the development of greenfield areas are further examined in the development cost sections above.

Table 9: Example of Greenfield Development in Kāpiti Coast

Area	Ngārara	Waikanae North
Proposed District Plan Zone	Ngārara Zone	Waikanae North Development Zone
Structure Plan/Master Plan	Ngārara Zone Structure Plan (PDP Appendix 5.7)	Waikanae North Concept Masterplan (Appendix 5.6)
	 <p>Ngārara Zone Structure Plan</p>	 <p>Waikanae North Precincts</p>
Capacity	Ngārara is projected to have up to 250 properties developed by 2026 and a total of 850 properties by 2046.	The Waikanae North development is projected to have 400 properties developed by 2026.

The development of greenfield areas without an existing structure plan or master plan in place, or outside the relatively limited areas identified in the PDP as Future Urban Development Zone, would typically require a resource consent as a Non-Complying Activity, and for a large scale development would most likely require public notification. This has significant planning risks and cost implications for the ability to deliver any cost-effective medium density housing in a short timeframe.

Assessment of existing urban areas

Medium density development is provided for in the Working Zones of the PDP – which include the District Centre Zone (Paraparaumu) and Town Centre Zones (Ōtaki, Waikanae, Raumati, Paraparaumu Beach) – which caters for medium density housing as a Permitted Activity where it is located above ground floor level. It is noted that the Raumati and Paraparaumu Town Centre Zones are adjoined by or near to Medium Density Housing Precincts, although there appears to have been little uptake of this type of development in these areas to date.

As identified in the HBA, there is capacity for medium density housing in Paraparaumu, Raumati and Paraparaumu Beach, however larger sites are currently being used up in these areas and it is expected that in the next five to 10 years remaining medium size infill housing opportunities will be developed.

Therefore, the remaining focus in these district/town centres will be medium density development, which is currently only provided for in the Medium Density Housing Precincts in the PDP, or above ground level in the Town Centre Zones. When combined with development impact fees and site specific development costs, intensification in these areas are likely to become less appealing to developers, particularly in a market with limited appetite for medium density typologies as compared to low density greenfield development options.

Ōtaki is identified in the HBA as having the greatest amount of future residential development capacity, and it is indicated in the HBA that it has the lowest market entry prices in the Kāpiti Coast. Further, it currently has significantly lower development contribution fees than other parts of the Kāpiti Coast, although the HBA indicates that the existing infrastructure in Ōtaki may not be sufficient to meet projected demand. However, the planning framework does not currently promote medium density development in Ōtaki, with no Medium Density Housing Precincts. There are three areas on the outskirts of Ōtaki identified in the PDP as being Future Urban Development Zone, but this will require a comprehensive development approach like what has been done in Ngārara or Waikanae North.

Assessment summary

The Kāpiti Coast is currently not well set up to appeal to developers to deliver medium density development. The planning framework, high site specific development costs and commercial feasibility aspects all create a challenging proposition for developers to deliver medium density development compared to other areas in the region. There is a real opportunity for Council to intervene and change the course of medium density development including housing in the Kāpiti Coast, as outlined in the following section of this report.

5. Findings and recommendations

The findings of the report have identified several challenges to achieve medium density developments in the Kāpiti Coast. However, as the medium density market is in a relatively early urban development stage for the District, particularly when compared to other areas of the Wellington Region, and the introduction of the NPS-UD, Council has a unique opportunity to lead and shape the nature of medium density development in the future and by addressing development barriers.

Key risk factors

The report has identified the following key risk factors that act as a barrier to developers undertaking medium density development are as follows:

Commercial feasibility	Commercial feasibility for medium density residential development in the Kāpiti Coast is challenging due to the nature of the market and development costs.
Planning framework	There is limited support for medium to large scale medium density development in the existing PDP, with infill housing provided with a less risky (notification) and potentially less expensive consenting pathway.
Planning risks	The PDP and how it is applied provides uncertainty to developers in terms of how their resource consent will be processed (activity status, notified vs non-notified) and information requirements (design guide), which has significant cost and time implications.
Developer obligations	Costs associated with infrastructure, including the need for on-site stormwater solutions and high development impact fees, makes development of medium density development less attractive than in other parts of the Wellington Region or neighbouring district to the north.

Medium density development framework

It is evident that for medium density development to become a viable development option in the Kāpiti Coast, Council will need to explore levels of intervention in its areas of influence to effect change. A medium density development framework is proposed below to support Council establish its position on how to address the key development challenges identified in this report. The framework comprises three priority areas as follows:

Priority area one	Recognise the key challenges the Kāpiti Coast faces in relation to medium density development.	This involves recognising the challenges outlined in this report and acknowledging those that can or cannot be changed. For example, while the underlying soil types affecting development sites in the Kāpiti Coast cannot be changed, the
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		planning framework applying to medium density development is explored to effect change.
Priority area two	Identify the key objectives for medium density development in the Kāpiti Coast.	This involves the Council exploring and establishing the key outcomes sought from medium density development. For example, provision of affordable homes or provision of greater housing capacity near key transport routes.
Priority area three	Propose a range of responses that define the function and approach of Council in medium density development.	This may involve exploring partnering, advocating, facilitating and/or regulating as described below.

Council's role in effecting change

There is no 'silver bullet' to address all project risks across the development lifecycle. However to support this medium density development framework, Council's areas of influence encompass a range of roles to support this development typology, including regulation, advocacy, facilitation and partnerships. These roles are further defined as follows:

Regulating	Review of the planning framework in place for medium density development in the Kāpiti Coast to promote greater certainty for applicants in terms of the risk of an elevated activity status, notification and information requirements. Plan changes/variations can be undertaken as part of a review of the planning framework required by the NPS-UD.
Advocating	Council can lead engagement with developers to build relationships with the development community.
Enabling	Council can undertake a programme to identify key sites that may be suitable for amalgamation and/or medium density projects. Consideration could be given to waiving or reducing of development impact fees and resource consent fees for a defined period to encourage medium density development and educate the market and community on this type of development. Regardless, a review of the Development Contributions Policy and the PDP's Financial Contributions chapter should be undertaken to determine appropriate development impact fees to enable medium density development and how this compares to neighbouring districts.
Partnering	Council may partner with developers to deliver master planned projects for the development of greenfield sites, instead of leaving this to developer led projects.

References

Greater Wellington Region COVID-19 economic impact, BERL 2020

Wellington Housing and Business Development Capacity Assessment, 2019

Introductory Guide to the National Policy Statement on Urban Development, Ministry for the Environment, 2020

Medium-density Housing – Case Study Assessment Methodology, Ministry for the Environment, 2012

Proposed Kāpiti Coast District Plan, September 2020

Draft Wellington Regional Growth Framework, September 2020

Appendix 1: Review of Kāpiti Coast Proposed District Plan controls



Planning factors influencing medium density residential development in the Kāpiti Coast – a review of the Proposed District Plan

This planning assessment focuses on planning related matters that are relevant to medium density residential development being undertaken in a commercially viable manner in the Kāpiti Coast. This section provides context for the summary of planning factors influencing medium density development outlined in Section 3 of the report. For the purposes of this assessment, we have looked at the PDP provisions⁴ that apply to sites within the following zones:

- *Living Zones*: These zones are the urban areas of the Kāpiti Coast where residential activities are the primary activities. Within this zone is the Residential Zone, which includes the following Intensification Precincts: Focused Infill Precinct (Paraparaumu, Raumati Beach, Waikanae and Ōtaki) and Medium Density Housing Precinct (Paraparaumu, Paraparaumu Beach and Raumati Beach)
- *Working Zones*: These zones incorporate a variety of business areas that have specific characteristics or are proposed for specific development. The framework applying to this zone is a centres-based approach to managing business activities across the Kāpiti Coast. Within this zone is the District Centre Zone Precinct, which includes provision for medium density residential activities to be provided in conjunction with commercial activities.

This assessment reviews the planning controls that apply in each of these zones and provides commentary on each approach in being able to achieve medium density residential development in the Kāpiti Coast. This report is based on the assumption that the development potential will be based on a new build on a flat site in the identified part of the Living or Working Zones, and therefore rules relevant to this type of development have been focused on in this report. Further, it is assumed that medium density residential development involves establishing multiple household units on a single lot – therefore this advice does not canvas the subdivision provisions in the PDP. It is noted that a proposal may trigger other rules in the PDP (e.g.: traffic), however only the provisions specific to medium density residential development have been considered in this report.

Overview of planning controls

Medium density residential development is provided for in the PDP as medium density housing and infill development. A comparison of these is provided in Table 1 below.

⁴ For the purposes of the project, the review of planning controls is limited to those in the Proposed District Plan Appeals Version 2018 as at May 2020. Of relevance to this assessment, it is understood that some definitions and Working Zone provisions, including in relation to the District Centre Zone Structure Plan, are still to be resolved.

Table 1: Overview of District Plan Provision for Medium Density and Infill Development

District Plan provisions	Medium Density housing	Infill development
District Plan Definition	Any housing type (detached, semi-detached, or terraced) falling within a gross average density range of 350m ² – 250m ² per unit with a minimum development area of 200m ² and capable of containing an 8 metre diameter circle, involving four or more units. It does not include conventional ‘infill’ where a household unit is placed on a single lot with an existing household unit.	Subdivision or development of a property of less than 3,000m ² in area.
Intensification Precincts	Medium Density Housing Precinct - Paraparaumu, Paraparaumu Beach and Raumati Beach.	Focused Infill Precinct - Paraparaumu, Raumati Beach, Waikanae and Ōtaki.
Identification in Planning Maps	Overlay on planning maps where in precinct. Inclusion in District Centre Zone Structure Plan.	Overlay on planning maps where in precinct.
Design Guide	Appendix 5.1 – Medium Density Housing Design Guide.	None – design guidelines provided within the Medium Density Housing Design Guide for consideration in Town Centre Zone.
Provision in Living Zones Objectives and Policies	<p><u>Policy 5.2</u> – Medium density housing will be provided for in precinct areas identified on the PDP Maps, which are in close proximity (i.e. approximately five minutes’ walk or 400m) to centres, open spaces, public transport networks and where existing infrastructure has sufficient capacity.</p> <p>Policy requires that medium density housing developments be designed and developed in a manner which:</p> <ul style="list-style-type: none"> Is of a suitable and compatible location, height, density, scale, and bulk relative to the context, 	<p><u>Policy 5.3</u> – Focused infill development will be provided for in identified precincts which are close to centres, other local services, and public open spaces and which have sufficient infrastructure capacity. The resulting density will be higher than general residential areas but lower than medium density housing precinct areas.</p>

District Plan provisions	Medium Density housing	Infill development
	<p>adjacent land uses, streets and reserves</p> <ul style="list-style-type: none"> • Ensures high quality, high-amenity living conditions in comprehensive and coordinated medium density housing developments, including appropriate private outdoor living areas and landscaping which meet the on-site outdoor amenity needs of residents • Is consistent with the principles in the PDP's Medium Density Housing Design Guide • Maintains amenity values of, and is sympathetic to, adjacent residential buildings and areas, and avoids excessive building dominance, including through building height and mass, materials and finishing. 	
Provision in Working Zones Objectives and Policies	<p><u>Policy 6.9</u> – Subdivision, use and development will be undertaken in accordance with the District Centre Zone Structure Plan in a manner that reinforces the specific management principles for each precinct, including for Precinct C, medium density residential activities will be provided for in conjunction with commercial activities.</p> <p><u>Policy 6.11</u> – Subdivision, use and development in the Outer Business Zone will be undertaken in a manner including apartment living and medium density housing developments being encouraged east of Moana Road to consolidate residential densities within close proximity to District Centre Zone Precinct A and the rail interchange.</p>	No specific provision – supported by policies encouraging residential activities in particular zones.

These types of development are detailed in following sections.

Living Zones

This section details the rules and standards applicable to medium density housing and infill development in the Living Zones. This assessment relates only to the provisions in the Residential Zone and Beach Residential Zone under Part 5.1.2.1 of the PDP.

The Need for Resource Consent

Medium Density Housing

In the Living Zones, resource consent is required for any medium density housing developments in the Residential Zone and Beach Residential Zone under Rule 5A3.4. This applies to any development meeting the PDP's definition of medium density housing (as detailed in Table 1 above).

Under Rule 5A3.4, if a proposal satisfies the standards listed under Rule 5A3.4 (listed in Appendix 1A), resource consent is required as a Restricted Discretionary Activity. As a Restricted Discretionary Activity, Rule 5A3.4 limits the matters that may be considered by Council in assessing a resource consent to the following:

- The imposition of conditions in accordance with Council's Best Practice Medium Density Housing Design Guide, Crime Prevention through Environmental Design Guidelines and Subdivision and Development Principles and Requirements 2012
- Design and layout
- The design, size, shape and location of reserves and esplanade reserves
- Compatibility with adjacent development
- Landscaping
- The imposition of conditions to manage visual, character and amenity effects
- Materials and finishing of any buildings
- Adequacy of proposed site analysis plan and site development plan
- Energy efficiency and water conservation
- Screening of rubbish storage areas
- Solid waste management and collection
- The imposition of financial contributions in accordance with Chapter 12
- Transport effects
- Any positive effects to be derived from the activity
- Cumulative effects.

As a Restricted Discretionary Activity, a resource consent under Rule 5A3.4 may be limited or publicly notified and may be declined.

If the proposal is unable to satisfy all the standards under Rule 5A3.4, as listed in Appendix 1A of this report, then resource consent will be required under Rule 5A.5 as a Non-Complying Activity. Rule 5A.5 also applies to proposals that are located outside of the Medium Density Housing Precinct identified in the PDP Maps. As a Non-Complying Activity, Council is not limited in the matters it may consider when assessing a resource consent. A Non-Complying Activity typically applies to activities that are not anticipated by the District Plan and resource consent may be limited or publicly notified and can be declined.

Infill housing

In the Living Zones, infill housing may be a permitted activity if it is able to satisfy the relevant permitted activity standards in Table 5A.1 of the PDP (listed in Appendix 1B). If a development does not comply with these standards, resource consent is required as a Restricted Discretionary Activity. As a Restricted Discretionary Activity, the relevant zone rule 5A3.1 limits the matters that may be considered by Council in assessing a resource consent to the following:

- Consideration of the effects of the standard not met
- Measures to avoid, remedy or mitigate adverse effects
- Cumulative effects.

As a Restricted Discretionary Activity, a resource consent under Rule 5A3.1 may be limited or publicly notified and may be declined.

Analysis of Living Zones provisions

Under the provisions in the Residential Zone and Beach Residential Zone, infill housing that involves the addition of more than one household unit will require resource consent as a Restricted Discretionary Activity. There are no standards that need to be met under the relevant Restricted Discretionary Activity rule, and therefore a proposal will not be able to be elevated to a higher activity status. There are no specific design guides that apply to infill housing that require consideration in the assessment of a resource consent application.

A medium density housing development, which as defined by the PDP involves four or more household units, will also require resource consent as a Restricted Discretionary Activity. However, if the development is unable to comply with all the relevant standards under the Restricted Discretionary Activity or is located outside a Medium Density Housing Precinct, a medium density housing development would be elevated and assessed as a Non-Complying Activity. A resource consent for medium density housing will be assessed against the Medium Density Design Guide, amongst other matters.

In effect, the provisions of the PDP mean that any development involving less than four household units is considered as infill housing. Development of less than four household units is theoretically able to be accomplished through an easier consenting pathway than medium density housing for the following reasons:

- Restricted Discretionary Activity status, with no other standards that need to be complied with to prevent elevation to a Non-Complying Activity

- Limited matters in which Council has restricted its discretion
- No design guides which need to be considered.

In comparison, medium density housing is subject to a more complex consenting pathway for the following reasons:

- Strict PDP definition of medium density housing (refer to Table 1 of this report)
- Many detailed standards that need to be complied with to prevent elevation to a Non-Complying Activity status
- In addition to detailed standards, the development must be assessed against the detailed Medium Density Housing Design Guide
- Council has many matters in which they have restricted their discretion for assessing a resource consent application if it is to be assessed as a Restricted Discretionary Activity.

Activity status

A Non-Complying Activity status is typically used to capture activities that are not anticipated by a District Plan. However, in this case it seems plausible that there would be proposals for medium density housing that would be located outside the identified precincts and/or not comply with a detailed list of standards and ideally the PDP would provide for such activities as a Discretionary Activity, where Council's matters of discretion are not restricted, however the District Plan provides guidance in the objectives and policies as to what matters should be considered for the proposals.

Due to the high likelihood that a proposal for medium density housing could be elevated to a Non-Complying Activity status and exposed to greater uncertainty than is likely to arise through a Restricted Discretionary Activity, there is less incentive for developers to apply for resource consents for medium density housing proposals. It is likely there is greater incentive for proposals involving less than four household units, as these are likely to only trigger a resource consent as a Restricted Discretionary Activity.

Design guides and development standards

Medium density housing developments are subject to greater design controls than infill housing. The PDP Restricted Discretionary Activity standards and the Medium Density Housing Design Guide both impose many design controls. This likely results in resource consent applications for four or more household units being more expensive than those for less than four household units due to the high level of design detail required, likely requiring input from an urban designer at a minimum. Due to their prescriptive nature, it is possible that the controls could significantly limit design innovation in a development's design.

In comparison, developments involving less than four household units do not appear to be subject to any specific design assessment. This has the potential to result in low quality infill, with no specific consideration given to factors such as on-site amenity, which are specifically considered in the Medium Density Housing Design Guide.

Summary

The PDP Living Zones rules and standards result in distinct consenting pathways that are likely to make infill housing a more attractive development option. This is likely to affect the quantity and quality of infill housing in the District.

Working Zones

This section details the rules and standards applicable to medium density housing and infill in the Working Zones. The Working Zones control the type of activity that can be undertaken, in addition to the location and design of the building in which the activity is undertaken. Therefore, this section focuses on where residential development can be undertaken.

The need for resource consent

In the District Centres Zone, Outer Business Zone, Town Centre Zone and Local Centre Zone, resource consent is not required for any residential activity that complies with the specified standards under the relevant permitted activity rule. These standards are listed in Appendix 1C of this report.

In the Outer Business Zone, Town Centre Zone and Local Centre Zone, to be a permitted activity, any residential activities must be located above the ground floor level or be separated from all street frontages by commercial activities (Outer Business Zone) or retail activities (Town Centre Zone and Local Centre Zone). If a residential activity does not comply with these standards, resource consent is required as a Restricted Discretionary Activity. As a Restricted Discretionary Activity, the relevant zone rule limits the matters that may be considered by Council in assessing a resource consent to the following:

- Consideration of the effects of the standard not met
- Measures to avoid, remedy or mitigate adverse effects
- Cumulative effects.

As a Restricted Discretionary Activity, a resource consent may be limited or publicly notified and may be declined.

In the District Centre Zone, residential activities are permitted where provided for in the District Centre Structure Plan (as shown in Figure 1 below) and where they satisfy the specified permitted activity standards, as listed in Appendix 1C of this report. As with the other zones, if a residential activity does not comply with these standards, resource consent is required as a Restricted Discretionary Activity, with the matters Council may consider when assessing a resource consent limited to the same matters as those identified above.

Analysis of Working Zones provisions

The Working Zones rules provide the opportunity for medium density housing or infill development to be undertaken in the District Centre Zone as a Permitted Activity, subject to being undertaken in the specific precincts identified in the Structure Plan and also subject to satisfying the relevant permitted activity standards. This provides greater certainty for developers when purchasing property in the Structure Plan area.

The Outer Business Zone, Local Centre Zone and Town Centre Zone also provide for medium density housing or infill development as a Permitted Activity, where located above ground floor level and subject to the building itself satisfying all other relevant PDP standards. This provides opportunities for developers to undertake housing developments above ground floor level.

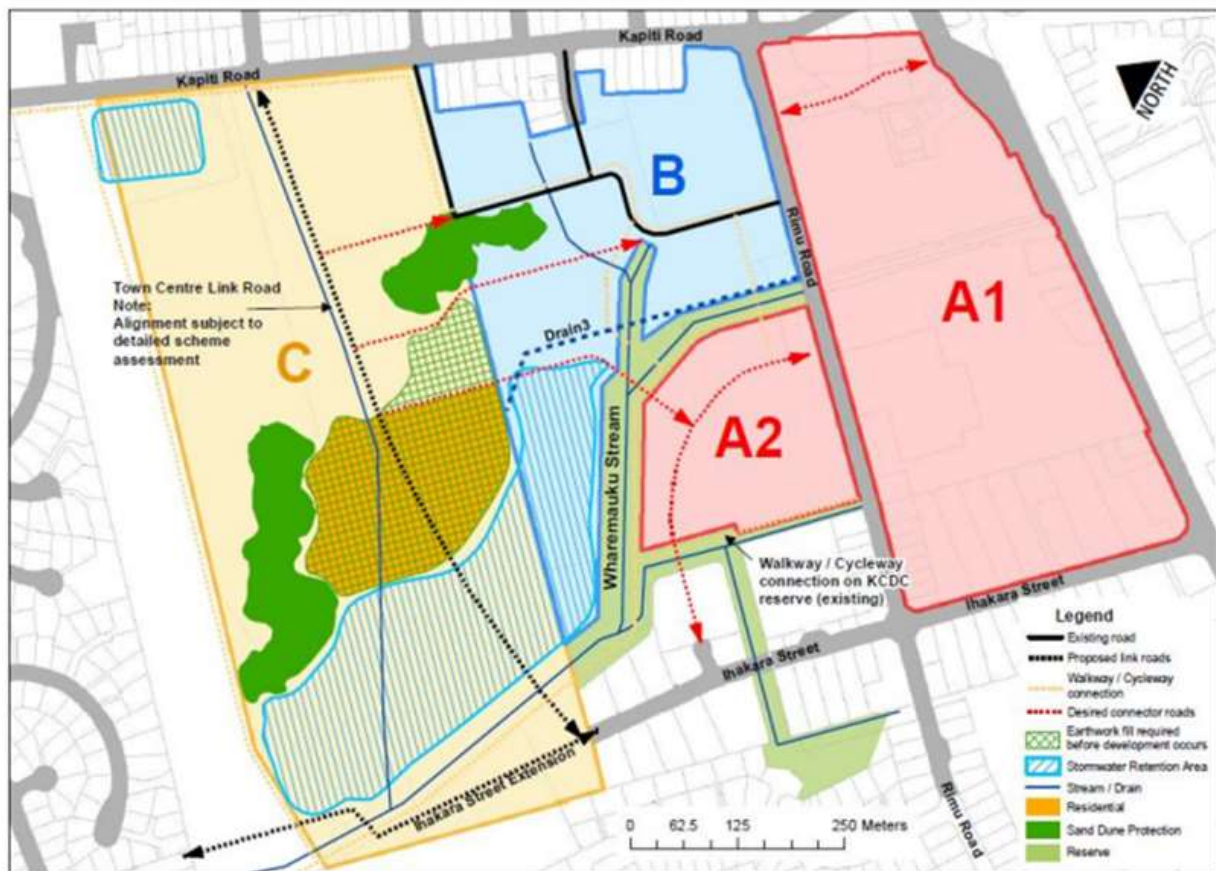


Figure 2: District Centre Zone Structure Plan (PDP Appendix 6.7)

Conclusion

The PDP provides an easier consenting pathway in its Living Zones for infill development, compared to the pathway that applies to medium density housing. The reasons for this distinction are unclear, however the result of the difference is likely to be more infill development, involving less than four household units on a site and a lower occurrence of housing developments involving four or more household units. Due to the differing design controls applying to the two types of development, it is possible that there is greater presence of lower quality infill housing.

Appendix 1A: Standards Applying to Medium Density Housing Under Rule 5a3.4

Standards to be satisfied to obtain resource consent as a Restricted Discretionary Activity

General

requirements

Medium density housing must:

- Be in areas identified on the District Plan Maps as a Medium Density Housing Precinct
- Have a minimum proposed development site area of 1,500m²
- Comprise at least four household units
- Have a minimum development area of 200m² per household unit and a minimum average area of 250m² per household unit across the development
- Include an assessment of the development against the Crime Prevention Through Environmental Design Guidelines (Appendix 5.5) and the Medium Density Housing Design Guide (Appendix 5.1).

Site

development

A detailed site analysis plan must be provided with any application. The site analysis plan must:

- Include consideration of the local environment within a 200-metre radius of the proposed development site
- Include details of all amenities, public transport stops with details of services (existing and proposed if possible) for the purposes of understanding the connections and networks around a proposed development site for medium density housing.

A site development plan must be provided with any application including details of proposed:

- Access
- Detailed landscaping (including a maintenance schedule)
- Waste collection and service points as well as details of screening of waste collection areas.

Each household unit's development area must be capable of containing an 8m diameter circle.

Where existing lots are to be amalgamated to achieve the requisite 1,500m² minimum proposed development site area, amalgamation of full existing lots only shall be permitted. No land use consent shall be issued for a medium density housing development until any 'base' lots required to form the 1,500m² minimum 'parent' lot have been formally amalgamated.

Each household unit must have a building area above the estimated 1% Annual Exceedance Probability flood event.

Standards to be satisfied to obtain resource consent as a Restricted Discretionary Activity

Buildings The maximum height of any building or structure shall be 10m except for residential land fronting Marine Parade, Paraparaumu as shown on the District Plan Maps where the height shall be 8m.

A minimum front yard of 4.5m shall apply allowing an intrusion no greater than 1.5m into the yard for the purposes of a feature entry or bay window provided a total (combined) width of such is no greater than 3m. A ground floor habitable room must face the street in any residential building that fronts a street.

Primary residential buildings that front a street must have a main pedestrian 'front door' accessed from the street.

Garages, irrespective of access, must be recessed a minimum 1m behind the front façade of a primary residential building (irrespective of whether the front façade fronts a street, a common lane, a rear boundary, etc.), and otherwise must be set back a minimum 5.5m from any front boundary.

A height envelope control of 2.1m + 45° shall apply from all boundaries facing the southern half of a compass including north south faces, and one of 3m + 45° shall apply to all boundaries facing the northern half. This standard shall not apply from the road frontage boundary.

A building mass plane of 6.5m + 45° shall apply inwards from the 4.5m front yard line.

Maximum building length is 12m before a recess with a minimum dimension of 3m x 3m is required. This recess shall also have a maximum height of no less than 1m lower than the adjoining building mass. In addition, no more than two units may be terraced unless the connection is via a single storey garage, in which case an unlimited number may terrace to avoid long repetitive rows of units.

The maximum height of a front boundary fence, or any fence within the front yard, shall be 800mm. For any other fence, the maximum height shall be in accordance with Rule 5A.1.3.

Each unit must provide a private outdoor living space of at least 30m², with a minimum dimension of 2.5m and the ability to accommodate a circle with a 4m diameter. This space must be directly accessible from a habitable room; however, it must not be located between a primary residential building's front and a street. The space must also allow sunlight access to an area of the space with a minimum radius of 2m that is capable of receiving no less than one hour of continuous sunlight between the hours of 11:00am and 2:00pm on June 21 (mid-winter solstice).

Note: depending on orientation and topography, an additional balcony may be required to provide minimum sunlight access to residents.

Standards to be satisfied to obtain resource consent as a Restricted Discretionary Activity

Where sunlight access cannot be achieved at ground level in accordance with standard 15 above, a balcony with a minimum area of 6m² and a minimum dimension of 1.5m shall be provided elsewhere around the unit directly accessible from a habitable room. The area of the balcony may be subtracted from the total area of outdoor living space, the balance of which must comprise at least a complying 4.0m diameter circle accessible from a living area.

Coverage shall not exceed 50%.

An average of 1.5 parking spaces per unit must be provided: A minimum of one space per unit is required and in calculating the average no more than two spaces per unit may be counted.

Habitable rooms within residential buildings on lots adjacent to any Strategic Arterial Route (including any State Highway) must be acoustically designed to achieve an internal L10 (18 hr) level of 45dBA with all opening windows closed and provide an acoustic design certificate from a suitably qualified person confirming this has been achieved.

Esplanades	The Esplanade Reserve and Esplanade Strip provisions of Schedule 8.1 must be complied.
Financial Contributions	Compliance with Table 12A.1 – financial contributions.

Appendix 1b: Standards Applying to Infill Housing in Residential Zone and Beach Residential Zone

Relevant standards to be satisfied to obtain resource consent as a Permitted Activity	
General permitted activity standards	Each lot must have a permeable surface area that is not covered by buildings, paving or other impermeable objects of not less than 30% of the total lot area.
Maximum number of household units	<p>For any lot in a focused infill precinct, no more than one household unit may be erected.</p> <p>For any lot in the Residential and Beach Residential Zones which is not in a focused infill precinct, no more than one household unit may be erected, except that:</p> <ul style="list-style-type: none"> Up to four household units may be erected on site provided it can be shown that: <ul style="list-style-type: none"> Each household unit is capable of being contained within its own lot which complies with the subdivision standards under Rules 5A.2.3 and 5A.3.3 Each household unit must be separated by a distance not less than 4.5 metres, except that this shall not apply to any attached household units.
Minor flats	<p>A maximum of one minor flat may be erected as ancillary to a household unit on any lot that meets the applicable minimum lot size requirements in Rules 5A.2.3 or 5A.3.3.</p> <p>A minor flat must not be sold or otherwise separately disposed of except in conjunction with the household unit.</p>
Coverage	<p>The maximum coverage of any lot shall be 40%, except in the Beach Residential Zone where it shall be 35%.</p> <p>The combined maximum area of all accessory buildings on any lot shall be 60m².</p>
Height	<p>The maximum height of any building shall be 8 metres except:</p> <ul style="list-style-type: none"> Any accessory building and any minor flat (excluding a minor flat contained within the primary residential building) shall have a maximum height of 4.5m Any building in the Waikanae Golf Precinct shall have a maximum height of 4.5m above the 1% Annual Exceedance Probability flood event Any building in the Beach Residential Zone, except for any accessory building or minor flat (excluding a minor flat contained within the primary residential building), shall have a maximum height of 8 metres and no more than two storeys

Relevant standards to be satisfied to obtain resource consent as a Permitted Activity

	<ul style="list-style-type: none">Any building in The Drive Extension Precinct, as shown on the District Plan Maps, except for any accessory building or a minor flat (excluding a minor flat contained within the primary residential building), shall have a maximum height of 8m and no more than two storeys.
Height envelope	Any building must fit within a height envelope which is made up of recession planes which commence at a point 2.1 metres above the original ground level at the property boundary and inclines inwards at an angle of 45°. Refer to the definition of the height envelope in Chapter 1.
Floor area ratio	Any lot in the Beach Residential Zone shall have a maximum floor area ratio of 0.6:1.0.
Outdoor living areas	<p>The primary residential building must have an outdoor living court. Outdoor living courts must:</p> <ul style="list-style-type: none">Have a minimum area of 40m² except in any focused infill precinct where the minimum area shall be 30m²Contain no dimension less than 4m, except in any focused infill precinct where:<ul style="list-style-type: none">The minimum dimension shall be 2.5mThe court shall be capable of accommodating a circle of not less than 4m in diameterBe located to the north, west or east of any primary residential buildingBe screened by a fence or vegetation to provide privacy from the ground floor windows and the outdoor living courts of other primary residential buildingsHave direct access to an internal habitable room in the primary residential building.
Yards and building location	<p>Any lot must meet the following minimum yard requirements:</p> <ul style="list-style-type: none">For any front yard in the Residential Zone:<ul style="list-style-type: none">Any building or above ground water tank must be set back at least 4.5m from any legal road boundary, except that any primary residential building may be located within a distance no closer than 3m from any road boundary provided that any part of the primary residential building located within 4.5m of the road boundary is not used as a garage, carport or other covered vehicle storage areaAny eave which intrudes into the front yard by no greater than 0.6m shall be excluded, except where the eave would overhang any easementFor any front yard in the Beach Residential Zone:

Relevant standards to be satisfied to obtain resource consent as a Permitted Activity

- Any building or above ground water tank must be set back at least 4.5m from any road boundary
 - Any eave which intrudes into the front yard by no greater than 0.6m shall be excluded, except where the eave would overhang any easement
 - Side and rear yards:
 - Any residential building and any habitable room within any accessory building, must be setback from side or rear boundaries such that the following minimum dimensions are achieved:
 - If located on front lot - 3m rear yard, 3m one side yard, and 1.5m all other side yards
 - If located on rear lot - 3m all yards
 - Any accessory building, excluding habitable rooms within the accessory building, must be setback from side or rear boundaries such that rear, and side yards have a minimum width of 1m
 - Any building used for non-residential activities (excluding home occupations) must be set back from side or rear boundaries by a minimum of 4m
 - Any eave which intrudes into the side or rear yard by no greater than 0.6m shall be excluded, except where the eave would overhang any easement.
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Appendix 1c: Standards Applying to Medium Density Housing in Working Zones

District Centre Zone: Standards to be satisfied to obtain resource consent as a Permitted Activity

Retail, commercial and residential activities in Precincts A1 and A2

Residential activities shall only be located above the ground floor level or be separated from all street frontages by retail or commercial activities, except in Precinct A2, where residential activities may be located on the ground floor level where they directly front the Wharemauku Stream reserve, or there is a legal road between the residential activity and the Wharemauku Stream reserve.

Residential activities must:

- Provide an outdoor living court or balcony of at least 6m²
- Have a main pedestrian front door accessed from the street.

Commercial and residential activities in Precinct C

Where residential activities are incorporated into a development that includes commercial activities, they must be located above ground floor level or separated from all street frontages by commercial activities.

In the area identified for residential activities in the Structure Plan in Appendix 6.7:

- Commercial activities must not be undertaken except visitor accommodation and home occupations.

Residential activities must meet the following standards:

- Comprise at least one household unit
- Have a minimum development area of 200m² per household unit and a minimum average area of 250m² per household unit across the development
- Each household unit's development area must be capable of containing an 8m diameter circle
- A ground floor habitable room must face the street in any residential building that fronts the street
- Residential buildings that front a street must have a main pedestrian 'front door' accessed from the street
- Garages, irrespective of access, must be recessed a minimum 1.0 metre behind the front façade of a residential buildings (irrespective of whether the front façade fronts a street, a common lane, a rear boundary, etc)
- A height envelope control of 2.1m + 45° shall apply from all boundaries facing the southern half of a compass including north-south faces, and one of 3m + 45° shall apply to all boundaries facing the northern half. This standard shall not apply from the road frontage boundary
- Maximum building length is 12m before a recess with a minimum dimension of 3m x 3m is required. This recess must also have a maximum height of no less than 1m lower than the adjacent building mass. In addition, no more

District Centre Zone: Standards to be satisfied to obtain resource consent as a Permitted Activity

than two units may be terraced unless the connection is via a single storey garage, in which case an unlimited number may terrace to avoid long repetitive rows of units

- The maximum height of a front boundary fence, or any fence within the front yard, shall be 0.8m
- Each unit must provide a private outdoor living court of at least 30m², with a minimum dimension of 2.5m and the ability to accommodate a circle with a 4m diameter. This space must be directly accessible from a habitable room; however, it must not be located between a residential building's front and a street
- Coverage must not exceed 50%.

Outer Business Zone: Standards to be satisfied to obtain resource consent as a Permitted Activity

Residential Activities	Residential activities shall only be located above the ground floor level or be separated from all street frontages by commercial activities.
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Town Centre Zone and Local Centre Zone: Standards to be satisfied to obtain resource consent as a Permitted Activity

Residential Activities	Residential activities must only be located above the ground floor level or be separated from all street frontages by retail activities.
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Appendix 2: Case studies of medium density residential developments



The following provides details about a selection of medium density residential developments around New Zealand, with the key findings from the case studies included in Section 3 of the report. The following projects have been through the resource consent process, so are in the public realm, however the developers of the specific projects have not been consulted.

121 Church Street, Palmerston North

Description:

Construction of 46 residential units in five separate blocks, with mixture of one, two and three storey apartment buildings. Development comprised 18 x one-bedroom units and 26 x two bedroom apartment units and two x two bedroom duplex units. Outdoor living provided in balconies and shared outdoor areas. On-site parking provided.

Details:

- Site zoned Residential in the District Plan, and within a Multi-Unit Housing Area
- Resource consent required as a Discretionary Activity for a multi-unit development not complying with all standards (building recession plane, outdoor area size)
- Palmerston North CC resource consent granted on a non-notified basis and without written approvals on 4 October 2019
- TPG lodged this resource consent on behalf of the developer.

What worked well:

- Located in an identified multi-unit area. It was considered that it would not have been possible to get a development of this scale through on a non-notified basis if it were not located in this area
- Notification was never an option that the developer would consider due to the likely cost and time risks so the whole consent processes was based on ensuring bulk/design was large enough to achieve multi-unit development but not too large as to result in effects on neighbours.

Things they compromised on:

- Requirement to provide more design elements than originally proposed (i.e. soft/hard landscaping measures, privacy screens, architectural design of building, fencing)
- Likely compromised on height as design was modified to keep the building design within the building recession plane as much as possible as part of the non-notified effects assessment
- Council tried to get involved in site operation issues, such as where washing could/could not be hung and where rubbish was stored.

20 Kaihuia Street, Wellington

Description:

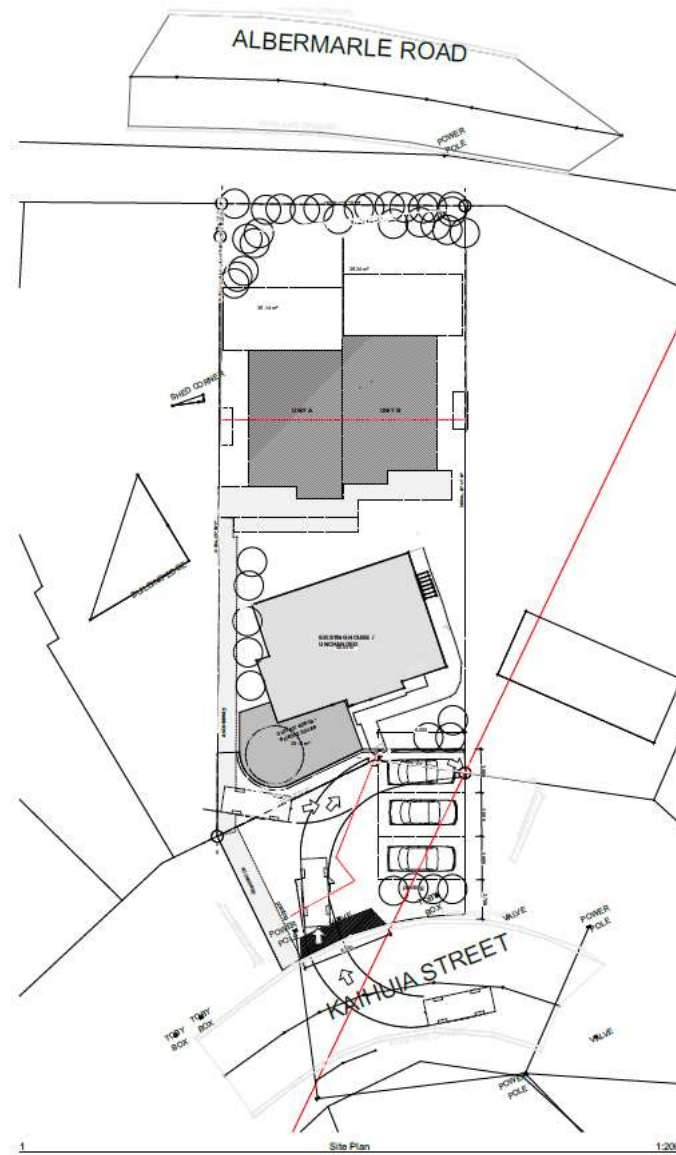
Infill development involving retention of existing household unit and construction of a two unit building to the rear of the site. Outdoor living provided in balconies and outdoor areas. Encroachment parking provided.

Details:

- Site zoned Outer Residential in the District Plan
- Resource consent required as a Restricted Discretionary Activity for a multi-unit development (as well as earthworks and encroachment parking). Required assessment under Residential Design Guide
- Wellington CC resource consent granted on a non-notified basis and without written approvals on 16 April 2019
- TPG processed this resource consent on behalf of WCC. What supported development?
- Wellington City District Plan provides for multi-unit development (being three or more household units on a site) as a Restricted Discretionary Activity, which limits consideration of effects to design (mainly controlled by the Residential Design Guide), and parking, site access and traffic effects. The focus of design is around ensuring onsite amenity, especially access to outdoor space and receiving adequate sunlight to indoor areas
- Well-designed MDR on sloping sites can offer better views and privacy than would be obtained on flat sites.

What barriers/trade-offs?

- Due to steep topography of the site, it was difficult to provide parking on-site, so development had to rely on encroachment parking (i.e. parking on legal road). This is not unusual on steep slopes in Wellington, and a similar development has been approved on the adjoining site to the south. But the likelihood of success in applying for encroachment parking is entirely dependent on nature of the road (e.g. width), demand of street parking on the road and design of encroachment parking
- Also, due to steep topography of the site, development does require resource consent due to the extent of earthworks that are required to create the building platforms. I suspect this would also increase likely engineering costs.



TPG was not involved in the consenting phase in the following two case study examples.

67-87 Puriri Park Road, Whangārei

Description:

An application by Housing New Zealand Corporation for a 37-unit development comprising single storey and two storey, detached and duplex dwelling typologies on a 34,100m² site. The proposal also included a community building, an associated subdivision, and a road and reserve to vest, as well as all enabling works, landscaping and car parking. The proposed development was specifically designed to provide quality new social housing stock for Whangārei.

Details:

- Greenfield site that is zoned Living 1 Environment in the Whangarei District Plan (as of April 2019)
- Resource consent required as Discretionary Activity overall, as the net site area associated with most residential units on the site will be less than 500m² (14 reasons for resource consent in total)
- Consultation was undertaken with key stakeholders prior to the lodgment of the application
- The application gained a lot of media attention and had petitions, meetings with the Mayor etc. The length of time that the land had been vacant led most of the local community to mistake it for a public reserve
- Kelly Ryan (TPG) was Council lead, but the application was processed by an independent consultant from Auckland due to public interest
- Housing New Zealand Corporation volunteered for the application to be publicly notified. The application was approved by independent hearing commissioners in November 2019
- Site works are planned to commence late 2020.

What supported development?

- Pre-application meeting discussions with Whangārei District Council. A robust application submitted with a full suite of technical reports
- The Applicant volunteered for the application to be publicly notified immediately to allow submissions from the public to be received and considered by the reporting officer
- The provision of additional living opportunities on a suitable site in a location that is served by public transport and within an established neighbourhood that contains a range of local amenities
- All dwellings are based on standardised HNZN designs. A masterplan approach guided the layout of site development. The overall proposal had a density almost anticipated by the District Plan on an averaging basis
- The proposed community room will provide a space for the future residents to use and will also better facilitate the coordinated delivery of social services to residents who are likely to be among the more vulnerable members of the community
- Approximately 50% of the total land area of the site is covered in predominantly mature native vegetation. The vesting of this land (17,138m²) and associated bush as a reserve to the Council will ensure that it is maintained in public ownership and will result in the protection of its ecological and landscape values -a significant positive effect.

What barriers/trade-offs?

- The Applicant had to cover the costs for a publicly notification process. The application was all over the local news. 98% of public submissions opposed to the proposal.



Note: The information for the case study has been summarised and extracted from the Assessment of Environmental Effects, prepared for Housing New Zealand Corporation by Barker and Associates, dated 18 April 2019.

Hobsonville Point, Auckland

Description:

Hobsonville Point is the largest master-planned residential development in New Zealand. The overall master plan is currently halfway complete and the earliest developments were completed and occupied in 2011. Upon expected completion in 2024, Hobsonville Point will comprise approximately 4,500 dwellings and an expected population of 11,000.

Development phases are organised around precincts, each of which contains several development blocks. Residential development comprises a range of standalone houses on small lots, duplexes, two to three storey terraces and apartments of up to six storeys.

The masterplan not only provides for higher density residential development but also an extensive range of public amenities that make Hobsonville Point an entirely new township altogether. This includes: 24 hectares of public parks, reserves, dedicated children's playgrounds, pocket parks and public open spaces; and a 5km walking/cycle route (Te Ara Manawa). Other amenities include a new primary and secondary school, day care centres, ferry service and bus services to the CBD, a Farmers Market, several cafés and restaurants, community hall and resident meeting spaces, early childhood centres/kindergartens, and high-speed fibre broadband. A nearby business centre has a supermarket and other retail, food, personal service and commercial businesses.

Details:

- A long and extensive planning and design process has occurred to date. The Hobsonville area originally fell under the jurisdiction of the Waitakere City Council, which was disestablished in 2010 with the formation of Auckland Council
- Plan Changes 13, 14 and 15 to the Waitakere City Council District Plan were publicly notified in 2005, introducing 'Special Areas' into the Waitakere District Plan in 2007, rather than the more typical standard land use zones. The special zones created flexibility to comprehensively plan for future residential and business development
- The three key steps in the planning process are summarised below:
 - Preparation of the Plan Change and zoning framework that would designate indicative land uses and policy for development, aligned to the urban planning directions embedded into the wider Western corridor plan
 - Preparation of a Comprehensive Development Plan (CDP) for each defined precinct within the Plan Change area. The CDP included the land subdivision pattern, key uses, and related development requirements, including design guidelines. The CDP did not create new planning rules as such but did impose specific conditions. CDP applications were to be made by the developer, and among other matters, had to include details of infrastructure provision and housing unit yield targets
 - Preparation of the specific subdivision and land use resource consents to authorise the developments. These had to comply with relevant CDP requirements (which included the building design guidelines) and the relevant planning rules, followed by the building consent approval processes

- The Working Paper cited above indicates the people living there are generally satisfied with their home and their neighbourhood
- Respondents in the survey expressed a reasonably high level of satisfaction with their dwelling design, and the relationships with their neighbours. In part, this satisfaction is derived from the amenity of the public spaces, but also from an appreciation of quality design. There are areas for improvement however, in relation to many detail aspects of house designs, especially living spaces directly facing streets, and the lack of privacy in backyards. This may be more acute as density increases with each successive precinct development.

What supported development?

- Hobsonville Point comprised relatively flat greenfield land over a 167-hectare area and was a clean slate for development. The size of the available land necessitated master planning
- The development is government-led. An agency – the Hobsonville Land Company, wholly owned by Housing New Zealand, was established to lead the development. This agency later became HLC – Homes. Land. Community and as of 2019, Kāinga Ora is leading the remainder of the development
- HLC set a vision at the outset for the planning and design of Hobsonville Point: ‘build a strong, vibrant community that sets new benchmarks for quality and accessible urban development with an environmentally responsible focus,’ which subsequently guide the master planning and CDPs
- The CDPs established a precinct-based detailed planning process, with subsequent land use consent applications including the finer grain detail and supporting the applicable zone rules, as well as other conditions established by way of the consenting process. The key benefit of this approach was that the broad zoning created greater flexibility for the detail block designs, while at the same time ensuring that the outcome would be integrated and consistent, rather than a series of small, individual site-based developments. This was particularly well suited to the medium-to-long-term timeframe running through to 2024
- The CPDs and the associated ‘Design Guides’ prescribed considerable detail such as building forms, the requirements for ‘marker’ buildings at strategic positions, materiality, street frontages and landscaping details. All block designs were reviewed by an independent Design Review Panel through three stages of design development, before being submitted for final planning and building approvals
- HLC has several building partners to ensure variability of dwelling design and to avoid monotonous repetition that is often evident in larger scale housing developments
- As each precinct was released for development, growing confidence that the market would accept higher density housing led to the inclusion of an increasing number of attached housing forms, such as terrace houses and apartments, being included in each precinct
- A marketing campaign was constructed to persuade people to buy into higher density on the western fringe of the city and be prepared to tolerate living on a construction site for a period. Most dwellings are sold ‘off-plan’ by the building partners using ‘show houses’. The process typically involves a buyer purchasing and transferring the land (or sectional title in the case of apartments), into their ownership, and agreeing to a fixed price contract for the construction of the dwelling. This

has the advantage of purchasers buying dwellings at their base value, and thus avoiding market price appreciation.

What barriers/trade-offs?

Notwithstanding that TPG were not involved in the consenting phase at any stage of this development, the following is observed:

- A long and extensive planning and design process that has taken years
- Presumed significant costs to the Government
- Dwellings and allotments are small – smaller than medium density definition
- Compromised on parking. Residents consider that the garages are too narrow, so are being used for storage purposes instead. People park on their short driveways, blocking the footpath or out on the street creating problems for the neighbourhood
- A car-oriented development seems to have been created despite the opposite intended. An effective and efficient public transport service in the area has not kept pace
- Compromised on the original employment creation opportunities planned. There are few jobs within the township and people must drive elsewhere to get to work
- A requirement for all dwelling owners to be a member of a residents' society with rules to promote compliance with the original design guide and maintain neighbourhood amenity, e.g. washing lines are to not visible from a street, right of way or pathway (could argue that this is a benefit, or a trade-off)
- A diverse range of residents was intended but predominantly European ethnicity residents live there
- Most of the homes in the community are currently priced between \$550,000.00 and \$1.5 million (i.e. expensive). 20% of the houses built at Hobsonville Point will be sold at or beneath the \$650,000.00 mark -could argue that this is a benefit, or a trade-off (20% is not high enough, \$650,000.00 is too high etc).

Images of Hobsonville Point can be viewed [here](#).

Note: The information for the case study has been summarised and extracted from a working paper, titled 'Living at Density in Hobsonville Point, Auckland: Resident Perceptions. Working Paper 19-01', prepared by Errol Haarhoff, Natalie Allen, Patricia Austin, Lee Beattie, Paola Boarin, dated April 2019.

Appendix 3: Property development interview responses



Questions	Interview one	Interview two	Interview three	Interview four	Interview five	Interview six
What are the medium density typologies that you are currently delivering in the region?	All medium – high density housing typologies – terraced housing, apartments, townhouses etc.	<ul style="list-style-type: none"> • Apartments • Townhouses • Generally carless, in transport node locations • Mostly 60-65m², two bedroom units. 	Observations that two to three bedroom dwellings are being delivered in the district. Not many single bedroom dwellings.	High-quality, comprehensive townhouse development with freehold titles.	Wide variety of townhouse and apartment typologies.	Architectural beach-style development in the \$1m – 1.15m purchase price range.
Where are you delivering these typologies?	All districts in the Wellington metropolitan area except for Kāpiti Coast. Have had some proposals in Kāpiti, but very difficult to get off the ground.	<ul style="list-style-type: none"> • Hutt City • Wellington City • Looking elsewhere, including Kāpiti. 	Limited examples of medium density development in the district compared to other areas.	In Kāpiti, most recently at Paraparaumu Beach.	In Wellington City, Hutt City and Porirua City.	Currently a multi-unit development at Paraparaumu Beach.
Why are you delivering these development typologies?	<ul style="list-style-type: none"> • There is a ready market for it • In some areas of the region, MDR is the only substantial housing development opportunity left • Firm believers in the benefits of medium and higher density housing. 	<ul style="list-style-type: none"> • Strong development economics • High demand across various market sectors. 	As above.	Perceives there to be a good market for medium density housing in Kāpiti.	Demonstrated demand for medium density housing. Affordability means a large segment of people cannot afford traditional housing types. Especially in Wellington City where even medium density housing prices are high.	There is demand for premium product in Kāpiti and the purchase price mitigates some of the financial risks and purchasers are not income / cashflow dependent (to obtain funding).

Who is your market, and is there any differentiation between market segments and different typologies you may potentially deliver?	<p>There are several different market segments which collectively create a large market for medium – high density housing:</p> <ul style="list-style-type: none"> • Retirees looking to downsize • Families looking for affordable housing options • Single people from broken marriages / relationships • Students • Iwi. 	No differentiation, high demand across market segments.	Likely to be young professional couples or retirees.	<p>Not currently differentiating, perceives there to be a broad based market in Kāpiti:</p> <ul style="list-style-type: none"> • Retirees / empty nesters • Professional couples • Some investors. 	Broad range of markets – medium density housing caters to a wide variety of cohorts – investors, empty nesters, young couples etc.	Sees there is a diverse suite of emerging markets for medium density housing in Kāpiti and would consider providing slightly different typologies to meet these in the future.
Who do you see as the potential market segment for different medium density typologies in Kāpiti?	All the above. Noted that whilst retirees have been the biggest past driver of medium density housing in Kāpiti and appear as the obvious market these other cohorts are relevant too. Noted that housing affordability further south in the Wellington region is pushing people further north and believe there is a market for affordable family at higher densities in Kāpiti and a particular market for Iwi housing at medium density.	In Kāpiti expects demand would come from local people downsizing and first home buyers from Wellington.	First home buyers and families.	See question 4 above.	Does not know the market that well but sees medium density housing as a key tool for keeping younger people in each district – provides a lower cost of entry to home ownership.	<ul style="list-style-type: none"> • Wellington people purchasing premium product • Returning expats (COVID-19) • Increased general demand by virtue of state highway improvements.

What factors influence your decision to deliver these typologies (i.e. land availability/price, location, development requirements in District Plan or subdivision/ development guidance, financing requirements (e.g. pre-sales), other)?	Do not generally deliver low density housing typologies. Issues of development economics, consenting risks and council levy costs (e.g. development impact fees) relevant.	Strong development economics.	<ul style="list-style-type: none"> • Cost certainty is challenging due to ground conditions and District Plan requirements • Costs to mitigate lack of trunk infrastructure capacity through on-site retention of stormwater: <ul style="list-style-type: none"> – Requirement for 1000L rainwater tank for any new build that needs to be buried to suit the market, although arguably water meters have managed potable water use better than rainwater tanks. With high water tables, water tanks need to be tied down as they float in high ground water tables • Ground conditions – peat difficult and expensive to work with • Viability of development is impacted by the infrastructure engineering solutions and can be constrained by the physical space on site for the infrastructure • Cost risks balanced against Council planning processes, including notification process, hearings (and paying Council and own advisor costs through these processes). 	Ability to vertically integrate some of the key steps provides ability to de-risk the financials of development / not necessitate profit margins at every step: <ul style="list-style-type: none"> • In-house architecture • Construction • Development management • Was highly critical of Council processes in general: <ul style="list-style-type: none"> – Resource consent process and what they perceive as extensive and over the top technical information requirements – Inconsistent feedback / back flips on council requirements with commercial implications. 	All begins with land price. If this is too high to start with the whole process will be difficult. Also need to consider the location and the readiness of the market to accept certain typologies – suggests that in Kāpiti townhouses at comparatively low density would be a good starting point as a means of slowly educating the market.	<p>Key issue is getting the commercial profile to stack up – primarily focus on getting internal project efficiency to achieve this rather than rely on external factors working favourably (e.g. council processes). As above focus on a premium product which mitigates some of the demand side financing risks.</p> <p>Sees development impact fees in Kāpiti as expensive (approx. \$20k per unit) and sometime prohibitive to development.</p>
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Are some of these factors more important than others?	Not really – see above.	<ul style="list-style-type: none"> • Development economics • Cost of entry (land) • Consenting is an overstated risk – generally goes well with the right people. 	Lack of certainty and the cost risks for infrastructure connections and running the planning process.	<p>Council’s risk averse culture lacking understanding of commercial risk and not lending itself to efficient, cost effective processes. Would be more inclined to develop housing (and other projects) in Kāpiti if this situation could be reversed.</p> <p>Development contribution costs also viewed as prohibitive. (e.g.: in Horowhenua District DCs are about 1/3 of those in Kāpiti).</p>	Land cost as the starting point as above.	<p>See Question 6 above.</p> <p>Do not see Council processes as generally problematic or influential in experience to date. Dealings with Council have been good which he puts down to hiring the right professional help to navigate complex technical issues (e.g. engineering).</p>
What medium density typologies aren’t you delivering and why? (It would also be useful to ask or hear why developers might choose not to develop mixed use multi-storey apartments in Kāpiti.)	Delivering all possible medium and high density housing types. Denser housing types form a key part of development philosophy.	<ul style="list-style-type: none"> • Have always been a medium – high density developer • Greenfield development is a different discipline with different drivers. 	Aware of proposed development for medium high spec apartments in Paraparaumu, which was originally four storeys with ground floor retail/commercial, but numbers for that type of development did not stack up, and the development delivered was two-story terraced apartments (8-10 dwellings).	<p>Not extensively delivering housing projects in Kāpiti.</p> <p>A preference for townhouses and duplexes in the Kāpiti context – mostly two to three storeys with up to six storeys in denser locations.</p> <p>Also indicated a clear preference for comprehensive development as opposed to ‘bits and pieces’ development ‘here and there’. View was that this was more likely to deliver quality outcomes for the district, and that developers delivering development of this type should be treated differently (better) than others.</p>	Developing all typologies depending on the factors listed above.	See above, to date focused on premium product but amenable to looking at other types in the future as perceives growing market for medium density housing.

<p>What are the factors that may in the future change to encourage you to?</p> <ul style="list-style-type: none"> • Deliver medium density typologies • Change or add to the range of medium density typologies you currently deliver? 	<p>As above for Question 6.</p>	<p>NPS-UD is significant – matches well with their development model of developing density near public transport with no car parking.</p>	<ul style="list-style-type: none"> • More certainty, including District Plan enabling medium density • Council delivers more infrastructure capacity to support medium density • Council removes or adjusts requirements to support medium density, e.g. are 1000L in ground water tanks required for each dwelling • Planners understand risks associated with this type of development. 	<p>No desire to deliver different typologies was indicated. The key factor influencing their desire to deliver more housing projects centred around improved experiences dealing with Council.</p>	<p>Already doing all these things.</p>	<p>Growing demand for medium density housing in Kāpiti and the affordability pressures generally driving people to medium density housing.</p>
<p>What do you think is going to change in the future?</p>	<p>Medium – high density housing is only going to grow and will be the only feasible housing typologies for a large proportion of people to realise home ownership. Considers it is the only typology that is going to give a lot of people equitable access to community facilities, services etc.</p> <p>Rating and development impact fee regimes employed by local authorities in NZ are not as supportive of these housing typologies as they could be and do not match “the talk” about supporting these types of housing. Noted that large development impact fees disincentivise development and there needs to be a more strategic balance of development impact fees and rates to ensure these do not become a barrier to the delivery housing.</p>	<p>Further movement towards density and car less development.</p>	<p>Impacts from the new Urban Development legislation should be supportive to well-located medium density.</p>	<p>There will be more medium density housing as there is likely to be growing demand with roading improvements and rising prices in and close to Wellington.</p>	<p>Increasing demand for medium density due to dwindling supply of greenfield locations.</p>	<p>Increasing incidences of medium density housing, need to be thinking about how these are delivered in a cohesive, community minded way with, for example, communal open spaces and services.</p>

Who could be your market in Kāpiti?	See Question 5.	See Question 5. Sees Kāpiti as a natural area of migration for first homebuyers out of Wellington because of rising house prices in the Hutt, Wellington and Porirua.	First home buyers, professional couples, retirees and families.	See Question 4.	Does not know the market well but indications are that a market opportunity exists. Is not convinced the roading improvements would be the game changer for Kāpiti people are saying. if that were the case there would already have been a flood of people north and there has not been. Noted demand out of Wellington might not be what people expect because people prefer to stay 'in place' and Kāpiti is still a long way from Wellington even with roading improvements.	See above.
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For you, what are the incentives and disincentives of developing medium density housing in the Kāpiti district?	<p>Has looked seriously at three housing proposals in Kāpiti in recent years but has delivered none. In previous experiences:</p> <ul style="list-style-type: none"> • Found resource consent dealings with Council ‘rule bound’ in nature • Development impact fees were higher than in other districts in the Wellington region • Ground conditions (peat and aquifers) make ground preparation for development very expensive and sometimes prohibitive • On-site servicing / infrastructure requirements can be prohibitive – in one proposal they pursued a large proportion of a development site was lost to on-site stormwater detention, making the proposal uneconomic – on-site water storage can also be problematic. 	Not currently developing Kāpiti but interested in doing so. Has been looking at opportunities in the district recently – thinks there is likely to be a ready market for the product he delivers.	<p>Council incentivises medium density development like Hutt Council. Incentives included Council fees and levy remissions for a period to encourage this type of development.</p> <p>Developers and Council now understand products, familiar with consenting and there is a market for this type of development creating certainty. Fee and levy remissions are balanced against new ratepayers coming into the district.</p>	Discussion centred around Council processes and relationship and improving these. See Question 13 below.	Now sees that Kāpiti has some potential and would consider looking there but the market for medium density improves dramatically when a city / district runs out of greenfield land and medium density becomes the only real option. Noted this has already happened in Wellington and Lower Hut but because it is still <i>relatively</i> affordable and possible to get a detached dwelling in Kāpiti medium density demand will only be so much.	Strong market for the product already delivering.
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How could Council support you to deliver medium density housing in the District?	<ul style="list-style-type: none"> • Take more of a ‘big picture’ view of consenting • Have a development impact fees regime that doesn’t act as a barrier to investment • Change of paradigm – the actions of Council in supporting medium density housing do not back up the narrative – feeling that the whole system of assessing housing development has not transitioned away from the traditional model of detached housing on medium – large sections. 	Incentives and regulatory settings that support the development model referred to above and reinforce the NPD-UD would provide support.	<ul style="list-style-type: none"> • Update the District Plan to enable medium density • How much information is required upfront by Council before a planning process is undertaken • Pre-app meetings are more meaningful and provide more certainty for developers. 	Likes the idea of key relationship management and ‘pre-qualified’ developers who are trusted by Council and therefore not subject to ‘pointless’ information requests. Streamlined processes would be set in place to support these developers.	Believes Council should look at its own land holdings and present medium density development options to a developer. Thinks there is an opportunity to do an exemplar development, demonstrate to the Kāpiti community what good medium density housing looks like and help create a market.	Not overly focused on Council processes but mentioned that developments with a strong community focus or providing communal facilities could get discounts on development impact fees.
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Appendix 4: Developer workshop presentation





Medium Density Development

An assessment of factors influencing medium density development on the Kāpiti Coast

Clinton Fisher & Andrew Macleod

10th November 2020

Introductions

Purpose of project

To inform Council's Growth Strategy (formerly the Development Management Strategy)

Response to the findings of the Wellington Region's HBA 2019

- Identifies land capacity in Kāpiti, but current market preference is for greenfield development

Address obligations set out under National Policy Statement – Urban Development

- District Plans to make room for growth both 'up' and 'out'

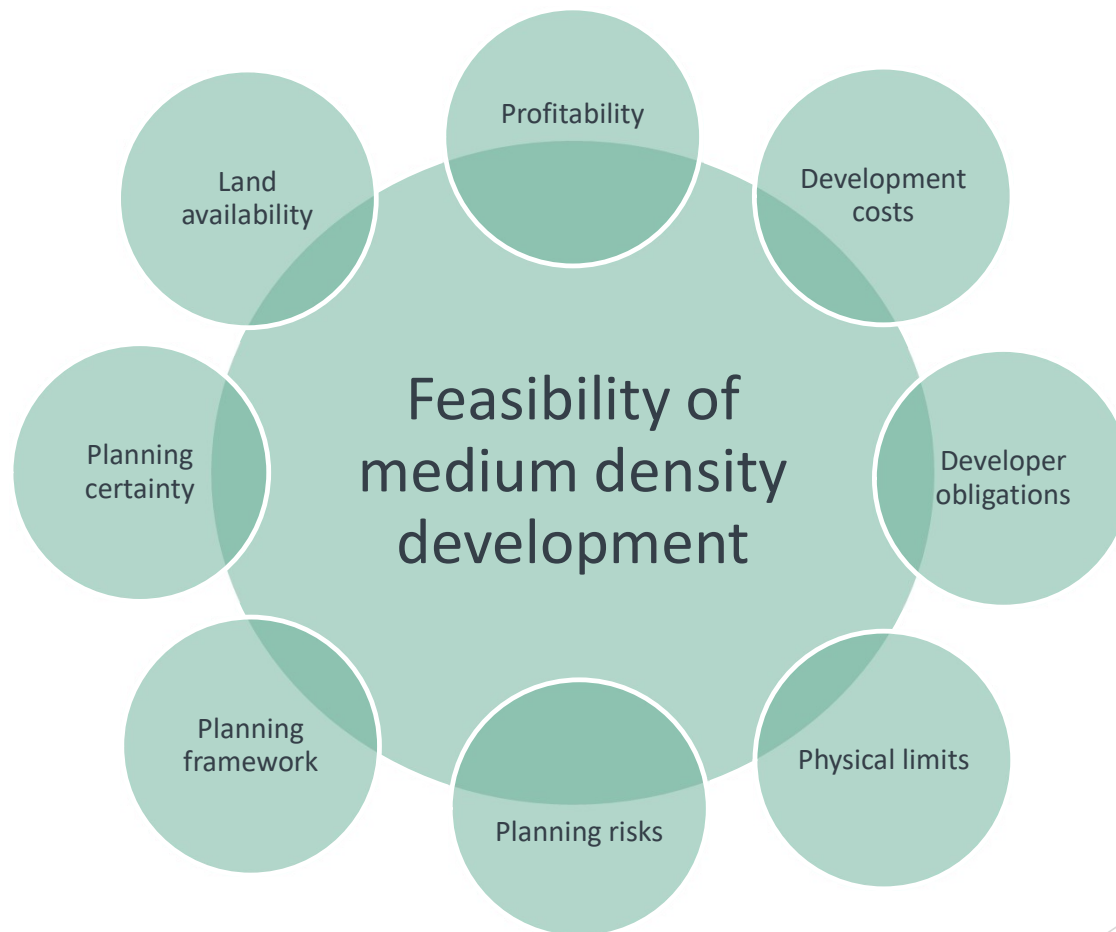
Approach

Identify key factors/barriers to medium density development in Kāpiti, including:

1. Independent review of information and advice
2. Interview with local and regional developers
3. Pressure test findings in this workshop
4. Report to Council.

Key findings

Overview of findings



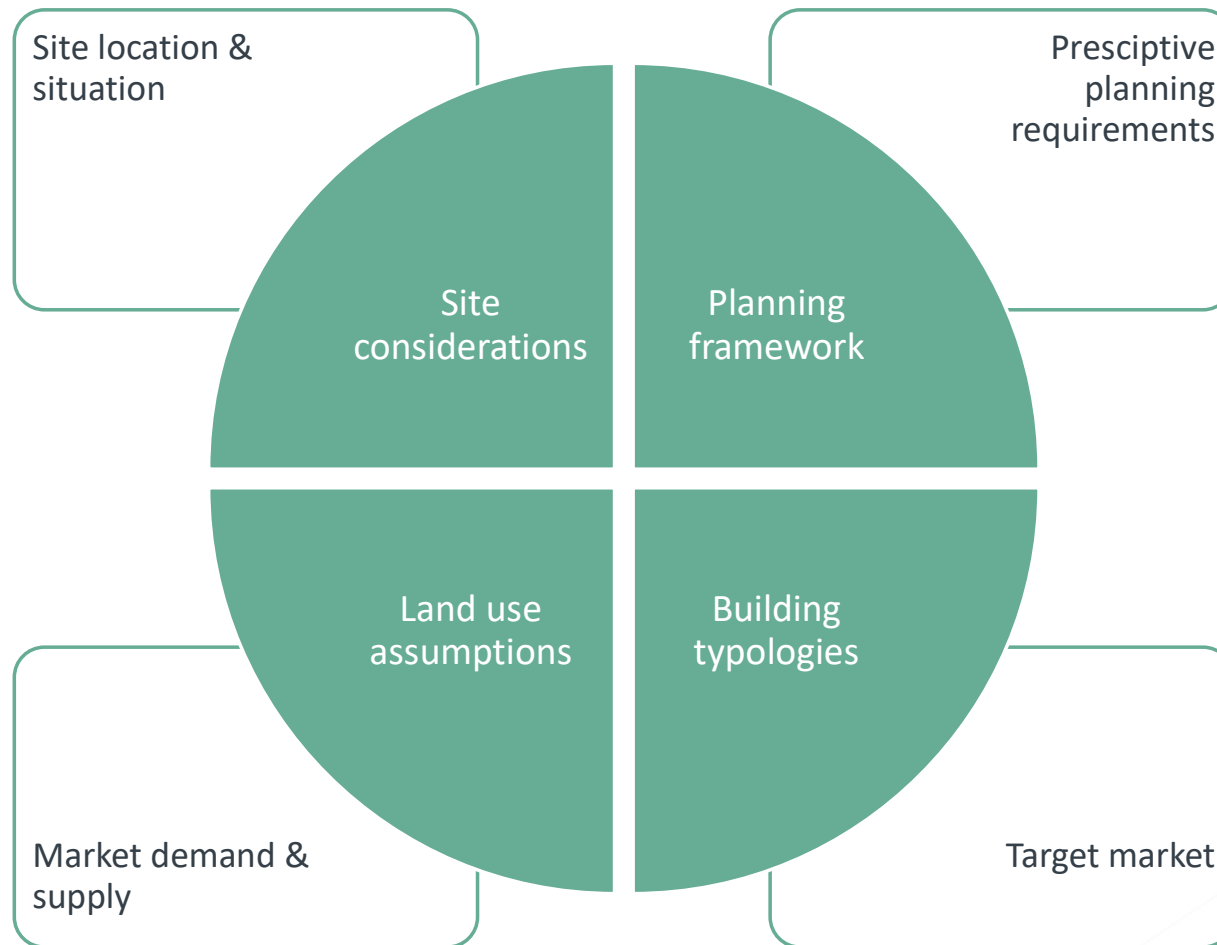
Commercial factors

Commercial feasibility

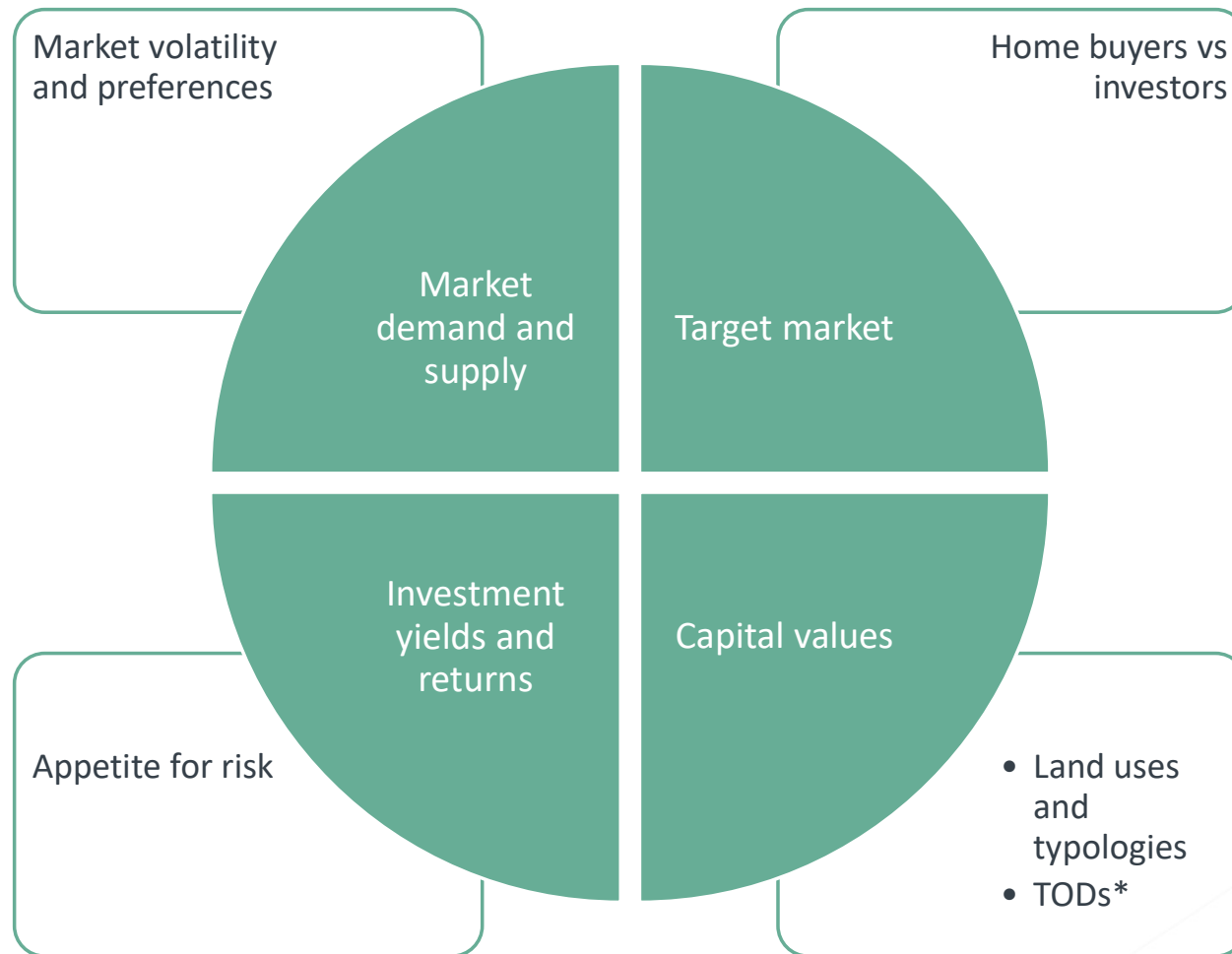
Not a lecture, but to pressure test factors and sensitivities across:

- Project feasibility
- Project revenues
- Development costs
- Construction costs
- Land costs

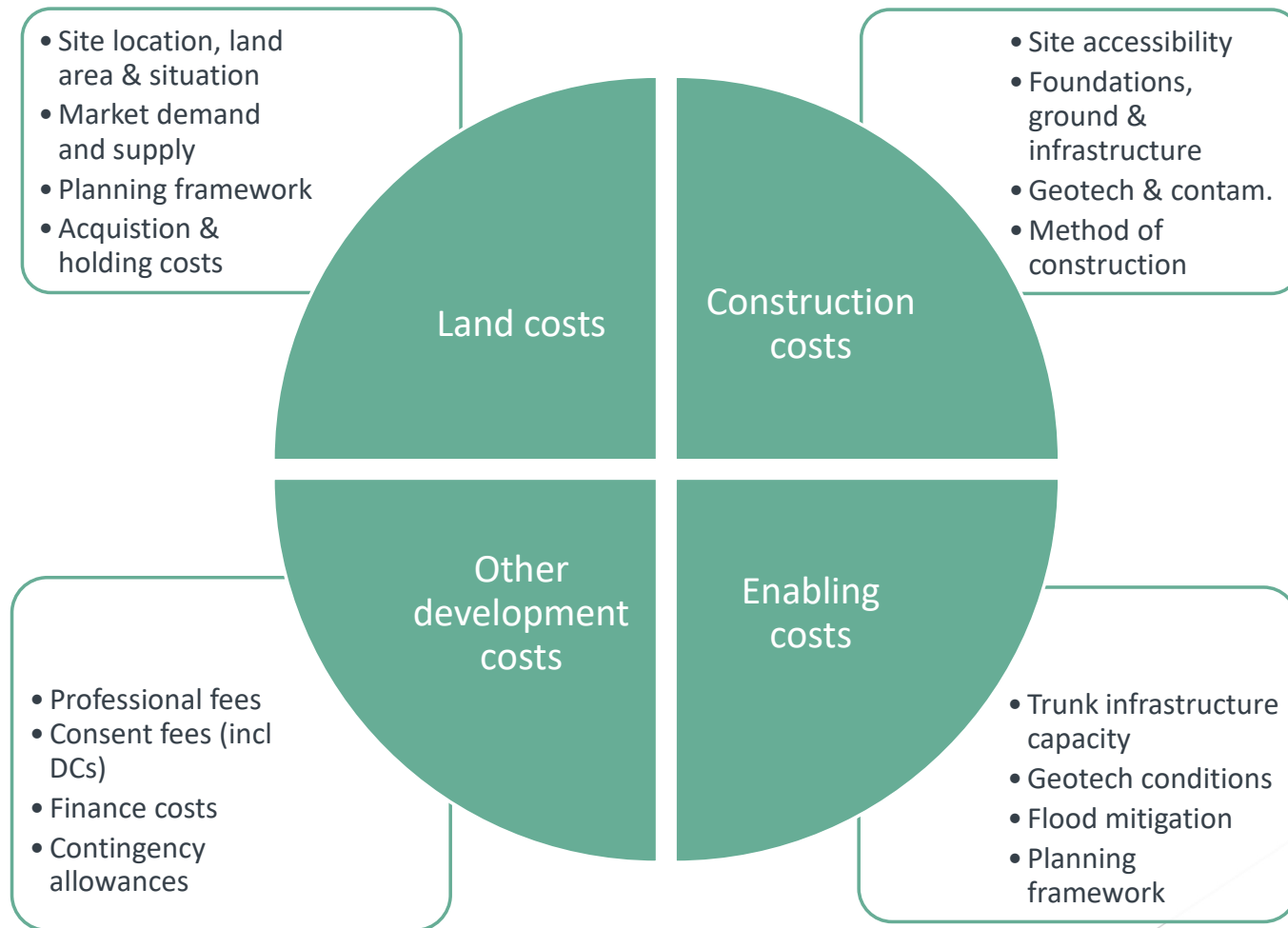
Commercial feasibility – Development yield



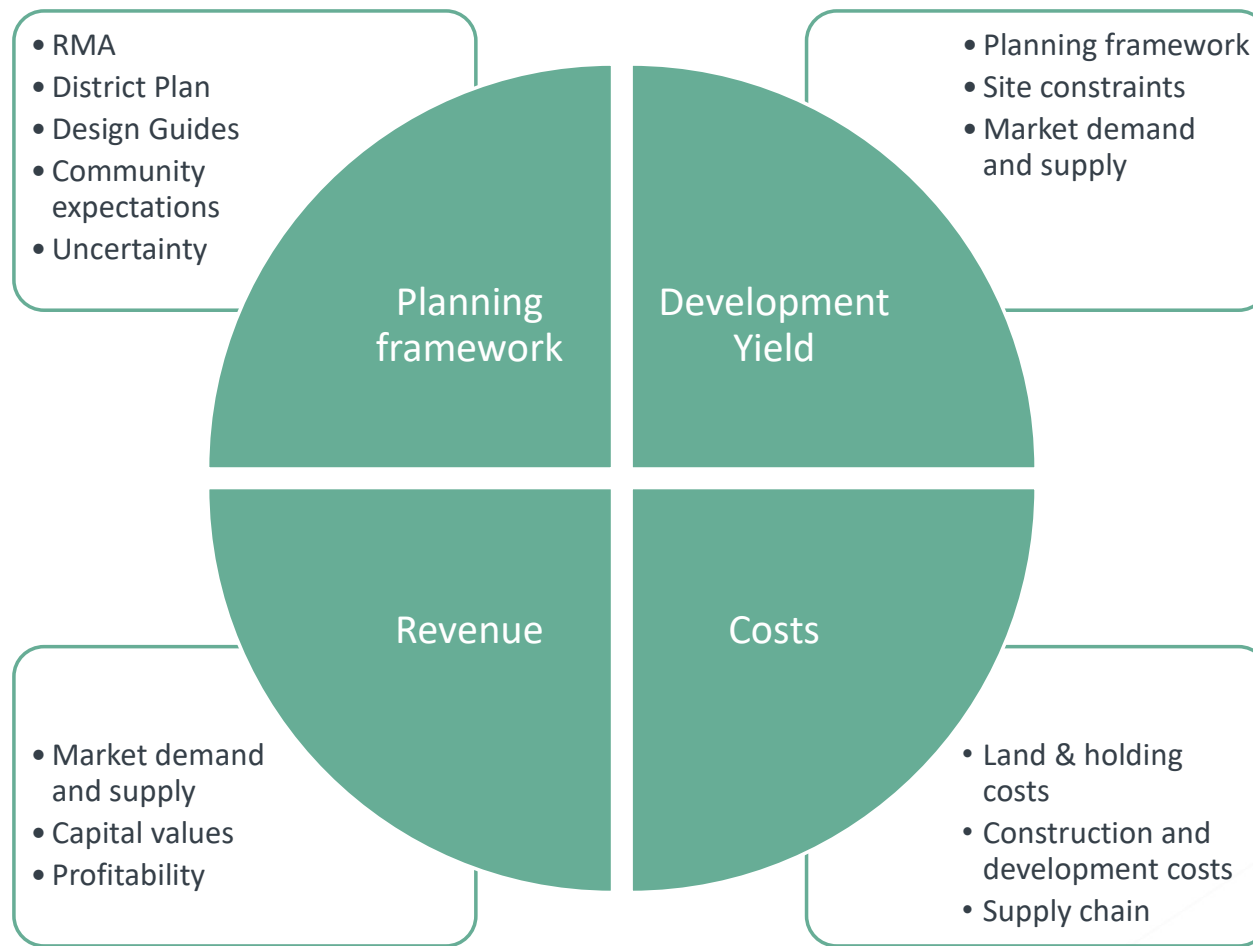
Commercial feasibility – Revenues (sales)



Commercial feasibility - Costs

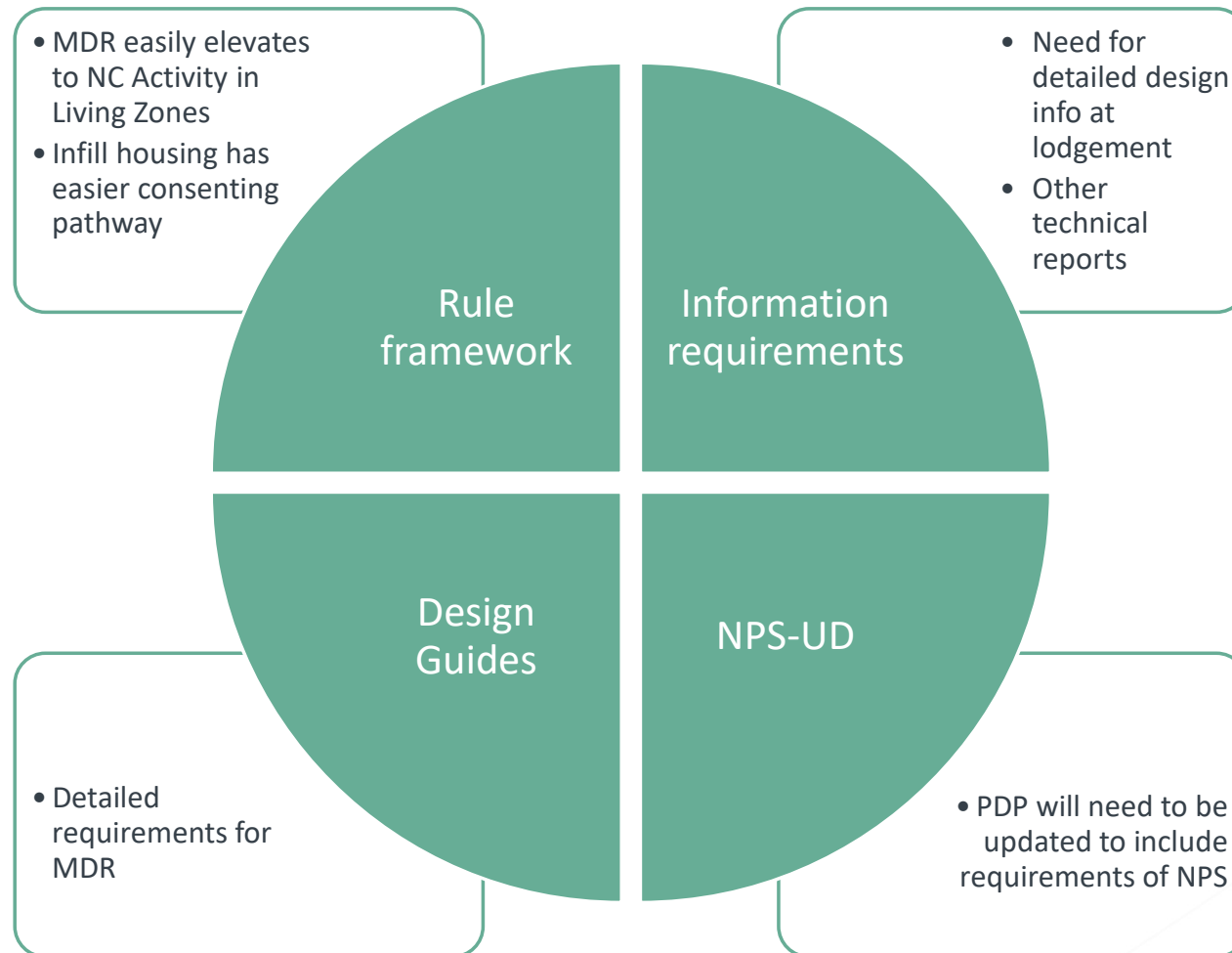


Commercial feasibility – Profit and risk

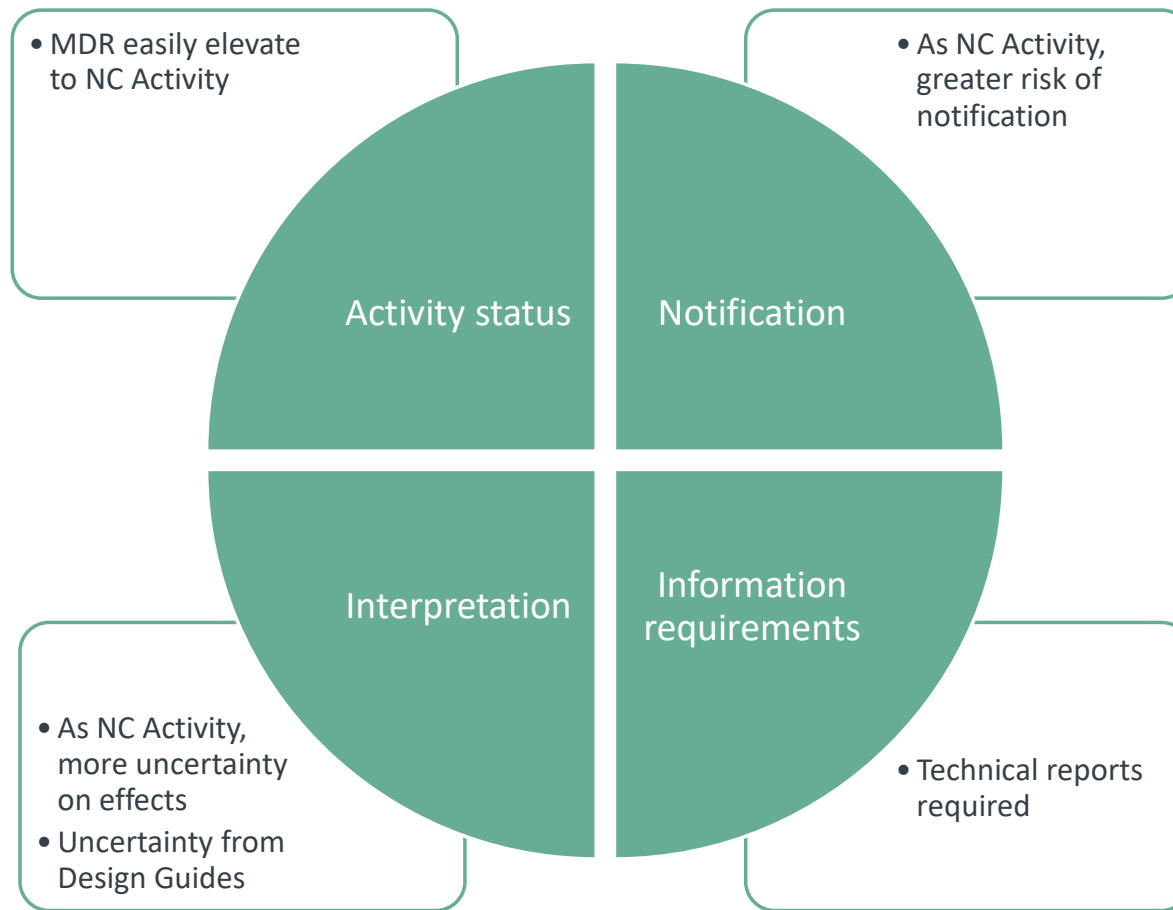


Planning framework & risks

Planning framework

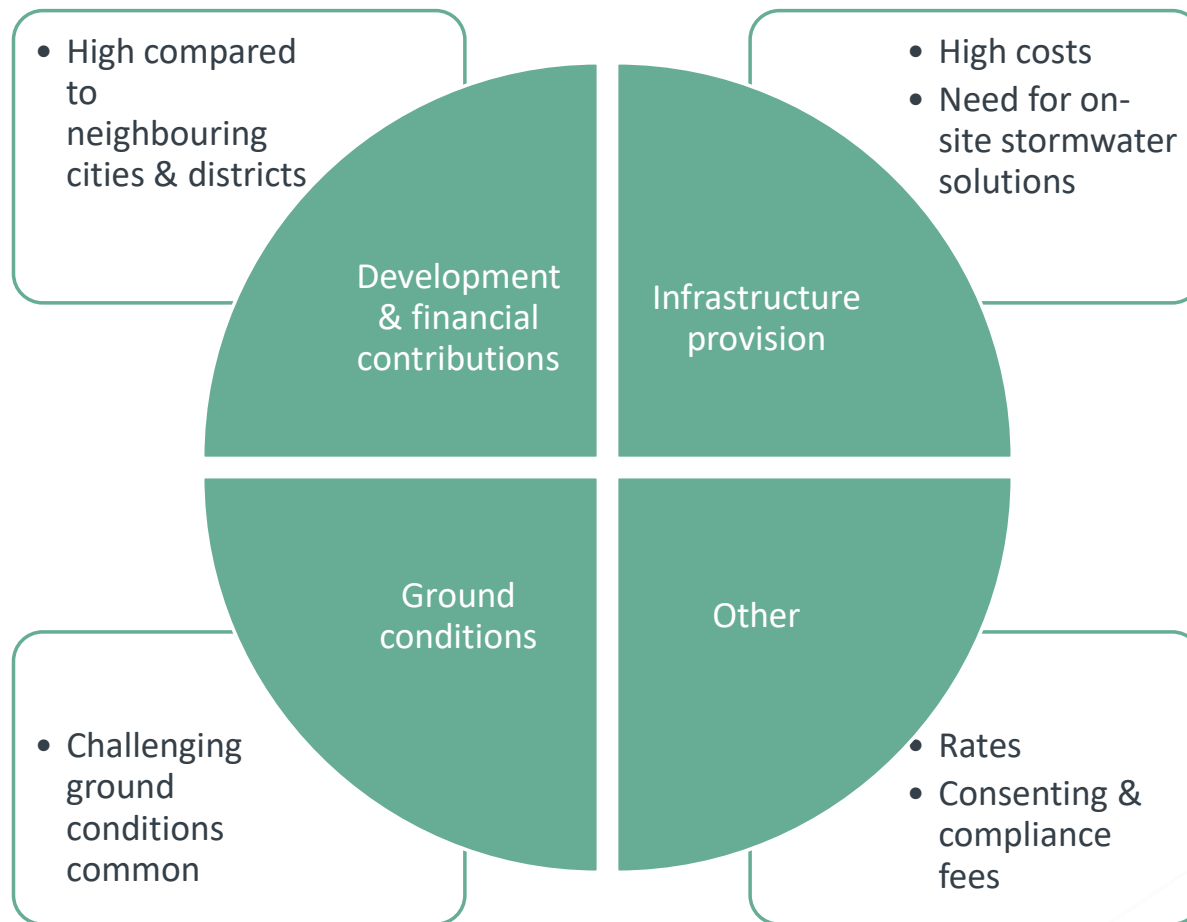


Planning risks



Developer obligations

Developer obligations



Discussion

Key themes

- Build and they will come
- Fit for purpose planning framework
- Ground conditions can require significant remediation to make fit for purpose
- High development/financial contributions compared to neighbouring districts/cities, despite requirement for on-site stormwater solutions
- High costs associated with infrastructure provision - need for on-site stormwater solutions
- Council / developer transaction.

Feedback

1. Do you agree with the identified impediments to medium density development?
2. What are your thoughts on the sensitivity of identified commercial factors influencing medium density development?
3. Do you consider it easier to achieve medium density development in greenfield or brownfield sites in Kāpiti Coast?
4. How important are specific District Plan objectives and policies encouraging medium density housing compared to the actual activity status of a resource consent?
5. What role should Design Guides have in consents for medium density housing?
6. Any other feedback?



Summing up and thank you
for your time

Appendix 5: Developer workshop key themes



Development sector workshop key themes

Workshop held 10/11/2020, 12:00-1:30pm, Paraparaumu Library Meeting Room

Cost risk is the most significant factor for project viability

- Cost risk is the most significant issue. When there is a development 'idea' money is invested with \$0 revenue. As the idea progresses into a development concept and then further details, money is continually invested in the project for \$0 return. With significant investment in project and high risk of not proceeding, developer has little choice but to proceed to court – more cost. De risking required upfront or deferred to later in the project when revenues have started to flow back to the developer.

Council needs to be an enabler

- Future of housing will be different, and perceptions need to change
- Resource consent process to be more streamlined including better alignment of functions (reduction of silos) within Council. A function or staff to coordinate functions and better 'client' experience
- A forum/s to establish an improved understanding of the processes for development by both Council and the development sector with a purpose to identify where and how costs and certainty may be able to better managed to support development outcomes
- Council in the past appears to have discouraged development, challenging to deal with and was reflected in the district planning. However, these situations are improving
- Bank lending for developments are conditional on securing a resource consent. Consideration by Council to provide a level of flexibility through conditional resource consents could help manage and balance costs, risk and feasibility for projects
- What is the impact of the NPSUD to remove car parking requirements from DP near public transport hubs?
- Hutt City enable MD through MD rules in the Res Zone. More flexibility for site amalgamation, design (design guide), pre apps, good understanding of ground conditions from Wellington Water, DC and council fee abatements (timebound) = more enabling and better process
- Christchurch land classification following Earthquakes for TC1, TC2 and TC3. These classifications had pre-approved foundation designs. Was an expensive exercise in Christchurch, but could be an enabler in Kāpiti through a partnership approach between local, regional and central Governments?

District Plan guidance must be fit for purpose

- Limited feasibility MDZ development in Kāpiti, due to the restrictive DP and design requirements, including, minimum development site area of 1,500m², recession planes, large yard sizes, building setbacks and triggering of notifications – An Architect has prepared number of schemes, but these have not been feasible
- Infill consents can be issued with conditions, while MDZ requirements are all required up front. This is disproportionate amount of investment in a project against the high risk of notifications that are triggered. A clear framework and understanding are required about risk allocation during the development lifecycle

- Current provisions under the MDZ does not necessary represent the footprint size of a multi-story apartments/flats. Clear rules and guidance for the MDZ enabling smaller lot sizes (for example 200m²) associated comprehensive development and provision for multi storey development is required
- Easier to develop green field than MDZ due to DP compliance, increased cost and notification risk. Greenfield has no neighbours to stall development. But greenfield can be limited by capacity of trunk infrastructure.

Challenging infrastructure requirements creates barriers for project feasibility

- Site constraints/capacity from onsite storm water detention is affected by constrained capacity of water treatment plant/trunk infrastructure. Costs to accommodate on site retention negatively impacts feasibility. Council also has onerous requirements for vested infrastructure that can decrease development yield of a site, e.g. car space for council vehicle to service vested infrastructure.