BEFORE A PANEL OF INDEPENDENT HEARINGS COMMISSIONERS IN HAMILTON

I MUA NGĀ KAIKŌMIHANA WHAKAWĀ MOTUHEKE KIRKIRIROA

UNDER	the Resource Management Act 1991 ("the Act")
IN THE MATTER	of proposed Plan Change 12 to the Operative Hamilton City Council District Plan

---

STATEMENT OF EVIDENCE OF TIMOTHY JAMES HEATH ON BEHALF OF FOODSTUFFS NORTH ISLAND LIMITED

ECONOMICS

24 JULY 2024

ELLIS GOULD
LAWYERS
AUCKLAND

Level 31 Vero Centre
48 Shortland Street, Auckland
Tel: 09 307 2172
PO Box 1509, DX CP22003
AUCKLAND

REF: Douglas Allan (dallan@ellisgould.co.nz)
Alex Devine (adevine@ellisgould.co.nz)

1. EXECUTIVE SUMMARY

1.1 The heights across the suite of residential and commercial zones enabled under PC12 as recommended by Hamilton City Council ("**HCC**") collectively amount to a substantive increase in the development opportunity and capacity of both residential and commercial activity relative to the status quo provisions of the District Plan.

1.2 The key point of difference between the relief sought by Foodstuffs North Island Limited ("**Foodstuffs**") and the plan proposed by HCC relates to which centres are provided opportunities for increased enablement and the level to which the potential in each centre is likely to be realised.

1.3 From an economic perspective, zoning provisions are important tools in enabling and inviting residential and commercial activity to achieve greater degrees of density, efficiency and certainty in terms of public and private investment. The level of flexibility and capacity indicated by zoning impacts upon business fundamentals such as locational efficiency, competitiveness, and productivity.

1.4 Although three-storey buildings are lightweight and therefore (comparatively) economically feasible, building four to five storeys requires expensive features such as lifts, more extensive foundations and a greater level of structural engineering. Consequently, a minimum of six to seven storeys is typically required to offset the additional structural costs against a greater building envelope and more units.

1.5 Without the relief sought by Foodstuffs, only three-storey development or less is likely to occur within the constrained commercial centres. This has long-term implications in that it undermines the future development potential. Sites that are redeveloped to a smaller building envelope will in effect be removed from potential redevelopment typically for a 50+ year period as it would not be feasible to forgo the sunk capital investment by demolishing the three storey structures and replacing them with larger structures in the short term.

1.6 There are significant economic benefits of allowing for greater enablement within the commercial centres than the surrounding residential areas. Some of the potential economic benefits that would be enabled by increasing the height (and removing the FAR) within Glenview and Heaphy Terrace centres include: increased amenity of centres, increased agglomeration of activities and productivity gains, reduced marginal infrastructure costs on community infrastructure assets and increased land use efficiencies. Any realised capacity in these two centres represents intensification in economically efficient locations.

1.7 For Hamilton to improve economic wellbeing and efficiency, it is fundamental that business locations are competitive, not just as a business environment but also as a residential environment. Although HCC's plan enables a degree of density within and around the City Centre, the plan curtails any such development elsewhere. In my opinion, this represents a missed opportunity in which the foregone economic benefits greatly outweigh any potential costs.

1.8 A significant increase in building height within the Glenview and Heaphy Terrace centres would maximise these residential, commercial business and employment value generators of the centres and provide significant economic benefit to both the local community and Hamilton as a whole.

1.9 In particular, Glenview has an opportunity to grow in response to the Peacocke development area and the ongoing development around Hamilton Airport. With an influx in new homes and business activity within its localised market and increased passing traffic, there is an opportunity for development to improve and enhance the centre. This opportunity however cannot be fully realised under the more constrained planning provisions proposed by HCC.

2. INTRODUCTION

2.1 My full name is Timothy James Heath.

2.2 I am a property consultant, market analyst and urban demographer for Property Economics Limited, based in Auckland. I established the consultancy in 2003 to provide property development and land use planning

research services to both the private and public sectors throughout New Zealand.

Experience

2.3 I hold a Bachelor of Arts (Geography) and a Bachelor of Planning both from the University of Auckland. I have undertaken property research work for nearly 30 years, and regularly appear before Council, Environment Court, and Board of Inquiry hearings on economic and property development matters.

2.4 I advise district and regional councils throughout New Zealand in relation to industrial, residential, retail and business land use issues as well undertaking economic research for strategic planning, plan changes, District Plan development and implementation of the National Policy Statement on Urban Development 2020 ("**NPS-UD**").

2.5 I also provide consultancy services to a number of private sector clients in respect of a wide range of property issues, including residential capacity assessments, retail, industrial, and commercial market assessments, development feasibilities, forecasting market growth, determining future land requirements across all property sectors and economic cost benefit analysis.

2.6 I have a lot of recent experience that is particularly relevant to this appeal including assisting Councils with their District Plan updates to incorporate NPS-UD and MDRS[1] requirements including all councils in the Wellington Region, Greater Wellington Regional Council and Christchurch and Tauranga City Councils. I have also assisted Kāinga Ora Homes and Communities with their input into these intensification processes around the country.

Code of Conduct

2.7 I confirm that I have read the Expert Witness Code of Conduct set out in the Environment Court's Practice Note 2023. I have complied with the Code of Conduct in preparing this evidence and agree to comply with it while giving evidence. Except where I state that I am relying on the evidence of another

[1] Medium Density Residential Standards

person, this written evidence is within my area of expertise. I have not omitted to consider material facts known to me that might alter or detract from the opinions expressed in this evidence.

Scope of Evidence

2.8 This evidence is in respect of submissions[2] by Foodstuffs on proposed Plan Change 12 ("**PC12**") to the operative Hamilton City District Plan ("**ODP**" or "**District Plan**"). I have not discussed in this statement those aspects of the Foodstuffs submissions that support PC12 as notified (e.g.: the relief relating to the central city Pak'n Save supermarkets) but record my agreement with that relief and with those aspects of PC12).

2.9 Of relevance to this statement of evidence, Foodstuffs' submissions on PC 12 seeks to amend the Business Height Overlay to include:

(a) The Business 5 (Suburban Centre Core) zoned land at Glenview, which includes the New World Glenview site at Ōhaupō Road, Glenview; and

(b) The Business 6 (Neighbourhood Centre) zoned land at Heaphy Terrace, which includes the Four Square Heaphy Terrace site at 1030 Heaphy Terrace, Fairfield.

2.10 My evidence will address the following:

(a) The proposed changes to the extent of the Business Height Overlay.

(b) The economic benefits of greater levels of consolidated activity (residential and commercial) as a result of proposed increased heights within Commercial Centres.

3. THE FOODSTUFFS SUBMISSION

3.1 The relief sought by Foodstuffs relevant to this economic statement is the inclusion of the Business Additional Height Overlay across the Heaphy Terrace and Glenview Centres. In my opinion it is an essential consequence of that

[2] Sub No. 237 (Height) and Sub No. 240 (Financial Contributions)

relief that the Floor Area Ratio rules within section 6.4.4 of the Business Chapter be deleted or the ratios increased significantly in respect of the relevant centres. This consequential amendment is required to ensure that any increase in the height standards in practice enables an increase in development capacity, which is the intention of NPS-UD Policy 3.

3.2 From an economic perspective I support the overall direction of PC 12 which seeks to increase the level of enablement of Hamilton's residential and business zones, with a focus on consolidating land use activities within a more compact urban form in and around centres.

3.3 The key point of difference between the relief sought by Foodstuffs and the plan proposed by HCC is which centres are provided opportunities for increased enablement and the extent to which the zoning provisions are likely to deliver efficient development. From an economic perspective this relates to the point at which a balance should be struck between the potential economic costs associated with the dispersal of intensification activity across centres and the economic benefits generated by it. That balance has implications for the locations in which intensification should be focused.

3.4 Although HCC provides a considerable increase in height to several key centres across Hamilton, this same increase is not afforded to all centres. PC12 identifies a Business Height Overlay which covers the City Centre Zone and some of the nearby centres which lie outside of the Infrastructure Constraint Overlay (i.e. Hamilton East). Centres within this Height overlay are permitted to build up to 26m as well as having a more permissive Building Intensity ratio.

3.5 Under the most recent version of the plan provided by Council, centres outside of this building overlay are limited to heights of no more than 20m in the case of the Business 3 and 4 Zones, or 16m in the case of other centres including Glenview (Business 5 Zone). Heaphy Terrace is a Business 6 zone adjacent to the Medium Density Zone and therefore afforded a height limit of 18m.[3]

---

[3] On the basis that Four Square Heaphy Terrace adjoins the Medium Density Residential Zone (MDRZ). **NB**: HCC's maps show a Historic Heritage Area (HHA) adjoining the site, which results

3.6 According to the Council's evidence, the rationale for its approach is a mixture of infrastructure concerns and urban design.[4]

3.7 This is outlined by the Council's planning witness who states[5] "*The heights within the Business Zones are intended to align with the heights in the neighbouring Residential Zones, ensuring urban form consistency."*

3.8 In response to Foodstuffs' submission, the Council's planning witness also says :[6] :

> *"Foodstuffs North Island Ltd seek that New World Glenview and New World on Heaphy Terrace be subject to the height overlay. These areas do not have high density residential zoning around them and I do not therefore consider the increased heights of the height overlay to be appropriate in these locations. It is recommended that this submission point and further submission points be rejected."*

3.9 As I will discuss in my evidence, commercial centres should have a greater level of enablement (in both height and floorspace) than residential zones to encourage a mix of activities, vibrancy and amenity. From an economic perspective, the heights of the surrounding residential zone should not limit the height of the local centre.

3.10 Although Glenview already has a higher height limit than the surrounding General Residential Zone, Council has identified the centre as appropriate for Medium Density in the future as part of their 'Stage 2'. In fact, in the notified version of PC 12, there was a Medium Density Residential Zone surrounding the Glenview centre and Council's Centres Assessment recommended[7] an extension from 200m walkable catchment to 400m. This was on the basis that

---

in the underlying zoning of some of the adjoining land being General Residential Zone. HCC's evidence confirms that this HHA is no longer supported and this error will be corrected in an updated version of the zoning maps to be provided at the PC12 hearing. Foodstuffs has therefore proceeded on the assumption that the underlying zoning will be updated to MDRZ to reflect the adjoining sites.

[4] For example see HCC EIC, Dr Juliana Reu Junqueira (Business Zones) at p. 27, Appendix B pp. 13-14; and HCC '2024 Centres Evaluation Report' dated June 2024 at p. 18.

[5] HCC EIC, Dr Juliana Reu Junqueira (Business Zones) at p 27

[6] HCC EIC, Dr Juliana Reu Junqueira (Business Zones) at Appendix B p. 14.

[7] 32 Appendix 3.6 Centres Assessment, pp. 18-19

"it has a wide range of services provided within and nearby the centre including a supermarket, library, parks, healthcare, kindergartens, frequent bus service and Te Wananga o Aotearoa". The medium-density residential zone surrounding Glenview however was removed in Council's current iteration of PC 12 based on infrastructure concerns, with indications that Medium Density will be reintroduced to Glenview at a later date.

3.11 In my opinion, the lack of wider infrastructure should not preclude the provision of greater enablement within the Centres Zones. Centres are key focal points for all communities in Hamilton (not just a select few), as are their associated community activities and amenities. It is vital that appropriate planning settings are put in place now, to ensure the capacity for growth in centres meets the role and function required by the maturing market over time, particularly within a context of no material locational economic costs and anticipated significant and ongoing population growth for the city.

3.12 Although my evidence on behalf of Foodstuffs focuses on the submission which seeks an increase in height across the Glenview and Heaphy Terrace centres, I would also support an increase in height across all of the Commercial Centres in Hamilton. In my opinion, the balance of the heights within Hamilton's commercial centres needs to be reconsidered, needs to be more faciliatory to intensified development and more forward-looking.

3.13 My evidence will discuss in detail the following key points:

(a) The relationship between zoning rules and development:

(i) The adverse economic effect of constraints imposed by PC12 on a subset of commercial centres.

(ii) Additional height (and floorspace) required to make development feasible.

(iii) The risk that height restrictions may result in lower density development which undermines a centre's future potential.

(b) High level economic benefits and cost benefits of consolidation and increased enablement within commercial centres.

(c) My response to Council's position:

(i) High population growth anticipated for Hamilton South necessitates enablement within the Glenview Local Centre, regardless of the surrounding residential zone.

(ii) Infrastructure constraints should not preclude the development of efficient long-term outcomes in centres.

4. RELATIONSHIP BETWEEN ZONING RULES AND DEVELOPMENT

4.1 From an economic perspective, zoning rules (and the intensity of land use enabled by the provisions) are the main tool in directing the location of growth and development to achieve greater degrees of efficiency and certainty in terms of public and private investment. The level of flexibility and capacity indicated by zoning also impacts upon housing fundamentals such as choice and affordability.

4.2 While appropriate zoning is necessary to provide a greater degree of certainty, it does not in itself generate the level of development that the provisions would suggest. The market is also driven by social and economic factors including:

- tenure (e.g.: freehold vs leasehold);
- dwelling demand;
- developers/owners' appetite for risk ;
- knowledge of 'Best' fit[8];
- capital to improvement ratios;[9]
- construction costs;
- construction restraints;
- fragmented ownership;

---

[8] Knowledge of 'Best' fit: potential disjoint between the optimal development and developers' intentions;

[9] Capital to Improvement Ratios: high existing improvement values relative to land reduces development feasibilities;

- accessibility to capital funds;
- path of least resistance[10];
- future market expectations.

4.3 While these market factors determine the market response to zoning, zoning itself (and the associated provisions) plays a significant role in the efficient and effective geospatial distribution of residential and business activity, as well as a well-functioning market. This is crucial to the objectives of the NPS-UD, and underpins the relief sought by Foodstuffs.

4.4 There are several factors that influence the potential market response to zoning provisions. While the 'plan enabled' capacity is the level of development that is essentially provided for in the plan, considering all provisions and constraints, there are clear financial constraints that will play a significant role in the extent, location and typology that results within the market. Typically, feasible capacity addresses these constraints and illustrates the level of capacity that exhibit a viable profit margin.

4.5 This feasible capacity is typically significantly lower than the capacity enabled through a district plan. The last two decades have seen a rise in the proportion of feasible capacity as land prices have escalated, driven by increasingly displaced demand from areas such as Auckland (due to the relative price difference). More recently, however, the market has experienced an adjustment driven by decreasing and then stagnating land values and increasing construction costs.

4.6 Relevant to the feasibility of development is the motivation of landowners and developers that may not choose to develop sites that are deemed feasible. For example, the market exhibits a willingness to accept a private economic cost associated with retaining larger sites, while other sites may not be developed to their capacity given developers' lack of willingness (or indeed that of financial institutions in terms of lending) to accept the greater financial risk posed by larger developments. These factors are often considered in a further

[10] Path of Least Resistance: e.g. developments of four or more dwellings in the MDRZ require an RD consent. Even on properties where such development would be appropriate, the developer may opt to build three or less to minimise consenting risk.

reduction to 'realisable' capacity. Each of these factors are likely to play a significant role in lowering capacity numbers and materially impacting upon the distribution of that capacity and its efficiency.

4.7 While acknowledging that there are inevitably constraints on planning rules, as a whole, such limitations should not be applied in isolation to the corresponding locational efficiencies. The ability for PC12 to accommodate future residential and business growth in the existing urban areas hinges on its ability to function as a catalyst for development of greater density.

4.8 In order for the market to accept this product (residential development of greater density) there needs to be several overt factors in play. The driving force behind the market's acceptance is clarity over future demand and the certainty of development potential. The locations which will attract higher density development are those which have a sufficient competitive advantage over alternative less efficient locations which is dependent on the quality of the product and associated amenity. Accompanied by this potential change in dwelling preference must be financial viability and a manageable risk for development of the product itself.

4.9 The economic benefits associated with higher density development within urban centres are implicit in the direction of the NPS-UD. Policy 3 of the NPS-UD sets out the minimum requirements to access these efficiencies.

4.10 Feasible (and realisable) capacity plays a fundamental role in the level of competition enabled in the city. Most notably, the four–five storey development that Council's planning provisions would enable is considered a "No Man's Land".

4.11 Building above three storeys incur significant additional costs over three storeys, including expenses for elevators, more extensive earthworks and foundation requirements and stronger structural materials. Consequently, developers often seek at least six storeys to make such development feasible.

4.12 In most cases where the 16m height limit is proposed landowners would likely deliver only two or three-storeys. Similarly, the 18m height limit in the Business 6 Zone (Heaphy Terrace) which could theoretically deliver five

storeys off a standard (non-supermarket) commercial ground floor base, is also unlikely to deliver more than three storey developments. This has occurred in Auckland, where two-three storey projects are often delivered within the Terrace Housing and Apartment Building Zone and the Mixed Use Zone (16m / 16m + 2m height limit)[11].

4.13 This is particularly true if the Building Intensity or Floorspace ratio planning standard is retained as part of PC 12. Under the proposed rules, landowners in Glenview would only be able to build floorspace equal to two times their land area. It is often significantly cheaper to build fewer storeys and use a greater portion of the site.

4.14 In response to submissions seeking additional height within the Business Zones, Council's planning witness, Dr Junqueira writes:

> *"The majority of Business Zones in Hamilton are under the existing allowable height limit therefore PC12 provides for intensification in a manner that is appropriate for the existing level of commercial activity and community services. There is no justification for the increased height limits sought in the submission." (Appendix B, pg15)*

4.15 In my opinion, however, the 18m and 16m height standards proposed by the Council for the Heaphy and Glenview centres will deliver a lower density of development that in essence, makes this a self-fulfilling prophecy. As building four storeys is comparatively more expensive, any redevelopment that does occur will likely be limited to two – three storey developments. This would give the appearance that the planning settings were appropriate.

4.16 Furthermore, Dr Junqueira appears to be relying on heights of building delivered under a historic planning regime to justify appropriate building heights in the future despite the very clear national policy signals from government. In my view, relying on building heights of the past to justify building heights of the future is not an economically sound approach.

---

[11] See for example projects on: Great North Road and Moa Road, Point Chevalier; Tuaiwi Street, Manukau; Mahalo Avenue, Wiri.

4.17 The direction of the NPS-UD and this plan change is to create opportunities for urban intensification in efficient locations. Mr Goddard's corporate evidence for Foodstuffs demonstrates a clear appetite and intentionality for higher-density development within the two centres while also identifying the constraining effect that the current height settings would have on Foodstuffs' ability to deliver any sort of mixed-use development. Having a willing landowner with financial resources has a significantly higher likelihood of realising intensified mixed-use developments. Their relief sought would enable a mixed-use development which differs from the solely residential developments that the Medium and High-Density Residential Zones enable.

4.18 The Auckland Unitary Plan (2016) and subsequent construction boom is often held up as an example of how liberalising zoning rules creates real change to the development patterns in a city. Specifically, recent research from the University of Auckland[12] shows a statistically significant correlation between zoning rules and housing development. Auckland's Chief Economist also summarises this research in his latest quarterly report.[13]

4.19 Consideration must also be given to the potential economic costs associated with not providing an increase in height to the Glenview and Heaphy Terrace Centres. i.e., in s32 terms, the risk of not acting. These are primarily represented through the opportunity costs associated with the development of less intensive development within the zones.

4.20 Specifically, the lower density development that the current proposed planning standards are likely to deliver would undermine any potential higher-density development as once land is redeveloped, even if the heights are increased at a later date, developers will not want to lose their initial capital investment.

4.21 In other words, if the greater enablement within centres sought by Foodstuffs is not achieved now, there is a substantial risk that lower density development in the interim will render any future upzoning pointless.

---

[12] The impact of upzoning on housing construction in Auckland - ScienceDirect

[13] Auckland Economic Quarterly - Quarter 1, March 2024 (aucklandcouncil.govt.nz)

4.22 Consequently, I believe that the relief sought by Foodstuffs would significantly increase the likelihood of mixed-use building redevelopment at higher and more efficient densities.

5. ECONOMIC BENEFITS OF CONSOLIDATED RESIDENTIAL AND COMMERCIAL ACTIVITY

5.1 The following section outlines the high-level economic costs and benefits associated with the increase in heights (and consequential removal of the Floorspace Ratios) across the Glenview and Heaphy Terrace Centres.

5.2 **Catalyses efficient intensified (re)development:** As discussed in the previous section, liberalising of land use rights has historically been proven to increase the development of associated land. The increase in height limits brings the (re)development timeframe of affected properties forward in time as the return on development is higher (more rent is now achievable).

5.3 There is a second order effect also because development encourages further development. As one parcel is (re)developed, neighbouring properties benefit from the improvement in amenity (assuming development and urban design standards are appropriately set to deliver such outcomes) and owners of those neighbouring properties are encouraged to also (re)develop their land to take advantage of the increased returns that can now be realised. This is particularly the case for centres with supermarkets which can significantly increase amenity, vitality and land values of neighbouring properties stimulating (re)development opportunities.

5.4 The result is an increase in the impetus for developers to maximise their build envelope and consolidating activity (retail, employment, residential, commercial, etc.) into centre locations rather than sporadic development in unplanned areas.

5.5 **Improves Amenity of Centres:** The amenity of a centre is directly related to its vitality, vibrancy, quality and breadth of activities, which in turn has a strong correlation with the level and potential level of people within a centre. This activity and vibrancy act as a competitive advantage for the centres. There is little doubt that, allowing for congestion, there is typically a direct

relationship between the level of activity in a centre and the average amenity value achieved from it. Consequently, centres to which PC 12 provides increased enablement will have a distinct advantage over other centres.

5.6 **Adds profile to the centre:** Development and height create a general feel of commercial professionalism that attracts higher quality commercial tenants. Enabling a mixed-use development including residential activities, would also create a feel of community and sense of place that can attract a diverse demographic of home buyer and / or renter.

5.7 **Enhanced housing affordability**: More permissive building heights can have positive consequences for delivering more affordable / serviceable housing where the construction of apartments become more feasible within the Height Overly area.

~~5.8~~ **Agglomeration and Productivity Gains:** The arguments for agglomeration pertain mainly to specific productive activities within an economy. The basis for these arguments is that increased densities lead to synergies, improved flow, economies of scale and utilisation of resources. There are obvious 'flow-on' benefits to suppliers of locating within a vibrant and active centre that results from the increased profile and critical mass.

(a) Greater height limits mean more employment GFA opportunities. As the level of commercial floorspace increases more people will be employed in the identified area. This means a greater mix of people are in closer contact with each other allowing for more 'free flow' of ideas between people and creative thinking. This would also increase the prevalence of knowledge spillovers, increasing innovation density.

(b) As levels of economic activity increase in the same footprint, so does the ability of businesses to specialise and increase efficiency. This allows businesses to have access to larger markets of suppliers (especially labour supply) and consumers, allowing competition to enhance the quality of inputs and outputs.

5.9 **More efficient land use:** Taller buildings mean land is being used more efficiently as the vertical space is being used more effectively. While retail / food and beverage space will predominantly remain at ground level, a broader range of commercial and residential options are unlocked through the increased building height limits. This results in greater flexibility for both land users and building tenants.

5.10 The more efficient use of land for commercial space would also leave more land / space available for other uses, such as parks, green space, community facilities and environmental amenities which the local community can enjoy.

5.11 **More efficient infrastructure use:** The existing and future infrastructure that is put in place to service local residents in and around the identified centres is used by a larger number of people. This includes road / footpath network, community facilities – libraries, halls, parks – power and telecommunications, three waters, etc.

(a) A more specific example of public infrastructure that will benefit from Foodstuffs proposal, is the public transport hub along Ohaupo Road / SH 23. According to the Council's Centres Assessment[14], funding has been approved and the upgrades include bus bays and shelters, upgrades to the cycle and footpaths, pedestrian crossing and other amenities. These upgrades will reportedly improve the frequency of services and connectivity of the centre to the rest of the city including the City Centre.

(b) The provision of these facilities is sometimes seen as 'sunk costs', dismissing their relevance and their potential underutilisation as costs to decentralised activity. Although this line of thinking is correct with regards to the fixed investment, it fails to consider the return from the community investment that is lost if these assets are undermined. The utilisation of these assets has community value that must be considered when potentially reducing their usage.

[14] s32 Appendix 3.6 Centres Assessment, pp. 18-19

(c) I consider what are seen, in this regard, as sunk costs are in fact community investments that must be considered in terms of their initial costs (and hence on-going opportunity cost) to society. Even if the investment is irrecoverable (hence not property, etc) there is still a need to have regard for this investment, especially if not considering their value is likely to lead to a duplication of facilities.

(d) The scale of both the transportation and community facilities also coincides with the scale of activity located within the centre. Simply put the greater the level of activity and accessibility in a centre, the greater the utilisation of such public assets and, importantly, the greater the viability of and contribution that can be made by a public transport network that serves and links the centres. Consequently, this has flow-on benefits of lower fuel emissions, and a greater reliance on any public transport services as more employment options will be co-located on public transit routes.

5.12 **Increased internalisation of retail spend and centre spend:** The (re)development of centre properties will encourage increased foot traffic to the area through employment, local residents and visitors attracted by the amenity. This improves the centre over the long term as it establishes it as a hub of activity, employment, culture, public transport, community and living.

5.13 **Reduces transport costs and associated emissions**: The increased density enabled by increased building heights will reduce transport costs as a greater number of locals will be able to access the benefits of the Glenview and Heaphy Terrace centres. In summary, increased residential intensity within a centre helps the transport network in a number of ways:

(a) It increases the ability of residents to walk to employment, entertainment, services and retail;

(b) It reinforces the attractiveness of the centre for the establishment of such commercial activities;

(c) It therefore increases the attractiveness of the centre to residents who live outside it;

(d) It increases the ability of people who live outside the centre to make use of public transport services that serve the centre; and

(e) It supports the provision of more extensive and frequent public transport, which itself tends to increase patronage in a virtuous circle.

Economic Costs

5.14 Potential economic costs include increased road and footpath congestion, increased levels of crime in centres, increased pollution / waste, increased noise, and increased vagrancy and transient populations.

5.15 It is worth noting that the costs identified above are all associated with public safety and amenity and can all be mitigated, to some degree, by urban design and good planning policy.

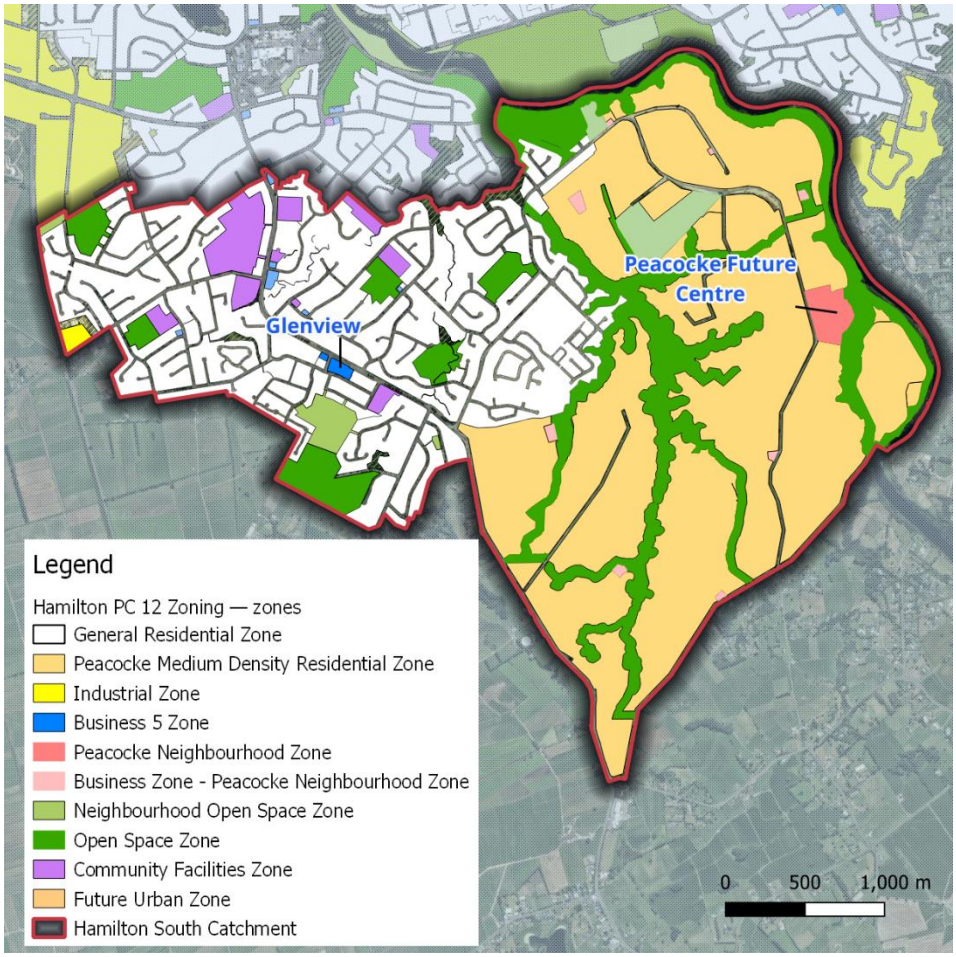
6. GLENVIEW AND HEAPHY TERRACE AS APPROPRIATE CENTRES FOR ENABLEMENT

Growth in Glenview

6.1 **Figure 1** shows the location of the Glenview commercial centre relative to the identified Peacocke Growth area. The map also shows the localised catchment for the Glenview centre which includes Peacocke.

6.2 The Peacocke growth area is projected to be home to around 25,000 residents. The existing population within the identified Hamilton South Catchment is currently around 15,000 residents. Consequently, the Peacocke growth area by itself will more than double the total population base within the identified Hamilton South Catchment in the future.

Figure 1: Hamilton South – Glenview Centre relative to Peacocke



Source: Property Economics, Google Maps, Hamilton Council

6.3 Although Peacocke will have its own supermarket-based local centre on the eastern side of the growth area, Glenview will invariably experience a significant increase in both patronage and passing traffic, thereby making it well placed to capture spend from these residents. In particular, most people living in the Southern / Western end of the Peacocke growth area will drive past the Glenview Centre along State Highway 3.

6.4 This influx in residents, on top of growth within the suburb of Glenview as well, will generate additional demand which could fuel the redevelopment of the Glenview Local Centre to the benefit of the local community. This makes it all the more vital that high-density development is enabled within the Glenview Commercial Centre now, even if intensification within the surrounding residential zone is delayed. If Foodstuffs is not granted the relief sought, then the resulting redevelopment potential of Glenview will be stunted, to the long

term detriment of the community. In my view it is economically wasteful to stunt the opportunity for higher density mixed-use development in a centre in one of Hamilton's highest growth areas for the next 30 years.

Growth in Heaphy Terrace

6.5 The Heaphy Terrace centre is centrally located within an area which Council have identified for Medium Density Growth. Although it is located within the infrastructure constraints overlay, it is surrounded by the Medium Density Residential Zone. This enables 18m height limits which could deliver a significant quantum of residential growth. For reasons outlined earlier, centres should have a higher level of development potential through height than the surrounding residential zones to improve urban form efficiency. With a height limit of 18m, I hold the same concerns of a lower development height being realised as for Glenview. Consequently, I also consider it appropriate Heaphy Terrace has a higher height to capitalise on more efficient development potential within the centre.

7. Infrastructure not precluding development within the identified commercial centres

7.1 Most centres have medium and / or high-density residential zoned in a walkable catchment around the centre. In the notified version of PC12, this included Glenview. In the latest version of Council's plan, they have removed the residential land around Glenview. Instead, Council has opted to take a staging approach, with Glenview and Thomas Road centres being identified as appropriate for additional residential development in the future.

7.2 In Mark Davey's evidence for the Strategic Direction hearings, he writes

> *"In summary, I remain of the view that HCC does not have sufficient network capacity to support the enabled densities sought by HSAA [RMA Housing Supply Act]. The effects of permitting these densities unfettered when there is insufficient existing or planned Three-Waters network infrastructure are unacceptable. Enabling land use where there is no public infrastructure to service it is inefficient and leads to poor and non-strategic infrastructure planning outcomes." (p6)*

7.3 Although I accept Council's objective to retain control over the locational distribution of growth in order to manage infrastructure investment, in my opinion a lack of infrastructure should not also be a motivation to artificially restrict growth within Commercial Centres (as opposed to restricting the intensity of development across the broader residential area).

7.4 As I have clearly outlined in my evidence, there are significant economic benefits to providing greater enablement within commercial centres to maximise their vibrancy, amenity, economic productivity and efficiency.

7.5 The apartments that could be built under the Business Height Overlay represent a distinctly different product from what is likely to be delivered elsewhere in Hamilton South. It is also limited in its scope to just approximately 1.4ha commercial centre zone. Therefore, any potential infrastructure issues could be dealt with by an infrastructure assessment when lodging the resource consent.

7.6 For these reasons, I do not believe that concerns over infrastructure should in any way preclude landowners from the opportunity of building an efficient mixed-use development in an efficient centre location.

ECONOMIC CONCLUSION

7.7 The relief currently sought by Foodstuffs includes an extension to Business Additional Height Overlay across the Glenview and Heaphy Terrace commercial centres.

7.8 The proposed relief has significantly more potential, with a willing and financially able landowner, to significantly improve the likelihood of efficient mixed-use development being undertaken within the two identified Centres.

7.9 Overall, the current relief sought by Foodstuffs in relation to the two centre zones, represents an improved economic outcome and encourages the realisation of high-density mixed-use development within Hamilton City.

Dated 24 July 2024
Timothy James Heath