COMMERCIAL & INDUSTRIAL CONSULTANTS LTD
Licensed Real Estate Agent (REAA 2008)

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Submission: Hamilton City Council plan change 12
Executive summary.

Plan Change 12 is a result of new legislation: Resource Management (Enabling Housing Supply and other matters) Amendment Act 2021.

It requires Hamilton City Councils to provide evidence of more "capacity" for housing, and this they hope, will make housing more affordable.

It is my professional opinion that they proposed plan a change 12 well not make housing more affordable or increase supply. Smart Growth also known as a Managed Growth policies that have been adopted elsewhere (both in NZ and around the world) has made housing unaffordable.

No "detailed" information has been provided for the price of "construction" (either infrastructure or housing) or what is "affordable" from an economic position. It still appears to adopt a policy of "limiting of supply". This is one of the principal drivers of housing costs.

It appears that the cost of infrastructure is the primary reason for the proposals being recommended, that being "up zoning" of predominately Ulster St Beerscourt, Forestlake and Enderley for medium and high density residential. Concerns has been raised that "up zoning "and providing infrastructure will be challenging financially.

Hamilton is already a "Compact City." That being able to commute with 20 minutes of the CBD.

The background of this legislation is critical for persons to understand its full ramifications.

In 2008 Hamilton City Council adopted a Smart Growth policy. This policy's aim was to "**limit land supply**" and give people an "**economic incentive**" to go into inner city apartment living. ie high rise or duplex.

This policy did not take consideration the "economics" of either ownership or rentals, or peoples preferred choice of housing.

In economic terms: If you limit supply of an article, and have demand the price will rise.

The current method of "limiting supply" below the "level of demand" results in prices always rising. If there is more supply, then prices would reduce.

PO Box 22, Hamilton, New Zealand. Telephone: (07) 849 7800 Mobile 021972500
E-mail: colin@cicl.co.nz

HCC only considered "their cost" , that being to provide infrastructure. Legally council is the only party able to provide "core "infrastructure.

The wider issue of community wellbeing/ a stable society was not considered. This being fundamental to as stable society.

Council was convinced they would be getting a "free ride". They would not have to spend money on additional infrastructure. By increasing density, the existing infrastructure could cope, but with limitations.

In 2008 Harrison Grierson was commissioned by council to undertake a review on the "theoretical" capacity of the city" based on zonings."

This report states that infill capacity is limited. All the easy and affordable sites had already been acquired and developed. Council cannot rely on infill housing to meet demand. Infill also has capacity limits.

Their conclusion was, in "**theory" Hamilton** had the capacity for an additional 108,000 dwellings, but subject to "infrastructure" issues, which council staff could not address.

The current approach that Hamilton is taken, is the same approach that was used in 2008. **That being "theoretical" possible**. The price of infrastructure is not included or who pays.

HCC made application to Govt in 2020/2021 for $480m just to upgrade the infrastructure in Enderley. No information has been provided into the likely cost of housing if or when the theoretical up zone has been completed.

The documents show that no part of the city has the infrastructure "capable" of accommodating the "theoretical" density as required by the legislation.

Conclusion.

The document provided do not provide a complete picture. No costing has been provided for either infrastructure, cost of construction or the likely cost of dwellings.

The report states that Hamilton is unlike to have any 6-storey apartment building within the next 10 years. Clearly there is little demand for this type of accommodation.

It takes no consideration of consumer choice or affordability.

It states that the current infrastructure network is unable to accommodate the intensification required by the legislation, regardless of location. The suggestion to "up zone", Ulster St, Beerscourt & Forestlake area (would seem unlikely taking consideration of the topography of the land) and Enderley. All these areas were developed after Hamilton East.

It is my professional opinion, that the most obvious "up zoning" area would be Hamilton East from Clyde St to Cobham Drive. This area has been designated a heritage area.
I therefore objected to this heritage status.

PO Box 22, Hamilton, New Zealand. Telephone: (07) 849 7800 Mobile 021972500
E-mail: colin@cicl.co.nz

This area has some of the most antiquated infrastructure in the city and it is likely that this area will need to be upgraded irrespective of upzoning within the next 20 to 30 years.

It has the most parks and Recreational areas. There are only limited areas of potential flooding. Importantly 56% are rented. Investors would be tempted to sell to accommodate more intense developments.

The Waikato Housing Initiative report 2019, stated that Hamilton has a shortfall of approx. 5000 houses in 2018.

Even if there was urgent action taken today on infrastructure, it would probably be 3 to 5 years before any significant uptake would be observed. That is assuming of course that the market does not have a major correction, price wise, in that time.

The government has correctly identified that it is a "supply issue" that is one of the critical reasons for housing unaffordability.

It is therefore my recommendation that consideration be given to fast tracking significantly more Greenfield land on the outside of the city for houses. With the right approach I believe sections could be available within two years. To do this Govt must instruct councils to fast-track rezoning and infrastructure capacity issues.

There is significant more work that needs to be undertaken before decision makers can make value decision.

Firstly, councilors need to be given more "factual" information on the current state of not only infrastructure but also the likely costs associated with new developments being proposed for both Peacocks and Rotokauri.

I wish to be heard at any hearings.

Colin Jones
AREINZ.

PO Box 22, Hamilton, New Zealand. Telephone: (07) 849 7800 Mobile 021972500
E-mail: colin@cicl.co.nz

To assist the reader I have precis the information provide by HCC.

Plan change 12 is a complex document. It includes 48 separate appendixes.

I believe the most relevant appendix are the following:

- 2.4 Qualifying Matters Assessment
- 2.5 Infrastructure Capacity Provisions
- 3.2 Financial contributions
- 3.4 Residential Capacity Modeling prepared by Market Economics
- 3.8 North of Hamilton city area constraints and opportunities.
- 3.9 Eastern Hamilton Area.

There is significant inconsistence between the various reports.

There are other related documents that also need to be considered.

(1) Report to Ministry of the Environment. Principal Economics. Review of Housing and Business Development Capacity Assessment of Future Proof Partners. December 2021

(2) Treasury and the Reserve Bank report. 18th August 2022 Assessment of the Housing System: with Insight from the Hamilton-Waikato area.

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(3) Formal Complaint against Future Proof Sept 2021

(4) Reply by Future Proof to Formal Complaint.

(1) **This review of the previous information provided by Future Proof to Ministry of Environment and MBIE**. It showed that the Housing and Business Assessment Modeling scored "low" (non-complying) on numerous points.
It did not address adequately Infrastructure Capacity issues, by type, size and price of houses, did not provide housing bottom line to ensure demand met supply, and did not account for Infrastructure servicing.

Policy makers could not rely on the information that Future Proof were providing.

(2) **The Treasury and Reserve Bank report stated that the reasoning for Housing affordability was primarily Planning and interest rates.**

(3) **The Formal Complaint against Future Proof**. 21st September 2021 covers a significant range of issues. These include Future Proof not complying with MPS-UDC or MPS -UD. FPP was providing misleading information to elected members and other parties, providing incomplete assessments for infrastructure provisions, and

lack of transparency and information being provided. There were significant other issues raised.

(4) **The reply by Future Proof** confirmed that they had not fully complied with their legally obligations. Many of the other issues were not addressed.

Appendix 2.4. Qualifying Matters

Most of these matters cover the likes of flood hazard areas, National Grids, peat land, Waikato Expressway. New matters are, significant natural areas, built heritage (plan change 9) Archaeological and Cultural sites, and Historical Heritage areas.

Appendix 2.5. Infrastructure Capacity provisions.

2.2.1 The NPS-UD and HSAA Requires significant up zoning of existing Hamilton residential urban areas.

1. "Increase rates of infill and redevelopment of established parts of the city raises significant issues with the capacity of three water's infrastructure to accommodate growth and the associated likelihood of additional pressure on the natural environment where existing capacity is constrained.
   There is insufficient infrastructure capacity (trunk and local networks) across much of the city to meet current demand, let alone additional demand that may be generated by the requirement of NPS-UD or MDRS."
   Development of more than three or of a density greater than one unit per 200m2 and the general residential zone or one unit in 150m2 near area and the medium density zone would trigger and infrastructure capacity assessment that considers both local and trust issues.

   2.2.2 The council's current water take is insufficient to provide for the increased plan enabled capacity of the Operative District plan let alone HSAA and the NPS -UD.
   Upgrading and expanding infrastructure to cope with additional intensification would be an expensive project that would require to span multiple decades.
   Delivering large scale infrastructure upgrades and Greenfield areas is difficult because of the significant existing development and the need to maintain services for the existing community during constructions and implementation.

   4.1 Strategic planning.

   4.2 Housing Supply. A theoretical capacity of an additional 41,000 to 141,000 dwellings within the existing Hamilton urban area could be accommodated.

   4.3 Accelerated housing supply. it is unlikely that many six story apartment buildings will be feasible in the next 10 years given limited demand. .

   4.3.1 Infrastructure provisions and brownfields development.

   The cost benefit study that accompanied HSAA noted that that additional pressure on infrastructure in existing urban areas is expensive to remedy but there is limited evidence on the infrastructure pressure which would be triggered by rezoning and subsequent undertake of development opportunities.

A lack of water infrastructure can put a handbrake on housing development.

Given the extent of issues facing Hamilton, there is a high risk of land use decisions being made without associated infrastructure funding planning or mechanisms being in place resulting in an inability to fund and deliver necessary upgrades leading to adverse effects on the natural environment"

5.1 Current state. The analysis of capacity of existing infrastructure is based on very limited population growth in the existing urban areas out to 2040.

Water supply shows consistent problems across the city related to low water pressure and inadequate local capacity.

An important conclusion of the assessment is that there may need to be assessment of all development proposals against three water infrastructure capacity as no area is free of constraints.

5.3. Current response. Councils 2021-2051 Infrastructure Strategy recognizes the need to invest in the upgrade and expansion of infrastructure. Based in the upgrading and expanding infrastructure in the years 2021-2031, $141 million has been allocated. A further $262m, 2031-2041.

Upgrading and expanding 3 waters infrastructure capacity and brownfields areas is going to be a long term and expensive project.

The current LTP allocation is likely to be inadequate in funding infrastructure.

6 Operative objectives and policies.

The release of land for Urban Development will not be allowed unless appropriate infrastructure is available, and the servicing of this land does not compromise the efficiency and sustainability of planned infrastructure.

6.2 Current methods. Current density 16 dwellings per hectare for most residential areas.

Prior to 2013 the density was 10 dwellings per hectare so infrastructure capacity is limited.

30 dwellings per ha have been identified for intensification areas.

7. Developing management options.
7.1 high level methods.
Consider placing a moratorium on all developments.
7.1.1 Density standards.
Consent by consent assessments for infrastructure capacity

Site based controls.

7.2 Spatial identifying intensification constraints. Given the current state of infrastructure this approach effectively means that any infill or redevelopment in the existing urban areas will require specific assessments.
Based on council work to date the main candidates for Brownfield areas to be excluded from an overlay and prioritized for Brownfield development/ infrastructure investments are as follows:

Central city/ walkable catchments to the CBD including 800-meter walking catchments to the central city zone but only those areas to the west of Waikato river.
Areas to the north of the central city.
Hamilton East Village areas
East of the river Fairfield -Enderly.

8.1 Health and well-being of Waikato river.

And inability to focus infrastructure pressures may increase infrastructure costs for the community through the council having to provide greater infrastructure capacity across a wide area at the same time. In reality funding infrastructure investment on this basis is ineffective and unaffordable meaning that if intensification is allowed to spread on all fronts, infrastructure investments will not keep pace, which in turn will lead to consent breaches.

8.2 Impact on housing supply and capacity.

Modeling indicates that the implication of an unqualified MDRS and policy 3 of the NPS -UD (central city walkable catchment). **Increases Hamilton's plan enable capacity to the additional 330,600 dwellings**
Fewer houses in brownfield areas in the short to medium term suggest greater pressure on Greenfield areas and possibly more displacement of growth in places like Cambridge and Te Awamutu.
Slower brownfield redevelopment may also lesson the benefits of increased housing supply for house price and agglomeration benefits. In the longer term there may be a risk that the current duplex format remains the norm in terms of infill and redevelopment and the city does not see the level of intensification sought by MDRS/ Policy 3. this would reduce the benefit identified by HSAA cost benefit study.

8.3. A well-functioning urban environment.

An important component of NPS- UD is a enabling a competitive housing market housing developments is possible across a wide range of suburbs, type of housing and price points, while there is limited barriers to the redevelopment occurring, or brownfield areas a key component is transport outcomes for intensification.

<u>For brownfield areas, I key perimeter is transport outcomes for intensification.</u>

9 Evaluations of options.

The two most likely options to address infrastructure capacity constraints are:
(1) an overlay associated with assessment measures
(2) a more general site-by-site assessment

9.2 local versus wider network capacity
9.3 water conservation
10.2 Plan. infrastructure overlay page 72 Important
10.3 Assessment triggers
10.4 Assessment matters
11 Conclusion.

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Appendix 3.4. Residential Capacity Modeling. Medium Density Residential Standards and plan change 12. Hamilton city. 3rd of August 2022. Market Economics.

1. **Market Economics is being commissioned by HCC to understand the level of capacity enabled by the proposed plan change options. The additional modeling builds on the existing original into capacity modeling undertaken in 2021 for HCC and FFP to meet the requirements of the NPS -UD.**

The report sets out the approach undertaken to model the MDRS and policy provisions and presents the city urban capacity calculations. This place the modeling capacity perimeters in relation to the proposed provisions. It is not intend to be a detailed technical report on the model capacity specifications beyond outlining the key changes and extensions to Hamilton residential capacity model used by the model MDRS/ Policy 3 . Further technical information on the structure of Hamilton residential capacity model is contained within the FPP 's housing development capacity assessment (HDCA) and tactical documents.

The plan enabled capacity results from the modeling are contained in Section 5, and commentary on the economic costs and benefits of the intensifications provisions and section 6.

3 Modelled scenarios.

scenario 1 Baseline current plan provisions.
Scenario 2 unmodified intensification provisions
Scenario 3 modified intensification provisions.

4 Approach. Technical modeling structure and parameters
4.1 capacity structure
4.2 modelled dwelling topography
4.3 plan enabled capacity
4.4 modeling density inputs
5. modeled planned enabled capacity.
5.1 scenario one baseline Karen planning provision capacity
5.2 scenario two unmodified intensification provisions

PO Box 22, Hamilton, New Zealand. Telephone: (07) 849 7800 Mobile 021972500
E-mail: colin@cicl.co.nz

It is important to note that Market Economics modeling from 2021 has been reviewed by the Ministry and is inaccurate. See Formal Complaint to Future Proof and Principle Economics report 2021.

It is also unfortunate that ME has not provided an update baseline under a section 32. Instead, they have used the 2021 information then provided a supplementary section 32 with this report.

Their 2021 housing survey is factually incorrect.

Their stated building costs at $1600m2 to $2400m2 as of 2021.

This construction cost is probably 30% below current construction costs and that is for a timber frame single storey dwelling.

No detailed analysis has been provided as to current building of costs of high-rise buildings, or the like sales price.

Their report is a" theoretical capacity" based on zoning only. No consideration has been taken of infrastructure constraints.

Scenario 1. Shows a theoretical capacity of an additional 140,600 dwellings.
Scenario 2. Shows additional capacity of 330,600 dwellings.
Scenaro 3. Shows a capacity of 233,800 dwellings

3.8 North of Central city. This is in 2 parts.

See figure 2 summary key short-term recommendations. Page 6
see figure 3 summary key strategy longer term recommendations. Page 7.

Community facilities. Page 20
Strategic policy and plan page 22
Land use and zoning page 24 one
Natural environment page 26.
Natural hazards page 29
Transport and movement page 30

3 waters page 37

Stormwater page 37.
There are existing stormwater capacity issues in the north and central city area. The primary stormwater network was **designed to low flood management standards that do not meet modern standards requirements** under the Regional Infrastructure Technical specifications was also designed with a low impervious surface assumption. The original reticulation network was **not designed for climate change impacts** and there is no attenuation system to protect streams from erosion during free rent rainfall events.

Waste water page 38.

The study area his primacy servicing the Central Interceptor which encroaches into a number of private properties along with its span from Vardon Rd across Storey Ave and Forest Lake. As of 2021 the current peak dry with a pipe utilization for the central interceptor exceeds the recommendation percentage in some locations. **Wastewater renewal in part of the areas may not be possible to achieve without abandoning existing networks segments.**

Water supply page 39.

The pump station in the study area Fairfield only has one pump which typically site configurations would provide for at least two pumps. There is no on site emergency backup for the pump station such as generation. An upgrade is proposed to the Fairfield pump station **but not funded into the long term allocation for this grade in the 2021 to 2031 LTP.**

They residential population density used in current strategic master planning for water ranges up to a maximum of 45 persons a hectare or 16.7 houses a hectare. These maximum values only apply to Greenfield areas with brownfields locations covering by this area being less. As such infrastructure planning currently utilizing population data is less than the current planned enabled capacity and is far less than NP Sud zoning change.

Part 2 Constraints and opportunities.

Constraints page 41.

Existing stormwater network are insufficient for intensification page 45.
Treatment of stormwater runoff in all the urban areas pre 2000 currently discharged pollutants into the local waterways into the Waikato River. **Retrofitting the existing stormwater reticulation network or providing a dedicated stormwater management solution that's costly and challenging within the brownfield areas due to land acquisition requirements networks have not been designed to service increased levels of development anticipated by NPS-UD.**

Existing wastewater network is undersized for possible density.

The current wastewater infrastructure network including the Pukete wastewater treatment plant in the study area will not be able to support service the density outlined by NPS-UD, and the existing overflow and related issues are expected to **exacerbated if comprehensive and significant buildings of new infrastructure and upgrading on the existing infrastructure is not undertaken.**

Part 3. Key moves.

Key move one. Building thriving communities to support a corridor of growth page 60.

Key move two. Movement interventions to support safe and accessible streets for all mode users.

Key move three. Unlock the cultural and ecological value of the river's edge.

key move four. Blue-green corridor.

Key move 5. Establish a heart of the Waitawhiriwhiri Community.

part 4. Recommendations.

Recommendations are complex. Some overlay with others or are co-dependent and need to be undertaken at the same time. Some actions may be cost effective to implement, but then have expensive knock on costs. For example a rezoning of land resulting in redevelopment that causes significant infrastructure improvement costs. The costs identified as part of the recommendations do not consider knock on costs or ongoing operational costs.

Recommendations are not necessarily funded in the current or future LTP and are not guaranteed to happen.

Figure 67 proposed short term land use concept maps page 68. Important
figure 67 proposed long term land use concept map page 69. Important

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Appendix 3.9 Eastern Hamilton area plan. This area covers Fairfield, Claudeland and Hamilton East.

Figure 1 Map. Important
Figure 2 Short Term Land Use Recommendations. Important
Figure 3 Summary- Long Term Land Use recommendations.
Existing situation 560ha. Dey St in east and Clarkin Rd in North. Cobham Drive in south.
People & Community. Page 14 Important.
Community Facilities page 16. Important
Figure 7. Local parks etc
Land use & zoning page 19
Figure 17. Land Use & zoning map Important

Natural Environment page 26.
Three Waters page 30.
Storm water. The existing network in older urban areas is under capacity and will not allow for increased intensification. Getting to and upgrading these networks will become challenging and costly.
Wastewater historically wastewater guidelines were not applied to wastewater treatment systems. Wastewater renewal in part of this area may not be possible **to** achieve. The current wastewater infrastructure network will not be able to support the density outlined by the NPS.
Water supply water supply in this area meets current design standards. The only exception is the Fairfield pumpstation that only has one pump and there is no funding allocation for an upgrade.

Strategic policies and planning page 32.

Part 2 Constraints and opportunities.
Contiguous areas of historical heritage.

Hamilton a central city is within 800 meters walking of the central city and the development should not undermine the ongoing revitalization of the CBD.
Limited social infrastructure provisions. This area contains many schools medical centers and other community facilities.
Natural hazards some areas are subject to flooding. Given the age of infrastructure it is likely these will have to be upgraded.
Stormwater management.
The network and older suburban areas is under capacity compared with current modern day standards.
Current Wastewater infrastructure network will not be able to support the density invested by NPS-UD.

PO Box 22, Hamilton, New Zealand. Telephone: (07) 849 7800 Mobile 021972500
E-mail: colin@cicl.co.nz