

---

**FW: HCC/ High rise developments?**

---

Colin Jones <colin@cicl.co.nz>  
To: Glenda Morrissey <glenda.morrissey@gmail.com>

Fri, Feb 20, 2026 at 5:13 PM

You are free to use or pass on.

Kind Regards

Colin Jones

AREINZ

Director

Mobile 021 972 500

PO Box 22 Hamilton NZ

Office 07 849 7800

A/Hrs Ph 07 849 4420 Email: colin@cicl.co.nz

The information contained in this electronic mail message is confidential and may be legally privileged. It is intended solely for the addressee. Access to this internet electronic mail message by anyone else is unauthorised. If you are not the intended recipient, any disclosure, copying, distribution or any action taken or omitted to be taken in reliance on it is prohibited and may be unlawful. If you are the intended recipient the author requires you obtain his permission prior to forwarding it via email or printing and distributing it to any other parties. Commercial & Industrial Consultants Limited accepts no responsibility for any effect this email message or attachments has on the recipient network or computer system.

**From:** Mark Rawson <Mark.Rawson@kaingaora.govt.nz>  
**Sent:** Friday, 12 July 2024 3:11 pm  
**To:** Colin Jones <colin@cicl.co.nz>  
**Subject:** RE: HCC/ High rise developments?

Kia Ora Colin,

Yep we did, it was verbally given the commercially sensitive nature of the sites location and the engagement at the time we were in with the vendor.

For your information, in summary:

- We explored a roughly 0.6ha site, in the main part of the CBD, with a proposed acquisition cost of between \$7.1-7.4m
- Our Architects looked at many options and we undertook two assessments at a yield of 70 and 100 units, with financial feasibilities modelled 1-3 bedroom apartments with sales values ranging from: 1 bed (\$660K); 2 bed (\$880K); 3 bed (\$1.25m)
- The 100 unit option had a total development cost of CIRCA \$90mil @25% developer margin = a loss of CIRCA \$25mil
- The 100 unit option had a total development cost of CIRCA \$90mil @10% developer margin = a loss of CIRCA \$18mil
- The 70 unit option was way worse.
- When we looked at a significantly reduced yield at 3 story walk-up and it was pretty close to breakeven?

While I realise not what you were wanting, hopefully that is a little bit helpful?

Ngaa mihi

Mark



## Mark Rawson

Regional Director Waikato

Mobile: 021 354 558

Freephone: 0800 801 601 | Mainline: (04) 439 3253 | Kāinga Ora – Homes and Communities

PO BOX 2628 Wellington 6140 | New Zealand Government | [www.kaingaora.govt.nz](http://www.kaingaora.govt.nz)

**From:** Colin Jones <colin@cicl.co.nz>  
**Sent:** Tuesday, July 9, 2024 8:30 AM  
**To:** Mark Rawson <Mark.Rawson@kaingaora.govt.nz>  
**Subject:** HCC/ High rise developments?

CAUTION: External email. Do not click or open attachments unless you recognise the sender and know the content is safe. If unsure use the Report Phishing button.

Hi, U recently said you had told HCC staff that it was uneconomical to undertake high rise above 3 levels currently. Was this verbally or in writing. ? If in writing are u able to provide or refer me to the documentation. Thanks

Kind Regards

Colin Jones

AREINZ

Director

Mobile 021 972 500

PO Box 22 Hamilton NZ

Office 07 849 7800

A/Hrs Ph 07 849 4420 Email: [colin@cicl.co.nz](mailto:colin@cicl.co.nz)

The information contained in this electronic mail message is confidential and may be legally privileged. It is intended solely for the addressee. Access to this internet electronic mail message by anyone else is unauthorised. If you are not the intended recipient, any disclosure, copying, distribution or any action taken or omitted to be taken in reliance on it is prohibited and may be unlawful. If you are the intended recipient the author requires you obtain his permission prior to forwarding it via email or printing and distributing it to any other parties. Commercial & Industrial Consultants Limited accepts no responsibility for any effect this email message or attachments has on the recipient network or computer system.

Please:

- (1) reply promptly to that effect, and remove this email, any attachment and the reply from your system;
- (2) do not use, disclose or act on this email in any other way. Thank you.



17 February 2026

### **Submission to RMA / HCC Development Contribution Policy**

HCC has its own unique Development Contributions policy which has been developed over many yrs. DC are being replaced by **Development Levies** as per Govt directives within the RMA reforms.

These reforms will also effect: Simply Local Govt, Infrastructure Funding and Financing and Going for Growth legislation.

HCC submissions to Central Govt 12.2.2026 identified that HCC had received \$250 m in DC revenue income. What was not disclosed, **there is a \$350 m shortfall between the modelling projected income** and what was received in the yrs 2019 – 2025.

**The Ministry has requested submissions on HCC Development Contribution Policy as part of the RMA changes.**

Under the National Policy Statement – Urban Development Capacity 2016 (NPS -UDC) HCC economic adviser Market Economic used a **theoretical capacity** assessment **based on zoning** rather than Infrastructure Constraints, as required by NPS -UDC.

NPS -UD 2020 required Infrastructure Constraints to be considered. Once again ME used a **theoretical capacity** based on zoning.

HCC, s current DC policy was/ is based around a **theoretical zoning capacity**, not infrastructure capacity, and **no consideration has been taken of what is commercially feasible**. ie what the market requires.

There has never been a **reconciliation of the demand projection with the outcomes**.

**HCC is proposing to roll over (for want of better works) the current DC policy into a development levy policy. Staff reports. 12.2.2026.**

**I am aware of some of the proposed changes, but these will not address the many shortcomings of the current policy.**

HCC and ME have never reconciled the **theory with commercially feasible**.

**The DIA “Going for Growth” requires alignment with Future Development.**

**Purpose and principal : To enable territorial authorities to recover from Developments the cost of capital expenditure necessary to provide capacity for growth.**

HCC approach has been to forecast population growth for up to 100 yrs. HCC is assuming that population in the area Taupiri in the north, Te Awamutu and Cambridge in the south with Hamilton in the centre will have 633,000 persons by 2130.

**This is about 400,000 more than the current combined population.**

**The Fundamental Flaws with HCC the current DC approach (being mainly rolled over into the Development Levy proposal) are:**

- Demand projections compared with **commercially feasibility** not undertaken.
- DPA agreement between HCC and developers provide capacity projections needs to be **compared with what the market can afford ( affordability) and what type of dwelling are require.**
- Capex underestimated, resulting in debt incurred by HCC. Ultimately being charged to either users or ratepayers
- Timing of DC payments from developers. HCC bears all the cost “up front” but little \$ until development complete.
- no annual inflation adjustments to original forecast.

**HCC modelling needs to address these shortfalls to be fit for purpose.**

In addition to the above flaws, the modelling generates “growth projections” based on a *compact city model* (Smart Growth) that HCC adopted about 15 yrs ago. This assumed growth will be predominately in and around the CBD (Plan Change 12) or with infill developments.

Plan Change 9 limits growth with “heritages overlays” and more recently with “infrastructure constraints.”

HCC model has both city wide and local network components.

#### **Policy Flaws.**

- (a) DC revenue isn't collected until a development is completed. This **timing issue** means HCC and ratepayers are covering all the costs up front for **city wide charges** for many years.
- (b) Rotokauri started in 2014 with capacity of 6700 dwellings but only 276 permits granted since 2013.
- (c) Peacocks started being developed in 2018 with capacity of 8400 dwellings but only 504 permits granted since 2018.
- (d) CBD is not currently commercially feasible to develop apartments. Only 295 permits granted since 2013.

The sewerage line along Wairere Drive cost over \$50m. It was designed for over 8000 dwellings predominately in Peacocks. But with limited growth in Peacocks the DC revenue can't pay the capital costs. Hence the deferral of the \$4.5 m repayment pa of capital to Govt for the HIF loan.

Developers pay for Local Network **within their development area** which is transferred to HCC at **no costs** on the basis that HCC will maintain. This network asset is then incorporated

into the balance sheet, giving the appearance of "equity" but is **actually a long term maintenance liability.**

Over the last 13 yrs HCC has been entering into Private Developer Agreements with **confidential agreements**. It is hard to understand if these discounts are being adequately addressed in the financial forecasts as the **agreements are confidential.**

- (a) These PDA often require Developers to upgrade other services, like stormwater and sewerage lines to allow for future developments.
- (b) HCC attempts to add **extra capacity** at marginal costs via the PDA
- (c) HCC **assumes the demand** from these developments for the purposes of setting local charges. These DC charges are often too low because of underestimation. This is a significant source of revenue leakage in growth cells such as Ruakura.
- (d) These PDA often offer **discount** to the developer for the local network charges in their area. The HCC has a remittance policy for DC in the CBD. Even with this remittance little development has taken place because it is not commercially feasible.

The Long-Term Plan (LTP) forecasts are approximately 30% inaccurate because of the various revenue leakages caused by the flaws in the HCC annual growth projections.

#### **Modelling Flaws**

HCC is aware that the model outputs do not provide for the recovering of the DC capex as they plan to increase borrowing.

The DC Model relies on the generation of a starting balance for each project. These starting balances are generated by taking account of historical DC Capex and Nett off an estimate of historical revenue received. This method is designed to take account of leakages but is obviously failing.

**The modelling takes no consideration of what is commercially feasible.**

**Therefore, the modelling is flawed when considering demand.**

HCC, s **incorrect** assumption has assumed that people come to Hamilton as there is no alternative.

The **correct assumption** is that consumers have a choice. Outlying towns offer lower cost options.

#### **Conclusion.**

Rather than HCC rolling over the existing policy consideration should be given to adopting a new / modified policy that addresses all the shortfall.

Other local authorities have their own policies that is better suited.

**Possibly a National Guideline by regulation is required. That would minimise council ability to massage their interpretation of the rules.**

Are all current proposals necessary like the Ruakiwi water tower?

Council needs to consider the economic consequence (affordability ) of any policy.