

# PROPERTY **E**CONOMICS



**WCC CAPACITY MODELLING**

**CHARACTER AREAS AND**

**KILIBIRNE HDRZ MEMO**

**Client:** Wellington City Council

**Project No:** 52144

**Date:** February 2023

22 February 2023

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## ECONOMIC MEMORANDUM

To: Joshua Patterson

Principal Advisor

District Planning Team

Wellington City Council

RE: Adjustments to Wellington City Capacity Modelling on Officer Recommended Character Areas and HDRZ around Kilbirnie Commercial Centre.

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### INTRODUCTION

Property Economics was engaged by Wellington City Council (WCC) to assess feasible residential and business capacity within Wellington City. This included an assessment of the economic impacts of Qualifying Matters (QFM).

Following this report, the Council's S42A report has recommended an extension of the Character Areas QFM. Additionally, the Kilbirnie centre is identified as a Metropolitan Centre Zone and as such would typically require a High-Density Residential Zone around the Centre. However, the Council has identified the area as having significant natural hazards and have therefore tempered the level of intensification that is permitted in the area.

This report outlines the impact on capacity of the increase in Character Areas and the impact on capacity on having the surrounding residential area around the Kilbirnie Centre as a High Density Residential Zone.

## CHARACTER AREAS

Figure 1 below outlines the changes recommended by the planning officer on Character Areas within Wellington City. In the Proposed District Plan, the Council's character precinct's totalled 85ha. The officer's recommendations will add an additional circa 50ha to this total area leading to a new total extent of 135ha. Most of these areas are an extension on the existing character overlay defined in the PDP.

**TABLE 1: CHANGE IN CHARACTER AREAS COMPARISON**

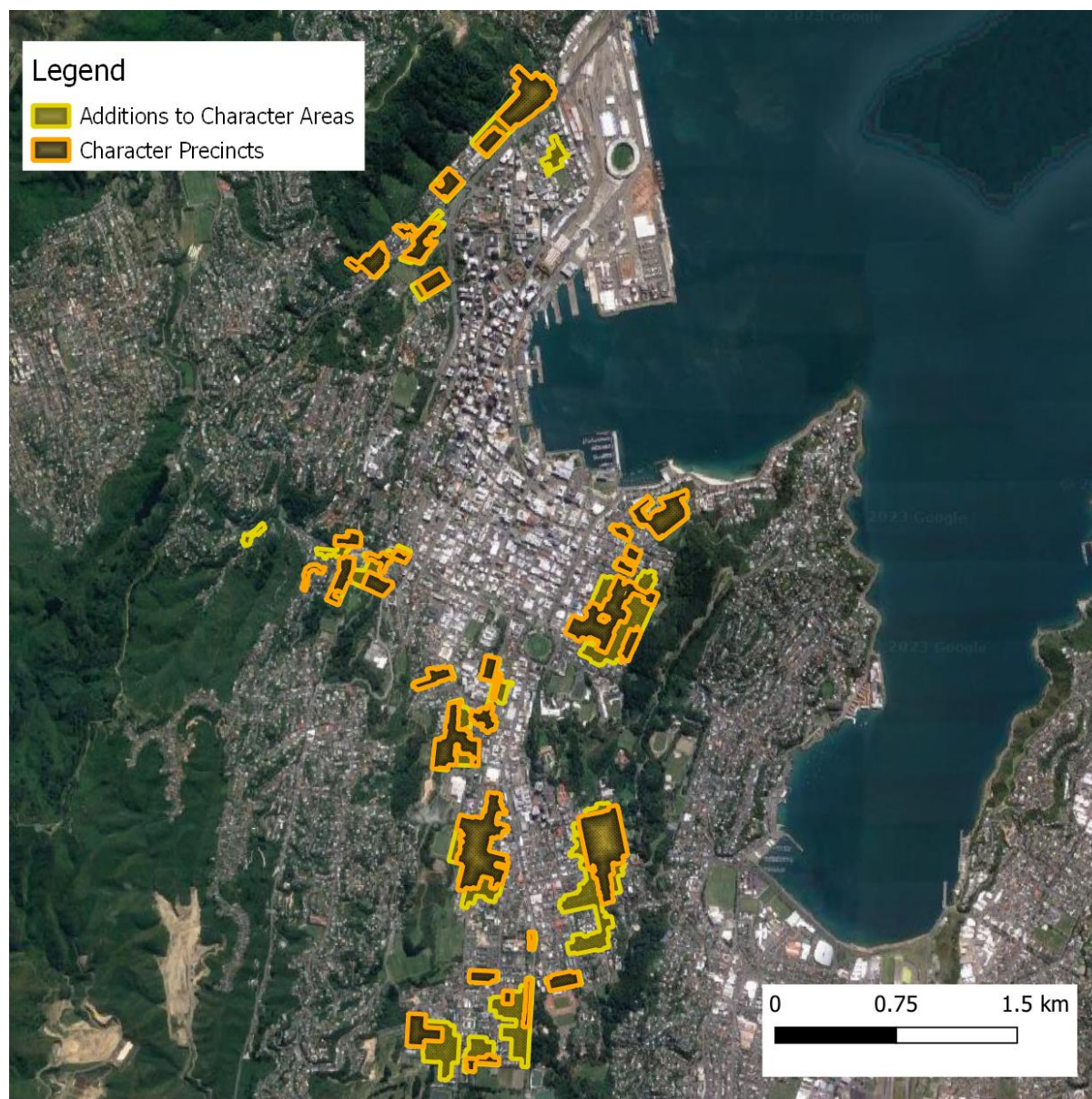
Character Area/Precinct	ODP Area (ha)	PDP Area (ha)	% change ODP to PDP	S42A Recommendation Area (ha)	% change ODP to s42A
Thorndon	44.0	17.5	-60%	23.1	-48%
Mt Victoria	49.8	18.2	-64%	27.6	-45%
Mt Cook	26.4	11.1	-58%	14.4	-45%
Newtown	93.9	24.7	-74%	38.9	-59%
Berhampore	47.6	6.7	-86%	20.1	-58%
Aro Valley	27.6	7.3	-74%	10.4	-62%
Holloway Road	12.3	0.0	-100%	0.6	-95%
The Terrace	5.6	0.0	-100%	0.0	-100%
Kelburn	0.0	0.0	N/A	0.0	N/A
<b>Total</b>	<b>307.2</b>	<b>85.4</b>	<b>-72%</b>	<b>135.0</b>	<b>-56%</b>

Source: WCC

Figure 1 shows a map of the existing character precincts under the PDP and the additional areas recommended by the S42A.



**FIGURE 1: S42A RECOMMENDATIONS ON CHARACTER AREAS**



Source: Property Economics, WCC, Google Maps

These new character areas were then applied to the Residential and Business capacity model.

Table 2 below shows the comparison on total impact for the character areas. That is, the impact the Character Area QFM has on total capacity in absence of any other QFM. This shows that the impact on Feasible capacity moves from 1,637 dwellings to 2,531, an additional 894 lost dwellings.

It also shows that the additional lost Realisable Capacity of 797 is greater than the original impacts on Realisable Capacity of 685 for the PDP defined character areas. This indicates that the realisation

rate of capacity in the additional character areas is relatively higher than the existing PDP Character Areas.

Table 3 shows the comparison of total capacity after taking into account all of the QFM. This shows a slightly smaller impact of the additional character areas due to overlaps (i.e. sites that are affected by multiple QFM) with a total impact of 685 dwellings on the Realisable Capacity.

**TABLE 2: COMPARISON OF IMPACT ON TOTAL CAPACITY OF THE PDP AND S42A RECOMMENDED CHARACTER AREAS**

Impact Comparison		Theoretical	Apartment	Standalone	Terraced	Total
Feasible	PDP	-7,551	-761	-31	-845	-1,637
	S42A	-9,059	-1,274	-35	-1,222	-2,531
	Difference	-1,508	- 513	- 4	- 377	- 894
Realisable	PDP	-7,551	68	-32	-721	-685
	S42A	-9,059	-357	-67	-1,058	-1,482
	Difference	-1,508	- 425	- 35	- 337	- 797

**TABLE 3: COMPARISON OF TOTAL CAPACITY AFTER TAKING INTO ACCOUNT ALL QFM.**

All QFM	New Character Areas	Theoretical	Apartment	Standalone	Terraced	Total
Feasible	PDP	226,232	22,749	16,072	40,349	79,170
	S42A	225,003	22,285	16,068	39,998	78,351
	Difference	-1,229	- 464	- 4	- 351	- 819
Realisable	PDP	226,232	15,639	19,350	26,761	61,750
	S42A	225,003	15,273	19,325	26,476	61,074
	Difference	-1,229	- 366	- 25	- 285	- 676

Source: Property Economics, WCC

Tables 4 and 5 following show the new cumulative impact of all QFM's with the updated Character Areas. Table 4 shows the net positions with and without the Commercial Adjustments.

The Commercial Adjustments the proportional split of total developable capacity that is expected to be residential within the commercial zones. The proportions used are included in Appendix 1. Both positions are shown below as in the case of insufficient residential supply, the demand for residential

dwellings in the commercial areas will be higher, resulting in a greater proportion of commercial capacity being utilised. This would push the total capacity potential closer to the total scenario.

Table 4 and 5 below shows that the additional Character Precincts do not materially decrease the level of capacity sufficiency. Compared to the previous QFM impacts table, the required uptake of the with all QFM's scenario is still only 51%, meaning capacity is almost double that of the expected demand for the next 30 years.

**TABLE 4: TOTAL QFM IMPACTS WITH NEW S42A RECOMMENDED CHARACTER AREAS**

	Capacity Overview	Theoretical	Feasible (Max Profit)	Realisable
<b>Total</b>	Capacity without QFM's	271,794	102,012	81,096
	Capacity with All QFM	226,232	78,351	61,074
	Total QFM Impact on Capacity	45,562	23,661	20,022
<b>Commercial Adjusted</b>	Capacity without QFM's	239,025	77,478	62,979
	Capacity with All QFM	207,170	64,070	50,382
	Total QFM Impact on Capacity	31,855	13,408	12,597

Source: Property Economics, WCC

**TABLE 5: COMPARISON OF CAPACITY SUFFICIENCY WITH AND WITHOUT**

Wellington City Residential Sufficiency		Dwelling Demand	Realisable Dwellings	Required Uptake
<b>Total</b>	Without any QFM's	31,242	81,096	39%
	With All QFM's	31,242	61,074	51%
<b>Commercial Adjusted</b>	Without any QFM's	31,242	62,979	50%
	With All QFM's	31,242	50,382	62%

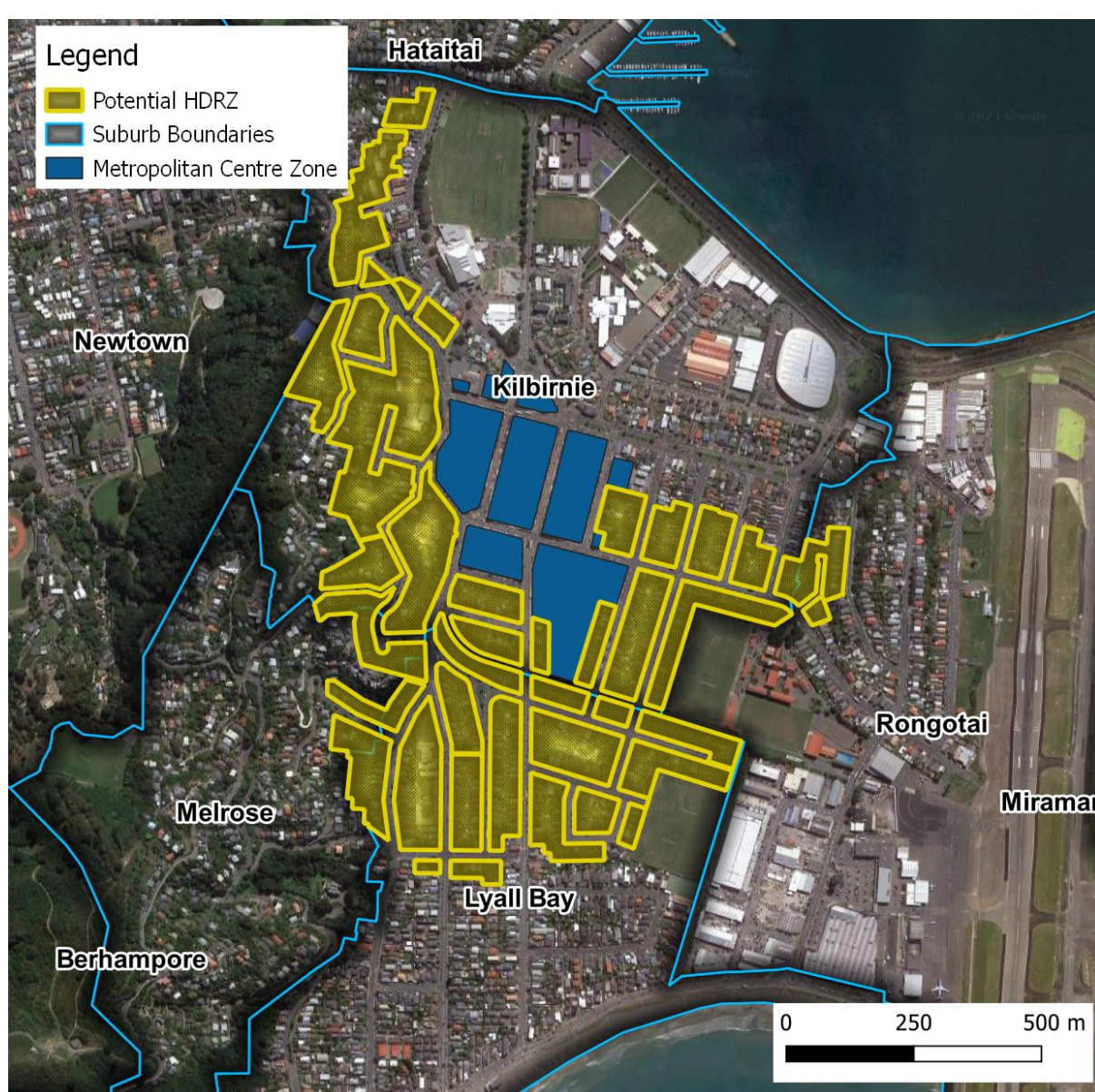
Source: Property Economics, WCC



## KILBIRNIE HIGH DENSITY RESIDENTIAL ZONE

Figure 2 shows the potential High Density Residential Zone around the Kilbirnie Metropolitan Centre (which is highlighted in blue on the below figure). Notes on the methodology used in assessing the change in theoretical capacity on the sites is outlined in Appendix 2

**FIGURE 2: POTENTIAL HIGH DENSITY RESIDENTIAL ZONE AROUND KILBIRNIE**



Source: Property Economics, WCC, Google Maps

The two tables below show the impact of the Kilbirnie HDRZ on both the No QFM scenario and the all QFM scenario. Although the QFM (mainly Hazard) does reduce the theoretical capacity potential

of the area from almost 4,000 dwellings to around 3,400 dwellings, the number of feasible and realisable apartments in the area increases under the All QFM scenario. This is indicative of the apartments in Kilbirnie being worth slightly more in the model when other apartment sites are removed (due to the QFM's). It also indicates that the QFM affected sites were predominately not the sites that were feasible or realisable.

Appendix 3 shows a map of the hazard areas within the High Density Residential Zone.

**TABLE 6: IMPACT OF THE KILBIRNIE HIGH DENSITY RESIDENTIAL ZONE ON CAPACITY FOR THE WITHOUT QFM SCENARIO – COMMERCIAL ADJUSTED RESULTS**

No QFM	Kilbirnie HDRZ	Theoretical	Apartment	Standalone	Terraced	Total
Feasible	Without	239,111	13,299	17,870	46,309	77,478
	With	243,108	14,654	17,876	46,364	78,894
	Difference	+ 3,997	+ 1,355	+ 6	+ 55	+ 1,416
Realisable	Without	239,111	8,191	22,153	32,635	62,979
	With	243,108	8,346	22,172	32,630	63,148
	Difference	+ 3,997	+ 155	+ 19	- 5	+ 169

**TABLE 7: IMPACT OF THE KILBIRNIE HIGH DENSITY RESIDENTIAL ZONE ON CAPACITY AFTER ACCOUNTING FOR ALL QFM SCENARIO COMMERCIAL ADJUSTED RESULTS**

All QFM	Kilbirnie HDRZ	Theoretical	Apartment	Standalone	Terraced	Total
Feasible	Without	208,399	8,468	16,072	40,349	64,889
	With	211,788	10,163	16,046	40,389	66,598
	Difference	+ 3,389	+ 1,695	- 26	+ 40	+ 1,709
Realisable	Without	208,399	4,956	19,350	26,761	51,067
	With	211,788	5,243	19,350	26,756	51,349
	Difference	+ 3,389	+ 287	+ 0	- 5	+ 282

Source: Property Economics, WCC

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

Kind Regards

Tim Heath / Phil Osborne



## APPENDIX 1– COMMERCIAL ADJUSTMENTS

The proportions used for this Commercial and Residential Split were provided by Urban Edge and are as follows:

- Metropolitan Centre Zone: 80% Commercial and 20% Residential
- Mixed Urban Zone: 60% Commercial and 40% Residential
- Central City Zone (Wellington Central): 90% Commercial and 10% Residential
- Central City Zone (Te Aro): 70% Commercial and 30% Residential
- Local Centre Zone: 70% Commercial and 30% Residential
- Neighbourhood Centre Zone: 70% Commercial and 30% Residential.

## APPENDIX 2 – MODELLING METHODOLOGY

The provisions in the PDP that enable up to six storey apartments in the HDRS only apply to multi-unit development (more than three dwellings on a site) which requires a Restricted Discretionary Consent. Otherwise, the permitted development baseline has the same standards as the Medium Density Residential Standards.

For the purpose of assessing the theoretical potential of the upzoned sites, only the Comprehensive Redevelopment options have been assessed as HDRZ with the existing infill options under the Urban Edge Modelling being retained. On inspection, few sites in the proposed HDRZ had sufficient backyard space that would feasibly enable multi-storey apartments being built without the removal of the existing dwelling.

In both cases, the potential apartment comprehensive redevelopment capacity has been assessed in accordance with the 8m60° height in relation to boundary standards for all non-road boundaries up to the 21m height limit. Additionally, the lower 5m60° recession plane has been modelled on boundaries adjacent to the MDRZ, Schools, Heritage sites and Wellington Town Belt Zone.

### APPENDIX 3 – MAP OF HAZARDS AROUND KILBIRNIE

