

PROPERTY ECONOMICS



WCC CHARACTER AREAS

CAPACITY MODELLING

OF ALTERNATIVES

Client: Wellington City Council

Project No: 52144

Date: May 2023

29 May 2023

ECONOMIC MEMORANDUM

To: Joshua Patterson
Principal Advisor
District Planning Team
Wellington City Council

RE: Comparison of the Effect on Wellington's Feasible Residential Capacity from Character Precincts between the Operative and Proposed District Plan, areas suggested through submissions and Section 42A recommendations

INTRODUCTION

Property Economics has been engaged by Wellington City Council (WCC) to assess feasible residential and business capacity within Wellington City. This included an assessment of the impacts of Qualifying Matters (QFM) on residential capacity. The outcomes of this analysis were presented to the Proposed District Plan (PDP) Hearing Panel as part of Hearing Stream 1

Following this report, the Council's Section 42A report for Character Precincts as part of Hearing Stream 2 recommended an extension of the Character Precincts QFM to which Property Economics provided a memo in February 2023¹ assessing the impacts on capacity. This memorandum updates this previous memorandum to include a comparison against the Operative District Plan Character Areas and additional areas suggested by submitters.

¹ WCC Capacity Modelling Character Areas and Kilbirnie HDRZ Memo – February 2023

CHARACTER PRECINCTS

Table 1 below outlines the area covered by the Character Precincts under the five different scenarios. In the Operative District Plan, the Character Areas covered a total of 307.2 ha. This was reduced to almost a quarter (85ha) in the notified Proposed District Plan.

The changes recommended by the reporting officer through the Section 42A report add circa 50ha to this total area leading to a new total extent of 135ha.

Property Economics was also provided with a geospatial layer showing areas recommended to be Character Precincts by submitters. This adds a further 55ha to the total character area extent. Table 1 shows the total Character Area extent increases to 190ha after including both the recommendations made in the Section 42A report and the areas recommended by submitters.

TABLE 1: CHANGE IN CHARACTER AREAS COMPARISON

Character Area/Precinct	ODP Area (ha)	PDP Area (ha)	S42A Recommendation Area (ha)	PDP plus Submission Areas	S42A plus Submission Areas
Thorndon ²	44	17.5	23.1	24.6	30.2
Mt Victoria	49.8	18.2	27.6	25.0	34.4
Mt Cook	26.4	11.1	14.4	16.5	19.8
Newtown	93.9	24.7	38.9	33.0	47.2
Berhampore	47.6	6.7	20.1	11.9	25.3
Aro Valley	27.6	7.3	10.4	14.3	17.4
Holloway Road	12.3	0	0.6	3.5	4.1
The Terrace	5.6	0	0	3.3	3.3
Kelburn	0	0	0	3.5	3.5
Wadestown	0	0	0	4.6	4.6
Total	307.2	85.4	135	140.4	190.0

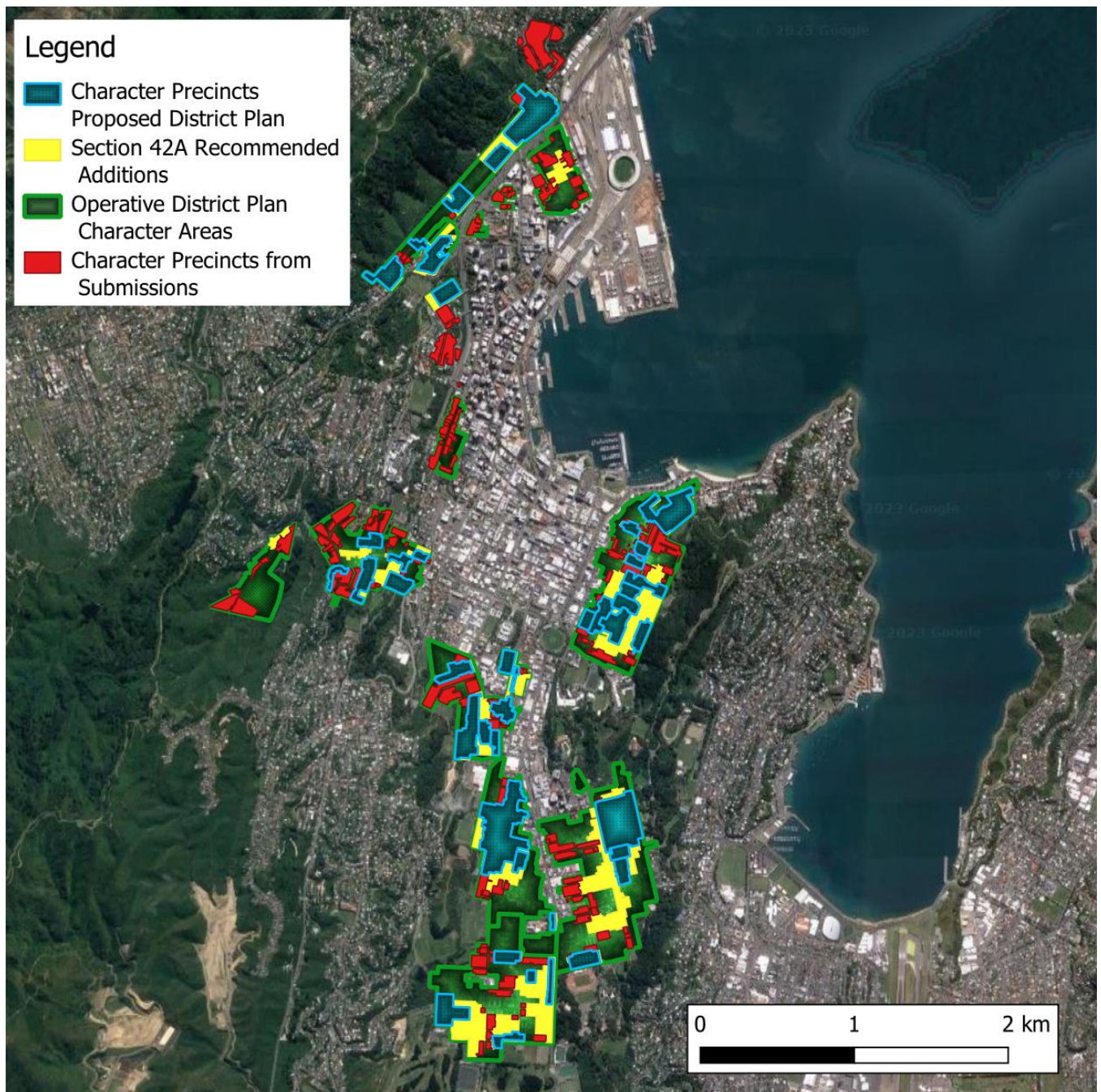
Source: WCC, Property Economics

The Character Precincts in both the PDP and Section 42A recommended areas were Character Areas under the Operative District Plan. This is also true for most of the areas recommended by submitters. The two exceptions to this are 3.5ha just north of Kelburn Park and 4.6ha at the southernmost edge of Wadestown.

² To keep consistent with the table provided by Council this includes the Character Precinct in Kelburn next to Anderson Park. The area in the Submission Areas marked as Kelburn represent just the additional areas that were not included within the original ODP. This is also true of the suburb breakdown in Table 4 and Table 5.

This is highlighted in Figure 1 which shows the geospatial distribution of the existing Character Areas in the ODP, the reduced areas in the notified PDP and the additional areas recommended by the Section 42A report.

FIGURE 1: MAP SHOWING THE GEOSPATIAL EXTENT OF THE FOUR CHARACTER AREA SCENARIOS



Capacity Model to assess their impacts on Feasible and Realisable Capacity.

Table 2 following shows the comparison on total impact for the Character Precinct capacity. This shows the total impact of each scenario in absence of any other QFM and the net additional impact from the PDP baseline. This PDP baseline has a Feasible capacity impact of 1,637 dwellings.

Table 2 shows that the Section 42A recommendations result in the smallest net additional impact of 2,531 dwellings, with this increasing to 3,597 when including the areas suggested by submitters, and 6,631 under the ODP.

The additional areas recommended in the submissions cover only a slightly larger geospatial extent than the S42A recommended areas but have a significant larger impact on all three measures of residential capacity. This indicates that the areas covered by the submissions have more development capacity potential.

In total, the combination of including the additional recommended Character Precincts in the PDP (PDP + S42 + Sub) is a total loss in Realisable capacity of 2,756 dwellings. This is about four times greater than the loss from just the PDP Character Precincts.

TABLE 2: COMPARISON OF IMPACT ON TOTAL CAPACITY OF THE CHARACTER AREA QFM BETWEEN THE FOUR SCENARIOS

All QFM	Character Areas	Theoretical	Apartment	Standalone	Terraced	Total
Feasible	PDP	-7,551	-761	-31	-845	-1,637
	PDP + S42A	-9,059	-1,274	-35	-1,222	-2,531
	PDP + Sub	-11,597	-1,915	-112	-1,570	-3,597
	PDP + S42 + Sub	-13,105	-2,428	-116	-1,947	-4,491
	ODP	-15,970	-3,702	-414	-2,515	-6,631
	PDP -> S42A	-1,508	-513	-4	-377	-894
	PDP -> Sub	-4,046	-1,154	-81	-725	-1,960
	PDP -> Sub + S42	-5,554	-1,667	-85	-1,102	-2,854
	PDP -> ODP	-8,419	-2,941	-383	-1,670	-4,994
Realisable	PDP	-7,551	68	-32	-721	-685
	PDP + S42A	-9,059	-357	-67	-1,058	-1,482
	PDP + Sub	-11,597	-469	-129	-1,361	-1,959
	PDP + S42 + Sub	-13,105	-894	-164	-1,698	-2,756
	ODP	-15,970	-1,527	-527	-2,177	-4,231
	PDP -> S42A	-1,508	-425	-35	-337	-797
	PDP -> Sub	-4,046	-537	-97	-640	-1,274
	PDP -> Sub + S42	-5,554	-962	-132	-977	-2,071
	PDP -> ODP	-8,419	-1,595	-495	-1,456	-3,546

Source: Property Economics

The impact of keeping the existing ODP areas is the highest by a large margin, which was expected given its geospatial extent covers over 300ha or more than three times that of the notified PDP. Table 2 shows that the loss in Feasible and Realisable Capacity increases by over 400% and 600% respectively when compared against the PDP with the impact on realisable capacity increasing to 4,231 dwellings.

Table 3 shows the comparison of total capacity after taking into account all of the QFM. This shows a smaller impact of the additional character areas in all scenarios due to overlaps.

The difference this overlap makes to the net impact on realisable capacity is somewhat similar on a proportional level between the scenarios ranging from a 15% reduction for the Section 42A scenario to a 21% reduction for the Submissions scenario.

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

All QFM	Character Areas	Theoretical	Apartment	Standalone	Terraced	Total
Feasible	PDP	226,232	22,749	16072	40,349	79,170
	PDP + S42A	225,003	22,285	16068	39,998	78,351
	PDP + Sub	223,232	21,899	16223	39,636	77,758
	PDP + S42 + Sub	222,003	21,435	16219	39,285	76,939
	ODP	219,739	19,602	15,737	38,861	74,200
	PDP -> S42A	-1,229	-464	-4	-351	-819
	PDP -> Sub	-3,000	-850	151	-713	-1,412
	PDP -> Sub + S42	-4,229	-1,314	147	-1064	-2,231
	PDP -> ODP	-6,493	-3,147	-335	-1488	-4,970
Realisable	PDP	226,232	15,639	19,350	26,761	61,750
	PDP + S42A	225,003	15,273	19,325	26,476	61,074
	PDP + Sub	223,232	15,082	19,484	26,174	60,740
	PDP + S42 + Sub	222,003	14,716	19,459	25,889	60,064
	ODP	219,739	14,298	18,950	25,530	58,778
	PDP -> S42A	-1,229	-366	-25	-285	-676
	PDP -> Sub	-3,000	-557	134	-587	-1,010
	PDP -> Sub + S42	-4,229	-923	109	-872	-1,686
	PDP -> ODP	-6,493	-1,341	-400	-1,231	-2,972

Source: Property Economics

Table 4 and 5 break down the impact of the Character Precincts by suburb for Theoretical and Realisable Capacity respectively. This has been undertaken on the capacity assessment after all other QFM's have been taken into account. Consequently, the impact of the Section 42A area on Holloway Road is minimal as most of the affected sites are also affected by the Hazard Overlay.

TABLE 4: ADDITIONAL IMPACTS ON THEORETICAL CAPACITY BY SUBURB AFTER OTHER QFM'S HAVE BEEN TAKEN INTO ACCOUNT

Theoretical Capacity Impacts	ODP Area	PDP Area	S42A Recommendation Area	PDP plus Submission Areas	S42A plus Submission Areas
Thorndon	3,119	490	1,044	1,744	2,298
Mount Victoria	1,710	1,311	1,502	1,558	1,749
Mount Cook	1,207	1,084	1,078	1,244	1,239
Newtown	3,939	2,299	2,575	2,539	2,815
Berhampore	1,199	509	699	632	822
Aro Valley	1,508	937	956	1,233	1,252
Holloway Road	334	0	4	144	148
The Terrace	107	0	0	31	31
Kelburn	0	0	0	204	204
Wadestown	0	0	0	300	300
Total	13,123	6,630	7,859	9,630	10,859

Source: Property Economics

Table 5 shows that the greatest impact on the Realisable Capacity is in Thorndon. This is because compared to the other Character Precincts, the sites affected in this suburb are the main ones where apartments have the highest realisation rate. The proposed Character Precincts in this suburb cover some of the City Centre Zone and the High-Density Residential Zone. Since apartments have the highest yield potential of the typology options, this results in a greater loss of capacity potential.

TABLE 5: ADDITIONAL IMPACTS ON REALISABLE CAPACITY BY SUBURB AFTER OTHER QFM'S HAVE BEEN TAKEN INTO ACCOUNT

Realisable Capacity Impacts	ODP Area	PDP Area	S42A Recommendation Area	PDP plus Submission Areas	S42A plus Submission Areas
Thorndon	1,445	133	518	621	1,005
Mt Victoria	449	115	210	154	254
Mt Cook	183	69	67	99	97
Newtown	781	94	234	141	276
Berhampore	329	40	96	67	123
Aro Valley	191	87	90	100	102
Holloway Road	99	0	0	51	51
The Terrace	33	0	0	17	17
Kelburn	0	0	0	101	101
Wadestown	0	0	0	198	198
Total	3,510	538	1,214	1,548	2,224

Source: Property Economics

Table 6 following show the cumulative impact of all QFM's under each of the four different Character Precinct scenarios. Table 6 also shows the net positions with and without the Commercial Adjustments.

The Commercial Adjustments are the proportional split of total developable capacity that is estimated to be residential within the commercial zones. The proportions used are included in Appendix 1.

It should be noted however that 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 6: TOTAL QFM IMPACTS WITH NEW S42A RECOMMENDED CHARACTER AREAS

	Capacity Overview	Theoretical	Feasible (Max Profit)	Realisable
Original	Capacity without any QFM's	271,794	102,012	81,096
	All QFM - Original PDP	226,232	79,170	61,750
	All QFM - S42A Character Precincts	225,003	78,351	61,074
	All QFM -Submission Character Precincts	223,232	77,758	60,740
	All QFM - Submission + S42	222,003	76,939	60,064
	All QFM -ODP Character Areas	219,739	74,200	58,778
	QFM Impact on Capacity - PDP	- 45,562	- 22,842	- 19,346
	QFM Impact on Capacity - S42A	- 46,791	- 23,661	- 20,022
	QFM Impact on Capacity - Submissions	- 48,562	- 24,254	- 20,356
	QFM Impact on Capacity - Sub + S42A	- 49,791	- 25,073	- 21,032
	QFM Impact on Capacity - ODP	- 52,055	- 27,812	- 22,318
Commercial Adjusted	Capacity without any QFM's	239,025	77,478	62,979
	All QFM - Original PDP	208,399	64,889	51,067
	All QFM - S42A Character Precincts	207,170	64,070	50,382
	All QFM -Submission Character Precincts	205,721	63,698	50,219
	All QFM - Submission + S42	204,492	62,879	49,534
	All QFM -ODP Character Areas	202,357	60,270	48,262
	QFM Impact on Capacity - PDP	- 30,626	- 12,589	- 11,911
	QFM Impact on Capacity - S42A	- 31,855	- 13,408	- 12,597
	QFM Impact on Capacity - Submissions	- 33,304	- 13,780	- 12,760
	QFM Impact on Capacity - Sub + S42A	- 34,533	- 14,598	- 13,445
	QFM Impact on Capacity - ODP	- 36,668	- 17,208	- 14,717

Source: Property Economics, WCC

Table 7 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 after taking into account all QFM's scenario is still only 51% with the Section 42A Character Precincts and 53% with the ODP character areas. This means that capacity is almost double that of the projected demand for the next 30 years.

TABLE 7: COMPARISON OF CAPACITY SUFFICIENCY WITH AND WITHOUT

Wellington City Residential Sufficiency - All QFM		Realisable Dwellings	Required Uptake
Total	PDP Character Areas	61,750	51%
	S42A Character Areas	61,074	51%
	Sub Character Areas	60,740	51%
	Sub + S42A Areas	60,064	52%
	ODP Character Areas	58,778	53%
Commercial Adjusted	PDP Character Areas	51,067	61%
	S42A Character Areas	50,382	62%
	Sub Character Areas	50,219	62%
	Sub + S42A Areas	49,534	63%
	ODP Character Areas	48,262	65%

Source: Property Economics, WCC

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

Kind Regards

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.