

PROPERTY **E**CONOMICS



WELLINGTON CAPACITY

SIGNIFICANT NATURAL AREAS

ECONOMIC MEMORANDUM

Client: Wellington City Council

Project No: 52358

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ECONOMIC MEMORANDUM

To: **Maggie Cook**

Senior Planning Advisor

Wellington City Council

Email: Maggie.Cook@wcc.govt.nz

RE: **CAPACITY IMPACT OF SIGNIFICANT NATURAL AREAS**

INTRODUCTION

Property Economics has been engaged by Wellington City Council (**WCC**) to undertake an assessment of the impact of the IHP recommendations on the Significant Natural Areas (**SNA**) overlay on both rural and urban properties in Wellington. This assessment represents an extension of the residential Capacity Modelling undertaken for WCC on the Independent Hearing Panel (**IHP**) recommendations on the Proposed District Plan (**PDP**).

General Rural Zone

There are extensive areas of the rural zone that is covered by the Significant Natural Areas overlay. A landowner, for the most part, cannot use the land covered by this overlay as it is protected by the plan. Property Economics was engaged to assess the impact of these Significant Natural Areas on the theoretical subdivision capacity of the rural zoned parcels.

Under the PDP and IHP, a landowner can subdivide a parcel in the General Rural Zone into a maximum of two sites provided that:

- The site to be subdivided is larger than 30ha.
- There is a building platform at least 100m from another dwelling.
- The allotment to be subdivided must be at least five years old from the deposit of the survey plan.

There is however no minimum site size provided you can achieve a building platform 100m from other dwellings. A landowner could theoretically subdivide small sections off a large parcel area every five years. Within a 30-year timeframe the landowner could achieve a maximum of six¹ subdivisions, resulting in a total of seven sections (including the original section).

To generate the maximum number of subdivisions that could occur, we use the geospatial software to generate a series of random points within each parcel with a minimum distance of 115m (assumes

¹ Assuming you subdivide on day 1 on year 0, you cannot get a seventh subdivision until day 1 on year 30 which would be beyond the 30-year period. We have therefore counted it as a maximum of six subdivisions.

15m dimension for the building). We then do the same thing but only on areas outside of the SNA to calculate the impact of the SNA on subdivision.

The assumptions used to model the impact on SNA are as follows:

- 100m buffer from existing building outlines. Assume these existing dwellings are not removed.
- 115m buffer between points, this is to provide 7.5m dimension each way for the house itself.
- 40m minimum land dimension of usable space for a dwelling. (This mainly excludes placing dwellings in thin ridges)
- Points are generated randomly with the objective of fitting the greatest number of dwellings on a single site, subject to the minimum separation distance. Although the model cannot guarantee the optimal solution, it is expected to deliver good solutions.
- The building platform must be accessible by the road. New driveways cannot be built through either the SNA or through a neighbour's property.
- Due to the 30ha minimum site size for subdivision constraint, it is assumed that the minimum average parcel size is 1ha. This means for example, a 34ha site could be subdivided into a maximum of 6 total sites (five 1ha sites and one final 29ha site).

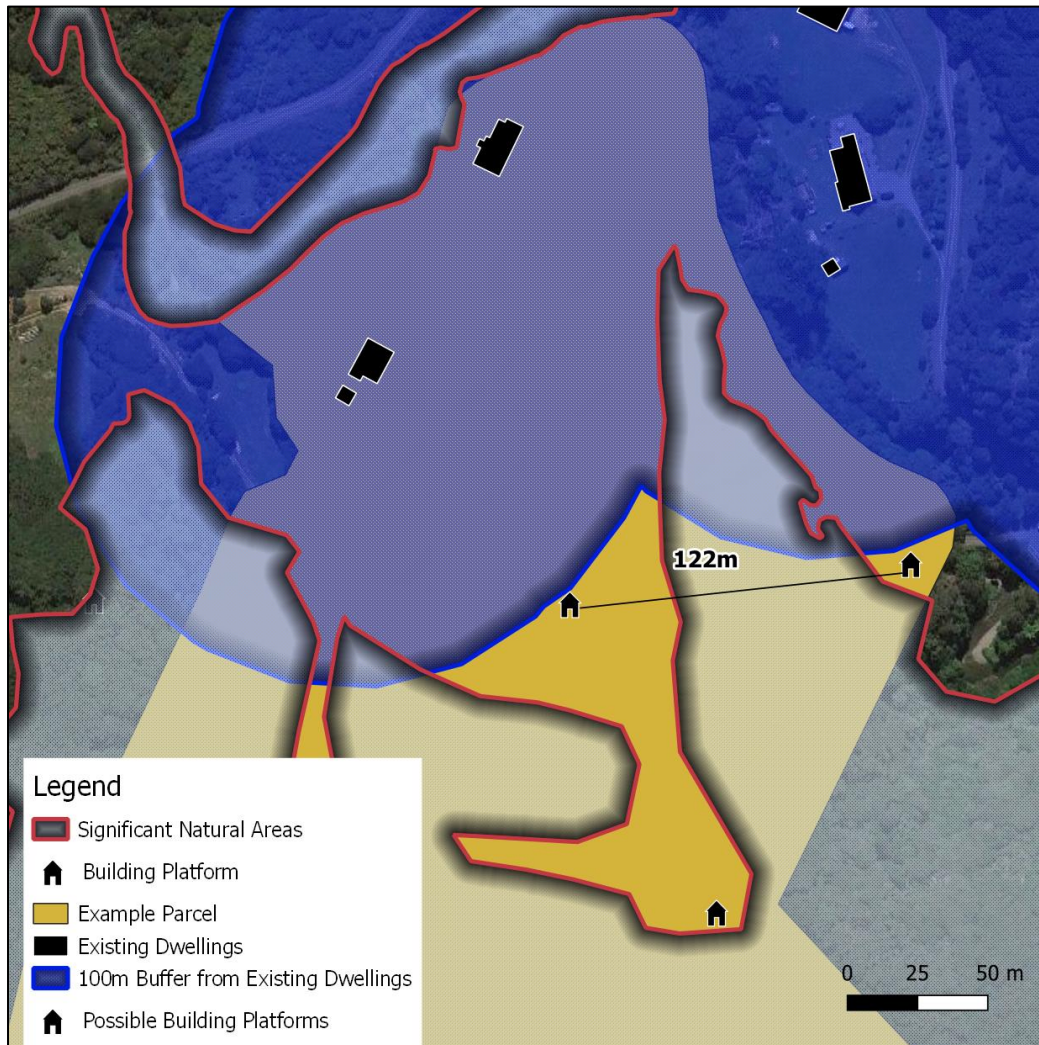
Figure 1 shows an example of what this looks like on a particular 42.3ha parcel. Over 90% of the parcel is covered by an SNA and consequently the only useable land that meets the conditions outlined above is closest to the road.

Figure 1 shows that after accounting for the existing dwelling, only three building platforms can be identified. Without a SNA, this landowner could get six new dwellings on their site within the next 30 years. Consequently, within the 30-year time period the net impact is 3 dwellings. This site is one of only four sites that have an identifiable reduction in subdivision ability over the 30-year period.

If we relax this time period constraint however, then there is no restriction on the number of times landowners can subdivide their property (up to an artificial maximum of 150 for model scaling reasons) provided they retain a site larger than 30ha and can achieve the minimum building separation. Over an indefinite time period therefore, the number of sites with an identified reduction in subdivision potential as a result of the SNA rises to 38 and the impacted theoretical yield increases to 411.

On the above site for example, without the SNA the landowner could achieve an additional thirteen 1ha sites and retain a final 29ha. Over an indefinite period therefore, the net impact on this site of the SNA is 10 sites.

FIGURE 1: EXAMPLE OF SNA CONSTRAINS ON DEVELOPMENT



Source: Property Economics, WCC, LINZ, Google Maps

This impact is summarised on Table 1 below.

TABLE 1: IMPACT OF SNA ON SUBDIVISION WITHIN RURAL ZONE

	Affected Sites	Affected Subdivisions
Within 30 Years	4	16
Indefinite Time Period	38	423

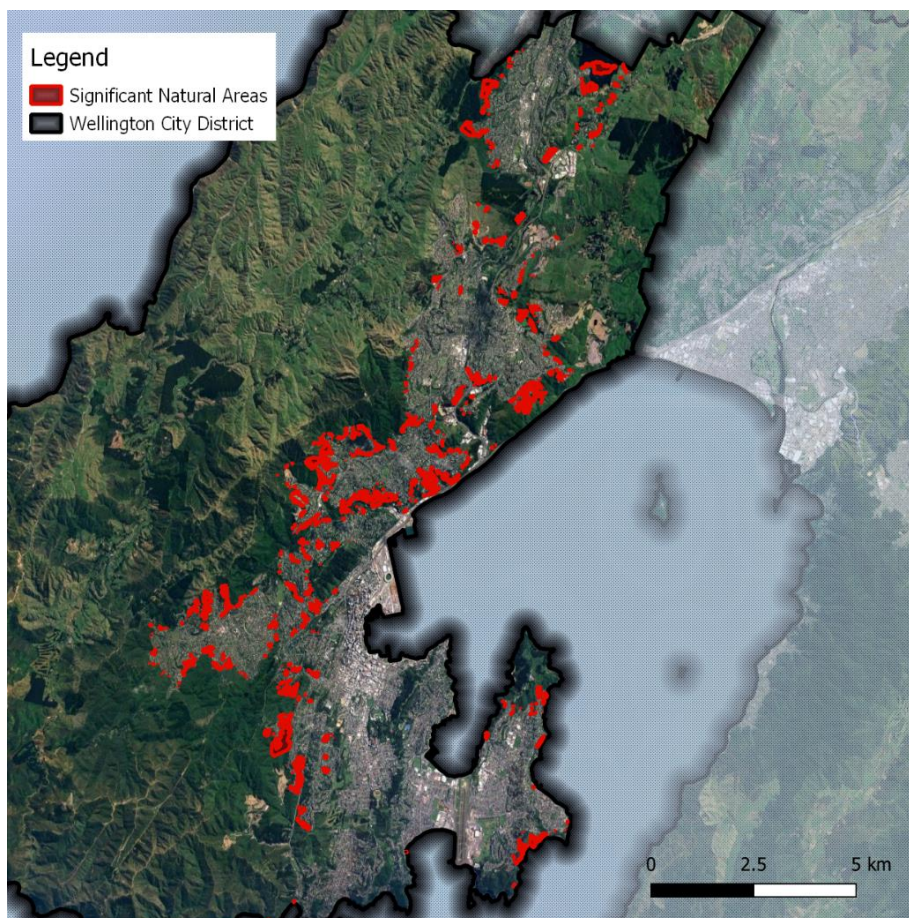
Source: Property Economics

Urban Area Impact

The notified PDP removed all of the SNAs within the urban zoned extent that were previously included in the Operative and Draft District Plans. Council has however assessed the areas within the urban areas which they believe would be appropriate for a SNA overlay if it were to be included in the plan.

Figure 2 below shows the geospatial extent of the SNAs covering Urban Zones. It should be noted that a significant portion of the affected areas are in areas with extensive sloping issues, and consequently inappropriate for development from a practical perspective.

FIGURE 2: SIGNIFICANT NATURAL AREAS PROPOSED IN URBAN AREAS



Source: Property Economics, WCC, Google Maps

Table 2 shows the impact of the Proposed Significant Natural Areas on the residential capacity of the IHP after all other QFM's are incorporated. Most of the areas affected are larger sites on the outskirts. Consequently, the biggest impact on potential supply is unsurprisingly Standalone Dwellings. Due to the assumptions around standalone realisation rates, the difference between the feasible and realisable capacity impacts is small.

Notably, the reduced land area available for development makes terrace options comparatively more viable relative to the standalone development option. This results in an increase in Terraced capacity at the cost of the Standalone Capacity.

TABLE 2: IMPACT OF PROPOSED SIGNIFICANT NATURAL AREAS ON RESIDENTIAL CAPACITY - IHP – 2024
MARKET INPUTS

	Theoretical	Apartment	Standalone	Terraced	Total
Feasible Impact	-2,212	0	-1,335	69	-1,266
Realisable Impact	-2,212	0	-1,464	273	-1,191

Source: Property Economics

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

Kind Regards



Tim Heath

M: 021 557713

PO: Box 315596, Silverdale 0944, AUCKLAND

E: tim@propertyeconomics.co.nz

www.propertyeconomics.co.nz