



# Economic Cost-Benefit Analysis: Proposed Zoning of Land for Residential & Business Use in Pukekohe

PREPARED FOR  
Golding Meadows Development Ltd & Auckland Trotting Club Inc



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P: 09 963 8776

5b Crummer Road, Ponsonby, Auckland

adam@ue.co.nz

www.ue.co.nz



# CONTENTS

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1.	EXECUTIVE SUMMARY .....	5
2.	THE PROPOSAL .....	7
3.	INDUSTRIAL LAND DEMAND.....	8
4.	INDUSTRIAL LAND SUPPLY .....	9
4.1.	Vacant Industrial Land.....	11
4.2.	Current Industrial Listings .....	12
4.3.	Proposed Southern LIZ Land .....	13
5.	NPS-UD & AUP PROVISIONS .....	15
6.	INDUSTRIAL SECTOR COSTS & BENEFITS .....	16
6.1.	Consideration of Options.....	16
6.2.	Summary of Costs and Benefits .....	17
7.	RESIDENTIAL LAND SUPPLY & DEMAND .....	18
7.1.	Regional Housing Market Overview.....	18
7.2.	Pukekohe-Paerata Housing Demand.....	18
7.3.	Pukekohe-Paerata Housing Supply.....	19
7.4.	Current Development Pipeline.....	20
7.5.	Commercially Feasible Infill Capacity.....	21
7.6.	Realised Infill Capacity.....	22
7.7.	Achievable Price Points by Typology & Size .....	24
7.8.	Zoning Comparison.....	25
8.	OPPORTUNITIES FOR MASTERPLANNED DEVELOPMENTS IN PUKEKOHE-PAERATA .....	28
9.	NPS-UD & AUP PROVISIONS .....	31
10.	RESIDENTIAL COSTS & BENEFITS .....	33
11.	DEMAND FOR MAJOR RECREATION FACILITY LAND .....	34
12.	RACING SECTOR OVERVIEW.....	35
12.1.	Economic Impacts .....	35
12.2.	Social Impacts .....	35
12.3.	Ministerial Recommendations.....	36
13.	EFFICIENT USE OF INFRASTRUCTURE .....	37



14. CONCLUSIONS & RECOMMENDATIONS ..... 38

15. APPENDIX 1: CURRENT DEVELOPMENT PIPELINE AERIAL PHOTOGRAPHS..... 39



# 1. Executive Summary

The key points to note in this analysis are as follows.

## Industrial Land

- There are 86 hectares of utilised LIZ land in Pukekohe-Paerata.
- There are 6.3 hectares of LIZ currently vacant in Pukekohe-Paerata.
- There are 5.6 hectares of LIZ that can be 'reasonably expected' to be available to the market. This equates to a vacancy rate of 6.5%.
- The estimated annual demand for LIZ in Pukekohe-Paerata is 3 ha p.a. The Auckland Council economist estimates annual demand for LIZ of 4.7 ha p.a.
- Given that 5.6 hectares of LIZ are reasonably expected to be available to the market, then there is currently an immediate shortage with only 1.5 - 2 years of industrial land available.
- Given there is 1.5 - 2 years of industrial land supply, the short- and medium-term sufficient capacity requirements of the NPS-UD are not met.
- Given there is 1.5 - 2 years of industrial land supply, the requirement to provide 7 years supply under the AUP-RPS is not met.
- The proposal would bring 17 hectares (net) of industrial land to the market or 4 - 6 years' supply. Over the short term, it would ensure there is a competitive market for industrial land in Pukekohe-Paerata, and would provide a stop-gap to meet the needs of the market for the interim period between now and the time that new land is zoned, serviced and developed following the Structure Plan process. This period is likely to be at least 4 - 5 years.
- The proposed land is in a suitable location, adjacent to other proposed LIZ land and the Counties Racing Club.

## Residential Land

- There is 'reasonably expected' current capacity for 5,690 dwellings across infill and greenfield areas in Pukekohe-Paerata.
- There is demand per annum for 450 dwellings.
- There is existing capacity to meet 12.6 years of residential demand which meets the needs of the NPS-UD and AUP-RPS.
- Existing capacity is heavily concentrated, with 97% of planned dwellings in one development (Paerata Rise).



- Objective 2 of the NPS-UD requires planning decisions to support competitive land and development markets. This objective is unlikely to be met if such a concentrated market occurs.
- The proposal would enable a second large scale residential development into the Pukekohe-Paerata market, which would reduce market concentration and enable the provisions of the NPS-UD to be better met.
- The proposal enables a masterplanned development of 82.5 hectares. Masterplanned developments are key to provide a diversity of housing choices by type, size, location, and price.
- The MHUZ enables dwellings in the \$500,000 - \$600,000 range. Only 7% of Auckland sales fell within this price range over the past year. The proposal would increase the supply of lower priced and affordable houses in Pukekohe-Paerata.
- The proposal would enable an efficient utilisation of existing infrastructure.

#### **Franklin Trotting Club**

- The operator (Auckland Trotting Club) do not wish to proceed with the Franklin Trotting Club. The land would therefore most likely default to an agricultural use if not zoned for an urban use. A rural use would be inefficient given its location within an urban area and its access to trunk infrastructure.



## 2. The Proposal

The proposal is to rezone the Franklin Trotting Club and approximately 38 hectares of land earmarked as MHSZ in the Pukekohe-Paerata Structure Plan. The proposed mix of business and residential zones is comprised of 20.0 hectares of LIZ, 55.5 hectares of MHUZ, 6.8 hectares of MHSZ and 0.3 hectares of Neighbourhood Centre zoned land. The total plan change area is 82.6 ha.

Figure 1: Proposal

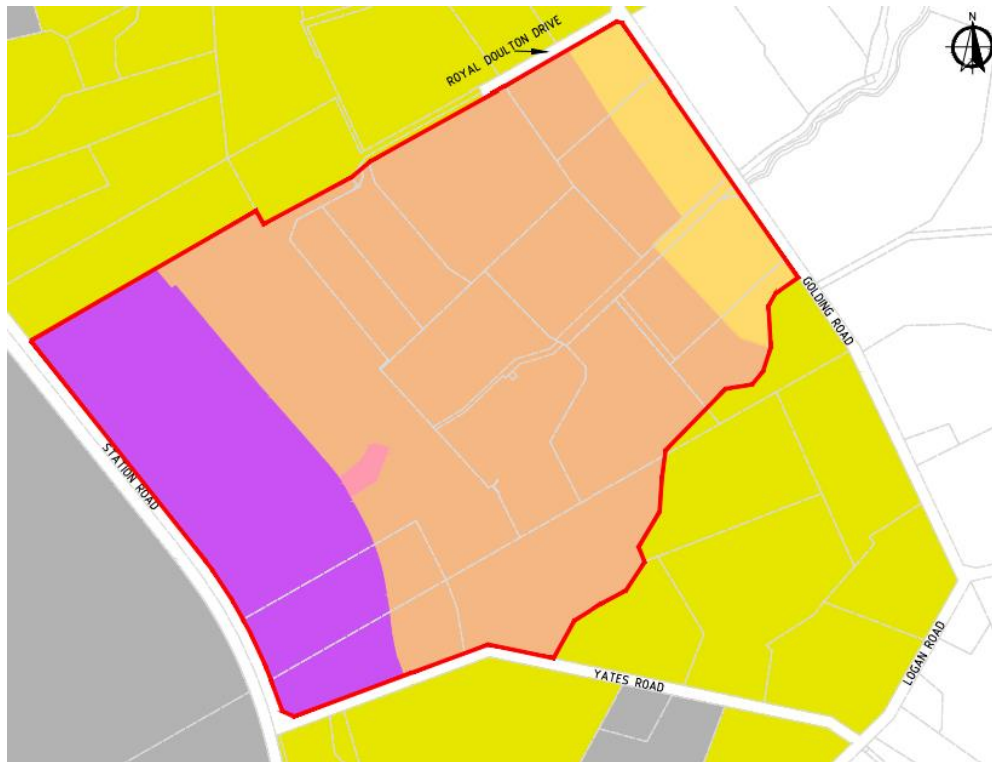


Figure 2: Proposed Plan Change Land Use Table

Land Use	Area (Ha)
Mixed Housing Suburban Zone	6.8
Mixed Housing Urban Zone	55.5
Light Industrial Zone	20.0
Neighbourhood Centre	0.3
<b>Total Plan Change Area</b>	<b>82.6</b>

Source: Birch Surveyors



### 3. Industrial Land Demand

The following figure shows the historic industrial and employment growth for Pukekohe. The industrial sector increased from 1,500 employees in 2009 to 2,160 employees in 2019. This represents a large increase of 44% or 660 industrial employees over the past decade. This is notably faster than the rate of population growth, which increased by around 31% over the same period (an additional 5,600 people over the past decade).

Figure 3: Employment Growth Pukekohe 2009 - 2019

Sector	2009	2019	2009 - 2019	% 2009 - 2019
Industrial	1,500	2,160	660	44%
Retail	1,820	2,430	610	34%
Office	1,080	1,160	80	7%
Other	2,600	3,380	780	30%
<b>Total</b>	<b>7,000</b>	<b>9,130</b>	<b>2,130</b>	<b>30%</b>

Source: Statistics NZ, Urban Economics

The figure below shows the industrial building consents issued over the past decade in Pukekohe. In total, 22,210m<sup>2</sup> of industrial GFA was consented, equivalent to 2,220m<sup>2</sup> every year (the size of a medium scale supermarket). If a 30% site coverage ratio is applied, this would equate to demand for 0.7 hectares of land per annum.

Figure 4: Industrial Building Consents Pukekohe 2010 - 2019

Year	Units	Floor Area (sqm)
2010	6	1,220
2011	5	2,310
2012	8	5,020
2013	7	3,870
2014	1	400
2015	3	1,680
2016	2	950
2017	2	1,310
2018	4	680
2019	6	4,770
<b>Total</b>	<b>44</b>	<b>22,210</b>
<b>Per Annum</b>	<b>4</b>	<b>2,220</b>

Source: Urban Economics, Statistics NZ

The following figure shows the LIZ land per capita for Auckland, by ex Territorial Authority area. On average there is 25m<sup>2</sup> of industrial land per capita across Auckland. By comparison, Pukekohe has a relatively high 32m<sup>2</sup> per capita, potentially reflecting the agricultural service aspect of the area.





Figure 5: LIZ Land per Capita Auckland by Sub-region

Sub-Region	Population 2020	Light Industrial Land (ha)	Light Industrial Land (sqm per capita)
Auckland Central	583,540	720	13
Franklin	80,960	220	38
Manukau	434,780	1,830	43
North Shore	235,180	460	18
Papakura	59,000	370	62
Rodney	183,880	370	29
Waitakere	186,300	470	20
<b>Total Auckland</b>	<b>1,763,640</b>	<b>4,440</b>	<b>25</b>
<b>Pukekohe</b>	<b>26,650</b>	<b>86</b>	<b>32</b>

Source: Statistics NZ, Urban Economics

The following figure shows the estimated increase in demand for LIZ land in Pukekohe-Paerata. In total there is forecast to be demand for an additional 18 hectares of LIZ zone over the next decade. This is based on the current per capita ratio and the forecast increase in population. While this equates to slightly less than 2.0 hectares per annum, in order to be conservative (i.e. to ensure sufficient provision for an efficient market) **a figure of 3.0 hectares per annum, or 30 hectares per decade, is adopted.**

Figure 6: Pukekohe Light Industrial Land Demand 2020 - 2040

	2020	2030	2040	2020 - 2030	2030 - 2040	2020 - 2040	20 yr. p.a
Population	26,650	31,970	38,180	5,320	6,210	11,530	580
Industrial Land per Capita (sqm)	32	32	32	-	-	-	-
<b>Industrial Land Demand (ha)</b>	<b>86</b>	<b>104</b>	<b>124</b>	<b>17</b>	<b>20</b>	<b>37</b>	<b>1.9</b>

Source: Statistics NZ, Urban Economics

## 4. Industrial Land Supply

Figure 7 shows the location of the existing and proposed LIZ land. In total there is 86 hectares of existing LIZ land in Pukekohe (shown in red). This is primarily within two large industry clusters, one around Adams Drive in the north, and one around Manukau Road in the south. There is also a smaller area further north, around Crown Road.

The Adams Drive area is also largely developed and is comprised mostly of agricultural servicing, construction, light engineering, manufacturing and warehousing.

The Manukau Road area is largely developed and is comprised mostly of large format retail, light engineering, warehousing and car yards and servicing.

The Crown Road area has a small number of industrial firms and is largely undeveloped.

The Structure Plan proposes an approximate addition of 120 hectares net of industrial land (shown in purple). This broadly can be described as an expansion of the existing north and south clusters,



with the addition of an area in the north west.

Figure 7: Existing & Proposed LIZ



Source: AUP, Pukekohe-Paerata Structure Plan



## 4.1. Vacant Industrial Land

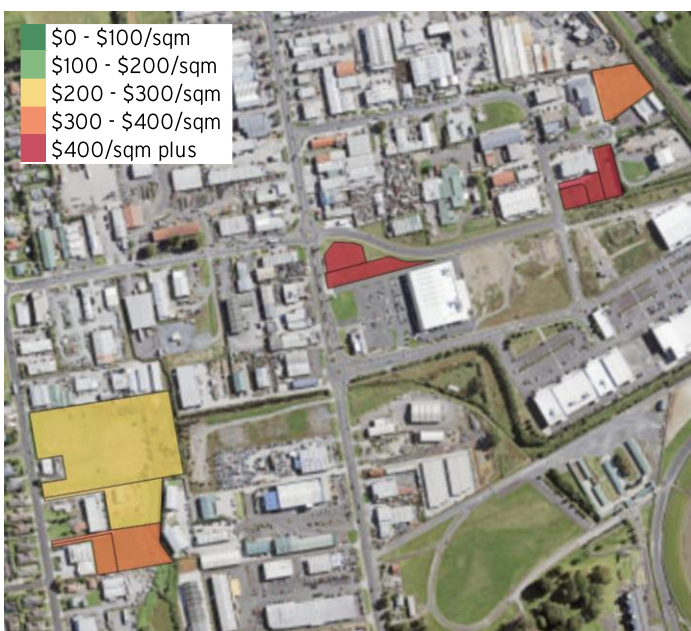
The following figures shows the location of the remaining vacant industrial sites in Pukekohe. There is 6.3 hectares of vacant industrial land remaining, indicating a short-term shortage. Industrial land priced under \$400/sqm is considered commercially feasible to develop. In total 5.6 hectares of LIZ land is both vacant and commercially feasible to develop.

Figure 8: North Industrial Vacant Land Parcels



Source: Corelogic

Figure 9: South Industrial Vacant Land Parcels



Source: Corelogic



## 4.2. Current Industrial Listings

The following figures show the location of current industrial properties for sale and lease in Pukekohe. The key points to note are:

- There is only one site for sale - 60 John Street. This site is vacant and has a land area of 2 hectares. This is 2.2% of total industrial zoned land in Pukekohe and below the normal market vacancy rate of 5%. This suggests a current shortage of industrial land.
- There is 3,010sqm of floorspace available for lease spread across 6 listings. This is 1.6% of total industrial zoned floorspace in Pukekohe and below the normal vacancy rate of 4-5%. This suggests Pukekohe has an immediate shortage of industrial floorspace.

Figure 10: North Industrial Listings



Source: Trademe

Figure 11: South Industrial Vacant Land Parcels



Source: Trademe



### 4.3. Proposed Southern LIZ Land

This section evaluates the potential additional locations for LIZ land in south Pukekohe, as shown in Figure 12.

Each area is broken into Blocks which are profiled, including a discussion of the existing land use, residual land value and other distinguishing factors.

The areas outlined in Figure 12 contains approximately 120 hectares gross or 75 hectares net of LIZ land, comprised as follows.

#### **Block 1**

Block 1 is 20.9 hectares and is comprised of 7 properties. The properties range in size from 8,750m<sup>2</sup> - 4.6ha. All of the properties are residential lifestyle blocks. The residual land value of properties in this block ranges from \$86/m<sup>2</sup> - 149/m<sup>2</sup>.

#### **Block 2**

Block 2 is 40.5 hectares and is comprised of 8 properties which range in size from 7,000m<sup>2</sup> - 14.0ha. The block contains 4 smaller lifestyle blocks of less than 1 hectare and 4 larger blocks of 3 hectares or more. The smaller properties have residual land values of greater than \$100/m<sup>2</sup> while the larger properties have residual land values of \$40/m<sup>2</sup> - \$70/m<sup>2</sup>.

#### **Block 3**

Block 3 is one property of 3.2 hectares which is adjacent to an existing LIZ site in Buckland. The property has a residual land value of \$77/m<sup>2</sup>.

#### **Block 4**

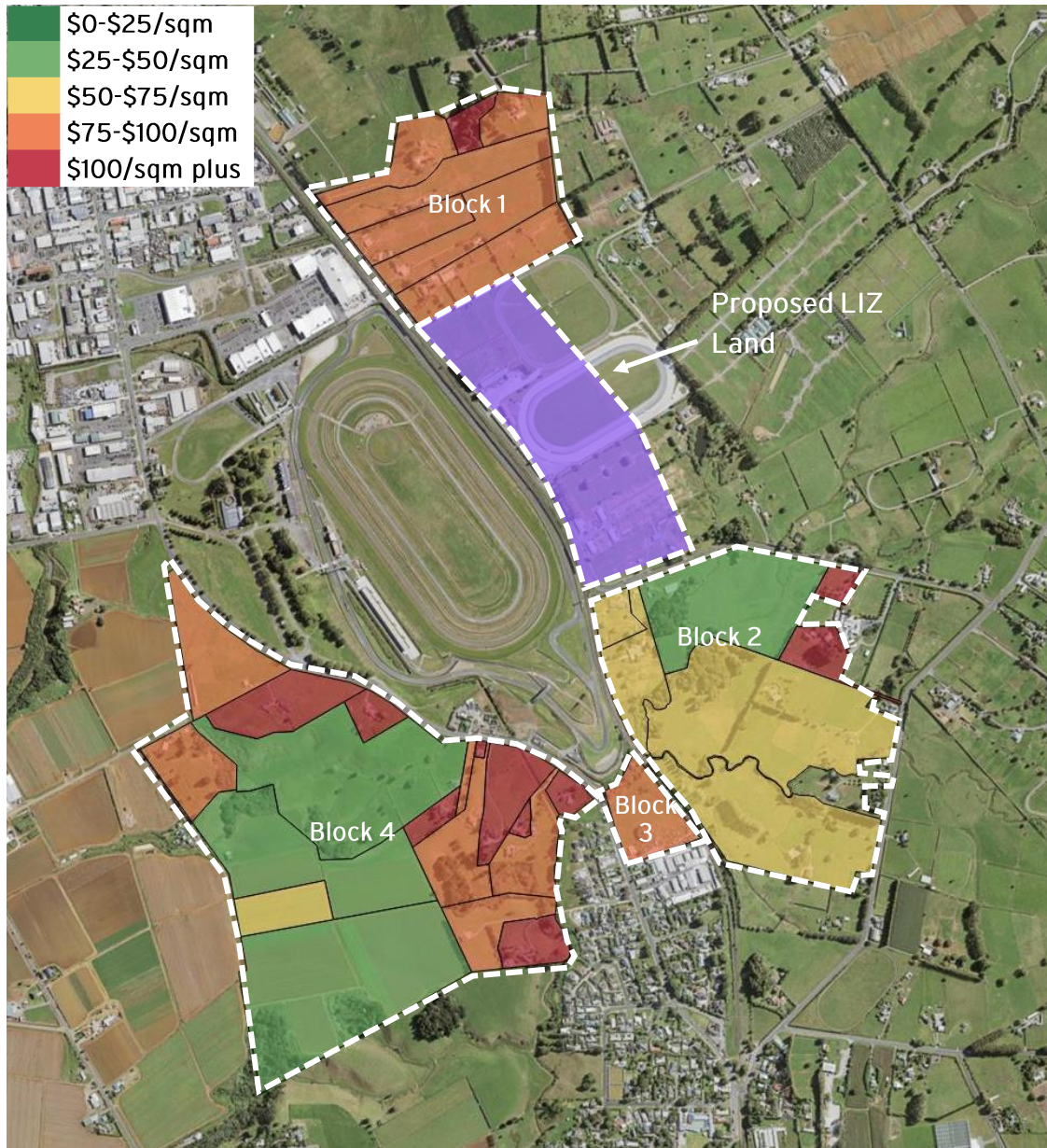
Block 4 is 52.6 hectares and consists of 17 properties which range in size from 1,000m<sup>2</sup> - 13.4ha. This block is also primarily lifestyle properties. The residual land value of these properties ranges from \$41/m<sup>2</sup> - \$662/m<sup>2</sup>.

In summary, the south area has some pockets of land that are suitable for LIZ land, however large tracts are dominated by smaller parcels in separate ownership and by lifestyle blocks (reflected in the yellow-red colours). While this is not insurmountable, it is a disadvantage for Light Industrial development.

The proposed site is generally consistent with the location of industrial activities around the Pukekohe racecourse and forms a natural link between blocks 1 and 2. As outlined above, large tracts of the proposed southern industrial area extension are made up of expensive and fragmented lifestyle blocks. The proposed LIZ Land represents a coordinated development opportunity that does not suffer from these issues.



Figure 12: South Area of Proposed LIZ





## 5. NPS-UD & AUP Provisions

The key provisions of the NPS-UD and AUP that relate to efficient land markets are as follows.

NPS-UD: *“Policy 2: Tier 1, 2, and 3 local authorities, at all times, [must] provide at least sufficient development capacity to meet expected demand for housing and for business land over the short term [1 to 3 years], medium term [3 to 10 years], and long term. [11 to 30 years]”*

AUP: *“B2.2.2.(1) Include sufficient land within the Rural Urban Boundary that is appropriately zoned to accommodate at any one time a minimum of seven years’ projected growth in terms of residential, commercial and industrial demand... after allowing for any constraints on subdivision, use and development of land”*

The Council’s economist (Property Economics) have analysed the supply and demand of industrial land in the West Franklin Sub-region for the period 2018 - 2048 in the report “West Franklin and Drury Future Business Land Assessment”. This report analyses supply and demand of industrial land for the whole West Franklin area and determines demand at 4.7 hectares per annum<sup>1</sup>. Given Pukekohe’s central location, it’s strong transportation links connecting it to other industrial areas and its position as the primary population centre within the West Franklin area, it is considered reasonable to assume that 75% of demand for industrial land within the West Franklin area would be most suitably located within Pukekohe. This equates to industrial land demand of 3.5 hectares per annum.

The following table displays industrial land supply with and without the proposal, against demand estimates from both Urban Economics and Property Economics. This is then assessed against the requirements outlined in the NPS-UD and AUP.

There is 5.6 hectares of vacant industrial land within the existing urban area has a residual land value less than \$400/sqm and is therefore considered ‘Reasonably Expected’ for Development. As shown, without the proposal, the requirements of the NPS-UD to provide enough land to meet Short- and Medium-term demand are not met nor are the requirements under B2.2.2.(1) of the AUP to provide 7 years of demand. With the proposal the short-term requirements of the NPS-UD and B.2.2.2.(1) are met according to both demand estimates.

The Structure Plan currently proposes an additional 120 hectares (net) of LIZ land. Given demand of 30 hectares per decade, this is sufficient to meet the long-term requirements of the NPS-UD, and to ensure an efficient land market more generally over this time frame.

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<sup>1</sup> West Franklin and Drury Future Business Land Assessment, p 33 - 34, Tables 15 & 16, June 2018



Figure 13: NPS-UD and AUP Requirements Industrial Land Market

		Urban Economics	Property Economics
<b>Existing Land</b>			
<b>Vacant Land</b>	Total	6.3	6.3
	'Reasonably Expected' for Development	5.6	5.6
	Demand per annum	3.0	3.5
	Years Supply	1.9	1.6
<b>NPS-UD</b>	Short (0-3 year)	Not met	Not met
	Medium (3-10 year)	Not met	Not met
	Long (10-30 year)	Met	Met
<b>AUP</b>	B2.2.2.(1) (7 year)	Not met	Not met
<b>Existing + Proposed Land</b>			
<b>Vacant Land</b>	Total	6.3	6.3
	'Reasonably Expected' for Development	5.6	5.6
	'Reasonably Expected' for Development + Proposed Land	22.7	22.7
	Demand per annum	3.0	3.5
<b>NPS-UD</b>	Short (0-3 year)	Met	Met
	Medium (3-10 year)	Not met	Not met
	Long (10-30 year)	Met	Met
	<b>AUP</b>	B2.2.2.(1) (7 year)	Met

Source: Property Economics, Urban Economics, Auckland Unitary Plan, Ministry for the Environment

\*Sufficiently close to seven.

The proposal would result in more land being zoned LIZ in the short-term. As outlined in the table above this would enable Pukekohe to meet the short-term requirements of the NPS-UD and the immediate shortage of industrial land supply according to the AUP. This would provide a stop-gap to ensure the market functions efficiently over the next few years, prior to additional land being zoned and developed as indicated by the Structure Plan.

## 6. Industrial Sector Costs & Benefits

### 6.1. Consideration of Options

The proposed LIZ land raises several possible alternative options for evaluation. These are discussed below.

#### Agricultural Use

The operator (Auckland Trotting Club) do not wish to proceed with the Franklin Trotting Club. The land would therefore most likely default to an agricultural use if not zoned for an urban use. A rural use would be inefficient given its location within an urban area and its access to trunk infrastructure.





### **Residential Use**

The majority of the site is identified in the Structure Plan for residential use (MHS zone). The area of proposed LIZ land could alternatively have a residential use. This part of the site has Pukekohe Park immediately to the west, and proposed industrial land to the north and south. This raises the potential for noise effects that would reduce the attractiveness and value of this land for residential use.

### **Light Industry Use**

Light Industry is considered to be the only plausible business use for the site, given its location characteristics and the proposed LIZ to the immediate north and south. The proposal would introduce an additional 17 hectares (net) of industrial land, in addition to the proposed 120 additional hectares in the Structure Plan. Over the long term, this would have the overall effect of attracting some business activity away from other areas within the southern part of the proposed LIZ land. However, over the short term, it would ensure there is a competitive market for industrial land, and would provide a stop-gap to meet the needs of the market for the interim period between now and the time that new land is zoned, serviced and developed following the Structure Plan process. This period could be at least 4 - 5 years, based on the advice of Mr Oakley.

## **6.2. Summary of Costs and Benefits**

The following costs and benefits are identified with regards to the industrial land area outlined in the proposal.

- The proposal would ensure a competitive market for industrial land in the interim period between now and when the Structure Plan land is live zoned.
- As the owners no longer wish to proceed with the Franklin Trotting Club the most likely land use, other than the proposal, is agricultural land. This is a less efficient land use than industrial land specifically in the medium term when the agglomeration benefits of colocation with the adjacent proposed LIZ land outlined in the Structure Plan is taken into account.
- The proposal would enable Pukekohe-Paerata to meet it's obligations under the AUP and NPS-UD with regards to meeting land demand.



## 7. Residential Land Supply & Demand

This section provides an analysis of the supply and demand for residential land in Pukekohe.

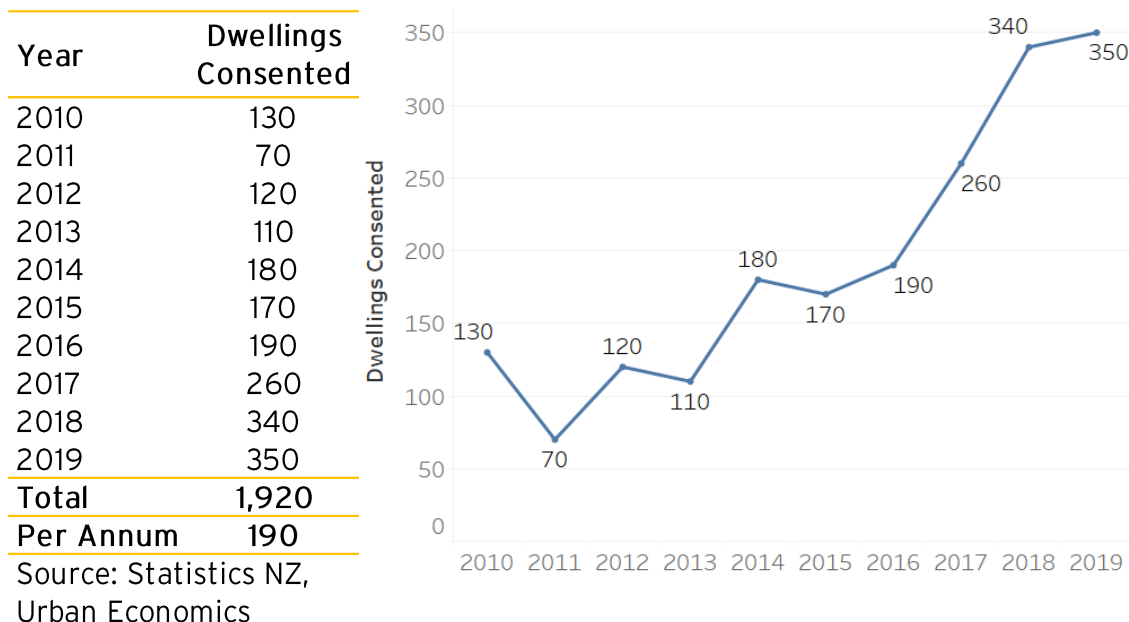
### 7.1. Regional Housing Market Overview

The Auckland housing market has a shortage of 40,000 dwellings, a quantity that is approximately the size of Tauranga. Since the AUP became operative in 2016, house prices have continued to stay at record high prices, of around \$1.0 million on average. Auckland Council's most recent evaluation found that price of new dwellings in Auckland will continue to be high, at \$1.2 million on average. This indicates that Auckland housing will experience ongoing upward price pressure.

### 7.2. Pukekohe-Paerata Housing Demand

The following figure shows the historical rate of new housing construction in Pukekohe-Paerata over the past decade. This shows that since 2010, the rate of new construction has increased rapidly. While the average over the past decade is 190 dwellings per annum, the average over the last five years is 260 dwellings per annum. This is double the number of dwellings consented in 2010.

Figure 14: Residential Building Consents 2010-2019





The figure below shows that Statistics NZ forecasts in the order of 220 household demand per annum for Pukekohe-Paerata for the next 20 years.

Figure 15: Pukekohe Statistics NZ Population & Household Forecasts

	2020	2025	2030	2035	2040	2020 - 2030	2030 - 2040	20 Yr. p.a.
Population	26,650	29,270	31,970	35,080	38,180	5,320	6,210	580
Households	10,250	11,260	12,300	13,490	14,690	2,050	2,390	220

Source: Statistics NZ

The Structure Plan documentation contains only high-level indications of future dwellings and population. The “Pukekohe-Paerata Structure Plan Growth Themes Background Paper -Transport” States:

*“Pukekohe is identified in the Auckland Plan as a priority satellite town, anticipated to grow to a population of 50,000 people by 2040 - more than doubling Pukekohe’s 2013 population of 21,000 people. The revised Future Urban Land Supply Strategy (FULSS) anticipates that land to facilitate this growth will be available by 2027.” (page 4)<sup>2</sup>*

This equates to an additional 25,000 people or 10,000 dwellings (approximately) over the next 22 years, or around **450 dwellings per annum**.

Based on the recent market construction trends, and the regional shortage for new competitively priced houses, and the significant increase in residential land and infrastructure planned in Pukekohe-Paerata, it is considered reasonable to anticipate that there is ‘upper end’ demand for 450 new dwellings annually in Pukekohe-Paerata, as estimated by the Auckland Council.

### 7.3. Pukekohe-Paerata Housing Supply

The following figure provides a broad estimate of the additional residential land planned for Pukekohe-Paerata, by zone. Assuming a net land yield of 55%, and various “Dwellings per Hectare” rates, there is estimated potential for an additional 13,500 dwellings and 33,750 people in greenfield development areas in Pukekohe-Paerata (note this includes the large Wesley/Paerata Rise development). This is slightly less (by 800 dwellings) than the estimated capacity enabled by the FULSS of 14,300 dwellings by 2027. This indicates that the planned infrastructure investment would not be fully utilised by the planned quantity of residential land, even over the long term (30 years).

<sup>2</sup> Figure 14, which uses Statistics NZ projections projects a more conservative growth rate, with the 2040 population estimated at 38,180 people. This is a different source of projections than is used by the FULSS.



Figure 16: Land & Dwelling Yield Estimates

Area	Zone	Land Area Gross	Land Area Net	Dwellings per Hectare	Total Dwellings
North Pukekohe	Paerata	300	170	20	3,400
	THAB	30	20	30	600
	MHU	310	170	20	3,400
	MHS	200	105	15	1,600
	SH	180	100	10	1,000
	Sub-total	1,020	565	-	10,000
South Pukekohe	THAB	0	0	30	0
	MHU	120	70	20	1,400
	MHS	225	120	15	1,800
	SH	50	30	10	300
	Sub-total	395	220	-	3,500
<b>Total</b>		<b>1,415</b>	<b>785</b>	<b>-</b>	<b>13,500</b>

Source: Auckland Council, Urban Economics

Overall, the potential supply of an additional 13,500 dwellings in Pukekohe-Paerata is equivalent to the Auckland Council's expected 30-year demand, which is estimated at 13,500 dwellings (450 per annum).

The amount of residential development enabled by the quantity of land zoned in the Structure Plan is less than the growth enabled by the FULSS. It is also less than the amount of growth expected under the Structure Plan over the next thirty years.

It is worth noting that the Structure Plan supporting documentation aims to enable a 30-year supply to ensure future demand is met:

*"The Auckland Plan aim is to provide for 30 years of growth capacity including providing for growth within existing urban areas and around 15,000 hectares of greenfield (mainly rural) land, identified for development. The south is the largest future urban growth area in Auckland with around 5,300 hectares of land identified for urban development and this translates to approximately 42,000 new homes and 19,000 jobs over 30 years. (P 12, Pukekohe-Paerata Structure Plan Growth Themes Background Paper -Transport, Emphasis added)"*

## 7.4. Current Development Pipeline

The following figure displays the residential developments currently underway in Pukekohe-Paerata. The key points to note are:

- There are 9 residential subdivisions currently selling in Pukekohe. Of these most of the developments are of a small size, of less than 200 dwellings.
- There are 281 dwellings currently on the market and 4,461 dwellings planned. In total there is 4,742 dwellings currently selling or planned in Pukekohe.



- Most current developments are nearing completion. Excluding developments of less than 100 dwellings, only Rowles Road and Paerata Rise are less than two-thirds of the way through the development's life.
- This is further reflected in the development pipeline with Paerata Rise being the only development with notable planned expansion. As a result, it makes up 97% of pipeline supply.

Figure 17: Current Residential Developments

Development	Total Dwellings	Sold	Proportion Sold	Currently Selling	Planned	Dwelling Types Offered	Number of Terrace
Paerata Rise	4,500	86	2%	105	4,309	Stand Alone & Terrace	Terrace dwellings planned
Belmont Park	766	681	89%	40	45	Stand Alone & Terrace	48
Anselmi Ridge	283	187	66%	11	85	Stand Alone & Terrace	9 + 18 planned
Rowles Road	135	56	41%	79	0	Stand Alone Only	0
Lisle Farm Drive	116	100	86%	6	10	Stand Alone Only	0
Regis Drive	105	86	82%	19	0	Stand Alone & Terrace	31
Calcutta Road	25	14	56%	11	0	Stand Alone Only	0
North Ridge	24	8	33%	4	12	Stand Alone Only	0
Prospect Terrace	10	4	40%	6	0	Stand Alone Only	0
<b>Total</b>	<b>5,964</b>	<b>1,222</b>	<b>-</b>	<b>281</b>	<b>4,461</b>	<b>-</b>	<b>-</b>

Source: Corelogic, Urban Economics, Developer Websites

## 7.5. Commercially Feasible Infill Capacity

The following two figures show the estimated 'commercially feasible' infill lots and dwellings by lot size and price for Pukekohe. The key points to note are:

- In total, there is potential for 1,890 commercially feasible infill<sup>3</sup> dwellings in Pukekohe. As some of these properties would not be available for development, as the owners would not sell these properties over the next decade, this would indicate that **there is practical potential for around 1,200 additional infill dwellings over the next decade.**
- There are a range of lot sizes that are possible under the Auckland Unitary Plan, ranging, in broad terms, from 175m<sup>2</sup> to 700m<sup>2</sup>.
- The dwellings that are likely to be built on these lots would result in properties with a value of \$620,000 to \$1.2 million.

Overall, it is concluded that there is low-moderate potential for infill development in Pukekohe, and future growth therefore will mostly be greenfield development.

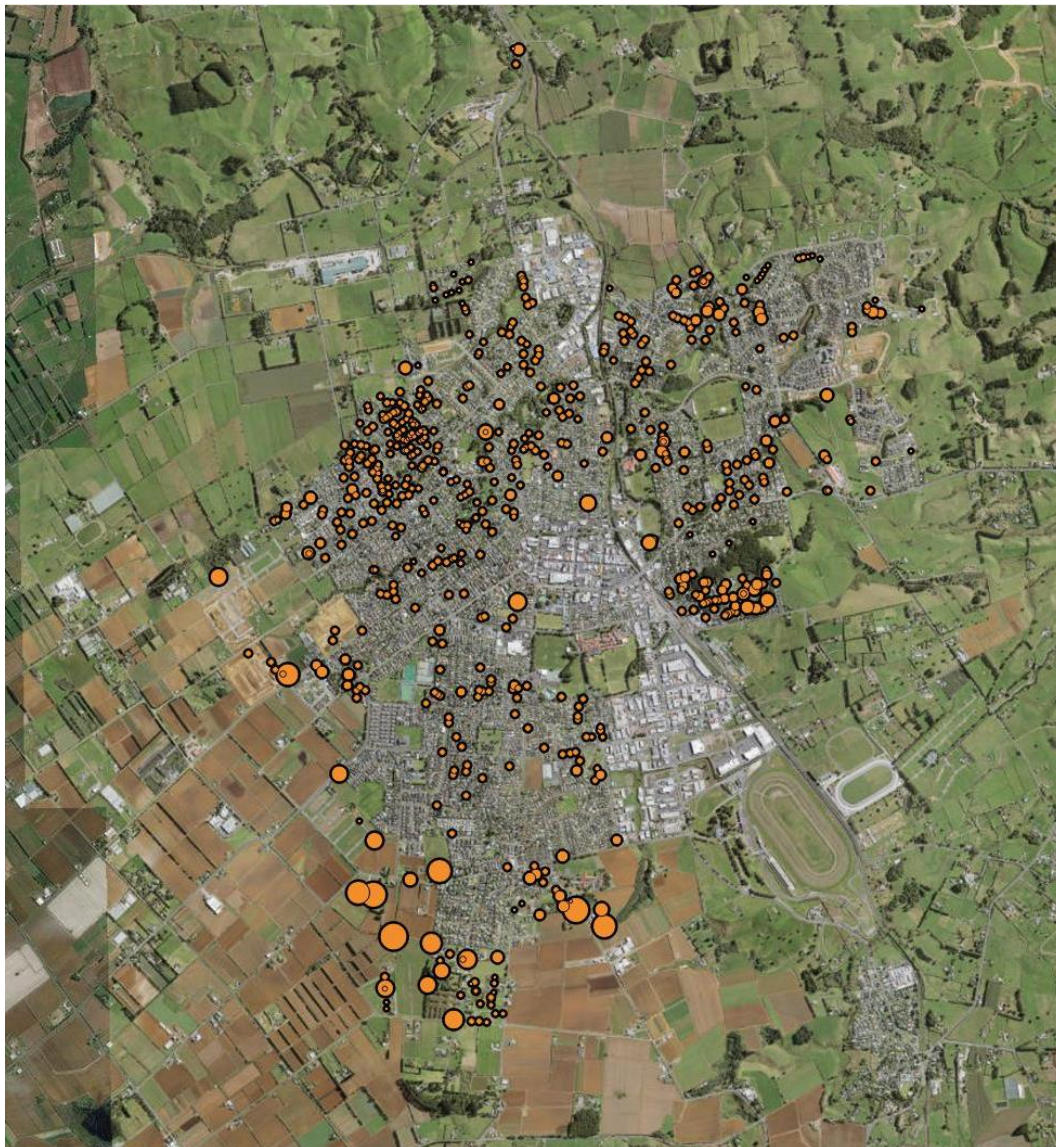
<sup>3</sup> Infill development is development that occurs on lots of 5,000m<sup>2</sup> or less, and greenfield development is development that occurs on lots of 5,000m<sup>2</sup> or greater.



Figure 18: Plan Enabled & Commercially Feasible Infill Lots by Lot Price

Lot Size	Lot Price	Dwelling Price	Commercially Feasible Lots	Feasible Dwellings %
175	\$310,000	\$620,000	40	2%
200	\$340,000	\$680,000	1540	81%
700	\$610,000	\$1,220,000	100	5%
175	\$310,000	\$620,000	210	11%
<b>Total</b>	-	-	<b>1890</b>	<b>100%</b>

Figure 19: Commercially Feasible Infill Lots by Lot Price



Source: Corelogic Database, Urban Economics

## 7.6. Realised Infill Capacity

The following figures display the location of all new dwellings sold within Pukekohe since 2016. Areas where terraced dwellings have been constructed are circled in the figure below (in yellow). The key points to note are:



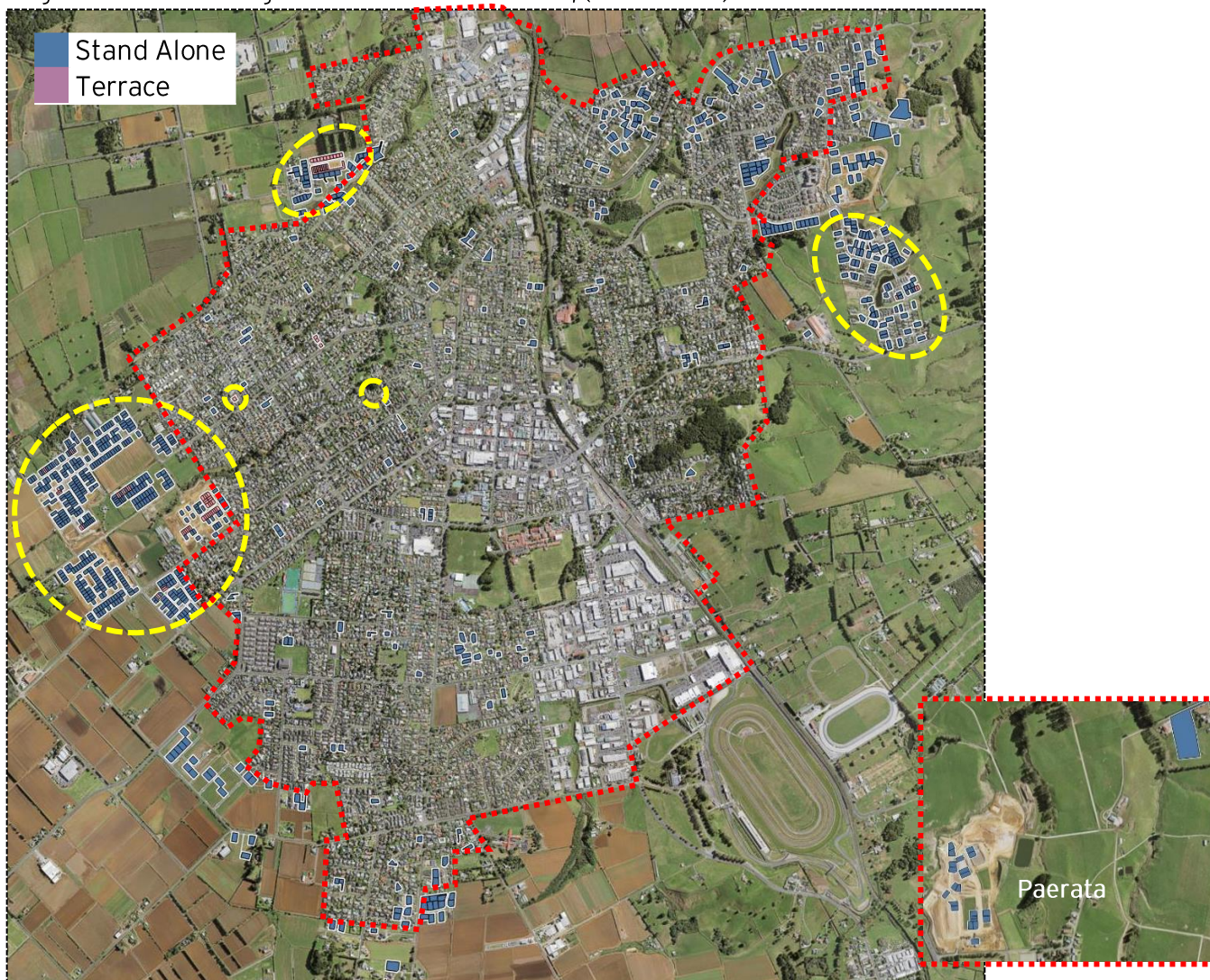
- Only four terraced dwellings, or 6% of all terraced dwellings constructed and sold in Pukekohe since 2016 are located within the existing urban area. This reflects a regional trend where terraced dwellings and apartments are primarily constructed as part of large masterplanned greenfield developments.
- The majority (or 71%) of dwellings have been constructed in greenfield areas, which reflects the normal development pattern for most towns and the economies of greenfield development.

Figure 20: New Dwellings Built in Pukekohe-Paerata, (2016 - 2020)

	Count		Proportion	
	Infill	Greenfield	Infill	Greenfield
Stand Alone	200	631	32%	68%
Terrace	4	71	6%	94%
<b>Total</b>	<b>204</b>	<b>702</b>	<b>29%</b>	<b>71%</b>

Source: Corelogic, Urban Economics

Figure 21: New Dwellings Built in Pukekohe-Paerata, (2016 - 2020)





## 7.7. Achievable Price Points by Typology & Size

Demand for housing can be understood both in terms of quantity and price. This section evaluates demand for housing in terms of price. Demand for housing by price is evaluated using an analysis of 'Location Deciles' that make up the Auckland region. Appendix 1 presents the detailed output tables, data and methodology for this analysis.

The Location Decile analysis shows the achievable price points for a new development, in terms of dwellings typology and size. Each Location Decile includes a group of suburbs that achieve the same prices for equivalent dwellings, for example:

- Location 'Decile 1' is the lowest priced suburbs and includes, for example, Waiuku, Ranui, Te Atatu South and Papakura.
- Location 'Decile 10' is the highest priced suburbs and includes, for example, Takapuna, Mount Eden, Ponsonby, and Parnell.

The Location Decile analysis enables an insight into the optimal dwelling mix, in terms of type and price.

The proposal site is estimated to have a Location Decile 2. The following figure presents the range of dwelling types and prices, as well as the corresponding dwelling size, lot size and lot price, for this Location Decile. The main points to note from figure 19 are:

- Within Pukekohe-Paerata, a conventional stand-alone dwelling of 140m<sup>2</sup> would sell for \$760,000. This would have a lot value of \$380,000.
- Within Pukekohe-Paerata, a conventional terrace house of 120m<sup>2</sup> would sell for \$620,000. This would have a lot value of \$310,000.
- Within Pukekohe-Paerata, a small apartment of 50m<sup>2</sup> would sell for \$440,000. This would be an insufficient sale price to be commercially feasible, given the higher construction costs for apartments.

Figure 22: Pukekohe Location Decile 2 Dwelling Type, Size and Price Results Summary

	Stand Alone											
Dwelling Size	80sqm	100sqm	120sqm	140sqm	160sqm	180sqm	200sqm	220sqm	240sqm	260sqm	280sqm	300sqm
Dwelling Price (\$000)	\$550	\$630	\$690	\$760	\$820	\$880	\$950	\$1,020	\$1,090	\$1,170	\$1,250	\$1,340
Dwelling Price per Sqm	\$6,910	\$6,250	\$5,760	\$5,400	\$5,120	\$4,910	\$4,750	\$4,630	\$4,550	\$4,500	\$4,470	\$4,470
Lot Price (\$000)	\$280	\$320	\$350	\$380	\$410	\$440	\$480	\$510	\$550	\$590	\$630	\$670
Lot Size (Sqm)	150	175	200	225	250	275	300	325	350	375	400	425
	Terrace											
Dwelling Size	80sqm	100sqm	120sqm	140sqm	160sqm	180sqm	200sqm	220sqm	240sqm	260sqm	280sqm	300sqm
Dwelling Price (\$000)	\$500	\$560	\$620	\$680	\$740	\$800	\$860	\$920	\$980	\$1,050	\$1,130	\$1,210
Dwelling Price per Sqm	\$6,220	\$5,630	\$5,180	\$4,860	\$4,610	\$4,420	\$4,280	\$4,170	\$4,100	\$4,050	\$4,020	\$4,020
Lot Price (\$000)	\$250	\$280	\$310	\$340	\$370	\$400	\$430	\$460	\$490	\$530	\$570	\$610
Lot Size (Sqm)	125	150	175	200	225	250	275	300	325	350	375	400
	Apartment											
Dwelling Size	40sqm	50sqm	60sqm	70sqm	80sqm	90sqm	100sqm	110sqm	120sqm	130sqm	140sqm	150sqm
Dwelling Price (\$000)	\$370	\$440	\$500	\$570	\$640	\$700	\$770	\$840	\$910	\$980	\$1,050	\$1,120
Dwelling Price per Sqm	\$10,180	\$9,710	\$9,360	\$9,100	\$8,900	\$8,760	\$8,650	\$8,570	\$8,520	\$8,490	\$8,490	\$8,490
Lot Price (\$000)	\$120	\$150	\$170	\$190	\$210	\$240	\$260	\$280	\$310	\$330	\$360	\$350





The implications for the Structure Plan are that although the prices are relatively low (or affordable) by regional standards, they are relatively high by national standards. For example, a moderately sized terrace house lot, of around 200m<sup>2</sup>, would have a value of around \$340,000, and a moderately sized stand-alone lot, of around 350m<sup>2</sup>, would have a value of around \$550,000. These prices are commercially feasible for development, by a significant margin, on greenfield (rural) land.

Based on the regional housing shortage, particularly in the low-mid price points, it is reasonable to expect that there is sufficient demand for dwellings across a range of prices, in Paerata-Pukekohe. There is also likely to be strong demand for the range of dwellings types and sizes enabled by the proposal, which are likely to predominantly be \$600,000 - \$900,000 price range.

## 7.8. Zoning Comparison

One aim of the proposal is to zone 28ha of land to MHUZ that is currently earmarked as MHSZ land in the Structure Plan. The following figure illustrates key differences between the zones. The MHUZ enables a larger site coverage, smaller minimum lots, and a higher maximum building height. All these provisions enable the MHUZ to provide a more diverse housing stock than the MHSZ.

Figure 23: MHU vs MHS Zoning Provisions

	Mixed Housing Urban	Mixed Housing Suburban
Maximum Site Coverage	45%	40%
Minimum Lot Size*	300	400
Maximum Height	3	2

Source: Auckland Unitary Plan

\*Smaller lot sizes are possible with a comprehensive development plan under both zones.

The following figure provides development scenarios for the structure plan zoning and the proposed zoning. Two development forms over a range of densities are analysed, a typical single level stand-alone development and a two-storey terrace housing development. The key points to note are:

- The greater flexibility provided by the MHUZ enables a wider range of dwelling types and prices than the MHSZ.
- The price of stand-alone housing is \$30,000 - \$80,000 cheaper under the MHUZ and terrace dwellings are \$20,000 - \$30,000 cheaper.
- The stand-alone development scenario enables 60 - 100 additional dwellings to be constructed and the terrace development scenario enables an additional 130 - 210 dwellings.



Figure 24: Hypothetical Development Outcomes

Stand Alone Development Outcomes							
Density	Zone	Dwelling Size	Lot Size	Dwelling Price (\$000)	Structure Plan	Proposal	Additional Yield
Low	Mixed Housing Suburban	180	450	\$930	680	75	-605
	Mixed Housing Urban	180	400	\$880	-	670	670
	<b>Total</b>				<b>680</b>	<b>745</b>	<b>65</b>
Medium	Mixed Housing Suburban	140	350	\$810	880	100	-780
	Mixed Housing Urban	140	310	\$760	-	860	860
	<b>Total</b>				<b>880</b>	<b>960</b>	<b>80</b>
High	Mixed Housing Suburban	100	250	\$680	1,230	130	-1,100
	Mixed Housing Urban	100	220	\$630	-	1,210	1,210
	<b>Total</b>				<b>1,230</b>	<b>1,340</b>	<b>110</b>

Terrace Development Outcomes							
Density	Zone	Dwelling Size	Lot Size	Dwelling Price (\$000)	Structure Plan	Proposal	Additional Yield
Low	Mixed Housing Suburban	140	175	\$840	1,760	190	-1,570
	Mixed Housing Urban	140	155	\$800	-	1,720	1,720
	<b>Total</b>				<b>1,760</b>	<b>1,910</b>	<b>150</b>
Medium	Mixed Housing Suburban	120	150	\$720	2,050	220	-1,830
	Mixed Housing Urban	120	130	\$680	-	2,050	2,050
	<b>Total</b>				<b>2,050</b>	<b>2,270</b>	<b>220</b>
High	Mixed Housing Suburban	100	125	\$600	2,460	270	-2,190
	Mixed Housing Urban	100	110	\$560	-	2,420	2,420
	<b>Total</b>				<b>2,460</b>	<b>2,690</b>	<b>230</b>

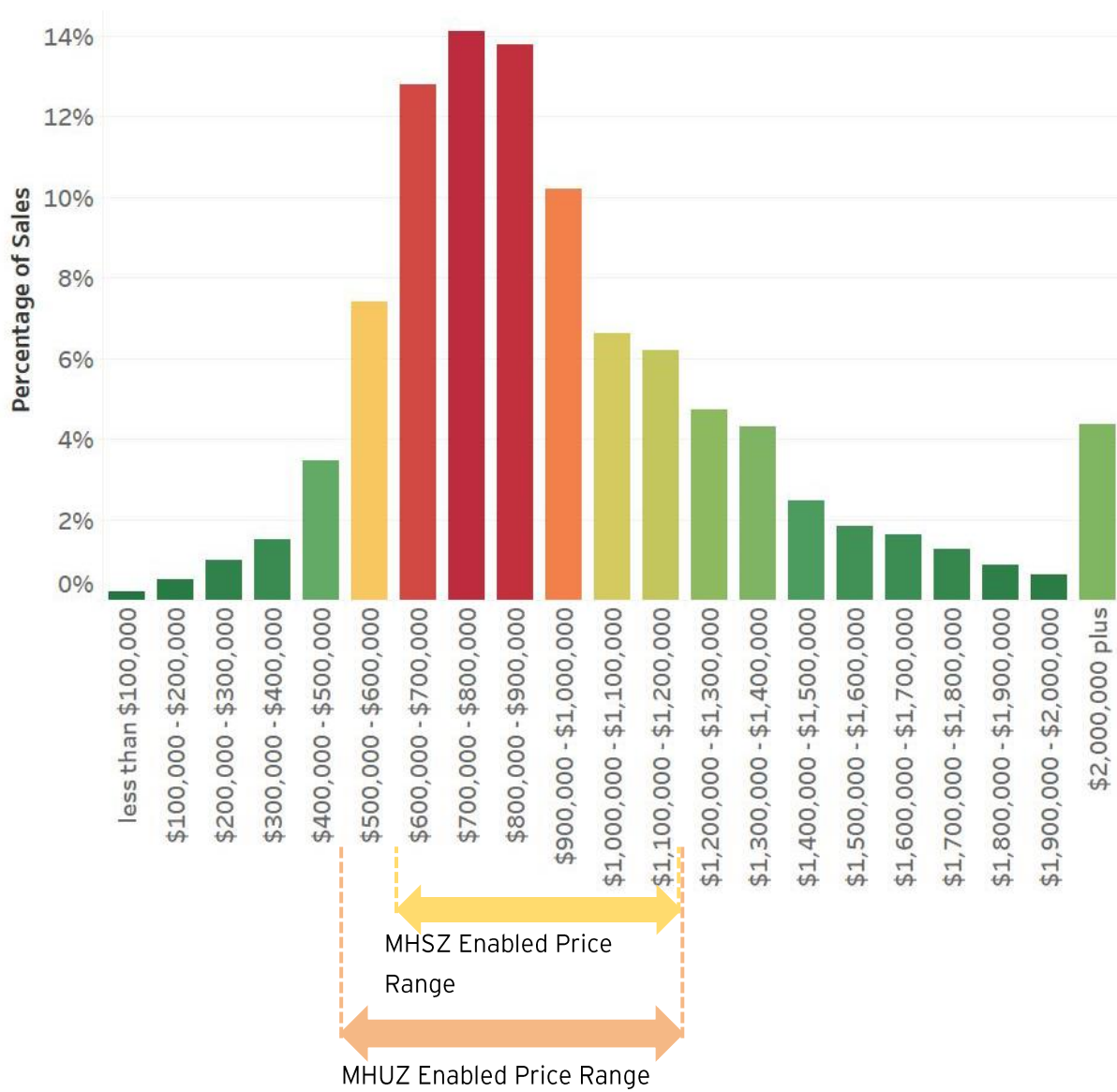
Source: Urban Economics, Auckland Unitary Plan

As outlined above, one benefit of the MHUZ is it enables lower priced dwellings. The following figure illustrates the price profile of all dwellings sold in urban areas in the Auckland region between 2019 and 2020. The key points to note are:

- Sales cluster strongly in the \$500,000 - \$1,000,000 range with 47% of all property sales occurring in this range.
- The MHUZ enables stand alone dwellings in the \$600,000 - \$700,000 range and terrace dwellings in the \$500,000 - \$600,000 range. By comparison, the MHSZ only enables stand alone and terrace dwellings that are around \$100,000 higher in price. This is due to the higher site coverage and smaller lots enabled in the MHUZ.



Figure 25: Auckland Urban House Sales, 2019 - 2020





## 8. Opportunities for Masterplanned Developments in Pukekohe-Paerata

The Structure Plan proposes a large quantity (1,427 hectares) of residential land. This is comprised mostly of MHSZ (54%) and MHUZ (30%) zone land.

Across the 1,427 hectares, the average parcel size is relatively small, at 6 hectares, reflecting the predominance of lifestyle blocks (see the figure below).

It is also important to note that across the 1,427 hectares, only 4% of parcels are '30 hectares or greater' in size (see Figure 23). This is particularly important in respect of large master planned developments, which tend to require sites of at least 30 hectares to enable in the order of 400 or more dwellings. To put this into context, the large master planned developments in Auckland tend to have 1,500 - 3,000 dwellings. For example, Hobsonville Point has 4,500 dwellings, Addison in Papakura has 1,500 dwellings, Stonefields in east Auckland has 2,500 dwellings, and Long Bay in the North Shore has 2,000 dwellings.

Enabling large masterplanned developments in Pukekohe-Paerata has a number of notable benefits, most notably:

1. Developers have a market incentive to produce a high quality development as they need to sell a large number of dwellings over an extended, long term period. By contrast, smaller developments, of 100-200 dwellings, often have a more basic design as there is no requirement for ongoing sales.
2. Large developments often enable a more diverse housing stock, as some buyers are willing to purchase a smaller town/terrace house in order to be in a highly regarded development. This is evident in large developments in Auckland over the past decade, which have started with larger stand alone homes, and then over time introduced smaller terrace and town houses.
3. The housing design and road layout is better managed over a wider area.

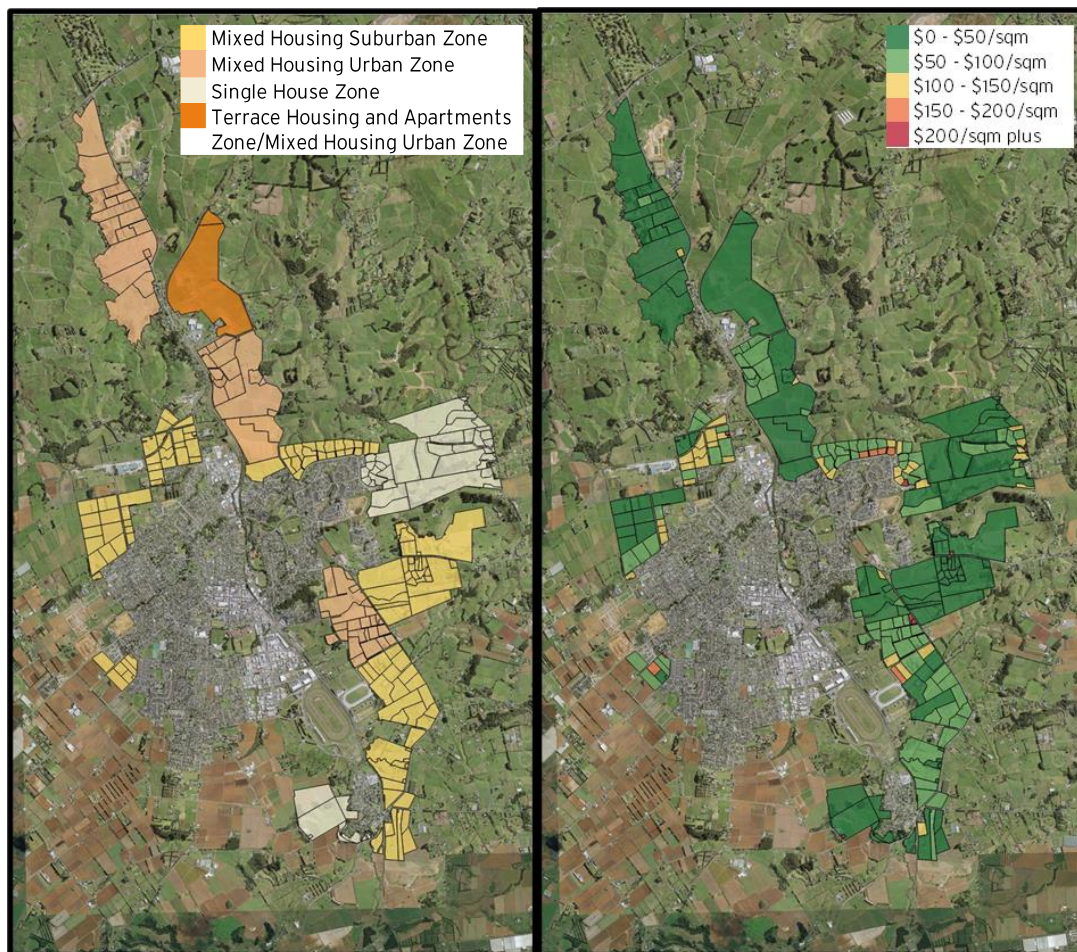


Figure 26: Additional Residential Land in Pukekohe-Paerata Structure Plan by Parcel Size

Parcel Size Ha	Count	Count %
0-10	204	86%
10-20	11	5%
20-30	14	6%
30-40	2	1%
40-50	4	2%
50-60	0	0%
60-70	2	1%
70-80	0	0%
80-90	0	0%
90-100	1	0%
<b>Total</b>	<b>238</b>	<b>100%</b>

Source: Corelogic

Figure 27: Structure Plan Proposed Residential Land by Residual Land Value and Zone



Source: Corelogic, Auckland Council



The proposed development is an 82.5-hectare site aggregated from 15 parcels. At present, this is the largest site within the Structure Plan that has been identified for a masterplanned development. While there is potential for other large sites to be aggregated, this can be a difficult process, as some land owners do not want to develop in the short term or do not want to be commercially involved with a large number of partners. Given that 86% of parcels within the Structure Plan are less than 10 hectares in size, it is likely that there will only be a small number of large aggregated sites of the size of this proposal, that enable masterplanned developments.

One of the most notable benefits of large masterplanned developments is that they enable a diverse range of housing, in particular, high-density terrace and town houses. This is due to the quality of the environment that can be created with good urban design. Consequently, many buyers choose a terrace or town house in a large masterplanned development, rather than a conventional stand-alone house in a smaller development, even if the price is similar.

This trend is evident in Auckland with the large majority (around three quarters) of terrace houses being built in large masterplanned developments since the AUP became operative, which is perhaps one of the most interesting housing market trends to note at present, particularly in regard to new developments making a significant contribution to the compact city objective. This is shown in the figure below, with 1,150 terrace houses being built in 'greenfield' locations in 2017 and only 240 being built in 'infill' locations.

Figure 28: Dwelling Completions for 2015-2017 by Infill and Greenfield

Typology	2015			2017		
	Greenfield	Infill	Total	Greenfield	Infill	Total
Stand Alone	2,740	1,380	4,120	3,150	1,510	4,660
Terrace	580	60	640	1,150	240	1,390
Apartment	170	340	510	340	650	990
<b>Total</b>	<b>3,490</b>	<b>1,780</b>	<b>5,270</b>	<b>4,640</b>	<b>2,400</b>	<b>7,040</b>
Stand Alone	52%	26%	78%	45%	21%	66%
Terrace	11%	1%	12%	16%	3%	20%
Apartment	3%	6%	10%	5%	9%	14%
<b>Total</b>	<b>66%</b>	<b>34%</b>	<b>100%</b>	<b>66%</b>	<b>34%</b>	<b>100%</b>

Source: Auckland Council, Urban Economics

The proposal is on a large site, of 82.7 hectares, and would enable around 1,500 dwellings. At this scale it would be a notable development, of a scale similar to the other well-known masterplanned developments. It is anticipated that a significant proportion, in the order of 50% or 750 dwellings in the proposal would be terrace and town houses. These would be on smaller lots of around 200-250m<sup>2</sup> which inherently would in itself make a significant contribution to the compact city objective. It would also enable dwellings in the \$500,000 - \$600,000 price range, which has wider social and economic benefits.

It should be noted that as a general principle, buyers of dwellings near the urban periphery, such as Pukekohe, prefer larger houses. Historically, very few terrace or town houses have been built in Pukekohe, and other similar places, such as Pokeno, only offer 'large affordable sections'. It is



optimal that there is a predominance of MHUZ and MHSZ in the proposed Structure Plan, however this zoning does not automatically mean that higher density housing will be built, as market factors, such as the general preference for large stand alone dwellings, will continue to have a major influence on development trends. Given the historic trends, the opportunity for large masterplanned developments is likely to be one of the primary factors that will enable higher density housing in Pukekohe-Paerata over the next 1-2 decades.

The following figure places the proposal within the context of Auckland's largest masterplanned developments. It is also worth noting that these developments have achieved a significant proportion of terrace/town houses and apartments, which represent in the order of 17-55% of all dwellings. This is significantly higher than the regional average and highlights the important of large masterplanned developments in achieving the compact city objective.

Figure 29: Large Development Dwelling Types Consented

Development	Stand Alone	Terrace	Apartments	Terrace + Apartments	Total	Stand Alone	Terrace	Apartments	Terrace + Apartments
Gulf Harbour	1,720	420	0	420	2,140	80%	20%	0%	20%
Hobsonville Point	670	610	210	820	1,490	45%	41%	14%	55%
Karaka	2,250	410	50	460	2,710	83%	15%	2%	17%
Millwater	1,770	380	50	430	2,200	80%	17%	2%	20%
Flat Bush	6,090	1,210	0	1,210	7,300	83%	17%	0%	17%
Stonefields	770	140	570	710	1,480	52%	9%	39%	48%
<b>Total</b>	<b>13,270</b>	<b>3,170</b>	<b>880</b>	<b>4,050</b>	<b>17,320</b>	<b>77%</b>	<b>18%</b>	<b>5%</b>	<b>23%</b>

Source: Statistics NZ

## 9. NPS-UD & AUP Provisions

The key provisions of the AUP and NPS-UD that relate to efficient land markets are as follows.

NPS-UD: *"Policy 2: Tier 1, 2, and 3 local authorities, at all times, [must] provide at least sufficient development capacity to meet expected demand for housing and for business land over the short term [ 1 to 3 years], medium term [3 to 10 years], and long term. [11 to 30 years]"*

*"Objective 2: Planning decisions improve housing affordability by supporting competitive land and development markets"*

AUP: *"B2.2.2.(1) Include sufficient land within the Rural Urban Boundary that is appropriately zoned to accommodate at any one time a minimum of seven years' projected growth in terms of residential, commercial and industrial demand... after allowing for any constraints on subdivision, use and development of land"*

The following figure shows the estimates of 'reasonably expected' development capacity across both infill and greenfield land markets against dwelling demand. There is currently reasonably expected capacity for 1,200 dwellings from infill areas and 4,460 dwellings from greenfield areas. With demand of 450 dwellings per annum, this equates to 12.6 years of supply from existing land



and 16.2 years of supply from existing land plus the proposed land. It is evident in Figure 30 that there is presently sufficient capacity for residential zone land to meet the requirements of the NPS-UD and AUP.

Figure 30: NPS-UD and AUP Development Capacity Analysis

Existing Capacity		Value	
Dwelling Capacity	Infill 'Reasonably Expected' for Development Capacity	1,200	
	Greenfield 'Reasonably Expected' for Development Capacity	4,460	
	Demand per annum	450	
	Years Supply	12.6	
NPS-UD	Land Provision Requirements	Short (0-3 year)	Met
		Medium (3-10 year)	Met
		Long (10-30 year)	Met
AUP	B2.2.2.(1) (7 year)	Met	
Existing Capacity + Proposed Land			
Dwelling Capacity	Infill 'Reasonably Expected' for Development Capacity	1,200	
	Greenfield 'Reasonably Expected' for Development Capacity	4,460	
	Infill & Greenfield Capacity + Proposed Land	7,270	
	Demand per annum	450	
	Years Supply	16.2	
NPS-UD	Land Provision Requirements	Short (0-3 year)	Met
		Medium (3-10 year)	Met
		Long (10-30 year)	Met
AUP	B2.2.2.(1) (7 year)	Met	

Source: Property Economics, Urban Economics, Auckland Unitary Plan, Ministry for the Environment

Figure 31 displays an analysis of the Pukekohe-Paerata land market with regards to the intention of Objective 2 in the NPS-UD (“Planning decisions improve housing affordability by supporting competitive land and development markets”). Although Pukekohe-Paerata has enough raw development land available to meet demand, the concentration of this land in the hands of one player suggest that a competitive market is unlikely to arise. Highly concentrated markets can exhibit monopoly pricing, where holding dominant market share enables developers to charge higher prices. As outlined in section 7.3, **Paerata Rise makes up 97% of planned development in the Pukekohe-Paerata residential land market.** A highly concentrated land market is unlikely to meet Objective 2 of the NPS-UD.

The Herfindahl-Hirschman index<sup>4</sup> is an industry best practice tool used to measure market concentration. Authorities that deal with regulating the competitiveness of markets such as the Commerce Commission domestically and the US Department of Justice internationally use the Herfindahl-Hirschman (HH) Index to measure when markets have or will become too concentrated if particular mergers occur in order to ensure competitive markets. The US Department of Justice considers HH index values between 1,500 - 2,500 to be moderately concentrated markets and

<sup>4</sup> The Herfindahl-Hirschman index is calculated by squaring each supplier's marketshares and then summing them. The maximum value is 10,000.





values in excess of 2,500 points to be highly concentrated.

Figure 32 displays the index values likely to occur in the Pukekohe-Paerata land market over the next three years both with and without the proposal. This is calculated based on current planned supply from greenfield developers, historical infill market shares and dwelling demand estimated at 450 per annum. Without the proposal the HH index value is 2,564. **This is considered a highly concentrated marketplace.** In this scenario significant market power is likely to result in **higher priced sections at a lower quantity** being supplied to the market. With the proposal the HH index falls to 2,282. This is considered a moderately concentrated market. Pricing power is still likely to exist, but **the market is considerably more competitive than before.**

Figure 31: NPS-UD Competitive Market Analysis

Existing Capacity		Value	
NPS-UD	Competitive Market Requirements	Short (0-3 year)	<b>Not Met</b>
		Medium (3-10 year)	<b>Met</b>
		Long (10-30 year)	<b>Met</b>
Existing Capacity + Proposed Land		Value	
NPS-UD	Competitive Market Requirements	Short (0-3 year)	<b>Met</b>
		Medium (3-10 year)	<b>Met</b>
		Long (10-30 year)	<b>Met</b>

Source: Property Economics, Urban Economics, Auckland Unitary Plan, Ministry for the

Figure 32: Herfindahl-Hirschman Index, Residential Land Market

	Short term (0-3 Years)
Without Proposal	2,564
With Proposal	2,282
Difference	<b>282</b>

Source: Urban Economics

Looking only at the residential land market impact of the proposal, the proposal would result in 55.5 ha of MHUZ and 6.8 ha of MHSZ being supplied to the market in the short-term. By comparison, the structure plan only supplies 31 ha of MHSZ land at a later date. By supplying more residential zoned land earlier, a less anti-competitive residential land market results. The proposal would enable the Pukekohe-Paerata residential land market to better meet Objective 2 of the NPS-UD.

## 10. Residential Costs & Benefits

The following costs and benefits from the proposed residential rezoning are identified in this section:

- The proposal would enable the provision of affordable dwellings in the \$500,000 - \$600,000 range.
- The proposal would enable a wider range of dwelling types and sizes.



- The proposal would enable an additional 80-220 dwellings when compared to the Structure Plan scenario (under the medium scenario). By utilizing this land more efficiently, population growth pressures can be met while enabling between 3-7 hectares of land to remain in rural use.
- The proposal would enable a masterplanned development that is notable within the wider sub-region. Masterplanned developments are able to produce a wider range of dwelling types and prices and produce additional internal amenity.
- The proposal would enable a competitive residential land market. The current market is likely to experience an anti-competitive residential land market in the short-term without the proposal.
- The proposal would result in a more efficient utilisation of infrastructure. This is analysed in Section 14.

## 11. Demand for Major Recreation Facility Land

Part of the site is currently zoned Special Purpose - Major Recreation Facility. Such facilities are described as follows:

*“The purpose of this zone is to appropriately manage facilities within the Auckland region capable of hosting large-scale sports, leisure, entertainment, art, recreation, or event and cultural activities. Major recreation facilities are large, multi-functional sites with an indoor visitor capacity exceeding 1,000, or the overall ability to accommodate over 10,000 visitors. These facilities are limited resources that contribute significantly to Auckland’s social and economic well-being, and their efficient use is of resource management importance to the region.” (H26.1)*

The Franklin Trotting Club no longer wishes to continue operations in Pukekohe. In addition, there is no current or anticipated demand for another major recreation facility, of the scale envisaged by this zone, to establish on this site. For this reason, the proposal land is considered to be surplus to the needs of the wider major recreational facilities market.



## 12. Racing Sector Overview

This section provides an overview of the New Zealand thoroughbred racing industry. This provides useful context for the proposed Plan Change, particularly in respect of the commercial challenges facing the racing industry.

### 12.1. Economic Impacts

A recent report undertaken by IER<sup>5</sup> on behalf of the New Zealand Racing Board (“NZRB”) examined the size and scope of the racing industry in New Zealand. Key findings are outlined as follows:

- The thoroughbred industry contributed \$813.4 million to the New Zealand economy in 2016/2017. This includes breeding, training and racecourse operations.
- The industry has 34,800 participants, which includes volunteers, part-time and full-time employees.
- The industry directly supports 6,690 full time equivalent jobs. These are jobs directly involved in thoroughbred breeding, racing, training and racecourse operations. The industry also helps to sustain a further 7,710 jobs for example veterinarians, feed suppliers, marketing and advertising, sports media, etc.
- In 2016/2017 there were 308 race meetings across 50 race tracks.
- Approximately 361,500 people attended thoroughbred race meetings over this period.
- The industry exported approximately 1,770 horses in this period which generated \$138 million in export revenue<sup>6</sup>.

The industry is however facing a range of challenges such as:

- reduced betting turnover,
- lower numbers of foals born,
- low returns to racehorse owners compared to overseas, and
- poor quality racing and training facilities.

### 12.2. Social Impacts

As well as economic and employment impacts, the study investigated the social and community benefits of the racing industry. The study found the following social and community benefits from the racing industry:

#### **Providing funding for a range of charities and sporting activities:**

In 2016/2017 Racing Clubs provided financial assistance to over 400 organisations including sporting clubs, cancer societies, disability groups such as Riding for the Disabled, Emergency Services and many other charities. In addition, the NZ Racing Board provided \$3.3 million to 51

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<sup>5</sup> Size & Scope of the New Zealand Racing Industry, February 2018, IER.

<sup>6</sup> NZ Breeding, Sales & Export Statistics 1995-2017, New Zealand Thoroughbred Breeders Association.



sports through 434 different grants over this period.

#### **Sharing facilities with community organisations:**

In 2016/2017 Racing Clubs shared their facilities with over 300 community organisations.

**Community engagement:** A survey of race attendees found that the public saw racing events as a way to:

- Bring together family and friends for a social experience (4.4/5)
- Support businesses in the local economy (4.0/5)
- Connect people with both similar and diverse backgrounds (4.0)
- Strengthen town/city profile as a tourism destination (3.6/5)
- Reinforce the values of the community (3.5/5)
- Educate visitors about the community (3.2/5)

#### **Supporting family relationships:**

Over 90% of Race Clubs offer events for families and children. Activities include children's zones, pony and cart rides, face painting, kids fashion competitions, arts and crafts, jumping castles and rock walls, etc.

### 12.3. Ministerial Recommendations

Winston Peters, Minister for Racing recently commissioned a report to review New Zealand's racing sector and to provide recommendations for the future direction of the industry. The following key recommendations were made:

- Reduction in the number of racetracks from 48 to 28 over the next 5 years
- Sale of closed racecourses with profits centralised to fund improvement of remaining tracks.
- Development of three synthetic racetracks.
- Increase prizemoney across all tiers of racing.

These recommendations, if accepted, would result in significant changes to the racing industry with the aim of improving the industry's sustainability and profitability.



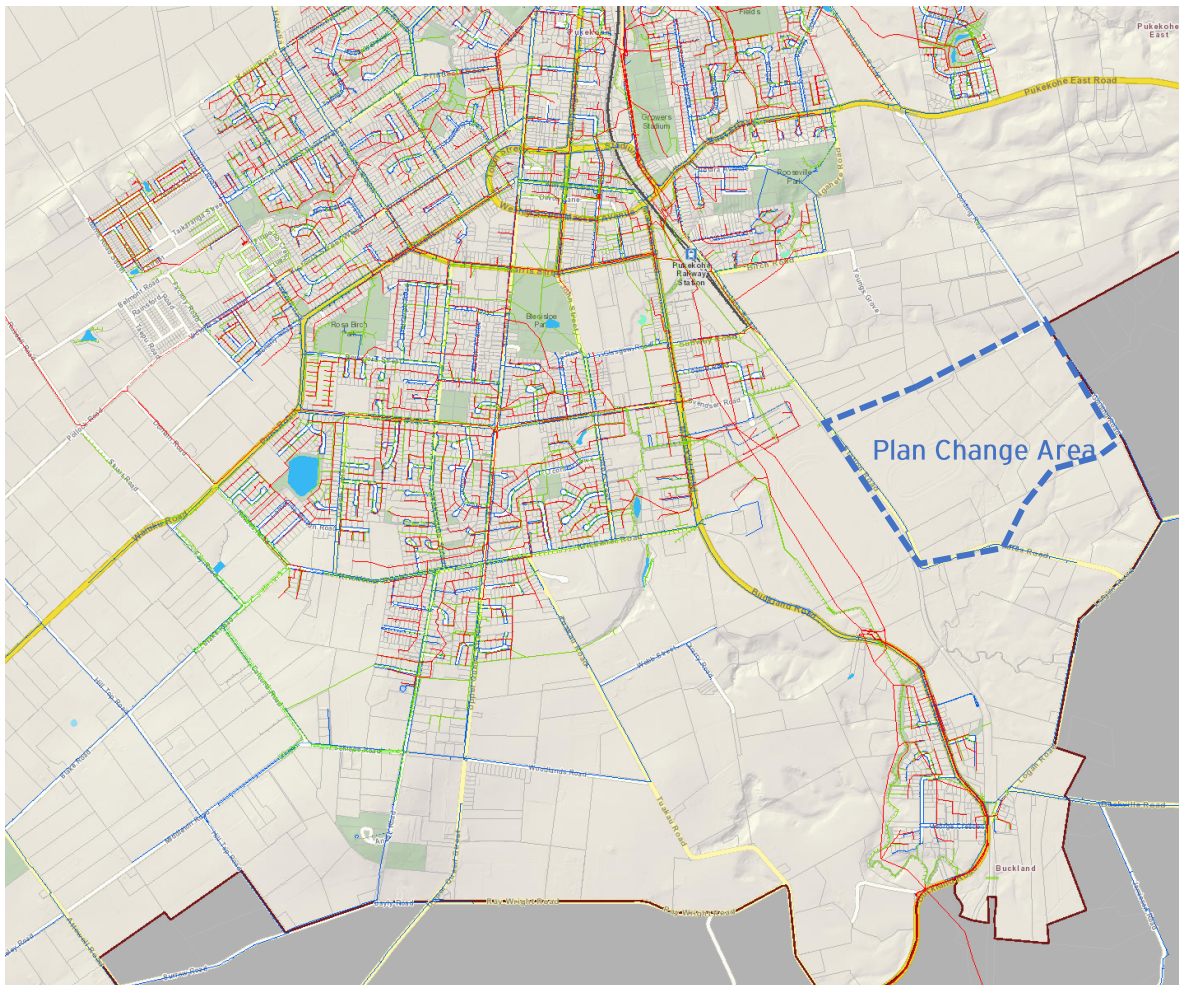
## 13. Efficient Use of Infrastructure

Auckland Council estimate that the City requires \$19.9 billion of expenditure on the infrastructure network for future urban areas (Auckland Future Urban Land Supply Strategy, July 2017, page 20). This equates to expenditure of \$1.3 million per hectare of land (15,000 hectares / \$19.9 billion = \$1.3 million).

The proposed land presently has good options for connection to bulk infrastructure from Golding Road, as shown in the following figure.

As outlined in Section 7, the zoned residential land area in the Structure Plan provides for an additional 13,500 dwellings while the FULSS provides infrastructure to support 14,300 dwellings by 2027. This indicates that the planned infrastructure investment would not be fully utilised by the planned quantity of residential land, even over the long term (30 years). Enabling more dwellings provides a higher return on infrastructure investments increasing their efficiency.

Figure 33: Infrastructure Map





## 14. Conclusions & Recommendations

The following costs and benefits have been identified in this report:

- Pukekohe-Paerata has capacity for 5,690 dwellings which is sufficient to meet 12.6 years of demand. However, the majority (97%) of this capacity is held by one developer (Paerata Rise). This level of market concentration is leading to an inefficient supply of new dwellings into the market. The proposal would introduce a second major development which would ensure competition. This would lead to significant economic benefits, including more affordable dwellings, and a wider range of dwellings in terms of size and type, are supplied to the market over the short-medium term. This would ensure the NPS-UD and AUP capacity requirements are met.
- There is 6.5 hectares of vacant LIZ land that is currently 'reasonably expected' to be available to the market in Pukekohe-Paerata. Given demand of 3 hectares p.a. there is an immediate shortage with only 1.5-2 years of industrial land available, well below the requirements of the NPS-UD. The proposal would bring a net 17 hectares of land to the market, equivalent to an additional 4-6 years of supply. This is a significant economic benefit and will ensure employment growth in Pukekohe over the short-medium term is unhindered. This would ensure the NPS-UD and AUP capacity requirements are met.
- The Auckland Trotting Club no longer wish to proceed with the Franklin Trotting Club. This land would therefore most likely default to agricultural use if not zoned to urban use. A rural use would be inefficient given its location within the urban area and its access to trunk infrastructure.

The proposal would result in net economic benefits in both the industrial and residential markets. It is therefore recommended for approval.



# 15. Appendix 1: Current Development Pipeline Aerial Photographs

Figure 34: Current Development Locations





Figure 35: Anselmi Ridge & Lisle Farm Drive







Figure 36: Paerata Rise





Figure 37: Regis Park





Figure 38: Belmont Park Area





Figure 39: North Ridge, Rowles Road & Calcutta Road





Figure 40: Prospect Terrace

