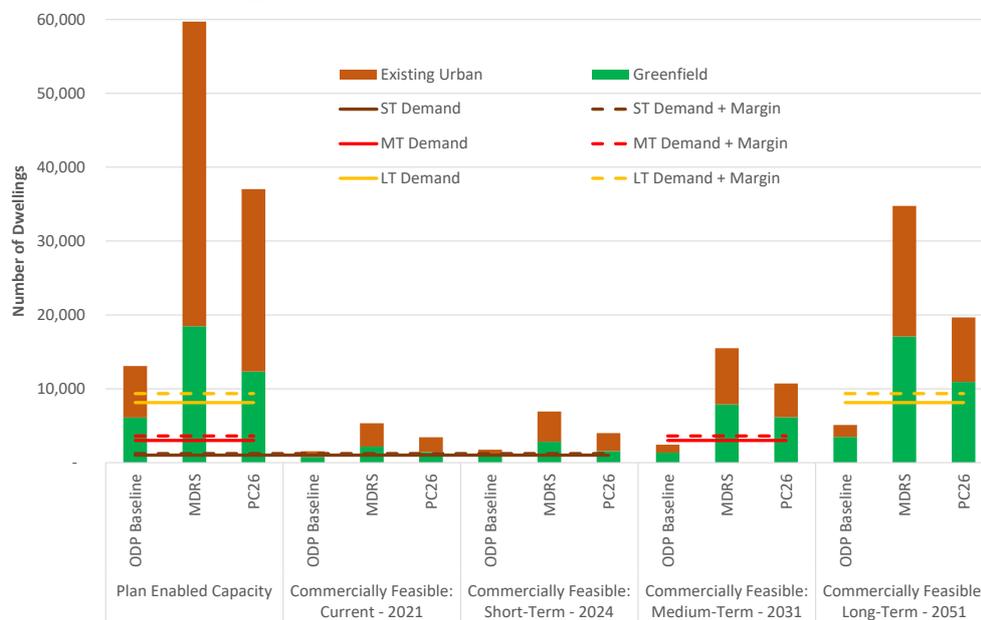


1. SUMMARY

1.1 Market Economics has undertaken several comprehensive studies on residential development capacity and demand growth within Waipā district’s main urban towns. Capacity and growth patterns enabled by different planning provisions have been modelled. These include the existing baseline District Plan provisions, intensification under an unmodified MDRS and PC26. The most recent modelling has tested the effect of PC26 and individual qualifying matters on the urban towns.

Figure A: Plan Enabled and Commercially Feasible Capacity and Demand by Modelled Scenario: Cambridge and Te Amamutu/Kihikihi



Source: M.E 2022 Waipa Residential Capacity Model. Modelled Scenario/Time Period/Capacity Type

1.2 Both the MDRS and PC26 provisions substantially increase capacity and options for more intensive development within the urban towns and, in my view, deliver more efficient outcomes than the existing baseline provisions. At a net additional 37,000 dwellings, PC26 enables nearly three times (2.83) the amount of capacity across the Residential Zone than that enabled under the existing District Plan provisions, which enable around 13,000 net additional dwellings. There are also up to 5,000 dwellings enabled within the Commercial Zone. The unmodified MDRS provisions enable an additional 59,700 dwellings across the Residential Zone. At the total level, the modelled capacity under each intensification option, including with the application of

qualifying matters, is large relative to the long-term projected demand of around 8,100 additional urban dwellings across Cambridge and Te Awamutu, or 9,400 dwellings with a margin.

- 1.3 The qualifying matters, when applied in combination, reduce plan enabled capacity by 38% (-22,700 dwellings) across the Residential Zone, with the largest effect from the Infrastructure Overlay qualifying matter. Other qualifying matters have a much smaller impact on capacity.

Table A: Effect of Individual Qualifying Matters on Total Modelled Urban Capacity

| MODELLED SCENARIO | Plan Enabled Capacity | Commercially Feasible Capacity | | | |
|---|-----------------------|--------------------------------|------------|-------------|-----------|
| | | Current | Short-Term | Medium-Term | Long-Term |
| Net Additional Dwelling Capacity | | | | | |
| Full Intensification (MDRS) | 59,700 | 5,300 | 6,900 | 15,500 | 34,800 |
| All QMs Applied (PC26) | 37,000 | 3,400 | 4,000 | 10,700 | 19,700 |
| ICO only | 37,400 | 3,600 | 4,400 | 11,600 | 20,100 |
| Existing and New Heritage only | 59,000 | 5,300 | 6,900 | 15,400 | 34,400 |
| Stormwater only | 59,700 | 4,400 | 5,800 | 14,800 | 34,300 |
| Streams and Gullies only | 59,700 | 5,300 | 6,800 | 15,400 | 34,700 |
| Net Change from MDRS (Full Intensification) | | | | | |
| All QMs Applied (PC26) | -22,700 | -1,900 | -2,900 | -4,800 | -15,100 |
| ICO only | -22,300 | -1,800 | -2,600 | -3,900 | -14,700 |
| Existing and New Heritage only | -700 | -100 | -100 | -100 | -400 |
| Stormwater only | 0 | -1,000 | -1,100 | -600 | -400 |
| Streams and Gullies only | 0 | 0 | -100 | -100 | -100 |
| Percentage Change from MDRS (Full Intensification) | | | | | |
| All QMs Applied (PC26) | -38.0% | -35.4% | -42.2% | -30.8% | -43.4% |
| ICO only | -37.3% | -33.1% | -36.8% | -24.9% | -42.3% |
| Existing and New Heritage only | -1.1% | -1.3% | -1.1% | -0.8% | -1.0% |
| Stormwater only | 0.0% | -18.4% | -16.3% | -4.2% | -1.2% |
| Streams and Gullies only | 0.0% | -0.7% | -1.5% | -0.5% | -0.2% |

Source: M.E Waipa Residential Intensification Model, 2022.

- 1.4 The total realised growth in urban dwellings is likely to be very similar under each modelled scenario (District Plan, MDRS and PC26), occurring in line with the level of projected demand. However, I consider that there are important differences in urban form between the three modelled scenarios, with each option encouraging different spatial patterns of growth across the existing and future urban areas. These give rise to important economic effects.

- 1.5 I consider that the universal application of unmodified MDRS across an undifferentiated residential zoning structure means that any intensification is likely to be more widespread through opportunistic development in outer suburban areas. In my view, unfocussed provision for intensification would represent a less efficient urban form as it would dilute the intensification around centres thereby undermining the benefits that are generally associated with development around centres.
- 1.6 I also consider that the alternative densities proposed under the notified PC26 Infrastructure Overlay may limit the potential for residential intensification in the areas surrounding the commercial centres, particularly within Cambridge. Higher yields are required in these areas to increase the feasibility of intensification through redevelopment.
- 1.7 For these reasons, I consider it is therefore important that the *medium-density provisions* are appropriately scaled to this context through sufficiently differentiating between areas surrounding centres and the wider general suburban areas.
- 1.8 I support the application of the Infrastructure Overlay, but with the relaxation in areas surrounding the Cambridge commercial centre in the proposed alternative Waipā position set out in Mr Quickfall's evidence. I would also support the relaxation of the Infrastructure Overlay in areas surrounding the Te Awamutu and Leamington commercial centres. I consider that this will support the development of a well-functioning urban environment. It will enable and encourage medium-density intensification around the centres and reduce the likelihood of more dispersed patterns of growth.
- 1.9 I consider that it would be appropriate to apply the Infrastructure Overlay (with the relaxation around centres) from the short-term onwards. This is because the development of an efficient urban form in the long-term occurs incrementally and cumulatively through time as a result of development trajectories applying within the short, medium and long-terms.
- 1.10 I consider that in smaller economies intensification around centres often occurs at a lower scale, with a much smaller share of higher density development. Most of the

intensification around centres occurs in typologies such as terraced housing with very limited higher density vertically-attached apartment development.

- 1.11 I consider that if higher density development is enabled, then it is important that the location, scale and spatial extent of intensification provisions are appropriate and relate to the level and nature of market demand within the local economic context. These factors influence the level of intensification around centres and the extent to which higher density development is likely to directly support the functioning of the town centres.
- 1.12 In my view, it is important that policies suited to large cities are not simply transplanted into smaller towns. There is less potential for towns in smaller urban economies to be able to sustain this type of development with smaller areas around centres suited for intensification than in larger urban economies where the market is more established and greater trade-offs are made with location and other dwelling choice factors across the urban area. In my view, higher density development across a larger spatial scale may undermine intensification within centres and could result in isolated developments in outer areas that do not function together with the centre and are inconsistent with the surrounding suburban area.
- 1.13 In my view, the revised KO proposed HDR Zone area is still likely to be relatively too large within the context of the local market and level of long-term projected demand for higher density dwellings. From an economic perspective, I consider that a more reduced area (from that currently proposed by KO) for higher density residential provision may be appropriate in the residential areas immediately surrounding Cambridge commercial centre.
- 1.14 I agree that increased building height allowances within commercial centres are likely to increase the feasibility of higher density development. I also consider that there may be other factors such as environmental considerations that may see development at a lower height more appropriate than that which results in the greatest economic profit margin. In my view, a key aspect is whether development is still viable and likely to occur at different potential height limits. I therefore support an increase in heights

within appropriate parts of the Commercial Zone areas, including that of 18m contained within the proposed alternative Waipā position.

- 1.15 Despite lower demand, I also support the proposed increased building height limit (18m) within the Te Awamutu Commercial Centre Zone area contained within Mr Quickfall's evidence. I consider that it provides development opportunities for the market if demand arises in the future. I consider that any development within the Commercial Zone would be likely to function together with the centre due to its location.

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26 April 2023