Memorandum

To: Pukerua Property Group LP

From: Adam Thompson

Date: 4 August 2026

Re: Response to Economic Matters Raised by Porirua City Council

1. Purpose

This memo responds to the economic matters raised in Porirua City Council's 'Mount Welcome, Pukerua Bay, Porirua Planning Report' dated 31 July 2026 ("Council Planning Report").

2. Overall economic position

Support

The Council Planning Report states that the conclusions relating to the proposal's significant economic benefits are "likely to be reasonable" and accepts that the proposal may provide significant economic benefits through increased competition in the land and housing market (p. 51 and 53).

Concerns

The Council considers that some assumptions underlying the Economic Assessment are insufficiently explained, particularly in relation to housing affordability. It also considers that potential economic costs have not been assessed (p. 51–53).

Response

The Council accepts the central conclusions of the Economic Assessment, including the benefits arising from additional housing supply, competition, construction activity, employment and household expenditure.

The principal area of disagreement is the proposed restriction to one dwelling per allotment and the resulting absence of conventional medium-density housing.

3. Housing supply and competition

Support

The Council states:

> *"The proposed development has the potential to have positive economic and social effects for Porirua and the wider region by providing additional land ready for the development of housing." (p. 14)*

It also accepts that the proposal will generate construction expenditure and employment, additional household expenditure and downward pressure on housing costs. The Council further agrees that the development will increase competition in the land and housing market *(p. 14 and 53)*

Concerns

No economic opposition is raised regarding the provision of the proposed 949 residential allotments. The concern is that the development does not retain capacity for a potentially greater number of dwellings through later multi-unit development.

Response

The proposal will make a substantial addition to housing supply in a market where the Council accepts that there is an existing shortfall[1]. This confirms that the proposed development will result in a net addition to total housing supply. It will also increase purchaser choice, competition between developments and the resilience of the greenfield supply pipeline.

These benefits do not depend on every dwelling being sold below a particular price. They arise from the scale of the additional supply and the presence of another major competitor in the market.

The Council notes that some of the identified benefits could also arise from residential development elsewhere in Porirua (p. 52). While those benefits are not unique to Mt Welcome, they are particularly relevant in this case given the Council's acknowledged housing shortfall, the scale of the proposal and the introduction of an additional significant competitor to the Porirua housing market.

4. Housing diversity and medium-density housing

Support

The Council acknowledges that the proposal comprises 949 allotments ranging from approximately 316 m² to 2,386 m², and that the broader subdivision responds to the site's topography and physical constraints (p. 3 and Appendix A, p. 55).

Concerns

The Council states:

> *"The proposal includes a consent condition restricting development on residential lots to one dwelling and precluding any future subdivision."* (Appendix A, p. 54)

It considers that this will preclude medium-density housing, prevent the efficient use of residential land and limit housing variety (p. 53 and Appendix A, p. 21 and 54).

[1] "In terms of housing supply, the Wairarapa-Wellington Horowhenua Region Housing and Business Development Capacity Assessment (August 2023) states that there has been an undersupply of new housing in Porirua since 2014. While housing affordability has been stabilising, with house prices decreasing, there remains an undersupply of housing which is contributing to increasing rents." (p. 2)

Response

Housing diversity is not determined solely by the number of dwellings permitted on each allotment. It also reflects differences in:

- gross and effective lot area,
- building-platform size,
- dwelling floor area,
- bedroom numbers,
- dwelling design and specification, and
- price.

Some larger lots contain sloping or constrained land and therefore have substantially smaller effective building areas than their gross lot areas suggest. These sites may be particularly suited to smaller dwellings.

The proposal can conceivably provide dwellings of approximately 125-225 m², ranging from smaller two and three bedroom homes to larger four and five bedroom homes. The 160 m² and 190 m² dwelling areas in the Economic Assessment were indicative averages for market-positioning purposes, not the full range of anticipated dwelling sizes.

The proposal therefore provides meaningful variation within the standalone and compact-standalone market. It should also be considered alongside other developments and locations within Porirua that provide terraces, multi-unit dwellings, smaller homes and higher-priced housing. A well-functioning urban environment does not require every development to provide every housing type.

5. Efficient use of the site and infrastructure capacity

Support

The Council acknowledges that the subdivision responds to the site's topography, with development generally located on ridgelines and more sensitive gullies avoided (Appendix A, p. 58).

Concerns

The Council considers that limiting lots of more than 300 m² to one dwelling is an inefficient use of urban land. It also notes that the infrastructure has been designed for one dwelling per allotment, whereas the zoning could otherwise enable up to three dwellings per lot (Appendix A, p. 21).

Response

Gross lot area is not the sole measure of efficiency for a site affected by slopes, gullies, ecological areas, stormwater requirements, earthworks and infrastructure constraints.

The relevant question is whether the proposal makes efficient practicable use of the site after accounting for its physical characteristics, development costs, infrastructure capacity and commercial feasibility. The proposal represents the yield that can realistically be serviced and delivered within those constraints.

I understand the one dwelling restriction is necessary to align the ultimate yield with the infrastructure assessed and design for 949 dwellings. Without an effective limit, the total yield could increase rapidly if a material number of lots were developed with two or three dwellings. This could affect:

- water and wastewater capacity,

- stormwater infrastructure,
- transport demand,
- reserve and community-facility requirements,
- development contributions, and
- the ability to service later stages.

Requiring infrastructure to accommodate the maximum theoretical yield would increase upfront costs, potentially increase dwelling prices, reduce feasibility and delay the 949 dwellings presently proposed. On-site futureproofing would also not necessarily resolve wider network constraints.

The maximum theoretical dwelling yield is therefore not necessarily the most economically efficient outcome.

6. Commercial and purchaser certainty

Concerns

The Council considers that restricting future redevelopment may remove an economic opportunity from future landowners (p. 53).

Response:

The potential future redevelopment option must be balanced against the benefits of certainty for purchasers, builders, funders and the developer.

The development must be planned and financed on the basis of an identifiable final yield. Allowing widespread redevelopment for two or three dwellings per lot would create uncertainty regarding infrastructure demand, neighbourhood character, traffic, parking, staging and the product supplied in later stages.

A clear dwelling limit supports:

- infrastructure planning and funding,
- purchaser and builder confidence,
- project financing,
- coherent staging,
- protection of capacity for later stages, and
- delivery of the development as a comprehensive project.

Further, plan-enabled capacity is not equivalent to commercially feasible or infrastructure-serviced capacity.

7. Market positioning and relative affordability

Support

The Council agrees that development of the site would increase competition in the housing market and put downward pressure on house prices. It also identifies the provision of additional housing as having the potential to place downward pressure on housing costs (p. 14 and 51).

Concerns

The Council questions the assumptions supporting the estimated average dwelling price and relative market position identified in the Economic Assessment. It notes that the period covered by the comparable sales is not identified and may include the 2022 market peak. It also considers that the relative affordability benefits are not secured with certainty in the absence of a consent condition (p. 52).

Response

The pricing assumptions are indicative and are intended to show the proposal's likely position relative to competing new-build developments. The proposal is therefore more accurately described as providing comparatively lower-priced new-build housing.

A fixed-price condition would not be appropriate for a development delivered over approximately 15 years, as construction costs, financing conditions, dwelling specifications and market values will change over that period. The relevant economic benefit is the proposal's expected relative position within the new-build market, rather than a guaranteed nominal sale price.

8. Timing of economic benefits

Support

The Council accepts that construction and post-construction activity will contribute to GDP and employment (p. 51).

Concerns

The Council notes that the estimated construction contribution of approximately $236 million to GDP will arise over approximately 15 years, equating to around $15.7 million per annum if distributed evenly (p. 52).

Response

The Economic Assessment did not imply that the entire construction contribution would occur in one year. The total construction effect can be clarified as approximately $236 million of GDP and 1,450 FTE job-years over the development period.

If distributed evenly over 15 years, this would represent approximately $15.7 million of GDP and 97 FTE job-years per annum. However, actual activity will vary by stage.

The extended delivery period also provides benefits through sustained construction activity, infrastructure staging and an ongoing housing pipeline.

9. Economic costs and scope of assessment

Concerns

The Council states:

> *"The Economic Assessment appears to focus entirely on the economic benefits of the proposal without addressing the economic costs of the proposal itself." (p. 52)*

The potential economic costs identified by the Council relate principally to the absence of southern transport connections, the restriction of future development to one dwelling per allotment, and the proposal's reliance on private-vehicle access (p. 52-53).

Response

The Economic Assessment focuses on the economic effects most directly within its scope, including housing supply, market competition, construction activity, employment and ongoing household expenditure. It is not intended to constitute a full social cost-benefit analysis.

A broader understanding of the proposal's costs and benefits is informed by the evidence of the other technical experts, including in relation to infrastructure, transport, urban design and environmental effects. Those matters are addressed elsewhere in the application and should be considered alongside the Economic Assessment.

The absence of a full social cost-benefit analysis does not detract from the identified housing-market, GDP, employment and competition benefits. In addition, some matters identified by the Council as potential economic costs have corresponding benefits or trade-offs that also require consideration. For example, the dwelling restriction provides greater certainty regarding infrastructure capacity, staging and project feasibility.

10. Access to employment and services

Support

The Council states that the proposal is in a strategic location with good access to existing public-transport infrastructure (p. 5).

Concerns

The Council considers that the Economic Assessment focuses on drive-time access and does not address rail or potential bus services. It considers that reliance on private vehicles may impose economic costs on residents (p. 53).

Response

The drive-time assessment was one measure of accessibility and was not intended to imply exclusive reliance on private vehicles.

Private vehicle access remains relevant because employment and services are geographically dispersed. Further, the site's proximity to existing rail services provides a potential public-transport accessibility benefit. However, the extent to which that benefit can be realised will depend on the availability of suitable connections between the development and the wider public transport network.

11. Overall conclusion

The proposal makes efficient practicable use of land affected by topographical, environmental and infrastructure constraints. It provides a range of effective section sizes and can support dwellings of approximately 125-225 m², from smaller two and three bedroom homes to larger four and five bedroom homes.

Other developments and locations within Porirua can provide terraces, multi-unit dwellings, smaller homes and other price points. Mt Welcome will complement that supply through a substantial addition of standalone and compact standalone housing.

The proposed dwelling limit is necessary to align development with infrastructure capacity and provide certainty for staging, purchasers, builders and project funding. Removing the restriction could materially increase the ultimate yield, infrastructure costs and delivery risk.

Overall, the proposal will make a significant contribution to housing supply and competition while providing an appropriate range of housing for the site and its constraints.