

IN THE MATTER of the Resource Management Act 1991

AND

IN THE MATTER of a submission in respect of the **PROPOSED WAIKATO DISTRICT PLAN** by **AMBURY PROPERTIES LIMITED** pursuant to Clause 6 of Schedule 1 of the Act seeking the rezoning of land at Ohinewai

SUMMARY STATEMENT OF TIMOTHY JAMES HEATH

1. My name is Timothy James Heath. I am a property consultant, retail analyst and urban demographer for Property Economics Limited, based in Auckland. I prepared a statement of evidence dated 9 July 2020, and a rebuttal statement of evidence dated 24 August 2020. The purpose of this document is to summarise those statements.
2. I outlined my qualifications, experience and commitment to comply with the Environment Court Expert Witness Code of Conduct in my evidence in chief ("EIC").
3. TCG has proposed a fully master planned 178ha mixed-use urban development located around 7km north of Huntly on State Highway 1 and the North Island Main Trunk Railway.
4. The primary activity on the site will be a newly built 100,000sqm Sleepyhead factory (on a site of 37ha), which is intended to be an amalgamation of TCG's production operations eventually employing around 1,000 staff.
5. The residential component is proposed to encompass 1,100 higher density dwellings (on 52.2ha of land) with a significant proportion specifically targeting TCG's employees and workers in other businesses within the OSp industrial zone.
6. As identified in the evidence of Mr Osborne, the localised market in which TCG is proposing to develop has seen limited growth over the past 18 years. The local catchment has seen a relatively consistent drop in retention of employment over this period, with a decline in the Huntly / Ohinewai employment base since 2012. While the Waikato District itself has seen significant growth in employment over the past 18 years (55%), it continues to exhibit lower employment retention than other surrounding districts. This has been driven in part through more rapid population growth without the subsequent employment base, i.e. people living in the district but working outside the district, and in particular Pokeno. In essence, the local catchment has struggled to generate employment and economic growth which has led to years of steady decline to the detriment of the economic and social wellbeing of the local community.

7. The OSP development is expected to generate an additional \$6.4m (excluding supermarket spend) in convenience retail spend annually, which can support around 2,500 sqm of convenience retail and commercial service floorspace. Of the supermarket expenditure generated by the Ohinewai market, the majority is likely to be supporting the Huntly Town Centre retail GFA.
8. The HDCA¹ for the Waikato District estimates a residential feasible capacity shortfall at a district level and at a more localised Huntly level over the period to 2048. The HDCA analysis shows a clear short-term sufficiency shortfall in the Waikato District in dwellings priced below \$580,000 in the district – the market in which the residential product offered by the Sleepyhead Estate would be placed.
9. The TCG development will only 'add to' residential demand within the local Ohinewai / Huntly area in the under \$580,000 price bands and assist in meeting both the current and estimated long term feasible capacity shortfall in a location that is likely to provide net economic benefits to the district economy when considering the development as a whole.
10. Establishing homes at an average price point of around \$500,000 (albeit prices likely to range from low \$400,000s to mid \$500,000s depending on typology) enables the OSP to deliver sufficiently cheaper homes compared to Auckland, or the new homes in Te Kauwhata. This will enable TCG to develop a range of schemes that enables some workers to purchase their own home in Ohinewai.
11. It is my understanding that the residential component of TCG development is integral to the development as a whole and also to the opportunities that TCG wishes to provide for its workers. Without the residential component the entire development could be put at risk of not locating within the Waikato District, which in my view would represent a significant lost economic opportunity for Waikato.
12. Promoting the use of rail supports the growth and development of the rail network within the high growth 'Golden Triangle' area of Auckland - Hamilton – Tauranga.
13. When considered as a whole, TCG development is a unique / 'one off' development that is unlikely to locate in the district when considered as isolated components. It is a multipurpose combination of industrial, residential, recreational and retail activities that distinguishes the development from other single purpose development.
14. TCG's development provides the opportunity to realise some of this 'projected' growth by generating a significant number of jobs locally and stimulate the local economy. This is something that the Huntly / Ohinewai area has required but not achieved for the last few decades. This type and scale of development represents the type of economic stimulus the Huntly / Ohinewai area needs to improve the settlement's current economic position and reverse the area's recent trajectory of economic decline.
15. While APL's decision to remove the DFO from the OSP and replace it with an extension of the industrial zone will remove most of the retail expenditure previously anticipated to be drawn into the district on an annualised basis, this change does not alter my original conclusions that the OSP will generate significant net economic benefits for the district as a whole. In fact, the provision of additional industrial activity within the OSP is likely to accommodate a greater number of industrial employees than those

¹ Housing Development Capacity Assessment 2017, Market Economics

accommodated by the DFO, and therefore the economic benefits generated from the (now larger) industrial activity are potentially more significant.

16. In response to Dr Fairgray's updated report² for Council's S42A report, Dr Fairgray appears to rely on the utilising the existing market size for assessing impact context. For example, he utilises recent patterns of housing growth as an indicator to contextualise local residential demand³, and the existing manufacturing employment base of 10-12% for contextualising employment opportunities⁴. Contextualising the OSP opportunity against current levels of residential and employment demand in Ohinewai misses the point entirely. The OSP is a 'game changing' proposal by one of the top 10 largest single site manufacturers (by employment) in NZ⁵ that will have a profound (positive) effect on the level of residential and employment demand in Ohinewai. As such, the basis for Dr Fairgray's approach to assessing 'whole economy' demand for housing in Ohinewai is considered misplaced. Recent levels of residential demand and the employment composition in Huntly / Ohinewai will be relatively insignificant if the OSP was approved.
17. Additionally, Dr Fairgray does not appear to give due consideration to the extensive gap between the economic benefits of the OSP as determined by Mr Osborne and Mr Wheeler and the likely economic costs of some of his concerns, i.e. household travel costs. These potential costs appear to be 'playing at the margins' at best with the costs needing to be out of rational expectation to even begin to start making a dent on the \$8b economic benefits determined by Mr Wheeler.

Timothy James Heath

9 September 2020

² Ohinewai Rezoning Proposal – Economic and Residential Matters : Update – 4 September 2020

³ Ohinewai Rezoning Proposal – Economic and Residential Matters : Update – 4 September 2020, pg 11, section 3.2.1

⁴ Ohinewai Rezoning Proposal – Economic and Residential Matters : Update – 4 September 2020, pg 14, section 3.2.4

⁵ Ohinewai Rezoning Proposal – Economic and Residential Matters : Update – 4 September 2020, pg 33, paragraph 5.1(i)