

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 to
rezone 178ha of land at
Ohinewai

STATEMENT OF REBUTTAL EVIDENCE OF TIMOTHY JAMES HEATH

1. INTRODUCTION

- 1.1 My name is Timothy James Heath. I am a property consultant, retail analyst and urban demographer for Property Economics Limited.
- 1.2 I have outlined my qualifications, experience and commitment to comply with the Environment Court Expert Witness Code of Conduct in my evidence in chief ("EIC").
- 1.3 I have read the statements of evidence of the following witnesses:
 - (a) Blair Keenan for Waikato Regional Council;
 - (b) Kenneth Tremaine for Future Proof Implementation Committee; and
 - (c) Melissa Hackell for Waikato Regional Council.

Purpose and scope of rebuttal evidence

- 1.4 This statement of rebuttal evidence does not restate matters addressed in my EIC but addresses economic issues raised in the

evidence of the aforementioned witnesses that in my opinion warrant a response.

1.5 Specifically, I address the following:

- (a) Mr Keenan's view on housing capacity in the Waikato District (Section 2);
- (b) Ms Hackell's concern that the Ohinewai Structure Plan ("OSP") development may become a "dormitory town" (Section 3);
- (c) Mr Tremaine's views on the likely impact of the OSP development on the regeneration of Huntly (Section 4); and
- (d) The removal of the Discount Factory Outlet from the OSP (Section 5).

2. **HOUSING CAPACITY IN THE WAIKATO**

2.1 At paragraph 9.2 of his evidence, Mr Keenan discusses my conclusion (set out in section 6 of my EIC) that there is a shortfall of housing supply in the Ohinewai area.

2.2 Mr Keenan states that there is already sufficient residential capacity in the district over the short to medium term, and considers there is "*ample capacity*" over the long term if you factor in 'additional anticipated capacity' as identified in the Housing and Business Development Capacity Assessment ("HBDCA") prepared by Future Proof in 2017.

2.3 There are two issues with this analysis, which are addressed in turn below.

Failure to consider dwelling capacity by value

2.4 Mr Keenan's position appears to relate to district capacity as a whole rather than the more fine-grained approach that I have taken, which considers dwelling capacity by value. As such Mr Keenan's conclusion would appear to oppose the economic analysis undertaken by Market Economics¹ for Future Proof as outlined in paragraph 8.5 of my EIC.

1 Housing Development Capacity Assessment 2017, Market Economics, Figure 74, pg. 110.

- 2.5 The Market Economics analysis shows a clear short term sufficiency shortfall in dwellings priced below \$580,000 in the district – the market in which the residential product offered by the Sleepyhead Estate would be placed. For completeness, I have included the relevant table from the Market Economics report below.

Figure 74 – Waikato District – Short term Sufficiency – Supply Scenarios Compared

Value Band	Current Estate	Net Sufficiency				Net Sufficiency %			
		2021 Max Profit	2021 Max Dwellings	2021 Cheapest Dwellings	Average All Scenarios	2021 Max Profit	2021 Max Dwellings	2021 Cheapest Dwellings	Average All Scenarios
Under \$300k	9,192	- 739	- 739	- 739	- 740	93%	93%	93%	93%
\$300k-\$440k	8,516	- 1,095	- 1,095	- 445	- 880	89%	89%	95%	91%
\$440k-\$580k	4,304	- 535	- 545	705	- 130	89%	89%	114%	97%
\$580k-\$730k	1,865	816	856	1,776	1,150	138%	140%	183%	154%
\$730k-\$880k	533	492	492	1,152	710	180%	180%	288%	216%
\$880k-\$1.02m	236	741	801	741	760	380%	402%	380%	387%
\$1.02m-\$1.17m	225	2,361	2,371	671	1,800	1027%	1031%	363%	807%
\$1.17m-\$1.31m	215	1,471	1,451	101	1,010	728%	719%	143%	531%
\$1.31m-\$1.45m	113	491	551	91	380	538%	591%	181%	439%
\$1.45m-\$1.75m	82	- 10	- 10	- 10	- 10	89%	89%	89%	89%
\$1.75m-\$2.05m	41	0	0	0	-	101%	101%	101%	100%
\$2.05m+	31	0	0	0	-	101%	101%	101%	100%
TOTAL	25,353	3,992	4,132	4,042	4,050	114%	115%	114%	114%

- 2.6 As identified in Figure 74 above, the majority of district short term sufficiency is in the \$1.02m-\$1.17m and \$1.17m-\$1.31m price brackets, both more than double the estimated average price point of a dwelling in the OSP development.
- 2.7 Over the long term, this shortfall becomes significantly more pronounced in the \$440,000 to \$580,000 price bracket, as shown in Figure 76 below².

Figure 76 – Waikato District – Long term Sufficiency – Supply Scenarios Compared

Under \$300k	Current Estate	Sufficiency				Sufficiency %			
		2046 Max Profit	2046 Max Dwellings	2046 Cheapest Dwellings	2046 Average All Scenarios	2046 Max Profit	2046 Max Dwellings	2046 Cheapest Dwellings	2046 Average All Scenarios
Under \$300k	9,192	- 5,891	- 5,891	- 5,741	- 5,840	61%	61%	62%	61%
\$300k-\$440k	8,516	- 7,424	- 7,424	- 3,734	- 6,190	54%	54%	77%	62%
\$440k-\$580k	4,304	- 3,137	- 3,137	53	- 2,070	59%	59%	101%	73%
\$580k-\$730k	1,865	- 411	- 151	1,609	350	88%	96%	146%	110%
\$730k-\$880k	533	170	190	1,100	490	118%	120%	217%	152%
\$880k-\$1.02m	236	923	1,013	313	750	329%	351%	178%	286%
\$1.02m-\$1.17m	225	5,054	5,024	484	3,520	1424%	1417%	227%	1022%
\$1.17m-\$1.31m	215	3,195	3,165	45	2,140	1014%	1005%	113%	712%
\$1.31m-\$1.45m	113	1,343	1,493	- 37	930	845%	928%	79%	616%
\$1.45m-\$1.75m	82	- 66	- 66	- 66	- 70	55%	55%	55%	53%
\$1.75m-\$2.05m	41	- 33	- 33	- 33	- 30	55%	55%	55%	60%
\$2.05m+	31	- 22	- 22	- 22	- 20	58%	58%	58%	62%
TOTAL	25,353	- 6,300	- 5,840	- 6,030	- 6,040	86%	87%	87%	87%

2 Housing Development Capacity Assessment 2017, Market Economics, Figure 76, pg. 112.

Relevance of “additional anticipated capacity”

2.8 Second, Mr Keenan relies on “additional anticipated capacity” identified in the HBDCA as meeting any sufficiency shortfall in the district. In my view this is without merit.

2.9 “Anticipated capacity” is defined in the HBDCA as follows:

“The various initiatives underway to increase development, representing a larger pipeline of additional supply beyond the capacity that is currently plan-enabled, is referred to in this report as ‘anticipated capacity’. This ‘anticipated capacity’ has been assessed by Future Proof partners and is presented alongside the assessment of the levels of development capacity currently enabled by the operative plans. This provides a complete picture of both the operative and proposed capacity for housing and business demand across the Future Proof sub-region over the medium to long term. This anticipated capacity is based on local modelled and plausible yield calculations and has been allocated to the medium term and long term.”

2.10 This rather arbitrary concept therefore includes capacity that is currently being tested through the Proposed Waikato District Plan (“PWDP”) process, in the same way as the OSP.

2.11 While the HBDCA report³ identifies at a broad level some of the potential growth areas as “anticipated capacity”, reliance on those growth areas requires a number of assumptions. Development of these areas has only been identified as “plausible” by Future Proof. There is no certainty that areas proposed by Waikato DC for “live” zoning in the PWDP will be confirmed through the hearing process, or that the necessary infrastructure is available to service them or that they will be developed. This is important given the additional anticipated capacity represents a significant proportion of capacity Mr Keenan relies on. In my view, there remain formal processes the ‘additional capacity’ has to undergo before it is confirmed and can be relied upon.

3 Page 19 of the Summary Report.

2.12 Not only are the 'additional capacity' numbers unreliable to apply at this juncture, but the timing of any development of these growth areas remains unknown. The serviceability, level of infrastructure investment required, who is paying for that, and ultimately the timing of any release of land on the market of this 'anticipated capacity' remains unknown at this point in time. Removing 'anticipated capacity' removes a significant amount of capacity, 16,000-20,000 dwellings based on Mr Keenan's Table 11, which paints the District's capacity picture in a different light.

2.13 Based on my aforementioned comments, the 'anticipated capacity' Mr Keenan relies on appears to have the same status as the Ohinewai proposal, and represents potential capacity yet to be tested and considered through the PWDP process.

3. **CONCERNS RAISED BY MS HACKELL IN RELATION TO DORMITORY TOWNS**

3.1 In paragraph 6.1 of her evidence, Ms Hackell describes dormitory towns (or "bedroom communities" as she also refers to them) as suburban forms that only function as city bedrooms, with low population density, poor quality retail and entertainment and low levels of social cohesion. She considers the risk that Ohinewai becomes a dormitory town is high⁴.

3.2 In my view, the OSP represents the antithesis of this due to the significant local employment opportunities generated by the employment hub within the development, higher population densities compared to surrounding townships and high levels of amenity in retail and recreational spaces. The Ohinewai community would also have a high level of social (and economic) cohesion with Huntly given its close proximity and reliance on Huntly for many regularly required goods and services, i.e. supermarkets.

3.3 In my opinion, Ms Hackell appears to place disproportionately low value on the economic attributes being established as part of the OSP development such as industrial businesses, employment opportunities, business growth potential and job creation. My analysis, along with the evidence of Mr Osborne and Dr Wheeler, demonstrates

4 Statement of evidence of Melissa Hackell, paragraph 6.4.

the economic benefits of these features and I am unclear on what basis Ms Hackell has discounted them in her social effects assessment.

- 3.4 Job creation and growth is a fundamental economic element critical to the level of social amenity and wellbeing in an area. A lack of recent job growth in Huntly (Huntly's employment base has actually declined since 2012⁵) has resulted in decline in the social amenity and wellbeing of the community. With its underlying industrial business and employment base, it is difficult to see how the OSP development could realistically become solely a bedroom community.

4. **IMPACTS ON THE REGENERATION OF HUNTLY**

- 4.1 In section 7 of his evidence, Mr Tremaine discusses how, in his view, the residential component of the OSP development has the potential to undermine the regeneration of Huntly, which is an objective of the Future Proof Strategy, Waikato 2070 and the Hamilton to Auckland Corridor Statement of Intent.

- 4.2 At paragraph 6.2 of his evidence, Mr Tremaine states "*...for Huntly it is envisaged that economic development interventions aimed at stimulating positive and social outcomes needed*". At paragraph 7.3, Mr Tremaine mentions a strong focus on redeveloping the (Huntly) town centre to support the social, cultural and economic wellbeing of the community.

- 4.3 I agree with these sentiments, but they are only good sound bites (and reflect phrasing common in almost every district plan in the country) if nothing is done to achieve them. Sound bites alone do not represent a regeneration plan for Huntly. This ideological phraseology has been prevalent in planning for Huntly for some time now but has achieved very little economically and socially over the last 20 years, i.e. there has been no meaningful large scale development in Huntly for two decades that would provide sufficient stimulus to start its regeneration.

- 4.4 In my view the concept of regeneration of Huntly is a pipe dream unless a direct scheme is advanced outlining how meaningful regeneration is going to be achieved and development is actually delivered. The recent removal of State Highway 1 alone has yet to

5 Refer Statement of evidence of Phil Osborne, Table 2.

filter through Huntly's economy but will undoubtedly put Huntly further back both economically and in terms of its regeneration plans.

- 4.5 In my opinion the OSP development represents a 'real' project that has the potential to stimulate the regeneration of Huntly with business development, investment, job creation, community development and an increase in the local population base. Most small townships in NZ that are struggling to provide job opportunities and growth would welcome this opportunity with open arms. When considered in the round the OSP development represents a significant economic opportunity for Huntly and its regeneration.

5. **REMOVAL OF THE DFO**

- 5.1 Since my EIC was prepared, APL has decided to remove the DFO from the OSP and replace it with an extension of the industrial zone. While this 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 accommodated by the DFO, and therefore the economic benefits generated from the (now larger) industrial activity are potentially more significant.

Timothy James Heath

24 August 2020