

## Appendix 6: Economic Assessment Peer Review (business / industrial)

**Derek Kemp**  
Economic and Employment Specialist  
***‘Prosperous Places’***  
dkemp@gil.com.au  
Phone: + 61 403943326

3 March 2020

**Review of the Ambury Properties Limited  
Ohinewai Lands Rezoning Submission:  
*‘Master Plan’ and ‘Economic Assessment’***  
(Attention: Wil Gauntlett, Waikato District Council)

## **1.0 Overview and Summary of this Economic Assessment Findings**

### **1.1 Overview of the Proposal**

This report provides a review and assessment of the proposed rezoning of some 178 ha of land at Ohinewai, in the Waikato District, from an economic perspective.

The proponent is Ambury Properties Limited, the property owning entity of the New Zealand *‘Comfort Group’* that operates the *‘Sleepy Heads’* manufacturing facilities.

The proposal is to enable the *‘Comfort Group’* to consolidate its two New Zealand manufacturing operations in Auckland to this one site in the Waikato District. (It is unclear whether the group’s Glen Innes warehousing operations and any other group manufacturing operations are proposed to relocate to this Development – although this would clearly be a realistic possibility).

The proponents claimed to have extensively searched for a suitable site throughout Auckland and the Waikato District.

The proposed site is deemed particularly suitable because of:

- Its position on the North Island Main Trunk railway line
- Its location in the ‘golden triangle’ between Auckland, Tauranga and Hamilton
- The ability to receive and distribute goods through the ports of Auckland and Tauranga
- The excellent access to the Waikato Expressway - State Highway (SH1), and
- The ability of employees to find affordable housing (which the company intends to meet from the residential development of part of this land)

The proposed rezoning is for:

- 63 ha of industrial land (37 ha for the *Sleepy Heads’* factory)
- 8.5 ha of business/commercial land (for factory outlet shops; a vehicle service centre with truck stop and a small amount of convenience retailing, and community facilities)
- 52 ha of residential land (for approximately 1,100 dwellings, including homes for their employees)
- 55 ha of open space (including environmental areas, storm water management areas, community and recreational areas).

## **1.2 Findings of this Review of the Economic Assessment of the Proposal**

The proponents have submitted an 'Assessment of Economic Impacts' Report by Property Economics (November 2019) in support of their rezoning proposal.

This review of the Proponent's 'Assessment of Economic Impacts' finds that the proposed rezoning of 63 ha (including the 37 ha for the 'Sleepy Heads' factory) can be supported on economic grounds.

That up to 20% of the buildings on these lands could be appropriately used for ancillary showroom and retail space (ancillary to the industrial, warehousing, servicing, importing, assembly or distribution activities that form the primary use of the premises).

The DFO component of the proposal is not justified on economic grounds.

If the proposed DFO were to be successful it could have significant adverse impacts on businesses; the business mix; employment and business and employee incomes in Huntly, Te Kauwhata, Taukau, the expanding Pokeno Town Centre and as far away as Hamilton, the proposed Drury Metropolitan Centre, *Sylvia Park* and *Dress Smart* at Te Rapa and other retailing at Onehunga.

If a DFO of this size were to fail then the vacant premises, or their use for other purposes, would have a significant adverse impact on Huntly; blighting the Ohinewai area, causing vacancies, further blighting and adversely affecting the already struggling Huntly Town Centre and adding to the negative social, business and employment prospects and perceptions of Huntly.

The small, isolated residential component of the proposal, that is located well away from community and business and personal services, is not justified on either economic or good planning grounds.

The proposed residential area could compromise the larger 'Integrated Employment Area' at Ohinewai; as well as generating 'reverse sensitivity issues' and prevent desirable heavy transport access to and from this larger 'Integrated Employment Area' area.

The proposed residential area is best developed for other business and industry purposes well integrated into the larger 'Integrated Employment Area' at Ohinewai.

## **1.3 The Broader Strategic Context of the Subject Land**

The subject land forms part (26%) of a much larger area of approximately 694 ha Council has proposed for an 'Integrated Employment Area' for business and industry at Ohinewai.

Part of the subject land constitutes the most prominent and visible location with exceptional accessibility and visibility from the Waikato Expressway which makes it strategically important to realising the economic and employment potential of this larger 'Integrated Employment Area'.

This economically and strategically important part of the subject land is proposed to be used by the applicants for residential and Discount Factory Outlet (DFO).purposes

There is no provision for significant office or other business uses that are fundamental to realising the business clustering, economic and employment potential of this larger 'Integrated Employment Area'.

The proposed residential area could pose 'reverse sensitivity issues' for this and the larger proposed "Integrated Employment Area".

The proposed residential area and indicated service station and truck stop location could also significantly constrain the appropriate industrial traffic management and industrial road access to and from this larger '*Integrated Employment Area*',

This large '*Integrated Employment Area*' warrants its own 'Master Plan' and 'Planning Provisions' instigated through a plan review process.

This would include to subject land being integrated into the overall planning for this larger '*Integrated Employment Area*'.

## **2.0 Evaluation of the Property Economics 'Assessment of Economic Impacts'**

### **2.1 Evaluation of the 'Retail Assessment'** (Section 3.0 in the *Property Economics Report*)

The Property Economic Report identifies two types of retailing proposed for the development:

1. A small cluster of *convenience shops and services* of 2,500 sq. m on a 2.9 ha site (located at the proposed service station and truck stop site) and a 'corner store' – to "support and supply the local resident and business activity".
2. A *Discount Factory Outlet Centre* (DFO) of 'un-capped' floor space on a 5.6 ha site – to provide discount goods, including some from local manufacturing at Ohinewai, to a much wider market.

It is unclear from the *Property Economics Report* whether the 43,000 sq. m. of "*commercial space*" identified in the Report includes more than these uses. It is also unclear how much retail and office space is really contemplated.

Subsequent advice from the applicant's consultant (BBO 24 February 2020) is that very little other commercial space is envisaged beyond the 30,000 to 40,000 sq. m for the DFO and the 2,500 sq. m for the convenience retailing and services proposed for the service station and truck stop.

The proposed '*Planning Provisions*' accompanying the proposal specifically state "no gross floor area 'cap'" is proposed on "*Discount and Outlet Retail Activities*". This appears to refer to the DFO component of the proposal ('*Planning Provisions*' page 7, provision P4 (a)).

### **Local Convenience Retailing**

Local convenience retailing is said to serve the local resident population and local workers within the structure plan area.

A retail expenditure model is used to project likely expenditure and translate this to potential floor space.

I find no real difficulty with the retail expenditure, retail floor space and land areas generated by this model – although different models and assumptions could generate somewhat different results.

I note this model is shown to include visitor expenditure. It was not clear whether this has been included in the modelling for this proposal. In any case, this is unlikely to have any marked impact on the result.

However, it is important that this modelling and the resultant floor space do not take into account:

- a. Other employment in the far larger proposed integrated employment area, or
- b. Any additional demand from residents beyond the proposed zoned residential land, and
- c. The demand for retail and services from customers of the DFO (BBO 24 February 2020)

Consequently no consideration has been given to the appropriate size and the best location for retailing and business serving the larger industrial area, the DFO and any further future residential development here or in the larger catchment.

Although the submitted 'Master Plan' may be 'indicative' and is not part of the rezoning proposal, I note that the planned location of these convenience retail and business services at the 'service station and truck stop' site is not conveniently accessed from the DFO nor from the proposed residential area nor the proposed or larger Ohinewai industrial areas.

The location shown on the proposed 'Master Plan' requires local customers to access the proposed convenience centre by travelling through the large DFO precinct or using the surrounding arterial roads (with no realistic opportunity for walking).

The applicant's 'Master Plan Summary' (July 2019) submitted in response to 'Proposed Waikato District Plan – Stage 1 (17 July 2019) proposes reinstatement of the Ohinewai passenger station to access the passenger service between Hamilton and Auckland to commence in 2020. The location of convenience shops and commercial services away from the proposed Ohinewai *passenger rail station* is also difficult to justify on economic and business grounds.

It is also difficult to justify the proposed bus transfer station at the proposed service station and truck stop – rather than at the proposed reinstated passenger rail station.

Of even more significance is the lack of a 'super market' and any higher order services. This will result in residents, businesses and workers having to make multiple trips to Pokeno or Huntly (5 kms. Away) to access any services other than the small amount of convenience retailing and services (2,500 sq. m) proposed for the 'service station and truck stop'.

It could be argued that these limited convenience activities is all that is warranted by the demand available to 2030 (the Economic Study's planning horizon).

This could also be the natural consequence of the limited residential development proposed and the failure to take into account the DFO and any other sources of employment.

The large DFO offering can be expected to need to provide cafes and convenience items and tenant services – that are not planned for in the proponent's proposal.

If the DFO were not to provide such services then DFO customers and workers would be forced to the 'service station and truck stop' convenience centre if it were to be located where shown on the indicative 'Master Plan'.

This would add to the vehicle and foot traffic at the 'service station' precinct - potentially creating a safety hazard for the service station which will also be operating as a 'truck stop'.

It is unclear how the increased truck traffic could easily and safely access the service station and convenience store precinct then access the large 'integrated employment area' proposed to the north (beyond this development).

The suggested parking for the convenience store on such heavily trafficked streets is also questionable.

The site proposed for the service station and convenience store would be best used for other businesses that can benefit from this prominent location at the access to the Waikato Expressway.

### ***Conclusion About The Proposed Convenience Retail Component***

I can agree with the finding that the proposed small convenience retail component will have minimum negative impact on convenience stores in Huntly and Te Kauwhata.

A small convenience centre of up to 950 sq. m (320 sq. m retail) may be appropriate to meet the immediate needs of local employees from the proposed 63 ha of industrial zoned land (my analysis).

A larger convenience centre of the scale proposed (2,490 sq. m) could be warranted to service local employees, the DFO customers and the proposed residents (if these components were to be approved).

However, the proposed '*service station and truck stop with convenience retail*' centre indicated on the 'Master Plan' is poorly conceived, poorly located and would create significant access and safety issues.

Also, the proposed centre and its location does not take into account the best location for retailing and businesses to service the larger area of Ohinewai business and industry land beyond the proposed development.

The location of convenience shops and commercial services away from the proposed re-instated Ohinewai passenger rail station is also difficult to justify on economic and business grounds.

### **The Proposed Discount Factory Outlet (DFO) Component**

I **cannot** agree with the Proponent's contention that the proposed DFO is economically justified and it will have insignificant or manageable adverse impacts on other Centres.

There is some doubt about the number of Te Kauwhata shops; their mix of retail offerings (identified in the Property Economics Report), and what this means for the present ability of local residents to access local goods and services and the ability of these shops to continue to survive in the face of the proposed DFO located 12 km (10 minutes by car) south (Section 3.5. p 19 Property Economics Report).

Similar concerns can be expressed about the likely effects of the proposed DFO on the existing struggling retail offerings at Huntly – which is only 5 km (less than 5 minutes away by car).

The Huntly Town Centre is partly dependent on the retail offering likely to be compromised by the DFO (Section 3.5, Table 5 and p 20 Property Economic Report).

Some 15% of retail stores in Huntly (6% of employment excluding the business owners) fall into the categories of *Clothing and Footwear* and *Furniture and Homewares* that are likely to be seriously adversely affected by a broad based DFO offering proposed just 5 km away (Table 5 and p 20 Property Economic Report).

Beyond this is consideration of the '*retail mix*' effect and the affect this has on the overall '*customer attractiveness*' of Huntly.

The overall retail attractiveness, and the ability of the Huntly Town Centre to attract customers is dependent on its existing retail mix and the higher order retail and personal service offered at Huntly.

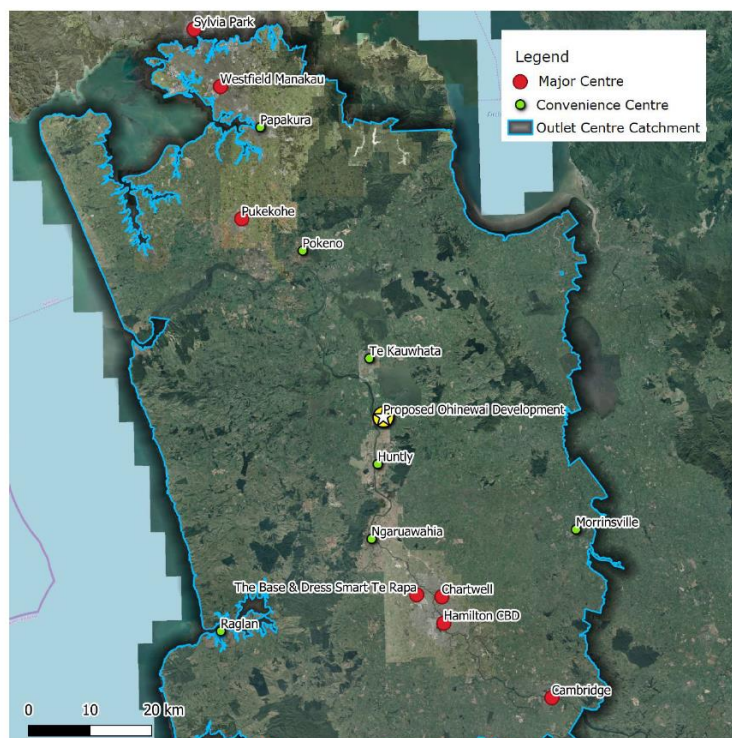
The struggling Huntly Town Centre has little more than the present mix of retailing to attract retail and café customers (even the local computer and electrical store has recently closed).

Therefore, the broader retail and service sector functions of Huntly could be seriously compromised if Huntly lost the types of retailing the DFO could be expected to attract.

Other centres, including *Westfield Manukau*, Hamilton's *City Mall*, *The Base* and *Dress Smart* at Te Rapa; Onehunga, the proposed *Pokeno Town Centre*, Pukekohe, Tuakau and Cambridge; *Sylvia Park* and the proposed and *Drury Metropolitan Centre*, would also be adversely affected.

See the Proponent's DFO catchment map below. The proposed DFO catchment would clearly overlap the expected catchments for the same types of goods offered by these other centres.

FIGURE 2: DISCOUNT OUTLET CATCHMENT AND COMMERCIAL CENTRES



Source: Property Economics



As the *Property Economics Report* states (pp.23,24), the success of a DFO at Ohinewai depends on the scale of the discount centre (upwards of 43,000 sq. m. GFA proposed on a 8.5 ha site – with *no* ‘cap’ on this DFO size proposed in the recommended ‘*Planning Provisions*’).

The *Property Economics Report* states the \$100-110m annual spend necessary to support a DFO of the minimum size proposed, only equates to 3.8% of the identified catchment's 2018 ‘large format’ (LFR) retail spend (*Property Economics* p. 24).

But this region wide ‘large format retail’ spend used to calculate this market penetration includes food (which accounts for 66% of this 2018 LFR spend) and Department Stores - none of which is proposed for the Ohinewai DFO.

TABLE 6: LARGE FORMAT RETAIL SPEND WITHIN DISCOUNT OUTLET CATCHMENT

LARGE FORMAT RETAIL SPEND (\$m)	2018	2023	2028	2033	2038
Food retailing	\$1,870	\$2,090	\$2,320	\$2,560	\$2,810
Clothing, footwear and personal accessories retailing	\$40	\$50	\$50	\$60	\$70
Furniture, floor coverings, houseware and textile goods retailing	\$210	\$230	\$250	\$280	\$300
Electrical and electronic goods retailing	\$180	\$200	\$230	\$250	\$270
Department stores	\$240	\$260	\$290	\$320	\$350
Recreational goods retailing	\$300	\$330	\$370	\$410	\$450
Other goods retailing	\$10	\$20	\$20	\$20	\$20
<b>Total</b>	<b>\$2,840</b>	<b>\$3,190</b>	<b>\$3,530</b>	<b>\$3,900</b>	<b>\$4,270</b>

Source: *Property Economics*

Deleting these components from the identified catchment's retail spend means the Ohinewai DFO would have to capture 15% of the equivalent total ‘large format retail’ spending from the whole catchment in 2018 (\$110m from \$740m).

The impact on individual store types at each of the different centres could be far more than these gross figures suggest - and possibly threaten the viability of many more stores than such percentage figures suggest.

These local adverse impacts remain unknown because the *Property Economics Report* makes no attempt to partition the potential demand from different parts of the identified catchment between existing and proposed centres and then the Ohinewai DFO.

Without this type of spatial partitioning of demand in each centre's catchment it is impossible to identify the prospects of the Ohinewai DFO actually being able to attract the required level of demand.

Nor is it possible to determine the impact a successful Ohinewai DFO would have on the existing and future retailing prospects in each of these existing and future centres in the identified catchment.



What is clear is that the proposed Ohinewai DFO will struggle to capture the majority of 'large format' retail spending from Hamilton, Sylvia Park and the future Drury Metropolitan Centre's catchments – because of the greater size, attractiveness and broader retail mix at these centres and their greater proximity to their own catchment population.

Consequently the Ohinewai DFO would have to capture *far more* than 15% of this non-food, non-department store spending from its identified catchment.

The regional retail spend capture by the proposed DFO rises to over 50% if the Ohinewai DFO of the size proposed is restricted to furniture, furnishings and homeware (See Section 5 below).

This would appear highly unlikely, so that the proposed DFO component would be at serious risk of commercial failure.

### ***The Risks to Huntly and of 'Urban Blight'***

If the Ohinewai DFO were to succeed there is a very strong probability that it will attract similar types of discount retailers away from Huntly.

If the Ohinewai DFO were to fail there is a very strong probability that its cheap new vacant space at the Expressway Interchange would attract retailing and services from Huntly.

There would also be unavoidable pressure to allow other forms of 'non-discount' retailing at Ohinewai. – From Hamilton, Huntly, Pukekohe, Tuakau, and Papakura or new to the region.

If these 43,000 sq. m of DFO premises, or the proposed DFO site of 8.5 ha, were to remain vacant, they would be likely to be used for inappropriate other uses or the premises fall into unsightly disrepair.

These under-used, inappropriately uses and disused premises at such a prominent location would 'blight' the entrance to this new business and industrial area and hinder the successful development of the larger area as an 'integrated employment area.

This would in turn add to the blighted and negative business image that already exists for Huntly and its struggling Town Centre.

A broad based DFO at Ohinewai is also likely to seriously compromise the prospects for future retail growth for the Huntly Town Centre projected as potentially over 8,400 sq. m. by 2060 without the DFO and as little 3,000 sq. m. (64% less) if a broad based DFO is located at Ohinewai DFO just 5 km. away

A broad based DFO retail offering at Ohinewai would also seriously compromised the ability for the Pokeno village to grow into diversified a small Town Centre.

A broad based DFO at Ohinewai could compete against two thirds of projected future retail space demand from the Pokeno Town Centre's catchment up to 2060.

This would leave Pokeno with potential additional demand for only about 4,200 sq. m. of retail space.

This would also result in Pokeno being overly (89%) reliant on office, other business and community services

### **The Desirability of Permitting Ancillary '*Furniture, Furnishings Fixtures and Fittings*' Retailing'**

An assessment of the economic opportunities for Waikato has identified the strong prospects and desirability of developing a '*Furniture, Furnishings and Fittings*' Cluster at Huntly.

This could be focused on the consolidation of the *Sleepy Heads* operations at Ohinewai (see the discussion at the end of this Report).

This opportunity is more fully explained and documented in the '*Waikato District Blue Print*'; the '*Huntly/Ohinewai Local Area Blue Print*'; the '*Relative Competitive Advantage of Waikato*' and the '*Industrial Land Evaluation*' Reports for the Waikato '*Growth and Economic Development Strategy*'.

This cluster could be attractive to related businesses seeking opportunities to relocate from similar constrained sites in Auckland, or new players to New Zealand or the Region.

Clustering these, and related businesses, could attract other product and component manufacturers and suppliers and foster a commercially strong *soft furnishing* and *residential and commercial fixtures and fittings* manufacturing, wholesaling; interior design and decoration industry.

This could include furniture and soft-furnishing wholesaling, assembly, showrooms, display and design studios.

It would be a realistic opportunity to allow the *ancillary retailing* of such products.

Then the retail component would clearly be a small part of the business - and ancillary to the primary activity of manufacturing, warehousing, assembly and/or distribution of these products.

Any retail, display and showroom activities should occupy far less space (say a maximum of 20%) of premises primarily used for manufacturing, warehousing, assembly and distribution of these products.

This would leave these premises suitable for business expansion or other manufacturing, warehousing, assembly and distribution activities if the retail component were to decline or fail.

Consideration could be given to clustering such businesses with the retail and showroom components fronting a 'pedestrianised precinct' - with the much larger manufacturing, warehousing, assembly and distribution activities behind with appropriate trucking and heavy vehicle manoeuvring areas and access to heavy traffic trucking roads.

### ***Conclusion About the Retail and DFO Components of the Proposal***

The creation of a '*Furniture and Furnishings*' Cluster focused on consolidation of the '*Sleepy Heads*' operations at Ohinewai is highly desirable.

This cluster could easily be located, in whole or in part, on the subject land – within the proposed industrial zone (possibly extending to a somewhat larger area) – leaving the proposed Business Zoned land for other uses such as a 'clean production' area and 'business park' (See the discussion at the end of this Report).

The retailing of such products should be ancillary to the primary manufacturing, warehousing and distribution of such products.

The proposed broader based Discount Factory Outlet (DFO) runs the risk of failure with the subsequent inappropriate use of the vacant buildings; blighting this prominent location and further handicapping the already struggling Huntly Town Centre.

If successful, such a broad based DFO Centre could have a serious detrimental effect on similar 'life style' retail clusters at Hamilton (*The Base, Dress Smart, the Farmer's Department Store at Chartwell and Central City Mall*); *Sylvia Park* and the proposed new *Drury Metropolitan Centre*.

The *negative impact* of the DFO on existing local and District wide retailing, owner operated businesses, owners incomes, employee wages and employment may well exceed the *employment and wages generate* by the DFO itself.

Existing businesses that close in Huntly, Te Kauwhata, Ngaruawahia, Tuakau, possibly at Cambridge, Hamilton and as far away as Onehunga, as a result of the DFO - may never re- open (see Section 2.4 for further discussion of these issues).

A successful broad based DFO would also seriously compromise the prospects of maintaining or developing diversified retail Town Centres at Huntly, Pokeno, Te Kauwhata and Taukau.

However, ancillary retailing and showrooms of furniture, furnishings, fixtures and fittings could appropriately be permitted as a relatively small component of premises used primarily for the manufacturer, warehousing, assembly, repair and distribution of these products.

Permitting such limited 'ancillary' showroom, display and retail activities *would be entirely consistent with the desirable industrial use of this area*.

## **2.2 Evaluation of the 'Residential Assessment'** (Section 5.0 in the *Property Economics Report*)

The Property Economics Report finds the '*Housing and Business Assessment*' for the '*Future Proof*' project found (p. 27):

- Long term dwelling demand for Waikato to 2046 is 19,425 dwellings (including the 15% buffer)
- Overall commercially viable provision to 2046 is estimated as 13,042 dwellings
- Leaving a shortfall of approximately 6,400 dwellings through to 2046 (mostly at lower prices).

The situation with respect to specifically Huntly is said to be:

- Long term dwelling demand to 2046 is 1,047 dwellings
- Overall commercially viable provision and planned greenfield provision of 634 dwellings
- Leaving a shortfall of 413 dwellings through to 2046.

Clearly future residential demand to 2046 cannot be projected with any accuracy to anyway near the small volumes discussed.

Even if these figures were true, the 1,100 low priced dwellings proposed for Ohinewai would far exceed the projected shortfall (although the movement of *Sleepy Heads* employees to Ohinewai could increase the project demand).

The Waikato District Plan Review is already providing for more than the anticipated number of dwellings identified above as part of the residential 'in-fill' and contiguous residential development within the existing Huntly urban footprint and at Te Kauwhata.

Based on the proposed '*District Plan*' rules a total of 5,680 residential lots could be created.

Currently there are 2,572 residential lots and 2,497 dwellings in Huntly.

Based on the *WISE* '*high*' *population projections*' there will be a need for 3,267 dwellings in Huntly by 2046. The proposed plan enables an additional 3,183 lots.

There is additional capacity at Te Kauwhata for approximately 1,600 lots within *Lakeside* (greenfield and currently zoned); 850 lots to the north west of the existing township (greenfield and currently zoned), and approximately 1,000 additional lots across the existing town (enabled under the proposed plan with a mix of 'in-fill' and greenfield subdivision).

The Property Economics Report does not try to estimate the costs of development of residential sections at Ohinewai.

Nor does it identify the building cost and developer and real estate agent margins to estimate the realistic 'lowest selling price' the different types of residences at Ohinewai could be expect to achieve.

This only leaves the statement that the Ohinewai dwellings are likely to be priced around \$500,000 – which exceeds average house prices in Huntly and Ngaruawahia, but is below the average present home prices for Te Kauwhata (Property Economics p. 29).

The provision of this housing at Ohinewai is then justified by the disputable statement that *these residences will provide a significant economic efficiency for Ohinewai from shorter journey's to work and less work trips on SH1 freeing up Expressway capacity.*

This is refuted if few Ohinewai workers choose to live in Ohinewai – which could well be the case.

No evidence is presented about how many of the proponent's employees are expected to live at Ohinewai. Nor the ability of the proponent's employees to be able to afford the expected \$500,000 house price.

It is noted that only 70% of the 1,000 'Comfort Group' workers are expected to live in the wider localised catchment, meaning even lower percentage are expected to live in Ohinewai (Property Economics pp. 50,.54).

Only half of employees are expected to be hired from within the Waikato District and only 20% from the local area – including Huntly and Te Kaauwhata (Social Report and Bloxam, Burnett, Olliver p. 74).

There may be other reasons why the envisaged residential demand may not eventuate for such a small pocket of residential development (see Section 5.0 below).

The proponent's claim of '*significant economic efficiency for Ohinewai from shorter journey's to work and less work trips on SH1 freeing up Expressway capacity*' is also refuted if many workers who live in Ohinewai (and any of their family members) work, go to school, go shopping, seek services and recreate elsewhere – which has to be the case given the limited local convenience retailing and services proposed.

The proposed residential development will generate more trips using SH1, including at peak hours, because all residents and their families living in Ohinewai and all Ohinewai workers will have to travel to other centres for *almost all retailing*, and *all* business, personal, education and community services.

In purely economic terms the proposed small scale residential area with limited services will impose high 'opportunity costs' and increased time penalties and transport costs for its residents from having to access more distant services. There will also be increased congestion costs to Huntly residents and businesses – especially at peak times when Ohinewai residents have to access more distant schools and services. (The Department of Education has extensive capital works planned for the Huntly High School site).

It is poor planning to contemplate small pockets of residents located outside the planned urban area - with little prospect of adequate retail and personal services, education and community services, public transport and the opportunity for social, community and neighbourly support.

This is especially the case for Ohinewai, where the proponent's proposed residential land is best used for business and industrial purposes (see the following discussion).

The proposed residential development could result in residents' demanding the provision of 'out of sequence' services and demand services which would not normally be justified by such a limited resident population.

This would create unwarranted demand for costly additional Council services below the threshold population normally required for their provision.

Council has no plans to provide community services and they are not part of any Council *capital works program* – so that Council would not be able to collect *developer contributions* for them.

The proposed residential development would also prevent the necessary industrial loop roads necessary to provide appropriate truck access to the larger '*Integrated Employment Area*'.

The residential component proposed could also be exposed to '*reverse sensitivity issues*' from the proponent's industrial area and proposed industrial uses on the nearby industrial land in the larger '*Integrated Employment Area*' (see the following discussion).

Such exposure is against good planning practices and contrary to the principles of the '*Waikato Regional Policy Statement*'.

There is also some minor concern about the proposed residential land's possible susceptibility to flooding under climate change (not 'stop bank' breaches) - possibly manageable at some expense (Bloxam, Burnett, Olliver pp. 21, 67).

Such concerns would not have such significance for business and industrial use of the same land.

### ***Conclusions About The 'Residential' Component of the Proposal***

The proposed small pocket of residential development is not supported from the perspective of economic efficiency; traffic and trip generation; social isolation; access to community and personal services, and good planning practice.

There are other more appropriate residential areas available and planned with sufficient capacity, offering wider residential choice and diversity, located in reasonable proximity to the proponent's proposed industrial land.

No Council planning documents, including the '*District Growth Strategy*'; the '*Proposed District Plan*'; '*Future Proof Development Strategy*', or the '*Regional Policy Statement*', identify Ohinewai as a '*residential growth node*'.

Council has no plans to provide community to this area. And such services are not part of any Council *capital works program* – so that Council would not be able to collect '*developer contributions*' for them

The proposed location for such residences will also seriously compromise the ability to develop a larger '*Integrated Employment Area*'.

This scarce employment lands at such a prime location needs to be secured and protected from inappropriate uses, such as residential uses, that have many other locational options.

The proposed residential land is best used for other business and industrial uses – including a '*business park*' ( opportunities discussed at the end of this Report).

If residential development were to be contemplated for any of the Ohinewai land it should form part of a much larger, more cohesive and extensive residential area.

A wider strategic analysis is required of the larger Ohinewai area to identify where any residential and other uses should be located.



### **2.3 Evaluation of the 'Industrial Assessment'** (Section 6.0 in the *Property Economics Report*)

The Property Economics Report comments on the demand for land and supply of land situation discussed in the *'Waikato Regional Policy Statement'*.

This finds a significant available supply of industrial land in the identified industrial nodes.

The Property Economics Report then justifies the proposed industrial development on the basis of the *Comfort Group* not being able to find a suitable site for its "mega-factory" where complementary affordable dwellings can be provided for its workers (pp. 35, 36).

The lack of suitable large sites with good expressway access is consistent with this Report author's findings from other investigations in Auckland, Greater Auckland and elsewhere in New Zealand.

The regional and national shortage of *large, flat business and industry sites with good motorway access* has been identified in many other investigations by this author throughout New Zealand (including Greater Auckland, Auckland Arterial and Greater Auckland Growth Corridor investigations, Waitakere, Manukau, Rodney, Franklin, Wellington, Lower Hutt, Upper Hutt, Greater Christchurch, Blenheim, and Marlborough investigations).

Such shortages were recognised for the Waipa District Plan change that added 50 ha (a 52% increase) to the existing Industrial Estate - because a large industry (Architectural Profiles Ltd aluminium windows) could not find a suitable large 30 ha site anywhere else.

Waikato has interest from another business seeking a large, flat site (*Timpack* with 70 employees, seeking a 5 ha site for its timber pallet operations).

#### **Consistency With The Identified Future Industrial Land Needs For The Waikato District**

Recent investigations for the *Waikato Growth and Economic Development Strategy* identify the need to plan to supply other industrial land in the Waikato District by 2047 and beyond:

- The *'Waikato District Blue Print'*
- The *'Huntly/Ohinewai Local Area Blue Print'*
- The *'Relative Competitive Advantage of Waikato'* and
- The *'Waikato Industrial Land Evaluation' Report.*

These findings identified the need to be able to supply 460 ha of *appropriately located and serviced* industrial land in the Waikato District by 2047.

This requires identifying suitable locations for the following major industrial land uses:

- 276 ha (60% of future industrial land) for *Industrial Activities* comprising:
  - 126 ha for *Construction and Utility* activities
  - 86 ha for *General Industries*
  - 64 ha for *Food and Other Clean Production* activities

- 164 ha (37% of future industrial land) for *Warehousing and Logistics Operations* including:
  - 124 ha for *Wholesaling* activities (almost equivalent to the highest industrial activity)
  - 40 ha for *Transport and Storage* activities (almost equivalent to clean production)

The identified potential future industrial land demand of 460 ha for the Waikato District is of the same order of magnitude as the 439 ha projected demand for Waikato under the *WISE 'Medium Population Projection'* for Industrial Land needed in the Waikato District between 2013 and 2061.

These *Waikato Growth and Economic Development Strategy* studies echo the findings of the *Property Economics Report* - that finds the Ohinewai lands particularly suitable and desirable for business and industrial uses from a '*business perspective*'.

The important attributes of the Ohinewai land from a business and industry perspective include:

- The location's 'multi-model' transport and market accessibility
- The easy access this location provides to Auckland and national markets.
- The scarcity of sites like this in the sub-region between Hamilton and Auckland
- The ability to provide large sites on relatively flat, flood free land
- The visibility and accessibility to Waikato Expressway
- The inability of any other land with similar expressway access to provide equally attractive, serviced business and industry land
- The ability to provide adequate reticulated water and waste water services and possibly other shared reticulated and recycling services
- The ability to provide spur lines, rail sidings and intermodal transport using the North Island Main Trunk Railway Line
- The location's ability to support the import or export of bulky or weighty products.

The larger Ohinewai area, including the subject land, was found to provide *by far the best opportunity* to supply at least 280 ha (61%) of the required industrial land for the Waikato District up to 2047:

*Food and Clean Production Areas* 60 ha (94% of projected demand to 2047)

*Wholesaling, Transport and Distribution Areas* 80 ha (49% of projected demand to 2047)

*Construction, Utilities and General Industries* 140 ha (66% of projected demand to 2047)

The proponent's 63 ha of industrial land is appropriately located and represents 45% of the desirable short term provision of 140 ha of general industry land in Ohinewai.

### ***Conclusions About The 'Industrial' Component of the Proposal***

The proposed zoning of 63 ha of industrial land (37 ha for the *Sleepy Heads'* factory) can be supported as part of the overall provision of at least 140 ha of *General Industry Land* within the proposed provision of at least 280 ha of industrial land at Ohinewai.

The proposed 63 ha of industrial land is appropriately located.

However, this industrial area, and its heavy vehicle access, is best planned and integrated as part of the much larger '*Integrated Employment Area*' proposed at Ohinewai.

## **2.4 Evaluation ‘Potential Economic Benefits’**

(Sections 7.0 to 10.0 in the *Property Economics Report*)

Sections 7 to 10 of the ‘Property Economics’ Report should be re-evaluated and the economic impacts assessed without the proposed residential and DFO components.

The identified ‘*localised catchment*’ should be extended to include Te Kauwhata and Taupiri.

The construction and employment figures in Section 10.0 appear robust but should be re-assessed and evaluated without the DFO and residential components.

The competitive impact of the DFO on local and District retail employment, and existing retail owners’ and workers’ incomes has not been evaluated.

The proponent’s consultants dismiss any significant impact on any existing centre (BBO 24 February 2020).

Consequently no attempt has been made to quantify the loss of income, wages and employment at other centres and off-set that against similar gains from the proposed DFO.

It should be noted that the number of businesses have been found to be declining in Huntly and Te Kauwhata (Bloxam, Burnett, Olliver p. 7). A recent Council survey has established the high level of retail vacancies already in Te Kauwhata with struggling retailers diversifying into a broader range of retailing to survive.

It is further noted that most of the Huntly and Te Kauwhata businesses, likely to be negatively impacted by the proposed DFO, have few or no employees (Property Economics Table 4 p.19, Table 5 p.20).

Struggling existing businesses in Huntly, Te Kauwhata, Ngaruawahia, Pukekohe, Tuakau, Papakura, and as far away as Cambridge, Te Rapa, Onehunga; and Hamilton, could well close in the face of increased competition created by the DFO.

Credit card expenditure patterns show a large dependency of Pukekohe on retail spending from Te Kauwhata and the residential areas in the north of Waikato.

Experience shows few existing struggling and older owner-operated businesses that close re-open elsewhere.

These negative *income and employment* affects for existing businesses could well outweigh the employment and employee income benefits of the DFO.

A broad based DFO retail offering at Ohinewai would also seriously compromised the ability for Pokeno village and Te Kauwhata to grow into large, diversified Town Centres.

Recent studies for the *Waikato 'Growth and Economic Development Strategy'* show that a broad based DFO at Ohinewai could capture up to two thirds of projected future demand for retail space from the Pokeno Town Centre's catchment.

This would leave Pokeno with potential additional demand for only about 4,200 sq. m. of retail space.

This would also result in the Pokeno Town Centre being overly (89%) reliant on offices and other business and community services

(My analysis of the DFO impact based on the *Waikato 'Growth and Economic Development Strategy: Retail and Office Space Projections for Huntly and Pokeno Town Centres'* January 2020).

### ***Conclusions About The 'Economic Benefits' of The Proposed Land Uses***

The claimed benefits *from the proposed 'industrial land uses'* and their employment will still stand - without the proposed residential and DFO components.

The claimed economic benefits from the DFO and the proposed Residential components of proposal are unlikely to be realised.

These components cannot be justified on economic grounds.

The negative effects of the DFO on incomes and employment at existing and future centres have not been fully quantified – but could well outweigh any positive economic benefits from the proposed DFO.

A successful DFO would have significant negative impacts on the economic future and business mix of the Te Kauwhata and Pokeno Town Centres

There would be serious negative consequences for Huntly and the larger Ohinewai 'employment area' if the proposed DFO were to fail.

Incorporating the restrictive business zoning provisions and residential components at the proposed locations will also undermine the economic and employment potential of the proposed larger Ohinewai '*Integrated Employment Area*' (discussed later in this Report).

### 3.0 Economic Evaluation of the Proposed '*Planning Provisions*'

The *Ambury Properties Limited* proposal includes suggested '*Planning Provisions*' based on variations to the District's existing planning provision that would presently apply in similar circumstances.

The form and nature of these planning provisions is a *relic of the old planning regime* and not consistent with modern planning for future orientated business and industry planning.

The following comments will only address the parts of the suggested planning provisions that are inconsistent with what has been found through this economic assessment.

#### ***The Limitation and Exclusion of Other Uses***

The proposed '*Planning Provisions*' specifically state that 'stand-alone' office tenancies (sic) shall have a gross leasable floor area of *not more than 200 sq. m.*

It is not clear whether that applies only to individual tenancies or to the whole building ('*Planning Provisions*' page 7, provision P2 (a)).

What is proposed is further confused by the proposal that the total combined gross floor area of "commercial/retail" activities (sic) and "stand-alone office activities" should not exceed 2,500 sq. m.

This equates to the proposed area of convenience retailing and services proposed for the proposed 'service station and truck stop with convenience retail and services'.

But this cap is said not to apply to "commercial services" in the proposed Business Zone ('*Planning Provisions*' page 7, provision P3 (a)).

It is not clear what "commercial services" refers to in this context (it is not clear what types of uses fall into this category and would be allowed without any floor space cap in the proposed Business Zone).

However, "Garden Centres" and "Service Stations" are specifically excluded from these 'caps' ('*Planning Provisions*' page 7, provision P3 (a)).

There would seem to be no sound reason for limiting office space (or "office tenancies") to 200 sq. m. – when this prime location could be attractive to development as a '*Business Park*'.

It is unlikely that any stand-alone offices locating there would alternatively have located in the Huntly Town Centre.

These matters are discussed more fully at the end of this Report

### ***Zoning and Structure of the 'Master Plan'***

The proposed zoning and 'Master Plan' are unacceptable and are not relevant if the DFO and Residential components are to be excluded.

The proposal should be redesigned to coherently integrate with the larger '*integrated employment area*' - embracing the subject land.

Consideration should be given to planning for '*Business Parks*' and '*Trading Estates*' - in addition to light and general industry areas that also allow for warehousing, storage and logistics operations appropriate for this larger '*integrated employment area*'.

This would require a separate 'structure plan, with its own zoning and planning provisions to be prepared for this larger '*Integrated Employment Area*' – including the subject land

This would provide for a more flexible and robust planning regime that will generate greater economic and employment benefits and is more suited to the emerging post-industrial economy.

### ***Building, Floor Space and Height Restrictions***

The proposed building, floor space and height restrictions should be reassessed in view of the above considerations.

Showrooms and retailing should be ancillary to the primary manufacturing; warehousing; assembly; product servicing, or sales and distribution activities on site.

The sale of other similar products of other manufacturers from this ancillary showroom space could be permitted.

The proposed restrictions on office floor space and commercial building heights are inappropriate for 'Business Park' Precincts.

There is no reason to restrict these uses to protect the Huntly Town Centre.

The types of offices, technology, communications and data warehousing activities attracted to the prominent, Ohinewai 'Business Park' settings are unlikely to consider a Huntly Town Centre alternative.

### ***Conclusions About The Proposed 'Industry Zoning' with its 'Planning Provisions'***

The proposed zoning for 'Light Industry' is supported on economic grounds.

This part of the proposal is consistent with the higher order industrial uses and 'business clustering' that would generate the greatest economic and employment benefits.

The proposed '*Comfort Group*' (*Sleepy Heads*) manufacturing with ancillary showroom and retail activities (together with any future trades training) could provide the important 'catalyst' needed to establish a regionally and nationally important '*Bedding Furniture and Furnishings*' Cluster at Ohinewai.

Showrooms and retailing should be ancillary to the primary manufacturing; warehousing; assembly; product servicing, or sales and distribution activities on site.

The sale of other similar products of other manufacturers from this ancillary showroom space could be permitted.

Provisions should be included to enable up to 20% ancillary retail/showroom use in the industrial zone.

### ***Conclusions About The Proposed 'Business Zoning' with its 'Planning Provisions'***

The proposed 'Business Zoning' for the proposed DFO and the 'Master Plan' incorporating the DFO and the proposed location of the 'service station truck stop with convenience retail and services' are not supported on economic nor good planning grounds.

The availability of suitable large, relatively flat, geologically stable industrial land; with excellent State Highway (SH1) accessibility in both directions and rail access to ports; the greater Auckland Region and beyond provide important locational and business advantages that cannot be matched elsewhere.

These attributes make this '*strategically important*' business and industry land.

'Business Zoning' could be appropriate if the land were to be developed as a '*Business Park*'

In that case, *no limit* to the amount of office space would be appropriate.

No limit would then be needed for 'office space' because the types of offices attracted to such a 'business park' would not be activities that would otherwise locate in the Huntly Town Centre.

'Business Zoning' to enable the proposed DFO is not supported because such a large, broad based centre is unlikely to succeed. If it failed then there would be considerable adverse economic impacts from the premises left vacant or used for other purposes.



If the proposed large, broad based DFO were to be successful this would have significant detrimental effects on other 'life style' centres in its extensive catchment and have marked adverse economic effects on Huntly and other smaller nearby Town Centres of Te Kauwhata and Tuakau.

It would also seriously inhibit the prospects of establishing a successful diversified Town Centre at Pokeno.

If the proposed 'Business Zoning' was to proceed and the proposed DFO were to be approved - then strict limits on amount of other retail and office space in this Business Zone would then be appropriate.

This would be necessary to prevent other retailing and commercial services being attracted away from the Huntly Town Centre.

In these circumstances the proposed limit of 200 sq. m per office tenancy would be appropriate.

The total office space in the 'Business Zone' should be limited if the DFO were to be approved – to prevent small customer service offices being attracted away from the Huntly Town Centre.

A total of 1,500 sq. m GFA total office space may then be an appropriate acceptable maximum – to prevented offices serving the 'general public' moving into Ohinewai if the DFO were to proceed.

### ***Conclusions About The Proposed 'Residential Zoning'***

The proposed 'Residential Zoning' is not supported on either economic or good planning grounds.

The proposed location for such residences could seriously compromise the ability to develop a larger '*Integrated Employment Area*'.

The land proposed for residential uses is more appropriately used for a 'business park' and other business and industry uses.

Such scarce employment lands at such a prime location needs to be secured and protected from inappropriate uses, such as residential uses, that have many other locational options.

If residential development were to be contemplated for any of the Ohinewai land it should form part of a much larger, more cohesive and extensive residential area.

A wider strategic analysis is required of the larger Ohinewai area to identify where any residential and other uses should be located.

### ***Conclusions About The Need For More Appropriate Zoning and Planning Provisions***

The establishment of the 'Sleepy Heads' operations, and clustering of similar and related activities, is highly desirable.

These uses can easily be accommodated on the subject land and the proposed zoning for such industrial purposes can be supported.

However, the presently proposed distribution and location of land uses and the proposed road network would compromise the design and development of a larger coherent 'integrated employment area'.

The proposed Structure Plan, the indicative Master Plan and the proposed Zoning will negate the economic, employment potential and 'agglomeration advantages' from business and industry clusters developed on the more extensive Ohinewai land – which would include the subject land.

Planning and land use at Ohinewai *should **not** be* controlled by the suggested planning provisions.

Alternative, more '*performance based*', *planning provisions* should be considered that will enable appropriate grouping of compatible land uses and protect desirable 'business settings'; whilst providing the flexibility for business clustering, diversification and expansion in the 'post-industrial' economy.

It would be best to prepare an integrated 'structure plan' and 'master plan' for the larger Ohinewai '*Integrated Employment Area*', including the subject land, with its own '*more appropriate zones*' and '*performance based*' *planning provisions*.

## 5.0 Evaluation of *Other Reports and Submissions*

### 5.1 Economic Evaluation of Other *Planning and Social Impact Reports*

The Draft '*Waikato 2070 - Growth and Economic Development Strategy*' is intended to guide the growth of the District over the next 50 years.

This provides a Development Plan for Huntly/Ohinewai that identifies Ohinewai for 'cluster industrial development' in two stages over the next 30 years.

The first stage, south of Balemi Road, includes the subject land - with later stage development planned for the land north of Balemi Road.

#### ***Planning Report*** (Bloxam, Burnett, Olliver)

This Report finds few difficulties and supports the proposal.

Many of the economic and employment benefits of the proposed development discussed in this Planning Report have been addressed above.

The proposed development is said to easily and cost-effectively address the following issues:

- Expressway access and industrial traffic management
- Landscape and surrounding character
- Noise and the acoustic environment
- Water and waste water
- Storm water management and treatment
- Flooding and evacuation plans
- The low ecological and habitat values of the land
- Enhance open space and environmental needs
- Decrease erosion and decrease undesirable nutrient flows
- Improve the habitat and ecological values of the area.

The same conclusions can be expected to apply to the more extensive Ohinewai industrial lands needed to create the larger 'integrated employment area' attractive for industry clusters.

A larger 'integrated employment area' will support more '*cost effective*' long-term and interim '*on-site*' waste water and water supply; *storm water management* (Bloxam, Burnett, Olliver pp 32, 96, Appendix I and O).

This larger industrial area would also enable the provision of otherwise uneconomic '*shared infrastructure*', '*specialised reticulated*' and '*support services and recycling opportunities*' ('*Industrial Land Suitability*' Report for the *Waikato Growth and Economic Development Strategy*).

### **Conclusions About The Other Planning and Social Impact Reports**

The significant industrial economic, industrial clustering and business '*agglomeration advantages*' identified for this proposal (Bloxam, Burnett, Olliver pp. 36, 42) would be enhanced by a larger '*integrated employment area*' - that incorporates the subject land with the proposed '*Sleepy Heads*' development.

The deletion of the DFO and residential components from the proponent's land will substantially reduce identified issues of economic concern; facilitate more '*cost effective*' servicing, and enable the cohesive development of this parcel of land integrated into the larger Ohinewai '*Integrated Employment Area*'.

### **5.2 Economic Evaluation of Other Submissions**

Some 25 other submissions had been made at the time of these comments

These have been reviewed to identify any additional economic interests, issues or concerns.

#### **Future Proof Implementation Committee**

The *Future Proof Implementation Committee* is generally in agreement with the industrial components of the proposal and recognises the lack of serviced employment lands in the Waikato District - but is concerned about the possible impact on the development of "*other strategic nodes*".

The Industrial analysis conducted for the *Waikato Growth and Economic Development Strategy* has established a future need for this serviced industrial land in Waikato – without the need to attract businesses from other industrial areas in the Region.

The proposed '*Sleepy Heads*' development clearly needs a large site that has proved impossible to find elsewhere. Other large industrial land users have found similar difficulty in finding any suitable large industrial sites.

This regional shortage has already led to the rezoning of a further 50 ha of industrial land in order to accommodate Architectural Aluminium Windows at Waipia.

Suitable large sites will clearly be needed for the dairy processing industry which is already well established in the Waikato District.

Other significant land areas are needed to create particular 'industry clusters' that the Waikato District has the unique opportunity to attract (discussed further at the end of this Report).

Consequently approving the proposed industrial components is unlikely to have any significant negative impact on the development and growth of other 'strategic nodes'.

### ***Ralph Estates***

*Ralph Estates* are concerned that the proposed development will prevent access to the minerals under the subject land.

The importance, scarcity and importance of these minerals have not been addressed in any report.

However, such minerals would need to be particularly valuable, or in regionally short supply, for these considerations to outweigh the economic benefits of the proposed development as part of a larger 'integrated employment area' at Ohinewai.

I note that *Ralph Estates* hold far more extensive interests in potential mineral areas to the south of the proposed development – so the subject land is not the only mineral resource land available to this business (Map accompanying their submission).

These other, more extensive, mineral holdings may be compromised by 'reverse sensitivity issues' if the proposed residential development were to proceed on the proponent's land (although the Tahuna Road ridge may provide some visual and acoustic buffering).

These aspects should be further investigated before any residential rezoning proceeds for the proponent's land.

### ***David and Tiffany Whyte***

*David and Tiffany Whyte* express concerns about the likelihood of the proposed residential blocks being taken up given alternative opportunities in the local residential markets.

Also having regard to cultural considerations.

These issues are not fully explored in the Property Economics Report and these issues should be clarified if the residential component of the proposal is to proceed.

It would be particularly undesirable for future business and industry uses of the wider industrial area to be prevented or inhibited because of this pocket of residential zoning – particularly if it has failed to attract residents.

This could easily be the outcome under any of the following circumstances:

- If the *David and Tiffany Whyte* concerns are correct; '
- If 'Sleepy Heads' are unable to persuade its employees to buy into the area,
- If potential residents are dissuaded from living on the small sections,
- If potential residents are dissuaded from living there without a 'village' community and necessary amenities,
- If potential residents are dissuaded from living there where there is limited retailing and few services.

**Ambury Properties Limited** (Submission 764)

This submission states that the *bulky goods retailing* (DFO) component is principally for the sale of the company's beds, mattresses, bedding, drapes, soft furnishings and furniture – with other 'outlet stores' providing similar homeware and furniture.

Such ancillary uses to proposed manufacturing, wholesaling, assembly and distribution activities would be entirely consistent with development of the precinct as a '*Furniture and Soft-furnishing*' Cluster.

However, *this is not* what is applied for, nor what is proposed under the '*Planning Provisions*'.

This is *not* what has been documented and assessed in the Property Economics '*Economic Assessment*' Report

Both the planning proposals and the Property Economics Report propose an unrestricted, broad based DFO offering.

The Property Economics 'retail expenditure model' for the nominated 'regional wide catchment' for the DFO *would not warrant the scale and amount of space proposed* for the DFO (40,000 sq. m.GFA , with no floor space 'cap') if it were restricted to just 'beds, furniture and soft-furnishings'.

This amount of space is said to require at least \$100m to \$110m of annual turnover.

Whereas the *Property Economics 'retail expenditure model'* shows only \$210m expenditure annually on large format retailing "furniture, floor coverings, homewares and textiles" for the whole catchment (Property Economics, Section 4.0, Table 6).

TABLE 6: LARGE FORMAT RETAIL SPEND WITHIN DISCOUNT OUTLET CATCHMENT

LARGE FORMAT RETAIL SPEND (\$m)	2018	2023	2028	2033	2038
Food retailing	\$1,870	\$2,090	\$2,320	\$2,560	\$2,810
Clothing, footwear and personal accessories retailing	\$40	\$50	\$50	\$60	\$70
Furniture, floor coverings, houseware and textile goods retailing	\$210	\$230	\$250	\$280	\$300
Electrical and electronic goods retailing	\$180	\$200	\$230	\$250	\$270
Department stores	\$240	\$260	\$290	\$320	\$350
Recreational goods retailing	\$300	\$330	\$370	\$410	\$450
Other goods retailing	\$10	\$20	\$20	\$20	\$20
<b>Total</b>	<b>\$2,840</b>	<b>\$3,190</b>	<b>\$3,530</b>	<b>\$3,900</b>	<b>\$4,270</b>

Source: Property Economics

This means that the proposed DFO would *have to capture more than 50%* of the total wider catchment 'large format retail' expenditure on 'furniture, soft-furnishings and homeware' if it is to succeed.

This could be why both the Application, and the Property Economics 'Economic Assessment', only refer to a *broad based DFO - not restricted* only to 'furniture and soft-furnishings'.

## 6.0 Consistency with the 'Waikato Regional Policy Statement'

The 'Waikato Regional Policy Statement' was adopted in 2016 by the Waikato Regional Council.

Amongst the provisions are the requirements that:

The spatial pattern of land uses is understood for at least the next 30 years (Policy 6.3, (b), p.6.6)

The areas where significant growth is occurring or anticipated, territorial authorities should develop growth strategies which identify a spatial pattern of land use and infrastructure development and staging for at least a 30 year period (Policy 6.1.6, Growth Strategies p. 6.2).

The proponent's *Economic Assessment* is based on 10 year time frame (to 2030) and their rezoning proposal ignores the potential to develop and appropriately service a coherent integrated employment of far larger size than the subject land within, and beyond, the next 30 years.

The 2016 'Waikato Regional Policy Statement' *Implementation Provisions*, include the following 'Planning Provisions' (Policy 6.3, Section 6.3.1 p.6.6):

- d) Industry is located where there is good access to strategic transport networks ...
  - e) Development ... can be integrated with future infrastructure needs where these can be determined
  - f) Development does not add to existing road safety risks and where possible should reduce such risks
  - g) Development does not unnecessarily prevent likely future network infrastructure improvements and upgrades
  - h) Development patterns support the use of rail or sea for freight movement.
- (statements d and e shortened by me to highlight the aspects important for evaluating the proponent's proposal)

The industrial and warehousing components of the proponent's proposed development are clearly supported by these statements.

However, the nature and distribution of land uses; the inclusion of the DFO and residential components, and the proposed access and internal road network, is each individually, and in combination, *in conflict with each of the above five implementation provisions*.

The proposed development, as presently designed, will compromise the coherent development of this land, together with the adjoining lands, to create a coherent, larger, integrated employment area.

The Ohinewai land lies outside of the indicative 'future proof' area identified in the 'Waikato Regional Policy Statement'.

As such, industry zoned land is to be maintained for industrial activities unless uses are ancillary to those industrial activities. It is recognised that specific types of commercial development may be appropriately located in industry zoned land (Property Economics Report p. 22).



I am of the opinion that the proposed DFO and residential components of the proponent's proposal are in conflict with this intention.

However, the provision for retailing ancillary to any industry and warehousing operations on this and other nearby industrial lands would be consistent with this intent - as would be any proposal for a '*business park*' or '*trading estate*'.

### **Conclusion About Consistency with the '*Waikato Regional Policy Statement*'**

The *Future Proof Implementation Committee* is generally in agreement with the industrial components of the proposal and recognises the lack of serviced employment lands in the Waikato District - but is concerned about the possible impact on the development of "*other strategic nodes*".

The Industrial analysis conducted for the *Waikato Growth and Economic Development Strategy* has established a future need for this serviced industrial land in Waikato – without the need to attract businesses from other industrial areas in the Region.

The proposed '*Sleepy Heads*' development clearly needs a large site that has proved impossible to find elsewhere.

Other large industrial land users have found similar difficulty in finding any suitable large industrial sites.

This regional shortage has already led to the rezoning of a further 50 ha of industrial land in order to accommodate AAW '*Architectural Aluminium Windows*' at Waipia.

Waikato has recently attracted interest from another business seeking a large, flat site (*Timpack* with 70 employees, seeking a 5 ha site for its timber pallet operations).

Suitable large sites will clearly be needed for the dairy processing industry which is already well established in the Waikato District (discussed more fully in the last section of this Report).

Other significant land areas are needed to create particular '*industry clusters*' that the Waikato District has the unique opportunity to attract (discussed at the end of this Report).

The availability of suitable large, relatively flat, geologically stable industrial land; with the ability to supply appropriate reticulated services, with excellent State Highway (SH1) accessibility in both directions and rail access to ports; the greater Auckland Region and beyond provide important locational and business advantages for Ohinewai that cannot be matched elsewhere.

Consequently approving the proposed industrial components is unlikely to have any significant negative impact on the development and growth of other '*strategic nodes*'.

## 7.0 'Economic Assessment' Summary and Conclusions

The conclusion of this 'Economic Assessment' has to be that

- The proposed 'Industrial Zoning' for light industry with the 'Sleepy Heads' factory can be strongly supported on economic grounds – with the desirable provision for significant ancillary showroom and retail space (up to 20% of each premises' GFA).
- The proposed 'Business Zoning' with its proposed DFO cannot be supported on economic grounds – and the limited proposed convenience retail and commercial services are poorly and inappropriately located
- The proposed 'Residential Zoning' of such small scale, with such limited retailing and personal services cannot be supported on economic grounds

The overall 'Structure Plan' and 'Master plan' could be considered premature, poorly conceived and planned without regard to the potential of a larger 'Integrated Employment Area' at Ohinewai.

The proposed 'Planning Provisions' may be appropriate if the proposed 'Business Zoning' is approved with the DFO, service station and convenience retail and services located where proposed.

However, the proposed 'Planning Provisions' are *not acceptable* and *inappropriate* for the more diversified desirable business and employment uses of this land.

The subject land forms part (26%) of a much larger area of approximately 694 ha Council has proposed for an '*Integrated Employment Area*' for business and industry at Ohinewai.

Part of the subject land constitutes the most prominent and visible location with exceptional accessibility and visibility from the State Highway 1 (SH1) which makes it strategically important to realising the economic and employment potential of this larger '*Integrated Employment Area*'.

This economically and strategically important part of the subject land is proposed to be used by the applicants for residential and Discount Factory Outlet (DFO).purposes

There is no provision for significant office or other business uses that are fundamental to realising the business clustering, economic and employment potential of this larger '*Integrated Employment Area*'.

The proposed 'Residential Zoning' is not supported on economic or good planning grounds.

The proposed location for such residences could seriously compromise the ability to develop a larger '*Integrated Employment Area*'.

The land proposed for residential uses is more appropriately used for a 'business park' and other business and industry uses.

Such scarce employment lands at such a prime location needs to be secured and protected from inappropriate uses, such as residential uses, that have many other locational options.

The proposed residential area could also pose 'reverse sensitivity issues' for this and the larger proposed 'Integrated Employment Area'.

The proposed residential area could also significantly constrain the appropriate industrial traffic management and industrial road access to and from this larger '*Integrated Employment Area*',

This large '*Integrated Employment Area*' warrants its own 'Master Plan' and 'Planning Provisions' instigated through a plan review process.

This would include to subject land being integrated into the overall planning for this larger '*Integrated Employment Area*'.

### **Summary of The Key Findings From This 'Economic Assessment'**

The key findings from this '*economic assessment*' of the *Albury Properties Limited Rezoning Submission* can be summarised as follows:

- a. The Industrial Components of the proposal make 'economic sense'
- b. The broad based DFO component and the proposed pocket of residential uses are more difficult to justify and make less 'economic sense'.
- c. The proposed 'Strategic Plan' and 'Master Plan' have flaws because they fail to have regard for the future development of the larger 694 ha area as an '*Integrated Employment Area*'.
- d. The proposed distribution of land uses will not contribute to the best economic and employment outcomes from the subject land and the larger 'Integrated Employment Area'.
- e. The proposed distribution of land uses and pattern of development could compromise the coherent development of the intended larger integrated employment area.
- f. The proposed 'industrial zone' for the proposed 'Comfort Group' *Sleepy Heads* manufacturing plant and other light industry' uses can be strongly supported on economic grounds
- g. These uses are considered 'highly desirable' because of the contribution they can make to establishing a valuable, value-adding '*Bedding, Furniture and Furnishings*' Cluster at Ohinewai
- h. A broad based DFO of the proposed size at this location is unlikely to be succeed.
- i. If successful this DFO would have significant adverse impacts on existing 'life style' and 'discount retail' activities at Hamilton, Onehunga, and Sylvia Park - and adversely affect the potential to attract appropriate similar activities to the new Drury Metropolitan Centre.

- j. The proposed DFO is unlikely to provide better wage and employment outcomes than those lost by the decreased trade and closure of adversely affected shops at Huntly, Te Kauwhata, Tuakau, Ngaruawahia, and possibly as far away as Cambridge, Hamilton and Onehunga.
- k. Struggling existing businesses, and those operated by older owners, adversely affected by the proposed DFO are unlikely to re-open elsewhere.
- l. There are few alternative uses for the vacant DFO premises if the proposed DFO fails.
- m. Vacant DFO premises would attract businesses and activities that are more appropriately located elsewhere – these could include retail, recreational, education, and training activities that are best located within, or close to, the Huntly and Pokeno Town Centres.
- n. The failed DFO premises could remain vacant and fall into unsightly disrepair - blighting the larger Ohinewai 'integrated employment area' and adding to the large stock of vacant premises adversely impacting the perceived business opportunities and economic potential of Huntly.
- o. Any showrooms and retail sales areas permitted at Ohinewai should be ancillary to the primary use of premises for manufacturing, warehousing, assembly, servicing or distribution of products (with retail and showroom space restricted to 20% of each premises' GFA).
- p. Consideration could be given to permitting the display and sale of similar products from other manufacturers from ancillary showrooms in these premises.
- q. The small pocket of 'residential uses' makes little social, economic or planning sense – unless this area is planned as part of a much larger residential area well buffered from industrial uses.
- r. The proposed residential population will only support a small local centre – leaving residents without a 'village centre'; short of retail, community and services opportunities, and forced to make more, longer trips.
- s. The proposed service station and truck stop 'convenience retail and commercial services' are poorly located with respect to the DFO, the proposed residential area, the proposed industrial area, the reinstated rail station and the larger 'Integrated Employment Area'.
- t. Consequently, the DFO and the residential components of the proposal and the proposed location of the service station and truck stop and 'convenience retail and commercial services' should be opposed from an economic perspective.
- u. The light industrial and '*sleepy heads*' components of proposal can be strongly supported as part of a highly desirable '*Bedding Furniture and Soft-Furnishing Cluster*' - with ancillary retail and showroom space.

- v. The 'Structure Planning' and 'Traffic Planning' for the proposed 'industrial zone' could be designed to be better integrated into a coherent larger 'integrated employment area'.
- w. Planning and land use at Ohinewai should not be controlled by the proposed 'Planning Provisions'.
- x. The large '*Integrated Employment Area*' (including the subject land) warrants its own 'Master Plan' and its own specific 'Planning Provisions'.
- y. This would include to subject land being integrated into the overall planning for this larger '*Integrated Employment Area*'.
- z. '*Performance Based*' planning provisions should be considered that will enable appropriate grouping of 'compatible land uses', and protect desirable 'business settings'.

## 8.0 Prospects for a Large '*Integrated Employment Area*' at Ohinewai

Recent investigations for the *Waikato Growth and Economic Development Strategy* identified the need to supply 460 ha of *appropriately located and serviced* industrial land in the Waikato District by 2047.

These findings identified the need to identifying suitable locations for the following major land uses:

- 276 ha (60% of future industrial land demand) for *Industrial Activities* comprising:
  - 126 ha for *Construction and Utility* activities
  - 86 ha for *General Industries*
  - 64 ha for *Food and Other Clean Production* activities
- 164 ha (37% of future industrial land) for *Warehousing and Logistics Operations* including:
  - 124 ha for *Wholesaling* activities (almost equivalent to the highest industrial activity)
  - 40 ha for *Transport and Storage* activities (almost equivalent to clean production)

## 8.1 Proposals for an '*Integrated Employment Area*' at Ohinewai

The Waikato '*Industrial Land Evaluation*' Report recommends planning for an '*Integrated Employment Area*' at Ohinewai.

The *Draft Waikato 2070 Growth and Economic Development Strategy* recognises the potential to supply up to 694 ha of industrial and employment land at Ohinewai to meet the District's future needs:

- 435 ha (gross area) at Ohinewai North
- 259 ha (gross area) at Ohinewai South

The proponent's subject land comprising 178.5 ha forms an important, strategically located part (26%) of this much larger area of approximately 694 ha Council is considering for an *integrated industrial employment area* at Ohinewai.

The rational and need for such a large future industrial and employment area at Ohinewai has been documented in the:

- '*Waikato District Blue Print*' and the relevant '*Huntly/Ohinewai Local Area Blue Prints*' - that set out the overall vision of Council for Huntly/Ohinewai and the Waikato District.
- '*Relative Competitive Advantage of Waikato*' Report – recently completed for the Waikato '*Growth and Economic Development Strategy*'.
- '*Industrial Land Evaluation*' Report – recently completed for the Waikato '*Growth and Economic Development Strategy*'.

The '*Industrial Land Suitability*' Report for the *Waikato Growth and Economic Development Strategy* recommends initial planning for 280 ha of business and industry employment land at Ohinewai comprising:

- '*Business Park*' lands of 60 to 65 ha
  - Located along the Waikato Expressway frontage
  - Possibly extending to overlook the lake front environmental areas

This would be targeted at clustering new economy, technology and clean production activities.

This could be split into three separate '*Business Park*' *Precincts* each of at least 20 ha to take advantage of:

- The local topography and *Tahuna Road* ridge line land
- Visibility from the Expressway and its interchange access roads
- Desirable lake front and environmental vistas

Areas of *less than* 20 ha would be inappropriate because of their inability to preserve desirable, superior, high quality, high amenity, landscaped business settings.

➤ '*Warehousing, Storage and Logistics*' Areas of 80 to 100 ha

This would meet a substantial proportion (50%) of the District's identified medium term needs for large sites for such uses.

The planning provisions could include the packaging and assembly of products (which is increasingly the case using products and components manufactured overseas).

This area would need to be located close to main access to the industrial area from the Expressway and located to effectively physically and acoustically buffer the 'business park' areas from any general industry areas.

Part of such land could then be potentially repositioned or rezoned to add to the 'Business Park' settings – especially if 'new economy' or 'technology' clusters were to begin to develop in this area.

➤ '*Construction, Utilities and General Industry*' Areas of 140 ha

This would meet a substantial proportion (two-thirds) of the District's identified medium term needs for sites for such uses.

This recognises that population growth and property, infrastructure and residential development will be concentrated in the north of the Waikato District, and in the southern Auckland Metropolitan growth areas to the north of Waikato – which can be most readily accessed from the proposed Waikato Expressway interchange.

These areas should be well buffered physically, visually and environmentally from the Expressway and Lake Waikare – particular care will need to be taken to avoid any adverse environmental impacts on the lakes and their surrounding environmentally sensitive areas.

Provision could be made for some '*difficult to locate activities*' - such as concrete batching plants; outdoor fabrication, bulk fuel depots; the storage of chemicals and potentially harmful materials, and activities emitting radio-magnetic radiation.

Providing a well buffered area for these '*difficult to locate activities*' at Ohinewai becomes even more important if suitable sites cannot be released from the old quarry areas fronting *Tregoweth Lane*, and *Riverview Road* - south of Huntly (Waikato '*Industrial Land Evaluation*' Report).



Some 5 to 10 ha should be sufficient to meet this requirement – as this area is not intended as a regional warehousing and distribution area for dangerous, noxious or potentially hazardous materials.

This '*Special Industry Area*' for *difficult to locate activities* should be located well away from the other more sensitive land uses, nested out of sight, well within the general industry area.

Such land uses should be located in flood free, well 'bunded' sites that do not drain towards Lake Waikare, Lake Rotokawau, or nearby areas of natural or ecological significance.

## **8.2 Identification of '*Industry Clusters*' Potential of Ohinewai**

The work for the *Waikato Blue Print* and the *Waikato Growth and Economic Development Strategy* identified specific '*Economic Opportunities*' that could be pursued at Ohinewai including a:

- *Freight and Logistics Cluster*
- *Food Processing and Clean Production Cluster*
- *Bedding, Furniture and Furnishings Cluster*
- *Health and Technology Based Business Cluster*

### **'Freight and Logistics' Cluster**

Waikato straddles the 'southern freight corridor' between Auckland, Port Tauranga and the southern parts of North Island New Zealand.

Key freight routes include the Waikato Expressway, State Highway 2 and Main Trunk Railway. These routes provide easy access to Auckland (including its port and International Airport), Hamilton, and Tauranga (New Zealand's second major port).

The District's '*Economic Development Strategy*' identifies the opportunity to capitalise on the Waikato expressway and the District's strategic location in the Greater Auckland Growth Corridor to grow a local 'freight hub'.

The Ohinewai land provides the advantage of being able to provide scarce large, relatively flat sites, easily accessible in both directions from the Waikato Expressway (SH1) which provides easy access to the Regional and national road network via the Ohinewai interchange immediately to the south.

The Ohinewai land has a considerable advantage being largely vacant land, located closest to Auckland and the south Auckland 'growth corridor' with full Expressway access in all directions – including south to Hamilton, Taupā, Wellington, and other southern cities and the southern parts of North Island.

The proximity of the North Island main trunk rail line, with the possibility of a spur line and private sidings, provide a locational advantage for importers and distributors of bulky products and large scale manufacturers and distributors of bulky items – especially those likely to *export* through Auckland or Tauranga.

### ***'Food Processing and Clean Production' Cluster***

The District's *'Economic Development Strategy'* also identifies the opportunity for 'value-adding' processing from local rural production.

However, the lack of water availability and lack of large scale water storage constrains the attraction of further 'wet' industry and more intensive, irrigation based, primary production such industries rely on.

Horotiu is home of one of the most modern beef processing plants in the southern hemisphere '*AFFCO Horotiu*' with its associated rendering plant, where protein meals and tallows are produced for the Asian market.

The dairy products industry is already concentrating in Waikato with major dairy products production facilities at Pokeno (occupying 65 ha - *Yashili* 5 ha, *Pokeno Nutritional Park* 5 ha, *Synlait* 25 ha) and at Horotiu (*Open Country Dairy* 3.4 ha).

Infant formula manufacturer *Yashili* has constructed a 'state-of-the-art' production plant in Pokeno with an output of 52,000 tonnes of infant formula per annum and *Synlait* has recently acquired a 25 ha Pokeno site enabling significant future expansion of its business.

The dairy processing and nutrition factories already established at Pokeno are reliant on the waste water treatment plant at Pukekohe (managed by *Watercare*).

This plant is presently at capacity and was not designed to take this quantum and composition of trade waste. Consequently even these few factories are not presently able to operate at peak output.

Consequently, it makes sense to have a 'clean production' industrial area at *Ohinewai* where '*wet industries*' can be located in the future with adequate provision of suitable infrastructure.

No equivalent sites can be found, or easily serviced with adequate '3-waters' infrastructure anywhere else in the District in the foreseeable future - except at *Ohinewai*

The ability to provide large, flat sites with good rail and expressway access provides this area with the unique ability to make good regional shortages of sites for the food and dairy processing industry – provided sufficient land is dedicated to such uses to justify the provision of adequate water and waste treatment facilities.

The clustering of sufficient food and dairy processing industries in this area could then justify the synergistic provision of shared services (such as power generation; reticulated steam, gasses, and chilled water, refrigerants; water stripping, primary and secondary waste treatment; packaging and cold stores; and enabling cost effective waste, grey water, plastics and packaging recycling).

Sufficient land needs to be allocated for such uses to justify the provision of bulk water supply and waste treatment that is not presently available to this area.

Activities in the north of the Waikato District (Tuakau, Pokeno) rely on *Watercare* (Auckland) water and wastewater services. The plant for wastewater at Pukekohe is at capacity and struggling to handle the trade waste from the 'wet industries' in Pokeno. A solution to this is 5 to 10 years away and even then there are resource consent limitations as to what the total increase can be.

The middle part of the Waikato District (Meremere – Huntly) is not well serviced currently. Some of the treatment plants are only just compliant and have capacity issues.

However, a Housing Infrastructure Grant (HIF) is available from central government to fund an improved network for this area and Watercare (Hamilton) are currently undertaking this work to determine the most suitable solution taking account of future demands upon it.

Once this has been completed (expected by May this year) it is likely funding will be forthcoming and the project will commence. This may take up to 5 years to complete depending on the strategy/solution to be progressed.

This solution should provide sufficient reticulated water and waste water capacity to enable '*wet industries*' to be appropriately located and serviced at Ohinewai.

### ***'Bedding, Furniture and Furnishing' Cluster***

Puketirini's existing construction businesses include *Fletcher Constructions, Metro-Panel, Phillip Leather Prefabrication Modular Homes, Huntly Joinery, and Huntly Kitchens*.

There is also the prospect to build a value adding '*Bedding, Furniture and Furnishings*' Cluster focusing on the proposed large '*Sleepy Head*' development.

This could include attracting related businesses from more constrained sites in Auckland and attracting the distribution warehouses of major importers of bedding, furniture, bathroom and kitchen products and soft furnishings – taking advantage of the main trunk rail and excellent expressway access.

Clustering these and related businesses could attract other product and component manufacturers, suppliers and distributors and foster a commercially strong *soft furnishing* design, manufacturing, wholesaling and retail outlets.

This clustering could also foster an '*interior design*' and '*interior decoration*' industry – that would also serve the growing residential population in Auckland's *Southern Metropolitan Growth Corridor*.

There could be opportunities to diversify the District's construction products industries by attracting other specialised, bespoke and customised furniture manufacturers, and engineered, reinforced and architectural timber products manufactures (including those seeking to relocate out of Auckland).

There could then be an opportunity of developing a *New Zealand Centre of Excellence* around the District's construction and furnishing trades.

### ***‘Health and Technology Based Business’ Cluster***

The opportunity exists to attract *‘Health and Technology’* businesses to these highly visible, environmentally attractive and lake side locations at Ohinewai.

These could include:

- *Pharmaceutical Products* - manufacturing, packaging, marketing and distribution
- *Health and Beauty Products* – manufacturing, packaging, marketing and distribution
- *Veterinary products* – manufacturing, marketing and distribution (including ‘ai’ supplies)
- *Medical Equipment, assembly and servicing*
- *Scientific, Business and Robotic Equipment*- assembly and servicing
- *CAD/CAM Equipment and Software Development* – such as automated layout and precision water and laser cutting, casting and die making for plastic extrusion,
- *Specialised New Material, Reinforced Plastics, Genetic and Medical Products* – specialised designed, assembly and production of specialised individual, bespoke and small batch production items
- *Specialised Processing, Process Control, Quality Control and Sorting Equipment* - assembly, software and servicing (e.g. for milk, horticulture, agriculture, mining, deep water and other hostile environments)
- *Remote and Satellite Sensing* - monitoring, telemetry, communications, data logging, expert system assessments and automated interventions
- *Robotics, Remote Control, Specialised and Electric Equipment* – assembly, evaluation, monitoring, servicing, innovations, improvements and repair (including customised robotics and remote control systems)
- *Cloud Computing, Call Centre and Data Warehousing* – subject to the availability of appropriate broadband fibre optic services (taking advantage of the District’s relatively stable geology compared to other parts of New Zealand making this location a relatively attractive, safe and secure location close to Auckland for data warehousing, data storage, cloud computing and secure information storage and retrieval, call centre and communication facilities.

### **8.3 Identification of *‘Strategically Important Business and Industry Land’* at Ohinewai**

The increased and higher order employment and value-adding *‘agglomeration advantages’* created from these ‘business clusters’ can be realised if *‘superior business settings’* are created at Ohinewai.

The *‘Industrial Land Suitability’ Report* for the *Waikato Growth and Economic Development Strategy* recommends initial planning for 280 ha of business and industry employment land at Ohinewai comprising:

- *‘Business Park’* lands of 60 to 65 ha
- *‘Warehousing, Storage and Logistics’* Areas of 80 to 100 ha
- *‘Construction, Utilities and General Industry’* Areas of 140 ha

A *‘minimum regrets strategy’* would also protect a further 320 ha of *‘Strategic Industrial Reserve Land’* at Ohinewai for later business and industry development.

This '*Strategic Industrial Reserve*' Land at Ohinewai should be planned at locations suitable for 'clean production' (100ha), 'business parks' (60ha), 'warehousing and logistics' (100 ha) and 'general industry' (60 ha).

This land can be brought 'on-stream' earlier if there is increased demand, higher than projected demand for industrial land in the District, or the dairy processing and food industry demand sites larger than 6ha.

It is imperative that such scarce relatively flat, flood free land; with excellent motorway and rail access, that can be cost-effectively serviced with appropriate levels of reticulated services and infrastructure is not squandered on activities that can just as easily be located somewhere else.

It is important that strategically located Industrial land in desirable locations, where businesses will want to locate, should be protected to underpin the long term economic and employment future of Waikato, the Region and the Nation.

The strategically located land at Ohinewai should not be squandered on land uses that provide limited economic or employment benefits, or on land uses (such as residential) that could easily be accommodated at equally attractive locations for them elsewhere.

The further north, towards Auckland, that suitable serviced industrial land can be provided by the District, the more desirable it is likely to be from a business perspective.

Therefore it is especially important to protect this strategically important future employment land at Ohinewai with its exceptional business and industry advantages from inappropriate land uses.

Also to preserve sufficient well located land for higher value business and industry uses beyond the life of the present plan.

The following Attachment explains in more detail the '*location criteria*' and '*superior business settings*' that need to be created at Ohinewai to achieve these important economic outcomes.

#### **8.4 Land Use Planning Implications**

Early development of the Ohinewai land for *large scale transport, wholesaling and distribution activities* and *large scale, 'low impact' manufacturing* may be most appropriate.

This is preferable given the present lack of bulk water supply and reticulated trade waste services combined with large areas of relatively flat land available with excellent Expressway access, closest to Auckland.

This would include ensuring sufficient, appropriately located land is available to build a significant '*Bedding, Furniture and Furnishings*' cluster.

There would also be opportunities to attract smaller technology based businesses to well-located sites with good Waikato Expressway access, visibility and exposure.

Larger 'distribution warehouses', assembly and 'service operations' of national and international firms and communications and technology businesses could be accommodated on larger sites.

Smaller food, pharmaceutical and beauty businesses; technology and R&D businesses could also be attracted to high amenity landscaped '*business parks*', or '*clean production*' precincts.

Larger communications and technology and research and development based businesses could well follow.

The future affordable provision of bulk water and trade waste disposal will then enable a wider range of food and clean production activities to locate at Ohinewai.

At the same time it is important to plan for the location of '*service trades*' and small distribution and storage premises in Ohinewai - possibly best accommodated in landscaped '*trading estate*' settings.

Provision also needs to be made for appropriately buffered '*general industries, 'difficult to locate' activities, construction trades, builders yards and utility depots*' at Ohinewai.

Consequently, this large '*Integrated Employment Area*' warrants its own 'Strategic Plan' and 'Master Plan' with its own place based 'Planning Provisions' specifically formulated to:

- Realise the best business, economic and employment outcomes
- Attract and retain clusters of compatible land uses,
- Create desirable '*superior business settings*' and
- Protect them from for incompatible land uses.

Ideally the subject land would be integrated into the overall, more comprehensive, planning for this larger '*Integrated Employment Area*'.

**Attachment**  
**Land and Location Attributes and**  
**'Superior Business Settings'**  
**To Attract Different Business and Industrial Land Uses**

Important locational criteria for different types of business and industrial land uses and the types of 'superior business settings' that need to be created can be summarised as follows.

**'Business Parks' and 'Clean Production' Precincts**

*Key Location Criteria:*

- Locate away from noisy, dirty, low visual amenity activities and general industry
- Locate in designated high amenity 'clean production areas' (For 'high tech' industries, scientific equipment, pharmaceuticals, health and beauty product and food production businesses, also suitable for data warehouses)
- If food processing industry is significant - locate where adequate, affordable water supply, effluent and sewerage treatment and acceptable points of effluent and water discharge (Individual or shared 'primary' effluent treatment may be need for individual uses or the precinct)
- Locate where these uses will have greatest 'positive visual impact' (With high visibility from the motorways and major arterials and at locations where they can act as high visual amenity 'gateways' to 'high quality' industrial areas)
- Locate where easily accessible from the 'Motorways' and local 'Arterial Road Network' (Close to 'motorway interchanges')
- Locate to minimise adverse impacts from 'heavy vehicles' (so that trucks will not be introduced into 'residential areas', pass through 'major centres', or congested 'streets')
- Locate convenient to centres able to provide high quality employee 'facilities and amenities', recreational and convenient to employee residential areas (Ideally within easy cycling distance on dedicated cycle paths).
- Locate 'small, flexible business premises' suitable for R&D and small 'start-up' businesses close to where the larger technology businesses are located and close to employee 'facilities and amenities', close to Town Centres.



*Visual References: 'Business Parks'*





Visual References: 'Clean Production' Precincts' (could be in 'Businesses Parks')





*Visual References: Communications Based 'Business Parks' and 'Data Warehouses'*



### ***'Trading Estates', 'Light Industries' and 'Service Trades' Precincts'***

#### *Key Location Criteria:*

- Relatively free to locate anywhere (provided minimum 'off-site' impacts, but some premises may not be visually appealing)
- Desirably locate where easily access to local arterials, State Highways and the 'Regional Road Network'
- Desirably located close to, or with easy road access to large residential growth areas (including the highest residential growth areas in the sub-region including Hamilton and Southern Auckland corridor)
- Desirably close, but not immediately alongside, any existing or future residential area
- Desirably located close to town and village centres but separated from any 'main street' retail area.
- Locate close to other 'industrial areas' (where these activities can benefit from nearby customers and services)
- Locate close to business and retail areas likely to provide employee 'facilities and services' that attract potential 'customers'
- Locate away from the highest amenity 'gateways' to the most prestigious retail, business and office areas
- Suitable for location closer to more sensitive environmental and recreational areas.

#### *Implications for Medium to large 'standalone', smaller and 'multi-tenancy' developments*

Sites typically 1,000 to 5,000sq m (averaging 2,000 sq. m):

These are best located to form a *visual and physical 'buffer area'*, on the land between 'clean production' and 'high amenity' business areas and lower amenity 'general business areas' with possible off-site impacts that are located on larger sites on the flatter land

These are best located close to, and readily accessed from, the residential areas they can expect to serve.

#### *Visual References: 'Trading Estates', 'Light Industries' and 'Service Trades' Precincts*





