

BEFORE WAIKATO DISTRICT COUNCIL HEARING COMMISSIONERS

IN THE MATTER of the Resource Management Act 1991

AND

IN THE MATTER of the Waikato District Council Proposed District Plan – Rezoning
(Hearing 25)

STATEMENT OF EVIDENCE OF MARK NAIRN DAVEY

On behalf of the
Waikato District Council

21 June 2021

INTRODUCTION

1. My full name is Mark Nairn Davey.

QUALIFICATIONS AND EXPERIENCE

2. I am employed by the Waikato District Council as the Growth and Analytics Manager.
3. For an outline of my relevant qualifications and experience please refer my s42 evidence, 'Framework Report', dated 19th January 2021.

CODE OF CONDUCT

4. I confirm that I have read the Code of Conduct for expert witnesses in the Environment Court Practice Note 2014 and that I have complied with it when preparing this evidence. Other than when I state that I am relying on the advice of another person, this evidence is within my area of expertise. I have not omitted to consider material facts known to me that might alter or detract from the opinions that I express.

SCOPE OF EVIDENCE

5. I have been asked on behalf of Waikato District Council District Plan Hearings Panel verbally (17th May 2021) to supply additional analysis with respect to development capacity further to that contained within the s42A Hearing 25 Zone Extents Framework Report (19th January 2021) and the Hearing 25 Framework Report Supplementary Evidence (28th April 2021).
6. This analysis focuses on a) the total residential development capacity in the districts' towns and b) the total residential capacity in all towns and villages within the district. This has been compared, relative to total township housing demand and overall district-wide demand.
7. The analysis differs from the forthcoming HBA 2021 study in the following ways:
 - a) Includes the additional s42A recommended rezonings
 - b) Applies several different 'realisation factors' to illustrate different scenarios
 - c) Takes a 15 year time horizon for residential demand using the University of Waikato (NIDEA) (2020) population and household projections
 - d) Does not assess business/employment land with respect to capacity or demand. The capacity analysis with respect to employment land is contained within my brief of evidence dated 28th April 2021. For analyses with respect for employment land I recommend the panel refer the HBA 2021 (forthcoming) and 2017 reports and Kemp (2019) reports (available online and referenced in the Framework Report).

8. With respect to rural capacity, I refer the panel to Dr Doug Fairgray’s evidence submitted for Hearing 18 titled ‘Economic Aspect of Rural Subdivision’ dated 24th August 2020.
9. The data and the methods for analysis have been continually refined from that which was presented on 19th January and 28th April of this year. As such, the data presented here supersedes that which has been presented earlier.
10. In this analysis I have reported on the total residential capacity covering four dimensions:
- Existing (Operative District Plan) Market Feasible Greenfield + Infill (subdivision) Residential Capacity (based on draft HBA Data, 2020)
 - Proposed District Plan Market Feasible Greenfield + Infill (subdivision) Residential (based on draft HBA Data, 2020)
 - Proposed District Plan + s42 Recommendations Greenfield + Infill (subdivision) Residential Capacity (towns) (net) (based on draft HBA Data and submitted evidence)
 - Proposed District Plan + s42 Recommendations Greenfield + Infill (subdivision) Residential Capacity (all urban areas) (net) (based on draft HBA Data and submitted evidence).
11. National Policy Statement – Urban Development 2020 (NPS-UD) on each of these dimensions to illustrate the changes in development capacity as a result of applying different ‘reasonably expected to be realised’ factors to the commercially feasible residential capacity. The four scenarios are set out in table 1 below.

Table 1. Scenario factors

	In-fill realisation factor	Greenfield realisation factor
Scenario 1 ¹	100%	100%
Scenario 2	20%	100%
Scenario 3	10%	88%
Scenario 4	10%	75%

12. The use of these scenarios illustrates the effect that ‘market realisation’ can have in respect to meeting demand. Primarily, this highlights that if greenfield supply is not realised, for example simply due to the lag in the development life cycle between land being zoned and houses being built, that this can have a profound impact on supply. The impact of greenfield capacity being

¹ This represents the commercial market feasible yield before a ‘realisation’ factor is applied

realised or not is significant. This is because once the commercially feasible capacity component of the in-fill portion of supply has been calculated, the overall contribution to supply is small.

13. Furthermore, it is assumed, due to several factors, noted in my 28th April 2021 evidence, that the realisation factor of in-fill (brownfield supply) will be considerably less than that of greenfield supply.
14. Two demand lines plus the competitiveness margin, or 'housing bottom lines', have been added to the below graphs, first:
 - a) showing the 'housing bottom line' district-wide².
 - b) Showing the 'housing bottom line' for towns only. This shows towns only and does not include additional demand which falls within the district but outside of these towns. This illustrates the demand versus capacity of the towns to accommodate future growth as opposed to relying on the capacity within the villages or rural areas to accommodate growth.
15. Modelling both 'housing bottom lines' shows at which point the district's towns or the district's towns and villages have capacity to accommodate township growth versus district-wide growth. This is relevant in terms of considering the Future Proof 2017 policy of 80% growth into Waikato District towns (Te Kauwhata, Huntly, Pokeno, Tuakau, Ngaruawahia, Raglan) and villages, and the spill-over demand for housing into rural areas or into areas outside of the District, if sufficient realisable capacity is not provided for.
16. Table 2 below sets out the 'housing bottom lines' which have been used for the purposes of this analysis. Again, as per earlier briefs of evidence, a 15-year time horizon has been adopted.

Table 2. Housing Bottom Line (2021-2036): district wide and township

2021-2036 Housing Bottom line (towns only)	2021-2036 Housing Bottom Line (district-wide)
9,199	12,571

² The minimum quantum of capacity required to accommodate the medium projection (UoW, 2020) growth over the 2021-2036 period applying a +20% competitiveness margin to 2021-2031 i.e. the short and medium term periods and, +15% to 2031-3036 i.e. the start of the long term.

17. Table 3 shows the results of the four realisation scenarios across the four capacity dimensions.

Table 3. 'Realisation' Scenarios 1-4

	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Existing Market Feasible Greenfield + Infill Residential (HBA, 2020)	2,064	809	661	585
Proposed Market Feasible Greenfield + Infill Residential (HBA, 2020)	12,443	10,776	9,324	7,978
Proposed District Plan + s42 Recommendations (towns) (net)	15,578	12,157	10,373	8,904
Proposed District Plan + s42 Recommendations (all) (net)	16,427	12,925	11,041	9,475

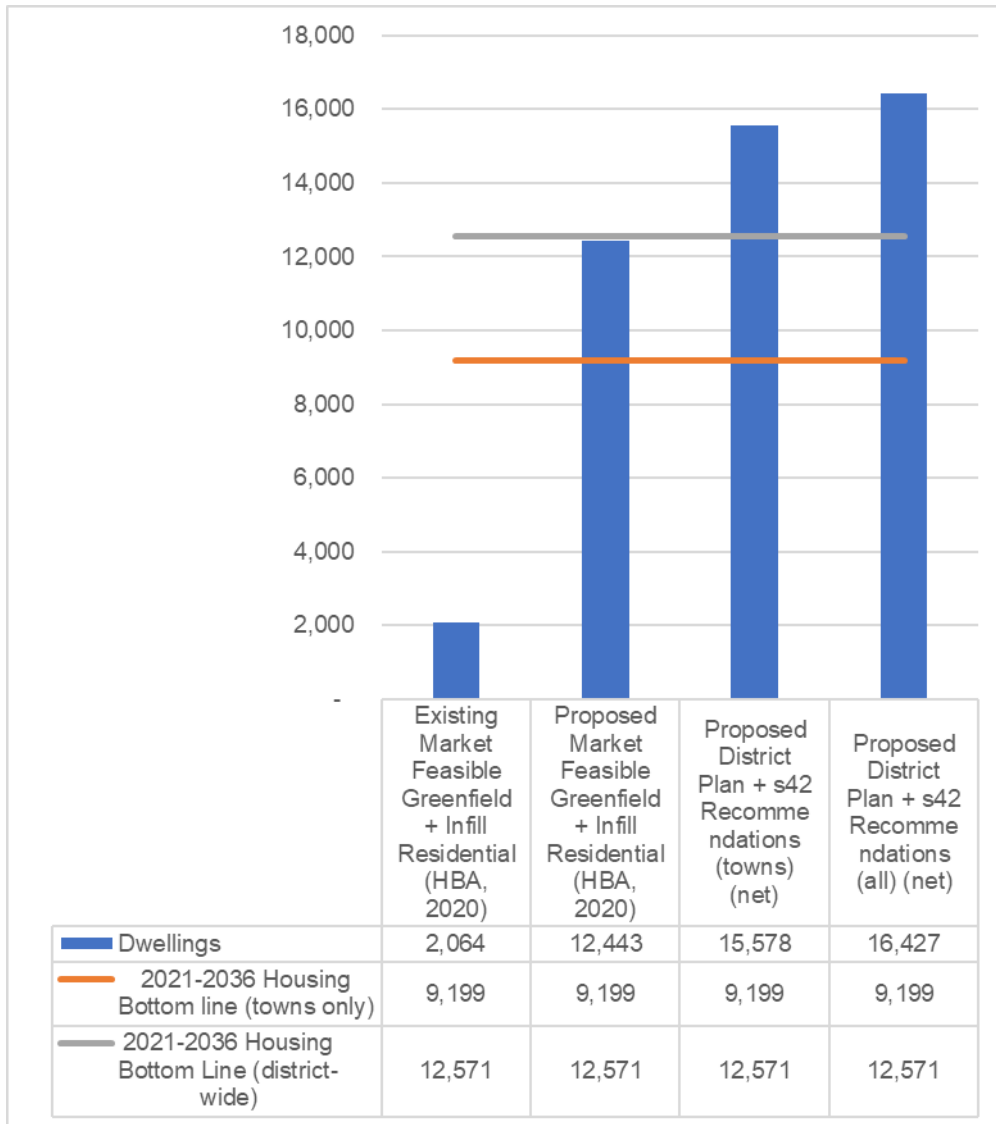


Figure I. Scenario I: Market Feasible

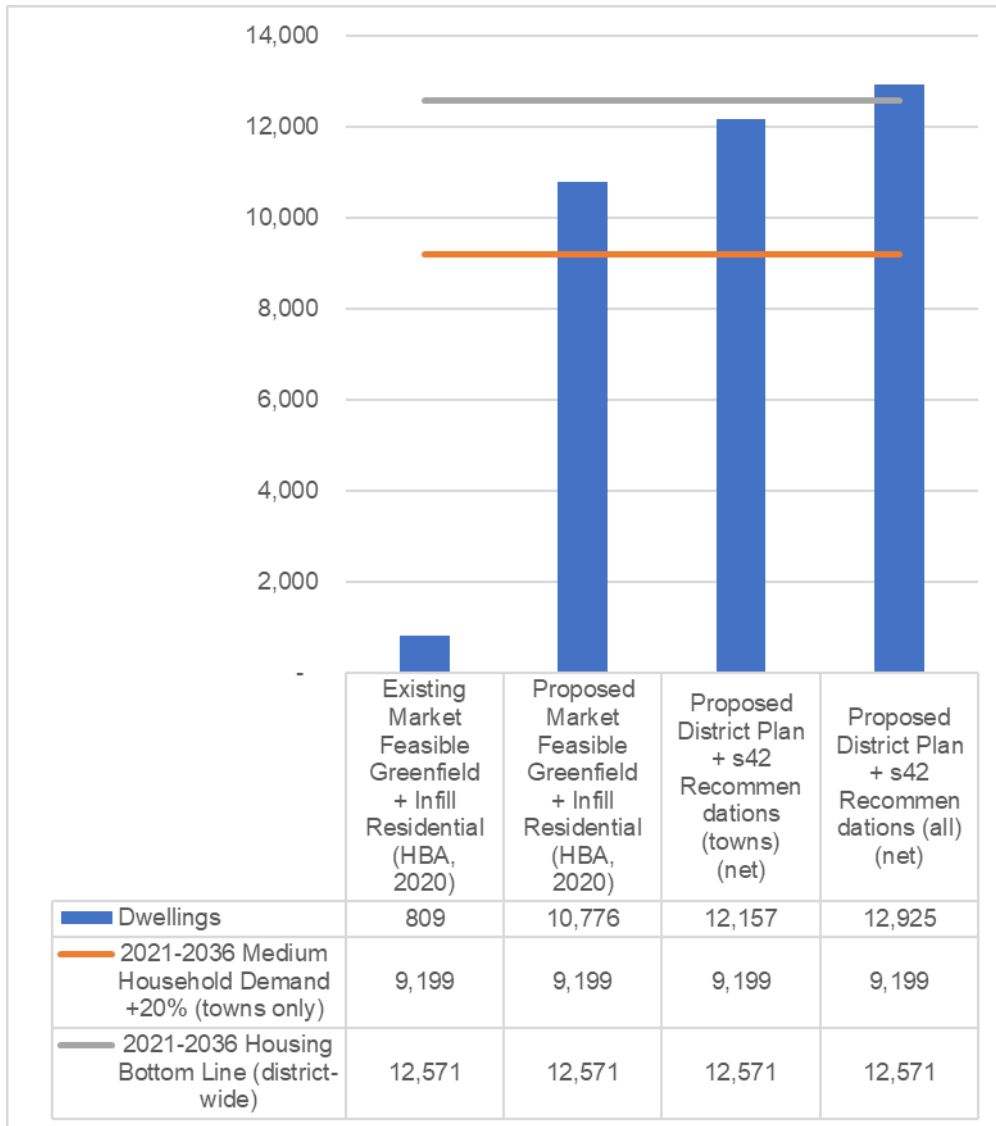


Figure 2. Scenario 2: Reasonably expected to be realised (100% greenfield realisation, 20% in-fill realisation)

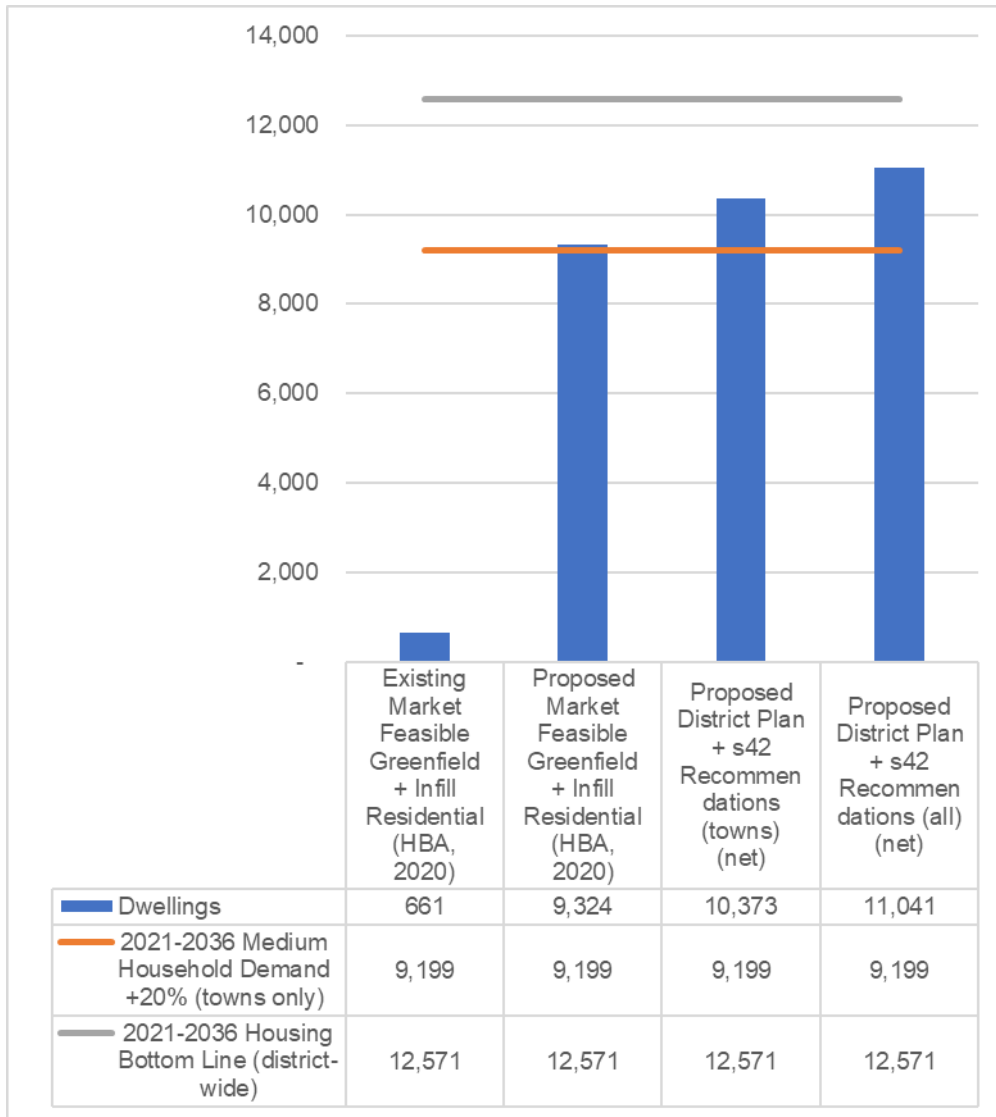


Figure 3. Scenario 3: Reasonably expected to be realised (88% greenfield realisation, 10% in-fill realisation)

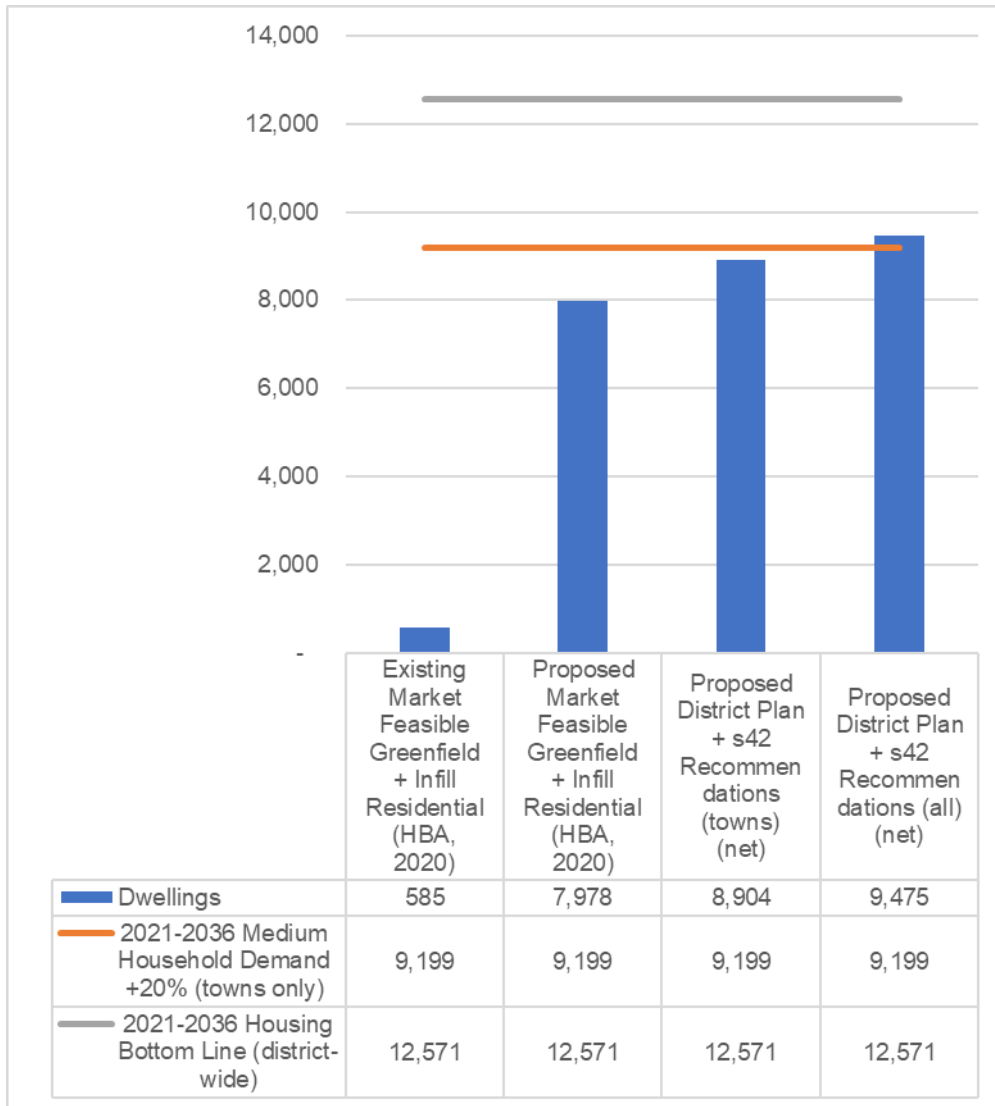


Figure 4. Scenario 4: Reasonably expected to be realised (75% greenfield realisation, 10% in-fill realisation)

18. In terms of interpreting the data in the above figures, where the columns in the graphs are above the horizontal lines this shows that supply is exceeding demand. Where the columns are below the horizontal lines this shows that projected demand is exceeding capacity. Where the columns meet the lower horizontal demand line but do not meet the upper horizontal demand line this shows that capacity in the towns is meeting demand but overall there is not sufficient capacity for district-wide growth.
19. Based on my professional opinion, I would use Scenario 3 (Figure 3), the middle of the three scenarios to judge the sufficiency of capacity versus demand. Under this, I would be aiming for 'Proposed District Plan + s42 Recommendations (towns) (net)' to exceed the '2021-2036 Medium Household Demand +20% (towns only)' and similarly for 'Proposed District Plan + s42 Recommendations (all) (net)' to be close to, ideally meeting or exceeding the '2021-2036

Medium Household Demand +20% (district-wide)' whereby ensuring that sufficient capacity exists in the districts towns and villages to accommodate total future district-wide demand. This is on the basis that while in theory the rural zone throughout the district could accommodate a large amount of future demand, that subdivision and residential development in this area is neither a good use of resources nor will lead to good planning outcomes. Furthermore, being overly reliant on latent rural capacity to accommodate future growth might not even be practicable from a 'realisation' point of view.

20. The findings in Scenario 3 do differ to the findings of the draft HBA 2021 (forthcoming) and suggest more town supply is potentially required across the district to accommodate district-wide demand. This finding is arrived at due to this analysis a) taking a broader view of growth across the district versus looking specifically at township growth and b) the application of more conservative 'reasonably expected to be realised' factors.
21. A more ambitious scenario, such as Scenario 2, would in practice mean that all greenfield areas under the Operative District Plan, Proposed District Plan, and recommended rezoning under the s42A recommendations are developed between 2021-2036 and 100% of capacity within these areas is realised/result in new dwellings. I think this is unrealistic. Scenario 3 still requires a range of developers and Council to have the wherewithal to bring the vast majority of greenfield capacity to market to achieve these levels.

MARK NAIRN DAVEY

21 June 2021