

UNDER

the Resource Management Act
1991 ("**RMA**")

IN THE MATTER

of the Proposed Waikato District
Plan: Hearing 25 – Zone Extents.

**SUMMARY STATEMENT OF PHILIP MARK OSBORNE ON BEHALF
OF KĀINGA ORA-HOMES AND COMMUNITIES**

ECONOMICS

12 MAY 2021

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1. INTRODUCTION

- 1.1 My name is Philip Mark Osborne. I am an economic consultant for the company Property Economics Ltd, based in Auckland. The company provide property development, land use research and impact assessment services to both the private and public sectors throughout New Zealand.
- 1.2 I outlined my qualifications, experience and commitment to comply with the Environment Court Expert Witness Code of Conduct in my evidence in chief.

2. SUMMARY OF MY EVIDENCE

- 2.1 Recent Waikato District dwelling growth projections highlight both the extent of growth anticipated (in excess of 25,000 new longterm dwellings between 2018 and 20481 with the National Policy Statement-Urban Development (“**NPS UD**”) 15% buffer) and significant variations in growth rates anticipated by local government and academic sources. What is, however, generally accepted is that the District is likely to experience significant and sustained growth over the next 30 years that will present the community with both challenges and opportunities. The Council report citing these growth figures² found that, ‘*A larger proportion of future growth in the district is likely to occur in urban areas.*’
- 2.2 Moreover, this growth is likely to see a material change in household structure, with significant growth in single and couple households accompanied by the associated changes in dwelling preferences and locations.
- 2.3 It is necessary that capacity to meet this longer-term demand is provided for in the PDP to deliver appropriate levels of certainty to the housing market. The application of a MDRZ within appropriately specified areas to meet long-term demand is necessary for the market to effectively consider and deliver a more land efficient housing product in competitive locations.
- 2.4 A failure to provide certainty for this market through the PDP is likely to result in outcomes that are contrary to providing for the community’s economic wellbeing. Along with the potential for this medium density product to be ‘pepper potted’

¹ University of Waikato ‘2020 Update of Population, and Family and Household, Projections for Waikato District, 2013-2063’ (August 2020), Table A3: Medium variant household projections.

² Waikato District Council *Population, Household and Land Capacity Report GOV1301/2962422* (December 2020), Page 8

throughout the District, opportunities that are foregone now in appropriate locations are likely to be rendered unfeasible in the future as new lower density product is developed, increasing the financial costs of medium density redevelopment.

- 2.5 Accordingly, from an economic perspective the MDRZ should be applied now to the area that is appropriate in the long-term. That will: enable landowners to develop as and when it is right for them to do so; allow development to occur without artificial constraints that add cost and delay; provide choice to developers and incoming residents; and avoid unnecessary and costly applications for private plan changes resource consents that might otherwise be required.
- 2.6 My evidence in chief outlined the potential additions to feasible residential capacity resulting from the Kāinga Ora submission. This submission seeks to provide MDRZ extents that meet planning outcomes such as accessibility and amenity, while providing for the economic well-being of the local communities.
- 2.7 This assessment found that under the extent of Kāinga Ora submission zones the level of enabled capacity increased from 3,150 dwellings to over 11,500. Following this the level of residential product that remained feasible rose from 1,300 dwellings, under the notified plan, to over 3,500 dwellings when considering these submission zone extents.
- 2.8 Additionally, primarily due to the reduced land areas resulting, the feasible product likely to be produced by the market, under the Kāinga Ora submission zones resulted in a sales price point that remained feasible 25% lower than that required under the notified zones.
- 2.9 The section 42A RMA report addressing the MDRZ dated 26 January 2021 prepared by Jonathan Cleese ("**42A MDRZ Report**") also supported the position that the MDRZ was likely to assist in housing affordability, choice and economic efficiency.
- 2.10 My evidence in chief also found that the extent of the MDRZ and the corresponding feasible capacity contributed significantly to the ability for the District Plan to provide sufficient residential capacity to meet longterm demand.

Waikato Council Supplementary Section 42A Report (28th April 2021)

- 2.11 Following the presentation of my evidence in chief, Waikato District Council produced supplementary evidence relating to residential capacity under the District Plan. This

report sought to summarise the information pertaining to residential capacity identified in the previous Council section 42A report.

- 2.12 This assessment combined several additions to the Council originally notified plan including the Kāinga Ora MDRZ zones and extents. The high level conclusion of the report was that (over the identified 15 year period), when considering the proposed Kāinga Ora submission zone and extent there was 'marginal enough housing supply' to meet demand to 2036. This in itself illustrates the importance of the capacity facilitated by the Kāinga Ora position.
- 2.13 There do remain a few points of clarification regarding this report, however. The first is that while the report states that if the analysis undertaken represents capacity should all council s42A recommendations be adopted³, the number utilised from my evidence (and subsequent information provided to council) appears to be based on the full intact zoning extents as assessed. Some of these zoning extents have not been fully accepted within the s42A report, and in the case of Raglan, a key enabling zone provision (height) has been reduced. As such the total capacity represented in this supplementary statement is likely to be overstated.
- 2.14 The final point relating to this supplementary statement is its treatment of 'realised' capacity. In assessing this market realisation, it has treated as input as equal, however a distinguishing factor in the Kāinga Ora assessment is that it has not simply identified all feasible capacity (due in part to significant variations between typologies) but has reconciled demand by typology with expected residential preferences. Applying a low realisation rate over capacity already considering likely market responses has potentially underrepresented the impact of the MDRZ and the zone extents on realisable capacity.
- 2.15 Having read the relevant evidence and information provided by Council it is my economic opinion that the zone extents sought in Kāinga Ora's submission represents an improved position to meet the objectives of the District Plan as well as an improved position regarding community economic wellbeing.

Philip Mark Osborne

12 May 2021

³ Supplementary evidence 28 April 2021, paragraph 6