

BEFORE THE WAIKATO INDEPENDENT HEARINGS PANEL

In the Matter of the Resource Management Act 1991 (**Act**)

And

In the Matter of Hearing 25: Zone Extents for the Proposed District Plan (the 'PDP')

Statement of Evidence of Derek Foy on behalf of Thorntree Orchards, Cindy and Tony Young and Parkmere Farms

(Economic)

Dated 17 February 2021

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Introduction

1. My full name is Derek Richard Foy. I am an Associate Director of Market Economics Limited, an independent research consultancy.
2. I hold the qualifications of a BSc in Geography and an LLB from the University of Auckland. I have 20 years' consulting and project experience, working for commercial and public sector clients. I specialise in retail analysis, assessment of demand and markets, the form and function of urban economies, the preparation of forecasts, and evaluation of outcomes and effects.
3. I have applied these specialties in studies throughout New Zealand, across most sectors of the economy, notably assessments of retail, urban form, land demand, commercial and service demand, housing, tourism and local government.
4. I have worked for many Councils, assisting them with assessing and reviewing consent applications and providing input into development planning. My private sector clients include most of New Zealand's largest shopping centre operators, several national retail chains, residential land developers, infrastructure providers and industry bodies.
5. I was instructed by the submitters to provide an assessment of the potential economic effects of the rezoning request, specifically both the positive and negative effects on economic output that would result from a change from rural land uses to urban residential uses.
6. I am familiar with the area to which the plan change relates.

Code of Conduct

7. Although this is not a hearing before the Environment Court, I record that I have read and agree to abide by the Environment Court's Code of Conduct for Expert Witnesses as specified in the Environment Court's Practice Note 2014. This evidence is within my area of expertise, except where I state that I rely upon the evidence of other expert witness as presented to this hearing. I have

not omitted to consider any material facts known to me that might alter or detract from the opinions expressed.

Scope of Evidence

8. I have prepared a report titled Pokeno Rezoning Request Economics Assessment dated 17 February 2021 (**Report**).
9. The key areas of economic impact covered in the Report are:
 - a. The economic injection into the local area and wider Waikato Region associated with the construction of 300 new houses;
 - b. The ongoing economic benefits arising from the spending patterns of 300 additional households on the subject site;
 - c. A description of any other likely economic benefits arising from the proposed development; and
 - d. Consideration of the likely costs of the long-term loss of rural productive land.
10. The Report is included as **Attachment A** to this statement and forms the basis of my evidence.

Derek Foy

17 February 2021

Attachment A



Pokeno rezoning request

Economics assessment

17 February 2021

m.e
consulting



Pokeno rezoning request

Economics assessment

Prepared for

Thorntree Orchards Ltd and
Pokeno east submitters

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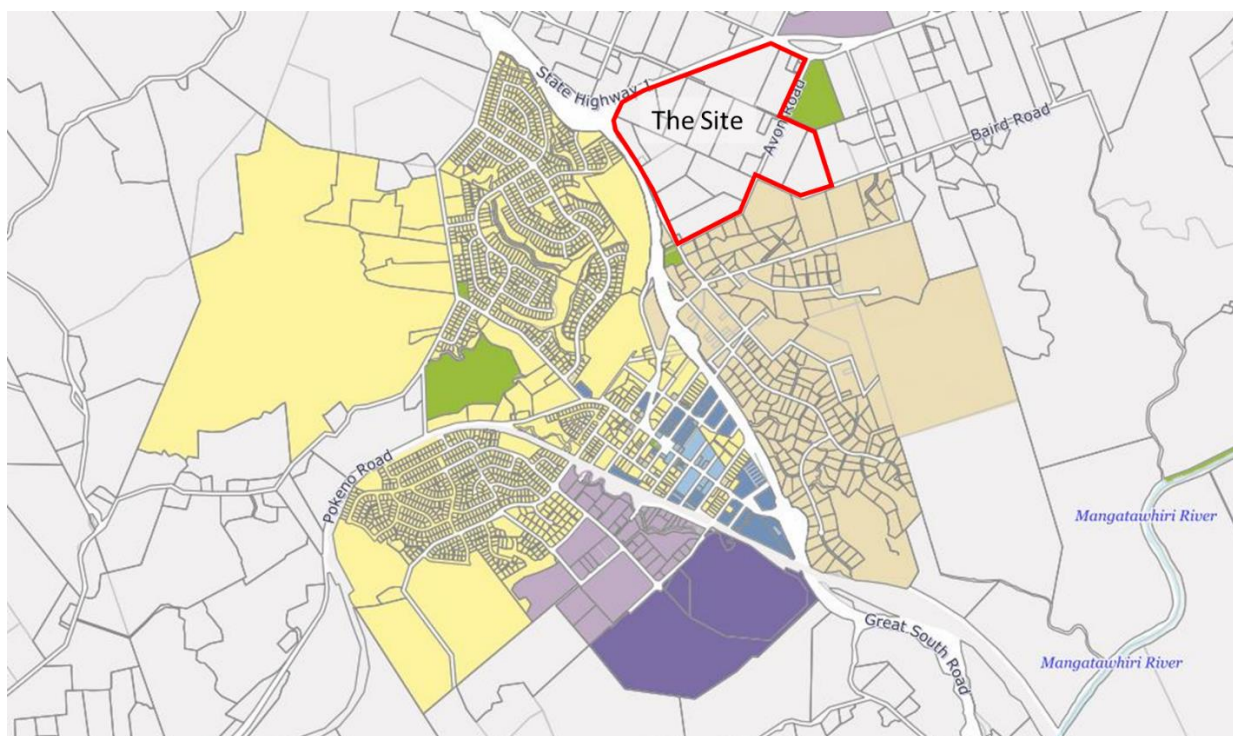
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1 Introduction

1.1 Background

Market Economics has been commissioned by a landowners group from Pokeno to provide an economic assessment of a proposed rezoning of land in Pokeno East. The land is bound by State Highways 1 and 2 and Avon Road, and also includes two properties east of Avon Road (59 Avon Road and 19 Gulland Road) (“the Site”). The Site is 63.58ha, and is zoned Rural in the Operative District Plan (“ODP”), and proposed to retain a Rural zoning in the Proposed District Plan (“PDP”). Some masterplan work has been completed for the landowners, and indicates that the part of the Site west of Avon Road might accommodate around 300 dwellings.


Figure 1.1: Site location



1.2 Scope

The landowners group has commissioned an economic impact assessment to help inform the planning information that will be presented to support the change of zoning as sought by submissions. The key aspects of economic impacts covered in this assessment are:

- The economic injection to the local area and the Waikato Region associated with building 300 new houses.
- Ongoing economic benefits arising from the spending patterns of 300 additional households on the Site.

- 
- A description of any other likely economic benefits arising from the proposed development.
 - Consideration of the likely costs of the long term loss of rural productive land.

1.3 Objective

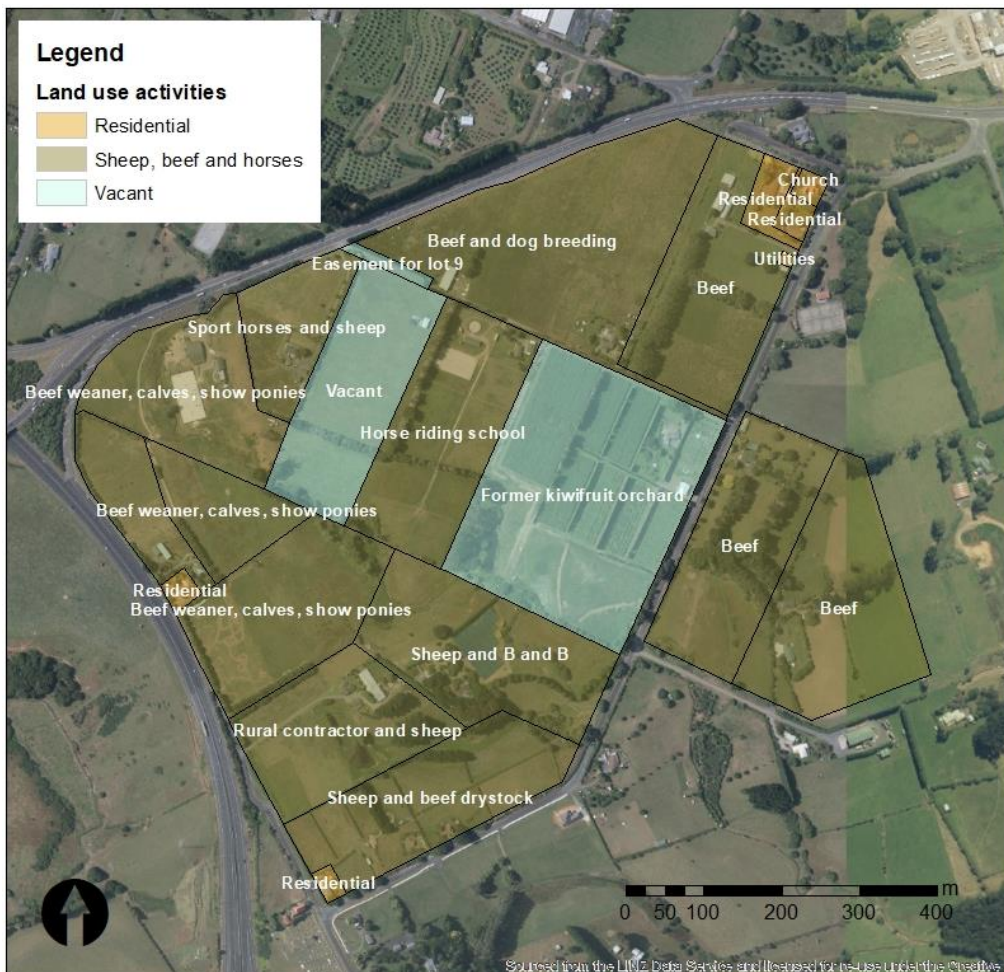
The primary objective of this report is to provide a high-level overview of the likely economic impacts that would arise from converting the Site from its current predominantly agricultural and horticultural uses to use for residential activities.

2 Current land uses

The Site is occupied by predominantly rural uses at present. Of the 63.6ha:

- The largest share (79%, 50.1ha) is used for sheep, beef or horses, including breeding, weaning and grazing, and including farm dwellings. This includes some mixed uses, including: a 7.4ha property that is used for beef and dog breeding; 3.6ha that is used for beef weaners and show ponies; 2.0ha that is sheep and sport horses; a 4.3ha riding school; and 3.6ha running sheep and as a base for the landowner's agricultural contracting business.
- 19% (12.3ha) is vacant land that is not being used for agricultural purposes, other than occasional grazing. That land is considered to be unproductive for the purposes of this assessment.
- 2% (1.1ha) is used for residential purposes independent from productive rural land (i.e. not a farm house). This includes the St Mary on the Hill church (1,376m² parcel).

Figure 2.1: Land use activities on the Site



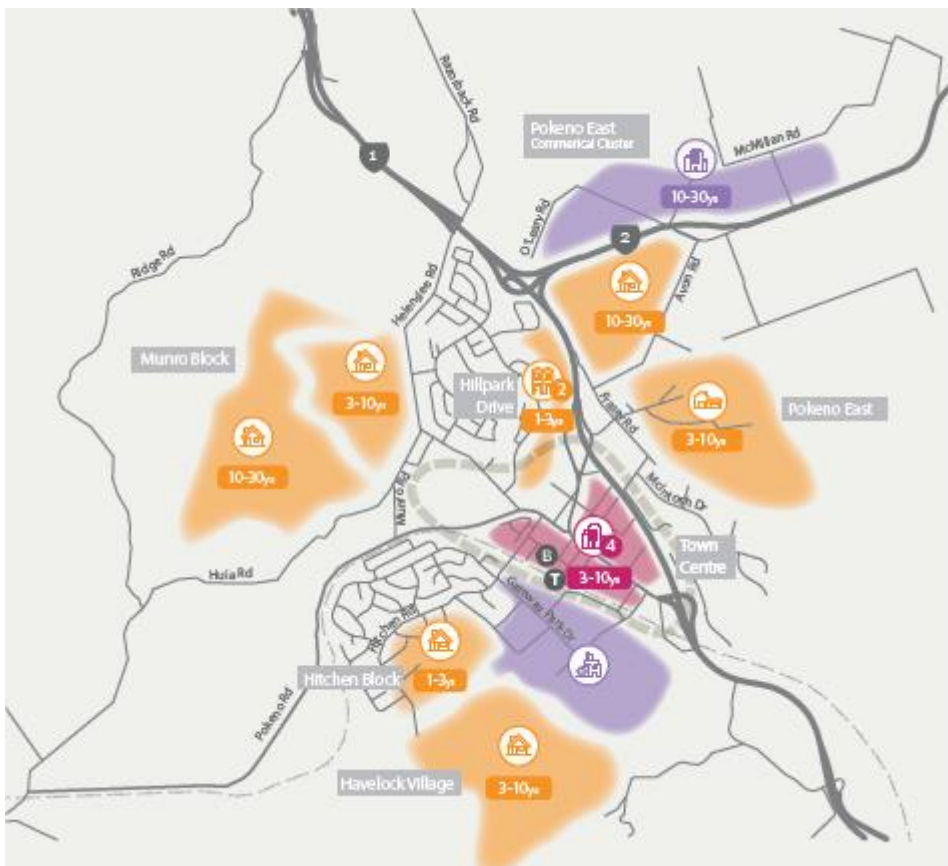
3 Policy environment

The planning environment is discussed at length in the evidence of Mr Grala and the supporting planning assessments, and it is not necessary to reiterate most of it here. Part that is worth stating again relates to the intended future uses of the land, as those are relevant to the subsequent economic impact assessment in this report. The two growth documents we refer to both indicate that the Site (or at least the Site excluding the part east of Avon Road) is suitable for future residential development. We are not aware of any recent planning documents that indicate any contrary position.

3.1 Waikato 2070

Waikato 2070 is the Waikato District Council’s Growth and Economic Development Strategy, and was adopted by Council in May 2020. The development plan for Pokeno (Figure 04.2, p29) identifies that residential development is anticipated on the Site (excluding the two parcels east of Avon Road) within a timeframe of 10-30 years (Figure 3.1).

Figure 3.1: Pokeno development plan: 50+ years



3.2 Future Proof 2017

Future Proof 2017 is an update to the 2009 version and was prepared under the Local Government Act. The settlement pattern as restated in Future Proof 2017 states that growth and development ‘aims to achieve more compact and concentrated urban towns over time’.

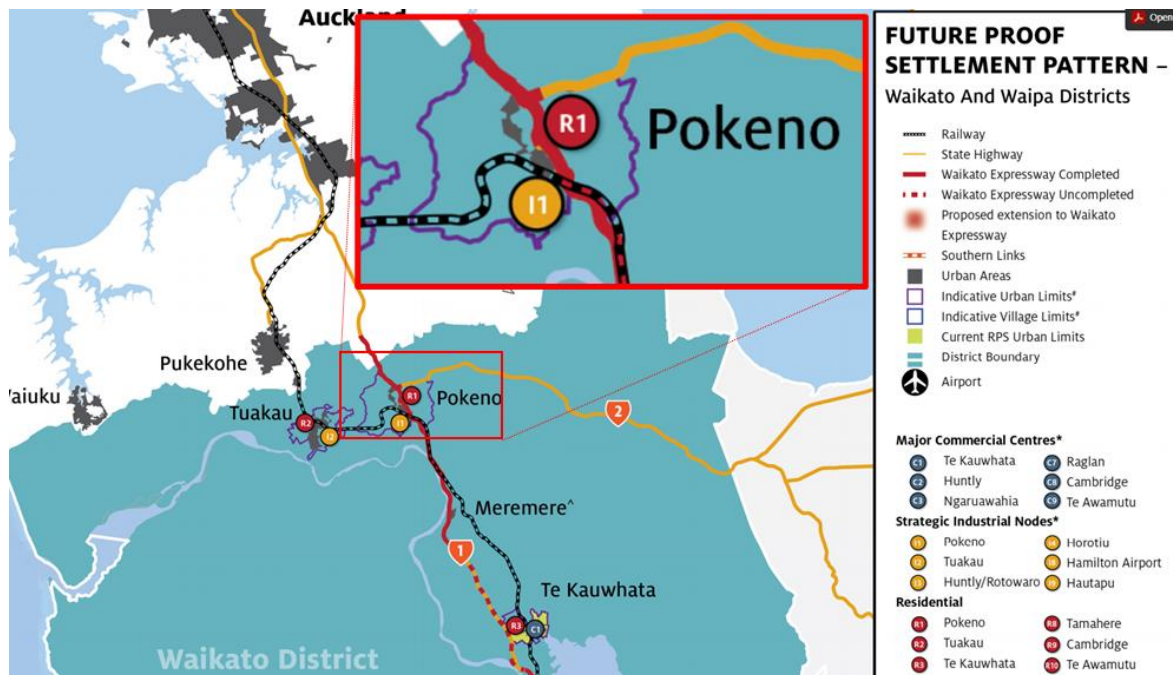
Pokeno is included in Future Proof 2017, whereas it was not part of the Future Proof area in 2009 when Franklin and Waikato were separate local authorities. The site is clearly identified in Future Proof 2017 for residential development. The proposed zoning extent is located adjacent (and contiguous) to existing urban settlement in Pokeno and at a key node in the Waikato District. It is within the indicative Urban Limits for Pokeno identified in the Future Proof Settlement Pattern (Map 1 of the Strategy and included below) and can provide for compact urban form in future.

Future Proof 2017 identifies the potential for Pokeno to become home to 4,200 households¹ and an average gross density target of 12-15 households per hectare. The medium household projections for Pokeno are for nearly 1,900 households by 2025, then doubling (+1,945) in the following decade² (Figure 3.2):

Figure 3.2: Future Proof 2017 Pokeno household projections (medium scenario)

	2016	2025	2035	2045
Households	757	1,867	3,812	4,803

Figure 3.3: Future Proof 2017 Pokeno Settlement Pattern



¹ Future Proof Strategy 2017, page 30

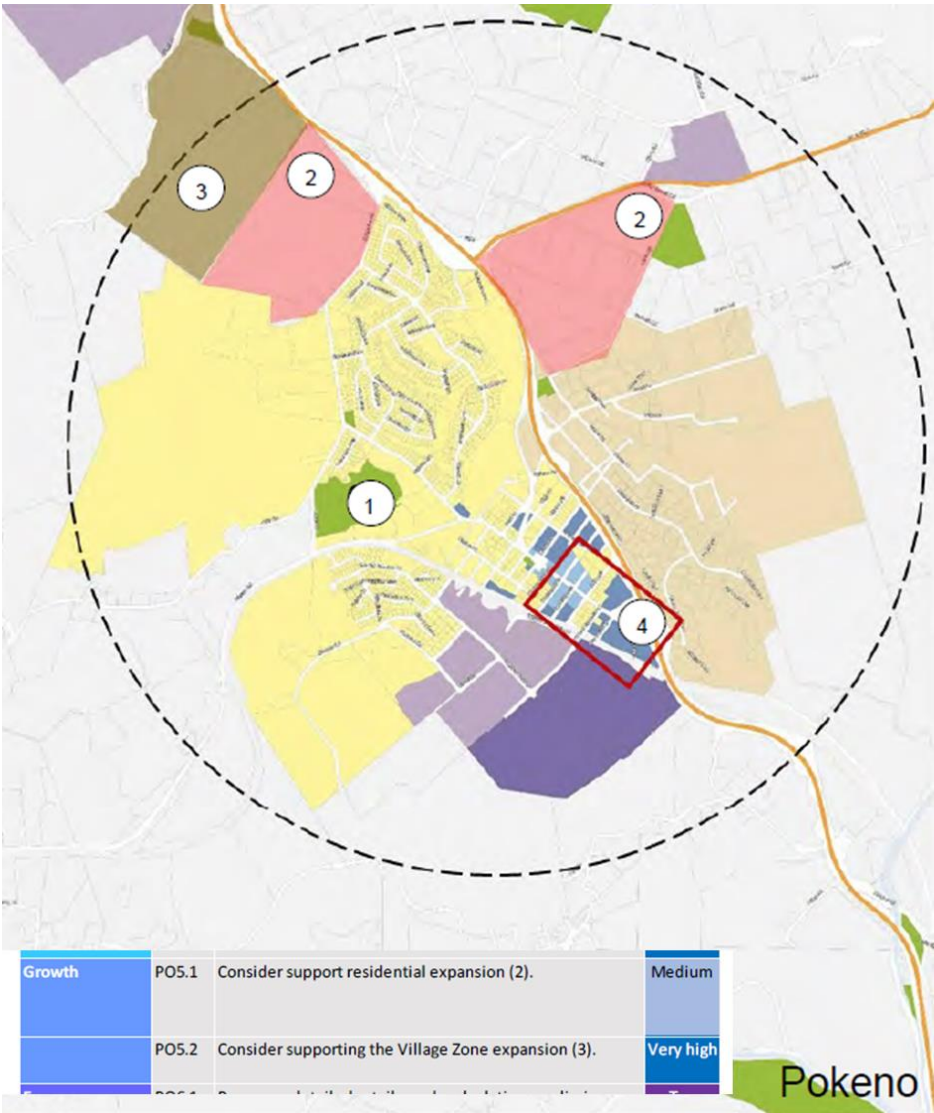
² Future Proof Strategy 2017, pages 92-94



3.3 Waikato District Blueprint

The Waikato District Blueprint is a non-statutory document that was produced for WDC to inform planning for the District’s settlements. For Pokeno, the Blueprint identified the Site (again, excluding the two parcels east of Avon Road) as being an area where WDC should consider residential expansion, with medium priority (Figure 3.4).³

Figure 3.4: Proposed initiatives for Pokeno



³ Page 66



4 Economic impact assessment

This section summarises the net economic impact of the proposed conversion of the Site from agricultural activities to residential uses.

4.1 Assumptions

4.1.1 Residential masterplan

As explained in the evidence of Mr Grala and Mr Vile, the landowners group has had a masterplan developed to show a potential layout of residential activity on the Site, and to demonstrate feasible yield. That masterplan shows potential for approximately 322 residential lots to be created on the Site, in addition to a church that would be retained. There are currently 15 residential dwellings on the Site, indicating a net increase of 307 dwellings would eventuate under this masterplan. For the purposes of assessment in this section, we assume that there would be a net increase of 300 households on the Site, and use that number to quantify the economic injection made by additional residential activity. The assessment assumes all dwellings will be typical low density typologies such as standalone dwellings or smaller townhouses with zero lot lines, rather than terraced housing characteristic of medium-high density living environments.


4.1.2 Scenarios

Four scenarios are adopted for this assessment:

- Scenario 1: Residential development begins imminently as the result of rezoning to residential land . The first dwellings are occupied in 2025, per the development timing process assumed in section 4.1.3.
- Scenario 2: The first dwellings are occupied in 2031, which is year 10 in Waikato 2070's 10-30 year expected development ready timeframe.
- Scenario 3: The first dwellings are occupied in 2041, which is year 20 in Waikato 2070's 10-30 year expected development ready timeframe.
- Scenario 4: The first dwellings are occupied in 2051, which is year 30 in Waikato 2070's 10-30 year expected development ready timeframe.

4.1.3 Timing

For all scenarios the same staging and timing assumptions are applied. Those are that the first dwellings are completed and occupied after a development phase of three years, involving one year of planning and consents, one year of earthworks and site development, and one year for the first dwellings to be constructed. Referring to the year in which the first dwellings are occupied as year 1, that timing has the following implications:

- 
- In year 0 and year -1 there will be two households within the Site (those located at the corner of Avon Road and Lower Church Road, which are indicated to be retained by the masterplan). Until year -2 there will be the status quo 15 households within the Site
 - Agricultural production will continue on the Site until year -2, but cease thereafter in the earthworks and dwelling construction phase.

The dwellings created are assumed to be staged across five years, with 10% of the 300 (i.e. 30) being occupied in each of years 1 and 5, 25% (75 dwellings) in each of years 2 and 4, and 30% (90 dwellings) in year 3.

4.1.4 Retail spend

The retail expenditure of households on the Site is calculated using the historic and projected average retail spend per household of all households in the Pokeno Census Area Unit. That data comes from Market Economics' internal retail models, and includes allowance for an average annual increase in retail spend of 1% per year, which is consistent with retail expenditure trends over the last three decades. A description of the results of the additional household spending that will be injected into the local economy is discussed in section 4.1.4.

4.1.5 Agricultural productivity

As discussed above, of the 63.4ha total land area within the Site, 50.1ha (79%) is used for a range of agricultural uses. That had been a larger area until recently, but since the water use rights were restricted for the only horticulture operation within the Site, that business has become uneconomic, and has ceased with the removal of all the kiwifruit. The circumstances surrounding that cessation is detailed in the submission of Thorntree Orchards,⁴ but in brief the 7.5ha kiwifruit orchard on Avon Road became uneconomic in the last five years due to a combination of reverse sensitivity concerns from neighbouring properties and the significant reduction in the consented water take from the stream for irrigation. We understand that the kiwifruit plants have now been removed and destroyed, and the land is not being used for any agricultural production.

As detailed in the social impact assessment undertaken by GHD, reverse sensitivity effects are also affecting other agricultural uses within the Site, and constraining their productivity capacity. Reverse sensitivity effects have arisen through noise, smell, spray drift, movement of large vehicles servicing rural properties and even fireworks from the newly urbanised area west of SH1 that adversely affects animals bred for show (e.g. show ponies). These reverse sensitivity effects have resulted in reduced agricultural output for many reasons including:

- properties reduce the number of animals carried to avoid noise complaints
- the inability to shoot rabbits has allowed their numbers to increase, increasing rabbit holes which are a risk for the safety of horses
- limitation on spray usage has reduced grass quality and growth.

⁴ Submissions 54 and Further Submission 1054 and statement of evidence of Clare Dobson



We understand that a calf rearing operation has substantially downsized its operation due to reduced viability arising out of constraints imposed due to reverse sensitivity.

Agricultural productivity on the Site in the future is assumed to be limited to small scale sheep and beef farming,⁵ and that no horticulture will be present on the Site. We have assumed that the currently vacant rural land parcels are used in the future for sheep and beef. That is a conservative assumption that contributes to the calculated productivity being at the upper end of that which is likely, and in practice different parts of the Site are likely to be unproductive for at least some periods of time until residential development begins. That assumption therefore will tend to overstate agricultural productivity, rather than understate it. It is difficult to conceive how reverse sensitivity concerns will decrease, or water rights be reinstated. In fact ongoing residential development is likely to continue to erode the nature and scale of agricultural operations able to be undertaken on the Site. The fact that future residential development on the Site is signalled as being appropriate and expected (in Waikato 2070 and Future Proof 2017) will act as a disincentive to investment in any agricultural enterprises on the Site, and it is likely that with some alternate land use on the horizon that landowners will be reluctant to invest capital in assets that may only be used for a short time.

Already the several vacant properties on the Site give some indication of what the future might look like prior to any confirmation of residential development timing. As residential development elsewhere in Pokeno continues, the likelihood of complaints about agricultural operations on the Site will increase, further limiting agricultural productivity, and in some cases requiring existing enterprises to incur costs to cease operations, as has already been the case with the kiwifruit orchard and the calf-rearing operation.

4.2 Methodology

The economic activity associated with the proposed zoning change on the Site will change throughout the development phases. This assessment estimates the economic activity supported prior to and during the development stages (consenting, land development and building) and then once households have moved into the area.

From our internal economic models we have sourced estimates of the direct expenditure that is likely to occur during the land development phase, based on average land and build cost data for standalone dwellings in Pokeno recently. We have also sourced retail expenditure data to establish the scale of economic activity that could be supported by the new households that will live on the Site after the development is completed.

Once identified, the direct expenditure impact was run through a Multi-Regional Input Output (MRIO) model which is similar to the commonly applied Economic Impact Assessment (EIA) method. This model allows the calculation of all flow-on effects associated with the direct activity generated by development on the Site.

In summary, the developers, builders and new residents that live in dwellings on the Site will purchase goods and services from local and other businesses, generating additional economic activity which is commonly referred to as indirect value. Also, the staff of the businesses will receive wages and salaries

⁵ a single agricultural activity in Statistics NZ's input-output tables and our economic impact models



which they spend on goods and services, which generates additional economic activity that is commonly referred to as induced value. These additional flow on values have been established by inputting the direct expenditure into Market Economics' MRIO model.

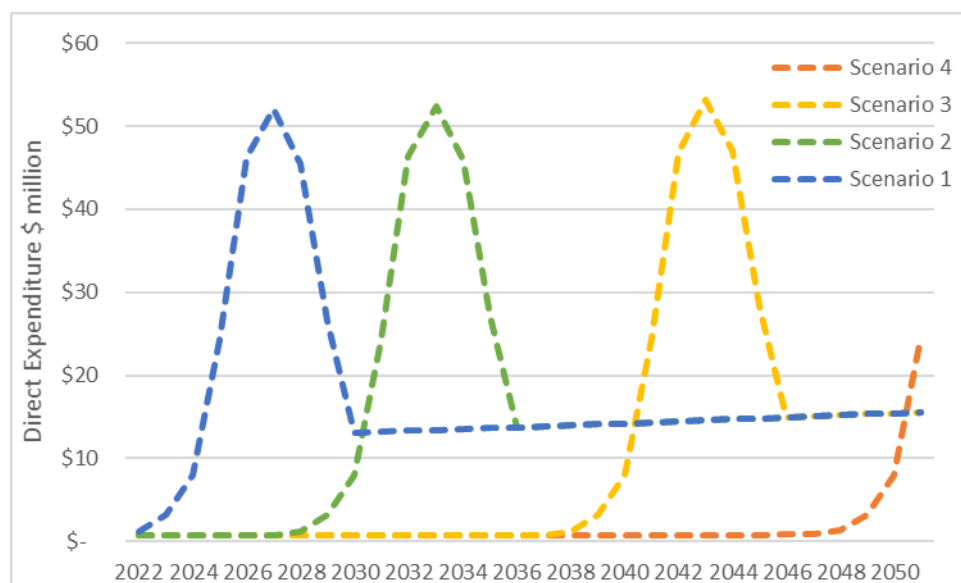
4.3 Impact assessment results

The direct expenditure associated with the proposed residential development was estimated for each year, each scenario and over forty types of spending. The economic impacts assessed are net effects, and include negative effects from the loss of agricultural production, and positive effects from additional household spending in the economy, including the retail economy.

Figure 4.1 provides summary results of total expenditure for each scenario. The consenting phase has a relatively low cost, and is shown as the first year of each curve's upslope. The land development phase is the next year, and the largest expenditure will occur when dwelling construction occurs, spread over five years, covering the years either side of each curve's peak. Finally, residents are expected to spend in the local economy, resulting in sustained direct expenditure once construction and land development has ceased.⁶

In total the Site would generate approximately \$230 million in direct expenditure in the ten years after development planning starts (so 2022-2031 for scenario 1). The direct expenditure in each scenario will peak in the year when most dwellings are constructed, at just over \$50m in that year. Once the Site is completely developed the ongoing direct expenditure will initially be approximately \$13m per annum in the local economy. Note that ongoing expenditure in scenarios 2 (from 2036) and 3 (from 2046) is hidden underneath the blue line of scenario 1.

Figure 4.1: Direct expenditure generated by development on the Site



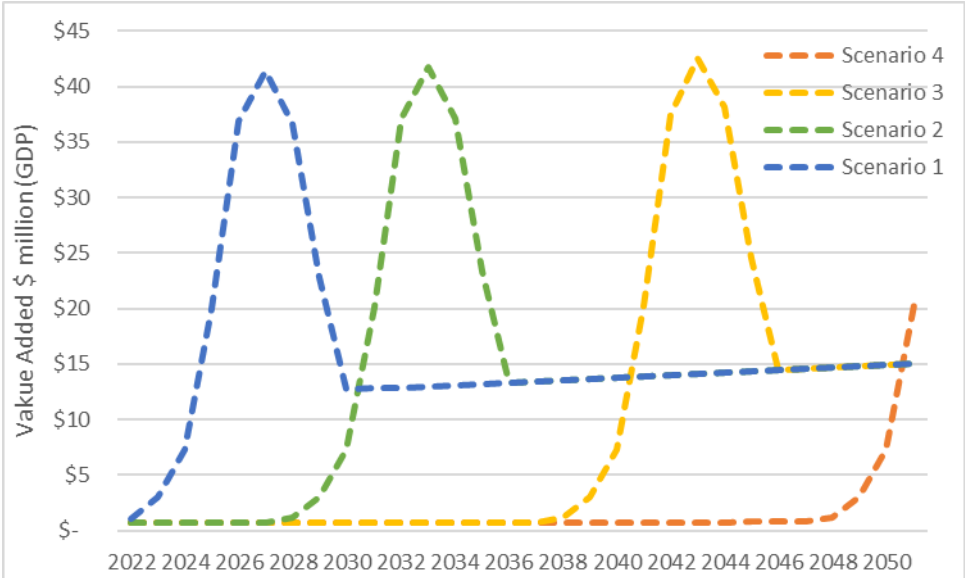
⁶ This spend only includes spend by residents in the Waikato District economy. It does not include spend by these residents in the rest of the region or New Zealand.



The direct expenditure flows through the local economy, supporting jobs and economic activity in other industries and locations. The economic impact of the development on the Site is shown in Figure 4.2, which indicates that the development would support over \$40m GDP in the peak building year, and then settle on around \$14m annually once construction was complete (households' contribution to the economy). Pre-development GDP would be in the order of \$1m annually, assuming all of the non-residential parts of the Site were farmed commercially for beef and sheep (i.e. the agricultural baseline). The modelled GDP that the Site would generate if used for commercial sheep and beef farms is less than \$1m.

Our understanding is that although there is some sheep and beef farming on the Site now, that is of limited extent, and more oriented towards personal (home kill) rather than commercial supply, and the assumed productivity under the scenarios would represent an increase from actual current levels. Each scenario follows the same shape, with delays in the timing of impacts due to the different start times of development, construction, and household occupation.

Figure 4.2: Economic Impact of development on the Site (value added)



Employment supported by the development in its development phase, and by resident households after they move in, would peak at 700 employees (employment count, or “ECs”) during the peak building phase, before settling to 300-400 ECs per year after construction is complete (Figure 4.3). That 300-400 ECs is the level of employment supported by the 300 households in the development across all parts of the economy, including people working in shops, medical offices, professional offices, manufacturing etc. The modelled employment generation for commercial sheep and beef farms on the Site is a baseline of 15 ECs.

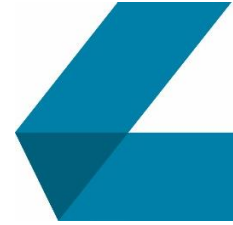
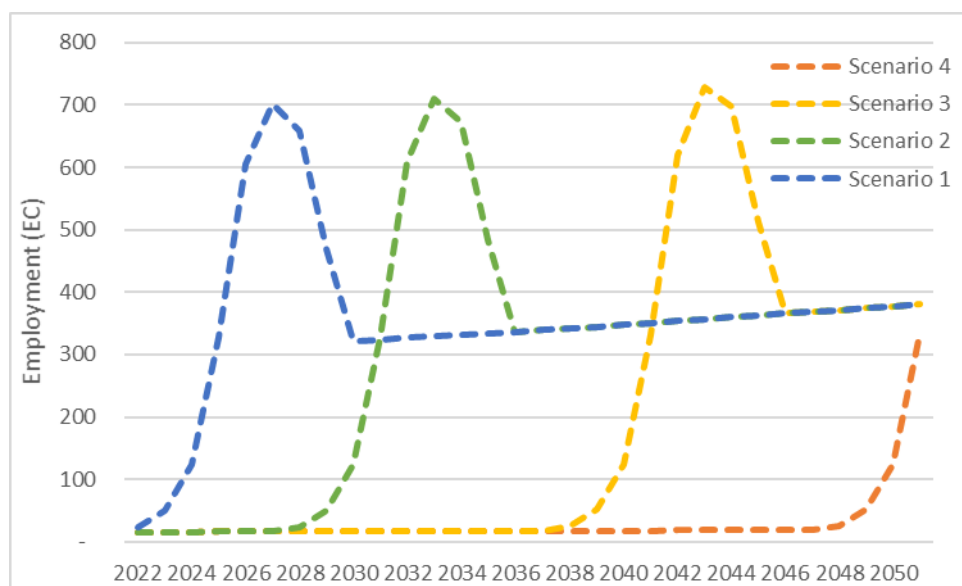


Figure 4.3: Economic Impact of development on the Site (employment)



Caveat: it must be noted that although the development will generate local benefits to Pokeno, that some of these benefits will merely be a transfer from other locations in the Waikato District or Waikato Region. Specifically, it is likely that if the Site was not zoned for development that the demand for housing would be satisfied in another location either within Waikato or Auckland. This means that at a regional level much of the economic value associated (‘supported’) by the proposed development may not be net additional or new, as this value would occur regardless of whether the development occurs or not. It is not possible to assess the magnitude of the transfer effects in this report, so we are unable to establish the quantum of economic benefits that are caused (‘generated’) by the zoning change sought.

4.4 Retail spend injection

This section assesses the ongoing economic injection that would arise from new residential activity once the Site is fully developed for residential activity. These retail impacts are a subset of the impacts assessed in section 4.3, but are quantified separately here to provide an understanding as to their implications for the local retail environment. The 300 households that would establish on the Site under the masterplan would generate a significant amount of retail and hospitality spend⁷ that would be directed to businesses in Pokeno as well as other destinations in southern Auckland and Waikato.

Currently the 15 households resident on the Site generate a very small amount of retail spend, however if 300 households were to establish on the Site they would together generate over \$14m of retail spend, and support over 2,000m² of retail and hospitality floorspace, and an additional c.500m² of centre floorspace for non-retail activities (including household services, medical etc.) in all locations (Figure 4.4). It is likely that only a small proportion of that would be directed to businesses in Pokeno (approximately 30-40%), but the key point is that those additional households would contribute to an increased local range of retail and service activities being viable in Pokeno. The remaining spend is likely to be directed to other larger

⁷ Limited only to retail stores, cafes, restaurants, takeaways, pubs and bars. Excludes spend in services businesses, medical, professional offices etc, which typically form part of local and town centres.

centres in Waikato and Auckland, such as Pukekohe, Papakura, the new Drury South centre expected to be developed, Manukau and Hamilton for example.

The effect of a later start to residential development on the Site is apparent, with the floorspace supported being shifted out 10 and 20 years later under scenarios 2 and 3, compared to scenario 1. Under scenario 2 the additional retail activity supported is only just visible by 2043, and under scenario 3 that point would be 2053 (not shown in the table).

As noted under the caveat in section 4.3, this contribution to the retail economy may be a transfer effect, as it is possible that households that come to live on the Site might have otherwise established elsewhere in Pokeno, and still contribute the same way. Alternatively those households might have otherwise established in another place, such as southern Auckland. In practice some of the Site’s households would not have chosen to come to Pokeno in the absence of development on the Site, some would have, and some would have been induced to arrive in Pokeno earlier than they would have without the development. In any case the net effect will be that more retail and centre space will be supported in Pokeno earlier with residential development on the Site rather than without it.

Figure 4.4: Retail spend and floorspace generated from households on the Site

	2023	2028	2033	2038	2043
Total retail expenditure generated (\$m)					
Scenario 1	\$ 0.1	\$ 11.8	\$ 13.6	\$ 14.1	\$ 14.7
Scenario 2	\$ 0.6	\$ 0.7	\$ 8.8	\$ 14.1	\$ 14.7
Scenario 3	\$ 0.6	\$ 0.7	\$ 0.7	\$ 0.7	\$ 9.6
Scenario 4	\$ 0.6	\$ 0.7	\$ 0.7	\$ 0.7	\$ 0.7
Total retail floorspace supported (in all locations, sqm)					
Scenario 1	10	1,870	2,160	2,250	2,340
Scenario 2	100	100	1,410	2,250	2,340
Scenario 3	100	100	110	110	1,520
Scenario 4	100	100	110	110	120

4.5 Loss of productive soils

Approximately 49% (31.7ha) of the Site is classified as Soil Type 2e2 in Landcare’s Land Resource Inventory, meaning that the soil is land with slight limitations for arable use and suitable for cultivated crops, pasture or forestry but is susceptible to erosion. The key tension with this submission is that once the land is lost from production, then it is likely lost for the long term, and at least for the average life-cycle of a dwelling (typically accepted as 50 years).

Protecting the best soils (which are typically classed as soil types 1 and 2) is an important objective in the regional plans for both Waikato District and Auckland. However, as discussed earlier, the location of the Site is already being impacted by reverse sensitivity issues with respect to rural and urban uses and water takes have been significantly restricted which is having a negative impact on the profitability of agricultural and horticultural uses of the land and the realistic use of these sites for productive purposes. In the medium to long term, this land is intended to be converted to urban uses, and the Site is a good location for the



extension of the Pokeno township, and has direct access under SH1 to goods and services provided in the Pokeno township. On balance the Site is a good location for residential activity, given the unfavourable economics associated with long-term agricultural use of the land, considering the current reverse sensitivity and water restriction issues.

5 NPS-UD

The National Policy Statement on Urban Development Capacity (“NPS-UDC”) imposed obligations on NZ territorial authorities to plan and provide for the needs of growth. In August 2020 the NPS-UDC was replaced by the new National Policy Statement on Urban Development (“NPS-UD”). The NPS-UD imposes a greater obligation on councils to ensure that their planning adequately provides for the needs of growth, and to promote well-functioning urban environments that enable all people and communities to provide for their social, economic, and cultural wellbeing.

Specific objectives in the NPS-UD that are relevant to the current application include:

- Objective 3: enable more people to live in urban areas near employment opportunities, and where there is high demand for housing.
- Objective 4: urban environments develop and change over time in response to changing needs.
- Objective 6: local authority decisions on urban development are strategic over the medium term and long term, and responsive, particularly in relation to proposals that would supply significant development capacity.

Specific policies in the NPS-UD that are relevant to the current application include:

- Policy 1: urban environments should have or enable a variety of homes in terms of type, price, and location.
- Policy 2: councils provide sufficient development capacity to meet expected demand for housing over the short term, medium term, and long term.
- Policy 8: Local authority decisions affecting urban environments are responsive to plan changes that would add significantly to development capacity and contribute to well-functioning urban environments, even if the development capacity is unanticipated by RMA planning documents or out-of-sequence with planned land release.
- Policy 10: Local authorities should engage with the development sector to identify significant opportunities for urban development.

In summary, these NPS-UD objectives and policies indicate an obligation on councils to promote a planning environment in which development is encouraged so as to provide a range of development options that will enable sufficient development capacity to promote well-functioning environments, and social, economic and cultural wellbeing.

The proposed rezoning of the Site seeks to enable residential development in a part of Waikato District that is planned to accommodate significant urbanisation, and only differs from strategic policy directions as to the timing of that development. Recent growth in Pokeno indicates strong demand for new residential dwellings in Pokeno, and the development would therefore help to meet Waikato District’s short (0-3 years) to medium (3-10 years) term obligations under the NPS-UD.



6 Conclusion

The submitters represent the landowners of 63.58ha adjacent to State Highways 1 and 2 and Avon Road, in Pokeno. The Site is proposed in the proposed district plan to retain its current rural zoning, although strategic planning documents including Waikato 2070 and Future Proof 2017 identify the Site as a future residential development area. The Site is located on the eastern side of SH1, opposite recent residential developments to the west which have resulted in an emerging and increasing range of reverse sensitivity issues for agricultural activity on the Site. The site is also adjacent to the large lot residential development in the Village Zone. Those issues, and a recent regional council decision to significantly reduce water use rights for a (now former) kiwifruit orchard within the Site have resulted in reduced economic viability of agricultural activities on the Site.

The likelihood is that that viability is unlikely to improve in the future, as increasing residential activity in Pokeno and concern around water use will continue to pose a challenge to agricultural users. Those challenges, combined with what appears to be a likely future conversion to residential activities, will limit capital investment in agricultural activities on the Site, further reducing economic output and the efficiency of the land.

Future residential use of the land would support much greater economic contribution to the local and regional economy. While the low level of agricultural economic output would cease, it would be replaced by spending on construction, retail and other associated urban economic activity. Development of the Site would generate approximately \$230 million in direct expenditure in the ten years after development planning starts as a result of capital investment in planning, earthworks and dwelling construction, and would then settle around \$13m per annum in the local economy as a result of household spending on goods and services. The timing of that economic impact would be strongly linked to the time when a residential zoning is applied.

That direct expenditure would flow through the local economy, supporting jobs and economic activity in other industries and locations, supporting over \$40m GDP (and 700 employees) in the peak building year, and then settle on around \$14m (and 300-400 employees) annually once construction was complete (households' contribution to the economy). Pre-development GDP would be in the order of \$1m (15 employees) annually, assuming all of the non-residential parts of the Site were farmed commercially for beef and sheep (i.e. the agricultural baseline), which in reality they are not, given the productivity constraints that exist (reverse sensitivity, the near absence of fertiliser use and water use constraints). Most beef and sheep farmed now are for home kill only, not being sold to generate income.

The approximately 300 households that would establish on the Site under a residential zoning (based on the masterplan) would generate over \$14m of retail and hospitality spend that would be directed to businesses in Pokeno as well as other destinations in southern Auckland and Waikato, supporting 2,500m² of floorspace in centres in all locations. Some 30-40% of that spend might be directed to businesses in Pokeno, supporting the local retail economy and enabling a (slightly) increased range of goods and services to be provided in the town.

Some of these economic contributions will be a transfer effect, as households that come to live on the Site might have established elsewhere in Pokeno had dwellings on the Site not existed. However, many residents of the Site would not have chosen to come to Pokeno in the absence of development on the Site,



and others would have been induced to arrive in Pokeno earlier than they would have without the development. In any case the net economic effects of residential development on the Site will be locally significant and enduring.