

**Before an Independent Hearings Panel**

**The Proposed Waikato District Plan (Stage 1)**

**IN THE MATTER OF** the Resource Management Act 1991 (**RMA**)

**IN THE MATTER OF** hearing submissions and further submissions on the Proposed  
Waikato District Plan (Stage 1):

**Topic 25 – Zone Extents**

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**HIGHLIGHTS PACKAGE  
ADAM JEFFREY THOMPSON ON BEHALF OF HAVELOCK VILLAGE LIMITED  
(ECONOMICS AND PROPERTY DEVELOPMENT)**

**12 May 2021**

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## **1. INTRODUCTION**

- 1.1 My full name is Adam Jeffrey Thompson. I am an urban economist and property market analyst.
- 1.2 I am providing economic, housing and property development evidence in relation to proposed rezoning sought by Havelock Village Ltd (**HVL**)<sup>1</sup> of land at 5 Yashili Drive, 88 Bluff Road, 242 (in part) and 278 Bluff Road, Pokeno (**Site**). My evidence includes an assessment of housing demand and supply for Pokeno and an assessment of potential benefits of the proposed rezoning.

## **2. HOUSING DEMAND AND SUPPLY**

- 2.1 I have undertaken assessments of housing demand within Pokeno and housing supply provided by the Operative Waikato District Plan and the notified Proposed Waikato District Plan (Proposed Plan) within Pokeno. I have reviewed the two different assessments provided by Dr Mark Davey on behalf of the Waikato District Council and the assessment of Mr Mead, in the section 42A report. I have also reviewed and responded to Mr Colegrave's evidence on behalf of Pokeno Village Holdings Limited. In light of those different assessments, I have considered whether the Proposed Plan meets the requirements of the National Policy Statement on Urban Development 2020 to provide for short and medium term capacity and whether rezoning the Site is necessary to meet those requirements.
- 2.2 Dr Davey's conclusion in his first report is that the notified Proposed Plan does not provide sufficient housing supply within the medium term (3-10 years) under the National Policy Statement on Urban Development 2020 (NPS-UD) and so additional land in Pokeno should be rezoned for residential. I agree with this assessment.
- 2.3 I have assessed a number of different scenarios for housing supply. In all realistic scenarios there is a shortage of housing in the medium term in Pokeno. That shortage is greater under my assessment of demand, compared to the assessment by Dr Davey and Mr Mead.

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<sup>1</sup> Submitter 862 and further submitter 1291.

2.4 All experts apart from Mr Colegrave consider that additional residential capacity should be provided in Pokeno. My response to his evidence is that:

- (a) Mr Colegrave estimates that all the rezoning submissions will enable 7,002 additional dwellings. This estimate is based on a generic dwelling per hectare yield (of 14 per hectare).
- (b) I have replicated Mr Colegrave's estimate, however, have used actual dwellings yields from submissions that include masterplans. I estimate that the submissions would enable 4,702 dwellings. On the conservative assumption that 75% of lots are developed over the short-medium term, this would provide potential supply of 3,530 dwellings. I have in addition estimated the number of lots recommended by Mr Mead for live zoning to equate to 2,410 based on actual yields. With Dr Davey's demand estimate of 237 per annum, and a 20% buffer required by the National Policy Statement – Urban Development (**NPS-UD**), this does not meet the NPS-UD medium term requirements.
- (c) Figure 1 below illustrates this assessment. Based on this assessment there will be no over-supply as alleged by Mr Colegrave. (Even if there was I consider this would be a positive outcome).
- (d) Mr Colegrave raises the concern that the Council have adopted a higher projected growth for Pokeno without providing an explanation of the projection. However, Dr Cameron of Waikato University has provided a detailed report on population and household projections in 2020<sup>2</sup> that provides an explanation of the projections.
- (e) I expect rapid growth in Pokeno, in large part driven by the shortage of affordable houses in the wider region and the local amenities now available in Pokeno (school, supermarket, etc.). Mr Colegrave does not provide any commentary or analysis on the rate of growth expected in Pokeno but acknowledges it is likely to experience strong and sustained dwelling demand well into the foreseeable future.<sup>3</sup>

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<sup>2</sup> 2020 Update of Population, and Family and Household, Projections for Waikato District, 2013-2063. University of Waikato. (Cameron, 2020)

<sup>3</sup> Colegrave at paragraph 3.6

**Figure 1: Estimated Dwelling Yield from Submissions and Mead Section 42A Report**

Submitter	Zoning Sought	Land Area (ha)	Colegrave		Actual+ Thompson			Actual+ Mead
			Additional Dwellings	Dwellings per ha	Actual+ Estimated Dwellings	Actual+ Estimated Dwellings per ha	75 % Realisation 10 years	Actual+ Estimated Dwellings
CSL Trust & Top End Properties	Residential and Medium Density	50	694	14	358	7	269	358
Pokeno West	Residential and Medium Density	159	2,225	14	1,456	8	1,092	1,456
Steven and Teresa Hopkins	Residential or CLZ or Village	21	259	13	161	8	121	0
CSL Trust & Top End Properties	Countryside Living	46	46	1	55	1	41	0
P Van Leeuwen	Countryside Living	81	81	1	81	1	61	0
Rainbow Water	Residential	16	201	12	126	8	94	0
K Yang	Residential	12	145	13	90	8	68	0
D Lawrie	Residential	44	545	13	340	8	255	0
D Lawrie	Residential	33	418	13	261	8	195	0
A Noakes	Residential	24	294	13	183	8	137	0
Withers Family Trust	Residential	27	338	13	211	8	158	0
Havelock Village Limited	Residential	98	1,220	13	600	6	450	600
S G Noh	Residential	5	61	12	38	8	29	0
Kainga Ora	Medium Density Residential	53	475	9	100	2	75	0
<b>Total</b>		<b>666</b>	<b>7,002</b>	<b>11</b>	<b>4,060</b>	<b>6</b>	<b>3,045</b>	<b>2,414</b>

Source: Urban Economics, Insight Economics

\*Actual in red

- 2.5 Mr Mead (in his s42A report) concludes that there is a need for 900 additional dwellings in Pokeno to meet medium term NPS-UD requirements. However, he assumes that all planned supply will be developed over the next decade. In my view only a fraction of supply will be developed, in the order of 50-75%, and therefore additional land is required to ensure an efficient housing market. Dr Davey adopts a similar view in his original s42A report.
- 2.6 Mr Mead concludes that there is demand for 215 dwellings per annum in Pokeno over the next decade. However, this has already been exceeded, with 275 dwellings consented in 2020, and clear evidence of increasing demand. Based on the drivers of this demand, most notably the relative affordability of housing in Pokeno, demand will continue to increase, and will approach my high-growth scenario of 400-500 dwellings per annum in several years, particularly if several additional large developments enter the marketplace.
- 2.7 In his Supplementary s42A report, Dr Davey estimates demand for 4,000 dwellings in Pokeno, however, he estimates that only 3,500 lots are 'reasonably expected to be realised', hence a shortfall of 500 dwellings in Pokeno over the 2021-2036 period.
- 2.8 Dr Davey's estimation of capacity in his Supplementary s42 report is based on the assumption that 100% of greenfield land should be 'reasonably expected to the

realised' for development, i.e. all new zoned greenfield land will be development over the life of the District Plan. In my view Dr Davey's assumption that 100% of rezoned greenfield land will be developed significantly overstates potential capacity and Dr Davey's estimated shortfall of 500 dwellings in Pokeno could quickly become 1,000 – 1,500 dwellings, based on his numbers.

- 2.9 Dr Davey estimates demand for 237 dwellings per annum for the 2021-2031 period in his s42 report. This is 10% higher than the growth rate utilised by Mr Mead in his s42 report (215 dwellings per annum) which may impact Mr Mead's conclusions for Pokeno. It further strengthens the need to live zone Havelock and not defer its zoning.
- 2.10 Having reviewed the rebuttal evidence of Mr Colegrave, and the s42 reports of Mr Mead and Dr Davey, I continue to hold the view the proposal should be approved, and to this extent support the conclusions reached by Mr Mead and Dr Davey with regard to the site.

### **Efficient Housing Markets**

- 2.11 Importantly rezoning the Site will also increase competition in the residential land development market. This will result in more choice for purchasers and may result in lower prices. This is also an important aspect of the requirements of the NPS-UD.
- 2.12 While the recommendations of Mr Mead would result in some market concentration and inefficiency, they would enable 3-4 medium-large scale developments within Pokeno, and this would provide a relatively competitive market within the context rural towns in the Waikato and Auckland regions.

### **Economic Benefits**

- 2.13 The proposal will provide for additional employees as well as new dwellings and have significant economic benefits:
- (a) The proposal would enable an estimated 170 FTE employees over the course of the construction period and an additional 40 – 70 FTE employees per annum in the ongoing operation of proposed retail floorspace. This is significantly higher than the estimated 1 FTE employees involved in the Beef farming process which is considered the second-best land use to residential development.

- (b) The proposal has a net present value (NPV) of \$350.7 - \$353.7 million over the course of thirty years. This represents a significant boost to the Waikato District economy.

2.14 The proposal would have significant economic benefits and no notable economic costs and is recommended for approval.

**Adam Thompson**

12 May 2021