

**BEFORE INDEPENDENT HEARING COMMISSIONERS  
APPOINTED BY THE WAIKATO DISTRICT COUNCIL**

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

**AND**

**IN THE MATTER** of the Proposed Waikato District Plan

**BETWEEN** **RANGITAHİ LIMITED**

Submitter [No. 343]

**AND** **WAIKATO DISTRICT COUNCIL**

Local Authority

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**SUMMARY STATEMENT OF EVIDENCE OF  
DR JAMES DOUGLAS MARSHALL FAIRGRAY FOR RANGITAHİ  
LIMITED**

**HEARING 25: RAGLAN  
(GEOSPATIAL ECONOMIC)**

**Dated:** 21 May 2021

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## INTRODUCTION

1. My name is James Douglas Marshall Fairgray.
2. I outlined my qualifications, experience, and commitment to comply with the Environment Court Expert Witness Code of Conduct in my Evidence in Chief (**EIC**) on behalf of Rangitahi Limited (**Rangitahi**) for Hearing 25 – Raglan dated 17 February 2021. In addition to EIC, I have prepared two statements of Evidence in Reply (**EIR**) dated 10 March 2021 and 13 May 2021.

## SUMMARY OF EVIDENCE

3. My EIC addresses expected demand for housing and housing land in Raglan and its immediate surrounds, and the estimated capacity to provide for this demand.
4. I summarise my EIC as follows:

### *Housing demand*

- (a) I examined demand for housing from both the resident population of Raglan, and demand for 'holiday homes'. I estimated that holiday home demand represents around 27% of total demand for housing in Raglan.
- (b) For my assessment of housing demand from resident households, I drew on the household projections prepared for WDC by NIDEA.<sup>1</sup> I examined the growth outlook in short, medium and long terms, as required by the NPS-UD, and the very long term to 2070, as identified in Waikato 2070.
- (c) I identified growth in resident households would generate housing demand by 2050 for an additional 980 dwellings (medium variant) and 1,755 dwellings (high variant). The very long term would see demand for 1,220 additional dwellings by 2070 (medium) and 1,540 (high) by 2070. This is detailed in Table 2 of my EIC.

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<sup>1</sup>

- (d) I estimated ongoing growth in demand for holiday dwellings to be consistent with growth in the resident community. Allowing for both resident household and holiday home demand, I estimated housing demand by 2050 for an additional 1,210 dwellings (medium) and 1,630 (high). The very long term would see demand for 1,720 additional dwellings by 2070 (medium) and 2,550 (high) by 2070. This is shown in Table 3 of my EIC.

### ***Housing capacity***

- (e) Allowing for the Competitiveness Margin required by the NPS-UD,<sup>2</sup> I estimated housing capacity demand by 2050 for an additional 1,420 dwellings (medium) and 1,900 (high). The very long term would see housing capacity demand for 1,970 additional dwellings by 2070 (medium) and 2,900 (high) by 2070. This is shown in Table 4 of my EIC.
- (f) I examined potential capacity for housing supply, taking into account existing and proposed zonings and land areas, and drawing also on the capacity estimates in the s42A report.
- (g) My analysis indicated that projected capacity for housing will provide for more than projected demand into the medium term (around 2030). However, in the longer term the demand growth exceeds the projected dwelling capacity.
- (h) I estimated that in the medium future, this would occur in the mid- to late-2040s. In the high growth future this would occur in the mid-2030s. The demand and supply comparison is summarised in Figure 3 of my EIC.

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<sup>2</sup> To comply with the NPS-UD, councils are required to provide for additional capacity for residential and business growth by building in a 'Competitiveness Margin' of an extra 20% capacity over expected demand in the short and medium term (1-10 years'), and an extra 15% over expected demand in the long term (10-30 years' and beyond).

***Provision for growth capacity***

- (i) I concluded that the recommendations in the s. 42A Framework Report and the s. 42A FUZ Report would zone sufficient land for 20 years (out to 2040) in the medium growth future, but not in the high growth future. I noted that the implied margin is tight even in the medium future, where total demand would be within 5% of total capacity by 2040. The high future would see total demand will exceed projected capacity by around 4% by 2040.
- (j) I concluded that - taking account of the expected growth in resident households and demand for holiday dwellings and the dwelling capacity estimates – there is need to provide for additional housing capacity in the long term. The projections indicate demand for dwellings can be catered for in the medium term to 2030. However, in the longer term, and/or if housing growth is faster than projected, the available capacity will reduce and potentially be exhausted.
- (k) With potential for demand to exceed capacity by the mid-2030s (high future) and be close to capacity by the end of the 2030s (medium future), I concluded that the proposal for a FUZ to provide for additional capacity represents an appropriate response to that tightening of supply.

***Spatial planning***

- (l) I supported a comprehensive Spatial Planning based on:
    - i. opportunities for efficient urban expansion being predominantly through incremental growth outward from the current edge, in locations suitable for urbanisation and residential use, and
    - ii. the scale and sustained nature of projected growth with a range of 45% (low) to 60% (high) increase in the size of the community long term.
5. My first EIR (10 March 2021) replies to the evidence of Mr Fraser Colegrave on behalf of Koning Family Trust and Martin Koning.

6. I summarise my first EIR as follows:
  - (a) Mr Colgrave's view is that estimates of dwelling demand in Raglan have been under-stated, and that estimates of dwelling capacity have been over-stated. He considers there will be a substantial shortfall in capacity for dwellings.
  - (b) I carefully examined Mr Colegrave's estimates of housing demand. His key contention is that demand has been under-stated "*because of the massive shift towards WFH and the suitability of Raglan to that lifestyle*". I noted that he had not provided estimates of future demand that would be greater than the Waikato 2070 report
  - (c) Based on my detailed research into the effects of Covid-19 across all cities and districts in New Zealand, it is my opinion that there is no evidence to support a conclusion of a "*massive shift*" in demand to live in Raglan. nor is there any evidence to support a higher projection than recorded in my EIC.
  - (d) I consider that Mr Colegrave's EIC substantially over-states the likely demand, and substantially under-states the likely dwelling capacity. I do not agree with Mr Colegrave's estimate in his "Supply/Demand Balance" at paragraph [47] that there will be "*significant shortfalls*" in supply.
7. My second EIR (13 May 2021) addresses two aspects of the s. 42A Framework Report Supplementary Evidence:
  - (a) The lack of allowance for demand for holiday dwellings, which is a key aspect of Raglan's housing needs; and
  - (b) The housing capacity estimates from the recommended Medium Density Zone (**MDZ**).
8. I concluded that these two matters give me concern that the additional requirement to accommodate housing growth in Raglan may be under-stated, because:

- (a) The demand for dwellings is substantially under-stated since holiday dwellings are not allowed for in Dr Davey’s assessment; and
  - (b) The indicated capacity in the proposed MDZ in Raglan is subject to considerable uncertainty, and the capacity may be substantially less – especially in the short- and medium-terms if current housing preferences remain.
9. On that basis, I found no reason to alter the conclusions I reached in my EIC.

### **REPLY TO SECTION 42A REPORT ON ZONE EXTENTS**

10. At para 105 in the s42A Report on Zone Extents, Ms Buckingham concludes that the addition of the Koning land would give effect to the NPS-UD to support competitive land markets:

*“.. adding the Koning land as a live zone would further support the competitive operation of land and development markets. Therefore this policy would be given effect to.”*

11. In my view, this conclusion over-states that outcome because it over-simplifies the issues. Certainly, one part of contributing to competitive land markets is the level of supply and the number of different suppliers in the market. However, the competitive operation of land and development markets is more complex than just adding more supply. A range of factors need to be taken into account, not just land area and supplier numbers.
12. The NPS-UD appears to recognise this by default. It offers no definition or description of what constitutes a “competitive land market”, and my enquiry for any guidance on this from MfE and MHUD has confirmed this.
13. The Report of the Resource Management Review Panel (the “Randerson review”) does provide useful guidance on this issue.<sup>3</sup> It states that:

Competitive land markets should not be thought of as a laissez-faire regulatory approach to urban areas. In our view, a competitive urban land market is a well-planned and well-regulated built environment [where there is]:

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<sup>3</sup> New Directions for Resource Management in New Zealand 2020. (p352)  
<https://environment.govt.nz/publications/new-directions-for-resource-management-in-new-zealand/>

- ample supply of alternative opportunities for development with the result that the price of land is not artificially inflated through scarcity; and
- infrastructure and land use provision is aligned and timely provision of infrastructure avoids unnecessary costs

[By] 'well-regulated' we mean that the positive and negative external effects of land and resource use are considered in decision-making, and the costs of regulation are minimised and commensurate with the benefits.

14. In my view, this definition reflects more appropriate understanding of how urban economies and their land markets function, and the role and effects of planning and regulation.<sup>4</sup>
15. My key point is that adding more potential supply and suppliers would contribute to one aspect, but not necessarily others, including the provision of infrastructure and consideration of the wider effects.
16. As a consequence, I disagree that adding the Koning land would by itself give effect to or achieve that NPS-UD policy.

**J D M Fairgray**  
**21 May 2021**

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<sup>4</sup> The Randerson review acknowledges this:  
*"Competitive land markets are not necessarily achieved by 'flooding the market' with supply. Floods do not make distinction about what lies where, while good planning should."* (para 131, p353) and (para 134, p354).  
*"The National Policy Statement on Urban Development addresses these issues to some extent. In our view, this work should be further developed and refined through national direction under our proposed Natural and Built Environments Act."* (para 134, p354) (emphasis added).