

**BEFORE THE HEARINGS COMMISSIONERS FOR THE WAIKATO DISTRICT
COUNCIL**

UNDER the Resource Management Act 1991

AND
IN THE MATTER of hearing submissions and further submissions on
the Proposed Waikato District Plan

PARTIES REPRESENTED **BUCKLAND LANDOWNERS GROUP**

ZONING TOPIC – HEARING 25

**REBUTTAL EVIDENCE OF ADAM JEFFREY THOMPSON
ON BEHALF OF BUCKLAND COUNTRY LIVING ZONE LANDOWNERS GROUP**

03 May 2021

Counsel Instructed:

Peter Fuller
LLB, MPlan, DipEnvMgt, BHortSc
Barrister
Quay Chambers
Level 7, 2 Commerce Street
PO Box 106215
Auckland 1143
021 635 682
Email:
peter.fuller@quaychambers.co.nz

SUMMARY OF REBUTTAL EVIDENCE

1. This rebuttal statement responds to the section 42 report of Chloe Trenouth prepared on behalf of Waikato District Council.
2. My evidence is summarised as follows:
 - Ms Trenouth concludes after considering both my own, and Dr Fairgray's calculations on development capacity for rural lifestyle living, there is more than sufficient development capacity to accommodate 20 per cent of the district's growth in line with the objectives of Future Proof 2017.
 - Of this capacity for lifestyle blocks, the majority is within the Rural zone. This will result in the lowest density outcome of the three rural-residential zones.
 - Ms Trenouth considers that this growth would be better located within existing towns through infill and greenfield expansion rather than in the rural area.
 - I consider this is not a credible counterfactual. Demand for lifestyle blocks does not substitute for demand for suburban sections because they offer a different lifestyle and have different prices (lower-mid market versus upper market).
 - Ms Trenouth considers the proposal creates issues with infrastructure provision. The Buckland Country Living Zone (**CLZ**) proposal would however be developed in large part with private (on-site) rather than public infrastructure.

INTRODUCTION

3. I confirm that I have the qualifications and expertise previously set out in section 2 of my primary evidence.
4. I repeat the confirmation given in my primary evidence that I have read the Code of Conduct for expert witnesses contained in the Environment Court Practice Note 2014 and that my evidence has been prepared in accordance with that Code.

EVIDENCE OF CHLOE TRENOUTH FOR WAIKATO DISTRICT COUNCIL

5. I address the following key issues raised by Ms Trenouth:
 - Enabled capacity for lifestyle block development;
 - Demand for lifestyle blocks; and
 - Infrastructure constraints.

ENABLED CAPACITY FOR LIFESTYLE BLOCK DEVELOPMENT

6. Ms Trenouth considers the evidence of Dr Fairgray for Hearing 18, where he identified that the Country Living, Village and Rural zones, the PWDP enables 8,600 additional lifestyle lots.
7. Ms Trenouth also considers my evidence where I estimate the Country Living, Village and Rural zones enable 10,600 lifestyle lots under the PWDP. The two sets of capacity estimates are displayed in figure 1 below.

Figure 1: Capacity for Rural-Residential Living, PWDP

	Dr Fairgray (Hearing 18)		Adam Thompson (Submission 6821)		Minimum Lot Size
	Estimate	Proportion	Estimate	Proportion	
Village Zone	2,660	31%	2,670	25%	3,000m ²
Country Living Zone	1,780	21%	2,170	20%	5,000m ²
Rural Zone	4,160	48%	5,780	54%	8,000m ²
Total	8,600	100%	10,620	100%	-

Source: Urban Economics, Market Economics, Waikato District Council

8. The main points to note from figure 1 are:
 - Dr Fairgray estimates total rural-residential capacity for 8,600 lots of which 48% is in the Rural zone with a minimum lot size of 8,000m².
 - I estimate total rural-residential capacity for 10,620 lots of which 54% is in the Rural zone with a minimum lot size of 8,000m².
 - Under both estimates, the bulk of capacity is within the Rural zone. This zone has the largest minimum lot size. Development in this zone is likely to result in the largest lifestyle lot sizes (on average) of the three zones and therefore utilise the most rural land. This is an important consideration as there is practically no limit on the supply of lifestyle blocks (8,600 – 10,600) within the context of demand (210 per annum) and therefore the central and somewhat challenging question is what type of lifestyle blocks provide the greatest overall benefit for the district, rather than whether this demand can be shifted into conventional suburban housing, as assumed by Ms Trenouth.
9. It is also important to note that under the PWDP it is expected that the majority of rural-residential development will occur in the Rural zone, rather than the higher density Village and Country Living zones, as shown in Figure 1, and that the majority of these will be larger lots, with many being productive sites.

DEMAND FOR LIFESTYLE BLOCKS

10. Over the past 10 years there has been approximately 210 dwellings per annum consented in rural-residential zones. If this demand continues into the future this suggests there is demand for 6,300 additional lifestyle blocks over the next 30 years.
11. Under both Dr Fairgray's and my own capacity estimates therefore, the PWDP currently provides capacity that is substantially in excess of demand (circa 50 years of capacity).
12. As outlined in my evidence, and in figure 1, this demand will occur across the Village, Country Living and Rural zones.
13. It is important to understand that the substitutability of demand for lifestyle blocks between these three zones is high. This is because demand for lifestyle blocks is driven by a desire for a larger lot than is typically offered in a suburban environment, with purchasers often choosing a lifestyle block over an upmarket suburban location.
14. Ms Trenouth in paragraph 336 puts forward as her counterfactual that the housing enabled by the proposal should be in the existing urban areas in the form of 'infill' or 'appropriate greenfield expansion' around the rural towns, such as Pokeno. This counterfactual is however incorrect in my opinion, as new residents seeking a lifestyle property would not see a suburban lot in Pokeno or another small town (for example) as being a substitute. To put this in context, lifestyle properties are generally worth \$1.0 - \$2.0 million, whereas conventional suburban properties in Pokeno, for example, are worth \$700,000 - \$800,000. Households with a budget of \$1.0 - \$2.0 million would therefore consider other locations, mostly outside of the Waikato District, as a substitute for a lifestyle property within the District.
15. In my opinion it is crucial to consider the proposal against the correct counterfactual, which is demand being enabled in the Country Living Zone (as proposed) versus the demand being enabled across the existing rural zones as shown in Figure 1 (as will be the outcome if the proposal is not approved). This includes the productive Rural Zone that is intended for primary production.

INFRASTRUCTURE CONSTRAINTS

16. Ms Trenouth expresses concern over development occurring within the rural environment with 'no infrastructure' in paragraph 336. The proposal would however enable development in large part with private (on-site) rather than public infrastructure costs (i.e. water tanks and sewerage treatment). This is common practice on lifestyle blocks and rural properties. As this cost is borne privately, there is no public economic

infrastructure cost from the proposal. For this reason, I do not agree with the concerns raised by Ms Trenouth.

17. It is worth noting that in the evidence of Mr Wood on behalf of NZTA, he believes the submission will have a neutral effect on the state highway network.

CONCLUSIONS

18. Having reviewed the s42 report, I continue to hold the view the proposal for the new Buckland Country Living Zone would have a net economic benefit and should be approved.

Adam Thompson

03.05.2020