

## Economic Aspects of Rural Subdivision

### Summary Statement of James Douglas Marshall Fairgray (29 September 2020)

1. I am James Douglas Marshall Fairgray. I have provided two Reports on the economic implications of Waikato District policies on subdivision of Rural Zoned land, to assist the s42A reporter – a main Report **Economic Aspects of Rural Subdivision (August 2020)**, and a reply/rebuttal Report **Economic Aspects of Rural Subdivision – Supplementary (September 2020)**. Although not statements of evidence per se. I confirm my compliance with the Code of Conduct for Expert Witnesses as per the Environment Court Practice Note 2014.

#### Key Issues

2. Rural subdivision is a key matter for Waikato District. The Rural zone covers a very large land area, and Plan provisions to enable subdivision have potentially significant implications for the District's economy and community and the biophysical environment.
3. This is because the pattern of land holdings and subdivision has fundamental influence on land use and land ownership, and consequently on economic and community activity. Further, the effects of subdivision policies will persist into the long term. Land use and economic activity patterns once established tend to change relatively slowly, especially when subdivision enables land use change which is often then locked into place in the long term through investment in built improvements, especially dwellings.
4. Economic and population growth sees land used more intensively over time, commonly associated with subdivision of land into smaller parcels, with consequent uplift in value. As a result, land subdivision is predominantly a one-way process, as land is subdivided into progressively smaller parcels. Re-amalgamation of parcels is rare.
5. In rural areas of Waikato District the land subdivision process has been predominantly the creation of small holdings to enable rural lifestyle properties, with the predominant change in land use being from primary production activity (horticulture, dairying and other pastoral farming) into properties used for lifestyle purposes rather than primary production. Waikato District had the most new rural lifestyle properties created of any district in New Zealand in the 2000-2015 period (the most recent trend data available from Corelogic), and accounted for over 9% of the national total over that period.

#### Assessment

6. To identify and understand the likely economic effects of Plan provisions affecting rural subdivision, I examined:
  - a. the Rural zone and related zones on a property by property basis to show likely effects of provisions in terms of enabling creation of small holdings. That provided a proven "*what happens where when and why*" framework for assessment.
  - b. Effects for both the general subdivision and conservation routes, for each individually and also allowing for any overlap between the two. The analysis showed potential for subdivision by lot size and current land use and location, across the District. The

geographical pattern of lifestyle lots is important in regard to population patterns, household access to services and travel, and more widely for efficiency and sustainability.

- c. Using this framework, I then examined the economic activity on the potentially affected land, and how that would be likely to change with creation of new lots, to understand likely direct effects over time on farming and other primary output, and flow-on effects through the economy.
- d. I also looked at potential effects for landowners, seeking to gain from creation and sale of small holdings, and in relation to expected demand for small holdings.

### **Key Findings and Conclusions**

7. My key findings were quite expected, given the ways in which land subdivision has effect through the District economy and community:
  - a. The most significant potential adverse outcome is reduction of the productive potential of the District land resource, and consequent reduction in the District economy.
  - b. In my assessment, the Recommendation provisions will be able to cater for future demand, from Rural zoned and related Country Living and Village zones. The Recommendation provisions would enable plenty of capacity to meet household demand for lifestyle living into the long term. While not all small lots created would be taken up for rural lifestyle uses, the likelihood is that the great majority will be.
  - c. The Recommendations version of the Rural Zone subdivision rules would likely result in a material adverse impact on the district economy, as a result of the loss of productive capacity for pastoral farming, especially dairying.
  - d. Extending the scope for subdivision of Rural zoned lots would increase that impact. Lower thresholds for minimum parent lot size would likely increase impacts by around a third, and enabling more than one child lot could double the impacts.
8. I consider the Recommendation provisions strike an appropriate balance to provide for property subdivision and growth in lifestyle living without resulting in a major impact on the primary sector.

### **Rebuttal**

9. I examined the proposed approach to transferable subdivision rights with regard to the proposed Middlemiss provisions, as set out in the evidence of Mr Hartley, and the assessment of likely effects of those provisions for the economy, in the evidence of Mr Thompson.
10. My key findings are:
  - a. Generally there are some positive outcomes possible through a transferable subdivision rights scheme, including potentially a better distribution of lifestyle lots and lower loss of productive land.

- b. It is critical to have a clear and well-defined structure for a transferable scheme, particularly to identify the scale and location of subdivision enabled, and what additional potential would be created over and above that enabled in the Recommendations version. It is very important to understand the likely or potential outcomes of such a scheme at the District and locality level, in and of itself, and in combination with other provisions enabling subdivision.
  - c. The evidence presented by Mr Hartley and Mr Thompson does not identify the potential scale of what would be enabled, and does not offer assessment of likely or potential outcomes of the transferable scheme by itself, or in combination with subdivision enabled under the Recommendations version.
  - d. In my view, considerably more assessment of potential outcomes is required, in relation to effects on the ground in terms of land subdivision itself, and in terms of the implications for the District economy and community.
11. In regard to Mr Thompson's statement, I find that it contains a number of important substantive errors, in addition to key omissions, as to the likely effects of the transferable scheme on the District economy and community.
12. I confirm my findings from my Report and Supplementary Report.

Dr J D M Fairgray

29 September 2020