

**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

KONING FAMILY TRUST

Submitter [No. 658]

AND

WAIKATO DISTRICT COUNCIL

Local Authority

**EVIDENCE-IN-REPLY OF
DR JAMES DOUGLAS MARSHALL FAIRGRAY FOR RANGITAHİ
LIMITED**

(GEOSPATIAL ECONOMICS)

10 March 2021

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INTRODUCTION

1. My name is James Douglas Marshall Fairgray.
2. My qualifications and experience are set out at paragraphs [1] to [8] in my Evidence in Chief (**EIC**) on behalf of Rangitahi Limited (**Rangitahi**) for Hearing 25 – Raglan.

CODE OF CONDUCT

3. I confirm that I have read the Code of Conduct for Expert Witnesses contained in the Environment Court Practice Note 2014 and to the extent that I am giving expert evidence, I have complied with it in preparing this Paper. I confirm that the issues addressed are within my area of expertise and I have not omitted to consider material facts known to me that might alter or detract from the opinions expressed.

SCOPE

4. I have been retained by Rangitahi to provide Evidence in Reply (**EIR**) to the evidence in respect of a rezoning request for Raglan filed on behalf of the Koning Family Trust and Martin Koning (**Konings**). In my evidence I address matters raised by Fraser James Colegrave in his statement of evidence on behalf of the Konings.
5. Mr Colegrave considers that estimates of dwelling demand in Raglan have been under-stated, and that estimates of dwelling capacity have been over-stated. He contends there will be a substantial shortfall in capacity for dwellings.
6. I do not agree with Mr Colegrave's contentions. In my opinion, he has substantially over-stated the likely demand, and substantially under-stated the likely dwelling capacity.
7. In preparing this EIR I have read the following documents:
 - (a) Mr Colegrave's evidence on behalf of Konings;
 - (b) Mr Inger's EIR on behalf of Rangitahi; and

(c) The documents noted at paragraph [14] of my EIC.

MR COLEGRAVE'S DEMAND ESTIMATES

8. Mr Colegrave suggests that demand for housing in Raglan will be considerably greater than projected in my estimates (as set out in my EIC) and the most recent NIDEA study.
9. At paragraph [27] Mr Colegrave states he initially adopted the demand projections prepared by my company, Market Economics Ltd (**ME**), in the course of research for Future Proof Partners including Waikato District Council for NPS-UDC compliance.
10. However, he considers that demand for new dwellings will be greater than estimated in the earlier ME work because of a trend toward working from home (**WFH**) stimulated by the Covid-19 pandemic.
11. At paragraph [37] he cites the Waikato 2070 estimates of future population growth and suggests that this could mean demand for an additional 2,800 dwellings by 2070. He has not prepared his own estimates of future demand.
12. I note that my projection (as detailed in my EIC) allows for demand of 1,970-2,900 dwellings by 2070, including the NPS-UD margin, with the upper end slightly above the Waikato 2070 figure.¹
13. Mr Colegrave subsequently states at paragraph [49] that demand has been under-stated “*because of the massive shift towards WFH and the suitability of Raglan to that lifestyle*”. However, he has not provided any estimate which would suggest future demand – even with more WFH – would be greater than that in the Waikato 2070 report, or the upper projection set out in my EIC.
14. I note that have undertaken a number of studies in relation to the effects of the pandemic on national and local economies, including assessment sector-by-sector of the potential to work from home. Many businesses have established capabilities to enable their workforce to work from home, and there is anecdotal evidence of workers finding advantages from working from

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Fairgray EIC, Table 4.

home for some of time, and others from working from home most or all of the time.

15. Although it has been highlighted by the pandemic, the ability to work remotely is well established throughout New Zealand, including from Raglan and other smaller towns. I note that most of the WFH trend evident during lockdowns was people not going to their usual place of work, rather than re-locating permanently. Mr Colegrave has not offered evidence that this change will result in a substantial or even material increase in people's willingness to re-locate their place of residence to another town. That is a much greater change than using WFH for some or all of the time.
16. Raglan is a well-established economy, and the remote-working and commuting patterns in place have emerged from residents' decisions over a number of years. The same applies to other towns. A proportion of Raglan residents work in Hamilton (50km away) and make a regular or daily commute. Very few people commute to Auckland, the 155km distance making the time and resource costs challenging.
17. There has long been opportunity for that arrangement, and I consider it likely that most demand for a WFH structure in Raglan is already in place in the established commute patterns for some Raglan residents. The key reasons for urban living and small town living are well recognised, and are manifest in the choices by some to reside in Raglan and by others to reside in Hamilton or Auckland.
18. I have not seen evidence from Mr Colegrave that his "*massive shift*" to WFH can be expected to have a substantial impact on demand to reside in Raglan.

MR COLEGRAVE'S CAPACITY ESTIMATES

19. Mr Colegrave draws on some of the capacity information from the ME work undertaken in 2017 for the NPS-UDC. In his Table 1 he presents some figures of plan-enabled capacity, the capacity serviced with infrastructure, and the capacity which is estimated to be commercially feasible. He does not specify the ME report and tables which he relies on.

20. The capacity assessment for the NPS-UD is ongoing, including in Raglan. I understand that the capacity estimates for the NPS-UD update have not been finalised. For my evidence, I drew on the most recent estimates of dwelling capacity from the s42A report which I set out in Table 5 of my EIC. These post-date the 2017 research. Mr Colegrave does not reference the capacity estimates in the s42A report.
21. At paragraph [45], Mr Colegrave contends that “*likely market supply is only a fraction of it*” [estimated capacity]. He then states that likely land supply will be less than the estimates of serviced and feasible capacity, into the long term.
22. His reasoning is that any estimates should exclude land “*whose owners have no plans to develop it nor to sell it to others*” (paragraph [44]), and also land which is not suitable because of “*topography or contamination*”.
23. I do not agree with Mr Colegrave’s position. I have undertaken substantial research on this matter in many parts of New Zealand over many years, most recently in relation to the NPS-UD requirement to have regard to the likelihood that urban development capacity will be taken up. The dominant pattern throughout New Zealand’s cities and towns is that when suitably located land is zoned to enable urban development, and appropriate infrastructure is available, the land is taken up for urban use. That does not happen instantly, and development opportunity is generally taken up in response to anticipated demand. While some land will be developed earlier than other land, over the long term a very high share of the plan-enabled capacity is taken up.
24. The key reasons for this include the strong financial incentive to do so. Urban land is many times more valuable than non-urban land, particularly because infrastructure enables much more intensive use of the land. This means there are potential financial rewards from urbanising land and constructing dwellings, to original land-owners and to the development sector.
25. The very high likelihood of uptake in the long term, and often in the medium term, is consistent with how the land market functions around the urban edge, and across cities generally. There is very strong incentive to utilise land efficiently, which is broadly in line with its most productive use (“*highest and*

best’ use to cite the terminology of the valuation sector), because that use typically generates the greatest returns.

26. I took such evidence into account when I undertook my capacity assessment for my EIC. I concluded that there is sufficient capacity in the medium term.² In the long term the capacity would be largely taken up in the medium growth future, but demand would exceed capacity within the long term in the high growth future.

CONCLUSION

27. In my view, if the assessed capacity is realised, there will be adequate supply of residential land in the short to medium terms to meet a high growth demand scenario with some margin. That factor of safety is in the order of 7-9 years’ of projected dwelling demand, and I consider that gives adequate allowance for delays in owners’ decisions to develop or sell land (as indicated by Mr Colegrave).
28. Accordingly, 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. In particular:
- (a) There is a high likelihood that the development of at least 501 dwellings anticipated within the capacity analysis for Rangitahi Peninsula will occur (and possibly more).
 - (b) I am advised that development of the Lorenzen Bay growth area is considered likely to occur within the next 10 years. I understand the owner has lodged resource consent applications with WDC and WRC for development of the land, and that such resource consents typically lapse within 5 years if they are not given effect to.
 - (c) Of the growth areas where capacity has been assessed and is anticipated, I understand that the development of the Flax Cove area is the least certain. The capacity assessment anticipates 130 lots being developed within that area. However, if development does not occur there within the next 10 years the balance of the zoned

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Fairgray EIC, para [40].

capacity in the PWDP would still be sufficient to meet assessed medium term demand allowing for high growth and holiday dwellings, with some margin.

(d) There is also infill development capacity in the town, which can be reasonably expected to be realised. I note that does not include additional infill potential which might arise from the Kainga Ora proposal for a Medium Density Zone in Raglan.

(e) I also consider that the likelihood of at least two greenfield growth areas in different ownership as well as infill development can be expected to ensure appropriate competition in the market.

29. Nevertheless, the strong growth outlook for Raglan into the long term which could see it more than doubling in size in my view emphasises the importance of comprehensive Raglan-wide spatial planning. That will help ensure that capacity provision in the short and medium term will contribute to the town's intended growth outcomes which will evolve over the long term. This is especially because much of the growth is likely to occur in three substantial greenfield areas – the Rangitahi peninsula as already provided for, and the land owned by the Konings, and Rangitahi South.

J D M Fairgray
10 March 2021