

IN THE MATTER of the Resource Management Act
1991

AND

IN THE MATTER **Kapiti Coast District Council**
Proposed Plan Change 2:
Intensification (PPC2) to the Kapiti
Coast District Plan.

**STATEMENT OF EVIDENCE OF DEREK RICHARD FOY ON BEHALF OF
THE MANSELL FAMILY SUBMITTER No. #S023**

1. INTRODUCTION

Qualifications

- 1.1 My full name is Derek Richard Foy. My qualifications are degrees of Bachelor of Science (in Geography) and Bachelor of Laws from the University of Auckland. I am a member of the Population Association of New Zealand, the New Zealand Association of Economists, and the Resource Management Law Association.

Experience

- 1.2 I am a Director of Formative Limited, an independent consultancy specialising in social, economic, and urban form issues. I have held this position for two years, prior to which I was an Associate Director of research consultancy Market Economics Limited for six years, having worked there for 18 years.
- 1.3 I have 23 years consulting and project experience, working for commercial and public sector clients. I specialise in retail analysis, assessment of demand and markets, the form and function of urban economies, the preparation of forecasts, and evaluation of outcomes and effects.
- 1.4 I have applied these specialties in studies throughout New Zealand, across most sectors of the economy, notably assessments of housing,

retail, urban form, land demand, commercial and service demand, tourism, and local government.

2. CODE OF CONDUCT

2.1 Although not necessary in respect of council hearings, I can confirm I have read the Expert Witness Code of Conduct set out in the Environment Court's Practice Note 2023. I have complied with the Code of Conduct in preparing this evidence and I agree to comply with it while giving oral evidence before the hearing committee. Except where I state that I am relying on the evidence of another person, this written evidence is within my area of expertise. I have not omitted to consider material facts known to me that might alter or detract from the opinions expressed in this evidence.

3. BACKGROUND

3.1 I understand that as part of their submission on Proposed Plan Change 2 (PPC2) the Mansell family have made a request to re-zone their land at Otaihanga (131-155 Otaihanga Rd and 48-58 Tiekō St, 'the Site') from Rural Lifestyle Zone (RLZ) to General Residential Zone (GRZ), and to amend plans and any relevant provisions.

3.2 I confirm that I have previously provided advice and undertaken assessment in support of the Mansells' subdivision of the Site into 46 residential lots as a publicly notified, non-complying resource consent¹ application. That application went through a hearing process, and is described in more detail in the evidence of the submitters' planning expert Mr Hansen. The Mansell family obtained subdivision consent with conditions from Kapiti Coast District Council (KCDC) dated 2 November 2022, which was appealed by a submitter to the Environment Court.

3.3 I was involved in providing economics advice for that hearing. Specifically, my involvement was:

- (a) Undertaking an assessment of the economics effects of the proposed subdivision.

¹ RM210147

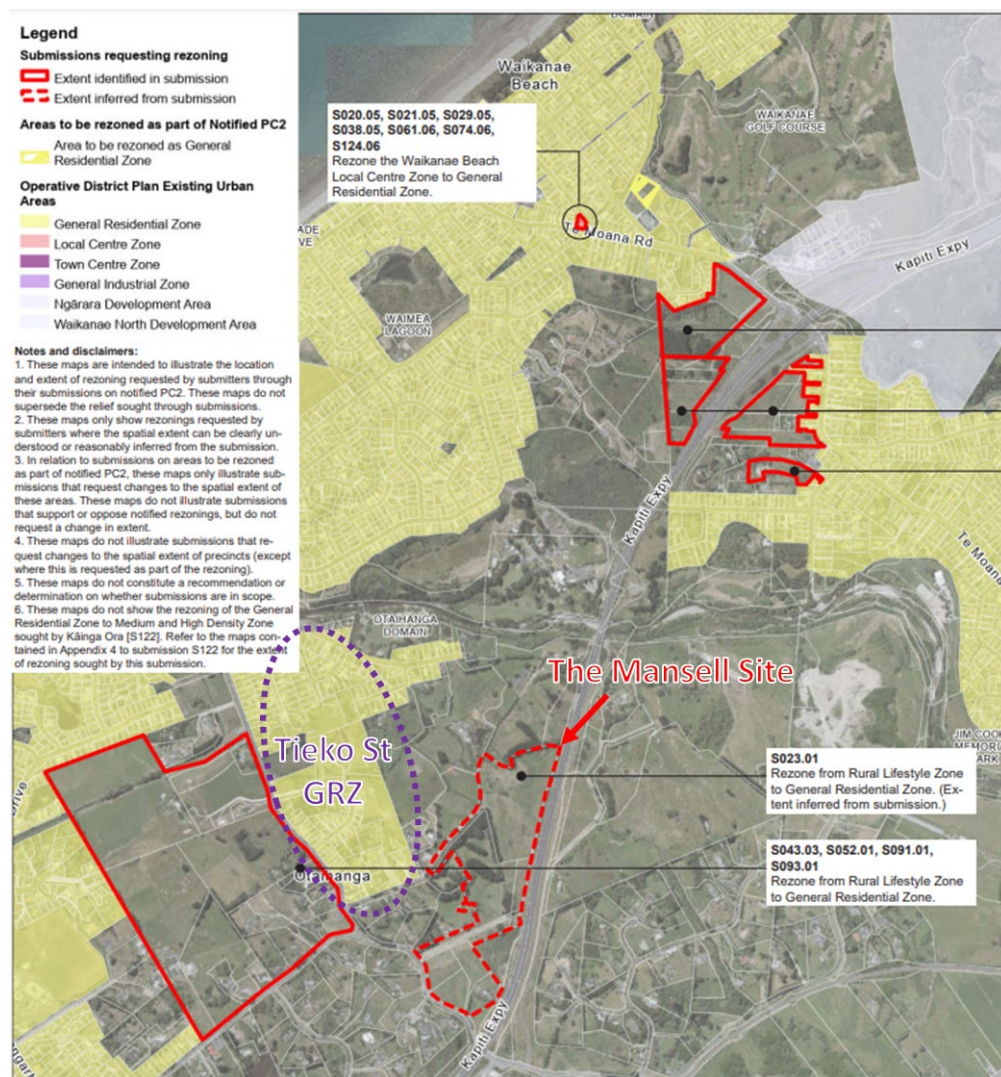
- (b) Preparation of evidence, dated 15 July 2022, detailing the findings of my effects assessment, and responding to matters raised by submitters and the section 42A report.
 - (c) Attending the resource consent hearing and giving evidence on behalf of the Mansell Family.
- 3.4 As a result of my very recent prior involvement in the resource consent project, I have a very good understanding of the Site and surrounds and the Site and potential economic effects of residential development in this location.
- 3.5 These are covered in detail in my statement of evidence for the resource consent application. A copy of this is attached at Appendix 1.
- 3.6 In preparation for my evidence on PPC2 I have read:
- (a) The Mansell submission and Further submissions on that submission.
 - (b) NPS-UD May 2022 Update.
 - (c) KCDC proposed Plan Change 2 – Intensification and the accompanying s32 Evaluation Report and appendices.
 - (d) The District Growth Strategy “Te tupu pai – Growing well” (DGS);
 - (e) Proposed Plan Change 1 to the Wellington RPS; and
 - (f) The s.42A Officers Report and recommendations.

Description of the Site

- 3.7 The Site is part of the Mansell Farm. The farm was originally 60ha, but the Expressway split the land roughly into thirds, with one third used for the Expressway, and one third on each side of the Expressway. The approximately 18ha site is the western third of the original 60ha farm. The Site is bordered along most of its eastern boundary by the Expressway.
- 3.8 The Site is zoned RLZ under the Operative District Plan. The Tiekō Street entrance to the Site is adjacent the south-eastern corner of an

area of operative GRZ that is bordered in the south by Tiekō Street, and in the west by Otaihanga Road. Immediately west of the Tiekō Street GRZ is another area of RLZ sought to be rezoned GRZ (subject to submissions S043.03, S052.01, S091.01, and S093.01) (Figure 2.1).

Figure 2.1: Location of the Site (S023.01), with Operative District Plan and PC2 zones



4. EXECUTIVE SUMMARY

4.1 My assessment indicates that the Mansell site is part of the Paraparaumu urban environment and is well located to accommodate future residential growth. Urban development of the Site would contribute to a well-functioning urban environment, being adjacent to an existing urban zoned residential area, and in close proximity to a wide range of retail and commercial businesses, social organisations and employment opportunities.

- 4.2 There is projected to be a large undersupply of residential dwelling capacity in Kāpiti according to KCDC's assessment, and existing identified capacity is only adequate to provide for around 14 years of projected residential growth, or less than half what is required under the National Policy Statement for Urban Development (NPS-UD).
- 4.3 The submission's requested rezoning of the Mansell site would enable significant additional residential capacity. If the Site were developed to a density as presented in the hypothetical scheme plan presented in the evidence of Mr Compton-Moen, the Site would provide for nearly 30% of Paraparaumu's growth needs over the NPS-UD medium term, and significantly alleviate KCDC's projected residential supply shortfall in the town.
- 4.4 From my assessment, that additional capacity is very much needed in Kāpiti. While residential development rules are to become more enabling of higher densities as a result of PPC2, there is no certainty that those rules will significantly increase supply, as it is uncertain how much infill or brownfields redevelopment the new rules might stimulate.
- 4.5 Even if residential supply does materially increase as a result of PPC2, that will only happen over many years, and there is no economic downside to enabling greater capacity than the minimum required. The NPS-UD recognises that through its requirement to provide a minimum ("at least sufficient development capacity") but no maximum capacity.
- 4.6 In my opinion, PPC2 will not achieve its objectives if the Site is not rezoned as requested. The objectives that will not be achieved include those that seek to enable growth, including:
- (a) to provide for the development of new urban areas where these can be efficiently serviced and integrated with existing townships (Objective DO-O3)
 - (b) delivering an urban environment that enables more people to live in parts of the urban environment where there is high demand for housing (Objective DO-O3 (3))
 - (c) Relevant residential zones provide for a variety of housing types and sizes that respond to housing needs and demand (DO-Ox2)

- (d) Giving effect to Policy 3 of the NPS-UD (from section 1.1 of the s32 report).

4.7 Approving the requested rezoning would, in my opinion, make a significant contribution to achieving those objectives.

5. SCOPE AND STRUCTURE OF EVIDENCE

5.1 My evidence summarises the core economics issues relevant to assessing the merits of the Mansell submission, and is structured as follows:

- (a) Section 6: Kāpiti growth trends, and implications of those trends for development needs
- (b) Section 7: The extent of the urban environment
- (c) Section 8: Analysis of whether the requested zone change would contribute to a well-functioning urban environment
- (d) Section 9: Significance of the scale of development the requested change would enable
- (e) Section 10: Response to matters raised by further submitters
- (f) Section 11: Response to the Officers' section 42A report
- (g) Section 12: Conclusion.

6. KAPITI GROWTH TRENDS

6.1 PPC2 introduced new provisions to enable medium density residential activity to establish in the District, to give effect to the NPS-UD's Policy 3. In this section I summarise some recent growth trends in Kāpiti to show that the NPS-UD's intent reflects recent development trends on the ground, and appropriately enables higher density residential living.

6.2 KCDC has undertaken an assessment of housing capacity to meet its requirements under the NPS-UD, with the most recent version (the HDCA 2022) completed in 2022.² That assessment estimated that:

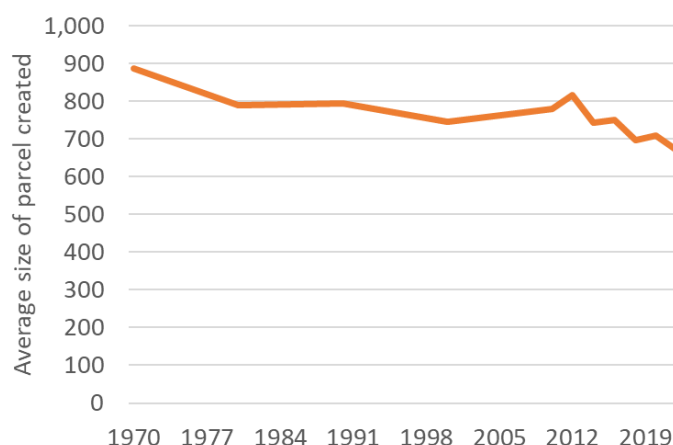
² Kāpiti Coast District Council Regional Housing and Business Development Capacity Assessment – Housing update May 2022

- (a) District growth over the period 2021 to 2051 is projected to be nearly 32,000 people (nearly 1070/year) in 16,185 dwellings³ (540/year).
 - (b) 57% of all new housing is expected to be standalone (down from 84% in the HDCA 2019), with 43% in joined housing (terraced housing, flats and apartments). This expectation about greater density reflects shifts in government policy to enable intensification under the NPS-UD.
 - (c) Capacity that is reasonably expected to be realised for development is 7,818 dwellings (this is essentially available supply), which is dominated by standalone housing (6,760), over terraced housing (1,058). This is largely due to the current District Plan and market preferences for standalone housing.
- 6.3 The HDCA did note that “this assessment shows both the demand and realisation of medium density development typologies have changed since the last assessment... [which] reflects the increasing interest we are seeing locally for medium density developments over the last two years.”⁴
- 6.4 A move to more dense residential typologies is evidenced in data about the size of new parcels being created in the District. I have assessed⁵ the size distribution of new parcels created in Kāpiti, and that data confirms a strong move towards new residential parcels in the GRZ decreasing in size over time. My assessment does not look at demand for larger lot sizes in other zones such as the Rural Lifestyle zone.
- 6.5 The average new residential lot created prior to 1970 was nearly 900m², which decreased to a stable 750-800m² from the mid-1970s through to 2012. Since 2012 the average new residential lot size has decreased by 18% to 670m² (Figure 7.1).

³ Including the NPS-UD competitiveness margin

⁴ Page 4

⁵ Data sourced from LINZ file of NZ Property Boundaries, which includes title creation date. LINZ data was analysed in GIS to intersect with 2021 District Plan General Residential zone. Parcels may not have been located in a residential zone when the parcel was created, as the “residential” aspect refers only to the parcels’ current existence within the General Residential zone. Parcels of less than 200m² excluded from the assessment.

Figure 7.1: KDC average size of residential parcels created by year range

6.6 Since 2017, 40% of new parcels created in the GRZ have been smaller than 600m², a large increase from 32% in the period 2011-2016, 26% in 2000-2010, and much less than 20% before that (Figure 7.2). The corollary to that is a decrease in the attractiveness of larger lot sizes in the GRZ, with now only 31% of new lots being 800m² or larger.

Figure 7.2: KDC size distribution of residential parcels created by year range

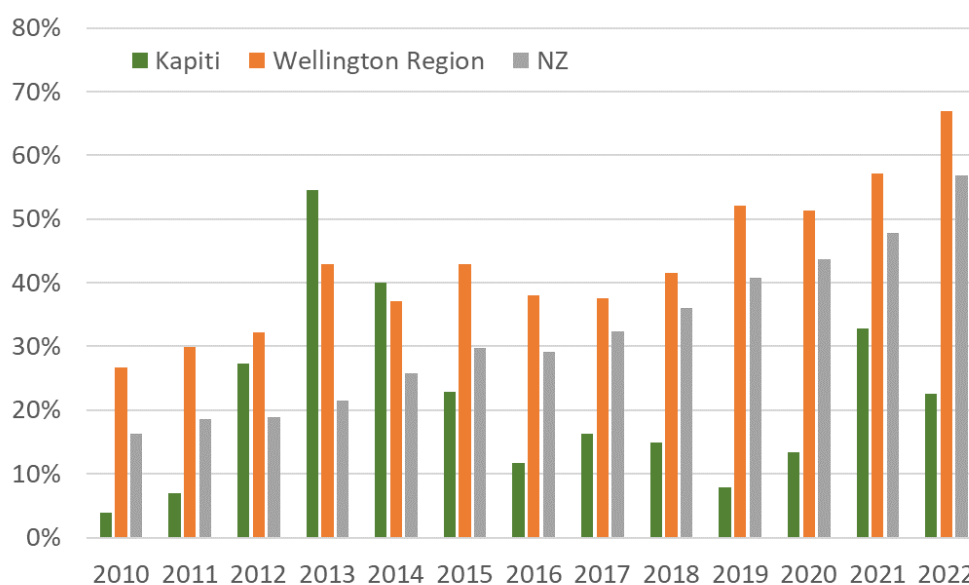
| Year title created | Parcel size (sqm) | | | | | |
|--------------------|-------------------|---------|---------|---------|----------|-----------|
| | <500 | 500-600 | 600-700 | 700-800 | 800-1000 | 1000-1500 |
| pre 1970 | 1% | 5% | 7% | 6% | 56% | 26% |
| 1970-1980 | 1% | 7% | 11% | 11% | 52% | 18% |
| 1980-1990 | 7% | 10% | 18% | 13% | 37% | 16% |
| 1990-2000 | 11% | 8% | 16% | 12% | 32% | 20% |
| 2000-2010 | 14% | 12% | 23% | 14% | 20% | 16% |
| 2011-2016 | 17% | 15% | 15% | 12% | 20% | 20% |
| 2017- | 20% | 20% | 21% | 8% | 14% | 17% |

6.7 The Medium Density Residential Zone (MDRZ) was only introduced in August 2022, and data is not yet available to show the extent to which higher density residential dwellings are being developed using that zone's provisions. Nevertheless, the background trends in the residential development sector discussed above appear to have foreshadowed the desirability of the higher density residential development the MDRZ enables.

6.8 If recent trends continue, it appears likely that home buyers will become more accepting of smaller lot sizes, and greater residential densities in Kāpiti, a trend which is already well established in New Zealand's larger

metropolitan areas. Kāpiti's share of dwellings that are attached (apartments, townhouses and units) is subject to greater variability than Wellington and NZ data, but overall, the trend towards attached dwellings, and away from standalone houses is evident in Statistics NZ building consent data (Figure 7.3). That data also shows that higher density (attached) dwellings are viable in Kāpiti, with large developments being consented in 2013 and 2021.

Figure 7.3: Attached dwellings share of total new residential building consents⁶



6.9 That is consistent with the HDCA report, which concludes that

A key finding from the last HBA was that standalone housing was the only typology likely to be realised across the district. This was due to high levels of greenfield development creating a preference for less risky and lower scale standalone housing. This assessment still highlights a higher realisation of standalone housing; however, a greater number of joined/terraced housing has also been identified, reflecting current activity and interest we are experiencing on the ground.⁷

6.10 All of this data confirms that there is increasing acceptance of higher density residential typologies in Kāpiti, and elsewhere in Wellington and New Zealand, and that the policy direction of the NPS-UD to promote the enablement of those typologies is appropriate in Kāpiti's urban

⁶ Source: Statistics NZ series BLD119AA. Attached dwellings defined to be Statistics NZ category "Apartments, townhouses, units, and other dwellings", with the only dwellings not in this category being "Houses"

⁷ HDCA, page 35

environment. Notwithstanding this trend towards an acceptance of higher density living, it is very uncertain how quickly the additional supply enabled by PPC2 in the way of infill housing will contribute to a material uplift in dwelling capacity. I address that matter in section 9.

7. URBAN ENVIRONMENT

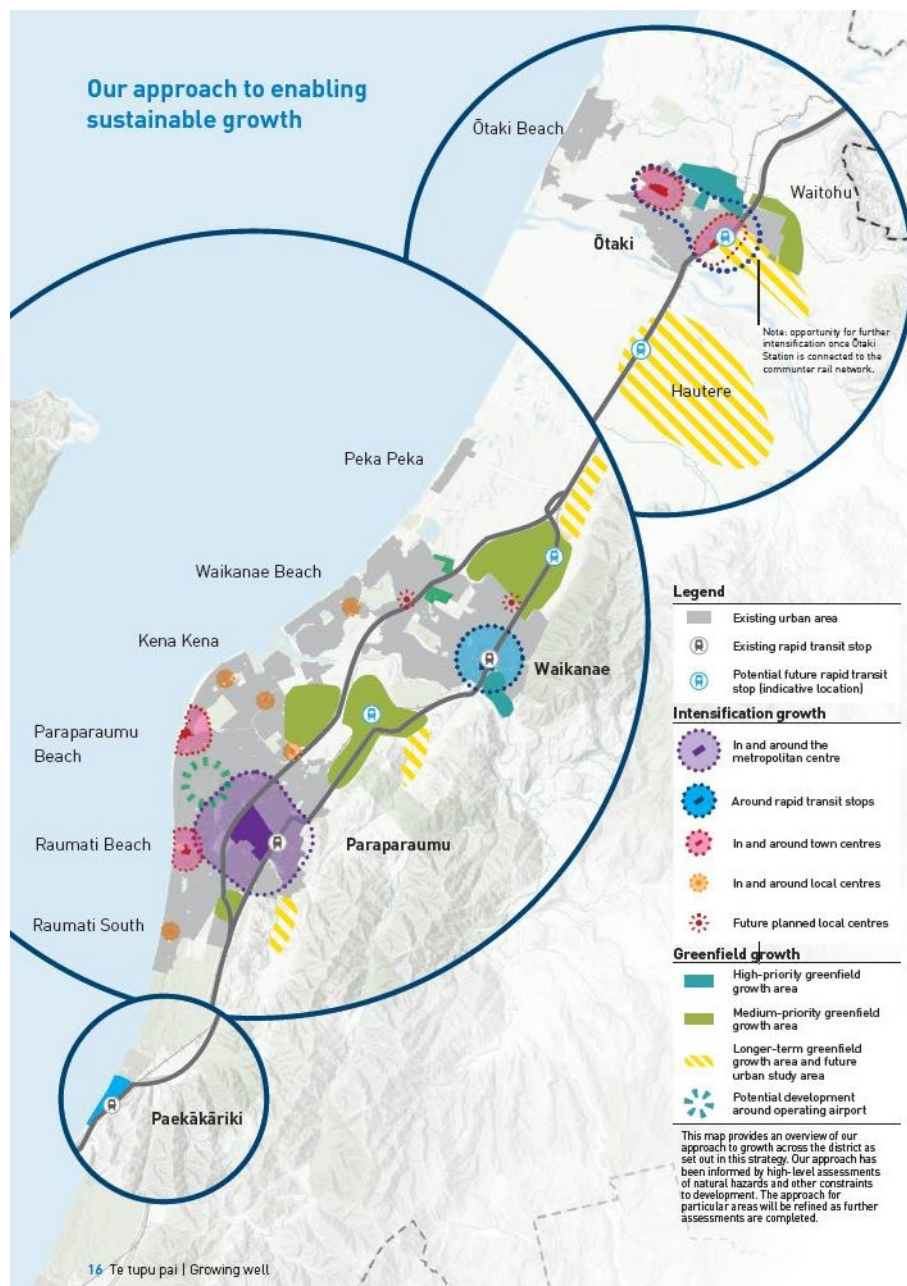
- 7.1 The definition of “urban environment” is important in relation to the Mansell submission, because potential new residential areas are treated differently depending on whether they are part of an urban environment or not. The s32 evaluation report provides some assessment of urban environments in Kāpiti,⁸ and is helpful to understanding whether the Mansell site is within the urban environment. I respond to the s32 evaluation report’s assessment now.
- 7.2 The s32 evaluation report identifies that there are two limbs to the definition of an urban environment under s77F of the RMA, being land that:
- (a) is, or is intended by the specified territorial authority to be, predominantly urban in character; and
 - (b) is, or is intended by the specified territorial authority to be, part of a housing and labour market of at least 10,000 people.
- 7.3 The s32 evaluation report concludes for the second part of that definition that all parts of the District are, or are intended to be, part of a housing and labour market of at least 10,000 people.
- 7.4 The report’s assessment of the other limb (is or is intended to be predominantly urban in character) limits urban environments only to urban zones (listed as residential, centre, mixed use and industrial zones, and the Hospital and Airport zones), which the s32 evaluation report describes are the zones in which urban development “is intended to take place”.⁹
- 7.5 I disagree that the list of zones provided in the s32 evaluation report is an exhaustive list of the parts of the District that would properly be considered to be part of the urban environment, for two main reasons.

⁸ Section 32 evaluation report, section 5.2.1

⁹ Section 32 evaluation report, page 136

- 7.6 First, in my opinion the relatively broad definition of “urban environment” which references a “housing and labour market of at least 10,000 people” is not intended to be applied in a very spatially detailed way. My interpretation of the intent behind urban environments in the NPS-UD is for example, to establish that Paraparaumu is an urban environment, and that the provisions of the NPS-UD should apply to the town. In my opinion the intent is not to require a local authority to try to draw a line delimiting the boundary of the urban area to include or exclude individual parcels of land. That seems to me to be contrary to the generally enabling intent of the NPS-UD.
- 7.7 Second, in my opinion even if it was appropriate to define the urban environment in a detailed way (such as by current zone) that definition should be cognisant of the “intended to be” part of the clause in the NPS-UD. This is important, because there are other parcels of land and areas within the District that are intended to be predominantly urban in character but are not yet. Examples of these areas include areas that have been identified as being appropriate to accommodate growth in the future, and which are therefore anticipated to transition from an existing rural use to an urban use.
- 7.8 Such areas are identified in the Regional Policy Statement (RPS) and in the non-statutory Te Tupu Pai District Growth Strategy (DGS), particularly the greenfield growth areas (Figure 8.1). I understand that future urban growth is not guaranteed in those areas, and that some investigation and planning will be required to advance those areas from their existing use to a live urban zoning, however in my opinion the DGS provides a strong indication that those areas are expected to become urban areas in the future, as long as those investigations ‘stack up’.
- 7.9 For that reason, I believe that areas identified as greenfield growth areas in the DGS should be considered to be part of the urban environment, under the RMA’s definition.

Figure 8.1: KDC identified growth areas (DGS, page 16)



7.10 Most of the Site is part of a medium-priority greenfield growth area in the DGS (Figure 8.2), and accordingly it is my opinion that the Site is part of the urban environment. Inclusion of the area in the DGS indicates the area is generally considered to be suitable for future residential development. In fact, residential development has been consented on the Site,¹⁰ although that consent has not yet been given effect to, and is under appeal. Nevertheless, the consent issued effectively recognises the suitability of the Site to accommodate residential uses at a greater density than anticipated under the current plan, and took into account

¹⁰ RM210147

investigations by economics, landscape, visual, traffic and infrastructure experts that concluded¹¹ that there were no barriers to urban residential development of the Site.

Figure 8.2: Location of the Site relative to DGS growth areas



- 7.11 The Site is also identified as a Future Urban Study Area (Priority Group 2A) in the Kāpiti Coast Urban Development Greenfield Assessment,¹² meaning the area is a candidate for medium or long term urban development, although there are a number of constraints that need to be overcome. As discussed above there have been in-depth investigations into the suitability of the Site for future development, and those investigations lead to the proposed development being consented. That consent implicitly acknowledges that any constraints that exist for future urban development of the Site are able to be overcome.
- 7.12 The identification of the Site as being within areas envisaged as likely to be able to accommodate future urban growth in the DGS and the greenfield growth assessment, along with the consent issued for residential development of the Site, indicate that the Site is intended to be urban in character, despite not currently having an urban zoning, and therefore that it sits within the urban environment.

¹¹ In expert evidence for the RM210147 hearing

¹² PC2 section 32 Appendix N

8. WELL-FUNCTIONING URBAN ENVIRONMENT

8.1 As part of the urban environment, it is next necessary to assess whether the Mansell submission's request would contribute to a well-functioning urban environment.

8.2 Policy 6 of the NPS-UD requires that:

When making planning decisions that affect urban environments, decision-makers have particular regard to the following matters

- (a) *the planned urban built form anticipated by those RMA planning documents that have given effect to this National Policy Statement*
- (b) *that the planned urban built form in those RMA planning documents may involve significant changes to an area, and those changes:*
 - (i) *may detract from amenity values appreciated by some people but improve amenity values appreciated by other people, communities, and future generations, including by providing increased and varied housing densities and types; and*
 - (ii) *are not, of themselves, an adverse effect*
- (c) *the benefits of urban development that are consistent with well-functioning urban environments (as described in Policy 1)*
- (d) *any relevant contribution that will be made to meeting the requirements of this National Policy Statement to provide or realise development capacity.*

8.3 Of these, policy 6(c) and 6(d) are relevant to my assessment.

8.4 Under the NPS-UD policy 6(c) and policy 1, urban development should contribute to a well-functioning urban environment. "Well-functioning urban environment" is defined in policy 1 as urban environments that "enable all people and communities to provide for their social, economic, and cultural wellbeing, and for their health and safety, now and into the future".

8.5 In my opinion development of the Site for residential dwellings would contribute to a well-functioning urban environment, because the Site:

- (a) Is located adjacent to the existing residential area on Tieko Street, and therefore would represent an expansion of the

existing residential zone rather than creation of a new standalone residential zone (Figure 2.1);

- (b) Is located adjacent to the Expressway, which provides a well-defined edge that would limit future urban expansion in the vicinity of the Site;
- (c) Is less than 5km from the District's primary commercial centre, the Paraparaumu Metropolitan Centre, which would provide good access to employment opportunities, retail and commercial services businesses;
- (d) Is close to established civic and recreational facilities in the Paraparaumu centre and elsewhere;
- (e) Has good access to the shared use path along the Kapiti Expressway;
- (f) Is an area not known to be vulnerable to natural hazards, being an elevated site away from the coast, with no coastal or river flooding history, as detailed in the evidence of Mr Craig Martell.
- (g) Is in a location in which growth is anticipated (in the DGS and Urban Development Greenfield Assessment), and which is therefore anticipated to be subject to other urban development in the near future.

- 8.6 All of that indicates to me that the Mansell site should be considered to be part of the urban environment, and would contribute to providing for Kāpiti housing needs in a manner that would contribute to a well-functioning urban environment, and which is consistent with the District Plan's Objective DO-O3:

To maintain a consolidated urban form within existing urban areas and a limited number of identified growth areas which can be efficiently serviced and integrated with existing townships....

9. SCALE OF DEVELOPMENT CAPACITY ENABLED

- 9.1 My assessment indicates that the Mansell site could, under the Medium Density residential zoning requested, provide a significant contribution to

providing housing to meet the needs of the District's anticipated population growth.

- 9.2 The additional dwelling supply that could be provided on the Site is much needed, given the HDCA's assessment which concludes that:
- (a) Across the District, demand (16,185 dwellings) is projected to be more than twice the available capacity¹³ (of 7,818 dwellings) over the next 30 years (the NPS-UD long term).
 - (b) In Paraparaumu demand (4,584 dwellings) is projected to be more than twice the available capacity¹⁴ (of 2,118 dwellings) over the next 30 years.
- 9.3 While the HDCA does not provide a breakdown of the adequacy of supply in the short and medium term for Paraparaumu (providing that time breakdown only at a District level), assuming that dwelling demand grows a constant rate, the HDCA implies there is only sufficient supply to provide for around 13-14 years of demand for new dwellings in Paraparaumu.
- 9.4 The HDCA pre-dates the introduction of the Medium Density Residential Standards which the HDCA anticipates will increase supply somewhat, particularly with the increasing acceptance of higher intensity development.
- 9.5 Nevertheless, the extent of impacts on feasible and reasonably expected to be realised supply has not yet been quantified, and so the only indication remains that supply will be inadequate to provide for projected demand. Understanding how much supply uplift might be created by the introduction of the MDRS is challenging, particularly in an area such as Kāpiti where there are many properties owned by people who are unmotivated to develop, such as owners of holiday homes, older/retired occupants and first homeowners. To build a medium quality two storey infill dwelling of 150m² might be expected to cost around \$500,000,¹⁵ plus a further 8% (\$40,000) in professional fees (legal, architect, surveying etc.), and in the order of \$30,000 in reserves contributions and

¹³ Dwellings likely to be realised and built, Table 16

¹⁴ Table 17

¹⁵ Estimates using <https://costbuilder.qv.co.nz/>, and assuming a 150m² build at \$3,350/m², which is an indicative average cost for builds in Wellington Region

development contributions.¹⁶ These are significant costs to homeowners which would be out of reach of many, particularly with current high interest rates.

- 9.6 As things stand, and in the absence of rezoning relatively large new greenfields areas for residential activities, KCDC would be reliant on a very significant uplift in residential capacity to occur as a result of MDRS and a move to higher density housing in order to meet its NPS-UD obligations. In my opinion it will be very important that other avenues for providing additional residential capacity are also followed, so as to mitigate the risk that those MDRS changes are insufficient. One significant format for providing additional supply will be using new greenfields developments to bring supply online quickly, and in large quantities, rather than relying on small-scale infill by often unmotivated landowners to bridge the supply-demand gap.
- 9.7 The resource consent for the Site (RM210147) enables the development of 24 residential and 22 rural lifestyle lots across the Site's 18ha.¹⁷ That is a low average density of development of only 2 lots per hectare. I understand that much greater density is achievable on the Site, if zoned GRZ and the MDRS were to apply. An alternative hypothetical scheme plan has been prepared by Mr Compton-Moen; demonstrates one way this could be developed taking into account the known constraints of the site. This shows a configuration in which 372 residential dwellings could be developed, equating to an average density of 21 lots/ha.
- 9.8 From my experience working for both councils and developers in other parts of New Zealand, a density of 21 lots/ha for a new greenfields residential developer in a location close to a large centre is very likely to be achievable, and in fact many developments in comparable locations I have been involved with have been approved with similar or higher densities.¹⁸

¹⁶ Reserves contributions are \$16,322 in the Living Zone, and indicative Development Contributions in Paraparaumu are \$13,494, from <https://www.kapiticoast.govt.nz/services/a-z-council-services-and-facilities/fees-and-charges/development-impact-fees-total/>

¹⁷ I refer here to lots, rather than dwellings, because it is my understanding that under the consent minor dwellings may in some cases be permitted, and so a lot may accommodate up to two dwellings

¹⁸ For example two on the Hibiscus Coast, north of Auckland (28 and 41 dwellings/ha), Rolleston (15 dwellings/ha), Arthurs Point (13 dwellings/ha), Whenuapai (26 dwellings/ha), Arrowtown (17 dwellings/ha)

- 9.9 The HDCA projects total demand for an additional 1,288 dwellings in Paraparaumu over the NPS-UD medium term,¹⁹ the period during which the development subject to this submission would likely be constructed. The 370 dwellings that might be accommodated on the Site would, if constructed, account for 29% of that demand.
- 9.10 In my opinion 29% is a significant share of development capacity, in the context of the NPS-UD. The NPS-UD's Objective 6(c) directs that local authority decisions on urban development that affect urban environments are "responsive, particularly in relation to proposals that would supply significant development capacity".
- 9.11 A significant residential development such as the Mansell development is the type of development that I understand would be intended to be captured by Objective 6(c), which is another reason why in my opinion the Mansell submission is appropriate on economics grounds.

10. RESPONSE TO FURTHER SUBMITTERS

- 10.1 The following concerns relevant to economics have been raised in further submissions made on the Mansell submission.

S023 FS01 Brent and Leanne Morris

- 10.2 The further submitters oppose the Mansell submission on the grounds that the Mansell submission (and others) would create residential pockets in Otaihanga's Rural Lifestyle Zone, and mean the loss of land able to be used for lifestyle blocks. The further submission also raises the issue of the National Policy Statement on Highly Productive Land (NPS-HPL) which "limits the creation of any new lifestyle blocks in Kapiti forever going forward."
- 10.3 I disagree that the Mansell submission should be rejected on the grounds of creating pockets of residential use in Otaihanga. Residential activity is already consented on the Mansell site, and so new residential activity is already enabled in the area. More new residential capacity is needed in Kāpiti, as I discuss earlier with reference to the HDCA, and more is envisaged (per the DGS).

¹⁹ Years 4 to 10 of the 30 year future NPS-UD horizon

- 10.4 The issue may be that planning for this additional provision should be more cohesive and widespread than is possible under PPC2, but that does not mean that the changes requested by the Mansell submission are inappropriate. On the contrary, in my opinion the Mansell submission would be very appropriate in terms of enabling growth and being consistent with the NPS-UD.
- 10.5 In response to the further submission's related point about highly productive land, it is not true that the NPS-HPL would necessarily preclude any new lifestyle blocks being developed in Kāpiti. There are large areas of Kāpiti that are not identified as being highly productive land under the NPS-HPL, and which to my understanding would not be precluded from being zoned to enable the development of lifestyle blocks.
- 10.6 I provided an economic assessment of the agricultural productive capacity of the Mansell site for the Mansell consent application, although prior to the NPS-HPL being released. My assessment concluded that:
- (a) the Site is located on poor quality soils (LUC 6) classified as Land Use Capability Class 6,²⁰ and so is not subject to the NPS-HPL.
 - (b) even at the most optimistic carrying capacity for dairy cattle, support much less than 0.1 workers, and provide negligible economic benefit. Given current annual rates for the property are in excess of \$14,000²¹ agricultural enterprises on the Site would not earn enough even to pay those rates and would not be economic to farm productively.
- 10.7 On that basis, I disagree that the potential loss of lifestyle blocks is a concern relevant to evaluating the merits of the Mansell submission.

S023 FS02 Malu Jonas

- 10.8 The further submission is supportive of the Mansell submission, stating that it is "well connected with cycle lanes etc".²² I agree, and consider

²⁰ Specifically 6e5²⁰, non-arable, "rolling to moderately steep consolidated sand dunes with weakly developed and excessively drained soils with potential for moderate wind erosion"

²¹ KCDC online rates search

²² FS054 point 8, page 13

that to be one part of the Mansell site's attributes that would mean it will contribute to a well-functioning urban environment.

S023 FS03 Ātiawa ki Whakarongotai

- 10.9 The further submission supports in part the requested rezoning but considers it may be more appropriate for rezoning to occur as part of implementing the DGS. The further submission supports the broader urban environment approach the Mansell submission requests.
- 10.10 As I discuss above, I agree with the further submission's support for the Mansell submission, on the grounds that future urban development is signalled in the area, under the DGS. While I agree that a comprehensive spatial approach to directing future urban development in Otaihanga would have benefits, through creating a broader overview of how growth areas contribute to the big development picture, I do not think that applying the requested residential zoning to the Mansell site alone would compromise cohesive future development across the broader area. I note that these comments are made at a high level, and that Ātiawa ki Whakarongotai provided support of the Mansell's resource consent application for Otaihanga Estates so do not appear to oppose use of the site residentially. Instead, in my opinion approving the Mansell rezoning request would provide needed additional residential capacity without waiting for KCDC to embark on a broader structure planning process, as I discuss below in response to the Officers' Report.

11. RESPONSE TO OFFICERS' REPORT

- 11.1 The Officers' Report raised several matters that are within my area of expertise. I have already responded to most of those points in my statement above and summarise my position on those matters below.

Urban Environment

- 11.2 Section 4.2.3 of the Officers Report replies to a request by Ngā Hapū o Ōtaki that Ōtaki is not designated as a "future urban zone", and addresses the size of the housing market and the role of the Functional Urban Area. The Officers Report concludes that the urban areas within Ōtaki meet the definition of urban environment.²³ The Report does not

²³ Officers' Report, paragraph 148

refer to Paraparaumu in section 4.2.3, but the observations are relevant to Paraparaumu and the Mansell site.

- 11.3 As I discuss above, I agree with the interpretation of Officers' Report in relation to the size of the housing market, however I disagree that it is appropriate to use the District Plan's urban zones as a filter for what can be part of the urban environment. Because the urban environment is a forward-looking concept, it should, but does not, include provision for areas that will become urban in the future. For that reason, I disagree that the urban environment should be limited only to be comprised of parcels that have an urban zoning now.

RPS

- 11.4 The Officers' Report responds to the Regional Council's submission which seeks that PPC2 is amended to have regard to PC1 to the RPS. The response to that submission point is that it would not be appropriate to have regard to PC1 to the RPS because PC1 is an extensive change which would have widespread implications for the Kāpiti District Plan.
- 11.5 On the general appropriateness of the Regional Council's submission, I defer to the planning evidence of Mr Hansen, however from an economics perspective my understanding is that PC1 proposes extensive changes to the policy environment because such changes are directed by the NPS-UD. Those changes are mandatory and are required to give effect to the NPS-UD so that its objectives and policies are able to be met by local authorities.
- 11.6 Relevant to an economics assessment of the Mansell submission, the NPS-UD requires:
- (a) Urban environments change over time in response to changing needs, including of future generations (Objective 4)
 - (b) Local authorities provide at least sufficient development capacity to meet expected demand for housing (Policy 2)
 - (c) In all other (beyond centres and their walkable catchments) parts of a tier 1 urban environment, a density of urban form commensurate with relative demand in that location (Policy 3(d))

- (d) That decision makers have regard to the fact that planned urban form may involve significant changes, but that those changes are not of themselves and adverse effect (Policy 6(b))
- (e) Local authorities are responsive to plan changes that would add significant development capacity (Objective 6 and Policy 8)
- (f) Local authorities engage with developers to identify significant development opportunities (Policy 10(c))

11.7 PC1 to the RPS has introduced a suite of changes to give effect to the NPS-UD, including in relation to those matters above. I understand the District Plan is also required to be amended to give effect to the same matters. In my opinion the Mansell submission requests a change that is consistent with the objectives and policies in the NPS-UD, and with the PC1-notified version of the RPS. I have explained earlier why I hold that opinion, including that the Mansell submission would contribute to significant development capacity, is within an urban environment, and is in an appropriate location to accommodate urban growth.

Rezoning recommendation

- 11.8 The Officers' Report assesses whether the Mansell submission is within scope, but then concludes, using four evaluation points, that the submission does not meet two requirements and so recommends not approving the requested rezoning.²⁴
- 11.9 One of the requirements that the Officers state that the submission fails to meet is that the Site "is sufficiently large and complex enough to require a structure planned approach". I am not aware of any requirement for larger rezoning sites to be part of a structure plan.
- 11.10 I understand that KCDC has contemplated developing a structure plan covering the Site for some time (at least a decade as advised by Mr Mansell), but no structure plan has even been drafted in this time. A structure plan may have been contemplated by KCDC given (as I identify earlier) the apparent acceptance of the locality as one to accommodate future growth, per the DGS, but that contemplation has not resulted in any plan being created.

²⁴ Officers' report, paragraph 632, page 251

- 11.11 I would expect that if the area including the Site were to be the subject of a structure plan, that the plan would cover a larger area than just the Mansell site, to enable cohesive development across the locality, rather than having one plan for the Mansell site alone, and then other structure plans for neighbouring sites. From my experience usually that process would be driven by KCDC, rather than one of the local landowners (e.g., the Mansells), however KCDC has to date not advanced a structure plan for the area, nor is there any indication of when one might be developed.
- 11.12 That leaves the development future of the area uncertain, if a structure plan is required before any rezoning can be approved, and that uncertainty seems to me to be at odds with the NPS-UD requirement to be responsive to development proposals that would add significant development capacity.
- 11.13 I disagree that there is any requirement for a structure plan covering the Site to exist in order for the requested zoning to be approved and conclude that any such requirement would be inconsistent with the NPS-UD's intent.

12. CONCLUSION

- 12.1 My assessment indicates that the Mansell site is part of the Paraparaumu urban environment, and that development of the Site for residential activities would contribute to a well-functioning urban environment, because the Site has good locational attributes to accommodate residential dwellings.
- 12.2 The requested rezoning would enable significant additional residential capacity, and significantly alleviate KCDC's projected shortfall of residential supply in Paraparaumu. The Site's additional capacity is very much needed in Kāpiti, and there is no certainty that new MDRS rules will significantly increase supply, as it is uncertain how much infill or brownfields redevelopment the new rules might stimulate.
- 12.3 In any case, there is no economic downside to enabling greater capacity than the minimum required on land that is uneconomic to use for agriculture, and in my opinion the requested rezoning will contribute to PPC2 being able to achieve its objectives that seek to enable growth.

- 12.4 Taking these considerations into account, I fully support the rezoning request from an economics perspective and am not aware of any constraints to development of the land for residential activities as requested by the Mansell submission.

A handwritten signature in black ink, consisting of a series of loops and a long, sweeping underline that extends to the left.

Derek Richard Foy

10 March 2023

IN THE MATTER of the Resource Management Act
1991

AND

IN THE MATTER of an application to Kapiti Coast
District Council for non-complying
resource consent for a proposed 53 lot
subdivision¹ (including earthworks and
infrastructure) at Otaihanga, Kapiti
Coast.

**STATEMENT OF EVIDENCE OF DEREK RICHARD FOY ON BEHALF OF
THE APPLICANT**

1. INTRODUCTION

Qualifications

1.1 My full name is Derek Richard Foy. My qualifications are degrees of Bachelor of Science (in Geography) and Bachelor of Laws from the University of Auckland. I am a member of the Population Association of New Zealand, New Zealand Association of Economists, and the Resource Management Law Association.

Experience

1.2 I am a Director of Formative, an independent consultancy specialising in social, economic, and urban form issues. Prior to this, I was an Associate Director of Market Economics Limited, a research consultancy for six years, and was employed by Market Economics for 18 years.

1.3 I have 22 years consulting and project experience, working for commercial and public sector clients. I specialise in retail analysis, assessment of demand and markets, the form and function of urban economies, the preparation of forecasts, and evaluation of outcomes and effects.

¹ The original application was for a 56 lot subdivision – 49 residential lots and 7 lots infrastructure

- 1.4 I have applied these specialties in studies throughout New Zealand, across most sectors of the economy, notably assessments of housing, retail, urban form, land demand, commercial and service demand, tourism, and local government.

Background

- 1.5 I have been involved in assessing the likely economic effects of the proposal. I have not produced a report but have been asked to consider the economic effects of the proposal prior to the hearing. Specifically, this has involved:
- (a) Reviewing population and dwelling demand and capacity assessments to understand residential supply and demand issues in Kapiti Coast District.
 - (b) Reviewing the planning and policy objectives for accommodating residential growth in Kapiti Coast District, and
 - (c) Understanding the employment and economic output generated with the rural productive land that is proposed to be converted into residential activity.
- 1.6 I confirm that I have read the briefs of Messrs Hansen, Compton-Moen, Martell and Hansen, to which I refer. However, my evidence will focus on my area of expertise of assessment of economic effects.

2. CODE OF CONDUCT

- 2.1 Although not necessary in respect of council hearings, I can confirm I have read the Expert Witness Code of Conduct set out in the Environment Court's Practice Note 2014. I have complied with the Code of Conduct in preparing this evidence and I agree to comply with it while giving oral evidence before the hearing committee. Except where I state that I am relying on the evidence of another person, this written evidence is within my area of expertise. I have not omitted to consider material facts known to me that might alter or detract from the opinions expressed in this evidence.

3. EXECUTIVE SUMMARY

- 3.1 My evidence has examined the likely economic effects of the proposed development of 46 residential lots on a 18ha² area (western) portion of the Mansell Farm (“the Site”). That 18ha is bordered by Tiekō Street and Otaihanga Road along most of its western boundary, and the Kapiti Expressway along the eastern boundary, and was severed from the rest of the Mansell Farm by the Kapiti Expressway.
- 3.2 The Site is zoned ‘Rural Residential’ in Kapiti District’s now operative District Plan (“ODP”). When the application was lodged in June 2021 this was the then Proposed District Plan (“PDP”).
- 3.3 I have examined the alignment of the proposed residential development with key objectives and policies in the PDP and the non-statutory District Growth Strategy “*Te tupu pai – Growing well*” (“DGS”). I have also assessed the likely demand for and supply of residential dwellings in Kapiti and the viability of rural production on the land to determine whether it can return viable economic returns.
- 3.4 The proposed 46³ residential lots would equate to 5% of the housing demand projected for the area around Paraparaumu and extending north to the Waikanae River out to 2031, and 2% of demand out to 2051. That proposal would therefore accommodate a small but needed share of projected residential growth in the area, and would provide housing choice for residents wishing to locate on larger lots and in close proximity to Paraparaumu.
- 3.5 The Site is not viable as an operating farm due to the poor quality of soils, the small size of the Site, and its severance from the rest of the original farm.
- 3.6 Although not included in the PDP, plans for residential intensification have progressed significantly since the application for this resource consent was lodged. Both the DGS and the Medium Density Residential Standards (“MDRS”, which are to be included in a proposed Plan Change to provide for Intensification to be notified by August 2022), will

² The original application was for 17ha but additional land has been included as a result of Waka Kotahi offering back land no longer required for the Expressway,

³ The original application was for 49 residential lots, but three lots have been deleted in the southern area in response to visual and amenity concerns raised by KCDC’s landscape Peer Reviewer

likely have significant effects on the residential development markets for two main reasons:

- (a) First, the DGS identifies the Site as a medium priority greenfield residential location.
- (b) Second, the MDRS will enable much higher intensities in existing and future residential zoned areas of the District.

3.7 The Site is part of a medium-priority greenfield growth area in the DGS, which I understand indicates that the area is generally considered to be suitable for future residential development, subject to further investigation. I understand the types of investigation that would be required to advance that greenfield growth area to a live-zoned residential area have been undertaken as part of this application, including in relation to landscape and visual,⁴ traffic and infrastructure,⁵ and conclude that there are no barriers to residential development of the Site. That being the case, in my opinion the Site should now be a high priority for development to meet immediate demand.

3.8 There is very little economic downside to the proposed residential development. The proposal is for a small scale of development in a location that is directly adjacent to an existing residential area, and which has poor quality soils that are uneconomic to farm productively. The Site has good access to the shared use path along the Kapiti Expressway, has good proximity to Paraparaumu, and is located against the Expressway which provides a well-defined edge would limit future urban expansion in the vicinity of the Site. The proposed development would provide additional residential choice within Kapiti in a location which is envisaged in the DGS to accommodate residential dwellings in the future.

4. SCOPE AND STRUCTURE OF EVIDENCE

4.1 I have structured my evidence as follows:

- (a) Summary of my evidence and key conclusions as to effects

⁴ Mr Compton-Moen holds the opinion that the current proposal is in keeping with the rural amenity objectives of the PDP which seek to ensure that rural amenity and character are maintained, and KCDC's Peer Reviewer has indicated in the Addendum to her landscape review that she considers the revised proposal is now acceptable.

⁵ Current council infrastructure has been assessed to have capacity to accommodate the development proposed by the current application.

- (b) Response to matters raised by submitters
- (c) Response to Officers' section 42A report
- (d) Conclusion.

5. SUMMARY OF ECONOMICS EFFECTS ASSESSMENT

Otaihanga Proposal

- 5.1 The proposal is for a subdivision of 18ha of the Mansell Farm to the west of the Kapiti Expressway. The proposed Otaihanga Estates subdivision will create a total of 53 lots, including:
- (i) 22 rural lifestyle lots in the northern part of the Site
 - (ii) 24 residential lots adjacent to Otaihanga Road in the southern part of the Site
 - (iii) 5 lots for internal roads and road widening
 - (iv) 1 lot each for recreation reserve and storm water ponding.

Policy Context for Residential Growth

- 5.2 I understand that the resource consent application was lodged in June 2021 and the provisions of the then Proposed District Plan ("PDP") apply to this proposal.
- 5.3 A number of key objectives and policies contained in the PDP are relevant to this proposal, including:

Residential Development

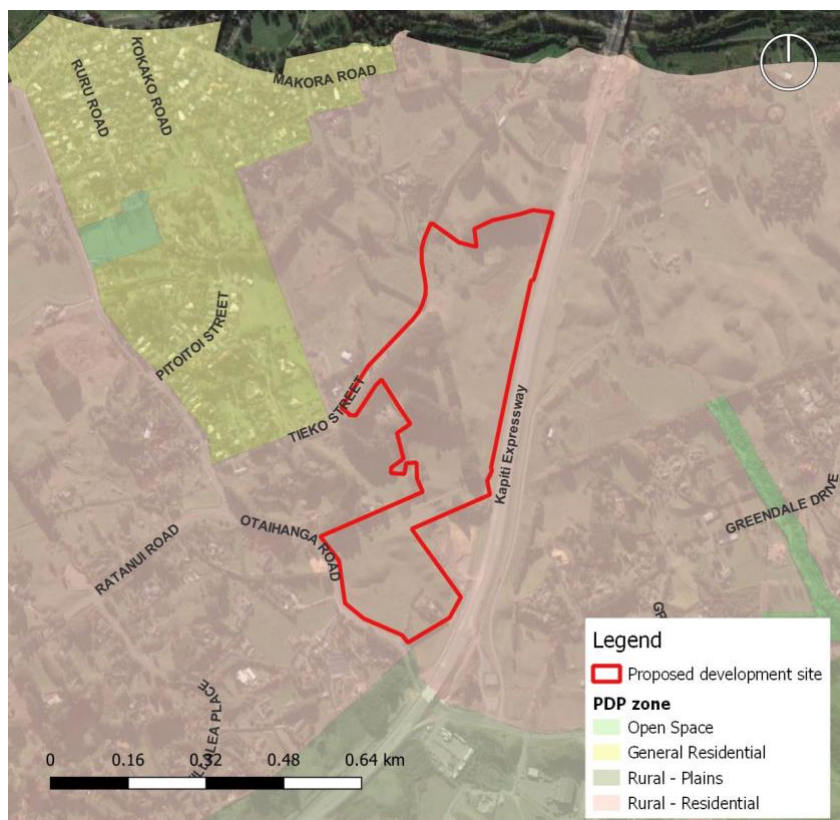
- (a) Objective 2.3 Development Management, Policy DW1 Growth Management and Policy 7.11 Rural Residential Zone. The overall intention is to maintain a compact urban form limited to existing urban areas and a small number of identified growth areas. Otaihanga is not identified as one of the growth areas in the PDP. This objective aims to achieve a range of urban form outcomes including efficient use of energy; integration with infrastructure, open spaces and public transport; access to centres-based activity; provision of an adequate supply of housing and business/employment; and maintenance or enhancement of areas of special character or amenity.

- (b) Objective 2.12 Housing Choice and Affordability, Policy DW3 Housing Choice and Policy DW5 Residential Density. Increasing the residential dwelling stock will: provide a range of densities, locations, types, attributes, size and tenures that meet residents' needs; improves housing affordability; is adaptable to changing needs; while enhancing the amenity of living environments and contributing towards sustainability goals.

Rural Activities and Amenity Values

- (c) Objective 2.6 Rural Productivity and Policy 7.1 Primary Production. The key intentions are to retain land which is suitable for primary production; enable activities that can add economic and social value from primary production activities; and reduce conflict between land uses in the rural environment.
 - (d) Objective 2.11 Character and Amenity Values, Policy DW4 Managing Intensification, Policy DW14 Amenity Values and Policy 7.2 Rural Character. The intention is to maintain and enhance the unique character and amenity values of individual communities, including having productive rural areas characterised by openness, natural landforms and indigenous vegetation and primary production activities; and well managed interfaces between land use activities to minimise reverse sensitivity.
- 5.4 The proposal will provide additional residential dwelling stock in a location that is suited to those wanting to live in a semi-rural lifestyle environment with relatively low residential density characterised by stand-alone housing. It is well connected to the former State Highway 1 (which will revert to a local road once NZTA Waka Kotahi has completed its State Highway 1 corridor improvement initiatives), and the Paraparaumu Town Centre through existing urban roads.
- 5.5 The PDP describes Otaihanga as “a quiet low density area which is set apart from the main urban area”. It also notes that the area is strongly linked to the river. Much of Otaihanga is rural in nature, although the Site is directly adjacent to the General Residential Zone that is bounded by Tieko Street in the south, Otaihanga Road to the west, and rural land and the river to the north (Figure 5.1).

Figure 5.1: Spatial extent of the Site



5.6 The Site would be a logical extension of residential activity on land which is no longer useful in a rural productive sense, as I discuss later in this section. The Site will effectively fill the gap between the Kapiti Expressway and the residential activity north-west of Tieko Street with lower intensity residential reflective of the semi-rural character of the surrounding area and the adjacent residential area.

5.7 The General Residential zoned land to the north-west of Tieko Street is likely to be subject to the intensification provisions dictated by the Medium Density Residential Standards, which will allow for infill and redevelopment of lots by up to three houses of three storeys high. Those provisions may change the character of the area to much higher intensity residential activity as property owners and developers choose to provide more dwellings. That potential development trajectory is, however, highly uncertain at present given the MDRS are yet to be notified, and because they are expected to apply to a broad geographic area the change in intensity in any small geographic area, such as Otaihanga, may be limited.

- 5.8 Another key policy document guiding residential growth and development in Kapiti District is the Council’s District Growth Strategy Te tupu pai | Growing well (“DGS”). That document anticipates residential growth of 32,000 people in the district between 2021 and 2051, broadly equivalent to 13,850 households, as identified in the “Kapiti Coast Commercially Feasible Residential Capacity Assessment”⁶ (December 2021). That assessment was used as input to the Housing and Business Development Capacity Assessment (“HBA”) update.⁷
- 5.9 The DGS’s approach for managing growth is to pursue a mix of growing up (through intensification in and around centres and rail station nodes), and growing out (in identified greenfield locations). Future development in greenfields locations is anticipated to achieve higher densities than in many established suburban areas, and should be linked with good public transport.
- 5.10 The key growth principles and priorities that the current application helps to achieve are (relative to growth principles in the DGS, page 35): enabling choice; embracing the opportunities of growth; and enabling affordable and efficient urban form outcomes. Provision of a wide range of housing choices, apartments, semi-detached, terraced and affordable homes and in this case more traditional homes such as single home dwellings on comparatively large sections as envisaged on the Site, is an important consideration of the DGS.
- 5.11 The DGS requires that these growth outcomes must be balanced with ensuring that the things that make Kapiti a special place to live and work are retained, including preserving green, rural and open spaces, and protecting and enhancing the waterways and coastline. It is also important that rural productive land is protected from further fragmentation. The strategy to prevent land fragmentation has been to identify future greenfield areas in appropriate locations.
- 5.12 Like other councils, KCDC is tasked with incorporating the MDRS (as required by the Resource Management (Enabling Housing Supply and Other Matters) Amendment Act 2021, “EHA”) and giving effect to the NPSUD’s policy 3. Together, the MDRS and policy 3 aim to achieve greater dwelling capacity throughout residential areas, and around

⁶ Property Economics Limited

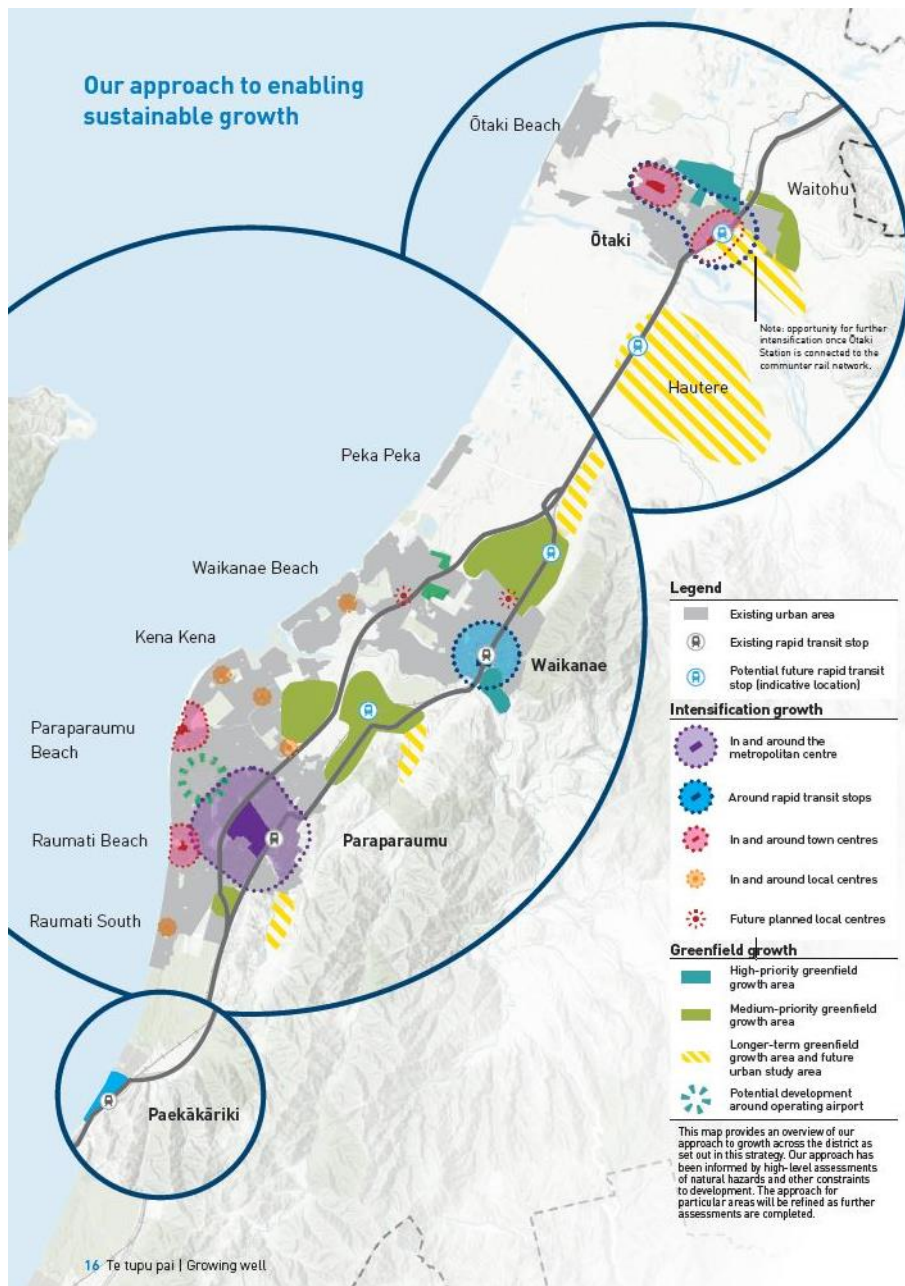
⁷ Sense Partners, May 2022

existing and future centres, public transport nodes and rail stations. In most Kapiti towns, and surrounding rail stations, the DGS envisages four to six storey buildings within walkable catchments, with up to 12 storey buildings in the Paraparaumu town centre. In other residential areas infill can be achieved up to three storeys.

- 5.13 KCDC intends to incorporate the MDRS into the District Plan through a proposed plan change to provide for Intensification, that is required to be notified by August 2022. The proposed plan change provisions are stated to be the first step towards implementing the DGS, as discussed below.
- 5.14 Together, these EHA-directed changes represent a significant change from the existing built form and character that is evident in Kapiti Coast.
- 5.15 In greenfield areas, a greater intensity of housing is expected to be achieved, including through some provision of terraced housing and apartments, with three storeys enabled in all areas, and six storeys enabled around rapid transit stops. The exact details of how that will be achieved are still in their infancy.
- 5.16 Otaihanga, including most of the Site, has been identified as a medium priority greenfield growth location, along with other urban fringe areas in Kapiti⁸ (Figure 5.2). The areas currently identified as medium-priority are stated to require further investigation of constraints, including what infrastructure development would be required (page 27 of the DGS), and I understand those investigations have been carried out as part of this application.
- 5.17 The application proposes only 46 dwellings on the Site. Under the MDRS, and the provisions of the DGS, the Site could yield significantly higher residential intensities. That would provide better outcomes for the district in terms of providing for residential growth, but poorer outcomes in relation to maintaining the current character of the area and rural amenity that is valued under the PDP.
- 5.18 High priority greenfield areas are intended to be developed ahead of medium priority greenfield areas. There are high priority areas in the Future Urban Zoned land in south-east Waikanae, Waikanae and Ōtaki, and potentially in land surrounding the Paraparaumu airport (Figure 5.2).

⁸ Raumati South, Paraparaumu North/Otarua Park, north of Waikanae and Waitohu in Ōtaki

Figure 5.2: KDC identified growth areas (DGS, page 16)



5.19 The location of the Site in relation to the medium priority greenfield area is shown in Figure 5.3.

Figure 5.3: Location of the Site relative to DGS growth areas



Assessment of Residential Demand and Supply

- 5.20 KCDC engaged Sense Partners to undertake a HBA update, which was finalised in May 2022. The HBA assesses the likely demand for and supply of residential development capacity from 2021 to 2051.
- 5.21 The HBA shows demand for an additional 6,120 dwellings between 2021 and 2031 (of which 30% or 1,860 dwellings will be within the Paraparaumu catchment where Otaihanga sits), and a further 10,065 dwellings between 2031 and 2051 (Figure 5.4). That growth will result in the existing surplus capacity being taken up by sometime in the early 2030s, leading to a projected shortfall of nearly 8,400 dwellings by 2051 (based on current development provisions in the Operative District Plan, “ODP”).
- 5.22 Otaihanga and other medium priority greenfield areas have not been considered in the HBA due to their availability having not yet been assessed by Council and their existing zonings reflecting this. That exclusion means that eventual capacity will be somewhat higher than the HBA assesses, once greenfield areas are included.

Figure 5.4: Kapiti HBA dwelling demand projections⁹

| | Dwelling Demand | | | | Share of Kapiti Demand | | | |
|---------------------|-----------------|--------------|---------------|---------------|------------------------|-------------|-------------|-------------|
| | 2021-2024 | 2024-2031 | 2031-2051 | Total | 2021-2024 | 2024-2031 | 2031-2051 | Total |
| Paraparaumu | | | | | | | | |
| Stand alone housing | 366 | 899 | 1,668 | 2,932 | 21% | 21% | 17% | 18% |
| Joined housing | 212 | 391 | 1,064 | 1,667 | 12% | 9% | 11% | 10% |
| Total | 569 | 1,288 | 2,728 | 4,584 | 32% | 29% | 27% | 28% |
| Other towns | | | | | | | | |
| Stand alone housing | 687 | 1,652 | 3,034 | 5,371 | 39% | 38% | 30% | 33% |
| Joined housing | 429 | 856 | 3,339 | 4,623 | 24% | 20% | 33% | 29% |
| Total | 1,074 | 2,566 | 6,316 | 9,955 | 61% | 59% | 63% | 62% |
| Other | | | | | | | | |
| Stand alone housing | 94 | 294 | 500 | 888 | 5% | 7% | 5% | 5% |
| Joined housing | 26 | 157 | 573 | 756 | 1% | 4% | 6% | 5% |
| Total | 120 | 493 | 1,044 | 1,657 | 7% | 11% | 10% | 10% |
| Total | | | | | | | | |
| Stand alone housing | 1,145 | 2,844 | 5,200 | 9,189 | 65% | 65% | 52% | 57% |
| Joined housing | 618 | 1,505 | 4,870 | 6,993 | 35% | 34% | 48% | 43% |
| Total | 1,756 | 4,367 | 10,063 | 16,185 | 100% | 100% | 100% | 100% |

5.23 Importantly, the HBA does not make provision for the higher levels of residential intensity that will be enabled under the MDRS, which will be significantly different from the current urban form and character. The degree to which intensification occurs will depend on property owner motivation and financial capacity to redevelop their properties – some owners will appreciate their existing amenity and have no desire to subdivide or intensify residential development on their properties.

5.24 This intensification potential will be quite new within the Kapiti market, and the MDRS will provide for decades of infill development potential. MDRS-enabled redevelopment will, however, occur in an ad hoc manner initially, and is highly unlikely to ever be achieved across all areas where it could theoretically apply, because those areas are geographically large.

5.25 Nevertheless the MDRS will enable additional capacity within existing and future residential areas. For that reason, and because the HBA does not include greenfield capacity, the deficits estimated in the HBA are likely to be overstated.

5.26 Figure 5.5 shows the demand and supply situation by housing type for three locations in Kapiti District. The Site is within the Paraparaumu

⁹ Including competitiveness margin, from Sense Partners median forecast, 2021-2051, adapted from HBA Table 8

catchment where the HBA assesses a shortfall in housing of 2,466 dwellings by 2051. Approximately 69% of that deficit will be for stand-alone dwellings.

- 5.27 The current application seeks to provide an additional 46 residential lots, which is equivalent to only 3% of the projected shortfall in stand alone housing required in Paraparaumu over the next 30 years. That is a small proportion of total demand, however the proposal will help to provide additional capacity and residential choices which are consistent with the intentions of both the PDP and the DGS, and importantly are much more consistent with the current rural amenity and character than would be achieved under higher intensities aligned with the MDRS provisions.

Figure 5.5: Sufficiency of residential development capacity by dwelling type and housing are for the Kapiti Coast District, 2021-2051 – adapted from HBA Table 17

| | Demand | Capacity | +/- |
|---------------------|--------|----------|---------|
| Paraparaumu | | | |
| Stand alone housing | 2,932 | 1,219 | - 1,713 |
| Joined housing | 1,667 | 899 | - 768 |
| Total | 4,584 | 2,118 | - 2,466 |
| Other towns | | | |
| Stand alone housing | 5,371 | 4,513 | 142 |
| Joined housing | 4,623 | 159 | - 4,464 |
| Total | 9,955 | 5,672 | - 4,283 |
| Other | | | |
| Stand alone housing | 888 | 28 | - 860 |
| Joined housing | 756 | - | - 756 |
| Total | 1,657 | 28 | - 1,629 |
| Total | | | |
| Stand alone housing | 9,191 | 5,760 | - 2,431 |
| Joined housing | 7,046 | 1,058 | - 5,988 |
| Total | 16,196 | 7,818 | - 8,378 |

Loss of Rural Productive Land

- 5.28 As discussed above, the PDP has objectives and policies that support the retention of land that could be used for rural production activities.
- 5.29 I have been advised by the applicant that their land has been farmed on a part-time basis for producing beef bulls for sale to dairy herds for breeding purposes. The largest farm size was 40 heifers producing 40 calves per annum. The farm has rarely made a profit, due to poor quality

land, and in recent time also due to high feed costs and land rates. The farm was originally 60ha, but the Expressway split the land roughly into thirds, with one third use for the Expressway, and one third on each side of the Expressway. The 18ha Site is the western third of the original 60ha farm.

- 5.30 Soils on the Site are classified as Land Use Capability Class 6 (specifically 6e5), non-arable, “rolling to moderately steep consolidated sand dunes with weakly developed and excessively drained soils with potential for moderate wind erosion”. An average carrying capacity of six stock units per hectare on this type of soil is identified.¹⁰
- 5.31 I have examined Statistics New Zealand’s Agricultural Production Statistics and the Business Directory to estimate the average size of beef cattle and dairy farms in the Wellington Region to understand the likely employment generated by the 18ha Mansell farm.
- 5.32 In 2020, the average Wellington Region beef cattle farm had approximately 525 animals, (570 in Manawatu-Whanganui Region). The average employment for beef cattle farms in each region was 0.80-0.86 workers. For dairy cattle farms, the average Wellington farm had 390 animals in 2020 (10 animals in Manawatu-Whanganui), and employed 2.6-2.8 workers.
- 5.33 The total number of animals farmed in the most buoyant years was 40-80 animals across the entire original 60ha Mansell farm. That is somewhat lower than the average indicated for soils of the farm, and equivalent to 8-15% of the average size of beef cattle farms and 10-20% of the average size of dairy cattle farms in Wellington Region. At that level of activity, even the entire 60ha farm would employ less than 0.2 workers as a beef cattle farm or less than half a worker as a dairy cattle farm. For the 18ha part proposed to be rezoned, total employment supported would be much less than 0.2 workers, at which level it provides negligible economic benefit for either the owner or the local economy.

¹⁰ Page M, “Land use capability classification of the Wellington region : a report to accompany the second edition New Zealand Land Resource Inventory”, Manaaki Whenua Press, 1995.

- 5.34 In summary, the original Mansell farm was only ever borderline viable as an operating farm, and we understand from the applicant that the 18ha Site is now not viable at all due to its small size and poor quality soils.
- 5.35 Given the existing non-productive use of the land, residential use of the Site is a more appropriate and efficient use of the Site than a farm, particularly given the good locational attributes of the Site for residential activity.

Economic benefits

- 5.36 Development of the Site for residential activities will yield some economic benefits, arising from expenditure and employment on the planning, site and earthworks, and civil and building construction stages of the development. The Applicant is a local business owner and has a preference to use local firms to develop the Site, and advises that preliminary costings indicate that expenditure on civil works to develop the Site would be in the order of \$4 million.
- 5.37 It is likely that some of the development resources that would be applied to the project would be allocated to other projects, if the current application were to be unsuccessful. For that reason not all of the economic contribution of the project will be net additional to the local and regional economies, however the development will produce a positive contribution to the local economy.

6. KEY FINDINGS

- 6.1 The Site is not viable as an operating farm due to poor quality soils and its small size, which occurred due to the original farm being severed by and land taken to form the Kapiti Expressway.
- 6.2 Although not yet zoned for future residential growth included in the PDP, the more recent DGS has identified the Site as being (mostly) within a medium priority greenfield growth area, although subject to more detailed assessments of site suitability. I understand that those assessments have been carried out as part of the current application, at the applicant's expense, and on that basis there should be no constraints to enabling residential development on the Site now, in order to meet immediate dwelling demand. My economic assessment, and those of

other experts engaged by the applicant, provides the detailed assessments required to support the establishment of residential development in the area.

- 6.3 While development of the Site for residential dwellings now would be in advance of the timing implied by the categorisation of the area as a medium, rather than a high priority greenfield growth area, there is no economic reason why residential growth should not be accommodated on the Site now. I understand from the statements of Messrs Martell and Taylor that there are no infrastructure concerns arising from the proposal.
- 6.4 The proposed development of 46 residential lots on the Site will provide for 5% of the housing demand projected in Paraparaumu over the medium term and 2% out to 2051. This is a small share of demand that will not result in any material unanticipated redistribution of growth within Kapiti, and would not alter the viability of other residential developments being undertaken simultaneously.
- 6.5 The proposed development will, however, provide housing choice in a location that has been identified by Council as being appropriate for greenfield residential development in the DGS. I understand from Mr Compton-Moen's landscape and visual assessment that the land use intensity of the development proposed is generally consistent with that of nearby existing residential areas. Because the Site is within a greenfields growth area, residential dwellings are likely to establish on the Site at some point in the future, and a future development would be likely to be at higher intensities, less in keeping with the semi-rural amenity and character of the existing area, and more reflective of the provisions contained in the MDRS.
- 6.6 Therefore, the proposal is consistent with the overall intent of both the PDP and DGS, with the timing of the proposed subdivision being the only inconsistency. However, there is no economic downside to enabling the development ahead of the timeframes identified in the DGS, and there will be no adverse economic effects of the proposed development.
- 6.7 There will be some positive economic effects arising from the development of the Site, including employment and spend in the economy.

7. RESPONSE TO SUBMITTERS

- 7.1 Several submissions¹¹ raised the issue that residential development on the Site is unanticipated and would result in effects on amenity and outlooks that are inconsistent with what is expected based on the operative zoning and location.
- 7.2 That matter is addressed in the statements of Mr Compton-Moen and Mr Hansen. However in general terms, and as described above, the area is in a transitional phase and has been identified as being a medium priority greenfield growth area, and as such the loss of the current rural and semi-rural amenity in the area could occur in the future, subject to KCDC's investigations into the suitability of the Site and surrounding areas for residential development.

8. RESPONSE TO OFFICER'S REPORT

- 8.1 The only matter the Officer's Report addresses that is relevant to my area of expertise is the loss of agricultural productivity from the Site.
- 8.2 The Officer's Report draws similar conclusions to those I draw above, as to the viability of a farm on the Site, stating that "it has been established that the land is not productive".¹²
- 8.3 The Officers Report does not explore the changing planning for growth framework for the area in significant detail. In my view it is an important component to take in account when considering the effects of development.

9. CONCLUSION

- 9.1 From my assessment the type and scale of proposed residential development is consistent with the future urban form anticipated for the Otaihangā area by the DGS.
- 9.2 While the proposed development would occur somewhat earlier than anticipated in the DGS, there are no economic costs associated with bringing that development forward. The availability of existing

¹¹ NZ Custodial Trustees (103) Ltd & Pendennis Custodial Trustees Ltd (44 Tieko St); Middleton (34 Tieko St); Earl (31D Tieko St)

¹² Draft Officer's Report, paragraph 250

infrastructure with capacity to service the subdivision provides a good opportunity to do so.

- 9.3 The proposed development would provide additional dwelling supply and increased choice of housing options, and would not generate adverse effects on the distribution of growth or urban development within Kapiti.
- 9.4 Overall it is my opinion that there would be no adverse economic effects of the proposed development, some positive economic effects, and therefore net positive economic effects.

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Derek Richard Foy

18th July 2022

IN THE MATTER of the Resource Management Act 1991

AND

IN THE MATTER of an application to Kapiti Coast District Council for non-complying resource consent for a proposed 53 lot subdivision (including earthworks and infrastructure) at Otaihanga, Kapiti Coast.

**ADDENDUM TO THE STATEMENT OF EVIDENCE OF DEREK RICHARD FOY
ON BEHALF OF THE APPLICANT**

DATED: 3rd AUGUST 2022

Introduction

1. This is an addendum to my evidence in chief, in response to the written evidence filed by Ms Alice Blackwell on behalf of the Custodial Trustees at 44 Tieko Street. Ms Blackwell has raised two matters within my area of expertise with which I disagree.
2. Those two matters are:
 - (a) Whether it is appropriate for the application site (“the Site”) to be developed for residential purposes.
 - (b) Whether the Site is part of an urban environment.
3. I respond to each matter below.

Appropriate for the Site to be developed for residential purposes

4. This matter is covered in section 6 of Ms Blackwell’s statement. There, she agrees with my assessment that the Site is partially located within a Medium Priority Greenfield in the District Growth Strategy (“DGS”), but does not accept that means it is appropriate for the Site to be developed for residential purposes “at this time”.
5. As I stated at paragraph 3.7 of my evidence in chief, I understand the types of investigation that would be required to advance that greenfield growth area

to a live-zoned residential area, which included environmental matters and ensuring Council infrastructure is available to service the greenfield development, have been undertaken as part of this application. That being the case, as I understand it there are no barriers to residential development of the Site, and therefore it is appropriate for the Site to be developed for residential purposes.

Urban environment

6. This matter is covered in Ms Blackwell's section 7 on the National Policy Statement on Urban Development ("NPSUD"). Ms Blackwell's position is that the Site is not, and is not intended to be, predominantly urban in character, and so does not meet the RMA definition of an urban environment. I note that the RMA "urban environment" definition Ms Blackwell provides is identical to the definition in the NPSUD.¹
7. I disagree with Ms Blackwell's conclusion that the Site is not intended to be part of an urban environment, for two reasons.
8. The first reason is that because the Site is (partly) located within a greenfield growth area in the DGS, a point with which Ms Blackwell agrees, that indicates very strongly to me that some growth is anticipated in that area, and that the area is very much intended to be a part of the future urban area. That means that the Site would meet both of the criteria in the RMA/NPSUD definition of an urban environment.
9. The second reason I disagree with Ms Blackwell's conclusion on the urban environment status of the Site is because I have a different interpretation to the extent of an "urban environment" to that held by Ms Blackwell.
10. I first note that it is important to differentiate the terms "urban environment" and "urban area", with an urban environment able to include multiple urban areas.
11. All Tier 1 councils have applied, for their NPSUD assessments, an urban environment definition that includes the main urban area and associated minor urban areas within a wider hinterland:

¹ National Policy Statement on Urban Development 2020 – Part 1 Preliminary Provisions 1.4 Interpretation

- (a) Auckland: the urban environment includes small rural settlements that are approximately 50-60km from the urban edge of Auckland City. This includes small towns, settlements and seaside holiday areas (Leigh, Omaha, Te Hana, Wellsford, Orere Point, etc.) with populations much less than the 10,000 people threshold, with some as low as 100-200 people.
 - (b) Hamilton: the urban environment includes small rural settlements that are 30+km from the urban edge of Hamilton City, including Raglan, Meremere, Te Kauwhata, and Pokeno, all of which have populations of much less than the 10,000 people threshold.
 - (c) Tauranga: there are no publicly available documents on Tauranga City Council's NPSUD assessment as yet. The predecessor NPSUDC assessment included parts of Western Bay of Plenty District (Katikati, Paengaroa, Waihi Beach, Maketu, Pukehina) in the Tauranga urban environment. These smaller urban areas are 20+km from the urban edge of Tauranga and have populations much less than the 10,000 people threshold.
 - (d) Wellington: I am not aware of any completed NPSUD assessment for Wellington, however, under the NPSUDC the extent of the Wellington urban environment included an area of up to 20km around the urban edge.
 - (e) Christchurch: has adopted a definition that includes some towns and settlements up to 30km from the urban edge (Rangiora, Kaiapoi, Rolleston, Lincoln, Prebbleton), but excludes more distant, smaller settlements (Darfield, Leeston, Southbridge, Dunsandel, Oxford).
12. These examples, and the use of the concepts of the housing and labour market in the second part of the definition suggests that the definition of the urban environment does not need to be defined in terms of a single contiguous land area. It also suggests to me that it is not appropriate to define an urban environment at such a granular level as Ms Blackwell appears to favour. Instead, my interpretation is that the urban environment is intended to be a much less spatially granular concept, and will take in rural areas adjacent to, and even up to 20+km from the edge of the urban area.

13. Overall having considered the views expressed by Ms Blackwell in detail, I confirm that those do not alter my initial view expressed in my earlier evidence.

A handwritten signature in black ink, consisting of a long, sweeping horizontal stroke that curves upwards and loops back to the right, ending in a small flourish.

Derek Foy

3 August 2022