

Sarah Shaw

From: Andreas Heuser <andreas.heuser@castalia-advisors.com>
Sent: Wednesday, 7 June 2023 2:25 pm
To: Sarah Shaw
Cc: venessa@landsandsurvey.co.nz; meredith.dale
Subject: RE: Dargaville Racecourse plan change 81

Hi Sarah

Answers as follows:

Castalia estimated the quantum of economic benefits from increased local employment, papakainga-style housing and increased affordability of housing as follows:

Increased local employment:

We calculate local employment benefits by calculating the total wages from eligible new employment assumed to be created by the development. To be eligible, the new employment must be additive; that is, local workers must be employed and not replace existing employment in Dargaville.

We assume employment will come from three sources within the development: employment at the new retirement village, employment at new commercial and light industrial premises, and construction employment directly from the development.

We estimated the value of each job using publicly available average wage data (net of unemployment benefit). We estimated the number of jobs created using average firm size data from Stats NZ, assumptions provided by the Urban Advisory, and an average percent of construction cost spent on labour. We calculated the total employment value by multiplying the estimated wages by the estimated number of jobs (discounted for local and new employment), and converted this into a present value.

Papakainga-style living for Mana Whenua

There is no direct research on the value of papakainga. To overcome this, we calculated a proxy value for the benefit of Papakainga by using the amounts that some iwi spend on iwi-run housing support programmes. To estimate our proxy value, we identified existing iwi-run housing support programmes (such as shared equity models) and calculated the average equity support provided by iwi (as a percent of property value). We assumed that this support approximated the financial value that an iwi would place on for papakainga housing for its members. To calculate the total sum for the development, we multiplied this average equity support percentage by the estimated sale value of the homes proposed for papakainga in the development and converted this into a present value.

Increased availability and affordability of Dargaville housing:

We approximated the benefit in housing affordability by assuming that the developer's property consultant had estimated the housing sale price correctly, given the new supply, and the ability for the local market to absorb the housing. We then subtracted the cost of building and infrastructure and developer's profit from the housing unit sale price to estimate the average land cost per m2. We then compared that to the average per m2 land value for residential-zoned land in the area to approximate the change in housing affordability.

Kind regards
Andreas

From: Sarah Shaw <sarah@sarahshaw.co.nz>
Sent: Wednesday, June 7, 2023 11:22 AM