

Appendix 7

Economic Review (Formative Ltd)

To The District Planning Team
From Derek Foy – Director, Formative Limited

23 January 2024

Subject Private Plan Change 83, The Rise – Economic Effects

1. INTRODUCTION

1.1 In response to Private Plan Change 83: The Rise (**PPC83**) I have been asked by the District Planning Team at Kaipara District Council to provide regarding the economic effects of the plan change.

1.2 In my opinion, the key issues requiring consideration are:

- (a) Whether additional residential supply is required in Mangawhai, based on growth that is projected. This matter was raised in a number of submissions that stated that there is limited need for additional residential supply, given limited demand; and
- (b) The urban growth and urban form outcomes that might arise from the proposed rezonings, including provision of services to the future population of these areas.

1.3 While this memorandum addresses the effects of PPC83, as part of my assessment, I have also considered Private Plan Change 84 Mangawhai Hills (**PPC84**). PPC83 and PPC84 are separate plan change requests, and as such both, one, or neither might be approved. Because the two plan changes have been lodged at similar times, and have a similar residential focus and therefore similar issues from an economics perspective, I have taken both into account in my assessment to avoid the risk that each is assessed in isolation and the cumulative implications are not considered.

1.4 My memorandum is structured as follows:

- (a) Section 2 provides a summary.
- (b) Section 3 provides an overview of the plan changes, from an economics perspective.
- (c) Section 4 summarises recent and projected growth trends and residential dwelling capacity.
- (d) Section 5 considers how the proposed plan changes contribute to a well-functioning environment.
- (e) Section 6 provides a conclusion.

1.5 In preparing this memorandum I have reviewed the following documents:

- (a) “Private Plan Change Request Rezone The Rise/Cove Road Residential Zone and Precinct. The Rise/Cove Road Mangawhai Assessment of Effects and Section 32 Evaluation Report”, 18 November 2022 (the “PPC83 and PPC83 s32 report”).

- (b) "Private Plan Change Request Rezone between Tara Road, Cove Road, Old Waipu Road to the Mangawhai Hills Development Area. Mangawhai Assessment of Effects and Section 32 Evaluation Report", 5 March 2023, B&A (the "PPC84 and PPC84 s32 report").
- (c) Submissions on the plan changes.
- (d) Associated plan change maps and relevant technical reports.

1.6 I note that from the outset that Council passed a resolution in March 2023, informed by advice received from my company, that the National Policy Statement on Urban Development ("NPS-UD") does not apply in Kaipara, because the District does not have a single employment and housing market of more than 10,000 people. While I refer to the NPS-UD later in my memorandum in relation to the attributes of a well-functioning urban environment, the scope of my memorandum is guided by submissions received which claim that further growth is not needed from a demand perspective.

2. SUMMARY

- 2.1 There is a significant quantity of vacant Residential zoned land in Mangawhai. Based on Council's dwelling demand projections for growth of around 2,500 additional dwellings by 2038, additional residential capacity is not required in Mangawhai to accommodate demand before 2038 at the earliest. There is significant capacity to accommodate growth at Mangawhai Central (indicatively around 1,000 dwellings), on large (2,400m²+) Residential zoned parcels (2,300 dwellings), and on medium and small sized Residential zoned parcels (nearly 900 dwellings), even before any potential new residential capacity is enabled in the District Plan Review (DPR), and accounting for the likelihood that not all of that potential capacity will be acted on.
- 2.2 However, demand for dwellings in Mangawhai is difficult to quantify because the town's proximity to Auckland has made it a popular place to live and buy holiday homes in, meaning growth may be induced to be even stronger than anticipated depending on what type of dwelling supply is enabled.
- 2.3 Recent strong and ongoing growth in Mangawhai is resulting in challenges in achieving a well-functioning urban environment. The town is outgrowing its current business and infrastructure base, and while the new developments such as Mangawhai Central will provide much needed additional facilities, that need will continue to grow.
- 2.4 Without a significant new enabling of business and other opportunities in Mangawhai there is a risk that the community's needs will not be adequately provided for locally, and that significant inefficiencies result, particularly due to the need to travel large distances to access business and facilities.
- 2.5 While PPC83 is well located adjacent to the existing Mangawhai urban edge to contribute to a logical urban expansion of Mangawhai, the key economic risk of approving PPC83 relates

to timing, and avoiding residential growth occurring too far in advance of growth in the suite of non-residential activity that is required in a growing town such as Mangawhai.

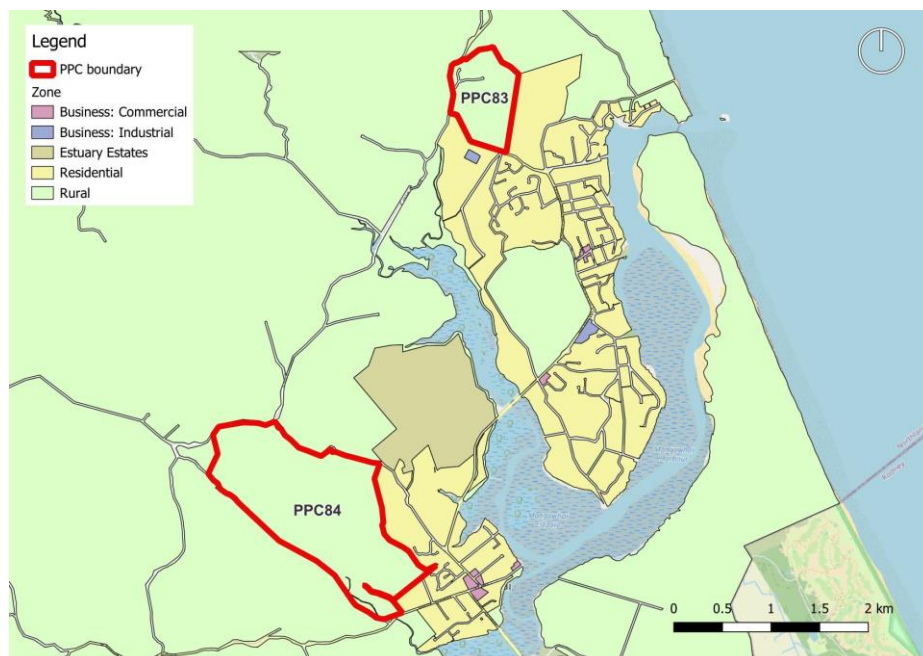
3. THE PLAN CHANGES

3.1 PPC83 relates to 56.9ha of land at Cove Road and Mangawhai Heads Road, an area that is adjacent to the northern edge of the existing Mangawhai urban area, and is bordered by Residential zone to the east and south, and Rural zone to the west and north. The PPC83 area is indicated to have capacity for 324 residential sections of varying sizes.

3.2 While this memorandum relates to PPC83, I have also included, as part of my assessment, an assessment of the economic effects if both PPC83 and PPC84 (which it is anticipated will be heard relatively soon after PPC83) is confirmed. PPC84 relates to 218.3ha of land between Tara Road, Cove Road, Moir Road, and Old Waipu Road in Mangawhai, an area that is adjacent to the western edge of the existing Mangawhai urban area, and is bordered by Residential zone to the west, and Rural zone to the north, west and south. The PPC84 area is indicated to have capacity for 600 residential sections of 1,000m²+

3.3 The location of the plan change areas relative to Mangawhai's existing settlement area is shown in Figure 3.1.

Figure 3.1: Location of PPC83 and PPC84



POPULATION AND HOUSEHOLD GROWTH

3.4 In this memorandum I draw on experience I have in the District, and assessment I have undertaken for KDC over the last two years, updated specifically for my review of the plan

changes. I provide below a brief overview of my recent work for KDC as background to my understanding of District growth issues.

3.5 In 2021 I was engaged by KDC to advise on the sufficiency of residential land supply as early input to the DPR. That work quantified residential demand and capacity across the District to inform an understanding of how much residential zoned land would be required to supply future demand. The assessment undertaken was not finalised or made public, being an interim deliverable in the DPR process. Nevertheless, its findings remain relevant and I refer to those, updating my assessment where necessary.

3.6 I note that Council is in the early pre-notification stages of a DPR. However, it is likely to be several years yet before the statutory process (including appeals) is complete. Accordingly, for the purposes of this memorandum, I have focussed my assessment on the capacity that is currently enabled by the Operative Kaipara District Plan (which now includes, for Mangawhai, the capacity approved as part of Plan Change 78: Mangawhai Central).

3.7 The key findings of my assessment, in relation to the sufficiency of residential land capacity in Mangawhai, were that:

- (a) Growth projected in Mangawhai between 2021 and 2038 was projected to be 2,100 additional permanent households,¹ and a further 400-500 new holiday homes (Figure 3.2), being approximately 2,500 dwellings in total.
- (b) In relation to this, there was capacity for 3,200 additional dwellings to be built on parcels that have a Residential zoning in the Operative District Plan, and indicatively 1,000 dwellings² in the Mangawhai Central development (now confirmed after PC78), for a total capacity of 4,200 new dwellings, more than the 2,500 dwellings projected to be required in Mangawhai in the life of the revised District Plan (assumed as being until 2038³).

Figure 3.2: Infometrics Mangawhai household projections

SA2	2021	2023	2028	2033	2038	Growth 2021-2038 n	Growth 2021- 2038 %
Mangawhai Rural	1,080	1,180	1,390	1,640	1,850	770	71%
Mangawhai Heads	1,090	1,210	1,440	1,680	1,870	780	72%
Mangawhai	550	650	830	990	1,120	570	104%
All Mangawhai	2,720	3,040	3,660	4,310	4,840	2,120	78%

¹ "Population Projections 2018-2051 Kaipara District Council", Infometrics, October 2020

² I understand that the apart from minimum lot size rules, the only constraint on the residential dwelling yield of the Mangawhai Central development is a maximum limit of 850 dwellings until the Link Road (Old Waipu Road and Cove Road) has been connected. After that link has been connected, I understand that yield could be as high as 1,500 dwellings (or more), although for this assessment I have adopted a possible future yield of 1,000 dwellings as a likely number.

³ 2038 was applied by estimating that the new District Plan might become fully operative date in 2026, be required to be reviewed after 10 years, and then allowing for two additional years at the end as a replacement plan is drafted.

- 3.8 The 3,200 additional dwellings that could be developed on Residential zoned parcels were predominantly on larger lots, with 55% (1,750 dwellings) on parcels large enough to be subdivided into 10 or more residential parcels under assumed minimum lot size rules, and 18% (590) on parcels that could accommodate 5-10 additional dwellings. By way of example, these larger Residential zoned lots include:
- (a) A 13ha parcel 15 Sailrock Drive, recently consented for a Metlifecare retirement village of 160 dwellings (plus hospital facility). The site was modelled to have capacity for 110 additional dwellings, assuming 35% of the parent parcel would be required for roads and other infrastructure, and a 750m² minimum lot size.
 - (b) A 36ha parcel at 60 Mangawhai Heads Road, located adjacent to the PPC83 area to the east. The parcel was modelled to have capacity for 312 additional dwellings, again assuming 35% of the parent parcel would be required for roads and other infrastructure, and a 750m² minimum lot size.
 - (c) A 5.7ha parcel at 57 Old Waipu Road, modelled to have capacity for 92 additional dwellings.
 - (d) A 3.8ha parcel at 48 Old Waipu Road, modelled to have capacity for 61 additional dwellings.
- 3.9 So there is a very significant capacity to accommodate more residential dwellings within Mangawhai's Residential zone parcels. There is capacity on the largest of those parcels (those with capacity to provide for five or more additional dwellings, which equates to parcels of 2,400m²+) to in theory accommodate over 2,300 additional dwellings. That potential yield from larger residential zoned lots is more than the 2,100 additional permanent houses that are required in Mangawhai out to 2038.
- 3.10 Combine that capacity with the c.1,000 lots likely to be developed at Mangawhai Central, and there is sufficient capacity to accommodate 3,300 new dwellings in Mangawhai just on the larger residential lots and at Mangawhai Central. This residential capacity on larger blocks would be sufficient to provide for all of Mangawhai's projected growth, without relying on the additional capacity (nearly 900 dwellings) that exists on Mangawhai's 2,800 smaller residential lots (those less than 2,400m²).
- 3.11 So while there is likely to be some infill housing in Mangawhai through subdivision to make single new residential parcels in existing residential areas, the vast majority of Mangawhai's capacity to accommodate new dwellings is able to be provided on larger lots.
- 3.12 I acknowledge that not all of the potential dwellings will be built, and some landowners will not make their larger lots available for development. Many landowners will be unmotivated to develop their properties, or not financially able to develop them, and so the capacity that is reasonably expected to be realised will be somewhat less than the 2,300 additional dwellings on Mangawhai's larger residential lots. The realisation of new dwellings from infill on smaller lots would be more uncertain, and would result in a relatively unpredictable yield of potential new dwellings, on an ad hoc basis, from smaller lots.

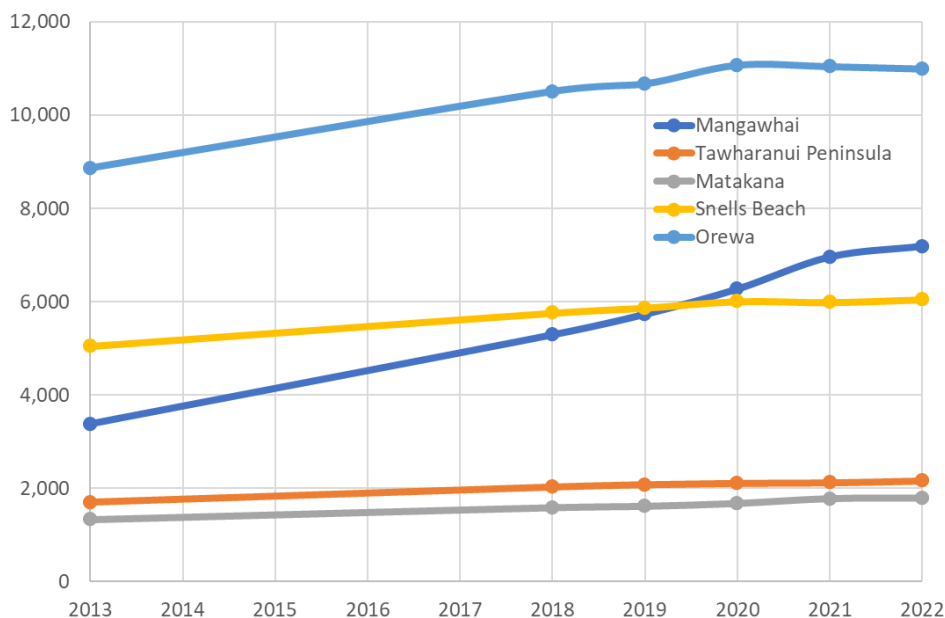
3.13 In conclusion, my previous assessment of residential dwelling capacity in Mangawhai concluded that there is more than sufficient capacity to provide for demand within the operative District Plan’s Residential zones.

3.14 For this assessment I have reviewed recent residential building consent data, and population estimates from Statistics NZ to understand current population growth trends, and the merits of the PPC requests in terms of the need for additional residential capacity. If there is no demand for additional dwellings in Mangawhai, then there will be no need for additional residential land to be zoned. On the other hand, if population growth is very high and demand for new dwellings is large, there are merits to the plan changes from a need perspective.

3.15 My assessment shows that Mangawhai has been for some time, and is projected to continue to be, the highest growth area in Kaipara District. Out to 2038, household numbers in Mangawhai are projected to increase by 78% (Figure 3.2), far ahead of the next largest Statistical Area in Kaipara (Maungaturoto, +37% projected).

3.16 Mangawhai is also a high growth environment in the context of the area north of Whangaparaoa, with the fastest rate of growth and highest growth quantum of the coastal settlements assessed (Figure 3.3).

Figure 3.3: Estimated population of coastal settlements north of Auckland⁴



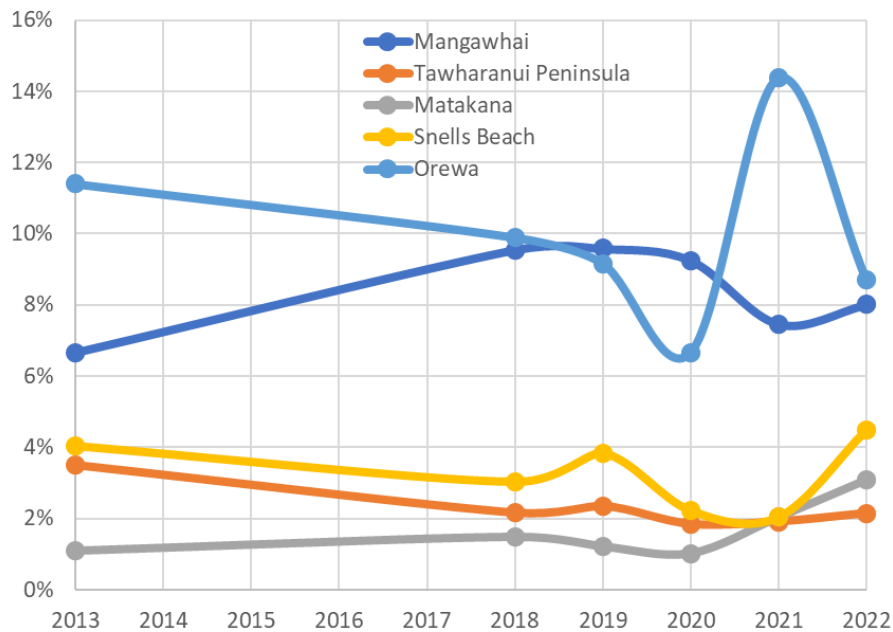
3.17 Mangawhai has also had a large share of building consents issued in the area north from Orewa north, averaging between 7.5% and 9.6% over the last five years, equivalent to 127-176 consents a year. The largest share has been in the large area that takes in Hibiscus Coast and inland areas (around 70-80% of consents) but Mangawhai is similar to the number of

⁴ Source: Statistics NZ population estimates

consents issued in Orewa, and together those two areas have had the strongest recent growth in consents.

3.18 Growth in the last 12-24 months in Mangawhai has been fairly consistent with the level of growth immediately prior to that time, and is therefore similar to projected growth, meaning that the assessment remains valid.

Figure 3.4: Building consents issued in coastal settlements north of Auckland⁵



3.19 It is difficult to establish the reasons for this high growth, and until 2023 Census data is released in 2024 some post-Covid demographic trends will remain unquantified. In my opinion there are several reasons why Mangawhai’s growth has been faster in recent years than other coastal settlements:

- (a) It has capacity available, unlike Snells Beach, Leigh and smaller coastal villages.
- (b) It is outside Auckland, and so not subject to growth and policy restrictions under the Unitary Plan.
- (c) The coastal location attracts residents and holiday homeowners who prefer to live near the coast rather than inland.
- (d) There is a range of established social and commercial infrastructure available in the town, and that existing infrastructure is enabling of growth.
- (e) With the completion of Ara Tūhono the Pūhoi to Warkworth motorway, travel times to Mangawhai from urban Auckland have decreased, placing Mangawhai within range of a long commute to urban Auckland.
- (f) Post-Covid changes in remote working have likely accelerated the viability of living in Mangawhai, and commuting one or two days a week to Auckland.

⁵ Source: Statistics NZ building consent data

- 3.20 While there has been capacity for new residential dwellings, it is possible that the absence of larger scale residential developments has limited growth to a lower level than might otherwise have occurred, and so the growth shown in Figure 3.3 may be being constrained by limited supply.
- 3.21 The Post-Covid environment will have potentially had a large impact on Mangawhai, bringing it within the halo of urban Auckland, and substantially increasing the potential pool of demand for people that might consider buying property in Mangawhai.
- 3.22 Together, all of these factors mean that it is difficult to quantify the true demand for residential dwellings in Mangawhai, and the proximity of Mangawhai to Auckland (being only around 75 minutes' drive from Albany (off-peak) means that there is a very large pool of demand from potential property owners who might consider living in Mangawhai if there was more supply.
- 3.23 This large potential pool of demand will cause challenges for Mangawhai, because strong and consistent growth is likely to continue, giving rise to needs to expand the range of facilities and opportunities that exist in and near Mangawhai so the needs of the future population are adequately supplied.
- 3.24 That large pool of demand has the potential to increase to consume available supply, and is, to a large degree, quite discretionary and flexible. People may choose to shift to Mangawhai or purchase holiday homes there because of their perceptions about the attractiveness of Mangawhai as a place, or due to the lifestyle the town offers, and that is difficult to predict.
- 3.25 So while my assessment indicates that there is more than sufficient capacity to provide for demand within Mangawhai's Residential zones, in my opinion it is likely that if more residential dwellings were enabled and made available for purchase then they would be bought. This is a 'chicken and egg' scenario, where the demand-supply relationship is in some ways circular – the more supply that is enabled, the more dwellings are likely to result, and so supply can increase demand. The opposite is also true, where supply responds to demand, and the financial incentives to develop more land are high because of strong demand.
- 3.26 That is, it is likely that there will be demand for the additional capacity that would be provided by the plan changes, and so it will be possible to establish the need for the plan changes from a demand perspective.
- 3.27 However, at some point a policy decision is required about how much growth is appropriate for Mangawhai, and should therefore be enabled, while avoiding adverse effects on urban form, and creating an urban environment that is not well-functioning. I address that issue in the next section.

4. WELL-FUNCTIONING URBAN ENVIRONMENT

4.1 Well-functioning urban environments are referred to in a number of places in the NPS-UD, including:

- (a) Objective 1: New Zealand has well-functioning 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.
- (b) Policy 1: Planning decisions contribute to well-functioning urban environments.
- (c) Policy 6(c): When making planning decisions that affect urban environments, decision-makers have particular regard to... the benefits of urban development that are consistent with well-functioning urban environments.
- (d) Policy 8: Local authority decisions affecting urban environments are responsive to plan changes that would add significantly to development capacity and contribute to well-functioning urban environments.

4.2 I acknowledge that Mangawhai does not yet have a large enough population to qualify as an urban environment as defined in the NPS-UD, and it is questionable as to whether it is intended to be part of a housing and labour market of at least 10,000 people and so might qualify in the future. Further, Mangawhai is arguably not predominantly urban in character, and considering all these factors is possibly does not meet the NPS-UD's definition of urban environment.

4.3 Nevertheless, the qualities of urban environments that are discussed in the NPS-UD, and the benefits of being part of a well-functioning environment, are in my opinion applicable for towns of less than 10,000 people, even if the NPS-UD does not apply to those towns. For Mangawhai to be a well-functioning urban environment, at least the following criteria would need to be met:

- (a) There should be a range of social, economic and cultural opportunities provided in or reasonably close to the town that enable the population to access businesses, organisations and facilities that residents and businesses require or derive benefit from using.
- (b) There can be benefits to an urban environment from new development being undertaken, and growth being accommodated, but growth should not be pursued or enabled without considering the effects it will have on the broader community.
- (c) There should be sufficient residential land provided to support competitive land markets, and provide for a variety of homes in terms of price, type and location.

4.4 In my opinion, whether or not there is demand for additional supply, a more important question that needs to be answered to assess the merits of the proposed plan changes is whether they will contribute to a well-functioning urban environment and efficient urban form. I provide my thoughts on those matters in the rest of this section.

4.5 A core challenge for growing rural communities is where residents can access work opportunities, leisure activities, and retail and services businesses. In the absence of being

able to access those opportunities locally, the nearest alternative is often a long car trip away, given the lack of public transport in areas of small populations, and the large distance between many rural communities.

- 4.6 Since 2000, Mangawhai has had a relatively stable level of employment provision per household, at around 0.5 jobs per household.⁶ That is comparable to other similar sized towns, although lower than larger towns such as Warkworth that function as a service centre to a large surrounding catchment, and which have a ratio closer to 1.0 jobs per household.
- 4.7 Ratios do vary a lot, based on proximity to large employment markets, and the town's demography. Small rural settlements with a large proportion of retirees or high proportion of holiday homes (such as Mangawhai) tend to have a lower worker to household ratio. The key point from an assessment of employment self-sufficiency is the change over time of that ratio, which shows the impact of, for example in the current case, the introduction of a number of new households to a town, as I assess below.
- 4.8 Recent employment data, and data from Census 2018, indicates that:
- (a) While Mangawhai has a range of businesses that provide for some of the needs of the local population, it does not function as a major employment node in the sub-region.
 - (b) Many of the job opportunities in Mangawhai are filled by locals, with little commuting into the town from outlying areas, with the exception of Kaiwaka (around 65 workers in Mangawhai on Census day 2018 lived in Kaiwaka).⁷
 - (c) The Retail and Hospitality sector is the town's largest sector (26% of employment) followed by Construction (20%). The dominance of these two sectors reflects, respectively, the service nature of the town providing for the needs of residents and tourists, and the high growth nature of the town.
 - (d) The highest growth employment sectors have been Construction (+256 workers since 2000, 2.4 times faster than household growth), Retail Trade (+184, 1.4 times faster), Professional, Scientific and Technical Services (+111, 2.7 times as fast) and Accommodation and Food Services (+95, 0.6 times as fast).
- 4.9 These data show that construction is an important industry in Mangawhai, and is required to support the number of new houses being built to provide homes for the increasing population. All sectors except Agriculture have grown (as measured by employee numbers) to support that population, but some have grown more slowly than household growth, including:
- (a) Accommodation and Food Services: +95 workers, 40% slower than household growth;
 - (b) Wholesale Trade: +9 workers, 28% slower;
 - (c) Education and Training: +55, 54% slower;

⁶ From Statistics NZ Business Directory data and population and household estimates from 2000-2022

⁷ From Statistics NZ's <https://commuter.waka.app/>

(d) Arts and Recreation: +12, 29% slower.

4.10 These growth trends show that while employment opportunities are increasing broadly in line with population growth, ongoing provision of new business land and ability to accommodate new businesses in Mangawhai will be required to at least maintain the current ratio of employment opportunities (jobs) relative to the number of households living in the town.

Future employment self sufficiency

4.11 Without new employment opportunities being created, the employment self-sufficiency of Mangawhai will decrease as the population grows. It would usually be expected that that self-sufficiency would increase with population growth, because as towns grow they reach a critical mass of population that can support new types of businesses (for example a full size supermarket). That means that locals can access more services locally, and the leakage of retail spending and labour force participation out of the town should decrease as the town grows.

4.12 That has not yet happened in Mangawhai, although the opening of the first stages of Mangawhai Central's retail development (New World supermarket opened in October 2022) will contribute to improved local provision, and once fully developed Mangawhai Central might indicatively accommodate a workforce of around 660, and will become a major employment hub in the town:

(a) The 6.3ha commercial centre would be expected to accommodate around 60 workers/ha,⁸ for a workforce of around 380.

(b) The 8.0ha business area would be expected to accommodate around 35 workers/ha, for a workforce of around 280.

4.13 However, because Mangawhai Central will also accommodate around 1,000 households, the business areas it provides will increase the town's employment self-sufficiency from the current 0.46 workers per household to around 0.51 (Figure 4.1). Any other large residential developments (such as PPC83 and PPC84) that do not include provision for business areas will result in a decrease in that employment self-sufficiency, with the scale of that decrease relative to the number of additional households they plan to accommodate.

⁸ Employment density sourced from other business land assessments, indicating around 60 workers/ha for larger centres such as Mangawhai Central, 50/ha for smaller commercial centres, and 35/ha for industrial zones.

Figure 4.1: Effect of growth options on Mangawhai employment per household ratios

	2022	Mangawhai Central	Existing + Mangawhai Central	Specified PPC area	Future Mangawhai with PC83 and 84
PPC83 only					
Workers	1,440	660	2,101	-	2,101
Households	3,120	1,000	4,120	324	4,444
Workers/HH	0.46	0.66	0.51	-	0.47
PPC84 only					
Workers	1,440	660	2,101	-	2,101
Households	3,120	1,000	4,120	600	4,720
Workers/HH	0.46	0.66	0.51	-	0.45
PPC83 and PPC84 combined					
Workers	1,440	660	2,101	-	2,101
Households	3,120	1,000	4,120	924	5,044
Workers/HH	0.46	0.66	0.51	-	0.42

- 4.14 The approximately 920 households indicated to be enabled within the PPC83 and PPC84 areas would significantly decrease Mangawhai’s employment self-sufficiency, indicatively from 0.51 (once Mangawhai Central is fully operative) to around 0.42 workers per household, which would be by far the lowest level of employment per household observed since 2000.⁹ The previous low was 0.44 in 2011 (at the end of a decline following the Global Financial Crisis) and then 0.45 in 2015 and 2016.
- 4.15 If only one of the two plan changes were to be approved, the employment self-sufficiency would also decrease, although not by as much as if both were approved. If PPC83 alone were to be approved, that would decrease Mangawhai’s employment self-sufficiency from 0.51 (once Mangawhai Central is fully operative) to around 0.47 workers per household. That would be higher than recent lows, and similar to the 2022 level observed, indicating that the Mangawhai Central development is broadly of a sufficient scale to support the additional households that would be enabled by PPC83.
- 4.16 There are three main limitations to that employment self-sufficiency assessment.
- 4.17 First, I accept that employment accessibility will to some extent self-regulate the types of households that choose to live in the plan change areas. If no new employment land is provided for in Mangawhai, and local employment options do not increase, the new residential areas might be more attractive to households who do not have members that are in the workforce, such as older retired households or holiday homes. That self-regulation may limit the adverse effects of providing new residential capacity but no new business capacity.

⁹ 2000 being the beginning of the current employment data time series

- 4.18 Second, the estimates include home-based occupations (such as tradespeople, hairdressers, self-employed accountants, etc.) but do not include people employed by companies elsewhere but who work from home. It is not possible to accurately estimate how many employees might be based in the plan change Residential zones, however there are likely to be some, and they will contribute positively to Mangawhai's employment self-sufficiency, and mitigate a future undersupply of employment opportunities in Mangawhai's Business zones.
- 4.19 Third, some Mangawhai residents work in the rural area and towns around Mangawhai, including Kaiwaka, Maungaturoto and Wellsford, although Census 2018 data¹⁰ indicates that 82% of people living in Mangawhai¹¹ on Census Day 2018 who worked that day, travelled within Mangawhai for work, with only 18% travelling outside Mangawhai. That indicates that there is a strong reliance on Mangawhai employment opportunities by Mangawhai residents.
- 4.20 Notwithstanding the limitations I have identified, the important consideration is the relative change over time, and my assessment indicates that the ratio of workers per household in Mangawhai would decline below current (pre-Mangawhai Central) levels if both plan changes were approved, or remain at around current levels if only one of the two was approved.

Options for accommodating employment growth in and around Mangawhai

- 4.21 This means that Mangawhai will in the future require additional employment opportunities to be enabled if large new residential areas (such as PPC83) are to be developed. My assessment above indicates that the Mangawhai Central development is broadly of a sufficient scale to support enough employment activity to support the additional households that would be enabled in both the Mangawhai Central development, and the PPC83 area, as measured by retaining current employment self-sufficiency.
- 4.22 If significant household growth were to occur in Mangawhai in addition to those two developments without corresponding employment growth, the current employment self-sufficiency would decline.
- 4.23 There is currently uncertainty as to where such additional employment opportunities might be enabled, and whether there will be adequate local employment opportunities enabled in the future to appropriately accommodate the town's increasing employment needs, in particular as a result of large new residential developments such as PPC83.
- 4.24 Options for accommodating employment growth in and around Mangawhai include:
- (a) Mangawhai Central's commercial centre, 6.3ha, around 380 workers.
 - (b) Mangawhai Central's industrial area, 8.0ha, around 280 workers. There is no other vacant industrial land in Mangawhai.

¹⁰ <https://commuter.waka.app/#>

¹¹ Comprised of the Mangawhai, Mangawhai Heads and Mangawhai Rural Statistical Areas

- (c) Vacant Business zoned land – there is 1.3ha of Commercial zoned land on two vacant sites¹² in Mangawhai, which would employ around 65 workers at 50 workers/ha. There are some other Business zone sites which are used for residential, or could be used to accommodate greater employment than the current activity, although these together would not yield much additional potential employment.
- (d) Expanding the existing Mangawhai Village centre. This could be pursued in District Plan review, however it is not yet known whether that will be considered in the review.
- (e) Provision of additional commercial or industrial land in a nearby township, such as Hakaru or Kaiwaka. This could also be included in a District Plan review, however is again uncertain.

4.25 Until such time as additional Commercial or Industrial land is actually zoned, there are few options other than Mangawhai Central for accommodating the increased future workforce that would live in Mangawhai. That means that if Mangawhai's population increases substantially from its current level, as it appears set to do, Mangawhai's employment self-sufficiency will worsen, which is not consistent with a well-functioning urban environment.

4.26 While Mangawhai Central provides some breathing space that will improve local access to retail and commercial businesses, and a range of employment activities, the scale of business activity enabled at Mangawhai Central is sufficient to support only its additional households plus a further 300-400 households. While that broadly equates to the scale of residential activity sought to be enabled by PPC83, inevitably there will be growth elsewhere in Mangawhai that will 'soak up' that employment activity.

4.27 In my opinion the current application, and any future applications for additional residential areas in Mangawhai should consider the effect that enabling additional population growth will have on ability of the local population to access employment opportunities.

Other facilities

4.28 As a growing population needs increased employment opportunities, so too does it need additional or expanded facilities of other types to support local needs. These needs include education facilities (schools and pre-schools), leisure facilities (playgrounds, sports fields, swimming pools), and community facilities (halls, libraries).

4.29 While Mangawhai has had fairly modest needs for some of these facilities to date, and has been able to make do with, for example, a small public library, and a single primary school, at some point new or expanded facilities will be required. For example, I have seen no assessment of when a second primary school might be required in Mangawhai, but with a current role of over 630,¹³ it is likely that may come with ongoing population growth.

¹² 0.5ha at the corner of Moir Street and Molesworth Drive, 0.8ha at the corner of Molesworth Drive and Estuary Drive

¹³ <https://ero.govt.nz/institution/1038/mangawhai-beach-school>

- 4.30 I acknowledge that usually population growth will occur in advance of new facilities being provided, which strengthens the business case for funding new facilities. The additional dwelling capacity sought to be enabled by the plan changes will contribute to the need for a future expansion of existing facilities, or the development of new facilities. That in itself is not a negative economic effect, but it is important at this stage to think about how this future provision might be enabled in the absence of any broader zoning changes in Mangawhai.
- 4.31 Because PPC83 does not propose to provide or enable any additional community facilities, the plan change request does not provide any mechanism by which the demand arising from its households will be accommodated. Demand for some facilities (such as a secondary school)¹⁴ is likely to currently be far short of a critical mass that would make facilities viable in Mangawhai, and so any increased population will result in an increased outflow of people from Mangawhai to access facilities.
- 4.32 I do not believe that providing for these services, or commercial or industrial space, within the PPC83 area is an answer to this future need. Mangawhai is not large enough, and will not be in the foreseeable future, to support more commercial nodes, other than small neighbourhood blocks of shops, and expanding existing business areas would be a better response than creating new centres. Some types of community facilities do not need to be co-located with existing activities, and might be provided for in the plan change areas, although need for those would be subject to a detailed assessment, and that would need to take into account Mangawhai's high share of holiday homes, and the population's age profile, among other things.
- 4.33 In that sense, PPC83 would increase pressure on existing services and will contribute to an increased need for an expanded range of services in Mangawhai in the future to at least maintain or improve quality of life for Mangawhai residents. That increase in pressure will be even greater if there are other large scale residential plan changes, such as PPC84, that are similarly residentially focussed, without enabling supporting non-residential activity.

Enabling growth

- 4.34 A response to that position might be that it is Council's job to enable growth, and that growth should not be constrained by a current lack of facilities or infrastructure. However, in my opinion there are some situations in which enabling growth brings with it some difficulties, and the current plan changes are one example of that.
- 4.35 The operative District Plan is now 10 years old, and was developed in a much different growth environment than now exists. The replacement District Plan will have the opportunity to zone additional areas for residential and business activity in Mangawhai, to account for the changed current, and projected Mangawhai environment.
- 4.36 However, until such time as a new District Plan is operative, and there can be confidence that zoning is in place to support the needs of a larger future population, it will be difficult

¹⁴ I note the two nearest secondary schools (Rodney College in Wellsford, and Otamatea High School in Maungaturoto Mangawhai) are about 30km from Mangawhai

to continue to approve changes to the operative Plan that will enable significant new growth areas to develop, independent of the urban fabric needed to support their population.

- 4.37 While the Mangawhai Spatial Plan identifies the PPC83 area (and PPC84) as being anticipated to accommodate residential zones in the future, it does so as part of a broader package of future urban growth that recognises how Mangawhai should look and function in the future in order to support a (much) larger population.
- 4.38 Without a full suite of changes that would be enabled by a replacement District Plan, PPC83 is effectively enabling of growth in isolation of necessary changes to the broader urban fabric.
- 4.39 In that way, I see a primary issue of PPC83 as one of timing. I do not disagree that the PPC83 area might appropriately accommodate new residential activity at some point in the future., In fact, PPC83 alone is of a size that the needs generated by its future residents will be able to be supplied by existing activities in the town, and by a fully developed Mangawhai Central.
- 4.40 However, in my opinion PPC83 should be viewed as part of a broader residential growth environment in which there is ongoing residential growth throughout the town, including as a permitted activity on Residential zoned land. That growth will cumulatively place increasing pressure on existing services, facilities and employment opportunities, and means that PPC83 should be enabled concurrently with, or subsequent to other zone changes, such as new business areas in a replacement District Plan which are adequately sized to accommodate all of the town's future growth needs.
- 4.41 If PPC83 is zoned ahead of those other zone changes, and current growth on Residential zoned land continues, and then those potential zone changes do not eventuate (for example if the replacement District Plan introduces limited zone changes), then Mangawhai would be over-enabled for residential activity compared to the range of facilities and business areas available to supply the needs of the population.

5. CONCLUSION

- 5.1 From my assessment additional residential capacity is not required in Mangawhai to accommodate demand before 2038, with there potentially being sufficient capacity to accommodate growth well beyond that time, depending on how much redevelopment there is of existing Residential zone parcels.
- 5.2 However, I recognise that true demand is difficult to quantify, and Mangawhai's proximity to urban Auckland means that there is likely to be a very large pool of potential demand that might consider shifting to Mangawhai if the right dwelling product was available there. For that reason it is likely that if PC83 and PPC84 were approved that their enabled dwelling stock would be popular with purchasers, although it would be difficult to ascertain whether that demand was demand that would have sought to establish in Mangawhai independent of the plan changes, or whether it was new demand stimulated by the plan changes.

- 5.3 In my opinion Mangawhai's ongoing growth is causing, and will continue to cause, challenges in achieving a well-functioning urban environment. The town is outgrowing its current business base, and while the new Mangawhai Central development (commercial and industrial) will help to rectify that for a while, additional expansion of business land supply and new community, education and recreation facilities will be required to continue to appropriately provide for local needs.
- 5.4 The replacement District Plan is one obvious mechanism to enable an expansion of existing services in Mangawhai, but because that Plan is only at an early pre-notification stage at the moment, there is significant uncertainty about the scale and nature of that enablement. Without a significant new enabling of business and other opportunities in Mangawhai there is a risk that the community's needs are not adequately provided for locally, and that significant inefficiencies result, notably the need to travel large distances to access business and facilities.
- 5.5 While PPC83 is well located adjacent to the existing Mangawhai urban edge to contribute to a logical urban expansion of Mangawhai, the key economic risk of approving the plan change relates to timing, and avoiding residential growth occurring too far in advance of growth in the suite of non-residential activity that is required in a growing town such as Mangawhai. From my assessment the risk is manageable for PPC83 alone. However, viewed in a context of there also being significant growth elsewhere in Mangawhai, including potentially under the PPC84 request, there is a real possibility of an imbalance of residential and non-residential activity arising in Mangawhai if the growth in a range of non-residential activities is not enabled or able to be accommodated.

Attachment A – Qualifications and Experience of Derek Foy

My 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 New Zealand Association of Economists, the Population Association of New Zealand, and the Resource Management Law Association.

I am a Director of Formative Limited, an independent consultancy specialising in economic, social, 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.

I have 23 years consulting and project experience, working for commercial and public sector clients. I specialise in assessment of demand and markets, retail analysis, the form and function of urban economies, the preparation of forecasts, and evaluation of outcomes and effects.

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.