BEFORE THE KAIPARA DISTRICT COUNCIL'S HEARING PANEL

IN THE MATTER OF	the Resource Management Act 1991 (**the Act**)
AND	
IN THE MATTER	An application for Private Plan Change 85 (**PC85**) -**MANGAWHAI EAST** by Foundry Group Limited (formerly Cabra Mangawhai Limited) and Pro Land Matters Company to rezone approximately 94-hectares of land at Black Swamp and Raymond Bull Roads, Mangawhai

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STATEMENT OF EVIDENCE OF ADAM JEFFREY THOMPSON ON BEHALF OF THE APPLICANTS

(ECONOMICS & PROPERTY MARKET)

18 December 2025

Jeremy Brabant

Barrister

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INTRODUCTION

1. My full name is Adam Jeffrey Thompson.

2. I have been asked by Foundry Group (formerly Cabra Mangawhai Limited) and Pro Land Matters Company Limited, to provide independent expert advice on Private Plan Change 85 Mangawhai East (**PC85**) to the Kaipara District Plan.

3. This evidence is provided for the hearing scheduled to commence on 17 February 2026.

QUALIFICATIONS AND EXPERIENCE

4. I am the Director of Urban Economics (**UE**) limited. For the past 25 years, I have been providing consulting services in the fields of urban economics, property market analysis and property development advisory. For the past 23 years, I have owned and managed two consulting firms that have provided services in these fields.

5. I hold a Bachelor of Resource Studies from Lincoln University, a Master of Planning from the University of Auckland, and a Dissertation in Urban Economics from the London School of Economics and Political Science.

6. I have undertaken over 2,500 economic and property market assessments for a range of private and public sector clients.

EXPERT WITNESS CODE OF CONDUCT

7. Although this is not a hearing before the Environment Court, I record that I have read and agree to and abide by the Environment Court's Code of Conduct for Expert Witnesses as specified in the Environment Court's Practice Note 2023. This evidence is within my area of expertise, except where I state that I rely upon the evidence of other expert witnesses as presented to this hearing. I have not omitted to consider any material facts known to me that might alter or detract from the opinions expressed.

PROJECT INVOLVEMENT

8. I prepared the initial economic cost benefit analysis report titled 'Proposed Plan Change Mangawhai Evaluation of Economic Costs & Benefits' dated 30 June 2025. I have also reviewed and responded to the Request for Further Information (RFI)

issued by Kaipara District Council (KDC) dated 29 January 2025. In particular, my review addressed the questions raised by Mr Derek Foy under point 'I - Economic and Growth Provisions'.

SCOPE OF EVIDENCE

9. I have reviewed the Section 42A report titled 'Request to rezone 94 hectares of Rural Zone land to the Mangawhai East Development Area' prepared by Mr Jonothan Clease dated 1 December 2025. I have also reviewed Mr Foy's statement of evidence dated 1 December 2025 titled 'Economics and Housing Capacity'.[1] This evidence addresses the key economic matters raised in those reports. My evidence is structured as a response to the matters raised in the Section 42A report and therefore adopts a similar structure and use of headings.

SUMMARY OF EVIDENCE

10. There is a difference of opinion between myself and Mr Foy as to whether the urban rezoning sought by PC85 is:[2]

    a. Required to provide sufficient development capacity for housing or business land in the district; and

    b. Whether there are any other reasonably practicable and feasible options for providing the required development capacity.

11. The answers to the above questions rely primarily on economic considerations and are critical to providing PC85 with a pathway through the constraints of the National Policy Statement for Highly Productive Land 2022 (**NPS-HPL**). My position is that there is a clear pathway to rezoning the PC85 area in a manner provided for, and consistent with, the relevant provisions of the NPS-HPL and the National Policy Statement for Urban Development 2020 (**NPS-UD**).

12. The dwelling demand estimates[3] relied upon in the Section 42A report (and evidence of Mr Foy) are, in my opinion, materially below the fundamental level of demand for Mangawhai.

[1] Appendix 13 Economic Review report.
[2] Being the first two criteria of cl 3.6(4) of the National Policy Statement for Highly Productive Land 2022.
[3] 117 to 125 dwellings p.a

13. Growth in small rural lifestyle towns is exponential rather than linear, with annual dwelling uptake increasing as towns reach critical amenity thresholds. Regression analysis across comparable towns shows that Mangawhai is following this pattern, with annual uptake expected to increase from approximately 180 dwellings per annum today to over 610 dwellings per annum by 2055, driven by increases in the scale of the town and its corresponding increase in social and commercial services.

14. Extensive empirical analysis confirms that new greenfield developments are additive rather than distributive, with additivity factors of 1.06 to 1.76. This indicates that the 788 dwellings enabled by PC85 are expected to generate approximately 1,100 additional dwellings in total, demonstrating that PC85 would act as a catalyst for further growth rather than reallocating demand within Mangawhai.

15. Recent private sector investment, including new retail, education, and transport infrastructure, confirms expectations of continued rapid growth and strengthens Mangawhai's attractiveness, particularly for families with children.

16. I consider the development capacity relied upon by Mr Foy substantially overstates the supply expected to be realised. I estimate 3,270 feasible dwellings, compared with Mr Foy's 4,880 dwellings. This results in a medium-term shortfall of approximately 310 dwellings and significantly larger shortfalls beyond this.

17. Market competition is a critical consideration. As most future supply is controlled by three large developers, PC85 would make a notable contribution to improving competitive market outcomes, enhancing affordability, and broadening the mix of dwellings available to the market.

18. The Section 42A report's conclusions on infrastructure do not, in my view, apply the correct economic or legislative tests. Under the NPS-UD, PC85 can be considered 'infrastructure ready' for the medium term, with wastewater capacity of approximately 5,500 HUEs. There are no fundamental constraints to providing additional long-term infrastructure capacity as detailed in the civil engineering evidence of Messers Fairgray and White. Limiting growth to current infrastructure capacity is inconsistent with efficient cost recovery principles and the intent of the NPS-UD.

19. Clause 3.6 of the NPS HPL does not require avoiding all HPL. It requires assessing whether any other reasonably practicable and feasible options exist that also

achieve a well-functioning urban environment ("WFUE"). National guidance confirms that leap frogging HPL to disconnected locations is not a reasonably practicable option. On this basis, in my view PC85 compares favourably to alternative location options.

20. I agree with Mr Clease [para 234] that Mangawhai meets the definition of urban environment. He states "I consider that over the long term, Mangawhai is therefore 'intended to be' a housing market of at least 10,000 people. Both legs of the 'urban' test are therefore met and the NPS-UD is engaged." I have completed a similar assessment and conclude Mangawhai will have a housing and labour market that exceeds 10,000. I note Mr Clease goes on at [para 237] to suggest there may be some "… ambiguity as to whether Mangawhai qualifies as an 'urban environment' (at least over the medium term), and therefore whether or not the NPS-UD is engaged…". In my opinion there is no ambiguity, based on the analysis I have undertaken. I also understand this test does not relate to the medium term, as suggested by Mr Clease.

21. Mangawhai is a coastal lifestyle town, and its historical growth reflects incremental expansion around the harbour. Land value patterns confirm the premium attached to proximity to and views of the harbour. PC85 aligns with this established growth pattern and supports a WFUE and is spatially near to existing infrastructure and services, e.g. the school and shops and close to infrastructure connections.

HOUSING DEMAND GROWTH

22. Mr Clease identifies dwelling demand of 125 dwellings p.a., or 1,250 dwellings in total, over the medium term (10 years) (including NPS-UD demand buffer of 20%) in Mangawhai:

> *263. "Mr Foy identities that Mangawhai has experienced an average new build rate of 114 dwelling consents per annum. Mr Foy identifies that not all issued consents are ultimately built, which reduces the likely construction rate to approximately 104 units per annum. If this rate is sustained into the future, with a 20% buffer applied (and as required by the NPS-UD), then demand would track at some 125 units p.a. or 1, 250 units over the medium term/ next 10 years…"*

23. Over the long term, Mr Clease identifies demand for 117 dwellings p.a., or 1,380 dwellings in total:

263. "Modelled demand undertaken by Infometrics on behalf of the Council arrived at a demand rate (plus 20% buffer) of 117 units p.a. inclusive of both permanently occupied and holiday home demand. The modelled demand into the future therefore aligns closely with the experienced demand over the last two decades. Infometrics predicted a further long term demand (years 10 to 30) to be 1,380, which when combined with medium term demand equates to total demand over the next 30 years of 2,550 units."

24. In my opinion, the estimates of demand Mr Clease relies on are significantly below the fundamental demand for housing in Mangawhai, which I estimate at approximately 340 dwellings p.a. on average over the long term, increasing from approximately 180 dwellings per annum today to over 610 dwellings per annum by 2055.

25. This fact that additional supply induces or stimulates aditional demand is a fundamental economic concept. This is acknowledged by both Mr Clease and Mr Foy:

268. Mr Foy acknowledges that Mangawhai is located within the outer edges of the 'Auckland halo' and as such demand is not directly linked to growth in employment and the underlying economy which typically drives township growth. ***Demand can instead be induced via a 'build it and they will come' approach whereby if more sections are available and the land market is more competitively priced, then more people will take the opportunity to buy property in Mangawhai for use as holiday homes, as a retirement destination, or as a 'work from home' option with intermittent commuting to Auckland or Whangarei. Demand is therefore reasonably elastic and may expand to meet any expansion in capacity.*** *In my view it is therefore appropriate for a good level of capacity to be maintained in Mangawhai in case the housing market changes rapidly The existing capacity of some 4,880 means that the town could more than double in size before existing capacity is fully utilised, and therefore the current provision in my view adopts a suitably conservative approach."* (Section 42A Report, Jonathan Clease, emphasis added)

4.35 "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 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."* (Appendix 13 Economic Review, Derek Foy, emphasis added

26. I have undertaken extensive research to confirm that:

- New greenfield developments in small rural towns are additive rather than distributive (i.e. they add to the total housing stock).

- That growth in small rural towns is exponential rather than linear, with the annual growth increasing as the town increases in size.

27. These are important concepts for understanding demand in small rural towns, which I address this further below.

New Greenfield Developments Are Additive Rather than Distributive

28. To determine the extent to which new greenfield developments are additive rather than redistributive (i.e. whether greenfield development results in a net increase to total supply and demand for housing, or whether it redistributes supply and demand from other locations within the region), I have undertaken empirical assessments across several locations in New Zealand (e.g. Wellington Region, Queenstown-Lakes District, Tasman Region, Matamata, and northern Auckland) to determine whether large-scale greenfield developments are additive rather than redistributive.

29. The analyses estimated additivity factors ranging from 1.06-1.76. This means that for every 100 additional greenfield dwellings built, they result in a net additional 106-176 dwellings, i.e. new greenfield developments are 'more than additive', as they also stimulate further housing activity beyond the development itself. A sample assessment is provided in Appendix 1.

30. The key implication for Mangawhai is that PC85 is expected to be a catalyst for additional growth and demand. In particular, PC85 is for approximately 788 dwellings, and based on this analysis, it would increase total growth or demand by around 1,100 dwellings.

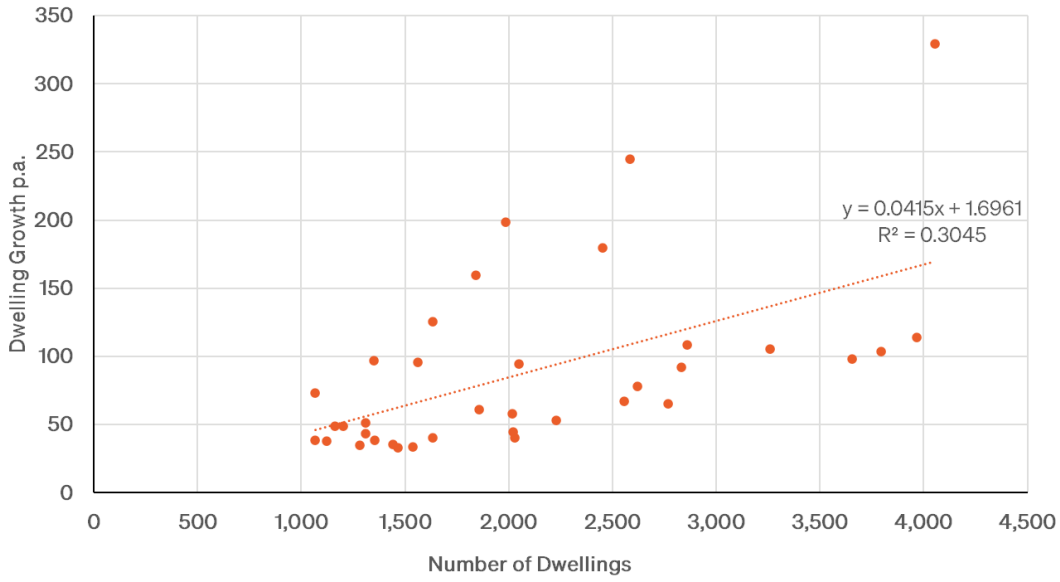
Growth in Rural Towns is Exponential Rather than Linear

31. Rural towns experience higher annual nominal growth as they increase in size. This is materially different to the assumption that growth is linear, which is in large part advanced by Statistics NZ growth projections, which project historical averages.

32. A regression analysis of the size of small towns and their rate of annual growth has been undertaken. This assesses the relationship between the size of the town and its rate of growth. This can be used to understand the future growth in demand in Mangawhai.

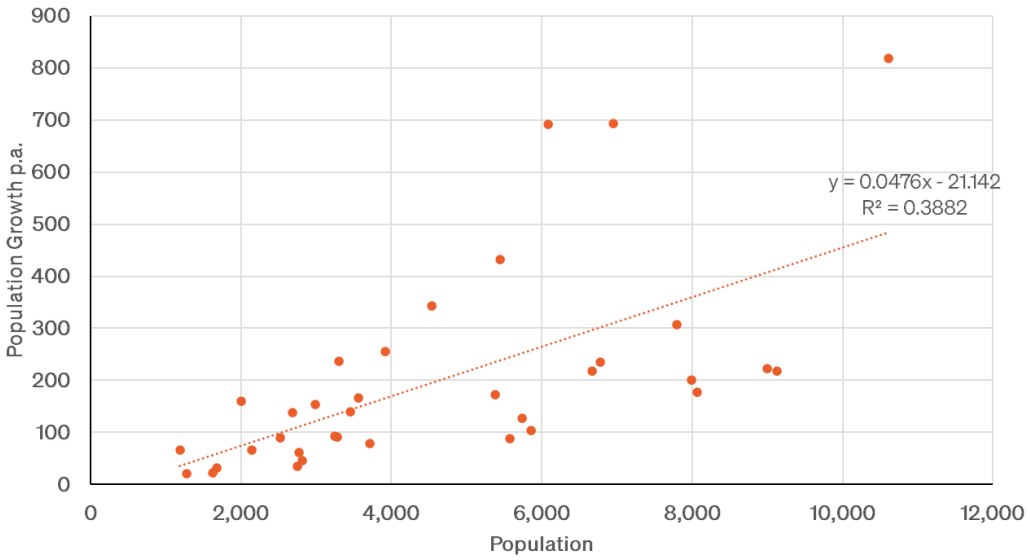
33. A sample of 36 rural lifestyle towns, of 1,000 to 5,000 dwellings, has been assessed, for the 2018-2023 period. This is shown below.

Figure 1: Relationship between Town Size (Number of Dwellings) and Rate of Annual Growth



Source: Statistics NZ, UE

Figure 2: Relationship between Town Size (Population) and Rate of Annual Growth



Source: Statistics NZ, UE

34. The analysis finds that as towns increase in size, annual dwelling uptake increases. The practical explanation is that as a town increases in size, critical thresholds are reached which support specific amenities, e.g. primary and secondary schools, a supermarket, and broader medical, commercial and recreational services. As these amenities are introduced, more people consider the town an attractive place to live, and the rate of growth or demand increases. This analysis is demonstrablly correct in terms of Mangawhai where there is now a supermarket and other large bulk retail such as Placemakers and plans for additional schools, with an independent secondary school – Mangawhai Hills College, established in the Mangawhai Hills area.

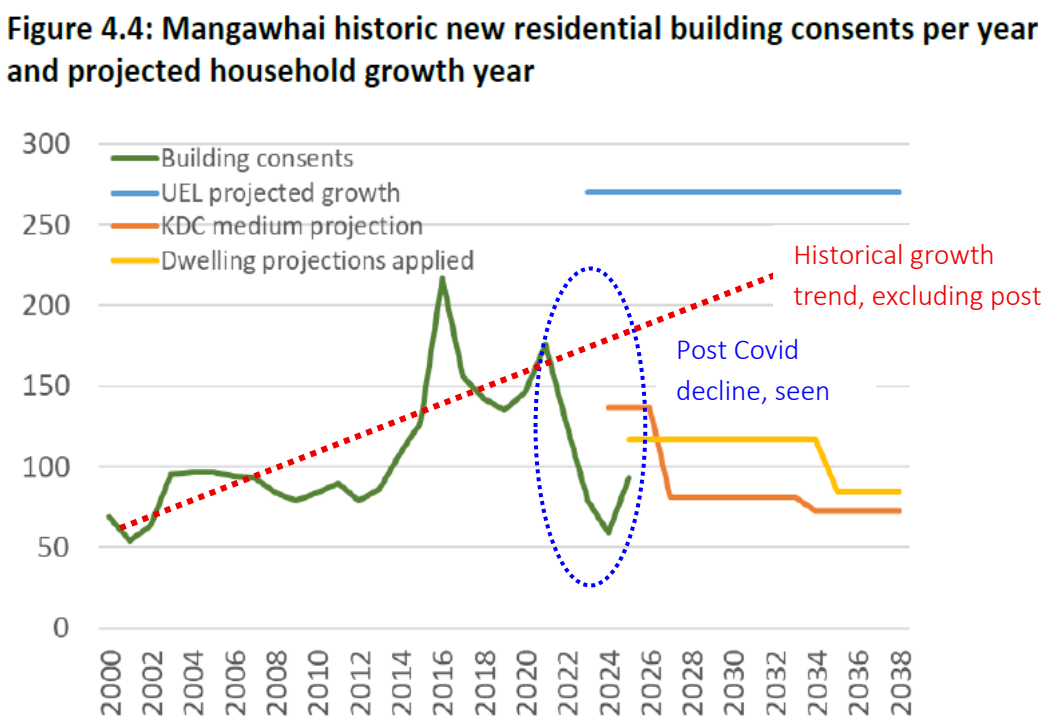
35. This is further supported by the analysis completed as part of the memorandum titled "Mangawhai Urban Environment Analysis" completed 4th June 2025 which found that in similar rural towns to Mangawhai (Wanaka, Morrinsville, Marsden Cove), each town experienced significant increases in the number of new dwellings consented following the introduction of a medium-large scale development, with growth rates increasing by 70-225%. This confirms that new developments are a catalyst for higher rates of growth, reflecting higher market confidence for both buyers and construction sector firms. This reflects well established urban economics principles, that confirm new development is a catalyst for further growth, specifically agglomeration effects, growth pole theory (new development occurs around a pole, such as an interchange or shopping centre), land use multiplier effects, path dependence and cumulative causation (once growth starts it becomes self-reinforcing) and accessibility theory (land value increases, development intensity and market attractiveness).

36. By contrast, Statistics NZ forecasts project the average rate of growth achieved over the past 1-2 decades, which incorrectly implies growth is linear rather than exponential and does not recognise, or account for, changes in key social or other infrastructure such as services or roading projects.

37. Mr Foy and subequently Mr Clease have relied on the Infometrics growth projections prepared for KDC. These projections are largely consistent with the Statistics NZ projections, and rely on the application of historical average growth rates, so are also a linear projection. The Statistics NZ projections take the last 20 year average growth rate and project these into the future. However, Mangawhai experienced an increasing rate of growth over the last 20 years, of approximately 50 dwellings p.a. over the 2005-2015 period, to around 150 dwellings p.a. over the

2015-2025 period. If the more recent, post Covid decline is excluded, there is a clear ongoing exponential increase in annual demand in Mangawhai. This is shown in the following Figure, sourced from Mr Foy's review (I note that this only includes the Urban SA2s and does not include the Rural SA2 which includes many urban dwellings, adjacent to the urban SA2s, which has a large number of urban dwellings, as detailed in my 'Mangawhai Urban Environment Analysis' memo). As is evident in this Figure, the Stats NZ/KDC projections project the last two decade average, whereas the UE projections reflect the exponential growth trend (evident from 2000 to 2022, however noting the post Covid construction sector decline, experienced nationally). This same trend is evident across KDC as a whole (refer Figure 12 of my initial report).

Figure 3: Historical Growth Rates Mangawhai



38. Figure 4 illustrates the projected dwelling growth in Mangawhai over the next 30 years, derived from the regression analysis between town size and historic growth rates.

39. As at 2025, Mangawhai's urban area is estimated to contain approximately 4,330 dwellings, and is growing at approximately 180 dwellings p.a.. By 2035, there is projected to be approximately 6,520 dwellings, growing at a rate of approximately 270 dwellings p.a.. The annual rate of dwelling growth is expected to increase as the size of the town expands. By the mid-2040s, Mangawhai is projected to add circa 400 dwellings p.a., rising to over 610 p.a. by 2055. This reflects the pattern observed in similar New Zealand towns, where the rate of growth increases as the size of the town increases and a greater number of urban services are provided.

Additional Amenities Supporting Demand

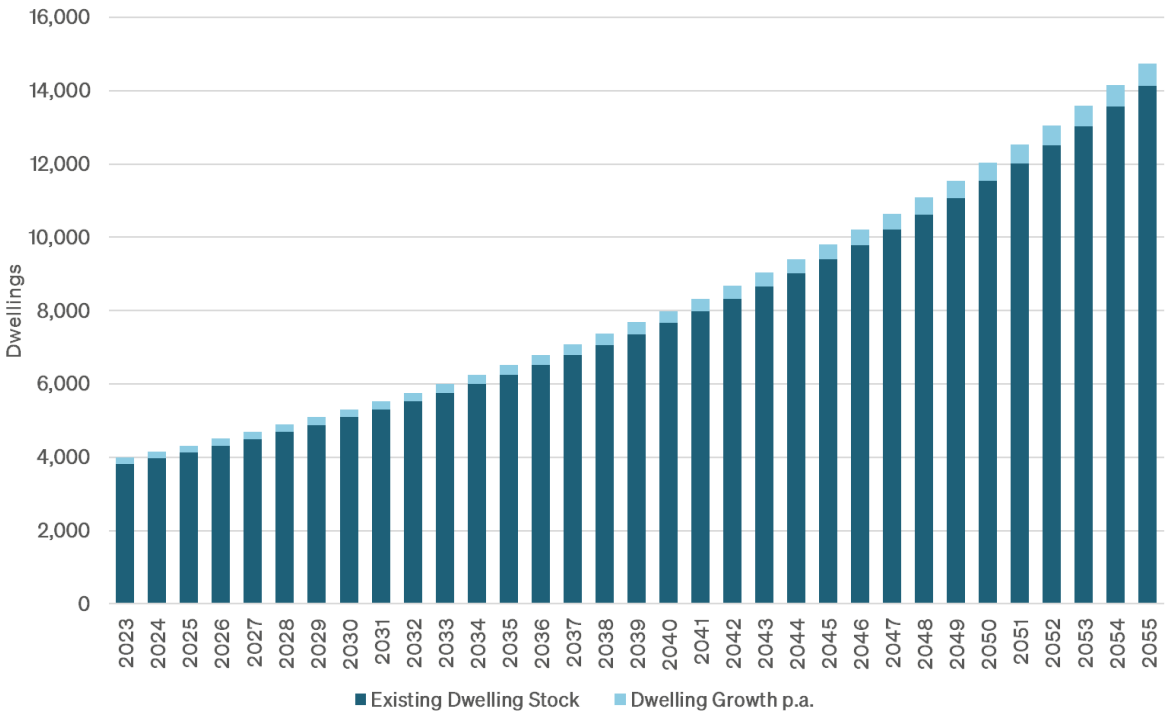
40. Underpinning the additive and exponential nature of growth experienced in rural towns, is critical mass thresholds that support new amenities. As detailed above, Mangawhai has recently seen the introduction of a supermarket, hardware store and secondary school. These provide significant improvements in self-sufficiency, and are particularly attractive to 'families with children' households that have busy schedules and greatly prefer locations that offer access to supermarkets and schooling, as well as a range of other recreational and medical facilities. The private sector investment in these amenities confirms the market expectation of rapid growth in Mangwhai.

41. The completion of the SH1 Warkworth to Te Hana upgrade, due to begin construction in the latter part of 2026, is estimated to reduce travel times by 7 minutes. This will have the effect of making Mangawhai a closer and easier/safer drive to Auckland, which will increase its attractiveness as a town, for permanent and bach residents. The Warkworth to Te Hana expressway has a potential cost of $3-4 billion and will take approximately 8 years to complete. It will support approximately several thousand jobs. This will lead to increased demand for housing in Mangawhai, for those working on the expressway, over and above the historical rate of demand seen in the town.

42. I have addressed in my initial report the shifting demographic in Mangawhai, from a retiree/bach location to an increasingly 'young family with children' location[4]. This is common to similar lifestyle rural towns. In my opinion, this demographic change shows a fundamental shift in the towns economic and social structure that will lead to increased demand. Specifically, the historic retiree/bach demand will continue, and the new 'young family with children' housing demand will be in addition to that, further reinforcing the exponential nature of growth.

43. I consider these drivers of demand are understood by the large scale developers and retailer firms investing substantially in Mangawhai. Their commercial decisions are ultimately based on more sophisticated evaluation of demand for this location, than those prepared by Statistics NZ, or by other firms (such as Infometrics or NIDEA), that ultimately rely on projections from Statistics NZ, for their assessments of future growth potential. I do not consider the large scale developers and retailer investing in Mangawhai would be proceeding if they considered the Statistics NZ projections to be correct, given the scale of their commercial investments.

Figure 4: Projected Dwelling Growth in Mangawhai (2023 - 2055)



Source: Statistics NZ, UE

[4] Refer Figure 14 of my initial report, for detail.

SUPPLY

44. Mr Clease relies on Mr Foy's estimates of development capacity [5] in Mangawhai. In my opinion, the capacity estimated by Mr Foy is overstated. The following table shows Mr Foy's development capacity estimates alongside my updated development capacity estimates.

45. I note the following:

- Mr Foy estimates total development capacity for 4,880 dwellings, comprised of 3,383 greenfield and 1,497 infill dwellings.
- I estimate total development capacity for 3,422 dwellings, comprised of 3,017 greenfield and 405 infill dwellings.
- The main difference in our assessments are Mangawhai Central and the amount of infill capacity. Regarding Mangawhai Central, this appears to be resolved by correspondence with the Mangawhai Central development team which advises that the actual land development is expected to deliver 672 residential sites rather than 1,500 as set out in Mr Foy's evidence. Regarding infill, there is a natural 'reasonably expected to be realised' ceiling, typically around 5-15%, in rural towns[6], which Mr Foy does not appear to have accounted for.

Figure 5: Development Capacity (RER) Estimates

Capacity Location	Mr Foy*	UE	Difference
Mangawhai Central	1,500	672	-828
Mangawhai Hills (PC84 Operative)**	600	750	150
The Rise (PC83 Operative)	324	325	1
Metlifecare	160	-	-160
60 Mangawhai Heads Road	206	-	-206
Other Greenfield	593	1,270	677
Greenfield Capacity Subtotal	**3,383**	**3,017**	**-366**
Infill Capacity Subtotal	**1,497**	**405**	**-1,092**
Total Capacity	**4,880**	**3,422**	**-1,458**

*Figure 4.1 from 'Appendix 13 - Economic Review' document.

**UE Capacity estimate informed by latest masterplan.

Source: KDC, UE

[5] Reasonably expected to be realised (RER).

[6] Based on an assessment of 15-20 comparable sized rural towns across NZ.

SUFFICIENCY

46. Mr Clease concludes that there is sufficient capacity to meet future housing demand in Mangawhai, based on the evidence of Mr Foy:

> *266. "I therefore conclude that there is more than sufficient capacity relative to demand, especially when considered over the medium term/ 10 year time frame which is the period that the NPS-UD requires capacity to be both zoned and capable of being serviced."*

47. Figure 6 below presents my updated sufficency assessment, accounting for the updated development capacity and revised demand forecasts. The main points to note is that there is a shortage over the medium term of 310 dwellings, and a much larger shortage beyond this.

Figure 6: Sufficiency of Development Capacity to Meet Demand

Demand*	Short-Term (2025-2028)	Medium-Term (2025-2035)	Long-Term (2025-2055)
Greenfield	640	2,470	11,340
Infill	70	270	1,260
Total	**710**	**2,740**	**12,600**
Capacity			
Greenfield	350	2,025	3,017
Infill	405	405	405
Total	**755**	**2,430**	**3,422**
Sufficiency			
Greenfield	-290	-445	-8,323
Infill	335	135	-855
Total	**45**	**-310**	**-9,178**

*Including NPS-UD Demand Buffer of 20% for short & medium-term & 15% for the long-term.

Source: Statistics NZ, KDC, UE

48. Mr Clease considers that market competition is an important consideration with respect to Mangawhai's housing market:

> *267. "Capacity is not however just a numbers game. In order for competitive land markets to function effectively that capacity needs to be available across a number of land owners to avoid land-banking scenarios. The capacity available within Mangawhai is broadly distributed across a number of large greenfield areas held by different entities, along with numerous vacant sections and infill housing opportunities scattered across the urban area. The diversity of ownership reflects diversity in locational choice, and diversity in the type of house that is potentially on offer, from smaller infill units and older homes through to larger greenfield new-builds."*

49. I agree that when determining whether capacity is sufficient to meet demand, market competition is an important factor to consider. It is my view that the proposal would make a notable contribution towards improving market competition within Mangawhai, of which, the majority of future capacity is controlled by 3 large developers[7]. This would have positive flow on benefits to the price, and mix of dwellings available to the market each year.

INFRASTRUCTURE

50. Mr Clease estimates that there is wastewater capacity for 2,600 additional connections (5,500 – 2,900 = 2,600) over the medium term (i.e. existing and funded infrastructure):

> *140. Mr Cantrell identifies that the network currently has 2,900 connected Household Unit Equivalents (HUEs). The MWWTP has a current capacity for approximately 3,550 HUEs. The Brown Farm treated wastewater disposal area is at (or a little over) capacity.*
>
> *143. The current planned and largely funded works therefore enable a significant increase in network capacity. The planned upgrades to 5,500*

[7] Mangawhai Central, Mangawhai Hills, The Rise.

HUEs are more than sufficient for meeting the anticipated demand over the medium term, identified by Mr Foy as being approximately 1,200 dwellings (including 20% buffer), which aligns with the average of 104 houses consented per annum over the last 20 years. Even were demand over the next 10 years to be double that experienced over the past 10 years, sufficient wastewater capacity will still be provided.

51. Mr Clease concludes that this will be more than sufficient to meet demand over the medium term:

> *152. …The upgrades currently planned to both treatment and disposal will lift capacity to 5,500 connections and have been aligned with the capacity available in the existing urban zones and the likely demand anticipated over the coming decade. This alignment is considered to be more than sufficient to meet demand over at least the medium term.*

52. Mr Clease concludes there is insufficient infrastructure to meet demand over the long term if PC85 is approved:

> *154. As outlined by Mr Bennetts, the Council's current wastewater planning, while sufficient to provide for growth already enabled in Mangawhai, does not include the capacity necessary to also service PPC85. Servicing PPC85 as well would require the Council to identify and plan for further upgrades, and in particular an additional wastewater disposal solution.*

53. Mr Clease concludes that due to there being sufficient infrastructure capacity over the medium term, however insufficient wastewater capacity over the long term, that he cannot support PC85:

> *155. Given the constraints in the MCWWS set out above, combined with the lack of a deliverable solution for long-term effluent disposal, I am unable to support the plan change due to the challenges with servicing it with wastewater infrastructure without concurrently removing the ability to deliver such services from already urban zoned parts of the township.*

54. In my opinion Mr Clease has not applied the correct economic or legislative test to PC85 with regard to wastewater infrastructure. His core assumption is that growth or development capacity should be equal to or less than infrastructure capacity.

The NPS-UD instead requires that there is sufficent 'infrastructure ready' capacity to meet demand over the short, medium and long terms. This does not mean that growth should be limited by infrastructure capacity, rather that infrastructure capacity must be provided to enable demand to be met. NPS-HPL clause 3.6(5) requires the "minimum necessary" HPL is used for urban zoning to achieve a WFUE. In my view this is not simply achieved with the exact quantity of land required to meet demand in terms of the estimated quantity of houses, rather it is achieved by having the amount of land required to meet demand, accounting for enabling the full range of dwellings demanded, in terms of type and price and location, and enabling a number of developers in the market required to achieve a 'competitive land and development market' for each year over time. In addition, clause 3.6(5) requires Mangawhai has sufficient development capacity, while achieving a WFUE. I comment on the economic aspects of a WFUE under this clause as follows:

- There is a requirement to meet all housing needs, in terms of type, price and location. The proposal offers a range of housing, including relatively affordable housing, which is a notable contribution to the housing market that has recently experienced rapid price growth.

- The proposal will support a competitive land and development market, by ensuring there will be several operators competiting, in any given year, over the medium term. This accounts for some developments not starting or pausing during this timeframe, for unforeseen reasons.

55. Economic efficiency is achieved when infrastructure investments are built and paid for efficiently. A key challenge is that substantial upfront capital cost incur large interest costs, and often a large number of development contributions or connection fees are required just to cover these, each year. For example, a $20 million wastewater plant would incur interest of $1.0 million each year, and therefore around 50 $20,000 development contributions are required each year, just to service the interest costs. Having a higher number of development contributions therefore supports more efficient cost recovery. Having more developers competing in the market place for home buyers, and also competing for limited wastewater connections (if they were limited) produces market incentives that have public benefits, in regard to efficiently paying for wastewater infrastructure. Mr Clease appears to overlook this important principle, or at least has adopted a static or linear demand growth assumption that does not allow this important principle to be applied.

56. The NPS-UD provides a clear definition of development capacity that is 'infrastructure ready' for the short, medium and long terms:

> *3.4(3) Development capacity is infrastructure-ready if:*
>
> *(a) in relation to the short term, there is adequate existing development infrastructure to support the development of the land*
>
> *(b) in relation to the medium term, either paragraph (a) applies, or funding for adequate development infrastructure to support development of the land is identified in a long-term plan*
>
> *(c) in relation to the long term, either paragraph (b) applies, or the development infrastructure to support the development capacity is identified in the local authority's infrastructure strategy (as required as part of its long-term plan).*

57. Mr Clease's essential position is that the plan change should be refused because the remaining infrastructure capacity needs to be preserved to enable long term growth in other locations. The NPS-UD states in Policy 8 that "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, even if the development capacity is: (a) unanticipated by RMA planning documents; or (b) out-of-sequence with planned land release." I agree with this policy, as there are economic benefits from ensuring development is responsive to demand, and more generally that infrastructure should be provided to enable demand to be met, rather than used to constrain growth as suggested by Mr Clease. Mr Clease has not identified any fundamental constraints to the provision of additional infrastructure capacity over the medium or long term, particularly if the development contributions for wastewater are taken into account. Other than funding and planning, no other actual constraints are identified and the funding aspects will be addressed by the Development Contributions that will be obtained in conjunction with development. On this basis, it is reasonable to assume that additional capacity can be provided within the medium and long term timeframe, if needed.

58. For the reasons outlined, I do not consider Mr Clease's inability to support the proposal in respect on wastewater infrastructure capacity is justified on economic grounds.

59. Mr Foy does not evaluate infrastructure capacity in terms of section 3.6, however notes that he understands that there are some "difficulties with infrastructure servicing".

60. In summary, there is more than sufficient infrastructure capacity to meet medium term growth, based on the NPS-UD definitions. PC85 would largely occur within the medium term, and on this basis, I do not consider there are any fundmental costs or issues that arise from PC85 in regard to infrastructure, and rather consider PC85 would contribute to efficient infrastructure cost recovery, a choice of living environments, support an appropriately competitive land and housing market, and support ongoing upgrades to the public system, all of which are consistent with the NPS UD.

OTHER REASONABLY PRACTICABLE & FEASIBLE OPTIONS & WFUE

61. Mr Clease states that cl. 3.6(4) requires Council to assess other locations that are not HPL for rezoning:

> *381. In the event that further capacity was able to be identified as being necessary, clause 3.6(4)(b) requires a comparative assessment be undertaken to determine whether there are any other reasonably practicable and feasible options available for accommodating urban growth that would not use HPL.*
>
> *382. The applicant's economist has undertaken a comparative analysis… The criteria do not conversely include the <u>need</u> to avoid areas of HPL. (emphasis added)*

62. Clause 3.6(4) does not require all rezoning to be on non-HPL as claimed by Mr Clease, rather allows rezoning of HPL if the zoning is required to "provide sufficient capacity to meet expected demand for housing and business land in the district" and there are no "other reasonably practicable and feasible options and the environmental, social, cultural and economic benefits of rezoning outweigh the environmental, social, cultural and economic costs of the loss of highly productive land". The NPS-HPL implementation guide refers to 'reasonably practicable options' in detail, with several examples as follows:

> *The use of the words 'reasonably practicable option' is intended to align with the assessment of reasonably practicable options in section 32(1)(b)(i) and ensure a pragmatic assessment of realistic and achievable options to provide the required development capacity is completed. (page 44)*
>
> *Other key factors to consider when assessing reasonably practicable options for providing the sufficient development capacity include:*

- *the extent of HPL around the existing urban environment*
- *options for providing development capacity in surrounding suburbs/similar small settlements nearby*
- *infrastructure servicing and constraints*
- *the presence of other constraints, such as natural hazards and sensitive and valued natural environments to be protected. (page 45)*

For all territorial authority urban rezoning proposals and private plan changes, a key consideration will be whether an option for urban rezoning on non-HPL will achieve a well functioning urban environment. If urban rezoning of non-HPL would result in a disconnected or poorly functioning urban environment, then this could be justification to discount this as a reasonably practicable option under Clause 3.6(1)(b) and Clause 3.6(2)(b). (page 46, emphasis added).

63. I consider that references to "other reasonably practicable and feasible options" establish that a high level weighing of a range of costs and benefits should be undertaken as reflected in Clause 3.6 (4), rather than simply identifying other sites where there is non-HPL that should be automatically preferred as suggested by Mr Clease. Most notably, the guidance document notes that zoning non-HPL that is disconnected from the town would not achieve a WFUE and that this is justification for rezoning HPL:

> *Using the term 'well-functioning urban environment' in Clause 3.6(1)(b) when assessing reasonably practicable and feasible options makes it clear that all options should result in good urban outcomes where the plan change contributes to, or achieves, a well-functioning urban environment. This is particularly relevant when considering alternative locations for urban rezoning which are not on HPL but are further away from existing urban environments. For example, it may be possible to avoid HPL further away from the urban edge but this option may not achieve a well-functioning urban environment when considering factors such as transport links, provision of infrastructure, accessibility and so on. (page 41, NPS-HPL Guide to Implementation)*

64. Mr Clease has reviewed my comparative analysis, and he notes [para 382, above] he considers a significant shortcoming is that I have not assessed the "need" to avoid areas of HPL. I do not consdier this is a requirement of clause 3.6 and for this reason do not consider it a shortcoming. Nonetheless, my comparative analysis does consider the loss of rural

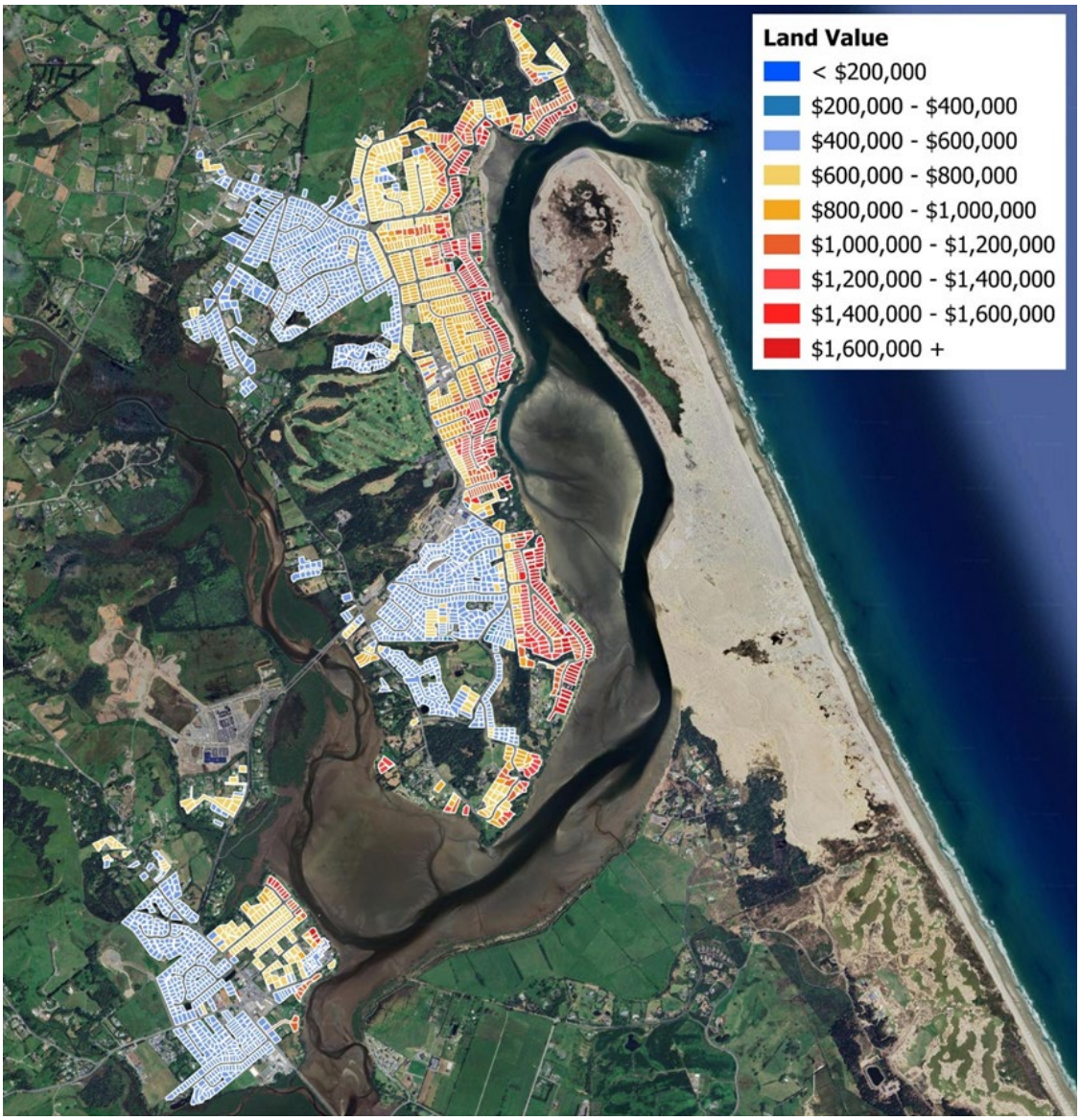
production value, so in my opinion the matter is sufficiently addressed. I further note, that it is commonly accepted that HPL has relatively low per hectare economic value compared to urban land, and in this regard, the consideration of a WFUE or efficient urban land use more generally, should in my view have significant weight in the rezoning evaluation (even if it is not explicitly required under clause 3.6(4)(b) it falls within the broader scope of 3.6(4)(c)). Additionally it is relevant to note that the HPL contained in the site is LUC 3, and as acknowledged in the s42A report, provisions with respect to LUC 3 are signalled to be amended.

65. Mr Clease states his view that I have placed too much emphasis on the criteria "proximity to the harbour and sea views".

> *382. The applicant's economist has undertaken a comparative analysis, however as identified by Mr Foy it has some significant shortcomings. It uses as a base, a set of criteria that place a significant emphasis on proximity to the harbour and sea views.*

66. Figure 7 presents the land values of residential property in Mangawhai. This shows a distinct pattern. Property lot values near the beach or harbour are substantially higher in value than those further back from the beach or harbour. This is also evident in the southern part of Mangawhai. This reflects Mangawhai's primary reason for existing, which is as a coastal lifestyle town.

Figure 7: Land Value of Residential Properties in Mangawhai



Source: Cotality, LINZ, Google

67. I consider Mangawhai is a coastal lifestyle town, that has relatively limited direct access to the beach, however has significant access to the harbour. The historical growth of the town has followed a pattern of growth that can be decribed as incremental growth around the harbour (also evident in Figure 7). Mr Clease however has put forward a different conceptualisation of growth in Mangawhai, as having 3 nodes of growth, that have connected over time:

> *242. Mangawhai is now functionally becoming a single township comprised of three, linked, nodes that collectively wrap around the northern and western sides of the Harbour. In terms of urban form, PPC85 is seeking to introduce a fourth node, located on the southern side of the Harbour.*

320. …It creates a fourth urban node on the far side of the harbour where none is needed for several decades and where a more compact urban form would be delivered if existing growth areas on the northern side of the harbour were developed first.

68. Mr Clease's suggestion that a more compact urban form should be preferred is at odds with the historical development pattern and what attracts new residents to the location. In my opinion, Mr Clease is applying an urban growth pattern assumption to a lifestyle coastal town, which overlooks its fundamental driver. Tauranga is similar, in that its growth is largely around a harbour, which may be less compact, than Christchurch for example, however reflects the fundamental driver of growth for the location.

69. In my view, I have considered a range of other options or locations sufficiently, and consider that in large part due to PC85 offering superior proximity to and views of the harbour, it has greater overall benefits than other options for rezoning, even accounting for the rural production value of HPL. In any event the PC85 site is close to and connected to existing infrastructure and still 'compact' in terms of the accessibility it offers to schools, shops and other amenities such as beaches, open spaces and walkway connections.

70. With regard to whether PC85 achieves WFUE, I consider it does, because it aligns with the fundamental drivers of demand, will contribute to housing choice and affordability (as acknowledged positively in the s42A report) and is compact in terms that it is more closely connected to services and urban amenities than other plan change approvals that have occurred in recent years - notably The Rise and Mangawhai Hills.

71. Mr Clease considers a WFUE can only be achieved with a 'compact urban form', which he suggests requires a sequential concentric pattern of growth. I do not agree and rather consider that small towns typically have less concentric patterns of growth, and often incremental patterns of growth, due to their size and availability of suitable development sites. I do not consider that PC85 raises any issues in this regard, in large part because it follows the historical pattern of growth around the harbour, aligning with fundamental demand. I also note in this regard, there are very few remaining undeveloped sites adjacent to the harbour, reflecting this historical pattern of growth.

COMMERCIAL CENTRE

72. Mr Foy raises concerns regarding the scale and purpose of the proposed Neighbourhood Centre and Mixed Use Zone. In particular, he states:

2.11 …my assessment concludes that the proposed Neighbourhood Centre is much larger than it needs to be to service the local neighbourhood catchment, and would more appropriately be around 0.4ha rather than the 2.65ha proposed. Further, the 2.35ha of Mixed Use Zone is not, in my opinion, required in this location at all."

and

2.12 While I accept the need for Mangawhai's business land area to continue to increase to support its growing population, there are other business locations available in the town.

73. In my opinion, a 0.4 ha commercial area would not be sufficient to accommodate the level of activity identified in the UE quantitative assessment. The UE modelling indicates supportable floorspace in the order of 4,600 - 6,300 m² across retail, office, and local service activities. A centre of this scale cannot be delivered on a 0.4 ha site, which would only be capable of accommodating 8-10 small retail units and would likely be insufficient to meet the day-to-day service needs as the local population grows.

74. Additionally, it is important to clarify that the commercial land proposed in the PC85 is not intended to function as a second town centre nor as a major employment hub. Its role is a mixed-use, neighbourhood-scale centre that would provide a variety of small tenancies and service-sector activities to support day to day needs of the immediate residential area and a space for a community hub. This could, for example, include health services, childcare, office suites, recreation and other local convenience offerings.

75. A further key consideration is that, while Mr Foy refers to "other business locations," the primary example is Mangawhai Central, where commercial land is controlled by a single development entity. Concentrated ownership of business land can limit the range of activities that are able to establish, as a sole landowner is able to determine which tenants are accepted or declined. This can narrow the mix of services available to the local residents and risks creating a mismatch between what is demanded and actually provided. Introducing an appropriately sized amount of mixed-use land within PC85 would support a wider range of operators by providing additional locations and lease options. This would benefit the competitive function of the commercial land market and improve the likelihood that a full range of everyday services is able to establish.

76. There is the potential to include a retail floorspace cap, of say 4,000 - 5,000m^2, which would ensure the proposed centre does not exceed that of a local convenience and mixed-use

centre. I consider this is unnecessary, as the location of the centre, off the main road, would mean that there is a very low probability that it would establish as a destination centre.

CONCLUSION

77. I have reviewed the S42A report and peer review prepared by Mr Derek Foy. Based on the responses outlined in my evidence, I continue to hold the view outlined in my initial report, subject to updates to some of the quantitative assessments, that PC85 offers significant economic benefits and does not present significant costs. Overall, in my opinion (in the context of my expertise) PC85 provides a better and more appropriate outcome than alternatives such as 'do nothing' or a rural lifestyle zoning.

Adam Jeffrey Thompson

18 December 2025

Appendix 1: Greenfield Development Additive vs Redistributive Demand Analysis - Sample Assessment

The purpose of this analysis is to address the question of whether large-scale greenfield development represents an addition or redistribution to the housing market, i.e. whether it results in a net increase to total supply and demand for housing in the Wellington region, or whether it redistributes supply and demand from other locations within the region.

The analysis below provides a quantitative assessment to determine whether greenfield development is additive or redistributive in the Wellington region.

Methodology

A 'Statistical Area 2' (SA2) dataset of annual dwelling building consents from 2010 - 2024 (excluding COVID-19 period) was prepared for the Wellington region. This was disaggregated into greenfield (GF) and infill (IF) locations. Figure 1 provides a map highlighting these locations.

From this dataset the year-over-year changes were calculated:

- **ΔGF** = change in greenfield dwelling uptake
- **ΔIF** = change in infill dwelling uptake
- **ΔTotal** = change in total dwelling uptake

The following regression was then estimated:

$$\Delta IF_y = a + b \cdot \Delta GF_y + \varepsilon_y$$

This was estimated using Ordinary Least Squares (OLS), a widely used statistical method in economic analysis. OLS identifies the best-fit linear relationship between variables and is the standard framework for evaluating how changes in one factor are associated with changes in another.

From this regression, the impact of greenfield development on total development is inferred as:

$$\Delta Total = \Delta GF + \Delta IF \approx (1 + b)\, \Delta GF$$

The additivity factor (1 + b) indicates the extent to which greenfield development contributes to total growth, and can be interpreted as follows:

- **0 < 1 + b < 1:** partially additive
- **1 + b = 1:** fully additive (one-for-one)
- **1 + b > 1:** more than fully additive (i.e. greenfield stimulates additional growth beyond its own contribution)

The regression tests how changes in greenfield construction influence infill activity. This relationship determines whether the overall increase in total dwelling uptake is less than, equal to, or greater than the greenfield contribution.

To ensure reliability, robust standard errors (HC1) were applied within the regression, adjusting for irregularities in the annual dwelling data. In addition, annual additivity ratios (ΔTotal / ΔGF) were calculated as a separate diagnostic check, allowing consistency to be assessed across individual years.

Results

The analysis shows that greenfield dwelling uptake in the Wellington region is associated with a 'more than additive' increase in total dwelling uptake. In other words, new greenfield development is linked to the greenfield dwellings and additional dwellings, being delivered across the Wellington region. The statistical results and key interpretations are as follows:

- Estimated additivity factor = 1.76
- R^2 = 0.65 (strong explanatory power - i.e. 65% explanatory power)
- This means that on average, an additional 100 greenfield dwellings are associated with a net additional 176 dwellings in the Wellington region.
- Applied to an indicative 1,000 dwelling development, this equates to an estimated 1,760 additional total dwellings in the region (i.e. the 1,000 dwellings in the development would result in a 176% increase in the total dwellings supplied and demanded in the region: 1,000x176%=1,760 net additional dwellings).

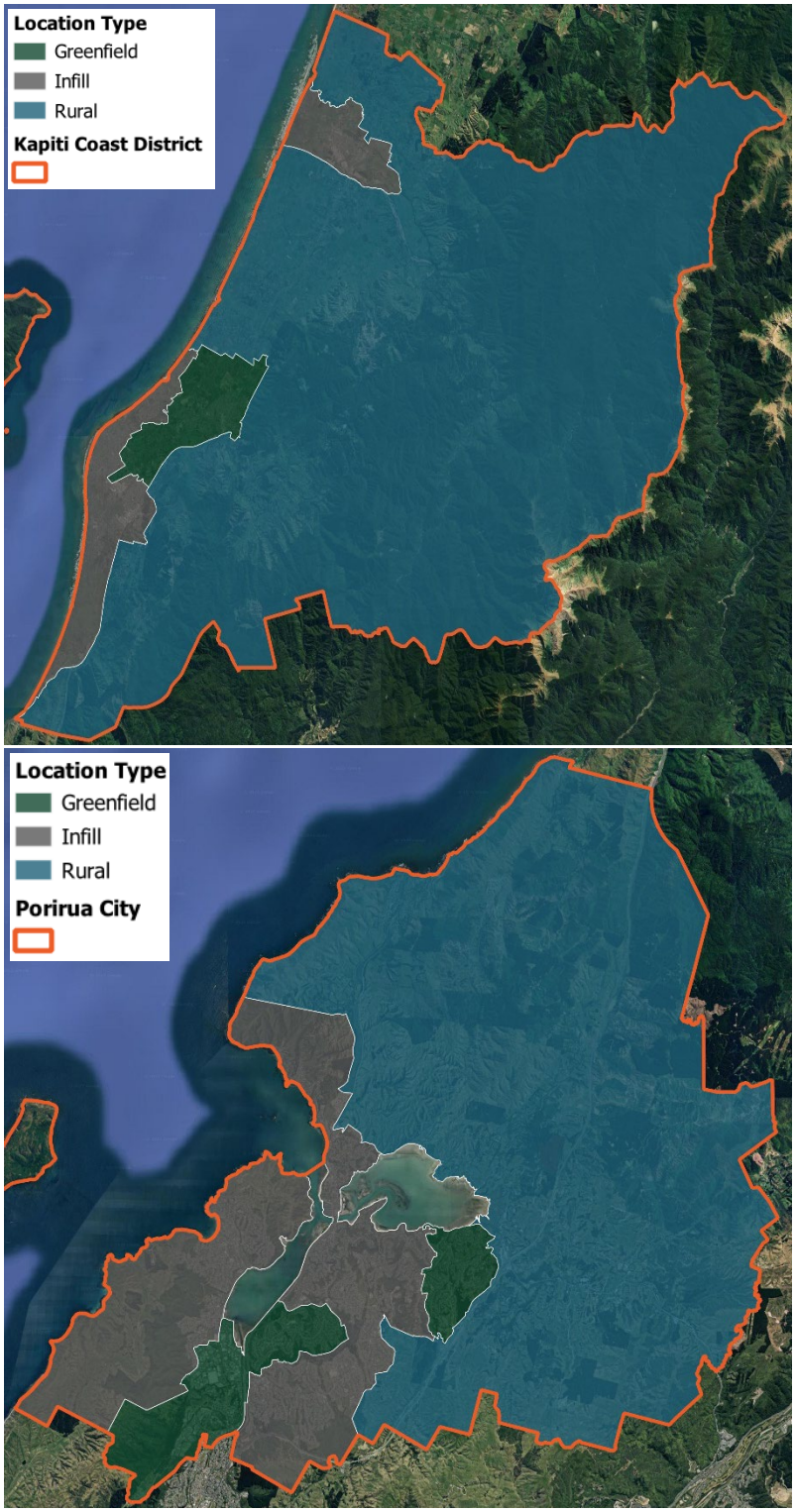
UE has undertaken a similar analysis in the Queenstown-Lakes District. That analysis found an estimated additivity factor of 1.24. This means that every 100 additional greenfield dwellings are associated with a net additional 124 total dwellings, i.e. new greenfield developments are 'more than additive', as they also stimulate further housing activity beyond the development itself.

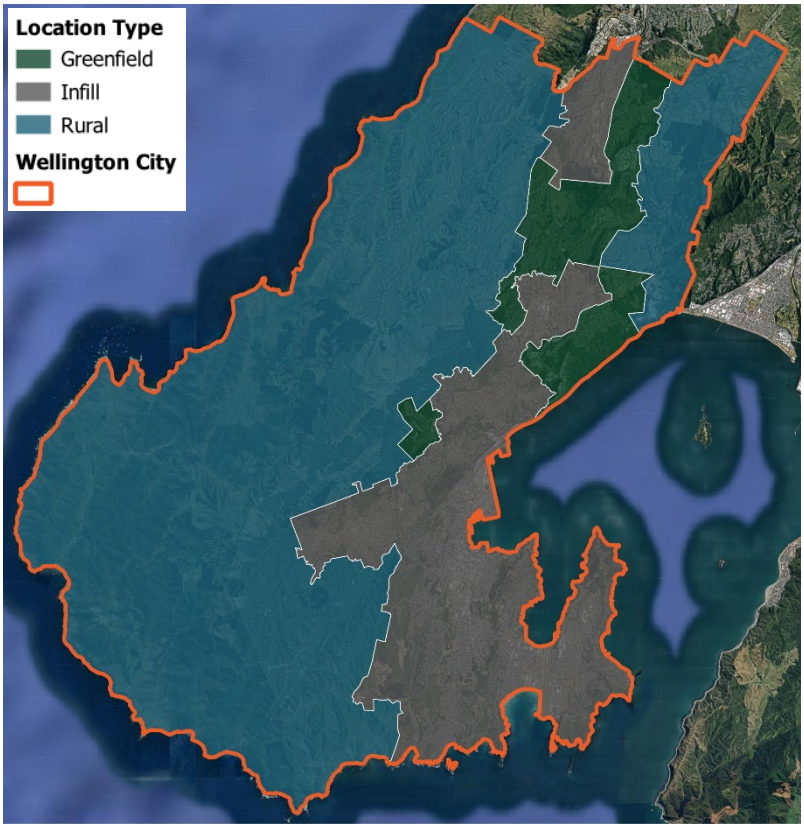
Conclusion

The empirical results demonstrate that greenfield activity in the Wellington region is demonstrably additive rather than redistributive. This means an indicative 1,000 dwelling greenfield development is likely to generate a net addition of 1,760 dwellings over the medium-long term. This represents a material contribution to easing housing pressures and indicates that a new greenfield development will increase total growth, i.e. leads to additional growth rather than spreading existing growth more thinly. Additionally, findings from the Queenstown analysis show that in similarly constrained housing markets, large-scale greenfield developments act as a catalyst for additional growth beyond their direct contribution.

Based on this analysis, new greenfield developments are estimated to support higher rates of growth, and be a catalyst for additional growth, increasing housing supply, reducing prices and increasing total economic activity and employment.

Figure 1: Greenfield and Infill Locations - Wellington Region by TA

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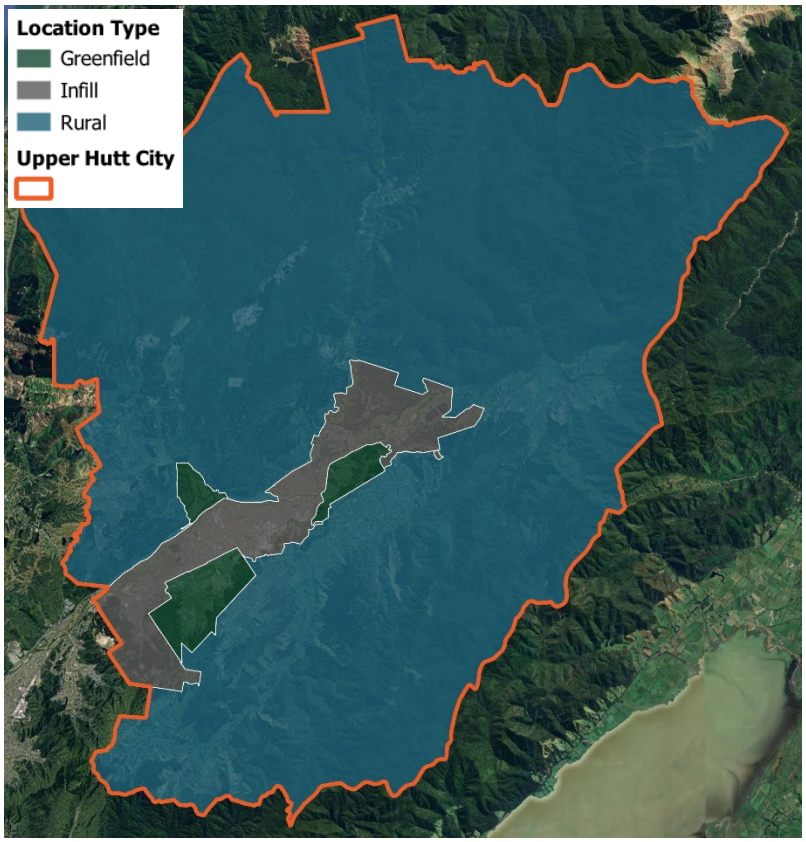
Greenfield
Infill
Rural
Wellington City


Location Type
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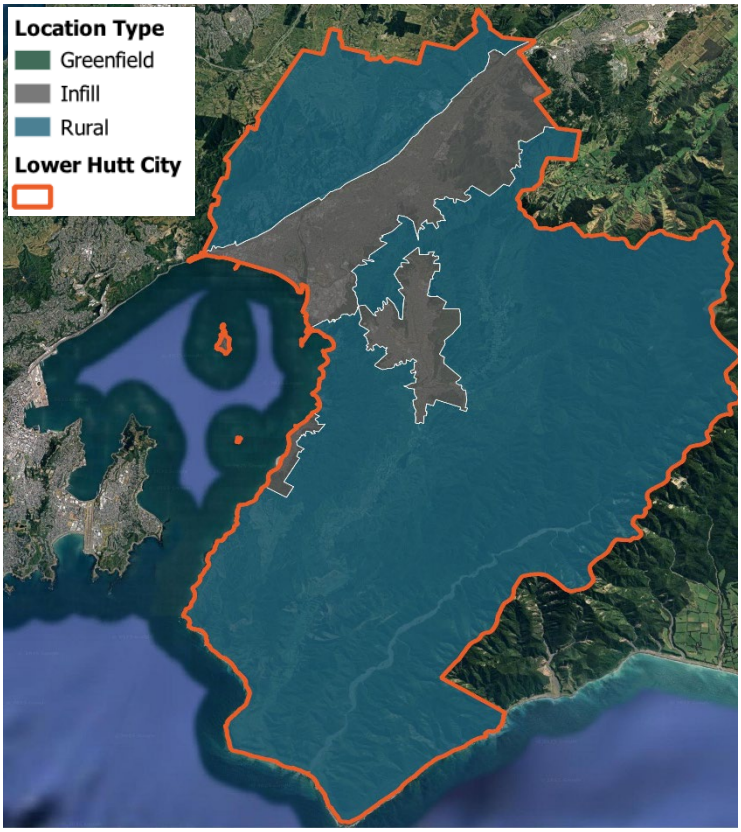
Infill
Rural
Upper Hutt City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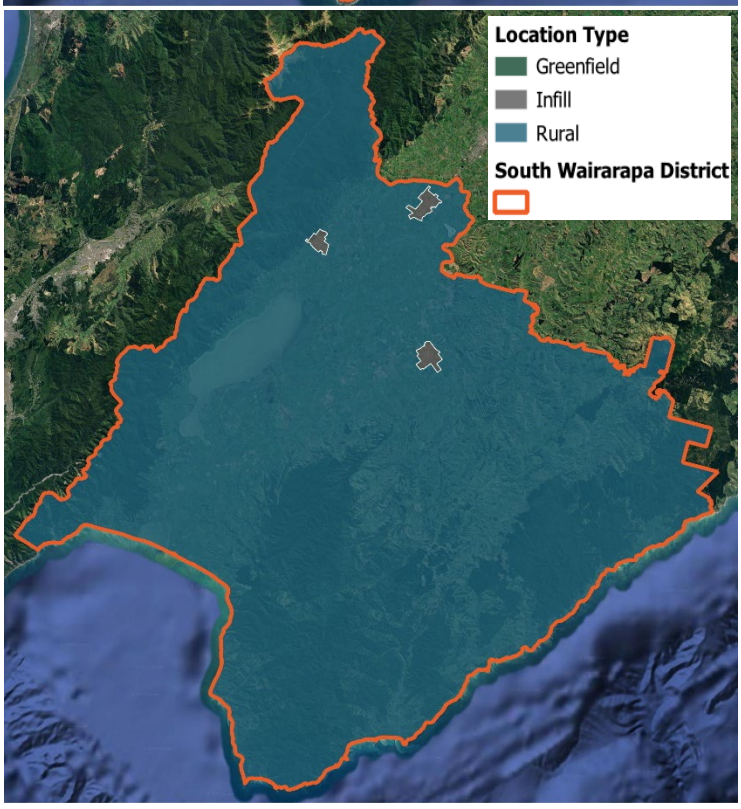
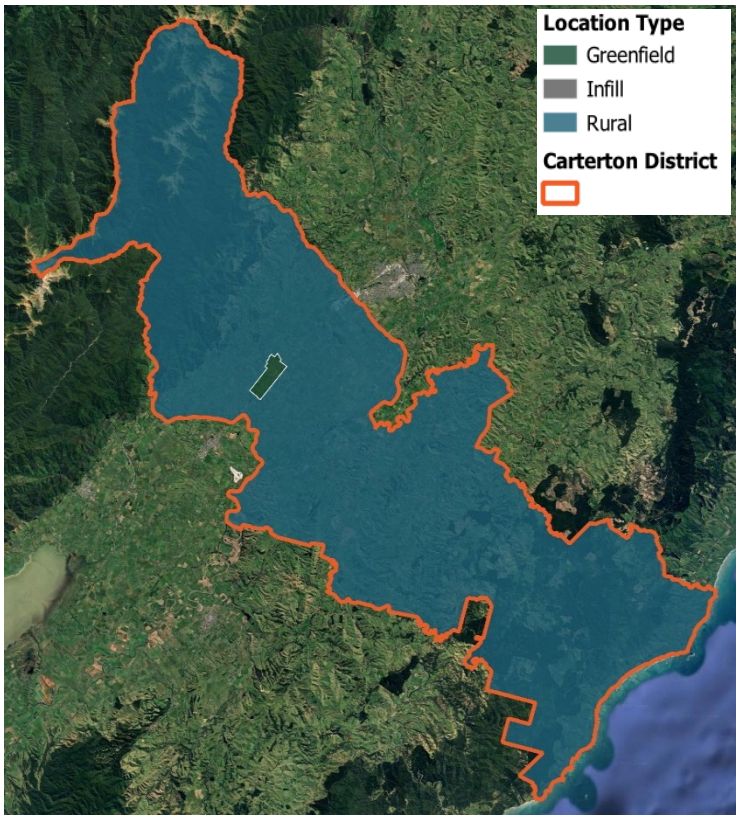
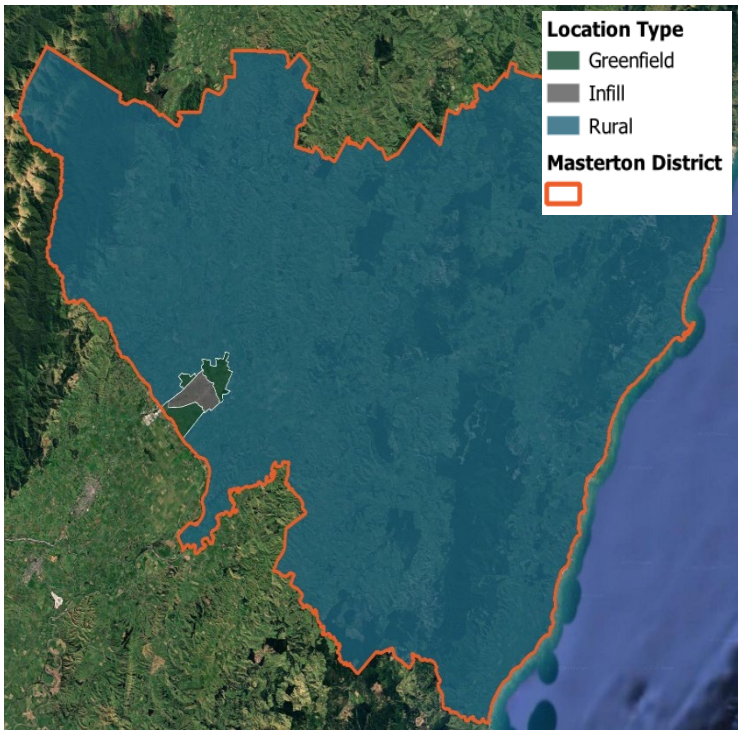

Location Type
Greenfield
Infill
Rural
South Wairarapa District





Source: LINZ, Statistics NZ, UE