

BEFORE THE HEARING PANEL APPOINTED BY KAIPARA DISTRICT COUNCIL

Under the Resource Management Act 1991

In the matter Private Plan Change 85 (Mangawahi East) to the Kaipara District Plan

EVIDENCE OF DEREK RICHARD FOY ON BEHALF OF KAIPARA DISTRICT COUNCIL

Economics and Housing Capacity

1 December 2025

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1. INTRODUCTION

Qualifications and experience

- 1.1 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.
- 1.2 I am a member of the New Zealand Association of Economists, the Population Association of New Zealand, the New Zealand Association for Impact Assessment, and the Resource Management Law Association.
- 1.3 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.
- 1.4 I have 25 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.
- 1.5 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. I provided economic evidence for Kaipara District Council (**KDC** or **Council**) on Plan Changes 83 and 84, and have undertaken assessment to contribute to KDC's district plan review, including in relation to Mangawhai. I am very familiar with growth issues and options in Mangawhai, as I explain in more detail in paragraph 1.13 below.

Code of conduct

- 1.6 While I acknowledge that this is not an Environment Court hearing, I confirm that I have been provided with a copy of the Code of Conduct for Expert Witnesses contained in the Environment Court's Practice Note dated 1 January 2023. I have read and agree to comply with that Code. This evidence is within my area of expertise, except where I state that I am relying upon the specified evidence of another person. I have not omitted to consider material facts known to me that might alter or detract from the opinions that I express.

Key Issues

- 1.7 In my opinion, the key economics issues requiring consideration are:
 - (a) Whether additional residential supply is required in Mangawhai, based on projected growth.
 - (b) Whether additional commercial and light industrial supply is required in Mangawhai, based on projected growth and to service the proposed residential area.

- (c) Whether the plan change meets the requirements of the National Policy Statement for Highly Productive Land 2022 (NPS-HPL).
- (d) The urban growth and urban form outcomes that might arise from the proposed rezonings.

Scope of Evidence

- 1.8 I have been asked by KDC to provide evidence to this Hearing Panel regarding the economic effects associated with proposed Private Plan Change 85 Mangawhai East (**PPC85**).
- 1.9 I am authorised to make this statement on behalf of the Council. I understand that this statement will be attached to the report under section 42A of the Resource Management Act 1991 (**RMA**) that is being prepared by Jonathan Clease.
- 1.10 My evidence is structured as follows:
 - (a) Section 2 provides a summary of my statement.
 - (b) Section 3 provides an overview of PPC85 from an economics perspective.
 - (c) Section 4 provides an assessment of residential demand, supply and sufficiency.
 - (d) Section 5 considers the issue of employment self-sufficiency.
 - (e) Section 6 is my assessment of PPC85 under the National Policy Statement on Urban Development 2020 (**NPS-UD**) and the NPS-HPL.
 - (f) Section 7 summarises the economic benefits of PPC85.
 - (g) Section 8 contains my response to submissions.
 - (h) Section 9 concludes my statement.
- 1.11 In preparing my evidence I have reviewed the following documents:
 - (a) “Proposed Plan Change Mangawhai, Evaluation of Economic Costs and Benefits”, 30 June 2025, Urban Economics (**UEL report**).
 - (b) “Private Plan Change Request to Kaipara District Council, Plan Change (Private) - Mangawhai East Development Area”, July 2025, The Planning Collective Limited, (**Plan Change request**).
 - (c) Submissions on the plan change.
 - (d) Associated plan change maps and relevant technical reports.

My involvement

- 1.12 I was approached by KDC to review the PPC85 application in late 2024 as part of pre-lodgement discussions, and since then have reviewed a preliminary version of the application in December 2024, and the final version of PPC85 lodged in January 2025. Also

in January 2025 I provided economics input to KDC's clause 23 request for further information, and then subsequently discussed the economics components of that request with the author of the UEL report. I have since reviewed that further information, reviewed submissions and further submissions, and prepared this statement of evidence.

1.13 Prior to my involvement in PPC85, I have provided economics assessment to KDC on several other matters, and I have drawn on experience I have in the District and assessment I have undertaken for KDC over the last four years:

- (a) In 2021 my company was engaged by KDC to advise on the sufficiency of residential land supply as early input to the District Plan Review (**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.
- (b) In 2022 I prepared and provided to KDC an economic opinion of the 'urban environment', as it is defined in the NPS-UD, focussed on its applicability to the Kaipara District. Council passed a resolution in March 2023, informed by my opinion, that the 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. Since that time I have changed my opinion on that matter, as I explain at paragraph 4.10 below, and it is now my opinion that Mangawhai is intended to become an urban environment soon after the end of the medium term, in the mid-2030s.
- (c) In 2023 and 2024 I reviewed for KDC the applications PPC83 (The Rise) and PPC84 (Mangawhai Hills), culminating in my appearance at the Council hearings for those two applications where I gave evidence in support of the section 42A Report.
- (d) Following a review of the DPR process, KDC elected members sought to revise some of the zoning and provisions in the Proposed Kaipara District Plan (**PDP**), and in 2024 my company updated the DPR economics assessment to relate to the (now notified) zoning and provisions. That assessment was completed in late 2024 and my company's report (DPR report) was finished in early 2025. I note that while the PDP was notified in April 2025, submissions are being reviewed and summarised and it will be some time yet, potentially several years, before the statutory process (including appeals) is complete.

2. EXECUTIVE SUMMARY

2.1 There is currently 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 (including holiday homes and the NPS-UD competitiveness margin) over the next 30 years (NPS-UD long-term), additional residential capacity is not required in Mangawhai to accommodate demand within the long-term as defined by the NPS-UD, which is 30 years from now, i.e. until 2055.

- 2.2 There is significant capacity to accommodate growth in Mangawhai's three large greenfields residential developments, with the total residential capacity in those three new residential areas an estimated 2,424 dwellings (subject to final subdivision plans). That capacity includes Estuary Estates (capacity enabled under the Operative Kaipara District Plan (**KDP**) is for 850 dwellings immediately, plus 650 when a connection to Cove Road is established, for an ultimate total of 1,500 dwellings), The Rise (Plan Change 83, 324 dwellings), and Mangawhai Hills (Plan Change 84, 600 dwellings). There is no planning or feasibility constraint to development getting underway in these three areas in the near future.
- 2.3 There is likely to also be some additional residential dwelling capacity within Mangawhai's existing residential zones under the KDP, including both on vacant lots and as infill. Notable residential capacity on vacant lots and lots under development includes Metlifecare's retirement village (160 villas), and a large Residential-zoned parcel (36ha) at 60 Mangawhai Heads Road which would have capacity for at least 200 dwellings.
- 2.4 My understanding is that all of that capacity (the three plan change areas that have been approved, the Metlifecare retirement village and the site at 60 Mangawhai Heads Road) is plan-enabled and infrastructure ready¹, within the meaning set out in the NPS-UD, with an aggregate capacity for 2,790 dwellings.
- 2.5 There is also additional capacity on many smaller vacant residential-zoned lots in Mangawhai, including:
- (a) Larger lots of several hectares, with aggregate capacity for some 600 additional dwellings, if all were developed to the minimum lot size.
 - (b) Infill housing, with capacity for some 1,700 dwellings in the long-term that is feasible and reasonably expected to be realised.
- 2.6 In total then my assessment indicates capacity to accommodate nearly 5,100 additional dwellings in Mangawhai over the next 30 years. My dwelling demand projections, derived from Council's household projections, indicate growth of only around 2,500 additional dwellings (including holiday homes and the NPS-UD competitiveness margin) over the next 30 years. Accordingly, my assessment indicates there is currently capacity to accommodate twice this amount. Given there are 4,300 dwellings in Mangawhai now, my assessment indicates that the town could more than double in size before existing capacity is exhausted, and most of that capacity is in the large new development areas which are easily able to be developed.
- 2.7 The UEL report (Appendix 17 of the Application Report) adopts a much higher dwelling demand projection than the one Council has adopted from Infometrics, and in my opinion the UEL projections are very optimistic, and would require annual growth of twice the average over the last ten years to be sustained every year for the next 30 years. In my opinion there is no basis for assuming that this will occur, and there should not be any obligation on KDC to plan to accommodate that very optimistic level for growth.

¹ In relation to Estuary Estates, the Council has including funding for providing the connection between Mangawhai Central and Old Cove Road in its 2024-2027 Long Term Plan (see page 287).

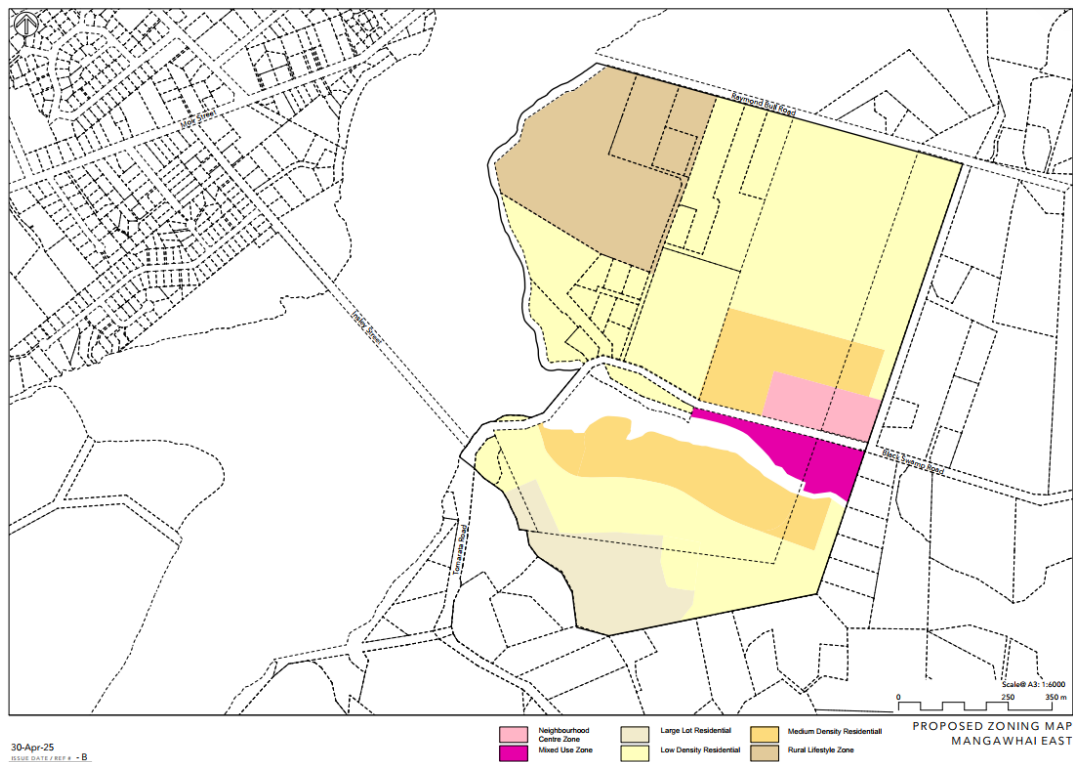
- 2.8 The UEL report then compares what I consider to be very high future demand against low levels of supply that appear to significantly understate dwelling capacity on existing residential zoned land, including on both larger parcels and smaller parcels that can accommodate infill dwellings. From that comparison UEL concludes that additional residential land supply is required to meet demand.
- 2.9 I disagree with that conclusion, and from my assessment no additional residential land is required in Mangawhai to meet residential land demand. That means that in my opinion Council is providing at least sufficient development capacity to meet expected demand for housing in Mangawhai, and means that Council meets its obligations under clause 3.2 of the NPS-UD (in the event that the NPS-UD were found to apply).
- 2.10 From assessment I have undertaken for the DPR, Council is also providing at least sufficient development capacity to meet expected demand for housing at a District level, with relatively slow growth projected in other parts of the District, but plentiful supply under the KDP. That sufficiency at a District-level means that the application is contrary to NPS-HPL clause 3.6(4), which requires assessment against District capacity, not localised market capacity. Further, clause 3.6(5) requires the area to be used for residential dwellings to be minimised, which in my opinion means that the plan change's proposed creation of residential zones with large minimum lot sizes is contrary to the NPS-HPL.
- 2.11 If the residential zoning was provided for as requested in the plan change, 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.
- 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. If the town grows as projected then new business land will be required to provide local employment opportunities, however it should not be the role of the PPC area to provide those opportunities, given the PPC area's HPL. The presence of HPL within the PPC area means that in my opinion if the PPC were to be approved, the provision of business land in the PPC area should be minimised to the amount needed to provide for the local convenience needs of new households in the PPC area, and that business plan should not play a broader role as a Mangawhai employment hub. Together the Mixed Use zone and Neighbourhood Centre zone occupy 5ha, which would make the business node there substantially more than a neighbourhood convenience centre, contrary to the requirement to minimise the use of HPL under clause 3.6(5).
- 2.13 While the amount of business land proposed would have a positive effect on the town's local employment opportunities, the issue is whether those opportunities are being provided in an appropriate place, both with respect to HPL and contributing towards the town's well-functioning urban environment.

3. THE PLAN CHANGE

- 3.1 PPC85 relates to approximately 94ha of land at Black Swamp Road, Raymond Bull Road and Windsor Way, on the eastern side of Mangawhai Estuary (the PPC area, Figure 3.1). The PPC area is adjacent to the end of the Insley Street bridge, which connects the current Mangawhai township with rural areas to the south, and which forms part of the southern route out of Mangawhai on the way to join State Highway 1 (either near Te Hana or north of Wellsford). The PPC area is close to the boundary between Kaipara District and Auckland Region.
- 3.2 The Plan Change request states that PPC85 seeks to rezone some 94ha of rural zoned land within the Mangawhai Harbour overlay to a mix of residential and commercial zoned land:
- (i) Rural Lifestyle zone;
 - (ii) Large Lot Residential zone;
 - (iii) Low Density Residential zone;
 - (iv) Medium Density Residential zone;
 - (v) Neighbourhood Centre zone; and
 - (vi) Mixed Use zone.
- 3.3 The UEL report further states that the PPC area is expected to yield about 74ha of land to accommodate a mix of residential and commercial development, subject to coastal hazard assessment findings, and states that “the proposal includes 788 residential dwellings, a neighbourhood centre and a mixed-use development”.²

² UEL report, page 5

Figure 3.1: Location of PPC85 (from Appendix 2 to the application)



- 3.4 PPC85 also seeks to create a development area containing provisions to manage development within the PPC area, to apply a coastal hazard overlay, and incorporate a structure plan.

4. RESIDENTIAL DEMAND, SUPPLY, AND SUFFICIENCY

- 4.1 In this section I assess residential dwelling demand and supply, and hence sufficiency. Understanding this sufficiency is necessary for assessment under the NPS-HPL, as is required for this application.
- 4.2 For this assessment I have defined Mangawhai to be the area comprised of the three SA2s (Statistics NZ's statistical areas) of Mangawhai, Mangawhai Heads, and Mangawhai Rural which together take in the area between the coast and the Hakaru River, about halfway between Mangawhai township and State Highway 1. These three SA2s are the geography used in Council's population and household projections, produced by Infometrics, and discussed later in this section.

Mangawhai residential dwelling capacity

- 4.3 For the purposes of this evidence, I have focussed my assessment on the capacity that is currently enabled by the KDP i.e. the Operative District Plan. Any increase in permitted density through the DPR has not been relied upon in my assessment. The KDP now includes the capacity approved as part of recent private plan changes in Mangawhai, which was summarised in my company's DPR review as follows:

- (a) Estuary Estates: Part of the KDP as the Estuary Estates Zone, and proposed to be in the PDP as a Special Purpose Zone of the same name. The area has estimated capacity for 850 dwellings immediately. If the number of dwellings exceeds 850 and a connection to Old Cove Road has not yet been established (meaning access is from Molesworth Drive only) then I understand an Integrated Transport Assessment is required before further dwellings are granted resource consent. Once a connection to Cove Road is established another 650 more dwellings can be constructed for an ultimate total of 1,500 dwellings. The Council has set aside funding to construct the connection from Mangawhai Central to Cove Road in its Long Term Plan.³
 - (b) PPC83 The Rise: Became operative in November 2024. The plan change area is 56.9ha, with estimated capacity for 324 dwellings.
 - (c) PPC84 Mangawhai Hills: Became operative in January 2025. The plan change area is 218.3ha, with estimated capacity for 600 dwellings.
- 4.4 The total residential capacity in those three new residential areas is an estimated 2,424 dwellings, although I understand that number could be slightly lower or higher depending on final subdivision plans. The plan change areas are highly likely to start to be developed for new residential dwellings in the near future, assuming there is sufficient market demand for them, because from information presented at those hearings there are no feasibility constraints or lack of landowner motivation that would limit their ability to accommodate dwellings up to the level estimated.
- 4.5 There is likely to also be some additional residential dwelling capacity within Mangawhai's existing residential zones under the KDP, including both on vacant lots and as infill. Notable residential capacity on vacant lots and lots under development includes:
- (a) Metlifecare's Mangawhai retirement village, which will have 160 villas and additional hospital level care for 45 people.⁴ The village is being constructed on a 13ha site at 15 Sailrock Drive, and is expected to welcome the first new residents in mid-2026.
 - (b) The 36ha parcel to the immediate east of PPC83 in Mangawhai (60 Mangawhai Heads Road) on which there is only a single dwelling. If developed to the same density as the adjacent PPC83 area (5.7 dwellings/ha of gross land area), that parcel would have capacity for 206 dwellings. That parcel is zoned 'Residential' in the KDP, meaning residential dwellings are permitted to be developed on the parcel already, therefore representing existing spare residential capacity within Mangawhai. While it is unknown whether the landowner has any development intentions, the parcel represents available capacity in a NPS-UD context because it is zoned Residential.
- 4.6 Together there is capacity for 2,790 dwellings across these five large residential zoned areas (PPC83, PPC84, Mangawhai Central areas, Metlifecare and 60 Mangawhai Heads Road). My understanding is that all of that capacity is plan-enabled and infrastructure ready, within the

³ See page 287 of the LTP.

⁴ <https://www.metlifecare.co.nz/news/all-systems-go-for-mangawhai-s-first-retirement-village>

meaning set out in the NPS-UD.

- 4.7 There is also additional capacity on many smaller vacant lots in Mangawhai that are zoned residential under the KDP, which my company assessed to be sufficient to accommodate 593 additional dwellings, if all were developed to the minimum lot size (600m²), and taking into account loss of developable capacity for roading and accessways etc. That capacity includes some larger lots (e.g. a 5.7ha parcel at 57 Old Waipu Road, modelled to have capacity for 92 additional dwellings, and a 3.8ha parcel at 48 Old Waipu Road, modelled to have capacity for 61 additional dwellings), as well as vacant lots of a size that could accommodate only a single dwelling.
- 4.8 There is still more residential capacity in Mangawhai that could be realised through development of new dwellings on residential zoned lots that are not vacant, i.e. infill housing. My company's assessment for the DPR found that there is feasible and reasonably expected to be realised (**RER**) infill capacity for 1,500 additional dwellings in the medium term, and 1,715 in the long term (within residential zones in the KDP, not the PDP). Feasible capacity is greater in the long term due to assumptions made about sales price changing after the end of the medium term, as specified in the NPS-UD.
- 4.9 I have summarised that residential dwelling capacity in Figure 4.1.

Figure 4.1: Mangawhai residential dwelling capacity

Capacity location	Dwelling capacity
Plan change areas	
PPC83	324
PPC84	600
Mangawhai Central	1,500
Subtotal PC areas	2,424
Other large capacity residential zone areas	
Metlifecare	160
60 Mangawhai Heads Road	206
Subtotal other large areas	366
PC + Other large areas	2,790
Other capacity	
Small vacant residential lots	593
Infill (medium term)	1,497
Subtotal other capacity	2,090
Total capacity in Mangawhai	4,880

Mangawhai residential dwelling demand

- 4.10 The NPS-UD provides national direction on planning for growth and intensification within urban environments. In my opinion Mangawhai is intended to become an urban environment under the NPS-UD, with its population projected to reach 10,000 by the mid-2030s, early in the NPS-UD long-term, and therefore the NPS-UD applies to Mangawhai.

- 4.11 The NPS-UD requires councils to ensure that there is sufficient capacity to accommodate expected dwelling demand. For high growth urban areas (tier 1 and 2 urban environments) councils are required to also include a competitiveness margin on top of the expected demand, which is defined as 20% for the short-medium term and 15% for the long term.
- 4.12 For other urban environments, applying a competitiveness margin is not technically required. However, as assumed for my company's DPR assessment, in my opinion for this application it is prudent to apply the competitiveness margin for Mangawhai because it has experienced rapid growth in households (since 2006 7.4% p.a., albeit off a small base) and high levels of dwelling consents (114 p.a. in the last 20 years). I acknowledge, however, that not all building consents issued result in completed new dwellings, with one estimate being that only 92% of consents for new residential dwellings result in new dwellings being constructed.⁵ At that rate, average new dwellings constructed in Mangawhai would be likely to have been around 104 per year.
- 4.13 My company used KDC's adopted household projections (by Infometrics) as the basis for dwelling projections used in the PDP dwelling demand assessment. I have reviewed Infometrics' projections, and have adopted Infometrics' medium growth scenario projections, as a reasonable, mid-range estimate of potential future growth. Low and high scenarios are also produced, however the medium scenario projections are appropriate to use for Council's growth planning, so as to avoid overstating potential growth (with adverse financial implications for overproviding infrastructure for a population that potentially never arrives) or understating growth (with adverse implications for adequacy of future land supply).
- 4.14 Those households are permanently occupied dwellings, and there are additional dwellings that are not permanently occupied, primarily those used as secondary or holiday homes. To account for those non-permanently occupied dwellings (NPODs) we add an allowance that reflects that around 18.5% of all Mangawhai dwellings in the 2023 Census were NPODs, and from research in other places around New Zealand, the share of holiday homes in a place tends to decrease as the town grows in size.⁶ We then sum together the Infometrics projections of permanent occupied dwellings (households) and NPODs to give a projection of total dwellings, and then add a competitiveness margin on top (Figure 4.2).
- 4.15 The result of that process is that growth in Mangawhai over the NPS-UD medium term is projected to be 1,170 dwellings (117 p.a.), which aligns with the reality experienced over the last two decades. Over the long term, a further 1,380 dwellings are anticipated, for a total of 2,550 over the next 30 years (long-term average of 85 p.a.), inclusive of occupied and holiday home growth and the NPS-UD competitiveness margin.

⁵ <https://es.infometrics.co.nz/article/2022-06-new-data-highlights-increased-timeframes-for-construction-projects>

⁶ Our assumption is that the current 18% will decrease to around 15% in 30 years' time.

Figure 4.2: Mangawhai dwelling projections

	2024	2027	2034	2044	2054	Growth			
						2024-2034	2034-2054	2024-2054	Avg. annual
Permanent households	3,530	3,880	4,380	5,030	5,510	850	1,130	1,980	66
NPODs*	800	860	930	990	1,000	130	70	200	7
Total dwellings	4,330	4,740	5,310	6,020	6,510	980	1,200	2,180	73
Incl. compet. margin	4,330	4,820	5,500	6,320	6,880	1,170	1,380	2,550	85

* Non-permanently occupied dwellings, including holiday homes

- 4.16 The medium term (years 1-10) growth projection in Figure 4.2 (117 dwellings p.a.) is therefore slightly higher than indicated by consents issued in the last 20 years (104 p.a.). The Infometrics-based projections are for that growth to slow from years 11-30, and average 69 new dwellings per annum in that time. If growth in years 11-30 were to continue at the 104 p.a., that would be 35 dwellings per year more than the projections in Figure 4.2, or 700 extra dwellings in years 11-30.

Mangawhai residential dwelling capacity sufficiency

- 4.17 Next, I compare the demand projections with the estimates of capacity to quantify the sufficiency of residential land supply in Mangawhai. I have presented two estimates of sufficiency, by using two different estimates of residential capacity from my earlier assessment. The first is the category of capacity that is most easily achieved in large quantities, comprised of the plan change areas, Metlifecare and 60 Mangawhai Heads Road. The second also includes small vacant residential lots and infill, which provides a (generally) small amount of capacity in each of a large number of locations. In my opinion the first category is capacity that will be easily achieved, and the second is less likely to be achieved, but will still yield some additional capacity over time as individual vacant lots are built on, and some property owners chose to subdivide their large residential sections to enable new dwellings to be constructed.
- 4.18 Infill capacity was calculated through a GIS assessment of parcels that have vacant areas that are large enough to accommodate a new dwelling's footprint without any need to shift any existing buildings, including allowance for space between the dwelling and other buildings and boundaries. That assessment yields plan enabled capacity (PEC) for infill dwellings, which is the theoretical maximum infill capacity that exists based on existing planning rules (e.g. re minimum lot sizes). Not all PEC will be developable, either because of demand-side⁷ or supply-side constraints⁸.
- 4.19 To recognise that the assessment next calculates the share of PEC that is RER and commercially feasible. RER capacity takes into account the market's current preference for

⁷ Given the scale of demand it is likely that only a small share of development will conceivably be needed. Also, households will demand a range of dwelling types, which means that the maximum potential would not be demanded

⁸ There are a range of reasons why development potential may not be achieved by the market. Common examples are that developers tend to subdivide to provide a range of options to maximise the potential market that they can serve. Another example is that landholders choose to keep land for their own reasons (aging in place, cultural reasons, etc) which means that development is not achievable on some land.

lot sizes,⁹ which yields a conservative estimate because density achieved by the market generally increases over time. Next, the assessment of commercial feasibility estimates whether a developer would be able to undertake development of the capacity, which is a financial assessment of costs and revenues to establish whether a return is sufficient to warrant investment (requiring a profit of more than 20%). The structure of the commercial feasibility assessment tests whether a commercial developer could purchase the land, invest money to construct a dwelling and then on-sell at a price that will return sufficient profit.¹⁰

- 4.20 This process is conservative in that it applies the methodology suggested in the NPS-UD for Tier 1 councils. The NPS-UD 3.26(2)(a) suggests that councils compare the capacity that is estimated to reasonably realisable to the capacity that is estimated to be commercially feasible and then apply the minimum of the two estimates. This provides the lowest possible estimate of capacity, and gives Council confidence that its dwelling capacity estimate will not be overstated.
- 4.21 The key findings of my assessment are summarised in Figure 4.3. They show that:
- (a) There is capacity just in the recent plan changes and other large areas for 2,790 dwellings, and that increases to 4,880 for the next ten years and 5,098 in the long-term (2034 onwards) once smaller vacant lots and infill are included.
 - (b) There will be sufficient residential capacity to meet demand in every year out beyond the end of the long-term, even if only the lower capacity plan change and other large areas estimate of capacity is applied, with capacity exceeding demand by 2,300 by the end of the short-term, by 1,620 by the end of the medium term, and by 240 by the end of the long-term.
 - (c) If infill and smaller vacant lots are also included in the capacity calculation, then capacity will be more than twice demand even by the end of the long-term, meaning demand could be double the projected rate and there will still be sufficient residential land supply by 2055.
 - (d) If dwelling demand were to grow faster than the Infometrics projections, and be sustained at the average rate of the last 20 years for all of the long-term, then there would still be sufficient capacity through until about year 20 (about 2044), even if only the capacity provided in the plan change and other large areas eventuated. If growth were to proceed at that sustained high rate, in my opinion it would be inevitable that a large proportion of infill and smaller vacant lots would be developed to accommodate new dwellings, acting as a pressure release valve, and ensuring there was sufficient residential supply to provide for demand.

⁹ Recent residential developments in Mangawhai have averaged 800m², so that is adopted as a lower limit for lots that are reasonably expected to be developable.

¹⁰ Testing nine dwelling types, which was defined to reflect both the existing types of dwellings built in the district as well as the types that may be built in the future, including large, medium, and small dwellings and premium, average, and budget build qualities, based on new dwellings developed by the market between 2020 and 2024. Development costs were taken from Quotable Value NZ's Costbuilder tool, Ministry of Housing and Urban Development (2024) Development Feasibility Tool, and used Council's DC and other fees.

Figure 4.3: Mangawhai dwelling capacity sufficiency

	2024	2027	2034	2054
Demand				
Dwelling projections	4,330	4,820	5,500	6,880
Growth since 2024		490	1,170	2,550
Capacity				
PC + Other large areas	2,790	2,790	2,790	2,790
Total including infill	4,880	4,880	5,098	5,098
Sufficiency				
PC + Other large areas	2,790	2,300	1,620	240
Total including infill	4,880	4,390	3,928	2,548

Sufficient supply
 Insufficient supply

- 4.22 So, there is a very significant capacity to accommodate more residential dwellings within Mangawhai’s residential zone parcels, and no realistic prospect of that capacity being exhausted within the next 30 years if dwelling growth is as projected. Once the very significant potential for infill housing and development on ad hoc standalone vacant lots is also factored in there is feasible capacity for more than 5,000 additional dwellings to be constructed within the existing residential zones (under the KDP). Given there are 4,300 dwellings in Mangawhai now, my assessment indicates that the town could more than double in size before existing capacity is exhausted.
- 4.23 While there is likely to be some infill housing in Mangawhai through subdivision to make single new residential parcels in existing residential areas, most of Mangawhai’s residential capacity to accommodate new dwellings is within the large new development areas which are, because they are now zoned, easily able to be developed.
- 4.24 I acknowledge that there can be limitations associated with building new dwellings on parcels where there is already a dwelling (infill development), and that not all of the potential dwellings will be built. Many landowners will be unmotivated to develop their properties, or not financially able to develop them, and so the number of infill dwellings that are actually constructed will be less than the 1,497 additional dwellings identified in Figure 4.1. However, as stated above that 1,497 is a conservatively low estimate of infill capacity, even taking into account development costs, and Mangawhai’s water supply by rainwater tanks, and over time the likelihood of infill potential being acted on will increase, particularly if there is strong demand.

Response to UEL report’s demand-supply assessment

- 4.25 The UEL report identifies total capacity for around 4,000 additional dwellings in Mangawhai,¹¹ which is 880 less than my estimate of 4,880 in Figure 4.1 above. Although the UEL report and my assessment have categorized capacity under different headings, I have attempted to reconcile where the different capacity estimates arise, and have established that essentially there are two main reasons why the UEL report’s ultimate estimate of

¹¹ UEL report Figure 29

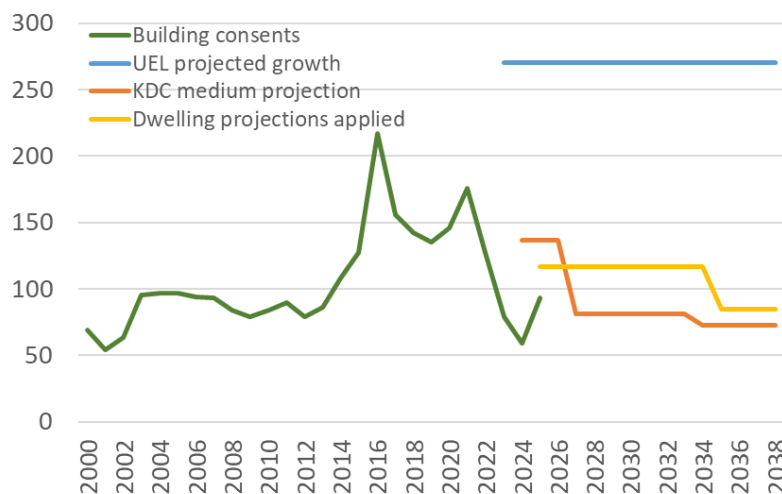
dwelling capacity is lower:

- (a) The UEL report adopts a capacity estimate of 1,000 dwellings in Mangawhai Central, which is 500 lower than the 1,500 that is permitted once the Cove Road connection is opened.
 - (b) The UEL report identifies a lower infill capacity than I have identified, although appears to classify as “greenfield” some lots that I have classified as “infill”, and vice versa. Across these categories combined the UEL report states a net c.400 dwellings less than my assessment.
- 4.26 While the UEL report identified RER capacity of 4,000 dwellings (Figure 29), the report then takes that capacity and quantifies how much exists at various future times. That part of the assessment indicates that initial capacity is only just over 500 dwellings, increasing to 1,055 by 2028, and topping out at under 3,000. It is not explained why time-constrained capacity is 1,000 dwellings less than the RER capacity identified in the UEL report’s Figure 29.¹²
- 4.27 In my opinion the UEL report’s timing of when capacity will be RER does not reflect market realities in Mangawhai. Figure 30 in the UEL report indicates that by 2033, which is nearly the end of the NPS-UD medium term, only 1,830 dwellings will be RER, including only 1,425 in greenfield areas. However, there is already RER capacity for Mangawhai Central, and PPCs 83 and 84 of 2,424 dwellings, or 1,000 more than UEL adopts for greenfields areas in 2033. The reason for that difference is not clear.
- 4.28 On the demand-side of the equation the UEL report compares UEL’s dwelling projections and projections from KDC. It is not stated how the UEL report’s ‘KDC projections’ were sourced, and I do not know why they are so much higher than KDC’s Infometrics projections I have been provided with by KDC. The UEL report’s medium ‘KDC projections’ are for an additional 170 dwellings per year for 30 years, which equates to 1,700 new dwellings in the next 10 years, or 5,100 new dwellings in 30 years. The KDC projections I have used are lower, at 980 in the next ten years, and 2,180 over 30 years.
- 4.29 The UEL report however adopts an even higher growth projection, equivalent to 270 dwellings per year for 30 years. Adoption of that high scenario is justified in the UEL report on the basis that the Warkworth-Te Hana SH1 extension and new secondary school will make Mangawhai more attractive as a place to live than it has been.
- 4.30 The difference in demand projections between the UEL report and the KDC projections I have used will have a material effect on conclusions about the future sufficiency of Mangawhai’s dwelling capacity.
- 4.31 In my opinion the UEL projections are overly bullish, and difficult to justify. They would require annual growth of twice the average experienced over the last ten years to be sustained every year for the next 30 years. There is no basis for assuming that this will occur, and there should not be any obligation on KDC to plan to accommodate that very optimistic

¹² The reason does not appear to be that RER will continue to increase over time, because there is no increase between 2048 and 2053 in the UEL report’s Figure 30.

level for growth. While the past is not necessarily a guide to the future, in my opinion it is much more realistic to expect that growth will be closer to KDC's medium scenario projections than to UEL's projections, and comparison with the historic building consents shows the large difference between the UEL projections and historic consent numbers (Figure 4.4). I acknowledge the UEL report's observation that the Warkworth-Te Hana SH1 extension and new secondary school will support ongoing growth in Mangawhai, however my interpretation is that those changes will be needed to enable growth to continue to occur at current rates, rather than supporting significant increase in growth rates.

Figure 4.4: Mangawhai historic new residential building consents per year (2000-2024), and projected household growth year



- 4.32 The UEL report then compares its low estimates of dwelling capacity (which are artificially low in the short-medium term, and then fail to reach the level of total capacity the UEL report itself identifies) against its high estimates of demand to conclude that there is an imminent shortage of residential land in Mangawhai.¹³ That differs significantly from my conclusion that there will be sufficient residential land in Mangawhai for the next 30 years, because I have used KDC's growth projections (which are much lower than the UEL report) and capacity estimates that are higher than the UEL report.
- 4.33 The UEL report does include alternative sufficiency scenarios, and finds that if average dwelling demand were 150 (instead of 270) dwellings (a level only ever seen in three years per Figure 4.4), supply would not be exhausted until around 2038, and if demand were 200 per annum, supply would run out by 2033.¹⁴ That is, even adopting a very bullish growth outlook there is sufficient growth in the short and medium term. Even if growth occurs at levels much higher than my assessment indicates, Council has much more than ten years to monitor, and if need be, to address how to accommodate growth, and that potential long-term demand does not need to be addressed via a solution now.
- 4.34 I accept that establishing how much demand there is for new residential dwellings in

¹³ UEL report Figure 31.

¹⁴ UEL report page 29.

Mangawhai can be difficult. There is a very large pool of demand from potential property owners who might consider living in Mangawhai if there was more supply at an appropriate price point, given Mangawhai's proximity to Auckland and its attractiveness as a coastal town. That large pool of demand 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.

- 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.
- 4.36 That is, it is likely that if the price of new parcels is attractive to the market, then there will be demand for the additional capacity that would be provided by the plan change, and that demand may have been stimulated by the new residential land 'product' sought to be established at Mangawhai East. Nevertheless, there is a large amount of vacant residential land available to the market now in Mangawhai, including at Mangawhai Central, that is zoned but not yet developed, which might indicate that there is not significant unmet demand in Mangawhai.
- 4.37 However, at some point a policy decision is required about how much growth is appropriate for Mangawhai and where it should locate, including with reference to the NPS-HPL, and whether growth will contribute to a well-functioning urban environment. I address those issues in the next section.

Residential land sufficiency outside Mangawhai

- 4.38 Mangawhai is the part of Kaipara District that is projected to experience the most growth in the next 30 years, and the place where there will be the most pressure of residential land supply. Elsewhere in the Kaipara District, substantially less growth is projected, with total growth of 760 households anticipated across the next 30 years (Figure 4.5).

Figure 4.5: Household projections for non-Mangawhai parts of Kaipara District

SA2 name	2024	2027	2034	2044	2054	Growth			
						2024-2034	2034-2054	2024-2054	Avg. annual
Kaipara Coastal	1,710	1,740	1,770	1,800	1,780	60	10	70	2
Maungaru	820	820	820	800	820	-	-	-	-
Dargaville	2,140	2,190	2,250	2,360	2,440	110	190	300	10
Ruawai-Matakohe	1,180	1,180	1,180	1,160	1,090	-	-	90	-
Otamatea	830	850	870	870	860	40	-	10	30
Kaiwaka	1,100	1,160	1,250	1,350	1,390	150	140	290	10
Maungaturoto	570	590	630	690	730	60	100	160	5
Rest of KDC	8,350	8,530	8,770	9,030	9,110	420	340	760	25

- 4.39 It is relevant for this assessment to also consider the sufficiency of residential land supply outside of Mangawhai (due to the tests required in the NPS-HPL discussed below) under the KDP. The largest single growth locations are the SA2s containing Dargaville (projected growth of 300 households in 30 years), Kaiwaka (+290 households) and Maungaturoto (+160 households).
- 4.40 In Dargaville two large recently approved private plan change areas provide significant residential capacity for well over 780 new households that far exceeds the projected growth of 300 households in the next 30 years:
- (a) PPC81 Dargaville Racecourse: This area is now part of the ODP as the Trifecta Development Area. The plan change area covers some 47ha with the capacity to accommodate an estimated 435 dwellings. The change became operative in September 2024.
 - (b) PPC82 Moonlight Heights: is 39.2ha on the eastern side of Awakino Road in Dargaville, to the north of Dargaville Hospital. The plan change was approved in mid-2024 for rezoning from rural to residential, with capacity to accommodate an estimated 348 dwellings.
- 4.41 There is also additional potential for residential capacity available through infill opportunities and on vacant lots, including some large lots with substantial capacity. In total there is feasible capacity in the medium term for well over 1,400 additional dwellings around the district outside of Mangawhai under the KDP. Combined with the 780 lots in Dargaville's two plan change areas, there is capacity for over 2,000 additional lots around the District within the existing residential zones, including vacant residential zoned areas available for subdivision in many towns and smaller settlements (including Dargaville, Maungaturoto, Kaiwaka, Paparoa, Ruawai, Baylys Beach, Pahi, and Whakapirau), and significant additional potential in rural areas that I have not included in my assessment.
- 4.42 Given projected household growth in Kaipara District outside of Mangawhai is only 760 over 30 years, there is more than sufficient residential capacity zoned under the operative Plan to accommodate projected growth. I note my company has assessed residential land supply proposed under the PDP, and that will significantly increase residential capacity above the

already plentiful supply under the KDP. My assessment above has not factored in the additional capacity that the PDP proposes to create, because there is already ample capacity in the KDP, and the PDP remains subject to change through the submission and hearing process.

5. EMPLOYMENT SELF-SUFFICIENCY

- 5.1 Employment self-sufficiency in Mangawhai has long been an issue, with a well-recognised net outflow of workers driven by limited local employment opportunities. However, the new business area in Mangawhai Central has helped to increase local employment opportunities, and the four community hub business areas approved as part of PC84 further help.
- 5.2 Nevertheless, ongoing population growth will, over time, continue to require more employment opportunities to be provided in Mangawhai, and for there to be business zoned land for those activities to locate on. From my company's DPR assessment, it was concluded that demand growth in Mangawhai would in total require 19.1ha of business land (commercial and industrial together) by 2054, an increase of 8.2ha over the amount currently required to provide for local employment and business needs.
- 5.3 Under the KDP there is 16.5ha of zoned business land (Industrial and Commercial) in Mangawhai, or sufficient to supply the next 20 years of business land demand in Mangawhai if no additional land is zoned. That is, there is sufficient business land zoned under the KDP to supply demand until well into the NPS-UD long-term. The ultimate need to provide additional land to ensure sufficiency through until the end of the long-term is recognised in the DPR, which proposes to zone 21.6ha of business land, which would be sufficient (if all notified zonings translate to operative zones) to provide for demand until beyond 2055 and the end of the NPS-UD long-term.
- 5.4 I recognise that there is uncertainty associated with the DPR process, and it may be that not all of that notified zoned area becomes operative, nevertheless there remains sufficient business land in Mangawhai that is zoned under the KDP to mean that it is not required to convert HPL to urban zonings to ensure sufficiency of business land supply under NPS-UD obligations (if Mangawhai is considered to be a Tier 3 urban environment, and therefore to impose obligations on KDC under the NPS-UD).
- 5.5 However, I do not expect that the proposed Mangawhai East development would increase population growth in Mangawhai by any material amount, and instead expect that growth that will be directed to Mangawhai in the absence of the PPC would instead be distributed across more destinations within Mangawhai if the PPC were to be approved. The PPC area may provide a different selling point to the other residential sections available in Mangawhai, and so could stimulate some net additional demand, however the large amount of capacity that already exists in Mangawhai indicates that there are ample opportunities for new residents to be accommodated, and the extra capacity of Mangawhai East will do little to attract additional residents.
- 5.6 If that is the case, the residential component of the PPC proposal would not generate

adverse effects on the net outflow of commuters to employment opportunities elsewhere, because those adverse effects will occur whether or not Mangawhai East proceeds. In fact the proposed business land component of the proposal (5.0ha of Neighbourhood Centre and Mixed Use zones), would positively contribute to local employment opportunities. A difficulty with those business areas is whether they are appropriately located within the PPC area, or whether some part of their employment land capacity would be more appropriately located elsewhere in Mangawhai, not on HPL.

- 5.7 There is, therefore, a tension between an ongoing need to provide local employment opportunities and where those are provided. This is addressed further in my next section. Notwithstanding the HPL issue, and the issue that the size of the centre is larger than required for the local (Mangawhai East) population, the provision of additional business land would be a positive economic effect for Mangawhai.

6. ASSESSMENT UNDER THE NPS-UD AND NPS-HPL

- 6.1 The NPS-UD requires Tier 1, 2 and 3 local authorities to “at all times, provide at least sufficient development capacity to meet expected demand for housing and for business land over the short term, medium term, and long term”.¹⁵ If Mangawhai is not an urban environment within the NPS-UD definition, then this requirement does not apply to Kaipara District Council, or Mangawhai.
- 6.2 That sufficient capacity is a core thread of creating the well-functioning urban environments that are the overarching objective of the NPS-UD. The key from that policy is that the NPS-UD effectively requires a minimum, not maximum, amount of development capacity. Such development capacity must however be able to be serviced, and needs to be designed and located such that it will result in a well-functioning urban environment.
- 6.3 The requirement for sufficient capacity is balanced by policies in the NPS-HPL that require that the use of highly productive land (HPL) is minimised. The NPS-UD does not list Kaipara District Council as a Tier 1 or Tier 2 local authority, meaning that the relevant clause in the NPS-HPL is clause 3.6(4):

(4) Territorial authorities that are not Tier 1 or 2 may allow urban rezoning of highly productive land only if:

(a) the urban zoning is required to provide sufficient development capacity to meet expected demand for housing or business land in the district; and

(b) there are no other reasonably practicable and feasible options for providing the required development capacity; and

(c) the environmental, social, cultural and economic benefits of rezoning outweigh the environmental, social, cultural and economic costs associated with the loss of highly productive land for land-based primary production, taking into account both tangible and intangible values.

¹⁵ NPS-UD Policy 2

6.4 A further requirement is that:

Territorial authorities must take measures to ensure that the spatial extent of any urban zone covering highly productive land is the minimum necessary to provide the required development capacity while achieving a well-functioning urban environment.¹⁶

6.5 So while the NPS-UD alone does not impose maxima, it cannot always be a case of “more is better” when HPL is in play, as it is for this application.

6.6 I next assess the application against clause 3.6(4) from an economics perspective.

Clause 3.6(4)(a) of the NPS-HPL

6.7 Clause 3.6(4)(a) requires that urban rezoning of HPL may only occur if required to provide sufficient development capacity to meet demand for housing or business land in the district. That means that the NPS-HPL test as to whether urban rezoning may occur is not whether there is sufficient supply within different parts of the District, but only in the District as a whole. Importantly, the need to assess capacity (and alternative non-HPL locations) on a district-wide basis is clearly a different test to that applicable to Tier 1 and 2 Councils (under 3.6(1)(b)) where consideration of alternatives is bounded by the need for such options to be the same locality and market.

6.8 As I have summarised above, my assessment indicates that there is sufficient residential zoned land under the KDP to provide for projected growth in Mangawhai, in all other parts of the District as a whole, and for the entire District altogether.

6.9 Clause 3.6(4)(a) also applies to business land. From assessment my company has undertaken for the DPR, employment growth in Kaipara District over the next 30 years will require 22.8ha of zoned commercial land and 17.0ha of zoned industrial land to accommodate it. Under the KDP there is currently 8ha of vacant Business Commercial zone, and 15.6ha of vacant Business Industrial zone. That means that an additional 14.8ha of commercial zoned land, and 1.4ha of industrial zoned land is required to provide for growth projected over the next 30 years. The DPR proposes to rezone land far in excess of that requirement, and would, if all of the notified DPR zones are applied, create commercial zones of an area 45ha more than demand requires, and industrial zones of well over 100ha more than demand requires. Nevertheless, I acknowledge that the DPR zones are not yet operative, and so have limited weight under clause 3.6(4).

6.10 That means that from my assessment the proposed plan change is not required to provide sufficient development capacity to meet demand for housing in the district, and the PPC request therefore fails the first limb of clause 3.6(4)(a). Additional business land (both commercial and industrial) is required in the District in addition to the land zoned in the KDP, and while that is proposed to be remedied by the addition of significant new business land in the DPR, that proposed additional land is not yet operative, and therefore has limited weight under clause 3.6(4).

¹⁶ NPS-HPL clause 3.6(5)

Clause 3.6(4)(b)

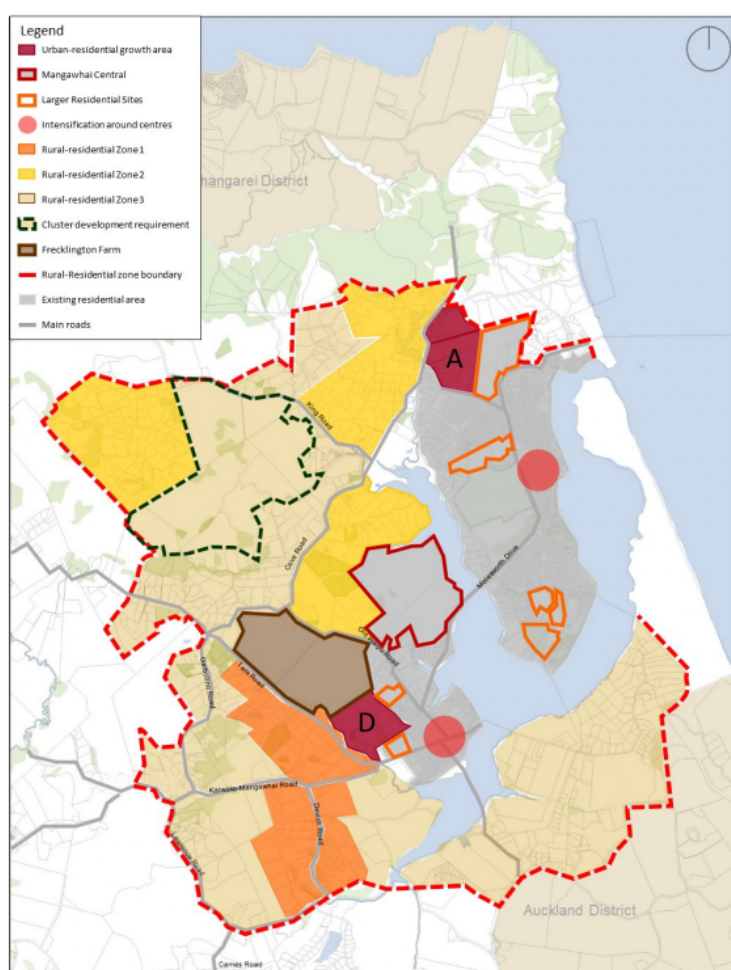
- 6.11 From an economic perspective I recognise that Mangawhai and other more distant townships such as Dargaville cater for different housing markets. The test in clause 3.6(4) is however clear that for Tier 3 locations the options assessment is to be across the District rather than the locality.
- 6.12 From my assessment, sufficient capacity for meeting all of Mangawhai's growth is provided in Mangawhai Central, the Plan Change 83 and 84 areas, the Metlifecare development and the large residential zoned parcel at 60 Mangawhai Heads Road to provide, even without considering infill capacity and building on other vacant lots. Outside of Mangawhai there are many locations for potential residential development to occur, including the Dargaville plan change areas (PPC81 and 82), infill, and the large number of vacant residential zoned areas elsewhere in the District.
- 6.13 In my opinion those other locations are all reasonably practicable and feasible options for providing the required development capacity within the District, so while there are options within Mangawhai, there are also many spread around the District, which is the geographic resolution that the NPS-HPL directs the assessment be undertaken at.
- 6.14 The 3.6(4)(b) assessment of alternative options does not require these areas to be already urban zoned, rather it requires an assessment of areas that could plausibly have an urban zoning in the future. I note also that as part of the District Plan review KDC identified many new residential areas throughout the District, and the notified PDP contains large new residential areas with very significant capacity in nearly all of the District's towns and smaller settlements. While those notified zones have not been made operative, and must proceed through the PDP hearings process in order to become operative, they do indicate the large number of reasonably practicable and feasible options in the District that could be used to accommodate future residential growth under clause 3.6(4)(b).
- 6.15 I wish to make several comments on the assessment of alternative options undertaken in the UEL report, from which a subset was consequently adopted for more detailed assessment in the applicant's NPS-HPL assessment (the "AgFirst Waikato" assessment).¹⁷
- 6.16 First, the UEL report undertakes an assessment of alternative options, but limits those only to Mangawhai. The NPS-HPL's clause 3.6(4)(b) relates to the entire district, not just one location within the district.
- 6.17 Second, the UEL assessment applies a multi-criteria analysis (MCA) that includes criteria of proximity to the beach and harbour. In my opinion, while undoubtedly desirable characteristics for a new residential subdivision, that proximity is not required to make a practicable and feasible residential development, and it is not appropriate to factor those matters into the alternative option assessment. Had those criteria been excluded, the results of the MCA would have changed, because together they make up two of the five criteria, and the highest ranking options from the MCA, which were then assessed in the AgFirst

¹⁷ "Mangawhai East Development NPS-HPL Assessment", AgFirst Waikato (2016) Ltd, 6 May 2025, Appendix 13 to the application

Waikato report and benefited from that proximity to achieve their top ranking.

- 6.18 Third, the MCA includes “loss of rural production potential” as another criteria. While that is relevant, the criteria should more specifically be framed as “loss of highly productive land”, in my opinion. That is because the NPS-HPL is the instrument directing the consideration of alternative options, and its focus relates to the loss of highly productive land. If that criterion had been applied by UEL, the plan change area would have scored poorly against that criterion, and some of the poorer scoring options would conversely have done very well, because many of the options are not on HPL.
- 6.19 Fourth, it is not clear how the seven options identified in the UEL report were identified. It appears that there are many other candidate locations around the outskirts of Mangawhai that could have been included, but were not, and would be locations that share the core characteristics of being close or adjacent to the edge of Mangawhai’s urban area, and not on HPL. The Mangawhai Spatial Plan was a comprehensive assessment of potential growth options for Mangawhai, and while now five years old, and pre-dating the NPS-HPL, it does provide some basis that could have been used to identify growth options for the UEL report’s alternative options assessment, including those areas shown in the Spatial Plan’s figure 3-4-5 (inserted below as Figure 6.1). Those areas include current rural areas to the west of Mangawhai – the “Rural-residential Zone 2” (orange) areas west of “A” and Mangawhai Central, neither of which were include in the UEL assessment.

Figure 6.1: Mangawhai Spatial Plan preferred growth option



ABOVE FIG. 3-4-5: Preferred growth option

- 6.20 From my assessment there are sufficient options already zoned to mean that alternatives are not required, but if alternatives were required, there would be some that do not involve use of HPL. The DPR has already identified some such locations including expanding the existing commercial centres of Mangawhai and Mangawhai Heads (at Wood Street) which are more than sufficient for providing the required capacity at a Mangawhai, and at a district-wide level. For those reasons it is my opinion the PPC request is not consistent with clause 3.6(4)(b).

Clause 3.6(4)(c) of the NPS HPL

- 6.21 Clause 3.6(4)(c) requires that the environmental, social, cultural and economic benefits of rezoning outweigh the environmental, social, cultural and economic costs associated with the loss of highly productive land for land-based primary production, taking into account both tangible and intangible values.
- 6.22 I agree with the UEL report's conclusion that the proposal would generate economic benefits that significantly exceed the economic costs arising from the loss of productive land.¹⁸

¹⁸ UEL report, page 60

- 6.23 However, I note that converting rural land to urban uses will nearly always yield significant short-term economic benefits, particularly private benefits that accrue to developers and construction companies, and it is important for an assessment under clause 3.6(1)(c) to go beyond those short-term benefits and include public benefits.
- 6.24 It is important that those short-term benefits should not overshadow the enduring value of HPL for primary production, and although I understand from Mr Cathcart's evidence there are some limitations on the productive capacity of the PPC area, the presence of HPL on much of the PPC area remains, and the hearing panel will need to consider the extent to which the PPR request is consistent with the NPS-HPL in light of that capacity. The NPS-HPL exists to recognise the finite nature and limited supply of HPL, its value to future generations, its role in supporting community resilience, and the capability of HPL to produce certain agricultural products not easily replicated elsewhere.
- 6.25 Those benefits are difficult to quantify, however consideration of them is essential to ensure that the long-term costs of losing HPL are not underestimated in favour of short-term economic gain.

Clause 3.6(5)

- 6.26 The NPS-HPL requires in clause 3.6(5) that the spatial extent of any urban zone covering HPL is the minimum necessary to provide the required development capacity.
- 6.27 In the case of the current application, I take that to mean that if there was found to be insufficient supply of land for residential dwellings in the District, and this proposal could contribute more residential capacity to ensure that supply was sufficient, that would be consistent with clause 3.6(5), as long as the amount of land to which the urban zoning was applied was the minimum necessary to meet that level of sufficient supply.
- 6.28 I then interpret that to have two main implications for this application:
- (a) The proposed PPC area should not relate to an area of HPL larger than is required to provide sufficient supply for the activities identified as needing development capacity.
 - (b) The land area used for those activities should be the minimum necessary to accommodate them.
- 6.29 I note that the application proposes to enable (as Restricted Discretionary activities) within the PPC area a number of activities for which there is no identified shortage of supply or capacity in Mangawhai. That would mean that part of the HPL being converted to urban uses might be used for activities for which there is already sufficient supply elsewhere in Mangawhai.¹⁹
- 6.30 If around 800 dwellings were to locate within the PPC area I accept that it would be appropriate to provide them with some local commercial supply to meet their convenience

¹⁹ DEV X LU-R3 Visitor Accommodation for up to 50 guests; and DEV X LU-R4 Commercial Activities, Educational Facilities, Care Centres and Community Facilities

needs. However, the area of that commercial activity should be minimised under clause 3.6(5). In practice only a very small commercial centre would be required to provide for those convenience needs. A rule of thumb is that around 1m² of floorspace for each household would provide an appropriate level of supply, or around 800m² of commercial floorspace. A centre of that size would be akin to a typical local convenience retail centre, potentially comprising a dairy, takeaways, hairdresser etc, and maybe between around four to seven tenancies in total. Even if that 800m² were to be located on a large area of land with landscaping, on-site parking etc, the land area needed to accommodate it would be less than 4,000m² (0.4ha).

6.31 The UEL report assesses a much larger sustainable floorspace, mostly because it bases its assessment on other “large masterplanned development centres” in Auckland. In my opinion that assessment is of little help to understand the appropriate level of provision in those centres, because all of those centres are part of residential developments that equate to large suburbs that service catchments much larger than the limited catchment that would exist in the PPC area, and those centres have different roles to a neighbourhood centre:

- (a) Long Bay is a large local centre with a full supermarket, large number of restaurants, a gym, childcare, as well as a large number of vacant tenancies for which there is not yet a large enough local population to sustain a tenant. There is no assessment provided in the UEL report as to why the PPC area would need the stated 2.6ha of Neighbourhood Centre zone.
- (b) Hobsonville Point is a Mixed Use Zone created around a destination market and restaurants, with a large area of office space built into old Airforce buildings. The area is not intended to function as a convenience centre for local residents, and aside from the market and small amount of food retails that are open at limited times each week, offers no convenience role, but might more accurately be characterised as a café/office precinct.
- (c) Stonefields is also a Mixed Use Zone, although functions more as a local centre, with a similar range of activities to the Long Bay centre (restaurants, a gym, childcare) apart from having no supermarket.
- (d) Millwater is a local centre with a wide range of retail, hospitality (bar, cafes, restaurants, takeaways), office and services tenancies, medical (dentist, audiologist, optometrist, a large medical centre), multiple real estate agents, a gym, and a vet.

6.32 It is my opinion it would not be viable for a neighbourhood centre at Mangawhai East to have most of those type of activities, and if it was viable that viability would be dependent on a large inflow of custom from places outside the plan change area, and for the commercial area to be recognised as a destination within Mangawhai. That is inconsistent with the proposed ‘DEV X description’ which describes a more neighbourhood centre role (apart from where tourism and recreational activities are established):

The Neighbourhood Centre will provide a focal point for the Development Area community and provides the opportunity to deliver services for the local community and the wider area where tourism and recreational activities are established.

- 6.33 The UEL report draws conclusions about how much space “can be supported” rather than how much “is required”, and in my opinion it is the latter than is the more appropriate framework for assessing how much commercial space should be enabled in the PPC area (if approved), given clause 3.6(5).
- 6.34 That means that in my opinion 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. 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, and together the Mixed Use zone and Neighbourhood Centre zone occupy 5ha, which would make the business node there substantially more than a neighbourhood convenience centre, contrary to the requirement to minimise the use of HPL under clause 3.6(5).
- 6.35 The large size of the business node means that it will not be supported purely by local (Mangawhai East) consumers, but will instead either rely heavily on an inflow of customers from outside the area to support its businesses, or else there will be a large amount of vacant or poorly utilised space in the proposed business area. That will have implications for how the PPC area integrates with the rest of Mangawhai from a well-functioning urban environment perspective, indicating that the PPC as proposed would not promote an efficient urban form but rather increase traffic across the Insley Street bridge to facilitate travel between Mangawhai East and the rest of the town. That is, in my opinion the large size of the proposed centre will draw traffic into Mangawhai East from the balance of Mangawhai township than it will reduce traffic over the bridge in the opposite direction by enabling Mangawhai East residents to meet more of their needs in the immediate neighbourhood. That is, the large size of the centre proposed is contrary to a well-functioning urban environment.
- 6.36 My interpretation of clause 3.6(5) is that it also requires the area to be used for residential dwellings to be minimised. That means that the creation of residential zones with large minimum lot sizes (e.g. 1,000 or 2,000m² in the Residential Large Lot Zone, RLLZ) occupy large land areas for a relatively low dwelling yield, which is an inefficient use of HPL. The RLLZ is 6.7ha out of the PPC area’s 71.3ha of residential zones (9%),²⁰ but would yield only 4.6% of the indicative total dwelling yield (37 of 788 dwellings).
- 6.37 In my opinion the use of a large part of the PPC area for low density residential zones would be an inefficient use of HPL.

7. BENEFITS

- 7.1 The UEL report identifies economic benefits that the PPC would generate, namely increasing housing supply, providing a range of housing types, increasing competition in the housing market, and contribution to GDP arising from development and construction activity.

²⁰ UEL report, figure 3

- 7.2 Even if additional residential capacity is not required to provide sufficient land to provide for future demand, as my conclusions suggest, there would potentially be economic benefits of PPC85 through increasing competition and having another developer active in the Mangawhai market. That would increase incentives for developers to release lots to the market and disincentivise land banking, although as I note below the large amount of zoned residential land is likely already sufficient to mean the Mangawhai land market is already quite competitive.
- 7.3 While I agree that those outcomes would be benefits of the PPC request, I make the following observations.
- 7.4 First, in relation to housing supply. From my assessment above additional housing capacity is not required in Mangawhai, meaning that there are limited economic benefits associated with this additional supply. Because Plan Changes 83 and 84, and Mangawhai Central together provide enough capacity for nearly 30 years of growth in Mangawhai, I do not consider it likely that the PPC would further reduce property prices or increase competition in a way that would have any material benefits for consumers. If existing supply was much more limited, those benefits would be greater.
- 7.5 Second, on the potential GDP contribution of the PPC area. It is often the case that new development areas do not create more construction activity, but rather distribute activity away from existing development areas. In some cases a new development may stimulate growth, and therefore result in net additional economic activity in an area, but in this case I do not believe that there would be any more than minor such increase in activity. Instead, I believe that the proposed plan change would be more likely to slow the rate of new dwelling development in other parts of Mangawhai, keeping construction activity across the township as a whole at a similar level compared to if Mangawhai East was not made available for development.
- 7.6 If Mangawhai East were to stimulate net additional development, that would imply that it was providing capacity in excess of the minimum necessary to meet exiting demand, contrary to clause 3.6(5).
- 7.7 Third, in relation to competition in the residential land market. The UEL report concludes that Mangawhai's residential land market shows low-moderate market concentration, potentially increasing to high if significant land banking occurs in the future.²¹ That assessment does not appear to take into account the large number of single parcels available for sale in Mangawhai, or account for the resale of already built dwellings, all of which contribute to the competitiveness of the residential land market. Given the very large supply of residential parcels that are (or are likely to soon be, in the case of Plan Changes 83 and 84) for sale in Mangawhai, the addition of another residential development would in my opinion do little to stimulate increased competition in the market.

²¹ UEP report, figure 56

8. SUBMISSIONS

8.1 I have reviewed the submissions and further submissions made on the plan change. Several key themes emerge from an economics perspective:

- (a) Loss of highly productive soils and associated rural productive capacity.
- (b) Housing supply and demand.
- (c) Commercial land supply and demand.
- (d) Precedent effect.
- (e) Infrastructure provision and public costs.
- (f) Contribution to tourism economy.

8.2 I respond to submissions and further submission grouped under those key themes.

Loss of HPL

8.3 Several submitters oppose the loss of rural land and highly productive land.²² Northland Regional Council refers to policy 5.1.1 (f) of the Northland Regional Policy Statement which requires plan changes and subdivisions to ensure that the potential for soil based primary production on land with highly versatile soils (such as LUC3) is not materially reduced, or if it is, the net public benefit exceeds the reduced potential for soil-based primary production activities.²³

8.4 As I have stated above, I agree that consideration of economic benefits under the NPS-HPL should not be as simple as comparing the annual agricultural production from the land against the value of construction activity undertaken once urbanised, and the enduring public benefits of rural production need to be considered. While these public benefits are difficult to quantify, on balance I consider it probable that the economic benefits of a large proposed urban development such as Mangawhai East would exceed the public costs of loss of agricultural land.

8.5 Some submissions also raise the issue of potential reverse sensitivity arising from urban activities establishing in close proximity to established rural operations, as well as issues with the rules restricting existing rural activities.²⁴ While the potential for reverse sensitivity is outside my area of expertise, I note that if reverse sensitivity issues do arise, they will be an economic cost to the agricultural sector, and to specific already-established businesses in the area, which is another matter that will require consideration by decision makers.

²² Submission 01 Angela Cook; 46 Tern Point Recreation and Conservation Society Incorporated; 62 Pamala and Allen Collenge; 76 Susan Jones.

²³ Submission 43 Northland Regional Council.

²⁴ Submissions 62 Pamala and Allen Collenge; 63 Eve Bornhauser; 64 John Bornhauser; 70 Raewyn and Neil Cullen; 75 Bryce Taylor; 79 Charlotte Boonen; FS5 Paul Brown.

Housing supply and demand

- 8.6 There are submissions both in support of and opposed to the proposed plan change in relation to housing supply and demand.
- 8.7 Submissions opposed raise similar points to those I have identified earlier, namely that there is a lack of demand for the proposed development, particularly in light of the large number of residential dwellings enabled in the Plan Change 83 and 84 areas and Mangawhai Central, and other smaller developments such as Lake View Estate and Mangawhai Estuary.²⁵ As I have stated earlier, my assessment indicates there is plentiful supply of residential land in Mangawhai, which is not to say that there would not be demand for the proposed development, but more specifically there is not demand for all of the development potential dwelling capacity and the residential capacity that exists elsewhere in Mangawhai.
- 8.8 Other similar submissions state that Tier 3 obligations to meet development capacity for housing stretching well into the future cannot apply to townships such as Mangawhai.²⁶ I do not agree with that, per the requirements of clause 3.2(1) of the NPS-UD, however per my assessment, confirm that there is sufficient long-term capacity to meet expected demand.
- 8.9 I confirm that my housing demand assessment was based on Infometrics projections, and not based solely on the last five years, which is noted as being significant, and potentially unrepresentative as a basis of establishing future growth.²⁷
- 8.10 Submissions in support do so for reasons including that Mangawhai needs more space for growth, there is demand for coastal living opportunities on the eastern side of the estuary, and the proposal will provide a quality urban environment incorporating choices of living and retail.²⁸ Some submissions note that providing additional residential capacity is a key benefit of the proposal and that *“the Request achieves the outcomes of the National Policy Statement Urban Development, particularly with respect to the integration of infrastructure and urban development, strategic planning over the medium term and long term. Mangawhai is an urban environment now and the council has to ensure sufficient capacity*

²⁵ Submissions 03 Dave and Ann Hurley; 05 Elizabeth Nichols-Gill; 07 Martina Tschirky; 09 Juan Miguel Hamber; 15 Grant Douglas; 26 Kristi Burns; 35 Derek Smyth; 44 Rosemarie Dunning; 46 Tern Point Recreation and Conservation Society Incorporated; 65 Marc Kaemper; 68 David and Glenys Mather; 72 Alex Flavell-Johnson; 76 Susan Jones; 78 Paul Humphries, supported by FS1 Mangawhai Matters.

²⁶ Submission 10 Clive Boonham; 20 Peter Nicholas; 46 Tern Point Recreation and Conservation Society Incorporated.

²⁷ Submission 35 Derek Smyth.

²⁸ Submission 08 John Seward; 18 Julie Riley; 19 Heath Riley; 21 Hamish Hoyle; 33 Jason McQuarrie; 34 Krystal Hebden; 37 Hugh Benn; 39 Patrick Fontein; 45 Timothy Scott; 47 AJ & MJ Eaves Family Trust; 48 Black Swamp Limited; 49 Darren and Kim Hughes; 50 Gavin Brannigan; 51 Jennifer and Mark Readman; 52 Joshua Membrey and Dorothy Nacewa; 53 Lance Vale; 54 Mark and Jacqui Scheib; 59 Wild Property Group New Zealand Limited; 61 Samuel Wilson; 67 Alan Rogers; 82 Hamish Wright; 83 Nick Smith; 84 Mark Morgan-Kemp;

for housing and business land over the short, medium and long term."²⁹.

- 8.11 Other submissions request changes to the notified residential zones to either lower or higher density zones. Submission 36 requests the latter, stating that the notified lower density zone proposed for their property would reduce housing supply in a high-demand environment, resulting in reduced economic efficiency, underutilisation of infrastructure, and lost housing opportunities.³⁰ From my assessment additional residential capacity is not required, so there is no need to provide any particular quantum of dwelling capacity in the area. However, as I have stated earlier, lower density is a less efficient use of HPL, and so if it is concluded that the PPC request is needed to provide sufficient residential land capacity in Mangawhai, my understanding is that higher densities would better meet HPL requirements than lower densities, although recognising there are other drivers of what residential density is appropriate in any particular location, as discussed in the s32 report.
- 8.12 A contrary position is held by the owners of 4 and 4A Black Swamp Road. They oppose the minimum 1,000m² site size in the 'Large Lot Residential' zone and instead propose a 2,000m² site size, and do not support the level of intensification proposed in the Medium Density Residential zone on the basis that there are an unnecessary number of residential zones/site sizes within the Development Area. The submitter also wants a limit or restriction on the commercial development along Black Swamp Road.³¹ As above, my understanding is that higher densities would better meet HPL requirements than lower objectives, although in my opinion no additional capacity is required in the area given there is sufficient supply in other parts of Mangawhai already.

Commercial land supply and demand

- 8.13 Submissions opposed to the PPC request state that there is enough commercial, retail and industrial space already in Mangawhai.³² One submission supports *"the objective set out in the PDP to facilitate their consolidation, not to undermine critical mass by adding another"*.³³
- 8.14 I agree that there is sufficient commercial, residential and industrial space in Mangawhai, taking into account that additional space has been included in the PC84 area and Mangawhai Central. However, if a residential development on the eastern side of Mangawhai harbour were to be enabled, my opinion is that some provision of commercial activity would be required to service that development, to contribute to a well-functioning urban

²⁹ Submissions 33 Jason McQuarrie; 34 Krystal Hebden; 37 Hugh Benn; 45 Timothy Scott; 47 AJ & MJ Eaves Family Trust; 49 Darren and Kim Hughes; 50 Gavin Brannigan; 51 Jennifer and Mark Readman; 52 Joshua Membrey and Dorothy Nacewa; 53 Lance Vale; 54 Mark and Jacqui Scheib; 59 Wild Property Group New Zealand Limited; 61 Samuel Wilson; 67 Alan Rogers; 82 Hamish Wright; 83 Nick Smith; 84 Mark Morgan-Kemp; 86 Douglas Lloyd.

³⁰ Submission 36 Ed Smyth.

³¹ Submission 40 Arthur and Jocelyn Rutherford.

³² Submission 01 Angela Cook; 06 Karen Staples; 09 Juan Miguel Hamber; 10 Clive Boonham; 11 Paul Wilkes; 20 Peter Nicholas; 27 Dawne Sanson and Gavan Riley; 29 Vicky and Timothy Andrew; 35 Derek Smyth; 39 Patrick Fontein; 44 Rosemarie Dunning; 46 Tern Point Recreation and Conservation Society Incorporated; 57 Peter and Barbara Lambert; 62 Pamala and Allen Collenge; 63 Eve Bornhauser; 64 John Bornhauser; 68 David and Glenys Mather; 70 Raewyn and Neil Cullen; 71 Abigail and Francis Meagher; 72 Alex Flavell-Johnson; 75 Bryce Taylor; 76 Susan Jones; 77 Gareth Jones; 79 Charlotte Boonen; 80 Sue McKay; 87 Jennifer Budelmann.

³³ Submission 20 Peter Nicholas., supported by FS1 Mangawhai Matters.

environment.

- 8.15 However, as I have stated above, my assessment indicates that the appropriate scale of such a development would be much smaller than the scale proposed in the PPC request, with the appropriate role of that centre being a local convenience node, and the requirement to minimise the use of HPL should preclude any broader commercial role.
- 8.16 Two submissions state that with few local jobs, most residents will need to commute.³⁴ That is a possible outcome of the proposed development, although as I have stated earlier I do not consider that the proposal will stimulate additional population growth, but rather will result in a redistribution of growth between more locations within Mangawhai. If that redistribution occurs, the rate of outward commuting will not necessarily increase, and provision of new business land in the PC84 area and Mangawhai Central will provide increased business activity and local employment opportunities that will broadly keep pace with projected population growth.

Precedent effect

- 8.17 While possibly more of a planning concern, the potential for precedent has an economics element that is worth raising here.
- 8.18 A number of submissions raise the issue that approving the PPC request would set a precedent for development east of the Harbour, potentially resulting in ongoing pressure to convert rural land to urban uses, potentially through to the Auckland council boundary.³⁵ I agree that if PC85 were to be approved, there would be ongoing pressure for other developments in the area, given the economic benefits of co-locating with other comparable activities. There would potentially be future requests from outside the PPC area's proposed neighbourhood centre for commercial activities to support the newly urbanised area, and in fact one submission has already requested that part of their land be zoned Mixed Use Zone or Neighbourhood Centre Zone instead of residential.³⁶ Such requests would, in light of my assessment that the amount of business and proposed already exceeds the minimum required under clause 3.6(5), be contrary to that clause, in my opinion.

Contribution to tourism economy

- 8.19 The Holiday Park's submission also raises a concern that the PPC might reduce the number of visitor nights able to be accommodated at the Holiday Park. The Holiday Park has consent to use the Council-owned esplanade reserve to accommodate overflow camping in summer, but the submission states that the proposed pathway would make it difficult to continue that use, and would therefore generate negative economic effects by reducing the campground capacity, which would have flow on effects to other businesses supporting tourism.
- 8.20 I agree that a small reduction in capacity could result if the proposed walkway reduced how

³⁴ Submissions 05 Elizabeth Nichols-Gill; 06 Karen Staples.

³⁵ Submission 12 Lena Nelson; 24 Richard Poole; 46 Tern Point Recreation and Conservation Society Incorporated.

³⁶ The property at 25 Black Swamp Road, submission 48 Black Swamp Limited.

the Holiday Park can use the esplanade reserve, and a reduced contribution to the Mangawhai tourism economy may be a negative economic outcome of the proposed development. I have not seen any estimate of the potential scale of that effect, but I expect that it would be very small:

- (a) The area in question is a narrow strip about 1,500m² in area and 175m long, which might accommodate about 15 campsites, based on the size of sites opposite the esplanade reserve within the Holiday Park's property.
- (b) If those 15 sites are in use only as overflow for say the three peak demand weeks over summer, and each accommodate five people per week per site that esplanade reserve might accommodate $15 \times 5 \times 3 = 225$ people in the year.
- (c) The submission states that the Park accommodated 8,268 adults and 803 children, for a total of 9,071 people in the past 12 months. If 225 people could not be accommodated on the esplanade strip, that would equate to 2.5% of the annual people accommodated.
- (d) The reduction in spending in the local economy may be slightly more than 2.5% if those esplanade campers stay for longer than the annual average stay, however 2.5% is a ballpark indication of the scale of impact that the complete loss of the esplanade reserve for camping might have.

8.21 In my opinion that is a very small reduction in contribution to the local economy, especially given the large number of tourism nights stayed in other forms of accommodation in Mangawhai, however the issue raised by the Holiday Park submission is still a matter that may contribute to the overall merits of the application.

9. CONCLUSION

9.1 From my assessment, additional residential capacity is not required in Mangawhai to accommodate demand within the next 30 years, with there being sufficient capacity to accommodate growth for the next 30 years, and depending on how much redevelopment there is of existing residential zone parcels, well beyond that time.

9.2 If it is concluded that Mangawhai is an urban environment, as I have concluded, nothing in the NPS-UD restricts supplying capacity that will exceed future demand, as long as that additional capacity can be adequately serviced and will result in a well-functioning urban environment. I understand from the infrastructure evidence provided on behalf of Council that there may be some difficulties with infrastructure servicing, and I have raised some concerns as to whether the proposed development will result in a well-functioning urban environment. Aside from those two matters, and the issue of HPL, the additional residential and business land supply proposed by the plan change does not give rise to concerns from an economics perspective.

9.3 Because the PPC area is on HPL, KDC may allow the proposed urban rezoning of the PPC area only if the rezoning is required to provide sufficient development capacity to give effect to

the NPS-UD, and there are no other reasonably practicable and feasible options for providing that capacity. My assessment concludes that the rezoning is not required to provide sufficient capacity for housing or business land, given the very significant new greenfields residential areas that have recently been approved in Mangawhai.

- 9.4 That is not to say that if the plan change were to be approved there would not be some take-up of sections there, because Mangawhai is projected to continue to experience strong population growth, and it is likely that some new residents might choose to live in the PPC area. However, there are many other choices available in Mangawhai, and the PPC area is not needed from a quantity of supply perspective.
- 9.5 If the PPC request were to be approved, and residential activity enabled at Mangawhai East, my assessment indicates that the proposed Neighbourhood Centre zone and adjacent Mixed Use Zone in the PPC area at a combined area of over 5.0ha is much larger than is required to provide convenience retail activity for a residential population of the size that would be accommodated within the residential development proposed. The consequence of that large size is that the business area it will not be supported purely by local (Mangawhai East) consumers, but will instead either rely heavily on an inflow of customers from outside the area to support its businesses, or else there will be a large amount of vacant or poorly utilised space in the proposed business area.
- 9.6 While the amount of business land proposed would have a positive effect on the town's local employment opportunities, the issue is whether those opportunities are being provided in an appropriate place, both with respect to HPL and contributing towards the town's well-functioning urban environment.

Derek Richard Foy
1 December 2025