BEFORE THE HEARING PANEL APPOINTED BY KAIPARA DISTRICT COUNCIL

Under the	Resource Management Act 1991 (**RMA**)
In the matter	of Private Plan Change 85 (Mangawhai East) to the Kaipara District Plan

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STATEMENT OF REBUTTAL EVIDENCE OF DEREK RICHARD FOY ON BEHALF OF KAIPARA DISTRICT COUNCIL

Economics and Housing Capacity

9 February 2026

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1. INTRODUCTION

1.1 My full name is Derek Richard Foy.

1.2 I prepared a statement of evidence dated 1 December 2025 on behalf of Kaipara District Council (**Council**), and a statement of supplementary evidence dated 23 January 2026, in relation to the application by Foundry Group Limited and Pro Land Matters Company (**Applicant**) for a private plan change to rezone land in Mangawhai East (**PPC85**). I refer to my qualifications and experience in my original statement of evidence and do not repeat them here.

1.3 Although this matter is not being heard by the Environment Court, I confirm that I have read and am familiar with the Code of Conduct for Expert Witnesses in the Environment Court Practice Note 2023 and I agree to comply with it.

1.4 I am authorised to make this statement on behalf of the Council.

2. SCOPE OF EVIDENCE

2.1 The purpose of this statement is to respond to the evidence-in-chief filed on behalf of the Applicant and submitters, and in particular the evidence of Adam Thompson on behalf of the Applicant. I also respond briefly to the evidence of Mr Hood for Black Swamp Limited. Other submitters do not raise in evidence any matters that I consider require any response from me. In my statement I respond to the following matters:

(a) Residential development capacity in Mangawhai;

(b) Predicted growth in rural lifestyle towns;

(c) Additive versus deductive residential growth, and

(d) Proposed business land.

3. MANGAWHAI RESIDENTIAL DEVELOPMENT CAPACITY

3.1 Mr Thompson disagrees with my assessment of total residential development capacity in Mangawhai of 4,880 dwellings (comprising 3,383 greenfield and 1,497 infill dwellings). In particular, in his opinion my estimate of that capacity is overstated because of my estimate of capacity at Mangawhai Central, and my estimate of infill development capacity. Mr Thompson considers total development capacity for Mangawhai to be 3,422 dwellings (comprising 3,017 greenfield and 405 infill).[1] In this part of my rebuttal evidence I respond to these matters. I also address in this section the potential effect on residential capacity of the Resource Management (National Environmental Standards for Detached Minor Units) Regulations 2025 (**NES-DMRU**).

Mangawhai Central capacity

3.2 In relation to Mangawhai Central, I understand that up to 1,500 residential lots are enabled under the District Plan rules in Chapter 16 of the District Plan that apply to the site, as established through the plan change process that enabled the development. I also understand that under the plan provisions for Mangawhai Central:

(a) Up to 850 residential lots are permitted.

(b) An Integrated Transport Assessment (**ITA**) is required if 850 lots is exceeded before a connection from Mangawhai Central to Cove Road is in place. It is not known what the findings of the ITA would be, and it might be that more than 850 lots but less than 1500 would be consented without the connection from Mangawhai Central to Cove Road.

(c) Once a connection to Cove Road is in place, up to 1,500 residential lots are permitted.

3.3 I understand that the Council is considering designating a route to protect the connection to Cove Road as a strategic connection for the benefit of both Mangawhai Central and to provide wider connectivity benefits to Mangawhai (e.g.

[1] Adam Thompson statement of evidence, paragraph 45.

from Mangawhai Hills and elsewhere). I have been advised that the Council has advised the property developer for Mangawhai Central of this possibility, and that there is funding for the road connection in the Long Term Plan.

3.4 So the 1,500 lots I have applied in my assessment is the maximum plan-enabled capacity of Mangawhai Central, although that is subject to limitation relating to traffic matters and roading links. My 1,500 lot capacity estimate is not an estimate of what will necessarily be built, and that is difficult to know with any certainty at present.

3.5 I am aware that the developer's actual plans in relation to Mangawhai Central's development layout and capacity may differ from that plan-enabled capacity, and may yet change. It is my understanding that resource consent has been granted only for stage 1 of Mangawhai Central at this point, and that resource consents are permissive and may or may not be implemented.

3.6 Mr Thompson's evidence refers to "*correspondence with the Mangawhai Central development team which advises that the actual land development is expected to deliver 672 residential sites*".[2] I have not seen that correspondence, but expect that if that is the current intention it may still be subject to variation, and development plans could change to a higher yield layout, particularly if the Cove Road connection is completed. That may not happen for some time, but until development plans are more certain than they are now, it is difficult to have much confidence that the 672 lot yield assumed by Mr Thompson is definitive.

3.7 The Mangawhai Central plan change (Private Plan Change 78 – Mangawhai Central that amended Chapter 16 Estuary Estates) was only made operative in mid-2022. If plans have changed from the 1,500 lots then approved to apparently less than 700 lots now, I would interpret that as an indication of uncertainty in development yield and associated levels of anticipated demand.

3.8 Development plans can change for many reasons such as change of ownership, economic climate, changing consumer preferences, financial viability of enabling

[2] Adam Thompson Statement of Evidence, paragraph 45.

access and lot creation, and so on. In my opinion it would be prudent for Council's planning purposes to assume that the full development yield enabled at Mangawhai Central will eventuate. Planning for higher rather than lower capacity at Mangawhai Central will help to reduce the risk that Council infrastructure provision is stretched too thinly. In particular, it addresses the risk outlined in Mr Bennett's evidence that the Council zones more land for development in Mangawhai than can be provided with wastewater servicing due to further effluent disposal beyond Brown Road Farm and the Mangawhai Golf Club not being able to be delivered for technical, environmental or consenting reasons. This would then result in the Council having zoned land for development, with it being unable to be developed.

3.9 For that reason I maintain that assuming a 1,500 lot capacity as is enabled at Mangawhai Central is appropriate for the purposes of assessing the merits of the PPC85 request.

Infill capacity

3.10 Regarding infill residential capacity, Mr Thompson states that "there is a natural 'reasonably expected to be realised' ceiling, typically around 5-15%, in rural towns"[3] that I have not accounted for.

3.11 Mr Thompson has not explained how he has calculated that 5-15% "ceiling", nor listed the comparable towns he has used, so it is not possible for me to replicate his assessment, or understand the principle he is referring to. A maximum ceiling of reasonably expected to be realised infill housing is not a concept I am familiar with. I am not aware of any reasons why infill potential in a town such as Mangawhai should be limited to some maximum cap, particularly if demand is as strong as Mr Thompson asserts.

[3] Adam Thompson statement of evidence, paragraph 45.

3.12 Mr Thompson has also not explained how he has calculated his infill capacity estimate, which he states to be 405 dwellings,[4] which is considerably less than my estimate of nearly 1,500 dwellings in the medium term.[5] From my assessment infill capacity in Mangawhai is significant, because many dwellings in Mangawhai are relatively small dwellings on large lots, which would enable (as a permitted activity) the construction of a new dwelling on existing parcels though subdividing an existing parcel into multiple new parcels. My estimate of infill capacity does not include residential lots that are completely vacant, of which there are many spread throughout Mangawhai, and which I estimate have aggregate capacity to accommodate 593 additional dwellings, included as a separate capacity category in my summary table.[6]

3.13 Many parcels of land in Mangawhai are more than twice the size of the current minimum residential parcel size (600m^2 in Mangawhai, if serviced with reticulated wastewater), enabling such subdivision as a permitted activity. Many existing parcels are multiple times larger than that minimum, and more than one additional dwelling would be permitted on those properties. The low density nature of much of Mangawhai's residential dwellings is likely to have been influenced by the original need to accommodate septic tanks and associated disposal fields, but because wastewater is now reticulated those lots do not now need to be as large as they were, offering opportunity for additional dwellings.

3.14 I note that my estimate of 1,497 reasonably expected to be realised infill dwellings capacity is significantly less than the plan-enabled capacity of 2,762 dwellings, which is based on my company's modelling assumptions about infill feasibility. In Mangawhai that infill feasibility is relatively high, because of both the relatively low cost of constructing an additional dwelling on many of Mangawhai's residential lots (due to many lots being relatively flat, with large areas not occupied by an existing building), and given ongoing demand for new dwellings.

[4] Adam Thompson statement of evidence, Figure 5.
[5] Derek Foy primary statement of evidence, Figure 4.1.
[6] Derek Foy primary statement of evidence, Figure 4.1.

3.15 I have reproduced below as Figure 3.1 a graphic my company provided as part of assessment from the District Plan Review which provides a visual demonstration of how we calculated plan enabled infill capacity. This example extract from a larger map shows that many residential zoned parcels have potential for additional infill dwellings, with all yellow polygons in that image representing potential infill dwelling locations based on the land area required to accommodate a dwelling building. In the assessment that set of yellow polygons is then subject to analysis against minimum lot size rules permitted in the District Plan to establish the final list of infill potential sites.[7]

Figure 3.1: Residential infill capacity calculation example

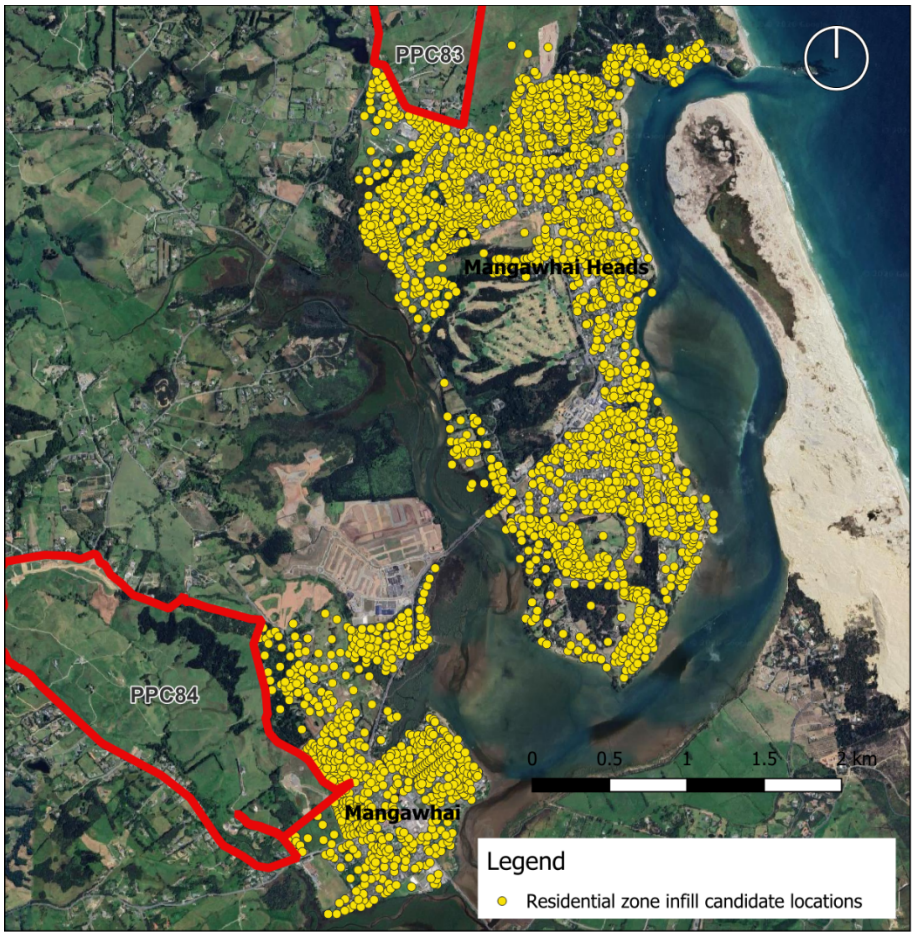
3.16 That infill potential assessment is conservative in that it assumes existing dwellings are retained, and new dwellings are fitted around them. In practice, given the age of some of those existing dwellings, it is likely to be economic to remove them completely, potentially freeing up, through whole of site redevelopment, more infill capacity than my company's assessment calculator.

3.17 I have also provided as Figure 3.2 a Mangawhai-wide extent of those sites within infill potential, to show that the more detailed schematic in Figure 3.1 is not

[7] Although the graphic related to plan enabled infill capacity under the Proposed District Plan minimum lot size of 400m^2, not the operative lot size of 600m^2 as I have used throughout my evidence.

selective. Again, Figure 3.2's 2,410 yellow dots represent residential zoned parcels where there is sufficient space on the parcel to accommodate a new dwelling of 80m^2+ without shifting the existing dwelling, and allowing for boundary and access restrictions. Not all of those yellow dots will be located on parcels that are large enough to subdivide and yield new lots larger than the District Plan minimum, as was separately accounted for in subsequent stages of my company's assessment. However, also note that some yellow dots are on larger parcels where there may be potential for multiple new dwellings.

Figure 3.2: Residential infill capacity candidate sites location



3.18 I note that Mr Thompson's estimate of greenfield capacity is higher than my estimate, and there may be some difference in how he and I have classified each residential parcel to either 'greenfield' or 'infill'. Some larger lots that I have classified as having infill potential he may have classified as greenfield, but nevertheless my overall capacity estimate remains higher than Mr Thompson's. It

Is not clear from Mr Thompson's evidence how he has treated or if he has included the two large residential capacity areas I have identified in Figure 4.1 of my primary statement, being Metlifecare (160 dwelling capacity) and 60 Mangawhai Heads Road (206 dwelling capacity).

3.19 Based on my company's assessment of infill capacity, and other capacity such as in the new Metlifecare village, it is my opinion that my estimate of residential capacity, including infill capacity, in Mangawhai is more reasonable than Mr Thompson's estimate.

Minor dwellings capacity

3.20 Since I prepared my statement of evidence, the Government has introduced the NES-DMRU, which came into force on 15 January 2026.

3.21 As I describe in my supplementary evidence, the NES-DMRU will apply across all of PPC85 apart from the small pocket of commercial zoning proposed adjacent to Black Swamp Road. The NES-DMRU permits one minor unit per site, with the unit required to be less than 70m^2, and detached and separated from the principal residential unit by at least 2m. That is, the NES does not provide for the creation of two units within the same building.

3.22 The dwelling capacity estimates I presented in my evidence in chief (Figure 4.1 of that evidence) pre-dated the NES-DMRU coming into force, and so do not account for minor dwellings. Now that the NES-DMRU is in effect, many of Mangawhai's residential zoned parcels will be permitted to accommodate an extra dwelling, subject to the NES-DMRU rules.

3.23 While those rules limit the maximum size of such dwellings to 70m^2, that is ample size for a small two bedroom residential unit with living area, kitchen and bathroom, meaning that the NES-DMRU will significantly increase the plan-enabled residential capacity in Mangawhai. Because those units are small in footprint, and are the type of dwellings that are intended to be constructed or brought to site

easily and inexpensively,[8] I consider it very likely that they will be commercially feasible to build, and will therefore significantly increase residential dwelling capacity in Mangawhai to a much higher level than I have assessed.

3.24 I acknowledge that provision of minor dwellings and the infill potential I have identified above and discussed in my primary statement will overlap to some degree, so not every existing lot with infill potential will also have potential for a minor dwelling under the NES-DMRU. However, many will, and there will also be many lots that have no infill potential, but could accommodate a minor dwelling. That is, there are several different scenarios that the NES-DMRU potential unlocks, depending on the size and occupation of each residential lot:

(a) A currently vacant lot that could under the operative District Plan accommodate only one dwelling will now be enabled to have a dwelling plus a minor dwelling (i.e. capacity increases from one dwelling to two).

(b) A lot with one dwelling now but no room for another dwelling may have space for a minor dwelling (capacity increases from one dwelling to two).

(c) A lot with one dwelling now and potential for an infill dwelling plus a minor dwelling associated with each (capacity increases from two dwellings to four).

3.25 I consider that the NES-DMRU has potential to increase dwelling capacity much more in Mangawhai than in a more urbanised area such as suburban Auckland. The high proportion of holiday homes in Mangawhai, the attractiveness of Mangawhai as a holiday destination, and the increasing retired population,[9] indicates that there is, and will continue to be demand for temporary visitor accommodation, such as through Airbnb or Bookabach. The opportunity for existing dwelling owners to establish a minor dwelling that can be let as a holiday home, or to accommodate the owner while the main dwelling is let, indicates there to be significant potential for minor dwellings in Mangawhai.

[8] https://www.beehive.govt.nz/release/granny-flat-consent-exemption-takes-effect?

[9] As identified in section 12 of the s32 economics report authored by Mr Thompson's company: "Proposed Plan Change Mangawhai Evaluation of Economic Costs and Benefits", Urban Economics, 30 June 2025.

3.26 The net result of the NES-DMRU is therefore to significantly increase residential dwelling capacity in Mangawhai. I have not fully assessed that additional potential, but I estimate it will be at least many hundreds of additional dwellings over and above the capacity estimate I presented in my evidence in chief.

3.27 I disagree with Mr Thompson's supplementary evidence that because there is still a large cost associated with building minor dwellings, that the new permissiveness under the NES-DMRU will have limited effect on the overall functioning of the housing market. The issue is not limited to the cost of the minor dwellings, and the increased permissiveness has the potential to result in a material increase in dwelling yield. Exactly how the market will respond to that permissiveness is as yet unknown, but there are likely to be many property owners in Mangawhai who would welcome the opportunity to more efficiently utilise parts of their property and be able to use or rent out a minor dwelling. The NES-DMRU will unlock development opportunities to landowners that have previously not had those opportunities, due to minimum lot size requirements in the District Plan. That fact is not recognised in Mr Thompson's evidence.

3.28 I acknowledge that minor dwellings are as yet untested on the scale and permissiveness enabled under the NES-DMRU, and so it is difficult to predict with certainty the rate of future take-up of minor dwellings in Mangawhai. The NES-DMRU nonetheless introduces a new regulatory framework that has the potential to materially increase dwelling capacity in the township.

Summary of dwelling capacity

3.29 Taking into account the capacity issues I have discussed above (Mangawhai Central, infill capacity, and the NES-DMRU), it remains my opinion that there is at least the amount of residential capacity in Mangawhai that I presented in my primary statement of evidence, and overall I interpret the NES-DMRU as making potential supply even greater than I assessed in my evidence in chief.

4. GROWTH IN RURAL LIFESTYLE TOWNS

4.1 Mr Thompson states his position regarding likely growth trajectories of rural lifestyle towns as follows:

> The dwelling demand estimates 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.
>
> 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.[10]

4.2 I disagree with Mr Thompson's conclusion, and have undertaken an assessment of all comparable New Zealand towns to test Mr Thompson's assertion that "growth in small rural lifestyle towns is exponential rather than linear".

4.3 I first note that Mr Thompson starts his 'exponential growth' assessment from a base of 180 dwellings/year demand, [11] which is the post-Covid peak in 2021 (as shown in my Figure 4.2 below), rather than, as an alternative, growth of 50-100 dwellings in 2024 or 2025. Mr Thompson does not explain the basis for his decision to adopt that high starting point, but doing so has significant implications for his latter projections, given the exponential nature of growth he assumes. A lower starting point would result in much lower cumulative growth over a long projection period.

4.4 I also note that the dataset used by Mr Thompson was very limited in size, and it is not clear on what basis the three comparator rural towns he selected (Wanaka, Morrinsville, and Marsden Cove) were chosen. There is the possibility that for a very small sample of towns such as this that the sample may not be representative of all towns that Mr Thompson is trying to compare with.

[10] Adam Thompson statement of evidence, paragraphs 12 and 13.
[11] Adam Thompson statement of evidence, paragraph 39.

4.5 To test this comparability I have established my own set of comparable towns. I defined those to be all towns that have had, at any point in the last 30 years (since 1996), a population of a comparable size (i.e. ±500 people) to Mangawhai's current population (7,200 people). There are 12 such towns[12] that have had a population of 6,700-7,700 at some point within the last 30 years. Some have since grown to be larger, while in other towns the population has decreased since the time they were at that comparable size. This is a key observation: not all towns that have been a comparable size to Mangawhai continue to grow when they are the size of Mangawhai.

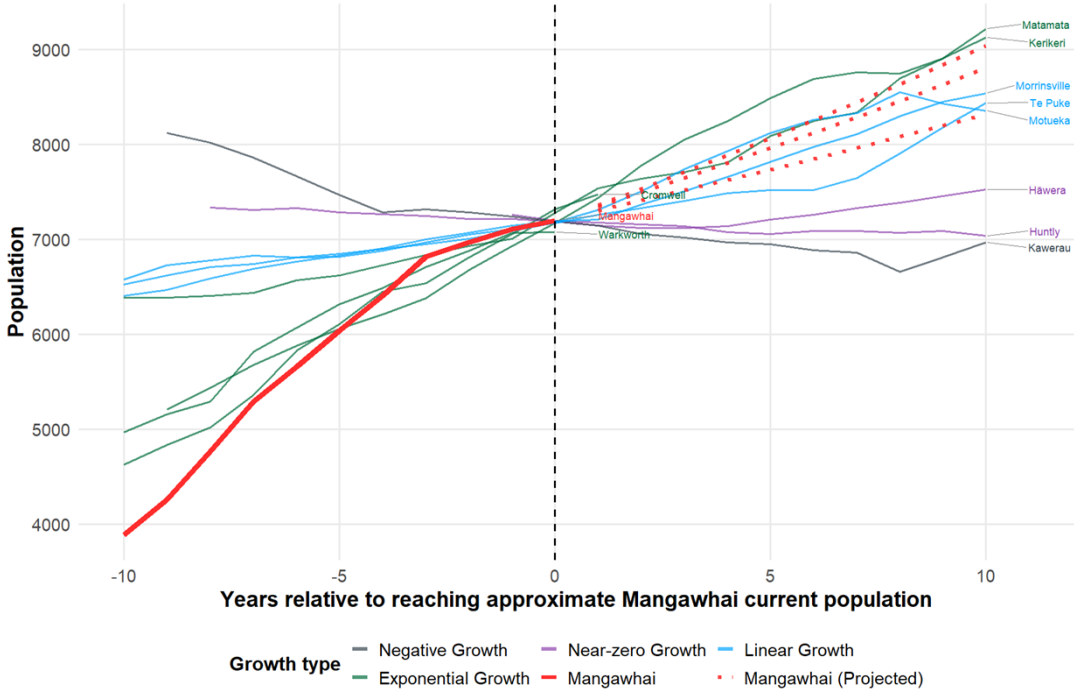
4.6 The different growth trajectories of these 12 comparator towns, and of Mangawhai,[13] are shown in Figure 4.1 for the period of 10 years before and after each town had a population of c.7,200. There is not readily accessible data for all towns for the entire 10 year period (10 years before and after the town had a population of c.7,200) because some towns have only recently reached that population, and others reached that population level soon after 1996, meaning the chart does not have data for some of the 10 years that were pre-1996.

4.7 That chart (Figure 4.1) shows that far from comparator towns being on an 'exponential growth' trajectory when they are Mangawhai's size, some grow exponentially, some experience linear growth (or nearly linear, as approximated by a trend over a long period), while some towns experience nil or negative growth in the years around the point where they are a size comparable to Mangawhai's current size. That is, Mr Thompson's position that "growth in small rural lifestyle towns is exponential rather than linear" is not supported by the available data in my Figure 4.1.

[12] Morrinsville, Huntly, Matamata, Kawerau, Stratford, Hāwera, Cromwell, Kerikeri, Warkworth, Te Awamutu, Motueka, Te Puke.

[13] With Mangawhai defined as the three statistical areas of Mangawhai, Mangawhai Heads, and Mangawhai Rural. Comparator towns are also defined as multiple statistical areas where appropriate (e.g. Te Puke, Cromwell etc).

Figure 4.1: Growth trajectories of Mangawhai's 12 comparator towns[14]



4.8 The data in Figure 4.1 also does not support Mr Thompson's assertion that:

> 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 demonstrably 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.[15]

4.9 Mangawhai's Placemakers opened in 2020, and the New World supermarket and Bunnings stores in 2022 respectively, and other parts of the Mangawhai Central commercial area have been opened progressively since then. Those new stores have not had a positive effect on population growth as Mr Thompson indicates is typical for such towns, and as shown in Figure 4.1 (and Figure 4.2 below), growth in the last few years has been much slower than in the period before those new stores opened. This could be driven by the recently poor development economy, or by the fact that previous high growth occurred in anticipation of those new

[14] Dotted red lines are (from top to bottom) Mangawhai High, Medium, and Low growth.
[15] Adam Thompson statement of evidence, paragraph 34.

amenities arriving, but either way the data indicates that caution is required in interpreting the data, and the trend is not as definitive as Mr Thompson suggests.

4.10 I have also used the actual historic growth of some of those 12 comparator towns (only those which were actually growing when they were Mangawhai's size) after they have reached a population of c.7,200 people to provide some indication of potential future growth for Mangawhai given it has recently reached a population of 7,200 people. Three potential future projections are shown, with those scenarios indicating that based on comparator town growth, growth over the next ten years would result in Mangawhai increasing to a population of 8,300-9,050 by 2035. The Infometrics projections are for Mangawhai's population to be 9,900 by 2035, indicating the Infometrics projections do not understate Mangawhai's likely growth in the next ten years when considering the growth trajectory of comparable towns, even when limited to those with higher amenity or a coastal location (such as Kerikeri and Motueka) which equate to the high projection series in Figure 4.1.

4.11 In reaching that conclusion I note two key caveats to that approach:

(a) Growth is a heavily 'local' phenomenon. Some towns have specific local factors that tend to increase or decrease growth compared to similar sized towns. Mangawhai's attractive coastal location will tend to influence higher rather than lower growth, while towns reliant on specific industries that are in decline may see a population decline.

(b) Growth in towns of this size is influenced by macroeconomic factors and international events such as recessions, pandemics and migration and investment policies. Because towns reach Mangawhai's size at different times they are subject to different forces as they grow. Mangawhai's strong historic growth may have been influenced by a buoyant Auckland economy in the earlier parts of the last decade (say 2015-2021) before slowing somewhat in the latter parts (post-Covid), and those influences may have been more material than the size of the town in that time.

4.12 Ultimately my point is that it is difficult to accurately apply growth patterns from comparable towns to understand how Mangawhai might grow in the future. However, even if an attempt is made to do so, the available data does not indicate that Mangawhai's growth future is materially different to that projected by Infometrics.

4.13 A second point to note is that an assertion that growth in small rural lifestyle towns is "exponential rather than linear" risks overstating both the nature and implications of observed population change. In its strict sense, linear growth refers to a constant absolute increase in population over time (for example, an additional 100 residents each year), whereas exponential growth refers to an increase by a growing number each year, even if that increase is very modest (for example, +100 in year one, +101 in year two, +103 in year three). Importantly, exponential growth does not necessarily imply rapid, accelerating, or steeply curved growth trajectories of the kind often inferred from the word 'exponential'. Very shallow exponential growth can appear near-linear over long periods and can be indistinguishable from linear growth at the scale relevant to small settlements. Conflating all forms of exponential growth with rapid or unconstrained escalation risks mischaracterising both the empirical evidence and the planning significance of observed trends.

4.14 Another point is that Mr Thompson's growth projection is not itself exponential. In the Urban Economics Limited (UEL) report that accompanied the application (the UEL report)[16] the projections Mr Thompson adopted are a constant (linear) 270 additional dwellings per year every year from 2023-2053 under UEL's medium growth scenario, and 340 additional dwellings per year under the high growth scenario.[17] Under neither scenario does UEL allow growth to 'ramp up' over time to reflect the trend that Mr Thompson has identified in his evidence. Because Mr Thompson did not allow for any gradual increase from the current growth level to a new future and much higher annual growth level, the effect is to assume that a

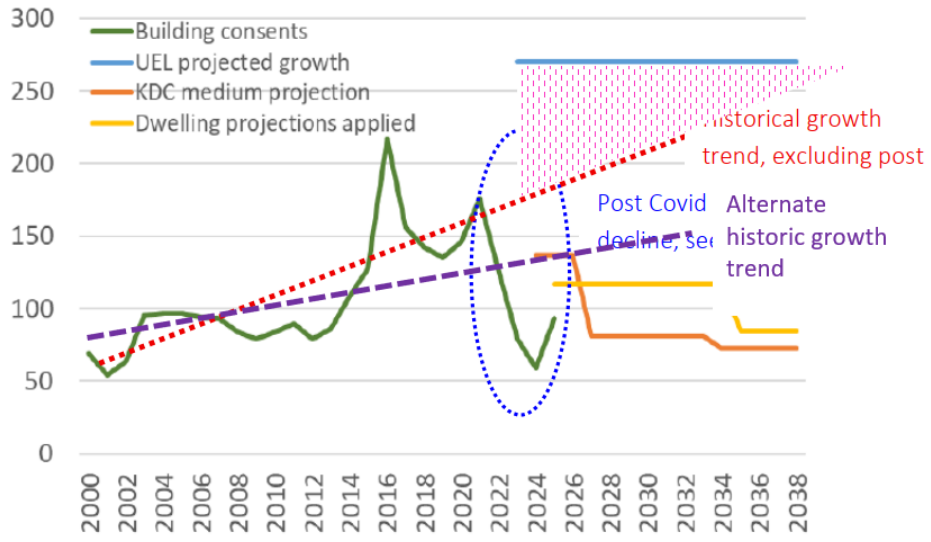
[16] "Proposed Plan Change Mangawhai Evaluation of Economic Costs and Benefits", Urban Economics, 30 June 2025.
[17] UEL report, Figure 18, page 20.

very large increase in growth will arrive in Mangawhai in the next decade as a result of that step change.

4.15 In his statement of evidence Mr Thompson adopts a different approach, describing a growth future in which dwellings are growing by 180 dwellings a year now, which he estimates will increase to 270/year in 2035, 400/year by 2045, and 610 by 2055.[18] Mr Thompson does not explain why he has assumed this exponential growth in his evidence, but applied linear growth in the UEL report.

4.16 I also note that there is no mathematical rigour in the "growth trend" Mr Thompson presents in Figure 3 of his statement of evidence. I have reproduced his figure, with some additions on discussion points, as my Figure 4.2 below. In that figure Mr Thompson reproduces a chart I presented as Figure 4.4 of my primary evidence, and overlays what he describes as an "Historical growth trend" (shown as a red dotted line).

Figure 4.2: Limitations of alternate growth projections



4.17 Mr Thompson does not describe any science behind how he has positioned that trendline, which might alternatively and plausibly be presented in a different location, such as my new purple line, which would support a much different interpretation of possible future demand than Mr Thompson's position. I do not present the purple line as a position I support or think likely, only as one of many

[18] Adam Thompson statement of evidence, paragraph 39.

hypothetical alternatives that could be advanced as a superficial presentation of potential growth futures.

4.18 I also note from that chart that if one of those sloping 'trend lines' is to be believed, then it will be many years, probably more than ten, before Mr Thompson's average ongoing projected growth rate (the horizontal blue line) is reached. That leaves many years of growth that are slower than Mr Thompson's blue projection, with a cumulative shortfall of growth relative to his blue projection equal to the area of the pink dotted triangle that lies between his red line and his blue line. That shortfall is equal to some 700 dwellings over ten years.

4.19 If Mr Thompson's red trendline is to be believed then it would be around 2040 before growth actually reaches the level that he asserts in the UEL report is to be expected this year, and on an ongoing basis.

4.20 I continue to prefer the Infometrics projections to the projections that Mr Thompson is proposing, whether using his linear or exponential growth, and Mr Thompson's evidence has not presented any robust information that causes me to change that position.

5. ADDITIVE VERSUS DEDUCTIVE RESIDENTIAL GROWTH

5.1 Mr Thompson suggests that another reason why growth in towns of Mangawhai's size tends to increase over time is that large-scale greenfield residential developments can be additive rather than redistributive, that is, they stimulate growth that would not have occurred without them.

5.2 I respond to that proposition and Mr Thompson's analysis below, but first make one observation. I understand that there are difficulties accommodating growth in Mangawhai, particularly due to wastewater capacity constraints. Given that wastewater constraint, I would question whether it is a desirable outcome to be seeking to stimulate additional growth in Mangawhai.

5.3 Mr Thompson's analysis attempts to quantify "additivity factors" for assessing the scale of induced growth effects. I accept that induced growth as Mr Thompson describes is a recognised economic concept. However, there are two main limitations and uncertainties that warrant consideration when applying these findings to Mangawhai and to PPC85 specifically. I discuss those limitations below.

5.4 First, the transferability of the additivity factors is not fully demonstrated. The case study locations cited (including Wellington, Queenstown-Lakes, northern Auckland, and Tasman) vary significantly in scale, economic structure, labour market depth, infrastructure provision, and migration drivers. In particular, larger metropolitan or tourism-driven markets may exhibit stronger induced-demand effects than smaller or more peripheral settlements. Further, Mr Thompson does not present any description of how a settlement such as Mangawhai, which is subject to infrastructure and environmental constraints, might experience different marginal additivity than other towns. Without a clearer explanation of how contextual differences were controlled for, there is uncertainty as to whether the observed additivity range (1.06–1.76) can be robustly applied to Mangawhai.

5.5 Further on this, both Mr Thompson and Ms O'Connor note the positive effect of the Warkworth to Te Hana SH1 upgrade reducing travel times between Auckland and Mangawhai by 7 minutes. In my opinion that reduction in travel time will not fundamentally change the attractiveness of Mangawhai as a place of residence or holiday destination, nor demand for new dwellings in Mangawhai given the relatively small decrease in travel time in percentage terms (considering most of Auckland is around 90 minutes from Mangawhai off-peak).

5.6 Second, at its core the relationship represented by the calculated ratio is that as greenfield dwelling uptake increases, infill dwelling uptake also tends to increase, albeit at a lower rate. Interpreting this association as evidence that greenfield development is "additive" in the sense that it causes overall housing demand represents a methodological leap. The ordinary least squares regression employed

does not establish a causal relationship, and the R^2 values presented[19] indicate only a weak to moderate statistical relationship between town size and town growth rate, with 60-70%[20] of the variation in annual population growth explained by factors other than current town size.

5.7 A reasonable interpretation of Mr Thompson's analysis is instead that greenfield and infill dwelling uptake both respond to similar underlying demand conditions, with infill activity exhibiting a more stable trend over time. Periods of increased greenfield growth coincide with higher total dwelling uptake; however, this pattern is equally consistent with both development types responding to common drivers, rather than greenfield development causing additional infill or inducing demand that would not otherwise occur. Such common drivers may include changes in net migration, household formation rates, interest rates, broader macroeconomic conditions, and other demand-side shocks.

5.8 In summary Mr Thompson's assessment does not support causal claims about greenfield development 'generating' additional housing, and there is a risk that (at least some portion of) the observed 'additivity' reflects displacement across time or space rather than a sustained increase in long-term demand. The evidence is consistent with both development types responding to common demand shocks.

5.9 In summary, while it is possible that PPC85 might induce some additional growth in dwellings in Mangawhai, the precise scale of any induced demand is far from certain, and will be subject to local context, infrastructure provision, and wider regional dynamics.

6. PROPOSED BUSINESS LAND

6.1 In my primary statement I concluded that

[19] 0.3045 in Mr Thompson's Figure 1, and 0.3882 in his Figure 2.
[20] And 30-40%, as taken from the R^2 figures explained by town size.

> 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.[21]

6.2 I also concluded that

> 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.[22]

6.3 I continue to disagree with Mr Thompson's evidence that 4,600-6,300m^2 of floorspace for retail, office and local service activities is required to provide for the "day-to-day service needs".[23] To place that scale of activity in context, the commercial centre at Wood Street has around 5,000m^2 of commercial floorspace, including space in offices, the service station, servicing over 1,400 permanent households, and additional dwellings used as holiday homes, as well as other Mangawhai residents and visitors passing through on the way to the beach and estuary. By comparison, the much smaller catchment that would be serviced by the proposed PPC85 centre (less than 1,000 dwellings, including many holiday homes) should need much less commercial floorspace, including because it will not serve pass-by custom to anywhere near the same extent as the Wood Street centre.

6.4 Mr Hood's evidence for Black Swamp Limited identifies the presence of an established and lawfully authorised brewery within the PPC85 area, at 25 Black Swamp Road. Mr Hood's conclusion is that a Mixed-Use zoning is the appropriate for the existing brewery. I am aware that there may be planning reasons why that zoning may or may not be appropriate, however from an economics perspective I agree with Mr Hood that it would be an efficient outcome to have some form of commercial zoning applied to the 0.5450ha brewery site (part of 25 Black Swamp Road),[24] if PPC85 proceeds as proposed by the applicant. Ultimately though I defer to the planners as to the most appropriate treatment of the brewery site.

6.5 Now, with the NPS-HPL not being in play for PPC85 (per my supplementary statement), I maintain my conclusions summarised above. In my opinion, if more

[21] Derek Foy primary statement of evidence, paragraph 9.5.
[22] Derek Foy primary statement of evidence, paragraph 5.7.
[23] Adam Thompson statement of evidence, paragraph 73.
[24] As identified in the site plan attached to Mr Hood's evidence dated 30 January 2026.

than needed commercial land is provided within the PPC85 area, then as long as that land can be serviced then there is no issue from an economic perspective, other than the fact that the location of the business land may give rise to problems from a well-functioning urban environment perspective.

7. CONCLUSION

7.1 Having reviewed the evidence of Mr Thompson, Black Swamp Limited and other submitters I have not seen any evidence that causes me to change the conclusion presented in my primary statement of evidence that additional residential capacity is not required in Mangawhai to accommodate demand within the next 30 years, and that there is sufficient capacity to accommodate growth well beyond that time.

7.2 I again acknowledge that 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.

7.3 Again I have not seen any evidence from other parties that alters my understanding that there may be some difficulties with infrastructure servicing.

Derek Foy

9 February 2026