

**BEFORE THE HEARING COMMISSIONERS
AT WAIKATO DISTRICT COUNCIL**

IN THE MATTER of the Resource Management Act 1991 (RMA)

AND

IN THE MATTER of submissions and further submissions on the Proposed District Plan

**REBUTTAL EVIDENCE OF SUBMITTER [#368]: IAN MARTIN MCALLEY
3 May 2021**

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INTRODUCTION

- 1 My full name is Ian Martin McAlley.
- 2 I hold a Bachelor of Planning with Honours from Auckland University, graduating in 1996 and have 25 years' experience in the field of planning, project management and land development. I am a full member of the New Zealand Planning Institute. I am the director of Te Kauwhata Land Limited (TKL), the owner of a property at 24 Wayside Road, Te Kauwhata. Notwithstanding my qualifications and planning related experience, my evidence specifically relates to my land development experience, in particular as director of TKL and our proposal to develop land at Te Kauwhata.

SCOPE

- 3 This Rebuttal Evidence is in response to the s 42A report Hearing 25: Zone Extents Te Kauwhata, specifically, the submissions and further submissions I have made [submitter #368] and the submissions of Campbell Tyson [submitter #687].

RESIDENTIAL WEST TE KAUWHATA OVERLAY

- 4 TKL opposes the application of the Residential West Te Kauwhata Overlay (the "Overlay") to its site at 24 Wayside Road and (by way of further submission) the Boldero property at 4 Wayside Road. TKL is of the opinion that the larger average lot size that applies within the Overlay (when compared to the standard residential subdivision provisions) will lead to inefficient development of the residentially zoned land resource.
- 5 The discussion contained within the s 42A report at paragraphs 130 – 136 and 140 – 145 is, in my opinion, not clear or consistent. The Overlay is not considered a Zone, yet it "carries over the operative provisions for the Te Kauwhata West Living Zone, which triggers the application of Rule 16.4.3. Under this rule, properties within the Overlay require larger minimum lot sizes than properties outside the overlay" (paragraph 142).
- 6 The Overlay therefore is defined spatially and is a "specific area"¹ whereby properties within the Overlay are proposed to be developed differently to

¹ Rule 16.4 Subdivision of the PWDP ... (2) The following rules apply to specific areas ... (b) Rule 16.4.3 - Subdivision - Te Kauwhata West Residential Area (*emphasis added*).

those outside the Overlay. In my opinion consideration of the extent of the Overlay is therefore appropriate within the Zone Extents topic.

- 7 The s 42A author provides their opinion at paragraph 25 that “the zone provisions resulting from TKSP² are now largely outdated, particularly minimum residential lot sizes”, yet concludes at paragraph 146 that “retaining the existing Residential zoning of 24 Wayside Road will give effect to Objective 2 and Policy 2 in the NPSUD, and Objective 3.2 in the WRPS.” This statement appears to be in contradiction to paragraph 134 of the s42A report where it is stated “In the 9 years that have passed since this [Environment] Court’s decision, the need to provide for more intensive housing development within the Te Kauwhata Structure Plan area has become even more pressing. The PWDP therefore retains the Residential Zone in this location, despite the overlay provisions in Rule 16.4.3 requiring lots that are larger than areas outside the overlay.”
- 8 Whether the Overlay be considered a zone, an overlay or an area, the Overlay as contained in the PWDP is a rollover of a specific zone which limits the density of development. The evidence provided in support of my submissions concludes there is no s 32 assessment that supports the retention of the previous density provisions that applied under the Operative District Plan in the Te Kauwhata West Residential Zone.
- 9 Specifically I note the Panel indicated at the Residential Zone hearing (Hearing 10) that TKL should undertake a s 32 evaluation to support removal of the Overlay from the TKL site. That indication (or direction) recognised that we are seeking a change to the zoning environment for the site and not just to the particular rules that apply. Mr Kirby-McLeod has provided a s 32 evaluation in evidence to this hearing and that s 32 evaluation has not been assessed in the s 42A report.
- 10 Retaining the Overlay will not achieve Objective 2 of the NPS-UD. Applying an inefficient density provision (being a minimum average lot size of 875m²)³ will not be a planning decision that “improve[s] housing affordability by supporting competitive land and development markets” and will not “support and limit as much as possible adverse impacts on, the competitive operation of land and development markets.”⁴ Moreover, the average lot size required within the Overlay will not (in my opinion)

² Te Kauwhata Structure Plan.

³ PWDP Rule 16.4.3(a)(ii) Subdivision - Te Kauwhata West Residential Area.

⁴ NPS-UD 2020, Policy 1(d).

lead to “well-functioning urban environments, which ... as a minimum ... have or enable a variety of homes that ... meet the needs, in terms of type, price, and location, of different households.”⁵

- 11 Rather, the application of the Overlay, with the resultant density of approximately 8 lots per hectare (or only 66 to 53% of the 12 – 15 lots respectively required for greenfield development under Policy 6.15 of the Waikato Regional Policy Statement) limits the subdivision potential of residentially zoned land that is not protected for its landscape or amenity values, nor does it have any specific servicing restrictions.
- 12 The lack of landscape and amenity notations on the TKL site is notable with respect to NPS-UD Policy 6 (a) and (b) which states that “When making planning decisions that affect urban environments, decision-makers have particular regard to the ... planned urban built form anticipated by those RMA planning documents that have given effect to this National Policy Statement” and “the planned urban built form in those RMA planning documents may involve significant changes to an area, and those changes ... may detract from amenity values appreciated by some people but improve amenity values appreciated by other people, communities, and future generations, including by providing increased and varied housing densities and types and ... are not, of themselves, an adverse effect.” Fundamentally, the NPS-UD foresees that significant change is necessary in order to provide the volume of housing necessary to meet the overall demand.
- 13 The application of the Overlay will reduce the yield from the land, negatively impacting the economic efficiencies that are derived from spreading the cost of subdivisional infrastructure across more closely grouped lots. Inefficient development drives up the per lot cost of land development (and the resultant section price).
- 14 This inefficiency is compounded by a ‘hot’ real estate market. The Real Estate Institute of New Zealand reports⁶ in the year to March 2021 that median prices for residential property across New Zealand increased by 24.3% from \$665,000 to \$826,300 (a new record high for the country). Further, every region in New Zealand experienced increases in median

⁵ NPS-UD 2020, Policy 1(a)(1)

⁶ REINZ Monthly Property Report, 15 April 2021

house prices in March 2021, with 12 of 16 regions recording new record median prices.

- 15 Specifically in the Waikato region, the median house price increased to \$730,000 (a record high), up 22.7% from 12 months earlier, with the REINZ Regional Director for Waikato commenting that “First home buyers have been active, hoping to get into the market Competition has been high between the different buyer groups, as available inventory is down - 27.7% year-on-year.” Therefore, unnecessarily developing residentially zoned land in an inefficient manner will in no way enable an increased supply of sections to the market to assist in slowing down the rate of price increase.
- 16 Not acting in what has been described by many commentators as a “housing crisis” will fail to recognise Objective 4 of the NPS UD that “New Zealand’s urban environments, including their amenity values, develop and change over time in response to the diverse and changing needs of people, communities, and future generations.” The s42A report has recognised that the previous Environment Court decisions related to Te Kauwhata West are 9 years old and “the need to provide for more intensive housing development within the Te Kauwhata Structure Plan area has become even more pressing.”
- 17 The 9 years since that Environment Court decision and the nearly 12 years since Variation 13 to the Waikato District Plan was notified to incorporate the Te Kauwhata Structure Plan, has been a time of significant change with respect to the Waikato Regional Policy Statement, the introduction of the National Policy Statement on Urban Development Capacity and now the National Policy Statement on Urban Development 2020. These changes have been summarised in a timeline included as an attachment to the Rebuttal Statement of Mr Kirkby-McLeod.
- 18 Noting the above, the s 42A author appears to come to the conclusion that the retention of the Overlay is out of step with current planning practice and the direction contained within the NPS-UD. In my view, retention of the Overlay, because it is in accordance with an earlier recommendation,⁷ is not an appropriate means by which to give effect to the higher order planning documents, particularly with regard to residential development

⁷ Recommendation on submission 368.29, para 693, s42A Report, Hearing 10, Residential Topic.

and density and recognising those higher order planning documents have changed in the intervening years.

- 19 Policy 2 of the NPS UD requires that “Tier 1 local authorities, at all times, provide at least sufficient development capacity⁸ to meet expected demand for housing and for business land over the short term, medium term, and long term.” At paragraph 39 of the s 42A report, the author states that “projected household capacity for Te Kauwhata ... can be comfortably met, given capacity provided within the urban zones of the PWDP.” I do not agree with the statement as per my assessment at paragraphs 30 - 33 of my evidence. In particular, I consider it is not possible to develop houses quickly enough in Te Kauwhata to meet projected demand. Removing the Overlay enables greater development capacity from the same land resource, therefore providing potential for additional lots to be developed and brought to the market quickly, increasing competition and therefore assisting to satisfy demand and price effectiveness.
- 20 For capacity to be realised there must be demand and in the current market demand is a given. However, it must also be economically feasible to develop land (as per section 3.2 of the NPS-UD). As land is only one part of the equation with respect to providing a ‘household’, the quantum cost of the land plus the house must be considered.
- 21 If land is developed inefficiently, it is more expensive, therefore driving up the price of the house and land package. As there are limits to what an individual can pay for a house and section, the land component must be delivered as efficiently as possible otherwise the entire package potentially becomes unaffordable. When the overall purchase price becomes unaffordable then developers will no longer take the risk to develop land, particularly if they cannot find appropriate funding. This philosophy is directly reflected in the main objective of the Urban Growth Agenda,⁹ “to improve housing affordability, underpinned by affordable urban land”.¹⁰ If it is not affordable to develop and developers leave the market, the lack of supply of new sections will drive prices up further.

⁸ Subpart 1 of the NPS-UD defines “sufficient” as: plan enabled, infrastructure ready, feasible and reasonably expected to be realised and (for tier 1 and 2 local authorities) meet the expected demand plus the appropriate competitiveness margin.

⁹ Ministry of Housing and Urban Development, website, “The Urban Growth Agenda (UGA) aims to remove barriers to the supply of land and infrastructure and make room for cities to grow up and out”

¹⁰ Ministry of Housing and Urban Development, website

- 22 With the above in mind, I consider the retention of the Overlay will not achieve Objective 3.2 of the WRPS. The inefficient development of the land resource will not lead to “sustainable resource use and development” and will not lead to “benefits ... enabling people and communities to provide for their economic, social and cultural well-being”. The inefficient development of the residentially zoned land resource will lead to higher land and development costs therefore further negatively impacting housing affordability, specifically impacting people’s ability to provide for their economic and social well-being.
- 23 Furthermore, enabling intensification within a residential zone already identified as appropriate for housing and with service connections available is better practice than trying to retrofit density and capacity via infill development. Undertaking more intensive development within the first subdivision proposal ensures that services and amenity features are designed in keeping with the final use of the land.

FURTHER SUBMISSIONS TO CAMPBELL TYSON, SUBMITTER: 687

- 24 Clarification has been sought with respect to the further submissions made with regard to the Campbell Tyson submissions.
- 25 For clarity, I oppose Campbell Tyson’s submission seeking retention of the Overlay for the reasons contained within my evidence and the supporting evidence of Mr. Kirkby-McLeod. The retention of the Overlay and the restrictive subdivision provisions that apply under Rule 16.4.3 will lead to inefficient outcomes.
- 26 With regard to the request by Campbell Tyson to rezone a portion of their site to commercial, I consider this appropriate as there are a number of instances where business and/or commercial zoning is adjacent to residential zoning within the Te Kauwhata area, therefore the presumption is the PWDP provisions can adequately address any “effects from commercial uses on adjoining residential land uses.” (paragraph 130, s 42A report).

CONCLUSION

- 27 Inefficient development, poorly undertaken will not assist WDC in achieving the higher-order outcomes it is committed to give effect to via Future Proof, the WRPS and the NPS-UD. The TKL submission seeks to remove the Overlay, in turn ensuring that development undertaken on the

site results in an efficiently developed, attractive, desirable and saleable product in keeping with the overall urban growth pattern of Te Kauwhata.

Date: 20 April 2021

A handwritten signature in black ink, appearing to read 'Ian Martin McAlley', written in a cursive style.

Ian Martin McAlley