

**BEFORE A HEARING PANEL
CONSTITUTED BY NELSON CITY COUNCIL**

IN THE MATTER

of an application by **CCKV Maitahi Development Co LP** and **Bayview Nelson Limited** for a change to the Nelson Resource Management Plan (Plan Change 28)

IN THE MATTER

of Part 5 and Schedule 1 of the Resource Management Act 1991

STATEMENT OF EVIDENCE OF TIMOTHY JAMES HEATH

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Section A – Introduction and Scope of Evidence

Name, qualifications and experience

- [1] My full name is Timothy James Heath. I am a property consultant, retail analyst and urban demographer for Property Economics Limited, based in Auckland. I established the consultancy in 2003 to provide property development and land use planning research services to both the private and public sectors throughout New Zealand.
- [2] I hold a Bachelor of Arts (Geography 1991) and a Bachelor of Planning (1993) both from the University of Auckland. I have undertaken property research work for 25 years' and regularly appear before Council, Environment Court and Board of Inquiry hearings on retail economic matters.
- [3] I advise district and regional councils throughout New Zealand in relation to residential, retail, industrial and business land use issues as well undertaking economic research for strategic planning purposes. I also provide consultancy services to a number of private sector clients in respect of a wide range of property issues, including residential plan changes, commercial and industrial market assessments, development feasibilities, forecasting market growth and land requirements across all property sectors, and economic cost benefit analysis.

Expert Code

- [4] While this is not an Environment Court hearing I have met the standards in that Court for giving expert evidence.
- [5] I have read the Code of Conduct for expert witnesses issued as part of the Environment Court Practice Note 2014 (Part 7). I agree to comply with the Code of Conduct. I am satisfied that the matters addressed in this statement of evidence are within my expertise. I am not aware of any material facts that have either been omitted or might alter or detract from the opinions expressed in this statement of evidence.

Role in Project

- [6] I am familiar with both the CCKV Maitahi Development Co LP and Bayview Nelson Limited proposal and the wider Nelson market having undertaken a variety of economic analyses on the residential, commercial (including retail) and industrial markets in the city over the last 15 years.
- [7] I was engaged in 2020 by CCKV Maitahi Development Co LP and Bayview Nelson Limited to undertake an economic and social cost benefit analysis for Plan Change 28 (PC28) in Nelson. My report titled ‘Maitahi Bayview Economic Cost Benefit Assessment’, was completed in February 2021 and was submitted as part of the application.
- [8] I also participated in economic conferencing for PC28 on 27 April 2022, and confirmed a economic joint witness statement on the same day.

Scope of Evidence

- [9] The purpose of this evidence is not to restate the content in Property Economics’ report, but provide a high level summary and then address the issues relevant to the submissions contained in reports or that have not been identified as controversial following expert conferencing. Rather it is to address significant matters in contention arising from submissions or any matters of disagreement between experts.

Section B – Executive Summary

- [10] PC28 provides for 600 - 900 homes to be established over the next 20 years. The development will have a range of typologies and is situated approximately 3km from the Nelson City Centre.
- [11] Nelson’s updated HBA¹, which outlines Nelsons’ residential capacity, has determined that the anticipated residential capacity in Nelson will fall short of its projected demand by 2038, and furthermore will result in a net deficit of 864 homes over the 30-year period. This would therefore restrict the potential for above medium growth over the long term. This insufficient

¹ *Nelson Housing and Business Capacity Assessment 2021*

supply of homes will likely result in the Richmond / Tasman area capturing growth instead given the vast quantities of greenfield land they have allocated.

[12] There are a number of potential economic benefits identified from PC28, including:

- Housing choice,
- Housing price,
- Infrastructure Efficiency, and
- Greater spending retention
- Provide support for the Nelson City centre
- Support economic activity

[13] Essentially, the addition of new homes to the Nelson market are desirable options due to their location benefits. PC28's additional supply also contributes to lowering price and ensuring the competitiveness of Nelson in respect to Richmond, a clear substitute for living in Nelson.

[14] Furthermore, unlike many of the other identified growth nodes the subject site is in close proximity to the City Centre. This provides a number of salient economic benefits in regard to consolidation of activity and improved viability and productivity of the City Centre through greater spending retention and patronage. Additionally, this reduces transportation requirements and improves usage of amenities, thereby increasing efficiency of infrastructure.

[15] While there are multiple economic benefits that arise from this development, this needs to be balanced against some of the salient economic costs. In this instance, they include:

- Opportunity cost of the land,
- Financial investment of required infrastructure upgrades, and,
- Potential to undermine serviced capacity.

- [16] The Nelson HBA has shown that additional residential land is required to service the anticipated population and associated household growth over the 30-year long-term period, and that additional capacity is expected to be required by 2038 to accommodate the Council's projected household growth.
- [17] While it is possible that Nelson does not reach the high growth projection, given recent growth in Richmond exceeds the high growth scenario, it has a strong potential as long as the Nelson residential market remains competitive. For this reason, the benefits to housing choice and price go a long way in enhancing community benefit and retaining population growth in Nelson in comparison to the potential for 40 rural residential lots and 12-15 15 hectare lots (developable under the Plan).
- [18] Furthermore, the subject site is farmland that is 3km away from the Nelson City Centre which is of low productive value and therefore has a small opportunity cost of land compared to its value as a residential development. The benefits of this consolidation of activity and improved spending retention can be broken down into several significant benefits including improved infrastructure efficiency both in regard to local amenities and transportation, performance, viability and productivity of the City Centre.
- [19] Conversely, while there is an opportunity cost to the requisite financial investment, it will ultimately be necessary to fund residential development in an alternative location. Due to the strategic advantages of housing on the subject site, it is unlikely that the benefits of alternative options would exceed this development.
- [20] Therefore, the primary economic cost of significance is the potential diversion of demand away from serviced and feasible residential capacity. While this development may redistribute growth away from other zoned and serviced land, it is also likely to bring additional residents into Nelson, particularly from the Richmond area. Having examined the capacity against expected demand in the Nelson HBA, it is expected that the delay in filling the zoned capacity is unlikely to be sufficient such that the overall efficiency of infrastructure is lost.

- [21] Overall, having examined relevant economic costs and benefits, I consider PC28 is likely to result in a significant net economic benefit to Nelson. This is primarily driven by the comparative benefits of proximity and the need for additional residential capacity in Nelson over the forecast period.

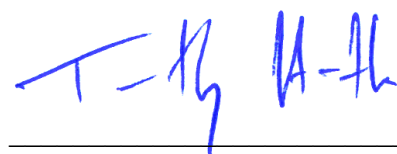
Section D – Economic Joint Witness Statement

- [22] The Economic Joint Witness Statement identified the widespread agreement on the economic costs and benefits of PC28. There are no residual economic issues that would derail the approval of PC28 from an economic perspective.

Section C – S42A Report

- [23] The reporting planner's s42a report relied on a Sense Partners report² and economist who was a signatory to the Economic Joint Witness Statement. This report confirmed in Finding 1, pg1, *"the development of the plan change area would result in significant benefits to Nelson and the region. There is a need for additional housing in Nelson and the region and the proposed development would help meet growing demand"*. Given the widespread agreement on the economic benefits of PC28, there are no residual economic issues outstanding.

Dated 15 June 2022



Tim Heath

² Review of Economic Impacts of PC28, Sense Partners, Appendix E of s42a report