

**BEFORE THE PROPOSED FAR NORTH DISTRICT PLAN INDEPENDENT
HEARINGS PANEL**

IN THE MATTER: of the Resource Management
Act 1991

AND

IN THE MATTER: Submission on the Proposed
Far North District Plan

SUBMITTER: Ken Lewis Limited
Submission 009/1-3

HEARING TOPIC: 15C – Rezoning General

**REBUTTAL STATEMENT OF EVIDENCE BY TIMOTHY JAMES HEATH
ON BEHALF OF KEN LEWIS LIMITED
DONALD ROAD AND ALLEN BELL DRIVE, KAITAIA
15 SEPTEMBER 2025**

1. INTRODUCTION

- 1.1. My name is Tim Heath. I am a property consultant, market 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.
- 1.2. I hold a Bachelor of Arts and a Bachelor of Planning from the University of Auckland. I have undertaken property research for 30 years, and regularly appear before Council, Environment Court, and Board of Inquiry hearings on economic, property development and strategic planning matters.
- 1.3. I advise district and regional councils throughout New Zealand in relation to residential, retail, industrial and business land use issues as well as undertaking economic research for strategic planning, plan changes, District Plan development and National Policy Statement on Urban Development 2020 (NPS-UD), National Policy Statement on Highly Productive Land 2022 (NPS-HPL), and Medium Density Residential Standards 2022 (MDRS) capacity modelling and implementation.
- 1.4. I also provide consultancy services to Government ministries and a large number of private sector clients in respect of a wide range of property issues, including economic impact assessments, market demand / supply analyses, development feasibilities, market growth forecasting, capacity modelling and economic cost benefit analysis.
- 1.5. I have complied with the Environment Court's Expert Witness Code of Conduct (set out in the Court's 2014 Practice Note) in the preparation of this evidence, and I agree to comply with it while giving oral evidence at future hearings. Except where I state that I am relying on the evidence of another person, this written evidence is within my area of expertise. To the best of my knowledge, I have not omitted any material facts known to me that might alter or detract from the opinions expressed in this evidence.
- 1.6. I have been engaged by Ken Lewis Limited (**KLL**), in relation to Submission 009/1-3 on the Proposed Far North District Plan (**PDP**) dated 8 June 2025, to undertake an economic assessment and provide expert advice regarding their rezoning request. The proposal seeks to rezone approximately 62ha of land in Kaitaia,

currently zoned Rural Residential Zone (**RRZ**) under the PDP, to General Residential Zone (**GRZ**), with the intent of enabling development of around 500 dwellings.

- 1.7. This rebuttal evidence first summarises the key findings of my Economic Assessment¹ and then provides my economic responses to the comments made by Mr. McIlrath of M.E regarding KLL's submission, as referenced in Paragraph 70 of the Section 42A Report – Hearing 15C Urban: Rezoning Submissions, prepared by Far North District Council (dated 1 September 2025).

2. SUMMARY OF ECONOMIC ASSESSMENT FINDINGS

- 2.1. My Economic Assessment evaluates the economic rationale and merits of KLL's proposed rezoning under the PDP, within the framework of the RMA. For clarity and brevity, the following summary highlights the key findings of my assessment, providing context for the economic positions I have established.
- 2.2. According to the Far North Housing and Business Development Capacity Assessment July 2024 (**HBA**), the Kaitaia local market is projected to face a shortfall in residential capacity across the short (3 years), medium (10 years), and long term (30 years) planning horizons, even when accounting for the additional capacity enabled by the PDP zoning provisions.
- 2.3. Although the HBA indicates that plan enabled capacity exists, it highlights that feasible and potential development capacity in Kaitaia is expected to be severely constrained, with only 55 dwellings estimated to be realistically deliverable over the medium- to long-term. This limitation arises from a mismatch between the costs at which development becomes feasible, local house prices and the levels of housing affordability in the area. The new Flood Hazard Zone removes the HBA capacity, meaning the shortfall is likely to be materially greater than identified in the HBA.
- 2.4. In light of this projected capacity shortfall and considering the site's strategic locational characteristics, including its integration with existing General Residential-zoned areas, access to established infrastructure, and absence of

¹ Titled "Kaitaia Residential Plan Change Economic Assessment", Property Economics, dated May 2025

river flooding hazards or highly productive soils, I conclude that the rezoning is necessary, appropriate and economically efficient. It would support the growth and spatial expansion of the Kaitaia Township, bridging the gap between plan enabled and realisable capacity.

2.5. From an economic perspective, the primary economic benefits attributable to the rezoning would include:

- Increased short-medium term residential land / dwelling supply
- Increased and diversified choice of housing location and price point
- Higher level of development and residential capacity certainty in the short-medium term
- Increased efficiency of infrastructure (relative to rezoning other greenfield sites that are remote to the existing Kaitaia township)
- Potential for lower residential land prices in Kaitaia and the wider district
- Increased local employment
- Potential to cater for greater levels of growth
- Increased amenities

2.6. Based on the economic analysis outlined in my report, I consider the requested change to be appropriate for rezoning from Rural Residential to General Residential and will contribute positively to a well-functioning urban form in the context of the RMA, the NPS-UD, and the PDP. The PPC would provide net economic benefits with no consequential economic costs.

3. ECONOMIC RESPONSES TO FNDC'S S42A REPORT

3.1. Paragraph 70 on Page 17 of FNDC's S42A Report references a peer review by Mr. McIlrath². It mentions that while Mr. McIlrath agrees with the spatial extent of the analysis and the growth projections, he outlines certain risks associated with KLL's proposed rezoning. The following provides responses to the economic queries raised in Mr. McIlrath's review.

² Titled "Summary of comments regarding economic evidence supporting Ken Lewis Limited's submission", dated 26 August 2025

Infrastructure Cost

- 3.2. Mr. McIlrath states that *“infrastructure cost is an essential item that must be incurred to facilitate the growth”* and *“care should be taken to avoid a situation where the infrastructure costs (capex and opex) are loaded onto the existing communities in an inequitable way”*.
- 3.3. While I agree with this principle, inequitable or inefficient infrastructure costs typically arise specifically when (i) the market already has sufficient capacity and no additional greenfield land is needed, and (ii) the development is spatially isolated, requiring costly infrastructure extensions.
- 3.4. In Kaitaia, neither of these conditions hold. The HBA projects a shortfall in residential capacity across the short-, medium-, and long-term planning timeframe, even when accounting for the additional capacity enabled by the PDP. In particular, feasible and realisable capacity in Kaitaia is expected to be particularly constrained, and the introduction of the new Flood Hazard Zone further reduces available capacity. Taken together, the actual shortfall is likely to be materially greater than that identified in the HBA, highlighting the need for additional zoned and developable land.
- 3.5. I note that Mr. McIlrath projects *“a future demand of circa 210 dwellings (long term, total for Kaitaia regardless of affordability levels)”*. This confirms the need for additional greenfield capacity in the Kaitaia market.
- 3.6. The KLL land is contiguous with existing GRZ land and designated RRZ under the PDP. This adjacency supports compact urban form, efficient delivery of both capital (capex) and ongoing operational (opex) infrastructure and reduces the risk of fragmented development patterns that increase per-dwelling costs.
- 3.7. In my view, while additional infrastructure servicing will be required for the proposed development, these capital costs are likely to be mitigated, at least in part, through either developer contributions or the level at which the developer provides the infrastructure itself.
- 3.8. For these reasons, I consider that the KLL proposal does not give rise to the type of inefficient or inequitable infrastructure investment highlighted by Mr. McIlrath.

Instead, it provides a timely, logical, and efficient extension of the township, making effective use of both public and private infrastructure.

Land Banking and Delayed Development

- 3.9. Mr. McIlrath raises a concern that *“if approved at the proposed scale, this mismatch (vs demand) could lead to land banking-type behaviour, constraining future competition.”*
- 3.10. In my view, this concern does not apply to KLL’s land. The land is already identified in the PDP for rural residential or lower-density residential development, and KLL is actively prepared to enable more intensive use of the site. The proposed rezoning would increase the density of development in line with KLL’s strong development intentions, rather than leaving the land under-utilised. By enabling development in a timely and efficient manner, the proposed rezoning helps ensure that land supply keeps pace with projected housing demand in Kaitaia, reducing the risk of under-utilisation or land banking and supporting a more efficient and responsive local housing market.
- 3.11. Under the PDP’s RRZ the land is already identified as appropriate for development. The KLL proposal would result in the land being developed more efficiently. This is a more efficient use of the scarce land resource in a market requiring additional residential land to accommodate future growth.

Potential Impact on Intensification

- 3.12. Mr. McIlrath sees *“over the medium- to long term, a role for future green greenfield opportunities to act together with intensification opportunities to accommodate growth.”*
- 3.13. In theory, this concern is valid in larger urban markets where redevelopment and infill are commercially feasible and constitute a material share of future supply. Excessive greenfield rezoning in such contexts can indeed redirect development away from existing urban areas. However, it is important to consider the practical realities of the Kaitaia housing market.
- 3.14. The HBA demonstrates that there is negligible feasible redevelopment or infill capacity in Kaitaia. No redevelopment or infill capacity is identified in the short

and medium term, and only 40 attached dwellings are projected as feasible over the long term³. This indicates that market-led intensification is highly unlikely to play a significant role in meeting future housing demand, regardless of whether additional greenfield capacity is enabled.

- 3.15. In this context, KLL's proposed rezoning provides a critical opportunity to address the forecast residential capacity shortfall in a manner that is both efficient and well-integrated with the existing township. Rather than diluting incentives for intensification, the rezoning gives the market a clear pathway and greater certainty to meeting future housing needs in a practical location.
- 3.16. Comparatively, if the KLL land were not rezoned, future housing development may be forced into more dispersed or less suitable greenfield sites on the periphery of Kaitaia, particularly due to constraints imposed by the new Flood Hazard Zone. Such alternative development would likely be less efficient, require higher per-dwelling infrastructure investment, and generate greater travel distances for residents, thereby imposing additional costs on households and the public sector.
- 3.17. On this basis, I do not consider that enabling the KLL rezoning would not weaken market signals for intensification. Feasible redevelopment and infill are extremely limited in Kaitaia, so additional greenfield supply does not compete with or reduce incentives for intensification. Instead, the rezoning provides a practical, well-located, and timely response to forecast housing demand, supporting efficient urban expansion and ensuring the local housing market can function effectively over time.

Relevance of Economic Benefits to the Proposed Development

- 3.18. Mr. McIlrath considers that *"PE summarises the economic costs and benefits and at a general level and he agrees with the listed points. However, they are not exclusive to the relief sought."*
- 3.19. From an economic perspective, while similar economic benefits could theoretically be achieved at other unconstrained greenfield sites, the opportunities to meet Kaitaia's projected residential demand are extremely limited due to the newly introduced Flood Hazard Zone. Consequently, the KLL site represents a vital and

³ HBA 2024, Table 4-3, Page 39

efficiently located option, meaning that the economic benefits identified in my Economic Assessment are directly relevant and largely tied to the relief sought.

4. CONCLUSION

- 4.1. Based on the economic analysis in my Economic Assessment and this Rebuttal Evidence, I consider that the proposed rezoning of the KLL land from RRZ to GRZ is economically appropriate and efficient. KLL's rezoning request supports a well-functioning urban form, aligns with the objectives of the RMA, the NPS-UD, and the PDP⁴, and provide net economic benefits with no consequential economic costs.
- 4.2. Mr. McIlrath's high level comments, while sound in theory, have critically not been considered in the local Kaitaia context which is important when evaluating the economic merits of KLL's proposed rezoning. When considered under local market conditions the concerns raised by Mr. McIlrath fall away entirely.

Tim Heath

15 September 2025

⁴ Refer evidence of Sarah Robson, 8 June 2025, paragraphs 7.11, 8.3-8.6, 8.21, 8.22, 8.23, 8.44 and 8.45.