



Economic Assessment for:
66 McFetridge Drive, Rotorua
Residential Development

PREPARED FOR
Caland Holdings Limited



ABOUT US

OUR AREAS OF EXPERTISE

Economic Analysis

Our work aims to bridge the gap between land-use planning and urban economics. Our focus is on the interaction between land markets, land-use regulations, and urban development. We have developed a range of methodologies using a quantitative approach to analyse the urban spatial structure and audit land-use regulations.

Property Research

We provide property and retail market research to assist with the planning and marketing of new projects. This includes identification of new sites and market areas, assessments of market potential and positioning, and the evaluation of market-feasibility of specific projects.

Development Advisory

We provide development planning and costing advisory services to support small and large-scale developments.

DISCLAIMER

This document has been completed, and services rendered at the request of, and for the purposes of the client only. Urban Economics has taken every care to ensure the correctness and reliability of all the information, forecasts and opinions contained in this report. All data utilised in this report has been obtained by what Urban Economics consider to be credible sources, and Urban Economics has no reason to doubt its accuracy. Urban Economics shall not be liable for any adverse consequences of the client's decisions made in reliance of any report by Urban Economics. It is the responsibility of all parties acting on information contained in this report to make their own enquiries to verify correctness. © 2022 Urban Economics Limited. All rights reserved.

P: 09 963 8776

7 Tamariki Avenue, Orewa, Auckland

s 9(2)(a)

www.ue.co.nz



CONTENTS

1.	EXECUTIVE SUMMARY	4
2.	INTRODUCTION.....	6
	2.1. The Proposal.....	6
3.	STUDY AREA	7
4.	HOUSING MARKET SUPPLY ASSESSMENT	8
	4.1. Existing Housing Stock (Recent Valuation)	8
	4.2. Recent Residential Sales Analysis	9
5.	NEW DWELLING CONSTRUCTION 2018-2022.....	12
6.	COMPARABLE DEVELOPMENTS.....	12
7.	INSUFFICIENT SUPPLY OF HOUSING.....	13
8.	IMPACT OF COVID-19.....	14
	8.1. Residential Sector	14
9.	ACCESS TO AMENITY & EMPLOYMENT	14
10.	ECONOMIC CONTRIBUTION OF THE PROPOSAL	15
11.	OTHER FAST TRACK ASSESSMENT CONSIDERATIONS	17
12.	NPS-UD & NPS-HPL ASSESSMENT	18
13.	CONCLUSION.....	20



1. Executive Summary

The proposal is to develop approximately 91 rural lifestyle lots. The market price for the 'lot plus dwelling' is estimated to be between \$1,210,000 and \$1,510,000 based on the current sale prices of lifestyle dwellings in the study area.

The majority of lifestyle dwellings in the study area are valued in the \$700,000 - \$1,200,000 price range. There are also a significant number of lifestyle dwellings valued above \$1,500,000.

Over the last year (November 2021-2022) lifestyle dwellings in the study area achieved an average sale price of \$1,320,000, and lifestyle lots achieved an average sale price of \$610,000.

Over the last 5 years, the study area accounted for approximately 92% of all the residential dwellings consented (235 dwellings vs 255 dwellings) within the district. Of the new dwellings consented within the study area, stand alone dwellings accounted for 175 dwellings (77%), terrace houses accounted for 35 dwellings (14%) and apartments accounted for 3 units consented per annum.

There are six residential developments currently selling within the study area, with a total supply of 210 dwellings, of which, 46 new dwellings are available for sale. This equates to approximately 2.5 months of demand within the study area, indicating a significant shortage of new residential dwellings being supplied to the market resulting in unmet demand and increasing house prices within the study area and the district.

The proposed development is located in an attractive location, offering a wide range of amenities that support residential development. Most notably, the proposed development is located approximately 20 minutes' drive from the Rotorua Town Centre, giving future residents access to a wide range of educational facilities, supermarket, churches, a medical centre, public library and other community facilities. In addition, the proposed development would provide future residents access to approximately 5,860 businesses offering a total of approximately 27,800 jobs within a 30-minute drivetime.

It is estimated that the construction of the proposed residential development would generate 213 FTE jobs and contribute \$28.3 million to construction sector GDP. This is a notable economic benefit.

The proposed development would generate approximately 49 FTE jobs in the land & building construction sector. Stages 1 and 2 are expected to generate 16 FTE jobs, and Stage 3 is expected to generate 17 FTE jobs.

The proposed development would generate approximately 115 FTE jobs in the construction service sector. Stage 1 is expected to generate 57 FTE jobs, Stage 2 is expected to generate 34 FTE jobs and Stage 3 is expected to generate 24 FTE jobs.

The proposed development would generate approximately 49 FTE jobs in the architectural, scientific and engineering services sector. Stage 1 is expected to generate 29 FTE, Stage 2 is expected to



generate 15 FTE jobs and Stage 3 is expected to generate 5 FTE jobs.

The proposed development would provide additional employment and increase the range of new housing in the study area. The project would have a positive impact on the social and cultural well-being of current and future generations by increasing the housing supply within the study area, which will place downward pressure on house prices.

The proposal would provide 91 rural lifestyle lots/dwellings to the market within the study area. The proposal would result in a significant increase in construction sector output, and therefore meets the economic requirements of the fast-track consenting process and is recommended for approval.



2. Introduction

This report provides an economic and market assessment to support a fast-track consent application for a proposed residential development at 66 McFetridge Drive, Rotorua.

2.1. The Proposal

Figure 1 outlines the location of the proposed development site. It has a total site area of approximately 83 hectares, of which the total developable area equates to 53 hectares and the remaining 30 hectares is retained for indigenous forest. The site is currently zoned Rural 1. The proposal is to develop approximately 91 rural lifestyle lots. The market price for the 'lot plus dwelling' is estimated to be between \$1,210,000 and \$1,510,000 based on the current sale prices of lifestyle dwellings in the study area (Figure 2).

Figure 1: Proposal Site



Source: SIGMA



3. Study Area

Figure 2 outlines the study area which is used to evaluate the local residential market for the proposed development. The study area includes areas such as Hamurana, Ngongotaha, Rotorua Central, Lynmore, Owhata and Tikitere.

Figure 2: Study Area



Source: Urban Economics



4. Housing Market Supply Assessment

This section provides an overview of the current housing supply market within the study area.

4.1. Existing Housing Stock (Recent Valuation)

Figure 3 shows the 'existing housing stock' capital valuation for the study area. The main points to note are:

- The majority of lifestyle dwellings are valued in the \$700,000 - \$1,200,000 price range. There are also a significant number of lifestyle dwellings valued above \$1,500,000.
- The majority of lifestyle lots are valued in the \$300,000 - \$600,000 price range.
- The majority of stand alone dwellings are valued in the \$300,000 - \$800,000 price range.
- The majority of terrace houses are valued in the \$300,000 - \$600,000 price range.
- The majority of apartments are valued in the \$200,000 - \$500,000 price range.

Figure 3: Study Area Residential Market Stock Profile (Current Capital Valuation)

Price Bracket	Lifestyle			Residential			Sub Total	Total
	Dwellings	Lots	Sub Total	Stand alone	Terra ce	Apart ment		
Less than \$200,000	5	5	10	70	35		105	115
\$200,000-\$300,000	0	20	20	588	70	29	687	707
\$300,000-\$400,000	10	95	105	2,606	304	54	2,964	3,069
\$400,000-\$500,000	20	75	95	4,546	403	79	5,028	5,123
\$500,000-\$600,000	40	40	80	3,144	259	5	3,408	3,488
\$600,000-\$700,000	75	25	100	2,388	113	1	2,502	2,602
\$700,000-\$800,000	140	20	160	1,492	57	2	1,551	1,711
\$800,000-\$900,000	185	20	205	758	12		770	975
\$900,000-\$1,000,000	175	15	190	312	13	4	329	519
\$1,000,000-\$1,100,000	175	10	185	152	9	2	163	348
\$1,100,000-\$1,200,000	150	5	155	111	8	1	120	275
\$1,200,000-\$1,300,000	95	5	100	58	6	3	67	167
\$1,300,000-\$1,400,000	80	5	85	43	4	1	48	133
\$1,400,000-\$1,500,000	80	0	80	28	2	4	34	114
\$1,500,000+	175	5	180	104	9	1	114	294
Total	1,415	345	1,760	16,400	1,304	186	17,890	19,650

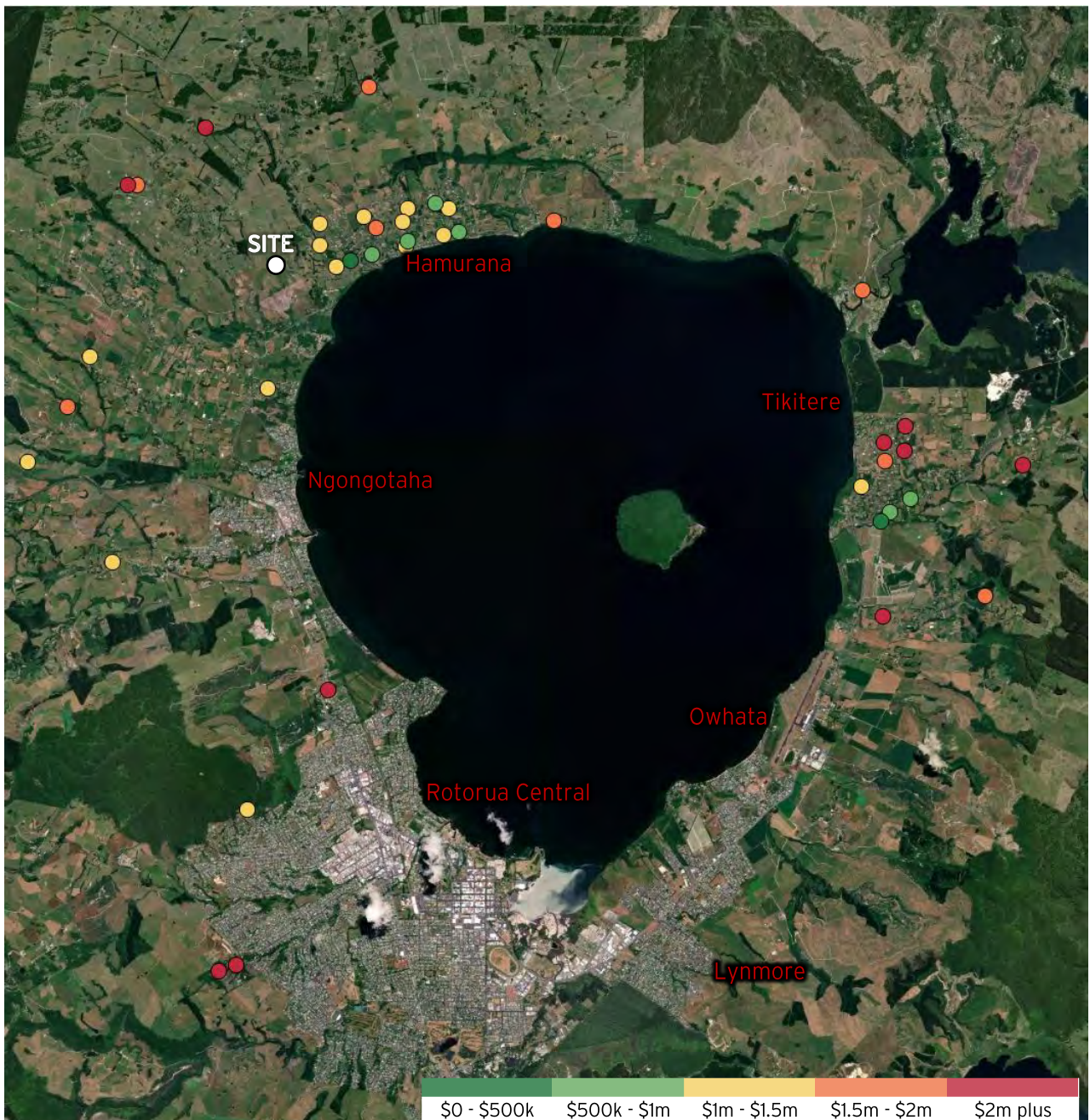
Source: CoreLogic



4.2. Recent Residential Sales Analysis

Figure 4 shows the distribution of lifestyle dwelling sales by price over the November 2021-2022 period. The highest priced location within the study area is Tikitere which typically achieves sale prices above \$1,500,000. The proposal site is located in Hamurana which has a varied price profile compared to the rest of the study area, typically achieving sale prices between \$1,000,000 and \$2,000,000.

Figure 4: Study Area Lifestyle Dwelling Sales November 2021-2022



Source: CoreLogic



Figure 5 displays the average residential sale price achieved over the November 2021-2022 period in the study area. Some of key points to note are:

- Lifestyle dwellings achieved the highest average price in the study area of \$1,320,000. Lifestyle lots achieved an average sale price of \$610,000.
- Stand alone dwellings achieved the average price of \$721,000. Terrace houses achieved the average price of \$683,000. Apartments were the most affordable and achieved an average price of \$433,000.

Figure 5: Study Area Average Dwelling Sale Price November 2021-2022

Type	Typology	Average Sale Price
Lifestyle	Lot	\$610,000
	Dwelling	\$1,320,000
Residential	Standalone	\$721,000
	Terrace	\$683,000
	Apartment	\$433,000
Average Residential		\$716,000

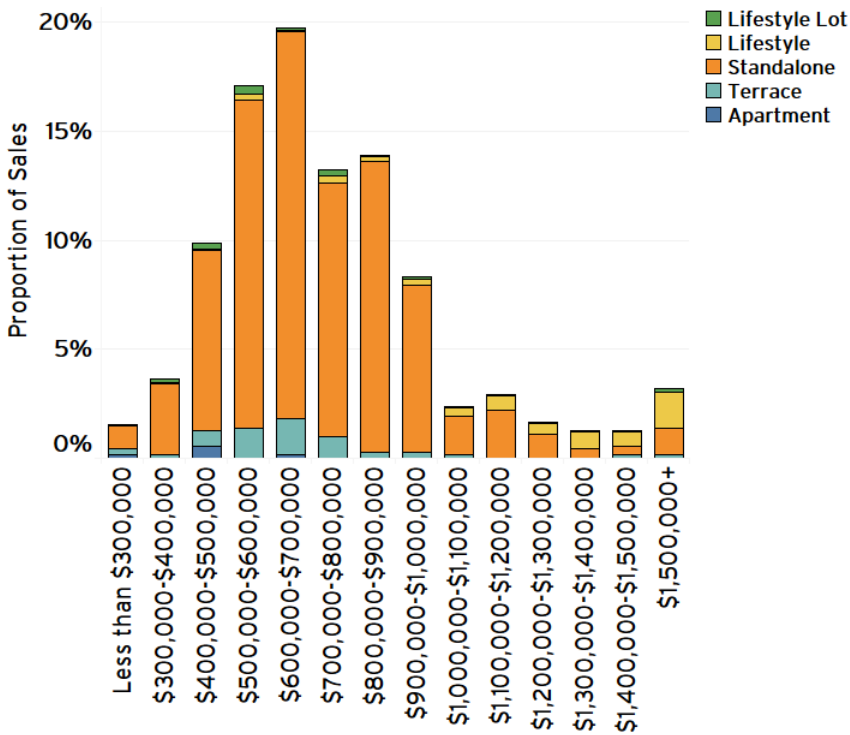
Source: CoreLogic

The following figures display the proportion of residential sales for dwellings in the study area and the Rotorua District for the November 2021-2022 period. Within the study area, the majority of lifestyle lots were sold in the \$400,000-\$800,000, lifestyle dwellings typically sold for more than \$1,000,000 with a significant number of sales occurring for more than \$1,500,000. Stand alone dwellings were sold in the \$500,000-\$900,000 price range, terrace houses were sold in the \$500,000-\$800,000 price range and a few apartments were sold in the \$400,000-\$500,000 price range.

Conversely, within the Rotorua District, the majority of lifestyle lots were sold in the \$400,000-\$700,000, lifestyle dwellings typically sold for more than \$800,000, with a significant number of sales occurring for more than \$1,500,000. Stand alone dwellings were sold in the \$400,000-\$900,000 price range, terrace houses were sold in the \$400,000-\$700,000 price range and apartments were sold in the \$400,000-\$500,000 price range.

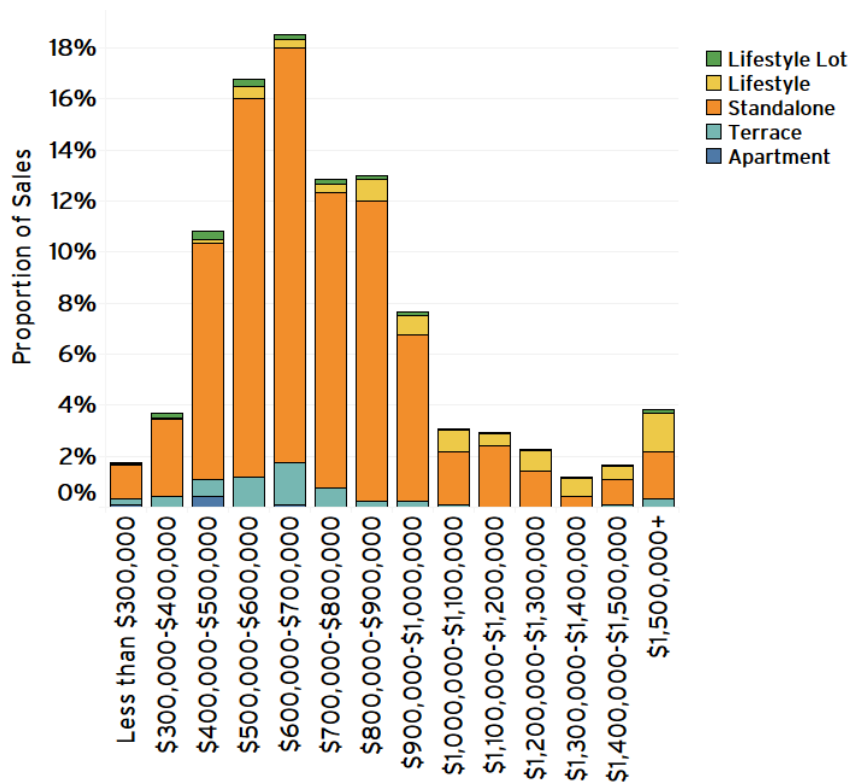


Figure 6: Study Area Sales November 2021-2022



Source: CoreLogic

Figure 7: Rotorua District Sales November 2021-2022



Source: CoreLogic



5. New Dwelling Construction 2018-2022

The following figures show dwellings consented since October 2018 within the study area and the Rotorua District. This provides a useful indication of demand by dwelling type within the study area. The main points to note are:

- Over the last 5 years, the study area accounted for approximately 92% of all the residential dwellings consented (235 dwellings vs 255 dwellings) within the district.
- Over the last 5 years, an average of 235 dwellings per annum were consented within the study area. Of which, stand alone dwellings accounted for 175 dwellings (77%), terrace houses accounted for 35 dwellings (14%) and apartments accounted for 3 units consented per annum.
- Over the last 5 years, an average of 255 dwellings per annum were consented within the district. Of which, standalone dwellings accounted for 195 dwellings, terrace houses accounted for 35 dwellings and apartments accounted for 3 units consented per annum.

Figure 8: Study Area Building Consents October 2018 - 2022

Year	Stand Alone	%	Terrace	%	Apartments	%	Retirement	%	Total
2018	120	88%	15	11%	0	1%	0	0%	140
2019	165	82%	20	9%	0	0%	15	8%	200
2020	110	78%	25	19%	0	1%	5	3%	140
2021	225	73%	25	8%	0	0%	55	18%	310
2022	255	65%	100	26%	15	4%	25	6%	395
Average (p.a)	175	77%	35	14%	3	1%	20	7%	235

Source: Statistics NZ

Figure 9: Rotorua District Building Consents October 2018 - 2022

Year	Stand Alone	%	Terrace	%	Apartment	%	Retirement	%	Total
2018	135	88%	15	11%	0	1%	0	0%	150
2019	180	83%	20	9%	0	0%	15	8%	220
2020	115	78%	25	18%	0	1%	5	3%	150
2021	250	75%	25	8%	0	0%	55	17%	330
2022	295	68%	100	24%	15	3%	25	5%	435
Average (p.a)	195	78%	35	14%	3	1%	20	7%	255

Source: Statistics NZ

6. Comparable Developments

Figure 10 provides an outline of the comparable developments presently selling in the study area. The main points to note are:



- There are six residential developments currently selling within the study area, with a total supply of 210 dwellings.
- Currently there are 46 new dwellings available for sale. This equates to approximately 2.5 months of demand within the study area. This indicates there is a significant shortage of new residential dwellings being supplied to the market resulting in unmet demand within the study area and the district. The shortage of dwellings within the district is also identified by the Rotorua Lakes Council and is discussed in section 7.

Figure 10: Comparable Developments

Development	Location	Average Land Area	GFA (m2)	Price	Price (\$/m2)	Total Units	Units Sold	Units Available
Lake Oak Estate	Hamurana	1,250	219	\$1,300,000	\$5,900	6	3	3
Blackwood Estate	Hamurana	3,100-5,500	380	\$1,900,000	\$5,000	8	5	3
Wharenui Rise	Owhata	620	184	\$1,000,000	\$5,400	128	107	21
45 Baxendale Drive	Matipo Heights	987-3,800	149	\$815,000	\$5,500	30	20	10
52 Robinson Drive	Holdens Bay	450	160	\$965,000	\$6,031	8	1	7
54 Grest West Road	Pukehangi	3700	NA	NA	NA	30	28	2
Total			220	\$1,196,000	\$5,600	210	164	46

Source: TradeMe

7. Insufficient Supply of Housing

The Rotorua Lakes Council identifies significant shortage of residential dwellings within the district. The Council states,

We know that household numbers increased by 580 between 2013 and 2018 however, only 210 homes were built during that period. This is due to a combination of outdated District Plan rules, availability of land, historical underinvestment in infrastructure to support growth and availability of industry resources”.

Additionally, the Council’s ‘Rotorua Housing and Business Development Capacity Assessment 2021’ states,

“This capacity is not sufficient to meet all projected urban dwelling demand (inclusive of the required competitiveness margin of an additional 20% in the short and medium term and 15% in the long term (from 2031-2050)”; and

“In the short term, the total shortfall is nearly 1,900 dwellings, with insufficient RER capacity for all detached and attached dwelling demand. This short term result is exacerbated by the inclusion of latent demand of 1,500 dwellings”; and

“In the medium term, the total shortfall is estimated at 1,400 dwellings. The shortfall for detached dwellings is small, but the shortfall of capacity for attached housing demand is more significant at nearly 1,000 dwellings”.



It is evident from the above that more housing supply is required to meet the housing needs within the Rotorua District.

8. Impact of Covid-19

This section assesses the impact of Covid-19 on the residential sector.

8.1. Residential Sector

The NZ Treasury commissioned a report on the impact of Covid-19 on the national economy¹. This concluded that over the two years ending March 2022, total employment was expected to decline from 2.59 million jobs to 2.47 million jobs, or a decline of 120,000 jobs. The construction sector was similarly expected to decline, from 260,000 jobs to 239,000 jobs, or a decline of 21,000 jobs.

The Covid-19 Recovery (Fast-track Consenting) Act 2020 requires consideration of the costs and benefits of those involved in the construction sector, as follows:

The project's economic benefits and costs for people or industries affected by COVID-19 (see section 19(a)).

Covid-19 forced New Zealand's borders to close for over two years. Over this time, record high international immigration was replaced with near to zero international immigration. The ongoing effects of this border closure are likely to result in a decline in the number of houses demanded and constructed which may place pressure on the construction sector over the coming years.

9. Access To Amenity & Employment

The proposed development is located in an attractive location, offering a wide range of amenities that support residential development. Most notably:

- The proposed development is located approximately a 20-minute drive from the Rotorua Town Centre and supermarkets.
- The residents of the proposed development would have access to 5,860 businesses offering a total of approximately 27,800 jobs within a 30-minute drive time.
- The proposed development is within close proximity (3 km) to the bus station.
- The residents of the proposed development would have access to a wide range of educational facilities, with 3 primary, 1 secondary and 2 composite schools within a 20-minute drive-time.
- The proposed development is within a 20-minute drive-time to lakefront, churches, a medical centre, a public library, parks, walkways and playgrounds.

¹ The effects of COVID-19 on the regional economies of New Zealand for The Treasury, October 2020, Infometrics



Figure 11: Drive Time to Employment Nodes



Source: GoogleMaps

10. Economic Contribution of The Proposal

The project would create a considerable number of jobs within the construction industry. The national 'value-added per employee' for each sector has been used to estimate the full-time equivalent (FTE) employment for this project. This methodology accounts for both the direct and indirect jobs to be generated from the proposed development. However, it doesn't account for the induced or flow-on jobs generated from the proposed development, and for this reason is considered to be a conservative estimate of the economic impact.

Figure 12 outlines the value-added and FTEs that the proposed development would generate. It is estimated that the construction of the proposed residential development would generate 213 FTE jobs and contribute \$28.3 million to construction sector GDP.



The subdivision and land development component of the project is estimated to account for approximately 40% of the total construction sector impact resulting from the project. This is demonstrated in the figure below, which shows that an estimated 84 jobs directly related to the implementation of the project will be generated, with 129 FTE jobs relating to the construction of dwellings following the completion of the subdivision and land development. This results in a total impact of 213 FTE jobs being generated.

More generally, lot subdivision and dwelling construction are closely related as the development of lots in a housing market with a shortage will generally result in the immediate construction of new dwellings. For this reason, there is a reasonable basis to include the employment from the construction of dwellings resulting from the lot subdivision as a direct economic impact under the Fast-Track Consenting Act 2020, as these jobs would not otherwise occur.

Figure 12: FTE Employee Estimates

Proposed Development	Product	Count	Project Value (\$M)	Value Added (\$M)	FTE Employees			Total
					Land & Building Construction	Construction Services	Architectural, Scientific & Engineering Services	
Land Development & Subdivision		91	\$38.6	\$11.3	20	46	19	84
Standalone	Type-1	15	\$14.5	\$4.2	4	10	4	19
	Type-2	25	\$25.2	\$7.4	8	18	8	33
	Type-3	20	\$21.1	\$6.2	6	15	6	28
	Type-4	15	\$16.7	\$4.9	5	12	5	22
	Type-5	10	\$11.6	\$3.4	4	8	4	15
	Type-6	6	\$7.3	\$2.1	2	5	3	10
SubTotal		91	\$57.8	\$17.0	30	69	30	129
Total			\$96.4	\$28.3	49	115	49	213

Source: Urban Economics

The proposed development is expected to be developed in three stages over a three-year period. Figure 13 outlines the number of FTE jobs created at each stage of the proposed development. Some of the key points to note are:

- The proposed development is expected to develop approximately 30 lots/dwellings in Stage 1- Stage 2 and 31 lots/dwellings in Stage 3, resulting in total of 91 lots/dwellings.
- The proposed development is expected to result in a total of 213 FTE jobs across Stage 1- Stage 3.
- The proposed development would generate approximately 49 FTE jobs in the land & building construction sector. Stages 1 and 2 are expected to generate 16 FTE jobs, and Stage 3 is expected to generate 17 FTE jobs.
- The proposed development would generate approximately 115 FTE jobs in the construction service sector. Stage 1 is expected to generate 57 FTE jobs, Stage 2 is expected to generate 34 FTE jobs and Stage 3 is expected to generate 24 FTE jobs.



- The proposed development would generate approximately 49 FTE jobs in the architectural, scientific and engineering services sector. Stage 1 is expected to generate 29 FTE, Stage 2 is expected to generate 15 FTE jobs and Stage 3 is expected to generate 5 FTE jobs.

Figure 13: FTE jobs at Different Stages of Development

Development	Timeframe	No of Dwellings	FTEs			Total
			Land & Building Construction	Construction Services	Architectural, Scientific & Engineering Services	
Stage I	2023-2024	30	16	57	29	102
Stage II	2024-2025	30	16	34	15	65
Stage III	2025-2026	31	17	24	5	46
Total		91	49	115	49	213

Source: Urban Economics, SIGMA

Figure 14 shows the estimated national 'value-added per FTE employee'. These values added per employee figures are used to estimate the FTE employees created by the construction project expenditure outlined in Figure 12. Figure 14 shows that the construction sector contributes \$18.5 billion to the national GDP, employing 139,800 FTEs, resulting in a value-added of \$133,000 per FTE employee.

Figure 14: Industry GDP and Value Added per Employee

Sector	Value Added GDP (\$M)	FTE Workers	Value Added GDP Per Employee
Construction	\$18,540	139,800	\$133,000

Source: Statistics NZ, Urban Economics

11. Other Fast Track Assessment Considerations

The COVID-19 Recovery (Fast-track Consenting) Act 2020 requires several other economic considerations, which are addressed as follows.

The project's effect on the social and cultural well-being of current and future generations (see section 19(b)).

The proposed development would provide additional employment and increase the range of new housing in the study area. The project would have a positive impact on the social and cultural well-being of current and future generations by increasing the housing supply within the study area, which will place downward pressure on house prices.

The following figure displays the proposed composition of the development. Prices have been



estimated based on the current market prices for new lifestyle 'lot + dwelling' within the study area and Rotorua District. These are expected to be priced between \$1,210,000 and \$1,510,000. The supply of new dwellings up to modern building standards would reduce the social pressures caused by inadequate housing.

Figure 15: 33 Main Highway Residential Development Composition

Development Type	Product	GFA	Price	Count	Proportion
Lot+Dwelling Package	Type-1	180	\$1,210,000	15	16%
	Type-2	200	\$1,260,000	25	27%
	Type-3	220	\$1,320,000	20	22%
	Type-4	240	\$1,390,000	15	16%
	Type-5	260	\$1,460,000	10	11%
	Type-6	280	\$1,510,000	6	7%
Total				91	100%

Source: Urban Economics

If applicable, whether the project may result in a public benefit by generating employment (see section 19(d)(i)).

As outlined above, the project would create an estimated 213 FTE jobs and contribute \$28.3 million to construction sector GDP. These jobs would be in roading, construction, landscaping, planting, land surveying, administration and support services and other related activities. This is a notable economic benefit.

If applicable, whether the project may result in a public benefit by increasing the housing supply (see section 19(d)(ii)).

The project would increase the residential housing supply by providing 91 new lots/dwellings to the market. The implication of this is that the proposed development will help to place downward pressure on house prices in the Rotorua District by increasing housing supply.

12. NPS-UD & NPS-HPL Assessment

Currently there are 46 new dwellings available for sale. This equates to just 2.5 months of demand within the study area. This indicates there is a significant shortage of new residential dwellings resulting in unmet demand within the study area and the District as a whole. The shortage of residential capacity is also identified by the Rotorua Lakes Council in its report titled 'Rotorua Housing and Business Development Capacity Assessment 2021'.

The NPS-UD 2020 requires planning decisions to contribute to well-functioning urban environments, which are urban environments that have (or enable) housing that is of a range, type and price that meets demand (Policy 1).



The proposal helps to achieve the NPS-UD objectives as it increases the range of housing available to the market. As outlined above, the proposal would provide additional housing within the \$1,210,000-\$1,510,000 price range. The proposal, therefore, provides housing that meets the market demand for additional dwellings.

The proposal site contains approximately 20ha of highly productive land and is therefore subject to assessment against the provisions of the NPS-HPL, with particular regard to Clause 3.10. Clause 3.10(1) of the NPS-HPL outlines the requirements that must be met for subdivision of highly productive land. These include:

“(1) Territorial authorities may only allow highly productive land to be subdivided, used, or developed for activities not otherwise enabled under clauses 3.7, 3.8, or 3.9 if satisfied that:

(a) there are permanent or long-term constraints on the land that mean the use of the highly productive land for land-based primary production is not able to be economically viable for at least 30 years; and

(b) the subdivision, use, or development:

(i) avoids any significant loss (either individually or cumulatively) of productive capacity of highly productive land in the district; and

(ii) avoids the fragmentation of large and geographically cohesive areas of highly productive land; and

(iii) avoids if possible, or otherwise mitigates, any potential reverse sensitivity effects on surrounding land-based primary production from the subdivision, use, or development; and

(c) the environmental, social, cultural and economic benefits of the subdivision, use, or development outweigh the long-term 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.”

The following provides an indication of what is enabled and anticipated on the site under the current provisions of the Operative District Plan².

“Under the current District Plan rules, rural subdivision is provided for as a Discretionary Activity where compliance with performance standards is achieved (SUB-R25)...

- *The current District Plan currently allows for lifestyle lot subdivision of the site to achieve nutrient reduction, enabling up to 18 lifestyle lots*

² Ann Nicholas, Sigma Consultants Ltd, 9 December 2022



- *The BOP Regional Natural Resources Plan imposes significant constraints on the continuation of dairy farming requiring reductions to be achieved by 2032 and supporting changes to lifestyle lot subdivision*
- *The potential development of this area has been indicated since 2012 in development of guidelines for managing development within the Rotorua Caldera in relation to landscape values."*

Based on the above, the Operative District Plan enables an 18-lot lifestyle subdivision of the site in order to achieve "nutrient reduction", as per the BOP Regional Natural Resources Plan. This is the existing environment or baseline against which to consider the proposal. Under the existing environment or baseline the majority or all of the productive capacity of the site for land-based primary production is displaced by the anticipated 18-lot lifestyle subdivision. An important consequence is that the proposed 91-lot lifestyle subdivision would therefore not result in any further reduction to the site's productive capacity, as this is already displaced by the baseline activity.

The proposed 91-lot lifestyle subdivision would result in considerable social and economic benefits to the Rotorua District population, namely the proposal would increase the supply of housing in a market with a considerable housing shortage relative to demand (refer Section 7). Increasing housing supply will place downward pressure on house prices and contribute to a more affordable housing market as a result.

As identified above, the proposed lifestyle subdivision is not considered to reduce the site's productive capacity and to result in considerable social and economic benefits. There are no economic costs from the proposal. As a result, the proposal meets the conditions of Clause 3.10 of the NPS-HPL.

13. Conclusion

The proposal would provide 91 rural lifestyle lots/dwellings to the market within the study area. The proposal would result in a significant increase in construction sector output, with an additional 213 FTE jobs with a value-added contribution of \$28.3 million to construction sector GDP. The proposal therefore meets the economic requirements of the fast-track consenting process and is recommended for approval.