BEFORE THE HEARING PANEL ON PROPOSED PLAN CHANGE 17 TO THE WAIPĀ DISTRICT PLAN

IN THE MATTER of the Resource management Act 1991 (the Act)

AND

IN THE MATTER of proposed Plan Change 17 to the Waipā District Plan

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Statement of Evidence of Tim Heath on behalf of the Hautapu Landowners' Group

Dated: 13 March 2023

INTRODUCTION

1. My name is Timothy James 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.

QUALIFICATIONS AND EXPERIENCE

2. I hold a Bachelor of Arts (Geography) and a Bachelor of Planning 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 economic and property development 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, 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 requirements.

4. I also provide consultancy services to a number of private sector clients in respect of a wide range of property issues, including residential capacity assessments, retail, industrial, and commercial market assessments, development feasibilities, forecasting market growth and land requirements across all property sectors, and economic cost benefit analysis.

INVOLVEMENT IN HAUTAPU PROPOSED PLAN CHANGE SUBMISSION

5. I was engaged by the Hautapu Landowners Group ("the Submitter") to undertake an economic assessment of the industrial land capacity, sufficiency, and efficiency of the Cambridge industrial market over the next 30 years. This included incorporating more 'real world' / practical considerations, rather than solely relying on a theorical modelled approach.

6. The Submitter owns *circa* 16ha of land ("**the Site**") located to the eastern side of Peake Road. The site is shown in context with its surrounding environment in Figure 1 following. The Site is the red striped land situated immediately north of Proposed Plan Change 17 – Hautapu Industrial Zones ("**PC17**") Kama Trust land north of Hautapu Road (the block with the yellow outline).

7. The Kama Trust land (Area 6 in PC17) is approximately 20ha with PC17 seeking to rezone the land from Rural to Industrial. The Submitter seeks to rezone their land from Rural to Deferred Industrial Zone ("**DIZ**") under the Waipā District Plan ("**WDP**") to enable more compatible land uses in the PC17 context. I am aware there is an outstanding issue as to whether this part of the submission is within the scope of PC17. This evidence has been prepared on the basis there is scope.

8. My economic evidence summarises the economic assessment accompanying this PC17 Submission.

CODE OF CONDUCT

9. I confirm that I have read the Code of Conduct for Expert Witnesses contained in the Environment Court Practice Note 2023 and that I agree

to comply with it. I confirm that I have considered all the material facts that I am aware of that might alter or detract from the opinions that I express, and that this evidence is within my area of expertise, except where I state that I am relying on the evidence of another person.

PURPOSE AND SCOPE OF EVIDENCE

10. My evidence will cover the following:

(a) provide a brief overview of PC17 and the Submission;
(b) discuss industrial land supply and sufficiency in Cambridge;
(c) ground truthing zoned capacity;
(d) outline implications of Plan Change 19 ("**PC19**")
(e) outline NPS-HPL considerations; and
(f) discuss the economic cost benefits of the Submitter's land being rezoned to Deferred Industrial Zone.

OVERVIEW OF PC17 AND THE SUBMISSION

11. Figure 1 following shows the extent and location of the Submission site and PC17 in the context of the surrounding industrial zones and sequencing.

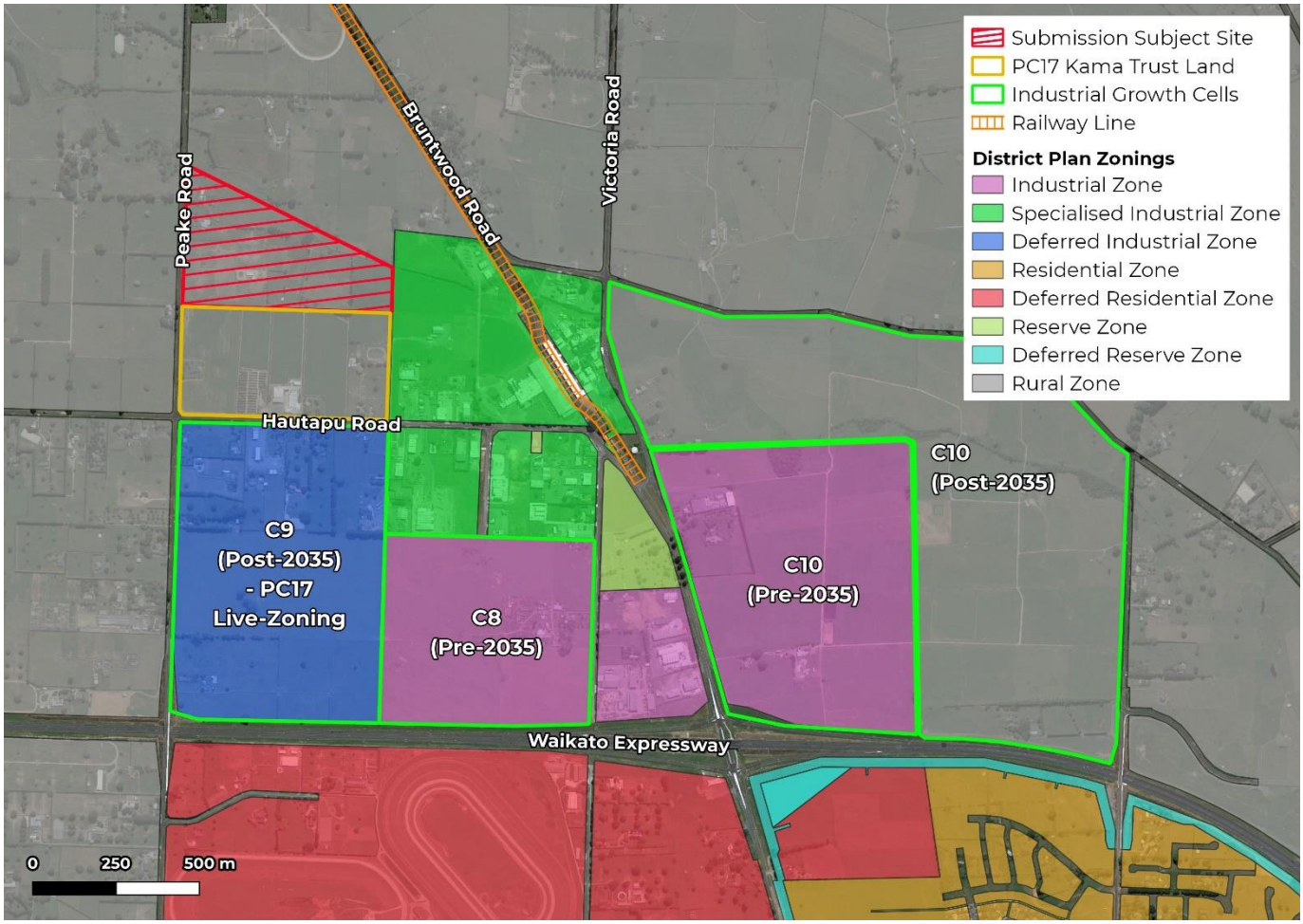
12. PC17 is proposing to uplift the deferment on C9 Growth Cell and make the industrial zoning "live". Also included in PC17 is rezoning of the Kama Trust land north of Hautapu Road from Rural to Industrial Zone (being part of C9 Growth Cell) under the WDP (Area 6). This Kama Trust land is required for a stormwater reticulation pond to service the C9 Growth Cell.

13. Being located to the immediate north of this Kama Trust land is the Submission site, which encompasses approximately 16ha of land area

and has a similar landscape, accessibility, and site attributes / characteristics that would have the same economic market and growth potential to be developed for future industrial uses in Hautapu.

14. As such, the Submission seeks to rezone the site from Rural to Deferred Industrial Zone on the basis that it would be 'live zoned' to Industrial Zone once the Kama Trust land has reached 80% development or by 31 March 2030, whichever occurs sooner. Mr Chrisp's evidence explains the rationale for the staged approach to release of the land.

FIGURE 1: SUBMISSION SITE AND PC17 IN THE CONTEXT OF DISTRICT PLAN ZONINGS



Source: WDC, Google Maps, LINZ

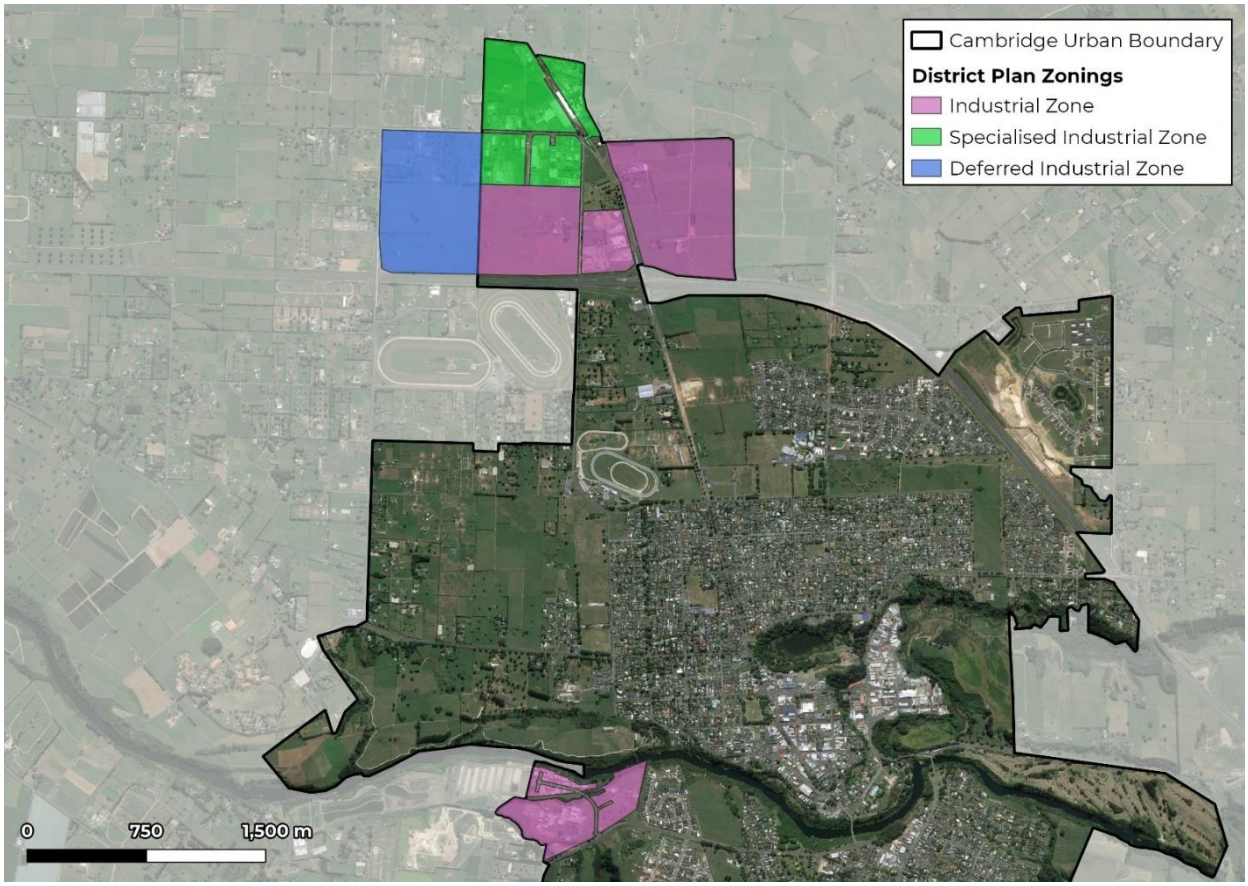
EXISTING INDUSTRIAL LAND PROVISIONS (SUPPLY)

15. The Industrial Zone, DIZ and Specialised Industrial Zones ("**SIZ**") together establish the locations available for industrial land uses throughout Cambridge in the WDP (refer to Figure 2 following).

16. The industrial zones in Cambridge are situated on Cambridge Road south of the Waikato River and the northern outskirts of the township (north of the Waikato Expressway). Together they cover a combined area of approximately 236 hectares.

17. The DIZ is already partially developed and also has numerous sites with industrial buildings under construction. The SIZ comprises significant industrial sites, notably the Fonterra dairy processing plants. Compared to other industrial zones, the SIZ has relatively limited allowances, only permitting activities that complement dairy processing operations.

FIGURE 2: CAMBRIDGE EXISTING INDUSTRIAL LAND PROVISIONS



Source: WDC, Google Maps

INDUSTRIAL LAND SUFFICIENCY FORECAST

18. The Future Proof Business Development Capacity Assessment 2021 ("**BDCA**") projected the future industrial land demand within the Cambridge – Karapiro area for the 2020 – 2050 period, with the results summarised and replicated in Table 1 following.

19. The BDCA estimated that the expected industrial employment growth within the Cambridge – Karapiro area would require a total of approximately 52ha of industrial zoned land between 2020 and 2050.

20. With an estimated vacant industrial land capacity of 56.6ha as of 2020, the BDCA determined the Cambridge-Karapiro area has sufficient industrial land capacity for the short and medium term. However, in the long term, there is a minor shortfall of approximately 3.1 hectares of industrial zoned land by 2050 when the appropriate NPS-UD margins are applied.

TABLE 1: CAMBRIDGE – KARAPIRO INDUSTRIAL LAND DEMAND AND SUFFICIENCY

Cambridge - Karapiro	Short Term By 2023	Medium Term By 2030	Long Term By 2050
Industrial Land Demand (ha)	5.4	15.9	51.9
Industrial Land Demand + NPS-UD Margin (ha)	6.5	19.1	59.7
Vacant Industrial Land (2020) (ha)	56.6		
Industrial Land Sufficiency (ha)	**+50.1**	**+37.5**	**-3.1**

Source: BDCA (Page 92. Figure 7.27)

21. The PC17 s32 report (at page 38) acknowledges that:

> larger parts of the C9 growth cell have received resource consents for industrial activities, with market demands increasing at a faster rate for industrial land than expected.

22. This is supported by the PC17 s42A hearing report at paragraph 6.3.3 which states that:

> "Advice received from Council staff and from Future Proof is that industrial land is required earlier than originally anticipated".

23. This shows that the previous estimates of sufficiency of industrial land supply do not reflect current reality. To contextualise current growth, the latest Business Demography data from Stats NZ shows that the total employment count in the Future Proof partners area (Hamilton City, Waikato District, and Waipā District combined)[1] has increased by approximately 4.5% between 2020 and 2022, despite the impact of the COVID-19 pandemic (see Table 2 following). This 2-year growth period has already exceeded the BDCA's projection of 4.3% growth over the longer 3-year period 2020 and 2023[2].

24. If this employment growth rate in the Future Proof partners area is maintained then the industrial land demand forecast in the BDCA, across the wider Future Proof area (including Cambridge) would be higher than estimated. This means the current industrial land provision would be exhausted sooner than anticipated in the BDCA.

[1] I note that Matamata-Piako District has recently joint the Future Proof partnership.

[2] *As shown in the Future Proof BDCA, it was projected that the Future Proof partners area would grow from 159,200 employees to approximately 166,200 employees between 2020 and 2023 (refer to Figure 3.13 on Page 60 of the BDCA). Note that these employees have included working proprietors.*

TABLE 2: FUTURE PROOF AREA EMPLOYMENT COUNT BY ANZSIC[3] SECTOR: 2020 - 2022

ANZSIC	2020	2021	2022	2020-22 Growth	
				#	%
A - Agriculture, Forestry and Fishing	7,917	8,202	7,930	13	0%
B - Mining	496	506	454	-42	-8%
C - Manufacturing	15,085	15,231	15,825	740	5%
D - Electricity, Gas, Water and Waste Services	1,584	1,602	1,810	226	14%
E - Construction	12,713	13,675	14,627	1,914	15%
F - Wholesale Trade	5,975	6,007	6,318	343	6%
G - Retail Trade	12,847	12,921	13,214	367	3%
H - Accommodation and Food Services	8,447	8,536	8,779	332	4%
I - Transport, Postal and Warehousing	3,632	3,980	3,883	251	7%
J - Information Media and Telecommunications	1,170	1,114	1,349	179	15%
K - Financial and Insurance Services	1,916	2,017	2,176	260	14%
L - Rental, Hiring and Real Estate Services	1,693	1,642	1,626	-67	-4%
M - Professional, Scientific and Technical Services	10,809	11,221	11,789	980	9%
N - Administrative and Support Services	6,288	5,801	6,395	107	2%
O - Public Administration and Safety	7,614	7,909	6,606	-1,008	-13%
P - Education and Training	13,076	13,278	13,119	43	0%
Q - Health Care and Social Assistance	19,086	19,917	20,832	1,746	9%
R - Arts and Recreation Services	2,739	2,568	2,546	-193	-7%
S - Other Services	4,598	4,528	4,634	36	1%
Total All Industries	**137,685**	**140,655**	**143,912**	**+6,227**	**+4.5%**

Source: Stats NZ

25. The BDCA determined that the Cambridge-Karapiro catchment short term industrial land demand would account for around 7.4%[4] of the wider Future Proof partners total industrial land demand from 2020 to 2023.

26. Based on recent Stats NZ Business Demographic data, I have determined that industrial employment[5] in the Cambridge-Karapiro area has increased by around 18% within the two-year period 2020 to 2022 (refer Table 3 following).

[3] *Australia New Zealand Standard Industrial Classification 2006*

[4] 6.5ha (for Cambridge – Karapiro) out of 87.9ha (for the wider Future Proof partners area)

[5] See Appendix 1 for assumptions on industrial employment composition.

27. This 18% industrial employment growth within the Cambridge-Karapiro catchment accounts for approximately 15.3% of the total industrial employment growth across the wider Future Proof area for the same period, in comparison to the 7.4% allotted to Cambridge land demand in the BDCA. This suggests industrial land demand in Cambridge is being consumed at a faster rate than anticipated in the BDCA.

TABLE 3: CAMBRIDGE - KARAPIRO INDUSTRIAL EMPLOYMENT COUNT GROWTH: 2020 - 2022

ANZSIC	2020	2021	2022	2020-22 Growth	
				#	%
A - Agriculture, Forestry and Fishing	53	47	51	-2	-3%
B - Mining	1	3	2	1	100%
C - Manufacturing	935	936	1,205	270	29%
D - Electricity, Gas, Water and Waste Services	9	14	13	4	40%
E - Construction	1,102	1,182	1,283	181	16%
F - Wholesale Trade	459	494	534	75	16%
I - Transport, Postal and Warehousing	223	238	197	-26	-12%
L - Rental, Hiring and Real Estate Services	42	35	43	1	3%
Total Industrial Employment	**2,824**	**2,948**	**3,327**	**+504**	**+17.8%**

Source: Stats NZ, Property Economics

28. Based on the analysis provided, it is my opinion that both the broader Future Proof market and the Cambridge-Karapiro catchment are experiencing a more rapid rate of growth in the industrial market than anticipated by the BDCA.

29. This can be seen through the partial development, and ongoing construction, within the C9 (post 2035) Deferred Industrial Zone land.

30. With industrial growth in Cambridge tracking at twice the anticipated BCDA rate, if this is maintained then the estimated industrial land provision provided for within this area is likely to be consumed by 2035.

GROUND TRUTHING

31. In December 2022, I visited the vacant industrial zoned sites in Cambridge with the purpose of assessing the practical level of industrial land capacity that was available in the local market.

32. During my visit I observed that there was approximately 2.9ha of vacant industrial land located on the western and northern boundaries of the Cambridge Road Industrial Zone. However, I also noted that this land has significant transport accessibility constraints (specifically the Victoria Rd bridge across Waikato River), that would make it an impractical business location for many industrial activities. Industrial zoned land in this location is considered significantly inferior to the industrial area on the northern extent of Cambridge. As a result, even though this land has been zoned for industrial use and represents zoned capacity, it would unlikely meet the locational requirements of most modern-day industrial businesses.

33. The vacant industrial land within the Hautapu SIZ encompasses approximately 5ha. This vacant land is not available for general industrial market development given the constraint of this zoning for activities relating to the processing of milk and production of milk related products, under the WDP. It is expected that without a plan change this vacant industrial land would not be available to accommodate general market industrial demand beyond that of those business operations authorised by existing use rights.

34. Large tracts of the C10 industrial zoned block (pre-2035) were not available to the market, and no development or land was available in the C10 (post -2035) land. The vacant component of areas combined account for circa 130ha. There would also be a significant amount of civil

earthworks and development lead time required before any of this land became available to the market.

35. As such, in my opinion, to provide a more accurate representation of the practical and available capacity for industrial development in Cambridge, it is necessary to take into consideration the 'real world' constraints identified above.

PLAN CHANGE 19 - CARTER'S FLAT IMPLICATIONS

36. PC19 – Cambridge Commercial Zone: Carter's Flat became operative in January 2023. This plan change aims to repurpose Carter's Flat (approximately 22ha) from an industrial / commercial zone to a mixed-use zone that complements the central business area.

37. The plan change enables a mix of larger format commercial activities with apartment living. This means that Carter's Flat will transition from an industrial dominated area to a higher amenity mixed use environment through the development of a broad range of activities with higher quality build form and attractive spaces.

38. As identified in the Carter's Flat Local Area Plan (page 5):

> […] council has provided for Industrial zoned land in Hautapu, north of Cambridge. It is expected that over time industrial land uses will move to Hautapu from Carter's Flat.

39. I agree the transition of Carter's Flat will see industrial activities move to north Cambridge industrial areas. This represents industrial land being consumed because of relocation rather than meeting new industrial demand. I understand that many industrial businesses located in Carter's Flat are seeking to relocate into a larger premises to better service the future, larger Cambridge market. Consequently, the total industrial land demanded from Carter's Flat relocations is likely to be significantly

greater than the industrial land provision at the location they are shifting away from. It is unclear whether this has been factored into the BCDA industrial land demand projections. Nevertheless, the lack of currently available industrial land will also be hampering the speed of the relocations and the rate at which the transition can occur.

40. Given the above context, in my opinion it is reasonable, and prudent for future planning, to expect an increase in industrial land demand or a greater shortfall in industrial land provisions in Cambridge. However, based on my analysis, this expected larger shortfall in industrial land provisions is unlikely to be offset by the rezoning of the Kama Trust land in the longer term, particularly given that a portion of the land would be allocated for stormwater infrastructure requirements associated with the existing Industrial Zone and this site.

LOSS OF PRODUCTIVE LAND

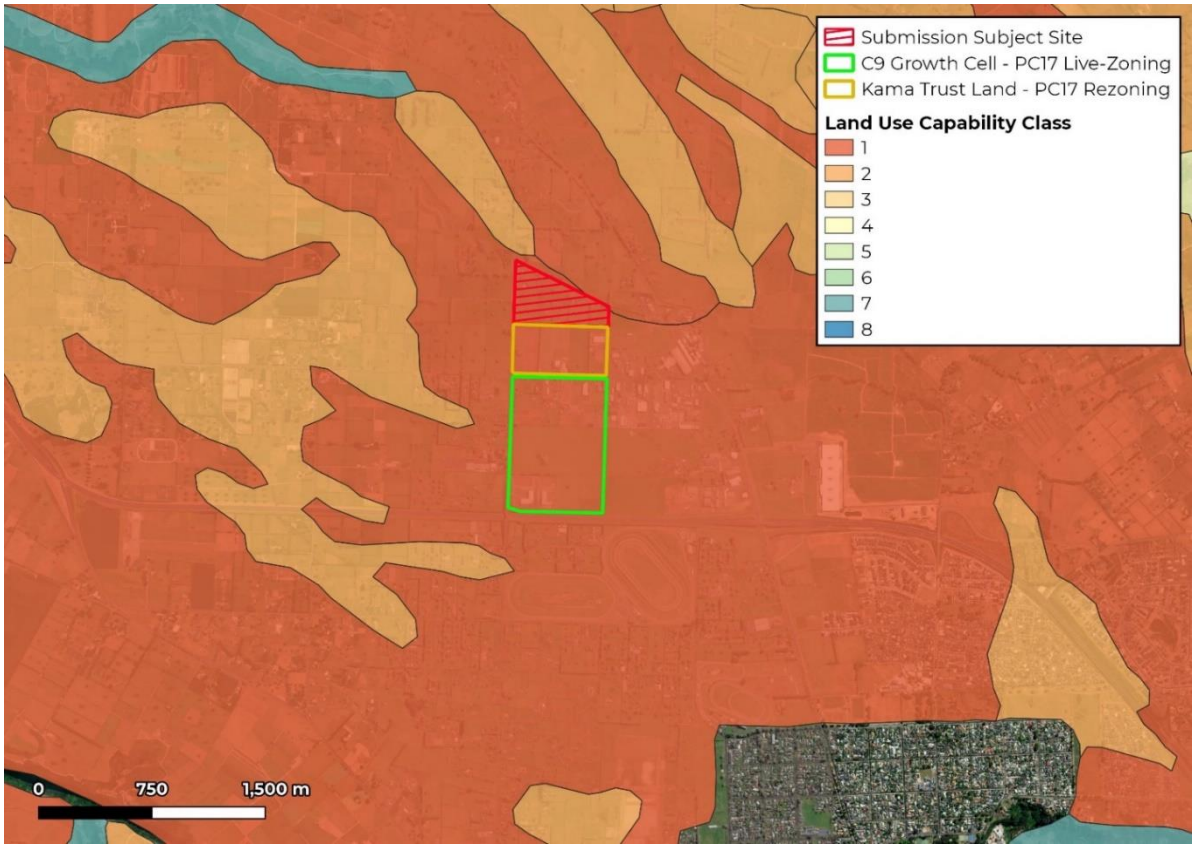
41. The NPS-HPL come into effect on 17 October 2022. Because PC17 was notified before this commencement date, I understand that the rezoning of the "highly productive land" to industrial is not caught by the provisions of the NPS-HPL. Therefore, the Submitters relief to include the HLG land as deferred industrial, if within the scope of PC17, is similarly not subject to the zone change policies and exceptions in the NPS-HPL. Nevertheless, for completeness, I have considered the NPS-HPL in broad terms in relation to PC17 and the Submitter's relief to include the additional 16ha as deferred industrial zone.

42. The NPS-HPL provides direction relating to how highly productive land is to be managed under the RMA through policies and implementation methods which local authorities must follow. This includes mapping and zoning of highly productive land and the management of subdivision, use and development of land which is classed as "highly productive".

43. As defined by NPS-HPL, "highly productive land" is in a general rural zone or rural production zone that is predominantly Land Use Capability Class ("LUC") 1, 2 or 3 and forms a large and geographically cohesive area.

44. Figure 3 following outlines the productive land status of the land in and around the Site based on the NZLRIS[6] LUC classification. This shows that the Submission site and the Kama Trust land are currently registered as LUC Class 1 soil, which is described in the NZLRIS LUC classification as "Land with virtually no limitations for arable use and suitable for cultivated crops, pasture or forestry".

FIGURE 3: LAND USE CAPABILITY STATUS OF THE SUBMISSION SITE

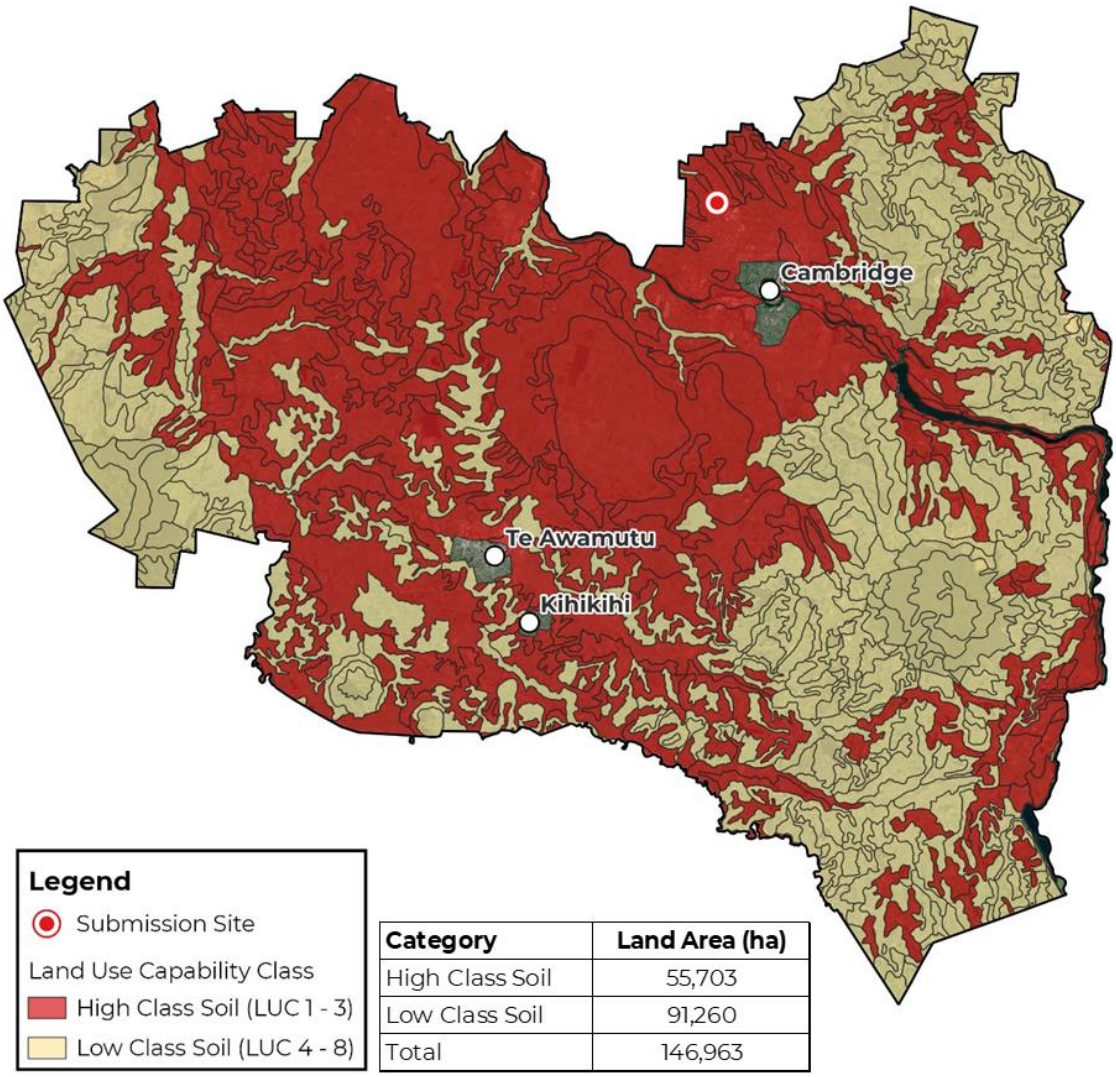


Source: LRIS, Google Maps. Note: Areas with no LUC identified are urban environments.

[6] *The New Zealand Land Resource Invenry (NZLRI)*

45. To contextualise, the Waipā district has approximately 55,700ha of land identified as High-Class soil, as shown in Figure 4 following. This indicates that the district has extensive rural land that can contribute to its agricultural production in the future. On this basis, the Site, in combination with Kama Trust Land (approximately 20ha), 37.5ha out of 55,700ha (or 0.07%), is a negligible loss in the wider context of available High-Class Soils at the localised level and unlikely to have a detrimental impact on the total level of Waipā's primary production.

FIGURE 4: DISTRIBUTION OF HIGH-CLASS SOIL WITHIN THE DISTRICT

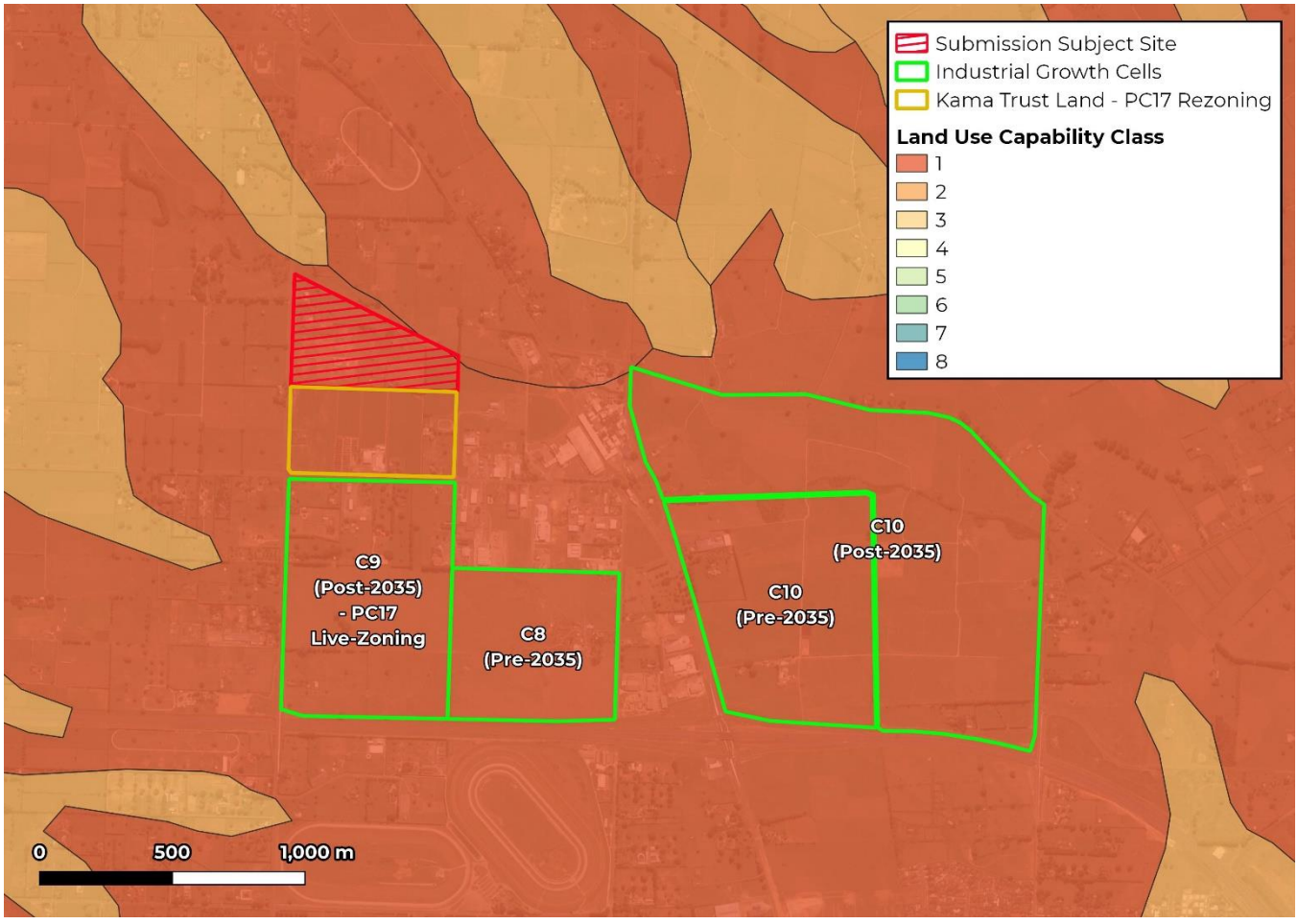


Category	Land Area (ha)
High Class Soil	55,703
Low Class Soil	91,260
Total	146,963

Source: LRIS, Google Maps. Note: Areas with no LUC identified are urban environments.

46. In addition, it is worth noting that the areas surrounding the existing urban environment of Cambridge, Te Awamutu, and Kihikihi consist mostly of the highest quality soils. This is evident in Figure 6 below which shows that the identified industrial growth cells and their rural surroundings are all classified as high-quality soils. This means any expansion of Cambridge would result in the inevitable loss of highly productive soils. This loss of high-quality soils is necessary to fulfil the anticipated future industrial land (i.e., the identified industrial growth cells) around the Cambridge township under the Waipā 2050 context.

FIGURE 5: LAND USE CAPABILITY STATUS OF CAMBRIDGE GROWTH CELLS



Source: LRIS, Google Maps.

47. Moreover, the Site is clearly strategically located being directly adjoining the PC17 site to the south and the Specialised Industrial Zone to the east.

This gives the Site unique attributes and characteristics not represented in other potential locations in Cambridge, i.e., being bordered by industrial zoned land on two of its borders. Given the positive locational attributes for industrial activity (among others identified by other experts such as more efficient water management), this rural land has significant potential to be utilized for similar industrial purposes, thereby enhancing the efficiency of land use and augmenting business agglomeration effects.

CONSIDERATION OF NPS-HPL MATTERS

48. The assessment below provides a high-level assessment of the proposed additional land against the criteria in Clause 3.6(4) of the NPS-HPL. Specifically:

(a) that the urban rezoning is required to provide sufficient development capacity to meet demand for housing / business in the district; and

(b) there are no other reasonably practicable and feasible options for providing the required development capacity; and

(c) the environmental, social and cultural benefits of rezoning outweigh those costs associated with the loss of highly productive land for land-based primary production (this includes both tangible and intangible values).

49. I also consider below Clause 3.6(5) of the NPS-HPL in terms of the appropriate spatial extent of the urban zone needed to provide the required development capacity, while also achieving a well-functioning urban environment.

50. In terms of NPS-HPL Clause 3.6(4)(a) my economic analysis, as well as the BCDA, indicates the rezoning of the Site to Deferred Industrial Zone is required to meet long industrial land sufficiency requirement of the district. Industrial growth in Cambridge is tracking much faster than anticipated in the BCDA.

51. In respect Clause 3.6(5)(b) the Site is considered to most practical and appropriate site for providing additional industrial land capacity in Cambridge, assuming PC17 Kama Trust land is rezoned the same. The would be surrounding on two sides by industrial zone creating significant efficiency opportunities for development, infrastructure and reverse sensitivity management.

52. Regarding Clause 3.6(5)(c) there are clear economic benefits to rezoning the Site as Deferred Industrial Zone, and these economic benefits would outweigh the economic costs associated with the loss of the highly productive soils. The Site is also in framented ownership with individual site sizes less than typically required to establish and sustain a viable productive economic unit.

53. In terms of NPS-HPL Clause 3.6(5) the area proposed to be rezoned in the Submission is slightly larger than the identified shortfall in the BDCA as is the PC17 Kama Trust land. However, the Kama Trust land has a significant proportion of its site allocated to water management of not only development of the Kama Trust land but the C9 Deferred Industrial Zone area as well.

54. Furthermore, my economic analysis indicates that if industrial growth in Cambridge is tracking at twice the anticipated BCDA rate then the estimated industrial land provision provided for within this area is likely to be consumed by 2035.

55. Also, the Site, being situated adjacent to the industrial land provision would create a 'plug in' extension and achieve a well-functioning urban environment. It would improve urban efficiency and better integrate with existing and proposed infrastructure.

ECONOMIC COST BENEFIT OVERVIEW

56. The Submission to extend the PC17 land to include the Site would generate a range of potential economic costs and benefits. The following section outlines the high-level economic costs and benefits of the submission in the context of the WDP and RMA.

Economic Benefits

- **Provision of industrial land to satisfy demand for industrial locations in Hautapu over the long-term timeframe, including additional buffer**: According to the BDCA, an additional 3.1ha of industrial land would be required in the Cambridge-Karapiro area by 2050 to meet the needs of industrial employment and sector growth. However, the higher industrial employment growth of the area in recent years identified about indicates the long-term industrial land capacity shortfall will exceed this projection. Therefore, the proposed additional industrial land capacity in the Submission would play an important role in accommodating the higher-than-expected industrial land demand and ensuring continued growth of the local and regional industrial economy in the long run.

- **Enablement of economies of scale and industrial agglomeration effects**: The Site is located adjacent to the existing industrial business areas of Hautapu to the east, making it a natural extension of the PC17 industrial land rezoning. As a result, any future industrial activities on the Submission site would be able to benefit from and collaborate efficiently with the existing operations in Hautapu.

- **Improved land use efficiency**: Considering the existing industrial setting and PC17, the Site is well-suited for industrial activities. Additionally, the Mangaone Stream situated to the north would act as a natural barrier, mitigating the northern rural areas from any adverse environmental effects arising from the existing and future industrial operations in Hautapu. Therefore, in comparison to other land uses, such as rural production, residential and commercial, the proposed industrial utilization would offer a more harmonious and efficient use of the land resources.

  The Site would also provide an opportunity to enable a more efficient use of the PC17 Kama Trust land with the ability to accommodate water management ponds on the Site and therefore 'free-up' additional developable land on the PC17 Kama Trust land. This would improve development efficiency across both sites and better integrate industrial development between the two sites.

- **Increased industrial employment and economic profile**: The Site has the potential to boost Cambridge's industrial economy by creating new employment opportunities in an established industrial zone. By providing a location for industrial activities that may not have otherwise considered Cambridge, the site could expand the local market rather than simply redistribute existing industrial activity. This would enhance the Hautapu's reputation as an attractive location for industrial businesses, improving its competitiveness as a business destination.

- **Reduction in marginal cost of infrastructure provision**: Additional development that is proximate to the existing industrial activities would enable infrastructure investment to be more efficiently utilised and lower marginal infrastructure costs. This would allow the

district to accommodate industrial growth without the need to duplicate investment and resources in new infrastructure, which would ultimately benefit the community.

- **Potential for mitigation of industrial land prices**: The provision of additional industrial land supply to the Cambridge market can be expected to result in a reduction in the average industrial land price within Cambridge and the wider district, rendering it a more competitive location for setting up an industrial business. Furthermore, having more industrial land capacity in the district would reduce the risk of industrial land banking and a single developer controlling industrial land prices.

- **Increased flexibility for industrial growth and new entrants**: While it is not necessary for the industrial land supply to perfectly match the projected industrial land demand, a shortage of industrial land capacity due to the identified demand triggers can have negative impacts such as limiting industrial economic growth and making industrial land prices less competitive. On the other hand, increasing industrial land supply would provide greater flexibility and choice in industrial land use and location.

Economic Costs

- **Loss of rural land production (i.e., opportunity cost of the Submission)**: The Submission's proposed rezoning would result in a reduction in the production potential of some rural land. However, as mentioned earlier, the district has an extensive amount of land identified as high-class soil. The Site, give its small extent and fragmented ownership structure, is therefore not considered of a scale to materially undermine the rural production growth potential of the wider district in the long term. In addition, I understand there are other regulatory hurdles and restrictions on the ability to change

land use from the current lifestyle and equine use to any intensification for “productive use”.

- **Potential to undermine existing vacant land capacity**: Zoning additional vacant land may compete with the existing zoned industrial land capacity and potentially reduce its growth, albeit this is offset by vacant and available land being very limited at present. However, the impact is expected to be minimal since the proposed rezoning site is relatively small compared to the higher-than-expected demand. Moreover, the Submission proposes to rezone the subject site from Rural to Deferred Industrial Zone, which means it would be 'live zoned' to Industrial Zone once the Kama Trust land has reached 80% development or by 31 March 2030. Therefore, the Submission site is not expected to cause any additional inefficiencies in the timeline for the development of industrial areas.

57. After considering all the economic factors, extending the PC17 land area to include the Site is practical, provides increased market certainty for investment decisions and would result in a net positive economic impact for the Waipā economy and communities.

SUMMARY

58. According to the BDCA 2021, there is expected to be a slight shortage of around 3.1ha of vacant industrial land capacity within the Cambridge-Karapiro area by 2050. However, this estimate is considered likely to underestimate industrial demand given the higher industrial employment growth of the area, the relocation outcome of Carter’s Flat industrial activity, the Waikato Expressway proving attractive to industrial activity beyond those servicing the Cambridge market and the practical level of industrial land availability in the market.

59. As such, the Submission to provide for 16ha (gross) additional Deferred Industrial land provision is considered appropriate to capture some of the higher long-term demand. From an economic perspective, this Submission is not of a scale to undermine the uptake and growth potential of the existing industrial land.

60. Although the proposed rezoning would lead a loss of a small amount of high productive land within the district, given the small scale of the Site (relative the total level of highly productive land across the district), the productive land loss due to the Submission has no propensity to materially undermine the level of primary production of the wider district.

61. Considering the industrial characteristics of the surrounding area and the proximity to Waikato Expressway, the Site is well-suited for industrial land use. Given this, and that any expansion of Cambridge would be on high class soils, as well as I consider the underestimated industrial land demand within Cambridge, the long-term economic benefits of rezoning the Submission site would outweigh the potential economic costs or minor potential negative impacts; and will provide mitigation of the significant adverse effects on the Submitters as a result of the proposed boundary along the Kama Trust land.

62. Overall, my economic assessment supports the Submission to rezone the Site from Rural to Deferred Industrial Zone from an economic perspective under the RMA and NPS-HPL context. The proposed basis that the site would be 'live zoned' to Industrial Zone once the Kama Trust land has reached 80% development or by 31 March 2030 is considered appropriate to mitigate the detrimental impact (if any) of the proposed rezoning on the existing industrial land capacity of Cambridge.[7]

[7] I note that if the Submitters' land was similarly "live zoned", there would need to be rules in place to ensure the same staged approach.

Tim Heath

13 March 2023