

BEFORE THE HEARING COMMISSIONER

IN THE MATTER of the Resource Management Act 1991

AND

IN THE MATTER of subdivision to create 242 residential lots within the C2 Growth Cell, and associated lots for public assets by 3Ms OF CAMBRIDGE LIMITED PARTNERSHIP (SP/0179/20)

SUPPLEMENTARY STATEMENT OF EVIDENCE OF MATTHEW CRAIG SMITH

Dated: 25 May 2021

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INTRODUCTION

1. My full name is Matthew Craig Smith. I am a director and shareholder in 3Ms of Cambridge GP Limited (**3Ms**), the applicant in this resource consent process. I provided a primary statement of evidence dated 11 May 2021.

SCOPE OF EVIDENCE

2. I have prepared this supplementary statement to respond to several matters arising from the supplementary statements of evidence provided on behalf of Waipa District Council (**Council**) by:
 - a) Mr John Miles, Manager Property Projects dated 21 May 2021;
 - b) Mr Richard Bax, Consultant Engineer dated 17 May 2021; and
 - c) Mr Cameron Inder, Transportation Engineer dated 21 May 2021.

SUPPLEMENTARY EVIDENCE OF MR MILES

Land acquisition negotiations

3. In paragraphs 3 to 5 of his supplementary evidence, Mr Miles refers to the negotiations between 3Ms and Council for the acquisition of 3Ms land for infrastructure works. The inference that the negotiations were impeded by 3Ms is incorrect.
4. On 27 August 2020, 3Ms met with Council in good faith. The meeting was attended by Ms Helen Atkins (Counsel for Council), Mr Garry Dyet (Council CEO), Mayor Jim Mylchreest (Mayor for the Waipa District), and Deputy Mayor Liz Stolwyk (Deputy Mayor for the Waipa District). 3Ms advised Council that it would sell the land required for the infrastructure corridor

for \$150 per square metre. This value aligned with the value paid by the Ministry of Education for the 4ha of land they acquired from 3Ms for the new primary school.

5. Ms Atkins emailed a record of the meeting to 3Ms. This email was then acknowledged by Counsel for 3Ms as an accurate record of the matters and outcomes sought. In her email, Ms Atkins said that:
 - a) The email is not without prejudice as the Council team is desirous to ensure full transparency (subject to commercial sensitivity) moving forward.
 - b) Council needs 3Ms to obtain an alternative valuation. On receipt of this alternative valuation, Council will discuss with 3Ms the process moving forward. In this regard, the Council team is desirous to move to the negotiation phase without tooting and froing between valuers.
 - c) The Council team for the purpose of negotiations will be Mr Dyet, Mayor Mylchreest, and Mayor Stolwyk.
 - d) In order for Council to proceed to the contract letting stage for the infrastructure works, time is critical and, as Mr Dyet noted at the meeting, we need to finalise the whole negotiation and agreement process within the next month.
6. On 12 October 2020, 3Ms provided Council with its independent valuation which stated that the current value was \$168 per square metre. Despite the time sensitivity and repeated requests by 3Ms for a response, Council did not make 3Ms an offer until 21 December 2020. The time delay was very frustrating.

7. Council's offer fell very short of the \$150 per square metre rate 3Ms originally offered to Council. The offer included a \$4,850,000 betterment charge. Council valued the land required at \$129 per square metre and when adjusted for injurious affection and betterment valued the land required at \$100 per square metre. Council's offer to 3Ms included a three-stage payment process. This frustrated 3MS further as the real value offered was further discounted by the time value of money.
8. At around the same time, St Peter's School (**St Peters**) was also involved in negotiations with Council for the acquisition of land Council required for infrastructure. St Peters shared with 3Ms the valuations of its land and their offer from Council. There was a clear difference in Council's approach in terms of the value of the land and the betterment charge. Despite the 3Ms land being superior (the 3Ms land is flat as opposed to the terraced topography of the St Peters land), the 3Ms land was valued far less than the St Peters land. This frustrated both 3Ms and St Peters, as we were both looking for equity and fairness in approach.
9. On 20 April 2021, some 120 days after the original offer was made, Council offered to pay \$210 per square metre for the land required for the parks and reserve.
10. 3Ms negotiated the price per square metre directly with Mr Dyet. Mr Dyet then involved Council's District Growth and Regulatory Services Manager, Mr Wayne Allen and Mr Miles to complete the Sales and Purchase Agreement for the agreed price.
11. On 16 April 2021, 3Ms received an email from Mr Allen stating:

that the Executive staff agreed that we would recommend to the Council to purchase the active reserve and destination playground from 3MS in the C2 subdivision. This is based on the \$210m2 rate and recent Council valuation advice received.

12. I personally believe it was in Council's interest to have accepted the original offer from 3Ms to purchase the land at \$150 per square metre. At the time the valuation was undertaken, the assumed section price was \$380,000 per section. Since then, the market has moved significantly, and those sections are now worth \$520,000. The increase in the section price reflects the lack of supply. Currently there are no sections available for new house builds in Cambridge. This increase in the section prices will result in a significant increase in the price of the land required for public infrastructure.
13. WDC's failure to successfully negotiate with 3Ms has resulted in a lack of competition within the housing market. According to the Real Estate Institute of New Zealand's monthly report of April 2021, the median house price has increased over the last year from \$590,000 to \$860,000.
14. I highlight these issues because whichever alignment the Council pursues, these kinds of issues will be present. The 3Ms alignment is no better or worse for Council in terms of these negotiations or valuation factors compared to what Council would face if it pursued an alternative alignment.

Structure plan

15. The Structure Plan alignment was always going to be challenged by landowners opposed to any attempt to locate infrastructure on their property. Council has been made fully aware that several parties including St Peters, Te Awa Life Care (**Te Awa**) and 3Ms would all contest the location of the infrastructure (whether in part or in its entirety) and if required would challenge this through to the Environment Court.
16. I have been advised by Mr Terry Pratley of Te Awa that he will oppose any attempt to acquire land from Te Awa in accordance with the Structure Plan alignment. Mr Pratley has granted 3Ms permission to submit its letter that

has been sent and received by Council. Attached as **Appendix 1** is a letter from Te Awa in support of the 3Ms proposed infrastructure corridor.

17. The plan included as **Appendix 2**, shows how many landowners within the proposed alternative corridor are willing to work with Council. Only a few are opposed. The corridor link for the stormwater from C3 to the north eastern boundary of C2 is approximately 2.6 km, this is the key asset that needs to be secured as it provides the necessary link between C2 and C1. Appendix 2 illustrates that landowners holding approximately 75% of the length of that alternative corridor are supportive.
18. Council is advancing development within the C1 growth cell ahead of having the downstream corridor alignment fixed and designated. The work undertaken by 3Ms in working with the identified parties should be viewed in a positive light. The level of acceptance under the current Structure Plan alignment is limited at best.

SUPPLEMENTARY EVIDENCE OF MR BAX

Infrastructure redesign

19. At paragraph 6 of his supplementary evidence, Mr Bax implies that 3Ms' redesign of the location of the north/south collector road and stormwater swale will result in wasted Council resources. 3Ms disagrees. 3Ms has had meetings with Mr Dyet and Mayor Mylchreest where it was explained that a large proportion of the civil design costs and work can still be fully utilised.
20. Through the negotiation of the terms of sale for the Parks and Reserve Area, 3Ms worked hard with Council staff to ensure that the team of consultants that had already been commissioned by Council (\$285,000 of design fees expended) under the current Structure Plan were

recommissioned to complete the minor redesign for the new proposed area within the 3Ms land. Council's position was that they wanted to engage with a new set of consultants. This would have resulted in the work already undertaken under the first commission being discounted and wasted. This was settled by email exchange, with Mr Dyet confirming that the previous consultants would be reengaged.

21. 3Ms disagrees with Mr Bax's suggestion at paragraph 11 of his supplementary evidence that the changes will result in higher land acquisition costs. 3Ms had several meetings with different personnel within Council to discuss the delivery of development based on a more conservative investment strategy. 3Ms shared an email with Mr Dyet, Mayor Mylchreest and Deputy Mayor Stolwyk that demonstrated the difference between the capital required under the 3Ms revised plans and the capital required under the current Structure Plan. The reduction was significant. \$81,000,000 of capital was required under the current Structure Plan and \$35,500,000 of capital was required under the 3Ms revised plans. The current Structure Plan capital investment strategy was then offset by \$41,000,000 of development contribution revenue. Under the revised 3Ms capital investment strategy, the \$35,500,000 capital investment was going to be offset by \$29,000,000 of development contribution revenue. 3Ms' revised capital strategy significantly reduced the debt levels that Council would have to carry at ratepayers' expense until further development contribution revenue could be received. The known challenge facing Council was that further capital investment was required on top of the unrecovered debt to achieve more development contribution revenue.
22. 3Ms had meetings with Mr Dyet where the above information was shared. Mr Dyet saw favour in an investment profile that carried less debt given Council's future debt profile challenges.

23. At paragraph 11, Mr Bax contests Mr McCaffrey's statement at paragraph 28 of his evidence dated 11 May 2021, that the redesign was driven by a more conservative investment strategy. Mr Bax considers that the changes may result in higher land acquisition costs. I disagree, financial best practice is where capital investment and return of capital investment is best matched and debt is managed appropriately.
24. Further, the land costs are determined through valuations that reflect the market conditions at the time the valuations are undertaken. Through its failure to transact and inability to work in good faith, Council has frustrated the land acquisition process through the C1, C2 and C3 growth cells. If the market moves through Council's inability to secure land, then the consequential affects causing delay are a fault that sits squarely with Council's land acquisition process.
25. Critically, Mr Bax does not challenge any of Mr McCaffrey's technical evidence, or the following conclusions he made at paragraphs 40 to 42:
 - a. I hereby confirm that, based on the technical assessment work completed, the 3Ms development can be adequately serviced for stormwater, wastewater, and water supply.
 - b. It is also my opinion, that the 3Ms development and the wider C1 and C2/C3 Structure Plan area can be integrated. The 3Ms development does not impede the outcomes of the Structure Plan being achieved in relation to the provision of public infrastructure (i.e. roading and three waters).
 - c. Finally, the 3Ms development will result in less land area needing to be purchased by WDC within the C2 growth cell and significantly reduce WDC investment required to deliver the first residential section within the C2 growth cell which will better match WDC infrastructure costs with the collection of Development Contributions.
26. 3MS disagrees with Mr Bax's conclusions at paragraph 12. Council never had any certainty of securing all of the land for the critical infrastructure within the C1, C2 and C3 growth cells under the current Structure Plan. Mr Bax has first-hand knowledge, as he was one of the principal people working for Council with regards to the property acquisition requirements

under the current Structure Plan alignment. Mr Bax is fully aware that Council had failed to complete any land transaction requirements.

SUPPLEMENTARY EVIDENCE OF MR INDER

27. 3Ms supports the Safe Systems design principles and have adopted the feedback received by Council. 3Ms' traffic expert, Mr Mark Apeldoorn, will illustrate the adopted options now available for Council consideration in his supplementary evidence.
28. Throughout this resource consent process, I believe Council has not given effect to its own responsibilities to contribute to the Safe Systems design principles and the solutions required to meet these principles.
29. One of the critical links is the north east collector road that intersects Abergeldie Way and Taylor Street. This link was also anticipated by the Structure Plan. This link has to cross the Green Belt. I understand that Council is currently working through the issues associated with this link. Without it, the transport strategy for C1, C2, C3 and C7 fails. This link is key to connecting the future catchment of the new primary school to the Cambridge West area. The school site is now designated, fixing its location. There is an expectation from the Ministry of Education that this link will be provided by Council at the opening date in 2024.
30. The inclusion of this link helps fourfold:
 - a) It reduces the Vehicle Kilometres Travelled (VKT) as residents and school students do not have to travel a significant distance down one of the link roads being Vogel Street, Hall Street, Grey Street and possibly Victoria Street, to then traverse along Hamilton Road before having to right turn into the 3Ms subdivision. The intersections listed above will require the cars to right turn through intersections that do not meet the current Safe Systems design principles. I understand

that Council has a draft corridor plan for Hamilton Road. Traffic engineers from BBO have been commissioned by Council for this work. 3Ms understands that Council is aware that these intersections are under pressure and require significant capital investment to meet the Safe Systems design principles. Council needs to play its part in ensuring that it provides the same duty of care and responsibility by committing to the capital spend and land acquisition required for this critical roading link.

- b) It provides the opportunity for walking and cycling connectivity.
 - c) It also reduces and minimises the reliance on road 10 and therefore reducing the “rat run” risk again as defined in Mr Inder’s supplementary evidence.
 - d) Finally, it provides the adjacent landowners with the opportunity to connect their land to the collector road subject to the other services being made available as part of Council’s infrastructure.
31. In summary, 3Ms requests a recommendation that Council fully commit to this required link for the reasons outlined above. The key driver for this link is the requirements of the Ministry of Education and the expectations that this link is in place at the time of the new school opening. The new school has significant community benefits that cannot be ignored and require high levels of service from Council.

CONCLUSION

32. 3Ms will provide Council and the community with new home build opportunities that will provide for a range of buyers through our planned mixed housing typology. Its subdivision will be comprehensively planned and will provide unique living opportunities through this commitment.

3Ms believes that it can set a high standard of development that will benchmark what is expected within the C2 and the adjacent C3 growth cells.

33. The 3Ms land development is consistent with the objectives of the National Policy Statement for Urban Development 2020.
34. 3Ms believes that it has the capacity to inject significant sums of capital into the local community over the next three years. The Ministry of Business, Innovation and Employment (**MBIE**) states that for every \$1 spent in construction, it results in another \$3 of economic prosperity for the local community¹. MBIE also states that the construction industry is the quickest way to stimulate the local economy.
35. 3Ms has sold land to Ryman Healthcare. Ryman Healthcare (**Ryman**) plans to invest \$150 million dollars into their Cambridge Retirement Village². Ryman states that the new villages will free up homes and boost local economies.
36. 3Ms' civil spend is circa of \$15 million and this will result in at least 150 sections being available for housing construction. 3Ms conservatively estimate that each home will cost around \$500,000 to construct. This equates to a further \$75 million dollars of housing construction.
37. Applying the MBIE rule above, 3Ms' project will inject \$720,000,000 of economic prosperity for the local economy. This is great news and should not be ignored.
38. Attached as **Appendix 3** is a letter of support from the Cambridge Chamber of Commerce. It fully comprehends the wider community benefits that

¹ <https://www.mbie.govt.nz/business-and-employment/economic-development/economic-plan/>

² <https://www.nzx.com/announcements/372543>

arise from good property development and the need for the new school to relieve the well documented classroom pressures that exist at the Cambridge Primary School network.

Matthew Craig Smith

25 May 2021

APPENDIX 1



TE AWA
Lifecare Village

25 February 2021

Waipa District Council
Private Bag 2402
TE AWAMUTU

Attention: Richard Bax

Dear Richard

C3 GROWTH CELL – PROPOSED ROADING

Thanks for meeting me a few days ago to discuss roading matters and on behalf of Te Awa Lifecare Village Ltd (TALV) I respond as follows.

Cambridge Road Works

I confirm that TALV supports the latest location of a proposed roundabout further west from our site.

This location is best because it places the proposed roundabout on the land that will generate the need for it, it will avoid destroying mature trees along our frontage that we have gone to great lengths to retain, and the roundabout will relate better to the future development of the C2 Growth Cell and the St Peters part of the C3 Growth Cell.

TALV understand that this latest location for the proposed roundabout may need to involve restricting vehicles exiting our village to left turn out only. TALV would accept this constraint and agree to make the necessary physical adjustments to its exit to enforce a left turn.

We discussed another option which would be to close the existing entry/exit on Cambridge Road in favour of a replacement entry/exit on our west boundary with road connection to the "north-south collector road". TALV are supportive of this option in principle, subject to the road connection being acceptable in its alignment.

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TE AWA *Lifecare Village*

Proposed Local Road Across Our Lower Terrace

We also discussed the Council proposed local road that is currently shown on the C3 Growth Cell Structure Plan.

This proposed road would link St Peters to Vogel Street by crossing our lower terrace, crossing the lower terrace of the adjoining land to the east of TALV (land that I understand is owned by Chartwell Investments Ltd), crossing through the Town Green Belt, and finally connecting somehow to Vogel Street.

I confirm that TALV considers this road proposal should be abandoned by the Council because:

1. The road is not needed to cater for traffic flows generated by the future development of the St Peters C3 Growth Cell area. These flows are better accommodated on proposed collector and arterial roads (i.e. the enhanced Cambridge Road with its proposed large roundabout) and not on a proposed local road.
2. The road is not needed to cater for the traffic flow generated by the completion of our village.
3. The road is not needed to provide vehicle access to the lower terrace of Chartwell's land. Vehicle access can be achieved to Chartwell's lower terrace by using Chartwell's own land. If they do not want to do this, then they can meet the cost of an alternative road access.
4. The road is not needed for public pedestrian and bicycle access as this is already provided by the nearby existing Te Awa Trail.
5. The road is not needed for underground reticulated infrastructure which can be accommodated by other methods.
6. A road through the Town Green Belt is environmentally, aesthetically and culturally inappropriate. The required approvals, including notified consents under the RMA, are unlikely to be able to be obtained by the Council.

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TE AWA
Lifecare Village

7. A road if built will inevitably be used as a "rat run" by drivers seeking a "back door" way of getting into and out of Cambridge. It will put more traffic through ill-suited minor residential streets such as Vogel Street and Queen Street. Opposition to the road will be significant as existing residents realise its adverse effects on their residential amenity.
8. The benefits of the road are small.
9. The costs of the road will be extremely high. This is mainly because of the long length involved and the significant difficulty of achieving a viable connection to Vogel Street.
10. No-one will want to vest their land for a road that they do not need or want.
11. Our residents do not want their future village to be bisected by a public road with associated severance, noise, and risks to safety and security.
12. For the same reasons TALV do not want the road and because it will compromise the attractiveness and functioning of the completed village.

TALV consider this road proposal has been ill-considered by the Council and that it should be removed from the C3 Structure Plan.

For the avoidance of doubt, TALV accept the need for our lower terrace to be traversed by reticulated infrastructure to serve the C3 Growth Cell. TALV will accommodate this infrastructure on an alignment that works for the Council and TALV.

Thanks once again for discussing the above matters with me and seeking the views of TALV.

Kind Regards



Terry Prafley

Te Awa Lifecare Ltd

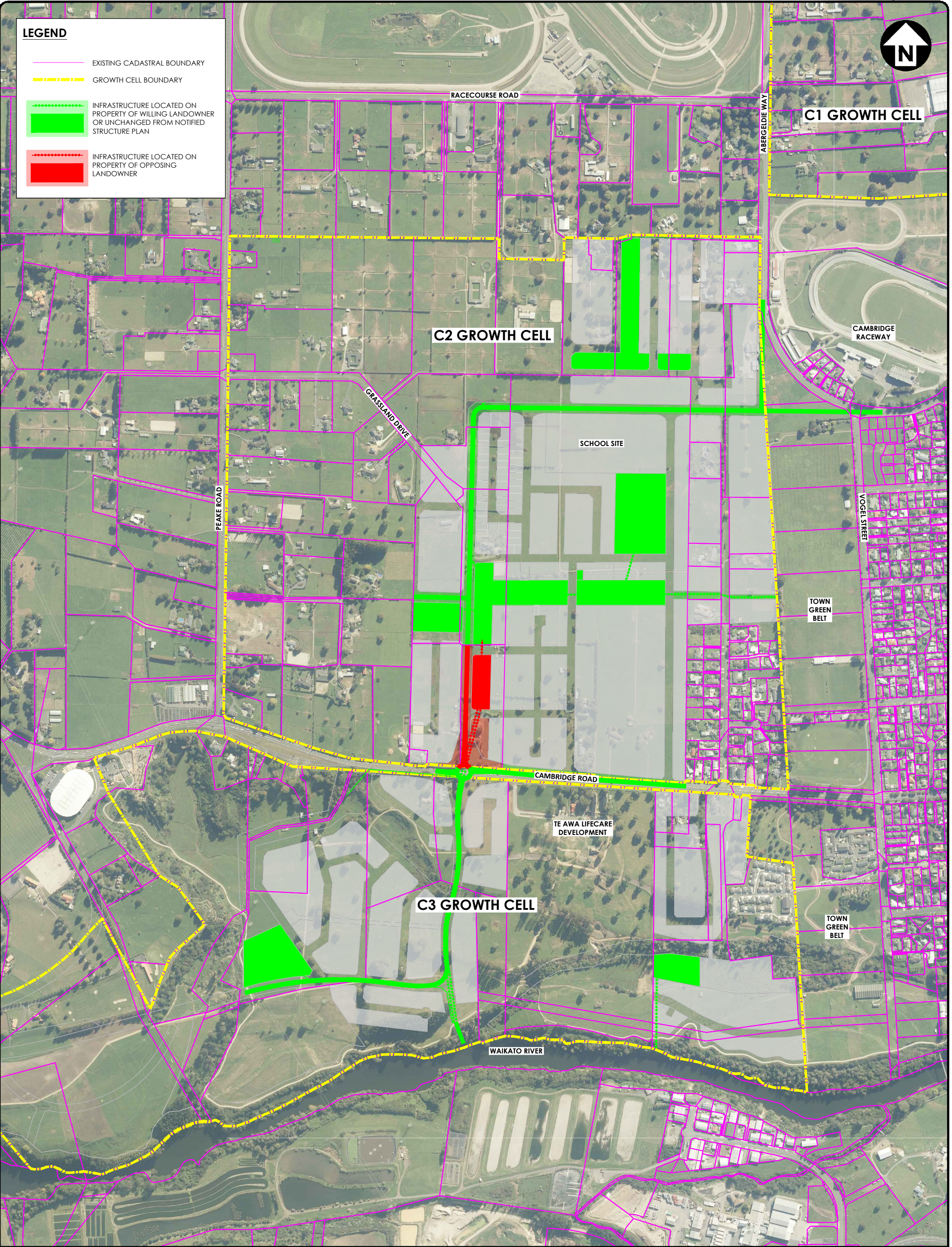
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APPENDIX 2



LEGEND

- EXISTING CADASTRAL BOUNDARY
- GROWTH CELL BOUNDARY
- INFRASTRUCTURE LOCATED ON PROPERTY OF WILLING LANDOWNER OR UNCHANGED FROM NOTIFIED STRUCTURE PLAN
- INFRASTRUCTURE LOCATED ON PROPERTY OF OPPOSING LANDOWNER



APPENDIX 3

CAMBRIDGE BUSINESS

C H A M B E R

22 April 2021

This document outlines the Cambridge Business Chamber's support to grant Resource Consent for the C2 growth cell.

The Cambridge West Development Infrastructure project is a key priority for Waipa District Council to accommodate the strong growth that Cambridge and the surrounding district continues to experience.

The vision for the design of the Structure Plan is to enable residential development consistent with the character of Cambridge while providing for increased housing choice and placing a strong emphasis on the provision and quality of public open space.

The following is a summary of the public benefits associated with the Cambridge West Development Infrastructure project;

- 1. Delivery of residential sections to market** – the township of Cambridge, and the wider Waipa District, continues to experience strong growth and continues to experience supply constraints around available residential sections. Completion of these works will assure that Cambridge meets its obligations under the National Policy Statement on Urban Development Capacity.
- 2. Support local jobs** – delivery of these projects will bring considerable public benefit through local employment, continuity of work for the local contractors and wider region. Benefits will go beyond the

initial project construction through its vertical flow on effects across several key industry sectors.

Completion of this Infrastructure Programme will drive further local investment through further growth in residential housing as the next stages will be able to proceed providing strong demand in the local building sector and associated industries.

3. Provide the community a new school - the infrastructure projects will allow the Ministry of Education to commence works on a new Primary School for planned for Cambridge will cater for 700 -1000 primary students. The local primary schools' roles are currently at capacity and community schooling resources are oversubscribed. The new school will relieve the overcrowding and will bring a better balance and learning opportunity to our young students and accommodate the next phase of growth expected within the community.

4. Increase community wellbeing – the project will deliver significant facilities which will support and enhance walking and cycling opportunities for the local community.

This project also enables the creation of a new education facility for the local community which will address current classroom overcrowding within existing local schools.

The Cambridge West Development Infrastructure project is expected to **create 480 jobs over the next 24 months** through direct employment, downstream investment and supply chain involvement.

There has been consideration toward keeping the Cambridge town centre intact, providing for local convenience retail and service, and not undermining the commercial function of the Cambridge town centre.

Additionally, there is a commitment to promote high quality environmental and community outcomes whilst enabling development to occur in a timely manner.

The Structure Plan recognises and reflects the need to provide a mix of land uses and densities within the community. Proposed residential dwelling types reflect the underlying principles of the Plan to facilitate future development in a manner that meets Council's aspirations around sustainability, community-orientation and orderly growth whilst also providing opportunities for higher densities (compact housing) in appropriate areas.

Kelly Bouzaid

CEO

Cambridge Business Chamber