

**BEFORE THE HEARING PANEL**

**UNDER** the Resource Management Act  
1991

**IN THE MATTER** of submissions and further  
submissions on Upper Hutt  
District Council Plan Change  
49- Variation 1 to the Operative  
District Plan Silverstream Spur.

**Submitter** **GUILDFORD TIMBER  
COMPANY LTD  
(Submitter 82, Further  
Submitter 12).**

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**STATEMENT OF EVIDENCE OF DEREK RICHARD FOY**

**ECONOMICS**

**ON BEHALF OF GUILDFORD TIMBER COMPANY LTD**

**Dated: 17 November 2023**

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## **1.0 Qualifications and Expertise**

- 1.1 My name is Derek Richard Foy. My qualifications are degrees of Bachelor of Science (in Geography) and Bachelor of Laws from the University of Auckland.
- 1.2 I am a member of the New Zealand Association of Economists, the Population Association of New Zealand, and the Resource Management Law Association.
- 1.3 I am a Director of Formative Limited, an independent consultancy specialising in economic, social, and urban form issues. I have held this position for two years, prior to which I was an Associate Director of research consultancy Market Economics Limited for six years, having worked there for 18 years.
- 1.4 I have 23 years' consulting and project experience, working for commercial and public sector clients. I specialise in assessment of demand and markets, retail analysis, the form and function of urban economies, the preparation of forecasts, and evaluation of outcomes and effects.
- 1.5 I have applied these specialties in studies throughout New Zealand, across most sectors of the economy, notably assessments of housing, retail, urban form, land demand, commercial and service demand, tourism, and local government.

## **2.0 Code of Conduct**

- 2.1 I have read the Code of Conduct for expert witnesses in the Environment Court Practice Note 2023. I agree to comply with this Code. The evidence in my statement is within my area of expertise, except where I state that I am relying on the evidence of another person. I have not omitted to consider material facts known to me that might alter or detract from the opinions I express.

### **3.0 Scope of Evidence**

3.1 My statement of evidence relates to the need to retain and enable the Southern Growth Area (“SGA”) as a future growth area within Upper Hutt City, and therefore the appropriateness of enabling the provision of infrastructure to the SGA as is proposed in Variation 1 to Plan Change 49 (“PC49-V1”).

### **4.0 Summary of Relief sought by Guildford Timber Company**

4.1 Guildford Timber Company (“GTC”) supports PC49-V1 in that it enables a future consenting pathway for the establishment of a transport and infrastructure corridor through the PC49 area. Having a workable corridor is important to enable future road access and the provision of infrastructure to the SGA.

4.2 The corridor proposed would enable future development to occur in the SGA, in a manner consistent with that anticipated in Upper Hutt City Council’s (“UHCC”) growth planning work since at least 2007.

### **5.0 Response to Officer’s Report**

5.1 The Officer’s section 42A report recommends:

“accepting the proposal to enable infrastructure, including a transport corridor with the Silverstream Spur. Taking into consideration that any proposal received for development would be required to go through the resource consent process to assess effects on the Silverstream Spur Natural Area”.<sup>1</sup>

5.2 In my opinion that recommendation is appropriate from an economics perspective, as I explain below.

5.3 I was engaged by GTC to provide an assessment of economics issues for GTC’s submission on the Draft Wairarapa-Wellington-Horowhenua Future Development Strategy (“FDS”), in support of their request to have the SGA identified as a Prioritised Housing Area

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<sup>1</sup> Paragraph 189

in the FDS. For my assessment I reviewed the history of the SGA, and the current residential demand-supply environment in Upper Hutt.

5.4 My assessment concluded that:

5.4.1 The SGA has been planned as a future greenfield residential growth area in Upper Hutt since at least 2007, and should continue to be recognised an appropriate location in which to accommodate growth.

5.4.2 The SGA is well located adjacent to the existing Upper Hutt and Silverstream urban area, is close to mass rapid transit, and arterial roading infrastructure.

5.4.3 The SGA will be needed to accommodate some of Upper Hutt's future residential growth. The Wellington Housing and Business Development Capacity Assessment ("HBA") concludes there is sufficient residential supply in Upper Hutt to meet growth needs. However, the HBA contains a key error in relation to the assessment of standalone dwelling capacity, and does not take into account several supply constraints, meaning the HBA significantly overstates that capacity.

5.4.4 The new government's stated intention to scrap Let's Get Wellington Moving ("LGWM") would significantly decrease brownfields residential capacity in Wellington, and require a very large increase in greenfields capacity to replace that reduction, given the FDS states that 41% of Wellington Region's 30-year prioritised development capacity is in the LGWM corridor.

5.4.5 On the demand side, the HBA has not recognised or accounted for recent trends that show that Upper Hutt is a popular destination for first home buyers and those seeking affordable dwellings in Wellington, particularly among migrant groups, first home buyers, and the elderly. Expected population growth in all of these groups throughout Wellington will likely result in strong ongoing dwelling demand

growth in Upper Hutt, and means that the HBA demand projections understate future growth in Upper Hutt.

- 5.4.6 The Draft FDS does not identify any new Greenfields growth areas in Upper Hutt, although Greenfields areas are likely to become a core focal point of growth in the next decade given the stated policy preferences of the new government, and the need to provide for housing choice. This will result in supply, affordability and housing choice issues in the medium term.
- 5.4.7 Council should take steps to mitigate against the likelihood that it has underestimated future demand, and overstated dwelling capacity, and should adopt a precautionary approach to providing sufficient residential capacity to accommodate future growth. A key way this should be done is through adequate provision for Greenfield residential growth areas. As a long-planned for residential growth area the SGA represents an appropriate and valuable potential contribution to Upper Hutt's future dwelling capacity.
- 5.5 I understand that the Council supported GTC's request that the SGA be included as a Future Development Area in Upper Hutt.
- 5.6 The Officer's report for PC49-V1 concludes that demand for housing in Upper Hutt can be met within existing urban areas for at least the short to medium term. To form that conclusion I assume (in the absence of any alternative source being identified) that the Officer's report must have relied on the HBA analysis. As I have described the HBA has several flaws and does not in my opinion adequately consider the recent high growth demand environment in Upper Hutt, instead relying on regional demand trends pre-Covid.
- 5.7 In my opinion it is far from certain that demand for housing in Upper Hutt can be met within existing urban areas for the medium term, and there is need for more Greenfields capacity to be provided for now, to safeguard against the likelihood that there is a supply shortfall within the next 10 years. It will continue to be difficult to predict the sufficiency of Upper Hutt's residential land supply until the new

government's residential land supply policy position is confirmed, and its implications are understood.

- 5.8 Irrespective of that position, in my opinion a significant undersupply of residential land is likely at least in the long term (which starts in 10 years), or possibly in the medium term (within the next 10 years). Council should plan to avoid an undersupply of residential land in Upper Hutt within the medium - long term, and appears to be doing so with its support for the GTC FDS submission, and its initiation of PC49-V1.
- 5.9 I continue to support the identification of the SGA as a future growth area that will become available to provide residential dwelling capacity in Upper Hutt. Accordingly, I agree that PC49-V1 as notified is appropriate in its intent to provide for the SGA (subject to the amendments sought in the evidence of Mr Hall and Dr Keesing) because it will provide access to the SGA and therefore be enabling of future development within the SGA. Failing to provide for an infrastructure corridor now would risk sterilising the land, making it difficult to develop in the future.
- 5.10 In my opinion, the SGA will need to be identified as a future growth area in order to provide at least sufficient development capacity in Upper Hutt to meet expected demand for housing. Clause 3.2 of the National Policy Statement on Urban Development ("NPS-UD") requires Council to provide at least sufficient capacity, including in existing and new urban areas, for standalone and attached dwellings, and in the short, medium and long terms.
- 5.11 In order to be sufficient, the capacity must meet several criteria, including being infrastructure ready (clause 3.2(2)(b)). If PC49-V1 does not identify a corridor along which infrastructure can be provided to the SGA, it will be very difficult, and potentially not possible, to develop the SGA or for the SGA to contribute towards providing sufficient residential capacity in the district. As such, I consider that PC49-V1 is important to enable Council to meet its obligations under the NPS-UD.

## **6.0 Issues raised by other submitters**


- 6.1 One submission opposes the PC49-V1 on the grounds growth can be provided for through intensification rather than Greenfield development.
- 6.2 For the reasons stated above I disagree with that position, and in my opinion Greenfields capacity will be a very important part of adequately providing for Upper Hutt's future population growth.
- 6.3 Other submissions oppose the site-specific provisions to enable infrastructure on the grounds that alternative access can be provided to the SGA.
- 6.4 I understand that alternative access routes may be available, and a number of access routes would be desirable for a land development of this size, but as explained by Mr Read may not provide reasonable access. Those would provide less direct access to the SGA from existing urban areas and not provide the ability to directly connect into existing infrastructure networks, these will be less efficient and not support a well-functioning urban environment to the same degree that access through Silverstream Spur would.
- 6.5 In my opinion the access that would be enabled by PC49-V1 is preferable to alternative routes from an economics perspective, and for that reason I support the site-specific provisions to enable infrastructure as proposed in PC49-V1.

## **7.0 Conclusion**

- 7.1 Upper Hutt has become an attractive location for residential growth, and the SGA has for more than a decade formed an important part of how that growth can be accommodated. Given recent growth trends and imminent national policy changes relating to urban development priorities, Greenfield growth areas in Upper Hutt will in the future become an even more important part of the city's residential supply.

7.2 The SGA is Upper Hutt's largest capacity Greenfield growth area, and it will be important for the future of Upper Hutt that the SGA continues to be provided for as a growth area, and that growth in the SGA is possible.

7.3 A core requirement for enabling development in the SGA to occur at some point in the future is not precluding access to the SGA. As such, I fully support the site-specific provisions to enable infrastructure, including a transport corridor, to enable future access to the SGA.



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**Derek Richard Foy**

Dated 17 November 2023