

**BEFORE INDEPENDENT HEARING COMMISSIONERS IN  
THE WESTERN BAY OF PLENTY DISTRICT**

**IN THE MATTER of the Resource Management Act 1991**

**AND**

**IN THE MATTER of the hearing of submissions on  
the Western Bay of Plenty District  
Plan Proposed Plan Change 92**

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**STATEMENT OF EVIDENCE OF PHILIP MARK OSBORNE  
ON BEHALF OF KĀINGA ORA – HOMES AND COMMUNITIES**

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**INTRODUCTION**

1. My full name is Philip Mark Osborne. I am an economic consultant for the company Property Economics Ltd, based in Auckland.

**Experience**

2. My qualifications include Bachelor of Arts (History/Economics) (1994), Masters in Commerce (1997), a Masters in Planning Practice (2002) from the University of Auckland and I have provisionally completed my doctoral thesis in developmental economics.
3. I have 20 years' experience advising local and regional councils, as well as central government agencies, throughout New Zealand in relation to economic impacts, industrial and business and residential land use issues as well as strategic forward planning. I also provide consultancy services to private sector clients in respect of a wide range of property issues, including economic impact assessments, commercial and residential market assessments, economic costs and benefits and forecasting market growth and land requirements across all property sectors.
4. Property Economics has been involved in assessing commercially feasible and realisable residential development for a wide range of local governments (Auckland, Wellington Region, New Plymouth), central government (Kāinga Ora,

MBIE, MHUDS) and private clients over a large number of local, territorial and regional economic environments.

### **Involvement in PC 92**

5. I have been commissioned by Kāinga Ora-Homes and Communities (**Kāinga Ora**) to prepare this statement of evidence to address economic matters raised in relation to the relief sought in Kāinga Ora to Western Bay of Plenty District Proposed Plan Change 92 (**PC92**). As a 'tier 1' council the Western Bay of Plenty District's Plan Change seeks to implement the National Policy Statement on Urban Development (**NPS UD**) as well as the Medium Density Residential Standards (**MDRS**).

### **Code of Conduct**

6. I confirm that I have read the Expert Witness Code of Conduct set out in the Environment Court's Practice Note 2023. I have complied with the Code of Conduct in preparing this evidence and agree to comply with it while giving evidence. Except where I state that I am relying on the evidence of another person, this written evidence is within my area of expertise. I have not omitted to consider material facts known to me that might alter or detract from the opinions expressed in this evidence.

### **Scope of evidence**

7. My evidence will address the following:
  - Outline the relief currently sought by Kāinga Ora.
  - Identify the fundamental differences between PC92 and the Kāinga Ora position.
  - Identify the potential market response and the appropriateness of the Kāinga Ora position.
  - The benefits of the Kāinga Ora relief.
8. In preparing my evidence, I have read Western Bay of Plenty District's PC92 the s32 RMA evaluation supporting PC92, and the Section 42A report.

## EXECUTIVE SUMMARY

9. This primary focus of this evidence is the relief sought by Kāinga Ora with regard to PC92 for the Western Bay of Plenty District (**District**) relating to the proposed building heights within Te Puke and Ōmokoroa Town Centres and the level of intensification that is enabled within the Ōmokoroa Stage 3C area.
10. The development of compact residential activity is not only directed by the NPS UD but is a fundamental aspect of urban form relating to economic efficiency, affordability, improved amenity and affordable infrastructure provision.
11. The Kāinga Ora relief seeks:
  - The increase in the Ōmokoroa Town Centre permitted building height from 20m to 24.5m;
  - The extension of the Te Puke Town Centre permitted building height to from 12.5m to 24.5m; and
  - An increase in the permitted height of the Ōmokoroa 3C area from 20m to 22m.
12. The 12.50m height limit that remains unchanged by PC92 within the Te Puke town centre has a lower propensity (ie is less likely) to deliver any significant high density residential development. The heights enabled in the relief sought by Kāinga Ora, however, result in a materially different position with the assessed level of feasible capacity increasing by over 400% when compared to the current proposed height limits.
13. This result of increasing apartment feasibility with height also highlights the benefits of enabling six storeys of development in parts of Ōmokoroa.
14. Overall, the relief sought by Kāinga Ora, in relation to these heights, represent an improved economic outcome and a greater propensity for the realisation of high density residential activity within the District.

## PLAN CHANGE 92 AND THE KAINGA ORA RELIEF

15. While local authorities have been tasked with managing land use activities, the extent and responsibility in respect of urban development has, more recently, been targeted through central government directives. Both the introduction of the NPS-UD and the more recent Resource Management (Enabling Housing Supply

and Other Matters) Amendment Act (**EHSAA**) have required Councils to provide sufficient residential capacity and implement the MDRS while managing the potential effects, including by restricting the implementation of intensification where that is justified by Qualifying Matters (**QM**).

16. Policy 3 (d)<sup>1</sup> of the NPS-UD requires that the district plan of tier 1 urban environments enable “within and adjacent to neighbourhood centre zones, local centre zones, and town centre zones (or equivalent), building heights and densities of urban form commensurate with the level of commercial activity and community services.”
17. The aspects of the Kāinga Ora relief considered in this evidence include:
  - The extension of the Ōmokoroa Town Centre permitted building height from 20m to 24.5m;
  - The extension of the Te Puke Town Centre permitted building height from 12.5m to 24.5m; and
  - An increase in the permitted height of the Ōmokoroa 3C area from 20m to 22m.
18. In relation to the Kāinga Ora relief, it is my understanding that Kāinga Ora is no longer seeking either a high density residential zone around Te Puke Town Centre.
19. From an economic perspective I strongly support the overall direction of PC92 which seeks to implement the MDRS in Te Puke and Ōmokoroa and consolidate land use activities of the future Ōmokoroa township through a higher degree of residential enablement.
20. The key point of difference between the relief of Kāinga Ora and the Council is the extent of enablement within the Ōmokoroa and Te Puke Town Centres and the Ōmokoroa High Density Residential Zone.

### **Te Puke Town Centre**

21. From an economic viewpoint, residential zoning (and the intensity of land

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<sup>1</sup> As there are no City Centre, Metropolitan or Rapid Transit stops in the Western Bay of Plenty it is considered that sub-paragraphs (a)-(c) of Policy 3 do not apply.

use enabled by the provisions) is a crucial tool in directing residential growth and development to achieve greater degrees of efficiency and certainty in terms of public and private investment. The level of flexibility and capacity conferred by zoning also impacts upon housing fundamentals such as choice and affordability.

- 22.** Economically, this relates to the point at which a balance should be struck between the potential costs associated with residential intensification and the economic benefits generated by it. That balance has implications for the locations in which intensification should be focused and the extent of the zones themselves. It is also important to note that the MDRS has inherently altered this relative position and the competitive differential required to direct residential development efficiently (i.e.: into and around centres) rather than simply to provide for sufficient residential development capacity.
- 23.** The MDRS and the higher density residential outcomes directed by the NPS UD and the EHSAA seek to enable residential development capacity that, in turn, allows the market to offer greater choice in terms of the typology and locations for intensified residential development.
- 24.** However, the Centre Zone height of 12.5m in Te Puke places a significant constraint on the ability for residential activities to be located within the Town Centre, which is an otherwise economically efficient location for such activities to occur.
- 25.** The Section 32 Evaluation report<sup>2</sup> seemingly recognises this, suggesting in Section 3.7 that PC92 will not achieve Council’s strategy and objectives (mixed-use development with a focus on amenity and liveability) for the Te Puke Town Centre. This is because the “focus within this plan change project is predominantly residential outcomes within relevant residential zones” and the full district plan review process will include a framework to consider desired Town Centre Plan outcomes.
- 26.** The Kāinga Ora position however is that Section 80E of the RMA provides clear direction that the IPI process must give effect to Policy 3 and may include related provisions that support or are consequential on the MDRS and Policy 3. Consequently, in my opinion, the heights and building densities within and around commercial centres including Town Centres need to be considered as part of this plan change process.

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<sup>2</sup> [210527 - WBA Generic Document Templates v01 \(westernbay.govt.nz\)](https://www.westernbay.govt.nz/210527-WBA-Generic-Document-Templates-v01)

27. The Te Puke Town Centre represents the most significant commercial area within the District. This is aided by the extensive industrial and agricultural activities that lie to the west, thereby making Te Puke the largest centre of employment activities within the District. As such the facilitation of high-density residential development, at a level that would be achieved through the height limits proposed by Kāinga Ora, would not be at odds with the centre as a whole and would instead be commensurate with both the current and future levels of development, consistent with Policy 3(d) of the NPS-UD.
28. Without the increase in height, the Te Puke Town Centre would essentially have the same enablement as the residential zone which is contrary to the objectives and purpose of the NPS-UD. From an economic viewpoint, this represents an inefficient outcome, with residential density effectively being encouraged to locate outside of the District's largest commercial centre, rather than in it.

### **Ōmokoroa**

29. Ōmokoroa, is a coastal village with a population of 4,090 residents in 2018, has become a satellite town due to housing pressures in Tauranga. It is one of the closest villages to the city, located approximately 25 minutes away from the city centre. The population has grown by 35% in the past four years, reaching 5,510 residents in 2022. According to the Smart Growth report, it is projected to reach 13,000 residents by 2050.
30. To accommodate this growth, the Council has been preparing the Ōmokoroa masterplan to rezone land on the southern edge of the village. This land represents a significant greenfield expansion and is necessary to accommodate the projected growth.
31. Therefore, zoning for high-density residential in Ōmokoroa is not simply about providing for growth, but ensuring the village can grow in an efficient manner possible and maximising the potential for accessibility to the Ōmokoroa town centre.
32. The changes sought by Kāinga Ora in Ōmokoroa, while less extensive relative to Te Puke, are no less important. The more enabling provisions proposed by Kāinga Ora, will in my view, increase the propensity (i.e. likelihood) for apartment dwellings to occur, thereby resulting in a more efficient economic outcome for Ōmokoroa.

33. Based on these findings, it is evident that the feasibility rates of apartments increase significantly when the maximum height is increased, even between five and six storeys. It is worth noting that four and five-storey apartments are often considered unviable due to the additional costs required for elevators and earthworks, making them less likely to be constructed.

#### **CENTRE CLASSIFICATION**

34. Commercial centre classification is an important consideration when determining where and how NPS-UD Policy 3(d) and the associated changes to height and density of urban form must be applied.
35. In the context of the NPS and NPS-UD, Town Centres, Local and Neighbourhood Centres are defined as following:
- **Town Centre Zone:** *Areas used predominantly for:*
    - i. *in smaller urban areas, a range of commercial, community, recreational and residential activities.*
    - ii. *in larger urban areas, a range of commercial, community, recreational and residential activities that service the needs of the immediate and neighbouring suburbs.*
  - **Local Centre Zone:** *Areas used predominantly for a range of commercial and community activities that service the needs of the residential catchment.*
  - **Neighbourhood Centre Zone:** *Areas used predominantly for small-scale commercial and community activities that service the needs of the immediate residential neighbourhood.*
36. It is my opinion that Te Puke meets the economic components of the definition of a Town Centre in the context of the NPS. Although the Ōmokoroa centre does not currently exist, the future aspirations of the centre are also in line with the expectations of a Town Centre under the NPS.
37. This is because in both cases, the range and extent of activities that both exist or are anticipated, extends beyond a typical Local Centre.
38. Local Centres primarily exist in larger urban cities, where the activities are designed to service the needs of the local residential catchment and are predominately convenience in nature.

39. In the case of Te Puke, the local Town Centre is the only commercial activity within reasonable proximity to its residents, meaning it plays a higher order role in the commercial hierarchy.
40. This is also reflected in the Te Puke Town Centre plan which according to Plan Change 59's Section 32<sup>3</sup> the key outcomes include "include the desired mixed-use development (with a focus on amenity and liveability), and community accessibility via both vehicles and alternative forms of transport like walking and cycling."
41. Similarly, the Ōmokoroa Town Centre Master Plan makes it clear that a mix of activities including residential is anticipated for the zone. This is consistent with the range of activities anticipated by the NPS definition of a Town Centre.

### TE PUKE TOWN CENTRE APARTMENT POTENTIAL

42. As part of assessing the Kāinga Ora relief, Property Economics has undertaken modelling of the potential theoretical and feasible capacity within the Te Puke Town Centre. Table 1 illustrates the high-level assessment results.

**Table 1: TE PUKE TOWN CENTRE APARTMENT FEASIBILITY RATES BY HEIGHT**

Storeys	Theoretical	Feasible (>20%)	% of Theoretical	>15% Profit	% of Theoretical
3	2,947	235	8%	508	17%
6	5,891	1,016	17%	1,553	26%

43. While the theoretical or 'enabled' capacity resulting from the proposed Kāinga Ora height is substantial, the market reality is that a very small proportion of this, and in fact feasible capacity, is likely to be realised within the market. It is also important to note that recent changes (falling property values and rising development costs) are likely to reduce this realisation rate still further.
44. Consequently, the capacity for the 235 apartments that have been deemed feasible under the Council's height of 12.5m (approximately 3 storeys) in the Town Centre is unlikely to result in any material development of high-density residential within the Te Puke. In contrast, increasing the permitted height to six storeys increases the level of feasible capacity fourfold, exceeding 1,000 apartments. This

<sup>3</sup> [210527 - WBA Generic Document Templates v01 \(westernbay.govt.nz\)](#) pg 34



illustrates the relationship between the enabled height and the level of likely development within the Te Puke Town Centre.

- 45.** This impact on realisation is based on a number of factors. The first relates to the underlying land values and the need for the market to achieve a greater uplift in land value relative to the built-form floorspace. As development height increases the relative cost of land falls and the return increases. In the case of Te Puke a higher increase in relativity between these factors is required to cover such costs as existing improvement (existing buildings) loss at a level that is competitive with other development options.
- 46.** This positive relationship between height and development propensity is furthered by the new relativities in enablement between the Medium Density Residential Zone and the Town Centre provisions. The increase in the height limit to three storeys in the residential zone means that there is now no competitive advantage to building high-density activities in the Town Centre.
- 47.** Consequently, I would expect that the realisation of apartment capacity in the Te Puke Centre would be significantly lower under a 12.5m height limit than the 24.5m height limit proposed by Kāinga Ora.
- 48.** It is important to note that, considering past trends, over the long-term timeframe considered under the NPS-UD assessment, there are likely to be both market and preference shifts towards more intensified residential product. While the current market matrices do not favour substantial high density residential development within either Te Puke or Ōmokoroa, the relief sought by Kāinga Ora provides much more favourable conditions to facilitate and enable the market to provide this over time.
- 49.** Additionally, there remains the potential in the current market for development entities (e.g. Kāinga Ora, and local iwi providers) that do not require as high a return as the identified market average (20%). These providers have an increased propensity to develop under the Kāinga Ora height provisions than those currently notified in PC92 and incumbent in the district plan.
- 50.** It is clear from this assessment that the proposed Kāinga Ora position will enable the market to provide greater levels of high-density residential development within the Te Puke Town Centre. This improvement is both necessary to realise the economic efficiencies of intensified development as well as providing for realistic choice and demand preferences both now and over the long-term.

51. Given that the commercial centre and high density zone in Ōmokoroa is undeveloped greenfield land, Property Economics is unable to assess the feasible and realisable capacity in the same way. Apartment developments that do occur are likely to form part of wider master-planned developments with developers providing a range of housing options and typologies.
52. While the change in enabled capacity between a 22m height limit and a 24.5m height limit is likely to be immaterial, the key issue that this proposed height increases addresses is feasibility. As identified previously the proportionate increase in construction costs resulting from the increase in height to 4 and 5 storeys is typically greater than the commensurate revenue increase (from the additional space) and is therefore much less likely to be commercial feasible.

### **WESTERN BAY OF PLENTY HOUSING SUFFICIENCY**

53. The Smart Growth Housing and Business Capacity Assessment 2022 has been undertaken on behalf of the Western Bay of Plenty and Tauranga City councils to look at the balance of residential and business supply and demand within the Bay of Plenty Region.
54. According to this document, the District requires a capacity of around 9,100 dwellings to meet its long-term demand projections. This includes the competitiveness margin requirements set out in the NPS-UD.
55. The report then goes on to suggest (Table 4-17a) that the District has insufficient capacity to meet its Medium- and Long-Term growth projections<sup>4</sup>, falling short by 2,259 dwellings over the 30 year period.
56. The increase in capacity enabled by the Kāinga Ora relief and the resulting feasible capacity will contribute to meeting the District's identified long-term capacity shortfall. Additionally, providing for an increase in the development potential of the urban centres represents a significantly more efficient proposition by reducing the District's potential reliance on greenfield.
57. A compact urban form has a number of economic advantages:
  - A compact urban form reduces the marginal cost of construction in terms of infrastructure such as urban roading and wastewater and water supply networks.

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<sup>4</sup> Including the NZ Institute of Economic Research estimated existing shortfall.

- A compact urban form reduces the need for and cost of travel for residents to access employment, education, healthcare and services. That is likely to generate savings in resource use (e.g.: fuel or electricity) for trips that use private vehicles but also increases the likelihood of active transport modes (e.g.: walking or cycling).
- Intensification within and around centres reinforces travel efficiency. It increases the accessibility of employment and services and further improves the efficiency of the public transport network.
- Improvement of land use efficiencies with regard to the extent of land required to meet demand, reducing the average site cost. This is more likely to result in lower priced residential options.
- Increasing the diversity, viability, and comparative advantage of commercial centres.

## **MARKET RESPONSES TO RESIDENTIAL DEVELOPMENT OPTIONS**

- 58.** When considering potential zone extents or provisions it is important to understand the likely market response to the range of residential development opportunities enabled. This response is general the result of the relative competitiveness from both the provisions and markets factors.
- 59.** In terms of relative development potential and realisation, Greenfield capacity typically exhibits a competitive advantage over brownfield infill and redevelopment options due to its tendency to be less complicated (lower risk) and potentially more lucrative compared to the intensification of urban areas. Greenfield development boasts several distinct benefits: the absence of pre-existing structures, greater flexibility in terms of avoiding land constraints, as well as the potential for a greater increases in realised land values.
- 60.** Most existing urban properties already have an existing dwelling, which will either require demolition or if doing infill, additional costs and site limitations trying to build around it. In the case of demolition, the additional costs are not simply the cost to remove the property, but also the loss in improvement value. This means that redevelopment opportunities are most often only profitable when the relative underlying land value well exceeds the value of the existing property.
- 61.** Furthermore, property developers generally achieve a significant proportion of their net profit through the uplift in land values per sqm. This is demonstrated in

Table 3 below which shows how the total land value of a site increases as it is subdivided, even when the land value of each individual site shrinks due to an increase in the Land Value Per SQM.

**Table 2: LAND DEVELOPMENT VALUE UPLIFT**

Development Option on 500sqm site	Building Value per dwelling	Site Size per dwelling	Land Value per dwelling	Sale Price per dwelling	Land Value Per SQM	Total Land Value
One 100sqm Standalone	\$ 400,000	500	\$ 500,000	\$ 900,000	\$ 1,000	\$ 500,000
Two 100sqm Standalone	\$ 400,000	250	\$ 400,000	\$ 800,000	\$ 1,600	\$ 800,000
Three 100sqm Terraces	\$ 400,000	167	\$ 360,000	\$ 760,000	\$ 2,160	\$ 1,080,000

*Source: Property Economics*

62. An example of this is a property within Ōmokoroa Stage 3 a 7.91ha site with valuation of \$9.9m albeit, it was sold for \$2.3m in 2015 suggesting that some of the uplift in land value is likely already been reflected due to its identification as a future growth area.
63. At its higher valuation, this equates to a land value per sqm of about \$116 per sqm. If we compare that to an urbanised property across the road which has a land value of \$450,000 for 479sqm, this has a land value per sqm of \$940 per sqm.
64. Assuming, the developer builds only 82 dwellings at the same size (480sqm) after accounting for 50% reduction for roading and land reserves, this would result in the developers increasing the land value to over \$37m, or a net gain of about \$340,000 per property. While this is partly offset by greater level of land development and civil works the potential levels of profit and generally materially greater.
65. Intensification, of greenfield areas is therefore highly dependent on the underlying land value, which in itself is a reflection on the amenity and attractiveness of the area. Consequently, it is unlikely that we will see significant high density apartment developments in Ōmokoroa until at least part of the Town Centre is operational, thereby providing sufficient retail amenity. Nevertheless, Ōmokoroa benefits from its proximity to Tauranga, making it an attractive satellite town that elevates its land values.
66. Furthermore, one of the major constraints of building apartment buildings in existing urban areas is fitting the building envelope within the existing site boundaries subject to height in relation to boundary restrictions. Greenfield

developers do not face this issue as they can design the site boundaries and areas specifically to accommodate taller apartment buildings.

## **ECONOMIC CONSIDERATIONS REGARDING INTENSIFIED RESIDENTIAL ACTIVITY IN EFFICIENT LOCATIONS**

- 67.** A key consideration in the objectives for residential development, as identified in NPS-UD policy, is the utilisation of appropriate land in centres (and transport networks) to provide efficient access to services (and opportunities) while providing choice in the District's housing supply. In considering these objectives, it is important to understand what, if any, impact PC92 will have on them. This goes beyond the act of applying a zone to an area of land and must consider the potential market response and therefore the practical outcome of applying higher density zones
- 68.** While acknowledging that there are inevitably constraints on applying residential heights, as a whole, such limitations should not be applied in isolation to the corresponding locational efficiencies. The ability for PC92 to accommodate future residential growth in the existing urban areas hinges on its ability to function as a catalyst for residential development of greater density. In order for the market to accept this product (residential development of greater density) there needs to be several overt factors in play. The driving force behind the market's acceptance is clarity over future demand and the certainty of development potential. In order to achieve this clarity, it is important that the intensified product attains a competitive advantage in the market through high quality product and associated amenity. Accompanied by this potential change in dwelling preference must be financial viability and a manageable risk for development of the product itself.
- 69.** The economic benefits associated with greater residential densities are implicit in the direction of the NPS–UD. Objective 3 sets out the requirement to access these efficiencies:
- Objective 3: Regional policy statements and district plans enable more people to live in, and more businesses and community services to be located in, areas of an urban environment in which one or more of the following apply:*
- (a) the area is in or near a centre zone or other area with many employment opportunities;*
  - (b) the area is well-serviced by existing or planned public transport;*
  - (c) there is high demand for housing or for business land in the area, relative to other areas within the urban environment.*

- 70.** An important consideration in evaluating the economic merits of the relief sought by Kāinga Ora is the potential benefits (balanced against potential risks) attributable to the Te Puke and Ōmokoroa urban areas in delivering increased opportunity for a greater residential yield with respect to dwelling numbers.
- 71.** Spreading the potential for the demand of residential growth throughout the majority of the residential zone in Te Puke and Ōmokoroa means any one centre is unlikely to experience a significant population boost to a level where it would provide a material economic benefit to the centre. Even when considering the provision for high density development, the resulting uncertainties identified above, coupled with the lower built heights than those sought in the Kāinga Ora relief, mean that PC 92 as notified is materially less likely to result in appropriate levels of development. This in my opinion represents a missed market opportunity within PC92.
- 72.** The relief sought by Kāinga Ora provides an opportunity for the market to deliver an increased volume of residential development in both the Ōmokoroa and Te Puke Town Centres to a level where it is likely to provide greater economic benefits to the District's performance and the economic and social wellbeing of the communities it primarily services. This is in relation to increased sales performance, a larger population base in the surrounding locale, increased employment opportunities, increased accessibility to public transport infrastructure, increased market efficiencies, increased return on investment on public expenditure (particular upcoming public transport initiatives), and so on.
- 73.** The Kāinga Ora relief seeks to provide greater residential development opportunities with additional capacity in areas with the highest levels of amenity, services and infrastructure so as to provide greater choice and competition with the lower-density urban areas.
- 74.** Additional to this is the increased market flexibility of the dwelling typologies that are likely to be developed, and increased opportunity and certainty for the market, to deliver higher residential densities.
- 75.** The potential risk of not introducing the relief sought by Kāinga Ora is the probable outcome of a more dispersed development pattern (and the associated economic cost / inefficiencies). Having greater certainty around the volume of residential dwellings (and therefore people) within close proximity to the centralised networks

represents a significantly better economic outcome for Council, developers, businesses as well as the community themselves.

- 76.** In assessing the economic appropriateness of the heights proposed there are a number of other factors that require consideration. As identified above there are a number of economic benefits attributable to more intensified residential development. Additionally, there is the potential for some economic costs. When considering locational options for high density residential development it is important that the appropriateness of the location is considered. With a finite level of demand, high density development potential in inappropriate locations can increase competition redistributing demand to less efficient locations. In the case of Te Puke, this is currently the District's largest commercial centre and therefore represents the most appropriate location within the District for high-density residential activities to occur. Therefore, additional capacity will not result in this potential economic cost.
- 77.** The high-density housing around Ōmokoroa reflects the area's future aspirations. This will facilitate the development of a more efficient and appealing urban environment from the outset.
- 78.** The second issue relates to a 'crowding out' of economic benefits associated with density. This is typically through congestion where high levels of concentrated activity results in pressures on infrastructure slowing economic activity. In the case of Te Puke and Ōmokoroa Town Centres, the potential extent of centralised activity is highly unlikely to result in such congestion.
- 79.** The height proposed by Kāinga Ora is fundamental for the material realisation of high-density residential development within the District, with lower heights significantly restricting any such development.

## **ECONOMIC CONCLUSION**

- 80.** The relief current sought by Kāinga Ora includes:
- The extension of the Ōmokoroa Town Centre permitted building height from 20m to 24.5m;
  - The extension of the Te Puke Town Centre permitted building height from 12.5m to 24.5m; and
  - An increase in the permitted height of the Ōmokoroa 3C area from 20m to 22m.

- 81.** With the introduction of the MDRS, these increases in height send a strong signal to the market encouraging development in efficient and economically effective locations.
- 82.** Given the current property market conditions experienced in Western Bay of Plenty the Kāinga Ora relief is also likely to significantly improve the likelihood of residential development being undertaken within Te Puke and Ōmokoroa. This additional provision within efficient locations is likely to material contribute to residential accessibility, economic wellbeing and housing affordability and choice.

**25 August 2023**

**Philip Osborne**