

Clarks Sinton Plan Change

Economics Assessment

Prepared for Cabra Developments Limited

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Executive summary

Cabra Developments Limited is applying for a private plan change ("PPC") for 16.8ha of Future Urban Zone land on the northern part of a peninsula of land, which includes Hobsonville Point and Scott Point, in north-west Auckland. The PPC area borders the Waitematā Harbour, and is located less than 1km from both the State Highway 18 onramps and the Hobsonville local centre, and less than 5km east of the large Westgate metropolitan centre, the main commercial centre in north-west Auckland. Also close by are large and growing employment areas along Hobsonville Road and through Whenuapai, and large residential populations in Hobsonville and West Harbour. The PPC area is very well located close to a wide range of established commercial businesses, employment opportunities and social and community infrastructure, including via access across the Clarks Lane Footbridge across SH18.

Development of the PPC area for residential activity would therefore contribute to a well-functioning urban environment by providing dwellings in close proximity to major public transport links and existing urban facilities and employment opportunities as well as social infrastructure such as shopping centres, parks and schools, which will have positive effects in reducing the need for travel out of the area, with positive effects for greenhouse gas emissions.

Development of the PPC area would support efficient use of infrastructure, certainly much more than for residential developments in greenfields locations which require new networks to be constructed, and will not cause any additional public funding burden. Cabra has met with Auckland Transport and Watercare Services Limited and it has confirmed to those parties that it will pay for the new and upgraded infrastructure that is identified in the precinct provisions and technical reports. Namely, this includes the upgrade of Clarks Lane and Sinton Road to an urban standard together with upgrades and/or extensions to existing wastewater and water supply networks that are currently located in the road reserve.

Population growth in Auckland's north-west has been significant for more than two decades now, and high growth rates are projected to persist for at least another three decades, with population growth equivalent to a city the size of Whangārei or New Plymouth projected to arrive in the north-west by 2053 (i.e. approximately 58,000 additional people). New large urban areas will accommodate that growth, and those have been planned for at least since the release of the Auckland Future Urban Land Supply Strategy in 2017, and continue to be identified in the 2023 Future Development Strategy. The PPC area has consistently been identified as being appropriate to accommodate future urban residential growth, an implicit recognition of its inherent suitability given its good location relative to the existing urban area.

The PPC area is anticipated to be able to accommodate around 500-600 dwellings, which will be a small but valuable contribution to the additional dwelling supply required in the north-west. Given strong current annual growth of nearly 1,500 dwellings, the PPC area would accommodate only around four months' worth of growth, which provides some indication of the scale of growth that needs to be accommodated.

While the PPC area is now indicated to not be development ready until 2035+, earlier development is not precluded by the FDS, and the FDS provides for development ahead of that timing where no constraints exist. We understand that the PPC area's future infrastructure needs are able to be accommodated by existing infrastructure (to be upgraded by Cabra as required), meaning that the PPC area can be developed once rezoned, without being delayed by third-party infrastructure requirements. That, together with the good locational attributes of the PPC area, mean that it would be efficient from an economic perspective for the PPC area to be one of the next FUZ areas rezoned for urban use in the north-west.

Approval of the PPC request would contribute to more readily available housing in the short term, helping to ease upwards pressure on house prices and rents, in a location that would contribute to a well-functioning urban environment. The PPC area offers a good opportunity for new dwellings to be established in close proximity to the existing urban fringe, in a location much closer to urban Auckland than alternative growth areas in the catchment at Kumeū-Huapai and Riverhead, on land long-signalled for future urban use.

Ultimately the net economic effects of the PPC request are positive, and the proposal will contribute to accommodating ongoing dwelling demand in a high growth part of Auckland.

1 Introduction

Cabra Developments Limited (“Cabra”, or “the applicant”) is applying for a private plan change (“PPC”) for an area of Future Urban Zone (“FUZ”) land on the northern part of a peninsula of land, which includes Hobsonville Point and Scott Point, in north-west Auckland. The PPC area is some 16.8ha taking in seven parcels that are bound by Sinton Road and Clarks Lane, and the Waitematā Harbour.

The objective of this report is to assess the economic effects of the PPC to allow the overall merits of the PPC request to be evaluated by Auckland Council. To achieve this, the report:

- ❖ Describes the indicative scale of residential dwelling activity that would be enabled by the PPC request (section 2).
- ❖ Summarises the planning environment relevant to the request (section 3).
- ❖ Provides an assessment of how the residential development that would be enabled by the PPC request fits into the wider residential demand environment in the surrounding area (section 4).
- ❖ Assesses the capacity to accommodate additional dwellings in north-west Auckland (section 5).
- ❖ Summarises the economic costs and benefits of the PPC request in section 6.

2 PPC overview

This section summarises the location and characteristics of the PPC area, and how the spatial area of the PPC area came to be defined.

2.1 Neighbourhood Plan

Cabra owns four¹ of the seven sites within the PPC area and seeks to have those sites rezoned. The spatial extent of the PPC area was established following the completion of a Neighbourhood Plan, which assessed:

- ❖ The appropriate extent of the area that should be subject to the PPC request;
- ❖ The appropriate arrangement of land uses within the PPC area; and
- ❖ The supporting elements such as infrastructure and open space that would be needed to support urbanisation of the land.

The spatial extent of the area covered in the Neighbourhood Plan, and the area consequently chosen to be the PPC area is shown in Figure 2.1.

Figure 2.1: Neighbourhood Plan and PPC area



¹ 15 Clarks Lane, and 10, 14 and 16 Sinton Road

The spatial extent of the Neighbourhood Plan Area was chosen so that its boundaries aligned with logical geographic and physical features including the coastline of the Upper Waitematā Harbour comprising the Waiarohia Inlet to the north-west and Wallace Inlet to the north-east, Brigham Creek Road to the south, and Hobsonville Road to the south and south-east. The Neighbourhood Plan Area is around 113ha, of which about 21% (24ha) is occupied by the State Highway 18 corridor, with 22% (25ha) to the south and 57% (64ha) to the north of that corridor.

The southern portion of the Neighbourhood Plan Area is the location of the 1.3ha Hobsonville Local Centre Zone (“LCZ”) and 15.3ha of surrounding Mixed Use Zone (“MUZ”), with the Hobsonville War Memorial Park and a small amount of residential zoned land in the east. The northern part of the Neighbourhood Plan Area is bordered by the Upper Waitematā Harbour and Waiarohia Creek to the north, and State Highway 18 to the south (Figure 2.2).

Figure 2.2: Zoning in the Neighbourhood Plan Area and surrounds



With the exception of a coastal strip of Open Space zone, all of the northern part of the Neighbourhood Plan Area (64ha) is zoned FUZ, and is comprised of three main types of parcels:

- ❖ Most of the land area (53ha) is occupied by 22 large parcels used as rural residential properties. Of those 22 parcels, 21 are between 1.1ha and 4.5ha, and one is 0.4ha.

- ❖ There are seven parcels along Clarks Lane (0.15-0.57ha each), which together occupy 1.9ha.
- ❖ The Ockleston Landing subdivision (3.6ha) has been developed since 2016 for residential activity, and is now home to 73 households with an average lot size of 460m².²

2.2 PPC area dwelling yield

From the Neighbourhood Plan Area assessment, the appropriate area for the PPC request was chosen to be some 16.4ha of FUZ land on the northern side of Sinton Road and Clarks Lane, comprising seven parcels, six of which are between 2.3ha and 3.4ha, and one of which is 0.4ha. Urban design modelling undertaken for Cabra indicates that the PPC area might be expected to yield 500-600 dwellings under the assumed development intensity. That development intensity was assessed under two development scenarios, one with Mixed Housing Urban (“MHU”) across the entire Site (excluding the esplanade), the other with MHU over the majority of the Site, but with Mixed Housing Suburban (“MHS”) along the coast, and therefore a slightly lower dwelling yield. In both scenarios, Medium Density Residential Standards (“MDRS”) is assumed to apply within the MHU zone. For the purposes of this assessment, it is assumed that 550 dwellings is a reasonable indicative dwelling yield to apply.

That urban design modelling also assessed the potential dwelling yield for the parcels surrounding the PPC area to be between 655 and 820, once developed with an urban zoning, although that yield is not sought to be enabled by the PPC request, and so is not taken further in this assessment.

² As enabled in Schedule 11 of Housing Accords and Special Housing Areas (Auckland — New February 2016 Areas) Order 2016, order made 15 February 2016. Ockleston Landing is a net 2.87ha, and 75 parcels, of which 73 contain one dwelling, one is vacant and one is a small neighborhood reserve.

3 Planning context

This section provides a summary of the planning context relating to the PPC request, as detailed in the Neighbourhood Plan and Forme Planning's section 32 report, to assist this economics assessment.

3.1 Unitary Plan zoning

As discussed in section 2, the PPC area is zoned FUZ in the Unitary Plan, and is part of a much larger FUZ area that takes in Whenuapai, and is complemented by another large (not contiguous) FUZ area further west around Kumeū and Huapai. The PPC area is near the eastern-most extent of the Whenuapai FUZ, and is the closest part of that FUZ to the Hobsonville local centre and MUZ.

3.2 Auckland Plan 2050

The Auckland Plan 2050 is the long-term spatial plan for Auckland. The Plan is required by legislation, to contribute to Auckland's social, economic, environmental and cultural wellbeing, and identifies the challenges facing Auckland as it grows, and options for responding to those challenges. The PPC area is identified as a Future Urban Area in the Auckland Plan 2050, along with the large area of FUZ in Whenuapai, Riverhead, Kumeū, Huapai and Redhills,³ and is anticipated in the Plan to accommodate a large future increase in population.⁴ The PPC area is signalled in the Auckland Plan 2050 to be development ready in years 1-3, or from 2018 onwards,⁵ and infrastructure improvements that will be required to enable growth to occur in the PPC area are identified either as being in place already (e.g. strategic roads)⁶ or as being planned for the short- rather than long-term (e.g. water,⁷ wastewater⁸).

3.3 Whenuapai Structure Plan

The Whenuapai Structure Plan 2016 ("WSP") set out Council's vision for appropriate future urban land uses for around 1,500ha of land at Whenuapai, and was an early indication of appropriate land use on the PPC area. The WSP shows the part of the Neighbourhood Plan Area north of State Highway 18 as accommodating residential activity, with Low Density housing in a strip around the coast, and Medium Density residential inland. A proposed Rapid Transit Network ("RTN") route was shown along SH18, with an RTN station close to Clarks Lane. A large part of the wider Structure Plan area around Trig

³ Auckland Plan 2050, Map 18

⁴ Auckland Plan 2050, Map 3

⁵ Auckland Plan 2050, Map 31

⁶ Auckland Plan 2050, Map 20

⁷ Auckland Plan 2050, Map 22

⁸ Auckland Plan 2050, Map 21

Road and Spedding Road was shown as Business land, with the balance of undeveloped parts of the WSP area being residential.

The PPC area is located within Stage 1D of the WSP, which was envisaged to be development ready “within the next 2-10 years” when the Plan was published in 2016 (i.e. sometime in the period 2018-2026).⁹

3.4 Plan Change 5

Auckland Council’s Plan Change 5 (“PC5”) was notified in 2017, and covered 351ha of land in the south-eastern part of the WSP area, including most of the area covered by the Neighbourhood Plan and all of the PPC area. Within the Neighbourhood Plan area, PC5 proposed zonings generally consistent with the WSP, with Single House zoning in a narrow coastal strip, MHU inland and Terrace Housing and Apartment Building zone (“THAB”) to the south of Sinton Road and Clarks Lane.

Variation 1 to PC5 (2021) proposed to increase the area of THAB to extend to the north side of Sinton Road and Clarks Lane in response to the National Policy Statement on Urban Development (“NPS-UD”) which required building heights of at least six storeys within a walkable catchment of existing and planned RTN stops, and adjacent to Local Centres, building heights and densities commensurate with the level of commercial activity and community services (Policy 3). Variation 1 was released in draft form, but not formally notified, and then PC5 was withdrawn in June 2022, for reasons including no budgeted funding to upgrade transport networks or provide infrastructure.

3.5 NPS-UD

The National Policy Statement on Urban Development (“NPS-UD”) was released in 2020 to provide central government direction on urban development. Some relevant objectives and policies of the NPS-UD include:

- ❖ Objective 6 states that “local authority decisions on urban development that affect urban environments are:
 - ❖ (a) integrated with infrastructure planning and funding decisions; and
 - ❖ (b) strategic over the medium term and long term; and
 - ❖ (c) responsive, particularly in relation to proposals that would supply significant development capacity
- ❖ Policy 1: planning decision contribute to well-functioning urban environments, which are urban environments that, at a minimum:

⁹ Auckland Council (2016) Whenuapai Structure Plan, Figure 17

- ❖ (a)(i): have or enable a variety of homes that meet the needs, in terms of type, price and location, of different households.
- ❖ (c): have good accessibility for all people between housing, jobs, community services, natural spaces, and open spaces, including by way of public or active transport”
- ❖ Policy 2: local authorities at all times, provide at least sufficient development capacity to meet expected demand for housing and for business land over the short term, medium term, and long term.
- ❖ Policy 8: local authority decisions affecting urban environments are responsive to plan changes that would add significantly to development capacity and contribute to well-functioning urban environments, even if the development capacity is:
 - ❖ (a) unanticipated by RMA planning documents, or
 - ❖ (b) out of sequence with planned land release.”

It is important that policy 2 requires that councils provide at least sufficient capacity for expected growth, and so requires that there must be a minimum, but not a maximum, amount of capacity that should be enabled. Providing for capacity in excess of that minimum is acceptable, although other adverse effects must still be taken into account. At a high level then, the thrust of the NPS-UD is around promoting development capacity, subject to requirements that the capacity provided contributes to well-functioning urban environments.

3.6 Intensification Planning Instrument

As part of a wider initiative to increase housing supply, the Resource Management (Enabling Housing Supply and Other Matters) Amendment Act 2021 (“EHA”) seeks to (among other things) increase the density of housing in most residential zones (and some centre zones) in all Tier 1 urban areas.

The EHA required two key changes to increase the quantum of residential capacity in the urban areas of Auckland. The first is the introduction of the Medium Density Residential Standard (“MDRS”). The second is the requirement to develop an Intensification Planning Instrument (“IPI”) which expedites the intensification in Policy 3 of the NPS-UD (in and around centre zones). Together the changes will mean that potential plan enabled capacity (“PEC”) in urban Auckland can be expected to increase relative to the operative zoning. Auckland Council has notified proposed Plan Change 78 (“PC78”), which is Auckland’s IPI. The IPI enables significantly increased residential densities across much of Auckland, through the application of MDRS in most of the residential zones throughout Auckland.

For the PPC catchment area, the IPI proposes to up-zone much of the residential land from low-density Single House zone to high-density residential Mixed Urban zone, which is likely to increase theoretical residential capacity. However, as discussed in section 5, there are limitations as to how much

additional capacity increased density might achieve in established urban areas, with a large amount of relatively new housing stock unlikely to be “feasible” or “reasonably expected to be realised” as defined in the NPSUD s3.25(1).

Further, once PC78 becomes operative, any additional capacity enabled will take some time to translate into additional dwellings, given planning and construction lead times, and the likely slow uptake of redevelopment opportunities. This means that the EHA will have minimal positive impact on housing supply in the catchment until well after the PPC development is expected to be complete (indicatively by around 2029).

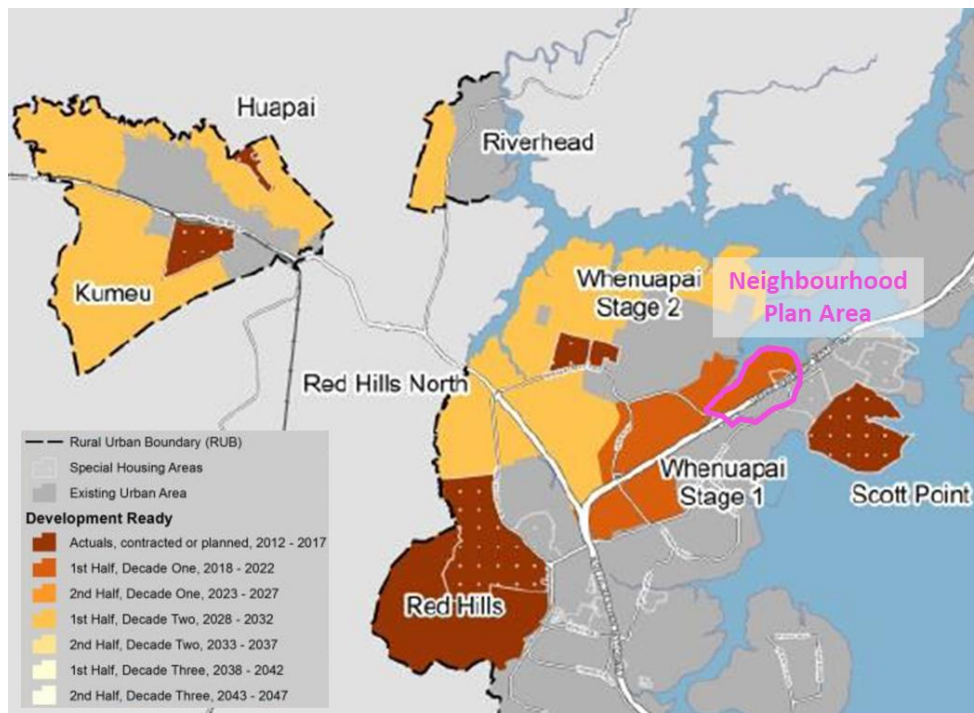
PC78 also provides some indication of the anticipated intensity that might be expected when FUZ land is rezoned in the future. While the PPC area is located outside the area covered by PC78, PC78 indicates a preference for higher rather than lower dwelling densities in new residential areas, such as proposed in the PPC area.

3.7 FDS

The FDS was adopted in 2023 as a regional strategy document to fulfil Council’s statutory requirements under the NPS-UD to ensure there is at least sufficient housing and business development capacity to meet demand over the next 30 years. The FDS identifies areas throughout Auckland that are anticipated to be appropriate to accommodate growth, and when that growth might be expected to be able to be accommodated by Council-funded infrastructure delivery/upgrades (“development ready”), with reference to constraints that might limit development, including infrastructure capacity.

The FDS replaces the FULSS 2017. The FULSS indicated an expectation that land within Whenuapai’s FUZ will be developed in two stages. The first stage (which includes the PPC area) was intended to be developed in the first half of Decade One (2018-2022) (Figure 3.1). The FDS covers the same spatial areas as the FULSS (except areas which have been live-zoned in the interim), although provides different development ready timing, and provides some new notations indicating potential development constraints (red-flagged areas in Kumeū-Huapai).

Figure 3.1: FULSS sequencing for North-West Auckland



In the FDS most of Whenuapai's FUZ that is intended for residential uses, including the PPC area, will be development ready in 2035+, with Whenuapai North Stage 2 2050+. The Whenuapai Business area has an indicated date of 2025+ (Figure 3.2). The main constraint on that development ready timing is stated to be the time when bulk infrastructure delivery will support development. Consistent with that development-ready timing, Whenuapai will benefit from planned investment in the north-west, with Westgate identified as a priority area for investment in the short to medium-term, and the long-term (Figure 3.3).

Figure 3.2: FDS development timing (source: Neighbourhood Plan, from Figure 46, FDS)

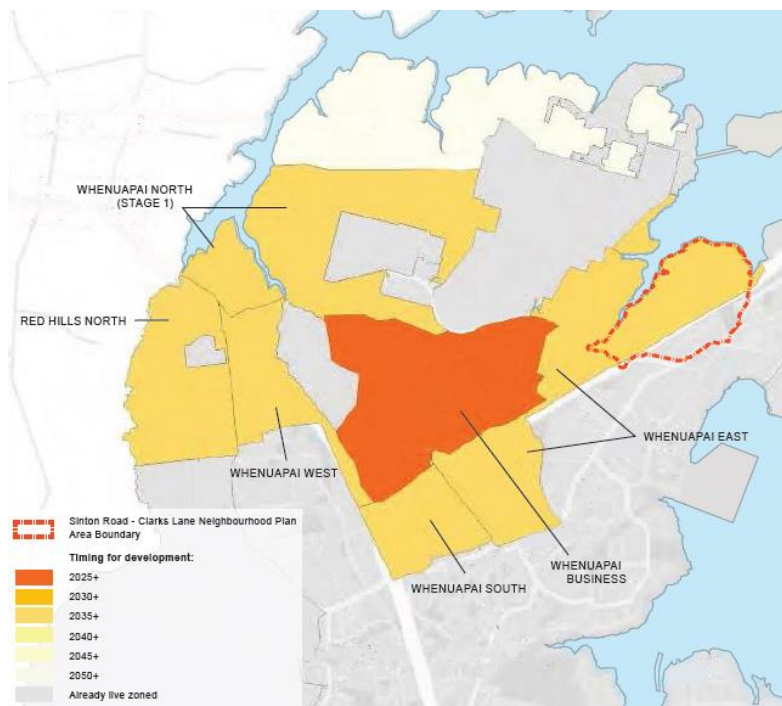
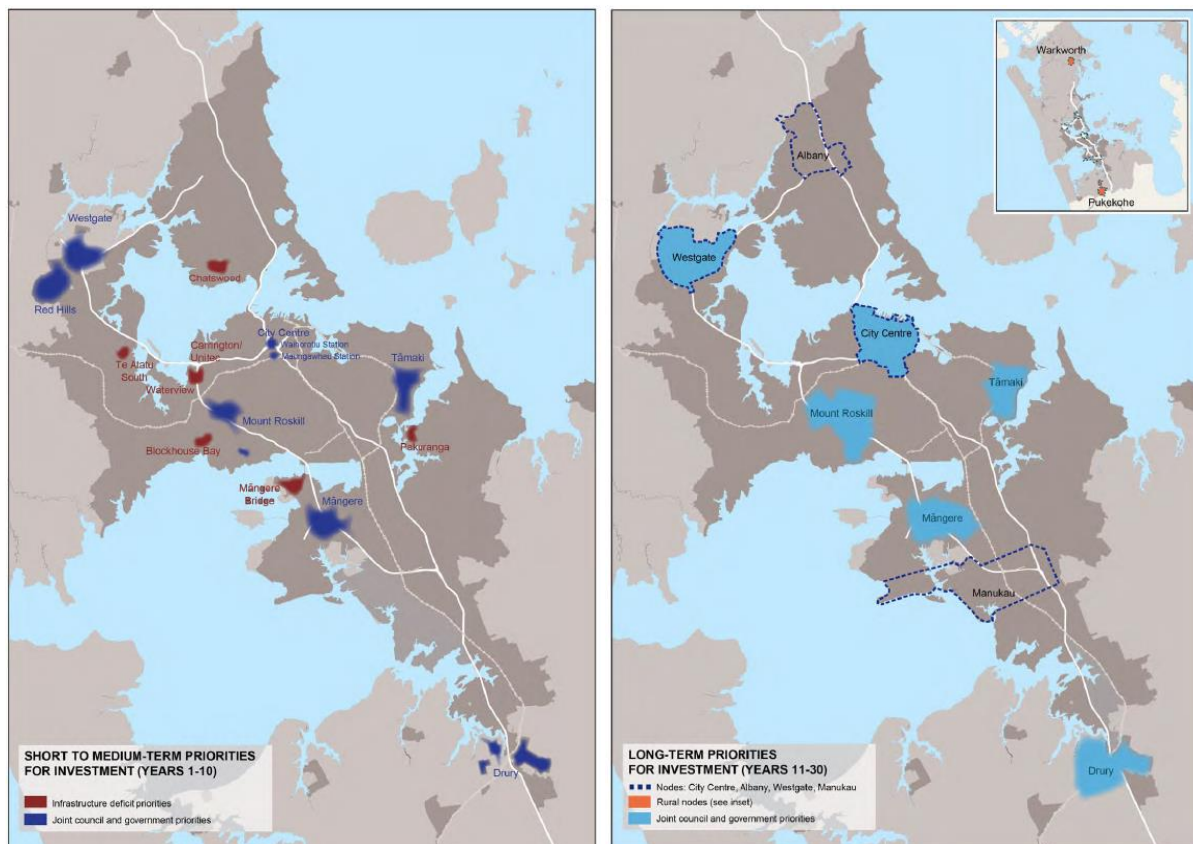


Figure 3.3: FDS Short-medium and long-term priorities for investment (Figures 18 and 19, FDS)



3.8 NPS-HPL

The National Policy Statement for Highly Productive Land 2022 (“NPS-HPL”) has the objective of protecting highly productive land for use in land-based primary production, both now and for future generations.¹⁰ This includes avoiding urban development of highly productive land that has a Land Use Capability (“LUC”) of 1, 2 and 3. However, the NPS-HPL includes an exclusion in s3.4(2) that “future urban development must not be mapped as highly productive land.”

The PPC area and most of the land around Whenuapai have soils that are classified as LUC 2 (‘good land with slight limitations’) and some LUC 3. However, the Site and surrounds is zoned FUZ and is therefore identified for future urban development which must not be mapped as being highly productive land. Clause s3.4(2) of the NPS-HPL exclusion applies to the PPC area, and therefore the NPS-HPL does not apply. Accordingly, no further analysis is required.

¹⁰ Ministry for the Environment (2022) National Policy Statement for Highly Productive Land.

4 Residential land demand

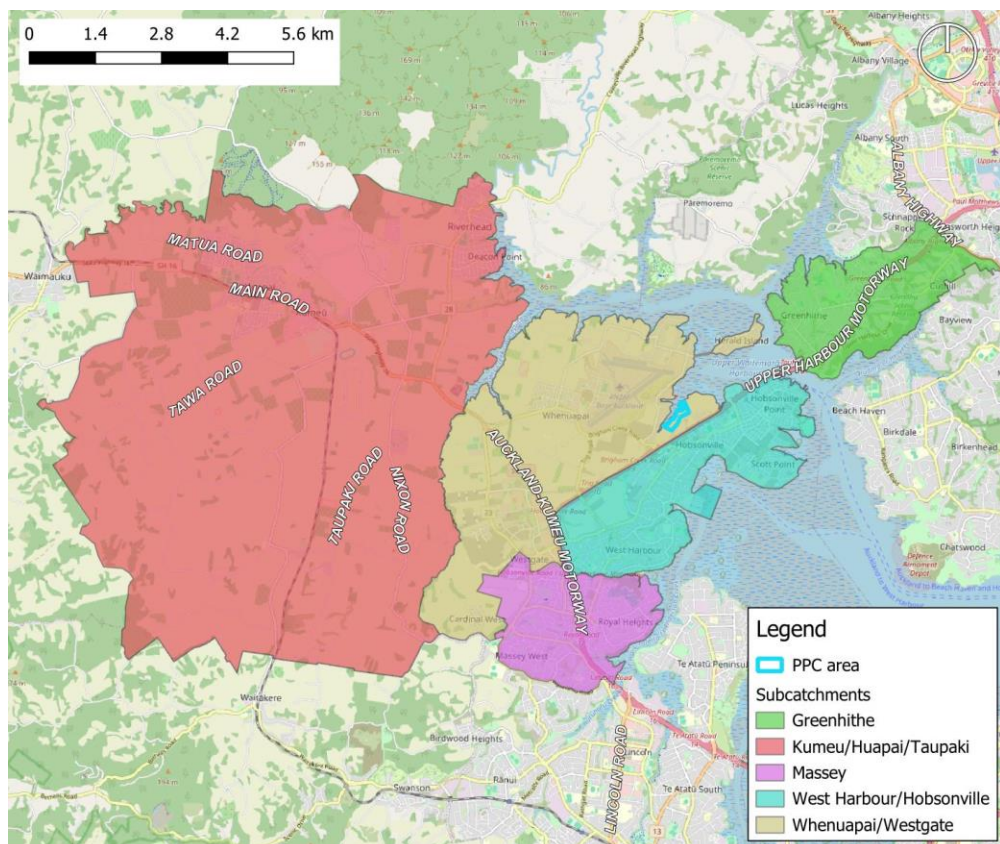
Demand for new dwellings is influenced strongly by population growth. To assess demand for new dwellings, this section assesses historic and projected population growth in the area around the PPC area.

4.1 Catchment

For the purposes of this assessment the study area is defined as the area within which potential future residents of the PPC area might consider living. In practice that market will not have firm boundaries, and there is a degree of substitutability between different parts of Auckland. However, the north-west represents a market that is relatively geographically discrete, planned to accommodate growth, and an area in which significant new infrastructure has been provided to support growth.

The study area is defined as a grouping of SA2s¹¹ taking the area either side of State Highways 16 and 18, from Waimauku in the west, to Greenhithe in the east, and Massey in the south, and is defined to include five subcatchments (Figure 4.1).

Figure 4.1: Study area subcatchments



¹¹ Statistics NZ's Statistical Area 2, of which there are 560 in Auckland

The five subcatchments are used in this section as the basis for providing some breakdown of relevant data, and are:

- ❖ Kumeū/Huapai/Taupaki¹²
- ❖ Whenuapai/Westgate¹³
- ❖ Massey¹⁴
- ❖ West Harbour/Hobsonville¹⁵
- ❖ Greenhithe.¹⁶

4.2 Historic population growth

The catchment's population has grown significantly and consistently since 1996, when the population was 38,000. Average annual growth since then has been 2.7%, although since 2015 the average annual growth has been nearly 5%. Statistics NZ's most recent population estimates¹⁷ are that there are now 77,290 people living in the catchment, growth of over 39,000 since 1996, an increase of 103% (Figure 4.2). All subcatchments have grown significantly in that time, with the slowest growth occurring in Whenuapai/Westgate (in which little development land has been available until recently) and Massey (which was mostly developed prior to 1996).

Figure 4.2: Catchment historic population growth (source: Statistics NZ population estimates)

Subcatchment	1996	2006	2016	2023	Growth since 1996	
					n	%
Kumeu/Huapai/Taupaki	5,990	7,360	9,580	17,000	11,010	184%
Whenuapai/Westgate	3,890	3,870	4,070	5,710	1,820	47%
Greenhithe	3,430	6,200	8,730	8,860	5,430	158%
West Harbour/Hobsonville	11,370	13,140	15,040	24,040	12,670	111%
Massey	13,440	17,100	19,340	21,680	8,240	61%
Catchment total	38,120	47,670	56,760	77,290	39,170	103%

For much of the last 27 years since 1996 the catchment has provided around 3% of the growth in Auckland's population each year (Figure 4.3). With the recent increase in population growth, that has increased to closer to 10%, and even during 2021 and 2022 when the Auckland region population

¹² Five SA2s: Taupaki, Kumeu Rural West, Kumeu Rural East, Kumeu-Huapai, Riverhead

¹³ Two SA2s, Whenuapai, Westgate Central

¹⁴ Six SA2s: Massey Central, Massey Royal Road West, Westgate South, Royal Heights North, Royal Heights South, Massey East

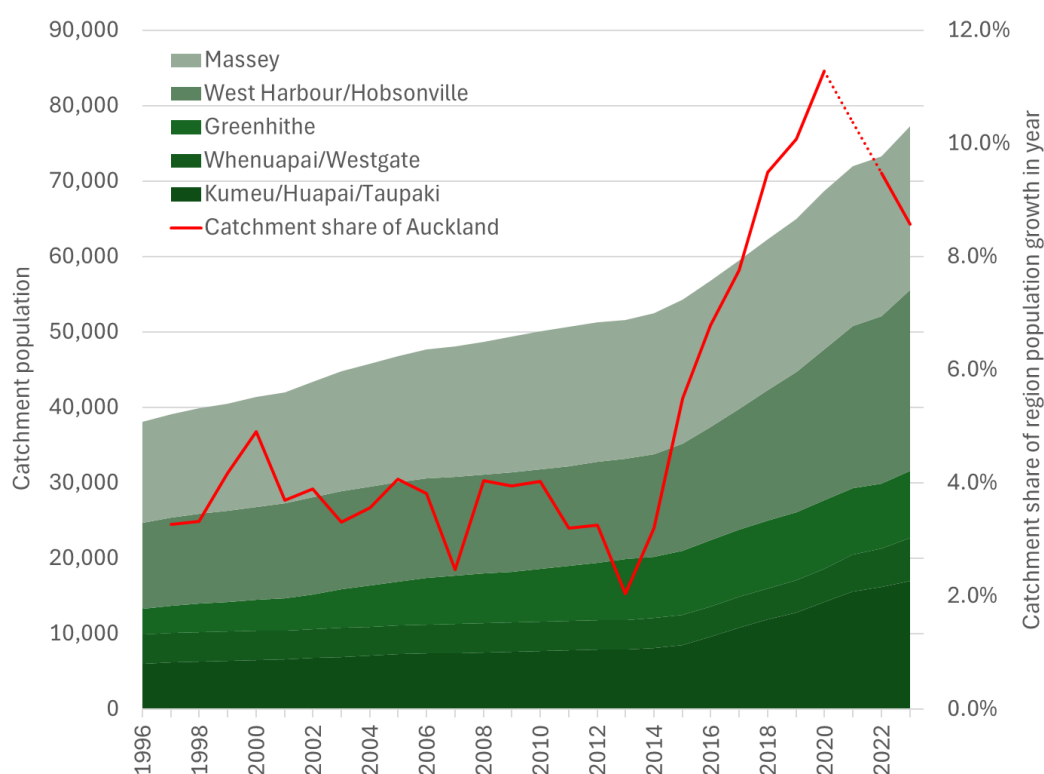
¹⁵ Five SA2s: Hobsonville, Hobsonville Point, West Harbour West, West Harbour Luckens Point, West Harbour Clearwater Cove

¹⁶ Greenhithe West, Greenhithe East, Greenhithe South

¹⁷ https://nzdotstat.stats.govt.nz/wbos/index.aspx?_ga=2.139261555.1790601377.1715738382-342132909.1710883667

decreased¹⁸ the catchment still experienced strong population growth of around 4,500 people (6.6%). Over the last five years (since 2018) there has been very strong population growth in Kumeū/Huapai/Taupaki (+5,080, 43%), Whenuapai/Westgate (+1,590, 39%) and West Harbour/Hobsonville (+6,750, 39%), with slower growth in Massey (+1,680, 8%) and a small decline in Greenhithe (-140, -2%). This indicates that the historic growth is showing no signs of stopping in the catchment, despite Greenhithe and Massey now having limited capacity to accommodate additional growth.

Figure 4.3: Catchment historic population growth (source: Statistics NZ population estimates)



4.3 Future population growth

Auckland Council has projected population and household growth for use in council's strategic planning for the Auckland Council Housing and Business Assessment ("HBA") and the 2024-2034 Long-term Plan (LTP). The projections were procured from Statistics NZ using demographic assumptions (migration, natural increase, etc.) provided by Auckland Council, and in October 2024 the "Auckland Growth Scenario" (AGS) v1.1 was released to a Macro Strategic Zone ("MSM") resolution.

The following text summarises the demand implications for the PPC request that can be inferred from the AGS. The AGS projections show that there are estimated to be around 76,000 people currently (2023) resident in the catchment, and that that population is grow by over 58,000 (+77%) in the next 30 years. That rate of growth is more than twice the rate expected for the region as a whole, meaning

¹⁸ By an estimated 9,500 in the YE June 2021, and by 12,400 in the following 12 months

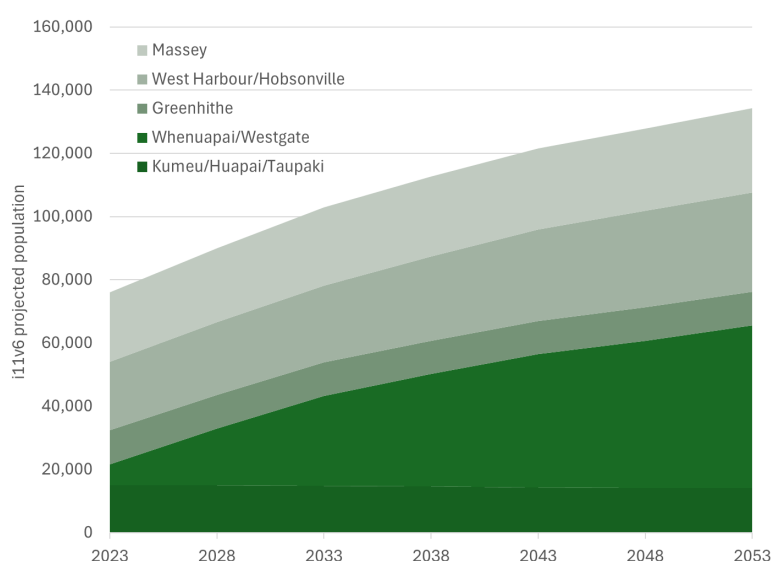
that the share of Auckland's population that live in the catchment is projected to increase from 4.4% in 2023 to 5.8% in 2053, with nearly 10% of Auckland's growth in that time being directed to the catchment (Figure 4.4).

Figure 4.4: Catchment projected population growth (source: AGSv1.1)¹⁹

Subcatchment	2023	2028	2033	2038	2043	2048	2053	Growth 2023-53	
Kumeu/Huapai/Taupaki	15,100	15,000	14,800	14,600	14,400	14,200	14,200	- 900	-6%
Whenuapai/Westgate	6,500	17,900	28,400	35,600	42,100	46,600	51,500	45,000	692%
Greenhithe	10,800	10,700	10,700	10,600	10,500	10,500	10,600	- 200	-2%
West Harbour/Hobsonville	21,700	23,000	24,300	26,600	29,000	30,500	31,400	9,700	45%
Massey	21,900	23,500	24,800	25,300	25,600	26,000	26,600	4,700	21%
Catchment total	76,000	90,100	103,000	112,700	121,600	127,800	134,300	58,300	77%
Auckland total	1,724,800	1,832,600	1,940,800	2,047,800	2,148,900	2,242,600	2,331,100	606,300	35%
Catchment share of region	4.4%	4.9%	5.3%	5.5%	5.7%	5.7%	5.8%	9.6%	

Whenuapai/Westgate is projected to experience population growth in the next 30 years of nearly 45,000 people (+692%) from the current base of 6,500 while strong population growth is also expected in West Harbour/Hobsonville (Figure 4.5). No growth is projected in Kumeū/Huapai/Taupaki, contrary to the previous high growth that the FULSS anticipated, due presumably be to the large red flagged parts of that area in the FDS.

Figure 4.5: Catchment projected population growth (source: AGSv1.1)



The population projections in Figure 4.4 correspond to the household projections in Figure 4.6, which are also sourced from the AGSv1.1 projections. Those projections indicate an anticipated growth of around 34,100 households in the catchment out to 2053.

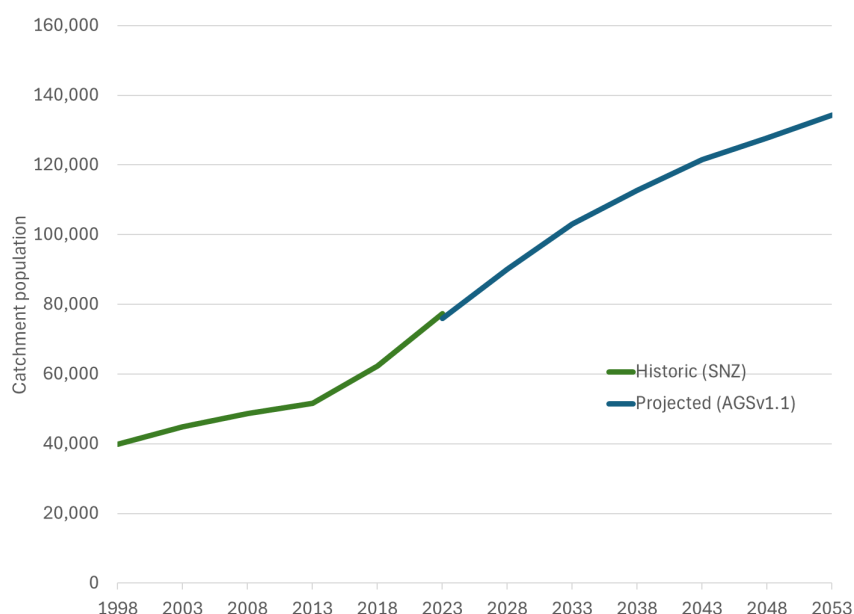
¹⁹ 2053 extrapolated from AGSv1.1's 2052 end point

Figure 4.6: Catchment projected household growth (source: AGSv1.1)

Subcatchment	2023	2028	2033	2038	2043	2048	2053	Growth 2023-53 n	%
Kumeu/Huapai/Taupaki	5,100	5,100	5,200	5,200	5,200	5,200	5,200	100	2%
Whenuapai/Westgate	2,300	6,500	10,300	13,200	15,900	18,000	19,600	17,300	752%
Greenhithe	3,400	3,400	3,400	3,500	3,500	3,600	3,600	200	6%
West Harbour/Hobsonville	7,300	7,800	8,300	9,300	10,200	10,900	11,200	3,900	53%
Massey	7,100	7,800	8,300	8,700	8,900	9,100	9,400	2,300	32%
Catchment total	25,200	30,600	35,500	39,900	43,700	46,800	49,000	23,800	94%
Auckland total	584,200	625,900	667,900	712,400	755,300	795,600	829,000	244,800	42%
Catchment share of region	4.3%	4.9%	5.3%	5.6%	5.8%	5.9%	5.9%	9.7%	

The FDS anticipates strong and ongoing growth in Whenuapai/Westgate, and it is reasonable to expect that the high growth that has been observed recently will continue, and persist for the next 30 years, indicating that the north-west, particularly Whenuapai/Westgate, will play a very important part of accommodating Auckland's future growth.

Figure 4.7: Catchment historic and projected population growth



It is worthwhile placing the projected growth in some context. The AGSv1.1 projections are that based on projected growth of 58,000 people (equivalent to a town similar in size to current day Whangārei or New Plymouth), the catchment population might exceed 134,000 people by 2048, which would make the catchment home to many more people than the current day Dunedin, with its population of 103,000 people. That future population will be driven by very significant growth by 2053:

- ❖ The Whenuapai/Westgate subcatchment population growth (+45,000) equates to the addition of a new town the size of current day Whanganui (42,800) or Upper Hutt (45,600) in the north-west.

- ❖ Growth in West Harbour/Hobsonville and Massey (+12,400) is equivalent to a town the size of the current Wānaka.

Clearly many new residential development opportunities need to be provided for in the next 25 years to be able to accommodate growth of that magnitude, as is recognised in the FDS.

4.4 NPS-UD dwelling demand

The NPS-UD directs (clause 3.6(1)) that planning for residential growth should incorporate a competitiveness margin (as defined in clause 3.22(2)). Drawing from the demand projections above, Figure 4.8 summarises catchment household projections once the standard NPS-UD competitiveness margins (20% in the short and medium term, and 15% in the long term) are included. This competitiveness margin is required in the NPS-UD as “a margin of development capacity, over and above the expected demand that tier 1 and tier 2 local authorities are required to provide, that is required in order to support choice and competitiveness in housing and business land markets” (clause 3.22(1)).

Figure 4.8: Catchment household projections

	Current 2023	Short term 2026	Medium term 2033	Long term 2053	Total 2023-2053
Households projected	25,200	27,600	35,600	49,000	23,800
Growth in term		2,400	10,400	23,800	23,800
Growth + competitiveness		2,880	12,480	27,370	27,370
Average annual growth in term		960	1,250	910	

As described above, there are estimated to be 25,200 households resident in the catchment in 2023, projected to increase to 27,600 by the end of the NPS-UD short-term (within the next three years), 35,600 at the end of the medium-term (between 3 and 10 years), and 49,000 at the end of the long-term (between 10 and 30 years). Those projections equate to growth in the short term of 2,400, 10,400 in years 1-10, and 23,800 in years 1-30. Taking the competitiveness margin into account, projected dwelling growth in the catchment is 2,880 in the short term (960 per year on average), 12,480 in the medium term (1,250 per year), and 27,370 in the long term (910 per year).

5 Dwelling capacity

This section assesses dwelling capacity in the catchment, to quantify how many dwellings might be able to be accommodated in the catchment, relative to the level of demand assessed in section 3.

5.1 HBA and other dwelling capacity data sources

For this assessment, we have sourced dwelling capacity estimates from:

- ❖ Auckland Council's Housing Capacity Assessment ("HBA") for live-zoned residential zones.
- ❖ The Future Urban Land Supply Strategy 2017 ("FULSS") for FUZ areas.

5.1.1 HBA

The most recent HBA is Auckland Councils HBA 2023.²⁰ The HBA 2023 incorporated modelling to quantify the capacity that would be provided for as a result of Plan Change 78 – Intensification, and built off an earlier 2021 HBA. HBA data²¹ was provided for a number of potential development scenarios, of which two are most relevant to this assessment: the Unitary Plan's operative zones (the "AUPOIP" scenario) and the notified PC78 scenario. The maximum building intensity permitted is greater under notified PC78 than under the AUPOIP, hence the greater theoretical capacity under the former.

Those scenarios only assess PEC, i.e. the theoretical maximum capacity enabled under each scenario's planning rules. The HBA does not attempt to assess how much of that theoretical maximum PEC will be commercially feasible, or how much is reasonably expected to be realised ("RER"). The HBA also does not identify the potential dwelling capacity of rural land or the FUZ,²² and the FUZ will play a significant role in accommodating future growth in the catchment given the large areas of FUZ land in the catchment.

5.1.2 FULSS

To provide some indication of the potential dwelling yield of the FUZ, we reference capacity estimates provided in the FULSS. We acknowledge that the FULSS data has now been superseded by the FDS 2023, however the FDS does not provide any quantification of dwelling capacity in the future urban areas ("FUAs"). While development assumptions (such as achievable dwelling density) from the FULSS

²⁰ Balderston, K., C. Hu, M. Todd, K. Alferez, T. Guo. (2023). Housing and business development capacity assessment for the Auckland region. Auckland Council 2023

²¹ <https://www.knowledgeauckland.org.nz/publications/auckland-council-capacity-for-growth-study-20222023-data-residential-capacity-part-1/>

²² 2023 HBA, footnote 24

are now somewhat dated, those FULSS capacity estimates remain helpful to provide a broad indication of potential dwelling yield in the FUZ.

The FDS identified some new potential constraints on development in the catchment's FUZ. While the FDS did not identify any new (relative to the FULSS) major development constraints in Whenuapai and Red Hills FUAs (other than infrastructure delivery), in the Kumeū-Huapai and Riverhead FUAs reassessment of floodplain constraints lead to large parts of those FUAs being 'red-flagged'. That will require specific assessment of how development in those areas can be undertaken in a way that appropriately manages risks to life and property. That means that the indicative capacity identified in the FULSS may be subject to change, depending on the results of those future assessments.

5.2 Plan enabled capacity in the HBA

The data shows that there is very significant PEC within the catchment's live residential zones, with total dwelling capacity in residential and business zones for a net additional 49,500 dwellings under the AUP OIP scenario, and nearly 57,000 under the PC78 scenario (Figure 5.1). Because that is PEC that exists within existing residential zones, the capacity exists mostly (97.5% under AUP OIP scenario, and 96.3%) on lots that already accommodate a dwelling. A small proportion (2.5% or 1,250 dwellings under the AUP OIP scenario, and 3.7% or 2,113 dwellings under the PC78 scenario) of the capacity identified will not require redevelopment, because it relates to lots that have been live zoned, but where dwellings have not yet been constructed (e.g. parts of Hobsonville Point, the large Red Hills developments and around Kumeū-Huapai).

Figure 5.1: HBA modelled catchment net additional plan enabled dwelling capacity

Residential zone	Net additional yield	
	AUPOIP	MDRS
THAB	5,890	1,071
MHU	27,852	12,471
MHHS	15,738	15,038
Single House	-	28,119
Large Lot	-	-
Total	49,480	56,699
Vacant lots	1,253	2,113
Redev. needed	48,227	54,586

5.3 Live-zoned feasible and RER capacity

It is important to understand that the PEC is a theoretical maximum number of dwellings that could be built on residential zoned parcels if all were to be developed to the fullest possible extent under the planning rules in place. The maximum building intensity permitted is greater under notified PC78 than under the AUPOIP, hence the greater theoretical capacity under the PC78 scenario. That maximum capacity will not eventuate, because to achieve it would require the demolition of most

houses in the locality, and replacement to the fullest extent permitted. It would not be financially feasible to replace many of the catchment's existing dwellings.

We understand that feasibility assessment has not yet been undertaken for the PC78 scenario, so there is no data available on what share of PEC might be feasible to develop and ultimately RER (i.e. which commercially feasible development opportunities will be acted on, due to landowner motivation and financial capacity to pursue redevelopment). It is not critical to understand for this assessment how many of the PEC dwellings might be RER, although it is useful to understand the broad quantum.

Following are some observations which support a conclusion that the share of PEC in the catchment that is RER is relatively small, and probably less than 10%:

- ❖ A large share of total PEC is identified on lots that are very unlikely to be redeveloped and on which additional dwellings will not be commercially feasible. These include the large number of recently developed parcels throughout the catchment's MHU and MHS zones, where most parcels accommodate a single dwelling, but many of those are assessed as having PEC to accommodate at least one additional dwelling, despite the existing dwelling being often only a few years old, and leaving no footprint for another dwelling (see Figure 5.2).
- ❖ A large proportion of dwellings in the catchment have been built within the last ten years, and are highly unlikely to be feasible to demolish and replace with new dwellings. The HBA 2023 makes no distinction as to dwelling age when assessing PEC.
- ❖ PEC is identified for some residential sites that have non-residential uses, including schools,²³ some parks,²⁴ churches,²⁵ shared driveways servicing dwellings, and the Henderson substation.²⁶ Together the PEC in these properties overstates RER capacity by around 2,000 dwellings.
- ❖ All 600m² lots are assessed in the model to yield two additional (i.e. three total) lots under the AUP OIP scenario, and four additional lots under the PC78 scenario. To fit five dwellings on a 600m² lot would mean each dwelling occupies 120m², which implies those dwellings would not be standalone.

²³ AUPOIP PEC identified for the following schools: Hobsonville Point Secondary (210 dwellings), Hobsonville Point Primary and ECE (175), future Launch Road Primary School (56), Scott Point School (92), Marina View School (88), Huapai District School (41), Calwill School (99), Lincoln Heights School (62), Royal Road School (126), West Harbour School (63).

²⁴ Bomb Point PEC is 281, the esplanade reserve through Tahingamanu Road in Hobsonville (83)

²⁵ Massey Community Church (68 AUPOIP PEC dwellings), Massey Presbyterian Church (32), Hobsonville Church and cemetery (33)

²⁶ PEC of 321 dwellings identified

One example of how PEC overstates RER capacity is shown below. In the example, four dwellings on lots²⁷ averaging 280m² each were built in 2013, and are assessed to have PEC for eight dwellings (i.e. four net additional dwellings) (Figure 5.2). In practice redevelopment of those lots will not be feasible for many years and those lots have no additional capacity, meaning the PEC overstates dwelling capacity. There are many similar examples throughout the catchment.

Figure 5.2: Hobsonville dwellings ascribed additional PEC²⁸



Christchurch City's HCA did assess commercially feasible residential development capacity, and that was established to be only 10% of PEC. Other councils that have assessed commercially feasible capacity have also concluded that it represents a very small part of PEC, and assessment we have undertaken elsewhere in Auckland indicates RER capacity is likely to be well under 10% of PEC. If RER in the catchment is 10% of the PEC assessed in the HBA, RER capacity would be around 5,000 dwellings.

In any case, a more important consideration for the current application from an economics perspective is not how many dwellings might theoretically be constructed in the area, but how appropriate the PPC request is, because if there are no negative economic consequences of the PPC then the proposal would have only positive economic effects, and therefore be appropriate under the RMA. That appropriateness is assessed in section 6 below.

5.4 FUA's capacity

In addition to the PEC capacity identified in the HBA, there will be additional capacity to accommodate dwellings in the FUAs. As discussed above, the HBA 2023 does not quantify the potential capacity of those FUAs, and so instead we refer to the broad quantum of capacity estimates provided in the FULSS (in the absence of this information in the more recent/replacement FDS). The FULSS indicates capacity for around 41,400 dwellings in the catchment's FUAs (Figure 5.3, with locations shown in Figure 5.4),

²⁷ Numbers 2, 4 6 and 8 Tiger Moth Street

²⁸ Google Streetview

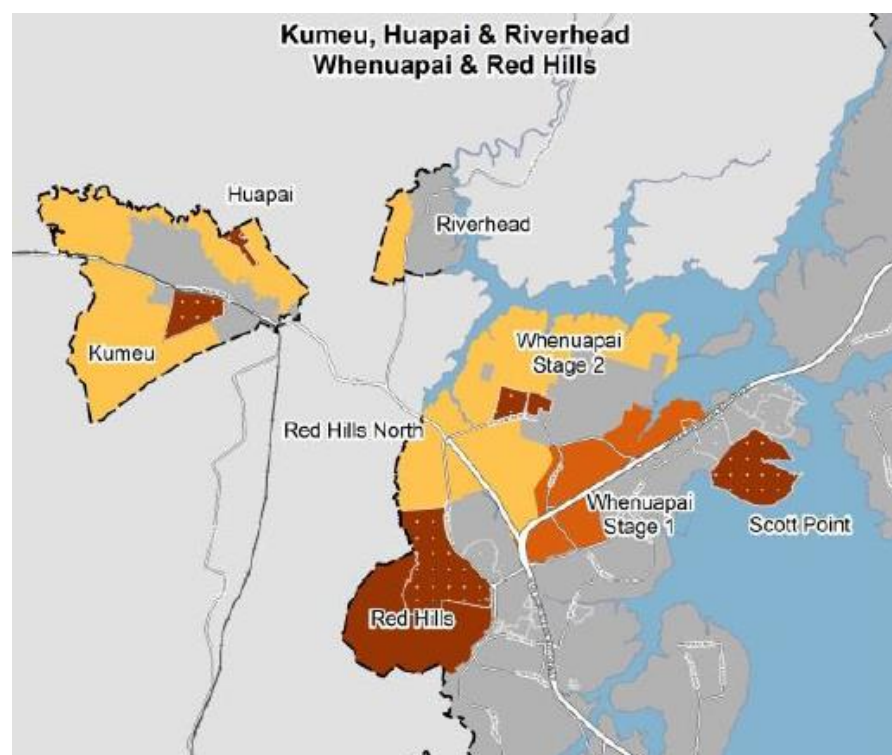
although some of those have now been built, including parts of the areas identified in the FULSS as being development ready in 2012-2017, and so remaining capacity in those FUAs is likely to be less than 41,400, and indicatively around 35,000. Further, because large parts of the North-West around Kumeū, Huapai and Riverhead were identified in the FDS as being 'red flagged', much of that previously planned capacity is now questionable.

Figure 5.3: Indicative dwelling capacity of North-West Future Urban Areas (FULSS, table 3)

Area	Timing*	Dwelling capacity
Whenuapai	2012-2017	1,150
Scott Point		2,600
Red Hills SHA		3,600
Red Hills live zone		7,050
Kumeū Huapai		1,400
Sub-total	2012-2017	15,800
Whenuapai Stage 1	2018-2022	6,000
Kumeū Huapai Riverhead	2028-2032	6,600
Whenuapai Stage 2		11,600
Red Hills North		1,400
Sub-total	2028-2032	19,600
Total all areas		41,400

* Development ready

Figure 5.4: North-west large future urban areas sequencing and timing (FULSS Map 3)



We have not attempted to estimate the change in FUA capacity that might occur as a result of the FDS red-flagged areas, although that might be expected to reduce FUA capacity somewhat if there are parts of the FUA where risks identified in the FDS are not able to be mitigated. On the other hand, the FULSS capacity estimates are now dated, because they were assessed prior to 2017. Since then there has been an increasing acceptance of higher density dwelling typologies in the market, and the NPS-UD was released in 2022, and so dwelling capacities assessed in the FULSS may be lower than what would now be assessed.

Taken together, these observations indicate that understanding potential development capacity in the FUAs is complex, and it is not possible to accurately estimate how many dwellings these FUAs might accommodate. However, for the purposes of the following assessment, it is adequate to understand that there is significant dwelling capacity in the catchment FUAs, and potentially in the order of 35,000 dwellings.

5.5 Capacity in FUAs vs live zoned residential areas

Drawing together the assessment in the previous three sections, RER dwelling capacity in the catchment's existing residential zones is estimated to be around 5,000 dwellings, and capacity in the FUAs in the catchment is estimated to be around 35,000 dwellings. That means that dwelling capacity in the FUAs will play a very important role in accommodating projected growth in the catchment, with in the order of 85-90% of RER dwelling capacity in the catchment being located in FUAs, as opposed to existing live residential zones (Figure 5.5).

Figure 5.5: Importance of capacity in catchment FUA areas

Location of dwelling capacity	Net additional yield	
	AUPOIP	MDRS
PEC in live-zoned areas	49,480	56,699
RER in live-zoned areas	4,948	5,670
FUAs	35,000	35,000
Total RER dwelling capacity	39,948	40,670
% of capacity in FUAs	87.6%	86.1%

5.6 Sufficiency of residential supply

Comparing the RER dwelling capacity from Figure 5.5 with the household growth projected in Figure 4.6 indicates that a very large proportion (c.60%) of available capacity will need to be taken up and used to accommodate dwellings, in order to be able to accommodate the quantum of growth projected in the catchment, and much more than that if growth opportunities in Kumeū/Huapai are constrained (Figure 5.6). If all of the RER in live-zoned residential areas yields new dwellings in the next 30 years, then that would also require over half of all of the indicative 35,000 dwellings in the FUAs to be developed as well. Accounting for some potential reduction in yield at Kumeū-Huapai, that

would then indicate that nearly all of the FUA capacity will be required to provide for growth. The recently released Auckland Development Contributions policy assumes that full build-out of Whenuapai will not occur until 2080. That indicates there will be pressure to develop the parts of Whenuapai that are able to be developed in the short- and medium-terms, in order to provide adequate supply in a part of Auckland where there are development constraints from flooding (Kumeū/Huapai) and infrastructure which will limit when some parts of the North-West can be developed.

Figure 5.6: Sufficiency of residential supply in the catchment

Location of dwelling capacity	Net additional yield	
	AUPOIP	MDRS
RER dwelling capacity	39,900	40,700
Household growth to 2053	23,800	23,800
Share of RER capacity needed	60%	58%
Scenario: all RER used		
RER dwellings in 30 years	4,948	5,670
FUA dwellings	18,852	18,130
Total dwelling growth	23,800	23,800
Share of FUA dwellings required	54%	52%

Again, the limitations of this assessment are acknowledged, and include:

- ❖ Approximation of the share of PEC dwellings that might be RER.
- ❖ Estimates of dwelling capacity in FUAs subject to some uncertainty, and could be lower (due to Kumeū-Huapai red-flagged areas) or higher (due to increased acceptance of higher density typologies and intensification following the NPS-UD) than indicated from the original FULSS capacity estimates.

Notwithstanding those limitations, the evidence is relatively clear that:

- ❖ Strong growth is anticipated in the catchment;
- ❖ Much of that growth will need to be accommodated in FUAs, with limited capacity able to be accommodated within live-zoned areas;
- ❖ A large proportion (c. 50-60%)²⁹ of FUA capacity identified in the FULSS will need to become dwellings; and

²⁹ Calculated for the AUPOIP scenario as 4,948 dwellings will be able to be accommodated in RER live zoned areas, leaving the rest of total growth (23,800) needing to be accommodated in FUAs (18,852), and 18,852 is 54% of total FUA capacity of 35,000.

- ❖ Household growth will remain strong over the next 30 years, although declining from 1,080 households per year (2023-2028) to around 500 a year near the end of the period (2048-2053).

As noted above, the FDS red-flagged areas may reduce dwelling capacity in the catchment's FUZ, but even if capacity remains similar to that anticipated in the (now dated) FULSS there will need to be a consistent and substantial conversion of FUZ land in the catchment to live urban zonings in order to accommodate growth. The PPC area is anticipated to be able to accommodate around 550 dwellings once rezoned, which equates to only around four and a half months' supply at current catchment growth rates of nearly 1,500 dwellings a year. Because the PPC area has consistently been identified as appropriate for and expected to become urban zones at some point in the future, and current growth projections indicate that it will need to be rezoned to ensure sufficient residential supply, the key outstanding issue is one of timing, and whether it is appropriate for the PPC area to be developed ahead of the indicative FDS development ready timeframe.

6 MDRS and Qualifying Matters

6.1 MDRS overview

The EHA requires that in relevant zones, including the MHU zone, dwellings of three storeys and three dwellings per site are enabled as of right, provided that the site is not subject to a 'Qualifying Matter'. Some parts of the PPC area are considered to be subject to qualifying matters under s77I(b) of the EHA, taking into account the New Zealand Coastal Policy Statement 2010 ("NZCPS"). Other qualifying matters also apply such as significant ecological areas, flooding, wetland, and coastal erosion however these are located in areas that will be contained within future esplanade reserves and have little impact of overall yield within the plan change area therefore. Application of those qualifying matters is explained in various other specialists reports accompanying the application, and the qualifying matters are addressed spatially via the MHS zone and future esplanade reserve.

6.2 Qualifying matters

An application seeking to apply those qualifying matters is required to assess the matters set out in s77J(3) and s77J(4) of the EHA, including, relevant to economics matters:

- ❖ assess the impact that limiting development capacity, building height, or density (as relevant) will have on the provision of development capacity (s77J(3)(b));
- ❖ assess the costs and broader impacts of imposing those limits (s77J(3)(c)).

We understand that while qualifying matters are sought to be applied to parts of the PPC area, they are applied as sparingly as deemed appropriate in order to increase the development capacity across the PPC area, while ensuring appropriate subdivision and development along the coast.

From an economics perspective the benefits of the qualifying matters are difficult to quantify in monetary terms, but benefits do exist, as identified in the section 32 report. Those benefits include providing an appropriate built form where it interfaces with the coastal environment consistent with the NZCPS, significant ecological areas, and providing public access to the coastal esplanade. There are also economic costs of restricting development capacity within some parts of the PPC area, primarily related to reducing total potential dwelling yield. That reduced yield is small (around 100 dwellings, from Cabra's urban design modelling) in this case, and we understand limited so as to reduce potential dwelling yield by the smallest possible amount. The economic costs of that reduced yield are assessed in section 7.3.1.

While there are benefits of providing additional residential development capacity in the PPC area (as discussed in section 7), the small reduction in potential capacity that has occurred once the qualifying matters are applied is very small in the context of total residential capacity in the wider North-West

FUAs, and is, in economics terms, an appropriate trade-off to make for the benefits the qualifying matters will generate.

7 Economic costs and benefits

This section assesses the economic costs and benefits that the PPC request would enable, if approved.

7.1 Direct, indirect and induced economic effects

If rezoned, the PPC area is expected to be able to accommodate around 550 dwellings, and the development of the land for residential uses would involve expenditure during consenting, land development and build development phases, and then by residents spending once the development is completed. Those effects are assessed below, using output from a proprietary subnational economic model, the Economic Linkages Model (“ELM”), as discussed in Appendix 1.

7.1.1 Approach

The first step in the estimation of the economic effects was to estimate the direct expenditure that will occur in each phase of the development, as follows:

- ❖ Consenting and land development: These effects were estimated based on industry knowledge from similar developments, adapting them to the scale and locational characteristics of the PPC area, with reference to information about indicative costs associated with this economic activity that was provided by the applicant.
- ❖ Build development: These effects were estimated using indicative dwelling yields and build cost data to estimate the likely construction expenditure.
- ❖ Resident spending: there will be on-going expenditure by residents that live in dwellings in the PPC area. This was estimated using our in-house retail expenditure model, based on an assumption that PPC area residents will have similar spend characteristics to people current living nearby.

Direct expenditure estimates were then run through the ELM to calculate all flow-on effects associated with the development that would be enabled, including:

- ❖ Direct impacts: the initial changes in the economy due to an economic shock (the new expenditure). The direct GDP effect is calculated based on the value of the shock, and the direct employment effect is the number of jobs created by the shock itself.
- ❖ Indirect impacts: these arise as the firms that initially change their output as a result of an economic shock (i.e. the direct effects), purchase required inputs from their supply chain. These are business-to-business transaction changes.

- ❖ Induced impacts: these flow from the direct and indirect impacts which generate wages, salaries, and profits for the households, and will generate more spending on goods and services as a result of household-business interaction.

7.1.2 Direct economic impacts

The direct impacts associated with the proposed development are modelled to exceed \$530m, comprised as follows (Figure 7.1):

- ❖ The consenting phase is estimated to cost \$1.0m and has largely occurred in 2024, which includes the developer's internal management time, expert research and planning costs.
- ❖ Land development is estimated to cost just over \$71m, which will occur in 2025.
- ❖ Construction activity is estimated to cost \$444.4m, which is estimated to peak in 2025 and 2026.
- ❖ Household spending by new residents of the PPC area would generate direct expenditure in the local economy of over \$16m in the first three years, with annual spend reaching over \$6m once all dwellings are occupied.

Figure 7.1: Direct expenditure (\$m)

	Total
Consenting	\$ 1.0
Land development	\$ 71.1
Build development	\$ 444.4
Residents	\$ 16.4
Total	\$ 532.9

The direct expenditure is based on the conservative assumption that the average dwelling in the PPC area would sell for around \$1.1m, which is lower than the current average dwelling price in the Albany Ward (\$1.2m) and similar to the Hobsonville area (\$1.0-1.2m).³⁰ That average takes in a range of dwelling values of indicatively \$900,000-\$1.25m. If PPC area dwellings cost more to build than assumed, and sell for a higher price point, that would increase the size of the impacts that eventuate.

7.1.3 Total economic impacts

The direct expenditure that is generated will flow through the economy, and result in additional (indirect and induced) economic activity and employment in supporting industries. Together the direct, indirect and induced economic impact would support \$495m in GDP and over 5,500 employment years³¹ in the Auckland economy, and additional activity elsewhere in New Zealand. Once

³⁰ Ministry of Housing and Urban Development (2022) Dwelling sales prices (actual).

³¹ Total Employment Count, which is equal to the count of employees and working proprietors.

the PPC area has been fully developed, PPC area households will support around \$6.8m/year in GDP and approximately 94 jobs in the Auckland economy on an ongoing basis.

Figure 7.2: Economic impact of proposed development

	Total
Value Added (GDP, \$m)	
Auckland	\$ 495.0
Rest of NZ	\$ 175.1
Total	\$ 670.1
Employment (Jobs)	
Auckland	5,525
Rest of NZ	1,454
Total	6,979

7.1.4 Transfer effect

It is important to consider the fact that if the development that would be enabled in the PPC area by the PPC request were not to occur, then it may instead occur somewhere else in Auckland. That would mean that not all of the development of the PPC area would necessarily generate additional economic activity, but instead some of that development would result in a transferral of that activity between different candidate development locations. However, for a transfer effect to occur there must be : an alternative location(s) in which development can occur; a willing landowner and suitably resourced developer in alternative locations; and no planning or infrastructure constraints that preclude that alternative development.

It is likely that the PPC would enable some additional residential development and support the development of some new dwellings that would not be established without the PPC, because the PPC would enable development in a time and place which is unique, and therefore has a particular appeal to some parts of the market. In the absence of being able to purchase a dwelling in the PPC area, some potential buyers would purchase elsewhere, but some may not. That is, the net additional economic effects enabled by the PPC are likely to be somewhat less than the total economic effects assessed above, although will support an increase in employment and spending in the economy, both as a one-off response during the construction and land development phase, and on an ongoing basis once the PPC area is developed. Ultimately, residential development of the PPC area will create some positive economic impacts for the local and Auckland economies.

7.2 Wider economic benefits

In addition to the economic benefits that will be created during development of the PPC area, there will be a range of wider economic benefits of growth being accommodated in the PPC area. In general, the wider economic benefits of the PPC request are driven by its location adjacent to existing urban areas, and in a location that is planned to be serviced by infrastructure. Households that live within

the area will have good links to road and public transport networks and access to goods and services in the local area, including by walking and cycling, and will contribute to the creation of a well-functioning urban environment. These aspects of the proposed development can be expected to generate benefits for the local community and the wider economy, as explained below.

7.2.1 Increased residential land supply

The PPC request seeks to rezone an area that could indicatively accommodate around 550 dwellings. While that number of dwellings is relatively small compared to (1.1% of) the projected growth of over 34,000 new households in the catchment by 2053, the demand assessment in section 4 confirms that in order to accommodate the level of growth projected, it will be necessary for most of the FUZ land in the catchment to be converted to urban uses. For that reason the PPC area will play a small but important role in contributing to ensuring sufficient residential supply is enabled in the catchment to accommodate growth, and would supply about three months' worth of demand in the catchment, at current growth rates.

Further, the PPC area provides a point of difference to other future FUZ development opportunities, because the PPC area's coastal location and pedestrian proximity to a local centre makes the PPC area unique in the catchment. There are other FUZ areas which are coastal (the northern fringe of Whenuapai) and some areas that are close to centres (Kumeū, Whenuapai, and Westgate), but no others that are in both locations. The PPC area therefore offers the opportunity for different types of buyers to live in the area, increasing housing choice.

7.2.2 Efficient location

Much of the population that the PPC area could accommodate will work and shop in local businesses, and support the local economy. As the catchment population grows the local (north-west) economy is likely to become slightly more self-sufficient, with a broader range of businesses supported in the area, offering more opportunities for employment and access to retail and service businesses. That will reduce the need for catchment residents to travel out of the catchment to go to work, or for shopping and other household needs. The PPC areas development would contribute to that self-sufficiency, notwithstanding the small scale of the development proposed relative to the total catchment population.

There is a large, and growing range of employment opportunities in close proximity to the PPC area. Westgate is the north-west's commercial hub, and the Hobsonville Road corridor and future Whenuapai industrial area will continue to develop as very large industrial areas, and a good location for residents of the PPC area to access work opportunities. Together these employment areas will employ a very large workforce, providing local employment opportunities that will reduce the need for some local residents to travel out of the area to access employment opportunities.

The applicant has undertaken to construct and fund an upgrade to Clarks Lane and Sinton Road, providing a road reserve to an 'urban' standard including a grade separated footpath that will provide a walkable route to the Hobsonville local centre, the closest commercial centre which is within about 10-15 minute walk of most of the PPC area, using the Clarks Lane footbridge (or 2.5km by car via Brigham Creek Road). The Hobsonville centre would provide for a large proportion of the local convenience needs of people living in the PPC area, including local retail, commercial services, offices, food and beverage, and supermarket goods, as well as public transport connections along the arterial road to the Hobsonville and Westgate centres.

A much broader range of needs such as more specialist retail and service providers is available at the large Westgate metropolitan centre, less than 5km west of the PPC area. Westgate will become one of Auckland's largest commercial centres once it is fully developed, and proximity to that centre is a positive aspect of the development, as it is for much of the catchment's FUZ areas. Development of the PPC area will support ongoing development of the Westgate centre, and an increasing breadth and depth of businesses there, to the benefit of the broader north-west catchment.

While many other parts of the FUZ within the catchment, especially around Whenuapai, offer the same locational benefits in respect of proximity to these employment opportunities, and supporting local economic growth, the PPC area is superior to more remote development locations, and offers better proximity to urban Auckland than does Kumeū-Huapai and Riverhead. For that reason, and from an economic perspective, it would be beneficial for the PPC area to be one of the next parts of the catchment FUZ to be developed.

For non-local travel, a notable benefit of the PPC area is that it is close to major transport infrastructure (including State Highways 16 and 18) which means PPC area households will be able to travel more efficiently and better access their needs outside the local area than will residents of comparably sized developments in more remote greenfield locations. For example, residents can take a frequent bus along Hobsonville Road to Westgate and connect onto a direct express bus (WX1) to the City Centre, or reach the Hobsonville Ferry Terminal via bus. This will contribute to mitigating transport costs and emissions, relative to development in many alternative locations, resulting in better transport outcomes and associated public benefits.

7.2.3 Infrastructure availability

The FDS sets a time when FUZ is expected to be 'development ready' based on funding for and likely completion of required infrastructure to service FUZ areas. The PPC area is within a wider area the FDS categorises as 'Whenuapai East', which is not planned to be development ready until 2035+, with the infrastructure prerequisites to development being:

- ❖ Brigham Creek Road upgrade;

- ❖ SH16 to SH18 Connections;
- ❖ Hobsonville Road Upgrade;
- ❖ Upper Harbour (SH18) Rapid Transit;
- ❖ Whenuapai Wastewater Package 2 (Southern portion only);
- ❖ Trig Road Water Reservoir; and
- ❖ North Harbour No.2 Watermain Project.

However, Appendix 6 of the FDS states that infrastructure prerequisites do not constrain development or prevent private plan change requests, and that not all infrastructure is needed for initial new residential or business communities. The PPC area would be one of the initial new residential communities within Whenuapai East. The FDS acknowledges that infrastructure can be provided in different ways to that anticipated when establishing the development ready timing, such as by using alternative methods or funding, so that FUZ can be live zoned earlier than indicated. In the FDS Council undertakes to collaboratively engage on opportunities for such alternatives, when opportunities arise.

We understand that as an early part of the FUZ to be developed, the PPC area can be serviced with existing water and wastewater infrastructure, and (as confirmed by Watercare) will not require any additional public expenditure on waters infrastructure – any necessary upgrades or extensions will be paid for and delivered by Cabra, timed to integrate with development. Stormwater infrastructure will be constructed at the applicant's cost, and will discharge to the coast. Existing roading and pedestrian infrastructure along Clarks Lane and Sinton Road will require some upgrade to urbanise it and provide for footpaths, wider roads and kerbing, and the applicant has undertaken to construct and fund a walkable route to the Hobsonville local centre, again, timed to integrate with development.

An advantage of the northern part of the Neighbourhood Plan area, including the PPC area, as a development area is that it is a spatially discrete area with (we are informed) quite predictable future infrastructure needs. That will provide some certainty to Council that development of the PPC area will not lead to unforeseen infrastructure burden that ends up being publicly funded when funding is unavailable. The applicant is cognisant of the limited pool of funding available for new infrastructure to service FUZ conversion, and accordingly does not rely on Council contributions, and will significantly contribute to new infrastructure in the wider area through development contributions under the new contributions policy for North West Auckland which is expected to be in place later this year. Auckland Council's Parks team have advised that Cabra is not required to deliver any physical amenities on the land that is to be rezoned Open Space at 17A Clarks Lane – Council will deliver this in due course.

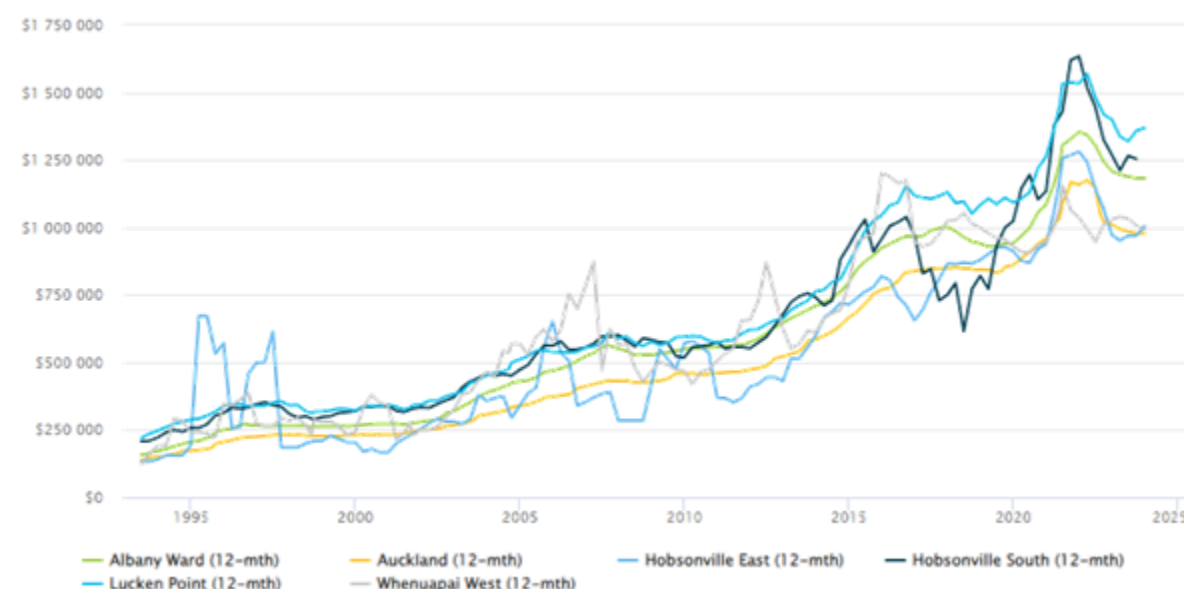
While we have not assessed the relative infrastructure costs associated with servicing the PPC area, we consider that it is likely that there will be economic benefits from the fact that the PPC area is adjacent to existing established urban development containing both residential and commercial

activities. This location means that it is probable that infrastructure costs will be lower than other comparable developments located further from the urban edge, which would result in superior economic outcomes relative to accommodating growth in less accessible areas that are not as well served by existing infrastructure. This outcome would improve the productivity of the economy, by reducing the amount of resources needed to accommodate new growth, relative to new residential developments in more remote locations, and recommends the PPC area as one of the next development opportunities in the catchment. Future development in Whenuapai may also be able to connect into new/upgraded infrastructure, and certainly existing and new residents will benefit from the urbanisation of the road reserve and pedestrian/cycle access to the Clarks Lane Footbridge.

7.2.4 Affordable housing

The average house price in Auckland, Albany Ward, and the four area units³² closest to the PPC area has increased significantly over the last decade, despite being well below the peaks of late 2021 (Figure 7.3).

Figure 7.3: Catchment dwelling sales prices (12-month rolling, source: MfE)³³



Housing affordability remains a key challenge for the region, as identified in the HBA 2023, which concluded that “affordability in Auckland is worse than it was pre-pandemic and worse than it was reported in the last HBA”,³⁴ and notes that:

The challenges identified in the 2021 Housing Assessment around the affordability for low-income households in a market driven planning and assessment system remain, and

³² Hobsonville East, Hobsonville South, Lucken Point, Whenuapai West

³³ Using CoreLogic data, <https://huddashboards.shinyapps.io/urban-development/>

³⁴ 2023 HBA, page 38

*may increase with strong rises in the costs of many other goods and services and interest rate rises. Interest rate rises are doubly impactful as they affect both mortgage repayment costs and the price and affordability of all large ticket items bought with debt – including the extremely expensive infrastructure required to service growth (some of which has not been previously planned for) and address existing level of service issues and future challenges.*³⁵

Provision of additional residential land supply in the PPC area is likely to have some positive effect on housing affordability and ability to purchase a new dwelling. While the scale of this effect is likely to be very small, by virtue of the small number of additional dwellings enabled in the PPC area relative to the large size of the existing residential market, all additional supply in the catchment will contribute to an overall increase in dwelling availability, and will help to slow the rate at which future residential land and dwelling prices increase.

7.2.5 Well-functioning Urban Environment

Development of the PPC area will contribute to a well-functioning urban environment. The proposed development is an appropriate location in which to enable higher density residential growth because it is adjacent an established residential and business area, and is close to (walkable to) the key infrastructure networks, and other services. Locations with those characteristics are an appropriate place for higher density residential activity to establish.

The development of the PPC area can be expected to positively impact local businesses in the area and contribute to the efficient and profitable functioning of the Whenuapai, Hobsonville, and Westgate centres. Members of the additional households within the proposed development can be expected to shop and visit services within the local area, which will improve the viability of existing business and also potentially attract more businesses and community services to the area. This additional activity can be expected to improve the level of amenity in these centres, which will positively contribute to a well-functioning urban environment, and increase local spend retention, therefore reducing the need for local residents to leave the area to access goods and services.

7.3 Economic costs

7.3.1 Opportunity cost of applying qualifying matters

As described in section 6, a decision has been made to apply qualifying matters to parts of the PPC area to support consistency with the NZCPS. The application of those qualifying matters results in the yield of the PPC area being around 100 dwellings lower than it might have been in the absence of

³⁵ 2023 HBA, page ii

qualifying matters applying. There is an economic cost associated with reducing the PPC area's yield by 100 dwellings, and the EHA requires assessment of those costs as follows:

- ❖ the impact that limiting development capacity, building height, or density (as relevant) will have on the provision of development capacity (s77J(3)(b));
- ❖ assess the costs and broader impacts of imposing those limits (s77J(3)(c)).

The costs of applying the qualifying matters, and therefore of reducing potential yield of the PPC area by around 100 dwellings to around 550 dwellings, is primarily the opportunity cost of not enabling those dwellings to be built, and would be foregone (potential) direct impacts of:

- ❖ \$200,000 in the consenting phase, reducing from \$1.2m to the \$1.0m described in section 7.1.2.
- ❖ \$13m in the land development phase, reducing from \$84m to the \$71m described in section 7.1.2.
- ❖ \$81m in the building development phase, reducing from \$525m to the \$444m described in section 7.1.2.
- ❖ \$3m of resident spending in the period until 2028, reducing from \$19m to the \$16m described in section 7.1.2, and then an ongoing reduction subsequently.
- ❖ \$121m in total direct, indirect and induced economic impact in the NZ economy, reducing from \$792m to the \$670m described in section 7.1.3.
- ❖ 1,269 employment years in the Auckland economy, reducing from 8,248 to the 6,979 described in section 7.1.3.

7.3.2 Infrastructure costs

Most of the economic costs of the development in the PPC area would be those borne by the developer, including construction and land development costs. As discussed above, we understand that the PPC area is serviced with waters infrastructure which has ample capacity to accommodate the development that would be enabled by the PPC request, and much more growth besides, with only fairly limited upgrades or extensions required to deliver wastewater and water supply (to be delivered by Cabra). Development in the PPC area will not place any increased funding burden on ratepayers, and would therefore place less burden than development in unserved, greenfields sites elsewhere.

We understand that the applicant has undertaken to fund local road upgrades, including providing a grade separate footpath to the Clarks Lane Footbridge, including extending the footpath to connect with the Ockleston Landing development for the benefit of existing residents on the peninsula.

7.3.3 Conversion of land to urban uses

The only potential cost not borne by the applicant is the loss of agricultural productivity capacity from the PPC area. However, while PPC area land has been used for agriculture in the distant past, as discussed in section 3.8 the PPC area is not currently used for agricultural production, and there is no prospect of being so used in the future, due to the small size of parcels, reverse sensitivity of neighbouring residential uses and the identification of the area as FUZ, signalling intended future urban development. That means that there is no real cost of foregone agricultural production from allowing conversion of the PPC area to urban uses as proposed.

8 Conclusion

The development of the PPC area would produce positive benefits for the local community, both in terms of increasing housing supply and by supporting a larger local population which will in turn increase the employment and other self-sufficiency of Auckland's north-west.

Under the existing planning framework, even with the additional supply that will be enabled in EHA-induced changes to the AUP, a very large proportion of the FUZ in the catchment will need to be developed to provide sufficient new residential dwelling capacity. Additional new supply will be required on an ongoing basis given the sustained household growth projected in the area, and early development of areas already serviced with infrastructure is an efficient way to accommodate growth from an economics perspective. Approval of the PPC request would contribute to more readily available housing in the short term, helping to ease upwards pressure on house prices and rents.

The PPC area has consistently been identified as an area appropriate to accommodate urban growth since at least 2017 when the FULSS was adopted. That identification reflects the good locational characteristics of the area, and its proximity to a wide range of established urban facilities and infrastructure. While the PPC area is now not indicated to be development ready until 2035+, earlier development is not precluded by the FDS, and is possible with existing infrastructure (and with minor upgrades to be delivered by Cabra).

Development in the catchment has been significant over the last decade, and approving the PPC request would enable development that is consistent with long-term plans for the area to urbanise, and would provide a good opportunity for new dwellings to be established in close proximity to the existing urban fringe, in a location much closer to urban Auckland than alternative growth areas in the catchment at Kumeū-Huapai and Riverhead.

The location of the PPC area therefore contributes to a well-functioning urban environment by providing dwellings in close proximity to major public transport links and existing urban facilities and employment opportunities as well as social infrastructure such as shopping centres, parks and schools, which will have positive effects in reducing greenhouse gas emissions. The proposal would support efficient use of infrastructure, certainly much more efficient than for residential developments in greenfield locations which require new networks to be constructed.

Overall the only aspect of the PPC request that might give rise to some negative economic effects is infrastructure provision that would be required by the PPC area, however most of the PPC area's future infrastructure needs are able to be accommodated by existing infrastructure, and/or any upgrades will be delivered by Cabra; the timing for which will be integrated with development. As such, there should not be any additional financial burden on Council as a result of the PPC request.

Ultimately the net economic effects of the PPC request are positive, and the proposal will contribute to accommodating ongoing dwelling demand in a high growth part of Auckland.

Appendix 1 Economic-Linkages-Model

The Economic Linkages Model (“ELM”) is a proprietary model that has been developed to quantify and measure the economic activity and relationships within the New Zealand economy. In summary, the ELM measures the flows of money and goods through the economy, at a sector and sub-national level.

The model records the interactions and relationships between actors in the economy, including businesses, households, government, exporters, and importers. At its essence, the interactions in the model describe how each industry responds to changes in the economy, which ripples out to influence a range of other outcomes (e.g. household decisions).

The ELM measures the economy using a range of standard economic metrics, which includes gross output³⁶, GDP³⁷, value-added, employment³⁸, incomes³⁹, consumption⁴⁰, tax⁴¹, and trade. The model uses a subnational Input-Output Table that has been regionalised by Formative. This appendix outlines the nature of the Input-Output table, the underlying assumptions within the ELM and the key modelling steps.

A1.1 Input-Output Table

The Subnational Input-Output Table (“SIOT”) has been developed by Formative to provide detail on the economic linkages between sectors and geographies within New Zealand. The table has been defined to include 65 economic sectors and 39 geographies.

The 65 “sectors” have been defined using standard industry classification (ANZSIC06), with each sector being defined by a grouping of industries based on cluster analysis of their supply chains and economic rationale. The 39 “geographies” have been defined according to either territorial or regional authority boundaries, with more disaggregation provided where there is more economic activity (e.g. upper North Island) and aggregation where there is less economic activity (e.g. West Coast of the South Island).

The SIOT has the base year of 2019. All transactions in the table are in 2019 dollars, and all economic impacts (for instance GDP, gross output, consumption, taxes) are also in 2019 dollars. The SIOT is

³⁶ Similar to company revenue.

³⁷ There is a key difference between GDP and value added. The value added of a sector is measured net of taxes (for instance GST) and subsidies on products. In the GDP in the national accounts for New Zealand product taxes (minus subsidies) are recorded for the economy as a whole and includes as part of the value added.

³⁸ Formative uses BED measure of Total Employment Count (TEC) which includes both employment count and working proprietors.

³⁹ Includes salaries, wages and profits.

⁴⁰ Including household and government.

⁴¹ Including income taxes, GST, government transfers and subsidies.

based on a national level 2013 Input-Output table released by Statistics New Zealand which has been converted to 2019 based on Statistics New Zealand national account data for 2019⁴²

The national-level table has been regionalised using a hybrid approach. The hybrid approach of combining survey and non-survey (i.e. modelled) methods to regionalise an IO table which is considered the gold standard when an official SIOT is not available. The survey data sources used in the generation of the SIOT include a range of customised datasets that Formative has purchased and developed:

- ❖ **Total Employment:** Formative maintains a detailed database of employment, by geographies and industry (Business Employment Database - BED), which records the total employment in each of 506 ANZISC06 industry classes and for Statistics New Zealand's Statistical Areas, including both employees and working proprietors.⁴³
- ❖ **Electronic Card Transactions:** Formative has purchased detailed electronic card transaction data from Marketview, which records the origin and destination of four retail and services spend types by the 39 geographies.⁴⁴
- ❖ **Subnational Economic Data:** a range of information that provides valuable insight into the scale of economic activity that is located within each geography. This includes regional GDP, Gross Output and household income.

The above datasets have been combined along with non-survey regionalisation techniques to allocate the national economic activity into each of the geographies. The key method used to accomplish this is the Industry-Specific Flegg's Location Quotient ("SFLQ")⁴⁵. This method employs location quotients (LQ) to understand the specialisations and structure of regional economies compared to the national economy. The use of LQs has been known to understate the amount of regional trade, however, the SFLQ approach combats this by allowing for industry-specific rates of cross hauling (where regions both import and export a product or service).

This approach has been shown to create accurate estimations of regional multipliers and outperforms other non-survey approaches⁴⁶. The SFLQ method was supplemented by a gravity model to help

⁴² This includes gross output by sector, and national subsidies, exports, imports, change in inventories, gross fixed capital formation, consumption spending (includes households, local and central government and non-profit expenditure), compensation of employees, taxes, consumption of fixed capital and operating surplus.

⁴³ Formative (2021) Business and Employment Database – Employment Count, Working Proprietors, Total Employment.

⁴⁴ Marketview (2021) Card transaction data – four spend types and 39 geographies for the 2019 calendar year.

⁴⁵ Julia Kowalewski (2015) Regionalization of National Input–Output Tables: Empirical Evidence on the Use of the FLQ Formula, *Regional Studies*, 49:2, 240-250.

⁴⁶ Anthony T. Flegg, Leonardo J. Mastronardi & Carlos A. Romero (2016) Evaluating the FLQ and AFLQ formulae for estimating regional input coefficients: empirical evidence for the province of Córdoba, Argentina, *Economic Systems Research*, 28:1, 21-37.; Zhao, X., Choi, SG. On the regionalization of input–output tables with an industry-specific location quotient. *Ann Reg Sci* 54, 901–926 (2015).

inform regional flows. The SIOT has been calibrated to better match the relationships in the national Input-Output table and has been balanced using an iterative proportional fitting procedure to ensure that the table reflects regional gross-out and input. The resulting SIOT table provides a modelled estimate of the relationships within the economy. This means that the economic linkages between sector-geography combinations as of 2019 are captured in the SIOT.

The ELM uses the SIOT to estimate the potential economic activity that can be expected from changes in the economy. All economic models apply assumptions because an economy and community are too complex to replicate exactly in a mathematical system. The structure of the ELM utilises the following assumptions:

- ❖ Leontief production function, which assumes linear relationships between the production and inputs. This means a change in the output for the industry will translate into a proportional change in demands for inputs.
- ❖ No supply constraints assume that businesses can source sufficient resources (labour, capital, land, etc) to meet new demands.
- ❖ Constant returns to scale, which means that there are no economics of scale or diminishing returns in the model.
- ❖ Static prices, which assume that prices remain at 2019 values. The model does not account for substitution effect or dynamic feedback from changes in demand and prices.

A1.2 Key Modelling Steps

The first step in the ELM is to establish the direct economic activity that will be generated or influenced by the proposed policy, investment, or activity. This estimation of the direct economic activity is generally conducted using financial information or developed via a first-principles understanding of how businesses or households may change their behaviour or be impacted as a result of the proposed policy, investment or activity.

The next step is to map this activity into the 65 economic sectors and 39 geographies. In most cases the direct economic activity will occur across a range of economic sectors, commonly this can be drawn from either operational or capital budgets. Similarly, in most cases, direct economic activity will accrue across multiple geographies. Therefore, the activity must be mapped into each geography to ensure that the modelling reflects the likely pattern of activity.

Finally, the mapped activity is then fed into the ELM which measures the additional economic activity that can be expected to occur within the economy as a result of the new activity. In summary, other businesses and households in the community will respond to the changes in the economy.

There are three types of economic impact the ELM calculates, direct, indirect, and induced:

- ❖ Direct impacts are the initial changes in the economy due to an economic shock (often new expenditure). The direct GDP effect is calculated based on the value of the shock and the direct employment effect is the number of jobs created by the shock itself.
- ❖ Indirect impacts arise as the firms that initially change their output as a result of an economic shock (i.e. the direct effects), purchase required inputs from their supply chain. These business-to-business transaction changes are known as the indirect impacts.
- ❖ Induced impacts flow from the direct and indirect impacts which generate wages, salaries, and profits for the households. The changed household incomes will generate more spending on goods and services. This household-to-business interaction is called induced activity.

The ELM quantifies the economic activity in each geography and sector, which includes the direct, indirect, and induced activity. The associated employment impacts are calculated assuming constant productivity – that is, each sector-geography combination produces the same amount of output per employee.