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INSIGHT ECONOMICS

Technical Memo

To:	Expert Consulting Panel – Ashbourne	From:	Insight Economics
Date:	Tuesday, 18 November	Page:	18 (including this page)
Subject:	Response to Evidence of Timothy Heath on behalf of MPDC - Ashbourne Fast-track		

CONTEXT

We prepared an economic assessment to support the substantive application under the Fast-track Approvals Act 2024 (**FTAA**) for the Ashbourne development. It was independently peer-reviewed by Tim Heath of Property Economics on behalf of Matamata-Piako District Council (**MDPC**), which we responded to in September 2025. Subsequently, Mr Heath produced a statement of evidence, again for MPDC, which queried several perceived issues with our assessment (and a further memorandum produced in response to his prior review). This memo provides a detailed response to Mr Heath's evidence.

STRUCTURE OF THIS MEMO

The remainder of this memo is structured thematically around the following issues raised in the peer review:

1. Residential Capacity Sufficiency
2. Ability of the Proposal to Stimulate Additional Demand
3. Retirement Village Supply and Location Considerations
4. Loss and Efficient Use of Highly Productive Land (**HPL**)
5. Displacement of Economic Activity and Net Regional Benefit
6. Infrastructure Costs, Funding, and Network Efficiency
7. Overall Economic Efficiency
8. Conclusion
9. Appendix A: Review of Revised Dwelling Capacity Assessment

1. RESIDENTIAL CAPACITY SUFFICIENCY

Summary of issue:

Mr Heath's evidence asserts that Matamata has sufficient zoned, feasible, and realisable residential capacity to meet projected demand over the short-, medium-, and long-term. It suggests the Ashbourne proposal is not required and may undermine sequencing of existing growth areas.

Response:

We respectfully disagree that Matamata has ample existing capacity for all future needs. Our review of Mr Heath's Housing Capacity Assessment (**HCA**), provided in **Appendix A**, shows that the estimates of feasible and realisable capacity are fundamentally unreliable. The assessment relies on an opaque and unverified model, adopts several unrealistic assumptions (including that all sites are fully serviced,

market-ready, and capable of maximising plan-enabled yields), produces outputs that are mathematically inconsistent, and materially underestimates likely future demand. These issues collectively cause the HCA to overstate future supply and understate future need.

Even if one believes that current zoned capacity can meet near-term demand, enabling Ashbourne now still provides crucial benefits. Economic theory shows that increasing land and housing supply well ahead of any acute shortages can improve affordability and welfare by easing price pressures and giving consumers more choice. Indeed, forward-planning for supply is a core principle of the National Policy Statement on Urban Development (**NPS-UD**) – it discourages a reactive "just-in-time" approach and instead promotes maintaining a surplus capacity to foster competitive and responsive markets.

Put slightly differently, by strengthening the housing pipeline, Ashbourne can reduce reliance on drip-fed supply from other ad-hoc sources, enhance market competition, and improve housing choice and affordability regardless of the exact timing of a shortfall. Conversely, waiting until a shortage is imminent is neither prudent nor consistent with clearly stated government policy on housing supply.

Crucially, large master-planned developments can influence demand themselves. As discussed next, new supply at scale can unlock latent demand and attract new residents that would not otherwise relocate to an area. This means Ashbourne is not simply about reallocating a fixed pie of growth, but about potentially growing the pie larger – benefitting Matamata and the wider region.

2. ABILITY OF THE PROPOSAL TO STIMULATE ADDITIONAL DEMAND

Summary of issue:
The evidence questions whether Ashbourne would generate genuinely new (net additional) demand, suggesting the proposal would primarily redistribute growth from existing zoned areas rather than attracting new residents to Matamata.

Response:
We acknowledge the concern, but economic theory and empirical evidence indicate that supply can create its own demand in housing markets when a new offering is sufficiently attractive. Housing demand is not fixed; it responds to the availability, price, and quality of housing. By substantially increasing supply, especially in a high-quality master-planned format, Ashbourne can reveal suppressed or latent demand that was not accounted for in static forecasts. In other terms, many households may not have moved to Matamata if the status quo continued, but may choose to relocate there if a compelling new community is available.

Matamata is strategically located between two of New Zealand's fastest-growing urban areas – Hamilton and Tauranga – making it a logical commuter and lifestyle hinterland. Current data[1] show a substantial number of Matamata residents already commute to Hamilton and Tauranga for work, reflecting the town's role as a labour-shed for those cities.

With evolving work patterns (like work-from-home and flexible commuting), a high-amenity development like Ashbourne could attract even more of these workers to settle in Matamata, by offering the best of both worlds: affordable, quality living within reach of multiple job markets. Hybrid

[1] Available here: https://www.stats.govt.nz/tools/commuter-waka/

remote workers, retirees seeking a tranquil but well-serviced community, and families priced out of the larger cities are all potential sources of net new demand for Matamata that Ashbourne can capture. These households are not accounted for in traditional/business-as-usual projections, which assume that growth only follows past trends or the capacity of existing zoning patterns.

In summary, we disagree that Ashbourne would simply cannibalise other growth areas. While some relocating within the district might choose Ashbourne over another subdivision, the development's scale and unique features will expand the overall pie of growth. It does so by inducing additional migration and household formation that would not occur otherwise – a classic case of supply driving demand when an unmet need is addressed.

The outcome will be a larger population and economic base for Matamata than would exist without the project. In economic welfare terms, this means greater regional prosperity and a higher utility for residents (more choices of where and how to live). Indeed, Mr Heath himself acknowledges that the FTAA requires regionally significant benefits; we submit that attracting new residents and investment to the town is precisely such a benefit, rather than a mere redistribution.

3. RETIREMENT VILLAGE (RV) SUPPLY AND LOCATION CONSIDERATIONS

Summary of issue:
The evidence argues that existing and planned retirement village capacity appears sufficient in the short–medium term and that suitable zoned land is available elsewhere to accommodate RV development without using HPL.

Response:
We maintain that the planned retirement village in Ashbourne responds to a real and meaningful unmet need in the local catchment, and that alternative sites are not truly equivalent. There are two key points to consider: demand metrics and supply feasibility.

Demand: Mr Heath's analysis relies on a region-wide retirement village "penetration rate" of 13.3% (i.e., the share of elderly likely to opt for village living) to suggest capacity is sufficient. However, using a broad regional average dilutes areas of high demand with those of low demand and is inappropriate for a specific catchment. We have consistently advocated using catchment-specific penetration rates that reflect Matamata's actual demographics and market conditions. In our evidence, we applied a rate around 18%, based on local data, which we consider far more realistic. This is not an "optimistic" figure but one grounded in how similar communities behave when adequate RV options are present.

Importantly, new supply itself can raise the penetration rate over time – when a modern retirement village becomes available, more seniors choose that lifestyle, whereas previously they had no local option and stayed in general housing. In practice, the introduction of Ashbourne's retirement village will both meet and stimulate demand, improving welfare for seniors who gain a housing option suited to their needs. The planned 218 units in Ashbourne are a proportionate response to the identified shortfall in Matamata's area – neither excessive nor premature.

Supply: While it's theoretically true that other zoned sites could host retirement developments, the reality is that large, well-located parcels suitable for a comprehensive retirement village are scarce.

Retirement village operators require substantial contiguous land, preferably near services and amenities, with proper infrastructure. Much of the "available" land Mr Heath alludes to may be fragmented, lacks infrastructure, or is held by owners with no intent to sell or develop. No evidence has been provided that any alternate site is actually developer-ready for an equivalent retirement village.

By contrast, Ashbourne's site and masterplan have already integrated an RV component alongside housing, commercial amenities, and a high-quality environment – an attractive proposition for operators and residents alike. In short, Ashbourne offers a unique opportunity to deliver needed retirement housing in a way that standalone smaller sites cannot. Foregoing this opportunity on the assumption that "someone, somewhere else" will build an equivalent village on non-HPL land is speculative and, in our view, not supported by market evidence.

Furthermore, using a portion of HPL for a retirement village must be weighed against the benefits to the community. Enabling local seniors to age-in-place (remain in their community) in appropriate housing has social benefits: it frees up family homes for younger families, concentrates healthcare and services efficiently, and improves seniors' quality of life. These welfare gains are significant and align with broader policy goals of providing for diverse housing needs.

In the FTAA context, loss of HPL is considered an adverse effect to be weighed, not an automatic veto. Given the lack of practical alternatives, the moderate scale of HPL involved, and the substantial benefits of the RV component, we consider this effect manageable and outweighed by the positive outcomes.

4. LOSS AND EFFICIENT USE OF HIGHLY PRODUCTIVE LAND (HPL)

Summary of issue:
The proposal results in permanent loss of HPL. The evidence raises concerns about whether Clause 3.10 of the NPS-HPL is met and whether similar development outcomes could be achieved on non-HPL land. Incremental loss of HPL is identified as a significant adverse effect.

Response:
We acknowledge that some HPL would be permanently lost to agriculture, and that is an important consideration. However, economic efficiency demands looking at the opportunity cost of the land and the net benefits of its alternate use. In this case, our analysis found that the Total Economic Value of the Ashbourne development's various uses – housing, retirement living, solar farms, and supporting commercial activities – far exceeds the long-term agricultural output of the same land.

Additionally, the proposal enables agrivoltaics within the solar farm area, where pastoral farming can continue beneath the solar panels. This innovative dual use increases overall land productivity relative to its current single-use farming format. As a result, the proposal helps put HPL to even higher and better uses than are possible today.

Crucially, the FTAA framework does not impose the NPS-HPL's avoidance tests in the same manner as a standard RMA plan change would. Instead, the loss of HPL is treated as one adverse effect to weigh

in the balance. The purpose of the FTAA is to enable projects with significant benefits even if they might not pass every traditional planning hurdle.

We stress that nowhere does the FTAA require a proposal to prove that an identical development could not happen on non-HPL land – such a hypothetical counterfactual is unrealistic and not a decision criterion. Mr Heath's suggestion that an equivalent project could simply proceed elsewhere on non-HPL land is entirely unsupported by evidence. In fact, as detailed earlier, no alternative site in Matamata (or environs) has been identified that could accommodate a development of Ashbourne's scale and integrated mix of uses. Other greenfield areas are generally smaller, fragmented, slower to develop, or lack the ability to combine housing, retirement living, commercial amenities and an energy precinct in one master plan.

In short, there is no realistic "somewhere else" scenario in which this project (or a development of equal benefit) materialises on purely non-HPL land. The choice is between doing it here (with appropriate mitigation and management of HPL loss) or likely not achieving these benefits at all.

Regarding the loss of Rural Lifestyle land: the site does include an area currently zoned for rural-residential lifestyle blocks. We acknowledge that the proposal thereby removes a limited number of potential lifestyle lots. However, it is misleading to claim this "reduces choice" in the district's housing market in any material way. The scale of lifestyle lot loss is modest, whereas Ashbourne will greatly expand housing choice by providing hundreds of new dwellings across a spectrum of typologies.

At present, Matamata's growth areas predominantly offer traditional standalone houses on moderate sections. Ashbourne introduces a wider range of housing options that do not readily exist locally (including higher-density formats and integrated community amenities). Notably, Mr Heath's own feasibility modelling for other sites suggests only standard standalone homes are viable elsewhere under current conditions. Ashbourne, by contrast, will deliver a master-planned community with diverse housing, aligning with the NPS-UD's mandate to promote housing variety, choice, and competition in urban areas.

Even if one lamented the loss of a few lifestyle lots, that must be weighed against the far broader range of choices created by the project. From a welfare perspective, the project serves a larger segment of the population's needs – including first-home buyers, families, downsizers, and retirees – rather than reserving land for a small number of lifestyle-block owners. Moreover, rural lifestyle living remains available on plentiful rural land around Matamata (subject to the NPS-HPL constraints), so the effect on that niche market is minimal.

In conclusion: HPL and lifestyle land impacts are acknowledged but carefully mitigated and decisively outweighed by the project's benefits. The FTAA requires the Panel to weigh these adverse effects against regional benefits. We contend that in this case the balance tips strongly in favour of the development: the efficient land use and significant housing and economic gains justify the conversion of some HPL, consistent with the FTAA's purpose to enable beneficial projects.

5. DISPLACEMENT OF ECONOMIC ACTIVITY

Summary of issue:
The evidence suggests the economic activity generated may displace development that would otherwise occur in existing zoned areas, reducing net regional benefit.

Response:
We agree that net effects are an important consideration, but the "displacement" argument is not convincing in this context. It hinges on the same flawed counterfactual discussed earlier – that an equivalent development would occur in the same timeframe elsewhere if Ashbourne didn't proceed. There is no evidence to support the assumption that, absent Ashbourne, some other developer would immediately build a project of comparable scale, mix, and timing in Matamata or even elsewhere in the district.

As noted, no other identified land parcel in Matamata offers the necessary size, integrated planning, and readiness to deliver what Ashbourne can. The practical outcome of not developing Ashbourne is not to enable a mirror development occurring elsewhere – it is that the residential, retirement living, commercial, and solar generation elements are not realised (or are realised later and at a smaller scale). Therefore, the majority of Ashbourne's economic activity would not occur absent the project. This means the jobs created, the investment made, and the households accommodated are largely net gains rather than transfers.

We also point out that Mr Heath's own consultancy, Property Economics, routinely presents gross construction and operational impacts without applying any displacement discount, even in markets with overlapping competing developments. We reviewed more than a dozen recent Property Economics assessments, including projects of similar scale and nature processed under the FTAA, and none quantify or deduct displacement effects. The approach now advocated in Mr Heath's evidence is therefore inconsistent with the methodology his own firm applies when presenting benefits for other developments. Indeed, deducting displacement effects is not an industry standard, nor an established requirement under the FTAA, but rather a methodological position that is not applied consistently across Property Economics' own work.

That aside, even if there is a minor degree of substitution, the regional net effects remain strongly positive. To illustrate, we highlight several additional regional benefits that Ashbourne will provide:

- A **multi-year construction stimulus** on a scale Matamata has not seen before. The project entails over $500 million of investment, which translates into construction jobs, local business for suppliers, and increased consumer spending over the build-out period. This level of construction activity is unlikely to occur in the area without Ashbourne, and its timing (sooner rather than later) helps sustain the regional construction sector.

- **Accelerated housing availability** to address demand. By delivering housing now, the project helps alleviate pressure sooner. This has positive spillovers: preventing sharp price escalations that might occur if demand exceeds supply, and enabling employers in the region to attract workers (since housing will be available). Earlier availability of housing yields a time value of

benefits – people can form households or move to the area sooner, contributing to the economy sooner.

- **Diversification of housing typologies**. The mix of housing types enabled by the development of Ashbourne broadens the regional housing stock. This addresses niche demands (e.g., downsizers, small households) that are underserved, improving overall welfare. A more diverse housing supply also tends to improve market efficiency, as consumers can find products closer to their preferences.

- **Expansion of the labour pool** and economic base. By growing Matamata's population beyond the status quo trend, the project effectively adds human capital to the region. New residents (including commuters and remote workers) will contribute to both the Waikato and Bay of Plenty economies. A larger population also supports local businesses and services, creating a virtuous cycle of growth.

- **Renewable energy generation** as a positive externality. The integrated solar farm (energy precinct) in Ashbourne provides additional clean electricity to the grid. This is a regional benefit in line with national sustainability goals – it improves energy security and reduces carbon emissions. The value of this environmental benefit accrues broadly and is not something that would happen on this site without the project (the status quo of farming contributes no such benefit).

- **Increased competition and choice in the development market**, consistent with the NPS-UD's objectives. Ashbourne introduces a large new development led by an experienced developer, which will spur competitive outcomes – for example, other developers may respond by innovating or accelerating their projects. Consumers (home buyers and renters) benefit from more choices and potentially more competitive pricing region-wide, not just within Matamata.

Collectively, these factors demonstrate that Ashbourne's benefits are truly net positive for the region. The scale and integration of the project create synergies and externalities that would not occur otherwise. Therefore, we are confident that the regional benefits clearly outweigh any localised adverse effects, satisfying the FTAA's requirement that projects have benefits proportionate to (or exceeding) their impacts.

We note that Section 85 of the FTAA allows decline of consent only if adverse effects are "sufficiently significant to be out of proportion to the project's … benefits". In our assessment, Ashbourne's adverse impacts (loss of some HPL, rural lifestyle land, and added infrastructure demands) are moderate and can be mitigated, whereas its benefits are substantial and far-reaching – thus, the disproportion test is not met (the impacts are not out of proportion to the benefits, they are comfortably outweighed by them).

6. INFRASTRUCTURE COSTS AND FUNDING RISK

Summary of issue:
The evidence raises concern that infrastructure required for the development may create funding risk for Council and distort sequencing.

Response:
We understand the importance of infrastructure planning, but we disagree that Ashbourne poses an undue financial risk to Council or ratepayers. Standard funding tools and prudent planning can fully address the infrastructure costs associated with the development:

- **Development Contributions (DCs) and Financial Contributions:** Under existing frameworks, new developments are required to pay their fair share of infrastructure via DCs. Ashbourne's developers will fund the infrastructure they necessitate – either directly constructing assets or through contributions. These mechanisms ensure that those who create the demand for new infrastructure bear the cost, rather than the general public. For a large, master-planned project like Ashbourne, this approach is well-defined and commonly used.

- **Targeted Rates or Private Infrastructure Agreements**: Councils have the option to levy targeted rates on new development areas or enter into Private Developer Agreements (**PDA**) to formalise infrastructure funding and delivery. In fact, the applicant is already exploring a PDA with MPDC, which would lock in responsibilities for infrastructure provision and cost recovery. This gives Council certainty that the project will pay its way. Such agreements can also sequence infrastructure delivery in step with development staging, avoiding any premature investment or stranded assets.

- **Ring-fencing Growth Costs**: The key principle is that growth-related infrastructure costs can be ring-fenced to the development. There is no evidence that Ashbourne would require infrastructure that isn't scalable or that would impose unchecked costs on the community. On the contrary, because Ashbourne is a comprehensive plan, it allows for efficient infrastructure provision – e.g., trunk lines and roads can be sized for the development internally. Extending services to a new growth area is a normal council function and can be done without impacting existing users, provided costs are apportioned correctly.

- **Wastewater Treatment Plant Funding**: In addition, the applicant is entering into a PDA with MPDC that will include a material financial contribution toward the upgrade of the district's wastewater treatment plant. This provides direct funding support for a core council asset that benefits the wider district, not just the Ashbourne development. The project therefore improves the affordability and timing of critical infrastructure upgrades for MPDC, creating a wider regional benefit that extends beyond its direct development yield.

- **Council Experience and Long-Term Planning:** MPDC has experience managing growth infrastructure. (Our team's long involvement with Council's infrastructure strategy attests to this, as one of our economists has supported MPDC on funding policy for nearly 20 years.) Councils routinely plan for new subdivisions and have tools to ensure timing and funding align. If anything, a large, master-planned project like Ashbourne provides more certainty than

piecemeal smaller developments – because Council can plan around one coordinated project rather than many sporadic ones. This coordination can actually reduce the risk of inefficient infrastructure spending.

- **Identification of Specific Risks:** Mr Heath's concern appears to be general. If there are specific, quantifiable infrastructure risks unique to this site (beyond the generic fact that new infrastructure is needed), they should be clearly identified. To date, none have been substantiated. Absent specifics, it is hard to give weight to hypothetical risks. For example, if the worry is that Council might over-extend on capital works – that can be mitigated by staging and agreements. If the worry is operating costs – those are covered by rates from the new properties and economies of scale (more ratepayers). Without concrete examples, we conclude that Ashbourne's infrastructure can be delivered in a financially sustainable manner.

In summary, infrastructure funding is manageable with proper use of available tools. The FTAA's Fast-track process does not bypass these funding arrangements; it simply accelerates the consenting. Council will still have control through conditions and agreements to ensure infrastructure is managed appropriately. We see no evidence that the project creates a systemic risk to Council's finances or network planning. In fact, by delivering growth in a planned way, Ashbourne can complement the Council's strategic planning – providing homes and infrastructure together in one package, rather than leaving Council to retrofit or chase unplanned growth.

7. OVERALL ECONOMIC EFFICIENCY

Summary of issue:
The proposal may reduce lifestyle capacity and may not generate regional benefits sufficient to outweigh adverse effects, including HPL loss.

Response:

Our analysis, as detailed above, finds that Ashbourne will deliver substantial net positive economic and social outcomes, thereby improving overall welfare. We now recapitulate the key points that establish the project's efficiency and alignment with policy:

- **Optimising Land Use for Higher Value Outputs:** The project shifts land to its highest and best use in economic terms. Converting low-density rural land (supporting a few dwellings or modest farm output) into a thriving community of hundreds of dwellings, a retirement village, commerce, and renewable energy production is a transformation that greatly increases total welfare derived from the land. The higher density and mixed use produce agglomeration benefits and better utilise existing regional infrastructure (e.g., closer to town services), as opposed to scattered lifestyle lots that can impose higher per-unit infrastructure costs and vehicle travel.

- **Housing Market Benefits – Supply, Choice, and Affordability:** By significantly increasing housing supply in the area, Ashbourne helps address the demand-supply imbalance that underpins housing affordability issues. Economic supply-demand theory holds that an increase in supply, all else equal, leads to lower equilibrium prices than otherwise would occur, benefitting consumers (homebuyers and renters). The project also improves consumer

choice by adding new housing typologies and a large retirement option, correcting a market undersupply. These outcomes align with central government mandates, such as the NPS-UD's goal to promote competitive land markets and housing choice for improved affordability. In essence, Ashbourne's contribution to housing supply is an efficiency gain: it helps move the market closer to equilibrium and reduces the burden associated with excess demand (inaccessible home ownership, overcrowding, etc.).

- **Addressing Externalities and Public Goods:** The inclusion of a solar energy farm addresses an environmental externality by providing clean power and supporting climate goals. This positive externality would not be captured if the land remains purely in private agricultural use. Additionally, the master-planned nature of Ashbourne means it will provide open spaces, recreational amenities, and possibly improved transport links – quasi-public goods that benefit the broader community. When evaluating economic efficiency, these wider benefits should be included.

- **Dynamic Efficiency – Future Growth Flexibility:** Approving Ashbourne now adds resilience to the district's long-term planning. It is easier and cheaper to accommodate growth proactively than to undertake costly reactive measures when a shortfall hits. By securing a large development now, Matamata gains a buffer of capacity. This dynamic efficiency means future generations are better provided for, and the town is less likely to face crisis-driven interventions later. It also sends a signal aligned with government direction: that the district is receptive to growth and development, potentially attracting further investment.

- **Minor Adverse Effects, Well-Managed:** On the cost side, the adverse effects identified (HPL loss, loss of a few rural residential lots, infrastructure extension, etc.) are either mitigated or inherently limited in scope. The applicant has plans in place (agrivoltaics, developer agreements, etc.) to mitigate these impacts. None of the adverse effects represents a long-term drag on regional welfare:

    - HPL loss is offset by higher output on-site and can be partly mitigated through dual-use farming.

    - The loss of rural lifestyle lots is negligible in number and offset by greater benefits from more intensive housing.

    - Infrastructure costs are internalised by the development, avoiding burden on others.

    - Environmental or traffic impacts are being addressed through design (e.g., sustainable design, upgraded intersections) as part of the consent conditions (addressed in other sections of the application's AEE).

Thus, there is no significant unmitigated negative externality imposed on the community; rather, on balance, the community stands to gain considerably.

Given all the above, Ashbourne emerges as a strongly positive proposition when evaluated against the FTAA's criteria. The Act's purpose is to "facilitate the delivery of ... development projects with significant regional or national benefits." This project exemplifies that mandate, with clear and

significant regional benefits demonstrated. Under Schedule 5 Clause 17 of the FTAA, the Panel must give greatest weight to the Act's purpose in its decision. Practically, this means that if a project delivers on substantial regional benefits (as Ashbourne does), that consideration should guide the outcome, provided adverse effects are not disproportionate. We have shown that the adverse effects are manageable and not out of proportion to the benefits.

Importantly, the FTAA is specifically designed for situations where accelerated delivery of public benefits – such as housing and infrastructure – is warranted. Central government's policy intent, through instruments like the NPS-UD and the Medium Density Residential Standards, is clearly to enable more housing supply and accelerate development in appropriate locations. Ashbourne aligns with these directives by unlocking a large supply of housing in a growth corridor, contributing to the Government's broader housing affordability and urban growth objectives.

8. CONCLUSION

In conclusion, having carefully considered Mr Heath's peer review and evidence, we remain confident that the Ashbourne Fast-track project will deliver substantial economic benefits and positive welfare outcomes for the Matamata community and the wider region. Many of the concerns raised in the review stem from conservative or ungrounded assumptions that do not withstand scrutiny. For example:

- The assumption of ample alternative capacity ignores feasibility constraints and the reality of latent demand, which our detailed analysis corrects (showing the need for additional supply and the demand that Ashbourne would attract).

- The suggestion of no net new growth rests on an unrealistic counterfactual, whereas evidence indicates Ashbourne will induce extra growth and bring forward benefits that would otherwise be lost or delayed.

- The application of the NPS-HPL in a rigid way is a misapplication in the FTAA context – the Fast-track process is designed to weigh such factors, not be halted by them, especially when a project's benefits are overwhelming.

- The value of competition, choice, and large-scale supply is underappreciated in the critique – yet these are exactly the factors emphasised by central government to improve housing outcomes (as per the NPS-UD). Ashbourne's contribution here is significant, injecting diversity and contestability into the local market.

- Concerns over infrastructure are generalised and overstated – practical solutions exist and are being put in place to ensure the developer, not the community, shoulders the costs attributable to the project.

- Potential negative effects like displacement and loss of some lifestyle lots are quantitatively minor or speculative, whereas the positive impacts are concrete and sizeable.

Ashbourne is clearly a project of regional significance, which embodies the very purpose of the FTAA: it will facilitate much-needed housing, create jobs, embrace sustainable practices, and strengthen the

regional economy in a way that standard processes might stifle or delay. The net welfare gain – through more affordable housing, improved choice, and economic growth – is substantial.

Accordingly, we believe the project aligns squarely with both the letter and intent of the FTAA, and with central government policies aimed at unlocking development capacity for the benefit of current and future communities.

We appreciate the opportunity to clarify these points and trust that this memo assists the Panel.

Sincerely,

Fraser Colegrave
Managing Director

9. APPENDIX A: REVIEW OF REVISED DWELLING CAPACITY ASSESSMENT

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Technical Memo

To:	Expert Consulting Panel – Ashbourne	From:	Insight Economics
Date:	Tuesday, 18 November 2025	Page:	5 (including this page)
Subject:	Response to Revised Dwelling Capacity Assessment – Ashbourne Fast-track		

Context

This memo summarises our initial review of the residential capacity assessment prepared by Property Economics (**PE**) attached to Tim Heath's evidence for Matamata-Piako District Council (**MPDC**) on the Ashbourne development. I trust that it provides all the information you need for now, but please let me know if you'd like anything further.

Summary of Key Findings

Our review found the capacity assessment to be basic, lacking any nuance, numerically inconsistent, and thus of no practical value. Overall, we reject the peer review's conclusion that the Ashbourne proposal is not required to provide sufficient development capacity.

Structure of this Memo

The remainder of the memo is structured around the following key issues arising from our review:

1. The capacity model is a rudimentary black box, whose structural and numerical integrity have not been independently verified,[2] and for which no information has been provided about key input values like the assumed sizes, costs, and sales prices of new dwellings.

2. The analysis adopts various unusual assumptions that collectively cause feasible and likely realisable capacity to be – in our view – grossly overstated.

3. Accordingly, the estimates of feasible and likely realisable capacity are wholly unreliable.

4. At the same time, the analysis systematically underestimates likely future housing demand.

5. All that aside, the assessment is too coarse, failing to consider sufficiency by housing typology and/or price band, and providing no insight into likely affordability or plausibility.

6. Accordingly, we have no confidence in the capacity analysis proffered by Mr Heath.

We now briefly elaborate on each point.

Lack of Transparency in Model Structure and Inputs

The first key issue is that PE's capacity model is – in our view – a rudimentary black box, whose inputs, outputs, and calculations have not been independently verified, and which remain largely unreported. As a result, it is impossible to properly test the veracity of (i) the inputs feeding into the model, (ii) the calculations performed on them, and (iii) the resulting estimates of feasible and realisable capacity.

[2] To our knowledge.

For example, other than a few scant references to district plan rules like minimum lot sizes, the report provides almost no details about the following key inputs and considerations:

1. Infrastructure servicing availability and its impacts on capacity realisation
2. Assumed dwelling sizes by typology
3. Assumed land costs, infrastructure costs, construction cost rates, etc.
4. The costs of demolition, site clearing, and subdivision for infill or redevelopment
5. The assumed sales prices of new dwellings by type and size (to test affordability, for example)
6. The cost and ease of accessing finance for homeowners without any development experience seeking to subdivide or redevelop existing homes/sections.

Absent such basic information, the model's calculations are opaque. This naturally limits the weight that can be placed on its outputs even if all the underlying calculations were correct, which they do not appear to be.

The geographic scope of the analysis also appears muddled. By including rural residential capacity in its calculations, the sufficiency assessment for Matamata ends up comparing urban demand to both urban *and* rural supply. This geographic misalignment, in turn, systematically distorts the results.

Further, not only are the model's inputs and assumptions largely a mystery, but the analysis also provides little to no sensitivity testing. Instead, it only tests the impacts of *higher* house prices, which further inflate its estimates of feasible and realisable capacity. Such limited reporting around key outputs precludes any insight to the model's behaviour and thus likely reliability, further painting it as a black box. Indeed, by only testing and reporting the positive impacts of higher prices on future capacity, it projects a one-sided view of future supply.

Overall, I consider the model to be wholly deficient for its stated purpose.

Impact of Key Assumptions on Capacity Estimates

Not only is PE's modelling framework lacking, but the analysis also seems to adopt several unusual, untested and/or unsubstantiated assumptions that collectively bloat its estimated capacity figures. Some of the most troubling, unvalidated assumptions include that:

1. All sites can be serviced for infrastructure today, with potential or likely future constraints not even acknowledged, let alone modelled.

2. All greenfield, rural, and large vacant sites are 100% feasible and likely realisable today.

3. All sites with feasible and likely realisable capacity will maximise their plan-enabled yields irrespective of market demands or preferences. This fails to capture the observable truth, that the market provides a range of dwelling densities to meet a wide range of needs and budgets. Consequently, the model is divorced from, and hence unable to explain, market reality.

4. All landowners – both property developers and everyday people – have identical likelihoods of successfully realizing their property's potential despite highly varying capacities to do so.

5. Developers require a significantly lower rate of return to undertake an infill or comprehensive development than everyday landowners. This is unsubstantiated and makes no sense. In my experience, the opposite is true, because developers better understand the costs and risks involved, and they set a higher required rate of return for such projects to reflect them.

6. The full extent of most (if not all) greenfield areas is available today, which ignores the long periods over which they are invariably staged and delivered. At the same time, some sites are simply not ready for development today.

Reliability and Robustness of Capacity Estimates

We carefully reviewed the reported estimates of feasible and likely realisable capacity and found further signs of systemic problems with the model. First, according to the report, there was no feasible and realisable capacity for any typologies other than stand-alone homes. In other words, it says that the market cannot and will not provide any other type of dwelling, because stand-alone homes provide the highest profits (according to their beliefs and/or calculations).

This headline result is emblematic of the relatively crude modelling approach adopted, which lacks the sophistication needed to properly segment the market to capture varying preferences for dwelling types, sizes, and other key attributes.

The model's conclusion that the market will only provide stand-alone dwellings also defies reality. While stand-alone homes are still the dominant typology, they accounted for only 69% of new homes consented in Matamata over the last 30 years, with large numbers of townhouses/duplexes and retirement village units also provided. However, PE's model is unable to accurately model these key market nuances, which renders its outputs of limited use.

Notwithstanding that rural residential should have been excluded, the model's estimates of its feasible and likely realisable capacity are flawed because they *exceed* plan-enabled capacity, both in Matamata and for the district overall. This is mathematically impossible. Specifically, the analysis identifies feasible and likely realisable capacity for 118 rural residential dwellings in Matamata versus 74 dwellings plan enabled. For the district, the numbers are 286 versus 242. Clearly, these are wrong, and they raise serious concerns about the overall arithmetic integrity of the analysis.

The model also concludes that there is feasible capacity for 161 additional homes in Matamata today, but a comprehensive review of numerous property websites revealed no new sections in the existing urban area, only on the greenfield sites dotting its fringe. Related to this, the model assumes that there will be a rush of demand for sections of only 325 sqm in the residential infill zone. However, there are only three dwellings in the entire township (of more than 2,800 homes) on sections that small, with the other 99.9% being considerably larger.

More generally, the model finds that there is short-term feasible and likely realisable capacity for 3,855 additional dwellings over the next three years, but real estate websites reveal that there are only about 30 sections available across all of Matamata. In other words, actual short-term supply in Matamata is less than 1% of supposed short-term supply, which we consider extremely unlikely. The truth is that short-term supply is likely much less than the modelling suggests.

Underestimation of Future Housing Demand

In addition to grossly overstating the likely future dwelling capacity of Matamata, PE's analysis also seems to understate likely demand. It adopts the latest district WISE projections, which expect the district's population to grow by only 3,150 people over the next 30 years under the medium scenario, or 9,350 people under the high scenario.

These figures are much lower than the latest official population estimates released by Stats NZ only a month ago. They project 30-year district growth of 8,200 people under the medium scenario, and 14,700 under the high. If these were used in place of the WISE projections, PE's demand figures would be much higher, and its conclusions on sufficiency would change.

According to official population estimates for 2023 – the latest date for which projections also exist – the district's population is closely following the Stats NZ high projection series. Adopting that, 14,700 additional people are expected over the next 30 years, which translates to 6,000 extra homes at an average household size of 2.45.[3]

Over the past 10 years, the Matamata township has accommodated exactly one-third of district population growth. However, this may increase over time due to a recent FutureProof directive for 90% of growth to occur in each district's identified urban areas. Under that scenario, I would expect Matamata's share of growth to be even higher than one-third, say (for example) 40%.

Just applying Matamata's historic share of one-third, the latest Stats NZ high projection translates to the need for 2,000 extra homes in Matamata over the next 30 years excluding competitiveness margins (which we acknowledge do not technically apply for Tier 3 areas like MPDC). Under a higher assumed share of 40%, that 30-year growth target creeps up to 2,400 new homes in Matamata.

By contrast, PE relies on much lower population projections, and their translation from population to households also looks flawed. For example, PE calculated that the 3,150 extra people over the next 30 years under the medium scenario creates a demand for 3,135 extra homes, which equals an average of only 1 person per household. Conversely, under the high scenario, PE calculated that the 9,350 people translate to demand for an additional 5,979 homes, giving an average of 1.56 people.

I cannot think of any logical reason for the average household sizes implied by PE's analysis to vary so much between the medium and high scenarios, or for either to depart so markedly from the current district average of about 2.5. In my view, this is just further evidence that the entire modelling exercise is riddled with errors and simply cannot be relied upon.

Need for More Granular Assessment

The final step in PE's analysis is to reconcile its estimates of demand by township with feasible and likely realisable capacity to check whether sufficient capacity is being provided already, or whether additional capacity – like the proposal – may be required to address and looming shortfalls.

[3] This is just below the current value of 2.5 and reflects the ongoing trend towards smaller household sizes.

Obviously, the numerous issues identified above with PE's demand and capacity estimates will naturally flow through to its sufficiency assessment, causing its results to flip from a surplus to a shortfall in most (if not all) three townships.

In addition, and even more importantly, PE's assessment of sufficiency is very broad brush and only considers it in aggregate for each area. As a result, it fails to test whether there will likely be sufficient capacity for a range of dwelling types and price points. In my view, these finer-grained sufficiency considerations are crucial to identifying whether supply is adequate to meet all future housing needs, but the PE report does not acknowledge or test them.

Summary and Conclusion

In my view, the PE report provides no meaningful insight into the actual need for the proposal. It is methodologically flawed, disconnected from reality, and therefore of limited value. Accordingly, I patently reject the conclusions that Mr Heath makes about the need for the proposal based on its results.

Sincerely,

Fraser Colegrave
Managing Director