

## Memo

To: Expert Consenting Panel - Ashbourne

From: Susan Fairgray, Associate Director, M.E Ltd

Date: 13 February 2026

Re: Response to Minute 14: Economic Response to Planning Review of Housing Affordability Assessment

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### Introduction and Background

I have been requested to prepare this memo to respond to the points raised in the planning assessment by Ms Tait<sup>1</sup> in relation to the economic assessment contained in my 19 January 2026 memo<sup>2,3</sup>. I have read the memo prepared by Mr Colegrave<sup>4</sup>, and provide additional comments on Ms Tait's views.

In her assessment on NPS-UD Objective 1 and Policy 1, Ms Tait concludes, from a planning perspective, that she does *"not consider that the proposal specifically includes affordable housing, and there is no evidence to conclude that they have satisfied the affordable housing requirements of Nga Iwi (largely because 'affordable' was not defined in the Cultural Impact Assessment) (p7)"* and she does *"not consider that there is sufficient evidence to suggest that the proposed housing is located to provide for the needs of different households, primarily due to the proximity to employment opportunities (p7)"*.

I disagree with several of Ms Tait's interpretations of my assessment, and therefore the conclusions she has drawn from her interpretations. Important areas of my analysis have been misunderstood resulting in the production of a differing set of outcomes from what is instead indicated by my technical assessment where Ashbourne is likely to offer a positive outcome for housing choice and affordability.

Ms Tait has also drawn conclusions on the projected future sufficiency of housing supply in Matamata. She has relied only on the sufficiency of capacity under NPS-UD Policy 2, but does not appear to have properly considered the alignment of that capacity with the types of dwellings required to meet

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<sup>1</sup> Tait, S. 2026, *Planning position*, Memo to Expert Panel – Ashbourne Fast Track Application, 3 March 2026.

<sup>2</sup> Fairgray, S. 2026, *Re: Further Economic Assessment of Proposed Ashbourne Residential Development – Response to Minute 9*, Memo to B&A, 19 January 2026.

<sup>3</sup> I note that Ms Tait references the housing affordability assessment as undertaken by Mr McIlrath. For clarification, I have undertaken the housing affordability assessment and am therefore providing the response.

<sup>4</sup> Colegrave, F. 2026, *Response to economic issues raised in peer review by Planz Consultants*, Technical Memo to Ashbourne Fast Track Panel, 11 February 2026.



relative demand for housing in the local market context (NPS-UD Policy 5). It is important to consider both the amount and type of capacity to be able to draw conclusions on the ability to meet future demand. It therefore does not follow that Policy 5 will be met through meeting only Policy 2.

In my assessment I have considered the alignment of the types of dwellings likely to be produced in Matamata to patterns of future housing demand (Policy 5). It shows that Ashbourne's lot structure is likely to expand the dwelling range/mix in a way that is closer to meeting relative demand within the market context, required under Policy 5.

This memo has been produced to clarify the technical aspects of my assessment and their interpretation from an economic perspective. It provides further detail on the economic assessment undertaken to show how the proposed Ashbourne development is likely to contribute to increased levels of housing affordability and better align with local patterns of housing demand within Matamata in comparison to other recent patterns of development. It covers the following main areas in relation to housing choice and affordability:

- i. The definition of affordability applied within the assessment and the positioning of different parts of the Matamata housing market (incl. proposed Ashbourne) relative to district and regional-level affordability benchmarks.
- ii. The range of potential Ashbourne development scenarios relevant to the assessment of housing affordability.
- iii. The impact of housing choice on affordability and alignment of dwelling and household types.
- iv. The ability to increase housing choice in the local Matamata economic context and the proposed Ashbourne development within the parameters of development patterns that can reasonably be sustained by the market.
- v. The contribution of the proposed Ashbourne development to a well-functioning urban environment through the alignment of labour markets with local employment opportunities.

## Summary

- The assessment indicates that Ashbourne is likely to produce a positive outcome for housing choice and affordability within the range of development that can reasonably be sustained within the local market conditions. The assessment shows that up to 9% of the dwellings are likely to occur within the calculated district-level affordable dwelling benchmark (\$653,000), based on the lower range scenario. This would lie within the levels of development recently observed in the market where smaller sites were developed to contain smaller dwellings. Flexibility to achieve upper levels of development show that housing affordability can also be improved for other parts of the demand profile in Ashbourne.
- Housing affordability has been assessed using a standard approach, and has been applied across different market segments to provide a clearer picture of the likely potential markets. The assessment uses ranges of development that lie within currently observed levels of



market activity in Matamata, with the developer-supplied information forming a likely higher scenario. It suggests that dwellings affordable to a sizeable share of the market are likely to be achieved within the range of development patterns reasonably expected in Ashbourne.

- Ashbourne’s smaller lot size structure (which forms part of the proposal) is likely to expand the range of dwellings, offering a greater share of smaller dwellings (with other housing developments more focussed toward larger lots with larger, more expensive dwellings). This means that the proposal is expected to deliver a more affordable distribution of dwelling values in the range reasonably able to be sustained within the level of development opportunity provided to the market.
- The affordability assessment is conservative through a focus on first home buyers. Larger shares of new greenfield dwellings are often taken up by households already within the ownership market, and are affordable as a result of their existing dwelling equity. Affordability for first home buyers is greater within Matamata’s older dwelling market, with greater shares of these becoming available when a portion of existing ownership households move into new greenfield developments. This is shown in the assessment where district-level affordability benchmarks align more closely with the older stock, with the large majority of Matamata’s newer dwellings sitting above these benchmarks. The lot size structure of the Ashbourne development is likely to expand the range of new dwellings towards these affordability benchmarks (as well as helping to free up existing dwellings in the same way as other developments).
- The ability to improve housing affordability through broadening the dwelling mix is dependent on a combination of demand and supply-side factors. Local patterns of demand (incl. the influence of other markets) and enabled development opportunity limit the feasibility of delivering smaller attached dwellings, which are market conditions that are likely to apply to all Matamata developments.
- The upper ranges of development (and updated provisions to include duplexes) indicate Ashbourne offers flexibility to improve affordability through offering more dwelling options for households across all parts of the demand profile. Housing affordability is also enhanced by a broader range of dwelling options, suited to different household sizes, types and income bands, a share of which require larger dwellings.
- Ashbourne is likely to have similar access to local employment opportunities to other development areas in Matamata, including development within greenfield areas anticipated by the Plan. The alignment of labour market catchments and areas of employment is less geographically precise than household consumer access patterns to local commercial areas, and is most relevant at the overall township level. There may be some increase to local employment opportunities (relative to the counterfactual) if the proposed development were to attract a share of demand originating from outside of the local area.

### Approach to Affordability for First Home Buyers and Wider Picture of Affordability

My assessment has applied a standard approach (as suggested by the Te Tūāpapa Kura Kāinga housing dashboard) to estimating the affordability of the proposed Ashbourne development to *first home*



*buyer* households. It has calculated the share of dwellings that are expected to be at or below price points with mortgage servicing costs that correspond to portions of household income<sup>5</sup>.

The measure has been applied across different market segments (as well as a summary statistic at the total district level) recognising that the affordability of housing supply varies significantly across different segments of the market<sup>6</sup>. This is important because it provides a clearer picture of the affordability of the proposed development to the first home buyer groups that will form a share of the potential market<sup>7</sup>. The assessment is then linked to the estimated size of each group in the market.

The assessment shows that up to 9% of the dwellings are likely to occur within the calculated district-level affordable dwelling benchmark (\$653,000), based on the lower range scenario. This would lie within the levels of development recently observed in the market where smaller sites were developed to contain smaller dwellings. Levels of development are discussed in the following section.

A key aspect is that this approach indicates the affordability of the proposed development for first home buyers. It is therefore a conservative assessment of the affordability of the proposed development for the local demand base overall. It does not include the effect of offering access to affordable dwellings across the rest of the market. Larger shares of greenfield dwellings are often taken up by households already in the ownership segments, for whom new dwellings are more affordable because they have equity in their existing dwellings. Take-up of newer dwellings by these households frees up older dwellings, which are often at lower price points and therefore more closely aligned with the prices which are affordable for first home buyer households. The Ashbourne proposal, by adding further housing supply across different price points, will contribute to this process.

The alignment of different parts of Matamata's housing supply with district/regional-level aggregate first home buyer benchmark affordability measures is examined in the graph below. It shows the distribution of dwelling sales prices (recent sales 2020 to 2026) by dwelling age and size. The lines show the affordability thresholds for the district (\$653,000) and region (\$680,000), and the distribution of sales prices relative to these thresholds.

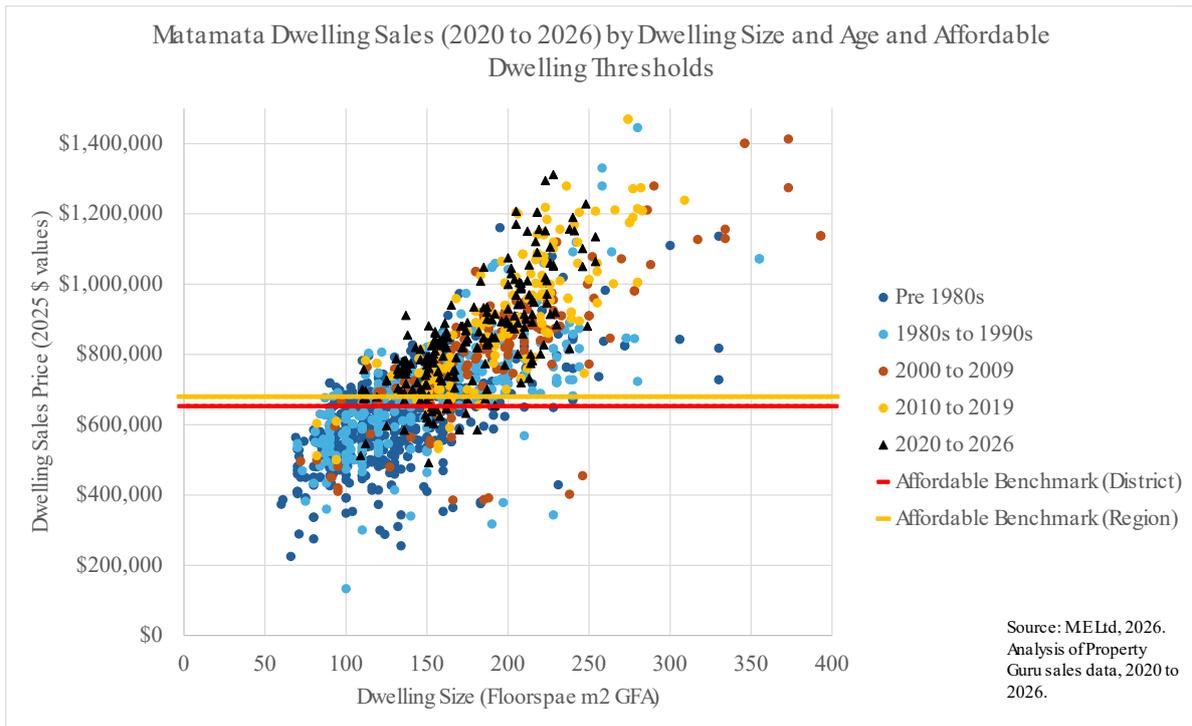
The large majority of newer dwelling sales are priced higher (i.e. more expensive) than the calculated affordability thresholds. In comparison, the market positioning of older dwellings (blue symbols) more closely corresponds to the affordability benchmarks. The needs and purchasing power of first home buyers is generally closer to these older dwellings in the market.

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<sup>5</sup> The parameters applied within this approach are set out on page 6 in my 19 January 2026 memo.

<sup>6</sup> Affordability is affected by a range of both supply and demand side factors, including the income, dwelling ownership status and household composition of households as well as the dwelling characteristics, price and location.

<sup>7</sup> In any local economy there are segments of the market where rental dwellings are instead likely to form the most viable housing option, with affordability levels within the rental sector of greater relevance. Under a non-subsidised private developer model, home ownership is likely to remain significantly unaffordable for some households as a result of low incomes, even if dwellings were provided at cost.



### Approach to Estimating Likely Dwelling Value Profiles

It is important to assess the expected housing affordability of Ashbourne across a range of dwelling development scenarios as the proposal provides for a range of dwelling options. This approach was taken in my assessment to include ranges of development based on dwelling options provided by the developer as well as levels of development estimated from current patterns of activity within Matamata (“alternative dwelling sizes”).

The developer-supplied potential dwelling information represents only one development option, with purchasers not limited to these options. This scenario is likely to be toward the upper range of likely development outcomes as it is more intensive than current development patterns within the market. The “alternative dwelling sizes” would instead lie within recent patterns of development activity<sup>8</sup> in Matamata and therefore provide a relevant range<sup>9</sup>.

I note Ms Tait’s interpretation of my assessment that “affordable housing can only be achieved if an alternative dwelling profile is used (p7)”. However, given the relevance and importance of this range, I consider that the assessment instead suggests that dwellings affordable to a sizeable share of the

<sup>8</sup> My 19 January 2026 memo describes the technical approach for this assessment. In summary, the dwelling sizes were estimated from the proposed lot size structure based on these relationships currently observed within recently formed sites in Matamata. The corresponding dwelling sales prices were then estimated from recent sales data of new dwellings.

<sup>9</sup> I accept that “baseline” and “alternative” scenarios could instead be relabelled to clarify the consideration of an expected range.



market are likely to be achieved in the range of development patterns reasonably expected in Ashbourne.

### Housing Choice and Affordability

I consider that broadening housing choice is an important aspect to increasing housing affordability. Increased choice across a viable range of housing options generally better enables households to improve their affordability through making trade-offs between dwelling characteristics (size, typology), location and price.

In my experience, there are generally a range of dwelling options that correspond to different household types that increase the potential for demand substitution to occur<sup>10</sup>. This occurs to varying extents across the market according to the viability of each dwelling type for different household types. The relative demand for different dwelling options for each household type is also influenced by the local economic context. Trade-offs in dwelling characteristics, pricing and location are also made in the context of comparable dwelling options in surrounding areas.

### Ability to Increase Housing Affordability through Dwelling Mix in Local Matamata Economic Context

The ability to improve housing affordability through increasing dwelling mix is dependent upon a combination of demand and supply-side factors. At a high level, it is influenced by the alignment of the enabled development opportunity with the relative demand for different types of dwellings, in the local market context – i.e. what types of dwellings can be sustained by demand within the local market. It is important to take these factors into account when assessing the likely impacts of a development on dwelling mix, recognising that these market conditions may also apply to any alternative development (the counterfactual).

#### *Development Sustained within Local Market*

In this location, the market is currently focused toward detached dwellings, as reflected in the housing demand profile and recent patterns of development and sales. There is likely to be potential for some demand substitution toward less intensive medium density dwellings (such as larger 3-4 bedroom duplexes), with gradual increase over time as preferences develop. This is likely to be limited mainly to lower intensity attached dwellings because of the relative position of Matamata with the other markets, especially Hamilton, that offer a greater dwelling range (by size and price point) and location benefits. I agree with Ms Tait that more intensive attached dwellings would be unlikely to be sustained at this location if they were enabled.

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<sup>10</sup> For instance, less intensive medium density dwellings, such as larger (3-4 bedroom) duplexes often form cheaper viable housing choices to a wide range of the demand profile that would otherwise occupy detached dwellings that are generally more expensive.



## *Effect of Development Opportunity on Feasibility of Increased Dwelling Mix*

The dwelling mix is also influenced by the development opportunity enabled within the district plan. The feasibility of attached dwellings is likely to be limited mainly by density requirements (at 1 dwelling per 325m<sup>2</sup>/450m<sup>2</sup>), which enable a lower level of development intensity in comparison to that able to be sustained by the market. Moreover, the density provisions are likely to incentivise detached dwellings ahead of attached dwellings<sup>11</sup>.

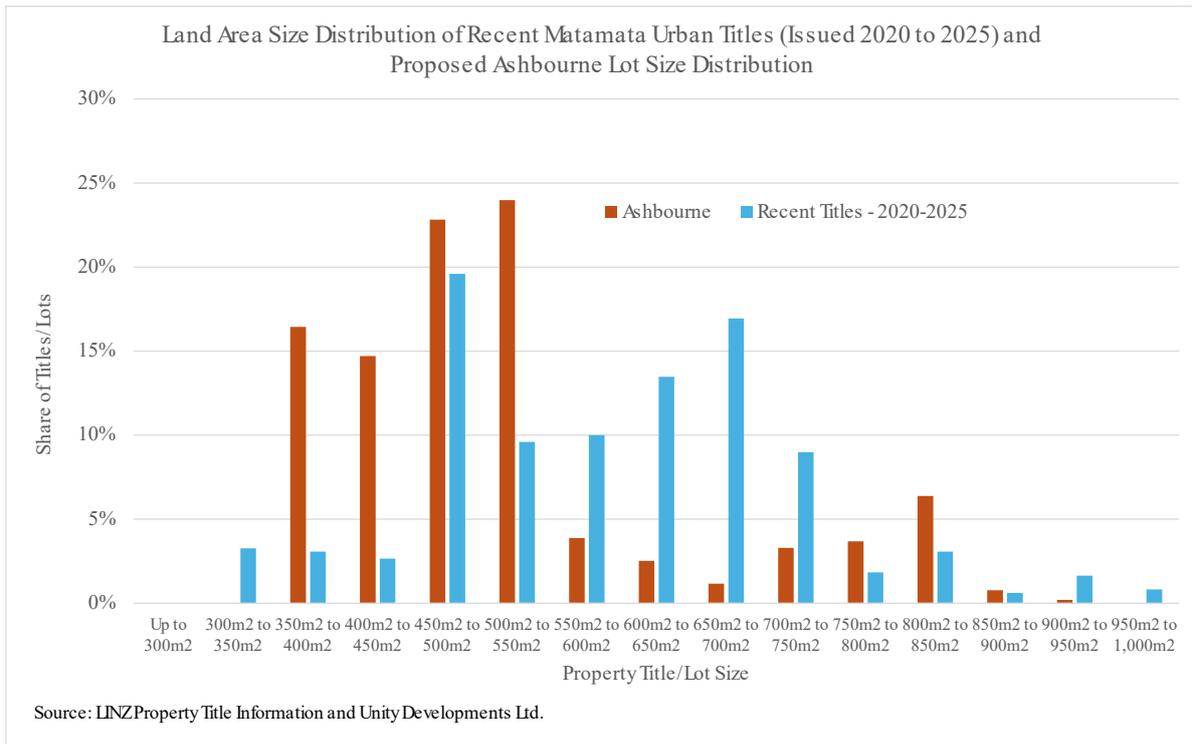
### *Relative Importance of Lot Size Structure*

The local market economic conditions described above mean that the lot size distribution is of increased relative importance as a factor influencing housing affordability. The size (and therefore, value) range of dwellings able to be sustained within the local market is strongly influenced by the lot size structure, affecting affordability.

My initial assessment identified significant differences between the Ashbourne lot size structure (which forms part of the proposal) and that of recent patterns of greenfield development elsewhere in Matamata. These large differences are shown in the graph below (from page 2 of my 19 January 2026 memo) where Ashbourne contains a greater proportion of smaller lot sizes, with other (non-Ashbourne) recently formed titles (2020 to 2025) having a higher incidence of larger lots, which generally accommodate larger, more expensive dwellings. Large lot sizes for single dwellings also encourages development of higher value dwellings to avoid undercapitalising lots. Nearly one-third (31%) of the proposed lots are smaller than 450m<sup>2</sup>, with over three-quarters (78%) of lots less than 550m<sup>2</sup>. In comparison, only 9% of new suburban-scale (i.e. 250m<sup>2</sup> to 1,000m<sup>2</sup>) titles issued within Matamata within the last six years (2020-2025) were less than 450m<sup>2</sup>, and only 38% less than 550m<sup>2</sup>.

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<sup>11</sup> The density provisions mean that the same dwelling yields are produced on each site with development into either detached or attached dwelling options. The site sizes are relatively large in comparison to other locations, meaning that there is also little difference in dwelling size (taking account of what is likely to be sustained by the market) between these options that would be required to incentivise attached dwellings. The potential difference in achievable size between attached and detached dwellings becomes more significant as sites become smaller, which is one of the factors required to drive differences in returns to incentivise attached dwellings ahead of detached dwellings. Together these factors mean that detached dwellings are likely to produce the greatest returns on each site.



Ashbourne’s smaller lot size structure is likely to expand the range of dwellings, offering a greater share of smaller dwellings (with other developments more focussed toward larger lots with larger, more expensive dwellings). This means that the proposal may be expected to deliver a broader distribution of dwelling sizes and values including those in affordable price bands.

*Potential Options to Increase Housing Choice*

In my view, it is important to also consider how dwelling choice and affordability could be influenced across the housing demand profile overall, as distinct from a focus only on dwellings within the lower value bands. Housing affordability options are generally improved by a broader range of dwelling options, to meet the mix of demand from different household types, sizes and income levels. A range of options also acts to improve the viability of developments overall, since markets typically have demand for a range of housing products, including larger dwellings. Increased housing options across the dwelling demand profile including size and value increases the opportunity for households in different spots within the total market profile to make trade-offs between housing type, location, size and price.

My assessment examined the range of development levels that correspond to Ashbourne’s proposed lot size structure. I considered these within the local dwelling demand context. Sites can be developed in a range of ways to accommodate difference sized dwellings. The developer-supplied potential dwelling options show that these lots also provide flexibility for the market to accommodate larger dwelling options on these lots. These (upper range) dwelling options consist of 3 to 4 bedroom dwellings, which correspond to a significant share of the total housing demand profile.



I understand that the range of development potential would enable the flexibility to develop some lots into larger dwellings that also contain a minor unit option on-site. While this increases the price of the dwelling, it may also increase the affordability of this option for some households via a potential income stream (with the minor unit in the rental market) or multi-family options (such as ‘granny flats’). This may also improve affordability within the rental sector through adding smaller, cheaper rental options that can potentially be used to meet demand within the lower parts of the market.

I have also reviewed updated information on the proposed Ashbourne development provisions (supplied 5 February 2026). I note that these include increased levels of development opportunity (on around 13% of the lots) that would enable duplex dwellings to be constructed, if taken up by the market. I consider that this may provide greater flexibility for households requiring larger dwellings to take up smaller lot sizes that would otherwise need larger sites to accommodate their dwellings.

### Household Access to Employment Opportunities

I have considered Ms Tait’s statement on whether the proposed development is located sufficiently proximate to employment opportunities to avoid increased car travel in her assessment of the contribution to a well-functioning urban environment.

In my view, the proposed development would have similar access to local employment opportunities to other development areas in Matamata, including development within greenfield areas anticipated by the Plan. The alignment of labour market catchments and areas of employment is less geographically precise than household consumer access patterns to local commercial areas. In any area, only a minor portion of the employment base originates from within the same local area (i.e. at the suburb scale that distinguishes different neighbourhoods within Matamata). The share would become larger at the overall township level, which would apply equally across other developments. I therefore consider that Ms Tait’s question is more appropriately applied to the consideration of growth in the size of Matamata generally.

It is not clear whether Ms Tait’s assessment takes account of the local employment opportunities provided directly within the proposed development. These include employment associated with the retirement village operations and aged care facilities, and that contained within the proposed small commercial nodes serving local convenience demand. In total, these amount to 135 jobs (108.6 FTEs) as stated in Mr Colegrave’s report, and exclude any further employment sustained within other parts of the township from household demand.

I further note that there may be some increase to local employment opportunities (relative to the counterfactual) if the proposed development were to attract a share of demand originating from outside of the local area. There is generally a positive relationship between the size of an urban area and the share of its labour force employed locally. In addition to the increased demand for household goods/services, a larger urban area can gradually sustain an increased range of activities locally (with improved self-sufficiency in the economy).