

PROPERTY **E**CONOMICS



ASHBOURNE FAST TRACK

RESIDENTIAL CAPACITY ASSESSMENT

MINUTE 7 RESPONSE

Client: Matamata District Council

Project No: 52544

Date: December 2025

19 December 2025

DIGITALLY DELIVERED

ECONOMIC MEMORANDUM

To: Matamata Piako District Council
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RE: MINUTE 7 OF THE EXPERT PANEL

INTRODUCTION

Minute 7 of the Expert Panel has requested MPDC provide some additional information on Infrastructure and the Residential Capacity Analysis. This memorandum provides the requested information in response to points [3] and [4] of the Minute as it relates to my expertise.

INFRASTRUCTURE COSTS

In response to my comments on increased marginal cost in the Joint Witness Statement, the panel has requested Council to provide practical information on the additional infrastructure funding burden the proposal will place on Council and whether or not this can be transferred to the applicant.

The practical implications of the potential infrastructure burden are most clearly illustrated by comparing the respective positions of the Council and the applicant under the proposed Developer Agreement, particularly in relation to the treatment of Development Contributions (DC) offset. While the applicant has accepted responsibility for all on-site infrastructure, there remains ongoing discussion in respect of several items of strategic infrastructure.

As outlined in Susanne Kampshof's statement of evidence these are:

- Eldonwood Pump Station.
- 150mm gravity main wastewater line on Burwood Road. Burwood Road Wastewater Pipe Upgrades from 150mm pipe to a 225mm pipe.
- Firth Street Connection

Table 1 below, based on information from MPDC, shows the applicants' original position on the DC, having sought an offset of their contributions to account for the cost of the works stated above.

TABLE 1: DEVELOPMENT CONTRIBUTIONS PROPOSED BY THE APPLICANT

Per HEU	Council's DC Policy	Residential	Retirement Village
Wastewater	\$11,739	\$4,758	\$0
Water	\$356	\$0	\$0
Transport	\$1,916	\$1,460*	\$1,916
Total	\$14,012	\$6,218	\$1,916

Source, MPDC

Additionally, the developer is installing their own water and wastewater treatment systems on the site to service the Retirement Village. They subsequently sought agreement that they would not be required to pay any DC for these components on the Retirement Village.

In contrast, I understand Council's position is that no DC offsets will be granted, with the exception of a Residential Transport offset to fund the Firth Street upgrades and associated designation. Council has also agreed to contribute, from its renewal budget, part of the replacement cost of the Burwood Road wastewater pipe. However, Council is not prepared to provide any further DC offsets to cover the additional costs associated with upgrading that pipe to a 225 mm diameter. Although this does represent an upgrade of public infrastructure to service growth, it is only required because of the Ashbourne development, and as such, no funding is allocated in the policy.

I note that while discussions remain ongoing, it appears there may be emerging agreement between the applicant and Council that DC offsets for the remaining items of strategic infrastructure will not be offset. If this position is confirmed, the majority of the infrastructure funding risk would rest with the applicant, and the residual cost exposure to Council would be mitigated. This would alleviate my concern in relation to this economic cost.

Nevertheless, for the purposes of responding to the panel's question, I have set out the following discussion to explain the potential implications if DC offsets were to be granted. I have focused on the Wastewater implications for the Retirement Village and Residential components separately.

Retirement Village – Wastewater

The Retirement Village is proposed to be serviced entirely by on-site wastewater infrastructure, at a cost that is currently unknown but borne entirely by the developer. The applicant originally understood this arrangement as removing the need to pay wastewater DCs to Council, on the basis that they would not be requiring any resources from Council's wastewater network.

However, the issue is that Council has committed to a \$68m upgrade of the Matamata Wastewater Treatment Plant, which is required to be funded by DC. Council has already begun this work, and it is required with or without the Ashbourne Retirement Village. The cost of this system is not reduced because Ashbourne elects to self-provide infrastructure on-site.

The question on the marginal cost depends entirely on the assumption on where the demand for these retirement villages originates. The only scenario, however, where the marginal cost is easily quantified is if we assume Ashbourne's Retirement Village represents a 100% displacement within Matamata itself. That is to say, in the absence of the Ashbourne proposal, the same number of Retirement Village units/beds are constructed elsewhere in Matamata, and those developments pay full DC's (at the same rate of 0.5 HEUs per Retirement Village unit¹).

If Council had planned for a reduction of 128.5 HEU in wastewater DC's within its model, it would have been required to increase the wastewater DC's for Matamata from \$11,739 to \$12,673 — an increase of \$934 per HEU. However, as Council cannot retrospectively increase DC's, and assuming no increase is applied to future DC charges, this would result in a present value funding shortfall of approximately

¹ As outlined in Table 6 of MPDC's [Development Contributions Policy 2024 - 2034](#)

\$1.23 million for Matamata's wastewater infrastructure. This shortfall represents the funding gap that would arise if the applicant were to fully construct its own wastewater system for the retirement village and pay no wastewater DC's for that component. It is this risk to the Council's funding pipeline that the Council wants to mitigate by refusing to discount DCs on the wastewater component of the Retirement Village.

Alternatively, if demand for the retirement village is:

- **Redistributed from growth elsewhere within the district:** there may be no funding shortfall from a Matamata perspective; however, the funding shortfall would instead be borne by Matamata-Piako District Council in relation to infrastructure servicing other towns.
- **Redistributed from growth in other districts within the Waikato Region:** the resulting increase in marginal infrastructure costs would be borne by the relevant councils in those districts.
- **The result of an increase in household formation through reduced multi-family units:** in this scenario, if the development were entirely the result of additional household demand, there would be no additional cost burden on Council. However, for the reasons set out in my evidence, I consider this outcome to be unlikely and, if it were to occur at all, likely to represent only a small proportion of overall growth.

In practice, the Council cannot determine ex ante which of these outcomes will ultimately prevail. It should also be acknowledged that outside of Matamata, the associated infrastructure projects may be responsive to growth (i.e. the council can delay projects where the growth does not eventuate). However, I do believe it is appropriate for the council to consider the worst-case scenario, that being the \$1.23m present value funding shortfall.

Burwood Road Wastewater Pipe – Residential Development Contributions

A similar effect arises if Development Contribution offsets are provided for the Burwood Road wastewater pipe upgrade. Council has agreed to fund the renewal component of this project (approximately 50% of the total \$3.05 million cost) from its renewal budget. However, the analysis here considers the implications of offsetting the growth-related component of this expenditure through Development Contributions. It is important to recognise here that although this is an upgrade to network infrastructure, it represents expenditure to accommodate growth that would not have otherwise occurred. Consequently, in the absence of increasing DC to compensate, the council will have to find funding from alternative sources.

Specifically, assuming that:

- The council is incurring approximately \$1.5 million of additional growth-related wastewater costs
- Project costs are incurred in 2028.
- No additional growth within Matamata (100% displacement of existing growth)

Results in an increase in the wastewater DC payable per Household Equivalent Unit (HEU) from \$11,739 to \$12,632—an increase of approximately \$892 per HEU.

As with the Retirement Village example, the impact on council depends on where the residential growth is displaced from (i.e. other towns in the district, in the region or net additional growth to the region).

Summary

Although it is acknowledged that WISE's latest projections for the Matamata-Piako District, and Matamata in particular, are higher than those assumed when the Development Contributions policy was prepared, the originally planned cost of the Matamata Wastewater Treatment Plant upgrade has increased substantially—from approximately \$40 million to around \$68 million. Consequently, while Council may receive higher DC revenue than initially anticipated, this uplift is unlikely to fully offset the scale of the increased capital costs, and it will still be necessary for Council to carefully manage funding shortfalls and marginal cost pressures within the wastewater programme.

As shown above, any DC offsets granted to the developer for any infrastructure projects not otherwise budgeted for are likely to result in an additional cost burden (in the order of up to \$2.75m for Retirement Village and Residential Wastewater Components) to council, regardless of whether or not the developer is utilising Council assets (i.e. private wastewater system for the Retirement Village).

RESIDENTIAL CAPACITY ANALYSIS

Re Table 2, for Matamata, provide the relevant land areas for the separate areas identified where these have not been provided in the table notes.

Please find the requested information in the updated table below. The seven remaining greenfield sites that were considered in our assessment totalled 71ha. We do not have specific information on the areas that have already been fully developed.

TABLE 2: GREENFIELD SITES WITH LAND AREAS

Matamata	2022 HBA	2025 Capacity	Area	Basis for Calculation	Notes
1: Tower Road Subdivision	384	332	26.4ha	RC	160 Subdivision plus 12.43ha remaining.
2: Tower Road 1	25	25	2.1ha	RC	
3: Tower Road 2	14	0	-	-	Completed
4: Mangawheroa Road	39	39	3.9ha	RC	
5 & 6: Ancroft / Kaimai Drive	93	93	13.6ha	RC + Concept	Partially subdivided, but otherwise vacant
7: Burwood	24	-	-	RC	Excluded, already subdivided
8 & 9: Banks Road	287	227	19.4ha	RC + Concept	265 Concept plan less 38 built
10: Banks Road	15	14	1ha	Model	Feasible Capacity modelled on 1ha site
11: Batham Drive	38	-	-	-	Excluded, mostly built
12: Peakedale Drive	65	-	-	-	Excluded, already subdivided
13: Haig/Beatty	56	53	4.6ha	Concept + Model	4.6ha remaining at 600sqm site average.
Total	1,040	783	71ha		

Source: Property Economics

Note also that this capacity is in addition to the 64.22ha of Future Residential Policy Areas that has been included within the Long Term Supply.

Re Table 3, for Matamata, provide the land areas associated with vacant/large sites and with rural residential sites, together with a map showing the approximate locations of these areas, with sites grouped as necessary for practical mapping.

Firstly, please find the updated Table 3 below, which reflects the 118 Rural Residential capacity in Matamata. As noted in my response to Minute 3, this was a reporting error that affected this table but did not follow through into the subsequent feasible and realisable capacity tables. .

TABLE 3: THEORETICAL RESIDENTIAL DEVELOPMENT CAPACITY BY TOWN

Theoretical	Infill / Redevelopment	Vacant / Large Sites	Greenfield	Rural Residential	Total
Matamata	1,077	173	783	118	2,151
Morrinsville	1,396	202	1,751	113	3,462
Te Aroha	981	209	321	55	1,566
Urban Total	3,454	584	2,855	286	7,179
Waharoa	144	58	0	0	202
Total	3,598	642	2,855	286	7,381

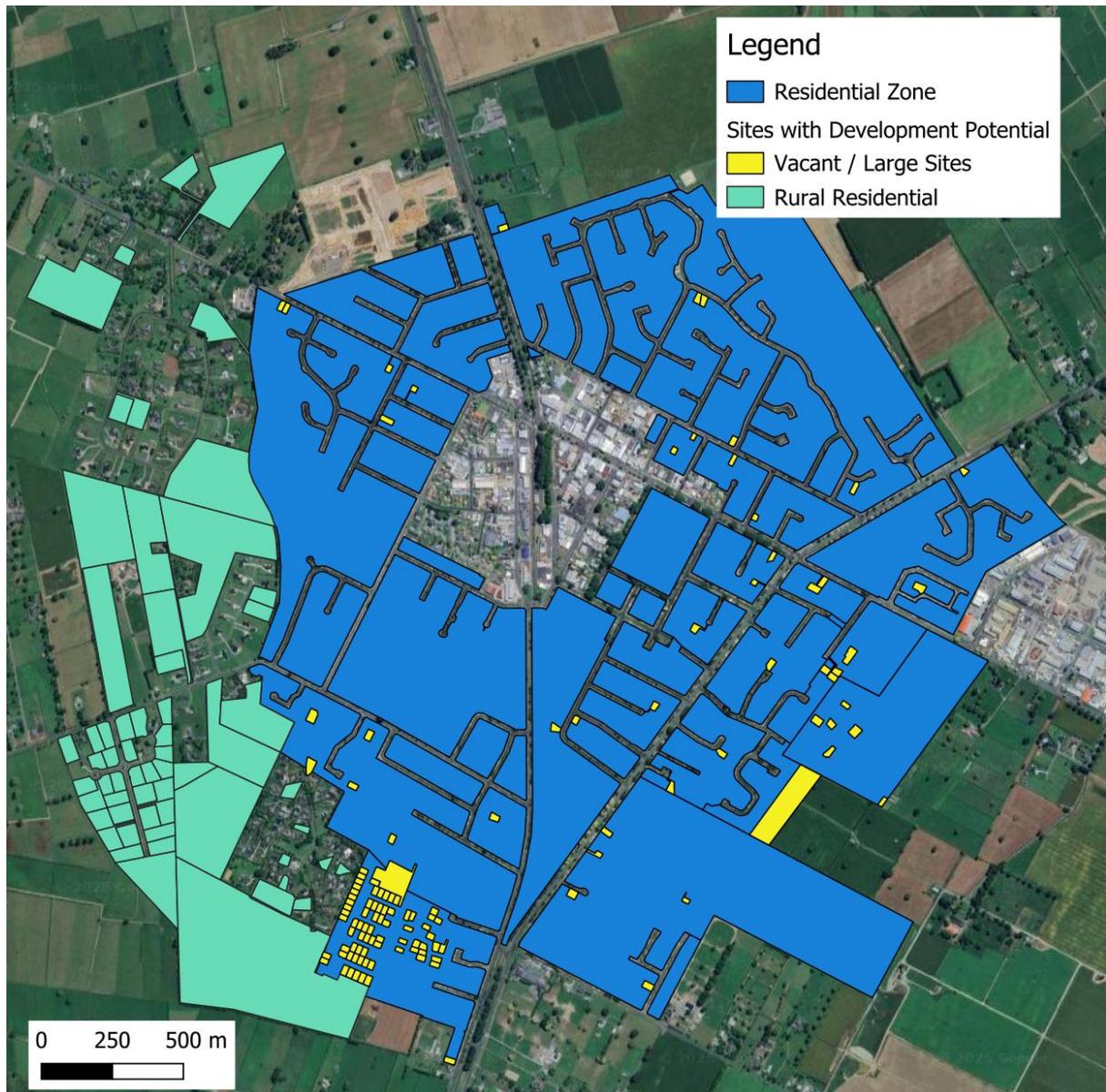
Source: Property Economics

Figure 1 below shows the requested map highlighting the location of these vacant sites and the rural residential areas within Matamata. It is noted that most of the vacant sites are located within what was previously identified as Greenfield Site 12 – Peakedale Drive on the southern end of Matamata. Aside from these ones, there are a number of vacant sites scattered throughout the urban area as highlighted in yellow on Figure 1.

The associated total land areas are as follows:

- Vacant / Large Sites: 12.3ha
- Rural Residential: 108.3ha

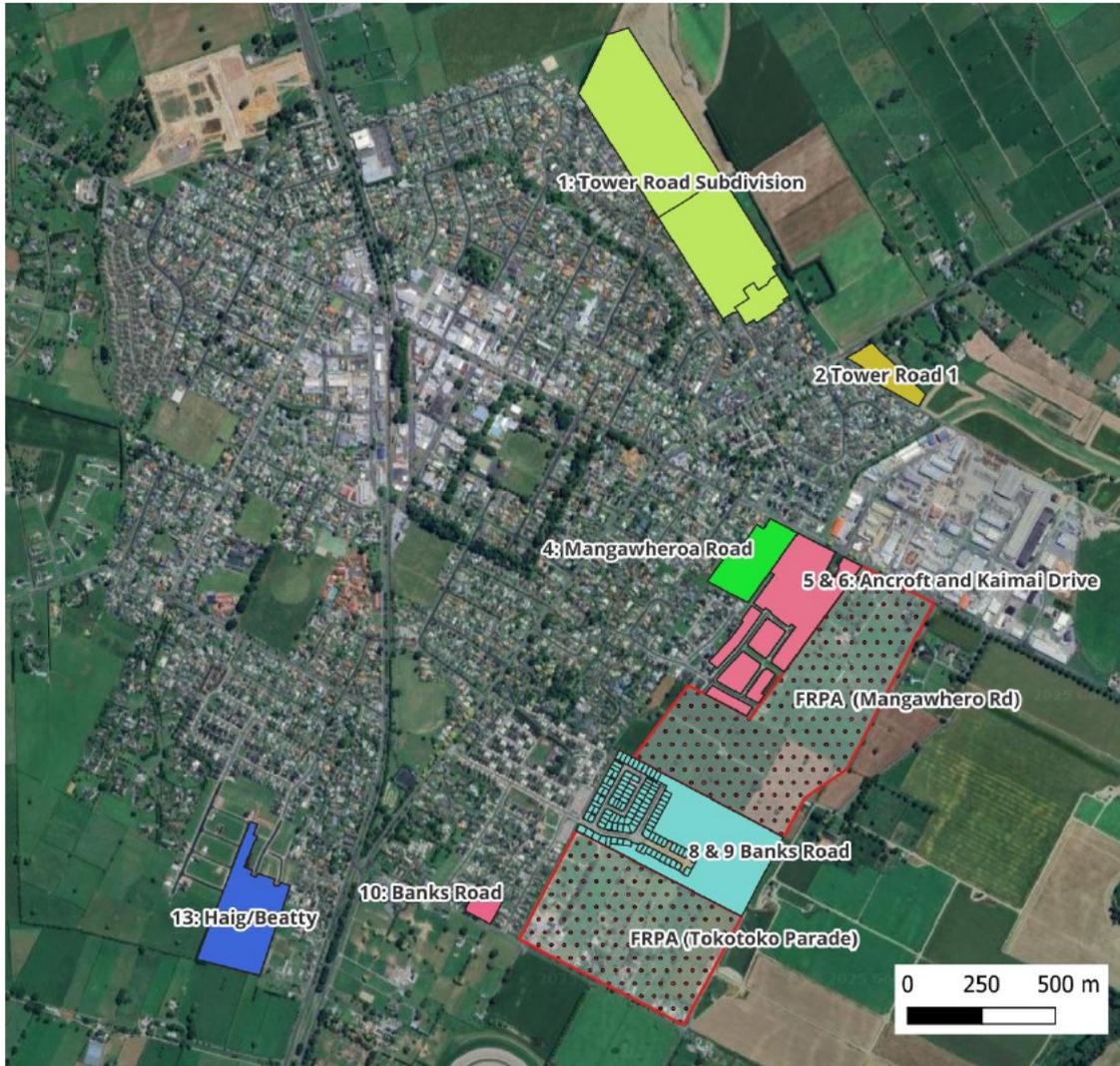
FIGURE 1: MAP OF VACANT, LARGE SITES AND RURAL RESIDENTIAL SITES WITH DEVELOPMENT POTENTIAL IN MATAMATA



Source: Property Economics

I should note that the capacity shown in Figure 1 above is in addition to the aforementioned Greenfield Sites. The map showing these greenfield sites has been reproduced here for completeness as Figure 2 following.

FIGURE 2: MATAMATA GREENFIELD AREAS



Source: Property Economics

If you have any queries, please give me a call.

Kind Regards



Tim Heath

Director

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www.propertyeconomics.co.nz