

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

**AND**

**IN THE MATTER** of the proposed private Plan  
Change 113 (Ruakaka  
Racecourse) to the Whangarei  
District Plan

**STATEMENT OF EVIDENCE OF NICHOLAS TIMOTHY BRANDON**

**1. Introduction**

1.1 My name is Nicholas Timothy Brandon. I am a registered Property Consultant and a senior member of the Property Institute of New Zealand with over 30 years' experience in the property sector. I have been engaged in the valuation, development and management of a wide range of residential and commercial property throughout that time.

1.2 Of particular relevance to this application, I have also been advising the Auckland Racing Club in respect of their real estate assets for more than 15 years. During that time I have managed three Private Plan Changes on behalf of the Auckland Racing Club to re-zone surplus land on the periphery of their site. Today the Auckland Racing Club is financially strong, underpinned by the returns from their events centre and property activities.

1.3 I have provided advice to the Whangarei Racing Club ("WRC") on commercial aspects of the development of its land, and in particular on how the WRC can utilise the Racecourse land more efficiently and the opportunities to develop that land.

1.4 I have been involved with Plan Change 113 since its inception. This has involved reviewing all aspects of the initial masterplan, and the development of Plan Change 113. I have worked closely with the WRC to achieve its financial objectives by way of the Plan Change and provided advice on the logistics and feasibility of the development.

1.5 My statement will cover the viability of the development.

## **2. Viability of the Development**

2.1 The racecourse property enjoys the benefits of a number of features. These include:

(a) Close proximity to the beach which provides an attractive environment.

(b) Sea views from the upper floors of the existing grandstand building platform

(c) Adjoining wildlife rich conservation areas

(d) Adjacent to the Racecourse track and infield will provide a park-like setting.

(e) Located a short distance from the Ruakaka town centre.

2.2 To achieve a development outcome that is financially viable, the zoning must provide for sufficient building density and height. The development controls as proposed will allow up to 350 residential units to be constructed. The types of housing styles proposed will cover the full range from single family homes and town houses, to terrace houses and apartments.

2.3 As well as the residential components, the Plan Change will enable the development of the grandstand mound by allowing up to 10,000 m<sup>2</sup> to be added, subject to the provision of a satisfactory management plan.

- 2.4 The WRC has always sought to balance the development potential for its land with:
- (a) Retaining open space, particularly the racetrack and the infield.
  - (b) Providing a buffer between the Conservation areas and the development.
  - (c) Ensuring the development fits with the surrounding area.
  - (d) Taking advantage of the beach-side setting of the site.
  - (e) Ensuring the development is attractive to residents.
- 2.5 The WRC's aspirations for the proposed height and density are supported by experts in the fields of urban design, landscape and visual effects, planning and traffic.
- 2.6 As alluded to in the statement by Mr Mead, the WRC has taken into account the need for the various effects of the development enabled under Plan Change 113 to be appropriately avoided, remedied or mitigated. As a result, from the WRC's perspective, the scale of development enabled under Plan Change 113 is entirely appropriate.
- 2.7 As with any new development, there are financial costs for developers. In this case, due to the unique access arrangements, a new road must be constructed and services such as sewerage, water and power must be laid from the end of Peter Snell Rd to a point near the existing Grandstand mound. This is a distance of approximately 800 lineal meters. The cost of this enabling work is estimated at \$3.5 M. In order to offset this cost, a development capacity of a minimum of 350 units must be permitted.
- 2.8 This front-end development cost also means that any reduction in the amount of development capacity enabled under Plan Change 113 would have significant financial implications for the WRC.
- 2.9 Since 2008, the Ruakaka residential property market has been affected by an over-supply of residential sections and this has depressed values.

However, that situation is slowly improving as the oversupply is being absorbed. Statistics NZ recently released the 2013 census figures. Permanent residents in the Marsden Point-Ruakaka area grew by a very healthy 21.6 % for the period 2006 – 2013. This is well ahead of the Whangarei District which grew by only 3.4 % for the same period. While the timing for residential land development is not ideal now, with the current rate of uptake, market equilibrium will soon be restored.

- 2.10 By taking a long-term view, the WRC can plan for their future now. When conditions improve, it can release its land in stages to the market, being in a position to move quickly to match supply with future demand.
- 2.11 There is very good potential to meet the rising demand for housing for active retirees. While we are still waiting on more detailed census results to be released, Statistics NZ have predicted increases in the range of 21 – 22 % for the 6 years to 2012 for the over 65 age group in Whangarei and Kaipara Districts. This growing section of the population will stimulate demand for this type of housing.
- 2.12 In my opinion, the range of residential options as proposed will meet future demand for various types of residential accommodation in a location that will provide employment opportunities, lifestyle amenity and proximity to the city of Whangarei.
- 2.13 For development of the type proposed to succeed it is useful to be able to offer a point of difference – and the equestrian theme is what gives the WRC that advantage.
- 2.14 With the appropriate zonings in place, the value of the surplus residential land is forecast to be \$5.0 M. If ground leased then that land would be expected to generate approximately \$275,000 per annum – refer Option 1 of **attached** financial forecast. Alternatively a terminating lease may be sold for a lump sum which the WRC will be able to invest for return and capital appreciation. The latter scenario is the actual situation for one of the parcels of Residential land at Ellerslie.

2.15 In addition, the proposed non-residential activities are also an important part of the Plan Change for the WRC. The main reason for this sub-zone is to provide for development of complementary activities adjacent to the existing function facilities and their possible expansion. These facilities are available for use by the local community for social occasions or celebrations both formal and informal. It will also be available for conferences and seminars for the wider Whangarei area.

2.16 As an initial step, I understand that the WRC is considering upgrading the existing grandstand building in order to attract additional function business such as conferences and weddings.

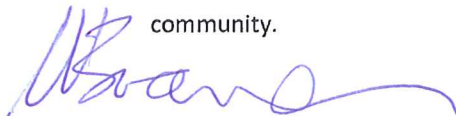
### **3. Concluding Comments**

3.1 Plan Change 113 represents an important step in the evolution of the WRC's masterplan for the racecourse, and in my opinion will enable development of a mix of residential and non-residential activities on an appropriate scale. It will assist greatly in providing financial security for the WRC as it charts its course into the future.

3.2 Plan Change 113 also represents an opportunity for the city of Whangarei to allow more intensive development in a location where the effects of such intensity are offset by the amenity of the surrounding landscape, both public and private.

3.3 As a long-term owner of the majority of the site, the WRC has a strong incentive to ensure that the quality of the development of the land and buildings meets the highest standards.

3.4 For the above reasons the re-zoning of the WRC land as proposed by Plan Change 113 would be a clear case of the land being used to its best advantage for the benefit of both the WRC and the wider Ruakaka community.



**NICHOLAS TIMOTHY BRANDON**  
22 October 2013

## Whangarei Racing Club

Forecast annual returns for ground leases assuming PC 113 approved

### Assumptions:

Residential value determined by hypothetical subdivision method = \$5.0 M

Non-residential land values assumed @ \$100 per m<sup>2</sup>

### Option 1 Conventional ground lease

Residential Land Value	\$	5,000,000
Ground lease %		5.50%
Annual income pre-tax	\$	275,000

### Option 2 Lump sum/rent in advance

Residential land value	\$	5,000,000
% return on lump sum invested		7.00%
Annual income pre-tax	\$	350,000

### Non-Residential land

20,000 m <sup>2</sup> @ \$100/m <sup>2</sup>	\$	2,000,000
Ground lease %		5.00%
Annual income pre-tax	\$	100,000
<b>Total forecast pre-tax income</b>		<b>\$375,000 - \$450,000</b>