**BEFORE THE ENVIRONMENT COURT** **ENV-2020-AKL-000064**
**AT AUCKLAND**

**I MUA I TE KOOTI TAIAO O AOTEAROA**
**TĀMAKI MAKAURAU ROHE**

| | |
|---|---|
| **IN THE MATTER** | of an appeal under the first schedule of the Resource Management Act 1991 (**RMA**) |
| **BETWEEN** | **AWATARARIKI RESIDENTS INCORPORATED**<br><br>Appellant |
| **AND** | **BAY OF PLENTY REGIONAL COUNCIL**<br><br>First Respondent |
| **AND** | **WHAKATĀNE DISTRICT COUNCIL**<br><br>Second Respondent and Requestor of Plan Change 17 |

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# STATEMENT OF EVIDENCE OF JOHN REID ON BEHALF OF WHAKATĀNE DISTRICT COUNCIL

## PROPERTY VALUATION

**10 August 2020**

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**BROOKFIELDS**
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## 1. EXECUTIVE SUMMARY

1.1. I have reviewed the 2019 individual market valuations completed by TelferYoung and agree with the process used, including methodology and standards.

1.2. The valuations were undertaken in accordance with the Property Institute of New Zealand Professional Practice Standards as adopted at the date of valuation and the International Valuation Standards (**IVS**) 2017.

1.3. The IVS refers to three approaches to valuations, namely the Market, Income and Cost approaches. The Market Approach uses the comparable transaction method to analyse sales evidence to common units of comparison (e.g. $\$/m^2$). The Income Approach estimates the value of a property based on the income the property generates. The Cost Approach considers the cost of replacing the property with one of equivalent utility, with allowances for physical depreciation and obsolescence to derive a market value.

1.4. In accordance with Council's Acquisition Strategy for the Awatarariki Fanhead, the Market Approach was used. Greg Ball refers to this in his evidence.

1.5. These standards provide the following definition of Market Value:

> "Market Value is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

1.6. The market value of an asset will reflect its highest and best use. The highest and best use is that use of an asset that maximises its potential and that is possible, legally permissible and financially feasible. The highest and best use may be for a continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that he/she would be willing to bid.

1.7. I note that market evidence may need to extrapolate recent trends from sales of most comparable properties in areas outside the subject

community. This is on the basis of the low number of sales within the Awatarariki Fanhead locale, and that those prices were discounted due to the effects of the debris flow vulnerability which needed to be ignored for this process. The low number of local sales presents some, but not an unmanageable amount of difficulty, as there have been sales in neighbouring localities that provide some relevant evidence. This is a common complication that regularly arises in valuation work.

1.8. The TelferYoung valuations also underwent an internal peer review by Mr Alistair Pratt, a highly experienced Registered Valuer and Fellow of both the New Zealand Institute of Valuers and the Property Institute of New Zealand.

1.9. My review was as an independent reviewer and this role is defined in IVS as “a professional valuer engaged to review the work of another valuer. As part of a valuation review, that professional may perform certain valuation procedures and/or provide an opinion of value.”

1.10. My conclusion was that each of the individual Telfer Young valuations had been undertaken in accordance with the Property Institute of New Zealand Professional Practice Standards as adopted at the date of valuation and the International Valuation Standards 2017, with the exception that no discount was applied that recognised the properties had been the subject of a debris flow in 2005.

1.11. In my opinion, the valuation process put in place by the District Council for the Awatarariki Fanhead property valuations has been a very comprehensive process and above and beyond normal practice. It is robust with a strong emphasis on quality assurance and fairness for owners of affected properties.

1.12. As part of the Council’s Awatarariki Acquisition Strategy, there was a process established for a second valuation opinion to be obtained by property owners, at the Council’s cost. I initially completed a review of these valuations to ensure compliance with IVS, before they were accepted as complying valuations. Where significant differences between the valuations arose, property owners were able to seek a without prejudice mediation meeting between the valuers, facilitated by Mr Ball of The Property Group. If this failed to reach a consensus valuation, there

was a defined process for the matter to be referred to a third valuer appointed by the President of the New Zealand Institute of Valuers. The decision of the third valuer (the arbitration process) would then become the updated Base Value figure used in a revised acquisition offer to the respective property owner.

1.13. To date, four such without prejudice mediation meetings have occurred involving fifteen properties and their respective valuers. I attended these meetings in my capacity as the District Council's independent property expert and my role was valuation advisor to the facilitator. In some instances, an agreed Base Value was reached for the owner's consideration, while for others significant progress was made in reducing the size of the differences of the market values between the respective valuers. Six properties sold after the mediation process; agreement between the valuers on the base value was reached for one other property but the owner has not agreed to sell; six other properties proceeded to the arbitration process, and two have not responded to revised offers arising from the mediation.

1.14. Following the arbitration process/expert determination conducted by Mr Gary Gillespie, Rotorua, the first three properties have sold, together with one of the recent determinations in the last month. I note the two awaiting an owner's response involved Awatarariki Residents Incorporated members' properties, namely 6 and 10 Clem Elliott Drive.

1.15. In my opinion, the entire process was conducted in a robust, technically correct and thorough manner, which resulted in valuations that I believe were fair to all concerned. Valuations are always subjective and while the expert determination was higher than the TelferYoung valuation, in no instances did Mr Gillespie agree with the owner's expert valuer. The determinations have to date enabled four further property owner's to reach a satisfactory outcome and the hope was that the outstanding two property owners from the June and July 2020 determinations would have also been satisfied with the outcome of this process.

1.16. I have no specific expertise in planning matters but fully understand the likely property value implications from the Proposed Plan Changes. In all cases these will be negative and lead to substantially lower valuations than those produced in 2019, without the impact of the 2005 event.

Accordingly, I believe the valuations used by the Council to purchase the subject properties are generous in quantum, but fair for their intended purpose.

1.17. Indicative Public Works Act compensation assessments have been completed based on defined sets of scenarios. In all cases, these resulted in significantly lower values than the values used for the voluntary managed retreat valuations.

## 2. INTRODUCTION

2.1. My full name is John Robinson Reid.

2.2. My evidence is given on behalf of the Whakatāne District Council (the **District Council**) in relation to the appeal to:

(a) Plan Change 1 (Awatarariki Fanhead, Matatā) to the Operative Whakatāne District Plan; and

(b) Plan Change 17 (Natural Hazards) to the Bay of Plenty Regional Natural Resources Plan (a private plan change from the District Council)

(together referred to as the **Proposed Plan Changes**).

2.3. My evidence relates to the valuation effects aspects of the Plan Changes. My evidence will cover:

(a) Engagement of a property valuation firm to value properties within the High Debris Flow Risk area on the Awatarariki debris fan;

(b) A peer review of the property valuation processes that were undertaken in 2016 and 2019;

(c) A peer review of the valuation methodology used;

(d) I did not form an opinion on the market values arrived at by Council's appointed valuer as that was outside the scope of our engagement;

(e) Participation in valuation mediation meetings; and

(f) High level compensation estimates.

2.4. I attended the public hearing of submissions to the Proposed Plan Changes held in March 2020 and presented expert evidence to the Hearing Commissioners.

## 3. QUALIFICATIONS AND EXPERIENCE

3.1. I hold the position of Registered Valuer.

3.2. My qualifications include:

(a) Batchelor of Commerce (Valuation and Property Management), Lincoln College (1982);

(b) Master of Property Studies, Lincoln University 1999;

(c) Registration as a property valuer since 1985;

(d) Fellow of the New Zealand Institute of Valuers; and

(e) Fellow of the Property Institute of New Zealand.

3.3. Since 1982 I have been practising continuously as a valuer, primarily in Hawkes' Bay. Up until 1999 I was employed by the New Zealand Government (Valuation Department) and since 1999 I have been in private practice. I currently hold a senior consultant role with Added Valuation Limited.

3.4. My professional qualifications are both rural and urban and accordingly my experience includes properties within all sectors. Most of my work has been non-residential based and generally of an investment or business nature. Past assignments include:

(a) Valuation of substantial assets that are subject to resumption under the State Owned Enterprises Act 1986;

(b) Regular valuations for Hastings District Council for insurance and financial reporting (>$250 million) and similar valuations for Hawke's Bay District Health Board (>$150 million);

(c) Extensive compensation valuations generally on behalf of acquiring authorities;

(d) The acquisition of a rental housing portfolio involving in excess of 1,000 properties and the valuation of the lessors' interests for large portfolios owned by Napier City Council, Hawkes Bay Regional Council and the Fiji Government; and

(e) The provision of valuations and property analysis to a diverse range of Government agencies, local bodies and private owners, mostly in Hawkes Bay, but at times in Manawatu, Wanganui, Bay of Plenty, Waikato, Gisborne/East Coast, the Chatham Islands and Central Otago.

3.5. I have acted as an appointed umpire in valuation disputes and given evidence to various Courts and judicial hearings in the role of an expert witness. In 2019 I gave evidence to the Waitangi Tribunal to assist the Crown with its response to a claim for resumption involving hydro-electric assets on the Waikato River. These matters remain unresolved.

3.6. I am also retained by the New Zealand Institute of Valuer's as an investigator for complaints against Registered Valuers throughout NZ and have completed nearly 50 investigations since 2007.

## 4. CODE OF CONDUCT

4.1. I confirm that I have read the Code of Conduct for Expert Witnesses contained in the Environment Court Consolidated Practice Note 2014. I also agree to comply with the Code when presenting evidence to the Court. I confirm that the issues addressed in this brief of evidence are within my area of expertise, except where I state that I rely upon the evidence of another expert witness. I also confirm that I have not omitted to consider material facts known to me that might alter or detract from the opinions.

## 5. MY ROLE

5.1. In May 2016, I was engaged to provide the following services:

(a) Assistance with the evaluation of responses to provide property valuations for 45 properties at Matatā. Two complying quotes were received from Bay Valuation Services, Whakatāne and TelferYoung (Tauranga) Ltd (TelferYoung). As part of this process the differing methodologies were evaluated using a weighted

attribute model. Following my input in this matter, TelferYoung were engaged to complete these tasks;

(b) I provided a technical review of a draft Council staff report, *Awatarariki Fanhead: Rates Remission Review*; and

(c) My major role was the peer review of the draft valuation reports from TelferYoung.

5.2. I have some prior involvement with coastal properties located within Whakatāne District but supplemented this with additional research. I completed my own road-side inspection of all of the properties on 7 August 2016 including discussions with one owner. I also made enquiries with local real estate agents active in Matatā and specifically followed up on 8 Clem Elliott Drive. This property had a conditional offer which did not proceed due to finance problems when the intending purchaser could not engage any Registered Valuer in the Bay of Plenty to complete a valuation for mortgage purposes due to specific risk issues.

5.3. On 29 July 2016, I received the first draft set of valuations from TelferYoung. I provided a high-level analysis on the value conclusions together with input into the specific reporting and individual property details. Final valuations were issued on 2 November 2016, comprising 15 full detailed valuations reports and 30 summary desktop reports, together with a 22-page summary document.

5.4. I reported to the District Council on 17 November 2016 with a summary of the work I had completed. My conclusions were:

(a) The TelferYoung valuation reports were fit for purpose;

(b) The analysis and methodology used were appropriate; and

(c) The valuations appeared fair and reasonable for their stated purpose.

5.5. An earlier MBIE determination 2016/034 considered the refusal to grant a waiver from the NZ Building Code for two proposed buildings which are situated on land subject to a debris flow hazard (6 Clem Elliott Drive and 100 Arawa Street). The decision at page 17 found that the District Council

was correct to refuse to issue a waiver under section 72 of the Resource Management Act 1991.

5.6. The Introduction to the Determination application submitted by the District Council dated 2 July 2014 included the following:

> "Although the application relates to two specific properties, the two properties belong to a wider geographical area that has been identified through research as being subject to future debris flow events with a high annualised loss of life risk potential. Because the two specific properties are indicative of a broader geographical situation, the outcome of the determination will therefore be of wider application."

5.7. I have interpreted that to mean that the determination relates to the High Risk area.

5.8. During 2019 my involvement included the development of appropriate methodology and standards for all subsequent valuation instructions involving the 34 affected Matatā properties in private ownership. This has also included the development of a dispute resolution process to apply where owners do not accept the Council's valuation advice.

5.9. The completed 2019 valuations were to be as at the date of inspection or 1 November 2019 for valuations undertaken after that date, and were to be used as the Base Value of a purchase offer by the District Council to facilitate a voluntary managed retreat. The details that make up an acquisition offer will be covered in the evidence of Mr Ball and Mr Farrell.

5.10. The 2019 valuations were completed disregarding all knowledge and any impact from the 2018 proposed changes to District and Regional Plans and managed retreat proposal.

5.11. The 2019 valuations were also to specifically exclude any effects from the May 2005 debris flow event, such as stigma. For the purposes of the valuations, the natural hazard risk is assumed to be the same as what was commonly known by informed buyers and sellers prior to May 2005.

5.12. Due to the above two specific instructions (paragraphs 5.10 and 5.11), the 2019 valuations were higher than those completed in 2016 for most

properties due to overall market conditions and will be a higher quantum than would occur without these two artificial conditions.

5.13. During 2019 I reviewed all of the TelferYoung produced valuations. In my opinion, they had been completed in accordance with the defined methodology, followed appropriate professional standards and were soundly reasoned.

5.14. All valuations supplied by valuers engaged on behalf of individual property owners were reviewed by myself to ensure full compliance with Workstream 2: Property Valuation Brief, as produced by the District Council, which I also had input into. I reported to the District Council on any identified matters of significance, such as assumptions on subdivision potential and impact from cultural matters.

5.15. During the preparation of the 2019 valuations I became aware of issues with cultural matters that would impact upon properties in this location, particularly those vacant properties.

5.16. I understand that the Matatā area, including the Awatarariki Fanhead, is an historical hotspot with great cultural significance to many Iwi across the Eastern Bay of Plenty. Matatā Iwi Ngāti Awa, Ngati Tūwharetoa Ki Kawerau and Ngāti Rangitihi whānau and hapū have continuously occupied, lived, died and defended their coastal kainga, marae and Pa for generations. The landing of the Te Arawa waka at Te Awa o Te Atua records the earliest arrival of Iwi to Matatā. On this topic I defer to the evidence of Te Pio Kawe.

5.17. In that regard I understand that the 1864 Te Kaokaoroa battle was a significant event in terms of loss of life that occurred west of the Awatarariki Fanhead. This is a huge waahi tapu area that is recognised by mana whenua and other Iwi who lost warriors during this battle. The Ngāti Awa Claims Settlement Act 2005 includes a statutory acknowledgement for Te Kaokaoroa Historic Reserve in Schedule 13. The reserve lies in the centre of the Awatarariki Fanhead, bounded by Clem Elliott Drive, Kaokaoroa Street and Arawa Street (State Highway 2). The reserve is a sacred waahi tapu to many Ngāti Awa hapū and other Iwi because it commemorates such a significant milestone event in the history of Iwi within the Matatā coastline.

5.18. The earlier Ngāti Hinerangi subdivision involving 1.48 hectares of former Māori Freehold Land located west of Kaokaoroa Drive, that became General Land in 2001, has significance. The District Council granted resource consent application No. 24.3.01.10 on 14 September 2001 for the "*Ngāti Hinerangi subdivision*", being a 15-lot subdivision (actually 14 plus 2 small corner splays to be vested as road).

5.19. The consent was varied on 6 December 2001 to allow the subdivision to proceed in two stages with stage one being four lots (17 and 19 Clem Elliot Drive plus 102 and 104 Arawa Street). Titles were issued and these four lots were sold during 2003 and 2004.

5.20. Stage 2 of the subdivision did not proceed, potentially on the basis of issues that arose in 2003-4 following the discovery of human remains on the land. A court injunction was sought by Colleen Skerrett-White on 22 October 2003 to prevent the further development of the Ngāti Hinerangi subdivision. Court conferencing minutes record that, as the land was general land and not declared at law to be a waahi tapu, the Court found it had no jurisdiction to issue an injunction or make any orders. Thereafter, the District Council's records (Ref: Objective A1593257 (pages 1 – 8)) indicate that Environment Court proceedings were lodged by multiple Iwi against the New Zealand Historic Places Trust grant of an authority for the Ngāti Hinerangi Trust to modify/destroy an archaeological site in the process of undertaking the subdivision.

5.21. I subsequently made further enquiries including a phone call to Dr Rachel Darmody, Senior Archaeologist, Heritage New Zealand. She supplied me with a May 2005 Investigation report that she co-authored that reported evidence of archaeological interest and human bones on the balance of the Hinerangi Trust land. The report concluded that the property was indicative of a formal burial ground possibly used for several generations. There was insufficient evidence to confirm the bones were from the 1864 battle, but this was not completely discounted.

5.22. I also note that Environment Court Decision A035/2009 (Judge Smith presiding) provides commentary on the cultural importance of the Fanhead area (paragraphs 7 – 13). The Environment Court commentary reinforces my understanding of the Kaokaoroa Battle and also highlights

more recent deposition of skeletal remains on a broad area of the Fanhead that occurred during the 2005 debris flow.

5.23. I am aware of various land developments that have been impacted by cultural issues including Blue Bay development at Mahia, the current Ihumātao issues at Auckland involving Fletchers and many other local issues in Hawke's Bay including Waiohiki, Fernhill, Omahu and Paki Paki where Iwi groups have a long history with land ownership.

5.24. In my experience, Māori treat land as having whakapapa even when sold. I understand that to Māori, the land retains mauri (life force) and it is their whakapapa that connects them through genealogy with land.

5.25. During the peer review process, I shared with TelferYoung my broad understanding of the impact from cultural issues including my analysis of past Māori land issues which showed stigma causing value loss, due to cultural matters and in some cases an anti-development concern.

5.26. It is my opinion, based on the analysis of sales over 40 years, that cultural matters are one of the value determining factors. I don't agree that 100% of value will be lost, but an informed purchaser would consider the respective risks and price accordingly. The values on the Awatarariki Fanhead are undoubtedly impacted by the past cultural matters and Iwi's current views on any development occurring.

5.27. Other valuation specific matters that were raised during the various peer reviews included the coastal erosion maps and their impact on site effluent treatment requirements and the status of the unformed western end of Clem Elliott Drive.

5.28. I had not been involved otherwise in the development of the Proposed Plan Changes, but I am familiar with the past history of risks associated with the subject area.

5.29. My opinion on these issues was supplied to the District Council, who shared them with all valuers involved in these matters.

5.30. In preparing this evidence I have reviewed the following documents and reports:

(a) District Council report of 28 July 2016: Mitigation of debris flow risk;

(b) TPG December 2018: Awatarariki Fanhead acquisition Strategy;

(c) Tonkin & Taylor July 2015: Supplementary Risk Assessment, Debris Flow Hazard, Matatā, Bay of Plenty;

(d) McSaveney & Davies November 2015: Peer review: Awatarariki debris-flow-fan risk to life and retreat-zone hazard; and

(e) MBIE Determination 2016/034 July 2016: regarding refusal to grant building consents.

## 6. RESPONSE TO APPEAL GROUNDS

6.1. Awatarariki Residents Incorporated claim elements of the Proposed Plan Changes are unlawful and ultra vires because there is no justification to remove their members existing use rights, without reasonable compensation.

6.2. In the period up until June 2020, a voluntary managed retreat process was offered to all private owner's after funding was secured from Government, Bay of Plenty Regional Council and the District Council. The majority of owners entered into this process and to date 25 sites have been purchased or agreement reached.

6.3. The valuation process was robust and contained liberal assumptions that ensured the property owners were being offered a price that exceeded the market value for their property, once the impacts of the 2005 event were included. While compensation has not been offered, the price offered by the District Council through the voluntary managed retreat process assumed that the 2005 event did not occur and that the natural hazard risk does not exist.

6.4. Accordingly, property owners were offered a generous price which in all cases exceeds the price that could now reasonably be expected to be paid by any informed purchaser.

6.5. The Proposed Plan Changes have a material impact upon the value of these developed or improved properties due to the loss of their existing use rights. However, the undeveloped or vacant properties have no existing use rights and because of the MBIE Determination 2016/034, they

already have no development rights and, in reality, have a nominal value only.

6.6. The Awatarariki Residents Incorporated claim on a value or quantum basis is not supported by my recent compensation estimates. In all cases the individual members of the Awatarariki Residents Incorporation would receive a lower payment compared to that offered under the voluntary managed retreat process.

## 7. COMPENSATION

7.1. Subsequent to the March 2020 hearing, I completed high level compensation estimates for the District Council on the basis the Public Works Act was to be applied. The methodology is based on well-established valuation practice and specific legal advice from The Property Group.

7.2. Two scenarios were considered. Scenario 1 assumed the Proposed Plan Changes as the 'public work' for which compensation was to be assessed. Therefore, the land would be valued ignoring the restrictions on land use created by the Proposed Plan Changes, but taking into account the debris flow hazard. Scenario 2 covered a situation whereby the land was acquired assuming the Proposed Plan Changes, as proposed, were in place and acquisition occurred for the purpose of creating a reserve in which case the creation of the reserve was considered to be the 'public work'.

7.3. Low, middle and high range series of compensation estimates were calculated for Scenario 1 based on differing subjective deductions for debris stigma, saleability and the MBIE determination. This was reduced to one compensation estimate for Scenario 2 due to the limitations of future use that would result from the Proposed Plan Changes.

7.4. Both scenarios are more restrictive than the 2019 valuations that supported the Voluntary Managed Retreat offers as those valuations specifically excluded the 2005 event and any restrictions from that event such as the MBIE determination and the Proposed Plan Changes. However, I have liberally considered the additional discretionary payments that apply under the Public Works Act together with solatium payments when calculating these compensation estimates.

7.5. The three compensation estimates, on a GST inclusive basis, for Scenario 1 are detailed in Table 1.

| ARI Members | WDC Updated 7/20 | Total Adjustment % for stigma, saleability & MBIE | Base Value-Low range | Solatium & other PWA payments | Indicative Compensation-Low range |
|---|---|---|---|---|---|
| 100 Arawa | $ 225,000 | 90% | $ 23,000 | $ 17,300 | $ 40,300 |
| 104 Arawa | $ 210,000 | 90% | $ 21,000 | $ 17,100 | $ 38,100 |
| 6 Clem Elliott | $ 550,000 | 90% | $ 55,000 | $ 20,500 | $ 75,500 |
| 10 Clem Elliott | $ 950,000 | 30% | $ 665,000 | $ 50,000 | $ 715,000 |
| 18A Clem Elliott | $ 285,000 | 90% | $ 29,000 | $ 17,900 | $ 46,900 |
| **Total ARI** | **$ 2,220,000** | | **$ 793,000** | | **$ 915,800** |
| | | | | | |
| **Total Other Properties (3)** | **$ 1,180,000** | | | | **$ 948,200** |
| | | | | | |
| **Total Remaining (9)** | **$ 3,400,000** | | | | **$ 1,864,000** |
| | | | | | |
| **Settled Properties** | **$ 12,174,410** | | | | **$ 12,174,410** |
| | | | | | |
| **Awatarariki Total** | **$ 15,574,410** | | | | **$ 14,038,410** |
| **MIDDLE OPTION** | | | | | |
| **ARI Members** | **WDC Updated 7/20** | **Total Adjustment % for stigma, saleability & MBIE** | **Base Value-Middle range** | **Solatium & other PWA payments** | **Indicative Compensation-Middle range** |
| 100 Arawa | $ 225,000 | 80% | $ 45,000 | $ 19,500 | $ 64,500 |
| 104 Arawa | $ 210,000 | 80% | $ 42,000 | $ 19,200 | $ 61,200 |
| 6 Clem Elliott | $ 550,000 | 80% | $ 110,000 | $ 26,000 | $ 136,000 |
| 10 Clem Elliott | $ 950,000 | 25% | $ 713,000 | $ 50,000 | $ 763,000 |
| 18A Clem Elliott | $ 285,000 | 80% | $ 57,000 | $ 20,700 | $ 77,700 |
| **Total ARI** | **$ 2,220,000** | | **$ 967,000** | | **$ 1,102,400** |
| | | | | | |
| **Total Other Properties (3)** | **$ 1,180,000** | | | | **$ 1,005,200** |
| | | | | | |
| **Total Remaining (9)** | **$ 3,400,000** | | | | **$ 2,107,600** |
| | | | | | |
| **Settled Properties** | **$ 12,174,410** | | | | **$ 12,174,410** |
| | | | | | |
| **Awatarariki Total** | **$ 15,574,410** | | | | **$ 14,282,010** |
| **HIGH OPTION** | | | | | |
| | | | | | |
| **ARI Members** | **WDC Updated 7/20** | **Total Adjustment % for stigma, saleability & MBIE** | **Base Value-High range** | **Solatium & other PWA payments** | **Indicative Compensation-High range** |
| 100 Arawa | $ 225,000 | 70% | $ 68,000 | $ 21,800 | $ 89,800 |
| 104 Arawa | $ 210,000 | 70% | $ 63,000 | $ 21,300 | $ 84,300 |
| 6 Clem Elliott | $ 550,000 | 70% | $ 165,000 | $ 31,500 | $ 196,500 |
| 10 Clem Elliott | $ 950,000 | 20% | $ 760,000 | $ 50,000 | $ 810,000 |
| 18A Clem Elliott | $ 285,000 | 70% | $ 86,000 | $ 23,600 | $ 109,600 |
| **Total ARI** | **$ 2,220,000** | | **$ 1,142,000** | | **$ 1,290,200** |
| | | | | | |
| **Total Other Properties (3)** | **$ 1,180,000** | | | | **$ 1,062,200** |
| | | | | | |
| **Total Remaining (9)** | **$ 3,400,000** | | | | **$ 2,352,400** |
| | | | | | |
| **Settled Properties** | **$ 12,174,410** | | | | **$ 12,174,410** |
| | | | | | |
| **Awatarariki Total** | **$ 15,574,410** | | | | **$ 14,526,810** |

Table 1 Scenario 1 Public Works Act Valuation Estimates

7.6. The key assumption for Scenario 2 is that the Proposed Plan Changes apply as proposed resulting in the existing residential use becoming a prohibited activity. I have interpreted this as being the complete loss of the

property owner's existing use rights to reside on the land. The results of the Scenario 2 assessment are detailed in Table 2.

| ARI Members | WDC Updated 7/20 | Total Adjustment % for stigma, saleability & MBIE | Base Value- Low range | Solatium & other PWA payments | Indicative Compensation- Low range |
|---|---|---|---|---|---|
| 100 Arawa | $ 225,000 | 90% | $ 23,000 | $ 17,300 | $ 40,300 |
| 104 Arawa | $ 210,000 | 90% | $ 21,000 | $ 17,100 | $ 38,100 |
| 6 Clem Elliott | $ 550,000 | 95% | $ 28,000 | $ 17,800 | $ 45,800 |
| 10 Clem Elliott | $ 950,000 | 95% | $ 47,000 | $ 19,700 | $ 66,700 |
| 18A Clem Elliott | $ 285,000 | 90% | $ 29,000 | $ 17,900 | $ 46,900 |
| **Total ARI** | **$ 2,220,000** | | **$ 148,000** | | **$ 237,800** |
| | | | | | |
| **Total Other Properties (3)** | **$ 1,180,000** | | | | **$ 134,100** |
| | | | | | |
| **Total Remaining (9)** | **$ 3,400,000** | | | | **$ 371,900** |
| | | | | | |
| **Settled Properties** | **$ 12,174,410** | | | | **$ 12,174,410** |
| | | | | | |
| **Awatarariki Total** | **$ 15,574,410** | | | | **$ 12,546,310** |

Table 2 Scenario 2 Public Works Act Valuation Estimates

7.7 The compensation estimates shown in Tables 1 and 2 above are desktop indicative estimates only, based on the stated assumptions, which are supported by independent valuation and legal opinion on the correct methodology.

## 8. CONCLUSION

8.1. The valuations produced for the District Council in 2019 were, in my opinion, fair and generous for the purpose they were being used for.

8.2. The market valuation for each property was artificially higher because of the adoption of the two special assumptions set out in paragraphs 5.10 and 5.11.

8.3. Use of the Public Works Act to calculate valuations and compensation for the appellants' properties will produce a lower quantum of payment, based on my valuation estimates, than what has been offered under the District Council's voluntary managed retreat programme.

**John Reid**

**10 August 2020**