

BEFORE THE INDEPENDENT HEARINGS PANEL

UNDER

the Resource Management Act 1991

AND

IN THE MATTER OF

the submissions of B & A Stokes on
the Waimakariri Proposed District
Plan (#214) and Variation 1 (#29)

**PRIMARY EVIDENCE OF
NATALIE HAMPSON
ON BEHALF OF B AND A STOKES
(Housing Capacity)**

4 March 2024

GREENWOOD ROCHE

LAWYERS

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1 EXECUTIVE SUMMARY

- 1.1 Waimakariri District Council's (**Council**) housing growth model that was based on the notified zoning of the Waimakariri Proposed District Plan (**PDP**) and Variation 1 (referred to in this evidence as WCGM22) showed a shortfall of zoned capacity to meet projected housing demand in Woodend/Pegasus in the medium-term (i.e. next 10 years).
- 1.2 Further work recently undertaken to validate the housing capacity estimates in the Council's growth model showed an even larger shortfall. This includes the assessment carried out by Inovo Projects (**Inovo**) in August 2023, and Mr Sellars in January 2024.
- 1.3 Woodend/Pegasus is a location of strong housing demand, and zoned capacity is rapidly being depleted. In order to meet Policy 2 of the National Policy Statement of Urban Development 2020 (**NPS-UD**), Council is required to ensure that there is at least sufficient capacity zoned to meet medium-term demand (inclusive of the competitiveness margin).
- 1.4 The Site has an anticipated dwelling yield of approximately 1,500 residential lots. The Proposal represents significant capacity, in a planned location of growth, that will ensure that at least sufficient capacity is zoned in Woodend/Pegasus for the medium-term future.
- 1.5 The Site offers a range of benefits that contribute to a well-functioning urban environment. Perhaps the most important of these is delivering the missing northern side of the Ravenswood Key Activity Centre's (**KAC**) trade catchment and, in doing so, increasing the number of people living in close proximity to shops, services, community facilities, public places and employment.
- 1.6 The likely economic costs of the Proposal are few and do not outweigh the economic benefits. I support the Proposal (primary relief) from an economic perspective and in terms of the relevant NPS-UD directions addressed in my evidence. The secondary relief seeking a Future Development Area (**FDA**) for the Site (also referred to as a New Development Area in the PDP) would not satisfy Policy 2 of the NPS-UD. It would be an inefficient outcome in the face of a known shortfall of

housing capacity in this location, and as such, I do not support the secondary relief.

2 QUALIFICATIONS AND EXPERTISE

- 2.1 My full name is Natalie Dianne Hampson. I am the Director at Savvy Consulting Limited, and was previously a director at Market Economics Limited from mid-2019 to the end of October 2023. I hold a Master of Science degree in Geography from the University of Auckland (first class honours).
- 2.2 I have worked in the field of economics for over 20 years for commercial and public sector clients, with a particular focus on economic assessment within the framework of the Resource Management Act 1991 (**RMA**). Since 2001, I have specialised in studies relating to land use analysis, assessment of demand and markets, the form and function of urban economies and growth, policy analysis, and evaluation of economic outcomes and effects, including costs and benefits.
- 2.3 With respect to housing demand and capacity, I have had a key role in (and project managed) two Housing Demand and Capacity Assessments (**HDCAs**) for Queenstown Lakes District Council (**QLDC**) and one for Rotorua Lakes Council (**RLC**). I have been involved in the housing intensification plan changes for QLDC, RLC and Nelson City Council. I have acted for two submitters on Christchurch City Council's Intensification Plan Change (**PC14**) and am involved in two major greenfield growth projects in Queenstown for QLDC (Ladies Mile and the Southern Corridor) which have a key focus on housing demand, density and capacity. I continue to work on a number of projects and submissions related to housing demand and capacity generally.
- 2.4 I have a sound knowledge of the Greater Christchurch spatial economy, including that of Waimakariri District. My work in Greater Christchurch in recent years includes (but is not limited to) consents for commercial centres (North Halswell and North-West Belfast), temporary commercial carparks in the Central City, a private plan change for industrial zoning in Selwyn District, submissions on the Selwyn Proposed District Plan, assessments for Christchurch International Airport, evidence before the Environment Court relating to a site in Prebbleton, and evidence on the Ōhoka Private Plan Change 31 (**PC31**).

3 CODE OF CONDUCT

3.1 While this is not an Environment Court proceeding, I confirm that I have read the Code of Conduct for Expert Witnesses set out in the Environment Court Practice Note 2023. I have complied with the Code of Conduct in preparing this evidence and will continue to comply with it while giving oral evidence. Except where I state that I am relying on the evidence of another person, this written evidence is within my area of expertise. I have not omitted to consider material facts known to me that might alter or detract from the opinions expressed in this evidence.

4 SCOPE OF EVIDENCE

4.1 The scope of my evidence is set out as follows:

- (a) A brief summary of the relief sought by the submitter.
- (b) A brief overview of the objectives and policies in the NPS-UD addressed in my evidence.
- (c) An assessment of the sufficiency of housing development capacity in the urban area and Woodend/Pegasus to meet projected medium-term demand, based on available Council and other data.
- (d) An evaluation of the significance of the relief sought in terms of the quantum of dwelling capacity it could deliver.
- (e) An assessment of how the relief sought contributes to well-functioning urban environments.
- (f) Summary of economic benefits and costs of the relief sought and final conclusions.

4.2 In preparing this evidence, I have reviewed or relied on the following:

- (a) Waimakariri Residential Capacity and Demand Model – IPI 2023 Economic Assessment, Formative, 8 December 2023.
- (b) Summary Statement of Rodney Yeoman on behalf of the Council on Economics, PC31, 7 August 2023.
- (c) Minute 5: Questions for Mr Yeoman – response, PC31.

- (d) Review of Formative WCGM22 Development Model, Chris Sexton, Inovo Projects, 30 August 2023 (presented in the Supplementary Evidence of Mr Akehurst, 5th September 2023, PC31).
- (e) Independent Hearing Panel Decision Report, PC31, 27th October 2023.
- (f) Greater Christchurch Housing and Business Development Capacity Assessments (**HBAs**) 2018, 2021 and 2023 (with the last two limited to Housing Development Capacity Assessments).
- (g) Our District, Our Future – Waimakariri 2048 District Development Strategy (**2048 Development Strategy**), Waimakariri District Council, July 2018.
- (h) S32A reports for the PDP (September 2021) Residential, Rural, Strategic Direction and Urban Development Chapters.
- (i) Private Plan Change 30 (Ravenswood KAC), application material.
- (j) Operative District Plan and notified PDP provisions.
- (k) The Waimakariri Rural Residential Development Strategy 2019 (**Residential Development Strategy 2019**).
- (l) The Stokes submission(s) and updated Outline Development Plan (**ODP**) presented in the evidence of Mr Cleese, dated 27 February 2024.
- (m) Evidence of Mr Sellars for the submitter, dated 27 February 2024.

5 PROPOSAL

- 5.1 The site is located at 81 Gressons and 1375 Main North Road, Waikuku (the **Site**) and is approximately 144ha in size. The Stokes' submissions on the PDP seek to rezone the Site from a mixture of Large Lot Residential Zone (**LLRZ**), Rural Lifestyle Zone (**RLZ**) and Large Lot Residential Zone Overlay (**LLRZO**) (as notified) to General Residential Zone (**GRZ**) / Medium Density Residential Zone (**MRZ**) (**the Proposal**). Future development of the Site in accordance with the proposed rezoning would occur in accordance with an ODP included in Mr Cleese's evidence. In addition to housing and supporting infrastructure, the ODP

also provides for the establishment of a small neighbourhood centre (within the MRZ) which would enable approximately 1,000m² of convenience shops and community facilities.

- 5.2 The Site is not identified as a greenfield priority area for residential development or an FDA,¹ nor is it within the projected infrastructure boundary shown in Map A of the Canterbury Regional Policy Statement (**CRPS**).
- 5.3 It is shown as being within a direction for urban growth in the Council's 2048 Development Strategy, and is separately shown as a rural-residential growth area in the Residential Development Strategy 2019.
- 5.4 The submissions alternatively seek identification of the Site as an FDA under the PDP.
- 5.5 Based on the current ODP, the Site has an anticipated dwelling yield of approximately 1,500 residential lots.
- 5.6 For reasons set out in my evidence, I consider that the primary relief for live zoning is the most appropriate for the Site, and not identification as an FDA.

6 NATIONAL POLICY STATEMENT ON URBAN DEVELOPMENT

- 6.1 The NPS-UD is addressed in detail in the planning evidence of Mr Cleese. In terms of this economic evidence, the following requirements of the NPS-UD are relevant and are addressed in my evidence in turn:
 - (a) local authorities provide at least sufficient development capacity to meet expected demand for housing over the short, medium and long-term (Policy 2);
 - (b) planning decisions improve housing affordability by supporting competitive land and development markets (Objective 2); and
 - (c) local authority decisions are responsive, particularly to proposals that would add significantly to development capacity and contribute to well-functioning urban environments (Policy 8).

¹ The notified PDP refers to these as a combination of Existing Development Areas and New Development Areas (NDAs) in the notified PDP. For the most part, my evidence refers to FDAs as NDAs.

7 POLICY 2 - WAIMAKARIRI URBAN HOUSING SUFFICIENCY

Greater Christchurch HBAs – results for Waimakariri District

- 7.1 At the time of preparing the notified PDP, Council relied on the Greater Christchurch HBA of March 2018 which concluded that there was sufficient land zoned for housing in the short-term in the Waimakariri District urban environment, but that there was also potential for emerging shortages in capacity in the medium-term.² Hence, a key focus of the PDP was to provide additional housing capacity in the Waimakariri District urban environment in the form of increased densities in a **MRZ** and **GRZ** in existing residential areas.
- 7.2 The Greater Christchurch HBA 2021 update (based on the notified PDP but also higher dwelling growth rates) showed sufficient capacity in the short-term, with a larger shortfall in the medium-term with the FDAs excluded. Exclusion of the FDAs accounted for the fact that, at the time of that assessment, those areas were not zoned for residential purposes. However, when the capacity of FDAs was included in the medium-term, there was sufficient development capacity. This approach signalled the potential for FDAs to be live zoned (where not constrained for residential development) to address a medium-term shortfall.
- 7.3 The Greater Christchurch HBA 2023 update estimated a small surplus of urban capacity for housing demand over the medium-term (+350). As with the preceding HBAs, this result was based on the Council's Capacity for Growth Model (**WCGM**). The latest version of that model (2022) took into account the additional capacity enabled by the PDP including that which was enabled through Variation 1 as Council's response to implementing Medium Density Residential Standards (**MDRS**). Variation 1 live zoned some notified FDAs to increase zoned greenfield capacity.
- 7.4 Sufficiency of housing capacity does not need to be reported at a location level according to clause 3.2 of the NPS-UD, but HBAs *are* required to assess demand and capacity according to locations within the urban area (clauses 3.24 and 3.25 of the NPS-UD). In that context, I consider that sufficiency can and should be reported at the location level. The WCGM 2022 (developed for Council by Formative) does this, even if the Greater

² S32A – Residential, page 11.

Christchurch HBAs have not reported this level of detail for Waimakariri District. The following section is therefore based on the more detailed WCGM 2022.

Capacity and demand modelling in the WCGM 2022

- 7.5 While the HBA 2023 indicated a medium-term capacity surplus of 350 dwellings for Waimakariri’s urban area, the detailed report for the WCGM 2022³ showed a larger medium-term surplus of capacity of 970 plan enabled, infrastructure served, feasible and reasonably expected to be realised net additional dwellings (herein referred to as **feasible and RER capacity**). This increase is due to using a lower household demand projection for the main urban townships than in the HBA 2023 (i.e. 4,970 including the competitiveness margin compared to 5,600) and otherwise keeping the feasible and RER capacity the same as reported in the HBA 2023.⁴
- 7.6 Councils are able to adopt a preferred growth projection for the purpose of modelling housing demand and sufficiency under the NPS-UD,⁵ and as such, while different from the Greater Christchurch HBA 2023, I have accepted the demand projection contained within the WCGM 2022 as a valid scenario of projected dwelling growth (inclusive of the required competitiveness margin) for the purpose of my analysis below.⁶ I note that Mr Sellars has developed his own dwelling growth projection in his evidence, which is higher than the WCGM 2022 demand.
- 7.7 **Table 1** provides a high-level summary of demand and feasible and RER capacity for housing across Waimakariri District, as reported in the WCGM 2022. The model assumes:
- (a) that 79% of district wide demand for housing will be for the combined residential zones located in Rangiora, Kaiapoi and Woodend/Pegasus (the **main urban townships**);

³ Waimakariri Residential Capacity and Demand Model – IPI 2023 Economic Assessment, Formative, December 2023.

⁴ The medium-term competitiveness margin is 20% (NPS-UD Clause 3.22).

⁵ NPS-UD Clause 3.24(5).

⁶ It is noted that in his evidence for PC31 (Summary Statement, 7 August 2023), Mr Yeoman for the Council stated that he considers that demand (including the competitiveness margin) in the urban environment of Waimakariri District could be within the range adopted in the WCGM 2022 and the HBA 2023 (paragraph 81).

- (b) that 92% of the feasible and RER housing capacity provided by the PDP in residential zones over the medium-term is provided within the main urban townships; and
- (c) that 91% of housing demand in the medium-term across the district is for standalone dwellings, with just 9% of demand for attached dwellings.

Table 1 – Summary of WCGM 2022 Medium-Term (2023-2033) Results (Formative, Dec. 2023)

Residential Zones by Location	Parameter	WCGM 2022 Results
Rangiora	Demand + Margin	1,260
	Feasible and RER Capacity	2,451
	Sufficiency	1,191
Kaiapoi	Demand + Margin	1,230
	Feasible and RER Capacity	1,287
	Sufficiency	57
Woodend/Pegasus	Demand + Margin	2,480
	Feasible and RER Capacity	2,196
	Sufficiency	- 284
Total Urban Area *	Demand + Margin	4,970
	Feasible and RER Capacity	5,934
	Sufficiency	964
Rest of District	Demand + Margin	1,290
	Feasible and RER Capacity	546
	Sufficiency	- 744
Total District	Demand + Margin	6,260
	Feasible and RER Capacity	6,480
	Sufficiency	220

Source: Formative, December 2023. * This is just the sum of the three main urban areas, not all residential zones in the Greater Christchurch Urban Area within Waimakariri District.

- 7.8 In terms of results, the WCGM 2022 shows that across the main urban townships of Rangiora, Kaiapoi and Woodend/Pegasus, there is a surplus of capacity of just under 970 feasible and RER dwellings. For the district overall, there is a smaller surplus of 220 feasible and RER dwellings to meet demand growth (inclusive of the margin) over the next 10 years.
- 7.9 The WCGM 2022 shows that the PDP generally is supplying at least sufficient zoned capacity to meet projected demand growth across the

district, including at least sufficient capacity to meet projected demand across the main urban townships in the medium-term (as required by Policy 2 of the NPS-UD). However, it is not providing sufficient feasible and RER capacity in all locations of demand, including in:

- (a) Woodend/Pegasus, where there is an estimated shortfall of 284 dwellings in the medium-term (i.e. between 2023 and 2033); and
- (b) in the rest of the residential zones outside of the main urban townships, where there is an estimated capacity shortfall of 744 dwellings in the medium-term.

7.10 The implication of these results is that, if no further capacity is zoned for the medium-term (and other assumptions applied in the WCGM 2022 hold true), unmet demand in the smaller settlements (including clusters of the LLRZ throughout the district), as well as unmet demand for Woodend/Pegasus will be 'directed' to Rangiora and Kaiapoi where there is at least sufficient capacity according to the WCGM 2022.⁷

7.11 Formative's advice to the Council can be summarised as follows:⁸

- (a) Their assumptions around the feasibility of infill housing generally across the residential zones are conservative (and they provide several examples of old housing stock being redeveloped comprehensively (through resource consents) to higher yields than assumed feasible over the medium-term in the model).⁹
- (b) The shortfall in Woodend/Pegasus is only a "*technical shortfall*" and is smaller than the competitiveness margin, and "*if the competitiveness margin is excluded demand for dwellings in Woodend/Pegasus is 2,070 in the medium term, yielding sufficient capacity.*"¹⁰

⁷ If these do not prove to be effective substitutes for that demand, those households may look elsewhere (in another district).

⁸ I do not capture all findings of Formative in this list. Full detail is contained in their report.

⁹ Mr Yeoman's Summary Evidence for PC31 (7 August 2023) states that the WCGM 2022 capacity is conservative by 10-20% (paragraph 22.2), but does not indicate whether this applies in all urban locations.

¹⁰ Formative, 2023, page 35.

(c) There would only need to be a small increase in development intensity in Woodend/Pegasus for there to be sufficient capacity in the medium-term.¹¹

(d) It would expect Rangiora and Kaiapoi to be substitute locations for housing demand for Woodend/Pegasus.¹²

7.12 While Formative advises Council to monitor the demand and capacity situation across the district regularly (and in Woodend/Pegasus specifically), they do not direct Council to actively consider additional zoning in Woodend/Pegasus as part of the PDP review, which is surprising given that it is the fastest growing town in the urban area with a 'modelled' shortfall.

7.13 I have a number of concerns with Formative's approach with regards to Woodend/Pegasus. First, the competitiveness margin is intended to ensure that capacity does not get so constrained (tight) that adverse effects on the housing market start to arise (i.e. price rises due to scarcity of available sections and lack of competition). The margin also takes into account the time it takes to zone new land and then complete land development. Playing down the relevance of the competitiveness margin is counter to the intent of the NPS-UD.

7.14 The competitiveness margin applied to demand in the Woodend/Pegasus location equates to two years of actual projected dwelling demand for Woodend/Pegasus (based on the WCGM 2022 growth projection). If no further capacity is zoned in the medium-term in Woodend/Pegasus, feasible and RER capacity could be reduced to 130 dwellings by 2033. At that point Woodend/Pegasus would be only some eight months away from having no remaining capacity.

7.15 It is also likely that a large share of the greenfield capacity in Woodend/Pegasus (discussed further below) is already consented (and some is already subdivided with titles issued). It is therefore unreasonable to suggest that a higher intensity (density) can be achieved on much of this land to increase the feasible and RER capacity over the medium-term to avoid a shortfall.

¹¹ Ibid.

¹² Formative, 2023. Page 36.

Capacity modelling tested in PC31 & implications for sufficiency

- 7.16 Objective 7 of the NPS-UD requires councils to have robust information about their urban environments.
- 7.17 In the context of that objective, it is noted that the WCGM 2022 feasible and RER capacity results were a key focus of the evidence in PC31. That evidence was presented in August 2023 and a decision was issued at the end of October in the same year.
- 7.18 In short, evidence by Mr Sexton at Inovo¹³ showed a more current (August 2023) and ground-truth focused assessment of medium-term capacity in the main urban townships than that presented in the WCGM 2022 which was carried out in August 2022. Instead of a total urban surplus of 964 dwellings as estimated by Formative, the Inovo assessment indicated potential for a shortfall of 609 dwellings. Key reasons for the significant difference in figures (i.e. a drop of capacity equating to 1,573 dwellings) estimated by Inovo include:
- (a) Further take-up of dwellings – i.e. some vacant sections as well as houses that were under construction at the time of the Formative capacity assessment (August 2022) were developed/completed and occupied (so are no longer counted as capacity in August 2023).¹⁴
 - (b) Removal of areas that cannot be developed for housing but were included in the WCGM 2022 as providing housing capacity (reserves, council facilities, pre-schools, churches, land with covenants or encumbrances etc).
 - (c) Adopting yields in greenfield areas that are publicly available or consented (where applicable).¹⁵
 - (d) Applying a greenfield yield based on the CRPS net density approach (deducting 12.5% of gross area for stormwater

¹³ It is my understanding that Mr Sellars at Colliers assisted Mr Sexton's assessment.

¹⁴ To be clear, change in numbers associated with take-up of capacity should not be interpreted as an error or limitation of the model.

¹⁵ Formative also identified 'developer yields' for several greenfield areas, but did not adopt them in the WCGM 2022 (either adopting a higher or lower figure). Inovo indicate different 'developer yields' for some of the same greenfield areas. I have not sought to further validate either set of assumptions, but adopt the Inovo figures on the basis that they are more recent and may reflect changes made to developer proposals.

management and then multiplying remaining land by 15 dwellings/hectare). This compared with Formative’s approach of removing 25% of gross land area for all infrastructure (including roads) and applying feasible and RER lot sizes for each zone.

- (e) Physical inspection of sites identified as vacant or providing infill capacity.

7.19 The Independent Hearings Panel Decision Report on PC31 accepted evidence demonstrating *“the limitations of the modelling exercise undertaken by Formative, due to the fact that it presents a theoretical picture of development capacity and was not extensively ground truthed by Formative. We conclude on the evidence of Mr Sexton, Mr Walsh and Mr Akehurst that there is a very real likelihood that the model has overstated residential capacity.”*¹⁶ The Panel *“strongly recommend that ... Council take steps to review the calculations provided by Formative and review realisability of the areas currently identified for future urban growth within the district.”*¹⁷

7.20 **Table 2** provides the high level breakdown of the WCGM 2022/Inovo assessment by township. In Rangiora, Inovo remove capacity for 463 dwellings, which creates a smaller medium-term (10 year) surplus of 728 dwellings. In Kaiapoi, Inovo remove capacity for 314 dwellings, which results in a shortfall of 257 dwellings rather than a surplus of 57 over the next 10 years. In Woodend/Pegasus, Inovo remove capacity of 796 dwellings, further increasing the shortfall in 10 years time from 284 to 1,080 dwellings.

¹⁶ Independent Hearings Panel Decision Report, 2023, paragraph 81.

¹⁷ Independent Hearings Panel Decision Report, 2023, paragraph 84.

Table 2 – Summary of WCGM 2022 Medium-Term Capacity Results v Inovo Results

Residential Zones by Location	Parameter	WCGM 2022 Results *	Inovo Projects Results **	Difference
Rangiora	Demand + Margin	1,260	1,260	-
	Feasible and RER Capacity	2,451	1,988	- 463
	Sufficiency	1,191	728	- 463
Kaiapoi	Demand + Margin	1,230	1,230	-
	Feasible and RER Capacity	1,287	973	- 314
	Sufficiency	57	257	- 314
Woodend/Pegasus	Demand + Margin	2,480	2,480	-
	Feasible and RER Capacity	2,196	1,400	- 796
	Sufficiency	- 284	- 1,080	- 796
Total Urban Area *	Demand + Margin	4,970	4,970	-
	Feasible and RER Capacity	5,934	4,361	- 1,573
	Sufficiency	964	609	- 1,573

Source: Formative, December 2023. * This is just the sum of the three main urban areas, not all residential zones in the Greater Christchurch Urban Area within Waimakariri District.

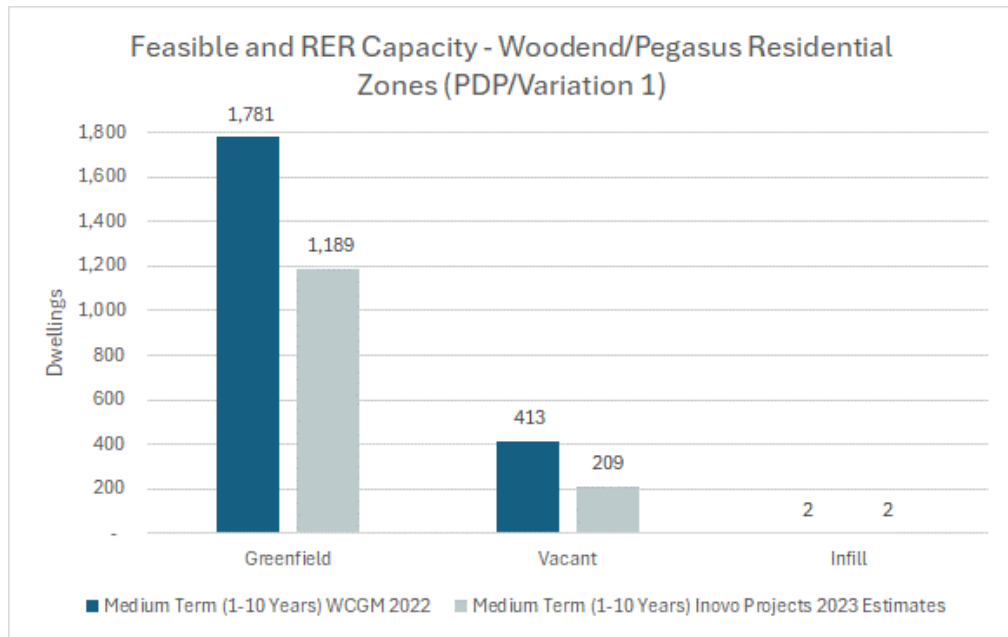
** Source: Supplementary Evidence of Mr Akehurst. Adopts WCGM 2022 demand + margin and Inovo capacity estimates.

7.21 Table 2 shows that only a portion of unmet demand in Woodend/Pegasus and Kaiapoi can be provided for in Rangiora before it too has insufficient capacity. While Inovo's evidence for PC31 did not consider capacity in other residential zones beyond the main urban townships, as noted above, Formative has estimated a shortfall in the rest of the district's residential zones. Combined with Inovo's overall estimated shortfall across the main urban townships, this means there is a feasible and RER capacity shortfall across the whole district.

7.22 **Figure 1** provides a breakdown of the type of capacity estimated in the WCGM 2022 for the Woodend/Pegasus urban area. With much of the supply in Woodend/Pegasus being relatively new (with efficient use of residential sections), the WCGM 2022 considers almost no feasible infill (or redevelopment) capacity by 2033 based on current costs and prices. Rather, the WCGM 2022 shows that 81% of medium-term capacity in Woodend/Pegasus is in greenfield developments, with just 19% in vacant market-ready or potentially subdivided lots.¹⁸ This greenfield share is substantially higher than in Rangiora or Kaiapoi.

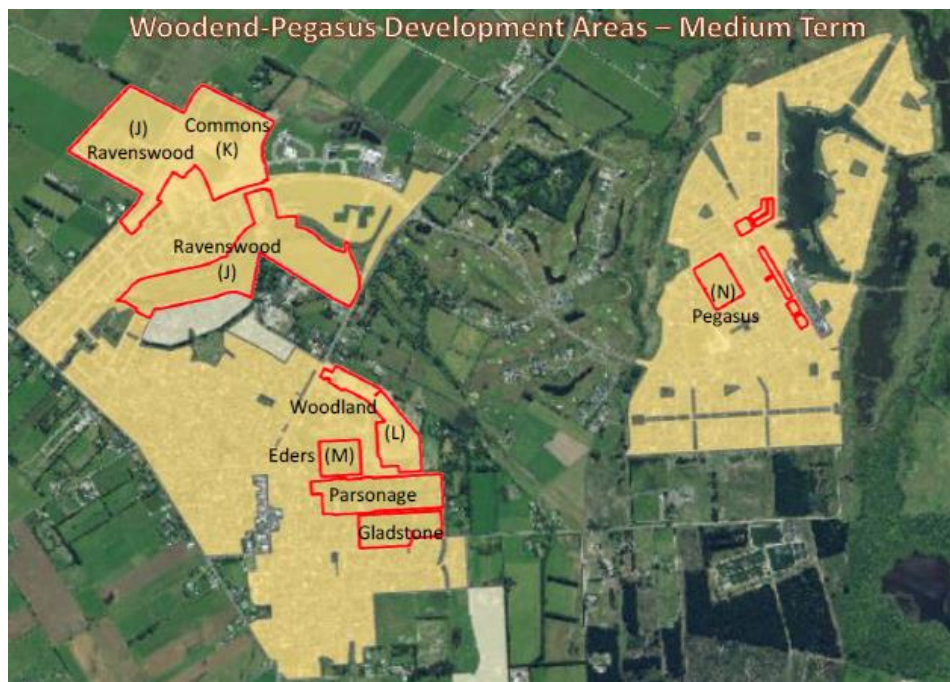
¹⁸ This would include dwellings under construction but not yet completed with their Certificate of Compliance.

Figure 1 – Comparison of Woodend/Pegasus Housing Capacity by Type



7.23 The extent of the capacity classified as 'greenfield' at the time of the WCGM 2022 is shown in **Figure 2**. It comprises seven named development areas.

Figure 2 – Greenfield Classified Land in Woodend/Pegasus, WCGM 2022¹⁹

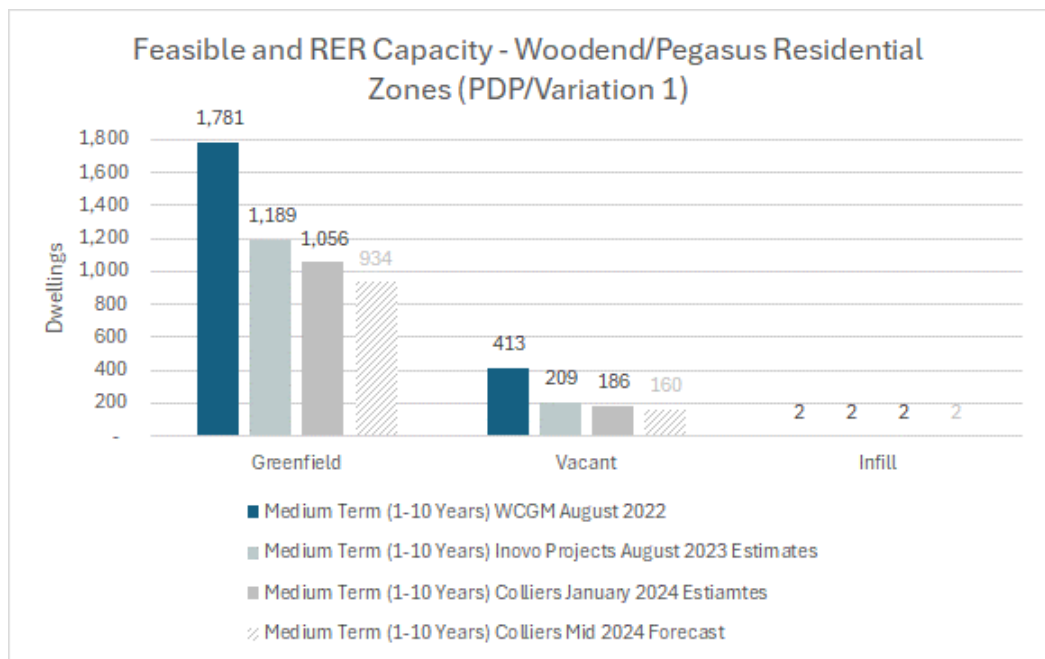


¹⁹ Over time these developments would be expected to transition from being classified as greenfield capacity in the WCGM to vacant capacity (once fully subdivided). For the purpose of the Inovo Projects evaluation, and this evidence, they are retained as greenfield classification.

7.24 By Inovo’s estimates, total greenfield capacity was overstated by 592 dwellings, while vacant section capacity (as at August 2023) was nearly half of the amount estimated by Formative and is just 209 as at August 2023. This equates to just one years actual growth of Woodend/Pegasus according to Formative’s demand projections (excluding the competitiveness margin).

7.25 I refer to Mr Sellars’ evidence for the submitter where he has carried out a further ground survey of capacity in Woodend/Pegasus in January 2024.²⁰ In the short time between Inovo’s evidence and January 2024, Mr Sellars estimates that vacant capacity has reduced by 156 dwellings in Woodend/Pegasus to leave capacity for 1,244 additional dwellings and a further 148 dwellings in Woodend/Pegasus now under construction (so soon to be removed from capacity once completed and occupied). Indicatively, if those dwellings under construction were completed around the middle of 2024, remaining zoned capacity in Woodend/Pegasus would equate to 1,096 dwellings. I update my Figure 1 graph to include Mr Sellar’s January data below (**Figure 3**).

Figure 3 – Comparison of Woodend/Pegasus Housing Capacity by Type Including Colliers Ground Truthing



²⁰ Evidence of Mr Sellars, Table 5

7.26 As discussed above, Formative has provided a number of caveats to the 'theoretical' shortfall of capacity in Woodend/Pegasus which suggests that it is not an issue that necessarily needs to be addressed by Council in the medium-term. I rely on the evidence of Inovo when it comes to feasible and RER capacity as at August 2023 and on Mr Sellars for capacity as at January 2024 for this urban location. There is clear evidence that the medium-term shortfall:

- (a) is not 'theoretical';
- (b) is much larger than assessed at the time of the WCGM 2022; and
- (c) is rapidly increasing.

7.27 Woodend/Pegasus is clearly delivering locations, dwelling types and dwelling prices that appeal to a large share of households seeking residential properties in Waimakariri District. In light of the shortfall in capacity in Woodend/Pegasus (and likely shortfall in the main urban townships/district overall), I consider that the Council needs to zone additional land in this location to meet its obligations under Policy 2 of the NPS-UD (to ensure sufficiency), Policy 1(a)(i) (to enable a variety of homes that meet the needs of households in terms of type, price and location) and Policy 1(d) (to support the competitive operation of land and development markets). I note that identifying FDA land in Woodend/Pegasus, proposed by the submitter as secondary relief, would not satisfy Policy 2, as it has to be 'zoned' if there is a short-fall in the medium-term.

8 POLICY 8 – SIGNIFICANT DEVELOPMENT CAPACITY

8.1 Numerically, the potential yield of the Proposal is significant. At a yield of approximately 1,500 dwellings, this would represent an increase in medium-term capacity in Woodend/Pegasus of between 68% and 107% depending on whether it is applied to the WCGM 2022 capacity (August 2022) or the Inovo Projections capacity estimate (August 2023).²¹

²¹ Based on Mr Sellars' capacity estimate in January 2024, the Site's yield represents a 121% increase on medium-term (zoned) capacity in Woodend/Pegasus.

- 8.2 Relative to the total medium-term capacity of the main urban townships combined, it would represent an increase of between 25% and 34% (again using the WCGM 2022 and Inovo capacity range).
- 8.3 Relative to WCGM 2022 projected medium-term dwelling growth in Woodend/Pegasus (including the competitiveness margin), the Proposal would account for approximately 60% of that demand. Put another way, it would cater for around 7 years of growth (excluding the competitiveness margin) projected over the medium-term future for Woodend/Pegasus.
- 8.4 Rezoning the land would ensure that the Council is providing at least sufficient capacity in Woodend/Pegasus to meet projected medium-term demand. It would also ensure that some greenfield capacity is available in this urban location in the long-term (i.e. after 2033).

9 POLICY 8 – WELL FUNCTIONING URBAN ENVIRONMENTS

Future location of growth in Woodend/Pegasus

- 9.1 The Draft Greater Christchurch Spatial Plan (**Spatial Plan**) recognises that greenfield areas will continue to be a part of how growth is accommodated, particularly in the Waimakariri and Selwyn districts. According to the Spatial Plan, successful future greenfield development needs to be well connected with employment, services and leisure; integrated with existing urban areas; and be at the right scale, density and location to minimise the impact on highly productive land.
- 9.2 While currently the Spatial Plan shows the future growth areas of Waimakariri District as the FDAs notified in the PDP (and modified by Variation 1), it acknowledges that additional greenfield areas are being considered through rezoning submissions on the PDP review process. Future updates of the Spatial Plan will therefore 'catch up' with any decisions made on the PDP.
- 9.3 It is surprising to me that no FDAs were identified for Woodend/Pegasus in the notified PDP to focus, or incentivise, intensification of housing to areas that support the desired pattern of growth in this location. In both Rangiora and Kaiapoi, the FDAs identify where urban growth could occur (subject to any constraints) and increase the ability for Council (and

those landowners) to be responsive to rapidly changing housing markets. In my view, landowners on the fringe of the existing urban area in Woodend/Pegasus are disadvantaged by a lack of certainty of where growth should be prioritised.

- 9.4 However, the Council's 2048 Development Strategy provides direction on the pattern of growth expected for Woodend/Pegasus, beyond the current zoned residential land. Notably, the 2048 Development Strategy projected 2,786 additional households in Woodend/Pegasus between 2018 and 2048. Based on the WCGM 2022, nearly three quarters (74%) of that quantum of projected growth is now anticipated just between 2023 and 2033.
- 9.5 Two residential growth directions are shown – north/north-west of Ravenswood towards Gressons Road and south/south-east of Woodend towards the LLRZ. The Proposal gives effect to the planned northern expansion of Ravenswood and is therefore consistent with the 2048 Development Strategy and therefore Objective 6(b) of the NPS-UD (planning decisions on urban developments are strategic over the medium and long-term).
- 9.6 Addressing the expected medium-term shortfall of urban capacity in Woodend/Pegasus could be met by rezoning a number of different land parcels (and applying a range of different zones to those parcels). Submissions seeking rezoning in and around Woodend/Pegasus are numerous and each will have their own costs and benefits. The following section of my evidence considers the locational attributes (economic efficiencies) of the Stokes' submissions and how the Proposal contributes to a well-functioning urban environment.

Efficient use of land

- 9.7 The Proposal provides for significantly more dwelling growth in the Woodend/Pegasus urban area/locality than the notified zoning (RLZ, LLRZ and LLRZO) on account of the uplift in density. RLZ does not fall within the category of urban development capacity, and therefore would not contribute to meeting the expected medium-term short-fall of urban capacity in Woodend/Pegasus. The Proposal therefore makes more efficient use of a limited resource of rural land adjoining an existing

urban area²² and supports increased residential development opportunities, including housing choice.

- 9.8 The net additional dwellings enabled by the Proposal will help reduce the marginal cost of social and development infrastructure in and around Woodend/Pegasus over the long-term (i.e. it will contribute to a more efficient provision of infrastructure).
- 9.9 If stages of the Site are delivered to the market concurrently with other developments within Woodend/Pegasus, it will increase competition in the supply of residential lots in Woodend/Pegasus, supporting a competitive land market locally. It will also support a competitive land market across the main urban townships of the district.

Enabling more people to live near a centre and employment opportunities

- 9.10 The Ravenswood KAC (as amended by PC30 to the Operative District Plan) will play an increasingly key role in supporting the economic and social wellbeing of residents in the Waimakariri District as it develops by providing a large, modern and comprehensively designed town centre. This addition to the centre network in the Waimakariri District assists in not only serving the needs of the growing Woodend/Pegasus urban area (in addition to the Woodend Local Centre Zone), but also the surrounding rural communities.
- 9.11 Adjoining the town centre (operative Business 1 Zone) is a notified General Industrial Zone (**GIZ**) in the PDP which will increasingly help (as it develops) meet the industrial and service needs of catchment residents and businesses. Combined, this Ravenswood KAC creates a large number of job opportunities in the Woodend/Pegasus locality.
- 9.12 The Ravenswood town centre and GIZ are located on the northern edge of the Woodend urban area. As it stands, this does not support an efficient urban form. The KAC's primary urban catchment is limited to residents living to the south of the centre only (with only sparse rural lifestyle and rural residential customers living to the north).

²² The Site is contiguous to the notified Open Space Zone north of the Ravenswood commercial area. Depending on whether submissions to rezone RLZ land south of Wards Road are also approved, the Site would be contiguous along a large extent of Wards Road.

- 9.13 Urban efficiency is maximised when centres are surrounded on all sides by dense residential neighbourhoods. When central to the trade catchment, a greater number of residents that are within a walkable distance to the centre is achieved, and accessibility for all catchment residents is maximised (i.e. travel distance by all modes is minimised with associated reductions in greenhouse gas emissions).
- 9.14 While the 2048 Development Strategy signals that future growth will continue on the northern side of the Ravenswood KAC (this was likely taken into account when planning the location of the town centre), until such time as urban development is plan enabled there, the performance of the town centre (in terms of its viability, vitality and vibrancy) will continue to be sub-optimal.
- 9.15 The Proposal delivers the missing northern side of the KAC's trade catchment and, in doing so, supports a well-functioning urban environment by increasing the number of people living in close proximity to shops, services, community facilities, public places and employment.
- 9.16 The additional households enabled on the Site will support the function and viability of the KAC. The spending generated by those future households will support additional floorspace and businesses in Ravenswood (including the GIZ). The presence of additional households in the centre (when visiting) will increase the vitality of the centre. These outcomes in turn benefit all users of the centre by improving the overall functional and social amenity delivered by the KAC.
- 9.17 While rezoning alternative land around Woodend/Pegasus could address the expected shortfall of capacity in the medium-term, and would still increase the number of households in the KAC's trade catchment, only rezoning land immediately north of the Ravenswood KAC (including the land proposed) will unlock the urban efficiency able to be delivered by the Ravenswood KAC.
- 9.18 As noted earlier in my evidence, provision for a small neighbourhood centre is identified on the ODP as part of the Proposal. The centre would be subject to the MRZ (rather than a separate commercial zoning), so would be limited to small-scale local convenience retail or community facilities (a dairy, or a small medical centre). Owing to its size and the localised nature of its intended offering, I do not consider that provision

of that centre will have any adverse retail distribution and /or other economic effects on the function of the KAC. Even with a small convenience centre within the Site, future residents of the Site will continue to direct the majority of their household spend to businesses within the Ravenswood and Rangiora KACs.

Supporting housing affordability

9.19 The Proposal supports housing affordability in two ways.

9.20 First, relative to both RLZ and LLRZ which have high land values and support larger, more costly dwellings, the Proposal increases the supply of relatively more affordable housing due to the smaller section sizes enabled.

9.21 Secondly, by ensuring a ready supply of zoned land on the Site (at least sufficient to meet strong medium-term demand growth when combined with existing feasible and RER capacity in Woodend/Pegasus), land price rises driven by scarcity of residential sections in Woodend/Pegasus are minimised over the medium-term. Given that there is no long-term greenfield capacity identified for Woodend/Pegasus in the PDP, I consider that this benefit carries added weight.

9.22 This is not to say that house prices will not continue to rise in this location in the future,²³ or in the Waimakariri District generally, as there are multiple market forces that influence land and housing prices. However, a key objective of the NPS-UD is that *planning and infrastructure* decision making does not contribute to rising unaffordability. Zoning for sufficient development capacity that contributes to well-functioning urban environments, as the Proposal does, is a key step in achieving that outcome.

10 SUMMARY OF BENEFITS AND COSTS

10.1 The economic benefits of the Proposal can be summarised as:

- (a) providing significant development capacity in an efficient location that supports a well-functioning urban environment, including by:

²³ Median house prices have dropped somewhat since mid-late 2022 nationally, and Waimakariri District has also experienced this trend (with prices peaking in December 2022).

- (i) supporting integrated development with an existing urban area;
 - (ii) giving effect to a direction of greenfield growth anticipated for Woodend/Pegasus in the 2048 Development Strategy;
 - (iii) supporting the trade catchment (including walkable catchment), function and viability of the Ravenswood KAC; and
 - (iv) uniquely concentrating household growth in close proximity to a KAC and employment area;
- (b) addressing an expected medium-term shortfall of development capacity in Woodend/Pegasus and in the main urban townships overall and therefore ensuring that the Council meets the requirements of Policy 2 of the NPS-UD. In doing so, the Proposal also:
- (i) helps provide a variety of homes and housing choice in a location of strong housing demand;
 - (ii) supports the competitive operation of the housing market; and
 - (iii) ensures some greenfield capacity is zoned in Woodend/Pegasus to help meet demand early in the long-term (i.e. after 2033), given the absence of any FDAs in this township.

10.2 The likely economic costs of the Proposal are few and do not outweigh the economic benefits summarised above. Relevant costs include:

- (a) **Loss of LLRZO along Gressons Road.** While the proposed zoning is a more efficient use of the land than rural residential development, the notified LLRZO was one of only four locations that made it through the shortlist process of the Residential Development Strategy 2019. There is demand for further LLRZ over the medium-term by my estimates and the Proposal represents an opportunity cost to expand the Waikuku Village rural residential cluster in what was considered a 'suitable' location. This

opportunity cost can however be mitigated by rezoning RLZ land in another location that is not more efficiently protected for urban development in the medium or long-term. According to evidence provided by Mr Yeoman in PC31, submissions on the PDP requesting rezoning from RLZ to LLRZ cover a significant 1,144ha of land and so provide ample opportunity to ensure that sufficient capacity for the rural residential housing market is achieved in the medium-term.

- (b) **Loss of primary productive capacity.** This cost is considered minor given that the Site is notified as a combination of RLZ and LLRZO. The PDP already accepts that the RLZ reduces the productive capacity of the land given the minimum lot size of 4ha. While 4ha may support some small-scale horticultural crops, glass houses or 'hobby farming', the author of the S32A (Rural) stated that "*four hectares of land is not sufficient to provide for a range of primary productive activities.*"²⁴ Rural land will be lost from potential primary productive uses, albeit only a loss from the very limited productive capacity of the RLZ. This would be difficult to quantify and is more of an opportunity cost for the foregone (potential) inclusion of primary production activities on what I estimate to be 25-27 rural lifestyle blocks enabled in the RLZ portion of the Site. Other constraints on the potential productive capacity of the Site are addressed in further detail in the evidence of Mr Mthamo. The CRPS anticipates that greenfield (rural) land will need to be provided to meet projected urban growth in Waimakariri District. Given that there is an expected shortfall of urban capacity in the medium-term that needs to be addressed with rezoning (particularly in Woodend/Pegasus where opportunities for infill and redevelopment in the medium-term would be unlikely to satisfy the shortfall even under more optimistic feasibility and RER assumptions), limited weight should be given to this minor opportunity cost.

11 CONCLUSION

11.1 Overall, based on my assessment of the Proposal, I consider that the economic benefits substantially outweigh any economic costs. I support

²⁴ S32A (Rural), page 66.

the Proposal (primary relief) from an economic perspective and in terms of the relevant NPS-UD directions addressed in my evidence.

11.2 I do not support the secondary relief (FDA option) on the basis that zoned capacity is needed to satisfy a shortfall of capacity in Woodend/Pegasus in the medium-term under Policy 2 (and to avoid planning decisions having an adverse effect on the housing market). While live zoning (or certification) of an FDA can be pursued once an FDA is operative, the delays and additional costs of this pathway in the face of a known shortfall would be inefficient in this instance and increase the risks of housing supply constraints in the Woodend/Pegasus location.

Natalie Hampson

4 March 2024