BEFORE INDEPENDENT HEARING COMMISSIONERS APPOINTED BY THE WAIMAKARIRI DISTRICT COUNCIL

IN THE MATTER OF	The Resource Management Act 1991 (**RMA** or **the Act**)
AND	
IN THE MATTER OF	Hearing of Submissions and Further Submissions on the Proposed Waimakariri District Plan (**PWDP** or **the Proposed Plan**)
AND	
IN THE MATTER OF	Hearing of Submissions and Further Submissions on Variations 1 and 2 to the Proposed Waimakariri District Plan
AND	
IN THE MATTER OF	Submissions and Further Submissions on the Proposed Waimakariri District Plan by **Bellgrove Rangiora Limited**

EVIDENCE OF FRASER JAMES COLEGRAVE ON BEHALF OF BELLGROVE RANGIORA LIMITED REGARDING HEARING STREAM 12E

Dated: 30 April 2024

Presented for filing by:
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INTRODUCTION

1 My full name is Fraser James Colegrave.

2 I hold a first-class honours degree in economics from the University of Auckland.

3 I am the managing director of Insight Economics, a boutique economics consultancy based in Auckland. Prior to that, I was a founding director of another economics consultancy – Covec – for 12 years.

4 I have worked as an economics consultant for 23 years, during which I have successfully completed more than 600 projects across a wide range of sectors. My main areas of expertise are property development, land-use, and retail economics. I have worked extensively in these areas for dozens of the largest public and private sector organisations in New Zealand.

5 Over the last 15 years, I have worked on numerous land use and property development projects across Greater Christchurch, including several in Waimakariri. This includes the proposed fast-track development for Bellgrove Rangiora Limited under the COVID-19 Recovery (Fast-Track Consenting) Act 2020. I am therefore familiar with the economic structure of the district, and its role in the Greater Christchurch sub-region.

6 I recently provided expert economic evidence on Selwyn's Proposed District Plan (PDP) for 11 plan changes, plus four other submissions, so understand the housing markets served by the two districts flanking Christchurch City.

7 I regularly appear as an expert witness on a range of economic matters before Councils, Boards of Inquiry, Independent Hearing Panels, the Land Valuation Tribunal, the Environmental Protection Agency, the Environment Court, the Family Court, and the High Court of New Zealand.

8 My role in relation to the Waimakariri Proposed District Plan and Variation 1 is as an independent expert witness to Bellgrove Rangiora Limited (**Bellgrove** or **BRL**) on economic matters.

9 Although this is not an Environment Court proceeding, I have read the Environment Court's Code of Conduct and agree to comply with it. My qualifications as an expert are set out above. The matters addressed in my evidence are within my area of expertise, however where I make statements on issues that are not in my area of expertise, I will state whose evidence I have

relied upon. I have not omitted to consider material facts known to me that might alter or detract from the opinions expressed in my evidence.

SCOPE OF EVIDENCE

10 In my evidence I address the following issues:

(a) The need for the proposal under the National Policy Statement on Urban Development 2020 (**NPS-UD**).

(b) The likely economic costs and benefits of the proposal.

SUMMARY OF MY EVIDENCE

11 To set the scene, I first describe the subject land and the development enabled by the proposed rezoning, which is expected to yield about 363 new homes. Then, I explain how the district's strong and sustained population growth requires an estimated 17,000 extra dwellings over the next 30 years according to the latest figures.

12 In addition, most new homes recently built in and around Rangiora have been in greenfield areas, with very little intensification of the existing urban areas. This, in turn, reflects the district's young dwelling stock and relatively low land values, which both undermine the financial viability of intensification.

13 New greenfield developments like that proposed by Bellgrove are therefore essential to keeping pace with demand and helping to meet the district's NPS-UD obligations to provide "at least" sufficient capacity "at all times."

14 Despite that, the latest 2023 Housing Capacity Assessment (**HCA**), plus a follow-up report by Formative from 8 December 2023, both suggest that there is already sufficient capacity to meet demand.

15 I strongly disagree with the HCA, and the latest Formative report, both of which I consider unreliable bases for decision making. There are several issues, with the most significant being that:

(a) The 2023 HCA fails to test sufficiency properly i.e. for attached and standalone dwellings in new and existing urban areas. While the Formative report does slightly better, it offers very little (if any) relevant

information about the assumed sizes, key features, or selling prices of the dwellings that comprise its feasible capacity estimates.

(b) These concerns are exacerbated by the nature of plan-enabled capacity itself, which is dominated by new medium density housing in existing urban areas. While increasingly important nationally, such dwelling typologies do not reflect local needs and preferences.

(c) The feasible capacity estimates in both reports are also based on out-of-date cost data from 2021, which do not capture recent spikes in construction costs – up 32% – nor today's much higher interest rates. Both factors seriously undermine financial viability, so the feasible capacity estimates cited are no longer relevant, nor fit for purpose.

16 Overall, I consider the district to face a significant, widespread shortage of feasible capacity to meet demand, with a lot more needed. The proposal acknowledges and responds to this by providing a new master-planned community at pace and scale.

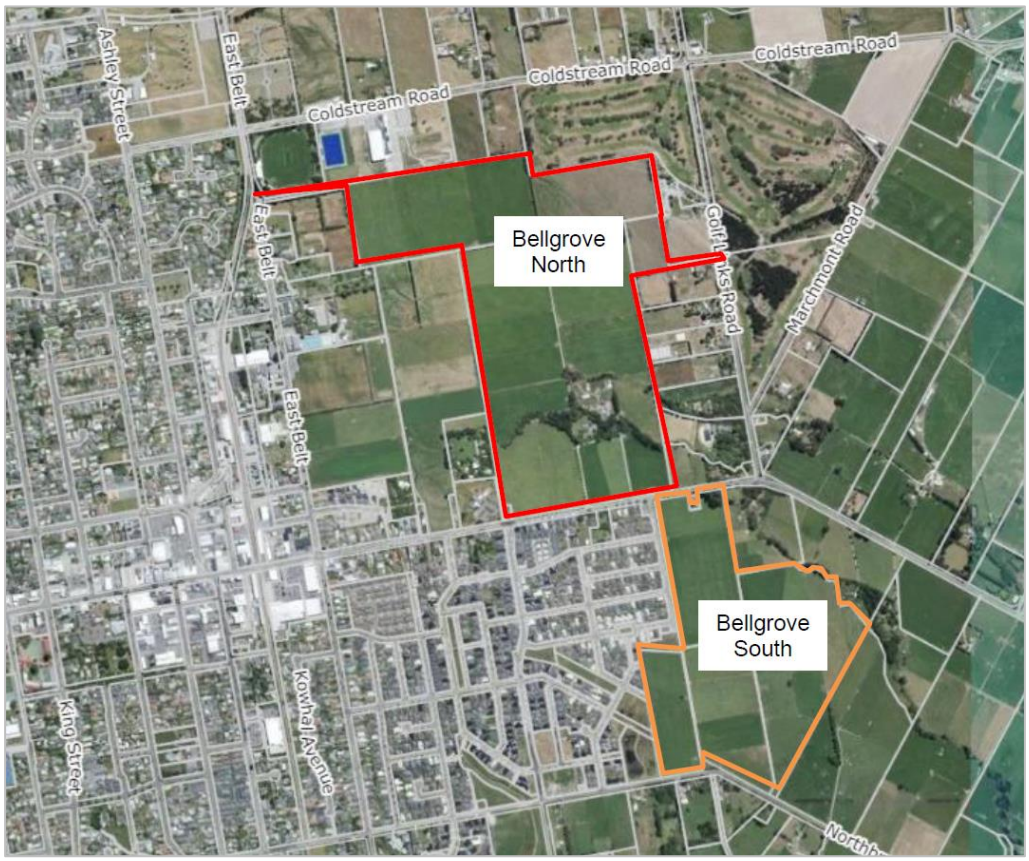
17 In addition, the proposal will generate a wide range of enduring economic benefits, while avoiding any material economic costs. Accordingly, I support it on economic grounds.

CONTEXT

18 Bellgrove Rangiora Limited (**Bellgrove** or **BRL**) owns approximately 100 hectares of land on the eastern outskirts of Rangiora. Part of this land, known as "Bellgrove North", is currently under development. BRL now wishes to enable residential development to occur on its remaining land, known as "Bellgrove South".

19 For context, Figure 1 below shows the location of the Bellgrove North and Bellgrove South land holdings.

Figure 1: Location of Bellgrove North and Bellgrove South



20 Bellgrove South spans approximately 36 hectares. While some of this land is already proposed to be zoned for residential use[1] , the remainder is zoned Rural Lifestyle Zone (**RLZ**) under the Proposed Waimakariri District Plan (**pWDP**). Bellgrove now seeks to rezone this land (some 31.2 ha) to Medium Density Residential Zone (**MRZ)** to support its development aspirations for the land.

SITE

21 Bellgrove South is located approximately 1.5 kilometres east of the Rangiora town centre, in the Waimakariri District (**Waimak**). It is bound by Kippenberger Avenue to the north, rural land to the east, Northbrook Road to the south, and an existing residential area to the west.

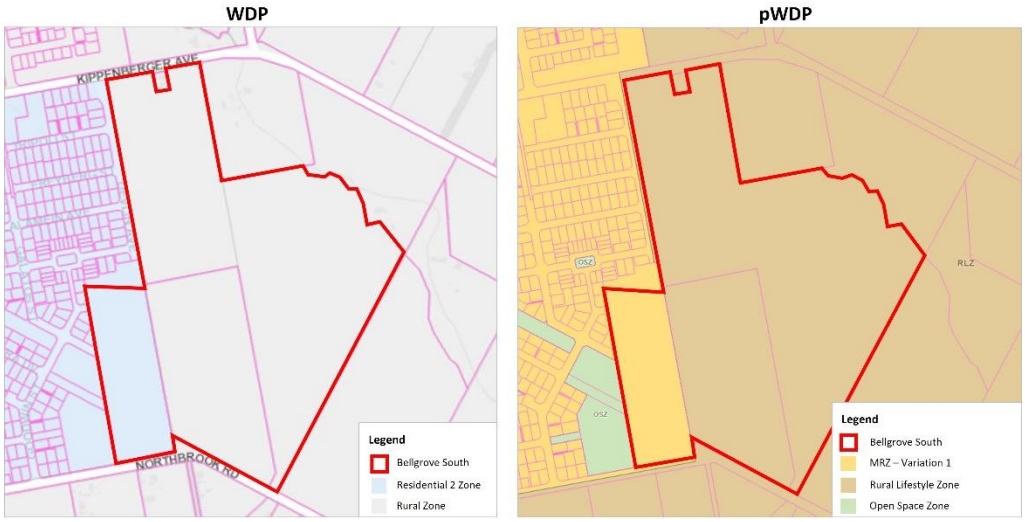
22 Bellgrove South spans approximately 36 hectares and is relatively flat. Its location is highlighted in yellow in Figure 2 below.

[1] Lot 4 DP 25508 (100 Northbrook Road), which spans approximately 4.6ha, is proposed to be zoned as Medium Density Residential Zone as part of Variation 1.

Figure 2: Location of Bellgrove South

23 Figure 3 below shows the zoning of Bellgrove South under Council's Operative Waimakariri District Plan (**WDP**) and the pWDP.

Figure 3: Zoning of Bellgrove South under WDP & pWDP



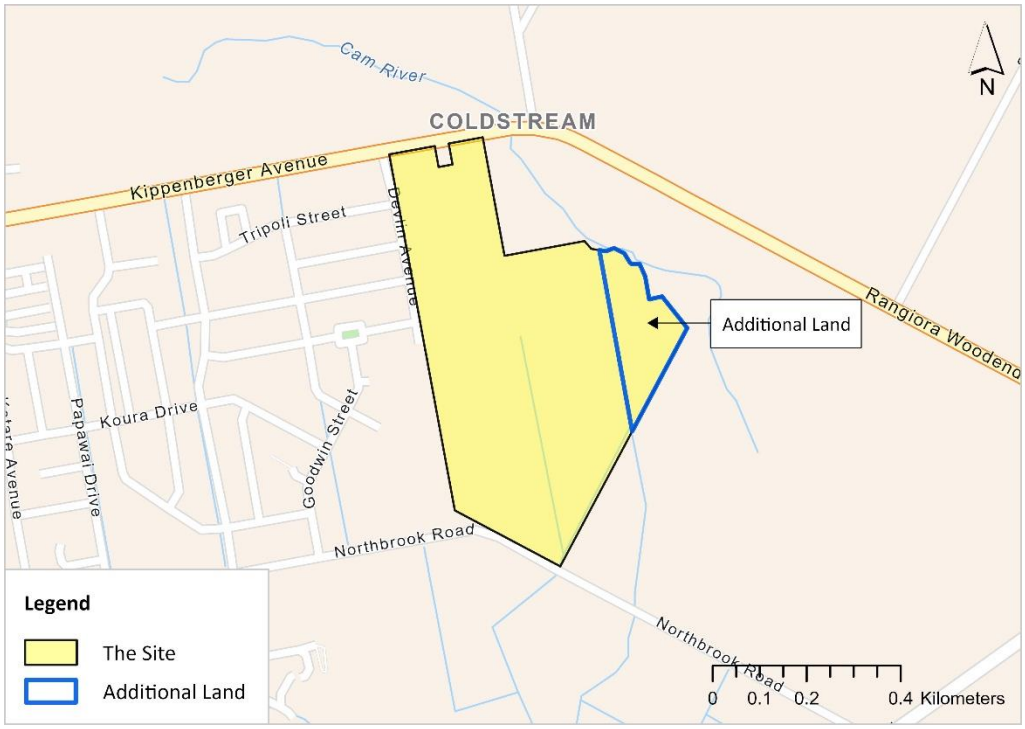
24 The western extent of Bellgrove South spans approximately five hectares and is zoned Residential 2 under the ODP and Medium Density Residential – Variation 1 under the pWDP. I refer to this part of the land henceforth as the "**Existing Residential Zone**" or "**ERZ**".

25 The remainder of the Bellgrove South ("the **Site"**) spans around 31.2 hectares and is zoned Rural under the WDP and Rural Lifestyle under the pWDP.

26 Importantly, most of the Site lies within the Rangiora Projected Infrastructure Boundary (**PIB**) and is a Future Development Area (**FDA**) in Map A of the Canterbury Regional Policy Statement (**CPRS**). Similarly, it is identified as a future residential development area in the pWDP (within the South East Rangiora Development Area (**SER-DA**), with future development to be in accordance with the South East Rangiora Outline Development Plan (**SER-ODP**). Accordingly, it has already been identified as imminently suitable for future urbanisation.

27 The exception to this is approximately 3.3 hectares in the eastern portion of the Site[2] which is not part of the FDA (**Additional Land**). See Figure 4 below.

Figure 4: The Site including the Additional Land



ABOUT THE PROPOSAL

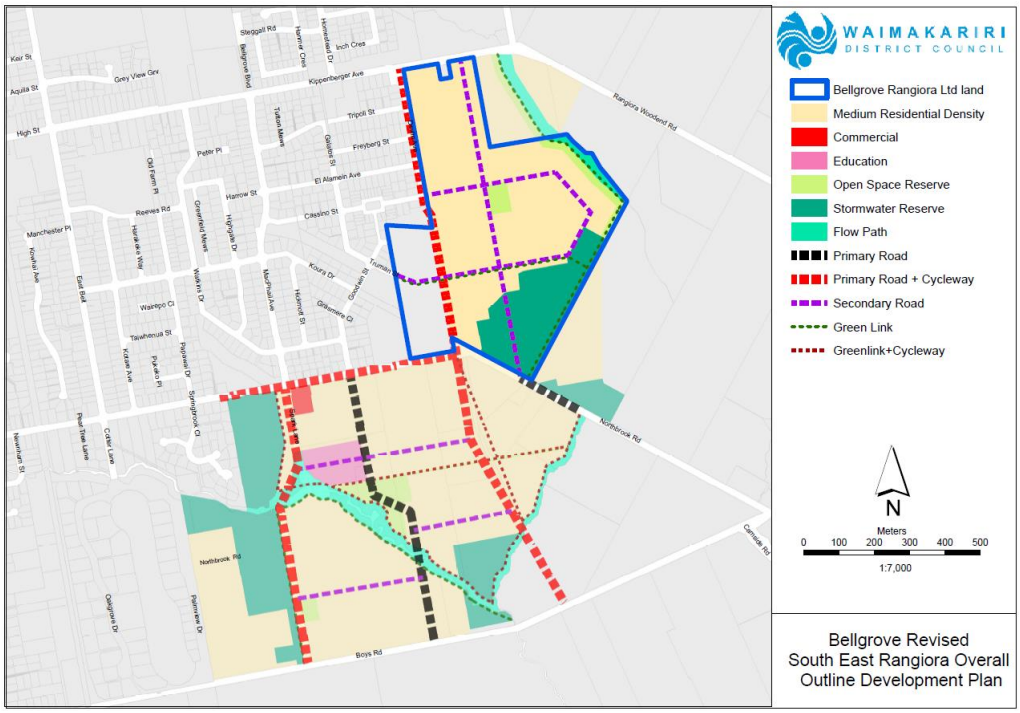
28 Bellgrove's submission seeks to:

a) Amend the SER-DA overlay in the pWDP to include the Additional Land identified above.

b) Amend the notified SER-ODP to include the Additional Land according to the Revised SER-ODP in Figure 5 below.

[2] The eastern portion of Lot 2 DP 452196

Figure 5: Revised SER-ODP



c) Rezone the full extent of the Site to MRZ in the pWDP. To be clear, this *includes* the Additional Land but *excludes* the Existing Residential Zone.

29 According to the latest indicative lot layout[3], future development of Bellgrove South is anticipated to yield approximately 437 dwellings. This includes:

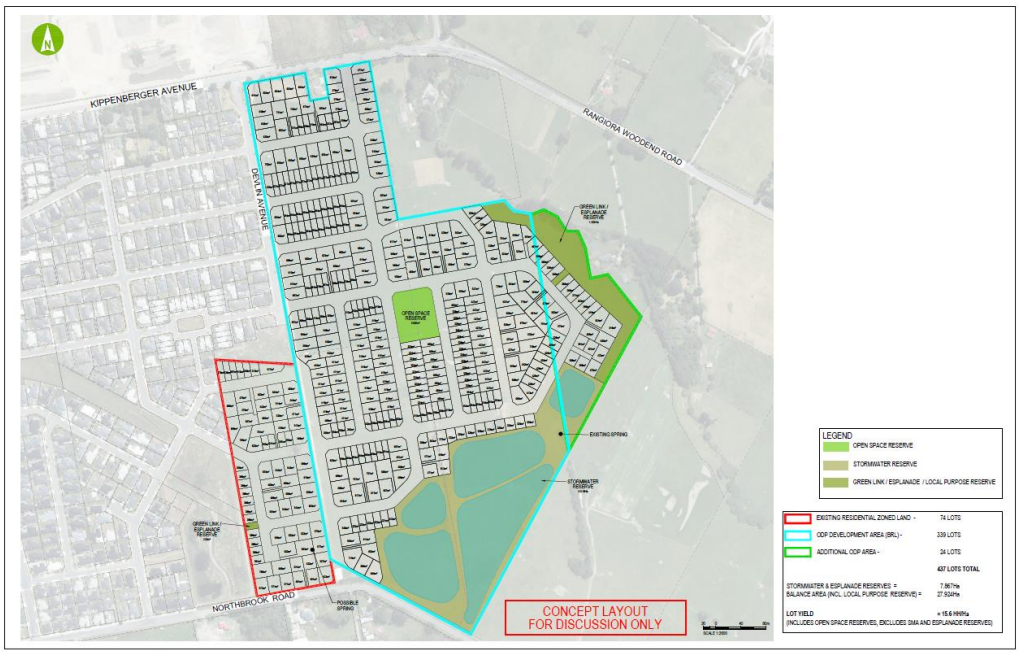
a) 74 homes within the Existing Residential Zone; and

b) 363 homes across the Site.

30 This is illustrated in Figure 6 below, in which the ERZ is delineated in red, the Additional Land in green and the remainder of the Site in blue.

[3] DWG: 509177-0000-SKT-UU-1000-B dated 03-04-2024

Figure 6: Indicative Lot Layout



31 When considering the economic impacts of the proposal, I limit my assessment to the 363 new dwellings enabled by the rezoning.

32 According to the indicative lot layout above, these new sections range in size from about 250m^2 to 885m^2, with an average of approximately 450m^2. Further detail is provided in Table 1 below.

Table 1: Indicative Lot Size Distribution

Lot Size (m^2)	# of Lots	Share of Lots
< 300m^2	28	8%
300m^2 - 400m^2	128	35%
400m^2 - 500m^2	79	22%
500m^2 - 600m^2	45	12%
600m^2 - 700m^2	66	18%
700m^2 - 800m^2	12	3%
> 800m^2	5	1%
Total	**363**	**100%**

DISTRICT POPULATION & HOUSING CONTEXT

Population Growth

33 Waimak's population has grown rapidly since the late 1990s, particularly after the 2010/11 earthquake sequence. Today, that strong growth continues, with Statistics New Zealand (**Stats NZ**) recently revising upwards its official district

population projections. I perceive two key drivers of the district's strong and sustained population growth.

34 First, Waimak housing offers better value for money than Christchurch City. While median house prices have historically been similar, homes in Waimak are considerably larger, on average.[4] Consequently, the tide of post-quake relocations from red-zoned areas of the city, including into Waimak and Selwyn, has been sustained into the long term. A similar pattern has occurred in Auckland, where high house prices pushed people out of some central areas towards the relatively more affordable rural fringes.

35 Second, the Covid-19 pandemic has caused people to reconsider what they really need and want from life, including where they want to live. With the rapid uptake of working from home and the newly emerging "hybrid working model" taking hold, many people are now even more willing to trade off proximity to the city in exchange for living in areas that better meet their day-to-day needs.

36 With both trends likely to continue well into the foreseeable future, significant additional capacity will be required to keep pace with growth in housing demand.

Projected Dwelling Demand

37 In 2023, the Greater Christchurch Partnership (**GCP**) released their latest Housing Capacity Assessment (**HCA**). Amongst other things, it includes household growth projections for Waimak. They adopt Stats NZ's latest high growth population projections, which are converted to households based on projected future household sizes. Table 2 presents the resulting projections over the short-, medium- and long-terms.

Table 2: Waimak District Household Demand Projections (from 2023 HCA)

Timeframe	Urban Areas	Rest of District	Total
Short Term (2022-2025)	1,829	936	2,765
Medium Term (2022-2032)	4,682	2,432	7,114
Long Term (2022-2052)	11,308	5,688	16,996

[4] For example, the average GFA of new dwellings consented over the past five years in Christchurch City is 130m^2 compared to 175m^2 in Waimak.

38 According to Table 2, the number of households in the district's urban areas will increase by just over 11,300 between 2022 and 2052, or nearly 17,000 when the district's rural areas are also included.

39 The report also mentions the changing demographics of the district, with declining household sizes reflecting a greater share of older families, as well as changing family structures. This, in turn, will alter the types and sizes of dwellings required in the future. However, according to Core Logic, the average dwelling in Rangiora currently has 190m^2 of floorspace on an 830m^2 section, with an average of 3.4 bedrooms. This is likely to exceed the requirements of many future households, so a range of smaller dwellings is needed to increase choice and promote affordability.

Recent Development Patterns

40 For additional context, I used Core Logic's Property Guru tool to identify all dwellings built in Rangiora since 2019 to identify their location within the township. My search returned just over 520 dwellings. These are illustrated by the yellow dots in the map below, with Bellgrove South overlaid for context.

Figure 7: Location of New Dwellings Built & Sold Since 2019

41 Figure 7 shows that most Rangiora dwellings built in the last five years have been in new greenfield locations on the town's periphery, with very few new builds occurring within the core urban area. This trend continues today, with nearly 200 additional lots being created in Bellgrove North that are not included in the image above.

42 A similar pattern is evident in the district's other main urban areas, as illustrated in **Appendix A**.

43 This differs from many other areas of New Zealand, where new dwellings are spread more evenly across new and existing urban areas. This situation likely reflects the challenge of making intensification in provincial areas like Rangiora financially viable.

NEED FOR THE PROPOSAL UNDER THE NPS-UD

About Housing Capacity Assessments (HCAs)

44 The NPS-UD came into effect in August 2020. It requires Councils in high growth areas to provide "at least" sufficient development capacity "at all times" to meet expected future demand for additional dwellings well into the long-term.[5]

45 The NPS-UD also imposes strict monitoring and reporting requirements, which vary depending on the extent of growth pressures experienced. The strictest requirements are imposed on councils in Tier 1 urban environments, where capacity shortfalls have historically been the most acute.

46 Waimak comprises part of the Greater Christchurch Tier 1 urban environment and must therefore complete a detailed Housing Capacity Assessment (**HCA**) every three years. It brings together a raft of information about dwelling supply and demand to ensure that enough capacity is provided.

47 Dwelling capacity is expressed in several different ways to ensure that a comprehensive picture of future supply emerges. These include:

[5] Policy 2, National Policy Statement on Urban Development 2020, May 2022, p.11.

(a) **Plan-enabled capacity** – which equals the maximum theoretical capacity enabled if every residential site is fully cleared and rebuilt to its maximum potential (in terms of dwelling yield).

(b) **Infrastructure-ready capacity –** this is the element of plan-enabled capacity that is, or can/will be, serviced with necessary infrastructure like roading and three waters.

(c) **Likely realisable capacity** – this is the proportion of infrastructure-ready capacity that can reasonably be expected to be realised based on current/historic development patterns.

(d) **Feasible capacity** – this is the proportion of realisable capacity that is deemed commercially viable based on expected development costs and revenues. For the short-medium (10 year) term, this must incorporate current costs and revenues, while long-term feasibility can also factor in expected changes in both variables over time.

48 The NPS-UD allows councils to use "any appropriate method" for estimating capacity that is feasible and likely to be realised, but the methods, inputs and assumptions must be outlined and justified. The results must also be reported for existing and urban areas, plus standalone versus attached dwellings.

Findings of the 2021 and 2023 HCAs

49 In 2021, the GCP produced an HCA for its three partner councils. It concluded that there was sufficient capacity to meet demand in most areas, except Selwyn, where significant shortfalls were projected.

50 In 2023, a new HCA was released. It aimed to update the 2021 HCA to reflect new plan-enabled capacity associated with new Medium Density Residential Standards (**MDRS**), plus the application of Policy 3 of the NPS-UD.

51 Unsurprisingly, the 2023 HCA identified even greater capacity to meet demand than the 2021 version, mostly due to higher density options enabled by the MDRS and the NPS-UD.

52 This is illustrated in Table 3, which compares the findings of the 2021 and 2023 HCAs for both Waimak and the GCP in total. The profound impacts of the MDRS and NPS-UD on plan-enabled capacity are evident, jumping from 236,000 over

the long term in 2021 to almost 742,000 now. However, feasible and realisable capacity changed very little, which indicates that much of the new plan-enabled capacity unlocked by the MDRS and the NPS-UD will not be delivered, at least not over the 30-year horizon of the 2023 HCA (i.e. to 2053).

Table 3: Summary of 2021 and 2023 HCAs by Council and NPS-UD Timeframe

	2021 HCA			2023 HCA		
Waimakariri District	**Short-term**	**Med-term**	**Long-term**	**Short-term**	**Med-term**	**Long-term**
Plan-enabled	2,273	2,273	12,192	79,345	79,345	79,345
Infrastructure-ready	n/a	n/a	n/a	14,914	14,914	14,914
Realisable	2,273	2,273	12,192	15,234	15,234	15,234
Feasible	2,273	2,273	12,192	5,950	5,950	14,450
GCP Totals	**Short-term**	**Med-term**	**Long-term**	**Short-term**	**Med-term**	**Long-term**
Plan-enabled	218,685	220,559	236,234	731,369	731,369	741,899
Infrastructure-ready	n/a	n/a	n/a	130,981	130,981	131,936
Realisable	98,879	100,854	116,529	131,301	131,301	132,256
Feasible	108,845	110,719	126,394	111,500	111,500	132,550

Problems with the 2023 HCA

Failure to Properly Test Sufficiency

53 In my view, the 2023 HCA is only a *partial* update to the 2021 HCA, not a full refresh, with large parts of the 2021 version carried forward to the 2023 one verbatim. Consequently, I do not consider the 2023 HCA to provide an accurate picture of the **current** supply/demand situation, nor does it meet NPS-UD reporting requirements.

54 Critically, the 2023 HCA does not test sufficiency for different dwelling types in new and existing locations as required. Instead, it simply tests sufficiency in aggregate for each council across all dwelling types and all areas. This, in my view, almost invariably masks a material shortfall for standalone dwellings in new urban areas, which are consistently in high demand.

Plan-enabled Capacity does not Meet Local Housing Demand

55 As already noted, the 2023 HCA's plan-enabled capacity figures almost exclusively represent attached/medium density housing enabled by the MDRS. While that is fine, at least in theory, these new housing typologies do not match local needs and preferences.

56 While I agree that medium density typologies like duplexes and terrace houses are increasingly important pieces of the future housing puzzle, at least nationally, there is little demand for them currently in the district. This is

demonstrated by building consent data, where standalone homes accounted for more than 92% of new district homes consented over the last 10 years.

57 Thus, while the MDRS may have provided unparalleled boosts in *plan-enabled* capacity, much of it fails to meet local housing needs and preferences, so is unlikely to be realised and therefore contribute to future market supply any time soon.

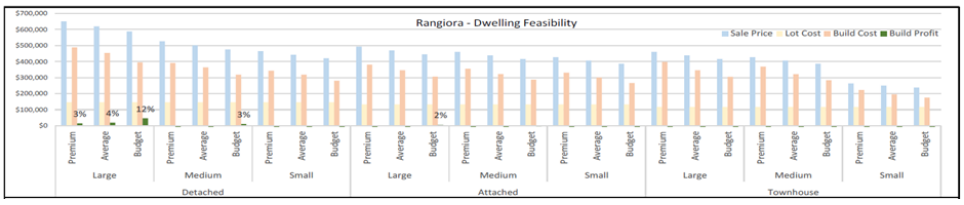
Cost Information is Out of Date

58 In addition, the 2023 HCA uses out-of-date cost data from early 2021 to estimate feasibility despite acknowledging that "the costs of some construction materials has increased significantly and therefore the feasibility of some developments may have changed."[6]

59 Indeed, a lot has happened since early 2021, with financial viability severely challenged by a 'perfect storm' of (i) higher construction costs, which are up 32% since 2021, (ii) elevated interest rates, and (iii) a recent stagnation of house prices. Together, these recent market changes have fundamentally reshaped development feasibility, but they are not captured in the 2023 HCA, which I consider to seriously limit its validity.

60 Not only that, but a separate feasibility report supporting the 2021 HCA for Waimak revealed that no dwellings were financially feasible to develop in Rangiora over the 10-year period to 2031 under the NPS-UD's recommended developer margin of 20%. This is shown in the summary of estimated costs, revenues, and margins for different dwelling types, sizes and build qualities below.

Figure 3.2: Summary Results of Dwelling Feasibility Model – Short and Medium Term (Current scenario)



61 While not easy to read at this resolution, this screenshot (also included at **Appendix B**) shows that virtually every combination of dwelling type, size, and

[6] Greater Christchurch Partnership. (2023). *Greater Christchurch Housing Development Capacity Assessment*. Appendix 2, p.69, point 5.

build quality assessed in Rangiora was not financially feasible over the short-medium (10-year) term.

62 Only large, budget, detached dwellings were estimated to achieve a developer margin of more than 10%, but this is still well below the recommended value of 20%. Oddly, contrary to the facts, the report concluded that "most dwelling types that were tested in the dwelling feasibility model are currently feasible."

63 Fast-forward to 2024, where construction costs have spiked upwards, as has the cost of financing, and it becomes clear that very little – if any – of the 2023 HCA's plan-enabled capacity is likely to be financially viable in the foreseeable future.

Comments on Formative's December 2023 Report

64 In late 2023, Formative released an updated dwelling supply and demand assessment for Waimak. Its results closely resemble the district's figures in the 2023 HCA, but with slighter higher capacity now.

65 While this report includes more detailed sufficiency testing than the 2023 HCA, it oddly continues to rely on cost data from 2021 (see footnotes 24/25 of the Formative report). That information is now firmly obsolete, and so too is any analysis that relies on it to test development feasibility.

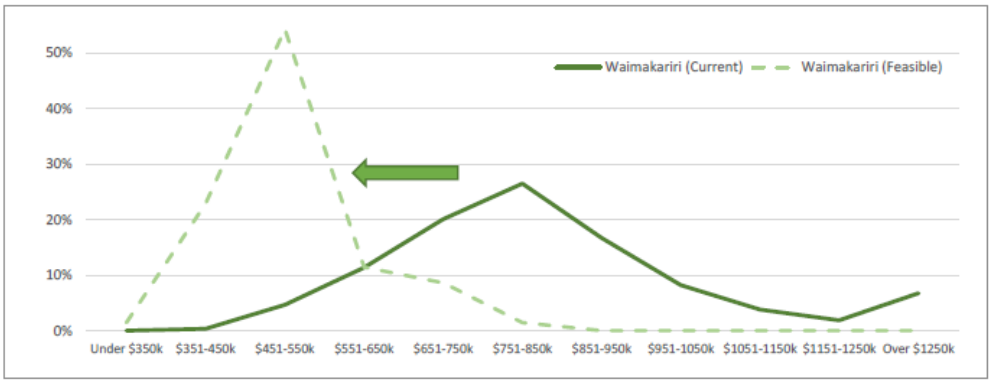
66 Another shortcoming of the latest Formative report is its failure to disclose any relevant information about the assumed selling prices, and hence affordability, of new homes purported to represent feasible capacity.

67 In my experience, this lack of price-specific reporting tends to conceal major shortfalls in all but a narrow price band, where the feasibility modelling has erroneously "converged." This is demonstrated in the excerpt below from a recent dwelling affordability report, also by Formative. It shows that the modelled sales prices of Formative's feasible capacity estimates seriously misalign with the current price distribution of district dwellings. This limits the model's usefulness and practical application for good policy making, in my view.

Figure 8: Waimak District Assumed Feasible Capacity by Price Band vs Current Dwelling Stock

Figure 5.5 shows the distribution of dwelling price points for the current dwellings in Waimakariri and the distribution of feasible dwellings from the council's assessment. The difference between the distributions indicates that the new dwellings that could be developed in Waimakariri may have much lower price points than the existing dwelling stock. The distribution is much more peaked in Waimakariri around the lower price points, than in either Selwyn or Christchurch.

Figure 5.5: Waimakariri Price Points Distribution – Current Dwellings (2022) and Feasible Dwellings



68 The new Formative report also continues to adopt an inordinately low margin for building developers of only 7% compared to a recommended value of at least 20%. This, in turn, reflects an ongoing conflation of Net Proft After Tax (**NPAT**) and developer margin in Formative's analysis, which I have pointed out several times before, including recently in Selwyn.

69 In addition, the new report seeks to justify its inordinately low profit margin assumptions by arguing that builder profits are systematically boosted by unspent contingencies.[7] However, I am not aware of any credible research or analysis to support that, with my professional experience suggesting that contingencies are usually exhausted, with cost overruns still occurring.

70 The international literature also does not support Formative's view. In fact, a recent review of cost overruns across hundreds of construction projects globally[8] found that most went well over budget. It identified 175 different causes, grouped into ten key internal and external factors. However, it provides no evidence to support the unusual view that cost contingencies are seldom fully spent, as Formative oddly claim.

[7] See footnote 29 on page 26 of the Formative Report
[8] https://www.ijimt.org/vol8/717-MP0022.pdf

71 Overall, for the reasons just noted, I place little (if any) weight on this assessment for determining whether additional supply is required to provide "at least" enough capacity "at all times" to meet demand.

HCA Summary and Conclusion

72 Recent reporting for the district, including the 2023 HCA, suggest that sufficient capacity is already being provided. However, as noted above, these conclusions are based on out-of-date cost data and unsubstantiated assumptions that limit their reliability. Consequently, I do not believe the district has enough capacity to meet demand, with a lot more needed.

73 Interestingly, the Independent Hearings Panel for Plan Change 31 (PC31), which sought to rezone 156 hectares of farmland in Ohoka, reached a similar conclusion. It found that WDC has "likely overestimated development capacity in the District and there is a real risk that a shortfall exists in the medium term."[9]

74 The proposal helps to plug this looming gap in feasible capacity by providing quality, master-planned housing that is in step with market demand and able to be realised at both pace and scale.

ECONOMIC COSTS AND BENEFITS OF PROPOSAL

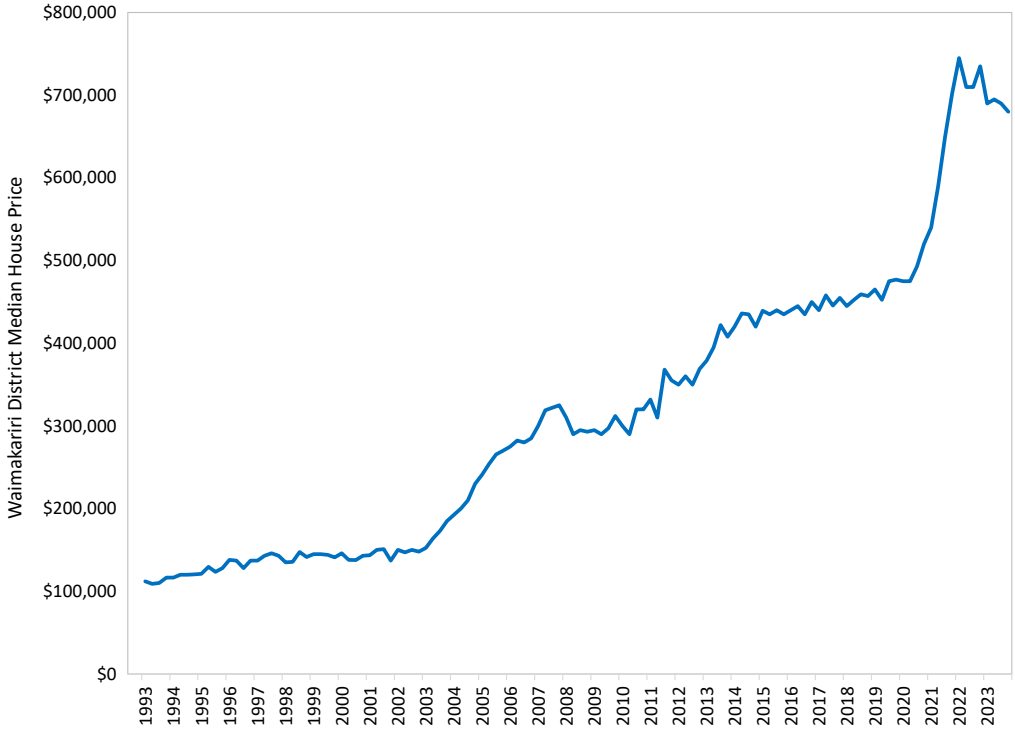
Boost in Market Supply / Restoring Supply of Residential Land

75 The proposal will provide a substantial, direct boost in the district's dwelling capacity, thereby helping to narrow the gap between likely future supply and demand. All other things being equal, this supply boost will help the market to be more responsive to growth in demand, thereby reducing the rate at which district house prices grow over time (relative to the status quo).

76 Although district housing was historically quite affordable compared to other parts of New Zealand, that has changed. The latest data published under the NPS-UD show that the median district dwelling price increased by 31% in the three years to December 2023, even despite the recent price correction. Figure 9 plots the trend in median dwelling prices over time for context.

[9] Independent Hearings Panel. Private Plan Change RCP031 Decision Report. Paragraph 92.

Figure 9: Waimakariri District Median Dwelling Prices (from NPS-UD Data)



77 These higher prices are undermining affordability, with the latest Core Logic report (from December 2023[10]) revealing that the average district house price is now 6.4 times average household incomes. This is well above the established benchmark for affordability which is a ratio of only three.

78 In addition, that Core Logic report shows that it now takes nearly 9 years to save the deposit for a new home in Waimakariri. Thus, not only are house prices themselves increasingly unaffordable, but the task of saving a deposit is also an onerous one that is beyond the financial means of many households.[11]

79 In my view, and from both an economic and NPS-UD perspective, the proposal is a significant boost in capacity for the Waimakariri district.

Helps Provide for a Range of Housing Typologies

80 The NPS-UD requires high growth areas, like Waimak, to not only provide adequate capacity to meet future demand, but to also provide a range of housing choices to meet a wide range of needs and preferences. This is shown in the excerpt below, which displays the first part of Policy 1 of the NPS-UD:

[10] Accessible here https://www.corelogic.co.nz/news-research/reports/housing-affordability-report
[11] I note that recent interest rate rises will make this task easier than when the Core Logic report was published, but will still take many years and thus remain insurmountable for many would-be home buyers.

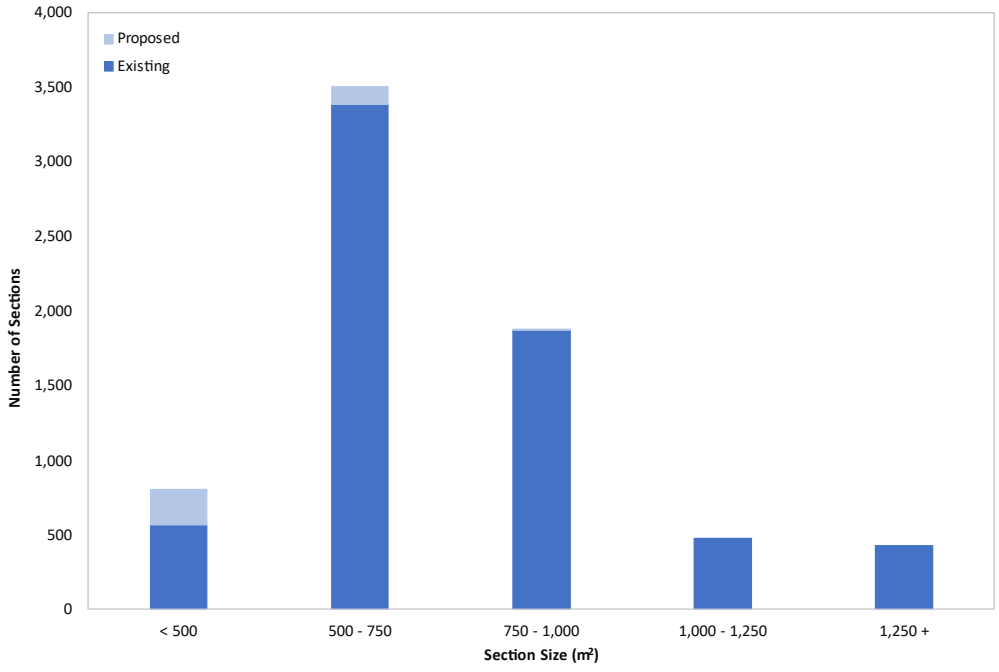
Table 4: Policy 1 of the NPS-UD

2.2 Policies
Policy 1: Planning decisions contribute to well-functioning urban environments, which are urban environments that, as a minimum: (a) have or enable a variety of homes that: (i) meet the needs, in terms of type, price, and location, of different households; and

81 The proposal helps give effect to this directive by providing for a range of lot sizes, which will enable the development of a variety of dwellings over time.

82 Importantly, this includes sections that are smaller than the existing Rangiora residential stock. In fact, the average section size of the proposal is around 450m^2, compared to a current average of approximately 810m^2 for Rangiora overall. This difference in section sizes is illustrated in the chart below, where existing sections are depicted in dark blue, and those proposed by the submission are in light blue.

Figure 10: Contribution to Existing Rangiora Residential Sections



83 Accordingly, not only does the proposal make a significant contribution to Rangiora, specifically, and the district overall, but it also gives effect to Policy 1.

Critical Mass to Support Greater Local Retail / Service Provision

84 As the sections enabled by the proposal are developed and fill up with residents, they will help create critical mass for a range of local services at nearby locations, such as the Rangiora Town Centre. This is important, because

the district is currently very reliant on Christchurch City to supply a wide range of everyday household goods and services.

85 In fact, detailed Marketview (electronic transaction) data provided to me by the Council during another project showed that about 40% to 45% of all district resident spending on core retail goods and services leaked out to Christchurch City in 2019.

86 As the viability of local service provision improves, it will reduce the need to commute to the city. That, in turn, will reduce fossil fuel use, reduce harmful emissions, and reduce the scope for motor accidents.

87 To put this in context, I estimated likely future spending originating on the Site at full build-out by applying regional average spending from the latest Household Economic Survey. To be conservative, these estimates ignore ongoing growth in annual household income over time. The results are tabulated below and reflect total annual spending by 363 new households.

Table 5: Projected Future Spend Originating Onsite

Expenditure Group	**Annual Spend per Household**	**Total Annual Spend ($ millions)**
Food	$14,750	$5.4
Alcoholic beverages and tobacco	$1,700	$0.6
Clothing and footwear	$2,300	$0.8
Housing and household utilities	$20,550	$7.5
Household contents and services	$3,400	$1.2
Health	$2,800	$1.0
Transport	$14,000	$5.1
Communication	$2,100	$0.8
Recreation and culture	$7,700	$2.8
Education	$1,300	$0.5
Miscellaneous goods and services	$7,700	$2.8
Other expenditure	$8,550	$3.1
Total Household Expenditure	**$86,850**	**$31.5**

88 Table 5 shows that future residents of the proposal will spend $31.5 million per annum on a wide range of household goods and services, assuming their spending matches the average regional household.

89 It is likely that a high proportion of their household purchases will occur close to the Site, such as at Rangiora Town Centre. Accordingly, future development of the land will provide significant commercial support for Rangiora businesses.

Infrastructure Efficiency

90 While growth is widely considered an important policy target, it also carries significant costs. For councils, one of the most pressing costs of growth is the need to provide local infrastructure, such as water, wastewater, and roads.

91 Fortunately, Bellgrove South is adjacent to developed land, and is also predominantly located within the Rangiora PIB. As a result, the proposed development is likely to achieve high levels of infrastructure efficiency.

92 Further, I understand Bellgrove South (in conjunction with Bellgrove North) has been allocated funding via the Infrastructure Acceleration Fund, which is administered by Kāinga Ora.

93 In addition to signalling central government support for the proposal, this helps avoid unnecessary financial risks and costs for the Council while also helping to keep the costs of new homes as low as possible.

One-off Economic Stimulus

94 Constructing the 363 new homes enabled by the proposal will generate significant one-off economic impacts. I quantified these using a technique called multiplier analysis, which traces the impacts of additional economic activity in one sector – such as construction – through supply chains to estimate the overall impacts.

95 These impacts include:

(a) **Direct effects** – which capture onsite activities directly enabled by the project, plus the impacts of businesses that supply goods and services directly to the project; plus

(b) **Indirect effects** – which arise when businesses working directly on the project source goods and services from their suppliers, who in turn may need to source good and services from their own suppliers, and so on.

96 These economic effects are usually measured in terms of:

(a) **Contributions to value-added (or GDP)**. GDP measures the difference between a firm's outputs and the value of its inputs (excluding wages/salaries). It captures the value that a business adds to its inputs to produce its own outputs.

(b) **The number of FTEs employed.** This is measured in terms of full-time equivalents, which includes both part-time and full-time workers.

(c) **Total wages and salaries** paid to workers.

97 Table 6 shows the estimated costs of developing the land and constructing the 363 or so new dwellings enabled.

Table 6: One-Off National Economic Impacts of Construction

Planning/Design/Consent	**Direct**	**Indirect**	**Total**
FTEs – 1 year	9	4	13
GDP $m	$1.3	$0.6	$1.9
Wages/Salaries $m	$0.7	$0.3	$1.0
Site Preparation			
FTEs – 1.5 years	19	21	41
GDP $m	$4	$4	$8
Wages/Salaries $m	$2	$2	$4
Construction			
FTEs – 5 years	41	125	165
GDP $m	$31	$81	$111
Wages/Salaries $m	$13	$41	$53
Project Totals			
FTE-years	240	661	900
GDP $m	$36	$86	$121
Wages/Salaries $m	$16	$43	$59

98 In summary, future construction activity enabled by the proposal could boost national GDP by $121 million, including flow on effects, generate employment for 900 FTE-years, and generate $59 million in household incomes. Assuming (say) a 7-year construction period, these translate to annual impacts of $17.3 million in GDP, employment for 129 people, and $8.4 million in household incomes.

Foregone Rural Production

99 The main potential economic cost of the proposal is forfeiting the land for alternative uses, such as ongoing rural production.

100 To establish the rural productive potential of the Site, Bellgrove commissioned agricultural business experts Dunham Consulting.

101 As part of Dunham's assessment, they considered the economic viability of four technically feasible prospective rural uses on the Site.[12] Each of these are expected to result in a Net Cash Loss, meaning they are unable to generate sufficient income to cover direct expenses, and interest and principal (cost of

[12] Specifically: dry-stock sheep, dry-stock cattle, mixed cropping, and sale of hay and baleage.

livestock and infrastructure improvements). Accordingly, it is difficult to see any prudent land investor taking on these risks to farm the subject land.

102 For completeness, however, I quantify the economic cost of forfeiting the land for rural use below. Based on the likely land uses identified by Dunham (absent the proposal), I estimate the value of rural production for the following activities:

(a) Sheep and beef farming;

(b) Mixed cropping; and

(c) Sale of hay and baleage.

103 Table 7 shows the estimated economic activity foregone if the Site's full 31.2 hectares were used for rural production.[13] It overlays regional (if available) or national productivity ratios per hectare to the rural land uses identified above.

Table 7: Estimated Annual Rural Production for the Site (31.2 hectares)

Productive Use	**Output $**	**GDP $**	**FTES**	**Wages $**
Sheep & Beef	44,952	19,018	0.10	2,806
Mixed Cropping	118,368	50,195	0.26	7,171
Hay & Baleage	106,002	45,207	0.23	6,547
Average	**90,000**	**38,000**	**0.20**	**6,000**

104 Taking the average from Table 7 above, the Site could theoretically sustain the following annual economic activity if used solely for rural production:

(a) Output/revenue of $90,000;

(b) GDP of $38,000;

(c) Employment for 0.2 FTEs; and

(d) Wages and salaries of $6,000.

105 These values are negligible, not even sustaining one FTE of employment. By comparison, the proposed development could sustain employment for about 129 people for seven years during construction.

106 Overall, I consider the opportunity costs of foregone rural production to be immaterial from an economic perspective.

[13] This exceeds the effective area identified by Dunham (28.5 hectares) and is therefore a conservative approach.

INCLUSION OF ADDITIONAL LAND

107 I have been asked to comment on the inclusion of the 3.3 hectares of Additional Land on the Site from an economic perspective.

108 Indicative lot layouts prepared by Aurecon for BRL show that including this land enables the development of an additional 28 lots.[14]

109 Taken in isolation, I consider this a meaningful, and significant, contribution to housing supply.

110 For further context, I reviewed the latest HCA. At page 15, it discusses consultation with the development community and describes landowners that could develop 20 or more dwellings as being significant.

111 Furthermore, including the Additional Land improves the overall viability of the development by spreading significant costs (such as bulk infrastructure provision) across a larger site. This in turn helps keep housing more affordable (relative to the status quo).

112 Accordingly, I support the inclusion of the Additional Land on economic grounds.

STATUTORY ASSESSMENT

113 The table below summarises the key policies and objectives that have been addressed in this evidence.

Table 8: Key Policies and Objectives

National Policy Statement for Urban Development	**Paragraph Ref.**
Objective 2: Planning decisions improve housing affordability by supporting competitive land and development markets.	75 - 79
Objective 3: Regional policy statements and district plans enable more people to live in, and more businesses and community services to be located in, areas of an urban environment in which one or more of the following apply:	21 40 - 43

[14] 363 residential lots on the Site including the Additional Land (as per DWG: 509177-0000-SKT-UU-1000-B) and 335 residential lots excluding the Additional Land (DWG: 509177-000-0-SKT-CC-1101-A).

(a) the area is in or near a centre zone or other area with many employment opportunities; (c) there is high demand for housing or for business land in the area, relative to other areas within the urban environment.	
Objective 7: Local authorities have robust and frequently updated information about their urban environments and use it to inform planning decisions.	53 - 73
Policy 1: Planning decisions contribute to well-functioning urban environments, which are urban environments that, as a minimum: (a) have or enable a variety of homes that: (i) meet the needs, in terms of type, price, and location, of different households; and (d) support, and limit as much as possible adverse impacts on, the competitive operation of land and development markets;	80 - 83 75 - 79
Policy 2: Tier 1, 2, and 3 local authorities, at all times, provide at least sufficient development capacity to meet expected demand for housing and for business land over the short term, medium term, and long term.	44 - 73
Policy 8: Local authority decisions affecting urban environments are responsive to plan changes that would add significantly to development capacity and contribute to well-functioning urban environments, even if the development capacity is: (a) unanticipated by RMA planning documents; or (b) out-of-sequence with planned land release.	108 - 110
Canterbury Regional Policy Statement	

Objective 5.2.1 Location, Design and Function of Development (Entire Region) Development is located and designed so that it functions in a way that: (2) enables people and communities, including future generations, to provide for their social, economic and cultural well-being and health and safety; and which: (b) provides sufficient housing choice to meet the region's housing needs;	80 - 83
Policy 6.3.7 Residential location, yield and intensification In relation to residential development opportunities in Greater Christchurch: (6) Housing affordability is to be addressed by providing sufficient intensification and greenfield land to meet housing demand, enabling brownfield development and providing for a range of lot sizes, densities and appropriate development controls that support more intensive developments such as mixed use developments, apartments, townhouses and terraced housing.	75 - 79
6.3.11 Monitoring and Review In relation to development in Greater Christchurch: (1) The Canterbury Regional Council, in conjunction with the territorial authorities, shall undertake adequate monitoring to demonstrate in the short, medium and the long term that there is an available supply of residential and business land to meet the Objectives and Policies of this Chapter and the	44 - 73

<table>
<tr><td>requirements of the National Policy Statement on Urban Development 2020.</td><td></td></tr>
<tr><td>Proposed Waimakariri District Plan</td><td></td></tr>
<tr><td>SD - Strategic Directions

Objective SD-O23 Urban Development

Urban development and infrastructure that:

(4) provides a range of housing opportunities, focusing new residential activity within existing towns, and identified development areas in Rangiora and Kaiapoi, in order to achieve the housing bottom lines in UFD-O1;</td><td>80 - 83</td></tr>
<tr><td>RESZ - Residential Zones

Objective RESZ-O1 Residential growth, location and timing

Sustainable residential growth that:

(1) provides more housing in appropriate locations in a timely manner according to growth needs;</td><td>40 - 43
74</td></tr>
<tr><td>UFD – Urban Form and Development

Objective UFD-O1 Feasible Development Capacity for Residential activities

Sufficient feasible development capacity for residential activity to meet specified housing bottom lines and a changing demographic profile of the District as follows:

<table><tr><td>Term</td><td>Short to Medium Term (2018-2028)</td><td>Long Term (2028-2048)</td><td>30 Year Time frame (2018-2048)</td></tr><tr><td>Housing Bottom Lines (Development Capacity)</td><td>6,300 Residential Units</td><td>7,100 Residential Units</td><td>13,400 Residential Units</td></tr></table></td><td>44 - 73</td></tr>
</table>

MATTERS RAISED BY SUBMITTERS

114 There are no matters raised by submitters that are relevant to my evidence.

CONCLUSION

115 This evidence has shown that future development enabled by the proposal represents a significant boost in dwelling capacity, which will help keep pace with demand while also helping to meet NPS-UD requirements. Overall, the proposal will generate a wide range of enduring economic benefits and avoid any material economic costs. Accordingly, I support it on economic grounds.

116 Thank you for the opportunity to present my evidence.

Fraser Colegrave
30 April 2024

APPENDIX A: LOCATION OF NEW DWELLINGS IN KAIAPOI AND WOODEND

117 Figure 11 below shows the location of new dwellings built since 2019 in Kaiapoi.

Figure 11: Location of New Dwellings Built Since 2019 in Kaiapoi

118 The corresponding map for Woodend is shown in Figure 12 below.

Figure 12: Location of New Dwellings Built Since 2019 in Woodend

APPENDIX B: RANGIORA DWELLING FEASIBILITY

Figure 3.2: Summary Results of Dwelling Feasibility Model – Short and Medium Term (Current scenario)