

Before an Independent Hearings Panel
appointed by the Waimakariri District Council

under: the Resource Management Act 1991

in the matter of: Submissions and further submissions in relation to the
proposed Waimakariri District Plan, Variation 1 and
Variation 2

and: Hearing Stream 10A: Future Development Areas,
Airport Noise Contour, Bird Strike and Growth policies

and: **Christchurch International Airport Limited**
Submitter 254

Summary of Evidence of Natalie Hampson (Economics)

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SUMMARY OF EVIDENCE OF NATALIE HAMPSON

INTRODUCTION

- 1 My name is Natalie Diane Hampson and I am the Director of Savvy Consulting. 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.
- 2 Relevant to this process, I have extensive expertise in input-output based economic impact assessment. I prepared the EIA for Christchurch International Airport Limited (*CIAL*) in August 2023.
- 3 I prepared two briefs of evidence addressing the relief sought by CIAL on the proposed Waimakariri District Plan (*Proposed Plan*) and Variation 1 to the Proposed Plan (*Variation*) respectively. This statement provides a summary of key points and responds to the evidence of Mr Fraser Colegrave on behalf of Momentum Land Limited (*Momentum*) and Mike Greer Homes NZ Limited (*Mike Greer Homes*).

SUMMARY OF EVIDENCE – PROPOSED PLAN

- 4 Airports and the activities directly related to and facilitated by them, have extensive value chains meaning that any change, positive or negative, in the system has a sizeable impact on contributions to value added and employment.
- 5 My recent Economic Impact Assessment demonstrates that Christchurch Airport makes a significant contribution to the Canterbury economy. The value added contribution to the Canterbury Region economy from business activity directly attributable to the Airport is \$₂₀₂₀717 million (sustaining approximately 6,560 additional jobs to those already in the Airport environs). The value added contribution to the Canterbury Region economy from business activity facilitated by the Airport is significantly greater at \$₂₀₂₀4.59 billion (approximately 54,615 jobs sustained across the region).
- 6 The direct and facilitated contribution that the Christchurch Airport makes to Waimakariri District is estimated at \$₂₀₂₀262 million (annually), and just under 2,890 jobs sustained across the district.
- 7 Analysis of the impact of Covid-19 shows that when flights (and freight and passengers on those flights) are reduced - for whatever reason - then this has a flow-on effect for Airport related/supporting businesses, as well as businesses linking the Airport with end-users,

and activities associated with aviation based on the Airport campus. As all of those businesses contract (with substantial reductions in employment), so too does their spending across their supply chains – leading to a significant decrease in economic activity right across Canterbury Region.

- 8 Safeguarding the efficient operation and growth potential of the Airport in the Proposed Plan safeguards the significant economic contribution it makes to the regional and national economy. Any risk to Airport operation and efficiency will have tangible negative effects on many, diverse businesses and households across the Canterbury Region (and beyond). Such risks should be avoided where possible, or minimised where practicable in recognition of the strategic importance of this nationally significant infrastructure asset.
- 9 CIAL’s relief to maintain status quo (operative) dwelling densities in existing residential areas that are under the Remodelled Outer Envelope Air Noise Contour is likely to have only a minor opportunity cost on Kaiapoi’s urban dwelling capacity in the short/medium-term. While there is evidence that indicates that Kaiapoi has insufficient zoned housing capacity to meet projected housing demand over the next 10 years, that shortfall is not caused by CIAL’s relief. Rather, the CIAL relief exacerbates that shortfall by a minor degree and this effect can be mitigated at the time of rezoning additional land outside of the Remodelled Air Noise Contour as required under the NPS-UD Policy 2 to provide at least sufficient zoned capacity in the medium-term.
- 10 CIAL’s relief for Future Development Areas (FDAs) will significantly reduce the housing capacity of the FDAs identified in the Proposed Plan in Kaiapoi. However, as these FDAs are not zoned, and additional FDAs can be identified as required outside of the Remodelled Air Noise Contour, CIAL’s relief will not adversely affect long-term urban growth in Waimakariri District.
- 11 CIAL’s relief for managing the risk of bird strike is likely to have little or no opportunity costs on most rural landowners within 13km of the Airport once mitigating factors are accounted for. Costs on the wider district economy are anticipated to be minimal. As such regulating bird strike risk activities within 13km of the Airport is considered to be efficient from an economic perspective.

SUMMARY OF EVIDENCE – VARIATION 1

- 12 CIAL’s relief for densities in the existing residential areas of Kaiapoi is the same for the Proposed Plan (i.e. Areas A, B and C applied as an overlay) and Variation 1 (i.e. Areas A, B and C applied as the Airport Noise Qualifying Matter).

- 13 There is also little difference anticipated between housing capacity in Kaiapoi under the Proposed Plan and Variation 1 on the basis that Council's growth model (WCGM 2022)¹ showed that MDRS was unlikely to be feasible and reasonably expected in the medium or long-term.
- 14 On that basis, my assessment of the impact of CIAL's relief in existing residential areas is effectively the same. That is, CIAL's relief for existing residential areas on Variation 1 is likely to have only a minor opportunity cost (and not an actual economic cost) on Kaiapoi's urban dwelling capacity and can be mitigated through future zoning decisions.

RESPONSE TO EVIDENCE OF MR FRASER COLEGRAVE

- 15 I have reviewed the evidence of Mr Fraser Colegrave on behalf of Momentum and Mike Greer Homes.

The role of greenfield capacity and insufficient urban housing capacity to meet medium-term demand

- 16 Mr Colegrave concludes² that greenfield capacity will be needed to accommodate most of the projected demand in Waimakariri's urban area, with infill and redevelopment playing a minor role. Further, that greenfield capacity is dwindling.³ I agree with these findings and consider them:
- 16.1 broadly consistent with the findings of the WCGM 2022 for the main urban townships, where greenfield areas are expected to contribute 71% of medium-term dwelling capacity; and
- 16.2 broadly consistent with the findings of Inovo Projects which showed considerably less capacity in those greenfield areas in August 2023 than estimated in the WCGM 2022 in August 2022.
- 17 Mr Colegrave also finds that the WCGM 2022 model overstates capacity and that rather than there being sufficient capacity for housing in the short/medium term, a shortfall is most likely. As set out in my evidence, this is consistent with the ground truthing update by Inovo Projects and the finding of the Hearings Panel for PC31 which I have relied on (although Mr Colegrave cites different

¹ Waimakariri Capacity for Growth Model 2022, Formative.

² Mr Colegrave's evidence, paragraph 15.

³ Mr Colegrave's evidence, paragraph 46.

(and therefore additive) reasons for the unreliability of capacity in the WCGM 2022).

- 18 Mr Colegrave concludes that additional zoned land is needed soon to meet NPS-UD requirements for at least sufficient capacity to be zoned for medium-term demand (plus the competitiveness margin).⁴ I reach the same conclusion in paragraph 53 and Table 2 of my primary evidence on the Proposed Plan (for Kaiapoi specifically and for the combined main urban townships respectively).

Impact of CIAL's relief in rural areas

- 19 Mr Colegrave finds⁵ that 86% of land between the 50dB Ldn and 55dB Ldn contour⁶ is zoned rural. Specially, this is zoned Rural Lifestyle Zone in the Proposed Plan. He concludes "*even if just a small proportion of that could otherwise be developed for new NSAs,⁷ CIAL's position imposes huge opportunity costs*". I disagree, and suspect that Mr Colegrave has not fully understood CIAL's relief for the RLZ.
- 20 The relief permits dwelling development at a density of 1 per 4ha (in keeping with operative and proposed permitted minimum lot sizes). As realising residential dwellings is the key economic opportunity for land within the RLZ, any impact of CIAL's relief in rural lifestyle areas (with regards to residential development at least) is very minor (and not "huge").

Impact of CIAL's relief on existing residential areas in Kaiapoi

- 21 Mr Colegrave does not offer further comment on opportunity costs tied to data in his Table 9 (other than rural land discussed above). I consider that simply collating the number, area and current value of properties within the Air Noise Contour is not in any way an indication of opportunity costs to those properties.
- 22 In the context of this hearing, the opportunity cost within existing residential zones is the difference between feasible and reasonable expected development potential under the Proposed Plan or Variation 1 densities and under the operative densities (i.e. maintaining the status quo). As discussed in my evidence, that opportunity cost is estimated to be minor.

⁴ Mr Colegrave's Evidence, paragraph 48.

⁵ Mr Colegrave's Evidence, paragraph 160.

⁶ I've assumed Mr Colegrave is referring here to the Operative Air Noise Contours.

⁷ Refers to Noise Sensitive Activities.

- 23 With respect to CIAL's submission potentially undermining the provision of sufficient capacity to meet future housing and business needs,⁸ Mr Colegrave provides calculations for Christchurch and no figures for Kaiapoi or Waimakariri District. While irrelevant, the PC14 example would only be of some interest if CIAL's submission on that plan change created a shortfall of housing capacity in Christchurch City in the medium-term. Having provided evidence for CIAL on PC14, and having considered that very issue, I can confirm that it did not.⁹
- 24 It is my evidence that Kaiapoi already faces a shortfall of capacity to meet medium-term housing demand under the Proposed Plan and Variation 1. Mr Colegrave provides similar evidence. CIAL's relief for existing areas may exacerbate that shortfall in Kaiapoi by a minor degree but is not the cause of it. I maintain my position in my evidence that Council must consider providing more zoned capacity in Kaiapoi or elsewhere in the urban environment if it is to meet its obligations under the NPS-UD. Importantly, that land need not be within the Air Noise Contours.
- 25 Overall, because Mr Colegrave's view is that the feasibility of redevelopment within existing zones over the medium-term especially is limited in Kaiapoi and the wider urban environment in Waimakariri District under Variation 1, I consider that we are aligned in the view that maintaining operative densities within existing residential areas (CIAL's relief) would have a minor effect on growth in existing residential areas.

Yield of Momentum's land within the Future Development Areas (FDAs)

- 26 Mr Colegrave describes the Momentum South Block as an "anomaly" because it is wholly within the existing residential area.¹⁰ I agree that this is an unusual situation as FDAs are typically on the urban/rural fringe and provide for incremental and outward expansion of urban areas.
- 27 Mr Colegrave summarises Momentum's proposed development yield for its North Block (which indicates that the developer considers these densities feasible).¹¹ I note only that the 85% of the lots proposed are at a density higher than the WCGM 2022 has assumed for this future greenfield area. Assuming that other landowners provided a similar mix of densities, it suggests that the WCGM 2022

⁸ Mr Colegrave's evidence, paragraph 161.

⁹ Evidence of Natalie Hampson, PC14, paragraph 25.

¹⁰ Mr Colegrave's Evidence, paragraph 28.

¹¹ Mr Colegrave's Evidence, paragraph 32

is conservative in its yield of the North FDA (reported as long-term capacity for 1,785 dwellings).

- 28 The WCGM 2022 estimate of capacity in the South Block falls within the expected range stated by Momentum.

Impact of CIAL's relief on FDAs/future growth and sufficiency of Kaiapoi

- 29 At paragraph 120, Mr Colegrave states that the most significant effects of CIAL's relief are likely to be:

29.1 The opportunity cost of foregoing development for noise sensitive activities (ASANs) within the noise contours, which span significant areas; and

29.2 Potential consequent effects on land market competition and capacity sufficiency.

- 30 Mr Colegrave describes the Kaiapoi FDAs (which are within the Projected Infrastructure Boundary) as being specifically identified as suitable for development.¹² Mr Colegrave's position is that CIAL's relief creates an opportunity cost on realising residential (and other ASAN growth) in Kaiapoi's FDAs that fall within the 50dB Ldn Air Noise Contour (and proposed Outer Envelope). While I agree that this land could theoretically provide for a large number of dwellings if zoned MDR/MDRS, that 'opportunity' needs to be considered alongside the constraints of that land that may limit net developable area and dwelling yield.

- 31 The Christchurch Airport Air Noise Contours are one of many constraints applying to the FDA land in Kaiapoi, with natural hazards widespread across the FDAs, as outlined in Mr Kyle's evidence (with an accompanying constraints map). While Mr Colegrave considers the importance of natural hazard constraints later in his evidence,¹³ he makes no mention of the natural hazards on the Momentum and Mike Greer Homes land.

- 32 Just because the land is within the Projected Infrastructure Boundary does not mean that it was entirely suitable (or "otherwise appropriate")¹⁴ for residential development. As such, care is needed in assuming that landowners in the Kaiapoi FDAs face an opportunity cost when the development opportunity of that site has yet to be confirmed.

¹² Mr Colegrave's Evidence, paragraph 127.

¹³ Mr Colegrave's Evidence, paragraph 175.

¹⁴ Mr Colegrave's Evidence, paragraph 168.

- 33 Also covered in my evidence is the distinction between opportunity costs to landowners and opportunity costs for wider urban growth and efficiency. As stated in my evidence, there is only an opportunity cost of CIAL's relief on FDAs within the Air Noise Contour on wider urban growth and efficiency if alternative growth areas cannot be identified or zoned. Mr Colegrave does not consider this option and focusses only on the Submitters' land (and FDAs) as the solution to Kaiapoi's housing growth.
- 34 Mr Colegrave goes on to state that CIAL's relief will sterilise land by preventing growth in Kaiapoi.¹⁵ As above, and set out in my evidence, CIAL's relief does not prevent growth in Kaiapoi, but enables growth within existing residential areas at status quo densities and directs new greenfield capacity to be zoned/identified outside the Remodded Air Noise Contours. Unless there is evidence that this is not possible, then it is my view that CIAL's relief can be appropriately mitigated.
- 35 Mr Colegrave also assumes that FDA land will be relegated to low-value rural use.¹⁶ I consider this overstates the impact of CIAL's relief. FDA land within the Air Noise Contour can be developed for rural lifestyle development (4ha minimum lot sizes), and can be zoned for business, recreational or industrial development. While there is not unlimited demand for these land uses in Kaiapoi, some is likely to be sustainable over time. As such, I consider that Mr Colegrave's assumption that the FDAs within the Air Noise Contours must forever remain as low-value rural land is highly unlikely and the cost is overstated.

Economic benefits of the Momentum and Mike Greer Homes proposed rezoning

- 36 Many of the economic benefits of the proposed rezoning (i.e. FDA land owned by Momentum and Mike Greer Homes) would be the same for other RLZ if rezoned on the Kaiapoi urban fringe or elsewhere in the urban environment, but without the costs to future resident's amenity (noise exposure) or the increased risk of reverse sensitivity effects on Christchurch Airport.
- 37 Overall, I think that Mr Colegrave has incorrectly assessed the 'CIAL Position' in his options assessment, largely because he fails to consider potential for rezoning (or identifying new FDAs) outside of the Air Noise Contour and considers the identified FDAs as the only option for growth (which they are not). This missing option would provide for future growth while avoiding exposure of future households to Airport Noise up to 50dB Ldn. Relative to Mr Colegrave's other (and preferred) options (i.e. noise mitigation

¹⁵ Mr Colegrave's Evidence, paragraph 151.

¹⁶ Mr Colegrave's Evidence, paragraph 158.

measures within new dwellings and a no-complaints covenant/LIM notice) I consider that CIAL's relief offers the most benefits for the least costs.

Dated: 21 February 2024

Natalie Hampson