

BEFORE THE WAIMAKARIRI DISTRICT PLAN REVIEW HEARINGS PANEL

IN THE MATTER OF the Resource Management Act 1991

AND

IN THE MATTER OF the hearing of submissions and further submissions on the Proposed Waimakariri District Plan

AND

hearing of submissions and further submissions on Variations 1 and 2 to the Proposed Waimakariri District Plan

Hearing Stream 12E: Rezoning Requests

**FIRST STATEMENT OF EVIDENCE OF FRASER JAMES COLEGRAVE
(ECONOMIC ANALYSIS)
FOR RICHARD AND GEOFF SPARK
(PDP SUBMITTER 183 / VARIATION 1 SUBMITTER 61)**

Dated 4 March 2024

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SUMMARY

1. The Waimakariri District (**'Waimak'**) is a desirable place to live and has therefore experienced strong population growth in recent years. This is projected to continue well into the foreseeable future, which is causing strong and sustained growth in demand for additional housing.
2. The National Policy Statement on Urban Development 2020 (**NPS-UD**) requires high growth (Tier 1) areas like Waimak to provide "at least" sufficient feasible/realisable capacity "at all times" to meet future housing demand, including for stand-alone and attached dwellings in both new and existing urban areas.
3. Waimakariri District Council (**WDC**) has also recognised the need to enable land for new housing in strategic locations and has created a bespoke project¹ to fast-track the conversion of rural land for residential purposes, subject to certain criteria being met.
4. According to the latest housing capacity assessment (**HCA**), the district has sufficient capacity to meet demand over the short-, medium- and long-term. However, as I describe in this evidence, the latest HCA does not provide an accurate picture of the current supply/demand situation, nor does it meet NPS-UD reporting requirements.
5. Critically, it fails to test sufficiency for different dwelling types in new and existing locations. This, in my view, almost invariably masks a material shortfall for stand-alone dwellings in new urban areas, which are consistently in high demand.
6. An updated dwelling supply assessment released by Formative in late 2023 provides slightly more detailed testing than the HCA. However, it has several shortcomings, including that it continues to rely on obsolete inputs. Accordingly, 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.
7. According to my analysis, less than 3,800 potential greenfield lots remain in the district's existing urban areas. This equates to approximately seven to eight years of supply based on historical consent and construction rates. Consequently, I believe additional land needs to be rezoned to meet NPS-UD obligations and enable the efficient operation of the local land market.
8. The proposal directly responds to these market and policy signals by enabling the development of approximately 600 dwellings. This includes 300 dwellings within the

¹ Including DEV-SER-S1 Certification for South East Rangiora Development Area

South East Rangiora Future Development Area (**FDA**), which has already been identified as an appropriate location to accommodate future urban growth.

9. As a result, the proposal helps give effect to a range of local and national strategies and policies, while also ensuring the efficient functioning of the local housing market.
10. 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.

INTRODUCTION

11. My full name is Fraser James Colegrave.
12. I hold a first-class honours degree in economics from the University of Auckland.
13. 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.
14. 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.
15. 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.
16. 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.
17. 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.
18. I have read the Code of Conduct for Expert Witnesses (contained in the Environment Court Practice Note 2023) and I agree to comply with it. My qualifications as an expert

are set out above. Except where I rely on the evidence of another person, I confirm the matters addressed in this statement of evidence are within my area of expertise, and I have not omitted to consider material facts known to me that might alter or detract from my expressed opinions.

19. The key documents which I have relied upon in preparing my evidence are the following:
 - (a) National Policy Statement on Urban Development 2020.
 - (b) Greater Christchurch Partnership Housing Capacity Assessment July 2021.
 - (c) Greater Christchurch Partnership Housing Capacity Assessment March 2023.
 - (d) Waimakariri Residential Capacity and Demand Model – IPI 2023.

SCOPE

20. In my evidence I address the following key issues:
 - (a) The need for the proposal under the NPS-UD.
 - (b) The likely economic costs and benefits of the proposal.

ABOUT THE SUBMISSION

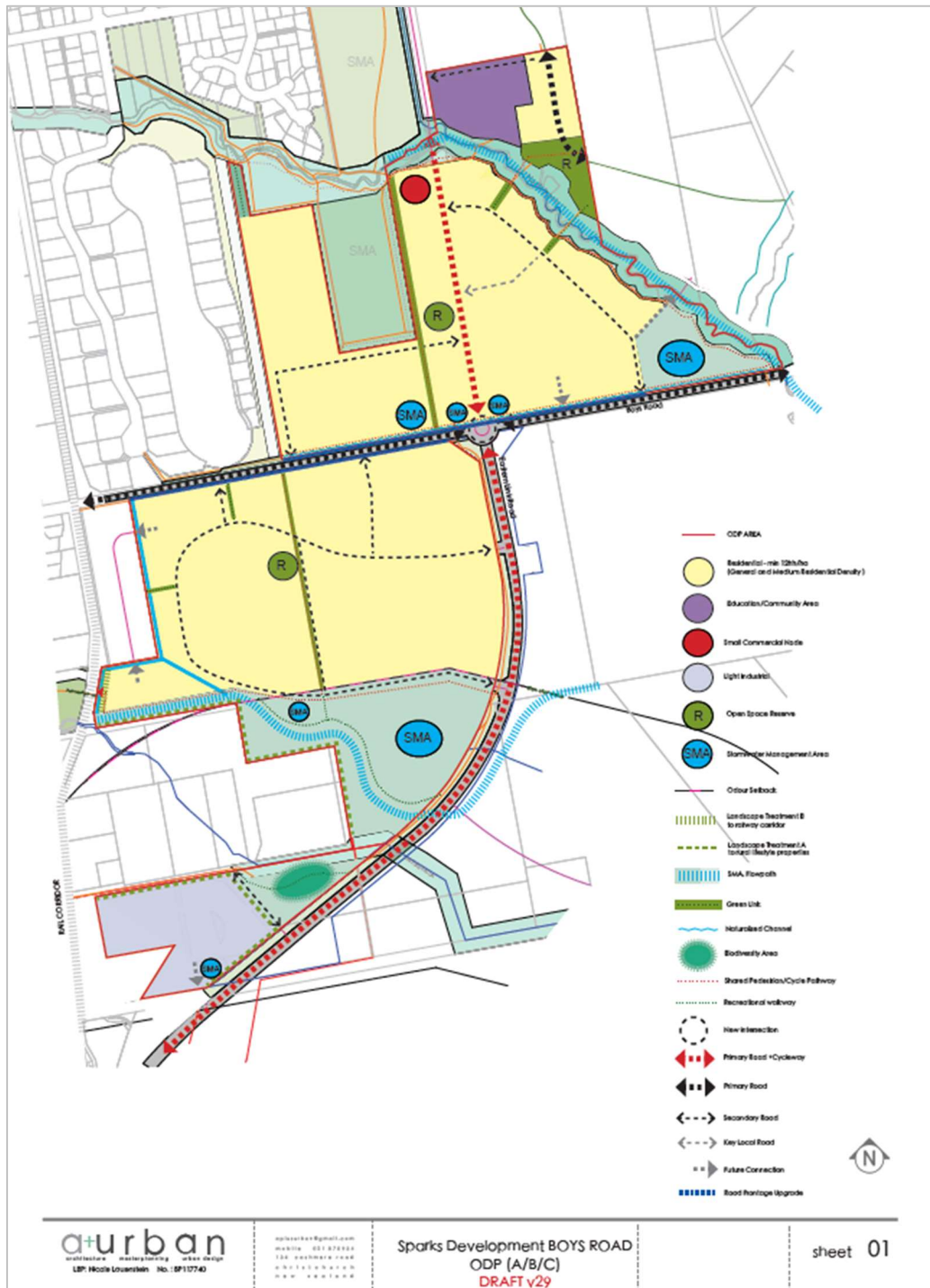
21. The proposal seeks to rezone approximately 55 hectares of land on the eastern outskirts of Rangiora to accommodate approximately 600 dwellings.
22. The site is bound by Marsh Road to the south, North Brook and the Northbrook wetlands to the north and east, and Palmview Drive to the west.
23. The map below identifies the site's location, and delineates two blocks of land:
 - (a) Block A, which is situated north of Boys Road; and
 - (b) Block B, which is situated south of Boys Road.

Figure 1: Location of Subject Site



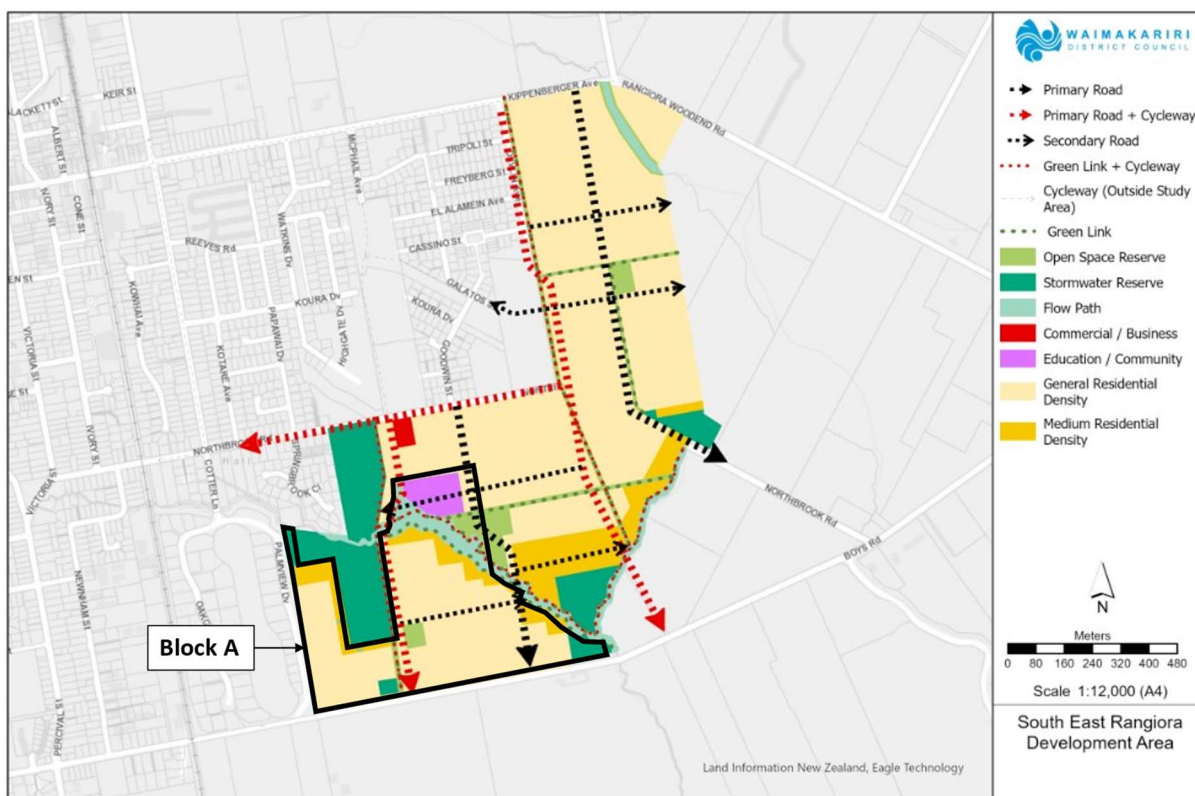
24. An indicative Outline Development Plan is provided in Figure 2 below. The areas proposed for residential use are shaded in yellow. Block B includes a sub area within which land use activities considered sensitive to odour from the Rangiora Wastewater Treatment Plant are to be excluded. While the form and layout of this sub area has yet to be determined, certain industrial uses are considered appropriate.

Figure 2: Indicative ODP



25. The site is currently zoned Rural under the Operative Waimakariri District Plan (ODP) and Rural Lifestyle Zone (RLZ) under the PDP.
26. Part of the Site (Block A) falls within the Rangiora Projected Infrastructure Boundary (PIB) on Map A of the CRPS and is also identified as a future residential development area in the South East Rangiora Outline Development Plan. This is illustrated in Figure 3 below. Accordingly, Block A has already been identified for future urbanisation.

Figure 3: Location of Block A within South East Rangiora Development Area



DISTRICT POPULATION AND HOUSING CONTEXT

District Population Growth

27. Waimak's population has grown rapidly since the late 1990s, particularly after the earthquakes in 2010/11, with strong growth still continuing today. As a result, Statistics New Zealand (**Stats NZ**) recently revised its official population projections for Waimak upwards², projecting long-term annual growth of 1.2% under the medium scenario, and 1.6% under the high. The chart and table below elaborate.

² In December 2022

Figure 4: Official Population Estimates to June 2023 vs Official Projections

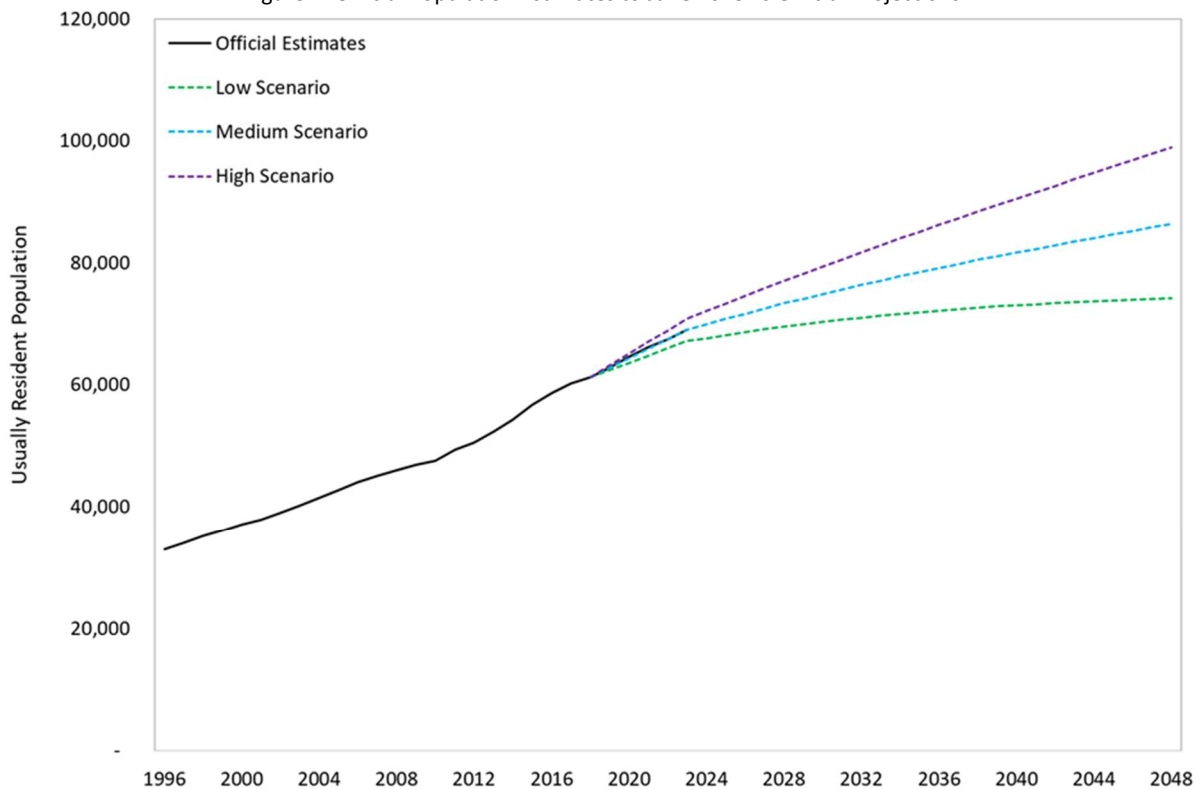


Table 1: Waimak Official Population Projection by Scenario

Year	Low	Medium	High
2018	61,300	61,300	61,300
2023	67,200	69,100	70,900
2028	69,600	73,400	77,100
2033	71,400	77,100	82,900
2038	72,700	80,500	88,400
2043	73,600	83,500	93,700
2048	74,200	86,400	98,900
30-yr change	12,900	25,100	37,600
30-yr % change	21%	41%	61%
CAGR	0.6%	1.2%	1.6%

28. I perceive two key drivers of the district’s sustained high population growth.
29. First, housing in Waimak offers better value for money compared to Christchurch City. While median house prices have historically been similar across the two territorial authorities, homes in Waimak are considerably larger, on average.³ Consequently, the tide of post-quake relocations from red zoned areas of the city, including into Waimak and Selwyn, has been sustained long term. A similar pattern was recently observed in Auckland, where high house prices pushed people out of some central areas towards the relatively more affordable rural fringes.

³ For example, the average GFA of new dwellings consented over the past five years in Christchurch City is 130m² compared to 175m² in Waimak.

30. 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 a slightly longer commute in exchange for living in areas that better meet their day-to-day needs. For Waimak, this has been strengthened by recent State Highway improvements, which have made commuting into the city for work and leisure quicker and easier than before. The same trends are playing out in the urbanised areas of Selwyn district, whose official population projections have also been revised upwards recently to reflect this.

Projected Dwelling Demand

31. In March 2023, the Greater Christchurch Partnership (**GCP**) released their latest HCA. Amongst other things, it includes household growth projections for the urban areas of Waimak, plus a ‘rest of district’ total.
32. These household projections are derived from the Stats NZ high growth population projections above, which are first rebased using population estimates for 2022, before then converting households based on Stats NZ’s projected average household size projections. The table below presents the resulting district household growth 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

33. 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.
34. 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 future.

Existing Dwelling Stock

35. To gain a better understanding of Rangiora’s existing dwelling stock, I used Core Logic’s Property Guru tool to profile all existing dwellings on sections of one hectare or less. Table 3 presents the results.

Table 3: Summary of Existing Rangiora Dwelling Stock

Summary Statistics	Value
Number of Dwellings	6,509
Avg Dwelling GFA (m ²)	190
Avg Section Size (m ²)	830
Avg No. of Bedrooms	3.4
Avg Floor Area Ratio	0.25
Average Property Values	Value
Land Value	\$400,000
Capital Value	\$760,000
Decade Built	Share
Pre-1950	6%
1950 - 1959	4%
1960 - 1969	7%
1970 - 1979	11%
1980 - 1989	8%
1990 - 1999	12%
2000 - 2009	18%
2010 - 2019	25%
2020 - 2029	5%
Unknown	4%
No. of Bedrooms	
1	0%
2	9%
3	49%
4	36%
5+	5%
Unknown	1%

36. According to Table 3, the average dwelling in Rangiora has 190m² of floorspace on a 830m² section, with an average of 3.4 bedrooms. 60% of all Rangiora dwellings were built since 1990, with 25% built between 2010 and 2020. The average land value is \$400,000 and the average capital value is \$760,000.

Recent Development Patterns

37. I also used Core Logic's Property Guru tool to identify all dwellings built in and around Rangiora since 2019 to identify their location within the township. My search returned just over 520 dwellings. These recently built dwellings are illustrated by the yellow dots in the map below, with the site overlaid for context.

Figure 5: Location of New Dwellings Built Since 2019 in Rangiora



38. Figure 5 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. A similar pattern is evident in the district's other main urban areas, as illustrated in Appendix A.
39. This high concentration of new development on the urban periphery differs from many other areas of New Zealand, where new dwellings are spread more evenly across new and existing urban areas.
40. This profound lack of development inside the district's existing urban areas, in turn, appears to reflect its relatively low land prices, which erodes the financial merits of redeveloping existing sites and therefore pushes new development to greenfield areas on the urban fringe.⁴

⁴ Generally speaking, the higher the value of land relative to the value of improvements/buildings, the more viable the redevelopment of existing sections is, and vice versa.

Remaining Greenfield Capacity

41. Herein lies an issue for the district, and for Rangiora. Currently, there is little greenfield land available for development.
42. To demonstrate, I used Core Logic's Property Guru data in conjunction with the LINZ Primary Parcel and Property Titles dataset to identify all vacant parcels that were:
 - (a) Located within the existing urban areas of Rangiora, Kaiapoi, Woodend and Pegasus;⁵ and
 - (b) Zoned for residential use under the PDP.⁶
43. The resulting parcels were then visually inspected for existing development using satellite and street view imagery.
44. Maps of the identified parcels are provided in Appendix B for reference.
45. Table 4 shows the estimated dwelling capacity remaining on the greenfield land identified. Where available, I adopt existing subdivision plans and developer yield estimates. For all other parcels, capacity is calculated at a rate of 15 households per hectare.⁷

⁵ As defined by their respective Projected Infrastructure Boundaries.

⁶ Including land zoned Rural Lifestyle Zone under the PDP but with a Medium Density Residential (Variation 1) overlay.

⁷ For lots spanning 0.5 hectares and less, the rate of 15 households per hectare is applied to the gross site area. For larger lots, this rate is applied to a net developable area, which is calculated by removing 12.5% of the gross site area for stormwater management etc.

Table 4: Estimated Greenfield Capacity Remaining in Existing Urban Areas

Rangiora	# of Lots	Share
Bellgrove	796	21%
Townsend Fields	396	10%
Summerset Retirement Village	300	8%
Other	258	7%
Total Rangiora	1,750	46%
Kaiapoi	# of Lots	Share
Beachgrove	316	8%
The Sterling Retirement Village ⁸	302	8%
Silverstream	128	3%
Other	24	1%
Total Kaiapoi	770	20%
Woodend / Pegasus	# of Lots	Share
Ravenswood	700	18%
Freedom Lifestyle Village	237	6%
Pegasus	167	4%
Woodlands Estate	109	3%
Other	62	2%
Total Woodend / Pegasus	1,275	34%
Grand Total	3,795	100%

46. As the table above illustrates, there are approximately 3,800 greenfield lots remaining in the district’s main urban areas, including about 1,750 in Rangiora.
47. To put these figures in context, just under 2,300 new dwellings were constructed in these areas between January 2019 and November 2023.⁹ This equates to an average supply of just over 475 dwellings per annum.
48. Accordingly, the estimated greenfield capacity of nearly 3,800 dwellings translates to approximately eight years of supply under recent build rates. Using historical building consent volumes instead, this equates to less than seven years of supply.¹⁰
49. As such, new urban areas like the site need to be enabled as soon as possible to keep pace with demand for new dwellings well into the long term.

⁸ Excluding care and dementia suites.

⁹ Estimates obtained via Core Logic’s Property Guru tool.

¹⁰ According to monthly building consent data for the five years to October 2023, approximately 2,850 dwellings were consented in the district’s urban areas (defined using 2023 Statistical Area 2 boundaries). This equates to approximately 570 dwellings per annum.

THE NEED FOR THE SUBMISSION UNDER THE NPSUD

About Housing Capacity Assessments (HCAs)

50. 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.
51. 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.
52. 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.
53. Dwelling capacity is expressed in several different ways to ensure that a comprehensive picture of future supply emerges. These include:
 - (a) **Plan-enabled capacity** – this 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.
54. 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 versus new urban areas, plus standalone versus attached dwellings.

Findings of the 2021 and 2023 HCAs

55. 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.
56. The updated (March 2023) HCA refreshed and updated the 2021 HCA, largely to reflect new plan-enabled capacity associated with the application of new Medium Density Residential Standards (**MDRS**), plus policy 3 of the NPS-UD.
57. Unsurprisingly, then, the 2023 HCA identifies even greater capacity to meet demand than the 2021 version did due to new higher density development options ushered in by the MDRS and the NPSUD.
58. This is illustrated in Table 5, 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 NPSUD will not be delivered, at least not over the 30-year horizon of the 2023 HCA (i.e. to 2053).

Table 5: Summary of 2021 and 2023 HCAs by Council and NPS-UD Timeframe

Waimakariri District	2021 HCA			2023 HCA		
	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

59. 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.

60. 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 stand-alone dwellings in new urban areas, which are consistently in high demand.

Plan-Enabled Capacity Does Not Meet Local Housing Demand

61. 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.
62. 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.
63. 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.

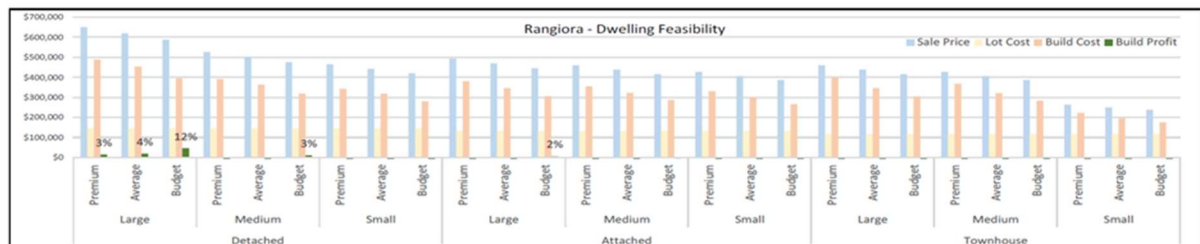
Cost Information is Way Out of Date

64. 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".¹¹
65. Indeed, a lot has happened since early 2021, with financial viability severely challenged by a 'perfect storm' of (i) higher construction cost, 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.
66. 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-

¹¹ Greater Christchurch Partnership. (2023). *Greater Christchurch Housing Development Capacity Assessment*. Appendix 2, p.69, point 5.

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.¹²

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



67. While not easy to read at this resolution, this screenshot shows that virtually every combination of dwelling type, size, and build quality assessed in Rangiora was not financially feasible over the short-medium (10-year) term.
68. 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%. Contrary to the facts, the report concludes that “most dwelling types that were tested in the dwelling feasibility model are currently feasible”.
69. Fast-forward to 2023, where construction costs are through the roof, as is 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 viable in the foreseeable future.

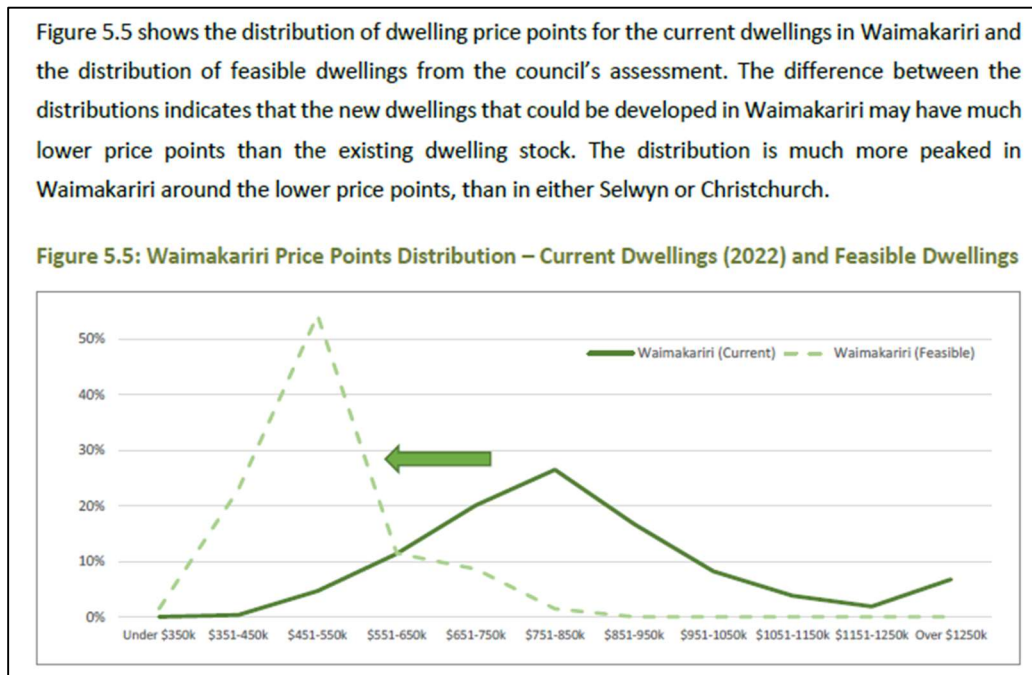
Comments on Formative’s December 2023 Report

70. 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.
71. While this report includes slightly 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.
72. 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.

¹² Dwellings were grouped into three types (detached (i.e. standalone), attached, and townhouse), three sizes (small, medium and large), and three build qualities (budget, average, and premium).

73. 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.¹³ 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 6: Waimak District Assumed Feasible Capacity by Price Band vs Current Dwelling Stock



74. 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 Profit After Tax (**NPAT**) and developer margin in Formative’s analysis, which I have pointed out several times before, including recently in Selwyn.

75. 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.¹⁴ 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.

¹³ Formative. (2022). Greater Christchurch Spatial Plan Dwelling Affordability Assessment.

¹⁴ Formative. (2023). Waimakariri Residential Capacity and Demand Model - IPI 2023: Economic Assessment. Prepared for Waimakariri District Council. Pg. 26

76. The international literature also does not support Formative’s view. In fact, a recent review of cost overruns across hundreds of construction projects globally¹⁵ found that most went well over budget. It identified 175 different causes, grouped into 10 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.
77. 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

78. 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.
79. Interestingly, the Independent Hearings Panel for Plan Change 31 (PC31), which seeks 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”.¹⁶

Implications for the Proposal

80. 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.
81. Ross Ditmer from Bayleys indicates that the site’s location would be very popular with prospective buyers seeking to build in the area, due to its safe and appealing environment, proximity to Rangiora’s amenities, and connectivity.¹⁷
82. Ditmer also anticipates considerable future demand for section availability in this location, based on the current market and likelihood of existing supply being exhausted by the time the sections enabled by the proposal are released to the market.

¹⁵ <https://www.ijimt.org/vol8/717-MP0022.pdf>

¹⁶ Independent Hearings Panel. Private Plan Change RCP031 Decision Report. Paragraph 92.

¹⁷ Ross Ditmer, Bayleys North Canterbury, 22 December 2023, 'Submission to the Waimakariri District Council – Proposed amendment of the Waimakariri District Plan (PWDP) Planning Maps,' Letter on behalf of Richard and Geoff Spark.

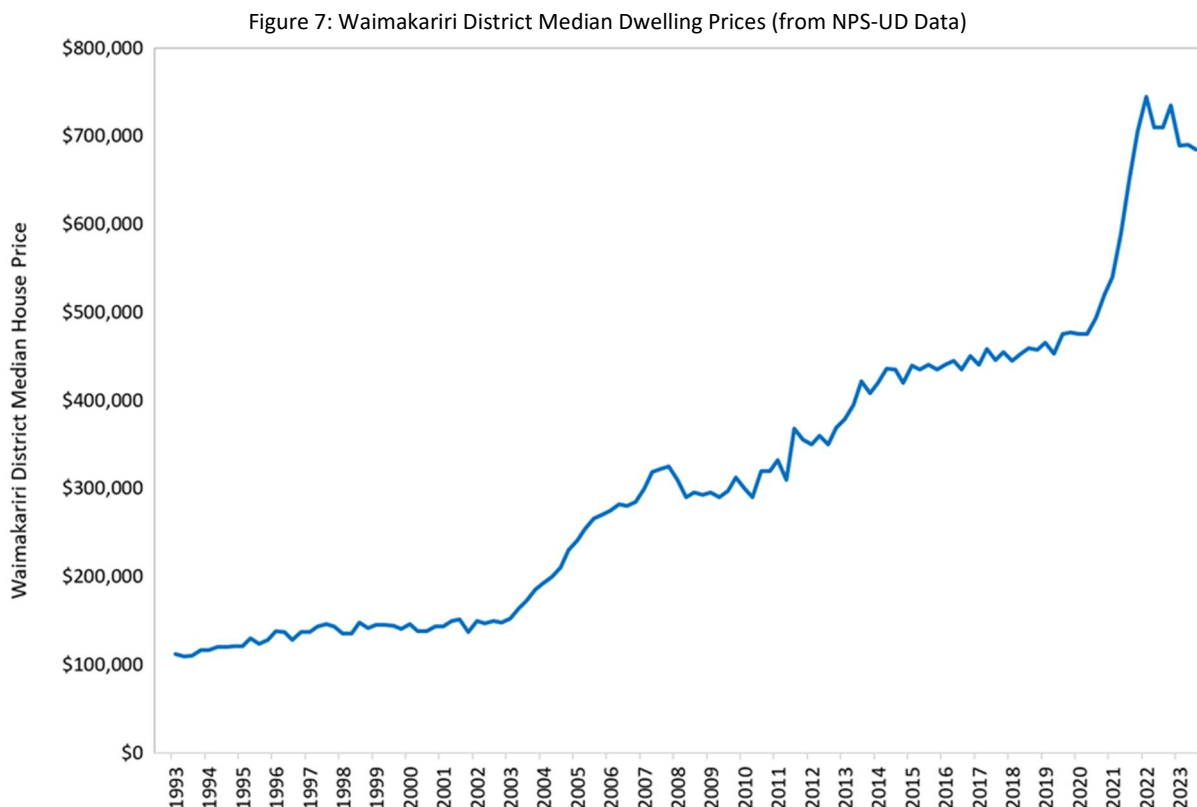
83. Further, providing this additional supply now will help enable the efficient operation of the local land market by providing greater competition and choice, as implored by the NPS-UD. It will also ensure adequate time is available to complete detailed master planning and coordinate infrastructure provision before existing supply is exhausted.

ECONOMIC COSTS AND BENEFITS OF THE PROPOSAL

Boost in Market Supply / Restoring Supply of Residential Land

84. 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).

85. Further, although the district's housing has been reasonably affordable compared to other parts of New Zealand in the past, that is changing. The latest data published under the NPS-UD show that the median district dwelling price increased by 32% in the three years to September 2023, despite a recent correction.



86. These increasing prices are starting to undermine affordability, with the latest report by Core Logic (from June 2023)¹⁸ showing that the average district house price is now 7.4 times the average household income. By comparison, the benchmark for affordability is a ratio of only three.
87. In addition, the latest Core Logic report shows that it now takes even longer (nearly 10 years) to save the deposit for a new home in Waimakariri. Thus, not only are house prices themselves increasingly unaffordable, but even the task of saving the deposit for a new home is an onerous one beyond the financial means of many households.¹⁹
88. In my view, and from an economic perspective, the proposal represents a highly significant boost in supply. To assess whether this satisfies the definition of “significant” in Objective 6(c) of the NPS-UD, I reviewed the latest HCA. At page 15, it discusses consultation with the development community (while writing the HCA) and describes landowners that could develop 20 or more dwellings as being significant.
89. As such, I consider that the proposed development of approximately 600 dwellings enabled on the site represents a significant increase in capacity for the Waimakariri district, from both an economic and market perspective and by virtue of the way that term is used in the HCA (and by extension how it might be considered for the purposes of Objective 6(c) of the NPS-UD).

Critical Mass to Support Greater Local Retail / Service Provision

90. As the proposed sections 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.
91. 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.
92. The development, along with existing residents and the future residents of other growth areas, will provide critical mass to gradually improve the viability of local service provision. As a result, 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.

¹⁸ Accessible here <https://www.corelogic.co.nz/news-research/reports/housing-affordability-report>

¹⁹ 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.

93. To put this in context, I estimated likely future spending originating on the subject 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 600 new households.

Table 6: Projected Future Spending Originating Onsite

Expenditure Group	Annual Spend per Household	Total Annual Spend (\$millions)
Food	\$12,250	\$7.4
Alcoholic beverages, tobacco, and illicit drugs	\$1,650	\$1.0
Clothing and footwear	\$2,400	\$1.4
Housing and household utilities	\$15,500	\$9.3
Household contents and services	\$2,350	\$1.4
Health	\$2,050	\$1.2
Transport	\$10,700	\$6.4
Communication	\$1,850	\$1.1
Recreation and culture	\$6,550	\$3.9
Education	\$1,050	\$0.6
Miscellaneous goods and services	\$6,350	\$3.8
Other expenditure	\$7,800	\$4.7
Total Household Expenditure	\$70,500	\$42.3

94. Table 6 shows that future residents of the subject site will spend \$42.3 million per annum on a wide range of household goods and services, assuming their spending matches the average regional household.
95. It is likely that a high proportion of their household purchases will occur close to the subject site, such as at Rangiora Town Centre. Accordingly, future development of the land will provide significant commercial support for Rangiora businesses.

Estimated One-off Economic Impacts

96. Constructing the 600 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.
97. 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/services from their own suppliers, and so on.

98. 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 combines part-time and full-time workers to provide a single employment metric.
- (c) **Total wages and salaries** paid to workers, which are reported as 'household incomes.

99. Having defined these key terms, the following table shows the estimated economic impacts of the various activities enabled by the proposal.

Table 7: One-Off National Economic Impacts of Construction

Planning/Design/Consent	Direct	Indirect	Total
FTEs – 1 year	12	5	17
GDP \$m	\$1.5	\$0.8	\$2.3
Wages/Salaries \$m	\$0.9	\$0.4	\$1.3
Site Preparation			
FTEs – 1.5 years	80	100	180
GDP \$m	\$20	\$21	\$41
Wages/Salaries \$m	\$9	\$10	\$20
Building Construction			
FTEs – 10 years	30	100	130
GDP \$m	\$48	\$127	\$175
Wages/Salaries \$m	\$20	\$64	\$84
Project Totals			
FTE-years	430	1,155	1,585
GDP \$m	\$70	\$150	\$220
Wages/Salaries \$m	\$30	\$75	\$105

100. In summary, future construction activity enabled by the proposal could boost national GDP by \$220 million, including flow on effects, generate employment for 1,585 FTE-years, and generate \$105 million in household incomes.
101. Assuming (say) a 10-year construction period, these translate to annual impacts of \$22 million in GDP, employment for 160 people, and \$10 million in household incomes.

Foregone Rural Production

102. The National Policy Statement for Highly Productive Land (**NPS-HPL**) came into force in October 2022 and aims to protect our most productive land for land-based production. It requires Councils to map highly productive land (**HPL**), and closely manage the subdivision, use and development of it by avoiding inappropriate use and development.
103. As Block A is located within an FDA and Block B is zoned RLZ under the PDP, the requirements of the HPL do not need to be formally addressed. However, the main potential economic cost of the proposal is forfeiting the land for alternative uses, such as rural production.
104. To quantify this cost, the applicant engaged The AgriBusiness Group (**TAG**) to conduct a productivity assessment of **Block B**. As part of this assessment, they considered the commercial viability of the highest and best rural productive use of the land, which they deemed to be irrigated dairy support (i.e. heifer grazing).

105. According to TAG, using the subject land for this activity is not commercially viable as it is unable to provide sufficient income for interest, taxation, and a return for management as a standalone unit.
106. Accordingly, there is no material economic cost of forfeiting Block B for rural productive purposes.

CONCLUSION

107. 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.

Fraser Colegrave

4 March 2024

APPENDIX A: LOCATION OF NEW DWELLINGS IN KAIAPOI, WOODEND & PEGASUS

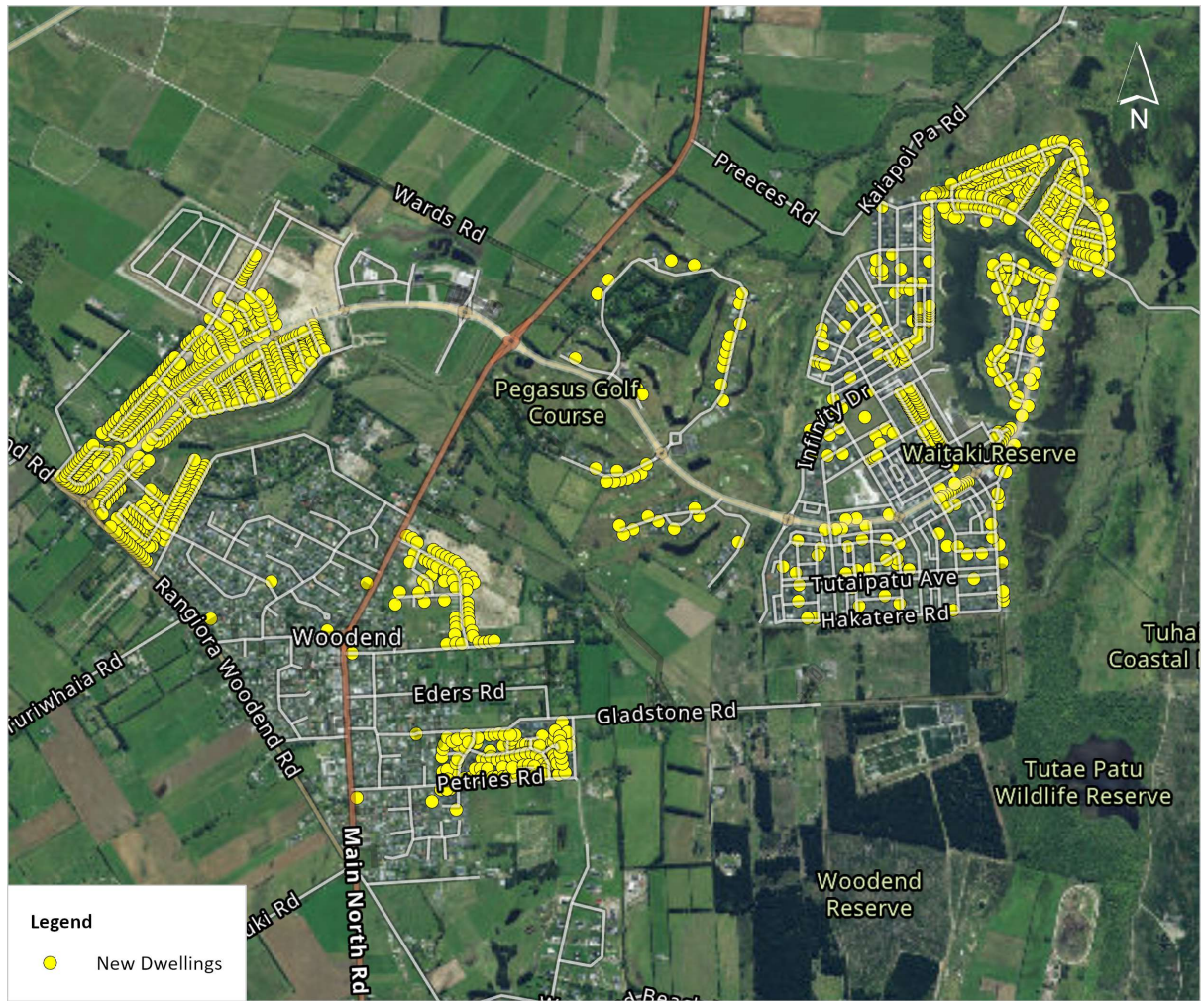
108. Figure 8 below shows the location of new dwellings built since 2019 in Kaiapoi.

Figure 8: Location of New Dwellings Built Since 2019 in Kaiapoi



109. The corresponding map for Woodend / Pegasus is shown in Figure 9 below.

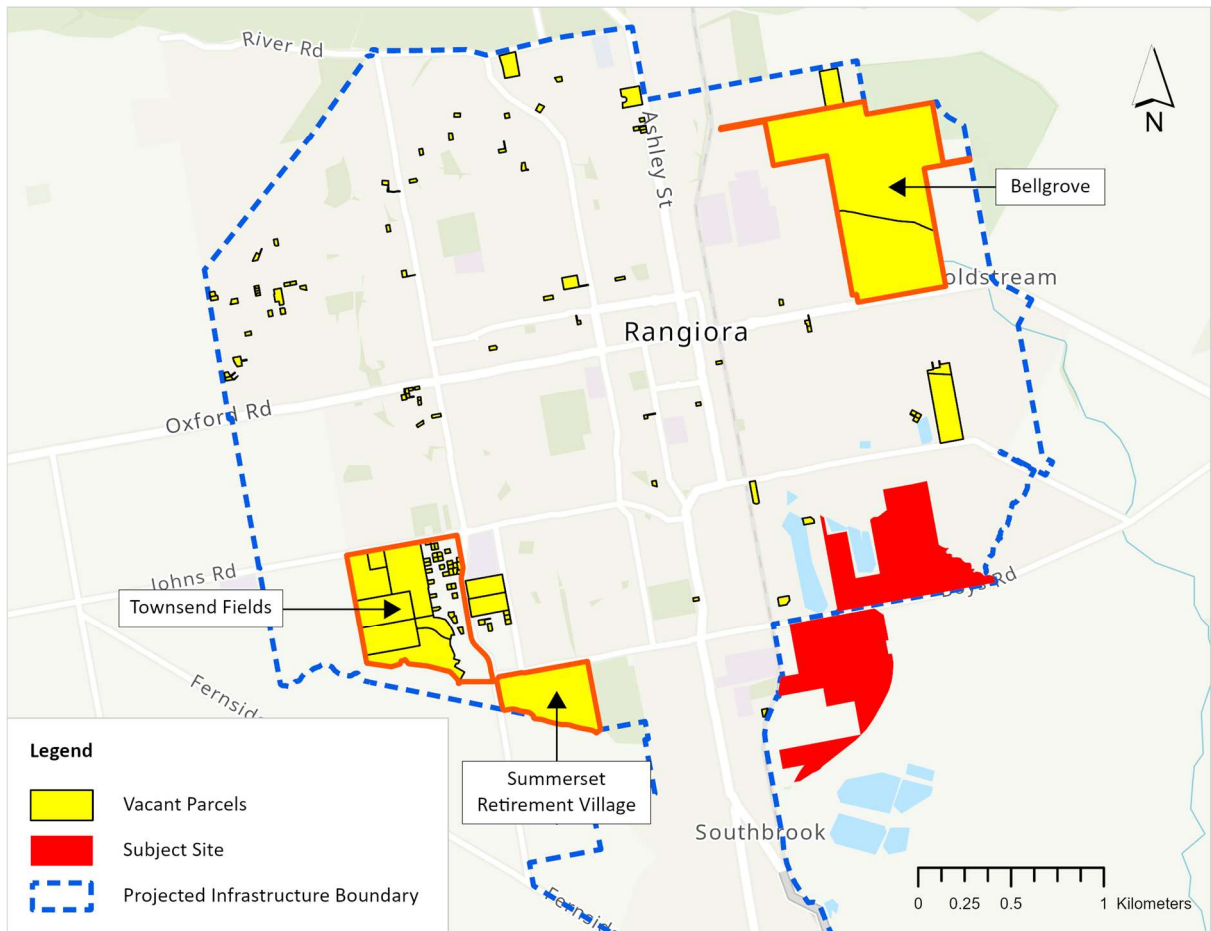
Figure 9: Location of New Dwellings Built Since 2019 in Woodend / Pegasus



APPENDIX B: VACANT RESIDENTIAL LAND IN EXISTING URBAN AREAS

110. The following maps plot the residential greenfield land remaining in the district's urban areas. Vacant parcels are shaded in yellow, and key future developments outlined in orange. I start with Rangiora.

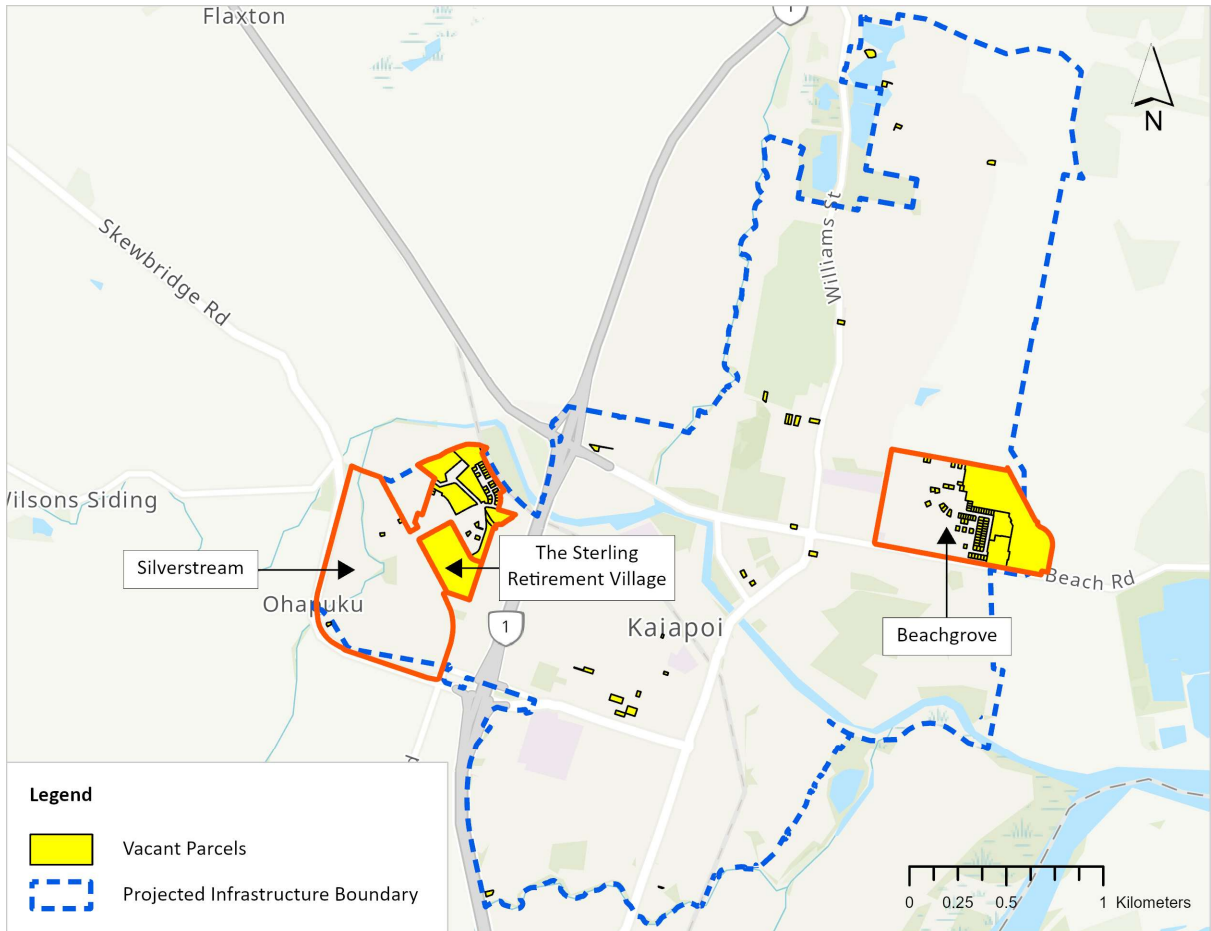
Figure 10: Vacant Residential Land in Rangiora



111. As Figure 10 shows, most of Rangiora's remaining greenfield land is located within three development areas – Bellgrove, Townsend Fields and the Summerset Retirement Village. The remaining vacant land consists of a scattering of smaller parcels.

112. A similar dynamic is at play in Kaiapoi, with the remaining stages of Beach Grove and Silverstream, plus the Sterling Retirement Village, comprising the bulk of vacant land. This is illustrated in Figure 11 below.

Figure 11: Vacant Residential Land in Kaiapoi



113. Figure 12 shows the corresponding map for Woodend / Pegasus. In addition to Ravenswood and Woodlands Estate, which are currently under development, there are a number of smaller vacant parcels located in Pegasus.

Figure 12: Vacant Residential Land in Woodend / Pegasus

