

**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 **Mark
and Melissa Prosser**

**EVIDENCE OF FRASER COLEGRAVE
ON BEHALF OF MARK AND MELISSA PROSSER**

DATED: 5 March 2024

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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. 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 Proposed Plan is an independent witness to Mark and Melissa Prosser of Ohoka Holdings 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 key issues:
- (a) The district population and housing context;
 - (b) The current state of the rural-residential housing market;
 - (c) The economic rationale for the proposal; and
 - (d) The likely wider economic impacts of the proposal.

SUMMARY

- 11 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. At the same time, housing in the district is becoming increasingly unaffordable.
- 12 Some of the district's future growth is projected to occur within Waimak's numerous rural-residential settlements. However, the latest available information on the supply of, and demand for, rural-residential land in the district is now outdated. Accordingly, in this evidence I comment on the current state of the rural-residential market, within a defined study area.
- 13 I demonstrate that there is pent-up demand for rural-residential living in the study area that cannot be expressed due to a lack of available zoned land.
- 14 This is particularly evident in Mandeville, which is the largest and most populous rural residential settlement in the study area, and has experienced strong growth over the past decade. Because of this recent growth, the established rural-residential areas are now mostly developed, while demand remains strong.
- 15 Accordingly, there is a pressing need for additional land to be released.
- 16 The proposal helps meet the need for more rural-residential-zoned land in the study area by providing a direct boost in supply in a location with strong

demand. Importantly, the subject site forms a logical and legible extension of the existing Mandeville residential area.

17 In addition, the proposed rezoning and enabled development will generate a range of positive economic benefits, while avoiding any material adverse effects.

18 Accordingly, I support it on economic grounds.

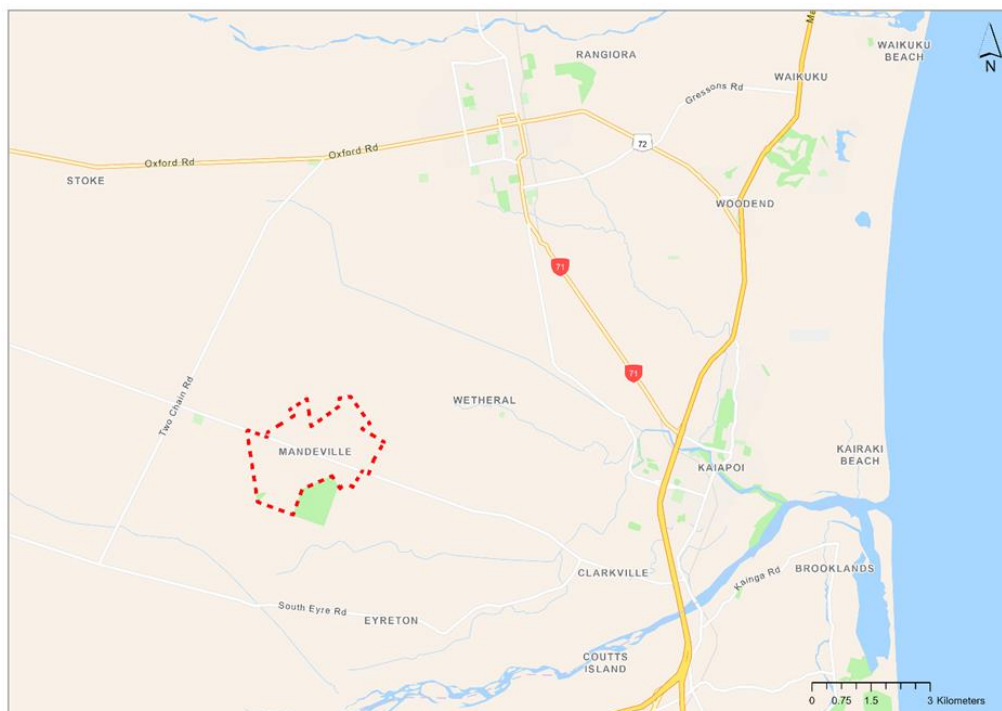
CONTEXT

19 Mark and Melissa Prosser of Ohoka Farm Holdings Limited (**OFHL**) own approximately 74 hectares of rural land in Mandeville, in Waimak. In 2020, resource consent was granted for a 20-lot subdivision on this land (RC205106), which has yet to be implemented. Having re-examined the land's potential, OFHL now wishes to rezone 73 hectares of it (the **site**) to Large Lot Residential Zone (**LLRZ**) under the Proposed Waimakariri District Plan (**pWDP**), with the remainder to be used for stormwater management.

About Mandeville

20 Mandeville is a rural township in the Waimakariri District, located less than 10 kilometres west of Kaiapoi. Its geographic extent is largely defined by the Mandeville Growth Boundary (**MGB**), which was established by Waimakariri District Council (**WDC**) in 2012. The MGB is depicted by the red dashed line in Figure 1 below.

Figure 1: Mandeville Location



- 21 According to the latest official estimates from Statistics New Zealand (**Stats NZ**), there were 1,920 usual residents in Mandeville in June 2023¹. This is up from 1,190 residents in 2013, which equates to a compound annual growth rate (CAGR) of 4.9%. Because of this strong recent growth, the established rural-residential areas in Mandeville are now mostly developed.
- 22 To gain a better understanding of Mandeville’s existing dwelling stock, I first identified all residential properties within the MGB. These comprise:
- (a) The **existing residential zones**. This includes both the Residential 4a and Residential 4b zones under the Operative Waimakariri District Plan (**WDP**), which are consolidated into a single Large Lot Residential Zone (**LLRZ**) under the pWDP.
 - (b) The **San Dona subdivision**. This was established in the 1990s, comprising small rural lots for olive production. Today, San Dona is home to around 115 households. Despite its rural zoning, it is similar to rural-residential in nature and scale, with lots ranging in size from approximately 1.2 hectares to 2.3 hectares².

¹ For the Mandeville Statistical Area 2 Unit, which corresponds with the Mandeville Growth Boundary.

² Waimakariri District Council. (2019). Waimakariri Rural Residential Development Strategy (p. 7). https://www.waimakariri.govt.nz/_data/assets/pdf_file/0035/69686/Rural-Residential-Development-Strategy.pdf

- 23 Figure 2 provides further detail, with San Dona shaded in blue and the proposed LLRZs of the pWDP shaded in pink.

Figure 2: Mandeville Growth Boundary



- 24 Next, I used Core Logic's Property Guru tool to profile all existing dwellings located within the MGB. Table 1 presents the results.

Table 1: Summary of Existing MGB Dwelling Stock

Summary Statistics	Mandeville	San Dona	Total
Number of Dwellings	436	113	549
Avg Dwelling GFA (m ²)	270	290	275
Avg Section Size (m ²)	6,700	16,300	8,500
Avg No. of Bedrooms	4	4.2	4
Avg Floor Area Ratio	0.05	0.02	0.04
Average Property Values	Mandeville	San Dona	Total
Land Value	\$560,000	\$555,000	\$559,000
Capital Value	\$1,345,000	\$1,194,000	\$1,315,000
Decade Built	Mandeville	San Dona	Total
Pre-1950	0.2%	0.0%	0.2%
1960 - 1969	0.4%	0.9%	0.5%
1970 - 1979	1.3%	2.7%	1.6%
1980 - 1989	2.2%	0.0%	1.7%
1990 - 1999	13.2%	21.6%	14.9%
2000 - 2009	18.9%	68.5%	28.5%

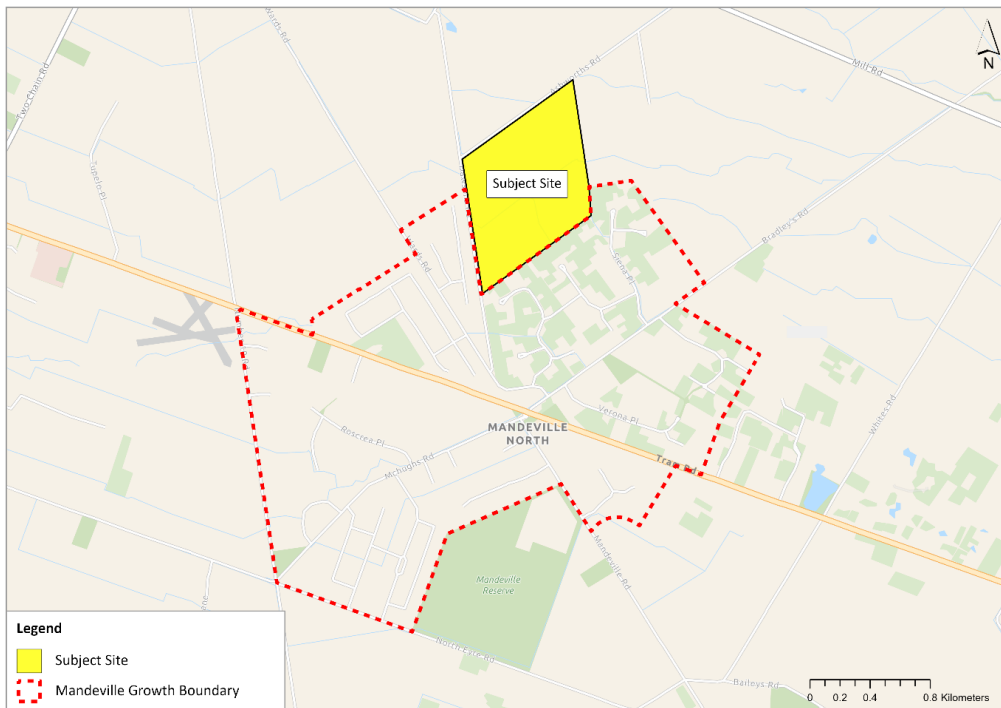
2010 - 2019	54.2%	6.3%	44.9%
2020 - 2029	9.5%	0.0%	7.7%

- 25 According to Table 1, there are approximately 549 existing dwellings within the MGB. Overall, the average dwelling has 275m² of floorspace and is situated on an 8,500m² section, with an average of four bedrooms. More than half of all dwellings were built since 2010, with 45% built between 2010 and 2020. The average capital value is \$1.3 million, and the average land value is \$559,000.
- 26 Just over 435 of the surveyed dwellings are located on residential-zoned land, with the remaining 110 or so located in the rural-zoned San Dona subdivision. On average, compared with the rest of Mandeville, dwellings in San Dona:
- (a) Are slightly larger and are situated on significantly larger sections;
 - (b) Have slightly lower land values and capital values; and
 - (c) Are slightly older.

About the Subject Site

- 27 The subject site is located on the northern fringe of Mandeville. It is bound by rural-residential living to the south and west, and rural land to the north and east. The site spans approximately 73 hectares and is relatively flat. It is currently used for stock grazing and cropping.
- 28 The location of the subject site is shown in Figure 3 below.

Figure 3: Location of Subject Site



29 Figure 4 below shows the subject site and its immediate receiving environment.

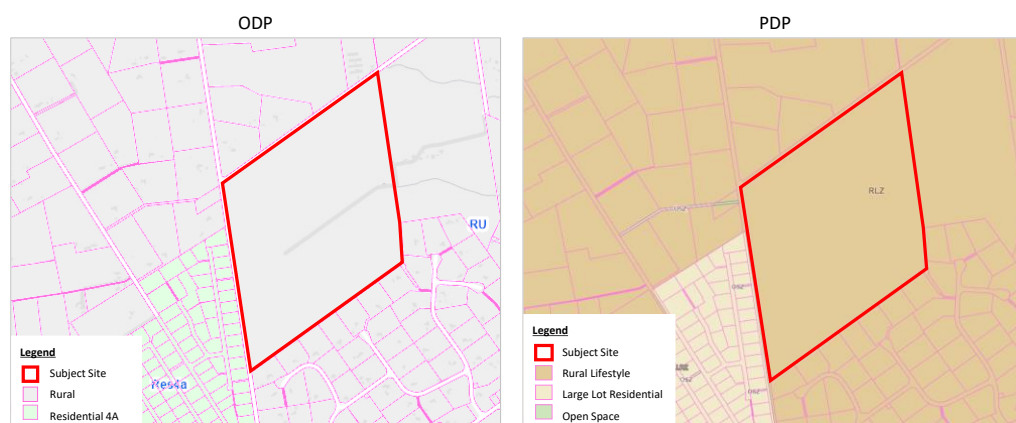
Figure 4: Receiving Environment



30 The Millfield residential subdivision is located immediately west of the site, across Dawson Road. This is one of the most recent residential subdivisions in Mandeville, with the majority of development occurring approximately ten years ago.

- 31 The San Dona subdivision abuts the site's southern boundary.
- 32 Land to the north and east of the site is rural use, accommodating a variety of activities, as indicated in Figure 4.
- 33 The subject site is currently zoned Rural under the WDP and Rural Lifestyle under the pWDP.

Figure 5: Zoning of the Subject Site Under ODP & PDP



- 34 The site abuts a rural-residential area to the west, which is zoned Residential 4a under the WDP and LLRZ under the pWDP. The San Dona subdivision to the south is zoned Rural under the ODP and Rural Lifestyle under the PDP. I understand that the rezoning of this land for rural-residential use has been considered previously. However, this was deemed impractical due to servicing constraints, flooding, and access issues.³

ZONING OPTIONS AND ENABLED DEVELOPMENT

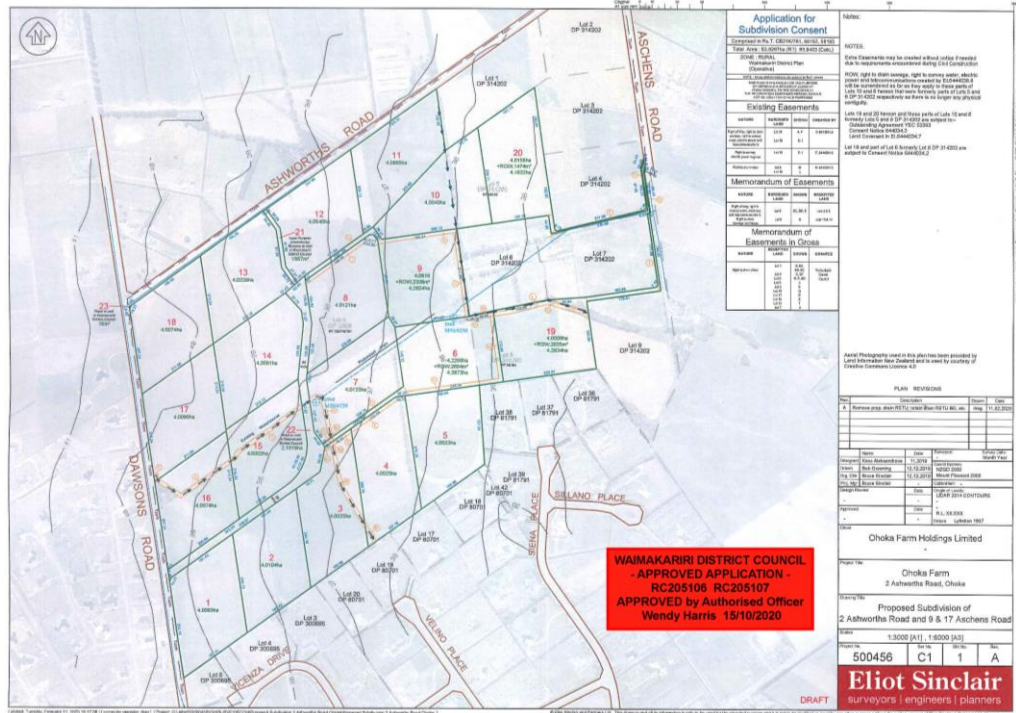
- 35 I now identify two zoning options for the subject site.

Option 1: Consented Baseline

- 36 In 2020, resource consent (RC205106) was granted for a **20-lot subdivision** on the site, with lots spanning approximately four hectares apiece. This forms the consented baseline against which I assess the proposed rezoning. Figure 6 shows the approved plans.

³ Waimakariri District Council. (2019). Waimakariri Rural Residential Development Strategy (p. 10). https://www.waimakariri.govt.nz/_data/assets/pdf_file/0035/69686/Rural-Residential-Development-Strategy.pdf

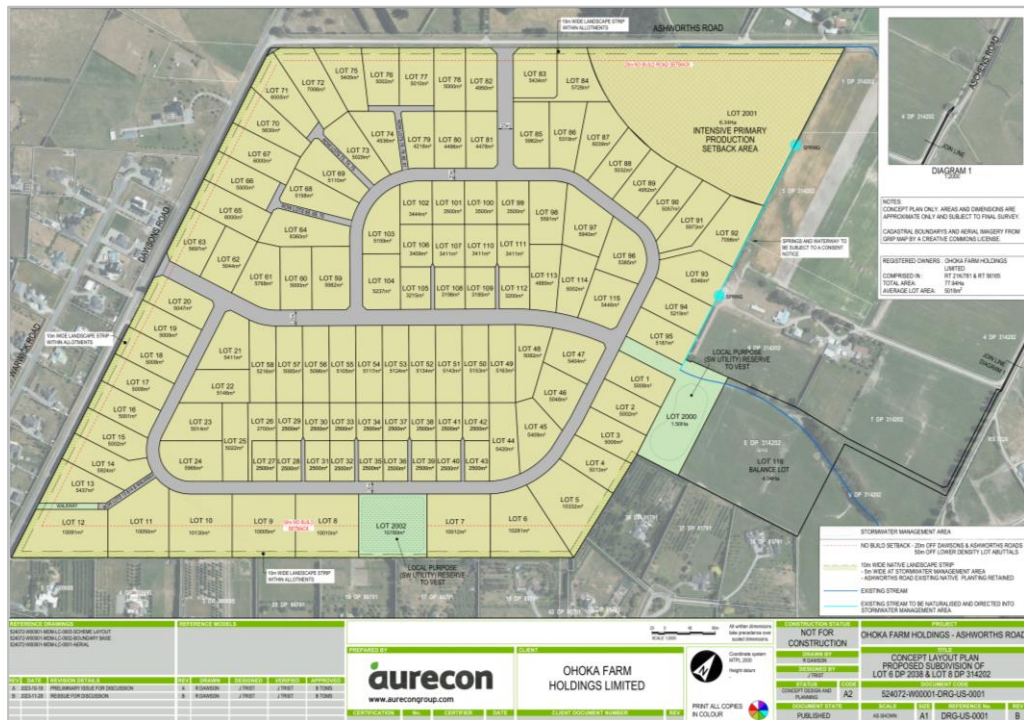
Figure 6: Consented Lot Layout



Option 2: Proposed Rezoning

- 37 Since attaining resource consent for the subdivision, OFHL has re-examined the site’s development potential. As a result, it now seeks to rezone the subject site to LLRZ under the PDP to accommodate additional growth onsite.
- 38 While detailed lot planning is yet to be finalised, an indicative lot layout is provided below for illustrative purposes. An intensive primary production setback area is indicated in the northeast corner of the site to reflect the existing poultry farm located at 87 Ashworths Road (Part RS 3979). In addition, a stormwater management reserve is proposed to abut the eastern site boundary, outside the rezoning area.

Figure 7: Indicative Lot Layout



39 Based on the indicative lot layout above, it is anticipated that the rezoning will enable the development of approximately **115 rural-residential dwellings** over time on site. This excludes any future additional lots that could be developed if the poultry farm ceased operation and the 300-metre setback no longer applied. Lots will span upwards of 2,500m² with an average of at least 5,000m² as required under the PDP’s LLRZ rules. Table 2 below shows the distribution of proposed lot sizes under the indicative layout above.

Table 2: Distribution of Proposed Lot Sizes

Lot Size (m ²)	Count	Share
< 4,000	30	26%
4,000 – 4,999	7	6%
5,000 – 5,999	62	54%
6,000 – 6,999	6	5%
7,000 – 7,999	2	2%
> 10,000	8	7%
Total	115	100%

Option Comparison

40 To summarise:

- (a) Option 1 (consented baseline) enables 20 residential lots, with a minimum lot size of four hectares;

(b) Option 2 (proposal) enables approximately 115 residential lots, with a minimum lot size of 2,500m² and a minimum average lot size of 5,000m².

41 Accordingly, the proposal enables the development of an additional **95 residential dwellings** over time, over and above the consented baseline.

DISTRICT POPULATION AND HOUSING CONTEXT

42 I now describe the district population and housing to provide context for the proposal.

District Population Growth

43 Waimak’s population has grown rapidly since the late 1990s, particularly after the earthquakes in 2010/11. This strong growth continues today. In fact, Stats NZ recently revised its official projections for the district upwards, and is now projecting long-term annual growth of 1.2% under the medium scenario, and 1.6% under the high scenario, as detailed in the chart and table below.

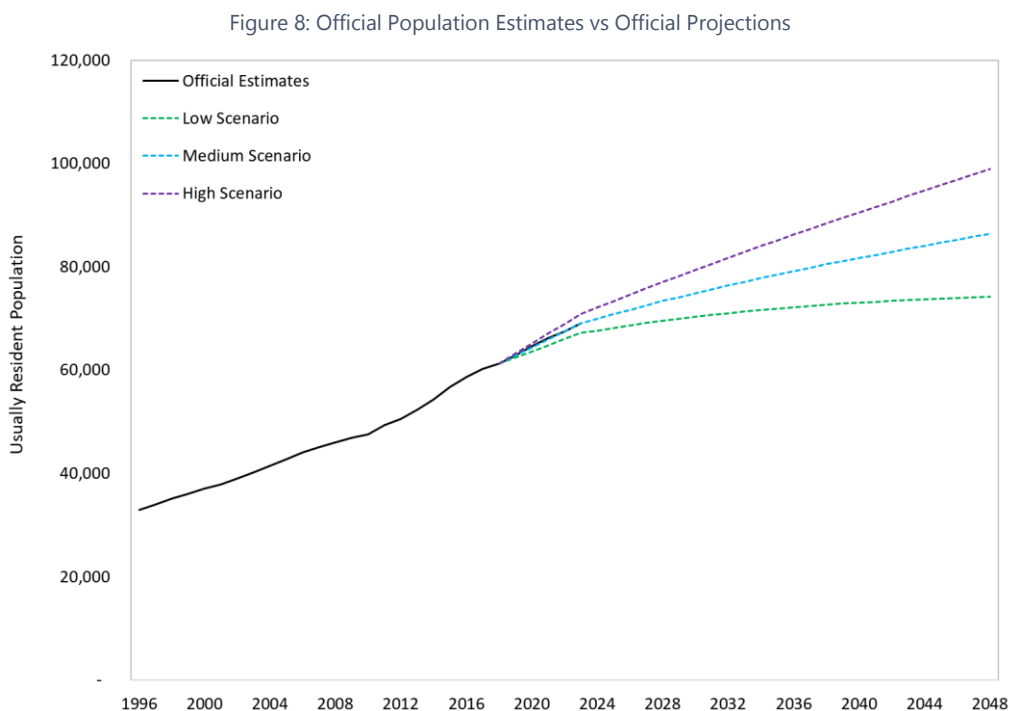


Table 3: Waimak Official Population Projection by Scenario

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%

- 44 In my view, there are two key drivers of the district’s sustained high population growth. First, housing in Waimak offers better value for money compared to Christchurch city, despite median prices being similar across the two territorial authorities. Consequently, the tide of relocations from the city into Waimak and Selwyn has continued well after the quakes as people take advantage of the more attractive housing available so close to the city’s employment opportunities. A similar pattern is evident in and around Auckland, where high house prices have pushed people out of the central areas into the relatively more affordable rural fringes.
- 45 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. Similar trends are also playing out in the urbanised areas of Selwyn district, whose official population projections have also been revised upwards.

Projected Dwelling Demand

- 46 Earlier this year, the Greater Christchurch Partnership (**GCP**) released their latest housing and business development capacity assessment (**HCA**). Amongst other things, it includes household projections for Waimak.
- 47 To derive these estimates, the HCA adopts the Stats NZ “high growth” population projections detailed above, which are then recalibrated to the 2022 population estimates. Finally, the projections are converted to households using the Stats NZ average household size projections.
- 48 The resulting household demand in the short, medium, and long term is shown in the table below. These demand figures are presented for the urban areas of Rangiora, Kaiapoi and Woodend, and the rest of the district.

Table 4: Household Demand (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

- 49 According to Table 4, the number of district households will increase by nearly 17,000 between 2022 and 2052. Importantly, nearly 5,700 additional households are anticipated outside the district's urban areas.

District Dwelling Capacity

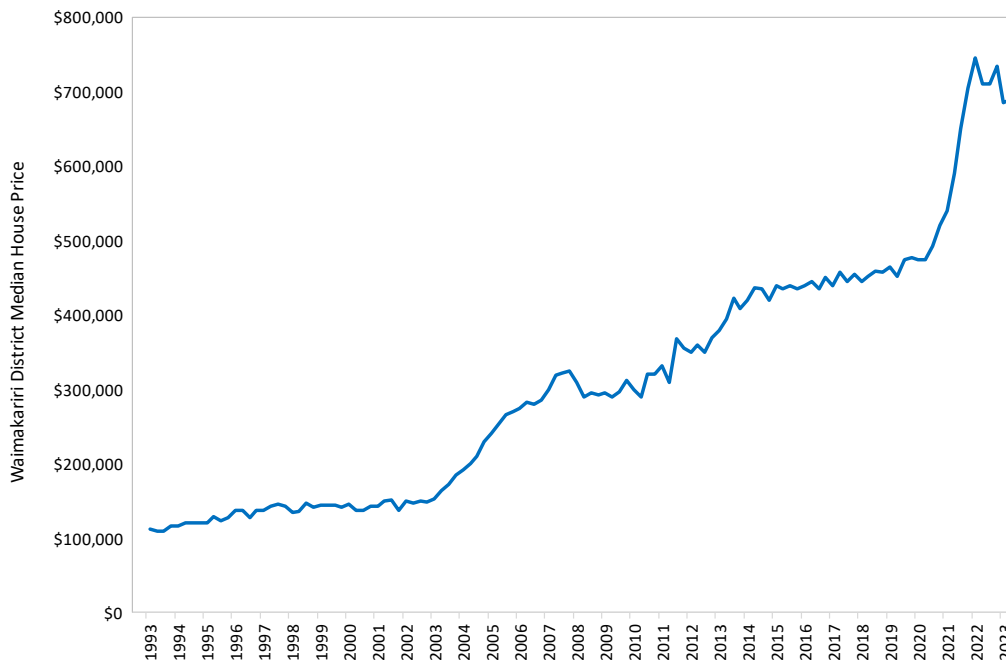
- 50 The National Policy Statement on Urban Development 2020 (**NPS-UD**) requires high growth areas like Waimak to provide "at least" sufficient feasible/realisable capacity "at all times" to meet future housing demand, including for stand-alone and attached dwellings in both new and existing urban areas.
- 51 According to the latest HCA, the district has sufficient capacity to meet demand over the short, medium and long term. However, the HCA is flawed and therefore unreliable. Most critically, it fails to test sufficiency for different dwelling types in new and existing locations, as required by the NPS-UD. Had it done so, I am confident it would have identified looming shortfalls in greenfield capacity for standalone homes in the district. Consequently, I disagree that the district has sufficient capacity to meet demand, as the HCA implies.
- 52 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."⁴

Affordability

- 53 Although the district's housing has historically been reasonably affordable compared to other parts of New Zealand, that is changing. The latest data published under the NPS-UD show that district dwelling prices continued to climb to March 2022 before correcting slightly. Overall, however, the median price still increased by 45% in the three years to June 2023.

⁴ Independent Hearings Panel. Private Plan Change RCP031 Decision Report. Paragraph 92.

Figure 9: Waimakariri District Median Dwelling Prices (from NPSUD Data)

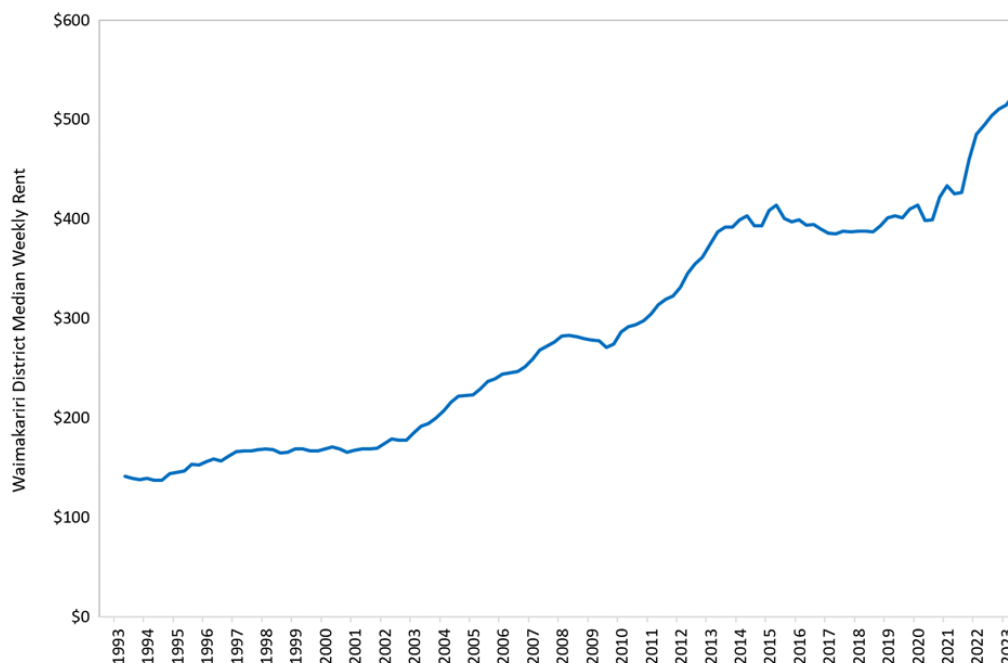


- 54 These increasing prices are starting to undermine affordability, with the latest report by Core Logic (from June 2023⁵) showing that the average district house price is now 7.4 times the average household income. By comparison, the benchmark for affordability is a ratio of only three.
- 55 In addition, 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 that is beyond many households.⁶
- 56 While dwelling prices have grown faster than weekly rental prices, rents have still grown steadily over time. This is illustrated in Figure 10 which uses rental bond data to calculate median weekly rental values from the start of 1993 to June 2023.

⁵ Accessible here <https://www.corelogic.co.nz/news-research/reports/housing-affordability-report>

⁶ 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.

Figure 10: Waimakariri District Median Weekly Rent Prices (from NPSUD Data)



- 57 The figure above shows that weekly rental values in the district have increased from approximately \$140 in 1993 to just over \$530 in June 2023, with no sign of relief. This represents a CAGR of around 4.5%.

CURRENT STATE OF RURAL-RESIDENTIAL MARKET

- 58 I now describe the current state of the district's rural-residential market as further context for the proposal.

Review of Latest Supply / Demand Estimates

- 59 The latest available information on the likely supply of, and demand for, rural-residential land is contained in an assessment by Waimakariri Council. That assessment, titled *Waimakariri Rural Residential Development Strategy*, was published more than four years ago, in June 2019. While I acknowledge the significant work undertaken to derive these supply and demand estimates, they rely on various inputs and assumptions which are now out of date.
- 60 To explain, since the analysis underpinning the assessment was completed, the market has changed significantly. First, district house prices increased dramatically, as discussed in the previous section. Second, construction costs shot up due to pandemic-related supply chain issues and tight labour market conditions. Despite a recent contraction, they remain substantially higher than historic levels. At the same time, interest rates have begun to rapidly recover

from historic lows, which seriously affects the profitability of development (and hence the share of plan-enabled capacity that is likely to be feasible).

61 Accordingly, rather than relying on the outdated Council supply and demand figures, I instead describe the current state of the rural-residential market below. I begin by defining the scope and identifying a study area.

Scope

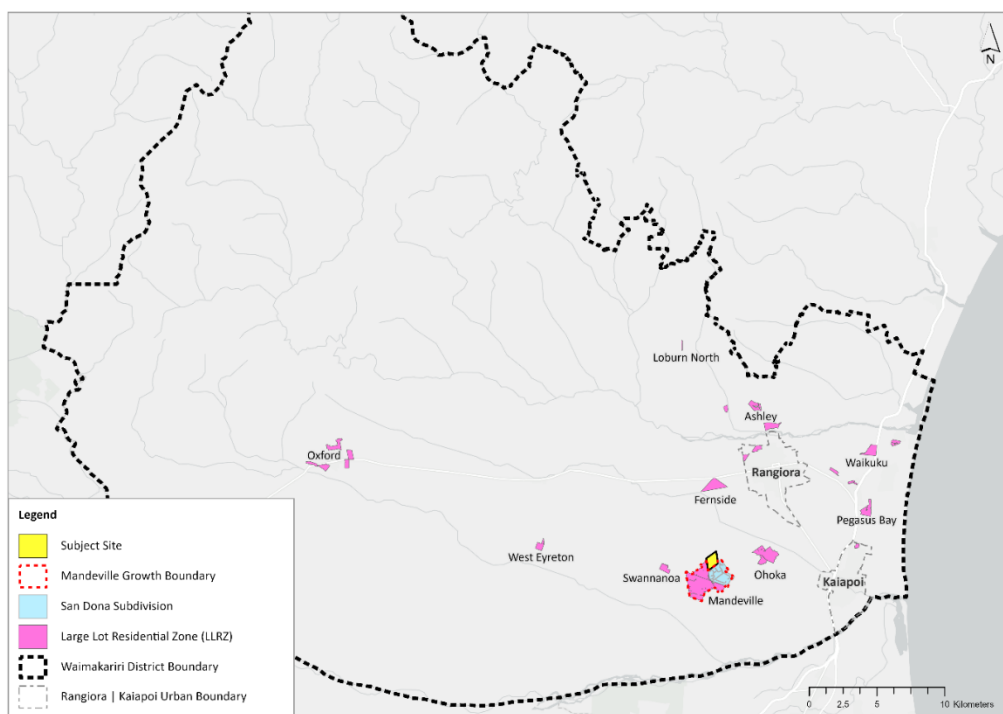
62 For the following analysis, I limit the scope to properties that are:

- (a) Zoned LLRZ under the PDP; or
- (b) Located within the San Dona subdivision⁷.

Study Area

63 The district has numerous rural-residential settlements, which vary considerably in size and location. To illustrate, Figure 11 below shows the proposed LLR zones under the PDP (in pink), plus San Dona (in blue). The subject site is shaded in yellow for reference.

Figure 11: LLR Zones Within Waimakariri District Under the PDP



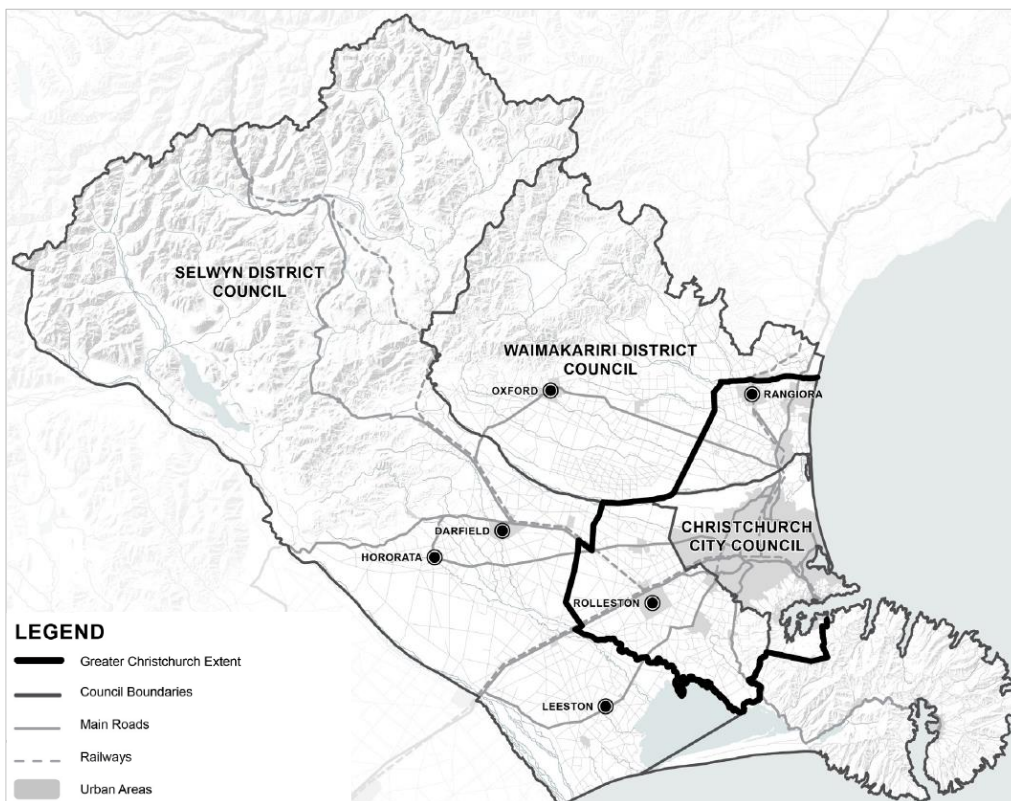
64 In my view, prospective future residents of the subject site are likely to be conscious of proximity to the major urban areas of Kaiapoi and Rangiora, as

⁷ This is included due to its proximity to the subject site and rural-residential nature. I note that Council took a similar approach in the latest Rural Residential Development Strategy.

well as Christchurch City. Conversely, more remote areas, such as Oxford, likely cater for a different market. Accordingly, the adopted study area is the part of Waimak that is located within the Greater Christchurch Urban Area (**GCUA**) i.e. within Map A of the Christchurch Regional Policy Statement (**CRPS**).

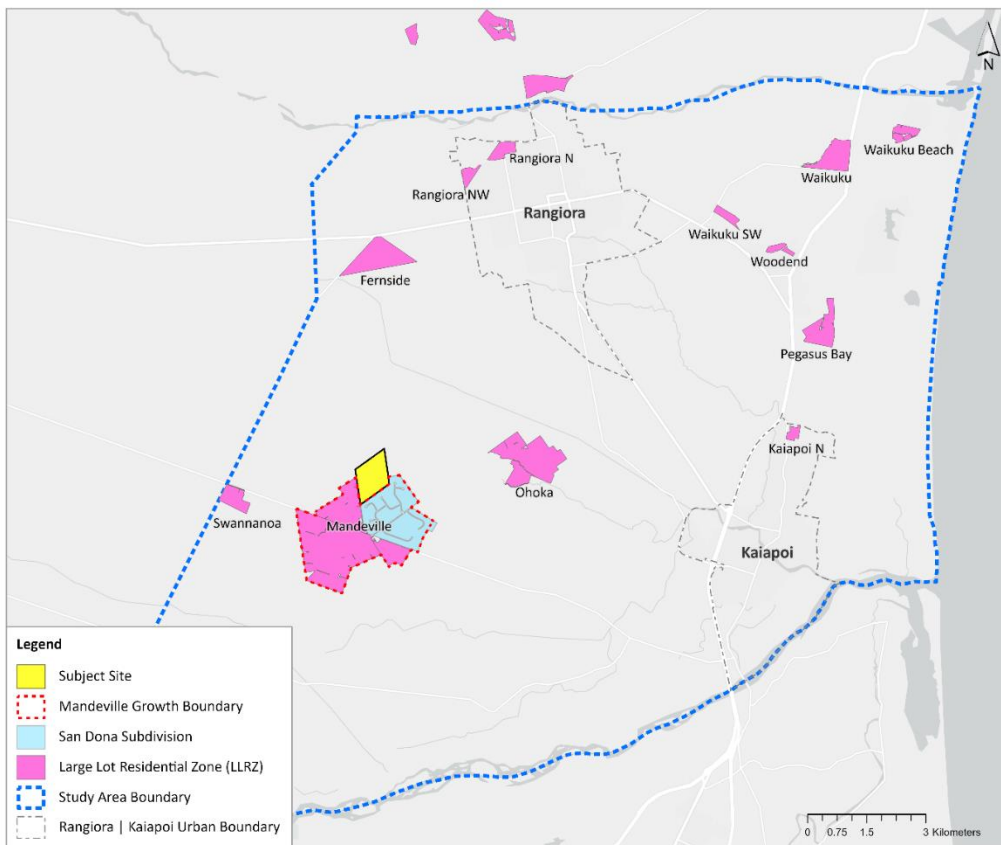
65 For reference, the geographic extent of the GCUA is shown by the thick black line in Figure 12. It extends from Rangiora in the north to Lincoln in the south, and from Rolleston in the west to Sumner in the east.

Figure 12: Geographic Extent of Greater Christchurch Urban Area



66 The resulting study area is delineated by the blue dashed line in Figure 13 below.

Figure 13: Study Area



Study Area Overview

67 The study area spans more than 1,020 hectares of land and accommodates an estimated 935 dwellings. Mandeville is by far the largest and most populous settlement of large-lot residential living within the study area, with 59% of all dwellings.

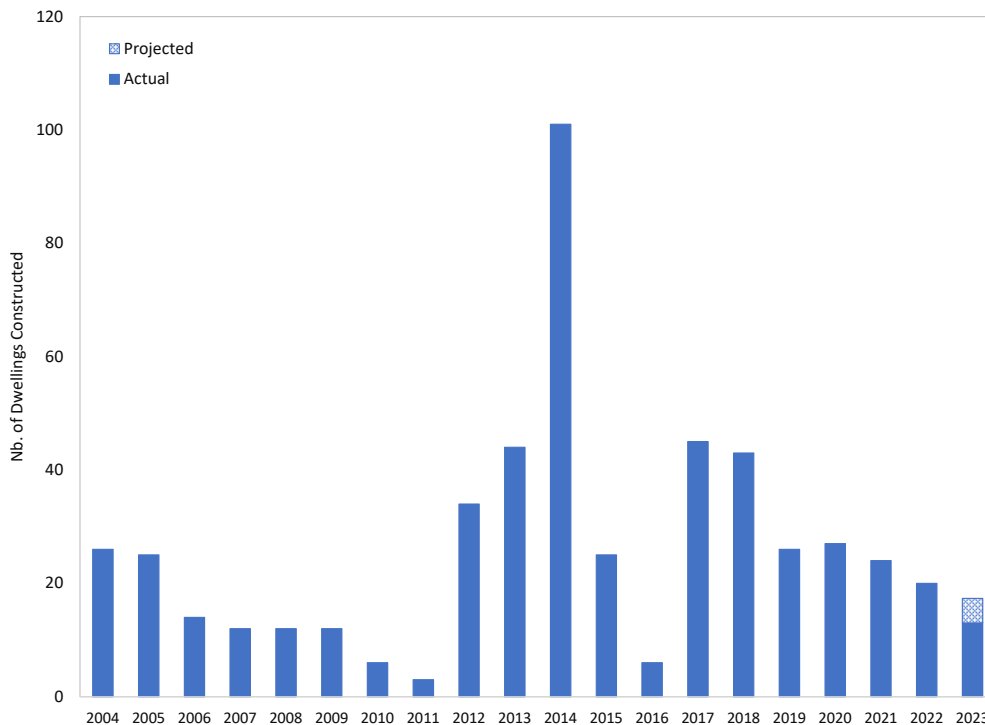
Table 5: Study Area Dwelling Summary

Location	Land Area (ha)	Number of Dwellings	Share of Dwellings
Mandeville / San Dona	569	549	59%
Fernside	87	78	8%
Ohoka	142	72	8%
Waikuku	54	49	5%
Pegasus Bay	52	37	4%
Kaiapoi N	9	34	4%
Waikuku Beach	20	36	4%
Swannanoa	32	30	3%
Woodend	10	20	2%
Rangiora N	21	16	2%
Waikuku SW	13	13	1%
Rangiora NW	13	1	0%
Total	1,022	935	100%

Construction Trends

68 The chart below shows the number of new dwellings constructed within the study area over the past 20 years.

Figure 14: Dwellings Built within Study Area by Construction Year



69 As the chart above shows, the number of new dwellings decreased between 2004 and 2011 before rising rapidly in the years that followed.

70 For context, WDC identified the need for additional rural-residential land in its 2010 Rural Residential Strategy. This led to the generation of nearly 345 lots across Mandeville, Ohoka, and southeast Woodend.

71 Then, the 2010/11 Canterbury Earthquake sequence led to a surge in development as new residents entered the district and existing residents relocated within the district. At the peak of construction, in 2014, 101 new dwellings were built within the study area.

72 In recent years, the number of new builds has declined. For example, 2020 saw an additional 27 new large-lot residential homes added to the study area. Conversely, just 13 new dwellings were constructed in the nine months to September 2023, suggesting an annual build rate of approximately 17 homes.

73 While build rates are a useful metric, they only reflect underlying demand if there is sufficient capacity available to accommodate it. However, in my view, there is currently insufficient capacity in the study area, which is causing pent-

up demand that is yet to be realised. To demonstrate, I begin by identifying the number of vacant sections remaining.

Lack of Vacant Sections

74 I used a combination of GIS analysis, satellite imagery and Core Logic’s Property Guru tool to identify vacant sections within the study area. My search returned a total of 42 vacant sections spanning approximately 90 hectares. The map and table below provide further detail.

Figure 15: Location of Vacant Sections in Study Area

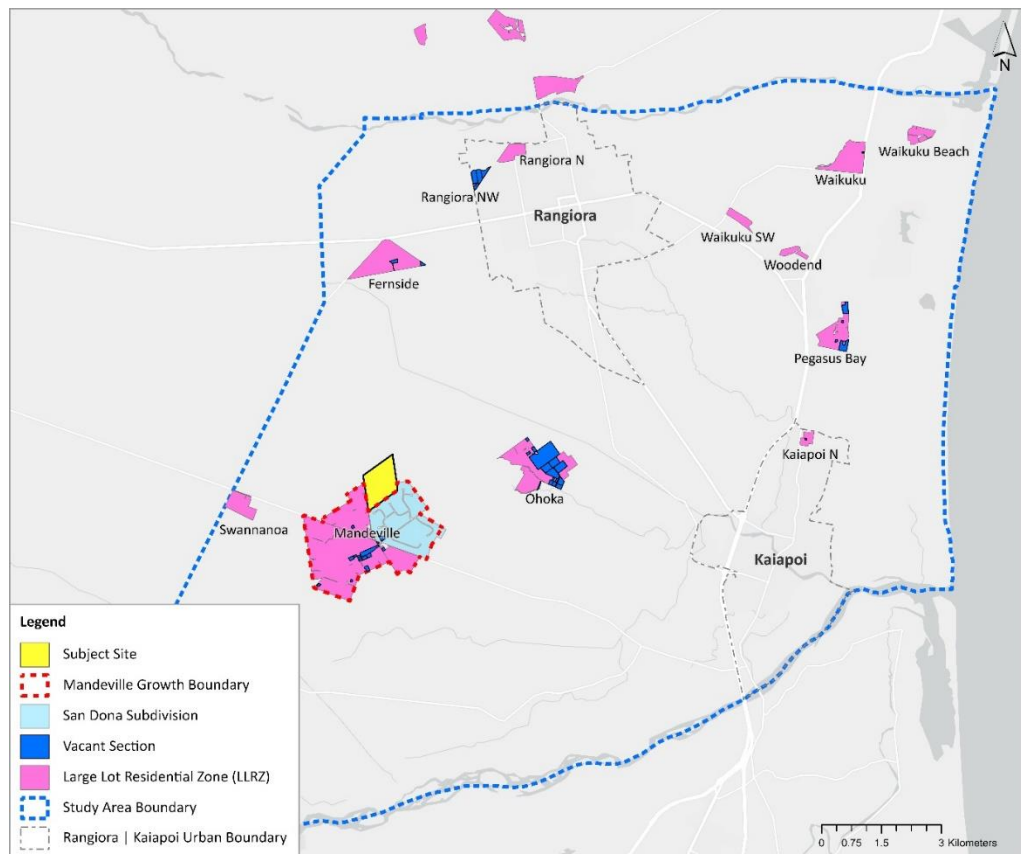


Table 6: Summary of Vacant Sections in Study Area

Measure	Sections	Land Area (ha)
Vacant	42	90
Total	1,085	1,022
Share	4%	9%

75 Overall, just 4% of sections and 9% of zoned land in the study area are currently vacant. As the map above indicates, a substantial share of this vacant land is located in Ohoka. However, I understand that about half of this is held in four-hectare blocks that are in multiple ownership. Development of these blocks is currently constrained by access issues at Mill Road which have proved difficult to resolve.

76 Table 7 below provides the corresponding information for Mandeville / San Dona.

Table 7: Summary of Vacant Sections in Mandeville / San Dona

Measure	Sections	Land Area (ha)
Vacant	15	14
Total	653	569
Share	2%	2%

77 As the table above shows, the situation is even more dire within the MGB, where only 15 vacant sections remain, accounting for just 2% of zoned land.

Vacant Sections vs Market Supply

78 Not only are there few remaining vacant parcels in the study area, but not all will be feasible to develop. Further, not all parcels with feasible capacity will be realised and therefore contribute to market supply, particularly over the short to medium term. There are several factors that limit the realisation of feasible capacity from vacant sections, namely:

- (a) **Developer intentions** - some landowners have no clear intention to develop in the short- to medium-term, nor to sell their land to others who may wish to develop it.
- (b) **Tax implications** – greenfield land-owners are liable for taxes on recent land value uplifts caused by rezoning. These taxes are greatest in the first year following the rezoning, but gradually diminish over time and then cease 10 years later. In some cases, efforts to avoid or minimise these taxes could cause land to be withheld from the market for up to a decade.
- (c) **Land banking and drip-feeding** – other landowners may have the motivation and skills to subdivide their land but are currently abstaining to capitalise on potential land price inflation (which is sometimes referred to as land-banking).
- (d) **Site constraints** – development may be constrained due to factors such as infrastructure availability, contamination, or awkward site shape/topography.
- (e) **Financing** – finally, some landowners may face capital and/or financing constraints that hamper their ability to subdivide regardless of intention, skill, and appetite for risk.

79 Given these various factors, it follows that actual market supply will only ever be a modest proportion of feasible capacity.

Available Sections

80 Unsurprisingly, then, there are just nine listings for vacant sections available for sale in the study area at the time of writing. Of these, only one section is in Mandeville. This is the last remaining parcel within Braeburn Estate.⁸ When land does become available, sell-down rates are consistently strong. In my view, this demonstrates high demand for large lot residential living in Mandeville.

81 For example, eight lots recently marketed by Bayleys in Fulton Lane, Mandeville, sold out in approximately nine weeks. Mark Pringle from Bayleys has stated that the current demand for large lot residential is now much higher than when these lots were marketed, due to the large volume of purchasers who are currently relocating to the area from the North Island.

82 As a result of this lack of supply, available lots have risen significantly in price. Another consequence is that buyers unable to attain LLRZ land instead purchase larger (four-hectare) lots, which is not their preferred choice. This leads to suboptimal land utilisation.

Summary and Conclusion

83 There is evidence of pent-up demand for rural-residential housing in the study area, particularly in Mandeville. This demand cannot currently be expressed due to a lack of available land that is zoned LLRZ under the PDP. Accordingly, there is a pressing need for additional land to be released in this area.

ECONOMIC RATIONALE FOR REZONING

84 The previous section identified a need for additional rural-residential zoned land in the study area. I now discuss the suitability of the proposed rezoning to help meet this need.

Meets Short-Term Need for Additional Supply

85 With an additional 95 dwellings enabled (over and above 20 homes already consented), the proposal directly responds to the need for additional rural-residential dwelling capacity in the study area. In doing so, it also helps to narrow the gap between likely future demand and supply at the district level.

⁸ At 16 McHughes Road.

This is particularly important given that council is unlikely to be meeting its obligations under the NPS-UD to provide “at least” sufficient feasible/realisable capacity “at all times” to meet demand.

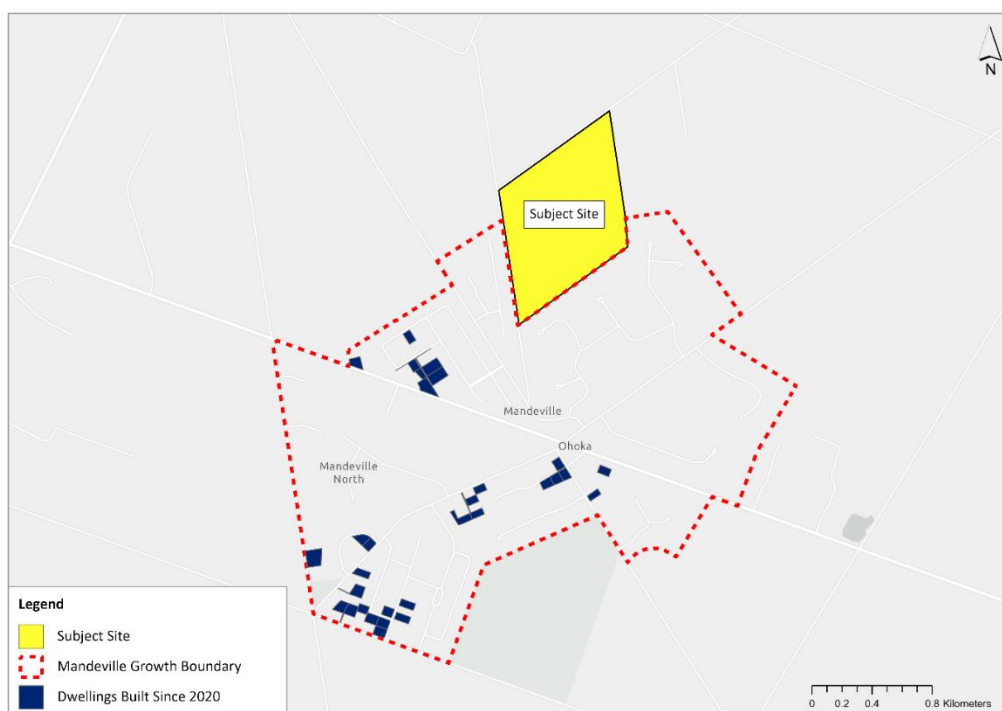
86 Moreover, the proposal is a master-planned subdivision by a willing and able developer. As such, if approved, it is likely to translate plan-enabled capacity into market supply in a timely manner.

Strong Demand in Mandeville

87 Further, the proposal caters to strong demand for this type of living in Mandeville, which continues to be a highly sought-after location for lifestyle buyers in the Waimakariri District.⁹

88 This strong demand is also evident in recent construction data. For example, 31 new dwellings have been built in Mandeville since 2020. The location of these dwellings is shown in dark blue in Figure 16 below. This equates to more than half (51%) of all new builds in the study area over that period.

Figure 16: New Dwellings Built Since 2020 in MGB



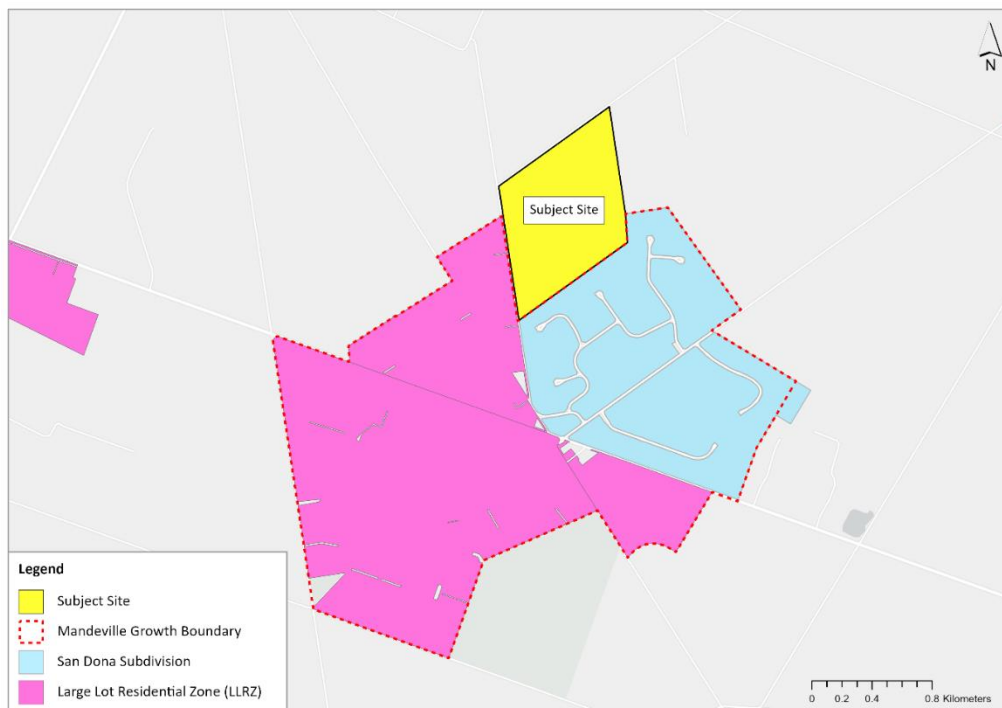
Contiguous with Existing Rural-Residential Land

89 Finally, the proposal represents a logical and legible extension of the large, existing residential area adjacent to it. This is demonstrated in Figure 17 below,

⁹ According to Mark Pringle from Bayleys.

in which the proposed LLRZ is shaded in pink and the San Dona subdivision is shaded in blue.

Figure 17: Location of Subject Site in Relation to Existing Rural-Residential Areas



Summary and Conclusion

90 The proposal enables a significant amount of rural-residential land to be brought to the market, providing a much-needed short-term supply boost. It does so in a location where demand for such accommodation is strong. Finally, the proposal forms a natural extension of the existing Mandeville township.

ALTERNATIVE DEVELOPMENT OPTIONS

91 The 2019 Rural Residential Strategy identifies four areas as being suitable to accommodate future rural-residential development. These are located adjacent to the existing rural-residential zoned areas of Swannanoa, Oxford, Ashley/Loburn and Gressons Road (north of Woodend).

92 These areas are zoned rural under the ODP. Under the PDP, they are zoned RLZ, and are subject to an LLRZ overlay. A private plan change is required to rezone this land for rural-residential use, in conjunction with an approved Outline Development Plan.

93 In my view, and from an economic perspective, the subject site represents a superior option for future rural-residential development in the study area than the LLRZ overlay areas, for the following reasons:

- (a) First, the subject site is held in single ownership by a willing and able developer. Accordingly, capacity enabled by the proposal is likely to be converted to market supply in a timely manner. Conversely, three of the four LLRZ overlay areas are held in multiple ownership. This significantly curtails the likely development potential of these areas, at least in the short-medium term.
- (b) Second, the subject site is closer to Christchurch City than each of the four identified areas. Not only does this make it a more attractive proposition for future residents (all else being equal), it is also likely to result in shorter average commute times. That, in turn, will reduce fossil fuel use, reduce harmful emissions, and reduce the scope for motor accidents.
- (c) Finally, there is high demand for LLRZ living in Mandeville, as demonstrated in the previous section, and identified by the applicant. In my view, it is unlikely that this level of demand exists in the overlay areas.

WIDER ECONOMIC IMPACTS

94 I now describe the likely economic impacts of the proposed rezoning.

Improved Supply Responsiveness

95 The proposal provides a direct boost in rural-residential land supply. 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). This is particularly important given that district housing is becoming increasingly unaffordable, as discussed in paragraph 53.

96 In my view, and from an economic perspective, the proposed development of approximately 95 additional dwellings enabled on the subject site represents a significant boost in supply. To assess whether this satisfies the definition of "significant" in Objective 6(c) of the NPSUD, 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.

97 As such (and particularly given the shortfalls I have described), I consider that the proposed development 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 NPSUD).

Market Competition

98 In addition to directly boosting district dwelling capacity, the proposal will also help to foster competition in the local property market. Economic theory explains the benefits of this as follows:

- (a) **Preventing Market Power and Monopoly:** Competition prevents the concentration of market power and the emergence of monopolistic practices in property markets. If a single entity or a small group of firms dominates the market, they can exert control over prices, limit choices, and stifle competition. Competition avoids this prospect by enabling multiple buyers and sellers to interact within local property markets.
- (b) **Consumer Choice and Affordability:** Competition enhances consumer choice and promotes affordability in property markets. When there are many developers and property owners competing for buyers or tenants, consumers have a wider range of options to choose from. This competition exerts downward pressure on prices, making property and housing more affordable for a broader segment of the population. Moreover, competition encourages developers to differentiate their offerings by providing better amenities, quality construction, and innovative designs.
- (c) **Price Discovery:** Competition enables price discovery. When multiple buyers and sellers actively engage in a market, they compete to buy or sell on the best possible terms, thereby enabling "discovery" of the current market price (where supply and demand meet). This ensures that market prices better reflect the true value of property based on its size, location, potential uses, and other valued attributes (rather than the profit-seeking behaviour typical of monopolies).
- (d) **Efficiency and Productivity:** Competition fosters efficiency and productivity in property markets. In competitive environments, developers and property owners strive to maximise returns by using

property resources optimally. This fosters innovative property uses, such as mixed-use development, and adaptive reuse of existing structures. Competition drives developers to find creative solutions to meet the changing needs of residents, leading to improved productivity and efficient property utilisation.

- (e) **Investment and Development:** Competition also attracts investment and spurs development in nearby areas. When developers and investors perceive a viable market, they are more likely to invest in property and undertake development projects. The prospect of earning profits motivates developers to take risks and initiate new projects. Increased investment and development activities contribute to economic growth and job creation.

99 The critical importance of competition to good market outcomes is also strongly reflected in national strategic directives under the NPS-UD. For example, Objective 2 of the NPS-UD seeks that “Planning decisions improve housing affordability by supporting competitive land and development markets.”

100 This is given effect to via Policy 1 of the NPS-UD. It requires planning decisions to contribute to well-functioning urban environments, which (amongst other things) “Support, and limit as much as possible adverse impacts on, the competitive operation of land and development markets.”

Helps Provide for a Range of Housing Typologies

101 The NPSUD requires high growth areas, like Waimakariri, to not only provide at least sufficient capacity to meet future demand in aggregate, but to also provide a range of housing typologies to meet a wide range of needs and preferences.

102 This is shown in the excerpt below, which displays the first part of policy 1 of the NPSUD:

Table 8: Policy 1 of the NPSUD

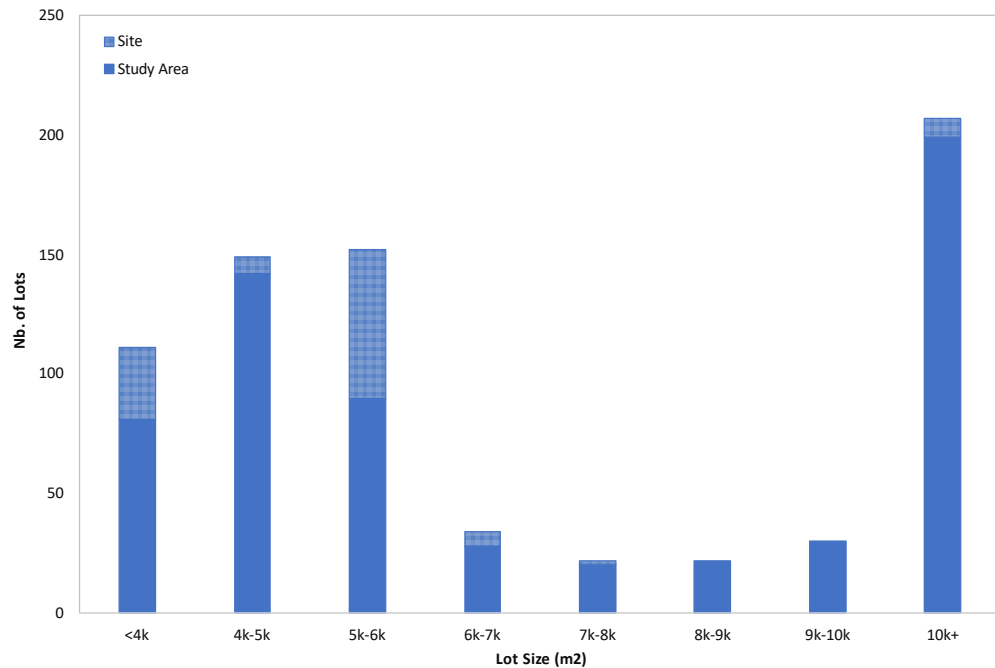
<p>2.2 Policies</p> <p>Policy 1: Planning decisions contribute to well-functioning urban environments, which are urban environments that, as a minimum:</p> <p>(a) have or enable a variety of homes that:</p> <p>(i) meet the needs, in terms of type, price, and location, of different households; and</p>

103 The proposal helps give effect to this directive in two ways.

- (a) First, it caters to a specific demographic that wishes to live in a semi-rural setting, while remaining in close proximity to the larger district townships of Kaiapoi and Rangiora, as well as Christchurch City.
- (b) Second, the indicative concept lot layout provides for a range of lot sizes, which will enable the development of a variety of dwellings over time. Importantly, this includes sections that are considerably smaller than the existing residential stock within the MGB. In fact, the average individual section size proposed is just over 5,000 square metres, compared to 8,500 square metres for the MGB overall.

104 This is illustrated in the chart below, in which existing sections are depicted in dark blue, and those proposed by the submission in light blue.

Figure 18: Contribution to Existing Mandeville Sections



105 Accordingly, not only does the proposal make a significant contribution to both Mandeville, specifically, and the district overall, but it also helps give effect to

Policy 1, which requires councils to provide various housing choices to meet a diverse range of needs and preferences.

Critical Mass to Support Greater Local Retail / Service Provision

- 106 The proposed development is located less than two kilometres north of the Mandeville Retail Village, which was established approximately five years ago. This commercial heart of the township comprises approximately 1,500 square metres of floorspace and includes a supermarket, a petrol station, an early learning centre, a beauty salon and a handful of food and beverage outlets.
- 107 As the proposed sections are developed and fill up with residents, they will help create critical mass to support the local centre, and improve the viability of local service provision.
- 108 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 95 new households.

Table 9: Projected Future Spending Originating Onsite

Expenditure Group	Annual Spend per Household	Total Annual Spend (\$ millions)
Food	\$12,270	\$1.2
Alcoholic beverages, tobacco	\$1,650	\$0.2
Clothing and footwear	\$2,400	\$0.2
Housing and household utilities	\$15,510	\$1.5
Household contents and services	\$2,360	\$0.2
Health	\$2,050	\$0.2
Transport	\$10,680	\$1.0
Communication	\$1,850	\$0.2
Recreation and culture	\$6,570	\$0.6
Education	\$1,060	\$0.1
Miscellaneous goods and services	\$6,340	\$0.6
Other expenditure	\$7,820	\$0.7
Total Household Expenditure	\$70,560	\$6.7

- 109 Table 9 shows that future residents of the proposal will spend \$6.7 million per annum on a wide range of household goods and services, assuming they spend at a rate equal to that of the average regional household.

- 110 It is likely that a high proportion of their everyday household purchases will occur close to the subject site, at either Mandeville Retail Village, or Kaiapoi Town Centre. Accordingly, future development of the land will provide significant commercial support for local businesses.

One-Off Construction Impacts

- 111 The various processes associated with designing, consenting, and constructing the 95 additional dwellings enabled by the rezoning will have significant one-off economic impacts on local GDP, jobs, and wages. 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.

- 112 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.

- 113 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 and 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.'

- 114 For example, when a construction company wins a new project, they usually subcontract various parts of the build to other companies to help complete the job, such as hiring glaziers, tilers, and plumbers. Those subcontractors, in turn, will need to source a range of materials and services from their suppliers, who may also need to source materials and services from their suppliers, and so on.

Multiplier analysis enables the impacts of these supply chain interactions to be captured to estimate the overall impact of the new building project, including its direct and flow-on (supply chain) effects.

Inputs and Assumptions

115 My analysis adopts the following key assumptions:

Table 10: Construction Cost Assumptions

Measure	Value
# of additional dwellings enabled	95
Average dwelling size	275 m ²
Cost per m ²	\$2,300
Total construction cost	\$60.1m

116 The adopted dwelling size of 275m² reflects the average size of rural-residential dwellings built in the district since 2000, while the build rate of \$2,300 per square metre reflects the district average for dwellings consented in the past two years. I understand that reported construction costs are generally understated to avoid levy obligations. However, I adopt these values as a conservative approach.

117 In addition, I estimated planning/design/consent and land development costs based on the known costs of similar, previous projects. However, I do not disclose them here for commercial sensitivity reasons (because they are not publicly available like construction costs are in building consent data).

Estimated One-off Economic Impacts

118 Having defined the methodology and set out my assumptions, the following table now presents the estimated one-off economic impacts of the development enabled by the proposal.

Table 11: One-Off National Economic Impacts of Construction

Planning / Design / Consent	Direct	Indirect	Total
FTEs – 12 months	3	1	4
GDP \$m	\$0.4	\$0.2	\$0.6
Wages/Salaries \$m	\$0.2	\$0.1	\$0.3
Site Preparation			
FTEs – 9 months	12	13	25
GDP \$m	\$1	\$1	\$2
Wages/Salaries \$m	\$1	\$1	\$1
Construction			
FTEs – 2.5 years	35	105	140

GDP \$m	\$13	\$35	\$48
Wages/Salaries \$m	\$5	\$17	\$23
Project Totals			
FTE-years	100	280	380
GDP \$m	\$15	\$36	\$51
Wages/Salaries \$m	\$6	\$18	\$25

119 In summary, future construction activity enabled by the proposal could boost national GDP by \$51 million, including flow on effects, generate employment for 380 FTE-years, and generate \$25 million in household incomes. Assuming (say) a 5-year construction period, these translate to annual impacts of \$10.2 million in GDP, employment for 76 people, and \$4.9 million in household incomes.

Foregone Rural Production

120 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.

121 As the subject site 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.

122 To quantify this cost, the applicant engaged The AgriBusiness Group (**TAG**) to conduct a productivity assessment of the subject site. As part of this assessment, they considered the commercial viability of the highest and best rural productive use of the subject site, which they deemed to be irrigated dairy support (i.e. stock grazing). According to TAG, using the site for this activity is not commercially viable as it is unable to provide sufficient income to provide for interest, taxation, and a return for management as a standalone unit.

123 Accordingly, there is no material economic cost of forfeiting the subject land for rural productive use.

CONCLUSION

124 This assessment has shown that future development enabled by the proposal represents a significant boost in dwelling capacity, which will help keep pace

with demand for rural-residential living in the district. 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.

125 Thank you for the opportunity to present my evidence.

Fraser Colegrave
5 March 2024