

**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 **Mike
Greer Homes NZ Limited**

**EVIDENCE OF FRASER COLEGRAVE
ON BEHALF OF MIKE GREER HOMES NZ LIMITED REGARDING STREAM 12E**

DATED: 5 March 2024

Presented for filing by:
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INTRODUCTION

- 1 My full name is Fraser James Colegrave.
- 2 I hold a Bachelor of Commerce (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 over 26 years' commercial experience, the last 23 of which I have been an economics consultant. During that time, I have successfully led and 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. In addition, I regularly advise local and central Government on related policy matters, and therefore understand the issues from multiple perspectives.
- 5 Current and recent clients include Auckland Airport, Crown Infrastructure Partners, Fletcher Living, Foodstuffs, Fulton Hogan, Hughes Developments, Kainga Ora, Kiwi Property, Kiwirail, Kmart, New Zealand Productivity Commission, Ngai Tahu Property, Ngati Whatua Orakei, Tauranga City Council, Wellington City Council, Woolworths NZ, and Your Section.
- 6 In 2007/8, I led a consortium of consultants helping Christchurch City Council (CCC) to assess various options for the Urban Development Strategy. In 2013/14, I was commissioned to peer review the Land Use Recovery Plan on behalf of Environment Canterbury. Later I was commissioned by CCC to assess the optimal size and staging of the Halswell Key Activity Centre (KAC).
- 7 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.

- 8 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.
- 9 In 2022, I provided evidence in support of Waimakariri District's third KAC.
- 10 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.
- 11 My role in relation to the Waimakariri Proposed District Plan and Variation 1 is as an independent expert witness to Mike Greer Homes NZ Limited (**Mike Greer Homes**) on economic matters.
- 12 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

- 13 In my evidence I address the following issues:
- (a) The need for the proposal under the National Policy Statement on Urban Development 2020 (**NPS-UD**).
 - (b) The likely economic costs and benefits of the proposal.

SUMMARY OF MY EVIDENCE

- 14 To set the scene, I first describe the subject land and the development enabled by the proposed rezoning, which is expected to yield about 186 new homes. Then, I explain how the district's strong and sustained population growth requires an estimated 17,000 extra dwellings over the next 30 years according to the latest figures.

- 15 In addition, most new homes recently built in and around Kaiapoi have been in greenfield areas, with very little intensification of the existing urban areas. This, in turn, reflects the district's young dwelling stock and relatively low land values, which both undermine the financial viability of intensification.
- 16 New greenfield developments like those proposed by Mike Greer Homes are therefore essential to keeping pace with demand and helping to meet the district's NPS-UD obligations to provide "at least" sufficient capacity "at all times."
- 17 Despite that, the latest 2023 Housing Capacity Assessment (**HCA**), plus a follow-up report by Formative from 8 December 2023, both suggest that there is already sufficient capacity to meet demand.
- 18 I strongly disagree with the HCA, and the latest Formative report, both of which I consider unreliable bases for decision making. There are several issues, with the most significant being that:
- (a) The 2023 HCA fails to test sufficiency properly i.e. for attached and stand-alone dwellings in new and existing urban areas. While the Formative report does slightly better, it offers very little (if any) relevant information about the assumed sizes, key features, or selling prices of the dwellings that comprise its feasible capacity estimates.
 - (b) These concerns are exacerbated by the nature of plan-enabled capacity itself, which is dominated by new medium density housing in existing urban areas. While increasingly important nationally, such dwelling typologies do not reflect local needs and preferences.
 - (c) The feasible capacity estimates in both reports are also based on out-of-date cost data from 2021, which do not capture recent spikes in construction costs – up 32% – nor today's much higher interest rates. Both factors seriously undermine financial viability, so the feasible capacity estimates cited are no longer relevant, nor fit for purpose.
- 19 Overall, I consider the district to face a significant, widespread shortage of feasible capacity to meet demand, with a lot more needed. The proposal acknowledges and responds to this by providing a new master-planned community at pace and scale.

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

CONTEXT

- 21 Mike Greer Homes seeks to rezone approximately 14 hectares of rural-zoned land on the southern outskirts of Kaiapoi for residential use. The proposed rezoning would enable the development of approximately 186 dwellings over time.

THE SITE

- 22 The subject site (**site**) is located approximately 1.5 kilometres south of the Kaiapoi town centre, in the Waimakariri district (**Waimak**). It is bound by Kaikainui Stream to the north, the Northern Trunk railway line to the east, Courtenay Stream to the south and Main North Road to the west.
- 23 The site spans approximately 14 hectares and is relatively flat. It is currently used primarily for pastoral farming, with some cropping. There is a single dwelling on the site, plus some minor farm buildings.
- 24 The site's location is indicated in yellow in Figure 1 below.

Figure 1: Location of Subject Site



THE RECEIVING ENVIRONMENT

25 Immediately north of the site, across Kaikainui Stream, is an established residential area and esplanade reserve. Land south of Courtney stream appears to be used for drilling operations. A number of businesses are located west of Main North Road, with the remaining land to the west and east in rural use. Further afield there is a speedway and holiday park, as illustrated in Figure 2 below.

Figure 2: Receiving Environment



ZONING

26 The site is currently zoned Rural under Waimakariri District Council's Operative District Plan (**ODP**), and Rural Lifestyle under the Proposed District Plan (**PDP**), as per Figure 3 below.

Figure 3: Zoning of Subject Site Under ODP & PDP



THE PROPOSAL

- 27 The proposal enables the development of approximately 186 new dwellings, as indicated in the indicative lot layout below in Figure 4.

Figure 4: Indicative Lot Layout



28 Indicative lot sizes range from around 235m² to 660m², with an average of approximately 375m². Further detail is provided in Table 1 below.

Table 1: Indicative Lot Size Distribution

Lot Size	# of Lots	Share
<300m ²	24	13%
300m ² - 399m ²	107	58%
400m ² - 499m ²	40	22%
500m ² - 599m ²	14	8%
600m ² +	1	1%
Total	186	100%

ECONOMIC ASSESSMENT

DISTRICT POPULATION & HOUSING CONTEXT

Population Growth

- 29 Waimak's population has grown rapidly since the late 1990s, particularly after the 2010/11 earthquake sequence. Today, that strong growth continues, with Statistics New Zealand (**Stats NZ**) recently revising upwards its official district population projections. I perceive two key drivers of the district's strong and sustained population growth.
- 30 First, Waimak housing offers better value for money than Christchurch City. While median house prices have historically been similar, homes in Waimak are considerably larger, on average.¹ Consequently, the tide of post-quake relocations from red zoned areas of the city, including into Waimak and Selwyn, has been sustained into the long term. A similar pattern has occurred in Auckland, where high house prices pushed people out of some central areas towards the relatively more affordable rural fringes.
- 31 Second, the Covid-19 pandemic has caused people to reconsider what they really need and want from life, including where they want to live. With the rapid uptake of working from home and the newly emerging "hybrid working model" taking hold, many people are now even more willing to trade off proximity to the city in exchange for living in areas that better meet their day-to-day needs.
- 32 With both trends likely to continue well into the foreseeable future, significant additional capacity will be required to keep pace with growth in housing demand.

Projected Dwelling Demand

- 33 In 2023, the Greater Christchurch Partnership (**GCP**) released their latest Housing Capacity Assessment (**HCA**). Amongst other things, it includes household growth projections for Waimak. They adopt Stats NZ's latest high

¹ For example, the average GFA of new dwellings consented over the past five years in Christchurch City is 130m² compared to 175m² in Waimak.

growth population projections, which are converted to households based on projected future household sizes.

34 Table 2 presents the resulting projections over the short-, medium- and long-terms.

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

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

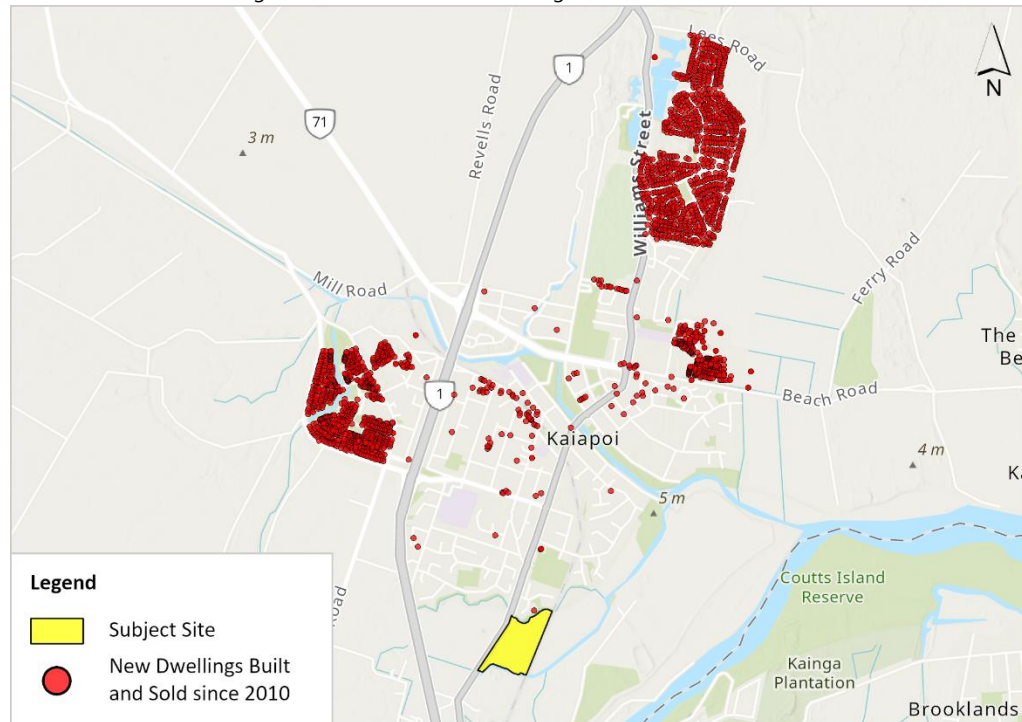
35 According to Table 3, the number of households in the district's urban areas will increase by just over 11,300 between 2022 and 2052, or nearly 17,000 when the district's rural areas are also included.

36 The report also mentions the changing demographics of the district, with declining household sizes reflecting a greater share of older families, as well as changing family structures. This, in turn, will alter the types and sizes of dwellings required in the future. However, according to Core Logic, the average dwelling in Kaiapoi currently has 175m² of floorspace on a 690m² section, with an average of 3.3 bedrooms. This is likely to exceed the requirements of many future households, so a range of smaller dwellings is needed to increase choice and promote affordability.

Recent Development Patterns

37 For additional context, I used Core Logic's Property Guru tool to identify all Kaiapoi dwellings built and sold since 2010. These are illustrated by the red dots in the map below, with the site overlaid for context.

Figure 5: Location of New Dwellings Built & Sold Since 2010



- 38 Figure 5 shows that virtually all dwellings built and sold in Kaiapoi recently were in three greenfield areas on the edge of the township.
- 39 This differs from many other urban areas of New Zealand, where new dwellings tend to also include a higher share of subdivision or redevelopment within existing urban areas. This situation likely reflects the challenge of making intensification in provincial areas like Kaiapoi financially viable.
- 40 Herein lies an issue for the district, and for Kaiapoi more specifically. Currently, there is little greenfield land available for development, with the consented stages of Beachgrove the only significant undeveloped land left in Kaiapoi.
- 41 As at late 2023, Stages 1-4 had been developed and Stages 5 and 6 were selling. Along with future stages, these will provide around 300 further lots to be developed, after which there will be no more greenfield land to accommodate ongoing growth in demand for living in Kaiapoi.
- 42 Accordingly, 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.

NEED FOR THE PROPOSAL UNDER THE NPS-UD

About Housing Capacity Assessments (HCAs)

- 43 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.²
- 44 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.
- 45 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.
- 46 Dwelling capacity is expressed in several different ways to ensure that a comprehensive picture of future supply emerges. These include:
- (a) **Plan-enabled capacity** – which equals the maximum theoretical capacity enabled if every residential site is fully cleared and rebuilt to its maximum potential (in terms of dwelling yield).
 - (b) **Infrastructure-ready capacity** this is the element of plan-enabled capacity that is, or can/will be, serviced with necessary infrastructure like roading and three waters.
 - (c) **Likely realisable capacity** this is the proportion of infrastructure-ready capacity that can reasonably be expected to be realised based on current/historic development patterns.
 - (d) **Feasible capacity** this is the proportion of realisable capacity that is deemed commercially viable based on expected development costs and revenues. For the short-medium (10 year) term, this must

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

incorporate current costs and revenues, while long-term feasibility can also factor in expected changes in both variables over time.

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

Findings of the 2021 and 2023 HCAs

- 48 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.
- 49 In 2023, a new HCA was released. It aimed to update the 2021 HCA to reflect new plan-enabled capacity associated with new Medium Density Residential Standards (**MDRS**), plus the application of policy 3 of the NPS-UD.
- 50 Unsurprisingly, the 2023 HCA identified even greater capacity to meet demand than the 2021 version, mostly due to higher density options enabled by the MDRS and the NPS-UD.
- 51 This is illustrated in Table 3, which compares the findings of the 2021 and 2023 HCAs for both Waimak and the GCP in total. The profound impacts of the MDRS and NPS-UD on plan-enabled capacity are evident, jumping from 236,000 over the long term in 2021 to almost 742,000 now. However, feasible and realisable capacity changed very little, which indicates that much of the new plan-enabled capacity unlocked by the MDRS and the NPSUD will not be delivered, at least not over the 30-year horizon of the 2023 HCA (i.e. to 2053).

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

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

52 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.

53 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

54 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.

55 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.

56 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.

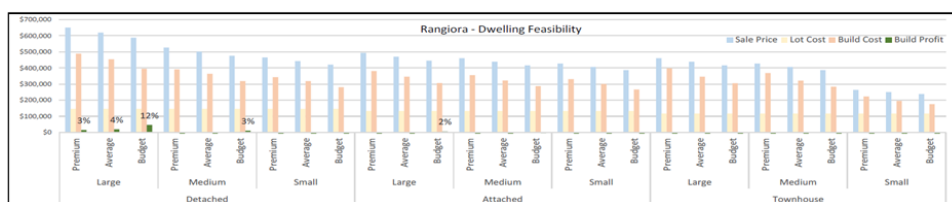
Cost Information is Way Out of Date

57 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.”³

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

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

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



60 While not easy to read at this resolution, this screenshot shows that virtually every combination of dwelling type, size, and build quality in Rangiora was not financially feasible over the short-medium (10-year) term.

61 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

³ Greater Christchurch Partnership. (2023). *Greater Christchurch Housing Development Capacity Assessment*. Appendix 2, p.69, point 5.

of 20%. Oddly, contrary to the facts, the report concluded that “most dwelling types that were tested in the dwelling feasibility model are currently feasible.”

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

Comments on Formative’s December 2023 Report

63 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.

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

65 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.

66 In my experience, this lack of price and affordability reporting is likely to reflect a significant mismatch between the assumed selling prices of ‘feasible’ dwellings and households’ ability to afford them, particularly in today’s high interest rate environment.

67 The new 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.

68 In addition, the new Formative report seeks to justify its inordinately low profit margin assumptions by arguing that builder profits are systematically boosted by unspent contingencies.⁴ However, I am not aware of any credible research

⁴ See footnote 29 on page 26 of the Formative Report

or analysis to support that, with my professional experience suggesting that contingencies are usually exhausted, with cost overruns still occurring.

69 The international literature also does not support Formative’s view. In fact, a recent review of cost overruns across hundreds of construction projects globally⁵ 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.

70 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

71 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.

72 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.”⁶

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

ECONOMIC COSTS AND BENEFITS OF PROPOSAL

Boost in Market Supply / Restoring Supply of Residential Land

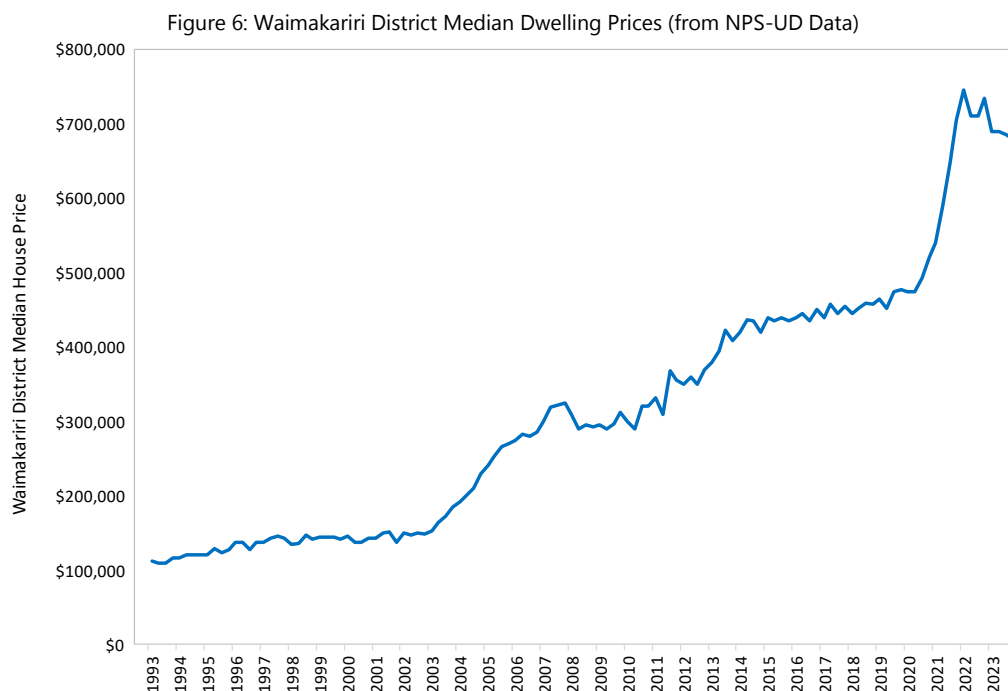
74 The proposal will provide a substantial, direct boost in the district’s dwelling capacity, thereby helping to narrow the gap between likely future supply and demand. All other things being equal, this supply boost will help the market

⁵ <https://www.ijimt.org/vol8/717-MP0022.pdf>

⁶ Independent Hearings Panel. Private Plan Change RCP031 Decision Report. Paragraph 92.

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).

75 Although district housing was historically quite affordable compared to other parts of New Zealand, that has changed. The latest data published under the NPS-UD show that the median district dwelling price increased by 32% in the three years to September 2023, even despite the recent price correction. Figure 6 plots the trend in median dwelling prices over time for context.



76 These higher prices are undermining affordability, with the latest Core Logic report (from December 2023⁷) revealing that the average district house price is now 6.4 times average household incomes. This is well above the established benchmark for affordability which is a ratio of only three.

77 In addition, that Core Logic report shows that it now takes nearly 9 years to save the deposit for a new home in Waimakariri. Thus, not only are house prices themselves increasingly unaffordable, but the task of saving a deposit is also an onerous one that is beyond the financial means of many households.⁸

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

⁷ Accessible here <https://www.corelogic.co.nz/news-research/reports/housing-affordability-report>

⁸ 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.

Helps Provide for a Range of Housing Typologies

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

Table 4: Policy 1 of the NPS-UD

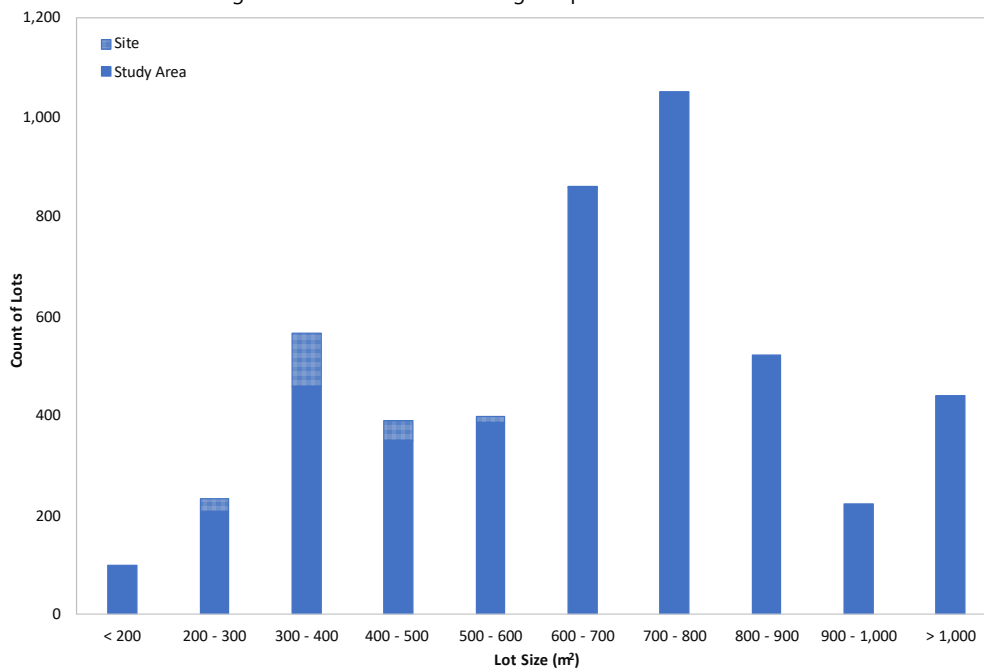
<p>2.2 Policies</p> <p>Policy 1: Planning decisions contribute to well-functioning urban environments, which are urban environments that, as a minimum:</p> <p>(a) have or enable a variety of homes that:</p> <p>(i) meet the needs, in terms of type, price, and location, of different households; and</p>

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

81 Importantly, this includes sections that are considerably smaller than the existing Kaiapoi residential stock. In fact, the average individual section size proposed is around 375m², compared to a current average of 690m² for Kaiapoi overall⁹. This difference in section sizes is illustrated in the chart at Figure 7, where existing sections are depicted in dark blue, and those proposed by the submission are in light blue.

⁹ Kaiapoi average section size is based on non-vacant residential sections (i.e. sections with at least one dwelling).

Figure 7: Contribution to Existing Kaiapoi Residential Sections



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

Critical Mass to Support Greater Local Retail / Service Provision

83 The Site is located around 1.5 kilometres south of the Kaiapoi Town Centre. As the development unfolds and fills up with new residents, increased critical mass will be created to support a wider range of local services. This is important, because the district is currently reliant on Christchurch City for everyday household goods and services.

84 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.

85 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, thereby reducing fossil fuel use, reducing harmful emissions, and reducing the scope for motor accidents.

86 To demonstrate this, I estimated likely future spending originating onsite at full build-out based on regional average spending patterns from the latest Household Economic Survey. The results are tabulated below and reflect total

annual spending by 186 new households. However, to be conservative, they ignore ongoing growth in annual household incomes over time.

Table 5: Projected Future Spend Originating Onsite

Expenditure Group	Annual Spend per Household	Total Annual Spend (\$ millions)
Food	\$12,250	\$2.3
Alcoholic beverages and tobacco	\$1,650	\$0.3
Clothing and footwear	\$2,400	\$0.4
Housing and household utilities	\$15,500	\$2.9
Household contents and services	\$2,350	\$0.4
Health	\$2,050	\$0.4
Transport	\$10,700	\$2.0
Communication	\$1,850	\$0.3
Recreation and culture	\$6,550	\$1.2
Education	\$1,050	\$0.2
Miscellaneous goods and services	\$6,350	\$1.2
Other expenditure	\$7,800	\$1.5
Total Household Expenditure	\$70,500	\$13.1

87 Table 5 shows that future residents of the proposal may spend around \$13 million per annum on various household goods and services. A high proportion of this is expected to occur nearby, for example at the Kaiapoi Town Centre. Accordingly, future development of the land will provide significant commercial support for Kaiapoi businesses.

One-off Economic Stimulus

88 Constructing the 186 new homes and supporting commercial facilities 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.

89 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.

- 90 These economic effects are usually measured in terms of:
- (a) **Contributions to value-added (or GDP).** GDP measures the difference between a firm's outputs and the value of its inputs (excluding wages/salaries). It captures the value that a business adds to its inputs to produce its own outputs.
 - (b) **The number of FTEs employed.** This is measured in terms of full-time equivalents, which includes both part-time and full-time workers.
 - (c) **Total wages and salaries** paid to workers.
- 91 Table 6 shows the estimated costs of developing the land and constructing the 186 or so new dwellings enabled.

Table 6: One-Off National Economic Impacts of Construction

Planning/Design/Consent	Direct	Indirect	Total
FTEs – 1 year	4	2	7
GDP \$m	\$0.7	\$0.3	\$1.0
Wages/Salaries \$m	\$0.4	\$0.2	\$0.5
Site Preparation			
FTEs – 0.75 year	20	22	42
GDP \$m	\$2	\$2	\$4
Wages/Salaries \$m	\$1	\$1	\$2
Construction			
FTEs – 2.5 years	38	116	154
GDP \$m	\$14	\$37	\$52
Wages/Salaries \$m	\$6	\$19	\$25
Project Totals			
FTE-years	114	310	425
GDP \$m	\$17	\$40	\$57
Wages/Salaries \$m	\$7	\$20	\$28

- 92 In summary, future construction activity enabled could boost national GDP by \$57 million, including flow on effects, generate employment for 425 FTE-years, and generate \$28 million in household incomes. Assuming (say) a 4-year construction period, these translate to annual impacts of \$14.2 million in GDP, employment for 106 people, and \$6.9 million in household incomes.

Foregone Rural Production

- 93 The main potential economic cost of the proposal is forfeiting the land for alternative uses, such as ongoing rural production.
- 94 To establish the rural productive potential of the site, Mike Greer Homes commissioned agricultural business experts Dunham Consulting to assess the site.
- 95 As part of Dunham’s assessment, they considered the economic viability of five technically feasible prospective rural uses on the site.¹⁰ For each of these, financial returns are estimated to be marginally better than breakeven (at best), with little chance of recouping any capital invested into land improvement. Accordingly, it is difficult to see any prudent land investor taking on these risks to farm the subject land.
- 96 For completeness, however, I quantify the economic cost of forfeiting the land for rural use below. Based on the likely land uses identified by Dunham

¹⁰ Specifically: dry-stock sheep, dry-stock cattle, dairy heifer contract grazing, mixed cropping (arable and dry-stock sheep), and sale of hay and baleage.

(absent the proposal), I estimate the value of rural production for the following activities:

- (a) Sheep and beef farming;
- (b) Mixed cropping; and
- (c) Sale of hay and baleage.

97 **Error! Reference source not found.** shows the estimated economic activity foregone if the site's full 14.2 hectares were used for rural production. It overlays regional (if available) or national productivity ratios per hectare to the rural land uses identified above.

Table 7: Estimated Annual Rural Production for the Site (14.2 hectares)

Productive Use	Output \$	GDP \$	FTEs	Wages \$
Sheep & Beef	20,474	8,662	0.05	1,278
Mixed Cropping	53,912	22,862	0.12	3,266
Hay & Baleage	48,280	20,590	0.11	2,982
Average	41,000	17,000	0.09	3,000

98 Taking the average from **Error! Reference source not found.** above, the site could theoretically sustain the following annual economic activity if used solely for rural production:

- (a) Output/revenue of \$41,000;
- (b) GDP of \$17,000;
- (c) Employment for 0.09 FTEs; and
- (d) Wages and salaries of \$3,000.

99 These values are negligible, not even sustaining one FTE of employment. By comparison, the proposed development could sustain employment for about 106 people for four years during construction.

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

STATUTORY ASSESSMENT

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

Table 8: Key Policies and Objectives

National Policy Statement for Urban Development	Paragraph Ref.
Objective 2: Planning decisions improve housing affordability by supporting competitive land and development markets.	74 - 78
<p>Objective 3: Regional policy statements and district plans enable more people to live in, and more businesses and community services to be located in, areas of an urban environment in which one or more of the following apply:</p> <p>(a) the area is in or near a centre zone or other area with many employment opportunities;</p> <p>(c) there is high demand for housing or for business land in the area, relative to other areas within the urban environment.</p>	22 37 - 42
Objective 7: Local authorities have robust and frequently updated information about their urban environments and use it to inform planning decisions.	52 - 72
<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> <p>(d) support, and limit as much as possible adverse impacts on, the competitive operation of land and development markets;</p>	79 – 82 74 - 78
Policy 2: Tier 1, 2, and 3 local authorities, at all times, provide at least sufficient development capacity to meet expected demand for housing and for business land over the short term, medium term, and long term.	43 - 72

Canterbury Regional Policy Statement	
<p>Objective 5.2.1 Location, Design and Function of Development (Entire Region)</p> <p>Development is located and designed so that it functions in a way that:</p> <p style="padding-left: 40px;">(2) enables people and communities, including future generations, to provide for their social, economic and cultural well-being and health and safety; and which:</p> <p style="padding-left: 80px;">(b) provides sufficient housing choice to meet the region’s housing needs;</p>	79 - 82
<p>Policy 6.3.7 Residential location, yield and intensification</p> <p>In relation to residential development opportunities in Greater Christchurch:</p> <p style="padding-left: 40px;">(6) Housing affordability is to be addressed by providing sufficient intensification and greenfield land to meet housing demand, enabling brownfield development and providing for a range of lot sizes, densities and appropriate development controls that support more intensive developments such as mixed use developments, apartments, townhouses and terraced housing.</p>	74 - 78
<p>6.3.11 Monitoring and Review In relation to development in Greater Christchurch:</p> <p style="padding-left: 40px;">(1) The Canterbury Regional Council, in conjunction with the territorial authorities, shall undertake adequate monitoring to demonstrate in the short, medium and the long term that there is an available supply of residential and business land to meet the Objectives and Policies of this</p>	43 - 72

Chapter and the requirements of the National Policy Statement on Urban Development 2020.	
Proposed Waimakariri District Plan	
SD - Strategic Directions Objective SD-O23 Urban Development Urban development and infrastructure that: (4) provides a range of housing opportunities, focusing new residential activity within existing towns, and identified development areas in Rangiora and Kaiapoi, in order to achieve the housing bottom lines in UFD-O1;	79 - 82
RESZ - Residential Zones Objective RESZ-O1 Residential growth, location and timing Sustainable residential growth that: (1) provides more housing in appropriate locations in a timely manner according to growth needs;	37 - 42 73

MATTERS RAISED BY SUBMITTERS

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

CONCLUSION

103 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.

104 Thank you for the opportunity to present my evidence.

Fraser Colegrave
5 March 2024