

**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
Momentum Land Limited

**EVIDENCE OF FRASER COLEGRAVE
ON BEHALF OF MOMENTUM LAND LIMITED REGARDING STREAM 12
REZONING OF LAND**

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 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 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

- 9 In my evidence I address the following key issues:
- (a) The need for the proposal under the National Policy Statement on Urban Development 2020 (**NPS-UD**).
 - (b) The eligibility of the proposal for early release under the Proposed District Plan (**PDP**) development area criteria.
 - (c) The likely economic costs and benefits of the proposal.
 - (d) The likely impact of the proposed commercial area on nearby centres.

SUMMARY

- 10 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.
- 11 Appropriately and accordingly, the 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.
- 12 Waimakariri District Council (**WDC**) has also recognised the need to enable land for new housing in strategic locations and has created a bespoke project to fast-track the conversion of rural land for residential purposes, subject to certain criteria being met.
- 13 According to the latest housing capacity assessment (**HCA**), the district has sufficient capacity to meet demand over all three timeframes. However, as I describe in this evidence, the latest HCA is 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.

- 14 The proposal directly responds to these market and policy signals by enabling the development of approximately 700 dwellings, plus a small amount supporting commercial activity. It also does so within the Kaiapoi Future Development Area (**FDA**), which has already been identified by the PDP as an appropriate location to accommodate future urban growth.
- 15 As a result, the proposal helps give effect to a range of local and national strategies and policies, while also ensuring the efficient functioning of the local housing market.
- 16 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

- 17 Momentum Land Limited (**Momentum**) owns rural-zoned land on the eastern outskirts of Kaiapoi, in Waimak, which spans about 34.5 hectares. Momentum wishes to rezone that land via the PDP to enable the development of approximately 700 dwellings over time, plus a small amount of supporting commercial activity.
- 18 The land comprises two discrete blocks, known as the "**North Block**" and "**South Block**" as identified by the yellow outlines in Figure 1 below.

Figure 1: Location of the Site



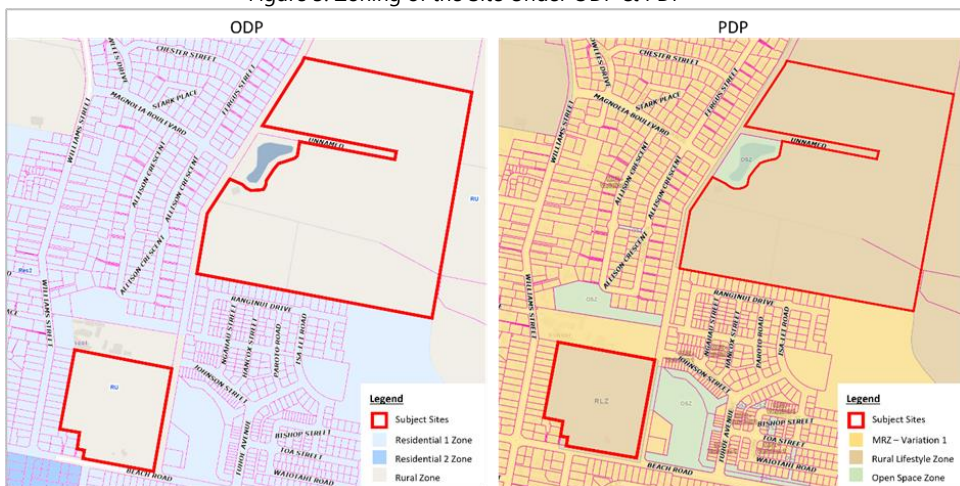
- 19 The North Block is situated about one kilometre northeast of the Kaiapoi town centre, and spans approximately 28.5 hectares. It is bound by earlier stages of the Beachgrove residential development to the south, existing dwellings to the west, and rural land to the north and east.
- 20 The South Block is located slightly closer to the Kaiapoi Town Centre. It is bound by Beach Road to the south, residential dwellings to the west, Kaiapoi North School to the north, and an unnamed paper road to the east. It spans just over six hectares.
- 21 The North Block's immediate receiving environment comprises established and ongoing residential development and farmland.
- 22 The South Block is an anomaly because, despite its rural zoning, it is land-locked by non-rural uses on all sides, including the Kaiapoi North School and Moorecroft Reserve to the north. This physically and visually separates the site from other rural land nearby.
- 23 Figure 2 zooms in to provide a close-up view of the two blocks and their immediate receiving environments.

Figure 2: Receiving Environments



24 Both blocks, hereafter referred to as the site, are currently zoned Rural under WDC’s Operative District Plan (ODP), and Rural Lifestyle under the PDP, as per Figure 3 below.

Figure 3: Zoning of the Site Under ODP & PDP



25 Importantly, the site falls within the Kaiapoi Projected Infrastructure Boundary (PIB) and is also identified as a future residential development area in the Kaiapoi Outline Development Plan. See Figure 4 below. Accordingly, it the site has already been identified as imminently suitable for future urbanisation.

Figure 4: Location of the Site Within Kaiapoi Development Area



ABOUT THE PROPOSAL

26 The proposal enables the establishment of between about 695 and 1,045 new dwellings over time. To be conservative, I adopt a likely yield of 700 dwellings – 600 on the North Block, and 100 on the South Block. In addition, a small amount of supporting commercial activity is enabled in the southeast quadrant of the North Block site. This is indicated by the purple area in the figure below, which shows an indicative site plan for the North Block.

Figure 5: North Block Indicative Site Plan



projections for Waimak upwards, projecting long-term annual growth of 1.2% under the medium scenario, and 1.6% under the high. The chart and table below elaborate.

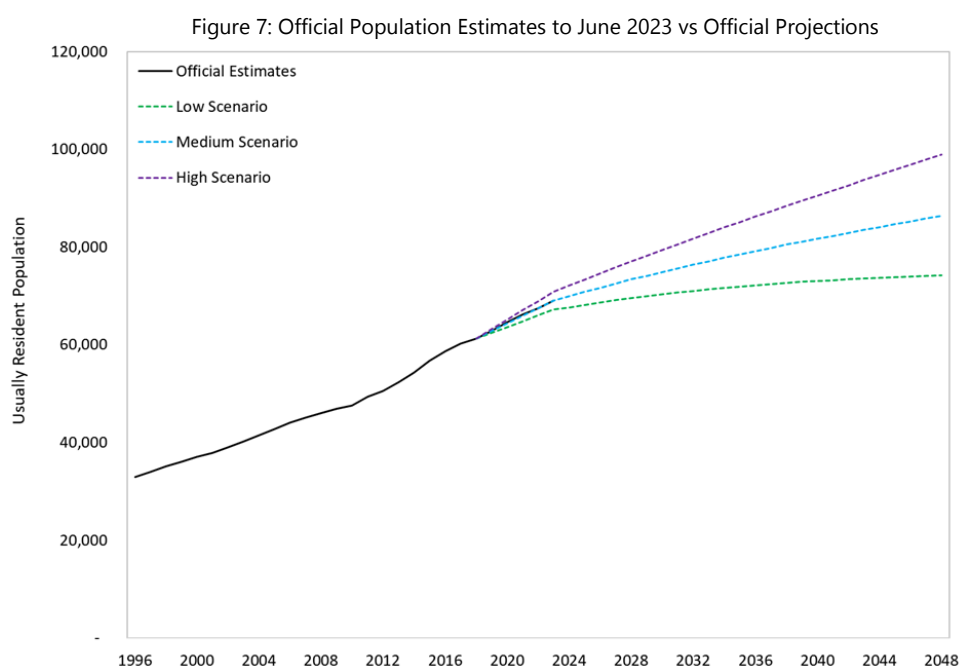


Table 2: Waimak Official Population Projection by Scenario

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%

- 30 I perceive two key drivers of the district's sustained high population growth.
- 31 First, housing in Waimak offers better value for money compared to Christchurch City. While median house prices have historically been similar across the two territorial authorities, homes in Waimak are considerably larger, on average.¹ Consequently, the tide of post-quake relocations from red zoned areas of the city, including into Waimak and Selwyn, has been sustained long term. A similar pattern was recently observed in Auckland,

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.

where high house prices pushed people out of some central areas towards the relatively more affordable rural fringes.

- 32 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. The same trends are playing out in the urbanised areas of Selwyn district, whose official population projections have also been revised upwards recently to reflect it.

Projected Dwelling Demand

- 33 Earlier this year, the Greater Christchurch Partnership (**GCP**) released their latest HCA. Amongst other things, it includes household growth projections for the urban areas of Waimak, plus a ‘rest of district’ total.

- 34 These household projections are derived from the Stats NZ high growth population projections above, which are first rebased using population estimates for 2022, before then converting households based on Stats NZ’s projected average household size projections. The table below presents the resulting district household growth projections over the short-, medium- and long-terms.

Table 3: 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 future.

Existing Dwelling Stock

37 To gain a better understanding of Kaiapoi's existing dwelling stock, I used Core Logic's Property Guru tool to profile all existing dwellings on sections of one hectare or less. Table 4 presents the results.

Table 4: Summary of Existing Kaiapoi Dwelling Stock

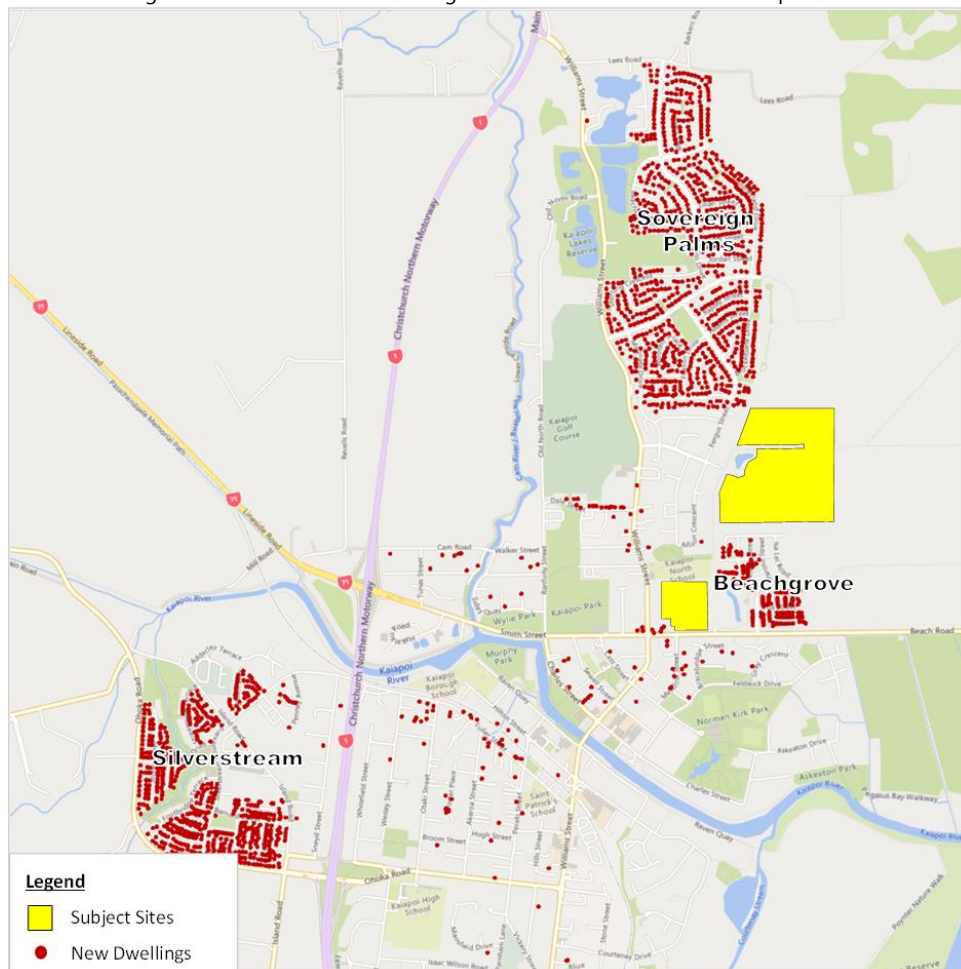
Summary Statistics	Value
Number of Dwellings	4,455
Avg Dwelling GFA (m ²)	180
Avg Section Size (m ²)	710
Avg No. of Bedrooms	3.3
Avg Floor Area Ratio	0.25
Average Property Values	Value
Capital Value	\$720,000
Decade Built	Share
Pre-1950	6%
1950 - 1959	3%
1960 - 1969	7%
1970 - 1979	9%
1980 - 1989	4%
1990 - 1999	15%
2000 - 2009	11%
2010 - 2019	36%
2020 - 2029	5%
Unknown	4%

38 According to Table 4, the average dwelling in Kaiapoi has 180m² of floorspace and is situated on a 710m² section, with an average of 3.3 bedrooms. Around half of all Kaiapoi dwellings were built since 2000, with more than a third built between 2010 and 2020. The average capital value is \$720,000.

Recent Development Patterns

39 I also used Core Logic's Property Guru tool to identify all dwellings built and sold in and around Kaiapoi since 2010 to identify their location within the township. These recently built and sold dwellings are illustrated by the red dots in the map below, with the site overlaid for context.

Figure 8: Location of New Dwellings Built and Sold Since 2010 in Kaiapoi



- 40 Figure 8 shows that virtually all dwellings built and sold in Kaiapoi recently were in three greenfield areas on the edge of the township, namely:
- Sovereign Palms, which is to the north-east and appears to be the largest contributor to new dwelling supply since 2010;
 - Silverstream, which is located to the west of the township on the other side of SH1, and appears to be the second largest growth area since 2010; and
 - The earlier stages of Beachgrove, which are directly south of the North Block and just northeast of the town centre. This was the third largest growth area in recent times.
- 41 This high concentration of new development on the urban periphery of the township 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.

- 42 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.
- 43 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.
- 44 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)

- 45 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
- 46 The NPS-UD also imposes strict monitoring and reporting requirements to ensure that any potential capacity shortfalls are addressed quickly. These monitoring and reporting requirements capacity vary depending on the extent of growth pressures being experienced, with the strictest requirements imposed on Councils in Tier 1 urban environments. These represent the highest-growth areas, where capacity shortfalls have historically been the most acute.
- 47 Waimak comprises part of the Greater Christchurch Tier 1 urban environment and must therefore complete a detailed Housing Capacity Assessment (HCA) every three years. These bring together a raft of information about dwelling supply and demand to ensure that enough capacity is provided.
- 48 Various capacity definitions are considered in a typical HCA to ensure that a comprehensive picture of future supply emerges. These include:
- (a) **Plan-enabled capacity** – this equals the maximum theoretical capacity enabled if every residential site is fully cleared and rebuilt to its maximum potential (in terms of dwelling yield).

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

- (b) **Infrastructure-ready capacity** this is the element of plan-enabled capacity that is, or can/will be, serviced with necessary infrastructure like roading and three waters.
- (c) **Likely realisable capacity** this is the proportion of infrastructure-ready capacity that can reasonably be expected to be realised based on current/historic development patterns.
- (d) **Feasible capacity** this is the proportion of realisable capacity that is deemed commercially viable based on expected development costs and revenues. For the short-medium (10 year) term, this must incorporate current costs and revenues, while long-term feasibility can also factor in expected changes in both variables over time.

49 Clause 3.26 of the NPS-UD gives councils flexibility 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.

50 In addition, feasible and likely realisable capacity must be quantified as numbers of dwellings (i) in existing and new urban areas, and (ii) of different types, including standalone dwellings and attached dwellings.

51 Finally, clause 3.27 requires sufficiency to also be assessed for stand-alone and attached dwellings in new and existing urban areas.

Findings of the 2021 and 2023 HCAs

52 In 2021, the GCP produced an HCA for its three partner Councils, which concluded that there was sufficient capacity to meet demand in most areas over most timeframes, except Selwyn, where significant shortfalls were projected over the medium to longer term.

53 Earlier this year, an updated (2023) HCA was released. It sought to refresh and update the 2021 HCA, largely to reflect new plan enabled capacity associated with the application of new Medium Density Residential Standards (**MDRS**), plus policy 3 of the NPS-UD.

54 Unsurprisingly, then, the 2023 HCA identifies even greater capacity to meet demand than the 2021 version did due to new higher density development options ushered in by the MDRS and the NPS-UD.

55 Table 5 summarises the housing capacity estimates of the 2021 and 2023 HCAs for the three GCP Territorial Authorities separately, plus the total.

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

	2021 HCA			2023 HCA		
	Short-term	Med-term	Long-term	Short-term	Med-term	Long-term
Christchurch City						
Plan-enabled	205,178	205,178	205,178	544,000	544,000	544,000
Infrastructure-ready	n/a	n/a	n/a	94,000	94,000	94,000
Realisable	82,452	82,452	82,452	94,000	94,000	94,000
Feasible	101,994	101,994	101,994	94,000	94,000	94,000
Selwyn District						
Plan-enabled	11,234	13,108	18,864	108,024	108,024	118,554
Infrastructure-ready	n/a	n/a	n/a	22,067	22,067	23,022
Realisable	14,154	16,129	21,885	22,067	22,067	23,022
Feasible	4,578	6,452	12,208	11,550	11,550	24,100
Waimakariri District						
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
3 TAs Combined						
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

56 The profound impacts of the MDRS and NPS-UD on *plan enabled* capacity are evident, boosting it from about 236,000 over the long-term in the 2021 HCA to almost 742,000 now. However, feasible and realisable capacity changed little, which seems to suggest 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).

Problems with the 2023 HCA

Failure to Properly Test Sufficiency

57 In my view, the 2023 HCA is best described as only a partial update to the 2021 HCA to capture the effects of the MDRS and NPSUD on plan enabled capacity. However, it is not a full refresh, with much material from the 2021 version carried forward verbatim. As a result, in my view, the 2023 does not provide an accurate picture of the current supply/demand situation, and it fails to meet some of the NPS-UDs most critical reporting requirements.

58 My biggest concern is that the 2023 HCA does not test the sufficiency of capacity for different dwelling types in new and existing locations, as explicitly required by the NPS-UD. Instead, it simply tests sufficiency in aggregate for each Council across all dwelling types and all areas. Consequently, it fails to

ensure that sufficient capacity is provided for stand-alone dwellings in new urban areas, which are consistently in high demand.

Cost Information is Out of Date

59 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

60 A lot has happened since early 2021, with financial viability squeezed by a ‘perfect storm’ of (i) higher construction costs, (ii) elevated interest rates, and (iii) a recent correction in house prices. These recent market changes have severely impacted development feasibility, but are not captured in the 2023 HCA, which seriously affects its reliability.

Plan Enabled Capacity does not meet Local Housing Demand

61 As noted above, the 2023 HCA’s new plan enabled capacity figures almost exclusively represent attached/medium density housing enabled by the MDRS. Indeed, as shown in Table 5 above, Waimak’s short- to medium-term plan-enabled capacity was less than 2,300 dwellings in the 2021 HCA, but this has now skyrocketed to nearly 80,000 in the 2023 update.⁴ While that is fine, at least in theory, these new housing typologies do not match clearly-stated local needs and preferences.

62 While I agree that medium density housing typologies, such as duplexes and terrace houses, will be increasingly important pieces of the future housing puzzle, at least nationally, there is little demand for them in the district. This is demonstrated by building consent data, where standalone homes accounted for more than 92% of new district homes consented over the last 10 years.

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

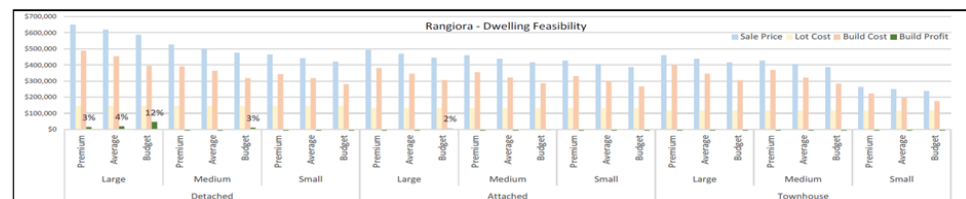
³ Greater Christchurch Partnership. (2023). *Greater Christchurch Housing Development Capacity Assessment*. Appendix 2, p.69, point 5.

⁴ This is confirmed on page 48 of the HCA, which notes that the “dwelling typologies associated with plan enabled capacity are what the district plans enable.”

No Feasible Development in Rangiora (according to 2021 HCA)

64 Finally, and notwithstanding the many shortcomings just identified, a feasibility assessment by Formative underpinning the 2021 HCA showed that no dwellings were financially feasible to develop in Rangiora over the next 10 years, at least not when the recommended 20% developer margin is assumed. This is shown in the excerpt below, which shows the estimated costs, revenues, and margins of different dwelling types, sizes and build qualities.

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



65 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 infeasible over the short-medium (10-year) term.

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

67 Fast-forward to 2023, where construction costs are through the roof, as is the cost of financing, and it becomes clear that very little – if any – of the 2023 HCA’s plan enabled capacity is likely to be viable in the foreseeable future.

HCA Summary and Conclusion

68 While I generally agree with the approach used to assess district plan enabled capacity in the 2023 HCA, the subsequent calculations of feasibility appear unreliable and of limited inferential value.

69 Not only that, but the 2023 HCA fails to test sufficiency across different dwelling types, and between new and existing urban areas, as the NPS-UD requires. Had it done so, I am highly confident it would have identified looming shortfalls in greenfield capacity for standalone homes in the district.

70 Consequently, I disagree that the district has sufficient capacity to meet demand, as the 2023 HCA implies.

- 71 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.”⁵
- 72 The proposal helps plug this looming gap in feasible capacity by providing quality, master-planned housing that is in step with market demand.

ASSESSMENT AGAINST PDP CRITERIA

- 73 The PDP identifies certain parcels of rural land as “Future Development Areas” and provides a bespoke planning process to make them available for development even prior to rezoning. And, as illustrated earlier in Figure 4, the site falls within the Kaiapoi Future Development Area.
- 74 To be eligible for early development via this mechanism, land in future development areas must satisfy various criteria, one of which is that the⁶:
 - “Development will provide additional residential capacity to help achieve or exceed the projected total residential demand as identified in UFD-01 (for the medium term) as indicated by the most recent analysis undertaken by Council in accordance with the NPS-UD and published on the District Council website.”
- 75 UFD-01 is an objective in the Strategic Directions section of the PDP relating to urban form and development. It states that sufficient feasible development capacity for residential activity must be maintained to meet specific housing bottom lines, including the ever- changing demographic profile of the district. These bottom lines are shown in the table below.

Table 6: Housing Bottom Lines

Term	Timeframe	Development Capacity	Bottom Lines
Short to Medium Term	(2022-2032)	Residential Units	5,600
Long Term	(2032-2052)	Residential Units	7,650
30 Year Time frame	(2022-2052)	Residential Units	13,250

⁵ Independent Hearings Panel. Private Plan Change RCP031 Decision Report. Paragraph 92.

⁶ DEV-K-S1 Certification for Kaiapoi Development Area - Criterion (1)(a)

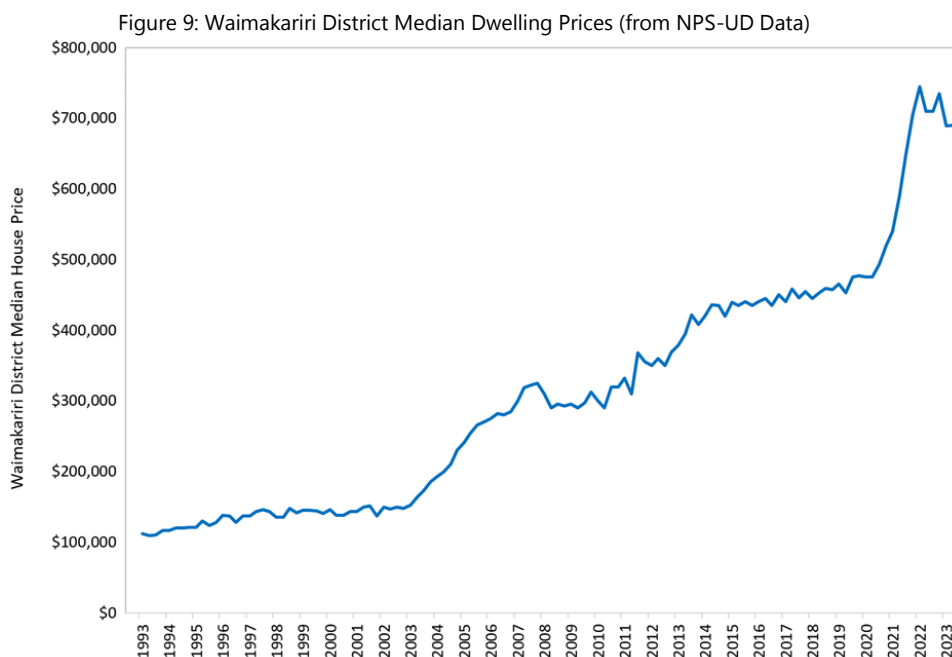
76 Given that the district is unlikely to be meeting its obligations to provide at least sufficient capacity under the NPS-UD, I consider the proposal to clearly satisfy criterion (1)(a) for early release in the Kaiapoi Development Area too.

ECONOMIC COSTS AND BENEFITS OF PROPOSAL

Boost in Market Supply / Restoring Supply of Residential Land

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

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



79 These increasing prices are starting to undermine affordability, with the latest report by Core Logic (from June 2023⁷) 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.

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

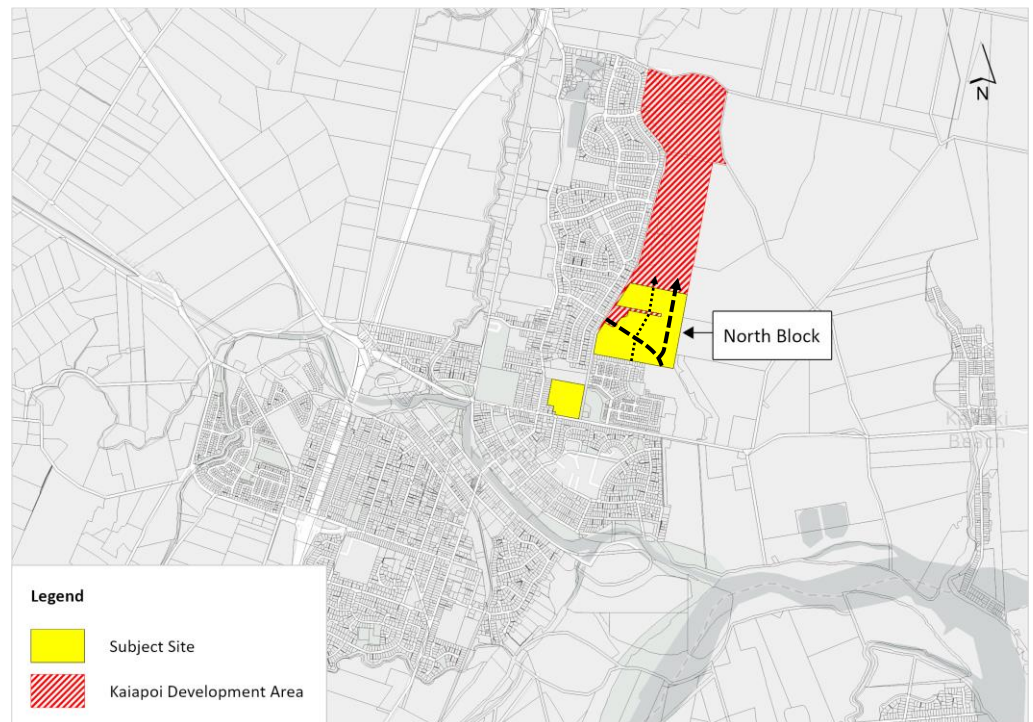
- 80 In addition, the latest Core Logic report shows that it now takes even longer (nearly 10 years) to save the deposit for a new home in Waimakariri. Thus, not only are house prices themselves increasingly unaffordable, but even the task of saving the deposit for a new home is an onerous one beyond the financial means of many households.⁸
- 81 In my view, and from an economic perspective, the proposals represents a highly significant boost in supply. To assess whether this satisfies the definition of “significant” in Objective 6(c) of the NPS-UD, I reviewed the latest HCA. At page 15, it discusses consultation with the development community (while writing the HCA) and describes landowners that could develop 20 or more dwellings as being significant.
- 82 As such, I consider that the proposed development of approximately 700 dwellings enabled on the site represents a significant increase in capacity for the Waimakariri district, from both an economic and market perspective and by virtue of the way that term is used in the HCA (and by extension how it might be considered for the purposes of Objective 6(c) of the NPS-UD).

Unlocks Future Development Potential

- 83 Not only will the proposal provide a significant boost in dwelling supply in the short-medium term, it will also unlock further development potential in the long term.
- 84 This is because the proposed development of the North Block provides important connectivity to the remainder of the Kaiapoi Development Area to the north. This is demonstrated in Figure 10 below, in which the black dashed lines represent indicative roading connections.

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.

Figure 10: Future Development Potential Unlocked by Proposal



Helps Provide for a Range of Housing Typologies

85 The NPS-UD requires high growth areas, like Waimak, to not only provide at least sufficient capacity to meet future demand overall, 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 7: 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>

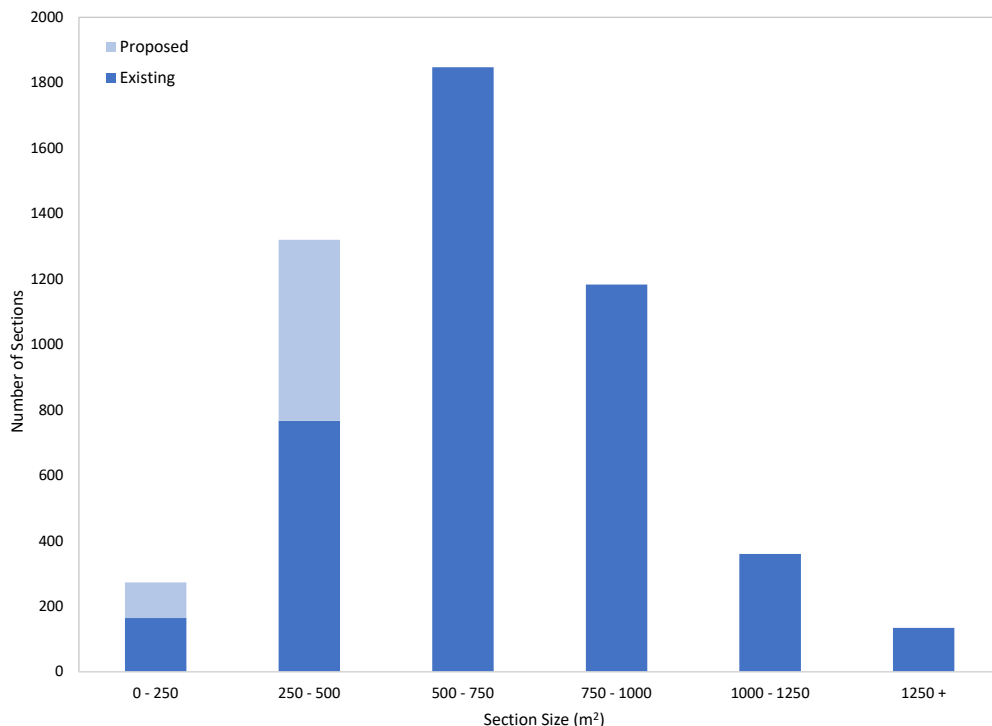
86 The proposal helps give effect to this directive by providing for a range of lot sizes, which will enable the development of a variety of dwellings over time.

87 Importantly, this includes sections that are considerably smaller than the existing Kaiapoi residential stock. In fact, the average individual section size proposed⁹ is around 275m², compared to a current average of 710m² for Kaiapoi overall. This difference in section sizes is illustrated in the chart below,

⁹ Excluding lot Types 4 and 5 (higher density and mixed use) and assuming an average lot size of approximately 315m² for the South Block.

where existing sections are depicted in dark blue, and those proposed by the submission are in light blue.

Figure 11: Contribution to Existing Kaiapoi Residential Sections



88 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

89 The proposed development is located a short distance from both the Kaiapoi Town Centre and the emerging ‘Waimak Junction’ large format retail centre. As the proposed sections are developed and fill up with residents, they will help create critical mass for a range of local services at these nearby locations. This is important, because the district is currently very reliant on Christchurch City to supply a wide range of everyday household goods and services.

90 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.

91 The development, along with existing residents and the future residents of other growth areas, will provide critical mass to gradually improve the viability of local service provision. As a result, it will reduce the need to commute to

the city. That, in turn, will reduce fossil fuel use, reduce harmful emissions, and reduce the scope for motor accidents.

- 92 To put this in context, I estimated likely future spending originating on the subject sites 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 700 new households.

Table 8: Projected Future Spend Originating Onsite

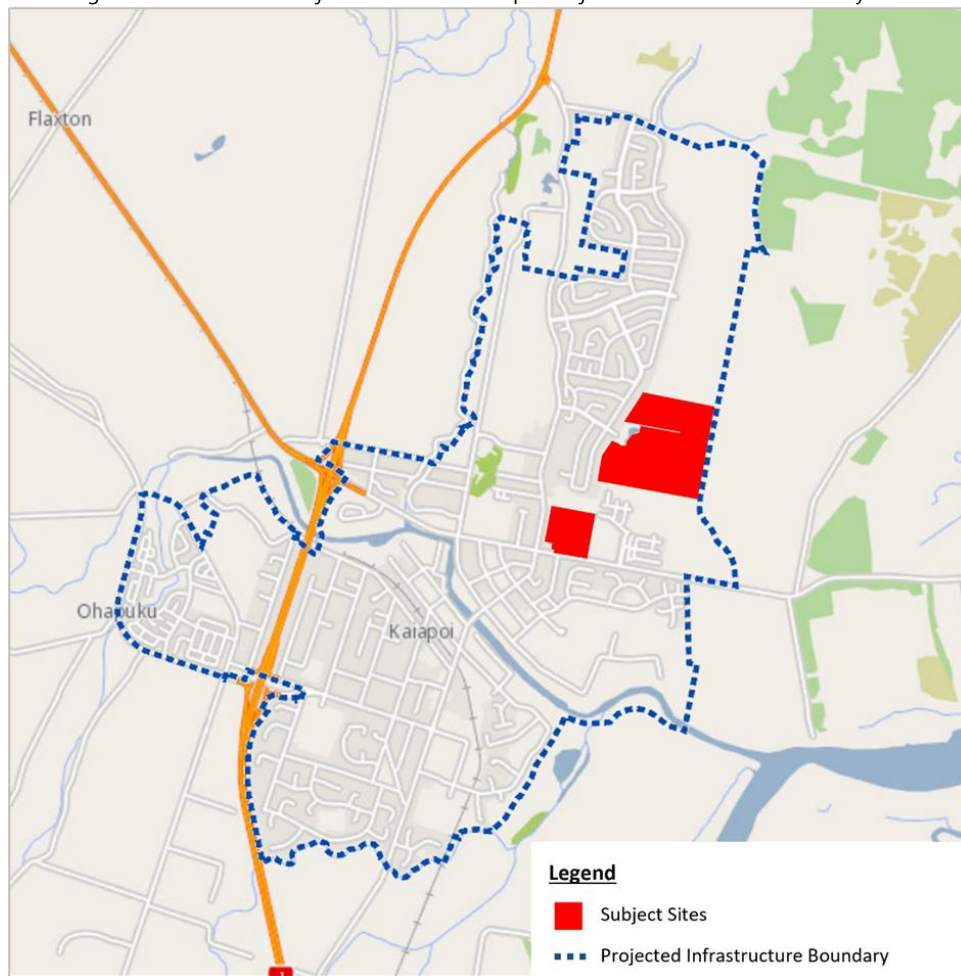
Expenditure Group	Annual Spend per Household	Total Annual Spend (\$ millions)
Food	\$12,250	\$8.6
Alcoholic beverages, tobacco	\$1,650	\$1.2
Clothing and footwear	\$2,400	\$1.7
Housing and household utilities	\$15,500	\$10.9
Household contents and services	\$2,350	\$1.6
Health	\$2,050	\$1.4
Transport	\$10,700	\$7.5
Communication	\$1,850	\$1.3
Recreation and culture	\$6,550	\$4.6
Education	\$1,050	\$0.7
Miscellaneous goods and services	\$6,350	\$4.4
Other expenditure	\$7,800	\$5.5
Total Household Expenditure	\$70,500	\$49.4

- 93 Table 8 shows that future residents of the proposal will spend \$49.4 million per annum on a wide range of household goods and services, assuming their spending matches the average regional household.
- 94 It is likely that a high proportion of their everyday household purchases will occur close to the site, at either Kaiapoi Town Centre, or Waimak Junction. Accordingly, future development of the land will provide significant commercial support for Kaiapoi businesses.

Infrastructure Efficiency

- 95 While growth confers many benefits on the district, such as critical mass to support local businesses, it also carries significant costs. For councils, one of the most pressing costs of growth is the need to provide local infrastructure, such as water, wastewater, and roads.
- 96 Fortunately, the site is adjacent to developed land, and located within the Kaiapoi PIB, as denoted by the dashed blue outline in Figure 12 below.

Figure 12: Location of Subject Sites Within Kaiapoi Projected Infrastructure Boundary



97 As a result, the development is likely to achieve high levels of infrastructure efficiency. In doing so, the proposal avoids unnecessary financial risks and costs for the Council – as the primary local infrastructure provider – while helping to keep the costs of new homes as low as possible.

One-off Economic Stimulus

98 Constructing the 700 new homes and associated 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. These impacts include:

99 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.

100 These economic effects are usually measured in terms of:

- (a) **Contributions to value-added (or GDP)**. GDP measures the difference between a firm’s outputs and the value of its inputs (excluding wages/salaries). It captures the value that a business adds to its inputs to produce its own outputs.
- (b) **The number of FTEs employed**. This is measured in terms of full-time equivalents, which combines part-time and full-time workers to provide a single employment metric.
- (c) **Total wages and salaries** paid to workers, which are reported as ‘household incomes.’

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

Table 9: One-Off National Economic Impacts of Construction

Planning/Design/Consent	Direct	Indirect	Total
Employment FTEs – 1 year	60	30	90
GDP \$m	\$8	\$4	\$12
Wages/Salaries \$m	\$5	\$2	\$7
Site Preparation			
Employment FTEs – 1.5 years	115	140	255
GDP \$m	\$27	\$30	\$57
Wages/Salaries \$m	\$13	\$14	\$28
Construction			
Employment FTEs – 5 years	70	220	290
GDP \$m	\$53	\$142	\$194
Wages/Salaries \$m	\$22	\$71	\$94
Project Totals			
FTE-years	585	1,335	1,920
GDP \$m	\$88	\$175	\$263
Wages/Salaries \$m	\$40	\$88	\$128

102 In summary, future construction activity enabled by the proposal could boost national GDP by \$263 million, including flow on effects, generate employment for 1,920 FTE-years, and generate \$128 million in household incomes. Assuming (say) a 7-year construction period, these translate to annual impacts of \$40 million in GDP, employment for 275 people, and \$18 million in household incomes.

Foregone Rural Production

- 107 The main potential economic cost of the proposal is forfeiting the land for alternative uses, such as rural production.
- 108 For context, the North Block is part of a larger area that has been farmed by the Moore family since the mid-1930s, and has been used as a dairy farm and dry-stock beef and sheep unit. The South Block is currently used for low productivity stock grazing.
- 109 To establish the rural productive potential of the site, Momentum commissioned agricultural business experts Dunham Consulting to assess the site.
- 110 They found that the most likely future rural enterprise on the North Block is beef grazing and the sale of hay or baleage, with other uses precluded due to wet soils.
- 111 The most likely future rural enterprise to occur on the South Block was deemed to be sheep and beef grazing, with other uses again precluded due to wet soils. As noted previously, the site's rural productive potential is also significantly constrained by its location within the existing urban area.
- 112 As part of Dunham's assessment, they considered the economic viability of prospective rural uses on the site. For both tracts of land, financial returns under the likely future rural productive uses 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.
- 113 For completeness, however, I quantify the economic cost of forfeiting the land for rural use below. Based on the likely land uses identified (absent the proposal), I estimate the value of rural production for the following activities:
- (a) Grain production; and
 - (b) Sheep & beef farming
- 114 National-level metrics of production per hectare for the former were extracted from a recent report by BERL¹¹, while region-specific data for the latter was

¹¹<https://www.uwg.co.nz/content/documents/2019%20September%206%20AFIC%20Arable%20Production%20Final.pdf>

sourced from Beef+LambNZ¹². The table below shows the resulting estimates of rural production per hectare.

Table 10: Production Metrics per Hectare (for the Site)

Productive Use	Output \$	GDP \$	FTEs	Wages \$
Grain	4640	1630	0.028	1400
Sheep & Beef	1700	720	0.004	100
Average	3,170	1,180	0.016	750

115 Table 11 shows the estimated activity foregone if the site's full 34.5 hectares were used exclusively for rural production.

Table 11: Estimated Annual Rural Production for the Site (34.5 hectares)

Productive Use	Output \$	GDP \$	FTEs	Wages \$
Grain	160,000	56,000	1.0	48,000
Sheep & Beef	59,000	25,000	0.1	3,000
Average	110,000	41,000	0.5	26,000

116 Taking the average, the site could theoretically sustain the following annual economic activity if used solely for rural production:

- (a) Output/revenue of \$110,000;
- (b) GDP of \$41,000;
- (c) Employment for 0.5 FTEs; and
- (d) Wages and salaries of \$26,000.

117 These values are negligible, not even providing full time employment for one person. By comparison, the proposed development would provide a substantial boost in employment during construction of approximately 275 people for seven years. In addition, the proposed commercial centre would provide ongoing employment for an approximately 65 people once established.

CENTRE LAND ASSESSMENT

118 Like most master-planned developments, the proposal enables a small amount of supporting commercial land so that households can meet their daily needs onsite without the need for private motor vehicle travel.

119 While the size of the commercial area proposed for the development has been designed specifically to avoid adverse effects on existing commercial

¹²<https://beeflambnz.com/sites/default/files/2023-10/ssi%20class%207%20si%20finishing.xlsx>

areas, particularly the Kaiapoi KAC, it is still important to consider the possibility of adverse retail distribution effects arising.

- 120 The proposal provides for approximately 0.5 hectares of Neighbourhood Centre (NC) zoned land in the south-eastern quadrant of the North Block, as indicated in the Outline Development Plan below.

Figure 14: Location of Proposed Neighbourhood Centre



- 121 As the figure above illustrates, the NC is positioned to service the existing Beachgrove subdivision to the south as well as future dwellings enabled by the proposal.

- 122 More broadly, it is located approximately 1.3 kilometres northeast of the Kaiapoi Key Activity Centre (KAC), and around 1.7 kilometres northeast of the emerging Waimak Junction large format retail area. The size and location of these centres relative to the subject site is illustrated in the figure below.

Figure 15: Location of Proposed Centre Relative to Nearby Centres



123 With a proposed size of just half a hectare, the proposed NC is substantially smaller than the two nearby centres identified above. For context, it comprises less than 5% of the land area of Waimak Junction and less than 3% of the Kaiapoi KAC, which span approximately 10.5 hectares and 16.5 hectares respectively.

124 The role and function of the proposed centre will largely be shaped by its compact size and proximity to the larger centres mentioned above. Consequently, it will function as a 'convenience' centre, meeting the day-to-day needs of residents and their visitors.

125 Its tenants will likely include a mix of convenience retailers (such as dairies, takeaways, pharmacy etc.) and commercial services (hairdressers, laundromat, gyms etc).

126 The two nearby centres serve different, complementary roles and functions:

- (a) **Kaiapoi KAC** encompasses the Kaiapoi Town Centre, which is the focal point for the local community. The Kaiapoi Marine Precinct provides opportunity for leisure activities, while the rebuilt Service Centre and Library occupies a key position in the town and also includes a museum. The retail offering caters to day-to-day needs as well as higher-order 'comparison' shopping at outlets including the

iconic Blackwell's Department Store. As such, it serves a broad range of roles and functions.

- (b) **Waimak Junction** is an emerging large format retail park for which resource consent was granted in 2021. While the future tenant mix is unknown, the resource consent application signalled that a Kmart store and Countdown supermarket would appear there over time, along with a handful of trade suppliers or large format retailers. None of these stores would establish on the site, so the two areas will have complementary roles.

127 To consider the likelihood of adverse retail distribution effects arising from the proposal, I first highlight the critical distinction between retail distribution effects and trade impacts.

128 Under the Resource Management Act 1991 (RMA), decision makers must disregard effects that are ordinarily associated with trade competition when evaluating proposed developments. Instead, they may only consider possible flow-on effects arising from trade competition, which are known as retail distribution effects.

129 Retail distribution effects may occur if a new development reduces the patronage of competing stores so acutely that it causes some to close, thereby causing the roles and functions of their respective centres to decline so significantly that the social and economic wellbeing of their communities is undermined.

130 A strong body of case law confirms that trade impacts must go beyond effects that are ordinarily associated with trade competition to be considered, and that impacts on individual stores are irrelevant because they amount to pure trade competition.

131 Acknowledging this definition of retail distribution effects, I consider it highly unlikely that the proposal will cause adverse effects on the future health and vitality of either Kaiapoi KAC or Waimak Junction. This is because:

- (a) The proposed commercial area is intentionally small, which immediately curtails its ability to compete with the other centres, which are much larger.

- (b) The proposed onsite commercial activity will grow organically over time in response to demand. This will ensure that demand and supply remain in balance and reduce the need to attract spending from elsewhere.
- (c) The proposed commercial area will fulfil different (and complementary) role and function to the other centres.
- (d) People that previously frequented other commercial areas for higher-order shopping will continue to do so as they remain the best places to meet those needs.

132 For the reasons set out above, and noting the high threshold set for retail distribution effects, I do not consider the proposal to pose any material risk for the Kaiapoi KAC or Waimak Junction.

STATUTORY ASSESSMENT

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

Table 12: 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.	77 - 82
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: <ul style="list-style-type: none"> (a) the area is in or near a centre zone or other area with many employment opportunities; (c) there is high demand for housing or for business land in the area, relative to other areas within the urban environment. 	122 - 126 39 - 44

Objective 7: Local authorities have robust and frequently updated information about their urban environments and use it to inform planning decisions.	57 - 71
<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>	85 - 88 118 - 132
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.	45 - 72
Policy 7: Tier 1 and 2 local authorities set housing bottom lines for the short-medium term and the long term in their regional policy statements and district plans.	73 - 76
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>(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>(b) provides sufficient housing choice to meet the region's housing needs;</p>	85 - 88

<p>Objective 6.2.1a Housing Bottom Lines:</p> <p>For the period 2021-2051, at least sufficient development capacity for housing is enabled for the Greater Christchurch urban environment in accordance with the Housing Bottom Lines set out in Table 6.1.</p>	45 - 76
<p>Policy 6.3.7 Residential location, yield and intensification</p> <p>In relation to residential development opportunities in Greater Christchurch:</p> <p>(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>	77 - 82
<p>6.3.11 Monitoring and Review In relation to development in Greater Christchurch:</p> <p>(1) The Canterbury Regional Council, in conjunction with the territorial authorities, shall undertake adequate monitoring to demonstrate in the short, medium and the long term that there is an available supply of residential and business land to meet the Objectives and Policies of this Chapter and the requirements of the National Policy Statement on Urban Development 2020.</p>	45 - 72
<p>Policy 6.3.12 Future Development Areas</p> <p>Enable urban development in the Future Development Areas identified on Map A, in the following circumstances:</p> <p>(1) It is demonstrated, through monitoring of housing and business development capacity and</p>	73 - 76

<p>sufficiency carried out collaboratively by the Greater Christchurch Partnership or relevant local authorities, that there is a need to provide further feasible development capacity through the zoning of additional land in a district plan to address a shortfall in the sufficiency of feasible residential development capacity to meet the medium term housing bottom lines set out in Table 6.1, Objective 6.2.1a;</p>	
<p>Proposed Waimakariri District Plan</p>	
<p>SD - Strategic Directions</p> <p>Objective SD-O23 Urban Development</p> <p>Urban development and infrastructure that:</p> <p>(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;</p>	<p>73 - 76</p> <p>85 - 88</p>
<p>UFD - Urban Form and Development</p> <p>Objective UFD-01 Feasible Development Capacity for Residential Activities</p> <p>Sufficient feasible development capacity for residential activity to meet specified housing bottom lines and a changing demographic profile of the District as follows:</p> <p>Long Term (2028-2048): 7,100 Residential Units</p> <p>30 Year Time Frame (2018-2048): 13,400 Residential Units</p>	<p>73 - 76</p>
<p>RESZ - Residential Zones</p> <p>Objective RESZ-O1 Residential growth, location and timing</p> <p>Sustainable residential growth that:</p>	<p>25</p> <p>72</p> <p>83 - 84</p>

(1) provides more housing in appropriate locations in a timely manner according to growth needs;	
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CONCLUSION

134 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. It has also shown that the small commercial area proposed is highly unlikely to pose material risk to nearby centres including Kaiapoi KAC. 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.

135 Thank you for the opportunity to present this evidence.

Fraser Colegrave
5 March 2024