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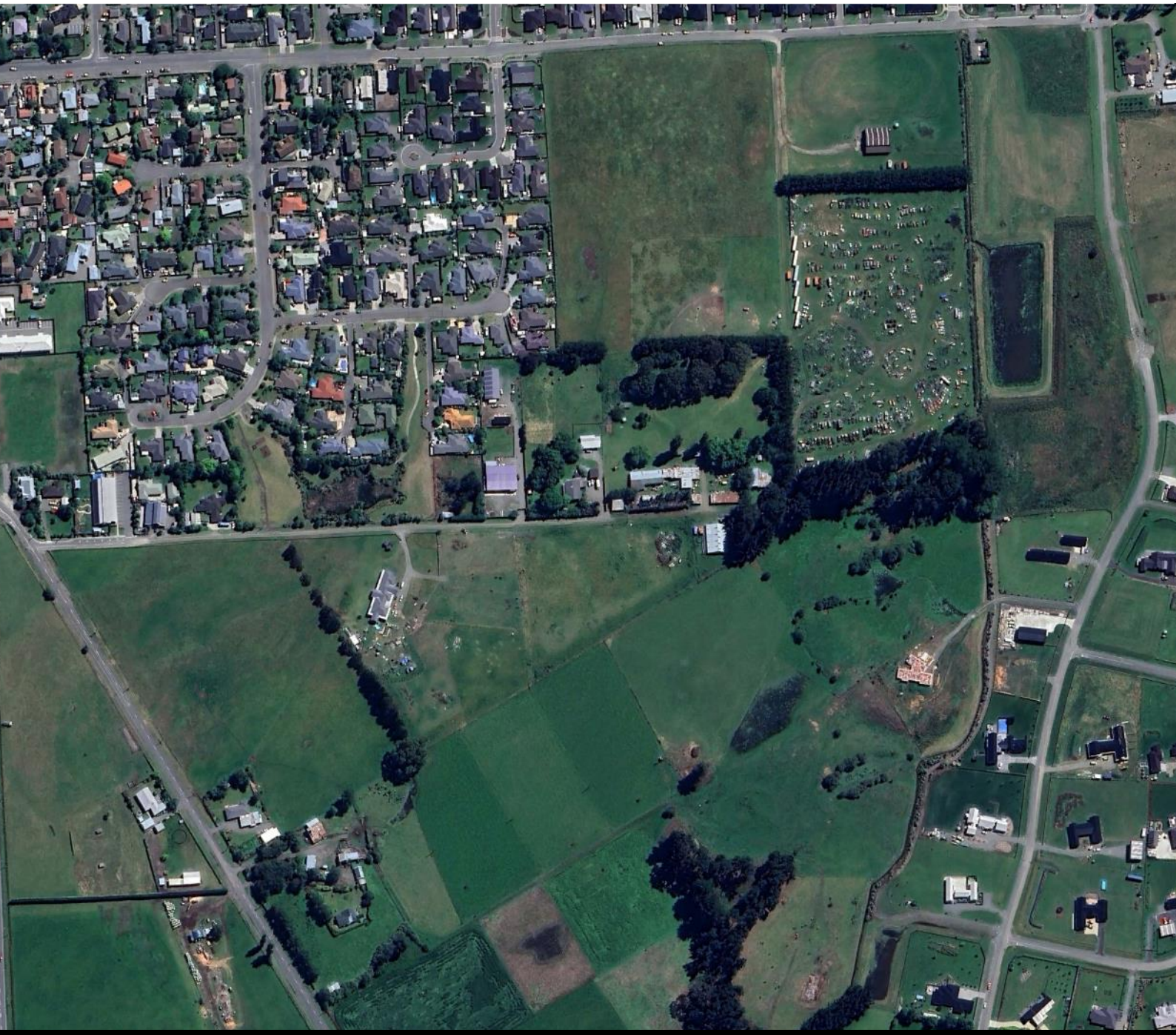

Final Report: 7 March 2024

Economic Assessment of Proposed Rezoning in Woodend

Prepared for: Urban Estates Limited

Authorship

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Contents

1. Executive Summary

Woodwater Limited (**submitter)** is seeking rezoning of approximately 33 hectares of rural-zoned land in Woodend for residential purposes under the Proposed Waimakariri District Plan (**PDP**). This would enable the establishment of approximately 485-550 new dwellings over time. The submitter is progressing the proposed rezoning in conjunction with Urban Estates Limited, an experienced land developer providing master planned subdivisions in the Greater Christchurch area. To assist, this report assesses the likely economic impacts of the proposed rezoning.

To set the scene, we first define a study area, which corresponds to the Woodend Urban Area. Having described the resident population, we then demonstrate rapid recent dwelling growth in the study area. This is primarily driven by the Ravenswood development, which extends the existing township to the north.

Next, we describe the subject land and the development enabled by the proposed rezoning, which is expected to yield between 485-550 new homes. Then, we 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.

In addition, most new homes recently built in and around the District's main urban areas 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.

New greenfield developments like those proposed by the submitter are therefore essential to keeping pace with demand and helping to meet the District's obligations under the National Policy Statement on Urban Development (**NPS-UD**) to provide "at least" sufficient capacity "at all times."

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.

We strongly disagree with the HCA, and the latest Formative report, both of which we 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.

Overall, we 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.

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

2. Introduction

2.1 Context & Purpose of Report

Woodwater Limited (**submitter)** is seeking rezoning of approximately 33 hectares of rural-zoned land in Woodend for residential purposes under the Proposed Waimakariri District Plan (**PDP**). This would enable the establishment of approximately 485 to 550 new dwellings over time. The submitter is progressing the proposed rezoning in conjunction with Urban Estates Limited, an experienced land developer providing master planned subdivisions in the Greater Christchurch area. To assist, this report assesses the likely economic impacts of the proposed rezoning.

2.2 Structure of Report

The remainder of this report is structured as follows:

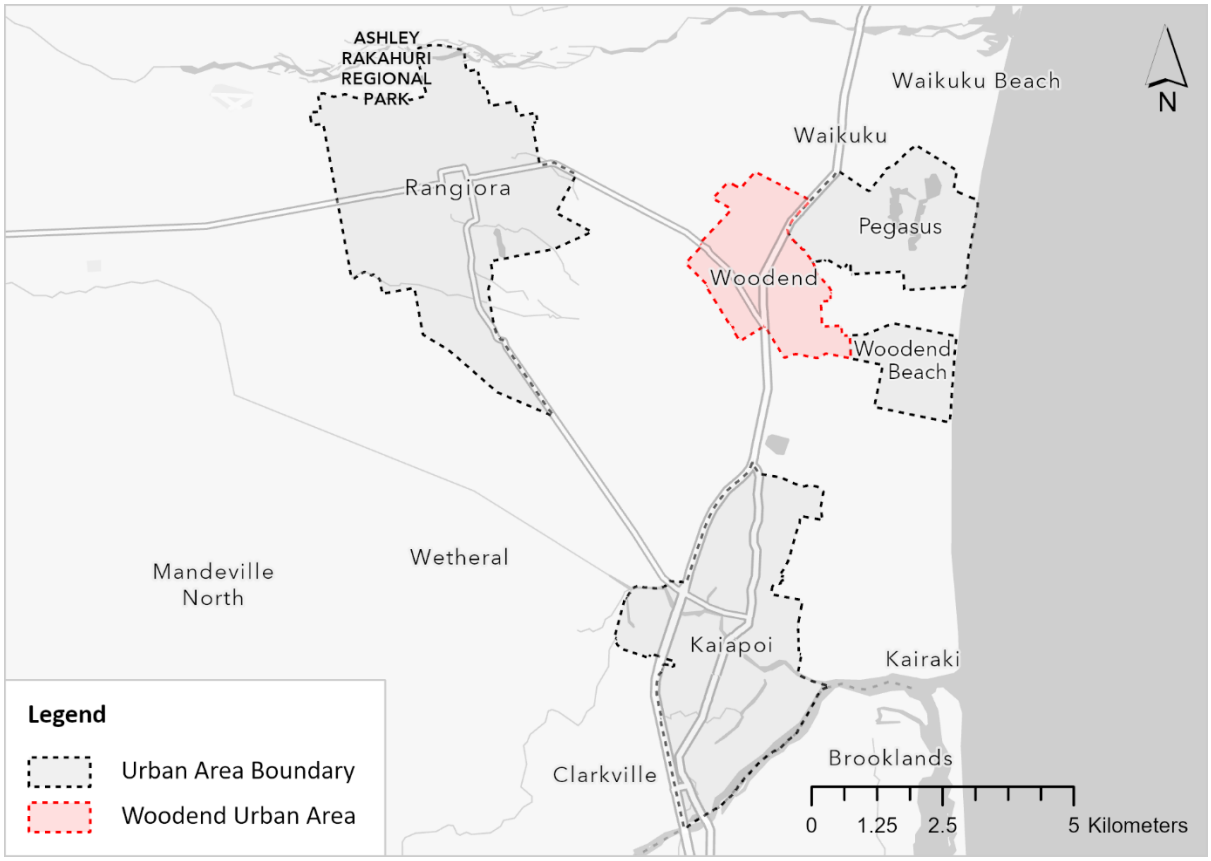
- **Section 3** provides context on the local population and describes recent development trends.
- **Section 4** identifies the subject site and describes the proposal.
- **Section 5** describes the District population and housing context.
- **Section 6** describes the need for the proposal under the NPS-UD.
- **Section 7** describes the likely economic costs and benefits of the proposal.
- **Section 8** provides a brief summary and conclusion.

3. About Woodend

3.1 Location and Description

Woodend is an urban township in the Waimakariri District (**Waimak**). It is located in close proximity to the District two main centres – around six kilometres southeast of Rangiora, and seven kilometres north of Kaiapoi. Just east of Woodend lies the modern, lakeside settlement of Pegasus, and its championship golf course. Further south there is a small community situated at Woodend Beach.

Figure 1: Location of Woodend

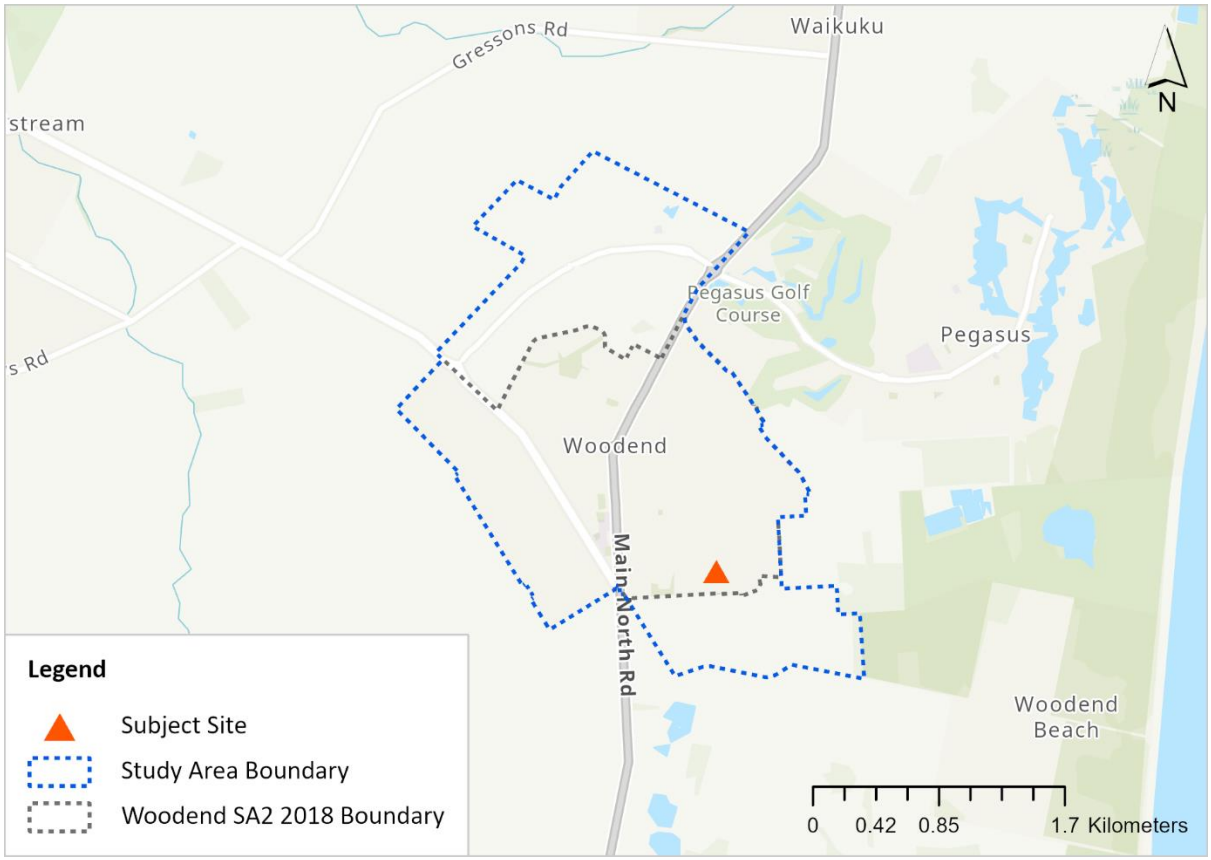


3.2 Study Area

To better understand the current and likely future housing and population situation in Woodend, we derived the study area shown by the blue dashed line in Figure 2 below. This corresponds to the Woodend Urban Area and comprises the Woodend Statistical Area 2 (SA2) unit, plus the newly created Ravenswood SA2 (using Statistics New Zealand's 2023 boundaries).

The 2018 Woodend SA2 boundary is indicated in grey for reference, as we use this below to interrogate the latest available census data. This captures most developed land in the study area at the time of the 2018 census, as the Ravenswood development had not yet commenced at that time.

Figure 2: Study Area



3.3 Demographic Profile

According to the latest available census data, there were around 2,780 usual residents living in Woodend in 2018. Overall, Woodend's population had similar characteristics to the rest of the District, but with a few exceptions. Specifically, compared to the rest of the District . Woodend's population in 2018 was:

- Slightly younger;
- Less likely to have a religious affiliation;
- More likely to be partnered / in a relationship;
- Less likely to be studying;
- More likely to be in the labour force and more likely to be employed full time;
- Less likely to be self-employed or an employer and more likely to be an employee;
- Less likely to work as a professional or manager;

Further, compared to the rest of the District, dwellings in Woodend were:

- More likely to be separate (i.e. standalone);
- More likely to be owned-occupied;
- More likely to have at least three bedrooms;

3.4 Existing Dwelling Stock

To gain a better understanding of Woodend's existing dwelling stock, we used Core Logic's Property Guru tool to profile all existing dwellings in the study area. Table 1 presents the results.

Table 1: Summary of Existing Woodend Dwelling Stock

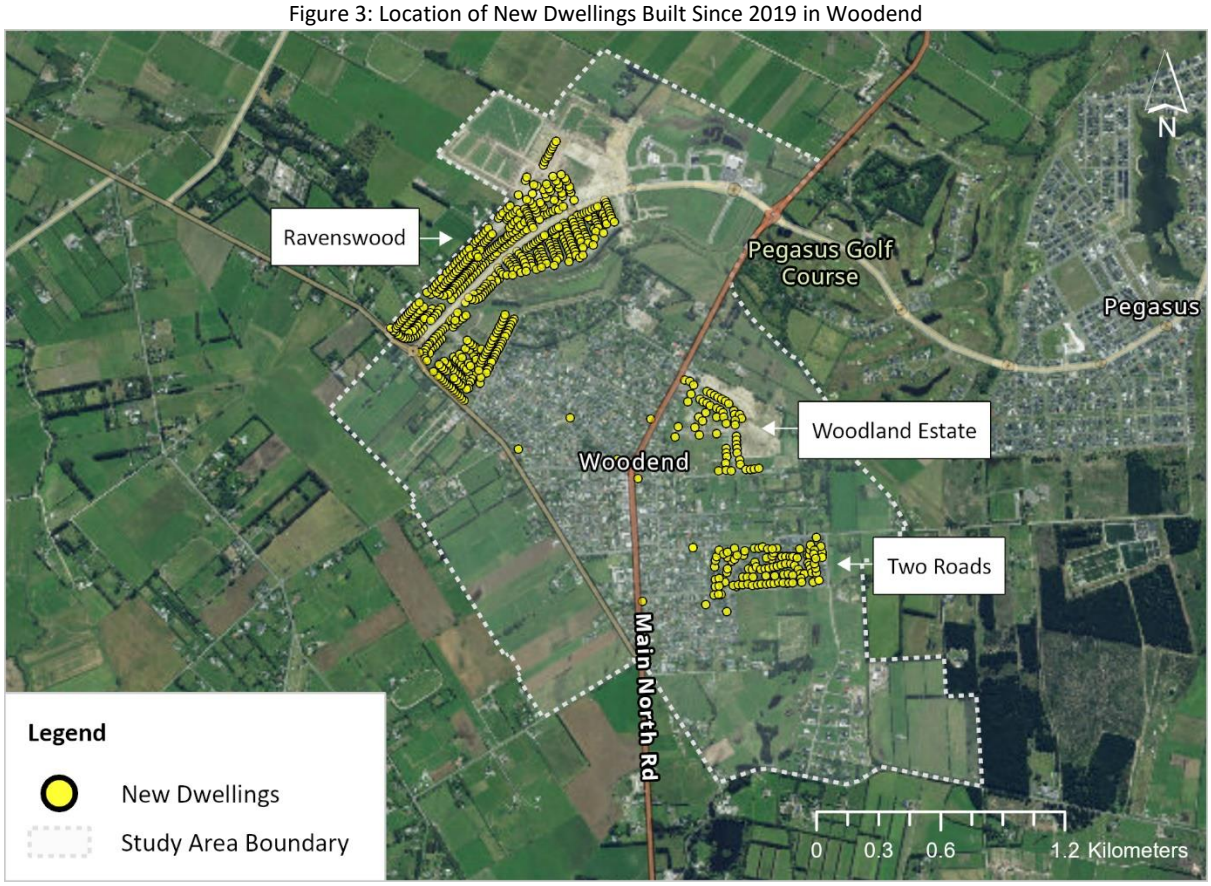
Summary Statistics	**Value**
Number of Dwellings	1,755
Avg Dwelling GFA (m^2)	175
Avg Section Size (m^2)	790
Avg No. of Bedrooms	3.3
Avg Floor Area Ratio	0.27
Average Property Values	**Value**
Land Value	$398,000
Capital Value	$729,000
Decade Built	**Share**
Pre-1950	1%
1950 - 1959	2%
1960 - 1969	2%
1970 - 1979	10%
1980 - 1989	6%
1990 - 1999	17%
2000 - 2009	13%
2010 - 2019	10%
2020+	40%
Unknown	1%
No. of Bedrooms	
1	0%
2	2%
3	55%
4	38%
5+	4%
Unknown	0%

According to Table 1, the average dwelling in the study area has 175m^2 of floorspace on a 790m^2 section, with an average of 3.3 bedrooms. The average land value is just under $400,000 and the average capital value is around $730,000. Half of all dwellings were built since 2010, including 40% built in the past four years or so.

3.5 Recent Development Trends / Growth

For further context, we plotted the location all new dwellings built in the study area between 2019 and 2023. These are identified by the yellow dots in Figure 3 below.

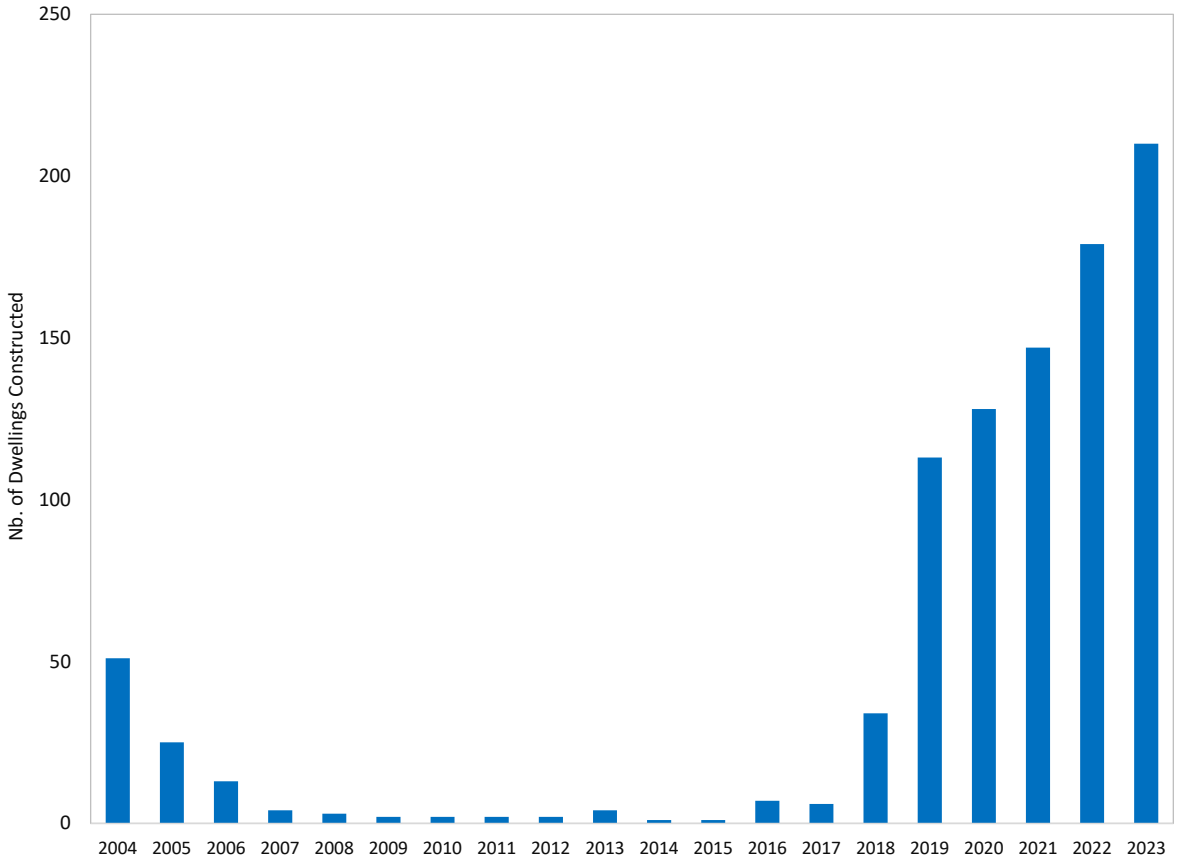
Figure 3: Location of New Dwellings Built Since 2019 in Woodend



As Figure 3 illustrates, the recent growth in dwelling stock is primarily driven by the Ravenswood development. This extends the township to the north, and is expected to provide over 1,500 homes once completed. Other notable recent developments include Woodland Estate and the 'Two Roads' subdivision.

Figure 4 provides further detail. It charts the number of dwellings constructed per annum over the past 20 years.

Figure 4: Dwellings Built Within Study Area by Construction Year



In the five years to the end of 2023, 777 new homes were constructed in the study area. This equates to a rate of around 155 dwellings per year. In contrast, just 157 homes were constructed in the preceding 15 years.

4. About the Subject Site and Proposal

4.1 Site Location & Description

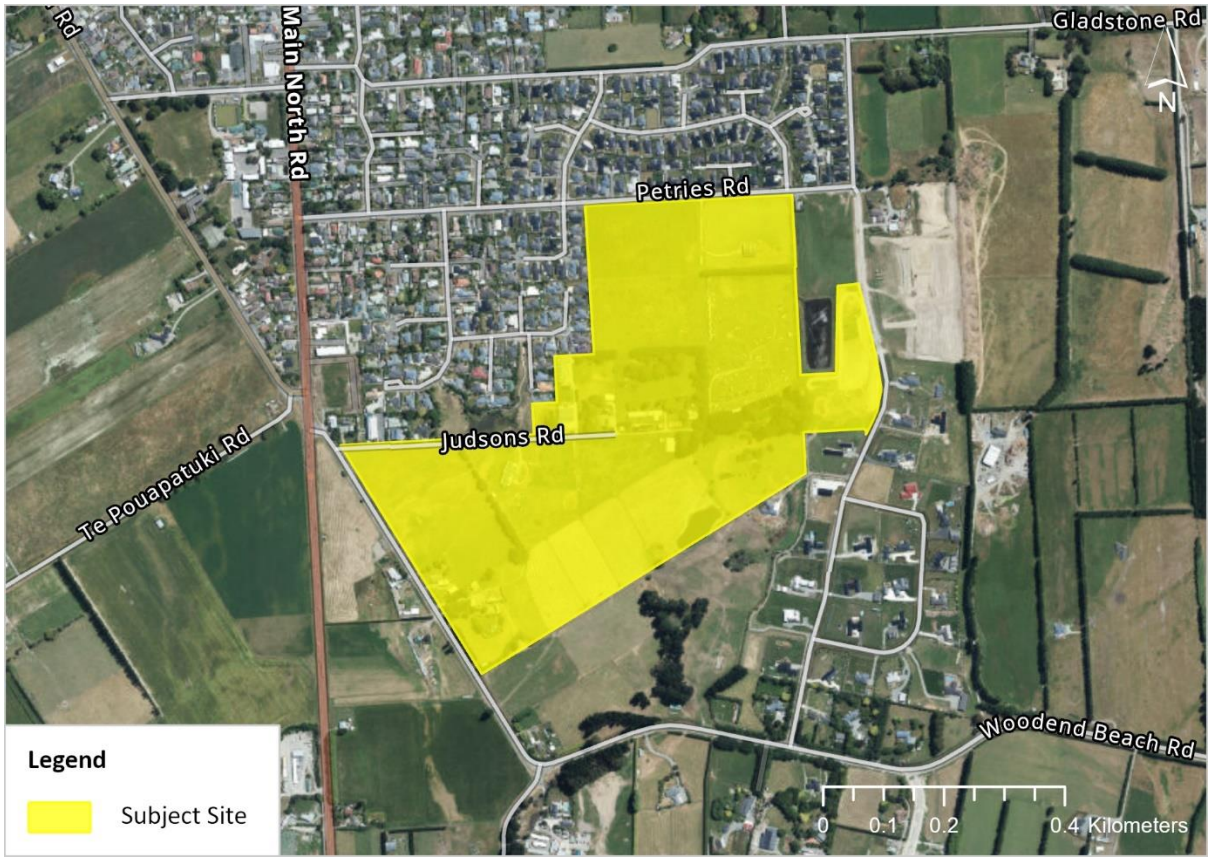
The site is located on the southern outskirts of Woodend. It is bound by Petries Road to the north, Copper Beach Road to the east, large lot residential land to the south and Woodend Beach Road to the west. The site itself spans approximately 32 hectares across multiple parcels, and is currently used for rural lifestyle purposes.

Figure 5: Location of Subject Site

4.2 Receiving Environment

Figure 6 below shows a zoomed-in view of the subject site.

Figure 6: Receiving Environment



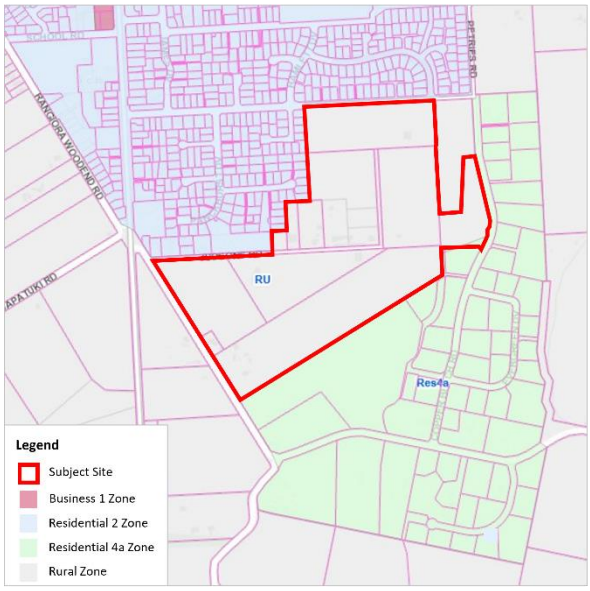
As the map above illustrates, the site abuts the southern extent of the existing Woodend residential area. An additional residential area is located south-east of the site, with dwellings situated on substantially larger lots. Land to the immediate south of the site is zoned for Large Lot Residential purposes and land to the east and west of the site is currently in rural use. Land to the west of the site is Maori Land (MR873) and is proposed to be rezoned as Special Purposes Kainga Nohoanga.

4.3 Zoning

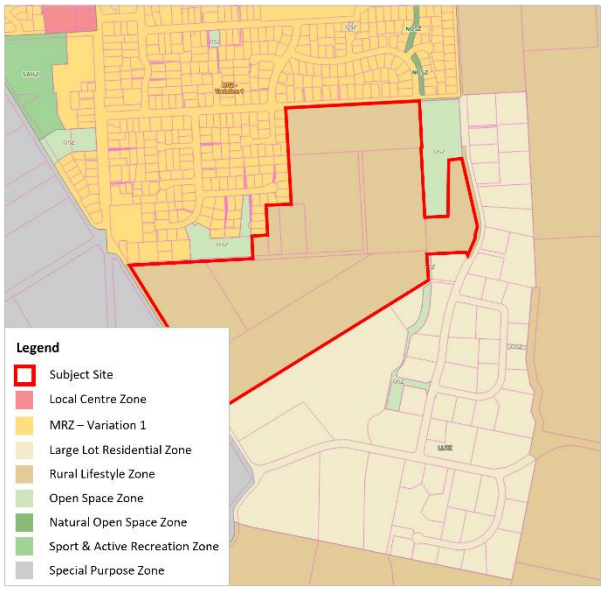
The site is zoned Rural Zone under the Operative District Plan and Rural Lifestyle Zone under the Proposed District Plan (**PDP**), as illustrated in Figure 7 below. Importantly, the site is adjacent to residential-zoned land to both the north and south.

Figure 7: Zoning of Subject Site Under ODP & PDP

ODP



PDP

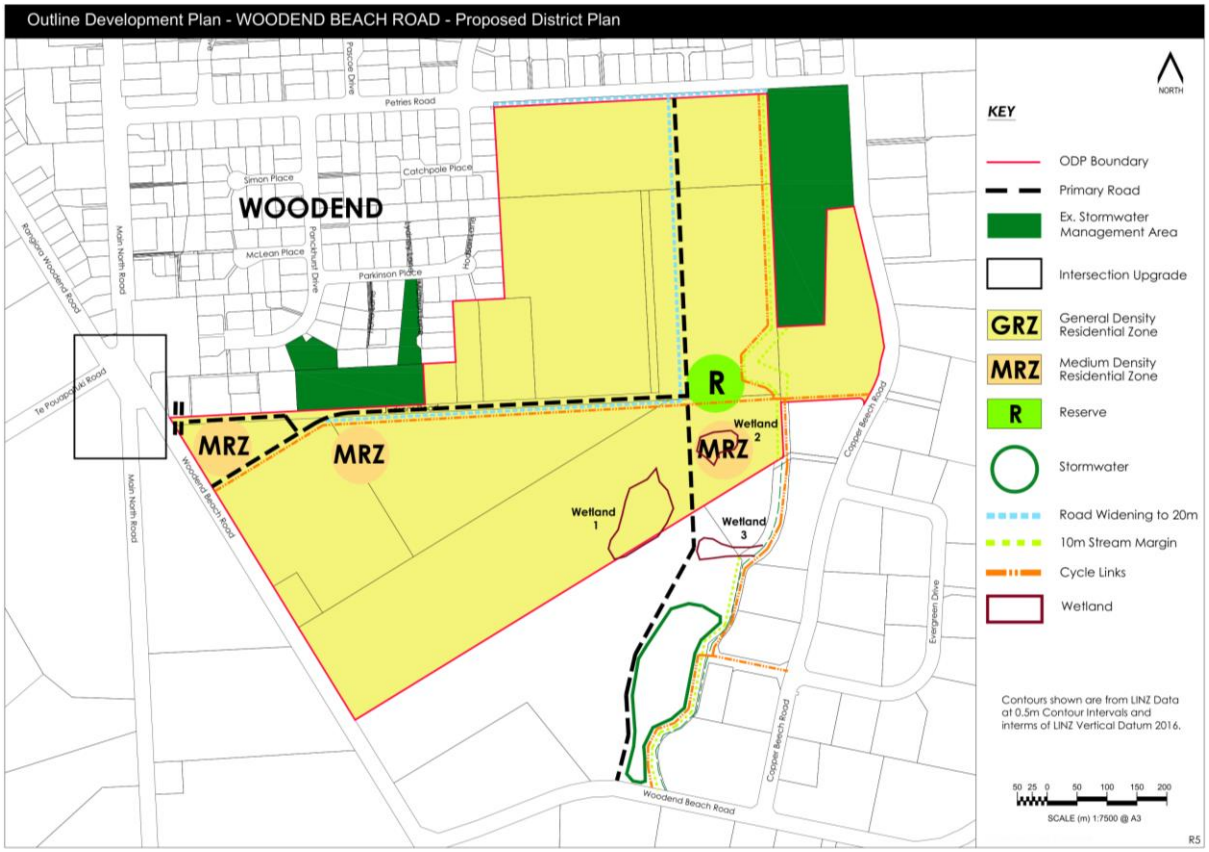


4.4 About the Proposal

The submission by Woodwater Limited seeks to rezone the subject site to General Residential / Medium Density Residential use under the PDP.

Figure 8 below shows an indicative Outline Development Plan (**ODP**) for the site, noting that detailed master-planning is still under development.

Figure 8: Indicative ODP



The indicative ODP suggests a net developable area of just over 32 hectares, with stormwater management areas located outside the rezoning area on adjacent land. This translates to a theoretical yield of between about 485 and 550 dwellings. To be conservative, we adopt the minimum likely dwelling yield of 485 dwellings, which equates to a density of 15 households per hectare and an average section size of approximately 500m^2.[1]

[1] Assuming 25% of net developable land is used for local infrastructure, such as roads.

5. District Population & Housing Context

5.1 Population Growth

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. We perceive two key drivers of the District's strong and sustained population growth.

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. 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.

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.

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.

5.2 Projected Dwelling Demand

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

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

According to Table 2, the number of households in the District's urban areas will increase by just over 11,300 between 2022 and 2052, or nearly 17,000 when the District's rural areas are also included.

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. However, according to Core Logic, the average dwelling in Woodend currently has 175m^2 of floorspace on a 790m^2 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.

5.3 Recent Development Patterns

For additional context, we used Core Logic's Property Guru tool to identify all dwellings built in the District's main urban areas of Rangiora and Kaiapoi since 2019. These are illustrated by the yellow dots in the maps below.

Figure 9: Location of New Dwellings Built Since 2019 in Rangiora & Kaiapoi

Figure 9 shows that virtually all dwellings built in Rangiora and Kaiapoi recently were located in greenfield areas on the edge of the township. A similar pattern of development has occurred in Woodend, as illustrated earlier in Figure 3.

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 Waimak's urban areas, financially viable.

6. Need for the Proposal Under the NPS-UD

6.1 About Housing Capacity Assessments (HCAs)

The National Policy Statement on Urban Development (**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]

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.

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.

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

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.

6.2 Findings of the 2021 and 2023 HCAs

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.

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

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.

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.

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

	2021 HCA			2023 HCA		
Waimakariri District	**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

6.3 Problems with the 2023 HCA

6.3.1 Failure to Properly Test Sufficiency

In our 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, we 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.

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 our view, almost invariably masks a material shortfall for stand-alone dwellings in new urban areas, which are consistently in high demand.

6.3.2 Plan-Enabled Capacity does not Meet Local Housing Demand

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.

While we 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.

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.

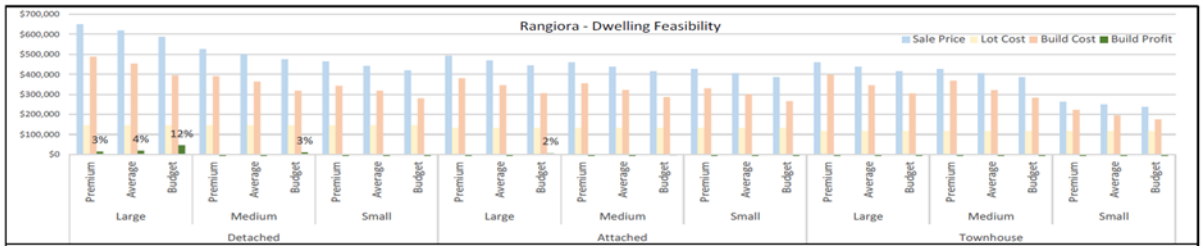
6.3.3 Cost Information is Way Out of Date

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]

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 we consider to seriously limit its validity.

Not only that, but a separate feasibility report supporting the 2021 HCA for Waimak[4] 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.[5]

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



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.

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

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

[4] Formative. (2021). *Waimakariri NPSUD - Residential Feasibility Report*. P.18.

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

concluded that "most dwelling types that were tested in the dwelling feasibility model are currently feasible."[6]

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.

6.4 Comments on Formative's December 2023 Report

In late 2023, Formative released an updated dwelling supply and demand assessment for Waimak. Its results closely resemble the District's figures in the 2023 HCA, but with slighter higher capacity now.

While this report includes more detailed sufficiency testing than the 2023 HCA, it 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.

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.

In our experience, this lack of price-specific reporting tends to conceal major shortfalls in all but a narrow price band, where the feasibility modelling has erroneously "converged." This is demonstrated in the excerpt below from a recent dwelling affordability report, also by Formative.[7] It shows that the modelled sales prices of Formative's feasible capacity estimates seriously misalign with the current price distribution of district dwellings. This limits the model's usefulness and practical application for good policy making, in my view.

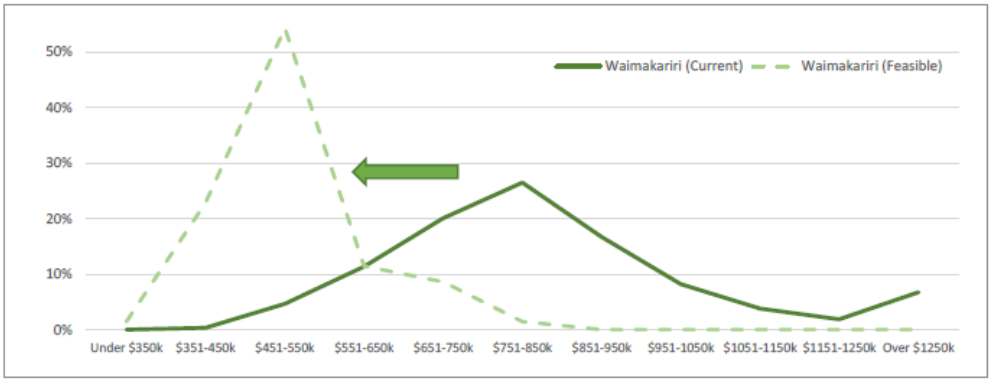
[6] Formative. (2021). Waimakariri NPSUD - Residential Feasibility Report. Pg. 22

[7] Formative. (2022). Greater Christchurch Spatial Plan Dwelling Affordability Assessment.

Figure 10: Waimak District Assumed Feasible Capacity by Price Band vs Current Dwelling Stock

Figure 5.5 shows the distribution of dwelling price points for the current dwellings in Waimakariri and the distribution of feasible dwellings from the council's assessment. The difference between the distributions indicates that the new dwellings that could be developed in Waimakariri may have much lower price points than the existing dwelling stock. The distribution is much more peaked in Waimakariri around the lower price points, than in either Selwyn or Christchurch.

Figure 5.5: Waimakariri Price Points Distribution – Current Dwellings (2022) and Feasible Dwellings



The new Formative report also continues to adopt an inordinately low margin for building developers of only 7% compared to a recommended value of at least 20%. This, in turn, reflects an ongoing conflation of Net Profit After Tax (**NPAT**) and developer margin in Formative's analysis, which we have pointed out several times before, including recently in Selwyn.

In addition, the new report seeks to justify its inordinately low profit margin assumptions by arguing that builder profits are systematically boosted by unspent contingencies.[8] However, we are not aware of any credible research or analysis to support that, with our professional experience suggesting that contingencies are usually exhausted, with cost overruns still occurring.

The international literature also does not support Formative's view. In fact, a recent review of cost overruns across hundreds of construction projects globally[9] 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 claim.

Overall, for the reasons just noted, we 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.

6.5 HCA Summary and Conclusion

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

[8] See footnote 29 on page 26 of the Formative Report

[9] https://www.ijimt.org/vol8/717-MP0022.pdf

unsubstantiated assumptions that limit their reliability. Consequently, we do not believe the District has enough capacity to meet demand, with a lot more needed.

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."[10]

[10] Independent Hearings Panel. Private Plan Change RCP031 Decision Report. Paragraph 92.

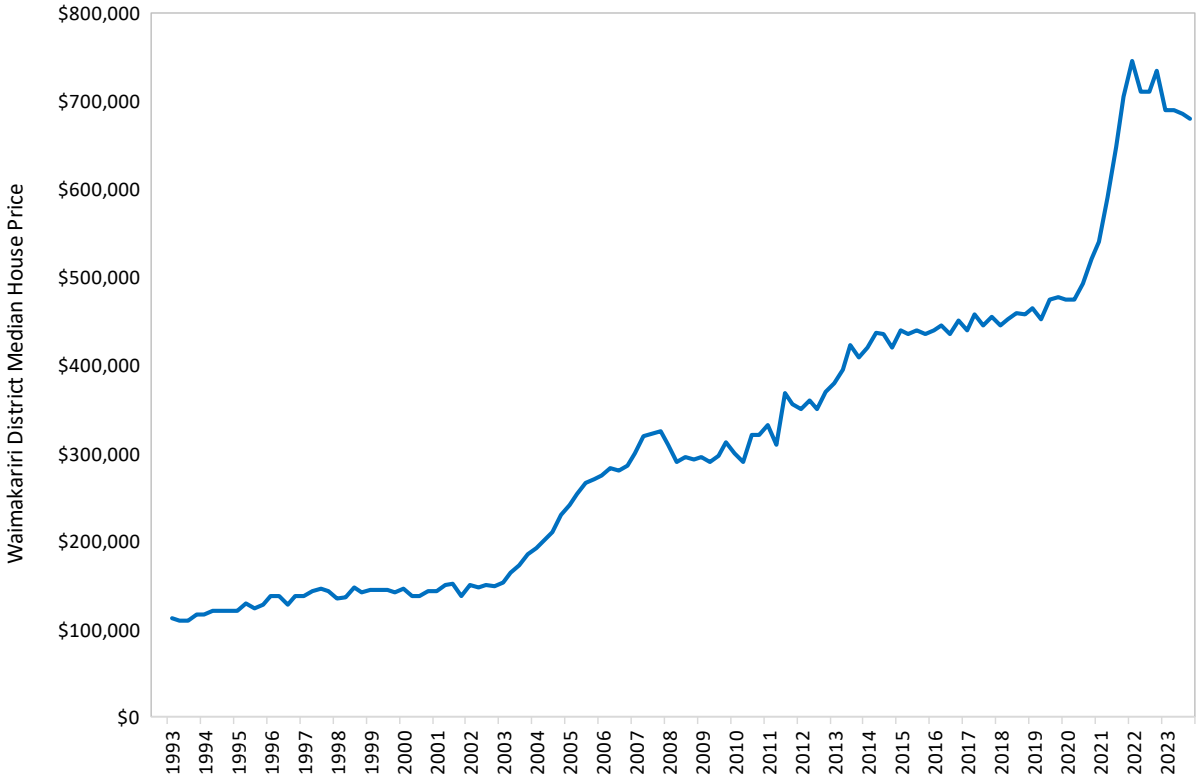
7. Economic Costs & Benefits of Proposal

7.1 Boost in Market Supply / Restoring Supply of Residential Land

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).

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 11 plots the trend in median dwelling prices over time for context.

Figure 11: Waimakariri District Median Dwelling Prices (from NPS-UD Data)



These higher prices are undermining affordability, with the latest Core Logic report (from December 2023[11]) revealing that the average District house price is now 6.4 times the average household income. This is well above the established benchmark for affordability which is a ratio of only three.

In addition, the Core Logic report shows that it now takes nearly nine years to save the deposit for a new home in Waimakariri. Thus, not only are house prices themselves increasingly unaffordable, but

[11] Accessible here https://www.corelogic.co.nz/news-research/reports/housing-affordability-report

the task of saving a deposit is also an onerous one that is beyond the financial means of many households.[12]

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

7.2 Helps Provide for a Range of Housing Typologies

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

2.2 Policies

Policy 1: Planning decisions contribute to well-functioning urban environments, which are urban environments that, as a minimum:

(a) have or enable a variety of homes that:

(i) meet the needs, in terms of type, price, and location, of different households; and

From a demand perspective, the proposal helps give effect to this directive by enabling the development of a variety of dwellings. Importantly, the sections enabled by the rezoning are considerably smaller, on average, than the existing Woodend stock. In fact, the average section size proposed is around 500m^2, compared to a current average of 790m^2 for the study area overall.[13] Accordingly, not only does the proposal make a significant contribution to Woodend, specifically, and the District overall, but it also gives effect to Policy 1.

7.3 Critical Mass to Support Emerging Ravenswood KAC

Waimak has two established Key Activity Centres (**KAC**), located at Rangiora and Kaiapoi. These are commercial centres that are identified as focal points for employment, community activities, and the transport network; and which are suitable for more intensive mixed-use development. Following Plan Change 30, which became operative in June 2023, the location of the District's third, emerging, KAC has been confirmed as Ravenswood. The Ravenswood KAC will be located approximately 2.5 kilometres north of the subject site.

As the development unfolds and fills up with new residents, it will help provide critical mass to support the establishment of the emerging KAC. To demonstrate this, we 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 485 new households. However, to be conservative, they ignore ongoing growth in annual household incomes over time.

[12] I note that recent interest rate rises will make this task easier, but will still take many years and thus remain insurmountable for many would-be home buyers.

[13] Based on existing non-vacant residential sections (i.e. sections with at least one dwelling).

Table 5: Projected Future Spend Originating Onsite

Expenditure Group	Annual Spend per Household	Total Annual Spend ($ millions)
Food	$12,250	$5.9
Alcoholic beverages, tobacco	$1,650	$0.8
Clothing and footwear	$2,400	$1.2
Housing and household utilities	$15,500	$7.5
Household contents and services	$2,350	$1.1
Health	$2,050	$1.0
Transport	$10,700	$5.2
Communication	$1,850	$0.9
Recreation and culture	$6,550	$3.2
Education	$1,050	$0.5
Miscellaneous goods and services	$6,350	$3.1
Other expenditure	$7,800	$3.8
Total Household Expenditure	**$70,500**	**$34.2**

Table 5 shows that future residents of the proposal may spend approximately $34 million per annum on various household goods and services. A high proportion of this is expected to occur nearby, either at the emerging Ravenswood KAC, or at other nearby centres such as Woodend and Pegasus. Accordingly, future development of the land will provide significant commercial support for local businesses.

7.4 One-off Economic Stimulus

Constructing the 485 new homes enabled by the proposal will generate significant one-off economic impacts. We 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:

(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.

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.

Table 6 shows the estimated costs of developing the land and constructing the 485 or so new dwellings enabled.

Table 6: One-Off National Economic Impacts of Construction

Planning/Design/Consent	**Direct**	**Indirect**	**Total**
FTEs – 1 year	11	6	17
GDP $m	$1.7	$0.8	$2.5
Wages/Salaries $m	$0.9	$0.4	$1.3
Site Preparation			
FTEs – 1.5 years	26	29	54
GDP $m	$5	$6	$11
Wages/Salaries $m	$3	$3	$6
Construction			
FTEs – 5 years	58	178	236
GDP $m	$44	$115	$158
Wages/Salaries $m	$18	$58	$76
Project Totals			
FTE-years	338	938	1,276
GDP $m	$50	$121	$172
Wages/Salaries $m	$22	$61	$83

In summary, future construction activity enabled by the proposal could boost national GDP by $172 million, including flow on effects, generate employment for 1,276 FTE-years, and generate $83 million in household incomes. Assuming (say) a seven-year construction period, these translate to annual impacts of $24.5 million in GDP, employment for 182 people, and $11.9 million in household incomes.

7.5 Foregone Rural Production

The main potential economic cost of the proposal is forfeiting the land for alternative uses, such as ongoing rural production. However, the site is located between two residential areas, and held in relatively small blocks (ranging between 0.2ha- 8.1ha). Together, these factors significantly curtail the rural productive potential of the land. This is confirmed by the current land use activities on site, which are limited to low yield grazing and silage.

Accordingly, we quantified the opportunity cost of not using the site for grain production, and beef and sheep farming - which we consider to be the most likely rural productive use absent the proposal, based on the current land use.

Table 7 shows the estimated economic activity foregone if the site's full 32.9 hectares were used for rural production. It overlays regional (if available) or national productivity ratios per hectare to the block-level rural land uses identified above.

Table 7: Estimated Annual Rural Production for the Site (32.9 hectares)

Productive Use	Output $	GDP $	FTES	Wages $
Sheep & Beef	31,809	13,489	0.07	1,974
Grain	136,963	58,233	0.30	8,554
Average	**84,000**	**36,000**	**0.19**	**5,000**

Taking the average from Table 7 above, the site could theoretically sustain the following annual economic activity if used solely for rural production:

(a) Output/revenue of $84,000;

(b) GDP of $36,000;

(c) Employment for 0.19 FTEs; and

(d) Wages and salaries of $5,000.

These values are negligible, not even sustaining one FTE of employment. By comparison, the proposed development could sustain employment for about 182 people for seven years during construction alone.

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

8. Conclusion

This assessment has shown that future development enabled by the proposal represents a significant boost in dwelling capacity, which will help keep pace with demand 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, we support it on economic grounds.