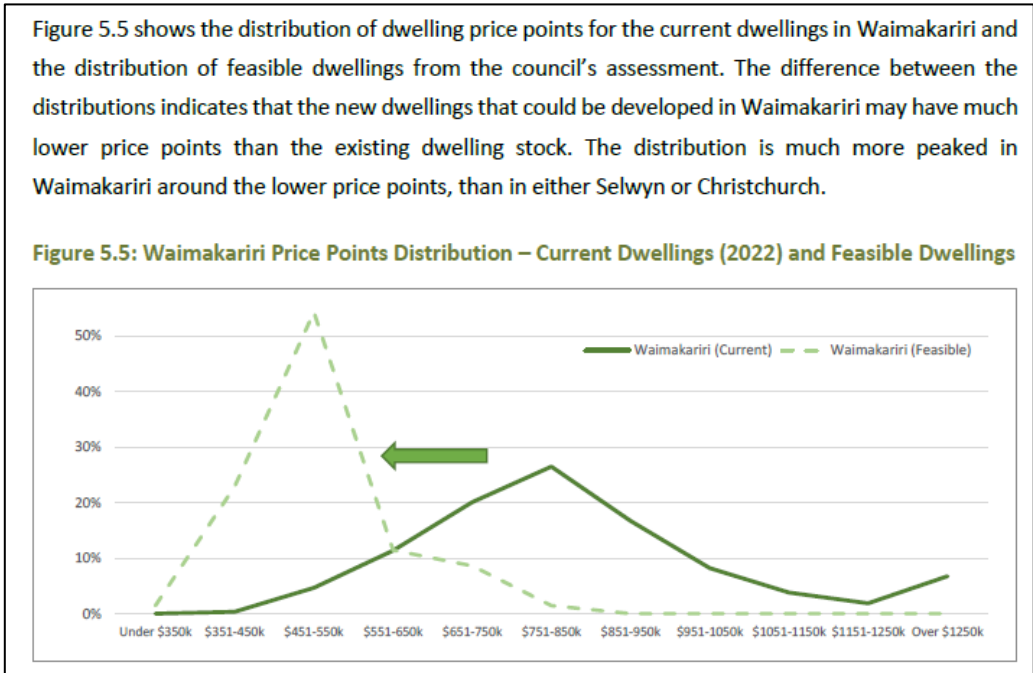


Fraser Colegrave – Stream 10A Summary Statement

- 1 My evidence assesses the economic costs and benefits of enabling future residential development within the airport’s noise contours in and around Kaiapoi on behalf of MLL and Mike Greer Homes. It uses the MLL land as a case study, but my analysis applies equally to both submission sites.
- 2 According to the Council’s latest demand projections, an extra 17,000 dwellings will be needed over the next 30 years.
- 3 In Kaiapoi, and elsewhere, a small share of that will be met via intensification of the existing urban area. However, the district’s young dwelling stock and its relatively low land values undermine the financial viability of large-scale redevelopments, especially over the short to medium term.
- 4 Accordingly, new greenfield developments like those proposed by MLL and Mike Greer Homes are essential to keeping pace with growth in demand and helping to meet the district’s NPS-UD obligations to provide “at least” sufficient capacity “at all times.”
- 5 Despite that, the 2023 Housing Capacity Assessment (**HCA**), and a recent report by Formative dated 8 December 2023, both conclude that there is already sufficient capacity to meet demand.
- 6 I disagree with both reports and note the following issues and limitations with them. First, the 2023 HCA fails to test sufficiency properly for attached and stand-alone dwellings in new and existing urban areas which, in my view, masks looming shortfalls in greenfield capacity.
- 7 While the Formative report provides slightly more detailed sufficiency testing than the 2023 HCA, it offers little (if any) other relevant information about its supposed feasible capacity estimates, particularly their price points.
- 8 In my experience, this lack of price-specific reporting tends to conceal major shortfalls in all but a narrow price band, where the feasibility modelling has erroneously “converged.” This is demonstrated in the excerpt below from a recent dwelling affordability report, also by Formative. It shows that the modelled sales prices of Formative’s feasible capacity estimates seriously misalign with the current price distribution of district dwellings. This limits the model’s usefulness and practical application for good policy making, in my view.

Figure 1: Waimak District Assumed Feasible Capacity by Price Band vs Current Dwelling Stock



- 9 Second, the feasible capacity estimated in both the HCA, and Dec 2023 Formative report, both use out-of-date cost data from 2021, which do not reflect recent (post-pandemic) spikes in construction costs – up 32% in only three years – and today’s much higher interest rates. Both seriously undermine financial viability.
- 10 Overall, I consider the district to face a significant, widespread shortage of feasible capacity to meet demand, with a lot more needed. The MLL and Mike Greer proposals both acknowledge and respond to this by enabling new master-planned communities at pace and scale.
- 11 However, CIAL seeks to prohibit new noise sensitive activities (NSAs) establishing within its noise contours, including (all or parts of) the MLL and Mike Greer sites, to enable unfettered, ongoing airport operations. A suite of supporting reports have been cited, two of which I have reviewed – Airbiz and Property Economics.
- 12 I place little weight on either report, with both having serious methodological issues. For example, the Airbiz report (i) is unjustifiably anchored to CIAL’s highly conservative status quo, (ii) cites a handful of largely irrelevant case studies while ignoring the “Kaiapoi natural experiment”, (iii) fails to consider other options for achieving the same purpose, and (iv) overlooks the ICAO’s four-pillar model, which applies to CIAL, and where operating restrictions are a last resort in a long list of possible interventions.

- 13 To assist the hearings panel, I identified and considered three options for protecting the airport's future operations from new, nearby NSAs. They are (i) CIAL's proposed relief, (ii) allowing new NSAs between the airport's 50 and 55 dB Ldn contours subject to providing double glazing and mechanical ventilation, and/or (iii) no complaints covenants.
- 14 My assessment showed that the district has a significant amount of undeveloped land between the 50 and 55 dB Ldn contours, which can be used for housing without imposing significant risks or costs on CIAL, particularly if double-glazing and mechanical ventilation are required. A no complaints covenant would add a further layer of protection, while freeing up peri-urban land for more valuable uses.
- 15 Consequently, I recommend that new NSAs be allowed up to the 55 dB Ldn airport noise contours (based on annual averaging) subject to providing mechanical ventilation, double glazing, and no complaints covenants.

Fraser Colegrave

19 February 2024