

Before an Independent Hearings Panel
appointed by the Waimakariri District Council

under: the Resource Management Act 1991

in the matter of: Submissions and further submissions in relation to the proposed Waimakariri District Plan, Variation 1 and Variation 2

and: Hearing Stream 10A: Future Development Areas, Airport Noise Contour, Bird Strike and Growth policies

and: **Christchurch International Airport Limited**
Submitter 254

Statement of evidence of Natalie Hampson (economics) –
Variation 1 to the proposed Waimakariri District Plan

Dated: 2 February 2024

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STATEMENT OF EVIDENCE OF NATALIE HAMPSON

INTRODUCTION

- 1 My full name is Natalie Diane Hampson. I am the Director of Savvy Consulting. I was previously a Director at Market Economics from mid-2019 to the end of October 2023. I hold a Master of Science degree in Geography from the University of Auckland (first class honours).
- 2 My statement of evidence for the proposed Waimakariri District Plan (*Proposed Plan*) sets out my qualifications and experience in full.

CODE OF CONDUCT

- 3 Although this is not an Environment Court hearing, I note that in preparing my evidence I have reviewed the Code of Conduct for Expert Witnesses contained in the Environment Court Practice Note 2023. I have complied with it in preparing my evidence on technical matters. I confirm that the technical matters on which I gave evidence are within my area of expertise, except where relying on the opinion or evidence of other witnesses. I have not omitted to consider material facts known to me that might alter or detract from my opinions expressed.

SCOPE OF EVIDENCE

- 4 I have been asked to comment on the relief sought by CIAL in relation to the Proposed Plan and Variation 1 to the Proposed Plan (*Variation 1*). This statement of evidence relates to the Variation.
- 5 This brief of evidence addresses:
 - 5.1 The impact of CIAL's relief on housing capacity in Kaiapoi's existing residential areas from an economic perspective.
 - 5.2 The Council's Section 42A report.
- 6 This evidence should be read in conjunction with my evidence on the Proposed Plan (*primary evidence*). In preparing this evidence on Variation 1 I rely on the same material as in my primary evidence.

SUMMARY AND CONCLUSIONS

- 7 I anticipated little difference in housing capacity assessed under the Waimakariri Capacity for Growth Model (**WCGM 2022**) for Variation 1 and the Proposed Plan as notified (i.e. without Variation 1).
- 8 CIAL's relief for densities in the existing residential areas of Kaiapoi is also the same for the Proposed Plan (i.e. Areas A, B and C applied

as an overlay) and Variation 1 (i.e. Areas A, B and C applied as the Airport Noise Qualifying Matter (**Airport Noise QM**)).

- 9 As such, there is little difference in the opportunity cost for feasible and reasonably expected to be realised (**RER**) housing capacity in the short/medium-term arising from CIAL's relief on the Proposed Plan and Variation 1.
- 10 That is, CIAL's relief for existing residential areas on Variation 1 is likely to have only a minor opportunity cost (and not an actual economic cost) on Kaiapoi's urban dwelling capacity. I consider that this opportunity cost could be mitigated at the time of rezoning additional land outside of the Remodelled 50dB L_{dn} Air Noise Contour to address a potential shortfall of capacity to meet short/medium-term housing demand.

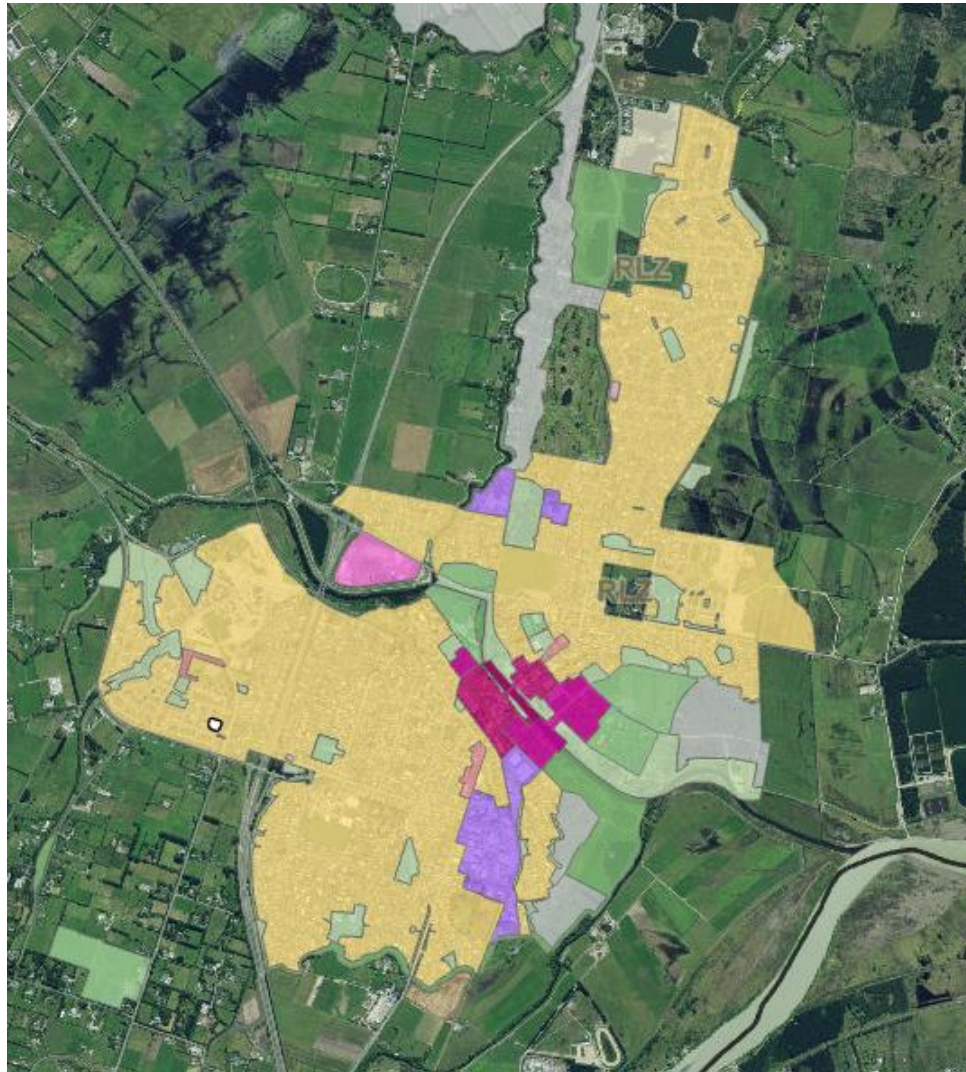
CIAL RELIEF ON VARIATION 1

- 11 The following sub-sections of my evidence consider the potential costs of CIAL's proposed relief on Variation 1 of the Proposed Plan, from an economic perspective.

Dwelling Density within Existing Residential Zones under the Notified Airport Noise Qualifying Matter

- 12 Variation 1 is the baseline against which the impact of CIAL's relief needs to be assessed. Variation 1 amends the Proposed Plan's General Residential Zone (**GRZ**) to Medium Density Residential Zone (**MRZ**) and applies the Medium Density Residential Standards (**MDRS**) to that total area of MRZ (Figure 1).

Figure 1 – Variation 1 Zoning of Kaiapoi’s Existing Residential Area Excluding Qualifying Matters

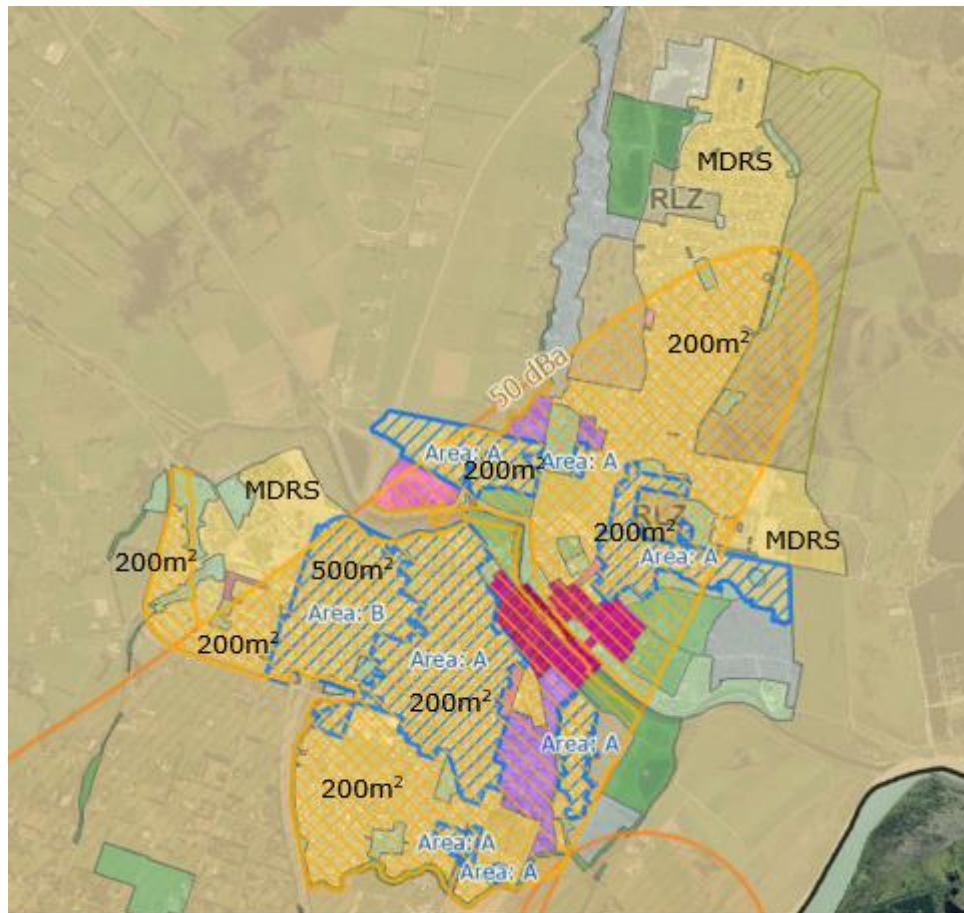


- 13 Variation 1 also introduces qualifying matters (**QMs**) to Kaiapoi that reduce dwelling densities (intensification) in particular areas. The two relevant QMs in Kaiapoi are the Natural Hazards Flood QM (*Flood QM*) and the Airport Noise QM.
- 14 As notified, the Flood QM limits dwelling density in two areas (A and B) to 200sqm minimum lot sizes and 500sqm minimum lot sizes respectively instead of enabling MDRS. As notified, the Airport Noise QM limits dwelling density to 200sqm minimum lot sizes respectively instead of enabling MDRS within the 50dB L_{dn} Air Noise Contour (inclusive of a small area of the Silverstream development area).¹ The two QMs need to be considered jointly, with the lower density

¹ This arises because Council have combined the greater of the operative 50dB L_{dn} Air Noise Contour and the draft updated Annual Average Outer Control Boundary (AAOCB) which covers an area within Silverstream.

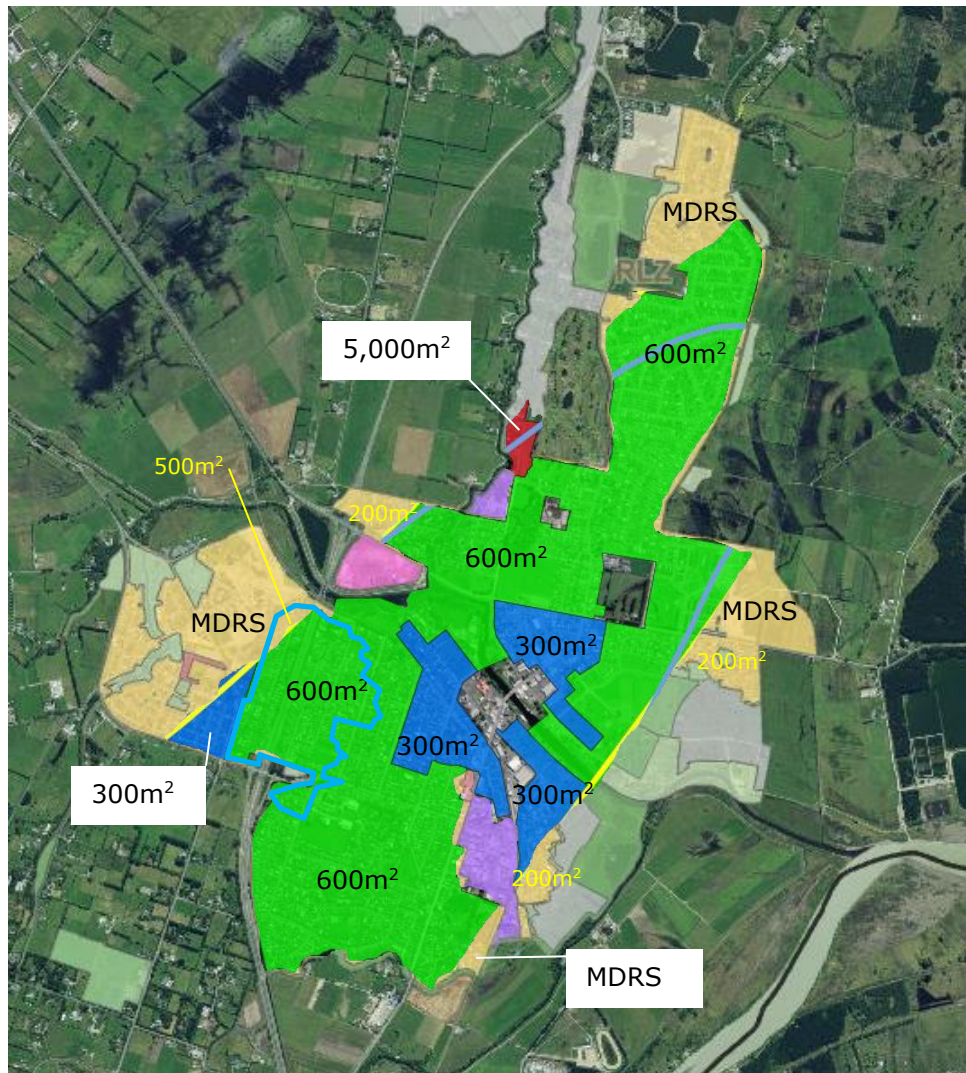
applicable where they overlap. This means that Area B of the Flood QM overrides the Airport Noise QM in that location (Figure 2).

Figure 2 – Dwelling Densities Enabled Under Notified Variation 1 and Flood and Airport Noise QMs



- 15 Despite removing MDRS within the Airport Noise QM and further limiting density in Area B of the Flood QM, Variation 1 has further increased the potential number of dwellings plan enabled in Kaiapoi, including in the area affected by aircraft noise over and above the Operative District Plan (**ODP**) and the Proposed Plan.
- 16 As per the Proposed Plan, CIAL's relief is not to avoid further residential development in areas affected by aircraft noise in Kaiapoi's existing residential area, but limit intensification in those areas to the densities enabled in the ODP. This would apply within the extent of the Remodelled Outer Envelope 50dB L_{dn} Air Noise Contour (*Remodelled Air Noise Contour*), illustrated (roughly) in Figure 3. Those densities (categorised in to Areas A, B and C) are described in paragraph 34 of my primary evidence.

Figure 3 – CIAL Relief Dwelling Densities with Variation 1 and Flood Hazard QM Outside of Remodelled Air Noise Contour



- 17 CIAL’s proposed Airport Noise QM will ‘trump’ the Flood QM densities within the Remodelled Air Noise Contour, but outside the Remodelled Air Noise Contour, there are 3 small areas where the Flood QM Area A density (200sqm minimum lot size) and one small area where Flood QM Area B density (500sqm minimum lot size) would still apply (these are shown in yellow text labels in Figure 3).
- 18 The plan enabled impact of CIAL’s relief (proposed Airport Noise QM) in existing residential areas relative to the notified Variation 1 densities with Flood QM can be summarised as:
- 18.1 Land within Flood QM Area B reduced from a 500sqm dwelling density to a 600sqm dwelling density (Area A of CIAL’s relief).

- 18.2 Land within Flood QM Area A reduced from a 200sqm dwelling density to a 300sqm dwelling density (Area B of CIAL's relief).
 - 18.3 Land within Flood QM Area A reduced from a 200sqm dwelling density to a 600sqm dwelling density (Area A of CIAL's relief).
 - 18.4 Land outside the Flood QM reduced from a 200sqm dwelling density to 300sqm dwelling density (Area B of CIAL's relief).
 - 18.5 Land outside the Flood QM reduced from a 200sqm dwelling density to 600sqm dwelling density (Area A of CIAL's relief).
 - 18.6 Land outside the operative 50dB L_{dn} Air Noise Contour but within the Remodelled Air Noise Contour reduced from a MDRS dwelling density to 600sqm dwelling density (Area A of CIAL's relief).
 - 18.7 Land outside the operative 50dB L_{dn} Air Noise Contour and Remodelled Air Noise Contour but within the notified Airport Noise QM (Silverstream) increased from a 200sqm dwelling density to MDRS.
- 19 By maintaining status quo densities within the Remodelled Air Noise Contour the CIAL relief creates a minor opportunity cost for some landowners (where densities are lowered) relative to landowners outside of the Remodelled Air Noise Contour (and proposed Airport Noise QM), but not an actual economic cost to those landowners.
 - 20 For some landowners, that potential opportunity cost relates to only a 100sqm decrease in permitted minimum lot sizes relative to notified Variation 1. For some other landowners, the potential opportunity cost relates to a 400sqm decrease in permitted minimum lot sizes relative to notified Variation 1. For other landowners, mostly in the north of Kaiapoi, that change from a notified MDRS density back to an operative density of 600sqm is potentially a more substantial opportunity cost.
 - 21 The reason it is only a 'potential' opportunity cost for some landowners is because it depends on whether the property would have further subdivision potential (as vacant lots or for infill or redevelopment) under Variation 1 that is foregone by CIAL's relief. Most properties within the Remodelled Air Noise Contour would be unlikely to yield one or more feasible additional dwellings under either proposal and so the CIAL submission would have no impact on either property values or the ability to develop for most landowners in existing residential areas.

Wider Opportunity Costs for Kaiapoi's Existing Residential Areas

- 22 In my primary evidence, I considered the results of the Waimakariri Capacity for Growth Model 2022 (**WCGM 2022**) with respect to demand for housing in Kaiapoi in the short/medium term (inclusive of the NPS-UD competitiveness margin) and feasible and reasonably expected to be realised (**RER**) housing capacity in existing residential zones.
- 23 I noted that the WCGM 2022 estimated capacity under the Proposed Plan with Variation 1 applied, and consequently sought to breakdown those results spatially to estimate what the WCGM might show in terms of housing capacity without Variation 1.² No such manipulation of the WCGM 2022 is required for this evidence, as the results already represent the appropriate baseline against which the impact of CIAL's relief on Variation 1 can be assessed.³
- 24 The only exception being that, as discussed in my primary evidence (paragraph 89) the WCGM 2022 did not consider the impact of notified QMs. The Flood QM Area B density would result in a reduction of 10 dwellings from the reported feasible and RER capacity for Kaiapoi in the short/medium-term.⁴ That is capacity of 1,280 instead of 1,290 dwellings.
- 25 The reason the other notified QMs (Area A of the Flood QM and the Airport Noise QM) did not further impact the results of the WCGM 2022 was because no feasible and RER capacity was identified in Kaiapoi in existing residential areas that was less than a 300sqm lot size. Specifically, 81% of modelled vacant, infill and redevelopment capacity in Kaiapoi was calculated on minimum lot sizes greater or equal to 400sqm and 19% was calculated as being feasible and RER on sites between 300-400sqm.⁵
- 26 This is significant as it showed an adopted assumption that MDRS was not feasible or RER over the long-term in Kaiapoi. It is for this reason that dwelling capacity modelled in the WCGM 2022 would be expected to be relatively similar under the Proposed Plan scenario and Variation 1 (as concluded in my primary evidence).

² That was set out in Appendix 1 of my primary evidence.

³ The results of the Inovo Projects' review of WCGM 2022 capacity for Private Plan Change 31 is also directly relevant as an alternative baseline.

⁴ PPC31, Mr Yeoman's response to Minute 5 Questions, page 4. In the long-term, Mr Yeoman indicated capacity for 27 additional dwellings if constrained to a minimum lot size of 500sqm.

⁵ Waimakariri Residential Capacity and Demand Model – IPI 2023 Economic Assessment, Formative, 8 December 2023, page 34.

Impact of CIAL's Relief on Feasible and RER Capacity in Existing Residential Areas (Short/medium-term Capacity) Relative to the Variation 1 Baseline

- 27 I apply the same logic to estimate the significance of CIAL's proposed Airport Noise QM (Variation 1 relief) as I did for CIAL's relief on the Proposed Plan. The material change in capacity is not the difference between plan enabled capacity, but feasible and RER capacity.
- 28 I have taken into account the following in reaching my conclusion on the impact of CIAL's relief in existing residential areas:
- 28.1 Zoned greenfield capacity (as defined by the WCGM 2022) in Kaiapoi is outside the Remodelled Air Noise Contour, therefore greenfield capacity under Variation 1 and CIAL relief scenarios would be the same. CIAL's relief has no impact on this significant component of Kaiapoi's short/medium-term dwelling capacity.
- 28.2 As CIAL's relief for Area B within the Remodelled Air Noise Contour was for a 300sqm minimum lot size, the vacant and infill/redevelopment capacity of the WCGM 2022 within these areas (while unknown) would also, in theory, remain unchanged. Therefore, CIAL's relief for Area B within the Remodelled Air Noise Contour is anticipated to have no impact on feasible and RER capacity relative to the Proposed Plan in the short/medium-term under the Council's capacity modelling approach.
- 28.3 A portion of the area within the Remodelled Air Noise Contour retained at a density of 600sqm in CIAL's relief falls within Area B of the Flood QM. Even in the unlikely situation that all the feasible and RER capacity in that Flood QM Area B (17 dwellings) was precluded by CIAL's relief for a 600sqm minimum lot size in that location, then the impact of CIAL's relief in that location relative to the Proposed Plan capacity is very minor. A loss of capacity for 17 dwellings accounts for just 1% of projected medium-term dwelling growth (inclusive of the competitiveness margin).
- 28.4 The remaining area to be considered within the Remodelled Air Noise Contour is the area that CIAL's relief retains at a 600sqm minimum lot size (proposed Area A), rather than MRZ (200sqm minimum lot size) or MDRS in Variation 1. While the quantum of feasible and RER capacity in the WCGM 2022 specifically in these areas (as vacant capacity or infill/redevelopment capacity) is unknown, I anticipate that the opportunity cost for housing growth in these parts of Kaiapoi attributable to the CIAL relief would be moderate.

- 29 When considering the aggregate impact of CIAL’s relief discussed above, both proportionally and in the context of the mix of dwelling capacity that is greenfield, vacant and infill/redevelopment in the WCGM 2022 for Kaiapoi, I conclude that the total opportunity cost of CIAL’s relief on feasible and RER dwelling capacity in Kaiapoi’s existing residential areas is likely to be minor relative to capacity under Variation 1 (and not substantially different to the impact of CIAL’s relief on the Proposed Plan).
- 30 The CIAL relief would still provide for some dwelling growth in the short/medium-term within the Remodelled Air Noise Contour/proposed Airport Noise QM in Areas A and B, just less than would be anticipated under Variation 1 and the notified QMs (by a minor amount).
- 31 My assessment is indicative only, and ideally the impact of CIAL’s relief would be run through the WCGM as a separate scenario to more formally quantify the change in capacity outcomes (as it is designed to test these scenarios with relative ease).
- 32 With regard to the potential for a shortfall of feasible and RER capacity in Kaiapoi in the short/medium-term discussed in my primary evidence, my conclusions in paragraphs 63-65 also apply to this evidence, and I don’t repeat them here.

RESPONSE TO SECTION 42A REPORT

- 33 While I have read the S42A report for Stream 10A IPI Variation 1 Airport Noise, it does not contain any evidence or assessment of economic costs and benefits of CIAL’s relief that I can respond to.

Dated: 2 February 2024

Natalie Hampson