

SUMMARY STATEMENT

1. My full name is Philip Mark Osborne. I am an economic consultant for the company Property Economics Ltd, based in Auckland. I have 20 years' experience advising local and regional councils, as well as central government agencies, throughout New Zealand in relation to economic impacts, industrial and business and residential land use issues as well as strategic forward planning.
2. I have prepared evidence on behalf of the Christchurch City Council, dated 11 August 2023, in respect of economic matters arising from specific Qualifying Matters (**QMs**), and the provisions for financial contributions relating to urban tree canopy, included in Plan Change 14 (**PC14**). That is, my evidence addresses:
 - the financial contribution provisions relating to urban tree canopy cover;
 - the Airport Noise Influence Area QM;
 - the City Spine Transport Corridor QM; and
 - the Coastal Hazards and Tsunami Management Area QMs.
3. My evidence is also relevant to topics considered in previous weeks of the PC14 hearings (and so not addressed in this summary), namely the Residential Industrial Interface QM, the Low Public Transport Accessibility Areas QM, and the Residential Heritage Areas and Residential Character Areas QMs.
4. My evidence sought to identify, and where appropriate quantify, the potential economic costs resulting from both the identified QMs and the Financial Contribution relating to the urban tree canopy.

Financial Contributions

5. The level of economic impacts resulting from this contribution is likely to be in proportion to the options available and adopted by the market but include:

Costs

- The proposed provision will increase costs for some residential (specifically) development.
- Impact on feasible capacity

- Impact on distribution of development
- Impact on affordability
- Distribution of Cost / Equity
- Impact upon development certainty and clarity

Benefits

- Long-term enhanced amenity of the urban environment
- Environmental infrastructures
- Provision within a localised environment
- Avoids consumption of current public land

6. There are a number of factors that are likely to reduce, materially, the economic burden of these provisions, including:
 - i. The requirement under the MDRS for residential development to provide landscaping over at least 20% of the land area, in respect of which the retention or new provision of the tree canopy will fulfil this obligation; and
 - ii. The requirement that a maximum 50% of the site can be occupied by buildings provides further scope for accommodating tree canopy cover on the site; and
 - iii. A significant proportion of the market is likely to be able to retain or plant trees to meet this provision in lieu of a financial contribution, thereby avoiding or reducing the direct cost.
7. Overall, there remain some economic concerns regarding the potential increase in costs that could impact upon affordability and choice, however these would need to be considered in relation to the wider non-economic considerations of the tree canopy provision.

Qualifying Matters

8. My evidence also addressed specific QMs set out under PC14 that seek to limit the full introduction of MDRS in areas where intensification is considered unsuitable in terms of, in part, their potential economic impact. In this I identified the potential impacts of the QMs in relation to economic matters and potential market outcomes, including the potential to meet the objectives of PC14. Key considerations in relation to these QMs were their potential

impact on feasible residential development capacity in the context of the wider provision of feasible capacity provided, in part, through PC14.

Airport Noise Influence Area

9. The extent of the influence area results in a capacity impact that is one of the largest of the QMs assessed. Over 43,000 enabled dwellings are within the area, with nearly 12,000 of those being modelled as feasible. Again, it has been assessed that this does not undermine the ability for PC14 to provide sufficient feasible residential capacity to meet long-term demand.
10. The purpose of the QM is to safeguard the operations of the Christchurch International Airport, which contribute billions of dollars annually to the city and region while supporting tens of thousands of jobs. Given the businesses this infrastructure supports and the level of competition, both national and international, in this sector, a risk to the airport's operations would pose a very real risk to the regional economy.
11. A key economic consideration with regard to the approach taken through the Airport Noise Influence Area QM is the certainty provided by the provisions. While an assessment of effects and the conditions under the acoustic insulation standards would provide for appropriate conditions for individual consents, it is more difficult to manage the cumulative impacts generated by providing material residential development potential within areas where airport-related noise is elevated.

Coastal Hazard and Tsunami Management Area

12. Given the catastrophic events outlined in the evidence of Dr Lane, the recovery process is likely to be long and have a substantial impact on the economy city-wide. Additional residential development is likely to not only increase the cost of damage to buildings, but also could result in a much-extended recovery time, exacerbating the economic costs associated the event.
13. There are a number of economic considerations with regard to the impacts of this QM. The level of properties impacted is substantial, with coastal hazards impacting 4,680 feasible residential dwellings and the tsunami area impacting upon 9,868 dwellings. In addition, 475,000sqm of commercial space would be forgone. While neither of these capacity reductions undermines the ability of the city to meet future household growth expectations, they are a material reduction in the market's choices.

City Spine Transport Corridor

14. There are two distinct levels of impact with regard to this QM. In terms of residential development, according to the Council's assessment, the requirement is unlikely to have any material impact; the evidence of Mr Scallan indicates an impact of less than 100 dwellings. Overall, the provision is likely to result in a more conducive environment and potentially improve the overall property values. Additionally, the existing landscaping requirement can be met with limited additional impact, further mitigating the impacts of the provision on residential properties.
15. In terms of the affected commercially zoned sites this QM is likely to result in some economic costs and disruption over the short to medium term to affected commercial activities along the corridor. These costs, however, are likely to be mitigated over the long-term by greater locational amenity as well as the non-economic benefits.

Conclusion

16. While there are a variety of Qualifying Matters with a range of potential economic impacts each of these must be considered in light of the non-economic benefits sought through PC14. Overall, there is little potential that any of the identified QMs will result in an impact on feasible residential development that will result in either a shortfall in capacity to meet future demand, or a material impact on PC14's ability to provide a competitive housing market.
17. In terms of the economic assessment of the financial contribution, there is potential for this to impact upon the housing market in terms of affordability and choice, however these impacts are likely to be partially mitigated through the availability of alternative approaches to tree provision.

Date: 15 April- 2024

Philip Mark Osborne