

**BEFORE AN INDEPENDENT HEARINGS PANEL  
IN CHRISTCHURCH**

**TE MAHERE Ā-ROHE I TŪTOHUA MŌ TE TĀONE O ŌTAUTAHI**

**UNDER** the Resource Management Act 1991 (the **RMA**)

**AND**

**IN THE MATTER OF** the hearing of submissions on Plan Change 14 (Housing  
and Business Choice) to the Christchurch District Plan

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**STATEMENT OF REBUTTAL EVIDENCE OF TIMOTHY JAMES HEATH ON  
BEHALF OF CHRISTCHURCH CITY COUNCIL**

**ECONOMICS**

**Dated: 9 October 2023**

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## EXECUTIVE SUMMARY

1. I do not consider the comparatives presented between Auckland Metropolitan Centres and Hornby, Riccarton and Papanui, based on selected metrics, to be well-founded. In my view no centres in Christchurch represent sufficient diversity of land use composition to constitute a Metropolitan Centre.
2. While some submitters seek higher permitted building heights in certain zones (above the heights proposed in PC14), in my view no economic rationale has been provided to support those outcomes, based on analysis of the economic costs and benefits of the additional height submitters seek.

## INTRODUCTION

3. My name is **Timothy James Heath**.
4. I prepared a statement of primary evidence on behalf of Christchurch City Council (**Council**) dated 11 August 2023. My primary evidence addressed the economic benefits of consolidated activity, particularly in and around centres, the status of the Central City's recovery, and the economic costs and benefits of height enablement and the layered approach to heights across the city's centre network and walkable catchments arising from the submissions and further submissions on Plan Change 14 to the Christchurch District Plan (the **District Plan; PC14**).
5. I have the qualifications and experience set out at paragraphs 21 to 24 of my primary evidence and I repeat the confirmation given in my primary evidence that I have read the Code of Conduct for Expert Witnesses contained in the Environment Court Practice Note 2023, and that my evidence has been prepared in compliance with that Code.

## SCOPE OF REBUTTAL EVIDENCE

6. In preparing this rebuttal statement, I have read and considered the relevant economic evidence filed on behalf of submitters, as that evidence relates to my primary evidence. This includes economic statements from:
  - (a) Mr Colegrave for submitter #834, Kāinga Ora, and submitter #705, Foodstuffs;
  - (b) Dr Fairgray for submitter #260, Scentre New Zealand; and

(c) Ms Hampson for submitter #852, Christchurch International Airport Limited;

and planning statements from:

(d) Mr Bonis for submitter #740, Woolworths NZ Limited, and submitter #1092, Cambridge 137 Limited;

(e) Ms Clare Dale for submitter #556, Winton Land Limited; and

(f) Mr Mark Arbuthnot for submitter #855, Lendlease New Zealand Limited.

7. This rebuttal statement does not respond to every economic-related matter raised in the evidence of submitters with which I disagree; due to time constraints, I have limited my rebuttal to the key points of difference that I consider warrant a response.

## **ECONOMIC CONTEXT OF CHRISTCHURCH**

8. Mr Colegrave and Dr Fairgray seek to draw parallels between Auckland and Christchurch to support assertions that Riccarton and (in Mr Colegrave's case) Hornby and Papanui are Metropolitan Centres. I do not consider the comparatives with Auckland presented by Mr Colegrave and Dr Fairgray to be apposite, because their base context is very different.

9. Simply, Christchurch is not Auckland, and the Christchurch urban fabric and functioning of the city's urban economy is very different to that of Auckland.

10. As a base starting point, Auckland is over four times larger than Christchurch in terms of its current population base (1.7m vs 390,000 people respectively<sup>1</sup>), and the cities' geography is vastly different. Auckland has significant geographic barriers to an efficient urban landform with three of the southern hemisphere's largest harbours (Kaipara, Waitematā and Manukau) having a significant impact of city functioning and efficiency, whereas Christchurch is flat and has a more circular efficient urban form. Due to its significantly smaller size (1,426kms<sup>2</sup> vs 4,941kms<sup>2</sup> for Christchurch and

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<sup>1</sup> Statistics New Zealand estimate, June 2022.

Auckland respectively<sup>2</sup>), travel distances between centres in Christchurch are significantly lower and therefore centres are more accessible.

11. Additionally, the level of new residential dwellings required to be accommodated in Christchurch over the next 30 years under the Medium growth scenario is estimated to be 35,200,<sup>3</sup> excluding relevant National Policy Statement on Urban Development (**NPS-UD**) competitiveness margins which, if included, would increase this figure to approximately 41,000 dwellings (rounded). Auckland is estimated to be required to accommodate around 227,000<sup>4</sup> new dwellings over the next 30 years, including the NPS-UD margin, under the Medium scenario. This increases to 338,000 dwellings under the High scenario. Auckland's projected growth is thus five to six times more than Christchurch.
12. This data shows comparatives between Christchurch and Auckland Metropolitan centres may not be directly applicable to the Christchurch context, particularly when also considering the Christchurch City Centre is still in its recovery phase.

#### **RESPONSE TO MR COLEGRAVE ON BEHALF OF KĀINGA ORA**

13. In Item 1 titled '*Simplify and Standardise The Centre's Hierarchy*', and Item 2 titled '*Reclassify the 3 Largest Centres As Metropolitan Centres*' Mr Colegrave suggests:
  - (a) a five-centre hierarchy as outlined in the National Planning Standards should be followed, as it is less complex and provides more certainty than the approach in PC14; and
  - (b) that Hornby, Riccarton and Papanui should be reclassified as Metropolitan Centres based on retail spend comparisons and zoned area comparisons with Auckland Metropolitan Centres.
14. On the first point, I am unsure what lack of (economic) certainty or increased complexity Mr Colegrave considers to arise, as it is not specified in his evidence. I understand there is no material difference in the planning provisions between Town Centre and Large Town Centres, apart from the

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<sup>2</sup> Google.

<sup>3</sup> Economic joint witness statement (**JWS**) 21/22 September, Issue 2.

<sup>4</sup> Housing and Business Development Capacity Assessment for Auckland, Auckland Council Research and Evaluation Unit, September 2023, Table 3 page 41.

permitted building heights. This keeps things very simple and uncomplicated from an economic perspective.

15. On the second point, I do not consider that Hornby, Riccarton and Papanui are Metropolitan Centres, despite them being the three largest non-Central City centres in Christchurch, because none of them are sufficiently economically diverse, in terms of land use composition.
16. I note Mr Colegrave's analysis relies on pre-COVID 2019 sales data. The COVID-19 pandemic had a significant impact on trading and spending patterns, particularly around the proportion of online / Internet. While I am not questioning the 2019 data, in my opinion caution should be placed in its reliance given the changes in the market since 2019.
17. Furthermore, Mr Colegrave's analysis is very retail centric (2019 MarketView sales data) and then contains land area comparisons with Auckland Metropolitan Centre, the relevance of which is unclear. As mentioned above, Christchurch has a completely different context to Auckland in terms of market size, growth, centre proximity to the CBD and, most importantly, a City Centre in recovery. As such I consider the usefulness of comparisons with Auckland centres to be limited.
18. Metropolitan Centres under the National Planning Standards need to have a much broader economic role and function than retail; as mentioned under that framework, the Metropolitan Centre Zone is *"intended to be predominantly for a broad range of commercial, community, recreational and residential activities"* and is *"a focal point for sub-regional urban catchments"*. In my view no centres in Christchurch represent sufficient diversity of land use composition to constitute a Metropolitan Centre.
19. The Ministry of Environment, in the National Planning Standards - Guidance on Zone Framework and District Spatial Layers Standards document (**"the NPS Guidance"**) (page 9) mentioned that *"Auckland Council, in its submission on the draft first set of planning standards, provided the following examples:*

*Metropolitan centres differ from town centres in that they:*

- *Generally contain medium-high density, vs medium density*

- *Are sub-regional destinations, rather than servicing local needs (e.g., cultural and civic facilities and tertiary education)*
- *Support high quality public transport with high trip generation*
- *Serve an important economic function (e.g., provide for head / regional offices vs local offices); have an evening and night economy*
- *Provide high quality public spaces vs local spaces that similar in scale*
- *Have a strong emphasis on employment with a higher employment-residential ratio than town centres”*

20. In its submission on the NPS Chapter 2G - Zone Framework Standard (Section 4.9.1, page 27), Auckland Council highlighted that *“other cities may not need the (Metropolitan Centre) zone but, because of Auckland’s polycentric nature and scale, these (metropolitan) centres are different in function to a ‘Town Centre’ zone, which would be inappropriate to apply (the above metropolitan centre standards)”*.
21. Furthermore, the NPS Guidance pointed out that *“depending on the local circumstances of the district or region, metropolitan or town centre zones should be applied to secondary commercial and mixed-use areas. This could be in a neighbouring city. District plans should recognise and manage the real-world functions and hierarchy of metropolitan areas, and not just the administrative boundaries of a district or city”*.
22. I consider this provides useful guidance and base context for the assessment of Christchurch’s hierarchy. Taking the aforementioned factors into account, the identification of Metropolitan Centres is not obligatory for other cities or local authorities. This determination is dependent upon the actual extent, roles and functions of the respective centres within their real-world contexts across the range of activities identified in the National Planning Standards definitions.
23. In the section ‘Overall Pros and Cons of Enabling Greater Height in the City’<sup>5</sup> Mr Colegrave identifies in paragraph 5.59 that 110ha of additional is required based on the 2023 Business Capacity Assessment. This is one of the reasons for providing increased height as part of PC14, i.e., to accommodate

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<sup>5</sup> Mr Colegrave primary statement 15 September, page 29.

commercial requirements vertically. This would reduce the 110ha land requirement and increase land use efficiency of the city.

24. Furthermore, my analysis indicates<sup>6</sup> that PC14 would enable around 27.3 million sqm of space, with this reduced by only 3.2 million sqm accounting for Qualifying Matters. Suffice to say PC14 provides more than sufficient commercial development capacity to accommodate the 30-year commercial growth projection of 1.84 million sqm<sup>7</sup>.
25. In paragraph 5.65 and 5.66 Mr Colegrave, in support of Mr Clease, agrees with use of the ground floor of residential buildings in the High-Density Residential Zone (**HDRZ**) for retail activities. I understand this is for retail up to 200sqm as a Restricted Discretionary activity. There is over 1,000ha of HDRZ proposed in PC14 and it spreads into large swathes of suburbia. In my view providing for retail to establish ad hoc across such an extensive zoned area has the potential to dilute centre agglomeration benefits and reduce efficiency of urban form. Neither Mr Colegrave or Mr Clease provide any economic analysis on the potential impacts, costs and benefits or economic implications of a policy change that could lead to such significant on-the-ground implications.
26. Overall, I agree with Mr Colegrave's position that increased height is economically efficient and beneficial, for all the reasons both he and myself have outlined in our respective statements, but I remain uncertain as to what the additional economic benefits of the heights sought by Kāinga Ora are, over and above the heights promoted within PC14. This is particularly so in the context of a recovering CBD, as Mr Colegrave acknowledges in his paragraph 3.4 where he states "*Christchurch is unlike any other Tier 1 urban environment due to earthquake sequence in 2010/11, from which it is still recovering*".

#### **RESPONSE TO MS HAMPSON ON BEHALF OF CIAL**

27. Ms Hampson's concern (at paragraphs 67 to 72) relates to a potential split height over the Riccarton centre (22m Notified vs 32m now proposed) as a result of the Christchurch Airport Noise Influence Area QM which, she

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<sup>6</sup> Tim Heath primary statement, 11 August 2023, page 55, Table 5.

<sup>7</sup> Tim Heath primary statement, 11 August 2023, page 565, paragraph 195.



considers, would in turn lead to decline in amenity and vibrancy in the part of the centre with the lower height.

28. As an initial point, I am unclear on what legal basis the Council can restrict heights through the centre, even in areas where the QM does not practically apply. Secondly, the additional height in the part of the Riccarton Centre not influenced by the QM is still part of the zoned Riccarton Centre, and thus development to the permitted enabled height would increase amenity and vibrancy in the centre. Thirdly, Ms Hampson has not provided evidence as to why a reduced building height would necessarily reduce amenity and vibrancy in the centre.
29. I do not see an economic justification for the proposition that, because a part of a centre under a QM may not potentially be able to be developed to the same height as another part of the same centre, then the entire centre should have the lower permitted height. In my view this would result in a less efficient outcome, less amenity and less vibrancy than that promoted through PC14.

#### **RESPONSE TO MR BONIS ON BEHALF OF WOOLWORTHS NZ LIMITED**

30. Mr Bonis, as part of a wider suite of changes, seeks to elevate the St Albans Neighbourhood Centre to a Local Centre zone. He considers<sup>8</sup> a Local Centre zone is the more appropriate role and function of the centre, aligns with the Local Centre tier (given the activities anticipated) and would not result in distribution effects on adjoining centres.
31. In response, I note firstly that the centre does not exist at present. I have reviewed many retail schemes for the subject land over the last decade and none have come to fruition at this point. To elevate a centre that does not yet exist based purely on a resource consent is premature, in my view.
32. A more prudent approach would be to see what commercial activity is actually developed in due course, if any, and its role and function in the market based on developed activity.
33. Further, Mr Bonis provides no economic evidence on potential distributional effects, or any other economic costs and benefits, to support the

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<sup>8</sup> Mr Bonis primary statement, 15 September 2023, page 5/6, paragraph 22 (a)-(b).

reclassification of the St Albans centre to a Local Centre zone. In my view, any reclassification of a centre in the hierarchy should be based on merit.

**RESPONSE TO MR ARBUTHNOT ON BEHALF OF LENDLEASE NEW ZEALAND LIMITED**

34. Mr Arbuthnot suggests the Hornby centre should be classified as a Metropolitan Centre in the centre hierarchy. This is primarily based on the centre attracting people from the Selwyn District, a draft Greater Christchurch Spatial Plan recognising the centre as a sub-regional centre, and Mr Arbuthnot's view that this classification would support a well-functioning urban environment.
35. The fact that Hornby attracts a lot of people from Selwyn is not unexpected given the centre's location close to the southwestern territorial authority boundary of the city. It is the closest large centre to Selwyn residents. However, in my view this metric alone does not automatically trigger a Metropolitan Centre status. Equally Belfast Northwood attracts a lot of people from Waimakariri and Belfast Northwood should clearly not be a Metropolitan Centre.
36. I cannot comment on the draft Great Christchurch Spatial Plan as I have not been involved in it, but observe that it is a draft non-statutory document that is yet to run its course through the relevant statutory processes.
37. I disagree that classifying Hornby as a Metropolitan Centre would support a well-functioning urban environment. Providing residential and commercial density above 32m in one of the most distant centres on the fringe of the city, surrounded by large tracts of industrial zone land that limits its residential growth potential and increases potential for reverse sensitivity issues, does not, in my view, support an efficient and well-functioning urban environment. Servicing such intensive development on the fringe of the city, likely at the expense of density being realised in more efficient locations, is in my view is the antithesis of creating a well-functioning environment.
38. There is no economic evidence provided by Lendlease New Zealand Limited to support the basis for a Metropolitan Centre zoning or analysing the economic costs and benefits associated with increasing the permitted height from 32m (as proposed in PC14) to 45m sought by Lendlease.

39. As such I do not support this aspect of the relief sought in this submission.

## **RESPONSE TO DR FAIRGRAY ON BEHALF OF SCENTRE NEW ZEALAND LIMITED**

40. Dr Fairgray states “*a particular matter for Christchurch is how best to achieve an appropriate balance between continuing to foster the recovery and development of the CBD following the Christchurch earthquake of 2011, without constraining the development of Riccarton and other large centres*”<sup>9</sup>. He then states “*Christchurch CBD is a critical component of the urban and regional economy*”<sup>10</sup>. I concur with both these statements; ongoing support for the City Centre’s recovery is a critical driver behind the suite of heights and provisions across the centre network of the city.
41. Dr Fairgray, like Mr Colegrave for Kāinga Ora, also compares the three large town centres as defined in PC14 (Hornby, Riccarton and Papanui) with Auckland Metropolitan Centre employment levels in his Figure 4<sup>11</sup>. Aside from the concerns with such comparisons outlined earlier in my rebuttal, the quick observable point is that the three Christchurch centres in the assessment have the lowest levels of employment on a comparative basis, aside from Papakura, which is widely regarded as a historic anomaly rolled over from when the Papakura District Council was merged into the SuperCity and not a ‘true’ Metropolitan Centre. I also question the use of a single economic metric (employment in this instance) as a measure of what determines a Metropolitan Centre.
42. Aside from that point there is a lot of commonality between Dr Fairgray and myself in relation to the general economic thrust of PC14. In his paragraph 6.2, Dr Fairgray considers I have placed a strong emphasis on preserving the Central City by “*constraining development*” in other centres, although I would question the use of that term because all centres have increased development capacity and potential as a result of the increased heights proposed within PC14. I suspect it relates to commercial tenancy size. If so, I consider it prudent to maintain tenancy size limitations for large commercial premises outside the City Centre until the City Centre is considered to be in a

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<sup>9</sup> Dr Fairgray primary statement, 21 September 2023, page 5, paragraph 3.3.

<sup>10</sup> Dr Fairgray primary statement, 21 September 2023, page 5, paragraph 3.4.

<sup>11</sup> Dr Fairgray primary statement, 21 September 2023, page 13, figure 4.

competitive and resilient state to absorb any adverse impacts from commercial development in other centres.

43. The City Centre still has a considerable amount of vacant and temporary parking land, totalling over 42ha within the four avenues, with nearly 15ha of this being within the City Centre Zone. While I am not suggesting all this land has to be developed for the City Centre to be considered 'recovered', further development in the City Centre Zone is required to create a well-functioning urban environment.
44. Dr Fairgray has also not provided economic analysis on the additional costs and benefits associated with the difference between the 32m height proposed in PC14 and the 12-13 storeys he seeks in Riccarton.

**Tim Heath**

9 October 2023