

**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

**STATEMENT OF REBUTTAL EVIDENCE OF PHILIP OSBORNE ON BEHALF
OF CHRISTCHURCH CITY COUNCIL**

**ECONOMICS:
QUALIFYING MATTERS
FINANCIAL CONTRIBUTIONS – URBAN TREE CANOPY**

Dated: 9 October 2023

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INTRODUCTION

1. My full name is **Philip Mark Osborne** and I am an economic consultant for the company Property Economics Ltd, based in Auckland.
2. I prepared a statement of primary evidence on behalf of Christchurch City Council (**Council**) dated 11 August 2023. My primary evidence addressed the potential economic impacts of the proposed Qualifying Matters (**QM**), and their extent, on the Christchurch economy, arising from Plan Change 14 to the Christchurch District Plan (the **District Plan; PC14**).
3. I have the qualifications and experience set out at paragraphs 28 to 30 of my primary evidence and I repeat the confirmation 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

4. In preparing this rebuttal statement, I have read and considered the economic evidence filed on behalf of submitters, specifically that of Fraser Colegrave (for Kāinga Ora), Douglas Fairgray (for SCentre), and Tim Joll (for Kāinga Ora), as that evidence relates to my primary evidence. In this evidence I respond to issues raised in relation to the following topics:
 - (a) Urban Tree Canopy Cover – Financial Contributions;
 - (b) Low Public Transport Accessibility QM; and
 - (c) Industrial Interface QM.

URBAN TREE CANOPY COVER

5. While two economic experts give evidence for submitters seeking removal of the financial contributions for urban tree canopy cover (**Tree FC**), only Mr Colegrave for Kāinga Ora has provided an evidential position on the matter. Dr Fairgray notes that aspect of SCentre's submission but does not provide any analysis on point.
6. Mr Colegrave recommends removal of the Tree FC provisions on the basis of his identified economic costs (at paragraph 5.81). These costs are

primarily based around the impacts on the property market as well as the equity of imposition.

7. I acknowledge those potential economic costs, as discussed in paragraph 46 of my primary evidence. As also outlined in my primary evidence, though, there are a number of mitigating factors that are likely to reduce the overall extent of economic costs associated with the Tree FC approach. These pertain, primarily, to the options available to the market (direct planting and coverage retention) that will reduce or eliminate potential costs and their subsequent flow-on impacts.
8. Additionally, there are benefits to the approach being adopted by Council with locally targeted (and therefore locally costed) canopy provision as well as limiting the absorption of public land (and the limitations in terms of its location reconciled with the spatial distribution of development) and, in some instances, limiting its potential usage.
9. Overall, Mr Colegrave comments on some high-level potential costs without acknowledging the mitigation factors or any of the potential benefits associated with this approach. I remain of the view that this approach results in some economic costs relating to the Christchurch residential housing market, but that these costs should be appropriately considered in relation to the wider non-economic considerations of the tree canopy provision.

LOW PUBLIC TRANSPORT ACCESSIBILITY

10. Paragraphs 5.67 to 5.78 of Mr Colegrave's evidence for Kāinga Ora address his concerns regarding the Low Public Transport Accessibility Qualifying Matter (**LPTA QM**).
11. Mr Colegrave's evidence appears to draw on two key points (ultimately from the same theme), namely that:
 - (a) spatial form is 'baked in' and therefore future growth distribution will have only marginal effects on transport efficiencies; and
 - (b) the impact of cars on CO₂ emissions is limited and likely to fall over time with vehicle innovations.

12. In supporting his first point, Mr Colegrave cites the Auckland Future Development Strategy,¹ in which a number of growth distribution scenarios are assessed. One of the key 'themes' identified from this assessment was that, in the Auckland context, growth was unlikely to materially change the spatial form given the level of growth expected and the ability for the existing form to absorb growth. Further, the report found that *"Reducing vehicle emissions needs to focus on current travel patterns and behaviours, rather than rely on changing growth and development, **although the latter can play a significant part in setting Tāmaki Makaurau up for reduced emissions over the longer term**"* (emphasis added).
13. In my view it is relatively clear from this assessment that, while current urban patterns are likely to be fixed and make up the vast majority of the market over the short-term, when considering the effects of growth, its distribution plays an increasingly significant role in reducing emissions over the longer term (primarily because growth represents a larger proportion of the overall market).
14. In terms of the potential benefits of the LPTA QM, Mr Colegrave comments in some detail regarding the 'small share' light passenger vehicles contribute to national CO₂ emissions. I agree that this form of transportation represents a relatively small percentage of national emissions, because most CO₂ emissions originate from productive industries. However, in terms of the efficiency of spatial form and the Council's area of responsibility through PC14, transportation is a key contributor to emissions.
15. As outlined in my primary evidence,² the management of CO₂ emissions is one of the potential benefits associated with the LPTA QM. Further benefits include:
 - (a) improved infrastructure efficiency;
 - (b) improved public transport usage and efficiency (which have benefits beyond associated CO₂ reductions, for example reduced congestion);
and
 - (c) improved centre viability.

¹ Page 27 section 3.1.3.

² Paragraphs 166 to 191.

16. While the LPTA QM is likely to contribute to the reduction in CO₂ emissions within Christchurch over the long-term, it also provides for several other economic benefits that should be considered in light of the reduced development capacity.
17. As identified by Mr Colegrave, the LPTA QM is the QM provided for in PC14 with the most significant impact upon identified capacity, due primarily to the geospatial extent of the QM. Mr Colegrave also expresses some concerns with the capacity modelling. While I acknowledge that feasible capacity can change over time in response to numerous variables, the level of feasible capacity currently modelled would suggest a large margin for error. As such, in my view it is highly likely that there would remain sufficient residential capacity under PC14 with the identified QMs.

RESIDENTIAL- INDUSTRIAL INTERFACE AREA

18. The evidence of Mr Tim Joll, for Kāinga Ora, addresses three points in regard to the Residential-Industrial Interface, the first of which I comment on because it relates directly to the potential economic costs associated with reverse sensitivity risks. He discusses:
 - (a) the potential impact on industrial land supply and sufficiency;
 - (b) the need for the QM to avoid reverse sensitivity impacts; and
 - (c) the appropriate nature of the provisions.
19. Essentially, I understand Mr Joll's position to be that:
 - (a) the presence of residential neighbours nearby (presumably building to a height permitted through the MDRS) does not prevent the use of the interface area for industrial use, because its zoning for that purpose is not changing; and
 - (b) even if it did, there appears to be a "*surplus of industrial zoned land*" and so the QM is unnecessary to ensure sufficient industrial land is available to meet demand.
20. The issue of reverse sensitivity is a growing concern throughout Christchurch and the country as a whole. While Mr Joll is technically correct, the industrial land still exists, the level of uncertainty that is associated with a three-level dwelling bordering an industrial site is likely to have a material impact, not

only upon the viability of the site itself for industrial use, but also on existing businesses that located under existing conditions. If Mr Joll is suggesting that there are sufficient industrial options/capacity elsewhere in the city for relocating a business where reverse sensitivity issues arise, that would fail to consider the inherent value of industrial land, the significant capital investment undertaken in operations, the crucial need for certainty to operate within the market and the fundamental shift in conditions resulting from the residential potential under the MDRS.

21. In my view, given the level of capital investment often required for industrial activities, increasing the risk to subsequent operations, after the fact, sets a dangerous precedent in the market and potential impacts upon the overall competitiveness of the Christchurch economy. While it is possible for non-sensitive activities to exist within these interface areas, it is important that, while zoned industrial, the integrity of zoned area is maintained.

Phil Osborne

9 October 2023