Before the Independent Hearings Panel Appointed by the Christchurch City Council

Under	the Resource Management Act 1991
In the matter of	the hearing of submissions on Plan Change 14 (Housing and Business Choice) to the Christchurch District Plan
	Cashmere Park Limited, Hartward Investment Trust and Robert Brown
	Submitter 593

Statement of Evidence of Natalie Hampson

20 September 2023

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Qualifications and Experience

1 My full name is Natalie Dianne Hampson.

2 I am a Director at Market Economics Limited (M.E). I have held this position since mid-2019. I hold a Master of Science degree in Geography from the University of Auckland (first class honours).

3 I have worked in the field of economics for over 20 years for commercial and public sector clients. I joined M.E in 2001, and I have specialised in studies relating to land use analysis, assessment of demand and markets, the form and function of urban economies and growth, policy analysis, and evaluation of economic outcomes and effects, including costs and benefits.

4 I have applied these specialties in studies throughout New Zealand, and across most sectors of the economy, notably assessments of new developments, plan and policy changes, urban and rural planning (including under National Policy Statements) and understanding specific sectors such as the retail, commercial, industrial, residential, tourism, education, recreational marine, aquaculture, liquor licencing and major event industries. I am currently an associate member of the NZ Planning Institute and a member and regional committee treasurer of the Resource Management Law Association.

5 I am familiar with the urban economy of Ōtautahi Christchurch. Examples of recent work include evidence in relation to Plan Change 4 and Plan Change 5. I have acted for consent applicants associated with industrial zones, North Belfast Village, North Halswell KAC, Wilson Parking and various proposed office developments. I have carried out detailed analysis on the recovery of the Central Business District (CBD) and the city's commercial office market. I have also been involved in a range of consents, submissions and appeals in the Greater Christchurch area of both Selwyn District and Waimakariri District.

Code of Conduct

6 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 give 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

7 I have been asked to provide economic evidence in relation to the primary relief sought by Submitter #593 to rezone land in the Henderson's and Cashmere catchments in Hoon Hay, Christchurch[1] (the Submission Site) from Residential New Neighbourhood Zone (RNNZ) and Rural Urban Fringe Zone (RUFZ) to Medium Density Residential Zone (MDRZ) under Plan Change 14 (Housing and Business Choice) to the Christchurch District Plan (PC14).

8 My evidence will address:

(a) Demand for housing in the local catchment of the submission site over the medium and long term.

(b) Housing development capacity in that catchment in the medium term that is plan enabled and commercially feasible.

(c) The likely sufficiency of housing capacity in that catchment in the medium term and long term.

(d) The contribution that the submission site makes to mitigating a potential shortfall of housing capacity and supporting a well-functioning urban environment as required under the NPS-UD.

(e) The results of an assessment of the submission site under clause 3.6(1) of the NPS-HPL.

9 In preparing my evidence, I have reviewed and considered the following:

[1] 126 Sparks Road (Lot 1 DP 412488); 17 Northaw Street (Lot 2 DP 412488); 36 Leistrella Road (Lot 3 DP 412488); 240 Cashmere Road (Lot 23 DP 3217); 236 Cashmere Road (RS 41613); 200 Cashmere Road (Lot 1 DP 547021).

(a) The S32AA report Planning Assessment provided with the submission, including the recent economic impact report prepared for the landowners by Formative on the rezoning proposal, attached to my evidence at Appendix 1, including reports that informed that report.

(b) The S42A Report of Mr Bayliss dated 11 August 2023.

(c) The S42A Report of Mr Lightbody dated 11 August 2023.

Summary and Conclusions

10 The rezoning of the submission site to MDRZ (primary relief) or Future Urban Zone (FUZ) (alternate relief)[2] will facilitate/enable residential urban growth in southern Christchurch by unlocking one of the optimal feasible areas of greenfield land. The assessment provided with the submission indicates that a planned and coordinated approach to urban growth can be achieved on the site.

11 While there is not anticipated to be a shortfall of capacity under PC14 at the district-level to meet long-term (and longer-term) demand[3], this is not necessarily the case at the locality level. Establishing increased capacity in locations of demand is required in Christchurch under the NPS-UD and is not something that has been assessed in PC14 to the best of my knowledge[4].

12 In the absence of additional feasible and reasonably expected to be realised dwelling capacity modelling in commercial zones and notified HDRZ specifically within the catchment, the feasible MDRS capacity is the best information available. An assessment of dwelling demand (inclusive of the NPS-UD competitiveness margin) and feasible capacity under MDRS provisions (and taking into account capacity constrained by qualifying matters) indicates a likely shortfall of capacity in the locality/catchment of the submission site in the medium-term.

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[2] Only relevant to the portion of the site not already proposed for FUZ.

[3] As confirmed in the S42A report by Ms Oliver.

[4] Mr Osborne's economic evidence for Council notes the same.

13 The urbanisation of the submission site can address that medium-term shortfall and help ensure at least sufficient capacity is provided in this relatively more affordable part of the Christchurch urban environment.

14 The likelihood of insufficient capacity means that the proposed rezoning satisfies the first test of clause 3.6(1) of the NPS-HPL. My assessment, while high-level, confirms that the other tests of clause 3.6(1) can also be satisfied. This provides scope for the RUFZ within the submission site to be rezoned for urban use.

15 Overall, the rezoning of the site generates a range of economic benefits and limited (and lesser) economic costs. Specifically, economic benefits associated with providing feasible and relatively more affordable housing capacity in a location of proven demand and a potential shortfall of capacity, in a way that supports the efficiency of existing urban infrastructure, and with only minor costs associated with the loss of marginal productive land.

Economic effects of proposed rezoning

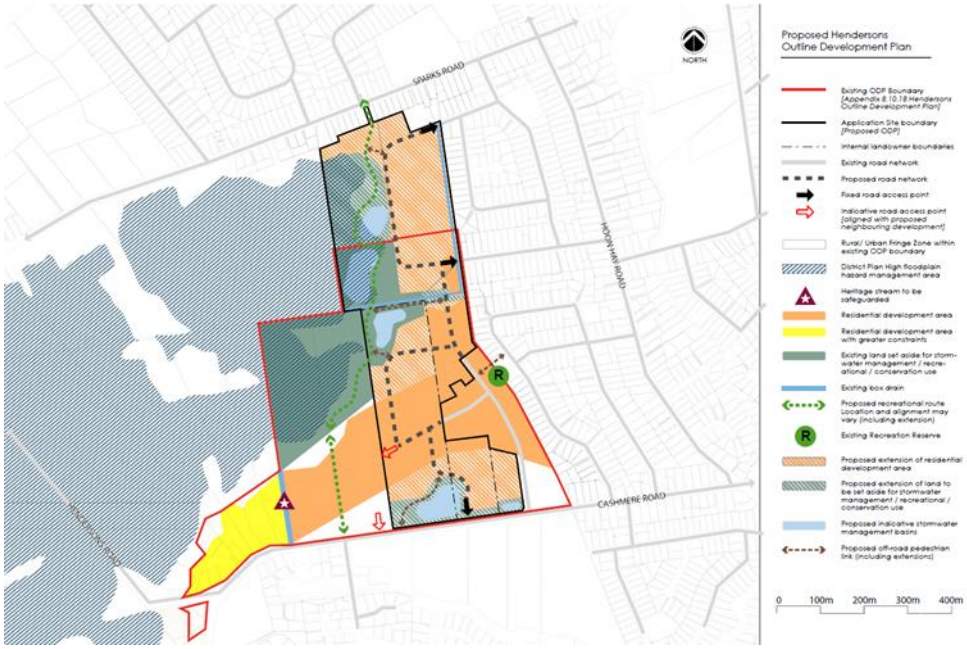
16 I have reviewed the report prepared by Formative (May 2023), which provides an economic assessment of the proposed rezoning of the site. The Formative report was appended to the S32AA report that formed the landowner's submission on PC14. I consider that the Formative report provides a comprehensive and robust assessment of relevant economic issues, costs and benefits. I adopt the Formative report as the basis of my evidence and attach a copy of that report at Appendix 1.

17 For brevity, I do not repeat the detail of that report. Rather, my evidence provides a high-level summary of what was assessed as well as the key findings, which I support.

Indicative residential yield

18 Figure 3 in the submission (s32AA report) shows the operative zoning of the site and the notified PC14 zoning is shown in Figure 5 of that report. The site covers both RNNZ and RUFZ land, noting that under PC14, RNNZ is renamed to FUZ. The proposal seeks MDRZ, consistent with the zoning applied in PC14 to adjoining existing residential areas.

Figure 1 – Latest Outline Development Plan – Developable Residential Areas



19 Protecting the site's function as an effective stormwater management area in the future is imperative and is accordingly recognised within the submission. The potential dwelling yield of the site (based on developable land areas shown in the latest Outline Development Plan, Figure 1) is estimated at between 336 and 420 dwellings[5].

Future housing demand in the locality

20 Housing demand in the locality of the site has been estimated from work commissioned by Christchurch City Council in 2021 called the Housing Demand and Need in Greater Christchurch Report (Housing Demand Report)[6].[7] The catchment used to estimate future housing demand is mapped in Figure 3.1 of Appendix 1.[8]

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[5] I note that wastewater modelling has been based on a figure within this range (396 dwellings), Addendum to the Submission. This indicative yield is conservative relative to what could be developed under MDRZ. It is my understanding that the indicative yield reflects the constraints and character of the site as well as established market demand in the locality.

[6] Prepared by Livingston & Associates.

[7] These same demand projections are relied on in the Council's 2023 'Updated Housing Capacity Assessment (HCA 2023), which underpins the S32A Report for the Notified PC14.

[8] The same demand projections are included in Table 20 of Mr Mitchell's evidence for Council, dated 11 August 2023.

21 Figure 4.2 of the Formative Report (Appendix 1) is not accurate as it did not relate to catchments specified in the report. Formative have supplied an updated table as follows to replace Figure 4.2 (Table 1).

Table 1 – Projected Household Growth 2023-2053 in the Submission Sites Local Catchment

	2023	2028	2033	2038	2043	2048	2053
Household projections							
South West	23,500	25,000	26,600	28,000	29,300	30,700	32,100
Port Hills	5,000	5,200	5,600	5,800	5,900	6,100	6,300
Locality total	28,500	30,200	32,200	33,800	35,200	36,800	38,400
Household growth since 2023							
South West		1,500	3,100	4,500	5,800	7,200	8,600
Port Hills		200	600	800	900	1,100	1,300
Locality total		1,700	3,700	5,300	6,700	8,300	9,900

22 Based on the updated table above, it is estimated that the locality currently (2023) contains 28,500 dwellings and this is projected to increase by 3,700 dwellings in the medium-term (2033) and 9,900 dwellings in the long-term (2053).[9] This is an average increase of 370 dwellings per annum over the medium term and a long-term average growth rate of 330 dwellings per annum. The Housing Demand Report indicates that just over 80% of demand in this locality will be for standalone dwellings and 20% as attached dwellings.[10]

Feasible Housing Capacity in the Locality

23 An assessment of the capacity generated by the introduction of MDRS which informs PC14 (MDRS Report)[11] estimated plan enabled capacity in zones where MDRS would apply[12] in the locality of the submitter's site of 72,230 but feasible capacity (as at the medium-term) of just 4,316 dwellings. The feasibility of both infill and comprehensive developments in the locality is well below the average across Christchurch City and reflects

[9] This dwelling growth is the actual projected dwellings exclusive of a competitiveness margin on top of demand as required for demand assessments under the NPS-UD.

[10] PC14 will enable considerably more attached housing capacity and overtime, this may start to shift housing preferences. The 80% standalone dwelling demand is likely to be based on current preference patterns in the locality.

[11] Property Group, 2022.

[12] Excludes greenfield land and areas impacted by Qualifying Matters notified in PC14). Includes RNNZ.

the outer-suburb context of the locality, but also the fact that some development in the catchment is recent and therefore offers low potential for redevelopment in those time frames.

Sufficiency of Housing Capacity in the Locality

24 When the NPS-UD competitiveness margin is applied to projected dwelling demand (i.e., an additional 20% in the medium term and 15% in the long term), dwelling demand between 2023 and 2033 in the locality catchment is 4,440 additional dwellings, increasing to 11,390 additional dwellings over the long-term. When contrasted with dwelling capacity estimates under PC14 (i.e., with MDRS applied across applicable zones), there is an estimated shortfall of around -120 dwellings over the medium term, increasing to a shortfall of around -7,100 by 2053, assuming no further changes in zoning.

25 On the one hand, feasibility of residential development would be expected to increase over time, which, while not quantified under a changing costs/prices scenario, would help reduce the shortfall beyond the medium-term. On the other hand, feasible capacity is not necessarily a reflection of what development is reasonably expected to be realised (RER) in the catchment (and likely to be serviced by infrastructure if relevant) over the medium or long-term, which means that capacity is potentially overstated and the shortfalls understated.

26 I acknowledge that the notified PC14 includes some High Density Residential Zone (HDRZ) around the North Halswell Town Centre, which falls within the local catchment assessed in this evidence. This may mean that there is additional plan enabled capacity (over and above MDRS capacity already modelled around North Halswell by The Property Group) that Formative may not have taken into account. I am not aware of any reports that would allow me to isolate that net additional feasible capacity specifically in that location.

27 However, evidence from Mr Scallan for Council states that “apartment development is likely to occur but with less certainty” (paragraph 21) and in Table 3 of his evidence, he estimates just 1,363 apartments are feasible and realisable in buildings 4-6 storeys under PC14 in the medium-term. He goes on to state that this will be limited to the suburbs adjoining the Central

City to the west and north-west, and will be less likely to occur outside of these areas (paragraph 29). This further confirms that HDRZ in North Halswell may not be realised and the MDRZ is therefore the most realistic capacity estimate for this part of the Site's catchment (as applied by Formative).

28 I also acknowledge that the Town Centre Zone in North Halswell is estimated to have plan enabled capacity for 7,868 dwelling units[13] and the Barrington Local Centre (also in the catchment assessed, among others) is estimated to have plan enabled capacity for 1,560 dwelling units.[14] I understand this to be the upper limit of plan enabled capacity as that floorspace also competes with commercial activities. Further, there is no analysis of how much of that plan enabled capacity in those catchment centres is commercially feasible in the medium term, and RER. I consider the evidence of Mr Scallan also applies to these commercial zones, and that apartments in these catchment centres is neither feasible or realisable in the medium term.

29 There are proposed amendments to PC14 that are likely to further increase plan enabled capacity in parts of the urban environment, which may include areas in the local catchment of the proposed site.[15] Again, how much of that additional plan enabled capacity is feasible (and RER capacity) has not been quantified (as far as I am aware).

30 In the absence of further data from Council's models, the feasible capacity under the MDRS Report is the most robust available to calculate catchment sufficiency (and in this case, a shortfall) in the medium-term (RER capacity limitations not withstanding).

[13] S42A Report – Mr Lightbody, page 164, recommend heights.

[14] S42A Report – Mr Lightbody, page 164, recommend heights.

[15] This may include around local centres and HRZ (North Halswell).

Contribution of the Proposed Site

31 The intersection of the NPS-UD with the residential demand and supply outlook for the catchment in which the Submitter's land sits makes a strong case for enabling greater urban development on the site.

32 At a potential yield of 336-420 additional dwellings, the Submitter's site could make a material contribution to feasible catchment dwelling capacity[16] and would help address a potential shortfall of housing capacity to meet projected demand over the medium-term and into the long-term. Based on the indicative yield, it could provide for 1-2 years of demand in the defined catchment.[17]

33 Avoiding shortfalls of capacity is critical to maintaining a competitive land market and not driving up house prices as a result of scarcity in the catchment. With the catchment being one of the relatively more affordable areas within Christchurch, the development enabled by rezoning would not only increase the supply of affordable houses (in the context of Christchurch), but also help ensure that the wider catchment remains a relatively affordable area.

34 The rezoning of the site is likely to contribute to a well-functioning urban environment in the south-west of Christchurch. Part of the site is already identified as a Greenfield Priority Area; it is 4km (straight-line distance) from the CBD; it adjoins (contiguously) existing residential land (zoned MDRZ in PC14); it is close to existing bus routes; and it is relatively close to a number of Neighbourhood Centres, the Barrington Local Centre and the North Halswell Town Centre.

Highly Productive Land

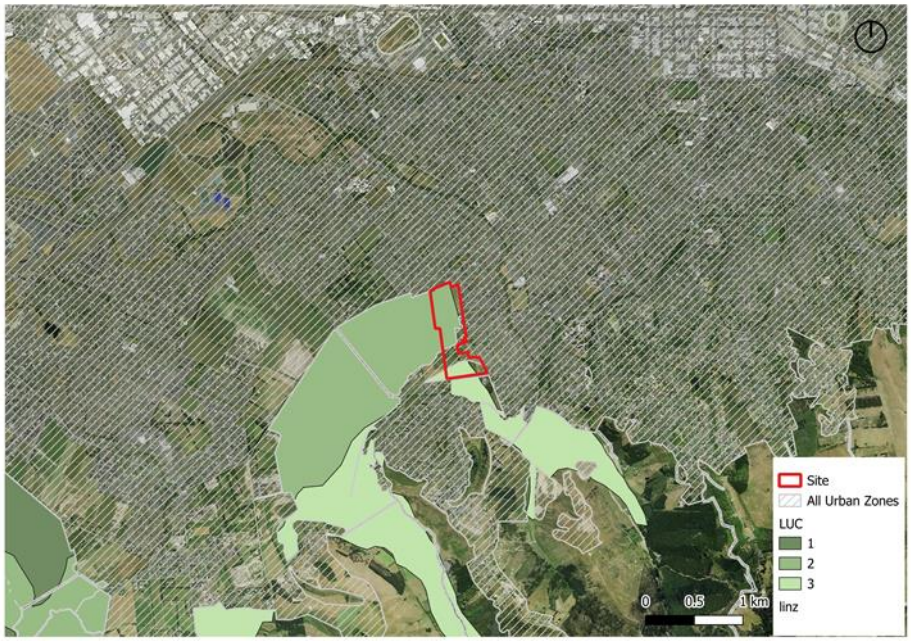
35 The majority of the Submitter's land (zoned RUFZ) is classified as Highly Productive Land (HPL) according to the interim provisions of the NPS-HPL. I provide a revised version of Figure 5.2 from the Formative Report below (Figure 2) which shows HPL in non-urban zones according to the Operative

[16] Greenfield development is generally considered highly feasible relative to infill and redevelopment capacity.

[17] This does not mean that it will be taken up/developed within 1-2 years. Update would likely be spread over the short-medium term depending on landowner intentions if re-zoned.

District Plan.[18] The site occupies the edge of a swathe of LUC 2 and 3 land that is otherwise surrounded by urban land use.

Figure 2 – Land Use Classification (LUC) Urban Zone Map



36 The proposed site exhibits physical constraints to productive use (namely high ground water and reverse sensitivity from adjoining residential activity). As such, it is currently used for only low intensity grazing of a small number of cattle (for a portion of each year) and the grazing of some horses. Its long-term productive output is considered very low, and well below its economic value as urban land. This satisfies clause 3.6(1)(c)[19] of the NPS-HPL.

37 As set out above, and explained in more detail in the Formative Report (Appendix 1), there is an indicative shortfall of housing capacity in the local catchment in the medium-term based on available data. This means that the proposal is likely to satisfy clause 3.6(1)(a).

[18] The LRI LUC mapping was carried out many years ago. At the time, urbanized land was excluded from the LUC 1-8 classification and described as 'other'. If the LUC mapping was updated today, I would expect land that has since been urbanised to be reclassified as other. Figure 3 removes LUC 1-3 land that is now urbanised, and also removes land that is zoned urban in the Operative Plan. As such, it shows a current picture of the LUC 1-3 resource.

[19] Refer Appendix 1, page 23 for the wording of NPS-HPL sub-clauses.

38 Clause 3.6(1)(b) is also considered to be satisfied. There are no other reasonably practical and feasible options to provide sufficient capacity in the same locality and market while achieving a well-functioning environment and avoiding HPL. The capacity estimates already include application of MDRS intensification (which yields limited feasible capacity in the catchment over the medium-term, suggesting that further intensification is not feasible in this location. Alternative sites in the catchment are either already HPL or further from the urban core of Christchurch. The site already contains an area of FUZ (as notified in PC14), showing that at least that portion of the site is considered an appropriate location for urban expansion within the wider catchment.

39 Any loss of agricultural capacity is not sufficient justification to forgo the benefits from urban development in this case.

Natalie Hampson
20 September 2023

Appendix 1 – Cashmere Road Plan Change Economic Impact Assessment, Formative, May 2023.

Cashmere Road Plan Change

Economic impact assessment

Prepared for Cashmere Park Ltd, Robert Brown, and Hartward Investment Trust

Final

1 May 2023

Formative

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1 Introduction

Formative Limited was commissioned by Cashmere Park Ltd, Robert Brown, and the Hartward Investment Trust ("the applicants") to undertake an economics assessment of a proposed private plan change at Halswell, in Christchurch.

1.1 Background

The applicants own some 25.6ha of land that is located between Cashmere Road and Sparks Road, Hornby, Christchurch ("the Site"). The Site is zoned Residential New Neighbourhood ("RNN") and Rural Urban Fringe ("RuUF"). The RNN zoned land allows for significant residential development and is adjacent to an area of RNN immediately east of the Site which is currently being developed for residential dwellings (the Cashmere Park subdivision). The minimum allotment size in the RuUF zone is 4ha.

Figure 1.1: Location of the Site

1.2 Report structure

This report is structured as follows:

- Section 2 summarises the existing and proposed uses of the Site.
- Section 3 reviews literature commissioned by Christchurch City Council that is used to assess Council's compliance with the National Policy Statement on Urban Development ("NPS-UD").
- Section 4 assesses the sufficiency of dwelling supply within the locality around the Site.
- Section 5 assesses the economic costs and benefits of residential development of the Site.

- Section 6 draws together the findings from the previous sections to assess whether the proposed rezoning would be allowed under clause 3.6 of the National Policy Statement on Highly Productive land ("NPS-HPL").
- Section 7 presents conclusions about the suitability of the proposed rezoning from an economics perspective.

2 Existing and proposed use of the Site

2.1 Existing rural activities

We understand that the Site is currently used for grazing a small number of cattle and horses. Due to the high ground water levels in the area stock numbers are very limited and cattle are removed during winter months.

A further constraint to productive agricultural use of the Site is the proximity to residential dwellings. The Site shares a boundary with some 50 residential dwellings, soon to be close to 70 once the consented Cashmere Park development to the south-east of the Site is completed. There is also an area of as yet undeveloped RNN zone through the middle of the Site, and many other dwellings nearby but not immediately adjacent. We understand that the close proximity of these properties causes difficulties with reverse sensitivity (particularly noise), and that disturbance of livestock, particularly due to wandering dogs, also limits agricultural use of the Site.

Both of these factors (high water levels and reverse sensitivity) mean that there are significant constraints to productive agricultural use of the Site.

2.2 Potential non-agricultural use of the Site

The high ground water levels in the area have been assessed by DHI,[1] which concluded that those levels, and flood hazards, are not a constraint to future urban development of most of the Site. We understand from that modelling that limited parts of the Site, including the north-west corner, and a small part of the south-west corner on Cashmere Road is not suitable for residential development, but the remainder is, and the District Plan flood overlays across parts of the Site are no longer applicable.

We understand that the parts that are not suitable for development would be used for open space or as a stormwater management area, and that parts of the Site would be raised to mitigate any remaining risk. Taking those constraints into account, there would remain about 16.8ha out of the Site's total area of 25.6ha that would be suitable to accommodate residential dwellings. That 16.8ha is currently zoned RuUF (11.4ha) and RNN (5.4ha). Indicatively that 16.8ha would be expected to accommodate an average of 20-25 dwellings/ha, based on recent developments in the area, and would at that development intensity yield somewhere between 336 and 420 dwellings. One potential development configuration is shown in Figure 2.1, which includes a range of densities.

[1] "Cashmere Park Extension modelling Jan 2023", DHI, 28 February 2023

Figure 2.1: Indicative site layout

3 NPS-UD research

Christchurch City Council has had a number of research reports and assessments completed in accordance with requirements under the NPS-UD. That research is relevant to this assessment, and to guide this assessment we have used and rely on the following documents:

- "Greater Christchurch Housing Development Capacity Assessment", Greater Christchurch Partnership, 30 July 2021 (the "HDCA")
- "Housing Demand and Need in Greater Christchurch", Livingston and Associates Ltd, July 2021 (the "Housing Demand" report).
- "New Medium Density Residential Standards (MDRS) Assessment of Housing Enabled", The Property Group, January 2022 (the "MDRS report")[2]
- "Christchurch City Council Updated Housing Capacity Assessment", Christchurch City Council, February 2023 (the "updated HCA")[3]

This section provides a summary of the relevant parts of those documents, to guide the following assessment.

3.1 HDCA

The HDCA was published in 2021, relying on data and assessment from 2020 and earlier. The HDCA is now somewhat out of date with respect to supply-side (capacity) estimates, given the significant changes mandated by the Resource Management (Enabling Housing Supply and Other Matters) Amendment Act 2021 ("EHA"). The EHA is an amendment to the RMA that seeks to increase the density of housing in most residential zones (and some centre zones) in all Tier 1 urban areas.

The EHA requires two key changes which can be expected to increase the quantum of residential capacity in the urban areas of Christchurch. The first is the required introduction of the Medium Density Residential Standard ("MDRS"). The second is the requirement to develop an Intensification Planning Instrument ("IPI") which expedites the intensification in Policy 3 of the NPSUD (in and around centre zones). In summary, this will mean that potential "plan enabled" capacity within the urban areas of Christchurch can be expected to increase and that this will occur in the coming years.

Christchurch City Council has recently (17 March 2023) notified the Housing and Business Choice Plan Change ("PC14") to implement the MDRS. PC14 will implement an intensification policy that will result in much of the residential zones throughout Christchurch having increased medium density standard

[2] Appendix 38 of the section 32 reports for PC14
[3] Appendix 1 of the section 32 reports for PC14

rules applied, and would increase the amount of plan enabled supply within the urban area by a considerable amount.

The HDCA provided no spatially detailed information about residential demand and supply, even if spatial detail may have been included in the underlying modelling, with information published in the report limited to territorial authority totals for Christchurch City, and Selwyn and Waimakariri Districts.

3.2 Housing Demand report

The Housing Demand report was released around the same time as the HDCA. While supply-side (capacity) estimates are now outdated as a result of the EHA's MDRS, and PC14, demand side estimates as are presented in the Housing Demand report remain relevant. The Housing Demand report contains the most recent household projections at a sub-City/subarea level that we are aware of, and was based on population projections provided by the Greater Christchurch Partnership.[4] The HDCA did not present subarea demand projections, and nor does the updated HCA.

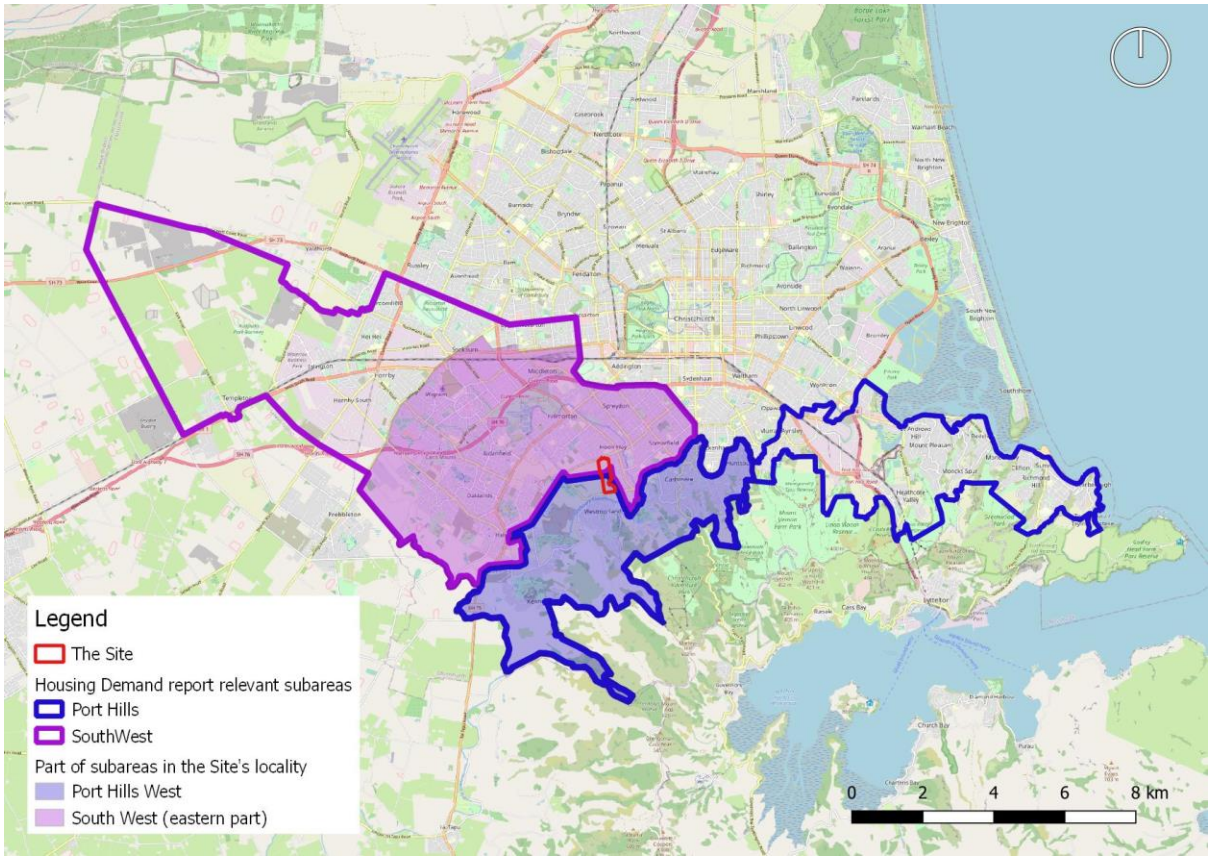
The household projections presented in the Housing Demand report were presented for 10 subareas covering Christchurch City,[5] defined as groupings of Statistical Area 2 areas ("SA2").[6] The two sub-areas most relevant to this assessment for defining a 'locality' (in terms of the NPS-HPL) are 'South West' and 'Port Hills'. We have included the parts of those subareas closest to the Site to be the locality applied for this assessment, using the following rationale:

- It is our opinion that not all of Port Hills is relevant because it is a very long subarea that extends nearly 20km along the northern base of the Port Hills, with its eastern-most parts being part of a distinct and separate locality from the western parts which are closer to the Site. For that reason we have split the Port Hills subarea into two, and retained the western part for this assessment (Figure 3.1).
- We have also split the large South West catchment to better reflect what we understand to be the 'locality' that the Site is within. The north-western parts of the catchment towards Hornby and Yaldhurst are somewhat distinct from the locality we have defined, being mostly north of the Southern Motorway, and located either side of the large Hornby industrial area. For that reason we have split the South West subarea into two, and retained the eastern part for this assessment.
- The locality defined is geographically large, and includes some 25% of Christchurch's developed urban area. A much larger catchment would lack the ability to present a

[4] Housing Demand report, page 21
[5] With a further six subareas in each of Waimakariri and Selwyn Districts
[6] Spatial concordances are provided in Appendix 1 of the Housing Demand report

common sense of 'place', and would not be consistent with our understanding of what a 'locality' is intended to be in the NPS-HPL.[7]

Figure 3.1: Locality definition from Housing subareas



3.3 MDRS report

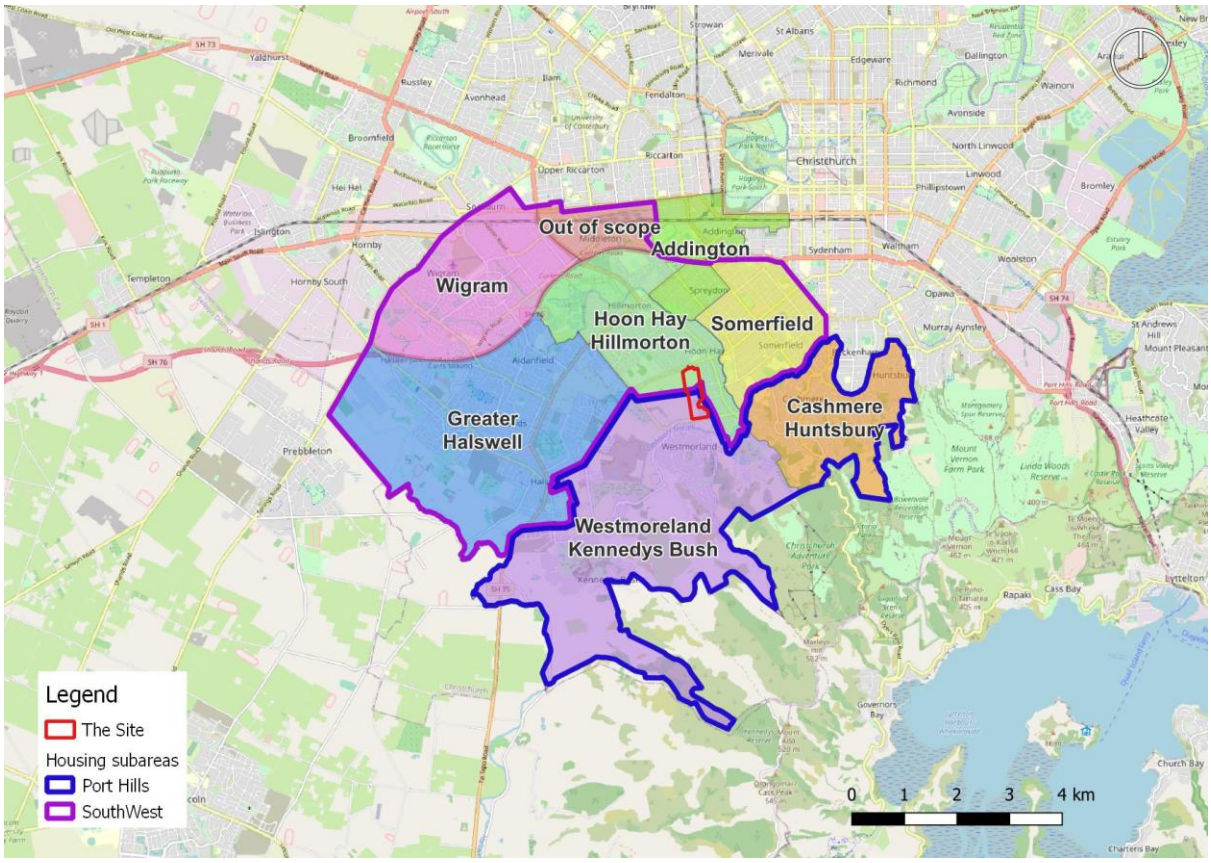
The MDRS report was commissioned by Council to analyse the potential yield of the MDRS in Christchurch, to serve as an evidence base for PC14. The total development capacity calculated in the report was plan enabled capacity of 222,478 dwellings across all of Christchurch City, reducing to 58,188 feasible dwellings.[8]

The report assessed plan enabled and feasible dwelling capacity for 26 catchments across Christchurch, of which in our opinion seven (27% by number, and around 25% of the land area of urban Christchurch) represent an approximation of the locality relevant to this assessment, as shown in Figure 3.1. Those seven catchments (Figure 3.2) represent a geographic area that has locational attributes similar to the Site, being in Christchurch's south-west, south-east of the railway and the Southern Motorway, north of the Port Hills, and predominantly urban.

[7] For example, clause 3.6(3)(a) links locality to a location where demand for additional development capacity has been identified through a Housing and Business Assessment

[8] MDRS report, table 9, page 32

Figure 3.2: Catchments in the locality of the Site



3.4 Updated HDCA

Like the 2021 HDCA, the updated HDCA provided no spatially detailed information about residential demand and supply, even if spatial detail may have been included in the underlying modelling, with information published in the report limited to territorial authority totals for Christchurch City, and Selwyn and Waimakariri Districts.

At a City level the updated HDCA concludes[9] that there is plan enabled capacity for 875,000 additional dwellings, or 331,000-544,000 dwellings once the reduced capacity as a result of qualifying matters is accounted for. Feasible capacity is significantly less than plan enabled capacity, with around 85% of plan-enabled dwellings modelled to be not feasible to develop within the next ten years (the NPS-UD medium term). That provides feasible dwelling capacity estimates of 48,000-88,000 additional dwellings (plus a further 6,000 in undeveloped greenfield areas), depending on the qualifying matters applied. That range (48,000-88,000) is consistent with the capacity estimates presented at a more spatially detailed resolution in the MDRS report, as discussed above, which assessed capacity of 58,188 feasible dwellings within Christchurch City.

[9] Updated HDCA, Table 2.1, page 4

The demand projections used in the updated HDCA are consistent (at a Greater Christchurch level) with those used in the Housing Demand report, as described above, being an increase of 77,100 households in the period 2021 to 2051.

The consistency of the updated HDCA with the Housing Demand report (on the demand side) and the MDRS report (on the supply side) at a Christchurch City level confirms that it is appropriate to use the spatially detailed data in those two reports as the basis for the following assessment in section 4.

4 Contribution to housing capacity

In this section we summarise residential dwelling demand and capacity estimates and projections, using data provided in Council reports, to estimate sufficiency of supply in the locality of the development (the area defined in Figure 3.1).

4.1 Locality demand

Household projections are taken from the Livingston and Associates Housing Demand report. In Figure 4.1 we show the projections from that report for all of Christchurch.

Figure 4.1: Christchurch subarea household growth projections[10]

	2021	2024	2031	2041	2051	2021-2051
Banks Peninsula	1,550	1,580	1,670	1,730	1,720	170
Central City	4,510	5,610	6,690	8,240	9,890	5,380
Inner East	12,960	13,230	13,770	14,270	14,440	1,480
Inner West	8,280	8,450	8,890	9,360	9,630	1,350
Lyttelton Harbour	2,670	2,720	2,840	2,940	2,930	260
NorthEast	31,280	32,090	33,990	36,200	37,730	6,450
NorthWest	34,310	35,200	37,270	39,670	41,310	7,000
Port Hills	12,150	12,380	12,900	13,330	13,350	1,200
SouthEast	14,930	15,150	15,610	15,940	15,960	1,030
SouthWest	34,390	35,980	38,850	42,470	45,670	11,280
Subareas' total	157,030	162,390	172,480	184,150	192,630	35,600

The locality defined in Figure 3.1 for use in this study takes in parts of the South West and Port Hills subarea. We have used Census information relating to the distribution of households within each of the two subareas to split each of the subarea totals into the part inside and outside the locality. We have also interpolated the Housing Demand report data to Census years, by assuming linear growth in each period.

From that we derive the household growth projections in Figure 4.2, which show that there are currently an estimated 16,900 households living in the locality. The part of the locality within the South West subarea is home to 11,900 households (70% of locality total), and the Port Hills part is home to 5,000 households (30%). Total locality households are projected to increase by 1,700 in the next ten years (the medium term in the NPS-UD), and 3,800 households in the next 30 years (long-term), with 65% of that growth (1,100 households) projected to be located in the South West subarea part of the locality, and 35% (600 households) in the Port Hills subarea part.

[10] Livingston and Associates "Housing Demand" report, table 3.8, page 32

Figure 4.2: Locality household growth projections

	2023	2028	2033	2038	2043	2048	2053
Household projections							
South West	11,900	12,600	13,000	13,400	13,800	14,100	14,400
Port Hills	5,000	5,200	5,600	5,800	5,900	6,100	6,300
Locality total	16,900	17,800	18,600	19,200	19,700	20,200	20,700
Household growth since 2023							
South West		700	1,100	1,500	1,900	2,200	2,500
Port Hills		200	600	800	900	1,100	1,300
Locality total		900	1,700	2,300	2,800	3,300	3,800

The Housing Demand report's data[11] shows that demand for new housing in this locality is projected to be mostly focused on standalone dwellings (just over 80%), with a minority share of multi-unit dwellings (less than 20%). The locality is expected to account for approximately 30% of new standalone dwellings in Christchurch, so standalone dwellings are expected to be very important within the locality.

4.2 Locality supply

As for demand, we summarise in this section residential development capacity estimates for the Site's locality with reference to the recent supply-side assessment produced for Christchurch City Council. The Property Group's 2022 MDRS report presents estimates of capacity across Christchurch as an input into PC14. The capacity estimates are disaggregated as follows:

- 26 catchments covering Christchurch, with some areas considered to be out of scope, by virtue of having no urban residential zoned land, including areas to the north and west of the urban area, the Port Hills, Hagley Park, the red zoned areas in the eastern suburbs and the Middleton industrial area.
- Theoretical (plan-enabled) and feasible dwelling capacity. The former category considers total capacity to accommodate new dwellings, whether or not those dwellings would be economic to construct, given land and build costs. Feasible capacity takes those constraints into account, and therefore yields much lower estimates of available capacity than the theoretical maximum yields.
- Comprehensive and infill capacity. The former category is sites that could be comprehensively developed or redeveloped to accommodate many new residential dwellings, whereas infill refers to more ad hoc yield available from dividing existing parcels to yield a smaller number of additional lots.

[11] Livingston and Associates "Housing Demand" report, table 3.14, page 42. These numbers assessed using the share of dwellings in each subarea that are within the locality from Census data, as for the approach earlier in this subsection.

The dwelling capacity estimates in the MDRS report show that across all of Christchurch there is estimated to be capacity for over 220,000 additional dwellings in theory, but when constraints to redevelopment feasibility are accounted for that number falls to 58,000, or 26% of the theoretical capacity (Figure 4.1).

As discussed in section 3.4, the updated HDCA that is used for PC14[12] uses capacity numbers that are consistent with the MDRS report's estimates, but provides no spatial breakdown that enables the use of capacity estimates for the locality for this assessment. For the part of Christchurch not inside the study area locality there is estimated to be capacity for over 150,000 additional dwellings in theory, but when constraints to redevelopment feasibility are accounted for that number falls to under 54,000, or 36% of the theoretical capacity.

Those conversion rates are consistent with assessments in other jurisdictions which reflect the large share of theoretical plan-enabled capacity that is not expected to be able to be developed in practice, due to development costs and the inability to justify redeveloping sites with newer dwellings, or on lots with small amounts of bare land. We also note that the share of capacity that is feasible is higher for the inner suburbs, and lower for the outer suburbs (including the locality).

The rows in Figure 4.3 that are coloured orange are those within the locality of the Site, as defined in Figure 3.1, and the same as used for the demand assessment in section 4.1. In the locality of the Site the MDRS report estimates theoretical dwelling capacity for an additional 72,230 lots, but feasible capacity of only an additional 4,316 dwellings. That conversion rate between theoretical and feasible is very low for the locality (6%) compared to the rest of Christchurch (36%), indicating that the locality has a very high proportion of theoretical capacity that is unlikely to be feasible to develop to accommodate new dwellings. That low share of feasible capacity in the locality applies to both comprehensive (13%) and infill (4%) properties, indicating that development of additional capacity in the area will be much harder for the market to achieve than in other parts of Christchurch.

[12] Plan Change 14 Section 32: Part 1, Appendix 1, Table 2.1, page 4

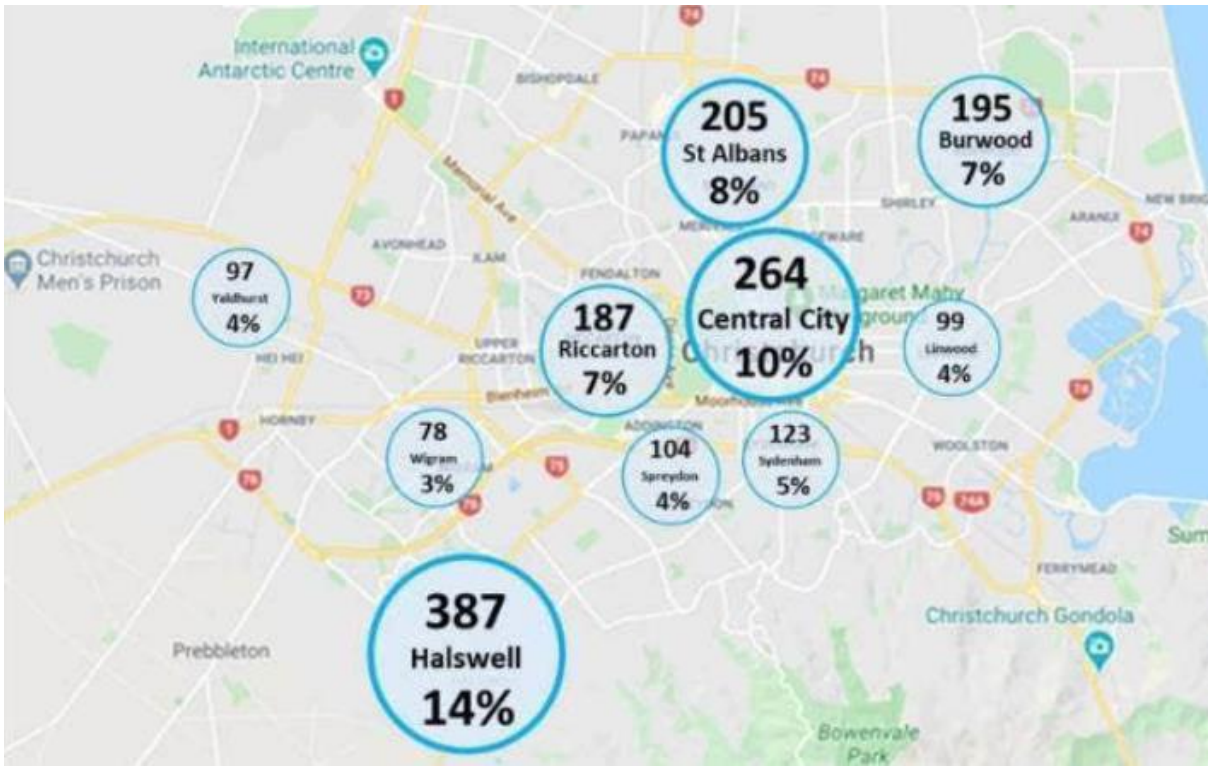
Figure 4.3: Christchurch catchment dwelling capacity estimates[13]

Catchment	Theoretical dwelling capacity			Feasible dwelling capacity		
	Comp.	Infill	Total	Comp.	Infill	Total
Addington	593	1,104	1,697	593	1,104	1,697
Avonhead/Ilam	2,063	2,943	5,006	16	19	35
Bishopdale	1,368	786	2,154	-	-	-
Burnside/Russley	2,115	2,148	4,263	31	169	200
Bush Inn/Ilam	1,933	976	2,909	6	5	11
Cashmere/Huntsbury	2,322	2,878	5,200	-	-	-
Fendalton/St Albans	4,905	10,902	15,807	4,905	10,902	15,807
Greater Halswell	3,758	27,386	31,144	-	6	6
Greater Hornby	2,330	5,155	7,485	2,330	5,155	7,485
Hoon Hay/Hillmorton	2,976	424	3,400	14	-	14
Linwood/Avonside	3,415	4,358	7,773	-	-	-
Lyttelton	1,850	948	2,798	-	-	-
Mashlands/Waimairi Beach	4,055	27,744	31,799	-	-	-
New Brighton/Burwood	3,158	1,067	4,225	-	-	-
Northlands/Papanui	3,787	6,558	10,345	3,787	6,558	10,345
Northwood/Belfast	4,545	17,556	22,101	3	15	18
Riccarton Central	953	4,726	5,679	953	4,726	5,679
Shirley/Edgeware	4,141	4,082	8,223	4,141	4,082	8,223
Somerfield	1,507	1,090	2,597	1,507	1,090	2,597
St Martins/Waltham	2,009	1,607	3,616	2,009	1,607	3,616
Sumner/Mount Pleasant	3,218	8,354	11,572	-	14	14
Sydenham Central	450	1,989	2,439	450	1,989	2,439
Templeton	227	66	293	-	-	-
Westmoreland/Kennedys Bush	3,830	17,391	21,221	-	-	-
Wigram	1,139	5,832	6,971	2	-	2
Woolston/Heathcote	1,059	702	1,761	-	-	-
Total	63,706	158,772	222,478	20,747	37,441	58,188
Study area locality	16,125	56,105	72,230	2,116	2,200	4,316

That is the case notwithstanding, or possibly because of, observations in the MDRS report that indicate the Halswell area has recently been among the highest growth areas in Christchurch for new residential building consents (Figure 4.4). That recent buoyant construction economy in Halswell may have taken up much of the feasible capacity which previously existed, leaving the low amount identified to remain today. The recent popularity of the Halswell area, representative of the locality defined for this report, would indicate a likely ongoing attractiveness of the area, and that it would be appropriate to enable adequate supply to meet demand in the locality.

[13] The Property Group's MDRS report, table 9, page 32

Figure 4.4: Location of new residential consents issued in 2020[14]



The latest information from Council suggests that there is currently remaining greenfield supply for 6,000 dwellings across all of Christchurch.[15] There is no data provided on the location of this supply, although we consider that a large share will be either in the locality or to the north of the City.

4.3 Locality sufficiency of supply

We have not seen an assessment of sufficiency of supply at a sub-City level that is comparable to the locality defined for this assessment, so draw on the demand assessment for the locality presented in section 4.1, and the capacity assessment in section 4.2. Comparing those estimates indicates that there is expected to be a shortfall of feasible capacity in the locality of the Site (south-west Christchurch) within the next 10 years, once the required competitiveness margin prescribed in the NPS-UD is accounted for, as shown in Figure 4.5.

That data shows that demand in the locality is projected to increase at around 380-400 lots a year for the next 30 years (the NPS-UD long term). There is feasible dwelling capacity in the same locality for just over 4,300 additional dwellings, or enough to accommodate around 9.7 years of demand.

[14] The Property Group's MDRS report, figure 6, page 20
[15] Plan Change 14 Section 32: Part 1, Appendix 1, Table 2.1, page 4

Figure 4.5: Locality sufficiency of supply

	2023	2028	2033	2038	2043	2048	2053
Theoretical dwelling capacity							
Comprehensive	16,125	16,125	16,125	16,125	16,125	16,125	16,125
Infill	56,105	56,105	56,105	56,105	56,105	56,105	56,105
Total	72,230	72,230	72,230	72,230	72,230	72,230	72,230
Feasible dwelling capacity							
Comprehensive	2,116	2,116	2,116	2,116	2,116	2,116	2,116
Infill	2,200	2,200	2,200	2,200	2,200	2,200	2,200
Total	4,316	4,316	4,316	4,316	4,316	4,316	4,316
Demand							
SouthWest	23,500	25,000	26,600	28,000	29,300	30,700	32,100
Port Hills West	5,000	5,200	5,600	5,800	5,900	6,100	6,300
Total locality	28,500	30,200	32,200	33,800	35,200	36,800	38,400
Demand growth from 2023							
SouthWest	-	1,500	3,100	4,500	5,800	7,200	8,600
Port Hills West	-	200	600	800	900	1,100	1,300
Total locality	-	1,700	3,700	5,300	6,700	8,300	9,900
Demand plus NPS-UD competitiveness margin							
SouthWest	-	1,800	3,720	5,180	6,670	8,280	9,890
Port Hills West	-	240	720	920	1,040	1,270	1,500
Total locality	-	2,040	4,440	6,100	7,710	9,550	11,390
Capacity - demand							
Total locality	4,316	2,276	- 124	- 1,784	- 3,394	- 5,234	- 7,074

That is based on dwelling capacity that is feasible in the medium term, under current market conditions. The NPS-UD allows for modelled conditions to change in the long-term (beyond 10 years, i.e. post-2033), for example by changing assumptions about prices and costs, which tends to enable an increase of capacity in the NPS-UD long-term. Nevertheless, the medium term shortfall in available capacity remains in the locality, and no information about alternative (increased) capacity in the long-term is presented in the updated HDCA, so the magnitude of any effect of that on increasing demand is not clear and is not able to be accounted for in this assessment.

4.4 Significant supply

As assessed in section 4.2, there is estimated to be a total capacity for about an additional 4,300 dwellings in the Site's locality. That is made up of 2,100 dwellings that could be accommodated in comprehensive developments, and 2,200 dwellings that could be constructed as infill development. Inevitably not all of those 4,300 feasible dwellings will actually be developed within the near future, because many of those potential dwellings would need to locate on lots where current landowners are unwilling, unmotivated, or unable to advance the construction of new dwellings. That estimate of capacity for 4,300 additional dwellings into the long-term, as existing housing stock will have aged,

land values will have increased, and the replacement of existing dwellings will become more feasible. For now, however, that estimate of 4,300 additional dwellings is unlikely to be achieved.

The proposed residential use of the Site is estimated to be able to accommodate somewhere between 336 and 420 dwellings (per section 2.2), which represents 8-10% of total feasible capacity in the locality. The NPS-UD provides that in addition to feasible development, councils must in their Housing and Business Assessments assess the housing development capacity that is reasonably expected to be realised ("RER"). That RER reflects what is not only feasible to develop, but also likely to be developed. RER capacity is therefore a step down in capacity from feasible capacity, and may be only 25-50% of feasible capacity, from some estimates we have seen elsewhere.

We are not aware of any RER assessment in Christchurch, but if RER in the Site's locality is 25-50% of feasible capacity, RER capacity would be in the order of 1,100 to 2,200 dwellings. The Site's 336-420 dwellings would, if enabled, provide a significant increase in that RER capacity, of +16-19% (if RER is 2,200) or 31-39% (if RER is 1,100 dwellings).

The NPS-UD contains objective 6, which is that local authority decisions on urban development is responsive, particularly to proposals that would supply significant development capacity. In our opinion the proposed residential use of the Site would qualify as significant development capacity, being a large share of RER capacity, and equivalent to about 10% of the demand for new dwellings in the locality over the next decade.

Clause 3.8(2) of the NPS-UD directs that local authorities must, for plan changes that provide significant development capacity:

> *have particular regard to the development capacity provided by the plan change if that development capacity:*
>
> *(a) would contribute to a well-functioning urban environment; and*
>
> *(b) is well-connected along transport corridors; and*
>
> *(c) meets the criteria set out…* [in the regional policy statement]

'Significant development capacity' has not yet been established from criteria in the Canterbury Regional Policy Statement, but in our opinion the proposed development of the Site would be significant at:

- 10% of demand for new dwellings in the locality in the next decade
- Around 10% of existing feasible capacity
- Close to 20%, or possibly up to 40% of capacity that is reasonably expected to be realised in the locality.

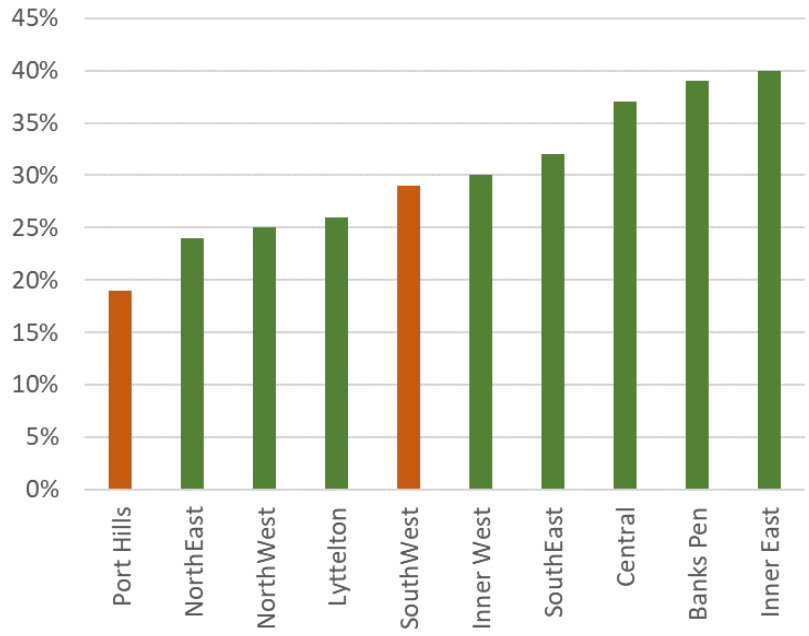
the proposed development of the Site would provide a large increase in residential capacity in a part of Christchurch where future additional residential supply is relatively limited.

5 Costs and benefits of residential development

5.1 Affordable housing

The Livingston and Associates Housing Demand report provides an assessment of affordable housing in Greater Christchurch, concluding that "with some exceptions, Christchurch City's subareas are less affordable than Waimakariri and Selwyn's subareas typically as a result of lower median household incomes".[16] That assessment finds that in 2020 (the most recent year for which data is reported on in that report) the South West and Port Hills subareas were two of the five most affordable subareas of Christchurch in which to live (out of ten subareas total) (Figure 5.1). Residential development of the Site is therefore likely on balance to create more, rather than less affordable dwellings.

Figure 5.1: Christchurch subareas' median rent as a percentage of median household income[17]



We understand that development plans for the Site are yet to be finalised, however we are informed of an intention to provide some affordable housing on the Site, in the way of a retirement village offering freehold tenure in a higher density configuration. The higher density, and smaller dwelling sizes provided in that development would represent an affordable residential offering, in one of the more affordable parts of Christchurch. If an affordable housing area is intended to be provided on the

[16] Page 48
[17] Livingston and Associates "Housing Demand" report, table 4.5, page 48

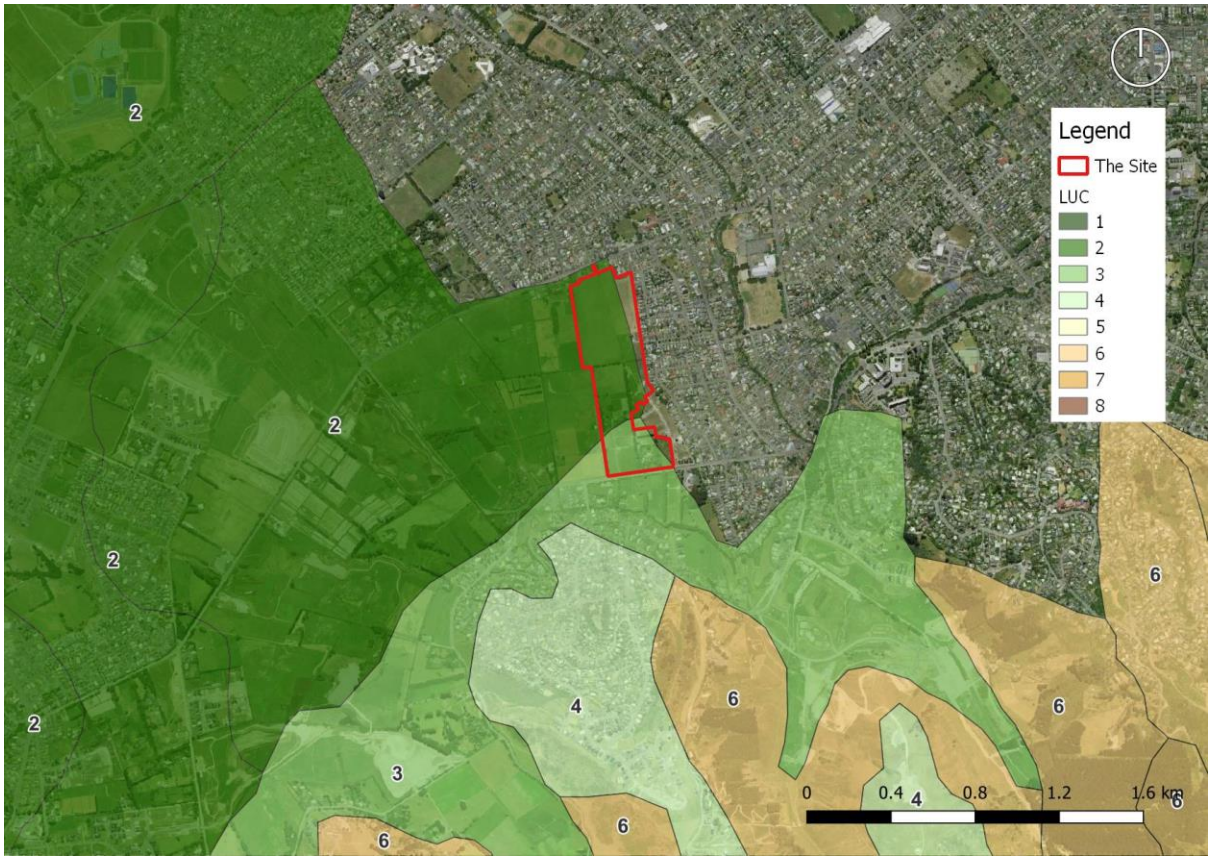
Site, and approval is contingent on its provision, it would be important for there to be conditions in the consent or some other method of ensuring the affordable housing actually eventuates, as opposed to traditional standalone housing not targeted at the affordable end of the market.

However, given the demand-supply balance, and expected shortfall of capacity in the locality within the next ten years, in our opinion the merits of the proposed development do not rest on there being an affordable component, and the contribution the development would make to additional capacity in an area where more supply is needed would alone justify the merits of the proposal. The fact that the Site is within a more affordable part of Christchurch is likely to mean that new dwellings constructed on the Site would be more rather than less affordable anyway.

5.2 Use of productive land

The NPS-HPL was approved in September 2022, and seeks to protect highly productive land use in land-based primary production, both now and for future generations. The NPS-HPL is relevant to this assessment because the Site is identified as having soils in land use classes ("LUC") 2 and 3, with LUC 1, 2 and 3 being categorised as highly productive land (Figure 5.2).

Figure 5.2: Land use class in and around the Site



We have been advised by the applicants that they have received professional advice that the Site should not be considered to have highly productive land, due to constraints including high ground

water and reverse sensitivity due to proximity to residential zoned land (and residential zoned but undeveloped land running through the centre), as detailed in the section 32 report. The section 32 report also concludes that part of the Site is not HPL because it is zoned RNN, being an urban zoning. We provide an assessment against NPS-HPL criteria in section 6.

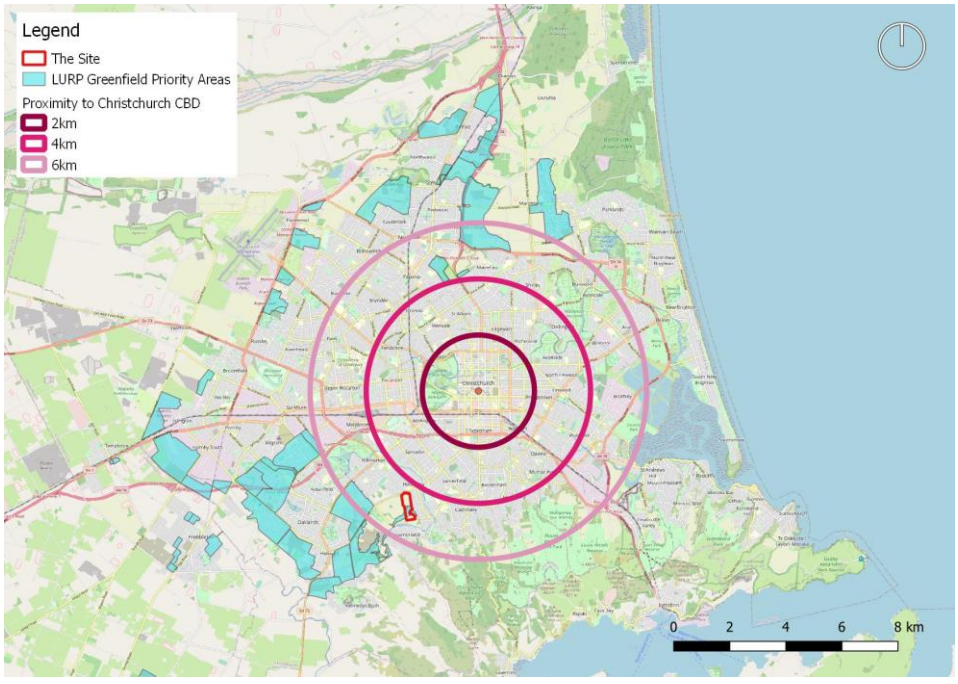
Whether or not the Site is highly productive land, its conversion to urban uses would result in the loss of some agricultural land, and the consequent loss of economic output associated with that. That loss is an economic cost that is relevant to assessing the merits of the application. However, as discussed in section 2.1 the physical characteristics of the Site significantly constrain its productivity, and economic output generated by the Site is very low.

We have not assessed the level of this output, because as with any proposal to convert rural use to urban uses, construction of even a small number of dwellings on formerly rural land will generate economic activity far in excess of what agriculture would generate. On a Site such as this, where hundreds of dwellings could be constructed on land (that we are informed is) poorly suited to agriculture, economic activity stimulated by residential development will always trump agricultural output, as assessed in section 6.4.

5.3 Location of the Site

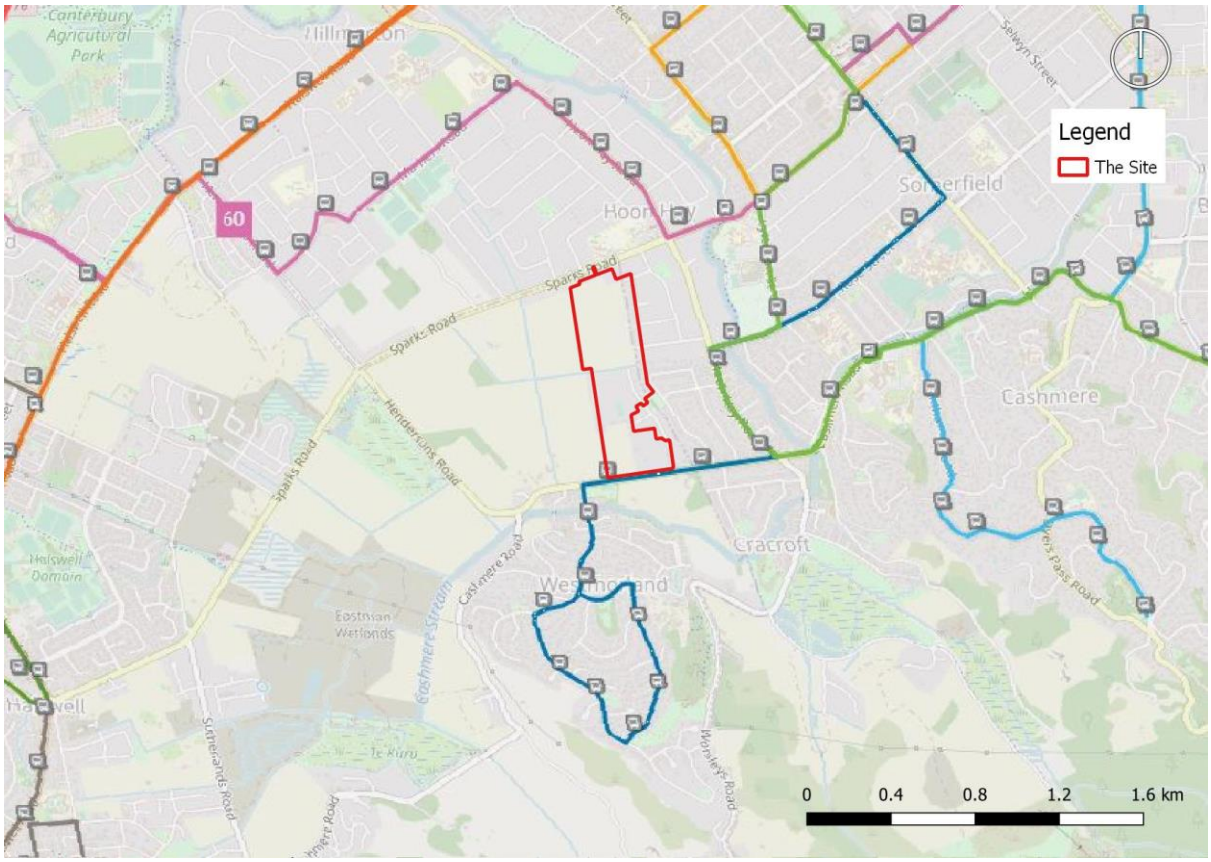
The Site is, in our opinion, well located to accommodate residential activity, and would contribute to a well-functioning urban environment. Part of the Site is identified as a greenfield priority area ("GPA") in the LURP, and at just over 4km straight line distance from the centre of the CBD, it is the second closest GPA to the CBD, behind only Cranford Basin (Figure 5.3).

Figure 5.3: Proximity of Greenfield Priority Areas to Christchurch CBD



The Site is closer to the CBD (straight-line) than other GPAs in Halswell, Wigram, Marshland and Belfast. The Site has good road links to central Christchurch, is adjacent to existing residential areas, close to commercial centres,[18] on or within 300m of three existing bus routes, within 800m of Centennial Park and the Pioneer Recreation Centre, and close to schools[19] and employment areas.[20] In short, the Site is within an established residential area, with all the expected social and commercial fabric that entails. These locational attributes make the Site well placed to accommodate residential activity, and we would suggest better in many respects than other GPAs such as those in the Belfast/Northwood area. The locational attributes also suggest that development of the Site for urban residential activities would contribute to a well-functioning urban environment.

Figure 5.4: Bus network near the Site[21]



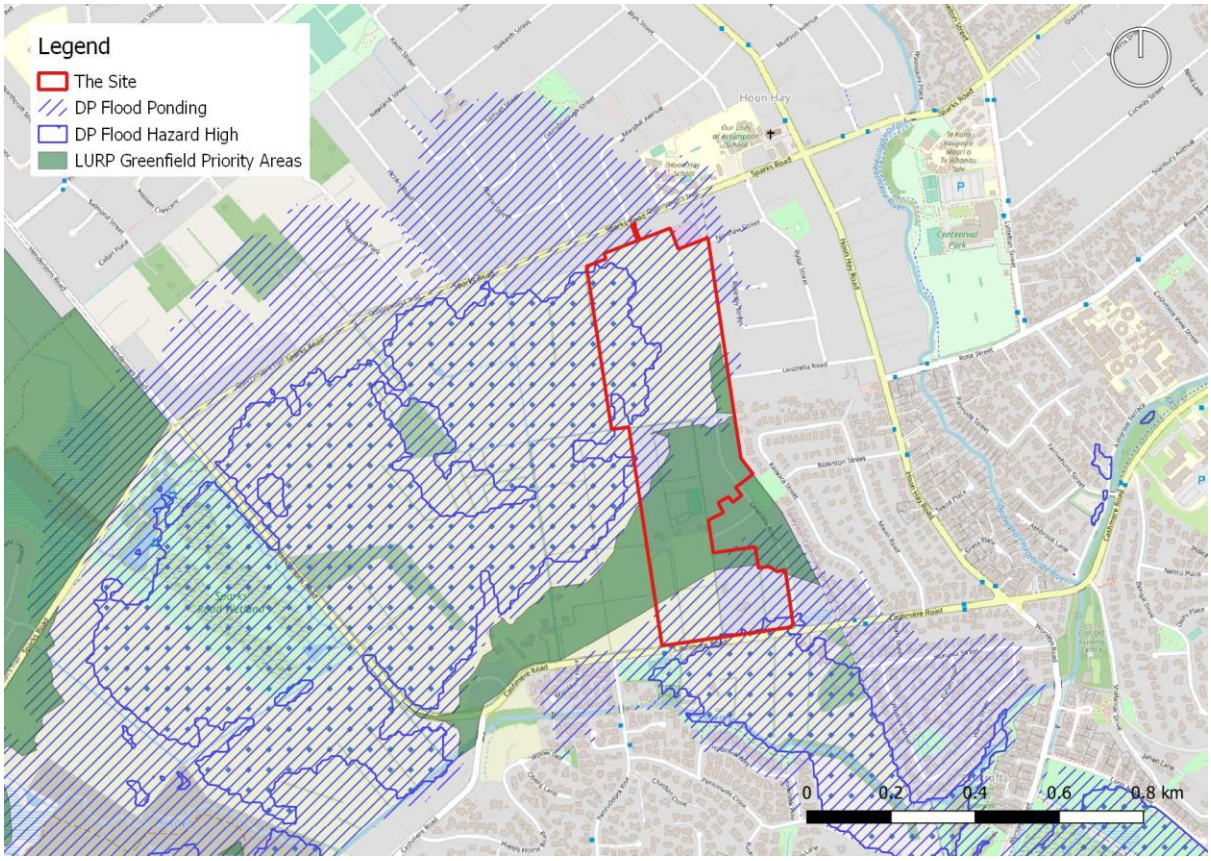
Part of the Site is a GPA, and development of that part would not be precluded by the NPS-HPL, despite it being classified as highly productive land. The parts that were not identified as Greenfield Priority Areas are those identified in the District Plan as those subject to flood ponding (Figure 5.5).

[18] The northern entrance to the Site is 2km from Barrington Mall
[19] Hoon Hay Primary school is on the opposite side of Sparks Road from the site's northern entrance, and Cashmere High School is 1.5km east of the Site
[20] Between 3-4km south of the large business areas at Middleton, Addington, and Sydenham
[21] https://go.metroinfo.co.nz/mtbp/en-gb/arrivals/content/routes

Because the parts of the Site that are not at risk from flooding have been identified as being suitable to accommodate urban growth, it is reasonable to expect that the location of the Site in relation to urban Christchurch is not a constraint to being considered suitable for that growth. Instead, while we are not familiar with the rationale for defining the spatial extent of the GPA, a logical inference is that the flooding ponding hazard identified limited the extent of the GPA defined.

If the flood risk were able to be avoided on other parts of the Site, we expect that those other parts would also be suitable to accommodate urban growth from an accessibility and location point of view, and could be identified as a Greenfield Priority Area. We understand from a flood modelling assessment of the Site[22] undertaken by CCC-endorsed consultants DHI that the Site is safe to accommodate residential development even in a 1 in 200 year flood event, and that there will be no adverse impact on surrounding properties or in respect of the Site. That being the case our interpretation is that those other (not at risk from flooding) parts of the Site would be equally suitable to be identified as GPA as is the part that is already GPA.

Figure 5.5: Greenfield priority areas on and around the Site



[22] "Cashmere Park Extension modelling Jan 2023", DHI, 28 February 2023

6 HPL assessment

In this section we provide an assessment against NPS-HPL criteria, in case the applicant's position that the Site is not subject to the NPS-HPL is not accepted.

6.1 Policy framework

The policy framework that guides NPS-HPL assessments for proposals involving the urban rezoning of highly productive land is contained in the NPS-HPL clause 3.6. In that clause the NPS-HPL makes provision for the conversion of highly productive land to urban uses in clause 3.6(1), but only if:

a) the urban rezoning is required to provide sufficient development capacity to meet demand for housing or business land to give effect to the National Policy Statement on Urban Development 2020; and
b) there are no other reasonably practicable and feasible options for providing at least sufficient development capacity within the same locality and market while achieving a well-functioning urban environment; and
c) the environmental, social, cultural and economic benefits of rezoning outweigh the long-term environmental, social, cultural and economic costs associated with the loss of highly productive land for land-based primary production, taking into account both tangible and intangible values.

Clause 3.10 allows territorial authorities to allow highly productive land to be converted to urban uses if:

a) there are permanent or long-term constraints on the land that mean the use of the highly productive land for land-based primary production is not able to be economically viable for at least 30 years; and
b) the subdivision, use, or development:
    (i) avoids any significant loss (either individually or cumulatively) of productive capacity of highly productive land in the district; and
    (ii) avoids the fragmentation of large and geographically cohesive areas of highly productive land; and
    (ii) avoids if possible, or otherwise mitigates, any potential reverse sensitivity effects on surrounding land-based primary production from the subdivision, use, or development; and
c) the environmental, social, cultural and economic benefits of the subdivision, use, or development outweigh the long-term environmental, social, cultural and economic

costs associated with the loss of highly productive land for land-based primary production, taking into account both tangible and intangible values.

If land has been identified by a council as being required to accommodate residential growth, that is considered to be justification for allowing the land to be converted to urban uses.

6.2 Clause 3.6(1)(a): required to provide capacity

The assessment above in section 4.3 concludes that demand in the locality is projected to increase at around 380-400 lots a year for the next 30 years, and there is feasible dwelling capacity in the same locality for just over 4,300 additional dwellings, or enough to accommodate around 9.7 years of demand. While feasible capacity may increase in the long-term as land values increase, those values are not able to be accounted for in medium-term sufficiency modelling under the NPS-UD, and there is a shortfall of dwelling capacity in the locality within the medium term.

We conclude that the urban rezoning of the Site is required to provide sufficient development capacity to meet demand for housing or business land to give effect to the NPS-UD, under clause 3.6(1)(a) of the NPS-HPL.

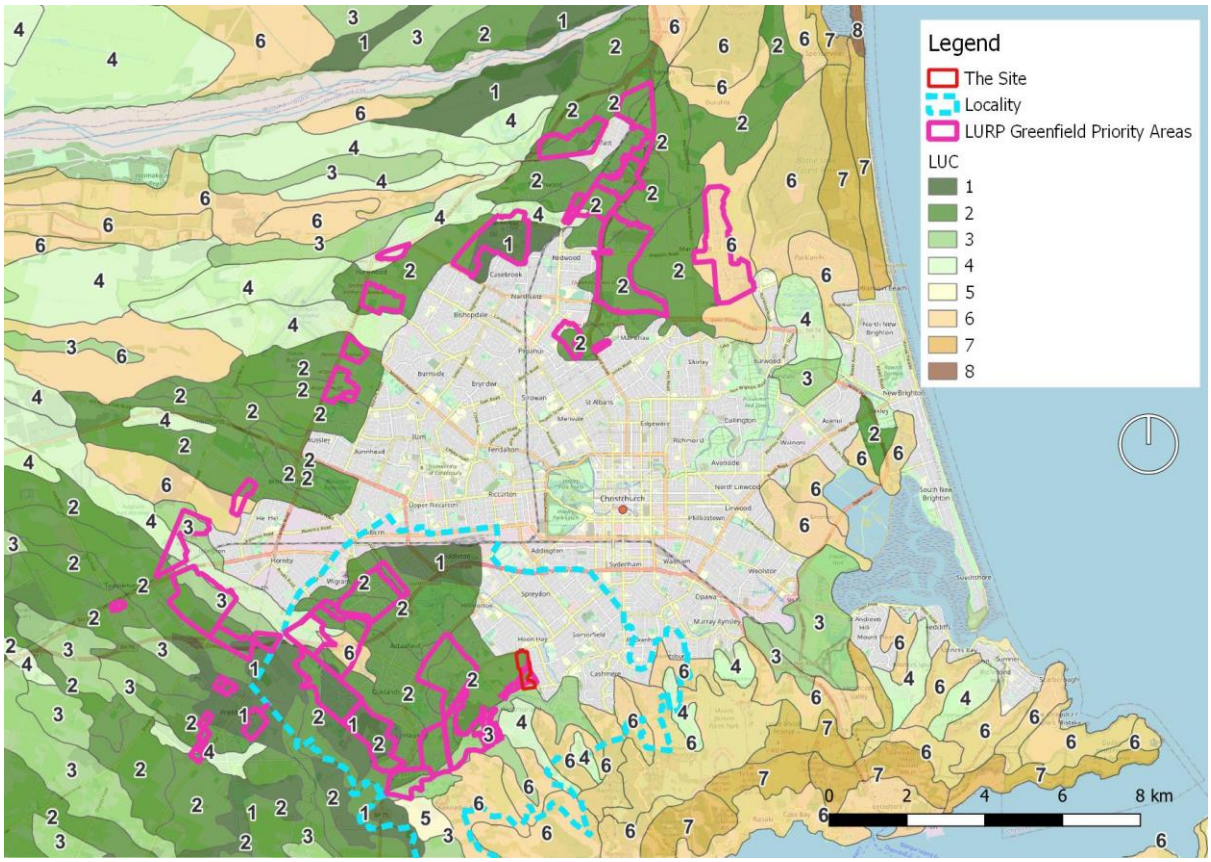
6.3 Clause 3.6(1)(b): no other options

The assessment in section 5 above concludes that the Site is well located to accommodate urban growth, supported by (among other factors) the identification of part of the Site as a GPA in the LURP, and proximity to the CBD and established social, commercial, community and physical infrastructure. Within the locality there are no other reasonably practicable and feasible options for providing at least sufficient development capacity within the same locality and market while achieving a well-functioning urban environment, because:

- Much of the locality has already been developed for urban activities, and has little or no remaining capacity to accommodate additional residential dwellings, particularly not in a cohesive, master-planned layout.
- Much of the locality that has not yet been developed is identified as being highly productive land (LUC 1-3, per Figure 6.1).
- While there exists some capacity to accommodate demand within existing urban areas, that capacity is inadequate to meet demand arising in the locality by itself, and requires additional capacity to be provided in a new location.
- Those parts of the locality that are not highly productive land are either in the less accessible parts of the locality in the Port Hills, or already substantially developed (an area of LUC4 at Westmorland, and an area of LUC6 west of Awatea Road).

We conclude that there are no other reasonably practicable and feasible options for providing at least sufficient development capacity within the same locality to give effect to the NPS-UD, under clause 3.6(1)(b) of the NPS-HPL.

Figure 6.1: Location of GPAs in relation to HPL



6.4 Clause 3.6(1)(c): benefits vs costs

As discussed in section 2.1, the Site is very constrained in its ability to accommodate productive rural uses, and therefore the economic benefits of the existing rural activities on the Site are very small, and would support a fraction of a full-time equivalent job. Development of the Site for somewhere between 336 and 420 dwellings (as discussed in section 2.2) would support well over 1,000 FTE years of employment.[23]

The development of the Site would also be expected to positively impact local businesses, and contribute to the efficient functioning of the nearby centres and business areas. Residents of the Site would be expected to shop and visit businesses within the local area, which will improve the viability

[23] From comparable assessments we have completed, which have found that each dwelling in large greenfields developments generates on average 3.5 to 4.5 FTE years of employment, when all employment on-site and off-site is accounted for. This includes pre-development planning and professional works, site works and preparation, construction, off-site fabrication, and transport and storage of materials.

of existing business and also potentially attract more businesses and community services to the area. This additional activity can be expected to increase local employment in centres, and to improve the level of amenity in these centres, which will positively contribute to a well-functioning urban environment.

We acknowledge that if development of the Site did not proceed, that some of these benefits would be experienced elsewhere in Christchurch, and that some portion of the benefits is therefore a transfer effect, and would not stimulate new activity. However, because our assessment shows that there is an insufficient supply of dwelling capacity in the locality, much of the economic benefits would be net additional to the locality, and would be unlikely to occur in the locality without development of the Site being enabled. In any case, the proposed residential development on the Site would far exceed economic output able to be generated from the Site by agricultural uses, and for a period far exceeding the NPS-UD's long-term.

We understand from the DHI report that the Site is safe to develop even in a 1 in 200 year flood event, and therefore infer that there would be no economic costs associated with flooding hazards up to at least that magnitude.

The conclusion from that is that the economic benefits of rezoning the Site far outweigh the long-term economic costs associated with the loss of the Site's highly productive land for land-based primary production, under clause 3.6(1)(c) of the NPS-HPL.

7 Conclusion

This report shows that without the requested rezoning of the Site there is expected to be a shortfall of residential development capacity within the locality of the Site within the next ten years, and therefore additional capacity would be required to ensure that Council is able to provide at least sufficient development capacity in line with its obligations under the NPS-UD.

The Site is one potential option within the locality on which to provide additional capacity, and from our assessment there are no other reasonably practicable and feasible options for providing that capacity within the locality. Alternative options for additional supply on greenfields sites are either less accessible to central Christchurch or are located on higher class soils that the Site, and Council's assessment indicates that insufficient infill capacity is feasible, meaning greater intensification within existing urban areas will not be able to provide the required capacity.

The Site is well located to accommodate urban residential growth in Christchurch, and the GPA on part of the Site is the second closest GPA in the City to central Christchurch. The Site is located within an existing urban environment that is well serviced by a wide range of social, commercial and community facilities and employment options, and development of the Site would contribute to a well-functioning urban environment.

We conclude that urban rezoning of the Site would be consistent with clause 3.6 of the NPS-HPL, and would give effect to the NPS-UD's objective to provide at least sufficient development capacity, and that the economic benefits of the proposed rezoning would far outweigh the limited costs.