

**BEFORE THE SELWYN DISTRICT COUNCIL**

**IN THE MATTER OF**

Clause 21 of the First Schedule of  
the Resource Management Act 1991

**IN THE MATTER OF**

A request to change the Operative  
Selwyn District Plan – Plan Change  
68

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**SUMMARY STATEMENT OF EVIDENCE OF FRASER COLEGRAVE -  
ECONOMICS**

Dated: 21 March 2022

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## **INTRODUCTION**

- 1 My full name is Fraser James Colegrave.

## **KEY POINTS OUTLINED IN EVIDENCE**

- 2 Plan Change 68 (PC68) seeks to rezone approximately 67.5 hectares of land in Prebbleton to accommodate around 820 dwellings and a small amount of supporting commercial activity.
- 3 My evidence profiles Prebbleton's existing residents and dwellings and shows that the Selwyn District's population has grown rapidly in recent years, with this fast growth projected to continue well into the foreseeable future.
- 4 Having carefully reviewed the latest (2021) Housing Capacity Assessment prepared for the Greater Christchurch Partnership, I consider that the Council is not currently meeting its NPS-UD obligations to provide at least sufficient capacity to meet the demand for new dwellings, at either the district or sub-district level.
- 5 This is both because the Council's estimates of demand for additional dwellings are too low, while its estimates of likely capacity to meet that demand are overstated.
- 6 When the various issues identified herein are addressed – to provide more reliable estimates of dwelling supply/demand – I consider that the District clearly faces significant supply shortfalls under the short, medium, and longer terms. Accordingly, additional land needs to be identified and rezoned as soon as possible to meet NPS-UD obligations, and to enable the efficient operation of the local land market.
- 7 Overall, it is my assessment that the PC68 proposal will provide strong economic benefits, including:
  - 7.1 Providing a substantial, direct boost in market supply to meet current and projected future shortfalls;
  - 7.2 Bolstering land market competition, which helps deliver new sections to the market quicker and at better average prices;
  - 7.3 Providing a variety of housing options/typologies to meet diverse needs and preferences, which is also required by the NPSUD;
  - 7.4 Contributing to achieving critical mass to support greater local retail/service provision;
  - 7.5 The one-off economic stimulus associated with developing the land and constructing the dwellings that will be enabled there.
- 8 Given the strong and enduring benefits of the proposed plan change, and noting the absence of any material economic costs, I support it on economic grounds.

## AREAS OF DISAGREEMENT WITH OTHER TECHNICAL EXPERTS

- 9 Mr Langman has filed evidence on behalf of ECAN and CCC, which levels various criticisms at my evidence.
- 10 For example, at para 65, Mr Langman argues that my evidence focusses too narrowly on population growth in Selwyn, and that it should instead focus more broadly on Greater Christchurch.
- 11 I disagree. The purpose of my evidence was to determine the need for – and hence merits of – providing additional residential land to meet the need for new dwellings in Prebbleton, which is a submarket of the Selwyn District housing market.
- 12 While I acknowledge that there may be some overlap between the District’s housing markets/sub-markets and those elsewhere in Greater Christchurch, I categorically reject Mr Langman’s insinuation that they are perfectly interchangeable, and hence that people would realistically trade-off a potential new dwelling in Prebbleton with one located in (say) Fendalton, Sumner, or Marshlands.
- 13 Such statements represent a fundamental misunderstanding of how housing markets work, and also defy the real estate evidence (of Mr Jones and Mr Sellars for various plan changes), which clearly identify the District as catering for a specific segment of the sub-region’s overall housing market.
- 14 I also note that Selwyn’s population growth is exceptionally high – the highest in New Zealand by far – but that the City’s growth has stagnated. Specifically, while Selwyn’s population grew 4.8% during the 12 months ended 30 June 2021, the City’s population grew by only 200 people, or 0.1%. Further, while Selwyn’s current population currently far exceeds Statistics New Zealand’s high population projection, the City’s population is languishing between its respective low and medium scenarios. Accordingly, housing demand is far more acute in Selwyn than in the city or the rest of the sub-region. Mr Langman, however, does not appear to acknowledge these basic facts. In my opinion, it is not as Mr Langman states a **perception** of high demand (102) in the Selwyn District. Rather, it is very real and should be undisputed.
- 15 From para 100 onward of Mr Langman’s evidence, he provides his views on housing demand and the need to provide corresponding increases in housing capacity. He opines – at para 103 – that demand should not be used as the driver of increased supply and that doing so would necessitate an increase in supply across the sub-region’s more expensive suburbs.
- 16 I am perplexed by this statement. Market supply is, by definition, tasked with meeting increased demand, so the notion that demand should not be used as the driver of increased supply makes no sense. Taking a step back, it appears that Mr Langman interprets widespread increases in house prices as evidence of a demand for additional dwellings. While house prices are certainly part of the puzzle, I consider building consent trends to be a better measure of underlying demand, and note that the District’s recent consent volumes far exceed all projections. The same is not true for the City, though, where growth has slowed down markedly.

- 17 Para 107 of Mr Langman's evidence adopts a range of comments previously made by Mr Tallentire on earlier plan changes in which I was involved, and which I have already debunked.
- 18 For example, at para 107a, Mr Langman considers that the 2021 capacity assessment that I critiqued is generally consistent with requirements for preparing them, including the use of population projections as the initial basis for an assessment of housing demand.
- 19 I disagree. The demand projections used in the assessment significantly understate recent trends, and its corresponding estimates of capacity are fundamentally flawed, as described in detail in both my evidence in chief, and that of Mr Akehurst for PC69.
- 20 At para 107b, Mr Langman also considers that the prior (2018) HCA was generally fit-for-purpose because it included a peer review process. In my view, the 2018 HCA was fatally flawed because it assumed that all plan-enabled capacity was automatically feasible for development. This is an inappropriate and misleading assumption. Moreover, the supposed adequacy of the prior HCA tells us nothing about the accuracy – or otherwise – of the most recent (2021) iteration.
- 21 At para 107d, Mr Langman refers to a list of private plan changes within FDA's and also the Covid Fast Track consent at Farringdon, and concludes that this will meet the medium-term capacity figures in Table 3 of the 2021 HCA. Mr. Langman goes on to conclude (108) that at least sufficient development capacity to meet demand has already been identified, and indeed that there is a medium-term surplus capacity of between 3,667 and 4,961 households (109). As identified in Section 9 of my evidence, such conclusions are incorrect, and that instead the District faces significant shortfalls in capacity.
- 22 At para 107e, Mr Langman claims that the various factors identified in my evidence as potentially limiting market supply (relative to feasible capacity) will not be significant over the medium term, and hence that they can be discounted accordingly.
- 23 Notwithstanding the abject lack of evidence supplied by Mr Langman to support this seemingly sweeping generalisation, the factors that I have identified have materially reduced market supply in urban areas where I have performed similar analyses.
- 24 For example, in 2006, the various territorial authorities that now comprise Auckland Council identified a significant amount of capacity available via the intensification of its existing urban areas. However, a 2018 report by Auckland Council showed that only 11% of that capacity had been taken up 12 years later, largely because of the factors that I identified as limiting supply. Further, I fail to see how a spatial planning process could, as Mr. Langman states, address material reasons why feasible capacity may not be converted into market supply. No supporting rationale has been provided in support of this statement.
- 25 Para 107f of Mr Langman's evidence argues that the triennial capacity assessment process is the most appropriate way to identify and plan for additional capacity to meet shortfalls.

- 26 I agree that the HCA process can be a useful avenue to provide for future capacity, but they are not the only way, nor necessarily the best.
- 27 The issue is timing. In short, with a 3-year gap between each HCA, and given the very long lead times associated with both land development and house construction, relying just on HCAs to address capacity shortfalls is flawed, in my view. A far more responsive approach is desirable, both from a market and regulatory (i.e. NPSUD) perspective.
- 28 Finally, Para 107g of Mr Langman's evidence states that I have not considered the impacts of the new medium density residential standards (MDRS) ushered in via the recent RM Amendment Act [the Resource Management (Enabling Housing Supply and Other Matters) Act]. I agree that my evidence does not explicitly consider them because it focussed on addressing the issues that I identified with the latest Housing Capacity Assessment, which predated those reforms and hence also excluded them. Given the uncertainties in how the MDRS will be implemented, it is premature and speculative to undertake this exercise.
- 29 However, I confirm that I do not consider the recent MDRS to have any material bearing on the District's likely supply-demand balance. District land prices, the age of the housing stock and local housing preferences do not lend themselves to the sort of density uplifts enabled by those provisions, so caution should be applied in assuming any immediate drastic rise in housing capacity released through the new legislation.
- 30 Caution is even more relevant if one were to take into account the fact that many of the inhibiting factors towards converting feasible capacity into supply (as referred to in Para 9.23 of my evidence) are likely to apply just as much to intensification as to greenfield development.

Fraser Colegrave

21 March 2022