

Before the Selwyn District Council

under: the Resource Management Act 1991

in the matter of: Proposed Private Plan Change 69 to the Operative
District Plan: Lincoln South

and: **Rolleston Industrial Developments Limited**
Applicant

Summary of Evidence of Fraser Colegrave (Economics)

Dated: 22 November 2021

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SUMMARY OF EVIDENCE OF FRASER COLEGRAVE

INTRODUCTION

- 1 My name is Fraser Colegrave.
- 2 I am an economist and the managing director of Insight Economics, an economics consultancy based in Auckland. I have over 24 years' commercial experience, the last 21 of which I have worked as an economics consultant. During that time, I have successfully led and completed more than 500 consulting projects across a broad range of sectors.
- 3 I am familiar with the housing demand and capacity issues to which these proceedings relate.

THE NEED FOR THE PLAN CHANGE UNDER THE NPSUD

- 4 My evidence provided a detailed critique of the Council's latest assessment of dwelling supply and demand, as required under the NPSUD.
- 5 It concluded that the Council is currently not meeting its NPSUD obligations over either the short-, medium-, or long-term.
- 6 This is because the Council's estimates of demand for additional dwellings are inordinately low, while its estimates of likely capacity to meet that demand appear significantly overstated.
- 7 When the various issues that I identified are addressed to provide more reliable estimates of dwelling supply/demand, 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 NPSUD obligations, and to enable the efficient operation of the local land market.

COSTS AND BENEFITS OF THE PLAN CHANGE

- 8 Having concluded that the district faces significant, looming shortfalls in dwelling capacity (relative to likely demand), I then assessed the likely economic costs and benefits of the plan change.
- 9 Overall, I consider that the proposal will provide strong and enduring economic benefits. These include:
 - 9.1 Providing a substantial, direct boost in market supply to meet current and projected future shortfalls;
 - 9.2 Bolstering land market competition, which helps deliver new sections to the market quicker and at better average prices;

- 9.3 Helping to provide for a range of housing typologies to meet a diverse range of needs and preference, which is also required by the NPSUD;
 - 9.4 Contributing to achieving critical mass to support greater local retail/service provision, including the community's vision for a renewed Rolleston Town Centre; and
 - 9.5 The one-off economic stimulus associated with developing the land and constructing the dwellings that will be enabled there.
- 10 The only possible economic cost is potential adverse effects of the proposed commercial area on the role and function of the Lincoln Key Activity Centre. However, at only 450m² of Gross Floor Area each, it is far too small to have any such effects.
 - 11 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.

RESPONSE TO MR LANGMAN

- 12 Mr Langman has provided evidence on behalf of ECan and CCC, which included a response to my evidence for this plan change. I have reviewed his statement and make the following comments in response.
- 13 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.
- 14 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**.
- 15 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 veracity – or otherwise – of the most recent (2021) iteration.
- 16 Mr Langman notes that he is comfortable that the FUDAs are included in the estimates of medium-term capacity because Plan Change 1 to the CRPS is now operative and various private plan changes are underway.

- 17 This conclusion is incorrect. The NPSUD is clear that capacity must be zoned accordingly for residential development in either an operative or proposed district plan to qualify as medium-term capacity. The FUDAs are not zoned appropriately and therefore fail this test. Consequently, they must be excluded.
- 18 Finally, Mr Langman appears to consider that the triennial capacity assessment process is the most appropriate way to identify and plan for additional capacity to meet shortfalls.
- 19 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.
- 20 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.
- 21 A far more responsive approach is desirable, both from a market and regulatory (i.e. NPSUD) perspective.

Dated: 22 November 2021

Fraser Colegrave