BEFORE THE SELWYN DISTRICT COUNCIL

UNDER	the Resource Management Act 1991
IN THE MATTER	of Proposed Plan Change 71
APPLICANT	Four Stars Development Ltd and Gould Developments Ltd

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STATEMENT OF EVIDENCE OF JOHN STACEY BALLINGALL

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Anthony Harper

1 Qualifications And Experience

1.0 My full name is John Stacey Ballingall.

1.1 I graduated from Massey University in Palmerston North with a Bachelor of Applied Economics and a Master of Applied Economics. I am a Chartered Member of the Institute of Directors.

1.2 I am currently employed as a Partner at Sense Partners, an independent economics consultancy, and have held that position since January 2019.

1.3 My previous work experience includes being the Deputy Chief Executive at the New Zealand Institute of Economic Research for 11 years, and the Deputy Director of the Economics Division at the Ministry of Foreign Affairs and Trade.

1.4 I have 23 years' experience in the application of economics to a wide range of business and policy issues, including regional economic development and land demand and supply analysis.

1.5 I have been involved in several relevant Environment Court cases and District Plan hearings, including:

(a) Plan Change 78, East Rolleston, and rezoning request for 1506 Springs Road, Lincoln;

(b) Lot 6 at Queenstown airport;

(c) Potential uses for industrial-zoned land in Upper Hutt;

(d) Stream 13 rezoning hearings in the review of parts of the QLDC District Plan;

(e) Stage 3 appeal on the Queenstown Lakes Proposed District Plan, looking at rezoning industrial-zoned land to business mixed use and/or residential use.

1.6 My role in relation to Four Stars Development Ltd and Gould Developments Ltd's Private Plan Change 71 (PC71) to develop approximately 660 residential sites has been to provide advice in relation to economics, and specifically demand/supply balances in Selwyn for residential-zoned land and land zoned Inner Plains.

1.7 In preparing this statement of evidence I have considered the following documents:

(a) PC71 documentation;

(b) Greater Christchurch Partnership's July 2021 Greater Christchurch Housing Development Capacity Assessment; HDCA21

(c) Selwyn District Council's November 2020 Housing and Business Development Capacity Assessment Update;

(d) Economic and real estate evidence provided for other Plan Changes in Selwyn. This includes the real estate evidence of Mr. Gary Sellars for Plan Change 78 which focused on the Rolleston housing market;

(e) Cost-benefit analysis (CBA) on the proposed Medium Density Residential Standards components of the (now) Resource Management (Enabling Housing Supply and Other Matters) Amendment Act 2021, by PwC and Sense Partners.

2 Code Of Conduct For Expert Witnesses

2.0 While this is not a hearing before the Environment Court, I confirm that I have read the Code of Conduct for expert witnesses contained in the Environment Court of New Zealand Practice Note 2014 and that I have complied with it when preparing my evidence.

2.1 Other than when I state I am relying on the advice of another person, this evidence is within my area of expertise. I have not omitted to consider material facts known to me that might alter or detract from the opinions that I express.

3 Scope of evidence

3.0 I have prepared evidence in relation to:

(a) Existing and projected demand for, and supply of, residential dwellings in Selwyn under a range of population and capacity assumptions;

(b) The potential impacts of the Resource Management (Enabling Housing Supply and Other Matters) Amendment Act 2021 on housing demand and supply in Selwyn;

(c) The demand and supply for alternative uses of the land that is the subject of the Plan Change;

(d) An assessment of the PC71 against the relevant RMA matters.

4 Summary

4.0 House and vacant section prices in Selwyn have surged in the past year. The demand for housing is clearly outstripping available supply and is putting further pressure on housing affordability and rental prices.

4.1 Actual population growth in Selwyn has been considerably higher than expected in previous housing demand and capacity assessments. This is driven by several factors. In particular:

(a) Selwyn offers larger homes, suitable for families, at lower prices than Christchurch City. The township also offers smaller sections, catering to all demographics.

(b) It does so within easy commuting distance of the city. This is enhanced by the recent completion of the Christchurch Southern Motorway. This is expected to reduce travel times to the city by between 8 and 15 minutes[1].

(c) Selwyn itself is also a growing location of employment. The post-earthquake shift of business from the city to Selwyn saw employment increase by 26.7% from 2010 to 2015. Since then, employment growth has moderated to 13% over the 2016-2020 period.

4.2 Actual housing capacity in Selwyn, in contrast, is likely to be considerably lower than expected in those assessments in the short- to medium-term.

4.3 Stronger-than-expected demand and lower-than-expected capacity point to dwelling shortages in Selwyn becoming more severe than current Council projections. Given uncertainties around both housing demand and capacity, I use a range of projections to estimate:

(a) An immediate-term (2021-2024) surplus of up to 526 dwellings, or a shortfall of up to 963 dwellings if more conservative capacity scenarios than used in the HDCA21 are adopted;

(b) A shortfall of between 2,089 to 6,920 dwellings for 2021-2031, when FUDAs are not included in the capacity estimates;

(c) A surplus of between 167 to 4,961 dwellings for 2021-2031, if all FUDAs are included in capacity at a density of 15hh/ha, unless the highest demand and lowest capacity scenario occurs, in which case there would be a shortfall of 1,213 dwellings;

(d) Significant shortfalls in the longer-term, with demand projected to outstrip capacity by between 8,498 and 19,369 dwellings by 2051.

4.4 Given PC71 proposes around 660 dwellings to be built, in my opinion, this is clear evidence that it will make a signification contribution to dwelling supply in Selwyn in the medium term (2022-2032).

4.5 The PC71 parcel is in an ideal location, close to the town centre and public transport links. This reinforces the value of using the land for residential purposes over other uses.

[1] Waka Kotahi. 2015. *Christchurch Southern Motorway Stage 2 – investment approval.* https://www.nzta.govt.nz/planning-and-investment/funding-and-investing/investment-decisions/board-decisions/christchurch-southern-motorway-stage-2-investment-approval/

4.6 The Resource Management (Enabling Housing Supply and Other Matters) Amendment Act 2021 is unlikely to have a material impact on housing supply in Selwyn.

(a) Multi-dwelling sites are more likely to occur on sites where land prices are very high relative to the value of existing capital.

(b) Housing conforming to the new RMA standards is most likely to be built in Christchurch city. The higher land prices and amenities mean that this type of housing is commercially viable in the city.

(c) Relatively lower land prices in Selwyn allow for larger lot sizes at a lower price point, which will ensure the district remains attractive for first-home buyers and families.

4.7 Construction of the proposed dwellings will generate an estimated 99 jobs in the region per year during the eight-year construction period, inject around $5.2 million of wages per year into the local community to support economic well-being and directly generate around $13.4 million of value-added or GDP per year.

4.8 The economic costs are limited to the opportunity cost of GDP generated by the land under its current Rural Inner Plains zoning, which I estimate to be between $50,500 to $153,500 per year.

4.9 As such, rezoning the land to generate new housing for 660 families and inject $13.4 million of GDP into the local economy per year of construction represents an efficient use of a natural resources.

5 Economics and the RMA

5.0 The Resource Management Act 1991 (the **RMA**) directs decision-makers to explore important issues such as:

(a) Section 5's reference to enabling economic well-being for the community;

(b) Section 7(b)'s reference to the efficient use and development of resources; and

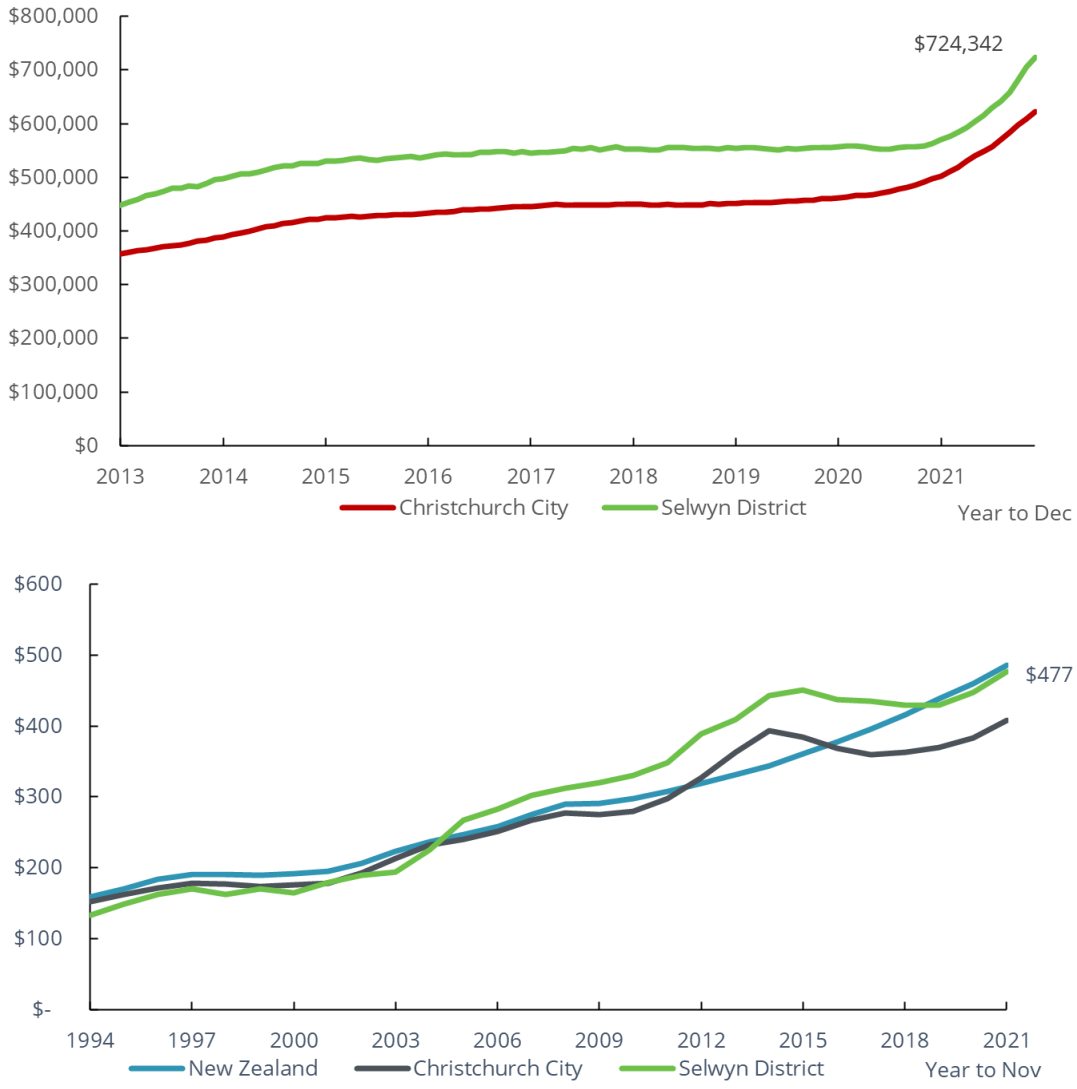
(c) Specifically when considering a plan review, section 32's consideration of alternatives, assessment of costs and benefits.

5.1 Economics tells us that scarce resources (in this case land in Selwyn) are allocated efficiently – and thus in a way that maximises community well-being – when the marginal benefits of an additional unit of activity equal the marginal costs, after accounting for externalities (or external effects).

6 Context: Housing affordability is under considerable pressure in Selwyn

6.0 Rising house prices and rental prices in Selwyn indicate the current balance between the demand and supply of housing is out of kilter (see Figure 1). The median house prices rose 29% between December 2020 and December 2021. Rents have increased by around $29 per week in the year to November 2021.[2]

Figure 1 Median house prices and mean weekly rentals



Source: REINZ; https://www.tenancy.govt.nz/about-tenancy-services/data-and-statistics/rental-bond-data/

6.1 Both measures of housing affordability are at their highest (i.e., worst affordability) level on record.[3]

[2] Note the median house price in Christchurch City will be for a smaller house than that for Selwyn.
[3] CoreLogic data for Rolleston, reported by the New Zealand Herald, indicates the median price in the township is higher, at $834,200 in December 2021. See: https://www.nzherald.co.nz/business/four-areas-where-house-values-shot-up-by-550000-last-year/O2TCU3Z6CYVSWTDZC5HRDD4UMA/

6.2 The evidence of Gary Sellars[4] in support of PC78 confirms the trend in rapidly increasing house prices. This includes a finding that the price of sections of similar size and within the same subdivisions have seen price increases of more than 105% in the year to August 2021.

7 The HDCA outlook indicates medium-term and long-term housing shortages

7.0 The *Greater Christchurch Housing Development Capacity Assessment* (HDCA21) bases its housing demand estimates on population growth projections using Statistics New Zealand's (StatsNZ) 2018 'High' series, adjusted using insights from an independent demographer.

7.1 Those demand estimates, along with its estimates of housing capacity are replicated below in Table 1.

Table 1 HDCA21 estimates of Selwyn housing demand and capacity

	2021-2024	2021-2031	2021-2031		2021-2051	
	No FUDAs		FUDAs 15hh/ha	FUDAs 12.5hh/ha	FUDAs 15hh/ha	FUDAs 12.5hh/ha
Demand with NPSUD buffer	2,714	8,541	8,541	8,541	25,338	25,338
Capacity	4,578	6,452	13,502	12,208	13,502	12,208
Balance	**1,864**	**-2,089**	**4,961**	**3,667**	**-11,836**	**-13,130**
Balance excl. Darfield & Leeston	1,082	-4,745	2,305	1,011	-14,492	-15,786

Source: HDCA21, pp6-7.

7.2 The HDCA21 projections indicate a short-term (2021-2024) surplus of capacity and a medium-term shortage of almost 2,100 dwellings when the Future Urban Development Areas (FUDAs) are not considered.

7.3 The projected shortage widens to 11,836 to 13,130 by 2051, even after FUDAs at a density of 15hh/ha are incorporated into the capacity estimates.

7.4 The HDCA21 estimates include 2,656 plan-enabled dwellings in Darfield and Leeston. However, these areas fall outside of the Greater Christchurch Urban Area as defined in Our Space.[5] Excluding these from the balance results in considerably worse medium- and long-term dwelling shortages for urban areas such as Rolleston. I am also aware from the Council's decision on Plan Change 63 that there is significantly limited supply of available sections and that a significant

[4] Plan Change 78: 'Statement of Evidence of Gary Russell Sellars on Behalf of Urban Estates Limited'. 18 October 2021.
[5] Greater Christchurch Partnership. 2018. *Our Space 2018-2048.* Figure 1, pp. 2.

portion of land zoned residential in Darfield is held by landowners who are not developers and who have not demonstrated any intent to develop their land.

7.5 The HDCA21 notes the medium-term shortage can be provided for using FUDAs, though we note the view of another economist[6] that they should not be included under the NPSUD as they are not specifically zoned for housing and thus unable to be assessed as 'plan enabled'.

7.6 Mr. Sellars' evidence refers to a recent subdivision consent granted for a 970-allotment subdivision under the Covid 19 fast track legislation, and within a FUDA. This would qualify as plan enabled, short-term, capacity.

7.7 Mr. Sellars also refers to a significant area of FUDA identified land (173.3230 ha) which is not subject to a plan change application, and therefore which he considers is long term potential land. As such, this area of land would significantly reduce the predicted medium-term surplus of land identified in the balance line of the HDCA analysis above.

8 Population growth in Selwyn has been consistently higher than Council expectations

8.0 Unfortunately the 'High' population growth series used in the HDCA21 has already proven not to be 'high' enough. As Selwyn District Council itself recently noted, "population growth has outstripped the official Statistics NZ projections and Selwyn's own projections… *It is clear that growth in the district has recently exceeded all reasonable expectation*".[7]

8.1 In 2018, StatsNZ projected Selwyn's 2020 population to be 68,500. The latest estimate of actual population in Selwyn for 2020 is 69,700 – some 1,200 or 1.75% higher than projected.[8] This is equivalent to an *additional* forecast demand of 414 dwellings between 2018 and 2020, using the HDCA21 estimate of 2.9 people per dwelling.[9]

8.2 While the HDCA21 does go on to adjust its projections to reflect a higher 2020 base year, it still uses the same 'High' *growth* rates as the 2018 projections. These growth rates have been shown to be consistently conservative over the past 20 years when compared to actual population growth in Selwyn (see Appendix A).

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[6] Plan Change 73. 'Statement of Evidence of Fraser Colegrave (Economics)'. 13 September 2021.
[7] Baird, B. 2021. 'Growth Planning in Selwyn District'. Appendix 7 of 'Section 42A Report: Report on submissions relating to Plan Change 78: Urban Estates Limited request to rezone approximately 63.3 hectares of Rural (Inner Plains) Zone land at Lincoln-Rolleston Road and Selwyn Road in Rolleston to a Living Z Zone', 13 October 2021. My emphasis.
[8] HDCA, 2021, p.17
[9] HDCA, 2021, p.18

8.3 This high population growth has been driven by several factors. In particular:

(a) Selwyn offers larger homes, suitable for families, at lower prices than Christchurch, plus smaller sections, catering to all demographics.

(b) It does so within easy commuting distance of the city. This is enhanced by the recent completion of the Christchurch Southern Motorway. This is expected to reduce travel times to the city by between 8 and 15 minutes[10].

(c) Selwyn itself is also a growing location of employment. The post-earthquake shift of business from the city to Selwyn saw employment increase by 27.7% from 12,768 jobs to 16,310 (2010 to 2015). Since 2015, employment growth has slightly moderated to 17.8% over the 2015 – 2020 period, reaching 19,215 jobs across the district.

9 More people than expected means more housing demand than expected

9.0

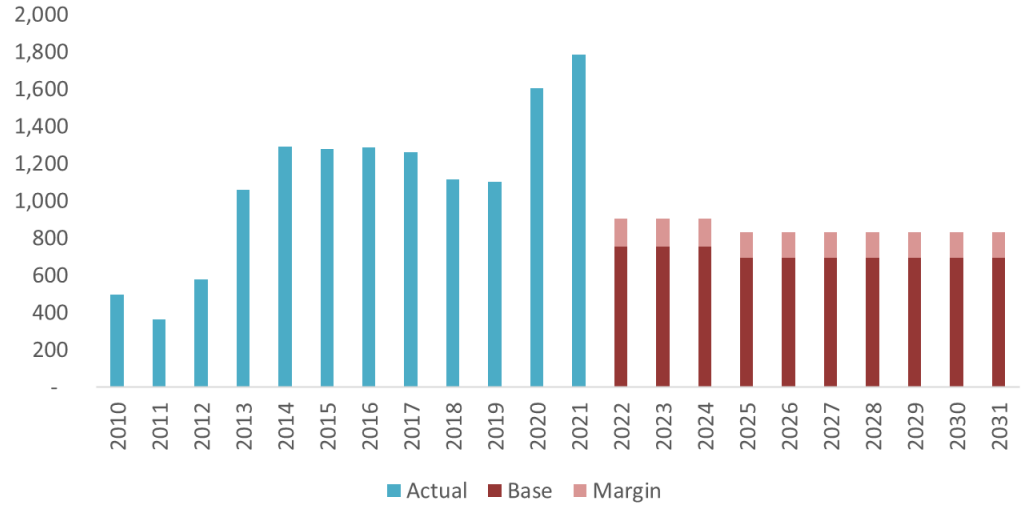
[10] Waka Kotahi. 2015. *Christchurch Southern Motorway Stage 2 – investment approval.* https://www.nzta.govt.nz/planning-and-investment/funding-and-investing/investment-decisions/board-decisions/christchurch-southern-motorway-stage-2-investment-approval/

9.1 Figure 2 shows Selwyn residential building consents totalled 1,782 in the year to June 2021, more than double the 854 dwellings per year implied between 2021 and 2031 in the HDCA21.

9.2 Consents per 1000 residents[11] in Selwyn have been on average 2.9 times as high as those for Christchurch City since 2011. Selwyn has consented 27.1 dwellings per 1000 residents in the year to November 2021, much higher than Christchurch (9.7), Auckland (11.9), and New Zealand as a whole (9.5).[12]

[11] Statistics New Zealand. 2022. *Dwellings consented per 1000 residents by territorial authority (Annual-Nov).*
[12] The high consenting rate in Selwyn is making national headlines. See: https://www.stuff.co.nz/national/127452422/record-number-of-new-homes-approved-in-booming-selwyn-district#:~:text=In%202021%2C%20the%20Selwyn%20District,at%20a%20record%2Dsetting%202940

Figure 2 Consenting trends: Selwyn



Source: StatsNZ for 2010-2021, HDCA21 projections for 2022-2031

10 Given population growth is highly variable due to migration swings, there is value in using a range of projections when considering housing demand

10.0 It is difficult to accurately forecast future population growth, as evidenced by the consistent underestimation of population growth by StatsNZ.

10.1 Population growth projections are based on views over several decades about births, deaths and migration. Birth and death rates are generally stable over long periods of time. Migration – both international and internal – can change rapidly and frequently, causing significant swings in population when compared to projections.

10.2 Migration can be impacted by events which are impossible to predict, especially over the longer term. International migration is primarily affected by immigration policy settings and economic prospects in New Zealand compared to the rest of the world, and clearly the COVID-19 pandemic is currently having a major impact.

10.3 Internal migration (i.e. within New Zealand) is also challenging to project with confidence. A recent example is the shift in internal migration in Canterbury caused by the 2011 earthquakes, whereby population rapidly moved away from Christchurch City into surrounding suburbs, including Selwyn. A current driver of internal migration into Selwyn is the lack of availability of affordable housing in other parts of Canterbury.[13]

10.4 Given the inherent uncertainty of population projections, especially with respect to international and internal migration, I believe it is helpful to use a range of projections rather than relying on a single point estimate.

[13] This is also noted in Appendix 7 of the s42A report, para 67.

10.5 I also believe the most appropriate course when considering future dwelling capacity is taking a least regrets approach. In my view, it is better to have a surplus of appropriately zoned land for housing than a deficit. This is recognised in the NPS-UD and embedded in the form of the 20% medium term and 15% long term demand buffers.

10.6 My view is reinforced by the clear evidence of a sustained higher than predicted demand in the Selwyn District. While this level of demand may recede at some stage in the future, what is certain is that there will always be demand for new residential development.

11 Sense Partners has developed its own model for projecting population at the regional and territorial authority levels[14]

11.0 Our model provides probabilistic[15] population estimates for Selwyn based on a Monte Carlo simulation, where key inputs such as fertility, mortality and immigration are varied randomly and repeatedly (500 times) to produce distributions over future values, rather than point estimates. This approach also helps to emphasise the considerable uncertainty that exists about the future and the extent to which this uncertainty grows the further out we look.

11.1 I use a common starting point of 69,700 for Selwyn's population in 2020, based on Stats NZ's latest official estimate. I then convert these population projections to dwelling demand using projections of people per dwelling. I include an NPSUD 20% buffer for the 2021-2031 period and a 15% buffer for 2031-2051.

11.2 The probabilistic projections for the number of additional dwellings demanded in Selwyn out to 2051 are shown in

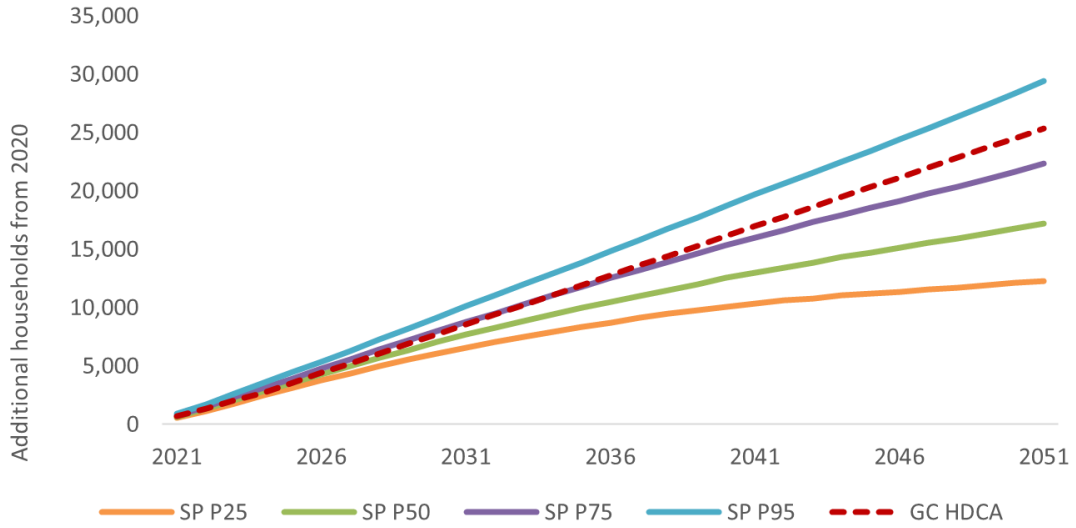
[14] This model was developed for Greater Wellington Regional Council (2021). Sense Partners' expertise in analysing and predicting migration trends has been called on by central government agencies including the New Zealand Treasury (for the 2018 Budget and Economic Fiscal Update) and StatsNZ (who we assisted to develop models for estimating migration in 2019).

[15] In the discussion that follows, SP P50 (for example) indicates there is a 50% probability that the actual population is lower than the Sense Partners (SP) projected population. Therefore SP P95 may be seen as an upper bound.

11.3 Figure 3 and compared to those used by the HDCA21.

11.4 Given historical trends and current consenting demand, and our preference for a least regrets approach, it seems unlikely our P50 or P25 projections are relevant for this analysis. I focus therefore on the P75 and P95 projections to provide a range of realistic demand estimates (see Table 2 below).

Figure 3 Projections of additional dwellings required in Selwyn (including NPSUD buffer)



Source: Sense Partners

Table 2 Range of Selwyn household demand projections, including NPSUD buffer

Demand with NPSUD buffer	2021-2024	2021-2031	2021-2051
HDCA21	2,714	8,541	25,338
Sense Partners P75	3,118	8,743	22,304
Sense Partners P95	3,525	10,123	29,386

Source: Author's calculations based on Sense Partners' population model

Capacity is also likely to be lower than projected, especially in the short-term and medium-term

11.5 As economic experts for other Plan Changes have pointed out[16], and as I have confirmed with my Sense Partners colleague and respected housing expert Shamubeel Eaqub, the HDCA21 assumption that 75% of greenfields sites will be available for residential development is optimistic. I use a conservative assumption, based on evidence from Fraser Colegrave submitted in support of Plan Change 73, that 60% of existing greenfields sites is available for housing.

11.6 Evidence from Gary Sellars[17] in support of PC78 also indicates that capacity within Rolleston is considerably less than anticipated by Selwyn District Council in the short-term and medium-term.

11.7 In particular, Mr Sellars refers to a significant area of FUDA identified land (173.3230 ha) which he considers is long term potential land. As such, this area

[16] Plan Change 73. 'Statement of Evidence of Fraser Colegrave (Economics)'. 13 September 2021. Paragraph 38.
[17] Plan Change 78: "Statement of Evidence of Gary Russell Sellars on Behalf of Urban Estates Limited. 18 October 2021.

of land would significantly reduce the predicted medium term surplus of land identified in the balance line of the HDCA analysis above.

11.8 Using the revised assumptions on development outside of Rolleston and the assessment by Gary Sellars of capacity within Rolleston, adjusted capacity projections are shown in Table 3 and compared to those in the HDCA21.

Table 3 Housing capacity projections: Selwyn

Period	**2021-2024**	**2021-2031**	**2021-2031**		**2021-2051**	
	No FUDAs		FUDAs 15hh/ha	FUDAs 12.5hh/ha	FUDAs 15hh/ha	FUDAs 12.5hh/ha
HDCA21 capacity	4,578	6,452	13,502	12,208	13,502	12,208
Adjusted capacity	3,240	5,505	11,211	10,250	13,806	12,319
Adjusted capacity excl Darfield & Leeston	2,562	3,203	8,909	7,948	11,504	10,017

Source: HDCA21, author's calculations

12 Implications for demand/supply balance

12.0 The sections above intend to demonstrate that reasonable changes in assumptions can lead to non-trivial changes to either demand or capacity estimates. Both series are challenging to estimate over the medium-long term, which points to the value of using ranges to account for uncertainty.

Using these demand and capacity ranges, several potential combinations can be considered, generating a range of housing surplus or shortfall estimates. We show in Figure 4 the results for three sets of demand projections and three sets of capacity estimates (so nine potential balances):

(a) Demand: HDCA21; SP P75; SP P95;

(b) Capacity: HDCA21; Adjusted; Adjusted excluding Darfield & Leeston.

12.1 These estimates suggest:

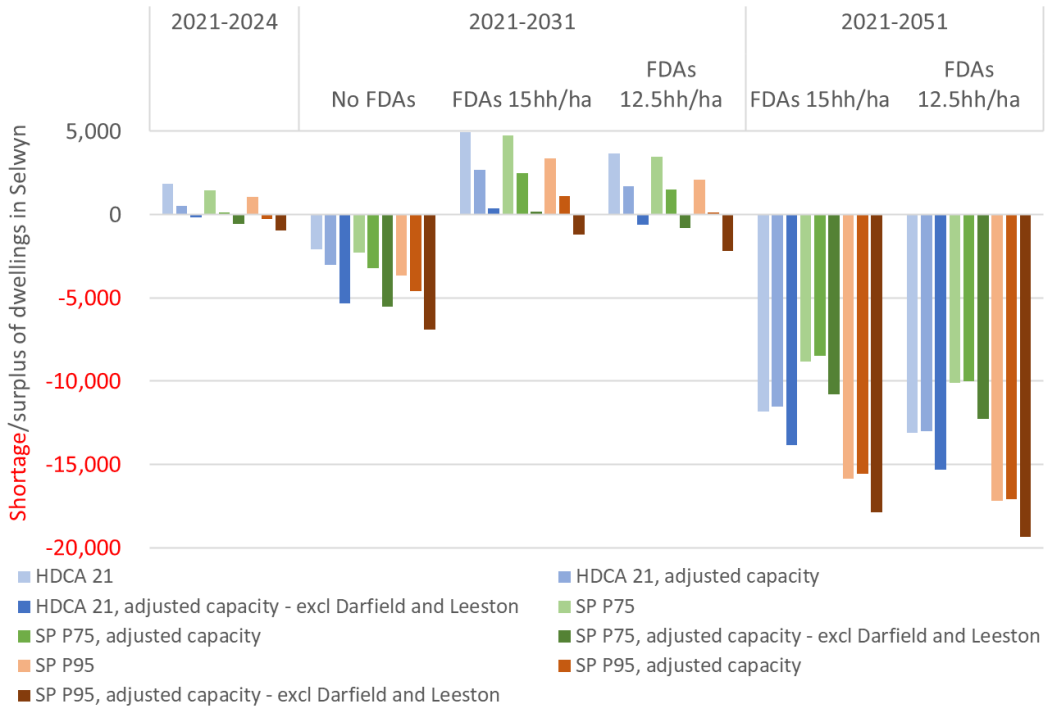
(a) An immediate-term (2021-2024) surplus of up to 526 dwellings, or a shortfall of up to 963 dwellings if more conservative capacity scenarios than used in the HDCA21 are adopted;

(b) A shortfall of between 2,089 to 6,920 dwellings for 2021-2031, when FUDAs are not included in the capacity estimates;

(c) A surplus of between 167 to 4,961 dwellings for 2021-2031, if all FUDAs are included in capacity at a density of 15hh/ha, unless the highest demand and lowest capacity scenario occurs, in which case there would be a shortfall of 1,213 dwellings;

(d) Significant shortfalls in the longer-term, with demand projected to outstrip capacity by between 8,498 and 19,369 dwellings by 2051.

Figure 4 Selwyn housing surplus or shortfall estimates



Source: HDCA21, author's calculations

12.2 In summary, under a range of reasonable assumptions reflecting the inherent uncertainty around demand and capacity, I expect Selwyn to face consistent and material housing shortages *without* FUDAs for 2021-2031.

12.3 I also expect housing shortages to worsen for the 2021-2051 period, even when FUDAs are brought on- stream.

12.4 Given this, the around 660 dwellings that would be developed under proposed PC71 would make a significant contribution to meeting this projected shortfall and ameliorating housing affordability challenges.

13 Amendments to the RMA will not materially alter the supply shortage in Selwyn

13.0 Amendments to the RMA will allow for medium density housing to be built across Tier 1 urban environments. Selwyn and Waimakariri are both included in the Tier 1 Christchurch urban environment.

13.1 Sense Partners worked with PwC to estimate the impact of the Medium Density Residential Standards (MDRS) on the housing supply across New Zealand. The

proposed amendment was expected to yield around 11,500 additional homes in the Christchurch area over the period 2027 to 2030.[18]

13.2 Changes to the proposed amendment resulted in a more restrictive height-in-relation-to-boundary requirement being adopted. This will reduce the expected increase in housing by 5%, to 10,925 through to 2030.

13.3 Higher density dwellings are typically built where the ratio of land value to capital value is high. This means most of these additional houses will be within Christchurch city (see Figure 5).

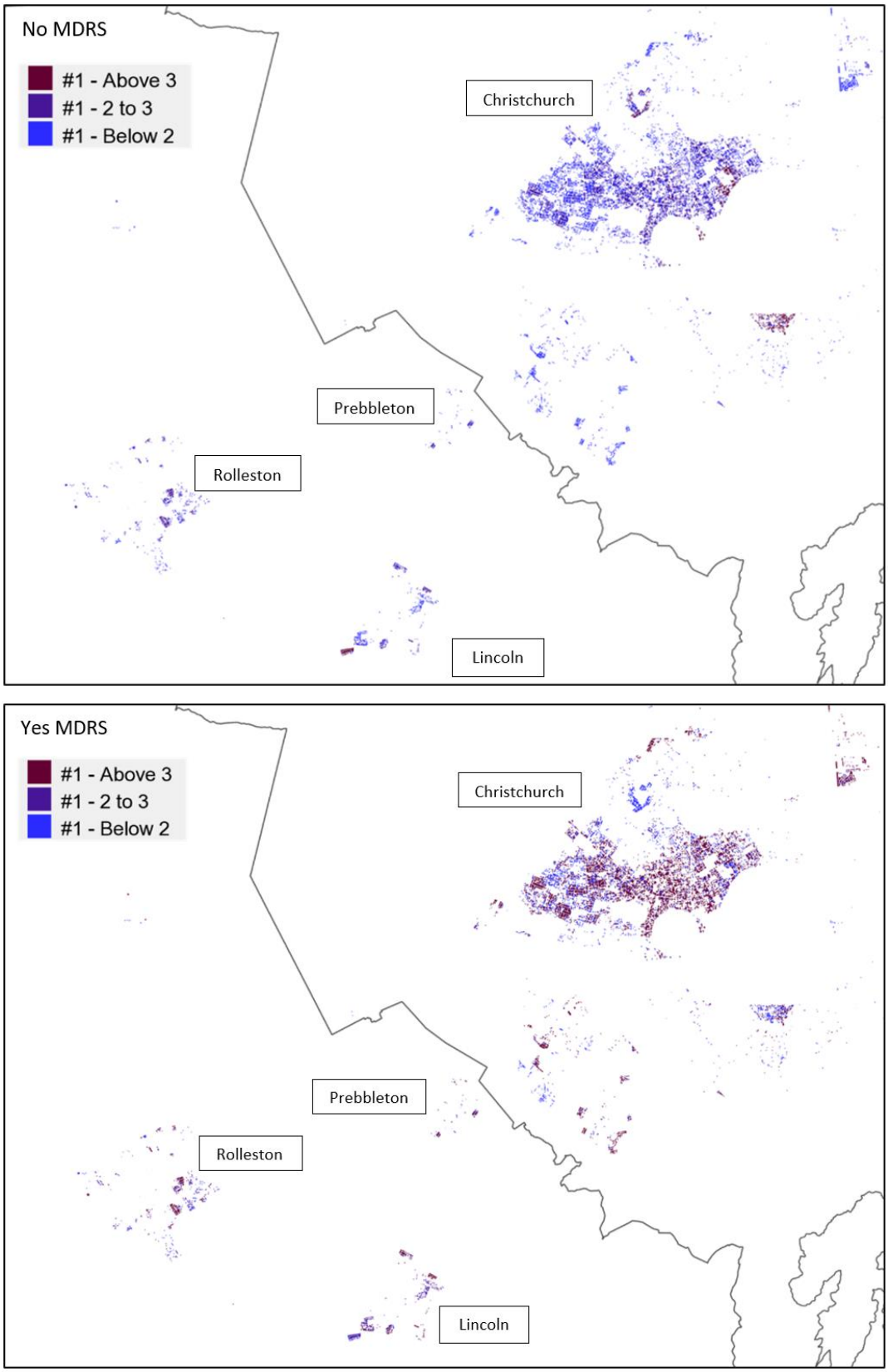
13.4 Lower land prices in Selwyn allow for larger lot sizes at a lower price point. This allows lower cost construction, as houses can be a single storey, while still being larger than city houses. As such, the MDRS changes are unlikely to have any material effect on the demand/supply imbalance in Selwyn.

13.5 The addition of more houses in Christchurch – and specifically in Christchurch City – will help to maintain the relative affordability of the region compared to other parts of New Zealand. This will likely see additional population growth and demand for housing in the region beyond that incorporated in the HDCA21 projections, which will at least partially offset the growth in supply.

13.6 For completeness, I acknowledge that the assumptions used in the CBA will inevitably be scrutinised in the context of the plan changes required of the Christchurch and Selwyn District Council to introduce the MDRS standards into their plans. I would also expect that significant additional information regarding qualifying matters will need to be assessed in order to inform the potential additional capacity that may be added.

[18] PwC and Sense Partners. 2021. 'Cost-Benefit Analysis of Proposed Medium Density Residential Standards'. https://environment.govt.nz/assets/publications/Cost-benefit-analysis-of-proposed-MDRS.pdf

Figure 5: MDRS impact – Selwyn district



Source: Sense Partners, PwC

14 Economic benefits from construction

14.0 The construction of around 660 dwellings planned under PC71 will generate substantial economic activity that will promote community well-being.

14.1 This proposed development will support an estimated 99 Full Time Equivalent (FTE) jobs per year for a period of eight years.[19]

14.2 At an average construction income of $55,805 per annum, this represents $5.2 million in wages per year for eight years being injected into the local community.

14.3 In addition, a housing construction project of this scale will require the purchase of around $47 million per year of intermediate inputs – largely construction materials, plumbing services, electrical installation work, etc.[20] It is reasonable to expect most of these inputs will be sourced locally, providing a further boost to the local community.

14.4 The direct impact of this development on the local economy will be around $13.4 million per year of value-added (or GDP), or $107 million over an eight-year construction period.[21]

15 Economic costs from Rezoning of PC71 Land

15.0 The only quantifiable economic costs associated with the proposed Plan Change is the potential loss of output from existing uses of the land in question. As I understand it, the 53.9 hectares of land covered by PC71 is currently zoned Rural Inner Plains. It comprises the All Stars standard bred horse training facility at 139 Levi Road, and a number of lifestyle blocks fronting Lincoln-Rolleston Road and Nobeline Drive.

15.1 In the Canterbury region, GDP per hectare for all agricultural land types is around $940 per year.[22] This suggests, even if all the existing rural-zoned land is used for farming purposes, its GDP contribution would be around $50,500 per year.

15.2 Analysis on productive land in Selwyn has been done for the National Policy Statement on High Productivity Land (NPS-HPL)[23]. The analysis found that preserving 2,310ha of highly productive soils (HPS) would yield annual economic benefits of $6.6m by 2028. This corresponds to a value per hectare of $2,857.

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[19] Based on the national average over the past decade of the ratio of dwellings to construction sector employees of 1.20 and an eight-year construction period,
[20] Derived from Stats NZ's input output tables (released in December 2021).
[21] Derived as per the footnote above.
[22] Calculated using StatsNZ 2019 regional GDP by industry data and the Agricultural Census 2019. This may underestimate the GDP per hectare of *productive* land, but even if my estimate is out by a factor or 10 or 100, the opportunity cost of the land in its current use is still very small.
[23] M.E Consulting. 2019. *Proposed National Policy Statement – Highly Productive Land: Indicative Cost-Benefit Analysis.* Prepared for the Ministry for Primary Industries.

15.3 Using a value of $2,857/ha, the PC71 parcel would contribute around $153,500 to GDP per year.

15.4 This is – by an order of magnitude – tiny compared to the potential GDP boost associated with constructing the dwellings proposed under the proposed Plan Change.

15.5 The horse training facility is not dependent on having high productive soils. Pastoral grazing, a component of the facility, can be economically achieved on lower quality soils, up to LUC 7[24]. As such, and in line with the Section 42A Report[25], I consider this activity could take place elsewhere in the district. This means that shifting the horse training facility would have no material negative impact on district level GDP.

16 Conclusion

16.0 Housing affordability is worsening in Selwyn. In part this is because the demand for housing – both to purchase and rent – has been far stronger than implied by previous population projection exercises.

16.1 My evidence demonstrates that under a range of plausible assumptions for housing demand and capacity, recognising the inherent uncertainty in using point estimates for either, Selwyn will face a shortfall of between 2,089 and 6,920 dwellings by 2031 if the FUDAs are not zoned.

16.2 A significant dent in this shortfall would be made by approving PC71, releasing around 660 new dwellings onto the market.

16.3 As well as reducing housing affordability pressures, the construction of these dwellings over eight years would generate around $107 million of GDP and support 99 FTE jobs per year. This will promote local community economic well-being.

16.4 The alternative use of the PC71 land in question is largely for rural activities or lifestyle properties, which generate very little economic output.

16.5 As such, rezoning the land to generate new housing for 660 families and inject $107 million of GDP into the local economy represents a much more efficient use of urban land, a scarce natural resource.

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21 January 2022

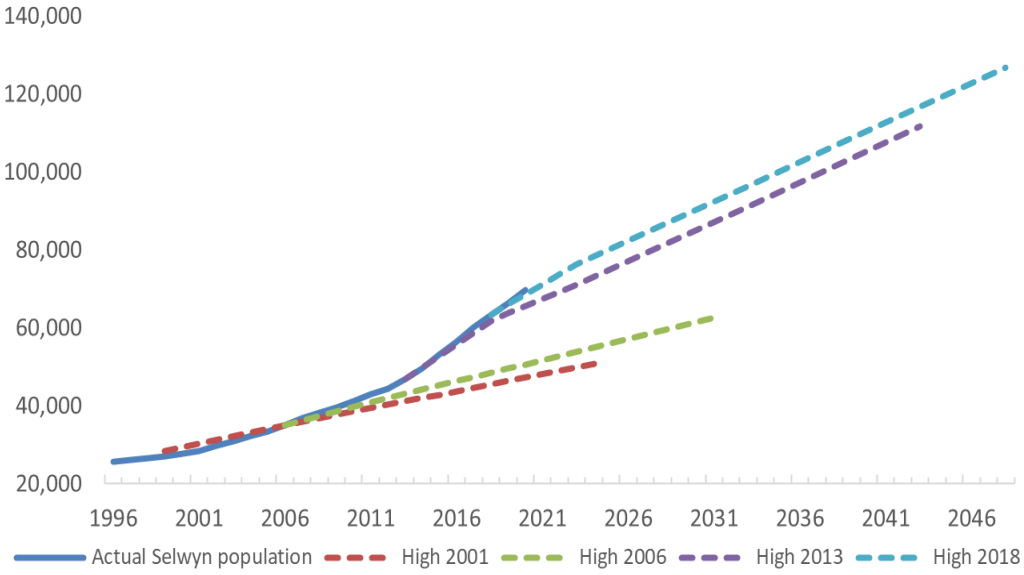
[24] BakerAg (NZ) Limited. 2021. *Independent validation of land-use change from pastoral farming to large-scale forestry.* Prepared for Beef+Lamb New Zealand. Page 16
[25] Liz White. 2022. *Section 42A Report: Private Plan Change 71*. Page 20.

Appendix A Comparison of projected population against actual population

1 Figure 6 shows the actual path of Selwyn's population growth (blue line) compared to a range of StatsNZ's population projections since 2001, all of which used the 'High' series assumptions.

2 All recent projections have consistently underestimated how fast Selwyn's population would grow, and hence how many dwellings will be required.

Figure 6 StatsNZ High population projections over time vs actual population: Selwyn



Source: Author's analysis of StatsNZ population projections