

Before the Selwyn District Council

under: the Resource Management Act 1991

in the matter of: Proposed Private Plan Change 73 to the Operative
District Plan: Dunns Crossing Road, Rolleston

and: **Rolleston West Residential Limited**
Applicant

Summary of Evidence of Michael Copeland (Economics)

Dated: 28 September 2021

Reference: JM Appleyard (jo.appleyard@chapmantripp.com)
LMN Forrester (lucy.forrester@chapmantripp.com)

chapmantripp.com
T +64 4 499 5999
F +64 4 472 7111

PO Box 993
Wellington 6140
New Zealand

Auckland
Wellington
Christchurch



SUMMARY OF EVIDENCE OF MICHAEL COPELAND

INTRODUCTION

- 1 My name is Michael Copeland and I am a consulting economist. I have over 35 years' experience in the application of economics to various areas of business, infrastructure and resource management matters.

SUMMARY OF EVIDENCE

- 2 I prepared a statement of evidence on behalf of Rolleston West Residential Limited (RWRL) dated 13 September, 2021. A summary of the main points covered in my evidence is as follows:
 - 2.1 Over the period 2001 to 2020, the Selwyn District's population has grown nearly 5 times faster than for New Zealand as a whole, more than 8 times faster than for Christchurch City and more than twice as fast as for the Waimakariri District. Projections for future population growth out to 2048 are for the Selwyn District's population to grow at an average annual rate of 2.2% per annum, as compared to 0.7% per annum for New Zealand as a whole, 0.6% per annum for Christchurch City and 0.9% per annum for the Waimakariri District. The Selwyn District has also had comparatively high rates of growth in employment and gross domestic product (GDP).
 - 2.2 The residential development enabled by the proposed Plan Change will bring expenditure, incomes and employment opportunities for local businesses and residents within the Selwyn District and also Christchurch City businesses and residents. To the extent that the rezoning generates additional local employment opportunities for Selwyn District residents during the construction phase and subsequently as a result of greater population in the District, it will reduce their reliance on employment opportunities elsewhere in Greater Christchurch and therefore potentially reduce their commuting transport costs.
 - 2.3 PC73 will bring economic benefits from encouraging greater choice and competition in residential land supply markets. The National Policy Statement on Urban Development 2020 (*NPS-UD*) places considerable emphasis on encouraging greater competition and overcoming imperfections in residential (and other land) development markets to help arrest declining housing affordability trends throughout New Zealand, especially those areas experiencing high rates of urban growth.
 - 2.4 The Plan Change will not give rise to economic externality costs.

- 2.5 The additional housing development capacity that would be enabled by proposed Plan Change 73 will be significant, whether considered in the context of Greater Christchurch, Rolleston or at a wider Selwyn District level. The proposed development of up to 2,100 dwellings represents up to around 8% of the existing dwellings in the District and up to around 27% of the existing dwellings in Rolleston.
- 2.6 RWRL expects that once the Plan Change is approved (assumed to be sometime in 2021), development of the up to 2,100 dwellings (950 for Skellerup and 1,150 for Holmes) will approximately occur over an 8 year period for the Skellerup Block (148 in total through until the end of 2024, then 160 per year from 2025-2029 inclusive) and approximately over a 7 year period for the Holmes Block (164 per year from 2025-2031 inclusive) dependent on the market environment. The Housing and Business Development Capacity Assessment Update (2020) report¹ in section 4.1 identifies additional housing demand of 7,127 during 2020-2030 and 8,690 between 2030 and 2050. Therefore the proposed development of up to 2,100 dwellings represents around 7% of dwellings in the District in 2030 (when most of the development will have been brought to market) and 5% in 2050.
- 2.7 Within the context of Rolleston itself the development capacity enabled by the proposed Plan Change is even more significant. The up to 2,100 additional dwellings of the proposed Plan Change represents up to 27% of existing dwellings in Rolleston, around 21% of dwellings in Rolleston in 2030 (when most of the development will have been brought to market) and 16% in 2050.
- 2.8 The Housing and Business Development Capacity Assessment Update (2020) report in the Executive Summary of Appendix 1 identifies Selwyn District sufficiency of housing capacity of +2,543 in the short term (2020-2023), -2,737 in the medium term (2020-2030) and -18,337 in the long term (2020-2050). Plan Change requests currently (January 2021) lodged with the Selwyn District Council provide for a total of 10,567 additional dwellings.²This includes the up to 2,100 additional dwellings to be developed under proposed Plan Change 73. However in this regard:
- (a) There is no certainty that all of the Plan Changes currently lodged with the Council will be approved – either at all, or to the extent of their maximum

¹ Prepared for Selwyn District Council meeting of 25 November, 2020 by Ben Baird, Policy Analyst; 25 November, 2020.

² Source: Email from Jocelyn Lewes, Selwyn District Council, to Jeremy Phillips, dated 27 January, 2021.

dwelling yield proposed due to environmental, infrastructure, transport or other factors;

- (b) Even where other plan changes are approved, they may not all result in full development of their dwelling yields due to market supply and demand factors. However the potential for such development will play an important role in providing greater competition or “contestability” in the Selwyn District and Greater Christchurch housing markets; and
 - (c) The thrust of the NPS-UD is not to enable only sufficient capacity, but for supply (or at least potential supply) to exceed expected demand. Only when this occurs can we expect reductions in upward pressure on residential land and house prices to occur.
- 3 I have read the evidence of Mr Keith Tallentire prepared on behalf of the Canterbury Regional Council and the Christchurch City Council (dated 20 September, 2021). At paragraph 28 of his evidence Mr Tallentire concludes that the NPS-UD direction to achieve well functioning urban environments is central to the NPS-UD. As an economist I consider that the prevention of unnecessary constraints in residential and other land markets to encourage competition and choice is at least equally central to the NPS-UD.
- 4 At paragraph 63 of his evidence Mr Tallentire agrees that the ultimate development capacity of PC73 of 2,100 additional households is significant even in the context of Greater Christchurch, since it would represent 6.5% of the medium-term housing target. He then expresses concern about the pace of development given the need for particular infrastructure completion before some of the development under PC73 can be undertaken. However, even with these constraints, PC73 is still anticipated to meet 6.5% of the medium-term housing target within the medium term – i.e. 2021-2031 (see Mr. Tallentire’s paragraph 55).

CONCLUSION

- 5 Proposed Plan Change 73 is consistent with the economic wellbeing of people and communities and the efficient development and use of resources.

Dated: 28 September 2021

Michael Copeland