

**BEFORE THE INDEPENDENT HEARINGS PANEL  
AT SELWYN DISTRICT COUNCIL**

<b>UNDER</b>	the Resource Management Act 1991
<b>IN THE MATTER</b>	Submissions and further submissions on the proposed Selwyn District Plan
<b>AND</b>	<b>Hughes Development Limited</b> (DPR-0411)

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**JOINT WITNESS STATEMENT**

Economics

Hearing 30.6: Rezone – West Melton

28 February 2023

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## Background

1. This Joint Witness Statement (**JWS**) relates to the submission by Hughes Developments Limited (**HDL**) on the Proposed Selwyn District Plan (**PDP**) (DPR-0411) seeking that land located at 163 Halkett Road and 1066 West Coast Road, West Melton (the **Site**) be rezoned from General Rural (as notified) to General Residential.
2. At the request of HDL, the Panel issued directions for expert witness conferencing between the planning, urban design, economics and traffic experts for Selwyn District Council (**SDC**) and HDL.
3. This JWS relates to economic matters raised in the rebuttal evidence of Fraser Colegrave for HDL's submission on the PDP, dated 10 February 2023.
4. Joint witness conferencing between HDL and SDC's economic experts (Mr Fraser Colegrave and Mr Derek Foy) took place via videoconference on 23 February, 2023.
5. This JWS has been prepared in accordance with sections 9.4 and 9.5 of the Environment Court Practice Note 2023, which relates specifically to expert conferencing. The attendees confirm they have read, and agree to abide with, the updated Code of Conduct for Expert Witnesses included in Section 9 of the Environment Court Practice Note 2023.

## Areas of Agreement

6. Selwyn is the fastest growing district in New Zealand, and it is forecast to stay that way in Statistics New Zealand's population projections to 2048.
7. The most recent official population projections, released in December 2022, signal higher growth for Selwyn district than the previous versions. Accordingly, SDC must plan for higher growth than before.
8. The district does not appear to be providing sufficient capacity to meet demand (at all times), as required by the National Policy Statement on Urban Development 2020 (**NPSUD**).

9. This is because SDC has underestimated the demand for new dwellings and significantly overstated likely supply to meet it. This applies both at the district-wide and township (West Melton) level.
10. While the new MDRS provisions may have a moderate impact on supply over the longer term, they are unlikely to have much effect in the short and medium term due to the district's young dwelling stock, the significantly higher costs of multi-storeyed development, and a current lack of demand for such dwelling typologies in the district.
11. Future development enabled by HDL's submission on the PDP will generate economic benefits including:
  - Providing a substantial, direct boost in market supply to help meet current and projected future shortfalls;
  - Bolstering land market competition, which helps deliver new sections to the market quicker and at better average prices;
  - Providing a variety of housing options/typologies to meet diverse needs and preferences; and
  - Contributing to achieving critical mass to support greater local retail/service provision and employment opportunities.
12. HDL's submission meets the criteria in clause 3.6(1) of the NPS-HPL from an economic perspective because:
  - The proposal is required to provide capacity under the NPSUD; and
  - There are no other reasonably practicable or feasible ways to provide the same capacity in the same market and locality (i.e. West Melton) while achieving a well-functioning urban environment; and
  - The economic costs and benefits of the proposal outweigh all tangible and intangible economic costs and benefits of hypothetical foregone rural production.

13. The experts have a high level of confidence in the conclusions agreed above.

#### **Areas of Disagreement**

14. The experts disagree about the feasible capacity (and corresponding likely market supply) residing in West Melton.
15. As per his previous statements of evidence for Plan Changes 67, 74, and 77, Mr Colegrave believes that there is very little feasible capacity in West Melton over the short- to medium-term, except for the 131 lots provided by PC67, which is now operative.
16. Mr Foy notes that SDC is currently updating its residential growth model, the Selwyn Capacity for Growth Model 2022 (**SCGM22**). Results for West Melton were finalised this week, partly in response to criticism over the currency of the output of the model's previous version. Mr Foy considers the SCGM22 outputs to be the most comprehensive and contemporary attempt at quantifying residential demand and supply for West Melton. Mr Foy has been informed of model results, which indicate that without the additional supply requested on the Site,<sup>1</sup> West Melton would have a shortfall of residential capacity sometime beyond the end of the medium term, and before the end of the long term.<sup>2</sup> With the additional supply enabled on the Site, demand (including the NPSUD competitiveness margin) would still exceed supply before the end of the NPSUD long term.
17. Mr Foy further understands that there is a request for another residential rezoning in West Melton (the plan change 77 area). Mr Foy's exposure to the draft final SCGM22 model output indicates that both of those two areas (PC74 and PC77) would need to be rezoned for residential in order for zoned residential capacity to exceed projected demand for all of the long term. If both of the two areas

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<sup>1</sup> The SCGM applies an estimated residential dwelling capacity of 222 dwellings for the PC74 area, and 410 for the PC77 area.

<sup>2</sup> SCGM22 estimates West Melton residential capacity to be 702 dwellings in the medium term (and excludes PC74 and PC77), comprised of 359 in the PC67 area (Wilfield, 33ha), circa 100 dwellings immediately around Wilfield, and around 240 dwellings spread across all other existing residential zones in West Melton. Demand for residential dwellings in West Melton is estimated in the SCGM22 to be an additional 460 dwellings in the medium term, and 1200 in the long term.

were to be rezoned as requested, West Melton's total residential capacity would exceed projected demand by around 150 dwellings by the end of the long term.

18. Mr Colegrave is deeply concerned about Mr Foy's plan to introduce such critical new information at such a late stage in the process without the time to properly review the underlying methodology or assumptions. Given the litany of compounding issues that Mr Colegrave identified with the previous iteration of that model, and in the absence of an external peer review, Mr Colegrave places no weight on its conclusions, nor its supposed implications for PC74 and PC77.
19. For example, the new growth model estimates feasible capacity for about 700 lots in West Melton over the short to medium term. Assuming that 130 (or so) of these relate to PC67, which Mr Colegrave accepts, the model has identified feasible capacity for 570 additional dwellings via intensification of the existing West Melton township.
20. Mr Colegrave considers that to be a fanciful and misleading estimate because:
  - Most West Melton dwellings are relatively new and large/expensive, which directly undermines the financial viability of intensification. In fact, more than 90% of dwellings there are less than 20 years old, and the average value of improvements is approximately \$550,000.
  - Further, while some parcels in the existing West Melton township may be subdividable under new/pending planning rules, (at least in theory), many are not because of the size and location of dwellings, driveways, swimming pools, and so on.
  - Consequently, Mr Colegrave considers West Melton to still have very limited capacity over the short to medium term, except for PC67.
  - In addition, as previously noted in evidence, Mr Colegrave notes that future market supply will only ever be a proportion of feasible capacity, and that the NPSUD requirements are

minima, not targets or maxima. Accordingly, comparing estimated feasible capacity to projected demand is unhelpful.

- Finally, Mr Colegrave notes that, under the NPSUD, Councils must provide a range of housing choices to meet differing needs. Consequently, assessing the sufficiency of the township's capacity just by reconciling total demand with total capacity is also flawed and misleading. A finer grain approach is required.

21. In short, Mr Colegrave categorically rejects the new model's estimates of West Melton's feasible capacity over the short to medium term.
22. In addition, Mr Colegrave considers the new demand estimates far too low. To that end, Mr Foy has confirmed that these were derived by taking a share of district demand, with West Melton's share based on historic growth patterns etc. However, West Melton was allocated only 3.7% of district demand despite accounting for 5.4% of new dwellings consented over the last 15 years.
23. Accordingly, Mr Colegrave considers the new demand and capacity figures to be devoid of inferential value and treats them accordingly.

**DATED** this 28th day of February 2023



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Fraser Colegrave  
Economics expert engaged by HDL



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Derek Foy  
Economics expert engaged by Selwyn District Council