



## **Appendix G**

### **Economic Assessment**

**ROLLESTON INDUSTRIAL DEVELOPMENTS LTD**  
**APPLICATION FOR SKELLERUP SOUTH PLAN CHANGE**

**ASSESSMENT OF ECONOMIC EFFECTS**

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## **1. INTRODUCTION**

### **Background**

- 1.1** Rolleston Industrial Developments Ltd (RIDL) controls a block of land on the western outskirts of Rolleston on Dunns Crossing Road and Selwyn Road known as the Skellerup South Block. RIDL proposes a Plan Change, the Skellerup South Plan Change, which will rezone this block of land from Outer Plains to Residential (Living Z). The proposed Plan Change will allow for up to 350 new household lots on the 28 hectare site, at an average density of up to 12.5 households per hectare across the area covered by the Plan Change.

### **Report Objective**

- 1.2** The objective of this report is to assess the economic effects of RIDL's proposed Plan Change. The report will form part of the section 32 evaluation to be lodged in relation to the application for the Plan Change.

### **Report Format**

- 1.3** This report is divided into 6 parts (in addition to this introductory section). These are:
- (a) A consideration of the relevance of economic effects under the RMA;
  - (b) A description of recent population and employment growth within the Selwyn District, and Greater Christchurch (i.e. Selwyn District, Christchurch City and Waimakiriri District);
  - (c) Identification of the economic benefits from the proposed Skellerup South Plan Change;
  - (d) A discussion of some potential economic costs from the proposed Skellerup South Plan Change;
  - (e) Consideration of the development capacity significance of the proposed Skellerup South Plan Change; and
  - (f) Some overall conclusions.

## 2. ECONOMICS AND THE RMA

### Community Economic Wellbeing

- 2.1** Economic considerations are intertwined with the concept of the sustainable management of natural and physical resources, which is embodied in the RMA. In particular, Part II section 5(2) refers to enabling “*people and communities to provide for their ... economic ... well being*” as a part of the meaning of “*sustainable management*”, the promotion of which is the purpose of the RMA.
- 2.2** As well as indicating the relevance of economic effects in considerations under the RMA, this section also refers to “*people and communities*” (emphasis added), which highlights that in assessing the impacts of a proposal it is the impacts on the community and not just the applicant or particular individuals or organisations, that must be taken into account. This is underpinned by the definition of “*environment*” which also extends to include people and communities.
- 2.3** How the proposed Plan Change will enable the residents and businesses of the Selwyn District to provide for their social and economic wellbeing is discussed later in this report.

### Economic Efficiency

- 2.4** Part II section 7(b) of the RMA notes that in achieving the purpose of the Act, all persons “*shall have particular regard to ... the efficient use and development of natural and physical resources*” which include the economic concept of efficiency<sup>1</sup>. Economic efficiency can be defined as:

*“the effectiveness of resource allocation in the economy as a whole such that outputs of goods and services fully reflect consumer preferences for these goods and services as well as individual goods and services being produced at minimum cost through appropriate mixes of factor inputs”<sup>2</sup>.*

- 2.5** More generally economic efficiency can be considered in terms of:

- Maximising the value of outputs divided by the cost of inputs;

<sup>1</sup> See, for example, in *Marlborough Ridge Ltd v Marlborough District Council* [1998] NZRMA 73, the Court noted that all aspects of efficiency are “*economic*” by definition because economics is about the use of resources generally.

<sup>2</sup> Pass, Christopher and Lowes, Bryan, 1993, *Collins Dictionary of Economics* (2<sup>nd</sup> edition), Harper Collins, page 148.

- Maximising the value of outputs for a given cost of inputs;
- Minimising the cost of inputs for a given value of outputs;
- Improving the utilisation of existing assets; and
- Minimising waste.

**2.6** The proposed Plan Change is consistent with the efficient use of resources, especially in regard to increasing competition in the market for residential land in Rolleston, Selwyn and Greater Christchurch and providing greater choice. These economic efficiency benefits are discussed later in this report.

### **Viewpoint**

**2.7** An essential first step in carrying out an evaluation of the positive and negative economic effects of the Plan Change is to define the appropriate viewpoint that is to be adopted. This helps to define which economic effects are relevant to the analysis. Typically a district (or city) and wider regional viewpoint is adopted and sometimes even a nationwide viewpoint might be considered appropriate.

**2.8** The Skellerup South block of land RIDL control and to be covered by the proposed Plan Change, is located within the Selwyn District, but residential sections resulting from the proposed rezoning and development will also form part of the Greater Christchurch housing market. Therefore, in this report the economic effects are considered in relation to the residents and businesses within the Selwyn District economy and also in relation to the broader Greater Christchurch economy.

**2.9** There will also be private or financial benefits associated with the proposed rezoning. Generally these benefits are not relevant under the RMA and the main focus of this report is therefore on the wider economic effects on parties other than RIDL. Economists refer to such effects as “externalities”<sup>3</sup>.

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<sup>3</sup>Defined as the side effects of the production or use of a good or service, which affects third parties, other than just the buyer and seller.

## **Trade Competition**

- 2.10** Consistent with seeking to maximize competition and economic efficiency, the RMA specifically excludes consideration being given to trade competition effects on individual competitors. Importantly, the proposed Plan Change will increase the level of competition in the market for residential sections, at Rolleston, within the Selwyn District and within Greater Christchurch.

## **Intangible Costs and Benefits**

- 2.11** This report addresses the economic effects<sup>4</sup> of RIDL's proposed Skellerup South Plan Change. Relevant non-economic effects are covered in the Plan Change application main text and other technical reports appended to it.
- 2.12** In economics, 'intangible' costs and benefits are defined as those which cannot be quantified in monetary terms. Sometimes attempts can be made to estimate monetary values for 'intangible' non-economic costs and benefits using techniques such as willingness to pay surveys or inferring values on the basis of differences in property values. Once quantified in monetary terms, these effects can supposedly be considered as part of the assessment of economic effects.
- 2.13** However, such techniques are frequently subject to uncertainty and criticism. It is generally better to not attempt to estimate monetary values for these effects but to leave them to be assessed by appropriately qualified experts and for their assessments to form part of the application of the relevant legal test. This also avoids the danger of 'double-counting' of effects.
- 2.14** Just as it is necessary for decision-makers under the RMA to consider negative intangible effects and to weigh these against positive economic effects, there are sometimes positive intangible effects that need to be incorporated in the decision making process. In relation to the proposed Plan Change these will include the social benefits from increased housing affordability.

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<sup>4</sup>Sometimes economic effects can have a social dimension – e.g. employment and income effects and housing affordability.

## **The Justification for Land Use Controls**

- 2.15** Over the past thirty years or so, there has been a growing acceptance in New Zealand and other countries that economic efficiency is maximized when investment decisions are left to individual entrepreneurs or firms and consumers, without intervention from Government – i.e. “market based” outcomes. The reason for this is that in theory, a perfectly competitive market, where investment decisions are left to individual entrepreneurs or firms and consumers without intervention from Government, achieves an efficient allocation of resources. The essence of this policy is that the efficient use of resources, and therefore “sustainable management” results from the creation of a climate where the market enables people to make investment decisions “to provide for their economic well being”.
- 2.16** Despite this, in reality markets are not “perfect”, and the presence of “externalities” affects the working of the market and the results that could be expected from a totally unregulated system of resource allocation. Externalities arise because the actions of individuals or firms sometimes create positive or negative impacts on others. It is unrealistic to assume that development of particular forms of economic activity and/or the location of that economic activity will not sometimes impose costs on the community in general. Where the developer, those engaged in various forms of economic activity at the site and/or consumers do not face the incidence of these costs, externalities arise and intervention of some form may be justified. In other words, development may create costs or benefits for parties other than those commercially involved in transactions related to the development.
- 2.17** Externalities may be in the form of environmental effects such as visual, cultural, noise, water or air pollution effects. Externalities in an economic context may relate to the provision of infrastructure where a strict user pays system is not in place, and road transport congestion and safety effects.
- 2.18** Consideration of the efficient allocation of resources must encompass the extent to which externalities will or are likely to exist, but the existence of externalities does not necessarily imply the need for intervention. This is because intervention in the market, for example to limit where residential development may occur, is not costless in that it prevents optimum resource allocation from the perspective of the

market. Also there may be external benefits associated with allowing additional development to occur at a particular location (e.g. on the Skellerup South block of land) and these need to be taken into account.

- 2.19** Therefore, from the point of view of community economic well being and economic efficiency, market interventions such as land use constraints should only be imposed where clear external costs have been identified and the significance of these external costs is such that it outweighs the costs of the particular form of intervention proposed. Further, restricting development having considered only potential negative externalities relies on partial or incomplete analysis and will lead to suboptimal outcomes. It ignores not only positive externalities, but also the economic and other benefits inherent in market determined solutions. In other words to justify land use controls, which restrict free market outcomes, externality costs must be identified and they must be significant enough to outweigh the inherent cost of not allowing a free market solution and any positive externalities that may be associated with that free market solution. This approach is consistent with the requirements under section 32 of the RMA to assess the effectiveness, efficiency and benefits and costs of proposed provisions in district plans.

### **3. BACKGROUND TO SELWYN DISTRICT AND GREATER CHRISTCHURCH ECONOMIES<sup>5</sup>**

#### **Population**

- 3.1** Statistics New Zealand's June 2020 population estimate for the Selwyn District is 69,700 or 1.4% of New Zealand's population. This is 5.1% higher than in 2019. New Zealand's population in 2020 was 2.1% higher than in 2019. In 2001 population in the District was estimated to be 28,000, implying an increase of 148.9% over the period 2001 to 2020, as compared to only 31.0% for New Zealand as whole. Statistics New Zealand's 'medium' population projections<sup>6</sup> have the Selwyn District's population increasing to 106,500 in 2048 – i.e. an average rate of increase of 1.5% per annum over the period 2020-48, compared to an average rate of growth for New Zealand of 0.7% per annum. The Greater

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<sup>5</sup>Data in this section from Statistics New Zealand unless stated otherwise.

<sup>6</sup>Statistics New Zealand prepare three sets of projections – high, medium and low – according to natural population change (i.e. the net effect of birth and death rate assumptions) and net migration assumptions. These projections do not explicitly incorporate assumptions about different rates of economic development.



Christchurch Housing Development Capacity Assessment<sup>7</sup> states that on the basis of recent population growth in the District, the most appropriate population projection for the Selwyn District is Statistics New Zealand's 'high' population projection, which has the District's population increasing to 126,700 in 2048 – i.e. at an average rate of increase of 2.2% per annum, more than 3 times the average rate of growth for New Zealand as a whole.

- 3.2** Christchurch City's population has grown from 335,300 in 2001 to 394,700 in 2020 – i.e. growth of 17.7%. It is forecast to grow to 463,500 in 2043 at an average rate of growth 0.6% per annum. Waimakariri District's population has grown from 37,900 in 2001 to 64,700 in 2020 – i.e. growth of 70.7%. It is forecast to grow to 83,000 in 2048 at an average rate of growth 0.9% per annum. The Christchurch earthquakes have contributed to faster population within the Selwyn District and to a lesser extent the Waimakariri District than for Christchurch City. However this faster population growth within the Selwyn District is forecast to continue.

### **Employment**

- 3.3** Employment within the Selwyn District has grown from 9,400 in 2001 to 19,100 in 2020 – i.e. growth of 103.2%, compared to national growth of 42.5%. For Christchurch City employment has grown from 165,200 in 2001 to 218,200 in 2020 implying growth of 32.1%. For the Waimakariri District employment has grown from 7,700 in 2001 to 15,700 in 2020, implying growth of 104.0%. Whilst the Selwyn District remains principally a “dormitory area” for Christchurch City, the District has exhibited much higher growth in employment over the 2001-20 period than for Christchurch City and for New Zealand as a whole.

### **Gross Domestic Product (GDP)**

- 3.4** The Selwyn District's GDP in 2020 was \$2,866 million. The four main contributors by sectors were agriculture, forestry and fishing (17.6%), manufacturing (11.6%), professional, scientific and technical services (8.1%) and construction (7.0%). Over the last 10 years (2010-2020), the District's GDP has grown by \$1,205 million - i.e. growth of 72.5% -compared to GDP for New Zealand growing by 31.4%. The main contributors to the Selwyn District's growth in GDP have been

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<sup>7</sup>Greater Christchurch Partnership; 30 July, 2021 (see page 17).

manufacturing (\$191 million), construction (\$128 million) and agriculture, forestry and fishing (\$120 million). Manufacturing has increased its share of GDP to 11.5% from 8.5% in 2010, when it then sat behind agriculture, forestry and fishing (23.2%) and public administration and safety (14.6%).

#### **4. ECONOMIC BENEFITS OF PROPOSED SKELLERUP SOUTH PLAN CHANGE**

##### **Additional Employment, Incomes and Expenditure**

- 4.1** 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. However, the extent to which the proposed rezoning will generate additional expenditure, incomes and employment for the Selwyn District and Christchurch City will be limited to the extent the rezoning results in greater competition and potentially lower prices and therefore greater demand for housing within Greater Christchurch.
- 4.2** Increases in expenditure, incomes and employment within the local Selwyn District economy during the construction phase and subsequently increased population within the District are not in themselves measures of improvements in economic welfare or economic wellbeing. However, there are economic welfare enhancing benefits associated with increased levels of economic activity and population. These relate to one or more of:
- (a) Increased economies of scale: Businesses and public sector agencies are able to provide increased amounts of outputs with lower unit costs, hence increasing profitability or lowering prices;
  - (b) Increased competition: Increases in the demand for goods and services allow a greater number of providers of goods and services to enter markets and there are efficiency benefits from increased levels of competition;
  - (c) Reduced unemployment and underemployment<sup>8</sup> of resources: To the extent resources (including labour) would be otherwise unemployed or

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<sup>8</sup>Underemployment differs from unemployment in that resources are employed but not at their maximum worth; e.g. in the case of labour, it can be employed at a higher skill and/or productivity level, reflected in higher wage rates.

underemployed, increases in economic activity can bring efficiency benefits when there is a reduction in unemployment and underemployment. The extent of such gains is of course a function of the extent of underutilized resources at the time and the match of resource requirements of a project and those resources unemployed or underemployed; and

- (d) Increased quality of central government provided services: Sometimes the quality of services provided by central government such as education and health care are a function of population levels and the quality of such services in a community can be increased if increased economic activity maintains or enhances population levels.

**4.3** To the extent that the proposed Plan Change does result in additional economic activity and population within the Selwyn District it will contribute to these types of economic benefits for the local economy.

**4.4** Also, 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 in Christchurch City and therefore potentially reduce their commuting transport costs.<sup>9</sup>

### **Increased Competition and Choice in Residential Housing Markets**

**4.5** As covered earlier in this report discussing the justification for land use controls, there are economic efficiency benefits from encouraging greater reliance on market determined land use outcomes and eliminating unnecessary constraints on market activity. The National Policy Statement on Urban Development Capacity 2016 (NPS-UDC) states<sup>10</sup>:

*“Competition is important for land and development markets because supply will meet demand at a lower price where there is competition. There are several key features of a competitive land market and development market. These include providing plenty of opportunities for development. Planning can impact on the*

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<sup>9</sup>There may be additional commuting costs for Christchurch residents attracted to jobs at the Skellerup South development site, depending on their place of residence and the location of alternative employment for them.

<sup>10</sup> At page 4.

*competitiveness of the market by reducing overall opportunities for development and restricting development rights to only a few landowners.*

*This national policy statement requires councils to provide in their plans enough development capacity to ensure that demand can be met. This includes both total aggregate demand for housing and business land, and also the demand for different types, sizes and locations. This development capacity must recognise that not all feasible development opportunities will be taken up. This will provide communities with more choice, at lower prices.”*

**4.6** In addition, Policy PA3 of the National Statement requires that when making planning decisions particular regard be given to:

- “a) Providing for choices that will meet the needs of people and communities and future generations for a range of dwelling types and locations, working environments and places to locate businesses; and*
- c) Limiting as much as possible adverse impacts on the competitive operation of land and development markets.”*

**4.7** Under the heading “Responsive Planning” the NPC-UDC contains a number of policies requiring local authorities such as the Selwyn District Council with part, or all, of either a medium-growth urban area or high-growth urban area within their district or region to make available sufficient land capable of housing and business development. For example, policy PC1 requires the Selwyn District Council:

*“To factor in the proportion of feasible development capacity that may not be developed, in addition to the requirement to ensure sufficient, feasible development capacity as outlined in policy PA1<sup>11</sup>, local authorities shall also provide an additional margin of feasible development capacity over and above projected demand of **at least**:*

*20% in the short and medium term, and*

*15% in the long term.” (Emphasis added)*

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<sup>11</sup>Policy PA1 relates to local authorities having to ensure that at any one time there is sufficient housing and business land development capacity with different requirements for the short, medium and long term.

- 4.8** The NPS-UDC places emphasis not simply on aggregate residential land capacity sufficiency but also on attempts to improve the competitiveness of the market, greater focus on land supply and not just land capacity and addressing the housing affordability issue.
- 4.9** The National Policy Statement on Urban Development 2020 (NPS-UD) came into effect on 20 August, 2020 replacing the National Policy Statement for Urban Development Capacity 2016 (NPS-UDC)). The NPS-UD is intended to place even greater emphasis on 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. The NPS-UD, like its predecessor the NPS-UDC, establishes minimum, not maximum margins for feasible residential and business land development capacity to exceed projected demand in the short, medium and long term to overcome frictions in land markets to address housing affordability issues.
- 4.10** Objective 2 of the NPS-UD states:
- “Planning decisions improve housing affordability by supporting competitive land and development markets.”*
- 4.11** Also at section 3.22 the NPS-UD refers to the need for residential (and business) land capacity to exceed forecast demand by a “competitiveness margin” to support choice and competitiveness in housing (and business) land markets, whilst at section 3.25 the NPS-UD places emphasis on the need for housing development capacity to be reasonably expected to be realised.
- 4.12** RIDL’s proposed Plan Change will help address constraints in the residential land supply markets. It will increase supply and competition and help address housing affordability within the Selwyn District and Greater Christchurch. It is therefore consistent with Objective 2 and other sections of the NPS-UD, which places even greater emphasis on these issues than its predecessor, the NPS-UDC.
- 4.13** The proposed Plan Change is also consistent with various components of the NPS-UD’s Policy 1 in that it will help:
- “meet the needs, in terms of type, price, and location, of different households”* (Policy 1(a)(i)); and

*“support, and limit as much as possible adverse impacts on, the competitive operation of land and development markets (Policy 1(d)).*

- 4.14** Policy 2 of the NPS-UD, like the NPS-UDC again uses the term “at least” in discussing the need for local authorities to provide development capacity for housing and for business land over the short term, medium term and long term. In Policy 7 and at section 3.6 of the NPS-UD, the term “bottom lines” is used when requiring that development capacity exceed expected demand by at least the competitiveness margin percentages specified. Therefore, the NPS-UD makes an even stronger statement than the NPS-UDC that such margins should be interpreted as minimum not maximum thresholds.

- 4.15** Policy 8 of the NPS-UD states:

*“Local authority decisions affecting urban environments are responsive to plan changes that would add significantly to development capacity and contribute to well-functioning urban environments, even if the development capacity is:*

*(a) unanticipated by RMA planning documents; or*

*(b) out-of-sequence with planned land release.”*

- 4.16** Policy 8 of the NPS-UD underscores that the NPS-UD seeks to encourage urban development rather than to unnecessarily restrict it and the proposed South Skellerup Plan Change is consistent with this and other parts of the NPC-UD.

## **5. POTENTIAL ECONOMIC COSTS OF PROPOSED SKELLERUP SOUTH PLAN CHANGE**

### **Lost Agricultural Production**

- 5.1** The areas to be covered by the proposed Plan Change are zoned “Outer Plains” and are currently used for mostly grazing and dryland farming purposes. However, any lost agricultural production is not an external cost of using the site for residential development. The productive value of the land in alternative uses (such as agricultural and other use) has been internalised into the cost structure of the development – in other words RIDL in agreeing to purchase the land has agreed a price reflective of future net returns from alternative uses for the land. Such costs are not costs to be borne by the wider community. In any case the land in

agricultural terms is relatively unproductive.<sup>12</sup> Also zoning land in excess of projected demand will mean that if the Skellerup South block land is developed in advance of other land zoned for residential development, this other land will generally<sup>13</sup> not be taken out of alternative productive use, so there is a transfer of economic activity rather than a net loss in productive use.

## **Retail Effects**

- 5.2** The proposed development does not include provision for any retail development on the Skellerup South site. The proposed plan change area will be within walking distances of the two proposed neighbourhood centres, one under proposed Plan Change 73 within the Skellerup Block on Dunns Crossing Road, and the other within proposed Plan Change 70 along Goulds Road. To the extent that the Plan Change increases the extent of residential development in Rolleston and the District, the proposed Plan Change will increase the viability, vibrancy and amenity values of larger centres in Rolleston and the District.

## **Utilities**

- 5.3** Externality costs can arise when utilities provided by central or local government (e.g. roads, water supply, stormwater and flood control systems and wastewater disposal) are not appropriately priced, requiring their provision to be cross-subsidised by other District ratepayers. In the case of residential development on RIDL's Skellerup South block no such externality costs will arise. Development contributions, rates and user charges will cover the capital and ongoing O&M costs associated with Council provided services. In addition, petrol taxes, road user charges, and roading costs payable as part of annual rates, will meet the costs for local roads and state highways. The extent to which bulk infrastructure capacity will need to be duplicated or future increments of capacity brought forward will depend upon site specific factors. These issues are addressed in the Infrastructure report by Inovo Projects, which concludes that from an infrastructure perspective the proposed plan change can be supported by either the extension of existing infrastructure from neighbouring subdivisions or the provision of new water supply and wastewater infrastructure to service the development areas.

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<sup>12</sup> Source: The land has class 5 soils rather than the highly productive classes 1 to 3 – see the Application main text, paragraph 94.

<sup>13</sup> In some cases partial development of an area zoned for residential use may preclude alternative productive use or reduce the productivity of the land not yet developed.

- 5.4** Therefore, other Selwyn District ratepayers, residents and businesses will not be required to cross-subsidise the proposed rezoning and subsequent development of residential development on the sites.

### **Transport Costs**

- 5.5** Rezoning land more distance from employment, retail and commercial centres, recreational and entertainment facilities, educational institutions, and public facilities such as hospitals and libraries may lead to increased transport costs if, as a result, more distant residential areas are developed in preference to those not so distant to these facilities. However, for the most part any such additional transport costs are internalised to owners (or renters) of the newly developed properties.
- 5.6** Only to the extent there are additional transport externality costs – e.g. road accidents, congestion and greenhouse gas emissions – are the effects of traffic generated by the development a relevant consideration. In the case of residential development on the Skellerup South Block, the Integrated Transport Assessment Report prepared by Novo Group has concluded that the local road network transport effects are considered to be acceptable. Also, the site is adjacent to, and well connected to, the existing Rolleston urban area and therefore travel distances to key facilities (schools, retail facilities, employment centres, etc.) are likely to be similar to alternative residential development sites within the Selwyn District.

## **6. DEVELOPMENT CAPACITY SIGNIFICANCE OF PROPOSED SKELLERUP SOUTH PLAN CHANGE**

- 6.1** As noted above in Section 4 of this report Policy 8 of the NPS-UD states:

*“Local authority decisions affecting urban environments are responsive to plan changes that would add significantly to development capacity and contribute to well-functioning urban environments, even if the development capacity is:*

- (a) unanticipated by RMA planning documents; or*
- (b) out-of-sequence with planned land release.”*

- 6.2** Section 3.8 of the NPS-UD states that:



*Every regional council must include criteria in its regional policy statement for determining what plan changes will be treated, for the purposes of implementing Policy 8, as adding significantly to development capacity.*

Because the NPS-UD only came into effect in August 2020, Environment Canterbury has yet to revise its current Regional Policy Statement to align with this requirement of the NPS-UD and indicate the basis for determining “significant” development capacity.

- 6.3** However, the additional housing development capacity that would be enabled by the proposed Skellerup South Plan Change would be significant, whether in the context of Rolleston or at a wider Selwyn District level.
- 6.4** Selwyn District has a current population of 69,700 implying around 24,890 households, assuming an average of 2.8 persons per household<sup>14</sup>. Therefore, the proposed development of up to 350 dwellings represents around 1.4% of the existing dwellings in the District. RIDL expects that once the Plan Change is approved (assumed to be sometime in late 2022/early 2023), development of the up to 350 dwellings will approximately occur over a 2-year period – i.e. from say 2025 to 2027 (due to the deferral related to the completion of the SH1/Dunns Crossing Road/Walkers Road roundabout), with an average of up to 175 dwellings coming onto the market in each of 2025-26 and 2026-27. Assuming population and household growth in the Selwyn District of around 2.2% per annum (see Section 3 of this report), the additional 350 dwellings enabled by the Plan Change would be 1.2% of the District’s housing stock in 2027 (i.e. when most of the development will have been brought to market).
- 6.5** Within the context of Rolleston, the development capacity enabled by the proposed Skellerup South Plan Change is even more significant. The current estimated population of Rolleston is 21,910<sup>15</sup> or 7,825 households assuming an average of 2.8 persons per household. The up to 350 additional dwellings of the proposed Plan Change represents up to 4.5% of the existing dwellings. Assuming the same population and household growth rate for Rolleston as for the Selwyn

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<sup>14</sup>This is the average size of household assumed by Statistics New Zealand in their medium growth forecasts over the next decade.

<sup>15</sup> Source: Statistics New Zealand NZStat. Subnational population estimates (RC, SA2) by age and sex at 30 June 1996-2020 (2020 boundaries). Equal to the sum of Rolleston Izone, Rolleston North-west, Rolleston Central, Rolleston North-east, Rolleston South-west and Rolleston South-east statistical areas.

District (2.2% per annum), the additional 350 dwellings enabled by the Plan Change would be 3.8% of Rolleston's housing stock in 2027 (i.e. when most of the development will have been brought to market).

**6.6** Recent data from the Selwyn District Council<sup>16</sup> identifies Selwyn District sufficiency of housing capacity of -2,089 in the medium term (2020-2030) and -13,130 in the long term (2020-2050). Plan Change requests currently (August 2021) lodged with the Selwyn District Council provide for a total of 10,230 additional dwellings.<sup>17</sup>This excludes the up to 350 additional dwellings to be developed under the proposed Skellerup South Plan Change. 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 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.
- (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.

## **7. CONCLUSIONS**

**7.1** RIDL's proposed Plan Change enabling the rezoning of the Skellerup South land at Rolleston to Residential land will provide for increased competition and choice in residential land markets and help address declining housing affordability. It may

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<sup>16</sup>Source: Growth Planning in Selwyn District (attached to PC73 s42A officers' report); Ben Baird, Policy Analyst; 19 August 2021; (Table 4, paragraph 56).

<sup>17</sup>Source: Source: Growth Planning in Selwyn District (attached to PC73 s42A officers' report); Ben Baird, Policy Analyst; 19 August 2021; (Table 7, paragraph 61).

also increase levels of economic activity and population in Rolleston and the Selwyn District.

**7.2** The proposed Plan Change is consistent with the Government's recently released National Policy Statement on Urban Development 2020 and its predecessor, the National Policy Statement on Urban Development Capacity 2016.

**7.3** The Plan Change will not give rise to economic externality costs.

**7.4** The Skellerup South Plan Change is consistent with:

- (a) Enabling "*people and communities to provide for their ... economic (and social) ... well being*"; and
- (b) Having regard to "*the efficient use and development of natural and physical resources*".

**7.5** The Plan Change would add significantly to residential development capacity both in the context of the existing scale of Rolleston and the Selwyn District, and for the future forecast growth of both areas.