

Before the Selwyn District Council

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*under:* the Resource Management Act 1991

*in the matter of:* Proposed Private Plan Changes 81 and 82 to the  
Operative District Plan: Dunns Crossing Road, Rolleston

*and:* **Rolleston Industrial Developments Limited** and  
**Brookside Road Residential Limited**  
*Applicant*

Summary of evidence of Fraser Colegrave (Economics)

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Dated: 12 September 2022

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## **SUMMARY OF EVIDENCE OF FRASER COLEGRAVE**

- 1 My full name is Fraser James Colegrave. I am an economist and the managing director of Insight Economics, an economics consultancy based in Auckland.
- 2 The Proposed Plan Changes seek to rezone approximately 138 hectares of land on the western outskirts of Rolleston to accommodate 1,670 dwellings and a small amount of supporting commercial activity.
- 3 My evidence shows that the Selwyn District Council is currently not meeting its obligations to provide at least sufficient capacity to meet the demand for new dwellings, as required by the NPSUD.
- 4 This is both because the Council's estimates of demand for additional dwellings are inordinately low, while its estimates of likely capacity to meet that demand appear grossly overstated.
- 5 When the various issues identified herein 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.
- 6 Overall, it is my assessment that the Proposed Plan Changes will provide meaningful economic benefits, including:
  - 6.1 Providing a substantial, direct boost in land/dwelling supply to meet current and projected future shortfalls;
  - 6.2 Bolstering land market competition, which helps deliver new sections to the market quicker, and at better average prices;
  - 6.3 Contributing to achieving critical mass to support greater local retail/service provision, including the community's vision for a renewed Rolleston Town Centre and improved public transport facilities/services; and
  - 6.4 The one-off economic stimulus associated with developing the land and constructing the dwellings that will be enabled there.
- 7 Conversely, the main economic cost of the Proposed Plan Changes is potential losses of rural production. However, given the site's relatively poor soils, this is inherently limited. In addition, future rural production is constrained by potential reverse sensitivity from nearby land and limits on irrigation capacity.

- 8 The only other possible economic cost is potential adverse effects of the four proposed commercial areas on role and function of the Rolleston town centre. However, at only 450m<sup>2</sup> of Gross Floor Area each, they are far too small to have any such effects.
- 9 Given the strong and enduring benefits of the Proposed Plan Changes, and noting the absence of any material economic costs, I support it on economic grounds.

#### **AREAS OF DISAGREEMENT WITH OTHER TECHNICAL EXPERTS**

- 10 **Mr Langman** has filed evidence on behalf of ECAN and CCC, which levels various criticisms at my evidence.
- 11 For example, at para 102, **Mr Langman** argues that my evidence focusses too narrowly on population growth only in Selwyn, and that it should instead focus more broadly on Greater Christchurch.
- 12 I disagree. The purpose of my evidence was to determine the need for – and hence merits of – providing additional residential land to meet the need for new dwellings in Rolleston, which is a submarket of the Selwyn District housing market.
- 13 While I acknowledge that there may be some overlap between the District’s housing markets/sub-markets and those elsewhere in Greater Christchurch, I categorically reject **Mr Langman’s** insinuation that they are perfectly interchangeable, and hence that people would realistically trade-off a potential new dwelling in Rolleston with one located in (say) Fendalton, Sumner, or Marshlands.
- 14 Such statements represent a fundamental misunderstanding of how housing markets work, and also defy the real estate evidence (of **Mr Jones** and **Mr Sellars** for various plan changes), which clearly identify the District as catering for a specific segment of the sub-region’s overall housing market.
- 15 I also note that Selwyn’s population growth is exceptionally high – the highest in New Zealand by far – but that the City’s growth has stagnated. Specifically, while Selwyn’s population grew 4.8% during the 12 months ended 30 June 2021, the City’s population grew by only 200 people, or 0.1%. Further, while Selwyn’s current population currently far exceeds Statistics New Zealand’s high population projection, the City’s population is languishing between its respective low and medium scenarios. Accordingly, housing demand is far more acute in Selwyn than in the city or the rest of the sub-region. **Mr Langman**, however, does not appear to acknowledge these basic facts.

- 16 At paras 103 to 105, **Mr Langman** opines that the FDAs, the various private plan change requests, and the recently-introduced Living MD zone will collectively provide sufficient capacity to meet demand, at least over the medium term.
- 17 I disagree. In my most recent work on district dwelling supply and demand – which I have just completed and hence postdated my evidence for this matter – I considered the likely impacts of the Living MD zone on the district’s supply demand balance (taking account of the FUDA etc).
- 18 It showed that, even when these new development opportunities are considered, there is still a notable gap in supply deficit even over the medium term. This is because the capacity uplifts enabled by the new Living MD zone require multi-storeyed dwellings to be constructed. However, such dwellings are more expensive to build and there is no evidence of a demand for them in Selwyn at this time, with most recently built ones being single-storyed instead
- 19 Para 106 of **Mr Langman’s** evidence adopts a range of comments previously made by **Mr Tallentire** on earlier plan changes in which I was involved, and which I have already debunked.
- 20 For example, at para 106a, **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.
- 21 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**.
- 22 At para 106b, **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 accuracy – or otherwise – of the most recent (2021) iteration.
- 23 At para 106c, **Mr Langman** refers to a list of private plan changes within FDA's and also the Covid Fast Track consent at Farringdon, and concludes that these will meet the medium-term capacity requirements in Table 3 of the 2021 HCA. As identified in my evidence, such conclusions are incorrect, with the District instead still facing significant shortfalls in capacity.

- 24 At para 106e, **Mr Langman** claims that the various factors identified in my evidence as potentially limiting market supply (relative to feasible capacity) will not be significant over the medium term, and hence that they can be discounted accordingly.
- 25 Notwithstanding the abject lack of evidence supplied by **Mr Langman** to support this seemingly sweeping generalisation, the factors that I have identified have materially reduced market supply in urban areas where I have performed similar analyses.
- 26 For example, in 2006, the various territorial authorities that now comprise Auckland Council identified a significant amount of capacity available via the intensification of its existing urban areas. However, a 2018 report by Auckland Council showed that only 11% of that capacity had been taken up 12 years later, largely because of the factors that I identified as limiting supply. Further, I fail to see how a spatial planning process could, as **Mr Langman** states, address material reasons why feasible capacity may not be converted into market supply. No supporting rationale has been provided in support of this statement.
- 27 Para 106f of **Mr Langman's** evidence argues that the triennial capacity assessment process is the most appropriate way to identify and plan for additional capacity to meet shortfalls.
- 28 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.
- 29 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. A far more responsive approach is desirable, both from a market and regulatory (i.e. NPSUD) perspective.
- 30 Finally, Para 107g of **Mr Langman's** evidence states that I have not considered the impacts of the new medium density residential standards (MDRS) ushered in via the recent RM Amendment Act.<sup>1</sup> I agree that my evidence does not explicitly consider them because it focussed on addressing the issues that I identified with the latest Housing Capacity Assessment, which predated those reforms and hence also excluded them. Given the uncertainties in how the MDRS will be implemented, it is premature and speculative to undertake this exercise.

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<sup>1</sup> The Resource Management (Enabling Housing Supply and Other Matters) Amendment Act 2021.

- 31 However, I confirm that I do not consider the recent MDRS to have any material bearing on the District's likely supply-demand balance. District land prices, the age of the housing stock and local housing preferences do not lend themselves to the sort of density uplifts enabled by those provisions, so caution should be applied in assuming any immediate drastic rise in housing capacity released through the new legislation.
- 32 Caution is even more relevant if one were to take into account the fact that many of the inhibiting factors towards converting feasible capacity into supply (as referred to in Para 9.23 of my evidence) are likely to apply just as much to intensification as to greenfield development.

Dated: 12 September 2022

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Fraser Colegrave