

Before the Selwyn District Council

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

Statement of Evidence of Greg Akehurst (Economics)

Dated: 26 August 2022

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STATEMENT OF EVIDENCE OF GREG AKEHURST

INTRODUCTION

- 1 My full name is Gregory Michael Akehurst.
- 2 I am a founding director at Market Economics and have Bachelors Degrees in Geography and Economics from Auckland University. I have more than 25 years' experience in assessing the economic effects of growth and change in the New Zealand economy. I have particular experience in assessing the effects of growth on existing economies and on urban form. I have also carried out significant work in assessing requirements for housing and business land to assist Councils in setting development and growth strategies and to meet their obligations under national direction (NPS-UDC 2016 and NPS-UD 2020). I am a member of the Resource Management Law Association.
- 3 I have worked on a number of land use and property development projects in the greater Christchurch area – including establishing Labour models of the Canterbury Rebuild post the earthquakes in 2010 and 2011. This work included building a residential rebuild model of Canterbury to assess the economic and labour implications of alternative rebuild scenarios. In addition, I have worked on a number of economic and residential development projects across the Greater Christchurch area. I am very familiar with the economy and the issues faced by the districts.
- 4 I am also very conversant with the NPS-UDC and NPS-UD process. I was engaged by MBIE in 2017 to write the guidance manual for Councils looking to evaluate business land sufficiently under the NPS-UDC.
- 5 Specific to Selwyn District, I have prepared and presented evidence in a number of Private Plan Changes to the District Plan, including Plan Change 73 to the Operative District Plan in September 2021 and Plan Change 69 to the ODP, Lincoln South. I will draw upon that evidence and analysis for this statement.
- 6 Market Economics had been engaged by Selwyn District to prepare the Selwyn Capacity for Growth Model (SCGM) and have provided advice over a number of years relating to the effects of growth to help Selwyn District Council meet their requirements under the NPS-UDC and more recently the NPS-UD.
- 7 Market Economics do not have any ongoing arrangements to update the SCGM or provide advice for SDC with respect to growth and change in the district.
- 8 I am familiar with:

- 8.1 The plan change application by Rolleston Industrial Developments Limited to rezone approximately 28 hectares of rural land in Rolleston to Living MD (*PC81*); and
- 8.2 The plan change application by Brookside Road Residential Limited to rezone approximately 110 hectares of rural land in Rolleston to Living MD and Business 1 (*PC82*).

Rolleston Industrial Developments Limited and Brookside Road Residential Limited together represent the *Applicants* for the *Proposed Plan Changes*.

CODE OF CONDUCT

- 9 Although this is not an Environment Court hearing, I note that in preparing my evidence I have reviewed the Code of Conduct for Expert Witnesses contained in Part 7 of the Environment Court Practice Note 2014. I have complied with it in preparing my evidence. I confirm that the issues addressed in this statement of evidence are within my area of expertise, except where relying on the opinion or evidence of other witnesses. I have not omitted to consider material facts known to me that might alter or detract from the opinions expressed.

SCOPE OF EVIDENCE

- 10 My evidence will deal with the following:
 - 10.1 Site description and characteristics;
 - 10.2 Recent Growth in Selwyn District;
 - 10.3 Capacity Estaimtes and the SCGM issues;
 - 10.4 Capacity enabled by the Proposed Plan Changes;
 - 10.5 Urban Growth Context and the NPS; and
 - 10.6 Conclusions relating to the Proposed Plan Changes in Rolleston.

SUMMARY OF EVIDENCE

- 11 Recent growth has exceeded the High Growth future relied upon by SDC by more than 45% over the past 4 years. Underplaying a higher than modelled growth future means SDC runs the risk of not providing sufficient capacity to cater for growth in the short-to-medium term, driving prices up and damaging the district's growth future. This is particularly the case in Rolleston where there is a shortfall in supply over the medium term.

- 12 The location of additional future capacity in Selwyn District is important and should align with recent demand trends. Following the Christchurch earthquake, significant growth that might otherwise have gravitated towards locations within Christchurch City has redirected to Selwyn District towns in close proximity to Christchurch, notably Rolleston, Lincoln and Prebbleton.
- 13 Issues with the capacity information used in the Selwyn Capacity for Growth Model (*SCGM*), relied upon by SDC are as follows:
 - 13.1 Inclusion of non-urban capacity;
 - 13.2 Inclusion of all setbacks;
 - 13.3 Inclusion of reserves;
 - 13.4 Inclusion of parcels with access issues;
 - 13.5 Inclusion of developed sites;
 - 13.6 Inclusion of non-residential parcels; and
 - 13.7 Development density assumptions contained in the operative District Plan not matching modelled density capacity.
- 14 The net effect of these issues is a reduction in the sufficiency of capacity to meet demand in the short-to-medium term. If the issues (in terms of capacity estimates across parcels where no capacity exists) are manifest across the entire model, it may be overstating Selwyn's ability to cater for growth to a significant degree.
- 15 Given this uncertainty, SDC should be engaging with additional capacity opportunities. Slight changes in estimates of capacity or in demand projections will lead to Selwyn not being able to ensure sufficient supply in the medium term. This is significant, as the medium term begins in 3 years – the process of pipelining additional future capacity needs to begin now.
- 16 There is a significant danger that the growth projections relied upon by SDC understate likely future growth and capacity in Rolleston.

SITE CHARACTERISTICS

- 17 The Proposed Plan Changes seek to rezone approximately 138 hectares of land on the western outskirts of Rolleston from Rural to Living MD¹ and Business 1. The Proposed Plan Changes are to

¹ Medium Density

provide approximately 1,670 residential lots at an overall minimum net density of 12 households per hectare.

- 18 PC81 adjoins the south-western edge of Rolleston's Living 1B and Living Z zones. West of the plan change areas, south of PC81 and immediately north of PC82 consists of paddocks and limited built form. This surrounding environment is rural in character.
- 19 The site adjoining PC82 to the north and PC81 to the south is currently zoned Rural Residential – Living 3. A Living Z zone was sought through Plan Change 73 (PC73), however, this request was declined. PC73 is currently subject to an Environment Court appeal.
- 20 Immediately east of PC81 is a plan change request (PC70) to rezone 63 hectares from Rural Inner Plains to Living Z. I understand that this plan change is going through the fast-track consenting process, but for now remains zoned for rural purposes.
- 21 Figure 1 outlines the parcels that are the subject of this plan change, in relation to the existing Rolleston township. Both parcels are used for agricultural activities including dairy cattle run-off, pastoral land and poultry activities. The sites are described more fully in the Plan Change Request and s42a Report.

Figure 1: Plan Change 81 and 82 location and relevant other plan changes sites



SELWYN DWELLING SUPPLY AND DEMAND IN 2022

- 22 Growth planning in Selwyn is extremely important as the District is the fastest growing territorial authority in New Zealand (16.3% growth 2018 – 2021). In order to meet the growth needs of households and to ensure infrastructure to support growth is planned for appropriately, it is vital that growth modelling is accurate in terms of volume and timing.
- 23 In 2021 residential consents for Selwyn District reached an all-time high of 1,928, a 12% increase over the 2020 consents. The total value of these consents in 2021 was approximately \$746m or an average value of \$387,100 per consent. In addition, in the first half of 2022, 980 residential consents were issued, the highest number of first and second quarter consents since 1990.
- 24 However, the updated Housing Capacity Assessment (*HCA*) prepared for SDC by Ben Baird (August 2019), only projected an additional 848 dwellings per annum between 2020 and 2023. These growth model figures are less than half (44%) of the total dwelling consents issued for 2021. The Formative Memo (2021)² prepared in support of Selwyn Districts growth modelling, estimated dwelling uptake between 2019 and 2021 of approximately 1,203 dwellings annually. This works out at 62% of total dwelling consents issued for 2021. That is a shortfall of between 725 and 1,080 dwellings which has not been accounted for in the Growth Modelling.
- 25 It is clear from the analysis provided by Council that there is a mismatch between growth as represented by the recent dwelling consents and the SCGM estimates of growth in demand for dwellings. This suggests that the Selwyn District HCA, driven by the SCGM, is understating growth at a district wide level.

ROLLESTON DWELLING SUPPLY AND DEMAND IN 2022

- 26 Rolleston is the largest town in Selwyn District approximately one third of the districts population living here. In 2021, an estimated 24,670 people were living in Rolleston. In recent times (2018-2021), population has increased by an additional 6,270 people or 34%.
- 27 In the ten-year period between 2001-2021, population within Rolleston urban area increased by 21,840, an annual average growth rate of 11.4%. This is significantly higher than the population growth rate for Selwyn District of 4.9% per annum over the same period.

² *Residential Capacity 2021 – Draft Memo to SDC, 07/2021, Rodney Yeoman, Formative*

- 28 In 2019 there were 726 residential consents issued for Rolleston urban area, declining to 235 in 2020 issued between January and April. Due to Covid-19, total residential dwelling consents for 2020 are likely to be lower than 2019. Based on the level of 2021 residential consents for Selwyn District, it is anticipated that consents in Rolleston for 2021 would be much higher. The Formative Memo (2021) estimates 1,489 dwellings were taken up between 2019 and 2021 in Rolleston. Again, at the local level, there appears to be a mismatch between new dwelling consents issued and estimated uptake.
- 29 This points to recent growth in Rolleston being greater than modelled. At the more local level, the SCGM is at risk of understating growth for Rolleston as well as at the District wide level. Additional capacity identified³ in the short term (2021-23) is 2,017 dwellings, increasing to 2,154 in the medium term (2023-30) and 7,910 over the long term (beyond 2030) (Formative Memo, 2021). Given we are nearly at the end of the short term, and only 137 additional dwellings are identified as additional capacity over the medium term (unless some of the Private Plan Changes are granted), this private plan change represents an opportunity to create additional capacity for dwellings in a key growth area.

SELWYN DISTRICT GROWTH

- 30 Selwyn District is the fastest growing local authority area in New Zealand in population terms with more than 16% growth in population since 2018 compared with only 13% for Queenstown Lakes District. In the post Christchurch earthquake environment, significant growth that might otherwise have gravitated towards locations within Christchurch City has redirected to the Selwyn District towns in close proximity to Christchurch (notably Rolleston, Lincoln and Prebbleton).
- 31 Selwyn is an important component in accommodating Greater Christchurch growth. Currently Selwyn accommodates 12% of households – however over the next 30 years, 33% of total residential growth in Greater Christchurch will be accommodated in Selwyn⁴.

SCGM Growth Projections

- 32 The growth modules in the SCGM allow council officers to adjust growth futures for Selwyn and assess the implications in terms of uptake of capacity over time. This is a good thing as it provides

³ Residential Capacity 2021 – Draft Memo, Formative to SDC July 2021

⁴ 'Housing Demand and Need in Greater Christchurch', prepared for Environment Canterbury, Livingston and Associates Ltd, July 2021

insights into how the market is likely to operate under different future scenarios and allows change to be modelled efficiently.

- 33 The idea behind providing a range of future growth futures in the model is that they cover the range of actual growth futures – and that what eventually occurs is captured within the range of scenarios modelled. However, that does not appear to be the case with the SCGM at the moment.
- 34 The model operates with 5 growth scenarios, ranging from Medium, Long Term Plan, Medium-High (Our Space), Medium High and High. Annual growth (as modelled) ranges from an increase in dwelling numbers of between 735 under the Medium Projection between 2019 and 2023 and 1,152 for the M-High (Our Space) projection (Figure 2).

Figure 2: Annual Dwelling Growth, Selwyn District 2019-2053

Dwellings (Population - NJ (2019-rebase))	2023	2028	2033	2038	2043	2048	2053
High	975	931	935	934	937	934	932
Medium-High	855	819	818	815	814	804	796
Medium-High (Our Space)	1,152	958	808	719	656	594	532
LTP	941	861	854	844	838	823	802
Medium	735	706	700	696	691	673	661

- 35 However, as Ben Baird notes in his 19 August 2021 Growth Memo, which was presented at the Plan Change 73 hearing and is considered an update of Councils views on capacity, (paragraph 42), the number of net new dwellings has exceeded the above values in practically every year between 2013 and 2021 (Figure 3).

Figure 3: Table 1 Dwelling Projection Comparison, B Baird Growth Memo, (19 Aug 2021)

Year	2013	2014	2015	2016	2017	2018	2019	2020	2021
Net New Dwellings	1,249	1,166	1,203	1,279	1,219	1,005	1,092	1,593	1,710*
Stats High Projection**						929	929	929	929

Table 1: Dwelling Projection Comparison

**based on current numbers extrapolated out for the year*

***Converted to households by using 2.8.*

NB This includes more demand than the 2021 Capacity Assessment covered

- 36 Mr Baird goes on to say that what is driving the growth is not clear – given that national population numbers are only growing at around 0.6% to June 30th (down from 2% increases on average annually over the past 5 years). The key change at the national level is the closing of the borders to immigration (down to 4,700 from an average of 62,000 annually over the past 5 years).

- 37 However, the key driver for Selwyn growth (as Mr Baird identifies in paragraph 41) is internal migration (85%) of which the vast majority comes from Christchurch City (70%). As noted, the key growth group is younger families seeking lower cost options than offered within Christchurch, while remaining within sensible commuting distance to the city.
- 38 It is clear from recent history that growth in numbers over the past 9 years far exceeds either Statistics New Zealand's "High" projections (2018 – 2021) and far exceeds the projection sets utilised in the SCGM.
- 39 This presents a significant credibility issue for Selwyn's growth modelling. It is vital that the model relied upon to make capacity decisions encapsulates likely or reasonably anticipated growth futures. Given recent growth far exceeds modelled growth under any of the 5 scenarios developed for the model, Council run the risk of significantly undercounting future growth in the short to medium term thereby undersupplying capacity to meet that future growth and failing to meet their obligations under the NPS-UD as well as driving prices up.
- 40 This is especially the case where the demand and supply balance is tight. Under the updated estimates provided by Formative in July 2021⁵, it is clear that uptake has exceeded modelled growth by a significant margin (uptake of 1,978 in Selwyn Urban areas between December 2019 and April 2021 (so just over 1 year)). This compares to between 1,130 and 1,270 dwellings (if the consent data used is as recorded in the memo, Dec 2019 – April 2021).
- 41 Excluding the FUDA's around Rolleston, which are not yet Plan Enabled per Clause 3.4 of the NPSUD⁶, feasible capacity (of at most 4,578) would last 3.5 years before completely exhausted – based on short term growth matching the average of the past 5 years (2017 to 2021 based on Figure 3 above = 1,323 per year) and not necessarily the growth modelled in the SCGM.
- 42 This feasible capacity barely covers the 'short term', and assumes that recent uptake is accurately represented.
- 43 The net result of this will be significant price rises as developers will be able to charge more in the face of significant supply constraints, as was seen in 2021.

⁵ Formative Memo to SDC, Re: Residential Capacity 2021 – Draft, 08/07/2021, appended

⁶ The land is not zoned for housing use in the operative plan as required to be plan enabled in the short term, nor zoned for housing use in the proposed plan as required to be plan enabled in the medium term.

- 44 I do not believe it is an appropriate response to say that considering a higher projection above Statistics NZ high projection is not appropriate as it requires more work⁷. If the projections that are being considered constantly undercount growth then there will be shortfalls in the short term that will drive prices up – before the revision comes around in three years time.
- 45 It is important that Selwyn District adopt a projection series that at least matches recent growth. Given the role the projection scenarios play is to allow council to consider feasible outcomes – then including a projection that (at least in the short term) matches recent growth is vital. It is not that appropriate to reject a growth scenario for modelling purposes that is higher than Statistics New Zealand's simply because it requires additional work. The costs of under catering for growth are high.

CAPACITY ESTIMATES AND SCGM

- 46 My company (Market Economics) developed Selwyn's Capacity for Growth Model originally in 2017 to assist them meeting their requirements under the NPS-UDC. The current version of the model was updated by two of my senior colleagues in 2019 and has been used to inform Selwyn District Council of residential and business capacity and sufficiency for the NPS-UD.
- 47 The model is based on the capacity for growth model Market Economics developed for Future Proof Partners in Waikato for the NPS-UDC in 2017. It draws on the approach pioneered by Critchlow and Auckland Council in 2006. The capacity model is built in a software package called FME that allows manipulation of spatial data. Effectively it applies a series of geometric shapes to land parcels allowing estimation of further development capacity. The model takes account of planning provisions from zoning rules (such as minimum lot size) and precinct overlays, setbacks, driveway access and living space requirements.
- 48 The SCGM provides an accurate initial estimate of future developable capacity, from which it is possible to eliminate parcels that may be zoned but not available for development – such as designations, parks and reserves and land that may have geotechnical issues such as slope hazards, earthquake liquefaction issues and other issues.
- 49 The model provides a first cut at capacity and is a basis for commercial feasibility analysis and uptake, such that Council can arrive at a 'Reasonably expected to be realised' capacity figure (as required under the NPS-UD).

⁷ Growth planning in Selwyn District, para 45, Ben Baird, Aug 2021

- 50 As it currently stands there appear to be issues with estimates of capacity included in the model. While I have not had time to complete a thorough assessment of each parcel and the capacity it adds to the model, there are a number of examples that cause me some concern – especially if they represent the tip of systemic errors in over-estimating capacity.
- 51 As I understand it, the model allows Selwyn to assess demand and capacity to meet demand at the whole district level as well as for the portion of the District that sits within the Greater Christchurch Urban Area. It is therefore important that, when discussing capacity to meet urban growth demands – as required under the NPS-UD, that it is capacity within the urban portions of Selwyn that are included into the capacity assessment.
- 52 In the Growth Memo prepared by Ben Baird (19 August 2021) it states at para 53 that;
- "The demographic projections show growth is largely driven by internal migration from Christchurch, mostly young families. These families are generally looking for affordable housing within close proximity to Christchurch in a township setting. The demand for housing that has been observed in Selwyn indicates a strong preference for stand alone houses. The outcomes in the housing market shows that demand is fairly homogenous and can be met within the 'one market' of Selwyn's townships.*
- 53 A key driver of location decision making for households is proximity to work. A key definer of urban environments and urban markets is travel to work. The Greater Christchurch urban extent has been set with this in mind meaning that the townships within that extent operate as one large urban area.
- 54 The NPS-UD defines an Urban Environment as being, "any area of land (regardless of size, and irrespective of local authority or statistical boundaries) that;
- a) is, or is intended to be, predominantly urban in character, and
- b) is, or is intended to be, part of a housing and labour market of at least 10,000 people
- 55 Under this definition and noting that Greater Christchurch is consistently defined by the local authorities as the 'urban environment'. Currently SDC are treating Darfield and Leeston as though they form part of the urban capacity and contribute to meeting urban growth demand needs. However, due to their distance, neither qualify as part of the Christchurch urban environment. Darfield is approximately 45km from the Christchurch

CBD – more than twice the distance Rolleston (which sits on the south western extent of the urban environment) is from the CBD. Leeston almost 41km from Christchurch CBD.

- 56 It is clear that the boundaries of not only the urban areas, but of Greater Christchurch itself exclude Darfield and Leeston. They are not urban settlements in the NPS-UD sense. Therefore, while it is important that they form part of SDC's growth modelling, they are minor settlements and should not be included as urban capacity.
- 57 Darfield and Rolleston will appeal to very different markets and capacity provided in Rolleston – or importantly, not provided, cannot be substituted with capacity located at Darfield. By exactly the same reasoning Leeston and Rolleston (or Lincoln) are very different markets due to distance from the urban edge. This means that townships across Selwyn are definitely not "one market".
- 58 There appears to also be an allocation of demand issue with the SCGM. Growth is initially split between Rural, Rural Residential, Infill and Greenfield at the District level for each projection year.
- 59 These totals are then split between Census Area Units (CAU)⁸ on the basis of each CAU's share of total capacity for each demand type and each CAU's share of building consents. These percentages are added together and divided by 2 to get an average.
- 60 The resulting 'Model Share' is then applied to allocate growth for each forecast year to 2053. This means that recent building consent profiles impact growth allocation over 30 years into the future. It is not clear if this is in error, or if the implications of the decision to adopt this approach were fully thought through. While recent building consents are important guide for allocating growth over the next few years – as they are a clear indication of preference or ability to meet the market, they should only have a minor or no influence outside say 3-5 years, and little influence 10 – 30 years.
- 61 A final issue is that the model is purely mechanical. It simply seeks to allocate growth where-ever there is capacity (plus recent building consent activity). This means there doesn't appear to be an ability for it to progressively fill an area from the most proximate to Christchurch or around townships such as Rolleston, to the most distant (for example). It is unlikely that actual growth patterns will follow the mechanical process modelled.

⁸ Census Area Units (CAU's) were StatsNZ's suburb level spatial definition. They have been replaced recently by Statistical Areas (level 1 and 2), or SA2 at the suburb level. The SCGM was originally developed using CAU's but has recently been updated to SA2s as the spatial unit.

62 The implications of this are that if the model is not allocating growth to locations appropriately, the model will not accurately reflect where demand pressures will be felt.

63 I suggest that Council as part of their review, look at allocation methods in use in other jurisdictions that look to address this issue.

Data Issues at the Parcel Level

64 Capacity in the SCGM begins at the parcel level. As described above, each parcel in the SCGM is coded according to zone and all zone provisions are applied to translate raw land to developable sections and therefore dwelling capacity.

65 It is important that through this process, parcels in residential zones – but that are not available for residential development are identified and removed from measures of capacity. This is an important but time-consuming manual process. It appears that there is work to do on Selwyn's capacity estimates as a number of parcels have been included in the capacity estimates that need to be removed.

66 While I have not been able to work through all parcels to assess the extent of the issue, if the ones I have identified point to a more systemic issue, then Selwyn's model maybe overstating urban capacity to a significant extent.

Point 1. Inclusion of non-Urban Capacity in Urban measure of capacity

67 It appears that a number of sites and locations are now being included in measures of urban capacity. The model identifies capacity of 144 dwellings on a parcel in Castle Hill (id 7971519).

68 Castle Hill is approximately 75km inland from Rolleston and while sits within Selwyn District, should play no part in urban capacity as it falls outside of Greater Christchurch.

69 The same holds true for the more distant townships such as Darfield and Leeston. I note in the recent memo prepared by Formative to Selwyn District Council that Darfield and Leeston are included as Urban Zones in Figure 4 and 5. This capacity in Figure 5 of 936 dwellings is included in the Urban Areas total of 4,578 rather than in the Minor Settlements and rural component that adds to a district total of 5,223 as at June 2021.

70 The Formative numbers differ from the numbers provided by Ben Baird, in his August 19 s42a memo for PC 67 (Figure 4). This shows Rolleston with capacity of 2,154 – almost 140 dwellings higher than the Formative 2021 assessment of 2,017. Mr Baird's numbers for Lincoln, Prebbleton, West Melton are almost the same as the Formative numbers (1,642 vs 1,625). While Mr Baird's estimates

for Rolleston do not include the FUDA potential capacity for the long term (estimated as 5,893 in the Formative memo, Figure 5), his estimates for Darfield and Leeston include an additional 1,874 dwelling capacity, as a result of the proposed plan changes.

Figure 4: Table 3 Growth Model Update for Capacity Assessment

Area	2019	2021*
Rolleston	3,506	2,154
Lincoln	1,842**	1,461
Prebbleton, West Melton, and Tai Tapu	437	181***
Darfield and Leeston		2,656
Total GCP	5,663	6,452

Table 3: Growth Model Update for Capacity Assessment

*Capacity includes proposed plan potential capacity of 1,874

**Capacity since it was produced has changed based on updates to the model

***Capacity here is only Prebbleton and West Melton

- 71 Given the distance of the minor settlements of Darfield and Leeston to the urban edge, they should not be treated as urban capacity. People seeking to locate there are not selecting between these settlements and other urban options such as Rolleston, or Lincoln.
- 72 Including them overstates urban capacity by 936 dwellings in the short term and up to 2,656 in the medium to long term. Removing them from the calculation sees the urban area total drop to 3,642 (June 2021), or some 20% lower. This capacity of 3,642 would only last 2.75 years based on short term growth matching the average of the past 5 years (2017 to 2021 drawn from Figure 3 above = 1,323).
- 73 This issue is starkly portrayed in the GCP HDCA report (Tables 1, 2 and 4, copied below). Between the Short Term and Medium Term for Selwyn, additional capacity is almost solely added at Darfield and Leeston. At the beginning of the medium-term period, true urban capacity is down to around 928 because Darfield and Leeston cannot be included as capacity which removes 936 dwellings and growth of 2,714 consumes the rest.
- 74 The only additional capacity to cater for the medium-term growth of 5,827 in Selwyn is provided at Darfield and Leeston (an additional 1,720 dwellings). Given the growth is urban growth it will not be focused on Darfield and Leeston, meaning it will consume the 928 dwellings in urban Selwyn very quickly, leading to significant price rise pressures and a true urban medium-term shortfall closer to 4,900 rather than the 2,089 recorded in Table 2 below.

Table 1: Urban Housing Sufficiency within Greater Christchurch in the Short Term (2021 – 2024)

Area	Feasible Capacity	Short term demand + 20% Margin	Surplus / Shortfall
Waimakariri	2,273	1,833	440
Christchurch	101,994	6,372	95,622
Selwyn	4,578	2,714	1,864
Total	108,845	10,919	97,926

Table 2: Urban Housing Sufficiency within Greater Christchurch in the Medium Term 2021 – 2031 – excluding Selwyn and Waimakariri Future Urban Development Areas

Area	Feasible Capacity	Medium term demand + 20% short term margin	Surplus / Shortfall
Waimakariri	2,273	5,410	-3,137
Christchurch	101,994	18,215	83,779
Selwyn	6,452	8,541	-2,089
Total	110,719	32,166	78,553

Table 4: Housing Urban Sufficiency within Greater Christchurch in the Long Term 2021-2051 including Selwyn and Waimakariri Future Urban Development Areas at 15hh/ha.

Area	Feasible Capacity + FUDA 12/12.5hh/ha	Feasible Capacity + FUDA 15hh/ha	Long term Demand + 15% long term margin	Long term Surplus / Shortfall @ 15hh/ha	Long term Surplus / Shortfall @ 12/12.5hh/ha
Waimakariri	12,192	13,642	13,059	583	-867
Christchurch	101,994	101,994	41,231	60,763	60,763
Selwyn	12,208	13,502	25,338	-11,836	-13,130
Total	126,394	129,138	79,628	48,344	46,766

- 75 Long term capacity also reduces by 2,656 increasing the shortfall to -14,492 at 15 hh/ha or -15,786 at 12.5hh/ha.

Point 2: Inclusion of all setbacks

- 76 It appears that the model currently does not account for setbacks – other than the basic setbacks listed under Rule 4.9.2. It appears to ignore the state Highway setback of 40m and other constraints such as the existing bunding for sites in ODP Area 1 on Fountain Place and Joy Place.
- 77 This is demonstrated in parcels 7741418 and 7078851. These sites are listed as having infill capacity of 1 and 2 lots respectively. Individually 1 and 2 lots in and of themselves may not be significant – but if it points to an overall lack of checking to ensure that all provisions have been applied in the model, then the effects might be a significant overstating of capacity.

Point 3: Reserves included in the model

- 78 It appears as though a number of reserves have been included in estimates of infill capacity in the model. For example, the Stonebrook subdivision water race. The model assumes that the water race can provide capacity of 6 infill sites (id 7703161 and 7703159 giving 4 and 2 sites respectively).
- 79 As above, I am not sure if this issue is an isolated example, or points to a wider issue of model checking.

Point 4: Access Issues under District Plan

- 80 It also appears as though some potential rear development sites have been included as capacity when access restrictions under the Operative District Plan mean they are fully discretionary (in other words, not plan enabled as defined by the NPS-UD).
- 81 An example of this is 5/50 Stonebrook Drive (parcel id 6555941). The model identifies that this large site could accommodate 3 infill development sites.
- 82 Notwithstanding that due to the property's value, meaning it would not be commercially feasible to purchase the site and develop it, the operative plan provisions state that more than 6 sites on a shared access or driveway requires the access to be vested as a road to Council. In this instance the existing accessway is not wide enough to comply with plan requirements for roads.
- 83 It is unclear whether the rest of the model has taken account of any transport related provisions of the plan, such as the above.

Point 5: Inclusion of developed sites as capacity

- 84 Selwyn is a fast growing district (second only to Queenstown Lakes in percentage terms). This means that capacity is consumed quickly. The Formative memo to Council (July 2021) highlights that in Rolleston alone, 42% of the identified capacity in 2019 has been consumed by 2021. The real figure may be significantly higher than this as the building consents used to highlight this shift may only cover 16 – 19 months of development. Regardless, that level of growth requires short term capacity sites to be identified quickly and brought to market to ensure that shortages do not influence price.
- 85 In response to such rapid growth Council need to ensure that parcels that have been fully developed are removed from capacity as soon as possible. It appears that there are sites within the model that are included as capacity, yet are already fully developed.
- 86 An example of this is the Mary Brittan Lifestyle Villas (Parcel id 7647615). This is listed as having 18 greenfield sites. A second example is 600 Springston Rolleston Rd (parcel id 8015619). This

site is assumed to have 28 greenfield development sites and 3 infill sites – yet both are currently fully developed.

- 87 This is potentially an ongoing issue, but it is incumbent on Council to keep up to date with consents to ensure capacity is constantly updated. This is particularly important as the margin between sufficient capacity and shortfall is so tight within the District and Rolleston specifically.
- 88 If the issue is widespread, then the model will be overstating capacity to a significant extent.

Point 6: Inclusion of non-residential parcels in residential areas

- 89 Distributed across most residential areas, district plans allow for non-residential activities to occupy residential properties. These parcels need to be identified and removed from infill capacity estimates as it is unlikely they represent future capacity – in particular in the short to medium term.
- 90 It appears as though there are a number of examples in the SCGM where day care and preschool centres have been included as capacity. They include;

48 Braithwaite Drive (preschool) – 4 greenfield sites

14 Learners Road (Preschool) - 3 infill sites

971 Goulds Road (preschool) - 3 infill sites

183 Brookside Road (preschool) - 1 infill site

76-80 Granite Drive (Kindergarden) - 2 infill sites

- 91 While again the numbers identified here are low in and of themselves, it points to potentially a larger issue in that there may be other sites that need to be removed from the capacity assessment based on the activities occurring on them.
- 92 It is not clear the extent of this issue.

Point 7: Development Density Assumptions

- 93 Finally, in this section there appears to be a mismatch between the levels of density assumed in the model for a number of sites and what is allowed on those sites under the Operative District Plan.
- 94 A key example of this is the 2 parcels of land that are the subject of PC73 (currently under appeal to the Environment Court). The SCGM lists them as having capacity for 174 sites (the Holmes Block) and 144 sites (Skellerup Block). However, in the Operative District Plan

the Holmes Block is limited to 97 sites and the Skellerup Block to 51 sites.

- 95 The Operative Plan allows for only 47% of the capacity modelled in the SCGM. Development intensities above this are discretionary or non-complying and not plan enabled. Accordingly, the SCGM overstates capacity by 170 households.
- 96 Again, the extent to which this is a systemic problem across the models estimates of capacity is not clear, however it potentially could be significant leading to a significant overstating of capacity to meet growth in the short to medium term.

Development Densities

- 97 In a more general sense, it may be the case that within the SCGM, insufficient account is made of land required for infrastructure (parks, reserves and local roads). The model assumes that allowing an additional 25% per parcel captures this component, however the ratio is traditionally significantly higher than 25%.
- 98 At present the model would divide a large development parcel (of say 10,000sqm) into lots by dividing the area by 625sqm (this assumes the final lot size is 500sqm x 1.25 to account for infrastructure). That would give a yield of approximately 16 dwellings per ha (in this example).
- 99 However, traditionally a higher figure is used. Fraser Colgrave in his evidence statement for PC67 quotes from work carried out by Harrison Grierson for the GCP that points to only around 60% of land being available for development. These are also approximately the ratio's being used by Hamilton City for Plan Change 5 at Peacockes.
- 100 The implications of that are yields that move down to 14 dwellings per ha from 16. Applying this across the entire greenfield estate has a big impact – reducing capacity by 12.5%.

Capacity Conclusions

- 101 The conclusion of these issues is potentially a significant overstating of capacity within the model as it currently stands. Some of the overstating relates to the pace of growth within the district but some potentially relates to not applying all plan provisions that impact on capacity at the parcel level.
- 102 Given the rapid consumption of capacity – especially in and around Rolleston, the issues I have highlighted in the main assessment tool used to monitor and assess growth, should promote Council to take a precautionary approach. Councils should be seeking to encourage additional capacity provided by plan changes such as PC81 and

PC82 in order to avoid residential price rises brought about by scarcity leading to a deterioration in housing affordability.

URBAN FORM CONTEXT AND NPS-UD

103 The National Policy Statement Urban Development 2020 (NPS-UD) came into effect in August 2020. The NPSUD requires (Policy 2) that Councils in Tier 1, 2, and 3 local authorities (the high growth areas), at all times, provide at least sufficient development capacity to meet expected demand for housing over the short term, medium term and long term.

104 In addition to this, the NPS-UD has recognised that providing additional development capacity has benefits assuming it contributes to a well-functioning urban environment – regardless of whether the additional capacity is anticipated (by way of an existing growth strategy or future land zoning) or not. Policy 8 clearly encourages local authorities to be

“responsive to plan changes that would add significantly to development capacity and contribute to well functioning urban environments, even if the capacity is:

- a) Unanticipated by RMA planning documents, or*
- b) Out-of-sequence with planned land release”*

105 In the case of these Proposed Plan Changes the development capacity has not been anticipated in the RMA planning documents and it is out of sequence with planned land release. However, the Proposed Plan Changes will potentially add 1,670 dwellings to Rolleston. This is a significant addition of capacity at the Rolleston level and the Selwyn District level. Even though it is anticipated that Christchurch itself will add over 32,300 dwellings in the medium term⁹, given the Proposed Plan Changes are a single development proposal, it provides for a significant portion of overall Christchurch growth. Therefore, it is incumbent on Council to be responsive to this proposal.

106 The definition of ‘well-functioning’ urban environments is contained in Policy 1 of the NPS-UD. It states that they are urban environments that, as a minimum (with respect to housing):

- a) Have or enable a variety of homes that meet the needs in terms of type, price and location of households*

⁹ Environment Canterbury Submission as reported in Section 42 Report PC 73, paragraph 129, page 31.

b)

c) *Have good accessibility for all people between housing, jobs, community services, natural spaces and open spaces including by way of public or active transport, and*

d) *Support, and limit as much as possible adverse impacts on the competitive operation of land and development markets, and*

e) ...

f) ...

107 It is clear that the additional residential capacity enabled by the proposed plan change will help facilitate a variety of dwelling typologies and dwelling options.

108 Finally, by adding over 130ha of residential land to the market, PC 81 and 82 are helping support the competitive operation of land and development markets.

RESPONSE TO SUBMISSIONS

109 In response to the Proposed Plan Changes, a number of submissions were received by various individuals, groups and organisations. Eight submissions were received on PC81 and 16 on PC82. A further late submission was received on was included in the summary of submissions.

110 The submissions of relevance to economic matters are those submitted by Environment Canterbury (*ECan*) and Christchurch City Council (*CCC*). Both *ECan* and *CCC* oppose the Proposed Plan Changes and both submissions are relatively similar in content.

111 *ECan* and *CCC* do not consider the Proposed Plan Changes to represent significant development capacity, specifically PC81. However, *SDC* have approved other private plan change requests which enable less development capacity than that proposed for PC81.

112 Plan Change 76 lodged by Dunweavin 2020 Limited sought approval to rezone 13 hectares of rural land to residential enabling approximately 155 residential lots. Similarly, Plan Change 75 lodged by Yoursection Limited sought to rezone 24 hectares of rural land to residential enabling around 280 residential lots. Both these plan changes have been approved subject to further consultation on a variation which allows for new building intensification rules to be included.

- 113 Viewed together the Proposed Plan Changes will contribute 1,670 residential lots, a significant contribution to Rolleston's residential capacity. This is equivalent to 31% of the Census 2018 dwelling count for Rolleston. In addition, the density standards under the Living MD Zone allows for up to 3 residential units to be established on any site as a permitted activity. The total dwelling capacity could therefore be greater for the Proposed Plan Changes.
- 114 With regard to capacity estimates, ECan and CCC highlight in their submission that the HCA does not consider capacity enabled by Medium Density Residential Standards (MDRS) to be introduced.
- 115 As discussed earlier in this brief of evidence, I have highlighted a number of limitations in the assumptions underpinning the HCA prepared for SDC. Even with the potential capacity enabled by the MDRS, there is still a risk that there is not enough capacity available, especially in the medium term, to satisfy demand.
- 116 Of key importance is the potential uptake of medium density as facilitated by the MDRS provisions and the manner in which that additional capacity is a substitute for the relatively low density space extensive development offered by PC81 and 82. As discussed above, Selwyn has grown through young families looking to establish in a more family friendly, lower cost environment than the MDRS, terraced housing and low rise apartment buildings offer.
- 117 CCC states in their submission, since the 2021 Greater Christchurch Housing Development Capacity Assessment, an additional 1,606 houses have been approved in Selwyn through private plan changes to alleviate the shortfall of 2,089 houses identified in the medium term.¹⁰ However, as identified earlier the true medium shortfall is closer to 4,900 houses.
- 118 Combined, the Proposed Plan Changes represents significant development capacity in Rolleston.

RESPONSE TO OFFICER'S REPORT

- 119 I agree with the Officer's Report findings that:
- 119.1 The Proposed Plan Changes will add significant development capacity to Rolleston.¹¹

¹⁰ PC82 Christchurch City Council Submission at [10].

¹¹ Selwyn District Plan Section 42A Report Private Plan Changes 81 & 82 at [179].

119.2 Both proposals will enable a variety of homes to meet the needs of different households and will support the competitive operation of land and development markets.¹²

- 120 The conclusions drawn from submissions in the Officer's Report are largely concerned with the lack of connectivity between the sites and Rolleston, and the ability of the Proposed Plan Changes to create a well-functioning urban environment as provided for under the NPS-UD. In order for SDC to consider these Plan Changes, they must meet both criteria under Policy 8 of the NPS-UD, given they are unanticipated by RMA planning document or out-of-sequence with planned land release.
- 121 These issues relating to connectivity and good urban form outcomes are best addressed by an urban planning expert as they lie outside the economics realm. However, as discussed above, a key aspect of a "well-functioning urban environment" is the provision of a variety of dwelling typologies that meet the type, price and locational requirements of future residents. PC 81 and 82 offer that opportunity.

CONCLUSION

- 122 I have identified a number of issues with both the capacity estimates relied on in the SCGM and the demand projections that drive consumption of capacity. The net effect of these issues is a reduction in the sufficiency of capacity to meet demand in the short to medium term.
- 123 If the issues identified above in terms of capacity estimates across parcels where no capacity exists are manifest across the entire model, then it may be overstating Selwyn's ability to cater for growth to a significant degree.
- 124 I have not had time to search them all out and correct them for this hearing - and that is not really the developer's job to do, it is Council's role. However, it means Council should be engaging with additional capacity opportunities as they come before them. Especially in light of demand projections understating growth in the short to medium term.
- 125 Given that the existing model has highlighted a very small surplus in the medium term and a shortfall in the long term, slight changes in estimates of capacity or in demand projections will lead to Selwyn not being able to ensure sufficient supply in the medium term. This is significant, as the medium term begins in 3 years, and the RMA processes to bring additional capacity online to meet any identified shortfall and then development time to translate capacity into dwellings means the process needs to begin now.
- 126 Based on my assessment of the additional capacity that the Proposed Plan Changes facilitates, the limited capacity that currently

¹² Selwyn District Plan Section 42A Report Private Plan Changes 81 & 82 at [169]

exists to cater for growth in the medium to longer term, and the uncertainty in estimates of capacity and growth due to identified issues with the SCGM, I believe that the Proposed Plan Changes are an appropriate way to sustainable management of land resources in and around Rolleston.

- 127 I note that PC73 was recently recommended to be declined in the Commissioners report¹³. PC 73 was anticipated to provide for an additional 2,100 dwellings in very similar location to the PC 81 and 82 land. In his findings, the Commissioner's decline of consent was on the basis of potential reverse sensitivity issues and concerns about the levels of connectivity to the rest of Rolleston.
- 128 The Commissioner did not decline PC 73 on the grounds that sufficient capacity already exists or that growth was not going to occur. With the declining of PC73, PC 81 and 82 become more important to provide much needed additional capacity for Selwyn District to meet strong urban growth pressures.

Dated: 26 August 2022

Greg Akehurst

¹³ Plan Change 73 Recommendation by Commissioner David Caldwell, 1 March 2022.