

Proposed Selwyn District Plan, Ellesmere Rezoning Hearing

Summary statement of position, Economics, Selwyn District Council

INTRODUCTION

Qualifications and Experience

1. My full name is Derek Richard Foy. I was commissioned by Selwyn District Council (“SDC”) to review submission DPR-0436 by PB and JC Nahkies, for the Ellesmere rezoning hearing. I provided that review in a report titled “Selwyn Proposed District Plan rezoning requests: Ellesmere, Peer review of submission expert evidence”, dated 28 November 2022.

Code of Conduct

2. Whilst I acknowledge that this is not an Environment Court hearing, I confirm that I have read and am familiar with the Code of Conduct for Expert Witnesses contained in the Environment Court Practice Note 2023. I have complied with the Code of Conduct in preparing the economics review and this summary statement and I agree to comply with it while giving any oral evidence during this hearing. Except where I state that I am relying on the evidence of another person, my evidence is within my area of expertise. I have not omitted to consider material facts known to me that might alter or detract from the opinions that I express.

Summary of current position

3. Since I completed my report in November, the submitter has lodged evidence in reply. Having reviewed that evidence, my position on the submission is as follows.
4. I continue to hold the opinion that:
 - ❖ In some instances historic demand is not necessarily a good indicator of future demand, particularly in an environment such as Dunsandel where an absence of supply has likely limited how many new dwellings could be constructed.
 - ❖ The residential development the submission seeks to enable would not have more than minor adverse economic effects or result in any significant redistribution of growth within Selwyn.
5. I disagree with Mr Johnson’s assessment that growth in Dunsandel should be assessed against Tier 3 council requirements.¹ Dunsandel is within Selwyn District, and all of the District is identified as a Tier 1 authority under the NPS-UD. However, Dunsandel is outside the “urban

¹ Statement of evidence of Richard Johnson (planning), paragraph 74

environment” (in NPS-UD terms) as defined by SDC, and so is not part of a Tier 1 or 2 urban environment.

6. My understanding therefore is that Dunsandel is a non-urban part of a Tier 1 authority, and hence it is not clear whether, or to what extent, Dunsandel is subject to the NPS-UD. Clause 3.2(1)(a) of the NPS-UD requires SDC to provide at least sufficient development capacity to meet expected demand for housing in existing and new urban areas (not ‘urban environments’), which may be interpreted as making Dunsandel subject to the NPS-UD, and would provide a basis for enabling additional housing in Dunsandel.
7. Mr Nahkies’ evidence is that realistic demand for new dwellings in Dunsandel is around five dwellings per year,² based on strong uptake of the only recent residential subdivision in the town and high growth projected elsewhere in Selwyn. I accept Mr Nahkies’ assessment of that demand, and his observations that there is inevitably uncertainty associated with demand projections. While Mr Nahkies’ projections are higher than SDC’s projected demand for Dunsandel, the difference is small in absolute terms, and both speak to a low growth environment.
8. Mr Johnson states that there are no feasible alternatives for accommodating that growth in Dunsandel,³ which he concludes due to the PDP proposing no additional residential zoned land in Dunsandel. My understanding is that most of the 31 lots in the Dunsandel estates subdivision are yet to be built on, even if they have been sold, and therefore they remain vacant, and an alternative to accommodating future growth. Nevertheless, even demand for an additional five dwellings per year (as Mr Nahkies suggests) would require Council (as a Tier 1 authority) to provide for some additional development capacity in Dunsandel in order for supply in Dunsandel to be at least as great as projected demand, and hence to give effect to the NPS-UD.
9. That means that the zone change requested would be consistent with NPS-HPL clause 3.6(1)(a) because the rezoning is required to provide sufficient development capacity, and there are no other reasonably practicable options for providing that capacity in Dunsandel, as assessed in Attachment 1 to Mr Johnson’s planning evidence. I generally accept that there is a low likelihood of infill housing establishing in Dunsandel, and agree with Mr Nahkies that half (i.e. six) of the 12 infill potential sites are “likely to be reasonably expected to be realized”.⁴
10. If, then, all of the 31 lots in Dunsandel Estate are vacant supply, and there are six lots available for infill, there would be capacity for around 37 additional dwellings in Dunsandel. That would equate to seven or eight years of supply, meaning vacant supply would be exhausted within

² Brief of Evidence in Reply of Peter Brent Nahkies on behalf of PB and JC Nahkies, paragraph 27

³ Brief of Evidence in Reply of Richard Johnson (planning) on behalf of PB and JC Nahkies, paragraph 60

⁴ Brief of Evidence in Reply of Peter Brent Nahkies on behalf of PB and JC Nahkies, paragraph 14

the NPS-UD medium term (10 years), I the absence of any other residential supply being identified.

11. The new demand evidence provided by Mr Nahkies provides, in my opinion, a basis on which enabling new residential supply on the Site's highly productive land could be justified. My interpretation of Mr Nahkies' evidence is that Dunsandel can be considered to be a separate locality to the parts of Selwyn within the GCP area, as evidenced by the much lower price point of Dunsandel residential sections.⁵ That different locality would enable SDC to apply an urban rezoning to the Site's highly productive land if it was accepted that there are no other options to provide sufficient development capacity within the (Dunsandel) locality (under clause 3.6(1)(a)), as Mr Johnson's planning evidence concludes.
12. Should an alternative, broader, spatial definition of 'locality' be preferred, such as encompassed Rolleston within the same locality, my interpretation is that rezoning of the Site as requested would be contrary to the NPS-HPL because there is at least sufficient development capacity in the broader Selwyn land market.

Conclusion

13. My peer review report conclusion remains largely unchanged, and the additional evidence provided by Mr Nahkies and Mr Johnson allows me to conclude from a practical, economics perspective, there is justification and a need for the rezoning requested so that SDC can adequately provide for growth. However, the interrelated provisions in the NPS-HPL and the NPS-UD appear to me to raise some complications which warrant some planning and legal input. Those issues notwithstanding, I now support the application on economics grounds, including subject to the NPS-HPL, noting that there remain environmental, social, and cultural costs and benefits for the commissioners to weigh.

Derek Foy

28 February 2023

⁵ Brief of Evidence in Reply of Peter Brent Nahkies on behalf of PB and JC Nahkies, paragraph 28