

Selwyn Proposed District Plan rezoning requests: Lincoln

Peer review of submission expert evidence

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1 Introduction

This report reviews submissions made to request rezonings under the Proposed Selwyn District Plan that relate to the Lincoln rezone packet. The submissions that require review were identified by Council officers, and are those that contain some coverage of economics issues, and are supported by technical information. Two such submissions were identified for our review, as identified in section 1.2.

1.1 Objectives

The objectives of this report are to:

- ❖ review the identified submissions.
- ❖ assess the appropriateness of the land to be re-zoned in line with the relief sought in the submission.
- ❖ identify any information gaps in the expert evidence or any other matters required to assess the appropriateness of the land to be re-zoned.

1.2 Report structure

This report is structured as follows:

- ❖ Section 2 NPS-HPL
- ❖ Section 3 DPR-0056 Broadfield Estates Limited (Lincoln)
- ❖ Section 4 DPR-0136 Lynn and Malcolm Stewart, Lynn and Carol Townsend, and Rick Fraser (Lincoln).

2 NPS-HPL

The National Policy Statement on Highly Productive Land (“NPS-HPL”) was released on September 18 2022, after submissions were lodged. That means that submissions and their associated expert evidence did not have the opportunity to respond to issues that arise out of the objectives, policies, and rules in the NPS-HPL. In this section we summarise some of the key issues arising from the NPS-HPL from an economics perspective.

First we note that the Land Use classification (“LUC”) of land on each of the requested rezoning sites will vary, and the appropriateness of each rezoning request will need to be assessed individually, based on soil characteristics, the location of each site, and the proposed activity.

A key issue arising from the NPS-HPL is the tension created between that statement and the NPS on Urban Development (“NPS-UD”). The NPS-UD requires local authorities to “at all times, provide at least sufficient development capacity to meet expected demand for housing and for business land over the short term, medium term, and long term”.¹ That sufficient capacity is a core thread of creating the well-functioning urban environments that are the overarching objective of the NPS-UD. The key from that policy is that the NPS-UD effectively requires a minimum, not maximum, amount of development capacity.

In contrast, the NPS-HPL requires that use of HPL is minimised:

- ❖ “Tier 1 and 2 territorial authorities may allow urban rezoning of highly productive land only if:
 - ❖ (a) the urban rezoning is required to provide sufficient development capacity to meet demand for housing or business land to give effect to the National Policy Statement on Urban Development 2020; and
 - ❖ (b) there are no other reasonably practicable and feasible options for providing at least sufficient development capacity within the same locality and market while achieving a well-functioning urban environment; and
 - ❖ (c) the environmental, social, cultural and economic benefits of rezoning outweigh the long-term environmental, social, cultural and economic costs associated with the loss of highly productive land for land-based primary production, taking into account both tangible and intangible values.”²
- ❖ “Territorial authorities must take measures to ensure that the spatial extent of any urban zone covering highly productive land is the minimum necessary to provide the

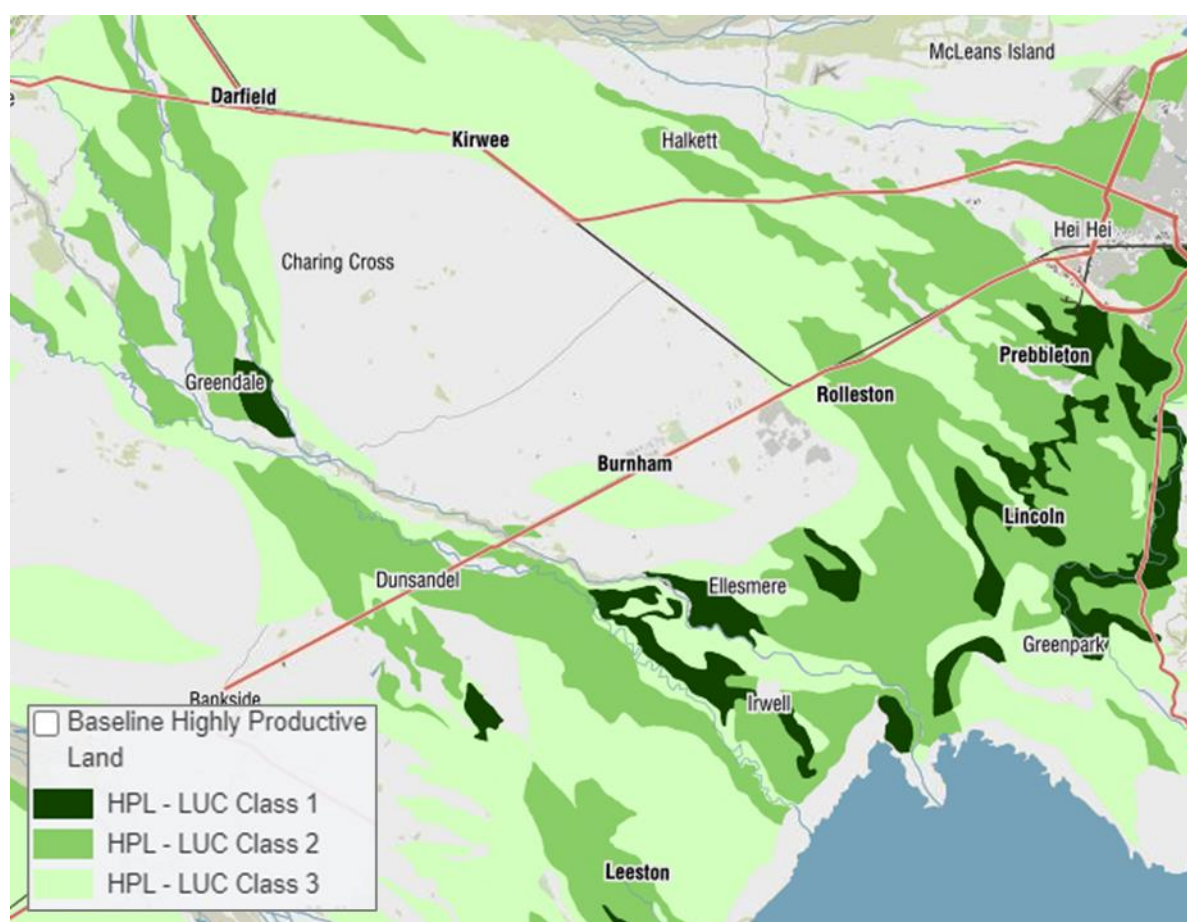
¹ NPS-UD Policy 2

² NPS-HPL clause 3.6(1)

required development capacity while achieving a well-functioning urban environment”.³

This indicates that there should be a balance between providing sufficient development capacity to meet NPS-UD obligations, yet not providing too much so as to meet NPS-HPL obligations. This implies that when HPL is present, there should be a ‘sweet spot’ where just enough, but not too much, HPL is made available for development. So while the NPS-UD alone does not impose minima, as pointed out by some submitters, it cannot be a case of “more is better” when HPL is in play. Much of Selwyn is HPL (LUC 1-3), so this issue will be widespread when assessing the submissions, and because the NPS-HPL came into effect after submissions closed the issue has not been assessed in submissions.

Figure 2.1: Selwyn HPL⁴



³ NPS-HPL clause 3.6(5)

⁴ <https://ourenvironment.scinfo.org.nz/maps-and-tools/app/Land%20Capability>

3 DPR-0056 Broadfield Estates Limited (Lincoln)

3.1 Decision sought

This submission seeks that the land at 12 Vernon Drive, Lincoln be changed from General Residential (“GRZ”) as notified to Town Centre Zone (“TCZ”). The submission was accompanied by planning, traffic and economics evidence.

3.2 Geographic area

The geographic area subject to the requested zoning (the “BEL site”) was shown in Figures 1 and 3 of the statement of Clare Dale (planning), which are reproduced as Figure 3.1 and Figure 3.2. The BEL site is approximately 0.6ha, and is adjacent to both the operative (Business 1) and notified (Town Centre) Lincoln centre zone, and the Key Activity Centre (“KAC”). The centre zone in this location is fully developed, and includes Lincoln’s New World supermarket, and a range of small format retail and services activities. Other neighbouring zones in the notified Plan are the Knowledge Zone (to the west) and MDRS (to the east and south).

Figure 3.1: 12 Vernon Drive and surrounding sites



Figure 3.2: DPR-0056 zoning change requested⁵



3.3 Submission points

The submission and its associated expert evidence makes the following points relevant to assessing the economic merits of the submission:

- ❖ 2018 analysis indicated that Lincoln was heading for a shortfall of town centre capacity on or before 2028.⁶
- ❖ The notified TCZ is dominated by vacant potential, rather than vacant, capacity which requires redevelopment of existing buildings, reducing the feasibility of the capacity and constraining how and when growth is likely to be realised.⁷ The vacant potential areas include the area of Transitional Living Precinct along Gerald Street, which contains a number of houses, some of which have been converted to commercial uses.
- ❖ Demand for business land in Lincoln is growing strongly, but an absence of vacant land means there is a high risk that demand will not be met.⁸

⁵ Figure 3 from statement of evidence of Clare Dale (planning)

⁶ Statement of evidence of Natalie Hampson (economics), paragraph 11

⁷ Statement of evidence of Natalie Hampson (economics), paragraph 12

⁸ Statement of evidence of Natalie Hampson (economics), paragraph 13

- ❖ The BEL site at 12 Vernon Drive proposed for TCZ is the only large, vacant site adjoining the Lincoln KAC. It will provide much needed feasible development capacity to help meet a share of short-medium term demand for business land in Lincoln.⁹

3.4 Further submission points

There were no further submissions on submission 56.

3.5 Response to submission points

Lincoln's population is growing, and demand for additional commercial and retail space will increase as the population grows, and as the evidence of Ms Hampson notes, there is very little vacant (notified) Town Centre zoned land available to accommodate that growth. The Lincoln Town Centre appears to be performing well, with several factors indicating a 'healthy' centre, including low vacancy rates, recent building activity (including areas to the north of the submission site on Vernon Drive) and ongoing catchment growth.

We agree with the assessment of Ms Hampson that the requested expansion of the TCZ by in the order of 5%¹⁰ would be minor. The natural extension to that increase in zoned area is that there would be no more than minor adverse effects on established businesses operating in the Lincoln KAC, or on other Selwyn centres as a result of the requested TCZ expansion.

While the loss of the site's 0.6ha from proposed residential supply would reduce residential capacity in Lincoln, there are two factors that mitigate that loss. First, additional residential supply has different location requirements to centre-zoned land. Additional centre zones in Lincoln should be established either as standalone centres to service walkable catchments, or attached to the Town Centre zone. Residential supply can establish in a much broader range of locations, and the strategic value of the site adjacent to existing Town Centre activities (the operative Business 1 and notified Town Centre zone) indicates that the positive effects (as outlined below) of providing additional centre zoned land on the BEL site would outweigh the negative effects of losing residential zoned land.

Second, a significant new residential area is proposed to the south of Lincoln. Proposed private Plan Change 69 sought to rezone 190ha of rural land to residential land, and would enable approximately 2,000 residential sites. The decision of Council was to approve that plan change, although that decision has been appealed. The decision is now also subject to Variation 1 to Plan Change 69, which is required to give effect to the Government's new building intensification rules, which would increase the dwelling yield. Also, the majority of Lincoln residential zones have been changed to MDRS, which will allow greater potential for infill and redevelopment within the urban area. Therefore, the loss of

⁹ Statement of evidence of Clare Dale (planning), paragraph 9.2

¹⁰ Statement of evidence of Natalie Hampson (economics), paragraph 40

residential development potential on this small site is unlikely to negatively impact the residential market in Lincoln.

We agree with the assessment of Ms Hampson in relation to the economic benefits of the proposed rezoning of the BEL site, including providing: greater functional and social amenity for the community; opportunities for new businesses to establish in Lincoln; and increased local employment. We also accept Ms Hampson's observation that the current development on the parcel to the south of the BEL site would limit the ability for the centre to expand any further in that direction.

Overall, we agree that the requested change of zoning on the BEL site from GRZ as notified, but in practice MDRS to TCZ would be appropriate, and a positive outcome for the ongoing development of Lincoln, and particularly the Town Centre.

4 DPR-0136 Lynn and Malcolm Stewart, Lynn and Carol Townsend, and Rick Fraser (Lincoln)

4.1 Decision sought

This submitters now seek the rezoning of eight parcels variously accessed off Springs Road and Tancred Road, in the northern-most part of Lincoln. Four of those parcels are sought to be rezoned to General Industrial Zone (“GIZ”) and four to the notified GRZ, but in practice MDRS,¹¹ although I understand the submission originally sought different residential zonings. The latest rezoning proposal includes land requested to be rezoned via further submissions.¹²

4.2 Geographic area

The geographic area subject to the requested zoning (the “Springs/Tancred site”) was shown in Figure 3 of the statement of Fiona Aston (planning), which is reproduced as Figure 4.1.

Figure 4.1: DPR-0136 zoning changes requested¹³



Figure 3: Lincoln PSDP zoning –Proposed GI zoneoutlined in purple; proposed GR zone outlined in red.Transmission line shown by dark black line.

¹¹ Statement of evidence of Fiona Aston (planning), paragraph 18

¹² Long (DPR-0499), Hudson (DPR-0501), McLaughlin (DPR-0502)

¹³ Figure 3 from statement of evidence of Fiona Aston (planning)

The area subject to this rezoning request is a total of 37.3ha, of which 22.65ha is proposed to be GIZ, and 14.61ha GRZ (although in practice MDRS) land. The eastern boundary of the Springs/Tancred site is a notified GRZ zone, while all other neighbouring sites are zoned General Rural Zone (“GRUZ”). Adjacent to the Springs/Tancred site to the south is “Smith’s Block”, which is owned by Plant & Food Research (“P&F”, a New Zealand Crown Research Institute), and used by P&F as a research facility.¹⁴

4.3 Submission points

The submission and its associated expert evidence makes the following points relevant to assessing the economic merits of the submission:

- ❖ Parts of the Springs/Tancred site is considered suitable for GIZ because it provides for potential for future growth.¹⁵
- ❖ Lincoln is a Sub-District Centre and cannot properly serve this function if an adequate area of GIZ land is not zoned to meet the industrial needs of this fast growing township.¹⁶
- ❖ The proposal would respond to the potential rezoning of the existing industrial zone in southern Lincoln and ensure there is a sufficient quantity of industrial land available in the town.¹⁷
- ❖ The proposal would be a more efficient location for industrial activity than the operative industrial zone.¹⁸
- ❖ There is forecast to be demand for 18ha of industrial land in Lincoln by 2031.¹⁹
- ❖ The proposed rezoning will add significant additional development capacity for both industrial and residential development; and will contribute to a well-functioning urban environment.²⁰

4.4 Further submission points

Further submissions made by P&F (FS213) and AgResearch (FS342) oppose the proposed rezoning, because of the potential adverse effects the rezoning would have on their (P&F and AgResearch) research operations. P&F’s research facility “Smith’s Block” is on the site to the Springs/Tancred site while the nearest part of the closest AgResearch site is located some 93m to the south-west.²¹ The role of P&F in undertaking plant and food research, and the requirements of land accommodating P&F

¹⁴ Statement of evidence of Ryan Brosnahan (planning), paragraph 12, in relation to further submission DPR-0213

¹⁵ Statement of evidence of Fiona Aston (planning), paragraph 11.1

¹⁶ Statement of evidence of Fiona Aston (planning), paragraph 11.2

¹⁷ Statement of evidence of Adam Thompson (economics), paragraph 13

¹⁸ Statement of evidence of Adam Thompson (economics), paragraph 14

¹⁹ Statement of evidence of Adam Thompson (economics), paragraph 11

²⁰ Statement of evidence of Fiona Aston (planning), paragraph 13

²¹ Statement of evidence of Graeme Mathieson (planning), paragraph 4.5

research facilities is described in the statement of evidence of Dr Dyer. Mr Mathieson provides a similar summary on behalf of AgResearch.

4.5 Response to submission points

We accept the point made in the economics evidence of Mr Thompson that Lincoln is currently not serviced by industrial activities in the town, and that population growth will result in an increasing amount of industrial land being supported by Lincoln's population. We also agree that it would be efficient and appropriate to provide for some industrial zoned land in Lincoln to provide for the community's needs.

However, we disagree that the size of the Lincoln population is an appropriate metric to use in isolation to assess demand for industrial land. Industrial land is occupied by a range of different uses, with most activities not reliant on being near a particular residential market, other than to provide a workforce, and instead co-locate with other industrial activities to derive agglomeration benefits, and supply non-residential customers. Those types of activities mean that much industrial activity is part of a broad, sub-regional market, rather than a small scale local market.

The proximity of Selwyn and Waimakariri to Christchurch means that all three areas function as part of a single regional industrial land market, to some extent. Some industrial activities are more appropriately provided locally (automotive workshops, some types of trade suppliers, etc.) but most (warehouses, manufacturing, storage, transport depots etc.) do not need to locate near a specific local population.

In the case of Lincoln, that significantly limits the amount of industrial activity that needs to locate in the town, given the proximity of the large industrial zones at Rolleston and in Christchurch (particularly the area from Hornby through to Addington). The closest parts of those zone are only around 10km from Lincoln (11km to Rolleston, 9km to Hornby South). That proximity, and the non-local role of most industrial activity, limit the relevance of per capita supply assessments such as presented by Mr Thompson,²² and his assessment should be interpreted in the location-specific context of each place, and their proximity to the nearest large industrial node.

For that reason we consider there is no evidential support to adopt demand of 15m² per capita to assess total current demand for 13ha of industrial land in Lincoln.²³ In our opinion, the amount of industrial land that would be required in Lincoln to, as Mr Thompson acknowledges, "in large part service the requirements of the local population"²⁴ would be much less than 13ha.

²² Statement of evidence of Adam Thompson (economics), section 4

²³ As used in the Appendix A to the statement of evidence of Adam Thompson (economics), p10

²⁴ Appendix A to the statement of evidence of Adam Thompson (economics), p11

Another relevant factor to consider is that some of the activities identified in Mr Thompson's assessment are very space extensive activities that have established in an area because of the locational attributes of that place (i.e. proximity to rail and state highway), meaning the industrial zoned land per capita is of limited relevance to Lincoln. For example, the dominance of a large Fonterra site in Morrinsville, Silver Fern Foods in Te Aroha, a salmon hatchery in Port Chalmers, the Huntly power station, or the Dargaville saleyards complicate the issue of per capita supply. Some of those place are large distances from the nearest alternative industrial node (e.g. Dargaville, Martinborough, Hawera, Warkworth), which also affects the type and amount of industrial activities that need to locate in each place.

The economics evidence provided by the submitter does assess the suitability of the Springs/Tancred site as a location to accommodate industrial activity. We generally agree with that assessment, in particular that the site is on the Christchurch side of Lincoln, and is located on one of the main roads between Christchurch and Lincoln, which would provide efficient access to the site. However, there are other industrial areas in Selwyn (Rolleston) and Christchurch (Hornby) that have far better access than this site which means that it is unlikely to play a major role in the wider sub-regional market.

The economics evidence does not assess the potential economic effects on the further submitters (Ag Research and P&F), although the planning evidence of Ms Aston does.²⁵ From evidence provided by the further submitters (in particular the statements of Dr Dyer and Mr Mathieson), the further submitters used their land for research activities to support New Zealand's horticulture sector. Those research activities are described as being time, labour and capital intensive, with nationally significant implications.²⁶

Interruption to those activities might therefore have more than minor adverse economic effects, and, as Dr Dyer states "negatively impact national research priorities and compromise New Zealand's economic, environmental and social future state".²⁷ A similar conclusion is reached by Mr Mathieson for AgResearch, who states that the "planning regime clearly recognises the regional and national importance of these research facilities, and the importance of ensuring they are adequately provided for and protected (including in relation to reverse sensitivity effects from future rural residential areas and urban development)."²⁸

The proximity of the Springs/Tancred site to the P&F and AgResearch land, the sensitivity of that land to reverse sensitivity effects,²⁹ and security breaches,³⁰ and the national economic significance of the

²⁵ Statement of evidence of Fiona Aston (planning), paragraphs 38 and 39

²⁶ Statement of evidence of Jolon Dyer, paragraphs 7-15

²⁷ Statement of evidence of Jolon Dyer, paragraph 11

²⁸ Statement of evidence of Graeme Mathieson (planning), paragraph 4.9

²⁹ Statement of evidence of Jolon Dyer, paragraph 13

³⁰ Statement of evidence of Jolon Dyer, paragraph 14

activities conducted on the further submitters' land indicate that there are likely to be adverse economic effects generated by the change requested. Based on those further submissions, we do not accept that the Springs/Tancred site of the submitters is an appropriate location to accommodate industrial activity.

In relation to the proposed residential zone, no economic evidence or demand assessment is provided to indicate that the Springs/Tancred site of the submitters is required for residential activity. The evidence of Mr Thompson does identify the quantum of growth projected to occur in Lincoln township, but does not assess how that demand might be accommodated, or whether the site is required to assist with that accommodation. The very significant residential capacity of the Plan Change 69 area in southern Lincoln will go a long way towards providing additional residential capacity (outcome of its appeal notwithstanding), as will the proposed MDRS zoning of most of the Lincoln urban area. Both of those factors will reduce or remove the need for additional residential land, particularly in a location subject to the constraints identified by P&F and AgResearch.

Further, since the submission was made the NPS-HPL has been introduced, and as discussed in section 2 of this review it requires that the "spatial extent of any urban zone covering highly productive land is the minimum necessary to provide the required development capacity while achieving a well-functioning urban environment".³¹ While Mr Thompson has not had the opportunity to assess that, that requirement will need to be taken into account when evaluating the merits of this submission.

³¹ NPS-HPL clause 3.6(5)