

Appendix 3: Peer Reviews and Evidence Statements

Selwyn Proposed District Plan rezoning requests: West Melton

Peer review of submission expert evidence

Prepared for Selwyn District Council

Final

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1 Introduction

This report reviews submissions made to request rezonings under the Proposed Selwyn District Plan that relate to the West Melton 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. One such submission was identified for our review, as identified in section 1.2.

1.1 Objectives

The objectives of this report are to:

- ❖ review the identified submission.
- ❖ 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 as structured as follows:

- ❖ Section 2 NPS-HPL
- ❖ Section 3 DPR-0460 Marama Te Wai (West Melton).

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

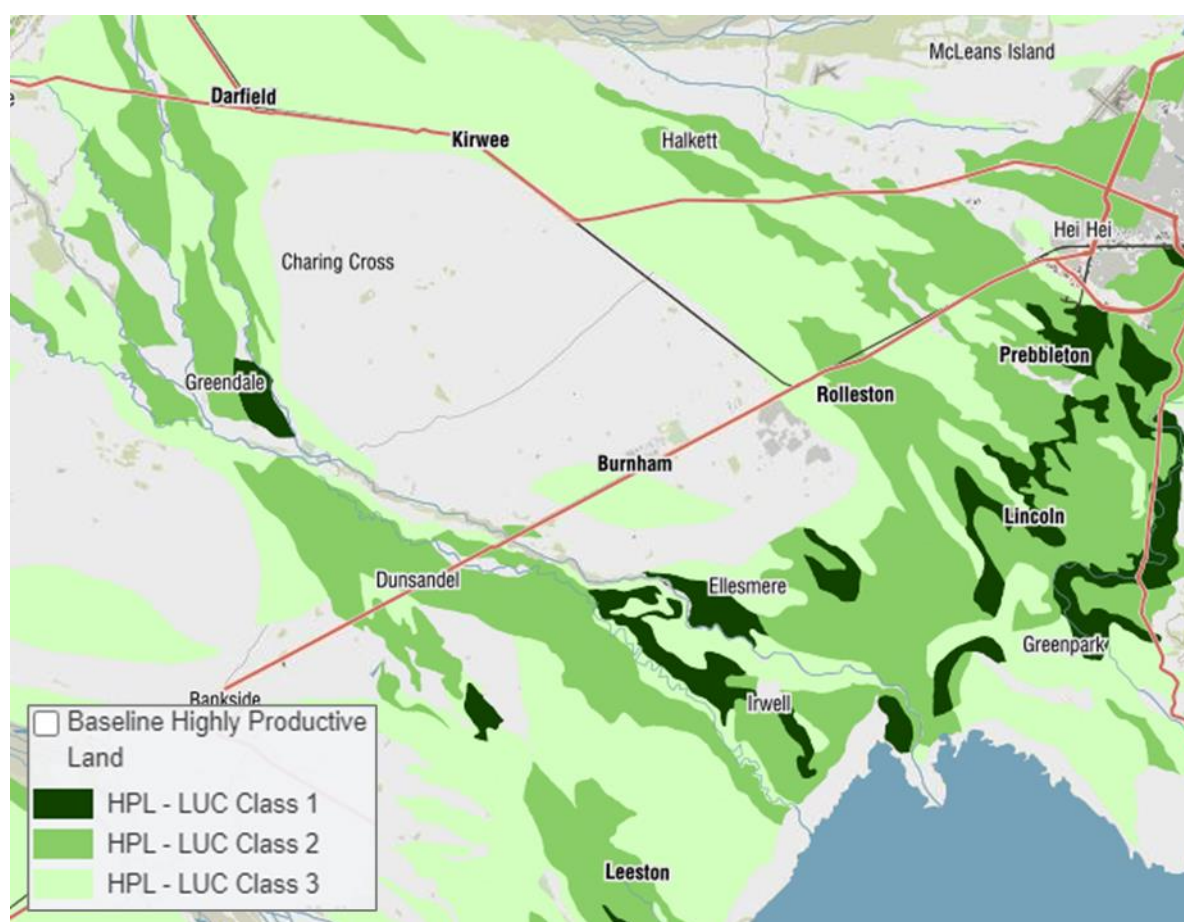
¹ NPS-UD Policy 2

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-0460 Marama Te Wai (West Melton)

3.1 Decision sought

This submission was originally lodged by a Marama Te Wai Limited, in relation to a block of land in West Melton. Since that submission was lodged, the property has been sold, and the submission has been taken over, and revised, by the new property owner, West Melton Holdings Limited (“WMHL”). The revised, current submission now seeks a different decision from the original submission. The new outcome requested is to amend the PDP to enable “medium density housing or a retirement village to be developed on the 12.55ha site”.⁵

I note that the overriding reference in the statements of evidence of both Mr Thomson (planning) and Mr Colegrave (economics) is focussed on the retirement village element, with much more limited coverage of general residential activity.

3.2 Geographic area

The geographic area subject to the requested zoning (the “WMHL block”) is adjacent to the western edge of the existing West Melton urban area. The block is rectangular in shape, with a road frontage to State Highway 73, and access also off Elizabeth Allen Drive. Adjacent notified zones are LLRZ (along the eastern, urban boundary), and GRUZ elsewhere. The location of the WMHL block was shown in Figure 4 of the statement of Ivan Thomson (planning), which is reproduced as Figure 3.1.

⁵ Statement of evidence of Ivan Thomson (planning), Appendix 2

Figure 3.1: DPR-0436 revised zoning changes requested



Figure 4: Current live Plan Change Proposals West Melton PC 77 outlined in red; PC74 outlined in green; PC67 outlined in purple (PC 67 recently approved and now operative).

3.3 Submission points

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

- ❖ The original rezoning proposed by Marama Te Wai would enable the creation of around 525 sections on around 50ha, which is also sought through a private plan change (Plan Change 77).⁶
- ❖ The original rezoning proposed has now been changed to instead enable development of a retirement/lifestyle village on the 12.5ha WMHL block,⁷ which is indicated to yield around 220 dwellings.⁸
- ❖ The Site is outside the Projected Infrastructure Boundary.⁹

⁶ Statement of evidence of Ivan Thomson (planning), paragraph 1

⁷ Statement of evidence of Ivan Thomson (planning), paragraph 2

⁸ Statement of evidence of Fraser Colegrave (economics), paragraph 18

⁹ Statement of evidence of Ivan Thomson (planning), paragraph 5

- ❖ Selwyn’s population has grown rapidly recently, and is projected to continue to do so, and Councils’ growth projections are too low, meaning its estimates of likely capacity to meet that demand are overstated,¹⁰ and additional land needs to be identified and rezoned as soon as possible to meet NPS-UD obligations.¹¹
- ❖ The proposed zone change would result in economic benefits including providing additional supply to meet shortfalls, increasing land market competition, providing a variety of housing typologies to meet the needs and preferences of a growing demographic of active older people, freeing up existing housing for families, providing more consumers to support local service provision, and one-off construction benefits.¹²

3.4 Further submission points

There were several further submissions on submission 460. I generally agree with Mr Colegrave’s assessment of those further submissions, including that:

- ❖ Submission 347: There is no evidence to support the submission point that the request would cause neighbouring property values to fall.
- ❖ Submissions 537, 578 and 594: These submissions state that there is enough housing to support growth, and we agree with Mr Colegrave that this is unlikely to be correct, particularly in the long term, as described below.
- ❖ Submission 537: We agree with the submission point that there is no major source of employment in West Melton, although the large employment areas in Rolleston (the industrial zones, future LFRZ and town centre) are less than 10km to the south, and therefore are relatively accessible for the West Melton population. We do not agree with Mr Colegrave that employment access is not relevant for the request because it is for a retirement village, because the requested rezoning would not only enable retirement dwellings, but general residential dwellings as well.

3.5 Response to submission points

Mr Colegrave’s evidence is predicated on the rezoning enabling the accommodation of a “comprehensively planned lifestyle village”,¹³ with no reference to the potential for the Site to be used for general residential dwellings instead of a retirement village. Mr Thomson’s statement says that the “proposed activity is consistent with “Retirement Village” as defined in the PSDP”,¹⁴ although I note from my understanding that for these rezoning hearings (independent of plan change 77) it is

¹⁰ Statement of evidence of Fraser Colegrave (economics), paragraphs 10-13

¹¹ Statement of evidence of Fraser Colegrave (economics), paragraph 14

¹² Statement of evidence of Fraser Colegrave (economics), paragraph 15

¹³ Statement of evidence of Fraser Colegrave (economics), paragraph 17

¹⁴ Statement of evidence of Ivan Thomson (planning), appendix 2

not an activity that is being proposed, rather a zoning that can accommodate a range of different activities, pursuant to the rules for the zone requested. For that reason, it is my understanding that the rezoning requested would not limit residential activity to a retirement village, and instead general residential dwellings would also be enabled.

I agree with Mr Colegrave's assessment of growth trends in Selwyn, and that recent growth has been much faster than was projected. As I note above in response to submissions 374 and 384, the size of the Selwyn District population in 2031 is now projected to be more than double the 2031 population that was projected by Statistics NZ around the time of the 2014 assessment.

Flowing from that, we also agree with Mr Colegrave's assessment of the need for additional dwelling supply in Selwyn to meet projected future demand. Further, as Mr Colegrave states, the estimates of supply sufficiency provided in the Greater Christchurch Partnership's Housing and Business Capacity Assessment are minima, not maxima, and so providing supply in excess of projected demand is not precluded by the NPS-UD. However, we do note that the NPS-HPL effectively does impose maxima, through clause 3.5, as discussed in section 2 of this review.

Mr Colegrave has assessed the implications of the new MDRS standards on residential capacity in Selwyn. I generally agree with his conclusion that the MDRS are likely to result in very limited additional residential supply in Selwyn (especially in the coming decade when the WMHL block is developed), due mostly to the fact that much of the dwelling stock in the highest growth parts of the District has been built since 2000¹⁵ (and even since 2010), significantly limiting the redevelopment potential of those lots. I am aware that there has been some redevelopment of a limited amount of dwelling stock on the edge of the Rolleston town centre (Tennyson Street) for commercial buildings, however that redevelopment is distinguishable from redevelopment for residential purposes.

In my opinion that redevelopment does not provide any basis for indicating that those properties, or similarly sized/aged dwellings elsewhere in the District, have potential to be redeveloped for residential purposes, and I agree with Mr Colegrave's conclusions about the limited redevelopment potential of existing residential lots that will be stimulated by the MDRS.

Mr Colegrave has assessed demand and supply in Selwyn, and in the West Melton/Prebbleton sub-district. We generally agree with his observations and conclusions that there is likely to be a shortfall of residential land in the medium and long terms within those towns, and that the large number of plan changes that are in place would alleviate undersupply in the medium term, if all were approved. However, because there is no certainty that all will be approved, and a long term supply shortfall is

¹⁵ Statement of evidence of Fraser Colegrave (economics), paragraph 74

expected, it appears to us very unlikely that approving the rezoning request would result in an oversupply of residential capacity in the West Melton/Prebbleton area.

Mr Colegrave's opinion is that the requested rezoning would result in a significant increase in residential supply. He bases that conclusion on the HBA's survey of landowners of parcels that could develop 20+ dwellings.¹⁶ The HBA does not state that 20 dwellings is a threshold for being a significant development in terms of clause 3.8 of the NPS-UD, instead used 20 dwellings as a filter for gathering information from a market survey. Our understanding is that there is no quantitative definition of significance in the context of clause 3.8, and that 'significance' will vary between places. Our opinion is that the requested rezoning would be significant within the West Melton/Prebbleton market, because it would enable development of around 220 dwellings in a market in which there is only feasible capacity for 181,¹⁷ and would enable a 7% increase in new dwelling supply in Selwyn in the short term, and 4% in the medium term. So ultimately I agree with Mr Colegrave's conclusion that the requested rezoning would result in a significant increase in residential supply.

Mr Colegrave identifies the provision of a wide range of housing typologies as a benefit of the requested rezoning.¹⁸ I do not agree that a wide range of housing typologies would necessarily result from the rezoning, and my understanding of the request is that the GRZ requested would enable non-retirement village dwellings to be established. That means that the 12.5ha WMHL block could be developed as another typical West Melton residential subdivision such as Wilfield, rather than specifically resulting in a retirement village. For that reason my understanding is that many of the economic benefits associated with the provision of a retirement village would not necessarily eventuate. Those are identified by Mr Colegrave as including different sized dwellings for different family types (1 bedroom, 2 bedroom, and larger); providing the first retirement village in West Melton to allow aging in place; and freeing up existing homes for families to move into.

I agree that if the rezoning requested were to be approved it would support increased local provision of retail and services. That increase would not be very large if the rezoning yielded around 220 new lots, and may result in existing stores in the West Melton centre becoming busier, rather than any significant new provision of different store types.

Mr Colegrave has identified high existing levels of leakage out of Selwyn District,¹⁹ and concludes that the requested rezoning of the WMHL block will reduce vehicle travel. No evidence to support that position is provided, and the rezoning may instead encourage more travel from West Melton to Christchurch, because it is unlikely that the approximately 220 dwellings enabled would result in any

¹⁶ Statement of evidence of Fraser Colegrave (economics), paragraph 98

¹⁷ Statement of evidence of Fraser Colegrave (economics), Table 7

¹⁸ Statement of evidence of Fraser Colegrave (economics), paragraphs 108-119

¹⁹ Statement of evidence of Fraser Colegrave (economics), Table 11

step change in commercial service provision in West Melton, or Selwyn. That means that the residents of those dwellings would continue to access retail goods and services in much the same way that existing West Melton residents do, with high levels of leakage to Christchurch.

However, total leakage out of Selwyn is likely to decrease as a result of the very large amount of residential growth occurring in Selwyn, and the large increase in retail, services and community floorspace that is being developed in Rolleston, including the future Rolleston LFRZ. In summary then, in our opinion leakage out of Selwyn will decrease over time as a result of the population reaching a future critical mass that will support a broader range of retail and services activities in the District. The requested rezoning will contribute to the achievement of such critical mass and leakage reduction, as will all other growth in the District, however the requested rezoning is unlikely to support a material increase in provision in West Melton or change in leakage reduction.

We note that the other two submissions relating to West Melton that have been assessed above (118 and 160) requested additional land be rezoned for centre activities. Development of the WMHL block would provide additional support for some such additional space, although would not materially change the amount required, as assessed above in response to submissions 118 and 160 (concluded to be around an additional 0.7ha).

Ultimately, whether the requested rezoning resulted in a retirement village or general residential dwellings we agree with Mr Colegrave that residential use of the WMHL block would be an appropriate use of the land from an economic perspective, given the high levels of projected demand for residential dwellings in Selwyn, and the location of the WMHL block adjacent an existing residential area.

That conclusion is contingent on an assessment of the request under the NPS-HPL. The NPS-HPL imposes obligations to minimise use of HPL for development, and so it would need to be shown that the rezoning requested is the minimum necessary to provide required development capacity while achieving a well-functioning urban environment, under clause 3.6(5) of the NPS-HPL. While the submitter and its experts have not had the opportunity to assess consistency with the NPS-HPL, that requirement will need to be taken into account when evaluating the merits of this submission, given our understanding that much of the WMHL Block is HPL.