

Before the Independent Hearing Commissioner
Appointed by the Christchurch City Council

Under the Resource Management Act 1991

In the matter of Plan Change 18 (Hendersons Residential Rezoning) to the
Christchurch District Plan

Cashmere Fields

Applicant

Evidence of Derek Richard Foy

14 August 2026

Applicant's solicitors:

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**anderson
lloyd.**

Introduction

- 1 My name is Derek Richard Foy. My qualifications are degrees of Bachelor of Science (in Geography) and Bachelor of Laws from the University of Auckland.
- 2 I am a member of the New Zealand Association of Economists, the Population Association of New Zealand, the New Zealand Association for Impact Assessment, and the Resource Management Law Association.
- 3 I am a Director of Formative Limited, an independent consultancy specialising in economic, social, and urban form issues. I have held this position for two years, prior to which I was an Associate Director of research consultancy Market Economics Limited for six years, having worked there for 18 years.
- 4 I have more than 25 years consulting and project experience, working for commercial and public sector clients. I specialise in assessment of demand and markets, retail analysis, the form and function of urban economies, the preparation of forecasts, and evaluation of outcomes and effects.
- 5 I have applied these specialties in studies throughout New Zealand, across most sectors of the economy, notably assessments of housing, retail, urban form, land demand, commercial and service demand, tourism, and local government.
- 6 I have prepared an economics assessment for a private plan change request (PC18) by Cashmere Fields, seeking to rezone the below sites (the **Site**) from Residential New Neighbourhood (**RNN**) and Rural Urban Fringe (**RUUF**) zones to RNN, excluding the stormwater management areas which will remain RUUF (**the Proposal**):
 - (a) 126 Sparks Road (Lot 1 DP 412488)
 - (b) 17 Northaw Street (Lot 2 DP 412488)
 - (c) 36 Leistrella Road (Lot 3 DP 412488)
 - (d) 240 Cashmere Road (Lot 23 DP 3217)
 - (e) 236 Cashmere Road (RS 41613)
 - (f) 200 Cashmere Road (Lot 1 DP 547021)
 - (g) 60 Leistrella Road, Part of Lot 406 DP 561520 (Balance Lot 349 as per RMA20213829)
- 7 My economics assessment was contained in two documents:

- (a) “Cashmere Road Plan Change Economic impact assessment”, Formative Limited, 1 May 2023 (Appendix S in the application materials) (the **EIA**).
 - (b) “Cashmere Road Plan Change economic assessment”, letter dated 12 February 2025 updating the 2023 assessment, (Appendix H in the application materials) (the **EIA update**).
- 8 In preparing this evidence I refer to those two documents, and have also considered the following documents:
- (a) Submission 593 to Plan Change 14 (Housing and Business Choice) (**PC14**) to the Christchurch District Plan, in particular the statement of evidence of Natalie Hampson (20 September 2023) on behalf of Cashmere Park Limited, Hartward Investment Trust and Robert Brown (Appendix T in the application materials).
 - (b) “Plan Change Request and Section 32 Planning Assessment”, Eliot Sinclair, 25 March 2025 (**s32 report**)
 - (c) Various other application documents including Outline Development Plan maps (Appendix A), NPS-UD assessment (Appendix I), NPS-HPL assessment (Appendix J), and the Christchurch District Plan Assessment (Appendix P).
 - (d) Submissions and the summary of submissions.
 - (e) Section 42A report.

Code of Conduct for Expert Witnesses

- 9 While this is not a hearing before the Environment Court, I confirm that I have read the Code of Conduct for expert witnesses contained in the Environment Court of New Zealand Practice Note 2023 and that I have complied with it when preparing my evidence. Other than when I state I am relying on the advice of another person, this 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.

Scope of evidence

- 10 I have prepared evidence in relation to economics. This evidence addresses:
- (a) The key findings of my economic impact assessment report;
 - (b) Matters raised in submissions; and
 - (c) Matters raised in the s42A report.

- 11 The Proposal is described at paragraphs [21] – [42] of the evidence of Jade McFarlane. I rely on that description and only provide further detail where this is necessary for the purposes of my evidence.

Executive summary

- 12 I prepared an EIA in 2023, and an update in February 2025, assessing the economic effects of the proposed rezoning of the Site for residential development. The EIA was not submitted with the plan change request, but is attached to this statement. Having reviewed changes since those assessments were completed, including changes to planning policy, housing information and residential development activity, I remain of the opinion that the proposal is appropriate from an economic perspective.
- 13 My earlier assessments concluded that the proposal would make an important contribution towards meeting housing demand in southwest Christchurch. The available evidence indicated that feasible residential development capacity within the locality was likely to become insufficient within the medium term required under the National Policy Statement on Urban Development (**NPS-UD**), and that additional greenfield capacity would be required to maintain a well-functioning urban environment.
- 14 The Site is one potential option within the locality on which to provide some of the additional capacity required in the locality, and the EIA concluded that there are no other reasonably practicable and feasible options for providing that capacity within the locality. Alternative options for additional supply on greenfields sites are either less accessible to central Christchurch or are located on higher class soils than the Site. Council's assessment indicates that insufficient infill capacity is feasible in the locality, largely due to the newer housing stock and smaller section sizes, meaning greater intensification within existing urban parts of the locality will not be able to provide the required capacity.
- 15 The Site is well located to accommodate urban residential growth in Christchurch, and the greenfield priority area (**GPA**) on part of the Site is the second closest GPA in the City to central Christchurch. The Site is located within an existing urban environment that is well serviced by a wide range of social, commercial and community facilities and employment options, and development of the Site would contribute to a well-functioning urban environment.
- 16 Since completion of my previous assessments, Christchurch City Council has continued to progress its housing planning programme, including Plan Change 14, the Government has amended the mandatory Medium Density Residential Standards (**MDRS**) framework, and residential development has continued at a strong rate throughout southwest Christchurch.

- 17 In particular, recent residential building consent data demonstrate that growth in southwest Christchurch has continued at a substantially faster rate than was anticipated in my original assessment. At current rates of development, the existing feasible housing capacity identified in earlier housing capacity work is likely to be exhausted significantly sooner than previously anticipated. In my opinion, this strengthens the case for providing additional residential land supply within the locality.
- 18 I have also considered the recent amendments to the National Policy Statement for Highly Productive Land (**NPS-HPL**). Those amendments reduce the extent to which Land Use Capability (**LUC**) Class 3 land is subject to national policy protection. While part of the Site is LUC 2 land, the amendments remove policy constraints that previously applied to the LUC 3 portion of the Site and therefore strengthen the economic case for the Proposal.
- 19 Consistent with my earlier assessments, I consider that the opportunity cost associated with the loss of rural production is limited. I understand that the productive capability of the Site is already significantly constrained by its location adjacent to existing and planned urban development, reverse sensitivity effects, and physical limitations affecting agricultural use. Consequently, the economic benefits associated with enabling additional housing substantially outweigh the relatively limited economic value of the existing rural activities.
- 20 I have reviewed the submissions relating to economic matters. These principally concern housing need, affordability, and the loss of productive land. Other tangential matters are also raised, including infrastructure capacity, transport, community facilities and flooding. While several of these matters have economic implications, they are primarily addressed by specialist evidence from other disciplines. Subject to those experts' conclusions regarding the management of infrastructure, servicing and natural hazard effects, I do not consider the submissions identify any matters that alter my economic conclusions.
- 21 Overall, it remains my opinion that the proposal will make a positive contribution to Christchurch's housing supply, improve housing choice within a desirable part of the city, and assist Christchurch City Council in meeting its obligations to provide sufficient development capacity under the NPS-UD.
- 22 The Site is well located within an established urban environment, represents an efficient location for accommodating future residential growth – part of the site is already identified as a Greenfield Priority Area; it is 4km (straight-line distance) from the CBD; it adjoins existing residential land; it is close to existing bus routes; and it is relatively close to a number of neighbourhood centres, the Barrington Local Centre and the North Halswell Town Centre.

- 23 Overall, the economic benefits of the proposed rezoning substantially outweigh the limited costs associated with the loss of the existing rural use.

Economic impact assessment summary

- 24 The EIA assessed the economic effects of the Proposal, including:
- (a) The sufficiency of dwelling supply within the locality around the Site, and Council's compliance with the NPS-UD.
 - (b) The use of productive land for urban uses and the NPS-HPL.
 - (c) Significance of the proposed additional residential land supply.
 - (d) Positive economic effects including contribution to affordable housing.
- 25 I summarise below the coverage and conclusions of the EIA, including updates to that assessment where necessary.
- 26 The key issues in economic terms stem from the fact that the Proposal seeks to convert rural zones land to urban uses, and doing so would result in the loss of rural production potential in a place where such a change is not anticipated.
- 27 The EIA concluded that agricultural use of the Site is significantly constrained, which limits the economic effects that would arise from the loss of productive rural land:
- (a) Productive capacity is heavily constrained by the proximity of the rural-zoned parts of the Site to existing urban residential zones, and to an area of yet to be developed RNN zone through the middle of the Site. That proximity already causes, and will continue to cause, difficulties with reverse sensitivity (particularly from noise), and disturbance of livestock (particularly due to wandering dogs).
 - (b) In terms of rural land use, the Site is currently used for grazing a small number of cattle and horses, however due to high ground water levels in the area stock numbers are very limited and cattle are removed during winter months.
- 28 The EIA and EIA update reviewed a range of research reports and assessments completed in accordance with requirements under the NPS-UD:
- (a) "Greater Christchurch Housing Development Capacity Assessment", Greater Christchurch Partnership, 30 July 2021 (**HDCA**)
 - (b) "Housing Demand and Need in Greater Christchurch", Livingston and Associates Ltd, July 2021 (**Housing Demand report**).

- (c) “New Medium Density Residential Standards (MDRS) Assessment of Housing Enabled”, The Property Group, January 2022 (**MDRS report**)¹
- (d) “Christchurch City Council Updated Housing Capacity Assessment”, Christchurch City Council, February 2023 (**updated HCA**)²

29 From the review of those documents the EIA and EIA update concluded that without the requested rezoning of the Site there is expected to be a shortfall of residential development capacity within the locality of the Site within the next ten years. That conclusion was locality-specific and did not depend on there being insufficient aggregate capacity across Christchurch. Additional capacity in the locality would nevertheless assist Council in giving effect to the NPS-UD by enabling a variety of homes that meet household needs in terms of location and type, consistent with Policy 1, and by contributing to the development capacity assessed by location and dwelling type under clauses 3.24 and 3.25. In particular, PC18 would provide predominantly standalone housing in a locality where demand has been strong and where the assessed feasibility of additional infill and comprehensive redevelopment capacity has been relatively limited.:

30 Since the EIA update was completed, there have been several changes relevant to the economic effects of the Project:

- (a) progression of Christchurch City Council's housing planning programme, including the completion of much of the PC14 process;
- (b) implementation of Government reforms affecting mandatory MDRS;
- (c) release of updated demographic information based on Census 2023;
- (d) continued residential development within southwest Christchurch and the wider Halswell growth area; and
- (e) amendments to the NPS-HPL.

31 Having considered those matters, it remains my opinion that they do not materially alter the economic conclusions reached in my previous assessments. Rather, they update the statutory and factual context within which those conclusions are reached. I discuss below the nature and implications of those changes.

Housing capacity updates

32 First, while Council has continued to implement its housing planning programme, I am not aware of any subsequent Housing Capacity Assessment that supersedes

¹ Appendix 38 of the section 32 reports for PC14

² Appendix 1 of the section 32 reports for PC14

the February 2023 HCA as the principal comprehensive assessment of city-wide housing demand and supply. The October 2025 Housing Capacity Assessment (**2025 HCA**) is an interim assessment that provides information to support the Council decision on Plan change 14, and is explicitly stated to not be a complete update to the 2023 HCA.

- 33 Accordingly, while the planning framework has evolved, the February 2023 HCA remains the most comprehensive quantitative assessment of housing capacity available. The locality-based assessment contained within my original EIA therefore remains an appropriate basis for assessing housing capacity within southwest Christchurch. As noted above, that assessment concluded that there is expected to be a shortfall of residential development capacity within the locality of the Site within the next ten years.
- 34 To the extent that more recent planning work such as the 2025 HCA has relied upon updated capacity information, that work has generally been undertaken at a city-wide level and does not provide a more detailed assessment of housing supply within the locality surrounding the Site than that considered in my original evidence. The 2025 HCA demonstrates aggregate city-wide sufficiency., but does not displace the need to consider whether capacity is available in the locations in which households wish to live and where market uptake is strongest. The 2025 HCA also indicates a limited availability of greenfield capacity, which is relevant when considering Council's obligations under the NPS-UD to providing housing choice.
- 35 In my opinion the absence of more recent locality-specific modelling means the conclusions reached in my original assessment regarding housing demand and supply within southwest Christchurch remains the most current locality-specific assessment.

Legislative and planning changes

- 36 Since the EIA update, the Government's reforms to mandatory MDRS have been implemented, and the statutory planning framework has evolved accordingly. Those changes alter the planning mechanism through which residential development capacity is provided within Christchurch, but do not change the underlying economics of residential demand, household growth, or the desirability of providing additional housing opportunities in locations where demand is strongest.
- 37 Council has also progressed PC14 since the EIA update, but again, while that changes the regulatory framework (as it applies to residential intensification across the city) it does not materially change the characteristics of the Site, its accessibility, or its contribution towards providing additional housing choice within southwest Christchurch.

- 38 In the locality of the Site the MDRS report estimated theoretical dwelling capacity for an additional 72,230 lots, but feasible capacity of only an additional 4,316 dwellings. That conversion rate between theoretical and feasible is very low for the locality (6%) compared to the rest of Christchurch (36%), indicating that the locality has a very high proportion of theoretical capacity that is unlikely to be feasible to develop to accommodate new dwellings.
- 39 That low share of feasible capacity in the locality applies to both comprehensive (13%) and infill (4%) properties, indicating that development of additional capacity in the area will be much harder for the market to achieve than in other parts of Christchurch. While the MDRS report is now nearly four years old, nothing indicates that infill feasibility would have increased significantly in the locality in that time, especially because the same key drivers of feasibility remain, and the locality has a higher proportion of dwellings that are newer and on smaller lots with lower sale prices than more central areas.
- 40 Accordingly, these planning changes do not change my earlier conclusions regarding the economic merits of enabling residential development on the Site.

Population growth and housing demand

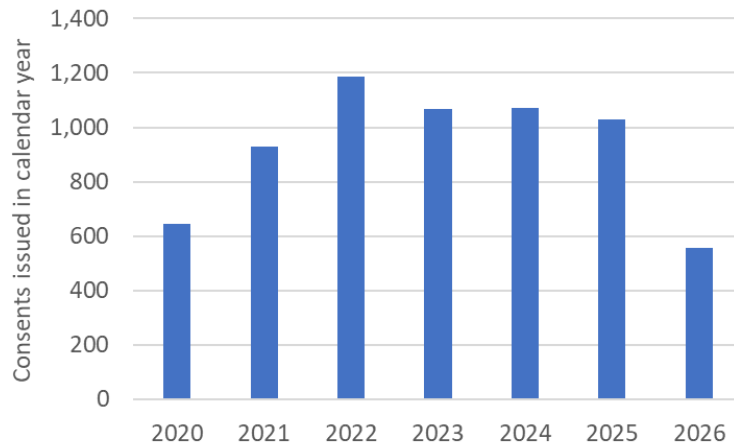
- 41 The EIA and EIA update were based on the Housing Demand report's household projections. While Statistics NZ has begun to release its spatially detailed (Statistical Area 2 level) population projections based on Census 2023, it has not yet released updated projections for Christchurch City, with those due later in 2026.
- 42 I am not aware of any more recent population, household, or dwelling projections that have become available since the EIA update was completed. I understand that Greater Christchurch continues to experience long-term population growth, and Christchurch City remains expected to accommodate a substantial share of that growth over coming decades.
- 43 From an economics perspective, there is no basis for me to change the conclusions reached in my original assessment regarding the need to continue providing additional residential development opportunities over the long term, particularly in the locality of the plan change site.

Residential development since 2025

- 44 Residential development has continued throughout southwest Christchurch since my February 2025 update, including within Halswell and surrounding greenfield growth areas.
- 45 Statistics NZ building consent for the last five years (2021-2025) shows there were a total of 5,283 new residential building consents issued in the area defined as the

study area in the EIA (SouthWest), an average of 1,057 a year. For the 2026 calendar year to date (January-May inclusive) there have been 557 such consents issued, equivalent to around 1,500 consents for a full calendar year.³ It is not possible to tell whether consents relate to infill or greenfield developments, as the data is not available at a sufficiently detailed spatial level.

Figure 1: Southwest Christchurch new residential building consents issued



- 46 That growth is significantly stronger than projected in the EIA, where growth in the SouthWest was projected to be 8,600 in 30 years (just under 300 a year), with additional local growth from the Port Hills.
- 47 The EIA assessment concluded that residential supply in the area would be exhausted before 2033, in the absence of any additional supply being provided in the locality, and based on feasible dwelling capacity in the locality of 4,316 dwellings.⁴ At the current rate of growth, the 4,316 dwellings of capacity that was identified as existing in 2023 will be exhausted in 2027, indicating a pressing need to secure additional residential supply in the locality.
- 48 The 2025 HCA demonstrates that PC14 materially expanded the spatial extent of medium- and high-density zoning, particularly around the central city, major suburban centres and selected transport corridors. However, it does not separately quantify the amount of commercially feasible infill capacity attributable specifically to PC14. The total capacity figure of 68,200 dwellings combines pre-existing infill capacity, capacity enabled through PC14 and remaining greenfield capacity, and does not establish how much additional feasible capacity PC14 created, or how much of that additional capacity is available within southwest Christchurch. That is, the 2025 HCA establishes city-wide sufficiency, but does not provide any evidence

³ Given the recent average of 37% of the calendar year's total consents to be consented in the period January-May

⁴ EIA, figure 4.5

that PC14 created enough additional feasible infill capacity in the southwest locality to meet demand there.

- 49 These data demonstrate the ongoing attractiveness of southwest Christchurch as a residential location, and the need to create additional residential land supply in the area to enable Council to meet its obligations under the NPS-UD.
- 50 Accordingly, in my opinion residential development occurring since February 2025 reinforces the conclusions reached in my earlier assessments regarding the merits of enabling further residential development on the Site.
- 51 Recent residential development also indicates that the Proposal would enable a significant increase in development capacity within the locality. The EIA report concluded in relation to Reasonably expected to be Realised (**RER**) capacity, that “the Site’s 336-420 dwellings would, if enabled, provide a significant increase in that RER capacity, of +16-19% (if RER is 2,200) or 31-39% (if RER is 1,100 dwellings).” I understand that the Site is now anticipated to have a slightly lower dwelling yield of around 300 dwellings, because the applicant now proposes Residential New Neighbourhood Zone, rather than Medium Density Residential Zone. That change is not material to my assessment, and does not change any of the conclusions I reached in my earlier assessments.
- 52 The significance of the increase in capacity has not decreased since my previous reports, and may have materially increased if recent high dwelling consent numbers reflect the rapid take-up of spare capacity in the locality, leaving the Proposal’s dwelling potential as a very important additional supply stream within the locality.

NPS-HPL

- 53 Since preparation of my earlier assessments, the NPS-HPL has been amended. Those amendments narrow the scope of the interim definition⁵ of Highly Productive Land by generally limiting the policy to LUC Classes 1 and 2, rather than including Class 3 land in most circumstances. The amendments reflect a change in Government policy that seeks to maintain strong protection for New Zealand’s most versatile and productive land while providing a more enabling framework for urban development on Land Use Capability (LUC) Class 3 land.
- 54 As identified in the EIA,⁶ the Site contains LUC 2 and LUC 3 land, with the LUC 3 part in the southern part of the Site, and the northern part being LUC 2.

⁵ The interim definition applies prior to the regional council undertaking mapping of HPL.

⁶ EIA, figure 5.2

- 55 Under the amended national policy direction, LUC 3 land is no longer afforded the same level of protection from urban development as was the case when the EIA and EIA update were prepared. Instead, the amended policy framework recognises that, in appropriate circumstances, urban development on LUC 3 land can be enabled while continuing to protect the most productive agricultural land.
- 56 The planning evidence explains the legal effect of those amendments in more detail. From an economics perspective, the practical effect is that the proposal is no longer constrained by the policy considerations relating to LUC 3 land that were addressed in my original assessment. My previous conclusions regarding the economic merits of urban development of the Site are therefore, if anything, further reinforced by the amended national policy framework.
- 57 In respect of the LUC 2 land, the EIA concluded that:
- (a) the urban rezoning of the Site is required to provide sufficient development capacity to meet demand for housing or business land to give effect to the NPS-UD, and PC18 meets the requirements of clause 3.6(1)(a) of the NPS-HPL.
 - (b) there are no other reasonably practicable and feasible options for providing at least sufficient development capacity within the same locality to give effect to the NPS-UD, and PC18 meets the requirements of clause 3.6(1)(b) of the NPS-HPL.
 - (c) the economic benefits of rezoning the Site far outweigh the long-term economic costs associated with the loss of the Site's highly productive land for land-based primary production, and PC18 meets the requirements of clause 3.6(1)(c) of the NPS-HPL.
- 58 My conclusions in respect of the LUC 2 land within the Site are consistent with those of Mr Ford.
- 59 Accordingly, these amendments leave unchanged my economic opinion that the benefits of providing additional residential capacity on the Site substantially outweigh the opportunity cost associated with the existing rural use of the land.

Response to matters raised in submissions

- 60 Submissions raised a number of issues with an economics component (whether in support, opposition, or neutral), which I have summarised to the following categories:
- (a) Housing supply, demand, affordability and choice
 - (b) Economic costs and benefits

- (c) Loss of rural productive land
- (d) Infrastructure and transport capacity, servicing, and funding
- (e) Social and community infrastructure and amenities
- (f) Flooding and property damage risk.

61 I respond to those matters below, with reference to the EIA findings where relevant.

62 Submissions referring to housing supply and demand variously either support PC18 as a suitable, practical and sustainable way to grow Christchurch's housing supply,⁷ or oppose PC18 as not being required due to there being sufficient housing supply without it.⁸ Some submissions support the scale and nature of development proposed,⁹ while others favour greater density on the Site,¹⁰ and others are concerned that the scale of development proposed will generate adverse economic effects.¹¹

63 As concluded in the EIA and EIA update, and reconfirmed in this statement, my conclusion is that there has been, and continues to be strong demand for additional housing in the locality of the Site. Residential land supply in the locality is sufficient to provide for residential growth only until around 2032 per the EIA assessment, or potentially only until 2027 given the updated demand-supply assessment contained earlier in this statement.

64 Either way, in my opinion it is probable that residential land supply in the locality will be insufficient to meet demand well within the NPS-UD medium term (the next 10 years) and therefore the Proposal is required to assist Council in being able to meet its obligations under the NPS-UD. From my assessment, even if the Proposal is approved it is likely that additional other sources of residential land supply will need to be secured to provide for what has proven to be strong, and ongoing growth in the area.

65 For those reasons I agree with the submissions that consider the Proposal to be a suitable, practical and sustainable way to grow Christchurch's housing supply.

⁷ #1.1 Robert Fletcher; #1.2 Robert Fletcher; #26.1 Justin Avi; #41.3 Andrew Evans; #55.1 Marianne Lewis; #56.1 Lynn Lewis; #58.5 Warren Richard Lewis; #71.3 Chris and Camille Hughes

⁸ #2.2 Lori and Richard Smith, #22.1 Sue Walker on behalf of Individual and collective group of Sparks Road residents, #30.2 Fiona Niles; #63.4 Joe Conaghan; #77.2 Carl Hois

⁹ #35.1 Laura McClure; #57.8 Des and Gaye Skene

¹⁰ #26.1 Justin Avi; #41.1 Andrew Evans;

¹¹ #2.1 Lori and Richard Smith;

- 66 Several submissions raising the issue of the loss of rural productive land support¹² the submission on the grounds that the current rural zoning is inappropriate given the location and proximity to established urban uses. Submissions in opposition under this heading¹³ identify that the loss of productive rural land is inconsistent with government policy and should be avoided.
- 67 As discussed earlier the EIA's conclusion was that the economic productivity of the Site is very limited, especially due to constraints arising from the site's location near established urban activities, particularly housing. For those reasons I agree with the submissions that state that the current rural zoning is inappropriate given the location and proximity to established urban uses, and from an economic perspective is an inefficient and uneconomic use of the Site.
- 68 I disagree with the opposing submissions that state that the loss of rural land should be avoided. There is a planning pathway for HPL to be converted to urban uses, and from my assessment the Proposal satisfies the NPS-HPL criteria to proceed through that pathway, and urban rezoning of the Site would be consistent with clause 3.6 of the NPS-HPL.
- 69 There are a range of costs and benefits identified in submissions, both in support¹⁴ and opposition.¹⁵ Many of the matters raised in submissions (such as traffic, access to facilities, and flooding risk) may have potential economic implications, however response to those matters is predominantly provided by other experts, and I defer to their opinions on those matters, and provide only limited comment on any potential consequent economic effects arising from those matters. I understand from those responses that the potential effects of PC18 are able to be avoided, remedied, or mitigated.
- 70 Several submissions¹⁶ raising the issue of infrastructure capacity, servicing and funding are satisfied that infrastructure matters are adequately addressed and on that basis support the application. Many others¹⁷ oppose the application on the

¹² #1.3 Robert Fletcher; #55.2 Marianne Lewis; #71.1 Chris and Camille Hughes

¹³ #2.1 Lori and Richard Smith; #48.5 John & Karen Walker; #52.2 Jaimita and Alvaro de Jongh and Lo-Fo-Wong; #64.1 Dee Chapman; #80.5 Sioniah Joubert

¹⁴ #1.3 Robert Fletcher; #58.5 Warren Richard Lewis;

¹⁵ #52.3 Jaimita and Alvaro de Jongh and Lo-Fo-Wong

¹⁶ #1.5 Robert Fletcher; #35.2 Laura McClure; #55.3 Marianne Lewis; #56.2 Lynn Lewis; #58.2 Warren Richard Lewis; #60.3 Megan Avery; #81.2 Debbie Lewis

¹⁷ #2.1 Lori and Richard Smith; #13.1 David Fox; #14.1 Gordon Macfarlane; #15.1 Grant Magrath; #16.2 Hilary Jones; #17.3 Claire Sullivan; #18.1 Janet Albertson; #19.1 Susan Reynolds; #21.1 Grant Davies; #24.1 Anna Kokje; #27.1 Hannah Squire; #28.1 Leah Williams; #30.1 Fiona Niles; #32.1 David Clarke; #33.2 Danni Chen; #34.1 Kezia Rodden; #37.1 Sylvia Nissen; #39.1 Michael Simek; #42.2 Alex Gabites; #47.2 Sharon Marquet; #48.1 John & Karen Walker; #57.4 Des and Gaye Skene; #62.2 Nick Meeten; #63.1 Joe Conaghan; #64.1 Dee Chapman; #65.1 Karsten Moeller; #67.1 Audrey McCarthy; #68.3 Claire Barry; #72.2 Hugh Wallace; #77.1 Carl Hois; #79.2 Kate Melnik; #80.1 Sioniah Joubert; #83.1 Sarah Flynn; #84.1 Sarah Flynn

grounds that there is either insufficient capacity to accommodate growth, or that there is uncertainty as to how growth will be managed. While many of these matters have potential economic implications, such as costs associated with congestion and the development potentially triggering the need for infrastructure upgrades that might be publicly funded, the effects under these headings is addressed by experts from other disciplines.

- 71 Similarly, there can be economic effects arising from inadequate supply of or access to social and community infrastructure and amenities. There are submissions that support¹⁸ and oppose¹⁹ PC18 on those grounds, but none that I consider response from an economics perspective, and I defer to experts from other disciplines on those matters.
- 72 Flooding and property damage risk may also give rise to economic effects, and some submitters oppose PC18 for matters related to potential negative effects under this heading.²⁰ A concern is that development in the PC18 area may result in flood damage to neighbouring properties, and cause financial harm to neighbouring landowners, potentially making property insurance difficult to secure, or more expensive. That is a relevant concern, however, I am aware that the applicant's experts consider that the design and engineering solutions proposed will avoid these effects.

Response to matters raised in the s42A report

- 73 I have reviewed the section 42A report prepared by Ms Parnwell. The reporting officer recommends that PC18 be approved, subject to the modifications to the Outline Development Plan identified in that report. Her overall recommendation is consistent with my opinion that the Proposal is appropriate from an economic perspective.

Housing capacity and demand

- 74 The section 42A report records the conclusions of my updated EIA at paragraphs 5.5.1–5.5.3. The reporting officer then undertakes her own assessment of the Proposal under the NPS-UD at paragraphs 6.3.4–6.3.22.
- 75 At paragraph 6.3.11, the reporting officer states that Council's latest Housing Capacity Assessment identifies 7,600 dwellings of remaining feasible greenfield capacity across Christchurch. Based on historical greenfield uptake of 800-1,000

¹⁸ #12.1 Damien Aspros; #14.1 Gordon Macfarlane; #58.2 Warren Richard Lewis; #60.3 Megan Avery; #71.2 Chris and Camille Hughes

¹⁹ #12.1 Damien Aspros; #17.2 Claire Sullivan; #18.2 Janet Albertson ; #32.1 David Clarke; #34.1 Kezia Rodden; #65.3 Karsten Moeller ; #71.2 Chris and Camille Hughes;

²⁰ #25.10 Graham Trost; #38.7 Rachel Kirk; #52.3 Jaimita and Alvaro de Jongh and Lo-Fo-Wong

dwellings per annum, she concludes that Christchurch is likely to experience a shortfall in greenfield capacity within the next ten years. In that context, she considers the capacity enabled by PC18 to be significant development capacity for the purposes of Policy 8 of the NPS-UD.

- 76 I agree with that conclusion. The reporting officer's assessment is undertaken at the Christchurch-wide greenfield-market level, whereas my assessment has focused on demand and feasible capacity in the south-west. The two assessments are complementary, and both indicate that the remaining supply of feasible greenfield capacity is likely to become insufficient within the NPS-UD medium term if additional capacity is not enabled.
- 77 The distinction between aggregate housing capacity and greenfield capacity is important. The 2025 HCA indicates that the operative District Plan provides sufficient aggregate feasible capacity across Christchurch. Much of that capacity is infill or redevelopment capacity, including attached and higher-density housing enabled through PC14. It does not follow from that city-wide aggregate that sufficient feasible capacity exists for standalone greenfield housing, or that such capacity is available in southwest Christchurch/Halswell where demand and recent development activity have been strong.
- 78 The reporting officer's estimate of less than ten years of remaining greenfield supply is consistent with my conclusion that additional greenfield capacity should be enabled now. Plan changes, subdivision consenting, infrastructure delivery and construction take time. It would not be economically efficient to wait until the existing supply is exhausted before enabling replacement capacity.

Significance and location of the Proposal

- 79 At paragraphs 6.3.12-6.3.13, the reporting officer considers that southwest Christchurch has long been intended to accommodate urban growth, and characterises PC18 as a refinement of the existing urban growth framework, informed by improved understanding of flood management requirements, rather than the introduction of urban development into a location that has never been considered for growth.
- 80 That finding is consistent with my assessment of the Site's economic location. The Site adjoins existing and planned residential development, is close to employment, centres, services and transport connections, and includes and adjoins land already anticipated for greenfield development. From an economic perspective, those characteristics make the Site a comparatively efficient location in which to add housing capacity.
- 81 The reporting officer also notes at paragraph 5.5.6 that remaining Christchurch greenfield capacity represents less than approximately seven years of supply and

concludes that PC18 would make a meaningful contribution to medium-term greenfield demand. The anticipated yield of approximately 310 dwellings would be modest in a city-wide context, but material in the context of the remaining greenfield supply and the feasible capacity available within southwest Christchurch/Halswell.

Housing type, choice and affordability

82 At paragraphs 5.5.7-5.5.11 and 6.3.14-6.3.15, the reporting officer concludes that PC18 would contribute to a well-functioning urban environment by adding a housing type for which there is demonstrable demand. Ms Parnwell notes that greenfield development typically provides fee-simple sites and standalone dwellings, while PC14 provides substantial opportunities for attached and higher-density housing elsewhere in Christchurch.

83 I agree. The NPS-UD requires housing needs to be considered in terms of type, price and location. Attached infill housing elsewhere in Christchurch is not a complete substitute for standalone or predominantly standalone housing in southwest Christchurch. PC18 would complement, rather than duplicate, the intensification capacity enabled through PC14 and would add to the range of choices available to Christchurch households.

84 At paragraphs 5.5.10-5.5.11, the reporting officer concludes that development of the Site is likely, on balance, to provide relatively more affordable dwellings than development in some other Christchurch locations. She does not support imposing a specific affordable-housing requirement.

85 That position is consistent with my assessment, subject to an important qualification. PC18 would increase land and housing supply, promote competition and enable dwellings in a location that may be relatively affordable compared with some more central areas. Those effects support housing affordability at a market level. However, in the absence of a specific delivery mechanism, the Proposal cannot guarantee that any particular dwelling will meet a defined affordable-housing threshold. I therefore agree that a mandatory affordable-housing component is not necessary to establish the economic benefits of the Proposal.

Well-functioning urban environment

86 At paragraphs 6.3.14–6.3.21, the reporting officer assesses PC18 against the characteristics of a well-functioning urban environment in Policy 1 of the NPS-UD. She concludes that the Proposal would:

- (a) add a sought-after housing type in an appropriate location;
- (b) provide good access to employment, services, natural spaces and open space;

- (c) support public and active transport choices;
- (d) support the competitive operation of land and development markets;
- (e) support reduced transport emissions through its proximity and connectivity;
and
- (f) appropriately manage flooding and climate-related risks.

87 Those conclusions are consistent with my assessment. In particular, enabling an additional development opportunity would broaden the number of sites and landowners capable of supplying greenfield housing. That increased choice and competition is an economic benefit even where Council has sufficient aggregate plan-enabled capacity.

Infrastructure and funding

88 The section 42A report identifies constraints in the existing water-supply and wastewater networks at paragraphs 5.3.5–5.3.13, and concludes that some conditions (as proposed by Ms McDonald) are applied to ensure adequate infrastructure provision.

89 That conclusion qualifies, but does not alter, my economic opinion. Infrastructure upgrades are a real cost of enabling the Proposal and should be included in any assessment of its net benefits. I defer to the relevant specialists on how best to respond to infrastructure needs.

90 I similarly rely on the transport, stormwater, flooding and geotechnical experts concerning the management of effects within their respective disciplines. The section 42A report concludes that those effects can be managed through the recommended ODP provisions and staging requirements. On that basis, I have not identified any consequential economic cost from those matters that would outweigh the benefits of the Proposal.

Highly productive land

91 At paragraphs 5.5.14–5.5.16 and 6.3.37–6.3.46, the reporting officer assesses the loss of highly productive land. She accepts that the Site contains a finite soil resource but identifies several constraints on its productive use, including poor drainage, the absence of available irrigation water, the small and fragmented nature of the landholding, its limited ability to operate as part of a larger farming unit, and reverse-sensitivity effects associated with surrounding residential development.

- 92 Those findings are consistent with my assessment, and that of Mr Ford, and we all agree that the economic benefits of rezoning outweigh the long-term economic costs associated with the loss of highly productive land.

Section 32 and overall conclusion

- 93 The reporting officer considers the Proposal to represent an efficient use and development of natural and physical resources (paragraphs 6.1.7-6.1.8).
- 94 Overall, I am substantially in agreement with the section 42A report on the matters relevant to my area of expertise, and the reporting officer's analysis reinforces my conclusion that PC18 is appropriate from an economic perspective.

Conclusion

- 95 Having considered matters raised in submissions, and new information that has become available since the EIA and EIA update were completed, I retain my conclusions that the Proposal is an appropriate change to the District Plan from an economics perspective.
- 96 In particular, the Proposal is required to ensure that Council is able to provide at least sufficient development capacity in line with its obligations under the NPS-UD, although given recent strong growth in the locality, additional residential supply may need to be created even if the Proposal is approved.
- 97 From my assessment there are no other reasonably practicable and feasible options for providing that capacity within the locality, and alternative options are either less accessible to central Christchurch or are located on higher class soils than the Site. Council's assessment indicates that insufficient infill capacity is feasible in the locality, meaning greater intensification within existing urban areas will not be able to provide the required capacity.
- 98 The Site is well located to accommodate urban residential growth in Christchurch, and the greenfield priority area on part of the Site is the second closest GPA in the City to central Christchurch. The Site is located within an existing urban environment that is well serviced by a wide range of social, commercial and community facilities and employment options, and development of the Site would contribute to a well-functioning urban environment.
- 99 There is a planning pathway for HPL to be converted to urban uses, and from my assessment the Proposal satisfies the NPS-HPL criteria to proceed through that pathway, and urban rezoning of the Site would be consistent with clause 3.6 of the NPS-HPL, and would give effect to the NPS-UD's objective to provide at least

sufficient development capacity. The economic benefits of the proposed rezoning would far outweigh the limited costs.

Derek Foy

Dated 14 August 2026

Appendix 1 –

Cashmere Road Plan Change – Economic Assessment

Formative, 1 May 2023

Cashmere Road Plan Change

Economic impact assessment

Prepared for Cashmere Park Ltd, Robert Brown, and Hartward
Investment Trust

Final

1 May 2023



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1 Introduction

Formative Limited was commissioned by Cashmere Park Ltd, Robert Brown, and the Hartward Investment Trust (“the applicants”) to undertake an economics assessment of a proposed private plan change at Halswell, in Christchurch.

1.1 Background

The applicants own some 25.6ha of land that is located between Cashmere Road and Sparks Road, Hornby, Christchurch (“the Site”). The Site is zoned Residential New Neighbourhood (“RNN”) and Rural Urban Fringe (“RuUF”). The RNN zoned land allows for significant residential development and is adjacent to an area of RNN immediately east of the Site which is currently being developed for residential dwellings (the Cashmere Park subdivision). The minimum allotment size in the RuUF zone is 4ha.

Figure 1.1: Location of the Site



1.2 Report structure

This report is structured as follows:

- ❖ Section 2 summarises the existing and proposed uses of the Site.
- ❖ Section 3 reviews literature commissioned by Christchurch City Council that is used to assess Council’s compliance with the National Policy Statement on Urban Development (“NPS-UD”).
- ❖ Section 4 assesses the sufficiency of dwelling supply within the locality around the Site.
- ❖ Section 5 assesses the economic costs and benefits of residential development of the Site.

- ❖ Section 6 draws together the findings from the previous sections to assess whether the proposed rezoning would be allowed under clause 3.6 of the National Policy Statement on Highly Productive land (“NPS-HPL”).
- ❖ Section 7 presents conclusions about the suitability of the proposed rezoning from an economics perspective.

2 Existing and proposed use of the Site

2.1 Existing rural activities

We understand that the Site is currently used for grazing a small number of cattle and horses. Due to the high ground water levels in the area stock numbers are very limited and cattle are removed during winter months.

A further constraint to productive agricultural use of the Site is the proximity to residential dwellings. The Site shares a boundary with some 50 residential dwellings, soon to be close to 70 once the consented Cashmere Park development to the south-east of the Site is completed. There is also an area of as yet undeveloped RNN zone through the middle of the Site, and many other dwellings nearby but not immediately adjacent. We understand that the close proximity of these properties causes difficulties with reverse sensitivity (particularly noise), and that disturbance of livestock, particularly due to wandering dogs, also limits agricultural use of the Site.

Both of these factors (high water levels and reverse sensitivity) mean that there are significant constraints to productive agricultural use of the Site.

2.2 Potential non-agricultural use of the Site

The high ground water levels in the area have been assessed by DHI,¹ which concluded that those levels, and flood hazards, are not a constraint to future urban development of most of the Site. We understand from that modelling that limited parts of the Site, including the north-west corner, and a small part of the south-west corner on Cashmere Road is not suitable for residential development, but the remainder is, and the District Plan flood overlays across parts of the Site are no longer applicable.

We understand that the parts that are not suitable for development would be used for open space or as a stormwater management area, and that parts of the Site would be raised to mitigate any remaining risk. Taking those constraints into account, there would remain about 16.8ha out of the Site's total area of 25.6ha that would be suitable to accommodate residential dwellings. That 16.8ha is currently zoned RuUF (11.4ha) and RNN (5.4ha). Indicatively that 16.8ha would be expected to accommodate an average of 20-25 dwellings/ha, based on recent developments in the area, and would at that development intensity yield somewhere between 336 and 420 dwellings. One potential development configuration is shown in Figure 2.1, which includes a range of densities.

¹ "Cashmere Park Extension modelling Jan 2023", DHI, 28 February 2023

Figure 2.1: Indicative site layout



3 NPS-UD research

Christchurch City Council has had a number of research reports and assessments completed in accordance with requirements under the NPS-UD. That research is relevant to this assessment, and to guide this assessment we have used and rely on the following documents:

- ❖ “Greater Christchurch Housing Development Capacity Assessment”, Greater Christchurch Partnership, 30 July 2021 (the “HDCA”)
- ❖ “Housing Demand and Need in Greater Christchurch”, Livingston and Associates Ltd, July 2021 (the “Housing Demand” report).
- ❖ “New Medium Density Residential Standards (MDRS) Assessment of Housing Enabled”, The Property Group, January 2022 (the “MDRS report”)²
- ❖ “Christchurch City Council Updated Housing Capacity Assessment”, Christchurch City Council, February 2023 (the “updated HCA”)³

This section provides a summary of the relevant parts of those documents, to guide the following assessment.

3.1 HDCA

The HDCA was published in 2021, relying on data and assessment from 2020 and earlier. The HDCA is now somewhat out of date with respect to supply-side (capacity) estimates, given the significant changes mandated by the Resource Management (Enabling Housing Supply and Other Matters) Amendment Act 2021 (“EHA”). The EHA is an amendment to the RMA that seeks to increase the density of housing in most residential zones (and some centre zones) in all Tier 1 urban areas.

The EHA requires two key changes which can be expected to increase the quantum of residential capacity in the urban areas of Christchurch. The first is the required introduction of the Medium Density Residential Standard (“MDRS”). The second is the requirement to develop an Intensification Planning Instrument (“IPI”) which expedites the intensification in Policy 3 of the NPSUD (in and around centre zones). In summary, this will mean that potential “plan enabled” capacity within the urban areas of Christchurch can be expected to increase and that this will occur in the coming years.

Christchurch City Council has recently (17 March 2023) notified the Housing and Business Choice Plan Change (“PC14”) to implement the MDRS. PC14 will implement an intensification policy that will result in much of the residential zones throughout Christchurch having increased medium density standard

² Appendix 38 of the section 32 reports for PC14

³ Appendix 1 of the section 32 reports for PC14

rules applied, and would increase the amount of plan enabled supply within the urban area by a considerable amount.

The HDCA provided no spatially detailed information about residential demand and supply, even if spatial detail may have been included in the underlying modelling, with information published in the report limited to territorial authority totals for Christchurch City, and Selwyn and Waimakariri Districts.

3.2 Housing Demand report

The Housing Demand report was released around the same time as the HDCA. While supply-side (capacity) estimates are now outdated as a result of the EHA's MDRS, and PC14, demand side estimates as are presented in the Housing Demand report remain relevant. The Housing Demand report contains the most recent household projections at a sub-City/subarea level that we are aware of, and was based on population projections provided by the Greater Christchurch Partnership.⁴ The HDCA did not present subarea demand projections, and nor does the updated HCA.

The household projections presented in the Housing Demand report were presented for 10 subareas covering Christchurch City,⁵ defined as groupings of Statistical Area 2 areas ("SA2").⁶ The two subareas most relevant to this assessment for defining a 'locality' (in terms of the NPS-HPL) are 'South West' and 'Port Hills'. We have included the parts of those subareas closest to the Site to be the locality applied for this assessment, using the following rationale:

- ❖ It is our opinion that not all of Port Hills is relevant because it is a very long subarea that extends nearly 20km along the northern base of the Port Hills, with its eastern-most parts being part of a distinct and separate locality from the western parts which are closer to the Site. For that reason we have split the Port Hills subarea into two, and retained the western part for this assessment (Figure 3.1).
- ❖ We have also split the large South West catchment to better reflect what we understand to be the 'locality' that the Site is within. The north-western parts of the catchment towards Hornby and Yaldhurst are somewhat distinct from the locality we have defined, being mostly north of the Southern Motorway, and located either side of the large Hornby industrial area. For that reason we have split the South West subarea into two, and retained the eastern part for this assessment.
- ❖ The locality defined is geographically large, and includes some 25% of Christchurch's developed urban area. A much larger catchment would lack the ability to present a

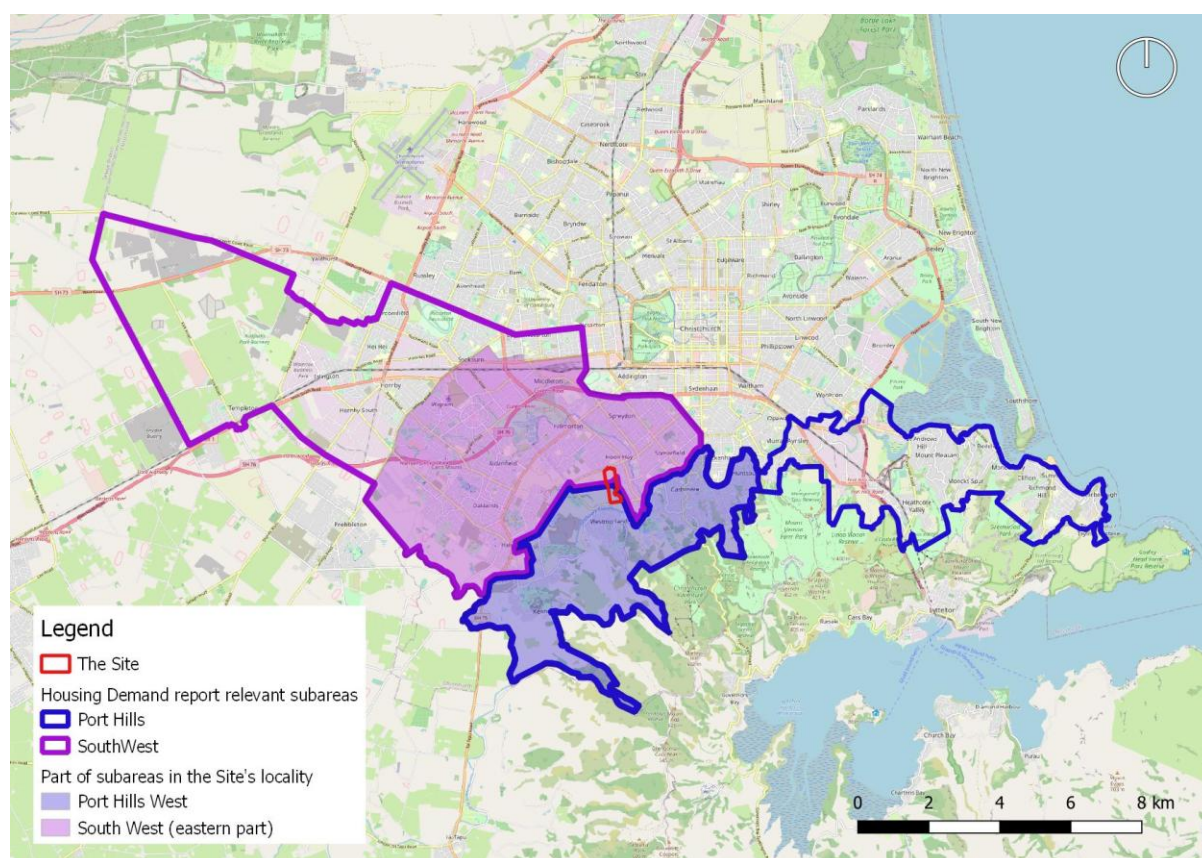
⁴ Housing Demand report, page 21

⁵ With a further six subareas in each of Waimakariri and Selwyn Districts

⁶ Spatial concordances are provided in Appendix 1 of the Housing Demand report

common sense of 'place', and would not be consistent with our understanding of what a 'locality' is intended to be in the NPS-HPL.⁷

Figure 3.1: Locality definition from Housing subareas



3.3 MDRS report

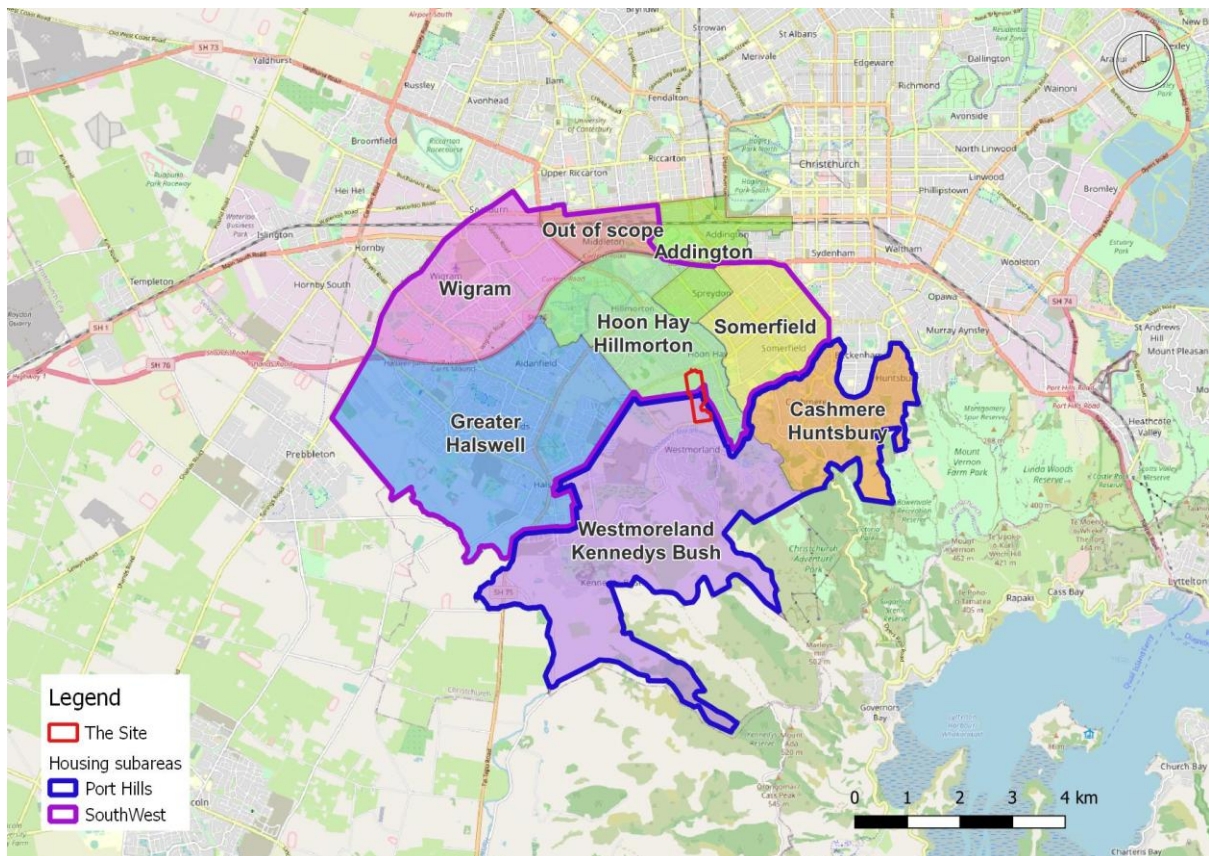
The MDRS report was commissioned by Council to analyse the potential yield of the MDRS in Christchurch, to serve as an evidence base for PC14. The total development capacity calculated in the report was plan enabled capacity of 222,478 dwellings across all of Christchurch City, reducing to 58,188 feasible dwellings.⁸

The report assessed plan enabled and feasible dwelling capacity for 26 catchments across Christchurch, of which in our opinion seven (27% by number, and around 25% of the land area of urban Christchurch) represent an approximation of the locality relevant to this assessment, as shown in Figure 3.1. Those seven catchments (Figure 3.2) represent a geographic area that has locational attributes similar to the Site, being in Christchurch's south-west, south-east of the railway and the Southern Motorway, north of the Port Hills, and predominantly urban.

⁷ For example, clause 3.6(3)(a) links locality to a location where demand for additional development capacity has been identified through a Housing and Business Assessment

⁸ MDRS report, table 9, page 32

Figure 3.2: Catchments in the locality of the Site



3.4 Updated HDCA

Like the 2021 HDCA, the updated HDCA provided no spatially detailed information about residential demand and supply, even if spatial detail may have been included in the underlying modelling, with information published in the report limited to territorial authority totals for Christchurch City, and Selwyn and Waimakariri Districts.

At a City level the updated HDCA concludes⁹ that there is plan enabled capacity for 875,000 additional dwellings, or 331,000-544,000 dwellings once the reduced capacity as a result of qualifying matters is accounted for. Feasible capacity is significantly less than plan enabled capacity, with around 85% of plan-enabled dwellings modelled to be not feasible to develop within the next ten years (the NPS-UD medium term). That provides feasible dwelling capacity estimates of 48,000-88,000 additional dwellings (plus a further 6,000 in undeveloped greenfield areas), depending on the qualifying matters applied. That range (48,000-88,000) is consistent with the capacity estimates presented at a more spatially detailed resolution in the MDRS report, as discussed above, which assessed capacity of 58,188 feasible dwellings within Christchurch City.

⁹ Updated HDCA, Table 2.1, page 4

The demand projections used in the updated HDCA are consistent (at a Greater Christchurch level) with those used in the Housing Demand report, as described above, being an increase of 77,100 households in the period 2021 to 2051.

The consistency of the updated HDCA with the Housing Demand report (on the demand side) and the MDRS report (on the supply side) at a Christchurch City level confirms that it is appropriate to use the spatially detailed data in those two reports as the basis for the following assessment in section 4.

4 Contribution to housing capacity

In this section we summarise residential dwelling demand and capacity estimates and projections, using data provided in Council reports, to estimate sufficiency of supply in the locality of the development (the area defined in Figure 3.1).

4.1 Locality demand

Household projections are taken from the Livingston and Associates Housing Demand report. In Figure 4.1 we show the projections from that report for all of Christchurch.

Figure 4.1: Christchurch subarea household growth projections¹⁰

	2021	2024	2031	2041	2051	2021-2051
Banks Peninsula	1,550	1,580	1,670	1,730	1,720	170
Central City	4,510	5,610	6,690	8,240	9,890	5,380
Inner East	12,960	13,230	13,770	14,270	14,440	1,480
Inner West	8,280	8,450	8,890	9,360	9,630	1,350
Lyttelton Harbour	2,670	2,720	2,840	2,940	2,930	260
NorthEast	31,280	32,090	33,990	36,200	37,730	6,450
NorthWest	34,310	35,200	37,270	39,670	41,310	7,000
Port Hills	12,150	12,380	12,900	13,330	13,350	1,200
SouthEast	14,930	15,150	15,610	15,940	15,960	1,030
SouthWest	34,390	35,980	38,850	42,470	45,670	11,280
Subareas' total	157,030	162,390	172,480	184,150	192,630	35,600

The locality defined in Figure 3.1 for use in this study takes in parts of the South West and Port Hills subarea. We have used Census information relating to the distribution of households within each of the two subareas to split each of the subarea totals into the part inside and outside the locality. We have also interpolated the Housing Demand report data to Census years, by assuming linear growth in each period.

From that we derive the household growth projections in Figure 4.2, which show that there are currently an estimated 16,900 households living in the locality. The part of the locality within the South West subarea is home to 11,900 households (70% of locality total), and the Port Hills part is home to 5,000 households (30%). Total locality households are projected to increase by 1,700 in the next ten years (the medium term in the NPS-UD), and 3,800 households in the next 30 years (long-term), with 65% of that growth (1,100 households) projected to be located in the South West subarea part of the locality, and 35% (600 households) in the Port Hills subarea part.

¹⁰ Livingston and Associates "Housing Demand" report, table 3.8, page 32

Figure 4.2: Locality household growth projections

	2023	2028	2033	2038	2043	2048	2053
Household projections							
South West	11,900	12,600	13,000	13,400	13,800	14,100	14,400
Port Hills	5,000	5,200	5,600	5,800	5,900	6,100	6,300
Locality total	16,900	17,800	18,600	19,200	19,700	20,200	20,700
Household growth since 2023							
South West		700	1,100	1,500	1,900	2,200	2,500
Port Hills		200	600	800	900	1,100	1,300
Locality total		900	1,700	2,300	2,800	3,300	3,800

The Housing Demand report's data¹¹ shows that demand for new housing in this locality is projected to be mostly focused on standalone dwellings (just over 80%), with a minority share of multi-unit dwellings (less than 20%). The locality is expected to account for approximately 30% of new standalone dwellings in Christchurch, so standalone dwellings are expected to be very important within the locality.

4.2 Locality supply

As for demand, we summarise in this section residential development capacity estimates for the Site's locality with reference to the recent supply-side assessment produced for Christchurch City Council. The Property Group's 2022 MDRS report presents estimates of capacity across Christchurch as an input into PC14. The capacity estimates are disaggregated as follows:

- ❖ 26 catchments covering Christchurch, with some areas considered to be out of scope, by virtue of having no urban residential zoned land, including areas to the north and west of the urban area, the Port Hills, Hagley Park, the red zoned areas in the eastern suburbs and the Middleton industrial area.
- ❖ Theoretical (plan-enabled) and feasible dwelling capacity. The former category considers total capacity to accommodate new dwellings, whether or not those dwellings would be economic to construct, given land and build costs. Feasible capacity takes those constraints into account, and therefore yields much lower estimates of available capacity than the theoretical maximum yields.
- ❖ Comprehensive and infill capacity. The former category is sites that could be comprehensively developed or redeveloped to accommodate many new residential dwellings, whereas infill refers to more ad hoc yield available from dividing existing parcels to yield a smaller number of additional lots.

¹¹ Livingston and Associates "Housing Demand" report, table 3.14, page 42. These numbers assessed using the share of dwellings in each subarea that are within the locality from Census data, as for the approach earlier in this subsection.

The dwelling capacity estimates in the MDRS report show that across all of Christchurch there is estimated to be capacity for over 220,000 additional dwellings in theory, but when constraints to redevelopment feasibility are accounted for that number falls to 58,000, or 26% of the theoretical capacity (Figure 4.1).

As discussed in section 3.4, the updated HDCA that is used for PC14¹² uses capacity numbers that are consistent with the MDRS report's estimates, but provides no spatial breakdown that enables the use of capacity estimates for the locality for this assessment. For the part of Christchurch not inside the study area locality there is estimated to be capacity for over 150,000 additional dwellings in theory, but when constraints to redevelopment feasibility are accounted for that number falls to under 54,000, or 36% of the theoretical capacity.

Those conversion rates are consistent with assessments in other jurisdictions which reflect the large share of theoretical plan-enabled capacity that is not expected to be able to be developed in practice, due to development costs and the inability to justify redeveloping sites with newer dwellings, or on lots with small amounts of bare land. We also note that the share of capacity that is feasible is higher for the inner suburbs, and lower for the outer suburbs (including the locality).

The rows in Figure 4.3 that are coloured orange are those within the locality of the Site, as defined in Figure 3.1, and the same as used for the demand assessment in section 4.1. In the locality of the Site the MDRS report estimates theoretical dwelling capacity for an additional 72,230 lots, but feasible capacity of only an additional 4,316 dwellings. That conversion rate between theoretical and feasible is very low for the locality (6%) compared to the rest of Christchurch (36%), indicating that the locality has a very high proportion of theoretical capacity that is unlikely to be feasible to develop to accommodate new dwellings. That low share of feasible capacity in the locality applies to both comprehensive (13%) and infill (4%) properties, indicating that development of additional capacity in the area will be much harder for the market to achieve than in other parts of Christchurch.

¹² Plan Change 14 Section 32: Part 1, Appendix 1, Table 2.1, page 4

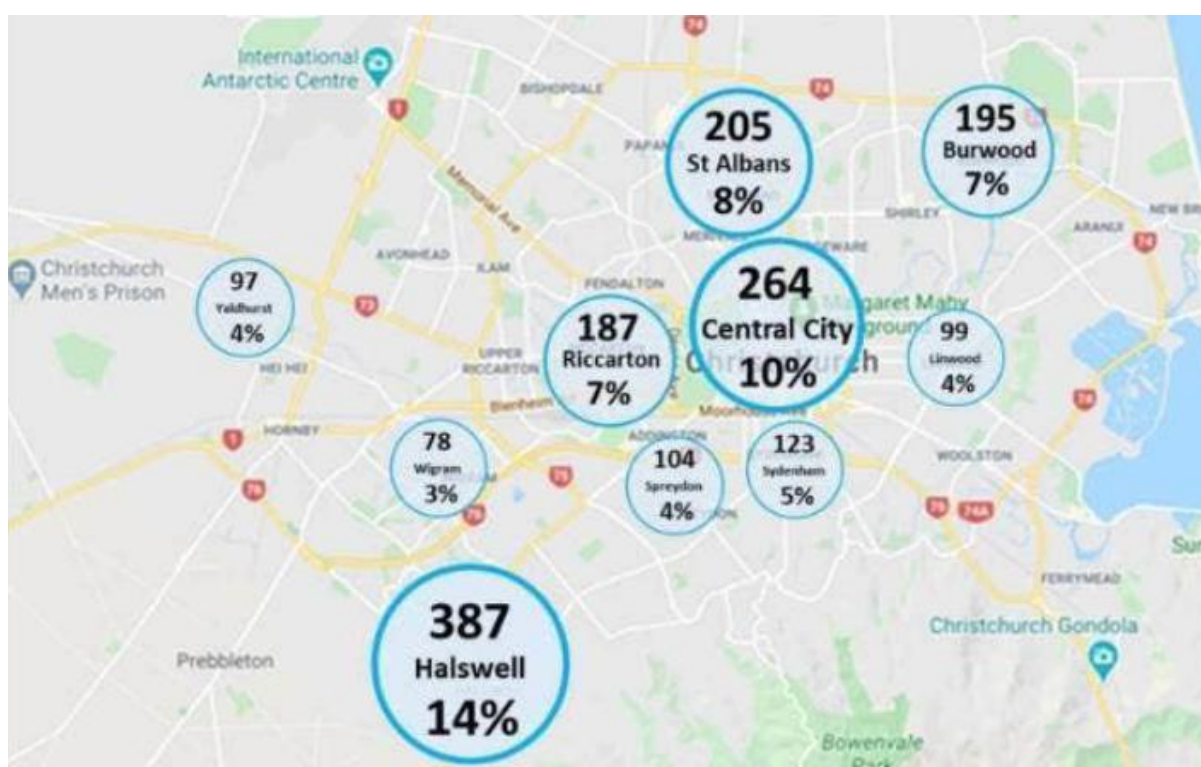
Figure 4.3: Christchurch catchment dwelling capacity estimates¹³

Catchment	Theoretical dwelling capacity			Feasible dwelling capacity		
	Comp.	Infill	Total	Comp.	Infill	Total
Addington	593	1,104	1,697	593	1,104	1,697
Avonhead/Ilam	2,063	2,943	5,006	16	19	35
Bishopdale	1,368	786	2,154	-	-	-
Burnside/Russley	2,115	2,148	4,263	31	169	200
Bush Inn/Ilam	1,933	976	2,909	6	5	11
Cashmere/Huntsbury	2,322	2,878	5,200	-	-	-
Fendalton/St Albans	4,905	10,902	15,807	4,905	10,902	15,807
Greater Halswell	3,758	27,386	31,144	-	6	6
Greater Hornby	2,330	5,155	7,485	2,330	5,155	7,485
Hoon Hay/Hillmorton	2,976	424	3,400	14	-	14
Linwood/Avonside	3,415	4,358	7,773	-	-	-
Lyttelton	1,850	948	2,798	-	-	-
Mashlands/Waimairi Beach	4,055	27,744	31,799	-	-	-
New Brighton/Burwood	3,158	1,067	4,225	-	-	-
Northlands/Papanui	3,787	6,558	10,345	3,787	6,558	10,345
Northwood/Belfast	4,545	17,556	22,101	3	15	18
Riccarton Central	953	4,726	5,679	953	4,726	5,679
Shirley/Edgeware	4,141	4,082	8,223	4,141	4,082	8,223
Somerfield	1,507	1,090	2,597	1,507	1,090	2,597
St Martins/Waltham	2,009	1,607	3,616	2,009	1,607	3,616
Sumner/Mount Pleasant	3,218	8,354	11,572	-	14	14
Sydenham Central	450	1,989	2,439	450	1,989	2,439
Templeton	227	66	293	-	-	-
Westmoreland/Kennedys Bush	3,830	17,391	21,221	-	-	-
Wigram	1,139	5,832	6,971	2	-	2
Woolston/Heathcote	1,059	702	1,761	-	-	-
Total	63,706	158,772	222,478	20,747	37,441	58,188
Study area locality	16,125	56,105	72,230	2,116	2,200	4,316

That is the case notwithstanding, or possibly because of, observations in the MDRS report that indicate the Halswell area has recently been among the highest growth areas in Christchurch for new residential building consents (Figure 4.4). That recent buoyant construction economy in Halswell may have taken up much of the feasible capacity which previously existed, leaving the low amount identified to remain today. The recent popularity of the Halswell area, representative of the locality defined for this report, would indicate a likely ongoing attractiveness of the area, and that it would be appropriate to enable adequate supply to meet demand in the locality.

¹³ The Property Group's MDRS report, table 9, page 32

Figure 4.4: Location of new residential consents issued in 2020¹⁴



The latest information from Council suggests that there is currently remaining greenfield supply for 6,000 dwellings across all of Christchurch.¹⁵ There is no data provided on the location of this supply, although we consider that a large share will be either in the locality or to the north of the City.

4.3 Locality sufficiency of supply

We have not seen an assessment of sufficiency of supply at a sub-City level that is comparable to the locality defined for this assessment, so draw on the demand assessment for the locality presented in section 4.1, and the capacity assessment in section 4.2. Comparing those estimates indicates that there is expected to be a shortfall of feasible capacity in the locality of the Site (south-west Christchurch) within the next 10 years, once the required competitiveness margin prescribed in the NPS-UD is accounted for, as shown in Figure 4.5.

That data shows that demand in the locality is projected to increase at around 380-400 lots a year for the next 30 years (the NPS-UD long term). There is feasible dwelling capacity in the same locality for just over 4,300 additional dwellings, or enough to accommodate around 9.7 years of demand.

¹⁴ The Property Group's MDRS report, figure 6, page 20

¹⁵ Plan Change 14 Section 32: Part 1, Appendix 1, Table 2.1, page 4

Figure 4.5: Locality sufficiency of supply

	2023	2028	2033	2038	2043	2048	2053
Theoretical dwelling capacity							
Comprehensive	16,125	16,125	16,125	16,125	16,125	16,125	16,125
Infill	56,105	56,105	56,105	56,105	56,105	56,105	56,105
Total	72,230	72,230	72,230	72,230	72,230	72,230	72,230
Feasible dwelling capacity							
Comprehensive	2,116	2,116	2,116	2,116	2,116	2,116	2,116
Infill	2,200	2,200	2,200	2,200	2,200	2,200	2,200
Total	4,316	4,316	4,316	4,316	4,316	4,316	4,316
Demand							
SouthWest	23,500	25,000	26,600	28,000	29,300	30,700	32,100
Port Hills West	5,000	5,200	5,600	5,800	5,900	6,100	6,300
Total locality	28,500	30,200	32,200	33,800	35,200	36,800	38,400
Demand growth from 2023							
SouthWest	-	1,500	3,100	4,500	5,800	7,200	8,600
Port Hills West	-	200	600	800	900	1,100	1,300
Total locality	-	1,700	3,700	5,300	6,700	8,300	9,900
Demand plus NPS-UD competitiveness margin							
SouthWest	-	1,800	3,720	5,180	6,670	8,280	9,890
Port Hills West	-	240	720	920	1,040	1,270	1,500
Total locality	-	2,040	4,440	6,100	7,710	9,550	11,390
Capacity - demand							
Total locality	4,316	2,276	- 124	- 1,784	- 3,394	- 5,234	- 7,074

That is based on dwelling capacity that is feasible in the medium term, under current market conditions. The NPS-UD allows for modelled conditions to change in the long-term (beyond 10 years, i.e. post-2033), for example by changing assumptions about prices and costs, which tends to enable an increase of capacity in the NPS-UD long-term. Nevertheless, the medium term shortfall in available capacity remains in the locality, and no information about alternative (increased) capacity in the long-term is presented in the updated HDCA, so the magnitude of any effect of that on increasing demand is not clear and is not able to be accounted for in this assessment.

4.4 Significant supply

As assessed in section 4.2, there is estimated to be a total capacity for about an additional 4,300 dwellings in the Site's locality. That is made up of 2,100 dwellings that could be accommodated in comprehensive developments, and 2,200 dwellings that could be constructed as infill development. Inevitably not all of those 4,300 feasible dwellings will actually be developed within the near future, because many of those potential dwellings would need to locate on lots where current landowners are unwilling, unmotivated, or unable to advance the construction of new dwellings. That estimate of capacity for 4,300 additional dwellings into the long-term, as existing housing stock will have aged,

land values will have increased, and the replacement of existing dwellings will become more feasible. For now, however, that estimate of 4,300 additional dwellings is unlikely to be achieved.

The proposed residential use of the Site is estimated to be able to accommodate somewhere between 336 and 420 dwellings (per section 2.2), which represents 8-10% of total feasible capacity in the locality. The NPS-UD provides that in addition to feasible development, councils must in their Housing and Business Assessments assess the housing development capacity that is reasonably expected to be realised (“RER”). That RER reflects what is not only feasible to develop, but also likely to be developed. RER capacity is therefore a step down in capacity from feasible capacity, and may be only 25-50% of feasible capacity, from some estimates we have seen elsewhere.

We are not aware of any RER assessment in Christchurch, but if RER in the Site’s locality is 25-50% of feasible capacity, RER capacity would be in the order of 1,100 to 2,200 dwellings. The Site’s 336-420 dwellings would, if enabled, provide a significant increase in that RER capacity, of +16-19% (if RER is 2,200) or 31-39% (if RER is 1,100 dwellings).

The NPS-UD contains objective 6, which is that local authority decisions on urban development is responsive, particularly to proposals that would supply significant development capacity. In our opinion the proposed residential use of the Site would qualify as significant development capacity, being a large share of RER capacity, and equivalent to about 10% of the demand for new dwellings in the locality over the next decade.

Clause 3.8(2) of the NPS-UD directs that local authorities must, for plan changes that provide significant development capacity:

have particular regard to the development capacity provided by the plan change if that development capacity:

- (a) would contribute to a well-functioning urban environment; and*
- (b) is well-connected along transport corridors; and*
- (c) meets the criteria set out... [in the regional policy statement]*

‘Significant development capacity’ has not yet been established from criteria in the Canterbury Regional Policy Statement, but in our opinion the proposed development of the Site would be significant at:

- ❖ 10% of demand for new dwellings in the locality in the next decade
- ❖ Around 10% of existing feasible capacity
- ❖ Close to 20%, or possibly up to 40% of capacity that is reasonably expected to be realised in the locality.

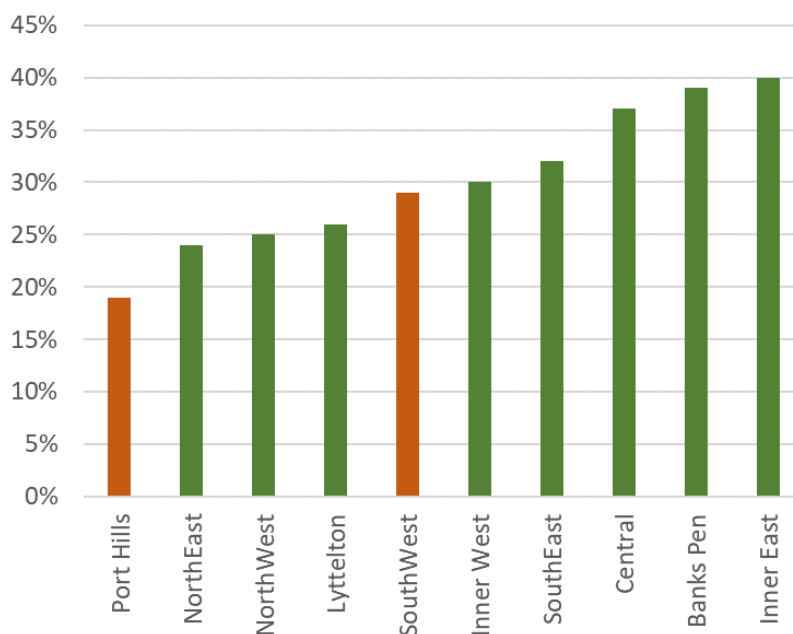
the proposed development of the Site would provide a large increase in residential capacity in a part of Christchurch where future additional residential supply is relatively limited.

5 Costs and benefits of residential development

5.1 Affordable housing

The Livingston and Associates Housing Demand report provides an assessment of affordable housing in Greater Christchurch, concluding that “with some exceptions, Christchurch City’s subareas are less affordable than Waimakariri and Selwyn’s subareas typically as a result of lower median household incomes”.¹⁶ That assessment finds that in 2020 (the most recent year for which data is reported on in that report) the South West and Port Hills subareas were two of the five most affordable subareas of Christchurch in which to live (out of ten subareas total) (Figure 5.1). Residential development of the Site is therefore likely on balance to create more, rather than less affordable dwellings.

Figure 5.1: Christchurch subareas’ median rent as a percentage of median household income¹⁷



We understand that development plans for the Site are yet to be finalised, however we are informed of an intention to provide some affordable housing on the Site, in the way of a retirement village offering freehold tenure in a higher density configuration. The higher density, and smaller dwelling sizes provided in that development would represent an affordable residential offering, in one of the more affordable parts of Christchurch. If an affordable housing area is intended to be provided on the

¹⁶ Page 48

¹⁷ Livingston and Associates “Housing Demand” report, table 4.5, page 48

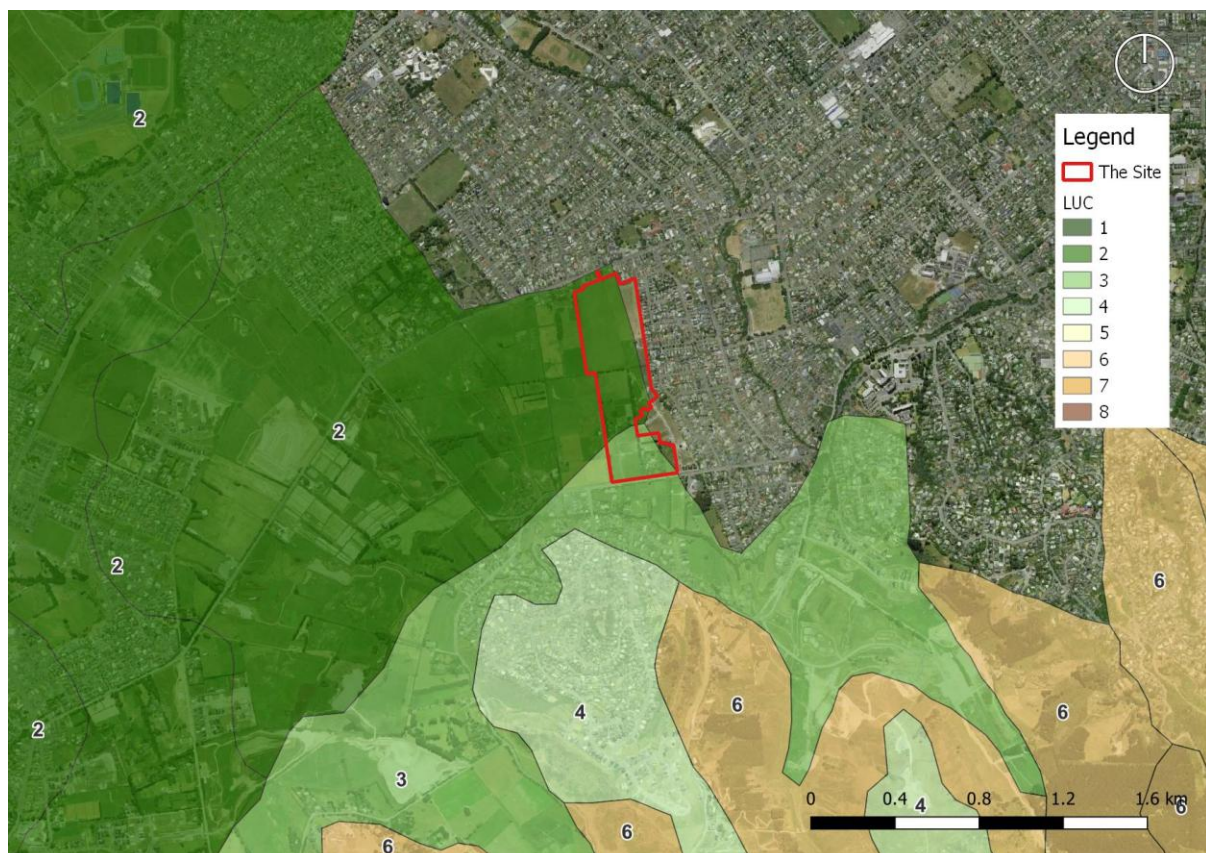
Site, and approval is contingent on its provision, it would be important for there to be conditions in the consent or some other method of ensuring the affordable housing actually eventuates, as opposed to traditional standalone housing not targeted at the affordable end of the market.

However, given the demand-supply balance, and expected shortfall of capacity in the locality within the next ten years, in our opinion the merits of the proposed development do not rest on there being an affordable component, and the contribution the development would make to additional capacity in an area where more supply is needed would alone justify the merits of the proposal. The fact that the Site is within a more affordable part of Christchurch is likely to mean that new dwellings constructed on the Site would be more rather than less affordable anyway.

5.2 Use of productive land

The NPS-HPL was approved in September 2022, and seeks to protect highly productive land use in land-based primary production, both now and for future generations. The NPS-HPL is relevant to this assessment because the Site is identified as having soils in land use classes (“LUC”) 2 and 3, with LUC 1, 2 and 3 being categorised as highly productive land (Figure 5.2).

Figure 5.2: Land use class in and around the Site



We have been advised by the applicants that they have received professional advice that the Site should not be considered to have highly productive land, due to constraints including high ground

water and reverse sensitivity due to proximity to residential zoned land (and residential zoned but undeveloped land running through the centre), as detailed in the section 32 report. The section 32 report also concludes that part of the Site is not HPL because it is zoned RNN, being an urban zoning. We provide an assessment against NPS-HPL criteria in section 6.

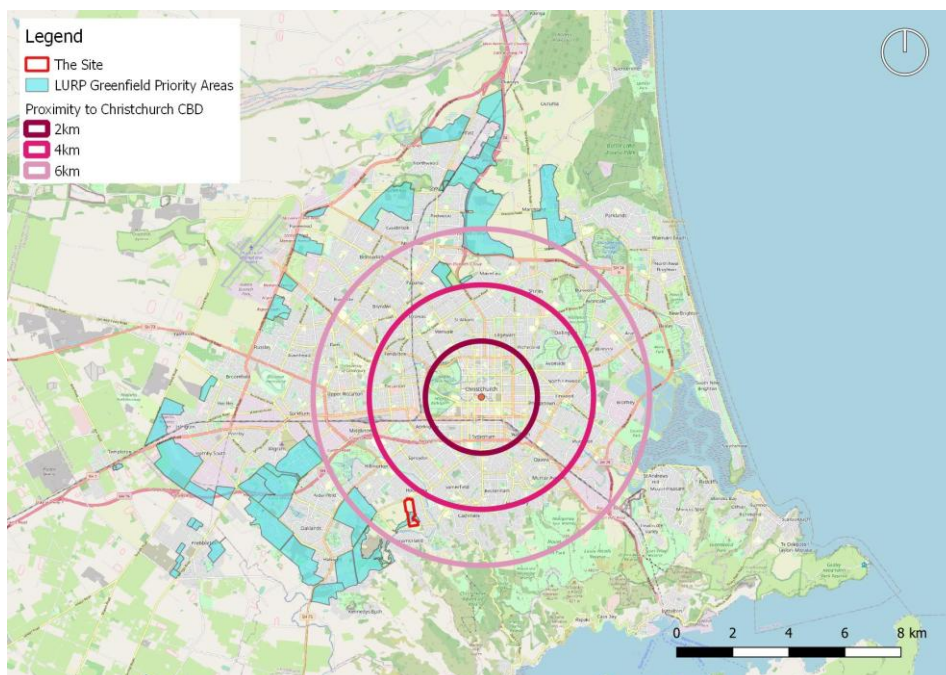
Whether or not the Site is highly productive land, its conversion to urban uses would result in the loss of some agricultural land, and the consequent loss of economic output associated with that. That loss is an economic cost that is relevant to assessing the merits of the application. However, as discussed in section 2.1 the physical characteristics of the Site significantly constrain its productivity, and economic output generated by the Site is very low.

We have not assessed the level of this output, because as with any proposal to convert rural use to urban uses, construction of even a small number of dwellings on formerly rural land will generate economic activity far in excess of what agriculture would generate. On a Site such as this, where hundreds of dwellings could be constructed on land (that we are informed is) poorly suited to agriculture, economic activity stimulated by residential development will always trump agricultural output, as assessed in section 6.4.

5.3 Location of the Site

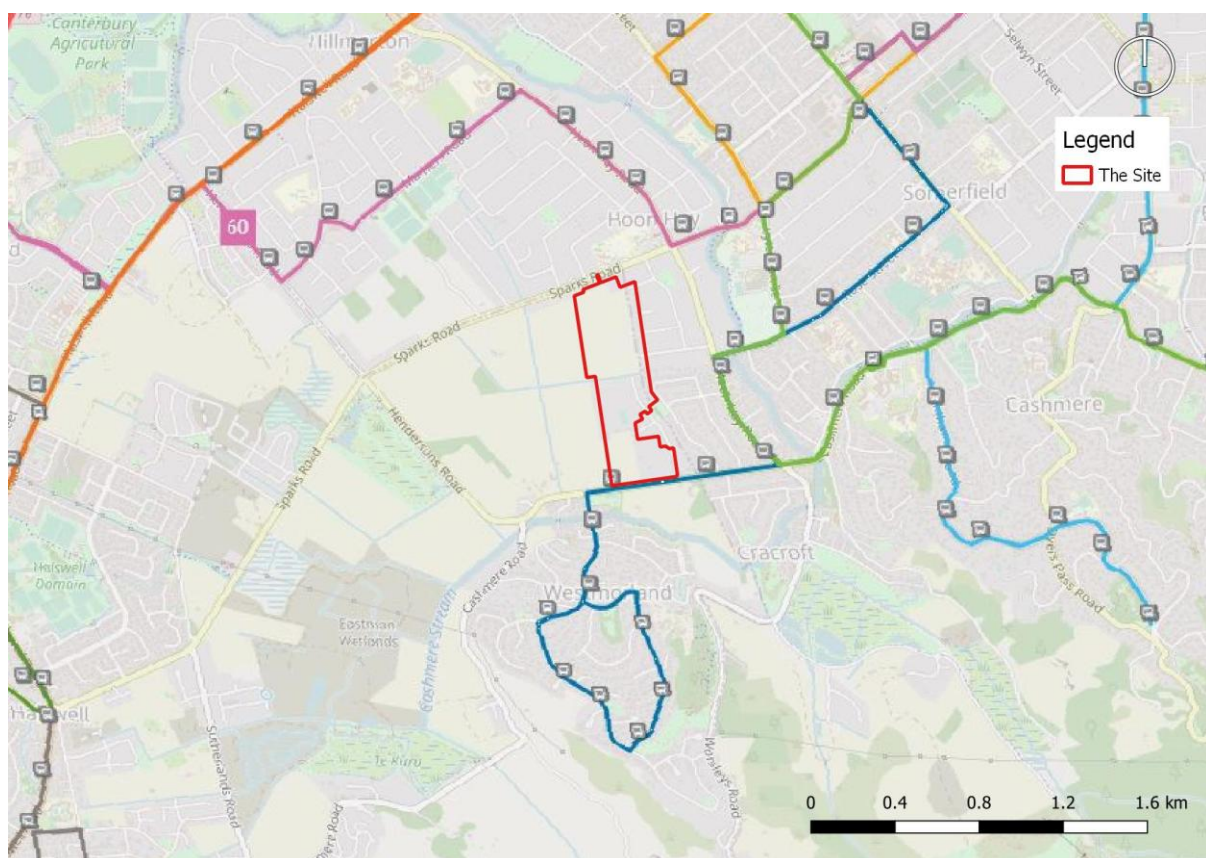
The Site is, in our opinion, well located to accommodate residential activity, and would contribute to a well-functioning urban environment. Part of the Site is identified as a greenfield priority area (“GPA”) in the LURP, and at just over 4km straight line distance from the centre of the CBD, it is the second closest GPA to the CBD, behind only Cranford Basin (Figure 5.3).

Figure 5.3: Proximity of Greenfield Priority Areas to Christchurch CBD



The Site is closer to the CBD (straight-line) than other GPAs in Halswell, Wigram, Marshland and Belfast. The Site has good road links to central Christchurch, is adjacent to existing residential areas, close to commercial centres,¹⁸ on or within 300m of three existing bus routes, within 800m of Centennial Park and the Pioneer Recreation Centre, and close to schools¹⁹ and employment areas.²⁰ In short, the Site is within an established residential area, with all the expected social and commercial fabric that entails. These locational attributes make the Site well placed to accommodate residential activity, and we would suggest better in many respects than other GPAs such as those in the Belfast/Northwood area. The locational attributes also suggest that development of the Site for urban residential activities would contribute to a well-functioning urban environment.

Figure 5.4: Bus network near the Site²¹



Part of the Site is a GPA, and development of that part would not be precluded by the NPS-HPL, despite it being classified as highly productive land. The parts that were not identified as Greenfield Priority Areas are those identified in the District Plan as those subject to flood ponding (Figure 5.5).

¹⁸ The northern entrance to the Site is 2km from Barrington Mall

¹⁹ Hoon Hay Primary school is on the opposite side of Sparks Road from the site's northern entrance, and Cashmere High School is 1.5km east of the Site

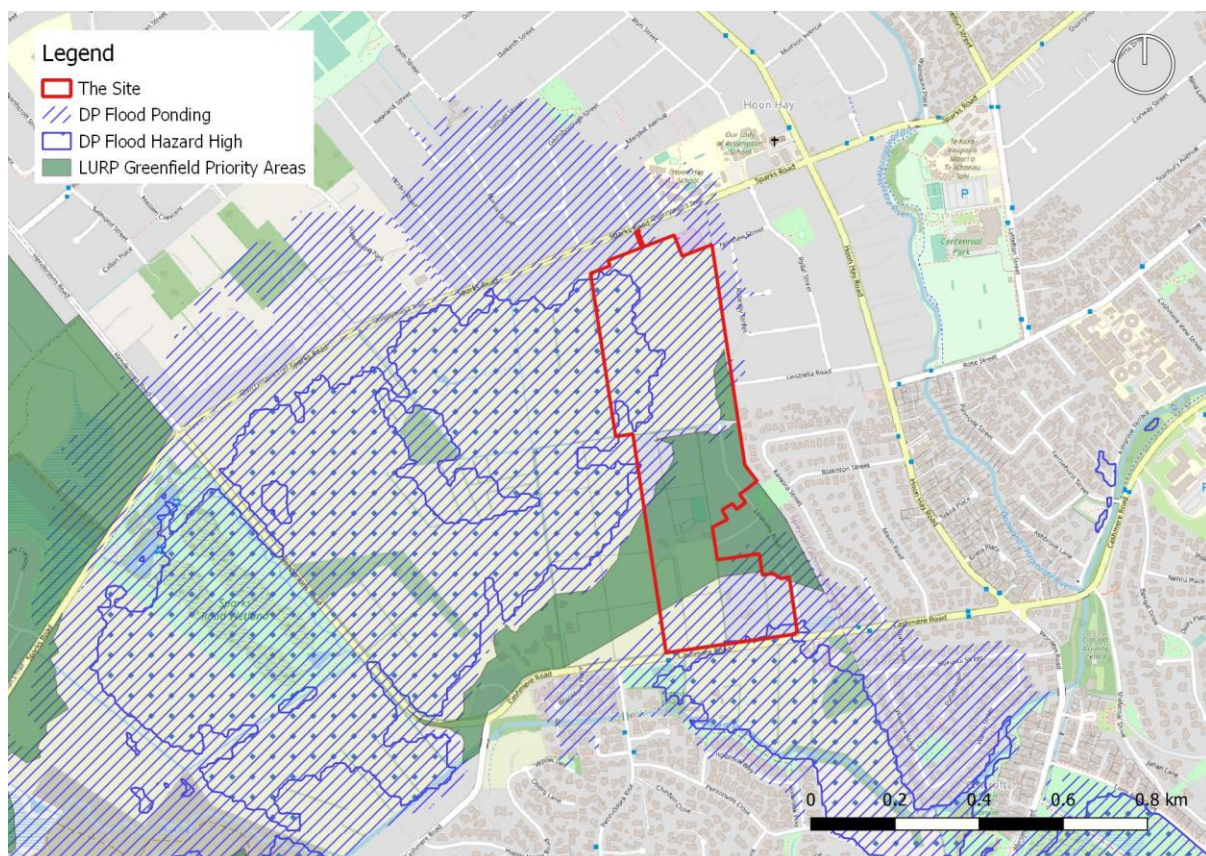
²⁰ Between 3-4km south of the large business areas at Middleton, Addington, and Sydenham

²¹ <https://go.metroinfo.co.nz/mtbp/en-gb/arrivals/content/routes>

Because the parts of the Site that are not at risk from flooding have been identified as being suitable to accommodate urban growth, it is reasonable to expect that the location of the Site in relation to urban Christchurch is not a constraint to being considered suitable for that growth. Instead, while we are not familiar with the rationale for defining the spatial extent of the GPA, a logical inference is that the flooding ponding hazard identified limited the extent of the GPA defined.

If the flood risk were able to be avoided on other parts of the Site, we expect that those other parts would also be suitable to accommodate urban growth from an accessibility and location point of view, and could be identified as a Greenfield Priority Area. We understand from a flood modelling assessment of the Site²² undertaken by CCC-endorsed consultants DHI that the Site is safe to accommodate residential development even in a 1 in 200 year flood event, and that there will be no adverse impact on surrounding properties or in respect of the Site. That being the case our interpretation is that those other (not at risk from flooding) parts of the Site would be equally suitable to be identified as GPA as is the part that is already GPA.

Figure 5.5: Greenfield priority areas on and around the Site



²² "Cashmere Park Extension modelling Jan 2023", DHI, 28 February 2023

6 HPL assessment

In this section we provide an assessment against NPS-HPL criteria, in case the applicant's position that the Site is not subject to the NPS-HPL is not accepted.

6.1 Policy framework

The policy framework that guides NPS-HPL assessments for proposals involving the urban rezoning of highly productive land is contained in the NPS-HPL clause 3.6. In that clause the NPS-HPL makes provision for the conversion of highly productive land to urban uses in clause 3.6(1), but 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.

Clause 3.10 allows territorial authorities to allow highly productive land to be converted to urban uses if:

- a) there are permanent or long-term constraints on the land that mean the use of the highly productive land for land-based primary production is not able to be economically viable for at least 30 years; and
- b) the subdivision, use, or development:
 - (i) avoids any significant loss (either individually or cumulatively) of productive capacity of highly productive land in the district; and
 - (ii) avoids the fragmentation of large and geographically cohesive areas of highly productive land; and
 - (iii) avoids if possible, or otherwise mitigates, any potential reverse sensitivity effects on surrounding land-based primary production from the subdivision, use, or development; and
- c) the environmental, social, cultural and economic benefits of the subdivision, use, or development 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.

If land has been identified by a council as being required to accommodate residential growth, that is considered to be justification for allowing the land to be converted to urban uses.

6.2 Clause 3.6(1)(a): required to provide capacity

The assessment above in section 4.3 concludes that demand in the locality is projected to increase at around 380-400 lots a year for the next 30 years, and there is feasible dwelling capacity in the same locality for just over 4,300 additional dwellings, or enough to accommodate around 9.7 years of demand. While feasible capacity may increase in the long-term as land values increase, those values are not able to be accounted for in medium-term sufficiency modelling under the NPS-UD, and there is a shortfall of dwelling capacity in the locality within the medium term.

We conclude that the urban rezoning of the Site is required to provide sufficient development capacity to meet demand for housing or business land to give effect to the NPS-UD, under clause 3.6(1)(a) of the NPS-HPL.

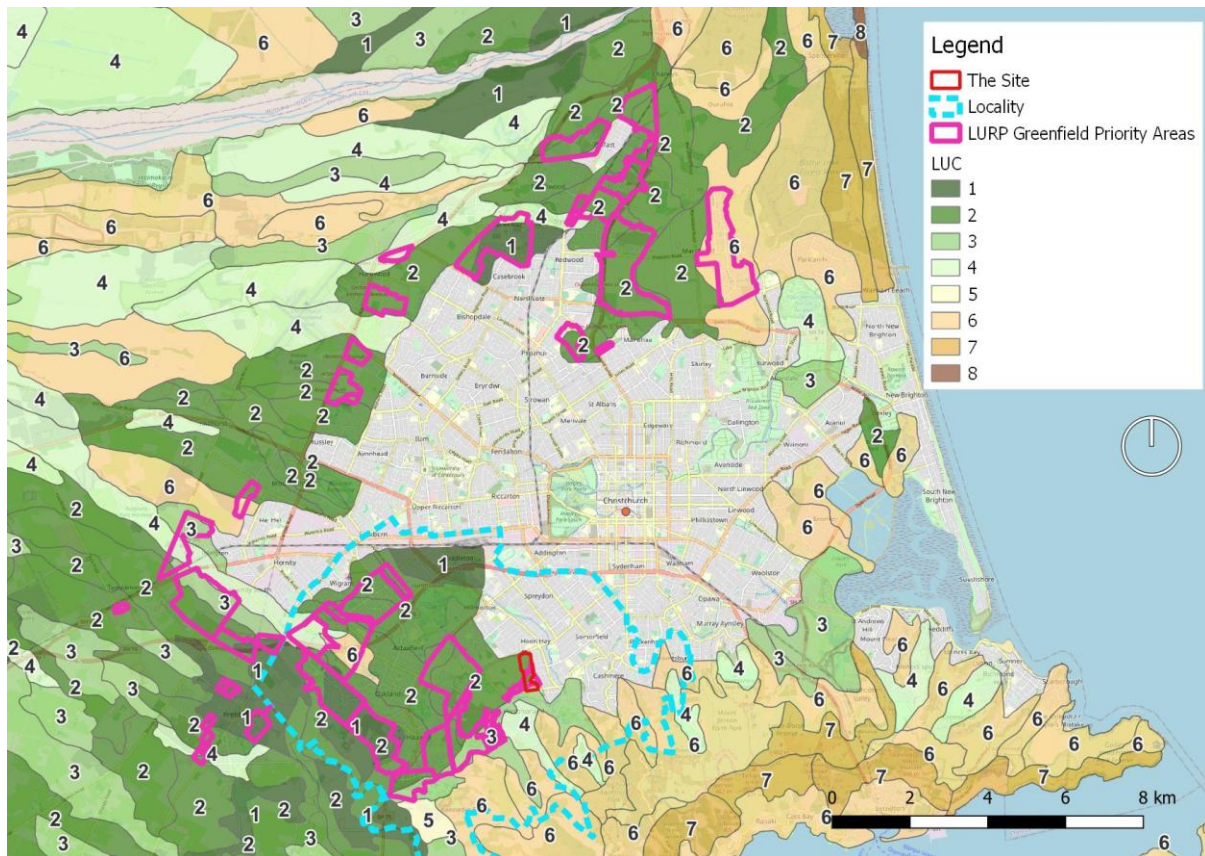
6.3 Clause 3.6(1)(b): no other options

The assessment in section 5 above concludes that the Site is well located to accommodate urban growth, supported by (among other factors) the identification of part of the Site as a GPA in the LURP, and proximity to the CBD and established social, commercial, community and physical infrastructure. Within the locality 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, because:

- ❖ Much of the locality has already been developed for urban activities, and has little or no remaining capacity to accommodate additional residential dwellings, particularly not in a cohesive, master-planned layout.
- ❖ Much of the locality that has not yet been developed is identified as being highly productive land (LUC 1-3, per Figure 6.1).
- ❖ While there exists some capacity to accommodate demand within existing urban areas, that capacity is inadequate to meet demand arising in the locality by itself, and requires additional capacity to be provided in a new location.
- ❖ Those parts of the locality that are not highly productive land are either in the less accessible parts of the locality in the Port Hills, or already substantially developed (an area of LUC4 at Westmorland, and an area of LUC6 west of Awatea Road).

We conclude that there are no other reasonably practicable and feasible options for providing at least sufficient development capacity within the same locality to give effect to the NPS-UD, under clause 3.6(1)(b) of the NPS-HPL.

Figure 6.1: Location of GPAs in relation to HPL



6.4 Clause 3.6(1)(c): benefits vs costs

As discussed in section 2.1, the Site is very constrained in its ability to accommodate productive rural uses, and therefore the economic benefits of the existing rural activities on the Site are very small, and would support a fraction of a full-time equivalent job. Development of the Site for somewhere between 336 and 420 dwellings (as discussed in section 2.2) would support well over 1,000 FTE years of employment.²³

The development of the Site would also be expected to positively impact local businesses, and contribute to the efficient functioning of the nearby centres and business areas. Residents of the Site would be expected to shop and visit businesses within the local area, which will improve the viability

²³ From comparable assessments we have completed, which have found that each dwelling in large greenfields developments generates on average 3.5 to 4.5 FTE years of employment, when all employment on-site and off-site is accounted for. This includes pre-development planning and professional works, site works and preparation, construction, off-site fabrication, and transport and storage of materials.

of existing business and also potentially attract more businesses and community services to the area. This additional activity can be expected to increase local employment in centres, and to improve the level of amenity in these centres, which will positively contribute to a well-functioning urban environment.

We acknowledge that if development of the Site did not proceed, that some of these benefits would be experienced elsewhere in Christchurch, and that some portion of the benefits is therefore a transfer effect, and would not stimulate new activity. However, because our assessment shows that there is an insufficient supply of dwelling capacity in the locality, much of the economic benefits would be net additional to the locality, and would be unlikely to occur in the locality without development of the Site being enabled. In any case, the proposed residential development on the Site would far exceed economic output able to be generated from the Site by agricultural uses, and for a period far exceeding the NPS-UD's long-term.

We understand from the DHI report that the Site is safe to develop even in a 1 in 200 year flood event, and therefore infer that there would be no economic costs associated with flooding hazards up to at least that magnitude.

The conclusion from that is that the economic benefits of rezoning the Site far outweigh the long-term economic costs associated with the loss of the Site's highly productive land for land-based primary production, under clause 3.6(1)(c) of the NPS-HPL.

7 Conclusion

This report shows that without the requested rezoning of the Site there is expected to be a shortfall of residential development capacity within the locality of the Site within the next ten years, and therefore additional capacity would be required to ensure that Council is able to provide at least sufficient development capacity in line with its obligations under the NPS-UD.

The Site is one potential option within the locality on which to provide additional capacity, and from our assessment there are no other reasonably practicable and feasible options for providing that capacity within the locality. Alternative options for additional supply on greenfields sites are either less accessible to central Christchurch or are located on higher class soils than the Site, and Council's assessment indicates that insufficient infill capacity is feasible, meaning greater intensification within existing urban areas will not be able to provide the required capacity.

The Site is well located to accommodate urban residential growth in Christchurch, and the GPA on part of the Site is the second closest GPA in the City to central Christchurch. The Site is located within an existing urban environment that is well serviced by a wide range of social, commercial and community facilities and employment options, and development of the Site would contribute to a well-functioning urban environment.

We conclude that urban rezoning of the Site would be consistent with clause 3.6 of the NPS-HPL, and would give effect to the NPS-UD's objective to provide at least sufficient development capacity, and that the economic benefits of the proposed rezoning would far outweigh the limited costs.