

Response to Hearings Panel request regarding Christchurch City Council submission and additional evidence to Our Space 2018-2048

The following identifies and corrects any factual issues and highlights any issues of opinion with regards to the Christchurch City Council (CCC) Submission and Technical Evidence supplied.

The following matters were identified in the CCC submission:

1. Inconsistencies in the draft update
2. Updating proposed policy interventions to reflect emerging data
3. Sequencing of development
4. Intensification in townships and increase densities in greenfield areas and Future Urban Development Areas (FUDA)
5. Factoring in rural capacity
6. Reviewing business capacity
7. Addressing social and affordable housing

Discussion of these matters were addressed through the officers' report and are not discussed here. The discussion focuses on the supplementary technical evidence provided.

Executive Summary

Generally, Selwyn District Council (SDC) considers the approaches to rural demand as inappropriate and not meeting a sensitivity check of net new dwellings. SDC supports the use of rates of take-up as an appropriate calculation of rural demand, recognising that new Statistics New Zealand (StatsNZ) data will correct this in the future.

The use of estimates as data is not supported by the National Policy Statement on Urban Development Capacity (NPS-UDC) or by StatsNZ. Projections should be used.

Feasibility approaches between the territorial authorities are different, even when considering current prices. To have a consistent approach, substantial work from at least one territorial authority will be required to align with other territorial authority methodology. SDC supports the use of individual territorial authority approaches for the current Our Space, for SDC that is the Market Economics (M.E) feasibility report. Greater alignment should be sought in the future.

With regards to density, SDC recommends undertaking further work through the District Plan Review and reviews of the structure plans to identify areas where increased density can occur. This work can then underpin the evidence that will support a change in the densities outlined in the Canterbury Regional Policy Statement.

SDC is satisfied that there will be long-term sufficiency through the District Plan Review work and review of township structure plans, alongside the Future Urban Development Areas.

In terms of sequencing, SDC does not support the use of the term maximum capacity. SDC agrees that the targets in Our Space are what SDC is seeking to enable. SDC supports ongoing discussions about improving our understanding on wider transport implications, however there is no current information available to understand transport impacts.

The following matters were identified in the CCC supplementary technical evidence:

Housing sufficiency numbers to inform an appropriate planning and policy response Pg 2-5

The discussion in this section of the report focuses on the adjustment of demand in relation to what is occurring in rural areas of the district, the use of Market Economics' future price approach, and emerging data.

Rural demand Pg 2-4

The approaches outlined in the report do not reflect rates of take-up and are therefore considered unreliable. Rates of take-up are a measure of new dwellings consented over time. Rates of take-up are an appropriate sensitivity check on any approach, as it reflects recent dwelling trends and is explicitly mentioned as an appropriate method in the NPS-UDC in PB3 d).

Generally, the use of take-up as a proxy for rural demand is appropriate but requires a caveat. Revisions of population projections solely relying on rates of take-up are potentially unreliable as there are numerous other factors involved in Stats NZ projections. Without any more detailed information from Stats NZ, the caveat is required. Appendix 1 of this report shows the rate of consented net new dwellings per year averaging over the last 10 years around 70 dwellings per year though declining in recent years.

The use of Stats NZ estimates within CCC information to calculate demand is not an approach supported by the NPS-UDC or Stats NZ. The NPS-UDC in Policy PB2 a) states that the assessment of demand should include 'Demographic change using, as a starting point, the most recent **Statistics New Zealand population projections**' (emphasis added). Further, the Stats NZ website¹ states that 'for those interested in planning, projections ... are derived to give an indication of future change' rather than using estimates as used in the CCC technical advice.

The different approaches and the estimated demand outlined in Appendix B of the supplementary technical evidence did not come close to matching rates of take-up, a reliable sensitivity check, with most over 4 times the rates of take-up. As an example, the technical evidence suggest that rural estimated rural demand per year could be up to 140 dwellings a year compared to the average rate of up take of around 70 per year. Interestingly the rate of take up over the last two years has sat around 45 dwellings a year. These approaches outlined in the CCC technical advice needed refining and this has not occurred.

Feasibility Approach Pg 4

The technical evidence questions the use of Market Economics (M.E.) future pricing model. Using the current pricing model, outlined in the M.E. report², the feasible capacity is 1,200 for Selwyn Greater Christchurch Area leaving a large shortfall of 7,400. This capacity figure is unrealistic and does not reflect current levels of development (rates of take-up over the last ten years is on average 780

¹ http://archive.stats.govt.nz/browse_for_stats/population/estimates_and_projections/frequently-asked-questions-population-statistics/faq-population-statistics-part-1.aspx#difference

² Market Economics Report, Selwyn District Residential Feasibility 2018, Table 5.3, pg. 34

(<http://greaterchristchurch.org.nz/assets/Documents/greaterchristchurch/Our-Space-consultation/Selwyn-District-Residential-Feasibility-2018.pdf>)

dwellingings per year within the Greater Christchurch Area. Since the earthquakes, rates of take up over the last seven years is 983 dwellingings per year, see Appendix 2 of this report). The M.E.'s future price model shows a medium term feasibility capacity of 6,100³. This seems more accurate.

Note, the 9,725 initial capacity shown in Our Space and reiterated in the Officers Report was a placeholder before any feasibility work had occurred. It was noted in Our Space under Table 3 (pg13) that 'Sufficiency of housing development capacity will be reviewed and published as further feasibility modelling and investigation in completed'. The M.E. Report was released with the Our Space consultation as further completed feasibility modelling.

Further, if using current prices, it is important to note that the approaches from each council to current prices is different. The CCC approach to feasibility does not use the same approach to current prices for greenfield capacity as Market Economics used. The CCC approach adjusts the land cost and sales price to reflect what might occur during development. Briefly, the approach assumes new development will occur around existing dwellingings, decreasing the overall cost by excluding capital cost and a percentage of land costs (pg211 of Residential Capacity Assessment⁵). The approach to land value uses values based on one area and extrapolated to all other greenfield areas (Pg30 of Methodology report⁴). Further, the assessment uses published price expectations rather than actual sales price, as the M.E approach does. A current price approach for CCC that is similar to the M.E. approach (as shown on pg217 of the capacity assessment⁵) shows a total feasible greenfield capacity in CCC of 961, rather than the adjusted approach of 14,343 used in feasibility. M.E. has not looked at incorporating these different approaches to land value and sales price but rather a future prices approach. This difference could be addressed in future assessments.

Emerging Data Pg 4-5

Again, the approach taken in the CCC technical advice uses estimates instead of projections. As discussed above the NPS-UDC requires that projections are used. Currently, SDC net new housing data (as shown in Appendix 2) shows it is still above the medium term agreed projected demand figure used in the assessment. Further monitoring of this should be included in the monitoring report.

Housing densities Pg 5-9

The CCC technical evidence seeks that Our Space demonstrate that 'there will be sufficient feasible capacity in the long term (pg5)'. The Our Space approach relies on the, as of yet completed, District Plan Reviews to look at increased capacity within the existing urban areas. What is requested is the same work that would be done through the District Plan Review, which is on a different timeframe than Our Space, be completed now. SDC response to the long term shortfall is to review the township structure plans to understand where additional capacity can locate within the existing urban area and at what densities. This, along with the flexibility of Future Urban Development Areas, provides SDC

³ Market Economics Report, Selwyn District Residential Feasibility 2018, Table 5.2, pg. 33

(<http://greaterchristchurch.org.nz/assets/Documents/greaterchristchurch/Our-Space-consultation/Selwyn-District-Residential-Feasibility-2018.pdf>)

⁴ <http://greaterchristchurch.org.nz/assets/Documents/greaterchristchurch/Our-Space-consultation/Housing-Capacity-Assessment-Methodology.pdf>

⁵ <http://greaterchristchurch.org.nz/assets/Documents/greaterchristchurch/Our-Space-consultation/Greater-Christchurch-Housing-Capacity-Assessment-reports-1-4.pdf>

enough certainty that it can meet the medium term capacity, with future workstreams to address any long term capacity. It is important to note that the NPS-UDC requires a review every three years and once more information and evidence is available, it can be factored into the capacity assessments. The Future Urban Development Areas were chosen as they have already been structure planned⁶.

Sequencing Pg 9-12

Transport Sequencing Pg 9-12

With regards to the impacts on the transport network, there is currently no updated information from transport modelling to help inform further discussions about how a sequencing trigger could be developed. Further, impacts on the Greater Christchurch transport network do not distinguish transport generated from Rolleston's existing urban area or from the greenfield areas. The development and progression of public transport planning and funding can be incorporated into Our Space once they are confirmed.

Central City Pg 12

The JLL report (on page 9) states (as pointed out by the technical evidence pg12) that greenfield development within Selwyn and Waimakariri impacts the Central City development to a lesser extent than Christchurch's suburban areas. Further, the solutions are to limit high density residential developments within greenfield subdivision (pointed out by the technical evidence pg12).

The JLL report seemingly contradicts the CCC technical evidence position to increase minimum densities in greenfield areas and it is unclear what is sought by the submission.

Maximum Targets Pg 12

The NPS-UDC refers only to minimum targets. In order to be NPS-UDC compliant, these need to be referred to as minimum targets. Our Space (pg12) currently states that the targets 'represent the development capacity that each council will seek to enable through their relevant planning processes and mechanism' and this is SDC's approach.

Appendix B of CCC technical advice– review of rural demand and capacity calculations and impact on housing sufficiency Pg 15-18

Generally, the approaches outlined here were discussed within internal Greater Christchurch Officer meetings in order to find the best approach to deal with this issue. There were significant differences between the results of these approaches and the sensitivity check of rates of take-up and were therefore dismissed. The comments below relate to the specific points raised in the CCC technical advice.

- a) Calculate the current rural/urban split of each area unit.
The approach outlined by CCC used the current percentage of postal addresses within the rural and urban parts of an area unit. This does not capture recent growth trends, which are more of a factor in Stats NZ projections. The outcome of this approach led to SDC having

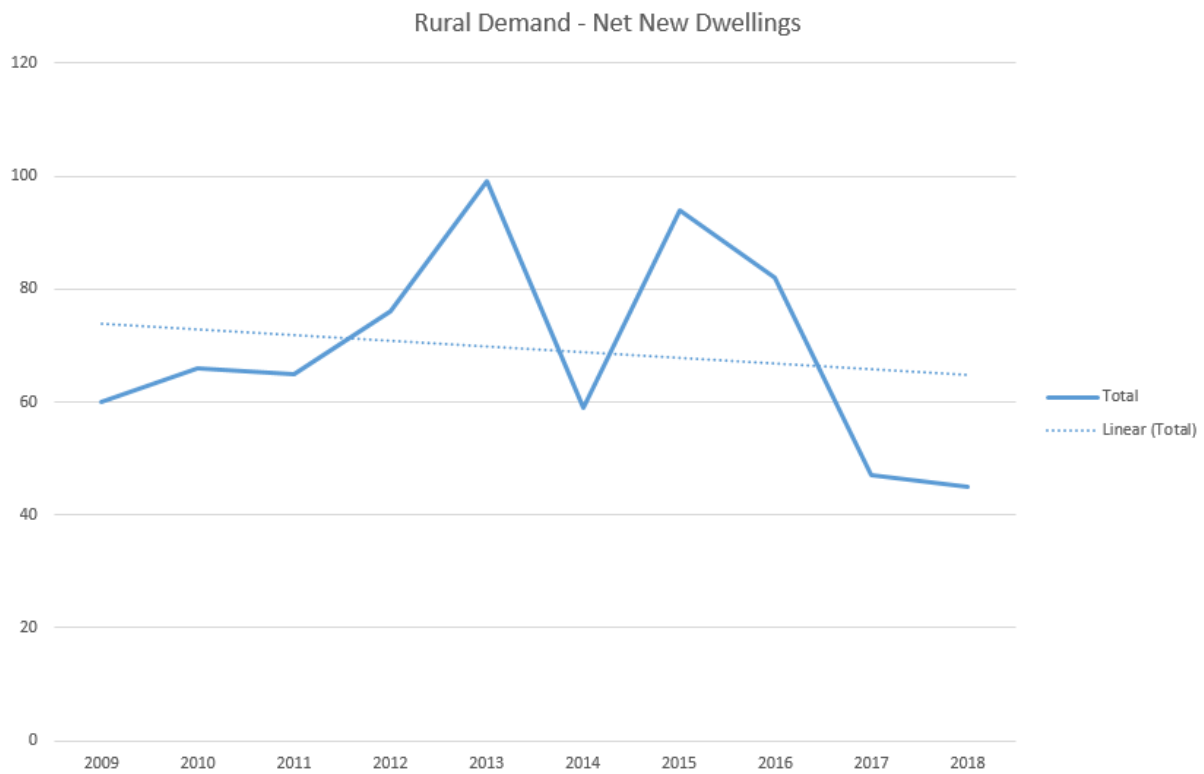
⁶ <https://www.selwyn.govt.nz/property-And-building/planning/strategies-and-plans/rolleston-structure-plan>

approximately 3,000 rural dwelling demand in the medium term, which is over 400% more than rates of take-up of 700 dwellings over past 10 years. Therefore, this approach was disregarded as it doesn't accurately reflect rates of take-up.

- b) and c). This was an option explored by officers in internal meetings to try and figure out the best approach within the timeframe. It was not agreed to explore it any further after our meetings. The evidence shows rural demand in SDC as either 3,300 or 1,900, which is either over 400% or 250% of rates of take-up. To resolve this discrepancy, discussions with StatsNZ would need to occur and is not considered appropriate as the new census data will be out later this year and will inform the projections that will underpin the next capacity assessment due at the end of next year.
- d) This option is based on Stats NZ population estimates. As discussed above, estimates are not recommended by Stats NZ to be used in planning responses or suggested to be used within the NPS-UDC. Further, the population projections are used to underpin all work for the Greater Christchurch response to the NPS-UDC and these were agreed to by the partnership in 2017.
- e) It is best to leave it to Waimakariri to respond.
- f) This option is based on Stats NZ population estimates. See above (for point d)) for the response.

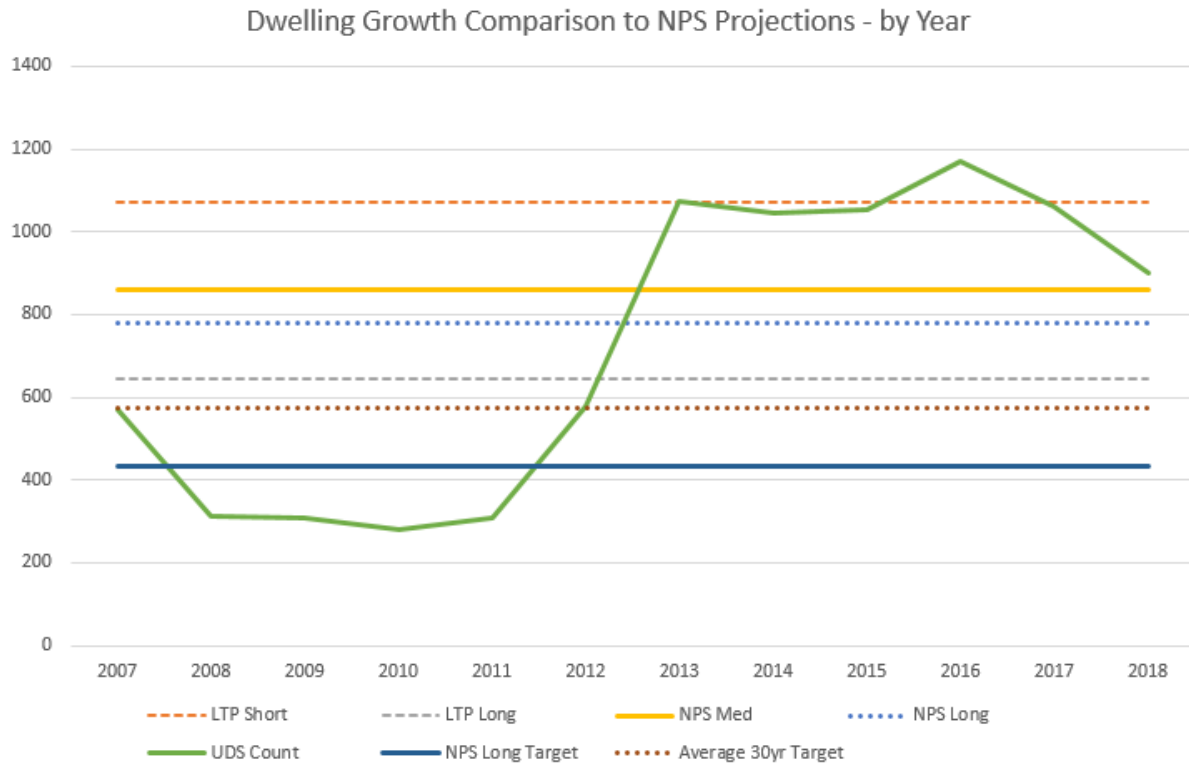
Appendix 1 - SDC Rural Demand

The following table shows the last 10 years of data for net new housing in the rural area of GCP. The trend line shows the average falling over the 10 year period. For the 10 year timeframe the average is 69.3, with the last two years at an average of 46 dwellings.



Appendix 2 – Net New Dwellings

This is the GCP Area using net new growth, as calculated by Planning and Policy.



The table above shows that for the past five years growth has been well above the expected NPS medium term target, with 2018 dropping to just above the medium term target. This is still well above the 30year average target and the long-term growth and the long-term target.