

**BEFORE INDEPENDENT HEARING COMMISSIONERS
AT RANGIORA / WAIMAKARIRI**

**I MUA NGĀ KAIKŌMIHANA WHAKAWĀ MOTUHAKE
WAIMAKARIRI**

IN THE MATTER of the Resource Management Act 1991

AND

IN THE MATTER of the hearing of submissions and further
submissions in **Variation 1 to the Proposed
Waimakariri District Plan**

HEARING TOPIC: Stream 7B Variation 1

**STATEMENT OF PRIMARY EVIDENCE OF TIMOTHY JAMES HEATH
ON BEHALF OF KĀINGA ORA – HOMES AND COMMUNITIES**

(ECONOMICS)

11 SEPTEMBER 2024

Instructing solicitor:
C E Kirman
Special Counsel
Kāinga Ora - Homes and Communities
PO Box 14594
Central Auckland 1051
E: claire.kirman@kaingaora.govt.nz

1. EXECUTIVE SUMMARY

- 1.1 My name is Tim Heath. I have been engaged by Kāinga Ora to provide economic evidence on the relief sought by Kāinga Ora with regard to Variation 1 of the Waimakariri Proposed District Plan. Specifically, Kāinga Ora seeks the rejection of the proposed Sunlight and Shading Qualifying Matter and the introduction of a Height Variation Control Area (“HVCA”) around the Rangiora Town Centre.
- 1.2 The development of compact residential form is not only directed by the NPS-UD but is a fundamental aspect of urban form relating to economic efficiency, affordability, choice, improved amenity, and affordable infrastructure provision.
- 1.3 In order to encourage urban intensification to occur, there needs to be both a competitive edge, sufficient opportunity and a level of enablement that makes such development profitable and attractive to developers. The HVCA sought by Kāinga Ora represents a significant increase in the capacity potential, centred around the primary commercial centre for the district. It also safeguards the potential for intensification to occur over the longer term by providing clarity to the market as to the council’s preferred location for intensification.
- 1.4 I consider there are some fundamental flaws in the assessment of the effects of the Sunlight and Shading Qualifying Matter. Contrary to the analysis by Council, I believe an 8m height limit as opposed to 11m will have a significant effect on development capacity and result in a less efficient outcome in the affordability, choice and location of which housing is delivered to the market. I also believe the geospatial modelling which attempts to quantify the effect of shading is flawed and the effect of an 11m height limit relative to an 8m height limit has been greatly overstated.
- 1.5 From an economic perspective, I consider that the actual effect of this proposed qualifying matter is a net economic loss. My concern is that the proposed 8m height limit may have wider-reaching impacts on the enablement of appropriate densities and, particularly, for Kāinga Ora to

achieve efficient development options, including appropriate typologies, for social housing.

2. INTRODUCTION

2.1 My full name is Timothy James Heath. I am a property consultant, market analyst and urban demographer for Property Economics Limited, based in Auckland. I established the consultancy in 2003 to provide property development and land use planning research services to both the private and public sectors throughout New Zealand.

Experience

2.2 I hold a Bachelor of Arts (Geography) and a Bachelor of Planning both from the University of Auckland. I have undertaken property research work for nearly 30 years, and regularly appear before Council, Environment Court, and Board of Inquiry hearings on economic and property development matters.

2.3 I advise district and regional councils throughout New Zealand in relation to industrial, residential, retail and business land use issues as well undertaking economic research for strategic planning, plan changes, District Plan development and implementation of the National Policy Statement on Urban Development 2020 (“**NPS-UD**”).

2.4 I also provide consultancy services to a number of private sector clients in respect of a wide range of property issues, including residential capacity assessments, retail, industrial, and commercial market assessments, development feasibilities, forecasting market growth, determining future land requirements across all property sectors and economic cost benefit analysis.

2.5 I have a lot of recent experience that is particularly relevant to this hearing including assisting Councils with their District Plan updates to incorporate NPS-UD and MDRS¹ requirements including more recently all councils in the Wellington Region, Christchurch and Tauranga City Councils and New Plymouth and Timaru District Councils. I have also

¹ *Medium Density Residential Standards*

assisted Kāinga Ora Homes and Communities with their input into these intensification processes in other districts around the country.

Involvement in the Submission

- 2.6 I have been commissioned by Kāinga Ora-Homes and Communities (“**Kāinga Ora**”) to prepare this statement of evidence to address general economic matters raised in relation to the relief sought in the Kāinga Ora submissions and further submissions, relating to the residential planning provisions on both the Waimakariri District Council’s (“**WDC**”) Proposed District Plan (“**PDP**”) and Variation 1 (“**V1**”) to the Proposed District Plan. This variation seeks to implement the NPS-UD as well as the and The Resource Management (Enabling Housing Supply and Other Matters) Amendment Act 2021 (“**Amendment Act**”).

Code of Conduct

- 2.7 I confirm that I have read the Expert Witness Code of Conduct set out in the Environment Court’s Practice Note 2023. I have complied with the Code of Conduct in preparing this evidence and agree to comply with it while giving evidence. Except where I state that I am relying on the evidence of another person, this written 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 expressed in this evidence.

SCOPE OF EVIDENCE

- 2.8 My evidence will address the following:
- (a) The fundamental differences between the V1 provisions, the s42A recommendations and the relief sought by Kāinga Ora.
 - (b) The need for the enablement of efficient, as well as sufficient, residential development opportunities.
 - (c) The potential economic impacts of the proposed Sunlight and Shading Qualifying Matter (“**QM**”) on both development opportunities and the provision of social housing.

- (d) The potential economic benefits of the relief sought by Kāinga Ora.

2.9 In preparing my evidence, I have read the proposed plan including V1, the respective s42A report, the s32 RMA evaluation and the supporting evidence for Waimakariri Council.

3. KĀINGA ORA'S SUBMISSIONS

3.1 This evidence addresses the relief sought by Kāinga Ora on V1 to Waimakariri's PDP pertaining to the performance standards and controls within the residential zones.

3.2 Specifically, this economic evidence focuses on two issues:

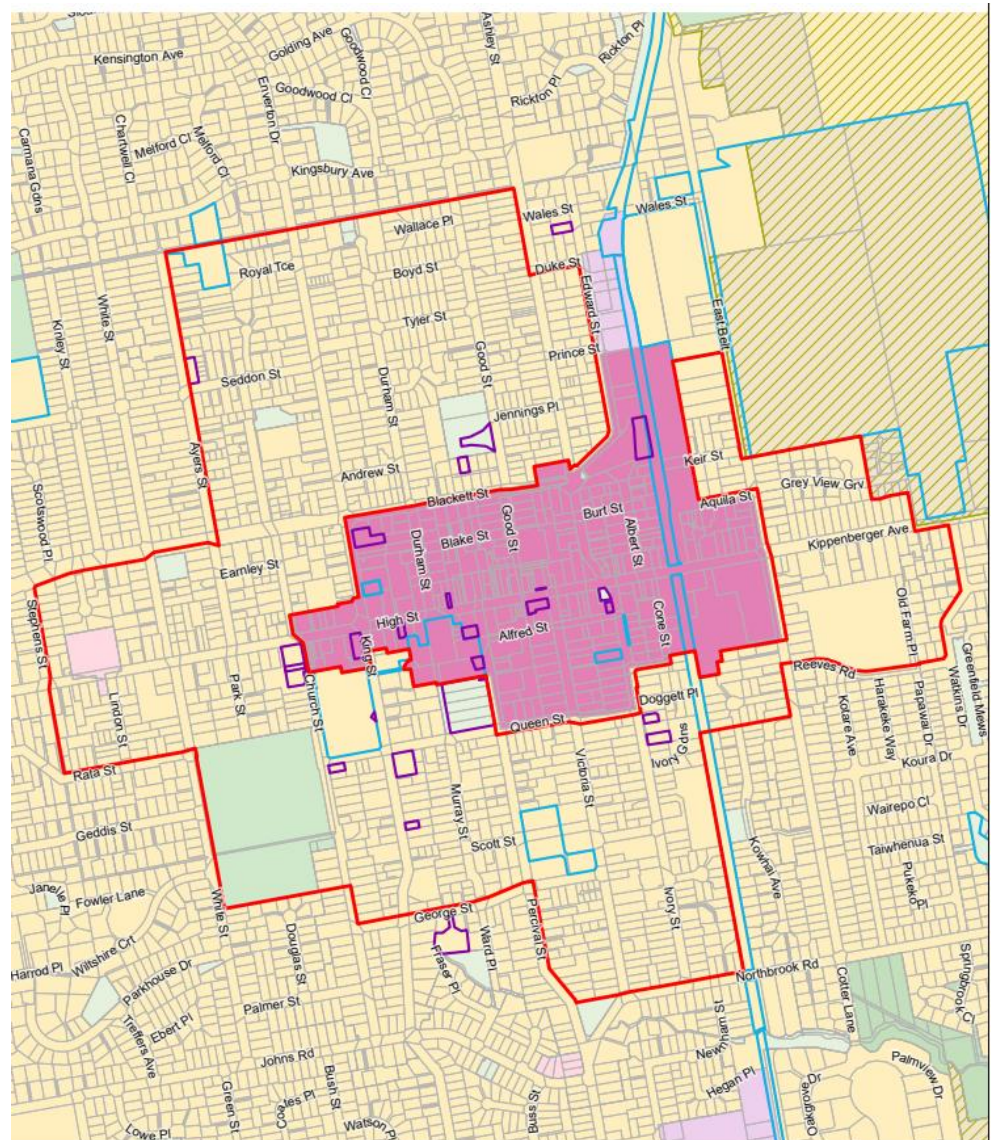
- (a) Kāinga Ora's proposed HVCA surrounding the Rangiora Town Centre which would enable a height limit of up to 18m or five storeys. The extent of this area is identified in Figure 1.

- (b) The s42A reporting planners' proposal to remove development rights below the minimum standards set out by the NPS-UD (i.e. Medium Density Residential Standards "**MDRS**") through the introduction of a Sunlight and Shading QM. Specifically, this QM would reduce the maximum permitted height to 8m from 11m across the entire zone.

3.3 From an economic perspective I support the overall direction of V1 which represents a significant uplift in the level of enablement in Waimakariri and supports and helps facilitate the efficient growth of the district. The key point of difference between the submission position of Kāinga Ora and that of WDC is that I do not believe the Council's current position goes far enough to practically enable the uplift to be realised in the most efficient locations. Instead, the s42A planner has recommended a height limit of only 8m which I consider both unnecessarily low and likely to impose undue costs and limitations on land development. In my opinion, this has adverse implications for the efficient delivery of housing densification in the Medium Density Residential Zone ("**MRZ**") at Rangiora, Kaiapoi, Woodend/Pegasus and Ravenswood.

- 3.4 Kāinga Ora has 88 units (over 43 land parcels) within the proposed HVCA to which the MRZ applies. The advice of Kāinga Ora is that these provisions will adversely impact its ability to feasibly deliver social housing. Consequently, securing this relief is vital to Kāinga Ora's (and other social housing providers) ability to deliver additional social housing efficiently and effectively to Rangiora.

Figure 1: Proposed Height Variation Control Area around Rangiora



Source: Boffa Miskell

4. NPS-UD POLICIES

- 4.1 While local authorities have been tasked with managing land use activities for years, the extent and obligation has, more recently, been targeted through central government directives. Both the introduction of the NPS-UD and the recent amendments to the RMA have provided councils with the assignment of providing sufficient residential capacity with an emphasis on efficient locations and intensification.
- 4.2 Historically, most of the growth in places like Waimakariri has been focused outwards into the neighbouring farmland (i.e. greenfield development). The NPS-UD, however, directs councils to enable and competitively encourage development to simultaneously occur upwards (i.e. brownfield densification) through greater enablement of existing urban areas.
- 4.3 From an economic perspective, I strongly support the overall direction of the NPS-UD, including the consolidation of land use activities within a compact urban form, focussed within and around centres and significant employment hubs, as well as the provision of sufficient capacity to support and efficiently facilitate growth in each district. Intensification encourages and enables the sharing of infrastructure, services and facilities, which represents a more efficient use of resources.
- 4.4 The implementation of the MDRS changes the focus of the economic capacity from one of sufficiency to the efficiency of the capacity provided. This is where the proposed HVCA plays a pivotal role in directing intensification activities into the most efficient location within Rangiora - around the Rangiora Town Centre.
- 4.5 The provision of higher density zoning within and adjacent to centres and transport nodes directed by the NPS-UD seeks to enable residential development capacity that, in turn, allows the market to offer greater choice in terms of the typology, affordability and locations for intensified residential development.

- 4.6 The economic benefits associated with greater residential densities are implicit in the direction of the NPS-UD. Policy 3 of the NPS-UD requires that:

...district plans enable:

- (d) *in all other locations in the tier 1 urban environment, building heights and density of urban form commensurate with the greater of:*
- (i) *the level of accessibility by existing or planned active or public transport to a range of commercial activities and community services; or*
 - (ii) *relative demand for housing and business use in that location.*

- 4.7 The Rangiora Town Centre is the main commercial centre within the district, having been identified as a Key Activity Centre (“KAC”) and a ‘Priority Development Area’ within the Greater Christchurch Spatial Plan. It features a wide range of essential activities that make-up a community including commercial services, retail, office, community facilities, medical services, recreational areas, religious facilities and public open spaces. This centre is designed to meet both the fundamental needs of the immediate Rangiora township and as well as the surrounding rural areas within the Waimakariri district.
- 4.8 The town centre is also a key transportation hub, featuring public transportation access not only internally within the Rangiora township, but also to the neighbouring towns and Christchurch.
- 4.9 The proposed HVCA seeks to provide additional opportunities for residential intensification to occur within walkable distance from the Rangiora Town Centre. At 18m, it provides an appropriate step down from the 21m enabled within the Rangiora Town Centre and is commensurate with the level of activity that is anticipated and planned to occur within the centre zone over the foreseeable future.
- 4.10 The heights being based on the future expectations for the market rather than the existing environment is an important consideration that is crucial

to the objectives of the NPS-UD. Policy 6 directs planning decisions to have regard for the planned urban built form which may involve significant changes to the area. We therefore should not assess the appropriateness of a height limit against the existing environment, but rather a future in which four-plus-storey buildings are likely to be frequent within the Town Centre Zone.

5. DENSITY STANDARDS AND BUILT FORM

- 5.1 From an economic perspective, zone rules (and the intensity of land use enabled by the provisions) are the main tool in directing growth and development to achieve greater degrees of efficiency and certainty in terms of public and private investment. The rules and performance standards, although necessary in managing the potentially negative externalities of higher-density development, represent constraints on the range of possible development typologies. Consequently, the level of flexibility and capacity indicated by zoning also impacts upon housing fundamentals such as choice and affordability.
- 5.2 While acknowledging that there are inevitably constraints on planning rules and their ability to affect change in a developer-driven market, the ability for Kāinga Ora to accommodate future housing needs in the existing urban areas hinges on the ability for V1 to function as a catalyst for development.
- 5.3 The recommendation by the s42A reporting planner to limit the height to 8m directly constrains this catalysing ability and is likely to have a direct impact on the typology, mix, price and location of housing that is brought to the market.
- 5.4 Conversely, the proposed HVCA reflects the role of Rangiora as a KAC and therefore is a mechanism in which growth can be directed to an efficient location. Maximising the development potential of the surrounding residential zone (of the Rangiora Town Centre) is most likely to result in a net benefit from an economic standpoint.
- 5.5 Although the NPS-UD directs the need to provide for sufficient feasible capacity, there are potential affordability benefits that the district can

realise through enabling the housing market to a greater extent, particularly where that enablement is provided in efficient locations.

5.6 The University of Auckland have undertaken several research projects assessing the practical market impacts of the Auckland Unitary Plan since it was implemented in 2017². This research showed statistically significant differences in the consenting trends, market values and market activity of the upzoned areas. It provides an evidence base that suggests that land use policy decisions can:

- (a) have a meaningful impact on the supply and demand of housing in the market;
- (b) enable a more responsive housing supply; and
- (c) reduce house prices (relative to the alternative had the upzoning not occurred).

5.7 Although this research is specific to Auckland, its applicability to other urban areas should not be discounted. For example, some submitters may argue Waimakariri is not the same as Auckland and that there is no demand for intensified housing typologies. However, any research on the demand for intensification in Auckland prior to the Unitary Plan would likely be well off the mark. In the same way, I do not believe it is appropriate to judge future growth trends based on a historical market that has been limited by the planning rules in its ability to provide housing choice and greenfield development has been provided to fuel growth.

6. HOUSING CHOICE AND AFFORDABILITY

6.1 One of the key economic benefits of zoning enablement, that being the outcome sought by Kāinga Ora, is that it provides flexibility and choice, removing the barriers which may have otherwise prevented the market from providing the appropriate mix of typologies in efficient locations at an appropriate price (relative to the local market). The need for this is emphasised in the NPS-UD. Specifically, Policy 1 (a) directs Councils to

² *Zoning Reform in Auckland, what can we learn from the emerging literature, March 2024*

“...have or enable a variety of homes that meet the needs, in terms of type, price, and location, of different households....”

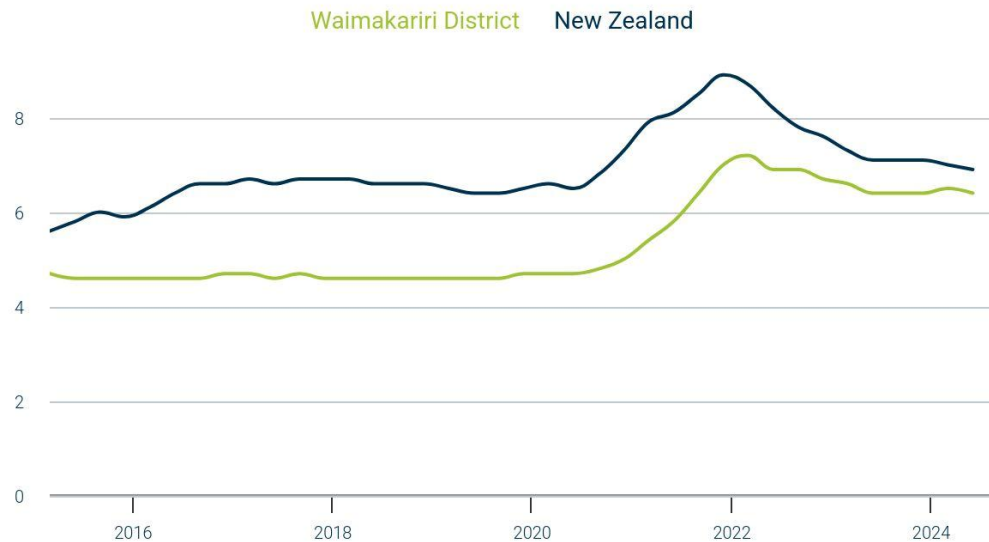
- 6.2 It is also addressed in Objective 2 of the NPS-UD which identifies that *“Planning decisions improve housing affordability by supporting competitive land and development markets”*. This competition is inherent, not only in providing for a level of development potential that meets expected demand in the short, medium and long terms, but also provides capacity that materially impacts upon the market’s competitiveness.
- 6.3 The potential benefits associated with this supply position include:
- (a) Improved competitiveness;
 - (b) Improved quality of the built form;
 - (c) Increased diversity and choice in housing product;
 - (d) Improved affordability.
- 6.4 Additional to this is the increased market flexibility of the dwelling typologies that are likely to be developed, and increased opportunity and certainty for the market, to deliver higher residential densities.
- 6.5 Housing affordability is a national issue, one that was the motivating factor behind the Amendment Act and this is just as much of an issue in Waimakariri as it is elsewhere.
- 6.6 Figure 2 shows the housing affordability measure from Infometrics’ quarterly Economic Monitor³. This highlights that where the average ratio of house price to income used to be around 4.6 and remained so for most of the last decade, recent housing pressures caused this ratio to increase to an all-time high of 7 in early 2022.

³ [Quarterly Economic Monitor | Waimakariri District | Housing affordability \(infometrics.co.nz\)](https://www.infometrics.co.nz/quarterly-economic-monitor/waimakariri-district/housing-affordability)

Figure 2: Ratio of house prices to household incomes, annual average.

Housing affordability

Ratio of house prices to household incomes, annual average



Source: Infometrics

- 6.7 Although the ratio has improved since then, it remains well above the historical long-term average. Additionally, despite Waimakariri remaining more affordable than the national average, the gap has narrowed considerably, meaning it is relatively less affordable in Waimakariri than previous. Compared to Christchurch, the current household income to house price ratio has equalised⁴ between the two areas, whereas Waimakariri was previously the more affordable district of the two.
- 6.8 The stagnation in house prices over the past year is primarily attributed to high interest rates, which have dampened housing demand. The consequence of these high interest rates is that mortgage serviceability has worsened significantly.
- 6.9 In this regard, Waimakariri has become less affordable than Christchurch. According to Core Logic's latest Housing Affordability

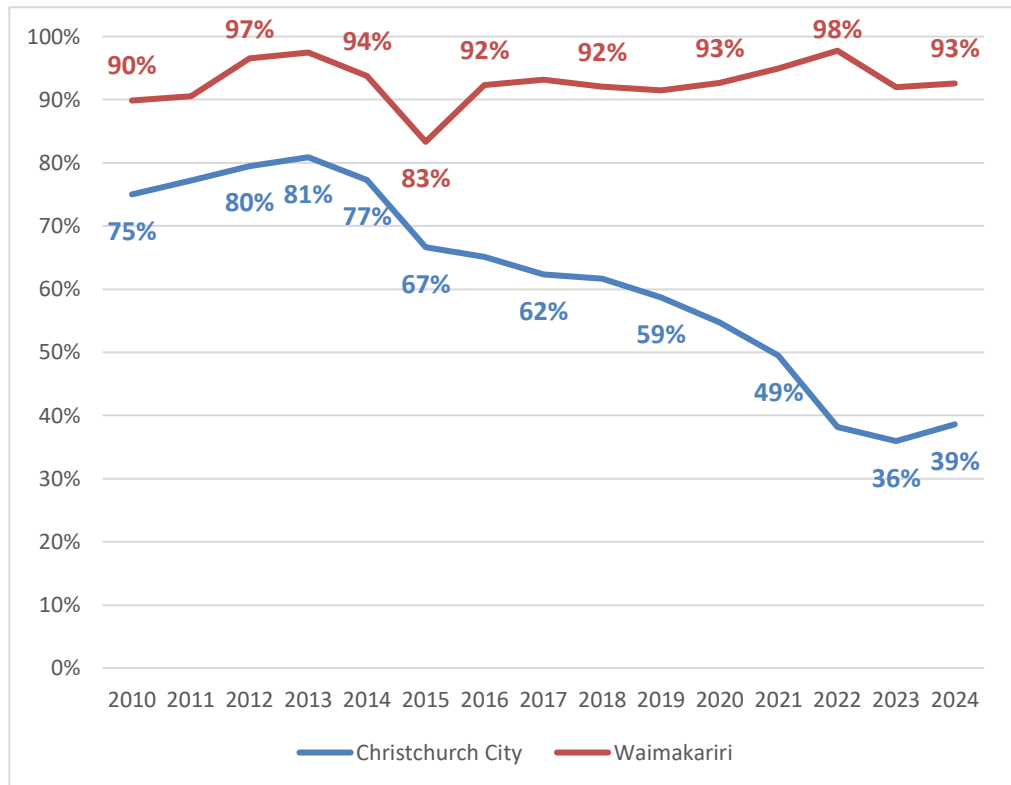
⁴ The Household Income to House Price Ratio is 6.5 and 6.4 in Christchurch and Waimakariri respectively.

report⁵, the average share of income spent on mortgage repayments in Waimakariri has reached 59%, while in Christchurch it is only 50%.

- 6.10 Similarly, Waimakariri is now also less affordable than Christchurch for renters, which is of particular importance to Kāinga Ora as a social housing provider. On average, rents take up 32% of a household income in Waimakariri compared to 29% of those in Christchurch. This adversely affects those in the lower socioeconomic groups who face increased pressures, thus putting increased demands on social housing providers.
- 6.11 One of the driving factors for this relative worsening of affordability is the type of homes being built. Specifically, Waimakariri is dominated by larger homes being built on large sites and fewer more affordable higher density options. In contrast, Christchurch has adapted to producing significantly more multi-unit dwellings which are comparatively more affordable.
- 6.12 This is highlighted on Figure 3 below which shows a comparison of the proportion of new dwelling consents which are for Standalone Homes as opposed to attached typologies (townhouse or apartments). This highlights that in Christchurch around 75%-80% of new dwellings being built were standalone homes in the early 2010's. However, in 2015 when the new Christchurch Replacement District Plan was first notified in 2014/2015, there was a clear shift in the trend away from Standalone homes towards attached dwellings.
- 6.13 Although some of this change was immediate, most of the shift towards attached typologies has occurred gradually over the past 10 years, with an acceleration in the last few years due to worsening affordability and the introduction of the MDRS.

⁵info.corelogic.co.nz//994732/2022-10-06/s8b6c/994732/1707906388pMLEMthf/2402_CoreLogic_HousingAffordability_Q42023_Report.pdf

Figure 3: Proportion of New Dwelling Consents for Standalone Homes



Source: Property Economics, StatsNZ

6.14 Although the MDRS have also been operative within Waimakariri for a year or so, it takes time for developers to plan and adapt to build these more affordable alternatives. This is particularly true in Waimakariri where townhouse developments have historically not been well facilitated by the plan and therefore there is a lack of a proven track record of their success.

6.15 However, even in Waimakariri there has been a changing trend towards smaller average site sizes per dwelling. Specifically, the average lot size of comprehensive developments has reportedly dropped from 380sqm in 2018 to 273sqm in 2022, followed by a further decrease to 215sqm lot size average in response to the MDRS⁶. Consequently, even if development has not yet reached the maximum intensity enabled by the MDRS, there is a clear trend of increasing intensification levels even in Waimakariri.

⁶ Yeoman (pg. 5)

- 6.16 Evidence from Christchurch shows that changes in typology preferences happen over a decade or more. With densification trends in Waimakariri already occurring, over the next 30 years I expect greater levels residential intensification to be brought to the Rangiora market.
- 6.17 The need for a range of housing options in terms of choice and price points was emphasised in a report prepared for Council in 2020⁷. In this report, the authors modelled two scenarios, one where multi-unit dwellings made up 8% of Housing Demand and another more intensified scenario where they made up about 30% of total demand for the next 30 years.
- 6.18 Under the second scenario, they predicted demand for almost 4,400 multi-unit dwellings. Given that Christchurch has dropped from having 80% of homes consented being Standalone to less than 40%, I consider the more intensified second scenario to be realistic for the Waimakariri market, with Rangiora the most efficient location to deliver the majority of the predicted demand.
- 6.19 In summary, Housing Affordability is a significant issue in Waimakariri as it is across the country. There is a need for a range of typologies to be provided to the market in order to give the market choice. Although the Council expert has tried to show low demand for high-density activities as evidence for lowering the height limit, I do not believe it is appropriate to judge future growth trends based on a historical market that, until very recently, has been limited in its ability to provide housing choice.

7. ASSESSING THE EFFECTS OF SUNLIGHT AND SHADING QUALIFYING MATTER

- 7.1 In addition to suggesting that there is little to no demand for three-storey townhouses, Mr Yeoman also suggests that such development options are unfeasible and unlikely to be realised. In his memorandum, (Appendix G to the S42a)⁸ the author says that “*the introduction of the*

⁷ Ian Mitchell, Chris Glauzel (2020) Housing Demand and Need in Waimakariri District. Accessed from [Microsoft Word - Waimakariri District Housing Needs Report - Final 27-5-2020](#), pg49

⁸ Rondey Yeoman (13 February 2024) Memorandum Re IPI Residential Sunlight and Shading Qualifying Matter, pg. 4

Sunlight and Shading Qualifying Matter is unlikely to have a material impact on the outcomes in the market. At most ...[the QM] will only impact theoretical plan enabled capacity which was unlikely to be developed in the medium or long term”.

- 7.2 However, the reason it has no impact on his model is because the “Realisable Capacity” is based on an assumed site size of 300sqm, a size which could result in a 300sqm house at only two levels, and therefore three levels are not required. This is outlined in Appendix A – Zone Density Assumptions to the original Housing and Business Capacity Assessment⁹. Essentially, it would appear to me that three-storey dwellings are not likely to be realised in his model because he assumes that they will not be, not because they are actually unprofitable.
- 7.3 The issue with this analysis, is that, as is illustrated in his memorandum, developers are subdividing down to 156sqm average site sizes in some cases (pg. 5). This is included in the memorandum to illustrate the extent to which his model is conservative, thereby also illustrating that his model is likely to underestimate the actual impact on development capacity for this QM.
- 7.4 From a practical perspective, it is inevitable that an 8m height limit (relative to 18m) will adversely affect the development potential and realisation of densification in efficient locations within Rangiora.
- 7.5 Although one or two-bedroom townhouses can comfortably be built within two stories, larger three – or four-bedroom townhouses typically require three storeys to maximise the potential yield on a site and provide sufficient car parking. The 8m height limit therefore affects the competitive balance between the higher-density townhouse option and the larger less affordable standalone home options which form a significant portion of greenfield developments.
- 7.6 This height restriction also precludes the construction of three-storey walk-up apartments, which is typically the cheapest apartment development option. Although apartments may not represent a large part

⁹ [Waimakariri-Residential-Capacity-and-Demand-Model-December-2023.pdf](#)

of the anticipated market demand, there are economic costs to artificially intervening in a free market.

- 7.7 Although it may be possible to build three stories as a Restricted Discretionary Activity, the height limit standard provides a clear indication to the market as to the intended scale of activity within the zone.
- 7.8 One of the driving forces behind the market's acceptance of intensified activity is the certainty of development potential. Furthermore, it is important that the intensified product attains a competitive advantage in the market through flexibility and choice. Accompanied by this potential change in dwelling preference must be financial viability and a manageable risk for development of the product itself.
- 7.9 The consequence of an 8m height limit, therefore, is that it encourages developers to build smaller one-two-bedroom townhouses to maximise the potential yield of the site and directly hinders larger townhouses and affordable apartments. This is not to say that three-bedroom or larger townhouses will not be built, but simply the quantity supplied is likely to fall short of the free market.
- 7.10 Consequently, not only is this QM likely to adversely affect development capacity, but it also impacts house choice, affordability, locational efficiency and the competitive balance between greenfield and brownfield development. Therefore, there are likely to be higher economic costs to potential housing supply from an 8m height limit regardless of whether or not there is sufficient capacity, i.e. less affordable homes and less social housing dwellings.
- 7.11 I also note that the extent to which the proposed 8m height limit has these costs, the HVCA has the opposite benefits. A key consideration in the objectives for residential development, and identified in NPS-UD policy, is the utilisation of appropriate land around centres (and transport networks) to provide efficient access to services (and opportunities) while providing choice in Waimakariri's housing supply.
- 7.12 Although apartments within Rangiora, particularly those above four storeys may be considered unlikely within Waimakariri, there are

significant economic benefits to their enablement that, in my opinion, go beyond the potential for any adverse economic effects.,

- 7.13 Finally, I wish to rebut the expert geospatial modelling evidence in Appendix E regarding the effect that a move from 8m to 11m will have on sunlight and shading on neighbouring properties. I defer to the Urban Design witness Jane Rennie on the appropriateness of this shading, but as both a geographer and an economist, I have noted some fatal flaws in this analysis.
- 7.14 Specifically, the s42A reporting planner suggests that an 11m height limit would result in a 70% reduction in direct sunlight access to neighbouring properties relative to an 8m height limit. However, in order to 'prove' this reality, the s42A report has provided an 'apples vs oranges' scenario by undertaking a comparison where the existing buildings are built up to 8m against a scenario where in addition to an 11m height, the maximum possible yield is achieved across the entire residential zone under the MDRS including subdivision down to 200sqm lots.
- 7.15 A basic principle of mathematical modelling is that in order to isolate the impact of one variable, all other variables need to remain the same. When undertaking such an impact comparison *ceteris paribus* is a vital assumption to the economic modelling. The author's failure to do so means the effect that the intensification enabled by V1 has on shading from that of the 11m height limit cannot be distinguished and is therefore proven.
- 7.16 Furthermore, the s42A report uses this analysis to suggest that an 11m height limit will have significant consequences for home energy costs from increased heating demands and the performances of solar panels which has consequences for the efficiency of housing. I believe it is inappropriate to apply the modelled shade on the land area at ground level, to infer the effect of shading on the actual residential dwellings or any potential solar system which is typically located on the roof.
- 7.17 This is particularly true given that the s42A author has undertaken analysis on the sunlight received at the highest level of the building but has excluded it from their report (par 27, Appendix E). Utilising the

highest level of the building would show that the 11m height limit has a substantially smaller impact on the actual neighbouring dwellings than suggested by the ground floor site analysis.

- 7.18 On balance, I consider the proposed Sunlight and Shading Qualifying Matter would result in a net economic loss to the community. There is likely to be demand in the market for both three-storey townhouses and apartments over the next 30 years, both of which would be restricted under the recommended 8m height limit.
- 7.19 I also believe that the actual effect of shading on neighbouring properties has been vastly overstated due to flawed geospatial modelling.

8. ECONOMIC BENEFITS OF HEIGHT VARIATION CONTROL AREA AND CONSOLIDATED RESIDENTIAL ACTIVITY

- 8.1 The following section outlines the high-level economic costs and benefits associated with the proposed HVCA around Rangiora. These benefits include:
- 8.2 **Catalyses efficient intensified (re)development:** As already discussed in my evidence, liberalising of land use rights has historically been proven to increase the development of associated land. The increase in height limits brings the (re)development timeframe of affected properties forward in time as the return on development is higher (more rent is now achievable).
- 8.3 There is a second order effect also because development encourages further development. As one parcel is (re)developed, neighbouring properties benefit from the improvement in amenity (assuming development and urban design standards are appropriately set to deliver such outcomes) and owners of those neighbouring properties are encouraged to also (re)develop their land to take advantage of the increased returns that can now be realised.
- 8.4 The result is an increase in the impetus for developers to maximise their build envelope and consolidating activity (retail, employment, residential, commercial, etc.) into the Rangiora Town Centre rather than sporadic development in unplanned areas.

- 8.5 **Enhanced housing affordability:** More permissive building heights can have positive consequences for delivering more affordable / serviceable housing where the construction of apartments become more feasible within the HVCA.
- 8.6 **More efficient land use:** Taller buildings mean land is being used more efficiently as the vertical space is being used more effectively. This results in greater flexibility for both land users and building tenants.
- 8.7 **More efficient infrastructure use:** The existing and future infrastructure that is put in place to service local residents in and around the identified centres is used by a larger number of people. This includes road / footpath network, community facilities – libraries, halls, parks – power and telecommunications, three waters, etc.
- 8.8 The provision of these facilities is sometimes seen as ‘sunk costs’, dismissing their relevance and their potential underutilisation as costs to decentralised activity. Although this line of thinking is correct with regards to the fixed investment, it fails to consider the return from the community investment that is lost if these assets are undermined. The utilisation of these assets has community value that must be considered when potentially reducing their usage.
- 8.9 I consider what are seen, in this regard, as sunk costs are in fact community investments that must be considered in terms of their initial costs (and hence on-going opportunity cost) to society. Even if the investment is irrecoverable (hence not property, etc) there is still a need to have regard for this investment, especially if not considering their value is likely to lead to a duplication of facilities.
- 8.10 The scale of both the transportation and community facilities also coincides with the scale of activity located within the centre. Simply put the greater the level of activity and accessibility in a centre, the greater the utilisation of such public assets and, importantly, the greater the viability of and contribution that can be made by a public transport network that serves and links the centres. Consequently, this has flow-on benefits of lower fuel emissions, and a greater reliance on any public

transport services as more employment options will be co-located on public transit routes.

- 8.11 **Increased internalisation of retail spend and centre spend:** The (re)development of properties within walking distance of the Rangiora Town Centre will encourage increased foot traffic to the area through employment, local residents and visitors attracted by the amenity. This improves the centre over the long term as it establishes it as a hub of activity, employment, culture, public transport, community and living.
- 8.12 **Reduces transport costs and associated emissions:** The increased density enabled by increased building heights will reduce transport costs as a greater number of locals will be able to access the benefits of the Rangiora Town Centre within walkable distance and closer proximity.

Economic Costs

- 8.13 Potential economic costs include increased road and footpath congestion, increased levels of crime in centres, increased pollution/waste, increased noise, and increased vagrancy and transient populations.
- 8.14 It is worth noting that the costs identified above are all associated with public safety and amenity and can all be mitigated, to some degree, by urban design and good planning policy.

9. SUMMARY

- 9.1 The relief sought by Kāinga Ora includes the rejection of the Sunlight and Shading Qualifying Matter and the inclusion of an additional HVCA to allow up to five storey development within a walkable distance around the Rangiora Town Centre.
- 9.2 Housing Affordability is a significant issue in Waimakariri as it is across the country. There is a need for a range of typologies to be provided to the market in order to give the market choice and improve housing affordability.

- 9.3 While the PDP represents a step in the right direction for Waimakariri, I believe the current level of enablement for residential densification in efficient locations does not go far enough. In order to encourage urban intensification to occur, there needs to be both a competitive edge, sufficient opportunity and a level of enablement that makes such development profitable and attractive to developers. The additional Height Variation Control Area sought by Kāinga Ora represents a significant increase in the capacity potential, centred around the primary commercial centre for the district.
- 9.4 Despite the current market demand patterns within Waimakariri suggesting limited demand for medium and high-density development, its enablement not only provides an opportunity for such development to occur within the next 30-year timeframe but also safeguards the potential for intensification to occur in the MRZ over the longer term by providing more certainty to the market as to council's preferred location for intensification.
- 9.5 Moreover, the extent of the costs associated with high density activity would ultimately be proportional to the level at which they get built, i.e. if high-density apartments are enabled through an additional HVCA, but no five-storey apartments get built, then there is no cost to their enablement. Conversely, if there is demand for these activities in the market and five-storey apartment blocks are built, then allowing for the activity would have satisfied a market demand that otherwise would have gone unmet. Given the economic benefits of this activity occurring within the identified overlay, I consider this to be of significant economic benefit.
- 9.6 In regard to the Sunlight and Shading Qualifying Matter, I consider there are some fundamental flaws in the assessment of effects, namely its effect on development capacity and the additional shading that arises from an 11m height limit relative to an 8m height limit.
- 9.7 None of the feasible capacity in the economist's capacity model is three storeys and as a result, they suggest there is no loss in development capacity resulting from the proposed QM. In actuality, this result is a function of the 'realisable' lot size assumption, which as highlighted by

the memo itself, is overly conservative relative to some of the recent consents Council has received. Inevitably, a constraint on height limits the range of development opportunities available to the market and would exclude specific typologies. Moreover, if there truly was no demand or potential for these typologies, then there would also be no reason to restrict them in the first place.

- 9.8 Furthermore, I believe the geospatial analysis which supposedly quantifies the impact of additional height on shading is both misleading and flawed. In reality, the supposed 70% increase in shading is the combined effect of both an increase in height and MDRS intensification across the entire residential area. In order for any conclusions to be made regarding the effect of the height limit, all other variables should have been held constant. This does not appear to be the case.
- 9.9 From an economic perspective, I consider that the actual effect of this proposed qualifying matter is a net economic loss. My concern is that the proposed 8m height limit may have wider-reaching impacts on the enablement of appropriate densities and, particularly, for Kāinga Ora to achieve efficient development options, including the development of appropriate typologies for social housing.

Timothy Heath

11 September 2024