

**BEFORE INDEPENDENT HEARING COMMISSIONERS APPOINTED BY THE
WAIMAKARIRI DISTRICT COUNCIL**

IN THE MATTER OF

The Resource Management Act 1991 (**RMA** or
the Act)

AND

IN THE MATTER OF

Hearing of Submissions and Further
Submissions on the Proposed Waimakariri
District Plan (**PWDP** or **the Proposed Plan**)

AND

IN THE MATTER OF

Hearing of Submissions and Further
Submissions on Variations 1 and 2 to the
Proposed Waimakariri District Plan

AND

IN THE MATTER OF

Submissions and Further Submissions on the
Proposed Waimakariri District Plan by **Mark
and Melissa Prosser**

**SUPPLEMENTARY EVIDENCE OF FRASER JAMES COLEGRAVE
IN RESPONSE TO OFFICER REPORT
ON BEHALF OF MARK AND MELISSA PROSSER
REGARDING HEARING STREAM 12C**

DATED: 8 July 2024

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INTRODUCTION

- 1 My name is Fraser James Colegrave.
- 2 I have prepared a statement of evidence regarding Hearing Stream 12C in support of Mark and Melissa Prosser's submission on the Proposed Waimakariri District Plan (**PWDP**) to rezone approximately 73 ha at Mandeville from Rural Lifestyle Zone (**RLZ**) to Large Lot Residential Zone (**LLRZ**).
- 3 My qualifications and experience are set out in that statement. I confirm that this supplementary statement of evidence is also prepared in accordance with the Environment Court's Code of Conduct.
- 4 On 23 May 2024 the Waimakariri District Council (**Council**) released an Officer Report for Hearing Stream 12C prepared under section 42A of the RMA containing an analysis of submissions seeking Large Lot Residential Zone and recommendations in response to those submissions (**Officer Report**).
- 5 The Officer Report recommends that the Prosser rezoning submission be rejected. My supplementary evidence is filed in response to that Report.

SCOPE OF SUPPLEMENTARY EVIDENCE

- 6 In this supplementary evidence I respond to those parts of the Officer Report that address matters within the scope of my expertise, particularly matters where there is a difference of view between myself and the Officer Report.
- 7 In preparing my supplementary evidence I have:
 - (a) Reviewed the Officer Report and the Appendices to that Report relevant to my area of expertise;
 - (b) Reviewed my evidence in chief filed earlier on behalf of the Submitters;
 - (c) Reviewed the S42A report writer's response to written questions from the panel (**Response Document**); and
 - (d) Reviewed any other materials specifically mentioned herein.

CONTEXT AND APPROACH

- 8 As mentioned, the Officer Report recommends declining the Prosser rezoning submission. Several reasons are cited for that recommendation, some of which are within my area of expertise.
- 9 Below I identify relevant parts of the Officer Report (including its Appendices) that I disagree with and explain my reasoning from an economic perspective.

RESPONSE TO OFFICER REPORT

Need to Provide Large Lot Residential Capacity

- 10 At paragraph 74, the Officer Report refers to paragraphs 2.16 and 2.30 of Appendix J, in which Mr. Yeoman states that the National Policy Statement on Urban Development (**NPS-UD**) does not require councils to consider demand for individual zones, nor does it require an assessment of demand or supply for specific land uses. This is reiterated by Mr. Yeoman on page 36 of the Response Document.
- 11 Consequently, the Officer Report writer appears to no longer consider the NPS-UD relevant to LLRZ rezoning submissions because, in their view, they are not “urban” in nature. See, for example, the excerpts below.

Figure 1: Excerpt from Officer Report - Page 59 (Appendix A conclusion)

Based upon a review of the overlying matters, I am now of the opinion that LLRZ is not urban and that form their own land use category which aligns with the RPS. However, as detailed above the NPS-UD is still relevant when considering LLRZ rezoning requests. For the purpose of Objective 6 and Policy 8 Council is still required to be responsive to proposals that would supply significant development capacity, although for the purpose of LLRZ consideration would need to be given on a site-by-site basis as to whether the rezoning area would become urban in character and whether it would contribute towards a well-functioning urban environment.

Figure 2: Excerpt from Responses to Questions on Officer Report - Page 16

As outlined in Appendix A, I no longer consider the NPS-UD as being relevant to LLRZ rezonings.

- 12 I disagree with the NPS-UD inferences above (of Mr Yeoman and the Officer Report writer) from both an economic and pure common-sense perspective. There are several reasons.
- 13 First, the NPS-UD clearly emphasises the need to promote choice and competition across a range of different localities and markets, rather than just (say) providing swathes of medium and higher density residential capacity in and around each territorial authority’s main centers.

- 14 Second, the large lot residential zones within Waimak do indeed cater for different “localities and markets” than the more obviously urbanised main centers of the district, so sufficient capacity must be provided for LLR living as well as medium density residential and general residential living zones to properly satisfy NPS-UD requirements.
- 15 Finally, I note that failure to provide sufficient capacity for LLR development in the district will have at least two adverse economic effects:
- (a) First, growth in LLR demand will not be properly met, which will place increasing pressure on the prices of existing LLR dwellings and thereby exacerbate existing affordability issues. Indeed, failure to acknowledge and respond to growth in demand for LLR dwelling demand does not somehow dispel it. It simply ignores it.
 - (b) Second, failure to provide sufficient LLR capacity will likely displace that form of growth to other areas where it is more readily met, thereby curtailing the district’s growth prospects and eroding its ability to create a broader ratepayer base to help fund future Council responsibilities.

Relevance of Rural Residential Development Strategy

- 16 The Officer Report writer also appears to have discounted the Prosser submission on the basis that it was not identified as suitable for future rural-residential development in the Rural Residential Development Strategy **(RRDS)**.
- 17 I acknowledge that the RRDS did not include the Prosser site, but I consider reliance on that strategy unwise given that it is now at least five years old. A lot has happened since then, including the Covid-19 pandemic and the resulting dramatic recalibration of household needs and preferences.
- 18 What I mean by this is that, in my view, the Covid-19 pandemic forced most New Zealanders to fundamentally reevaluate what is most important to them, including where and how they want to live.
- 19 With the rapid uptake – and continued growth – of both working from home **(WFH)** and hybrid working, people seem even more willing now to trade off a slightly longer (but less frequent) commute to enable living in a more spacious and less densely populated environment. This, in turn, has led to a

much greater demand for living in the urban and rural areas of both Selwyn and Waimak at the expense of city growth. Similarly for other Tier 1 urban areas, where the more urbanised parts have typically experienced far lower growth since 2020 than the more rural parts flanking them.

20 With these newfound growth pressures continuing to apply in the Waimak district, the rural residential demand outlook underpinning the RRDS is, in my view, no longer relevant nor fit for purpose.

21 Moreover, when one finally accepts that the demand for rural residential living is likely to be much greater than anticipated previously by the RRDS, the next step is to consider where best to accommodate it.

22 As the largest rural residential node of its kind, I consider the Mandeville area to be perfectly placed. Not only does it already contain its own commercial area that allows some daily needs to be met locally, but it also has good accessibility to the key commercial areas of Rangiora, Kaiapoi, Belfast, Papanui, and so on.

23 Accordingly, I strongly disagree with "writing off" the Prosser submission based on an obsolete strategy that no longer reflects market realities.

Sufficiency of Capacity to Meet Demand for Large Lot Residential Living

24 At paragraph 136, the Officer Report refers to paragraph 2.31¹ of Appendix J in which Mr. Yeoman identifies a likely shortfall of 150-250 large lot residential dwellings in the GCUA within the Waimak district in the medium term.

Figure 3: Excerpt from Paragraph 2.31 of Yeoman Evidence

2.31 I conclude that it would be conservative to assume that the demand for LLRZ maybe within the range of 30-40 per annum in the medium term, or a total of 300-400 over the next ten years. This compares to the supply of 143 in the existing LLRZ. This means that there may be a need for more capacity (indicatively an additional 150-250 dwellings) in the medium term, potentially by as early as 2028.

25 For this supplementary evidence, I have undertaken my own supply and demand assessment for LLR living in the GUCA. In summary, I agree that a shortfall exists in the medium term, but I believe it to be considerably larger than estimated by Mr. Yeoman. Importantly, my analysis below identifies shortfalls in rural residential capacity across all three NPS-UD timeframes.

¹ This appears to have been incorrectly referenced in the Officer Report as paragraph 2.30.

Supplementary evidence of Fraser Colegrave in response to Officer Report on behalf of Mark and Melissa Prosser dated 8 July 2024

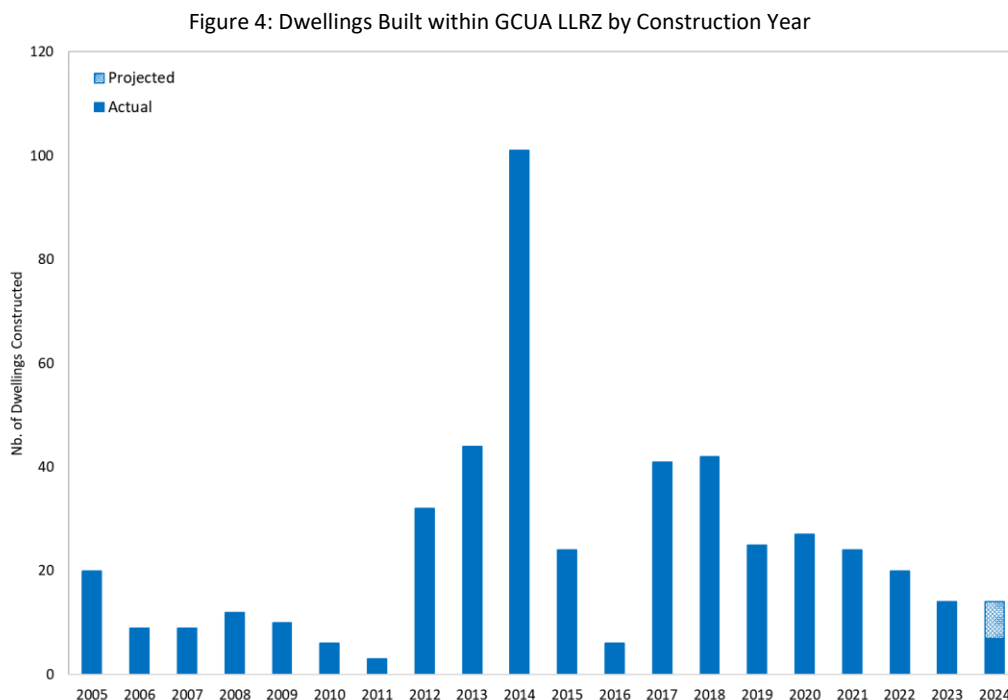
26 I now briefly step through my assessment.

Step 1: Large Lot Residential Demand

27 At paragraph 2.18 of Appendix J, Mr. Yeoman states that large lot residential housing demand would conservatively be 30-40 dwellings per annum. Paragraph 2.17 clarifies that this refers to the demand for large lot residential living within that part of the district located within the GCUA.

28 I broadly agree with this, though I consider future demand to be at the upper limit of Mr. Yeoman's estimate, at least in the near term.

29 To demonstrate why, Figure 4 first plots the number of new dwellings constructed over time within the proposed LLR zones inside the GCUA.²



30 As discussed at paragraph 72 of my evidence in chief, build rates only reflect underlying demand if there is sufficient capacity available to accommodate it. In my view, and reflecting the observations of local realtors like Mark Pringle, it seems likely that there was sufficient capacity to meet demand in both 2017 and 2018, when 41 and 42 homes were consented, respectively. Beyond that, however, supply has evidently been constrained, and thus so too has "demand". i.e. the uptake of supply as measured by build rates.

² This is a reproduction of Figure 14 of my evidence in chief using data as at June 2024, and excluding the San Dona subdivision for consistency with Mr. Yeoman's study area.

31 Accordingly, I consider there to likely be demand for approximately 40 new LLR dwellings per annum within the GCUA over the short to medium term, as per the upper end of Mr Yeoman's range, and 30 per annum thereafter.

32 Table 1 translates these annualised demand estimates into corresponding measures for each NPS UD timeframe, both with and without competitiveness margins of 20% over the short and medium terms, and 15% over the long.

Table 1: LLR Demand Projections

NPS-UD Timeframes	Demand	Demand + Margins
Short term (3 yrs)	120	144
Medium term (10 yrs)	400	480
Long term (30 yrs)	1,000	1,150

Step 2: Large Lot Residential Capacity

33 Before setting out my analysis, I wish to first acknowledge that Mr Yeoman's own assessment failed to identify any feasible and realisable LLR capacity. This is confirmed in the excerpt below from a statement of evidence by Ms Hampson for other LLR submitters.³ While Mr Yeoman has subsequently sought to rationalise his analysis and its results, I do not consider his commentary particularly compelling nor insightful.

Figure 5: Excerpt from Ms Hampson's Evidence)

Table 3 – WCGM 2022 Results for the LLRZ and LLRZO by Location (August 2022) and Rezoning Requests to the Proposed Plan

Township/ Settlement (WCGM 2022)	Notified Zone	Feasible and RER Capacity WCGM 2022 (short/medium- term)	Feasible and RER Capacity WCGM 2022 (long-term)	Share of Total Capacity (%) (long-term)	Share of Zoned & Identified Capacity (%) (long-term)	Rezoning Request *
Zoned Capacity (net additional dwellings, as at August 2022)						
Rangiora	LLRZ	0	15	4%	8%	Total area requested GRZ
Kaipoi	LLRZ	0	2	1%	1%	NA
Woodend	LLRZ	0	25	6%	13%	Some areas requested GRZ
Ashley	LLRZ	0	5	1%	3%	NA
Fernside	LLRZ	0	2	1%	1%	NA
Loburn	LLRZ	0	0	0%	0%	NA
Mandeville	LLRZ	0	15	4%	8%	Minor area requested LCZ adjoining the LCZ
Ohoka	LLRZ	0	78	20%	41%	NA
Oxford	LLRZ	0	36	9%	19%	Some areas requested GRZ
Swannanoa	LLRZ	0	1	0%	1%	NA
Waikuku	LLRZ	0	7	2%	4%	NA
Waikuku Beach	LLRZ	0	0	0%	0%	NA
West Eyreton	LLRZ	0	2	1%	1%	NA
Total Zoned Capacity		0	188	48%	100%	
Identified Capacity (net additional dwellings, as at August 2022)						
Waikuku	LLRZO	N/A	41	10%	20%	Total area requested GRZ/MRZ
Ashley	LLRZO	N/A	63	16%	31%	Total area requested LLRZ
Swannanoa	LLRZO	N/A	27	7%	13%	Total area requested LLRZ
Oxford	LLRZO	N/A	75	19%	36%	Total area requested LLRZ
Total Identified Capacity		0	206	52%	100%	
TOTAL CAPACITY		0	394	100%		

Source: Waimakariri District Council, WCGM 2022, Rezoning Request GIS Viewer

³ See Table 3 from the Statement of evidence of Natalie Hampson (Economics) on behalf of Crichton Developments Limited in relation to Gladstone Road rezoning request, 5 March 2024.

Supplementary evidence of Fraser Colegrave in response to Officer Report on behalf of Mark and Melissa Prosser dated 8 July 2024

- 34 My methodology for assessing likely LLR capacity is briefly explained below, followed by a summary and discussion of its headline results.
- 35 My analysis considered all LLRZ parcels, which I first separated into those within the GCUA, and those outside it. Parcels within each dataset were then assessed under both their operative and proposed district plan zonings to reflect the varying NPS-UD definitions of enabled capacity by timeframe.
- 36 I also classified each parcel as either:
- (a) Vacant;
 - (b) Mostly vacant (with only minor improvements); or
 - (c) Non-vacant.
- 37 For **vacant** and **mostly vacant** parcels, those smaller than one hectare were directly treated as providing one lot of capacity. Conversely, parcels of one hectare or larger were notionally subdivided based on the relevant zoning requirements. In the short term, ODP zoning dictates a mix of 5,000m² and 10,000m² lot sizes, while the medium-to-long term proposed zoning (of LLRZ) specifies 5,000m² lot sizes. Specifically, ODP Residential 4A zones require a 5,000m² minimum average lot size, while Residential 4B requires a 10,000m² minimum average. For very large vacant parcels capable of accommodating many new LLR sites, 30% of the land area was deducted to account for likely infrastructure requirements, like roading and stormwater management.
- 38 For **non-vacant** parcels, I first assessed plan-enabled capacity by subdividing them based on ODP zoning requirements and adjusting for existing dwellings. Medium-to-long term assessments use the PDP 5,000m² lot size. I then evaluated technically feasible capacity, considering additional constraints such as dwelling location, additional improvements, and parcel shape. This was further refined to account for other limiting factors, such as existing rural activities on the balance of each site, elaborate landscaping, access constraints, and overall site configuration.
- 39 The same methodology was also applied to parcels within the LLRZ overlays to capture additional long-term capacity potentially arising there, using a minimum average lot size of 5,000m².
- 40 Finally, I applied a likelihood ratio to estimate the probability of each parcel's capacity being realised and becoming part of market supply over time. These

likelihoods, in turn, were designed to reflect the perceived cost and difficulty of realising each parcel's estimated potential. For example, capacity on vacant parcels was considered far more likely to be realized than those on occupied sites requiring existing improvements to be relocated (for example).

- 41 Having briefly described my methodology, the table below now presents the key results for the GCUA, which is the focus of this evidence (and my primary statement from earlier this year).

Table 2: Estimated LLRZ Capacity within GCUA

NPS-UD Timeframes	Plan Enabled	Free of Constraints	Likely Realisable
Short term (3 yrs)	221	177	14
Medium term (10 yrs)	473	248	64
Long term (30 yrs)	597	334	211

Step 3: Large Lot Residential Sufficiency

- 42 Finally, the table below reconciles my estimates of LLR supply and demand within the GCUA to assess sufficiency. It suggests that the district will face significant and prolonged shortages of LLR land within the GCUA unless additional land is rezoned as soon as possible.

Table 3: Waimakariri District LLRZ Sufficiency within the GCUA

NPS-UD Timeframes	Demand + Margin	Supply (Likely Realisable)	Supply minus Demand	Sufficient?
Short term (3 yrs)	144	14	-130	No
Medium term (10 yrs)	480	64	-416	No
Long term (30 yrs)	1,150	211	-939	No

Step 4: Implications for the Prosser Submission

- 43 Given the significant shortfalls identified above, I consider it vital that the Prosser submission be advanced with haste. Indeed, given the very long lead times associated with the rezoning process, and noting the additional time required to prepare the land and construct new dwellings, prompt action is required.
- 44 Making provisions for the Prosser submission now also makes good economic sense because it enables future infrastructure requirements to be properly planned for and integrated with other pending capital works projects nearby. In addition, they help the district meet its NPS-UD obligations to provide at least sufficient capacity across a range of localities and markets.

45 Moreover, by adding 115 new LLR lots, I consider the Proposed Rezoning to represent a significant increase in development capacity, including for the purposes of Objective 6 and Policy 8 of the NPS-UD.

46 Accordingly, I continue to support the Prosser submission on economic grounds.

Fraser Colegrave
8 July 2024