

3 December 2020

Ministry for the Environment
Manatū Mō Te Taiao

Fast Track Consenting Team

For Sara Clarke

Contact Lauren Semple

Phone 03 353 0574

Email s.9(2)(a)

Reference 2141392-1

Christchurch

Level 3, 1 Kettlewell Lane, The Crossing,
680-690 Colombo Street
PO Box 139, Christchurch 8140

Dear Sara

Re: COVID-19 Recovery (Fast-track Consenting) Act 2020 - Faringdon South West and South East Development - Request for further information

- 1 We refer to your letter dated 17 November 2020 requesting further information. That information is included at **Appendix A** to this letter.
- 2 Reflecting the high and urgent demand for residential development at Rolleston, since the referred project application was lodged, Hughes Developments Limited has made changes to its development intentions to better meet market requirements. These changes largely relate to the number of lots to be delivered and the sequencing of that delivery for Faringdon South East. We have set out these changes below together with an assessment of the effect of these changes on employment numbers and timing.

Changes to the Proposal

Project area

- 3 HDL requests that the following property be included in the project area for the Faringdon South West block:

All the land comprised in and described as computer freehold register 228452, legally described as Lot 3 DP 355996, being 6.0142ha more or less.

- 4 This property is included in the Plan Change 64 area and is adjacent to the Faringdon South West block described in the initial application. Since the application was lodged, HDL has entered into an unconditional agreement for the purchase of that property from 858 Selwyn Road Farm Limited.

Lot numbers

- 5 The referred project application indicated that the proposal would deliver a total of 930 homes with 500 in Faringdon South West, and 430 in the South East block.
- 6 Since the application was lodged, the additional land described above has been acquired for Faringdon South West and detailed subdivision layouts for both blocks have been confirmed and released.

- 7 As a result of the new land acquired, the confirmed subdivision layout for Faringdon South West (refer **Appendix B**) will now deliver 589 lots for new homes (an increase of 89 lots) and one neighbourhood centre. This is comprised of 296 medium density lots, 292 low density lots, and one lot for the centre.
- 8 With respect to Faringdon South East, discussions with the Ministry of Education have progressed regarding the possible use of 10ha of land (shown in the "Faringdon South East - Option A" plan included at Appendix B) for a new secondary school. Although any RMA authorisations required for the school will be sought separately and are therefore outside the scope of this Proposal, the option to include a school changes the development layout for the balance of the Faringdon South East block.
- 9 It is expected that resolution of this matter will occur before the end of the year, however in the interim two options have been developed (both shown in the plans at Appendix B):
 - (a) **Option A** – this includes the school and 275 lots in the Faringdon South East development area, comprising 138 medium density lots (less than 550m²), 136 low density lots (greater than 550m²), and one non-residential lot for the commercial neighbourhood centre
 - (b) **Option B** – this does not include the school and results in 405 lots comprising 130 lots (77 medium density and 53 low density).
- 10 The cumulative effect of these changes is:
 - (a) With the new secondary school included, the Proposal will deliver **864 lots** for new homes, local amenities (reserves etc) and two neighbourhood centres.
 - (b) Without the new secondary school the Proposal will deliver **994 lots** for new homes, local amenities (reserves etc) and the accompanying neighbourhood centres.

Sequencing

- 11 Since preparing the referred project application, HDL has experienced unprecedented demand for sections in Rolleston. Accordingly, the decision was made to embark on a pre-sale of sections contained within the Faringdon South East development area (Option A). The release was restricted to established clients of HDL and those who had requested to be placed on a waiting list for the next available HDL development. The demand for sections has been extraordinary, with all 274 residential sections released being pre-sold.¹
- 12 Based on this, HDL has made the decision to develop the full extent of the Faringdon South East area in one construction sequence. This is described in further detail in Appendix A.

¹ Note that the total number of lots to be created for Faringdon South East under Option A is 275. This comprises 274 residential lots plus one lot for the neighbourhood centre.

Economic and Employment Impacts

- 13 In view of these changes, Market Economics has updated its assessment of the economic and employment impacts of the Proposal to reflect:
- (a) the revised lot numbers to be created for residential dwellings;
 - (b) the intention to deliver Faringdon South East in one construction sequence;
 - (c) the inclusion of a secondary school in the Faringdon South East area.
- 14 It concludes that:
- (a) the Proposal (with the school) will support:
 - (i) an additional \$668m in gross domestic product (**GDP**) during the development period, and approximately \$17m in GDP per annum following completion of the development;
 - (ii) approximately 12,100 job years (9,800 FTE) over the development period, and a further 400 jobs each year in the Canterbury region following completion. It is noted that this is slightly less than the job years created without the school using land within the development due to the reduced job numbers for a larger project of that nature as opposed to residential housing. This is however still a very significant contribution to economic recovery;
 - (b) the peak development activity and resultant economic impact will be experienced through 2023, where the Proposal will support \$174m in GDP and the provision of 2,500 FTE jobs for that year. Advancing Faringdon South East in one construction sequence adds to the "early" employment gains identified.
- 15 Please do not hesitate to contact us if we can be of further assistance.

Yours faithfully
Greenwood Roche



Lauren Semple
Partner

The numbering used in this Appendix A mirrors the numbering in the request for further information.

1 **Clarification of the application scope.**

- (a) **Subdivision plan.** Subdivision plans for both Faringdon South East (Options A and B) and Faringdon South West are attached as **Appendix B**. Both areas will be developed to meet a net density of 12 households per hectare.

Staging. As set out previously, Faringdon South East (Option A – with school) will now be developed in one stage of 274 residential lots and one neighbourhood centre lot. To achieve this, at least two earthworks and civil construction contracts will be used across the subject site. From a construction perspective the site will therefore be developed in two contemporaneous stages (one for each contractor) with four contemporaneous stages of subdivision created so as to ensure titles can be issued expeditiously on construction completion.

Faringdon South West will continue to be developed in sequential stages with five stages indicated on the subdivision plan included at **Appendix B**. HDL may revisit this approach subject to prevailing circumstances when the construction of South East nears completion.

- (b) **Scope of the land use consent.** Land use consents are also sought as part of this project for the establishment of dwellings on the lots identified in Appendix B, and for the establishment of business activities within the two neighbourhood centre lots. It is proposed that:

- (i) the land use consents for the dwellings will be conditioned to ensure compliance with the rules and standards for the Living Zone in the operative Selwyn District Plan (Part C4, Living Zone Rules – Buildings, Township Section);
- (ii) the land use consents for the business activities will be conditioned to ensure compliance with the Business 1 rules and standards in the operative Selwyn District Plan (Part C – Chapters 13-22, Business 1 Zone rules – Township Section).

This proposal is similar to the approach taken under the Housing Accords and Special Housing Areas Act 2013, which authorised development to proceed ahead of effecting a re-zoning for that area, provided that the development aligned with the permitted activity standards of that future zoning.

- (c) **Why the FT Act is more appropriate.** The referred project application by HDL references recent capacity assessments which forecast the continuation of strong demand for housing in the Selwyn district throughout the next decade. However, those assessments also identify an urgent shortfall in land supply (particularly near Rolleston) which could feasibly accommodate that demand. In particular, the Davie Lovell Smith land capacity assessment provided as part of

the HDL application estimates that the capacity constraint may be experienced in 2023/2024, if not before.

Despite this forecast growth and the identified shortfall in land supply, the proposed Selwyn District Plan (the **Proposed Plan**) (which was notified for public consultation in October 2020) is currently prevented from enabling any additional areas for residential development by virtue of the urban development policies in the Canterbury Regional Policy Statement 2016 (**CRPS**). In effect these policies provide an urban boundary (in this instance known as an infrastructure boundary) which the Proposed Plan cannot be inconsistent with.

Specifically, the CRPS establishes a pattern of urban consolidation within greater Christchurch whereby development activity (including new residential development) can only occur in existing urban areas or greenfield priority areas identified in Map A of the CRPS. While capacity assessments have confirmed the inadequacy of those areas to accommodate forecast growth (particularly near Rolleston), the necessary changes to the CRPS (including identifying the project area for development) have not yet been made. As noted in the HDL application, the Canterbury Regional Council had been progressing those changes under the RMA streamlined planning process. However we understand that those changes are now on hold. Given all of the above, the identified zoning for the project area under the Proposed Plan remains rural in the Proposed Plan despite the support of the Council for the provision of more residential land. While it can be expected that submission on the Proposed Plan will seek to rezone more residential land, such submissions can only be given effect to if the CRPS is amended.

While Council has accepted a private plan change (Plan Change 64) as an out of sequence plan change pursuant to the NPS, it is subject to a right of appeal to the Environment Court which is likely to result in a timeframe of 2 – 3 years before development could progress. Further information about the plan change is included in response to question 6.

Critically, these timeframes will not ensure the release of further feasible development capacity in time to accommodate the forecast demand for housing in the Selwyn district. This will significantly compromise the affordability of existing housing and remaining land supply in the district, and the ability for Rolleston in particular to operate as a well-functioning urban environment. These extended timeframes would also delay the realisation of the significant economic benefits and employment opportunities associated with this Proposal. As discussed in the application, recent financial forecasts suggest that the adverse economic and employment effects of COVID-19 will be most acute in the next 24 months. If the Proposal is progressed under either RMA process, the employment and economic uplift associated with it will not coincide with this critical recession period.

(d) **Regional consents.** As part of this application, regional consents are sought for the following parts of the Proposal:

- (i) Excavation of land over an unconfined aquifer. The subject land adjoins or is traversed by the Selwyn District Council's water race network. As such the activity will not be able to meet all of the permitted conditions in

Rule 5.174 of the Canterbury Land and Water Regional Plan (**CLWRP**). The condition in question requires a 50m setback for the excavation from any surface waterbody. Consent would therefore be necessary as a restricted discretionary activity under Rule 5.175 of the CLWRP.

- (ii) Discharge of construction stormwater. Rule 5.94A limits the area of land disturbed to 2 hectares. It is anticipated that the maximum area of disturbed land at any point in the construction of the residential subdivision will exceed this 2 hectare threshold. Consent would therefore be necessary as a restricted discretionary activity under Rule 5.94B of the CLWRP.
- (iii) Discharge of operational stormwater for the completed development. The stormwater network that will be installed as part of these developments will eventually form part of the reticulated stormwater network owned and operated by the Selwyn District Council. The discharge of operational stormwater into this network is a listed restricted discretionary activity under Rule 5.93 of the CLWRP. These consents will be transferred to the Selwyn District Council on completion of each stage of the development.

HDL has sought clarification from the Canterbury Regional Council on whether consent may be required for piping sections of one of the Selwyn District Council's water races that traverses the Faringdon South West area. If consent is required, it would be assessed as a discretionary activity under Rule 5.6 of the CLWRP.

It is likely that the construction activities on site would be able to comply with the Canterbury Air Regional Plan Rule 7.32, which addresses the discharge of dust to air from land development activities.

Consents are also required under the National Environment Standard for Assessing and Managing Contaminants in Soil to Protect Human Health 2011 (**NES**) for the following parts of the Proposal:

- (i) Subdividing and changing use. This requires consent as a controlled activity under Regulation 9(3) of the NES.
- (ii) Removing or disturbing soil where a preliminary site investigation report or detailed site investigation report identifies possible activities that are on the Hazardous Activities and Industries List. Depending on whether any contamination levels are above or below residential guidelines, consent would be necessary as either controlled or restricted discretionary under Regulation 9(1) or 10(1) of the NES.

2 **The name of the applicant.** The correct legal name of the applicant is Hughes Developments Limited.

3 **Projected job numbers.** There was an erroneous reference in the application to the forecasted job years generated by this Proposal. The correct number of job years based on the earlier analysis provided by Market Economics was 12,400 (as noted elsewhere in the application), not 12,800.

As set out above, Market Economics has updated its report to reflect the changes described in the covering letter. That analysis estimates that the Proposal will support approximately 12,100 job years over the design and construction period. This translates into 9,800 FTE jobs in total and 1,400 new FTEs each year on average during that period. Once the development is complete, Market Economics estimates that the increase in resident numbers provided through the Proposal will support approximately 400 new FTE jobs each year in the Canterbury region.

- 4 **Affordable housing.** HDL previously committed to the provision of affordable housing as part of the Faringdon South Special Housing Area (SHA). This was required by the Order in Council (Clause 5(3)) which created the SHA. For the Faringdon South East and South West areas, it is not intended to enter into any formal affordable housing mechanism akin to what was required under the SHA.

HDL nevertheless remains committed to the provision of affordable housing and believes this is best achieved using their current development model. The SHA development provided a timely demonstration of the success of the HDL model. Despite the requirement to supply 10% of the SHA yield as capped affordable housing (house and land sale price s 9(2)(b)(ii) , being 75% of Rolleston median house price), these packages were significantly slower to sell than sections available to the 'open' market at all stages of the development.

Since the Faringdon residential development commenced in 2012 pricing has remained stable as evidenced in the table below:

PERIOD	DEVELOPMENT	LOW DENSITY AVERAGE s 9(2)(b)(ii)	MEDIUM DENSITY AVERAGE
2012 - 2016	Faringdon -1000 lots		
2016 - 2018	Faringdon South - 550 lots		
2018	Faringdon Courts - 48 lots		
2018 - mid 2020	Faringdon Borough & Greens 200 lots		
Jan 2020 - Feb 2020	Faringdon Link - 71 lots		
May 2020 - July 2020	Faringdon Chilton Quarter -36 lots		
Oct 2020 - Nov 2020	Faringdon South East - 277 lots sold		

The stability of pricing over the past 8 years has been achieved predominantly through economies of scale, development efficiencies achieved by continuity of land supply and maintaining key client relationships. With land pricing remaining stable, houses can be built or offered to the market at affordable levels.

A snapshot of 65 house and land sales within recent stages of Faringdon (Green, Link, Chilton & Courts) illustrates how the pricing stability of HDL land development translates into housing 'affordability'. This is summarised in the table below:

Average No. Lots	Average Beds	Average Bath	Average Living	Average Garage	Average GFA m ²	Average Lot Area m ²	Average Price (incl. GST)
65	3.5	2	1	2	161	480	§ 9(2)(b)(iii)

A spreadsheet of the sales information summarised in the table above is attached as **Appendix C**.

5 **Financial information.** Please refer to the letter from PWC attached as **Appendix D**.

6 **Plan Change 64.** Public notification closed on 19th November 2020. A total of 11 submissions have been received and are summarised as follows:

Submitter	Support / Oppose / Neutral	Summary
#1 Private Individual	Oppose	Employment and commuting traffic
#2 Private Individual	Support in part	Traffic and public transport improvements
#3 CCC	Oppose	Housing density, public transport, affordable housing and versatile soils
#4 Private Individual	Oppose	Seeks Living B zoning in part of ODP to address rural interface
#5 NZ Defence Force	Neutral	Safe and efficient access to Burnham Military Camp and reverse sensitivity
#6 Ecan	Neutral	Housing typologies/density and public transport
#7 MOE	Neutral	Safe pedestrian crossing and speed limit review
#8 Private Individual	Oppose in Part	Neighbour seeking assurances for cross-boundary fencing costs
#9 Private Individual	Neutral	Seeking to be included in Plan Change
#10 Private Individual	Oppose	Seeking to be included in Plan Change
#11 Ministry of Health	Neutral	Ensuring provision of adequate infrastructure

Given the scale of the development, the small number of submissions received is pleasing, particularly given most are neutral and/or can be easily resolved. However, given the work being undertaken by the Greater Christchurch Partnership (GCP) (of which Selwyn District Council, Christchurch City Council and Environment Canterbury are members) and the direction contained in the NPS-UD, it is disappointing that Christchurch City Council has chosen to submit in opposition to the plan change. This is particularly the case when Environment Canterbury has lodged a neutral submission acknowledging policy 8 of the National Policy Statement on Urban Development which "requires local authorities to be responsive to unanticipated and out of sequence plan change proposals, and give particular regard to proposals that would add significantly to development capacity and contribute to well-functioning urban environments".

The matters raised in the Christchurch City Council submission are matters that Christchurch City Council has raised on two other plan changes in the Selwyn District (PC 60 and PC 62), and which are under discussion and review by the GCP members. In our view, these matters should properly be resolved in the GCP forum rather than by the Council submitting on separate plan change applications.

It is noted that should consents be progressed under the FT Act in preference to continuation of the plan change, Christchurch City Council could be given the opportunity to comment on those consents if that were considered appropriate.

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APPENDIX C - SALES INFORMATION

Recent H&L Sales in Greens, Link, Chilton & Courts

Lot No	Beds	Bath	Living	Garage	GFA	Lot Area	Price incl GST s 9(2)(b)(ii)
95	3	2	1	2	150	450	
21	3	2	1	2	151	400	
41	3	2	1	2	135	438	
60	3	2	1	2	151	438	
199	4	2	1	2	160	505	
63	4	2	2	2	175	513	
90	4	2	2	2	165	550	
92	3	2	2	2	193	581	
143	3	1	1	2	140	430	
435	3	2	1	2	151	400	
35	3	2	1	2	173	450	
40	4	2	2	2	175	505	
58	4	2	1	2	157	438	
59	3	2	2	2	180	513	
60	4	2	1	2	160	513	
61	3	2	1	2	140	439	
66	4	2	1	2	190	644	
67	4	2	1	2	157	493	
27	4	2	1	2	170	655	
29	4	2	1	2	190	644	
40	3	2	1	2	168	439	
44	3	2	1	2	158	466	
45	3	2	2	2	141	430	
47	4	2	1	2	161	479	
52	3	2	1	2	176	582	
56	3	2	1	2	164	451	
31	4	2	1	2	173	552	
32	3	2	2	2	173	463	
35	4	2	1	2	153	451	
36	4	2	1	2	161	450	
37	3	2	1	2	133	450	
38	3	2	1	2	140	446	
41	3	2	1	2	156	500	
11	4	2	1	2	153	486	
12	4	2	1	2	153	499	
26	3	2	1	2	168	550	
27	3	2	2	2	176	550	
28	3	2	1	2	162	550	
29	4	2	2	2	190	552	
30	3	2	2	2	186	552	
32	4	2	1	2	157	449	
7	4	2	1	2	153	475	
8	4	2	1	2	157	476	
9	4	2	1	2	157	476	
10	4	2	1	2	157	459	
21	3	2	1	2	151	450	
22	4	2	1	2	173	450	
23	4	2	1	2	166	450	
24	3	2	1	2	168	450	
25	4	2	1	2	170	553	
3	4	2	1	2	159	430	
4	4	2	1	2	159	430	
5	4	2	1	2	159	430	
6	3	2	1	2	147	433	
17	3	2	1	2	150	450	

s 9(2)(b)(ii)

18	3	2	1	2	151	450
19	4	2	1	2	173	450
20	4	2	1	2	166	450
1	4	2	1	2	159	430
2	4	2	1	2	159	430
13	3	2	1	2	150	447
14	3	2	1	2	151	450
16	3	2	1	2	151	450
46	3	2	1	1	140	430

Average	3.50	1.98	1.16	1.98	161	480
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of the Official Information 1982

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the Official Information 1982