

**BEFORE AN INDEPENDENT HEARINGS PANEL**

**AT CHRISTCHURCH**

**UNDER** the Resource Management Act 1991 ("RMA")

**IN THE MATTER OF** Proposed Plan Change 4 to the Christchurch  
District Plan: Short-Term Accommodation

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**JOINT WITNESS STATEMENT - ECONOMICS**

**30 September 2021**

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<b>Witnesses</b>	<b>For</b>
Phil Osborne (PO)	Christchurch City Council
Natalie Hampson (NH)	Airbnb

## **1. CONFERENCING**

- 1.1 The witnesses attended conferencing over a Zoom video link, on 20 September 2021.
- 1.2 The conferencing was undertaken to establish points of agreement and disagreement relating to the economics aspects of Plan Change 4 (**PC4**).

## **2. AGREED ECONOMIC FINDINGS**



- 2.1 Prior to Covid-19 Home Share Accommodation (HSA), as represented in the Property Economic 2021 report (PEL Report), represented a significant (>25%) proportion of the visitor accommodation market in Christchurch City.
- 2.2 There was evidence that the HSA market had started to plateau prior to Covid\_19 after several years of strong growth.
- 2.3 The basis for Mr Osborne’s economic position regarding HSA in Christchurch and Plan Change 4, as proposed in the evidence of Mr Bayliss, is the 2021 PEL Report. This report is based on a number of assumptions that Mr Osborne believes are necessary and appropriate for the purposes of this assessment. Including:
  - The current market represents a similar outcome to that of a permissive framework
  - Only the impacts on unhosted HSA have been assessed, with no consideration for hosted
  - That the Christchurch market and in particular visitor demand operates in a similar fashion to research which would suggest 4% of HSA visitors would not otherwise visit and that HSA visitors stay approximately 25% longer (on average) than commercial accommodation patrons.
  - Consenting costs are based on estimates for the applicant (and exclude Council costs not covered by the consent fee, including but not limited to, potential ongoing compliance monitoring)
  - A key factor in HSA cessation is the level of historical annual revenue assuming participants will consider this when deciding to continue to supply HSA (or in fact apply for a consent)
- 2.4 HSA provides a valuable visitor accommodation resource for Christchurch, allowing for

greater choice, flexibility and utilisation of a significant community asset.

- 2.5 Although not privy to the original development and configuration of PC4 Mr Osborne’s understanding is that the catalyst for PC4 was social impacts.
- 2.6 The current HSA environment in Christchurch is not one resulting from the comprehensive implementation of the current Operative District Plan (ODP) provisions.
- 2.7 As such an appropriate economic assessment would consider the potential economic impacts of the ODP provisions and PC4 provisions in relation to their impacts on the current HSA market.
- 2.8 Mr Osborne’s position is that the PEL Report appropriately identifies the potential economic costs and benefits relevant to an economic assessment of effects.
- 2.9 Mr Osborne position is that the PEL Report assesses, where possible, the potential extent of economic costs and benefits resulting from PC4 from both the current environment and the ODP provisions.
- 2.10 It is Mr Osborne’s economic position that the PEL Report indicates that there are several aspects of PC4, as notified, that do not represent the most efficient outcome. This includes but is not limited to:
- The identification of 180 days to activate a non-complying status
  - The lack of differentiation regarding the geospatial provision of HSA
- 2.11 Overall, Mr Osborne’s position is that there is no compelling economic rationale to implement PC4 or the ODP provisions.
- 2.12 In terms of the stated scope, limitations and assumptions set out in the PEL 2021 report, Ms Hampson considers that the PEL report is a robust assessment of the economic costs and benefits of both the ODP provisions and proposed (and recommended amended) provisions of PC4 relative to the current HSA environment and supports the findings of that assessment.
- 2.13 Ms Hampson notes, as amended by Mr Bayliss, PC4 still provides strong regulation of HSA activities. Mr Bayliss states that the purpose of PC4 was to address gaps in operative provisions for short-term accommodation in the plan and address “observed and likely adverse effects on amenity in residential, commercial, rural areas and zones” (i.e. social costs). We note, no expert evidence on social costs and benefits of PC4
- 2.14 Mr Osborne and Ms Hampson agree that there are economic benefits attributable to the efficient provision of HSA in Christchurch.
- 2.15 Mr Osborne and Ms Hampson therefore agree that there are no demonstrable or material net economic benefits associated with either the PC4 provisions or the provisions in the ODP as they pertain to HSA. As such there is nothing to be gained in terms of economic outcomes from enforcing the PC 4 provisions or the ODP provisions.
- 2.16 Mr Bayliss accepts that there is not an economic rationale for PC4 and has made some

changes to remove economic outcomes from some provisions (objectives). We support those amendments.

- 2.17 Given this purpose, and the agreement by Council that provisions seeking to manage economic effects are neither effective or efficient, then we find that retaining discretionary or non-complying consent status in the PC4 regulations at odds with the narrow scope of effects the Council is seeking to manage. The narrowing of issues is likely to result in a more economically efficient outcome in relation to the application and processing of consents.

<b>Witness</b>	<b>Signature</b>	<b>Date</b>
Phil Osborne		<b>30/09/21</b>
Natalie Hampson		<b>30/09/21</b>