Before an Independent Hearings Panel
at Christchurch

under: the Resource Management Act 1991

in the matter of: Proposed Plan Change 4 to the Christchurch District Plan

and: **Airbnb Australia Pty Limited**
Submitter 112 / Further Submitter 4

Statement of Evidence of Natalie Hampson

Dated: 7th May 2021

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STATEMENT OF EVIDENCE OF NATALIE HAMPSON

INTRODUCTION

1 My full name is Natalie Dianne Hampson. I am a Director at Market Economics, based in Wanaka. I have held this position since 2019. I hold a Master of Science degree in Geography from the University of Auckland (first class honours).

2 I have worked in the field of economics for over 20 years for commercial and public sector clients. I joined M.E in 2001, and I have specialised in studies relating to land use analysis, assessment of demand and markets, the form and function of urban economies and growth, policy analysis, and evaluation of economic outcomes and effects, including costs and benefits. I have particular expertise in data analysis and interrogation to support evidenced based decision making.

3 I have applied these specialties in studies throughout New Zealand, and across most sectors of the economy, notably assessments of new developments, plan and policy changes, urban and rural planning (including under National Policy Statements) and understanding specific sectors such as the retail, commercial, industrial, residential, tourism, education, recreational marine, aquaculture, liquor licencing and major event industries. I am currently an associate member of the NZ Planning Institute and a member and regional committee chair of the Resource Management Law Association.

4 I am providing data analysis and economic evidence on behalf of Airbnb Australia Pty Limited (*Airbnb*).

5 I am familiar with Airbnb's submission (number 112) and further submission (number 4) on proposed Plan Change 4 (*PC4*) to the Christchurch District Plan.

6 In preparing this evidence I have read and had regard to:

6.1 The material provided on PC4 including the s32 reports, s42A report, amended plan change provisions and appended technical reports (particularly the Property Economics report).

6.2 Data provided by Council and ChristchurchNZ on short term accommodation as well as Council's district plan zoning (GIS) maps.

6.3 Data on housing market indicators from the Ministry of Housing and Urban Development (*MHUD*) and statistical data and boundaries from Statistics NZ (Census 2018).

6.4 District Plans of selected territorial authorities.

7 In my evidence, except where otherwise stated, I have relied on the evidence of, and my discussions with:

7.1 Derek Nolan (policy and Airbnb operations); and

7.2 Matt Bonis (planning).

Code of Conduct

8 Although this is a Council hearing, I note that in preparing my evidence I have reviewed the code of conduct for expert witnesses contained in part 7 of the Environment Court Practice Note 2014. I have complied with it in preparing my evidence. I confirm that the issues addressed in this statement of evidence are 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.

SCOPE OF EVIDENCE

9 The purpose of my evidence is to examine the problem statement justifying PC4. Not from a District Plan integrity/updating perspective, but looking at the nature of the activity itself, from which effects in turn arise. By shedding more light on the scale and nature of short term accommodation in Christchurch City, the effects of the activity can be put more clearly into context and the efficiency and effectiveness of the proposed regulations that enable or constrain the activity in residential units can be more accurately evaluated.

10 My evidence deals with the following:

10.1 An overview of the scale, distribution, and nature of short term accommodation in Christchurch City;

10.2 Brief commentary on the significance of effects stated in the s32 report;

10.3 A comparison of regulatory approaches for managing the effects of short term accommodation in selected councils around the country with those proposed in PC4;

10.4 The Council's economic assessment of regulatory options – brief comments on the limitations, strengths, gaps and conclusions;

10.5 The Council's s32 and s32aa evaluation of economic costs and benefits of the proposed regulation put forward in PC4;

10.6 Conclusions on the effectiveness and efficiency of regulating short term accommodation in Christchurch City as proposed by PC4 from a data analysis and economic perspective.

11 For clarity, throughout this evidence I have used the term 'short term accommodation' instead of 'home sharing' (except when quoting the Property Economics report where that term was adopted). Short term accommodation comprises either 'hosted' or 'un-hosted' listings/properties. I adopt the definitions of these terms set out in the s42A report. My evidence relies heavily on the AirDNA data (discussed further below). That data is limited to categorising listings as either 'entire homes/apartments' ('*entire*') or 'shared/ private room'. There is insufficient information to distinguish entire listings that would meet the s42A definition of hosted short term accommodation. Therefore, I treat all entire listings as a proxy for un-hosted listings (accepting that this may over-represent this activity in the data as it relates to the amendments made to PC4) and all shared/private listings as a proxy for hosted listings (accepting that this may under-state this activity in the data).

12 Throughout this evidence, 'active' listings refers to listings that had at least 1 booking and at least 1 available listed online in the 12 months ending August 2019 and is a property type that competes directly with long term rentals for dwellings in the housing market. This means that listings that are tents, yurts, tipis, boats, campsites, buses and hotel rooms are excluded from the analysis. This is consistent with the approach that Council have taken in their analysis of the AirDNA data.

SCALE AND NATURE OF SHORT TERM ACCOMMODATION ACTIVITY IN CHRISTCHURCH CITY

Short Term Accommodation Market – Evidence Base in PC4

13 Understanding the scale and nature of an activity is an important first step in considering a case for change to further regulate private property, in a district plan or through other regulatory mechanisms. Understanding the 'what', 'where' and 'when' of an activity allows the actual or potential effects of that activity (positive or negative) to be put into context (now and in the future) so that scale and significance of resource management issues can be more accurately determined.

14 To inform the notified version of PC4, Council's analysis of the scale and nature of short term accommodation activity specifically in Christchurch City is primarily limited to:[1]

[1] The s32 report also contains a list of mainly international and limited national literature, but little, if any of this pertains to research carried out in Christchurch.

14.1 AirDNA data sourced by Council which contains detail on all short term accommodation listings on the Airbnb and Bookabach/Homeaway platforms created in Christchurch City (by date), including further detail on listings that have been active at some point in the 12 months ending August 2019.

14.2 The Property Economics report, which provides some high-level analysis of that AirDNA dataset and a separate AirDNA dataset sourced by ChristchurchNZ.[2]

15 The Council's s32 report summarises the above data and analysis, primarily in section 2.2 under issues 3, 6 and 7. The key findings of this evidence base on the current situation of short term accommodation are:

15.1 In the 12 months ending August 2019, there were 4,228 active[3] short term accommodation listings in Christchurch City on either the Airbnb/ Bookabach/ Homeaway platforms[4]. Of these, 2,135 were 'entire' unit listings and 2,093 were shared/private room listings.

15.2 Analysis of active listings by days available for booking in the 12 months ending August 2019. Thresholds used were 1-30, 31-60, 61-90, 91-120 and 121 plus days. Of all active listings, "*Over 50% were listed for 121 days or more … while the other half … had more limited availability throughout the year (perhaps seasonally)*". When looking only at entire home listings, 60% were available (whether rented or not) for more than 121 days (Property Economics, page 39).

15.3 "*In any given month over that time period, there were approximately 2,800 active listings*" (s32, para 2.2.5). Figure 10 in the Property Economics report shows that this is broken down further to around 1,400 each of entire units and shared/private rooms in June 2019.

15.4 Short term accommodation made up an estimated 24% (annual average) of total district accommodation guest nights and around 19% of the total Christchurch accommodation

[2] The Property Economics report also contains a literature review of mainly international and limited national research on Airbnb/home sharing, but little, if any of this pertains to research carried out in Christchurch.

[3] Note, Property Economics calculated 4,490 active listings in the 12 months ending August 2019. Whilst calculated from the same data used by Council, they used slightly different variables in the data to define 'active' listings. For the purpose of this evidence, we have adopted the Council's approach to active listings (n = 4,230).

[4] AirDNA data removes duplicate listings to leave a 'unique' set of listings.

market in dollar terms (year ending May/June 2019 (Property Economics).

15.5 Total short term accommodation listings active in the 12 months ending August 2019 were mapped by Property Economics. They are distributed "*evenly across the city*", with two clusters on "*the north side of the Central City*" and "*around Riccarton*" where commercial accommodation and other attractions are also concentrated (page 39).

15.6 Those active listings were aggregated according to the 2013 Census Area Unit ("*CAU*") the listing coordinates fell in and that count was compared to the housing stock of that CAU in 2018 using Census data. Short term accommodation represents "*only a small proportion of the total housing stock*"[5], almost 1.5% on average according to Property Economics, although "*they make up 15% of the homes in the three CBD Census Area Units, or 10% if only considering the un-hosted*" short term accommodation listings, and un-hosted listings make up 40% of dwellings in Akaroa CAU (Property Economics, page 55 and Figure 20 and 23). I comment further on the accuracy of these numbers further below in my evidence.

16 The key findings of the PC4 evidence base on the temporal changes and potential future growth of short term accommodation are:

16.1 Recent growth in activity listings has been 'significant'. But active listings (when analysed at a month on month level) peaked in January 2019 and have levelled off/started to decline (to reach 2,800 by June 2019), with the ChristchurchNZ economist considering that the market peak has passed and future growth in short term accommodation listings may be low (Appendix 5b, s32 report).

16.2 Covid may have seen further (minor) declines in active listings of short term accommodation. The quantum of any decline has not been quantified as more recent data (i.e. post August 2019) was not sourced.

16.3 The effects of Covid may be felt for the foreseeable future (i.e. as long as restrictions on international travel prevail), but then activity may return to previous levels.

17 In short, this assessment of 'what', 'where' and 'when' of short term accommodation done by the Council in preparing PC4 is very high level. It essentially shows that while the activity has been growing, its current incidence within the dwelling stock is very minor across

[5] Property Economics analysis based on Census 2018 dwelling counts.

most of the urban area, with only a small number of localised areas where it makes up a higher share of total dwellings[6]. There is little evidence to suggest that the 'situation' will get worse in the short-medium term, or that these spatial patterns are likely to change in the future (i.e. become more widespread).

18 The Council appropriately acknowledges that the AirDNA data does not cover the entire short term accommodation market, but likely covers the majority of total listings. I agree with this caveat and consider that the AirDNA dataset is an appropriate basis for analysis. However, Council (and its consultants) have made only selective use of the information available in the AirDNA dataset and do not analyse or present the available data in a way that informs particular threads of the proposed regulation. In this regard, I find Council's evidence base lacking.

Other data that is relevant to PC4 (gaps in the evidence base)

Temporary vs Permanent Activity

19 The AirDNA data shows that using a residential unit for short term accommodation is often a temporary activity. Figure 1 shows that listings for short term accommodation emerged in Christchurch City well before 2016[7], with the first listings created back in September 2009 (not shown on the graph extent) according to the AirDNA dataset. Growth in new listings increased over time, reaching more than 200 new listings per month across late 2016 and early 2017 before slowing again and a new peak reached in December 2017. Through to August 2019, growth has been steady (between 100 and 150 new listings created per month with some fluctuations).

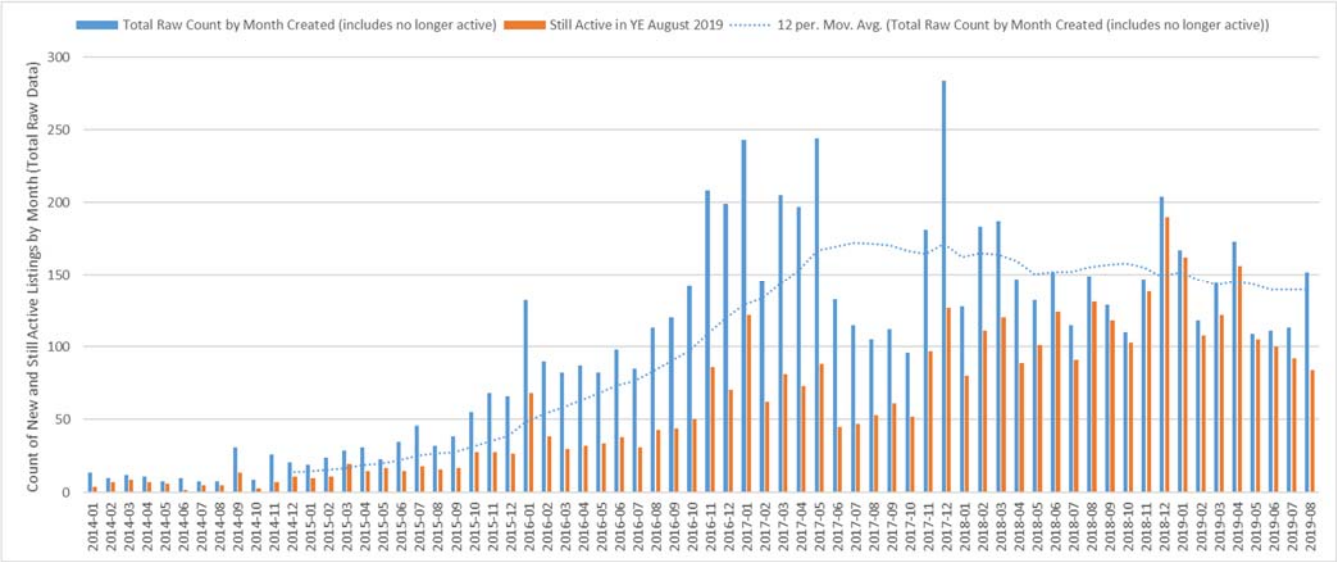
20 While some of the early listings created in Christchurch were still active in the 12 months ending August 2019, a significant number of the listings created in 2016 and 2017 are no longer active. The more recent the listing, the more likely that it is still active.

21 If this pattern of listing and later deactivating listed residential rooms/whole units continues in the future, then it is likely that in a few years, many of the listings created in 2018 and 2019 may also have exited the short term accommodation market, and other rooms/units may have taken their place (unless supply in the market declines).

[6] My analysis confirms that even in those localised areas, short term accommodation does not dominate the dwelling stock or outnumber the count of resident households.

[7] Refer Property Economics report, page 35.

Figure 1 – New Short Term Accommodation Listings by Month vs Still Active Listings YE August 2019 (Source: AirDNA)



22 This data highlights the fluidity and often temporary nature of listings in the market. Some homeowners may trial home sharing (to see if it is a good fit for them and their property) and may decide not to continue, while others may take advantage of the opportunity to bring in some additional income over a specific period, but not see it as a long term activity[8]. Others however commit to the activity for the long term. It is also logical that as houses are bought and sold, that new owners may wish to use properties in different ways (and choose to maintain an existing listing, deactivate an existing listing or create a listing).

23 The temporary nature of at least a portion of short term accommodation listings that are created is directly relevant to the nature of actual or potential effects on neighbours. While nuisance effects (if any) are limited to when dwelling units are booked (which may be regularly or sporadically), those effects may also be temporary in nature.

<u>More Recent Data on the Scale of the Short Term Accommodation Market</u>

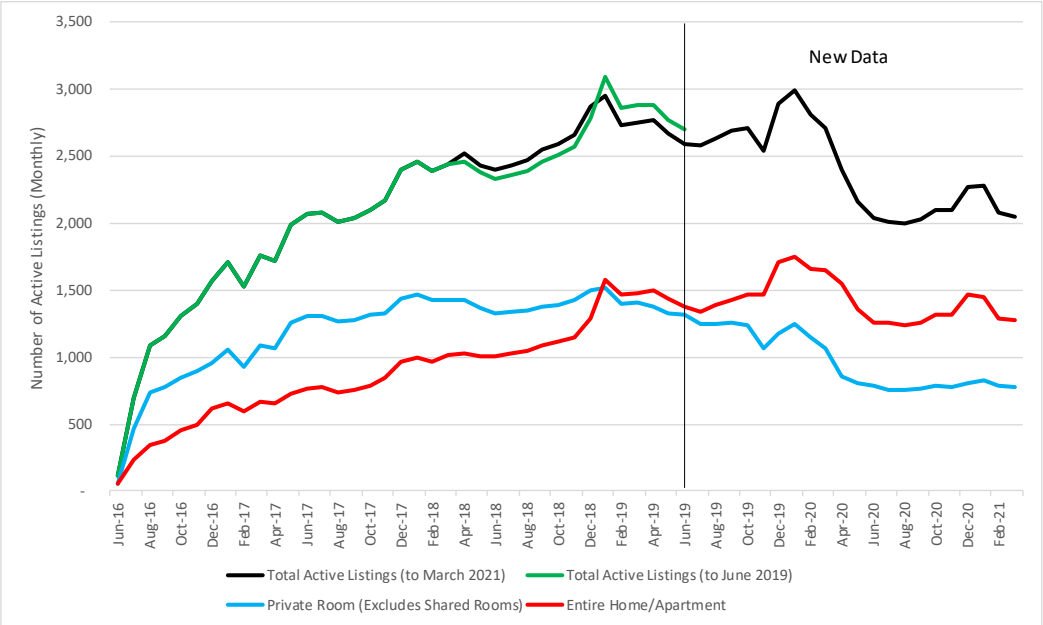
24 The evidence base for PC4 on short term accommodation activity is limited to data up to either June 2019 (monthly subscription data of active listings purchased by ChristchurchNZ) or August 2019 (AirDNA dataset sourced by Council). Trends beyond that date are speculated, as discussed in paragraph 16 above.

[8] These processes are acknowledged in the s32 report (paragraph 4.3.24).

25 For this evidence, I have requested and received the latest data purchased by ChristchurchNZ, up to and including March 2021. This provides further insight on the 'decline' that had started to be observed following the January 2019 peak in that monthly data as well as the impact of Covid-19. The supplier of that data (AirDNA) had updated some historical data, so Figure 2 below shows the same data reported by Property Economics in their Figure 10, and the newest data.

26 This newest data shows that the count of active (monthly) listings declined for another month (to July 2019) before increasing again to a summer peak in January 2020 (2,987 listings), not dissimilar to the summer peak a year before. The fact that this summer peak is only marginally higher (i.e. a difference of 40 listings based on the revised figures) suggests to me that the market had started to stabilise and the period of significant growth has ended. This is consistent with the conclusion reached by the professional review of the Property Economics report.

Figure 2 – New Data on Active Listings by Month in Christchurch City (Source AirDNA /ChristchurchNZ)



27 The effect of Covid-19 is also very apparent, with the January 2021 summer peak just 76% of the January 2020 peak. The total number of active (monthly) listings is currently (March 2021) equivalent to the levels seen in Christchurch back in mid 2017.

28 Figure 2 also shows the divergence of private room and entire residential unit listings. While it was reported for PC4 that the mix was about 50:50 in June 2019, private rooms have continued to

decline (even prior to Covid-19), while entire listings have held steadier. As at March 2021, private rooms accounted for 38% of the monthly total and entire listings 62%.

29 While the Council's more detailed AirDNA dataset calculates active listings based on the 12 months ending August 2019 and not on a monthly basis like the data in Figure 2, they are referring to the same activity. With this new data in mind, I consider that analysis relying on the more detailed AirDNA dataset (including in this evidence) is likely to represent the market broadly at its peak in Christchurch over the medium term, but moderately overstates that market in the short term. While it may also be broadly representative of the scale of un-hosted listings expected in the short-medium term, it significantly overstates the scale of hosted activity going forward.

Availability versus Booked Guest Nights

30 PC4 proposes activity status thresholds for un-hosted short term accommodation activity across many zones. These thresholds are 0-60 days, 61-180 days and 181 or more days and apply to booked days not simply available days. The Property Economics report (Figure 12) provided only partial insight of the impact of these thresholds (i.e. 1-60 days), and only from the perspective of available days. The assessment of regulatory options by Property Economics[9] provided insight on the number of un-hosted listings by booking days, but again, the thresholds used do not align with those proposed in PC4 above 60 days.

31 Analysis of the AirDNA data (active listings in the 12 months ending August 2019) for entire residential units (a proxy for un-hosted short term accommodation but with some limitations as discussed in paragraph 14of Mr Nolan's evidence)[10], shows that in order to achieve a particular number of booked days (if indeed homeowners have a target), more often than not, a listing must advertise its availability for a much longer period. Availability is therefore not a reliable indicator of bookings.

32 The following summarises some key findings of my analysis of the AirDNA data to inform the potential impact of the proposed thresholds for un-hosted listings (Appendix A contains the full summary table):

[9] Section 5 of that report.

[10] The AirDNA data cannot tell us if the entire home/apartment (self-contained residential unit) is on the same site as the listers residential unit. It therefore overstates un-hosted activity, but by an uncertain degree. I support the amendments made in the s42a report to acknowledge that entire units on the site as of an occupied residential address can be treated as hosted activity and do not adversely affect neighbourhood coherence etc.

32.1 A fifth (20% or 431) of all 'entire' active listings were booked for 20 days or less. To achieve up to 20 booked days, 19% needed only to make the listing available for up to 20 days. However, 41% needed to advertise the listing as available for between 20-40 days, 32% needed to advertise the listing as available for between 41-100 days, and 8% needed to advertise the listing as available for more than 100 days to achieve 20 booked days.

32.2 This trend is evident when looking at all increments of booking days (Appendix A), where I have increased the increment by 20 booked days up to 365. For example, 7% or 159 of all 'entire' active listings were booked for between 81 and 100 days in the last twelve months. Just 6% of those achieved that level of booking by making the listing available for 81-100 days, with the balance having to list availability over a much greater number of days (including 10% who listed availability for over 300 days of the year) in order to achieve 81-100 booked days.

32.3 The key implication is that while listers of 'entire' short stay accommodation can control what days the residential unit is available and not available (i.e. they block those days out in their calendar), they have no control on how many booked days they will actually get in any year, although the maximum will not exceed the maximum available days listed. As discussed below, this goes to issues of certainty of consent status under the notified PC4 regulations.

32.4 In terms of the thresholds that PC4 proposes, of the approximately 2,135 active 'entire' listings in Christchurch (which make up a very minor 1.4% of total dwellings in 2018 according to Census data based on my calculations), 920 residential units were booked for 1-60 days (43%). This group of listings make up 0.6% of the total dwellings (2018). A further 791 were booked for between 61-180 days (37%). This group of listings make up 0.5% of total dwellings (2018). Last, 424 or 20% were booked for more than 180 days. This group of listings make up 0.3% of total dwellings (2018).

33 Using 'entire' listings as a proxy for un-hosted short term accommodation, it is apparent that the proposed PC4 guest night regulations for 'un-hosted' short term visitor accommodation have been proposed to manage the effects of a very small number of residential units.

34 I also consider that owners/managers of listed un-hosted short term accommodation will find it very difficult to ascertain which activity status (and therefore consent) applies to the residential unit, as the

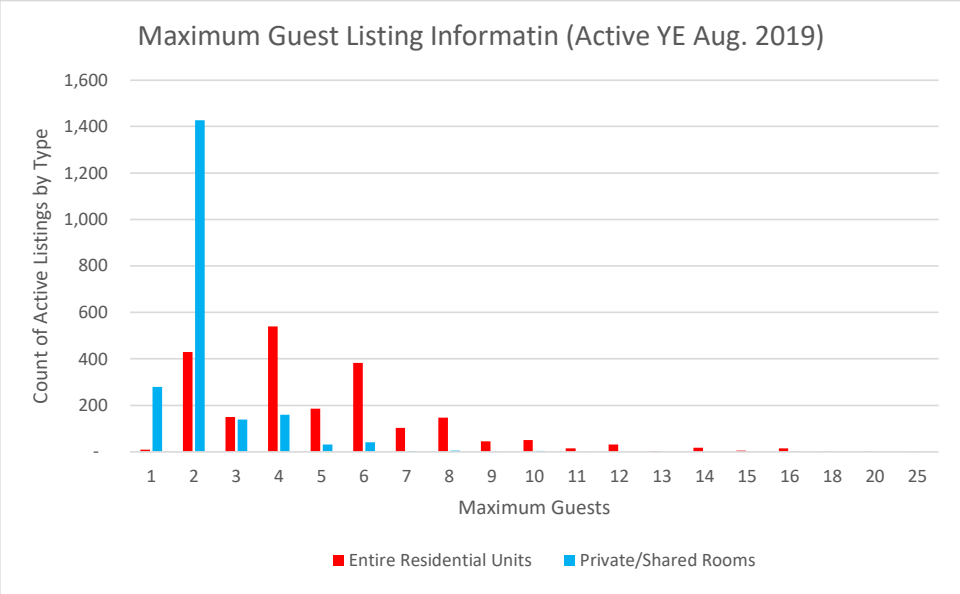
total number of booked days cannot be ascertained until the end of the year, and the fluidity of both demand and supply will even make it difficult to predict which consent category applies in the coming year, as the previous year may not be a reliable indicator. It is not clear in PC4 how the matter of booked days will be effectively addressed given that consents are intended to be sought prior to the activity taking place. To reconcile this, hosts may either need to seek a more 'enabling' consent in advance, with the added uncertainty that would occur with a tiered status of 'discretionary' or 'non-complying'; or reduce listings nights. There are economic costs associated with uncertainty of investment for the former, and a reduction in potential diversity and number of listings in the latter.

Maximum Paying Guests

35 The proposed PC4 regulations place significant emphasis on maximum guest numbers, with up to 6 guests generally permitted or controlled activity status, with 12 guests being a further threshold for consenting. There is no analysis or information provided in the s32 report (or technical supporting information) that demonstrates the significance of guest numbers overall, or the thresholds adopted.

36 The purpose of this sub-section is to quantify (within the limits of the data) the data on maximum guest nights by indicative hosted and un-hosted short term visitor accommodation in Christchurch City overall. Figure 3 summarises the data contained in the AirDNA data for listings active in the 12 months ending August 2019.

Figure 3 – Maximum Guest in Active Hosted and Un-hosted Short Term Accommodation in Christchurch (YE Aug. 2019)



37 Figure 3 clearly shows that for hosted listings, the significant majority of listings (82%) limit guest numbers to 1 or (more commonly) 2 people. This is an expected result given that the listings typically provide a bedroom for guests to stay in. 99% of all hosted listings have 6 or less maximum guests.[11] There are just 16 hosted listings across the whole district (1%) that state a maximum guest count of 7 or greater.

38 It is not clear from this data, how Council established a need or benefit from proposed regulation for hosted accommodation based around maximum guest numbers, and especially discretionary or non-complying activity status which are effectively redundant. If there was no regulation on guest numbers for hosted short term accommodation, there is a high degree of certainty that current and future listings will continue to focus on 1-2 guests per booking.

39 Relatedly, the necessity for regulating additional visitors at hosted short term accommodation (proportionate to paying guests) is not backed with any evidence or discussion in the s32 report that I can find. The issue is discussed at a high level in the s42A report (i.e. Table 3, paragraph 7.8.6 and 7.10.8 but no evidence is provided on whether functions held in hosted accommodation *are* an issue and how significant that issue is (i.e. how many listings host planned functions, where, how frequently, how large, ability to manage effects on traffic, parking and noise, and how these differ from or are significantly worse than functions held at residential addresses).

40 While I am not aware of data on functions held in short term accommodation, I consider that the likelihood of having a function at a host's property, when the guest most likely has the use of private room within the residential unit and would need to share the wider property with the hosts, to be very low. In the event that the host welcomed a function of some sort organised by their guests, then it is likely that they would be present to supervise it and the effects would be indistinguishable from a function organised by the host at their own property.

41 Figure 3 shows that the most common maximum guest limit for indicative un-hosted ('entire') short term accommodation in Christchurch is 4 guests (25% of all entire listing). In total, a significant 79% of active entire listings allow up to 6 guests per booking. A further 19% of entire listings allow between 7-12 guests – this is 395 residential properties across the whole district. There are just 43 properties that state a maximum guest limit greater than 12 (and up to 25). This is just 2% of all entire listings.

[11] For example, 6 guests could be feasible if the room contained several beds/bunks or if one host has three separate bedrooms listed (with each having a maximum guest count of 2).

42 These trends are not unexpected given the general nature of the housing stock in Christchurch City (which over time may be expected to deliver an increasing number of smaller/compact homes in the urban area). The relevance of a threshold set initially at up to 6 guests is clearer from the data for un-hosted activity, although a threshold that distinguishes listings with capacity for more than 12 guests applies to very few properties and as such, those provisions are considered inefficient in s32(1)(b)(ii) terms. If there was no regulation on guest numbers for un-hosted short term accommodation, there is a high degree of certainty (based on current building trends) that current and future listings will continue to be focused on 6 or less guests per booking.

Check In Time

43 The proposed PC4 regulations include conditions around check in time for short term accommodation, focussed on encouraging check in to between 6am and 10pm in some zones. There is no analysis or information provided in the s32 report (or technical supporting information) that demonstrates the distribution of check in times.

44 The purpose of this sub-section is to quantify (within the limits of the data) the data on check in time by indicative hosted and un-hosted short term visitor accommodation in Christchurch City overall. Figure 4 summarises the data contained in the AirDNA data for listings active in the 12 months ending August 2019.

Figure 4 – Specified Check In Time in Active Hosted and Un-hosted Short Term Accommodation in Christchurch (YE Aug. 2019)

Check In Time on Listing	Entire Home / Apartment (n)	Shared / Private Room (n)	Total Active Listings (n)	Entire Home / Apartment (%)	Shared / Private Room (%)	Total Active Listings (%)
Within 6am to 10pm	271	621	892	13%	30%	21%
After 6am and after 10pm	183	216	399	9%	10%	9%
After 6am - no limit specified	1,234	822	2,056	58%	39%	49%
Before 6am - no limit specified*	-	2	2	0%	0%	0%
Stated Flexible	88	295	383	4%	14%	9%
No Information	359	137	496	17%	7%	12%
Total Active Listings	2,135	2,093	4,228	100%	100%	100%

*Source: AirDNA, CCC, M.E. * Suspected typo.*

45 Figure 4 shows that just 21% of entire listings specify a time period for check in, with 13% already specifying a time period that falls within (or equals) 6am to 10pm. A greater share of private/shared room listings specify a check in period (40%), with 30% already specifying a time period that falls within (or equals) 6am to 10pm.

46 However, the AirDNA data shows that the majority of entire and private/shared room listings set only the earliest arrival time, but not the latest arrival time possible. It is not certain if this information

might be discussed further when making a booking. In most cases, that earliest check in time is after 6am, although a small share implied an earlier time (which may be a typo in our view given the time that was stated) or were "flexible". 12% of listings overall did not contain check in time information.

47 It would appear that setting a check in period is not a requirement of the home share platforms and that an 'arrival after' time is sufficient. Again, the s32 report does not provide evidence on how a check in time before 10pm for paying guests in a very small share of district residential properties (2.7%)[12] is justified when the significant majority (97.3%) of residential units not used for short term accommodation (including hosts of shared/private rooms or owners of entire residential units using the dwelling when not booked out) can come and go from their property at any time, unconstrained. This raises the issue of how effective regulating specific check in periods will be.

48 This issue is discussed further in paragraphs 7.10.1-7.10.9 of the s42A report. I do not consider that the council has provided enough evidence to show that the effects of late night check ins (and functions) in hosted short term accommodation in residential zones "*differ from and are more significant than the effects arising from other activities that are anticipated*" (page 3, s32 report).

Short Term Accommodation Activity by District Plan Zone

49 PC4 proposes regulations for managing hosted and un-hosted short term accommodation activity according to district plan zones[13]. Nowhere in the s32 report, or technical reports, is there information that clearly demonstrates the scale and nature of short term accommodation by zone. The Property Economics report only includes a spatial breakdown of listings by 2013 Census Area Unit.

50 That said, in the AirDNA data supplied by Council for this evidence, the Council had already appended zone information to the raw listing data and had generated a summary table of active listings by listing type (i.e. entire room, private room, shared room). There is only brief mention of that analysis in the s32 report (i.e. page 2 states "there were an estimated 1,600 listings in residential zones in 2019"), but there is little or no information on the quantum of listings by type in other zone groups or in specific zones (where it would be available for others to consider). While the Property

[12] Being 4228 active total hosted and un-hosted listings as a share of total dwellings 2018 (just over 150,000).

[13] Proposed amendments to Chapters 12, 13, 14,

Economics policy options analysis[14] is based on zone level data, that input data to their modelling is also not reported.

51 For the following sub-sections, I provide a summary of the AirDNA data according to the zone classification of listings carried out by Council as relevant for various proposed regulations.

52 I note that the coordinates of the listings in the AirDNA data are randomised by up to 150m to keep their actual property location confidential[15]. The locations of listings are therefore approximate and may not return the actual zone that the listing falls in.[16] M.E have checked the spatial incidence of listings by district plan zone and get slightly different numbers from Council's internal analysis.[17] This suggests that some cleaning of the data may have taken place (perhaps to double check listings that occur on the edge of zones or in unexpected zones). I have adopted the Council's zone coding rather than my uncleaned results for the purposes of this evidence.

53 The proposed regulations across the zones can be broadly grouped. The following sets out my grouping of zones based on a high level summary of the regulations amended in the s42a report as they would apply to hosted and un-hosted listings. I have not taken into account the heritage item or other rural accessory/tourism activity regulations (and do not provide specific assessment of those given insufficient detail in the AirDNA data).

54 For <u>hosted</u> short term accommodation:

54.1 Zones where this activity is permitted with no or limited zone conditions/standards include the Airport and Nga Hau a Wha Specific Purpose Zones, the Commercial Mixed Use, Commercial Central City Business, Commercial Central City Mixed Use, Commercial Central City South Frame Mixed Use, Commercial Core, Commercial Local, Commercial Banks Peninsula, Industrial Park - Memorial Ave, Residential Visitor Accommodation Zone and the various Open Space zones. I refer to these as Group 1 H zones.

54.2 The Rural Banks Peninsula, Rural Fringe, Rural Waimakariri, Rural Port Hills and Papakainga/Kainga Nohoanga Zones can be grouped – permitting hosted short term accommodation up to 6 guests and 6 additional function attendees (with

[14] Discussed later in this evidence.

[15] Advised by council at the time of supplying the data.

[16] A similar margin of error applies to the CAU analysis carried out by Property Economics discussed above.

[17] My analysis shows listing coordinates falling in roads and water for example while Council's matching does not.

some exceptions), else requiring a discretionary consent. I refer to these as Group 2 H zones.

54.3 Last, the Flat Land Recovery Specific Purpose Zone, all Residential Zones (excluding Residential Visitor Accommodation Zone) and Industrial General Waterloo Park Zone can be broadly groped – permitting hosted short term accommodation up to 6 guests and 6 additional function attendees (with some exceptions) along with check in time after 6am and before 10pm, else requiring a discretionary consent where guests are greater than 6 but less than or equal to 12, else requiring a non-complying consent where guest are greater than 12. I refer to these as Group 3 H zones.

55 For <u>un-hosted</u> short term accommodation:

55.1 Zones where this activity is permitted with no or limited zone conditions/standards include the Airport and Nga Hau a Wha Specific Purpose Zones, the Commercial Mixed Use, Commercial Central City Business, Commercial Central City Mixed Use, Commercial Central City South Frame Mixed Use, Commercial Core, Commercial Local, Commercial Banks Peninsula, Industrial Park - Memorial Ave, Residential Visitor Accommodation Zone and the various Open Space zones. I refer to these as Group 1 UH zones.

55.2 The Rural Bank Peninsula, Rural Fringe, Rural Waimakariri, Rural Port Hills and Papakainga/Kainga Nohoanga Zones can be grouped – permitting un-hosted short term accommodation up to 6 guests and 6 additional function attendees and up to 180 guest nights, else requiring a discretionary consent when guests exceed 6 or guest nights exceed 180 per annum. I refer to these as Group 2 UH zones.

55.3 The Residential Bank Peninsula (Akaroa, Duvauchelle and Wainui only) Zone, Residential Large Lot and selected areas of the Residential Settlements Zone in Banks Peninsula can be grouped – permitting[18] un-hosted short term accommodation up to 6 guests and 6 additional function attendees and up to 180 guest nights, else requiring a discretionary consent when guests are up to 12 or guest nights exceed 180 per annum. If guests exceed 12 (and guest nights exceed 180) then it is not clear from the drafting at Appendix 2 to the s42A report what activity status is applicable (as the discretionary and non-complying activities

[18] Based on the amended version of PC4. I note the drafting in Appendix 2 to the s42A Report appears to be unclear as to the status of unhosted visitor accommodation in these zones which does not comply with the permitted activity standards now proposed.

proposed appear to apply to listings other than those which are provided for via the newly proposed permitted activity rules. However, there is no mention of what status an un-hosted listing would have if it were to exceed the permitted activity standards, and the s42A Report itself states that exceedance of those standards would trigger a requirement for consent). I have assumed for the purposes of this evidence that a non-complying consent is required. I refer to these as Group 3 UH zones.

55.4 Last, the Flat Land Recovery Specific Purpose Zone, all Residential Zones (excluding Residential Visitor Accommodation Zone, Residential Large Lot, Residential Banks Peninsula Zone in Akaroa, Duvauchelle and Wainui and selected areas of the Residential Settlements Zone in Banks Peninsula) and Industrial General Waterloo Park Zone can be broadly groped – controlled activity status for un-hosted short term accommodation up to 6 guests and 6 additional function attendees, for up to 60 nights and with check in time after 6am and before 10pm, else requiring a discretionary consent where guests are up to 12 and guest nights are between 61 and 180 nights, else requiring a non-complying consent where guest are greater than 12 or guest nights exceed 180 per annum. I refer to these as Group 4 UH zones.

56 I apply this framework to my analysis below.

Hosted Short Term Accommodation Activity by Zone

57 The purpose of this sub-section is to quantify (within the limits of the data) the number of indicative hosted listings impacted by the proposed regulations on maximum paying guests across different zone groups (described above). Full detail is provided in Appendix B. While the proposed regulations for hosted activity include, in some zones, additional rules around check in times, I have excluded this parameter from the analysis and focus only on guest numbers.

58 Key findings are (based on current 'active' listings):

Group 1 H zones

58.1 An estimated 102 hosted listings would qualify for a permitted activity with no/limited conditions/standards.

Group 2 H zones

58.2 An estimated 90 hosted listings would qualify for permitted activity allowing up to 6 guests. Just 3 current listings in this group of zones (but limited to the Rural Fringe Zone) would need to apply for a discretionary consent because their maximum guests exceeds 6. The relevance of distinguishing a discretionary consent for these zones seems extremely

limited, with benefits and costs both negligible across these zones based on current supply trends.

Group 3 H zones

58.3 An estimated 1,880 hosted listings would also qualify for permitted activity allowing up to 6 guests, with most falling within the Residential Suburban Zone, followed by the Medium Density Zone. Just 10 current listing in this group of zones (but limited to just 4 of the 11 zones included) would need to apply for a discretionary consent because their maximum guests fell between 7-12. Just 1 current listing in this group of zones (limited to the Suburban Density Transition zone at present) would need to apply for a non-complying consent because their maximum guests exceeded 12. The relevance of distinguishing both discretionary and non-complying consents for these zones seems extremely limited, with benefits and costs both negligible across these zones based on current supply trends. While the permitted activity status for this group of zones also requires a check in time between 6am and 10pm, I have not separated this variable out in the data. As it currently stands, it would direct more listings from permitted to discretionary than I have shown, particularly for those wanting to accommodate international passengers arriving on late flights. I consider that a portion of hosts may be willing to forgo the benefit of a check in time outside the specified range (if not already the case) to avoid the cost of a discretionary consent cost, thus the current results could still apply in part.

59 These findings on the impact of the proposed regulations for hosted activity by zone are consistent with the analysis above which already shows that there is little justification to regulate guest numbers in hosted properties. The breakdown by zone (above and in Appendix B) further highlights that the number of relevant properties in many zones is currently insignificant and across most zones is very minimal in the context of the likely total dwelling stock in those zones[19]. 99% of all hosted listings would qualify as a permitted activity based on the assumptions applied.

Un-hosted Short Term Accommodation Activity by Zone

60 The purpose of this sub-section is to quantify (within the limits of the data) the number of indicative un-hosted listings impacted by the proposed regulations on maximum paying guests and guest nights across different zone groups (described above). Full detail is provided in Appendix C. While the proposed regulations for un-

[19] It was not feasible in the scope of my evidence to estimate total dwellings by zone (i.e. using 2018 Census data and rating database information). This would however be relatively straightforward for Council to generate.

hosted activity include, in some zones, additional rules around check in times, I have excluded this parameter from the analysis and focus only on guest numbers and guest nights.

61 Key findings are (based on current 'active' listings):

Group 1 UH zones

61.1 An estimated 226 un-hosted listings would qualify for a permitted activity with no or limited conditions/standards.

Group 2 UH zones

61.2 An estimated 110 un-hosted listings would qualify for permitted activity allowing up to 6 guests and 180 guest nights per annum. A further 65 current listings in this group of zones would need to apply for a discretionary consent because their maximum guests exceeds 6 or their guest nights exceed 180 nights.

Group 3 UH zones

61.3 An estimated 78 un-hosted listings would qualify for permitted activity allowing up to 6 guests and 180 guest nights per annum. A further 62 current listings in this group of zones would need to apply for a discretionary consent because their maximum guests was up to 12 or their guest nights exceed 180 nights. Just 4 current listing in this group of zones would need to apply for a non-complying consent because their maximum guests exceeded 12 (and guest nights exceed 180). The relevance of distinguishing a non-complying activity for these zones seems extremely limited, with benefits and costs both negligible across these zones based on current supply trends.

Group 4 UH zones

61.4 An estimated 520 un-hosted listings would qualify for controlled activity consent allowing up to 6 guests, up to 60 guest nights and check in between 6am-10pm, with most falling within the Residential Suburban Zone, followed by the Medium Density Zone. A much greater number of current listing in this group of zones (720) would need to apply for a discretionary consent because their maximum guests was up to 12 and guest nights were between 61-180 per annum. A further 355 current listing in this group of zones would need to apply for a non-complying consent because their maximum guests exceeded 12 and their guest nights exceeded 180 per annum. While the controlled activity status for this group of zones also requires a check in time between 6am and 10pm, I have not separated this variable out in the data. As it currently stands, it would direct more listings from controlled to discretionary, but I consider that hosts may be willing to forgo the benefit of a check in time outside the specified

range (if not already the case) to avoid the cost of a discretionary consent cost, thus the current results could still apply.

62 Overall, 19% of indicative un-hosted listings currently would qualify as a permitted activity and avoid a consent. 24% (520 listings) would require a controlled activity consent, 39% (836 listings) would require a discretionary consent and 17% (359 listings) would require a non-complying consent. That's 1,715 indicative un-hosted listings requiring a consent of some sort based on their activity patterns in the last 12 months. It is important to remember that 1,715 dwellings represents 1.1% of district dwellings (2018).

Revised Conclusions on the Scale and Nature of Short Term Accommodation

63 The additional analysis provided above is all based on the Council's and ChristchurchNZ's AirDNA datasets. It is all analysis that Council could have carried out and reported as part of the evidence base for PC4. When examined in more detail, there is greater clarity that the short term accommodation market may have peaked, and that hosted accommodation accounts for a smaller share of overall activity than it once did.

64 We know that the activity is temporary for a share of all listings created (i.e. listings come and go) and indeed Covid19 has had a significant impact. Only a portion of days that a listing is made available online will actually be booked and there is likely to be little certainty around how many booked nights will be achieved on an annual basis until that year is complete.

65 In terms of the guest thresholds that PC4 proposes for un-hosted activity, of the approximately 2,135 active 'entire' listings in Christchurch, 920 residential units were booked for 1-60 days (43%). This group of listings make up 0.6% of the total Christchurch dwellings (2018). A further 791 were booked for between 61-180 days (37%). This group of listings make up 0.5% of total Christchurch dwellings (2018). Last, 424 or 20% were booked for more than 180 days. This group of listings make up 0.3% of total Christchurch dwellings (2018).

66 It is also clear that maximum guest numbers in hosted listings are typically 1-2 guests and almost always less than 6. Only 21% of entire (indicative un-hosted) listings allow more than 6 guests (438 residential properties across the whole district, of 0.3% of total dwellings (2018)).

67 30% of hosted listings and 13% of un-hosted listings already specify a check in time between 6am and 10pm but there appears to be no

requirement to set a check in 'period' and as such the majority of listings have simply specified the earliest time for check in.

68 Last, but not least, the data shows that the proposed discretionary and non-complying regulations for hosted activity would manage the effects of only 1% of the listings (14 listings) that were active in the 12 months ending August 2019 (although factoring in check in time conditions might change this further if the benefit of the extra flexibility outweighed the cost of applying for consent. I consider this unlikely). Given that hosted listings have significantly declined since August 2019, the numbers of impacted listings may be fewer again. The data also shows that the proposed controlled, discretionary and non-complying regulations for un-hosted activity would manage the effects of 80% of the listings (1,715 listings) that were active in the 12 months ending August 2019. This is 1.1% of total Christchurch dwellings (2018).

IMPLICATIONS FOR THE SCALE AND SIGNIFICANCE OF EFFECTS OF SHORT TERM ACCOMMODATION

69 The s32 report states in the 'Reasons for the Plan Change' section, that the significant increase in offerings of home share accommodation since the District Plan was last reviewed "*has given rise to concern about the effects of the activity on neighbours and the surrounding area*" (page 1, emphasis added).

70 Attention is given to these concerns in the discussion of Issue 4 (amenity, coherence and character) and Issue 5 (reduced social cohesion) in section 2.2 of the s32 report based on stakeholder consultation, public engagement, resident surveys and a literature review. Paragraph 2.6.5 of the s32 report states that "*Staff considered this feedback and used it to … understand the scale and significance of those issues in a Christchurch context".* This is important as the scale and significance of adverse effects forms the basis for adopting an enabling and/or restrictive approach to provisions.

71 The s32 report confirmed that the "*Council received relatively few complaints that are directly attributable to home share accommodation activities*" (para 2.2.48, s32). Further information on this is provided in paragraph 37 of Mr Nolan's evidence. However, Council also considers that there "*may"* be adverse amenity, coherence or character impacts that are not significant enough to prompt a complaint to Council. My concern is that if Council only had a high level and incomplete understanding of the scale and nature of the activity itself, then have they appropriately determined the scale and significance of the adverse effects of that activity (as a basis for informing the proposed activity status framework)?

Contextualising the Community Survey

72 With regards to the quantitative evidence base on the adverse effects of short term accommodation, I have two additional concerns that relate to the sufficiency and certainty of information provided in PC4. First, the two summary tables of community survey results in Issue 4 and 5 of the s32 report are an example of where appropriate 'context' is lacking in the portrayal of those statistics. As a result, the adverse effects appear worse than they would do if more information had been provided[20]. I consider the following to be a more accurate representation of those results:

72.1 In a community survey (December 2019), 5% of total respondent across the district were both aware of holiday home accommodation in their area and considered the impact on how much they enjoyed living in their neighbourhood to be negative or very negative. This means that 95% of respondents were either unaware (and therefore not knowingly impacted) or felt that holiday home accommodation had a neutral or positive impact.

72.2 In the Central City, 28% of Central City respondents[21] were both aware of holiday home accommodation in their area and considered the impact on how much they enjoyed living in their neighbourhood to be negative or very negative. This means that 72% of respondents were either unaware (and therefore not knowingly impacted) or felt that holiday home accommodation had a neutral or positive impact.

72.3 In Banks Peninsula, 8% of Banks Peninsula respondents[22] were both aware of holiday home accommodation in their area and considered the impact on how much they enjoyed living in their neighbourhood to be negative or very negative. This means that 92% of respondents were either unaware (and therefore not knowingly impacted) or felt that holiday home accommodation had a neutral or positive impact.

72.4 The same survey asked what kind of impact holiday home accommodation had on the sense of community within the respondents' neighbourhood. The results were similar, with 6% (district overall), 35% (Central City) and 8% (Banks Peninsula) both aware of holiday home accommodation in their area and considered that impact to be negative or very negative. Again, this means that 94%, 65% and 92% respectively were either unaware (and therefore not knowingly impacted) or felt that holiday home

[20] And conversely, positive effects are understated.

[21] Which made up 5% of total survey respondents.

[22] Which made up 7% of total survey respondents.

accommodation had a neutral or positive impact on the sense of community.

73 When these statistics are considered in this way, the very low district average percentages of adversely affected respondents is more in keeping with the data analysis undertaken in this evidence regarding the scale and significance of effects expected to arise from 1.4% of total dwellings indicatively being un-hosted short term accommodation.

74 Related to this point, in paragraphs 7.10.1-7.10.9 of the s42A report, the Council officer discusses the rationale for check in time and function attendee limits of hosted accommodation. They use the above "Life in Christchurch" survey (40 respondents said that home-share accommodation was having a negative impact on residential amenity in their neighbourhood) as an example of the effects arising from these activities. My reading of those survey questions is that it does not confirm that those concerns specifically related to check in after 10pm or functions that exceeded paying guests.

Prevalence of Un-hosted Short Term Accommodation in the Community

75 My second concern relates to the significance effects of un-hosted short term accommodation within the community. Another gap in the PC4 evidence base directly relevant to contextualising the effects of un-hosted short term accommodation in particular, is an understanding of the existing dwelling stock of Christchurch. Figure 5 summarises current (2018) dwelling statistics from the Census.

Figure 5 – Dwelling Statistics In Christchurch City 2018

	Occupied dwelling	Unoccupied dwelling, residents away	Unoccupied dwelling, empty dwelling	Dwelling under construction	Sub-Total Unoccupied Dwellings Incl. Under Construction	**Total Dwellings**
Total Christchurch City (n)	139,700	6,200	6,800	1,600	14,600	**154,300**
Total Christchurch City (%)	90.5%	4.0%	4.4%	1.0%	9.5%	**100.0%**

Source: Statistics NZ (Census 2018), M.E, figures rounded.

76 Occupied dwellings (akin to resident households) make up 90.5% of all dwellings. Unoccupied dwellings make up the balance (9.5%). This comprises 4.0% of dwellings where the residents were deemed to be away, 4.4% where the dwelling was deemed to be empty and 1.0% of dwellings under construction at the time of the Census.

77 With indicative un-hosted listings making up 1.4% of total dwellings – well below the share of just empty dwellings and total unoccupied

dwellings[23], care is needed to attribute effects on neighbourhood coherence/sense of community to un-hosted short term accommodation alone. Even if all un-hosted listings reverted to occupied dwellings instead, vacant and other unoccupied dwellings in Christchurch will still have a role in play in the levels of neighbourhood coherence/sense of community that can be achieved in any one location.

78 The s32 report made reference to the "*relatively high proportion of listings in the settlements including more than 40% in Akaroa*" (page 28). I understand that this figure is referenced from the Property Economics report, where it stated that "Akaroa has the highest concentration of Home Share Accommodation with 40% of dwellings renting out holiday houses in the short term market" (page 55). Equivalent data is presented in Figure 23 of the Property Economics Report.

79 I have checked the numbers in Figure 23 and conclude that Property Economics have expressed entire listings as a share of occupied dwellings in 2018 (with occupied dwellings being akin to resident households). [24] This overstates the significance of entire listings in each location, but particularly in locations which have a share of unoccupied dwellings such as Akaroa. The more relevant calculation is to express entire listings as a share of total dwellings in each location.

80 I have carried out my analysis at the 2018 Statistical Area 2 ("*SA2*") level, which essentially replaced the 2013 CAUs used by Property Economics. The boundaries for Akaroa are similar, with the SA2 boundary now incorporating more of the settlement than the original CAU boundary. I have included a map that shows the Akaroa SA2 and original Akaroa CAU in Appendix D. That map also shows the total listings by coordinate. It is clear from the map how the randomisation of the listing locations (by 150m) has placed a number of listings into the water, or just outside of the Akaroa SA2. To account for this, I have selected all listings within the Akaroa SA2 and all listings within 150m of the SA2 boundary – to provide a range that may account for location error. Figure 6 summarises my analysis. This captures between 234-278 listings from the raw dataset, although only 157-189 of those listings were 'active' in the 12 months ending August 2019[25].

81 Figure 6 shows:

[23] Total active un-hosted listings (2,135) make up 15% of total unoccupied dwellings in 2018.

[24] It shows for example that for every 100 occupied dwellings in Akaroa there are 40 entire listings (40%).

[25] Applying Council's approach to active listings.

81.1 Entire (indicative un-hosted) listings in Akaroa make up between 79-84% of all active listings, with hosted making up between 16-21% of all active listings.

81.2 At Census 2018, there were 978 dwellings in the Akaroa SA2. This included 354 (36%) occupied dwellings and 624 (64%) unoccupied dwellings. This highlights that there are a significant number of unoccupied dwellings in Akaroa that are not actively used for short term accommodation (i.e are vacant or used only by the owners and their non-paying guests). This is very relevant to Council's community surveys which asked respondents about the effects of holiday homes on enjoyment of living and sense of community. Based on my analysis, un-hosted short term accommodation properties accounted for just 21-24% of unoccupied dwellings in Akaroa.

81.3 Indicative un-hosted short term accommodation properties make up between 13-15% of all dwellings in Akaroa (and not 40%). [26] [27]

Figure 6 – Analysis of Active Listings as a Share of Dwellings in Akaroa, Banks Peninsula

Statistical Area 2	Total Mapped Listings (including Inactive)	Entire Home/Apartment (Indicative Un-Hosted)	Shared/Private Room (Indicative Hosted)	Total Active Listings	Total SA2 Occcupied Dwellings (2018)	Total SA2 Unoccupied Dwellings (2018) *	Total SA2 Dwellings (2018)	Indicative Hosted as a Share of Occupied Dwellings **	**Indicative Hosted as a Share of Total Dwellings**
Count (n)									
Akaroa	234	132	25	157	354	624	978	37%	**13%**
Akaroa SA2 + 150m buffer	278	150	39	189	354	624	978	42%	**15%**
Mix of Active Listings in Akaroa SA2									
Akaroa		84%	16%	100%					
Akaroa SA2 + 150m buffer		79%	21%	100%					
Mix of Dwellings in Akaroa SA2 2018									
Akaroa					36%	64%	100%		
Akaroa SA2 + 150m buffer					36%	64%	100%		

*Source: AirDNA, SNZ Census 2018, M.E. * Includes Empty, Owners Away and Dwellings Under Construction at time of Census. ** Equivalent to Property Economics Figure 23 Calcuations*

82 To the extent that Council have relied on the results of Figure 23 in the Property Economics report (or text that was based on that particular analysis), in order to determine the scale and significance of effects of short term accommodation, then my analysis has shown that where there are high numbers of unoccupied dwellings, that

[26] This contrasts with 37-42% when expressed as a share of occupied dwellings as it appears Property Economics calculated in Figure 23. Shown in the table for completeness.

[27] My equivalent calculations for the combined SA2s making up Christchurch Central is un-hosted active listings make up 8.8% of total dwellings (2018).

assessment of scale and significance of effects is potentially highly overstated, as was the case in Akaroa.

COMPARISON OF REGULATORY APPROACHES

83 The s32 report provides very brief commentary on approaches to regulating short term accommodation in Auckland and Queenstown-Lakes District, with three further districts identified but not discussed in Appendix 7 (New Plymouth, Rotorua and Thames-Coromandel). The s32 report does not evaluate the proposed provisions of PC4 against those approaches. As presented, this discussion adds little to the s32 analysis.

84 I consider that a review of other Council regulations provides useful context for evaluating the relative strength, complexity and justification of regulation proposed in Christchurch City. Further, comparing unoccupied dwelling and price rise statistics across those same councils provides useful context on the potential scale and significance of un-hosted short term visitor accommodation and the effects it may or may not be having in Christchurch City relative to other locations. When considered in combination (i.e. regulation + statistics), correlations may or may not be evident, but this also helps evaluate the 'fit' of the regulatory response proposed in Christchurch relative to how some other Councils have responded when presented with a lower, similar, or higher scale and significance of activity.

85 The purpose of this section of my evidence is to provide this comparative analysis. I have selected Auckland, Queenstown-Lakes District, Thames-Coromandel District and Mackenzie District as comparators. I have selected these based on various published data that shows that these four districts have moderate to high shares of New Zealand's Airbnb listings.

Private Unoccupied Dwelling Statistics

86 As discussed above in my evidence, un-hosted listings account for a share of unoccupied dwellings (around 15% in Christchurch) with the balance expected to be holiday homes not used at all for paying guests, residents away, vacant dwellings (such as those for sale) or dwellings under construction. In the absence of equivalent AirDNA data for other territorial authorities, this section of my evidence relies only on unoccupied dwelling statistics in order to provide a consistent metric across territorial authorities that wholly captures un-hosted accommodation listings (and more). When checked against Airbnb and other home share platform data, there is evidence that locations with high counts of short term accommodation listings are also locations with high numbers of

unoccupied dwellings[28], hence it is my view that while unoccupied dwelling statistics are a far larger set of dwellings than just un-hosted accommodation dwellings, the metric is a useful one for the purpose of this evidence.

Figure 7 – Dwelling Statistics in Comparator Districts/Cities (2018)

Territoral/Unitary Authority	Occupied dwelling	Unoccupied dwelling , residents away	Unoccupied dwelling , empty dwelling (incl new dwellings under construction)	Sub-Total Unoccupied Dwellings Incl. Under Construction	**Total Private and Non-Private Dwellings**
Share 2018 (%)					
Auckland	93%	4%	3%	7%	100%
Queenstown-Lakes District	71%	12%	17%	29%	100%
Thames-Coromandel Distric	51%	17%	33%	49%	100%
Mackenzie District	58%	10%	31%	42%	100%
Christchurch City	91%	4%	4%	9%	100%
New Zealand	*89%*	*5%*	*5%*	*11%*	*100%*

Source: Statistics NZ, Census 2018, M.E

87 Figure 7 shows that Christchurch has an unoccupied dwelling share (9%) slightly below the national average, and only slightly higher than the share in Auckland (7%). However, compared to Christchurch, Queenstown-Lakes District, Thames-Coromandel District and Mackenzie District have significantly greater shares of their dwelling stock unoccupied (between 29% and 49%).

88 To the extent that un-hosted short term accommodation listings may be proportional to the shares of total unoccupied dwellings (unable to be confirmed against AirDNA data[29]), I would anticipate that any adverse effects of short term accommodation in those three districts would be of a substantially greater scale and significance relative to effects occurring in Christchurch City.

House Price and Rental Price Rise

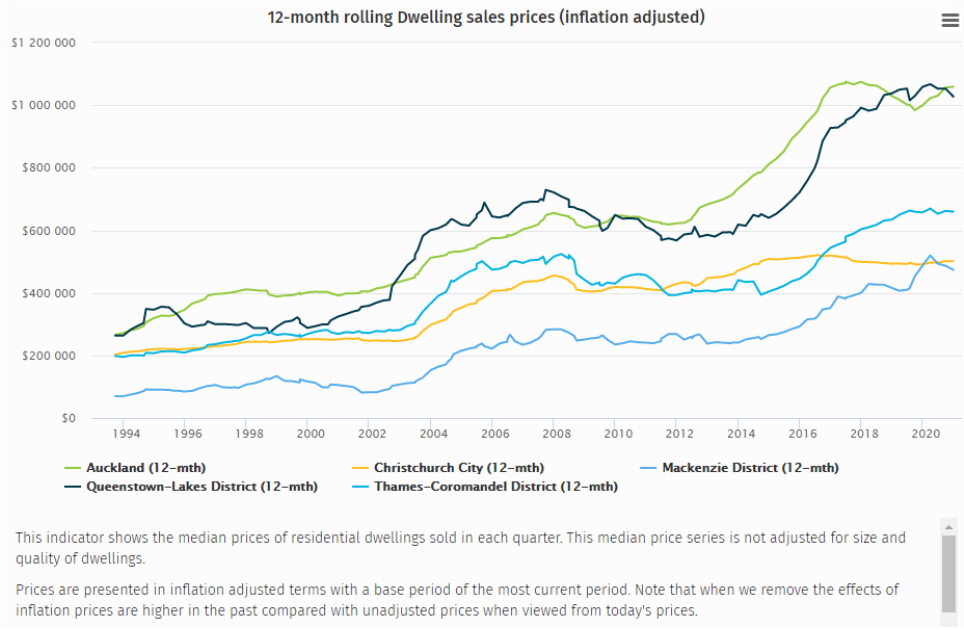
89 There is international literature presented in PC4 on the relationship between short term accommodation and rising house and rental prices in some locations (albeit this relationship was not considered apparent in the Christchurch market (Property Economics, page 57). While I do not repeat the economic research on why that can occur,

[28] Although not always high shares of unoccupied dwellings.

[29] Based on Airbnb only data (http://insideairbnb.com/new-zealand/?neighbourhood=&filterEntireHomes=false&filterHighlyAvailable=false&filterRecentReviews=false&filterMultiListings=false) the average proportion of total listings to unoccupied dwellings (2018) is 21%. The five councils in this analysis range from 12% (Thames Coromandel) to 77% (Queenstown Lakes). Both Auckland and Christchurch have the national average ratio).

I have compared both median dwelling and median rent price rises in the four districts/cities and Christchurch City.

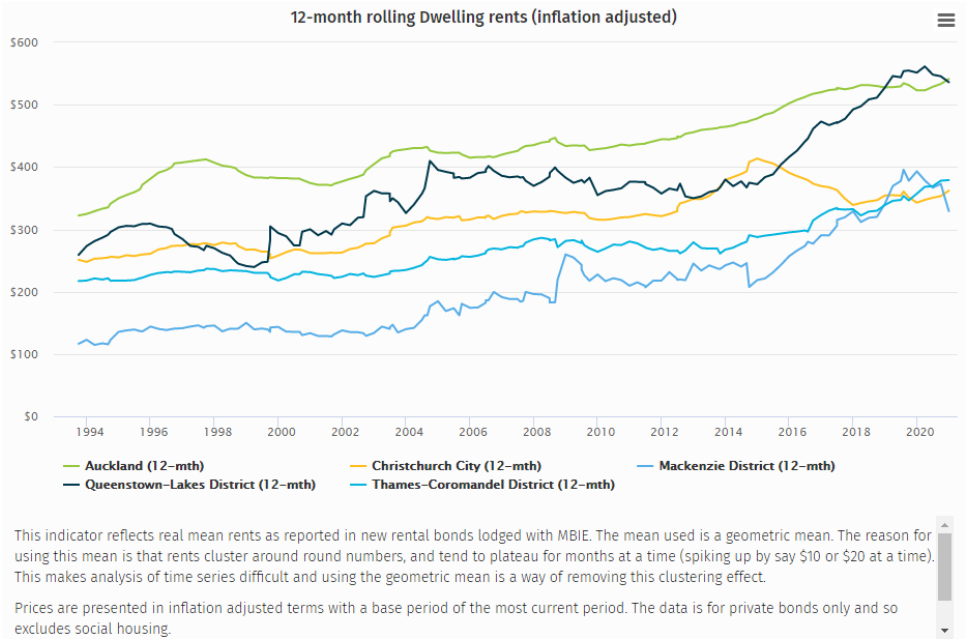
Figure 8 – Comparison of Median House Price Rises (Source: MHUD)



90 Figure 8 shows that all four comparator districts/cities have experienced strong rises in median house prices since about 2013, although there has been some stabilisation of growth in recent quarters. By contrast, Christchurch City has experienced no material increase in median house prices since around 2015 and has in fact experienced a decline starting 2017.[30] Property Economics provide evidence consistent with this in page 57 of their report.

[30] This is despite the significant growth of short term accommodation in that time.

Figure 9 – Comparison of Median Rent Price Rises (Source: MHUD)



91 Figure 9 shows that all four comparator districts/cities have experienced steady rises in median rent prices since about 2015, although there has been some stabilisation of growth in recent quarters. By contrast, Christchurch City has experienced decreasing rent prices since 2015, with only minor growth in the last few quarters.[31]

Review of District Plan Regulation

92 Figure 10 contains a synthesis of main provisions regulating short term accommodation in each comparator district/city alongside PC4 in Christchurch City. Not all complexity of provisions has been captured. While high level, it is considered broadly sufficient for the purpose of this section of my evidence. I have structured the framework firstly around the scope of provisions included in PC4, with additional provisions added where not comparable with PC4 (although there were generally no regulations broader than the scope included in PC4). While the terminology varies by District Plan, I have grouped activity based on equivalent terms.

[31] This is despite the significant growth of short term accommodation in that time.

Figure 10 – Synthesis and Comparison of Short Term Accommodation Regulation by Council

District/ City	Distinguishes Hosted & Un-hosted	Regulates Max Guests	Regulates Max Function Attendees	Regulates Guests Nights	Regulates Check in Time	Regulates by Residential Enabled Zones	Records to be kept/ provided to Council
Auckland	No. Hosted (Homestay) treated as Home Occupation. Letting of dwellings for holiday purposes is excluded from Visitor Accommodation and not identified as an activity. Presume it falls within general dwelling activity.	No. Only Visitor Accommodation (which is neither hosted or un-hosted). However, if applicable, Visitor Accommodation up to 10 guests P else D in residential zones.	No	No	No	No, other than Visitor Accommodation. Includes generally P with limited conditions in commercial zones.	No
Mackenzie	Yes	Up to 6 guest P, 7-12 D and greater than 12 NC (selected residential zones). In rural zones un-hosted up to 20 guests P, else D. Most Rural Res Zones up to 6 P else D.	No	No	No	Yes, including Res 2 Zone and Tourist Zone un-hosted generally P with limited conditions	No

Thames Coromandel	No	Up to 12 guests P, else RD	No	No	No	No	No
Queenstown-Lakes	Yes	Hosted: 5 guests P, else C, RD or D depending on zone.	No	Un-hosted: thresholds 1-90, 91-180, 181+ (variously P, C, RD or NC)	No	Yes. Including commercial centres generally P with no or limited conditions	Yes
Christchurch	Yes	Hosted and Un-hosted: 6 guest P, greater than 6 D or greater than 12 NC.	Hosted and Un-hosted: 6 attendees P, else D	Un-hosted: thresholds 1-60, 1-180, 61-180, 181+ (variously P, C, D or NC)	Hosted: 6am-10pm P in residential zones, else D.	Yes. including commercial and open space zones generally P with no or limited conditions	Yes (un-hosted only)

93 Figure 10 shows that Thames-Coromandel has the least regulation around short term accommodation. While Auckland's regulatory framework is difficult for me to interpret, there appears to be no regulation on letting dwellings for holiday purposes. Homestays form part of home occupation activities which require a resident to be present but are otherwise permitted. If Visitor Accommodation "nested" in Residential activities applies to short term accommodation, then regulations are limited to guest numbers (permitted or discretionary based on a threshold of 10 guests). As such, Auckland is considered the second least regulated Council of these examples, but very similar to Thames-Coromandel District.

94 Mackenzie District regulates guest limits in a similar way to PC4 (similar thresholds and activity status in some zones), although in the rural zone, the threshold is set high at 20 guests being permitted for un-hosted. As there are no other aspects of the market specifically regulated, then Mackenzie is considered the third least regulated, and does not set the bar much higher than either Thames-Coromandel or Auckland.

95 Queenstown-Lakes District can be considered the second most regulated approach, after PC4. The activity status is based around both guests (although a single threshold of 5) and guest nights

(although 90 is the lower threshold instead of 60). They also require records to be kept and/or made available for Council.

96 This leaves Christchurch, which, by comparison proposes the most complex and prescriptive regulatory approach of the examples examined. It is the only Council to seek regulation of function attendees and check in time. There is no scope for restricted discretionary status in the provisions and the lowest threshold for guest nights in un-hosted listings is conservative (at up to 60 nights) when compared to the approach taken in Queenstown-Lakes.

Summary of Comparative Analysis

97 Figure 11 combines the three analyses above. Notwithstanding the limitations of the data, which does not provide specific data on short term accommodation activity in each location and the reality that there are multiple economic drivers for house and rental price rises not limited to a potential relationship with short term accommodation, it shows that the strong regulatory approach proposed in Queenstown-Lakes is consistent with other local issues examined (high numbers of vacant dwellings in the community and very strong increases in housing costs).

98 Conversely, when faced with those same local issues, both Mackenzie District and Thames-Coromandel District Councils have continued to enable short term accommodation with very little regulatory constraint. Auckland has experienced very strong housing cost increases in recent years' but short term accommodation has only a low level of regulation. This is consistent with unoccupied dwellings having a relatively low incidence in the community.

Figure 11 – Overall Summary of Relative Regulatory Approach vs Potential Resource Management Issues

District/City	Unoccupied Dwellings as Share of Total 2018	Recent House & Rental Price Rises	Level of Regulation
Auckland	Low	Very Strong	Low
Mackenzie	Very High	Strong	Low
Thames-Coromandel	Very High	Strong	Very Low
Queenstown-Lakes	High	Very Strong	Strong
Christchurch	Low	Very Low	Very Strong

99 This leaves Christchurch, which when faced with a relatively low incidence of unoccupied dwellings, no current issues with housing cost rises, and in a recovery context in its District Plan, has proposed - comparatively – a very strong regulatory response to manage short term accommodation. While I have examined just 4 other councils, I consider it possible that PC4 is the most restrictive regulatory approach taken to date on short term accommodation in the country[32]. Yet, has established very little evidence that provides a sound rationale for such a restrictive approach.

REVIEW OF PC4 ECONOMIC ASSESSMENT OF REGULATORY OPTIONS

100 Property Economics (section 5.1) has carried out an assessment of policy options developed by Council to manage the effects of short term accommodation in Christchurch City. They have provided a qualitative discussion of potential impacts of each option and their approach to modelling to inform "*high-level market economic costs and benefits*" (page 59).

101 I have reviewed this aspect of the Property Economics report and make the following observations as to how it relates to proposed PC4. I consider these matters relevant to extent that the s32 report

[32] This view is shared by Airbnb based on their direct experience of operating throughout New Zealand and engaging in resource management processes.

has relied on this technical report to inform economic costs and benefits.

102 Option 4 – where all short term accommodation activity is permitted is, as acknowledged, the current situation in Christchurch City where the operative provisions have achieved little or no compliance and the regulations have not been enforced to any material degree by Council. Option 4 is, however, still a feasible option for regulating short term accommodation going forward. Because the Policy Options Summary (section 5.7) uses Option 4 as the baseline against which the relative impacts of options 1, 2, 3b and 3c are measured, [33] there is limited discussion of this option provided in Section 5. Because of this, it is important to consider the findings found elsewhere in the Property Economics report (in preceding sections). I discuss this in the following sub-sections.

Effects on CBD Spending

103 Where section 5.6 states that a weakness of Option 4 (relative to other options) is "*lower retail spending in the CBD*" (page 74), Property Economics concluded that the current impact on the CBD was reduced annual spending of -$15m or -1.6% which would have a "*low*" impact on CBD viability (Figure 19). Further, once the potential benefits to tourism arising from short term accommodation are taken into consideration, the net cost to the CBD reduces to just -$7m. Proportionally, this would be a very low or marginal cost.

104 It is important to keep in mind that this baseline "cost" quantified with considerable effort by Property Economics is based on "*the difference between a scenario where formal accommodation controls 100% of the market and the current situation*" where short term accommodation controls 19% of total accommodation spending (page 42). This is a hypothetical scenario that has limited relevance to PC4. PC4 seeks to manage the effects of short term accommodation activity, not make it disappear[34].

105 This cost quantified by Property Economics (i.e. $7m less spend in the Central City than if all accommodation was in motels/hotels etc) should be given limited weight as it is neither a real cost or an opportunity cost[35] of short term accommodation in my view.

106 The Property Economics reports states that "*one of the primary questions from the Christchurch City Council is the impact home*

[33] Property Economics discount Option 3a as impractical to implement.

[34] Although non-complying activity status for a substantial number un-hosted listings would make it very difficult for them to continue operating legally in their current location.

[35] To be an opportunity cost, the next best option would need to be no short term accommodation activity and all tourists staying in formal (non-residential) accommodation. This outside the scope of PC4.

sharing accommodation options may currently have on the tourism spending in the Central City" (page 42). To answer this question, the most meaningful baseline is the actual spend that short term accommodation guests currently spend in the Central City (an economic benefit) and not the hypothetical redistributed spend that has been reported. [36] One could then consider how the policy options increase or decrease that Central City spending (because of a potential redistribution of where short term accommodation activity is located).

107 While the model developed by Property Economics may have met the brief agreed with Council, it's not the right model needed to evaluate the policy options in my opinion (although certain elements of the modelling process would still be relevant). It does not appear that Property Economics have actually been asked by the City Council to provide an appropriate economic evaluation of the regulation proposed under PC4.

Effects on the Housing Market

108 Where section 5.6 states that a weakness of Option 4 (all permitted) relative to other options is the "*greatest impact on the general level of house prices in Christchurch City as this option maximises the HSA in the market*" (page 74), Property Economics concluded that Christchurch is more affordable than other major cities in New Zealand; median house prices rose by only $13,000 between 2014-2018 compared the median price rise across New Zealand of $130,000 in the same period; short term accommodation could have a positive impact on the housing market where the house prices are at risk of moving in the negative direction (which they have in the recent past[37]); and *if* any supply side pressures on rents and housing prices can be established as a result of short term accommodation in the market (and there is no evidence presented that suggests that this is the case in Christchurch), then such impacts would only be short term.

109 In short, while Property Economics have identified the processes through which short term accommodation can have an adverse effect on house and rent prices (based on the literature), the report falls short of claiming that such effects are evident in Christchurch at the current time. I agree with this assessment and if the short term accommodation market has stabilised (as the latest data suggests), then then there is no evidence to suggest that house price pressure will become an issue within the life of the District Plan.

110 In light of these overarching findings in the Property Economics report, the claims made on the <u>overall</u> housing market effects of

[36] I am unable to find this estimated spend value in the Property Economics report.

[37] See Figure 8 of my evidence.

Option 4 (or any other option in Figure 26) should be considered against a baseline of no evident house price pressures at present (i.e. options 1, 2, 3b and 3c are a relative improvement on a situation that doesn't currently exist). While localised effects on house price pressures is potentially more relevant (e.g. options 1 and 3b increase house price pressures in the Central City relative to Option 4), Property Economics have not provided any evidence that there are supply or affordability issues in the Central City or any other 'restricted' areas that they evaluate. It is therefore difficult to consider the significance of their conclusions. In any case, such effects would be limited to the short term according to Property Economics.

Other Matters

Assessed Options vs PC Proposed Provisions

111 The approach taken by Property Economics to hosted short term accommodation in all options (i.e. permitted) is close to the effect of proposed provisions in PC4 if implemented (refer my analysis showing 99% of listings would be permitted). The approach to un-hosted short term accommodation listings in commercial zones in all options (i.e. permitted) also matches the proposed PC4 provisions. Here the similarities end. As such, none of the options (excluding the Status Quo (Option 1)) provided to Property Economics to assess align with the proposed provisions in PC4. Therefore, none are directly comparable. While elements of all options are comparable, the results consider the impact of the options in aggregate so the aligned elements cannot be isolated in the assessment.

Restrict vs Managing Effects

112 The options assessed by Property Economics (excluding Option 4) include policies that "restrict" un-hosted short term accommodation in some way[38]. Property Economics essentially treat 'restrict' as prohibit. Their modelling assumes that listings that are restricted in the policy options cease to be un-hosted listings. As a result, Property Economics adopt an approach where activity that ceases to exist, transfers (wholly or substantially) to non-restricted locations or to the hotel/motel market or adjusts to operate as a permitted activity. This bears little resemblance to PC4 which provides a mechanism for un-hosted listings to operate as controlled, discretionary or non-complying activities. I consider that the Property Economics approach assumes a redistribution of un-hosted short term accommodation that is unrealistic in terms of current regulatory approaches under the RMA. A consequence of the approach taken is that no consenting costs arise (for property owners or the council). In my view, this further limits the utility of

[38] The term 'restrict' does have meaning in the Status Quo scenario (Option 1) regarding Policy 14.2.6.4.

the options assessment by Property Economics to evaluate the costs and benefits of proposed PC4.

Full Enforcement

113 The Property Economics report assumes full enforcement of each option, although notes that regulating short term accommodation has generally proven difficult. While this is a logical assumption from an assessment perspective, the report lacks any additional commentary (sensitivity testing) on how partial enforcement may impact on the costs and benefits they have estimated. They do not take into account the cost for Council to achieve that level of compliance. This is an important consideration for evaluating the effectiveness of the proposed provisions in PC4.

Significant impacts of Options

114 The policy options summary in Section 5.7 of the Property Economics report uses a scale to demonstrate the size of the impacts in each option, relative to Option 4. While I agree with the use of a scale and its range from in Figure 26 (-3 to +3), the description of the impact is misleading. It implies that a score of +3 is a "*significant improvement*" and a score of -3 is "*significantly worse*" (page 75). Nowhere in the discussion of impacts under each option did Property Economics conclude that impacts would be significant in nature. To imply that the options will have significant costs and benefits in the report summary is inaccurate. Based on my assessment, the impacts that Property Economics described would all be minor economic effects in resource management terms.

REVIEW OF S32 EVALUATION OF ECONOMIC COSTS AND BENEFITS

115 I have reviewed the evaluation of the preferred provisions in the s32 report. The comments below relate to the evaluation of the rules (but they apply to the evaluation of the policies also, given that the costs and benefits stated are very similar). I base my comments on the findings of my analysis and review described above in my evidence.

116 As a general comment:

116.1 Section 32 of the RMA requires that costs and benefits are expressed as net effects over and above the status quo and the s32 report takes this approach. However, in doing so, it assumes full compliance under the Council's interpretation of the operative provisions (that short term visitor accommodation in a residential unit is a commercial activity requiring discretionary resource consent in residential zones), which has not been achieved, nor have those provisions been

enforced. The effect of enforcing[39] the proposed provisions on owners of hosted and un-hosted listings is a change from an unregulated (or unenforced) activity to a highly regulated activity. In this context, it is not a 'saving' (benefit) from shifting from a discretionary to a controlled consent for un-hosted short term accommodation with up to 60 guest nights, it is a cost from having no consent (albeit potentially illegally) to having to get a consent. While this is perhaps an unusual situation to be in, the presence of approximately 1,900 un-hosted active listings in residential and rural zones contributing to the Christchurch economy (as at the year ending August 2019) – most of which would be operating without consent currently – is a situation that can't be ignored when assessing the costs and benefits of the proposed provisions. Basing the assessment of efficiency only on the net change from the operative provisions (and assuming the Council enforced the operative provisions and required hosts to obtain resource consent) over states the benefits and under states the costs.

116.2 The Council's assessment of costs and benefits is very high level. For example, in the evaluation of provisions in residential zones, there are just 8 benefits bullet pointed and 6 benefits. There are gaps where costs and benefits have not been identified including direct and indirect/consequent effects. For example:

(a) The s32 evaluation is silent on the potential costs of imposing check in times for hosted and un-hosted activity, which is a departure from the status quo.

(b) The costs or risk to tourism (and therefore the wider economy) of a potential net reduction in the number of un-hosted listings that offer the most capacity in the short term accommodation market (if the activity is forgone instead of applying for a consent, fails to achieve consent, or the capacity is not easily transferred to dwellings in permitted zones, particularly in the short term[40]) is not acknowledged, particularly when the evidence base does indicate that short term accommodation has a minor but not insignificant net benefit for tourism that cannot be offset by formal accommodation.

[39] Council has signalled in the costs of the preferred option that compliance and enforcement will be carried out.

[40] A redistribution of activity will take time and is dependent of sufficient capacity in permitted zones.

116.3 The Council analysis does not indicate the scale or significance of stated costs and benefits. I consider that this flows from a general lack of evidence on the scale and nature of short term accommodation activity throughout the s32 report as discussed above. Where the scale and significance has been stated for some economic costs and benefits – they are acknowledged as minor. However, the environmental, social and cultural costs and benefits, and some economic costs and benefits, are described without context. This makes it very difficult to determine overall efficiency – i.e. net benefits or net costs and the accuracy of the evaluation.

116.4 There is no attempt to quantify the number of un-hosted listings potentially requiring a controlled activity consent in residential zones (which I estimate at 520 listings, notwithstanding the additional effect of check in times which may reduce this number), or discretionary or non-complying consents for that matter. If, say, a controlled consent cost between $4,000-$5,250 for the applicant, this equates to $2.1m-$2.7m paid by those homeowners, many of which rent their dwelling for considerably less than 60 nights. For example, my evidence (Appendix A) shows that 47% of un-hosted listings that are booked for up to 60 nights are booked for just 1-20 nights and 78% for less than 40 nights. Page 80 of the s32 report states that the average annual earning of whole unit bookings in 2019 was $2,714 for listings booked up to 30 days a year. I note that these average earnings may be less today because of the effects of Covid-19. While the consent is a one-off cost and the earnings are ongoing, the loss of more than a years' supplementary earnings will be central to a homeowner's decision to apply that a consent. The s32 reports states that "*the fact that the consenting costs are likely to generally exceed the annual revenue from this activity for hosts offering activity less than 60 days a year creates disincentive for hosts to apply for a resource consent*" (page 80). The consequences of this are not accounted for. The report considers the controlled activity status to be both effective and enabling.

116.5 There is no recognition of the sufficiency or certainty of information to inform claimed costs and benefits. For example:

(a) An environmental cost of the proposed policies and rules of PC4 include dispersing visitors in residential dwellings that are farther away from commercial centres, which may increase dependence on private vehicle trips. No evidence has been provided on the trip behaviour of guests staying in short term accommodation. Further, it is illogical that Council has

provided dwelling capacity and approved dwellings in a range of locations, some of which are further from centres than others, but the use of those dwellings by paying guests is somehow an environment issue when the use of those dwellings by residents is not.

(b) There is no assessment on where the 60 night limit proposed for PC4 for permitted un-hosted accommodation comes from and why that would be effective in improving residential amenity. A 60 night limit has not been assessed by Property Economics. Footnote 110 on page 94 of the s32 report states that "*setting the threshold at this point also reduces the risk of creating an incentive for landlords to convert long-term rentals into short-term accommodation*". Property Economics considered 90 days to be a threshold at which un-hosted properties would not earn more than long-term rental income (page 65). It follows that 60 days is considerably less income than long term rental income. A relevant risk of this threshold is that dwelling owners can no-longer justify listing the property unless they pay for an even more costly discretionary or non-complying consent. The consequent effect of this is that there are potentially fewer listings offering up to 60 nights and fewer listings offering more than 60 nights. This is a reduction in the capacity of the short term accommodation market that risks a net loss of tourists and tourist spending in Christchurch.

116.6 References to the distribution of spending away from the Central City (based on Property Economics modelling) as a cost of the proposed provisions should be excluded in my view as the context of what that model shows is not directly relevant.

116.7 Relatedly, an economic cost of the proposed policies of PC4 is said to include diverting some retail spend from the CBD to suburban commercial centres (albeit this was assessed as a low impact on the CBD). It is my understanding that there are objectives and policies that direct commercial businesses into the centre network, with recognition of the primacy of the Central City. However, I do not believe that there are provisions in the plan that dictate where residents or visitors must spend their money. There is no economic basis to this cost. Visitor and residential spending contributes to the viability and vitality of all centres that receive their custom. A well supported network of centres contributes to the economic wellbeing of Christchurch as a whole. Spending by visitors in any centre is an economic benefit.

117 I have similar concerns on the robustness of the evaluation of other options in the s32 report, including the evaluation of Option 4 where all short term accommodation activity is permitted (essentially the current situation) but with non-regulatory approaches used to help manage effects on amenity.

118 The s32 report's conclusion on the overall efficiency of the proposed provisions is that "*it does impose more regulatory costs for hosts and the Council compared with Option 2 [where 60-90 days in residential zones would be permitted rather than controlled] but these costs are considered necessary to manage the potential residential amenity impacts on neighbours*" (page 95, emphasis added). This implies that the benefits for social amenity are greater than the costs of enforcing the regulation. This is concluded despite an incomplete assessment of costs and benefits and little or no demonstration of the scale and significance of each effect, not just relative to the status quo but relative to the current baseline.

119 As discussed throughout my evidence, if the scale of un-hosted activity qualifying for a controlled consent translates to just 0.3% of total dwellings in the district (and listings qualifying for a discretionary consent and non-complying consent across all zones is just 0.5% and 0.2% of total dwellings respectively), the current 'issue' of amenity effects on neighbours of un-hosted activity in the district that needs to be managed also applies to only a tiny fraction of total dwellings in the district. If this is a very minor issue for the social wellbeing of the district, then the net benefits of imposing the proposed regulation as determined by Council must, pro rata, be very minor.

120 The conclusions on the overall effectiveness of the proposed provision state that "*this option would support the economic growth of the District*" (page 95). I am not sure how this has been determined as the evaluation states costs that include potential to reduce demand for some residential units, slowing development; and the well-being of hosts who otherwise rely on a supplementary income potentially being affected by limits on their activity. There are no compelling economic benefits identified that would outweigh these costs and lead to economic growth. It also concludes that "*effects on housing supply and affordability … would be minimised*". As discussed elsewhere in this statement, there is no evidence indicating that short term accommodation is having an adverse effect on housing supply and affordability in Christchurch. Regulating an effect that is not apparent is not efficient or effective in my view.

CONCLUSIONS ON THE EFFECTIVENESS AND EFFICIENCY OF PROPOSED PROVISIONS

121 It is my evidence that the problem statement that justifies the proposed provisions of PC4 has not been clearly articulated,

contextualised or supported with certain and sufficient information. There are substantial gaps in the Council's evidence base. The nature of short term accommodation activity has not been appropriately examined or reported. Understanding the nature of the activity is central to determining the scale and significance of effects arising from that activity now and in the future. Understanding the scale and significance of effects is central evaluating the effectiveness and efficiency of the proposed provisions.

122 While the short term accommodation market has grown significantly in recent years in Christchurch, it is not significant. Its incidence across the City's dwelling stock is on average very minor (2.9% for un-hosted and hosted combined or 1.4% for just un-hosted activity). It does not dominate residential activity in any part of the district, even in locations where there is a relatively high concentration of listings. Un-hosted activity makes up only a portion of total unoccupied dwellings in the district, including in locations like Akaroa. I consider that the market has stabilised and is unlikely to increase beyond its recent peak in the near future. Covid-19 has caused the market to contract, particularly active hosted listings.

123 Short term accommodation provides a number of economic and social benefits to Christchurch. These benefits are discussed in Mr Nolan's evidence. While the international literature cited in the Property Economics assessment accompanying the s32 report establishes a correlation between short term accommodation in residential dwellings and rising house and rental prices, the studies cited by Mr Nolan in his evidence do not. Either way, that effect is not evident in Christchurch. The Property Economics report does not, in my view, identify any significant economic effects occurring in Christchurch that are caused conclusively by short term accommodation or that would be materially improved or mitigated by regulating short term accommodation. Ultimately, I do not consider that the justification for PC4 hinges on economic effects.

124 My reading of the s32 and s42A report is that justification for aspects of PC4 hinges firstly on simplifying, clarifying, updating and improving the consistency of the District Plan. And second, on managing potential effects on residential amenity and coherence. It is my evidence that these adverse amenity effects are not significant when considered at a district or total residential zone level (although may be significant to a very small number of households in the wider community).

125 In page 63 of the s32 report, it concludes that "*the additional impacts [of short term accommodation] on neighbours are expected to be higher but not significantly so than full time residential activities or permitted home occupations. It is not anticipated that the changes will result in a significant change to the character or amenity of local communities or of the rural environment*" This

seems at odds with the evaluation of the efficiency and effectiveness of the proposed provisions which concludes that despite the compliance costs generated by the provisions, they are "*necessary to manage potential residential amenity impacts on neighbours*" (page 95).

126 With regards to the status quo option, the s32 report sets out that there is "*a reputational risk for the Council of enforcing provisions that are perceived to be unjustified on the basis of effects*" (page 80). This risk applies equally to PC4. I do not consider that all aspects of the proposed provisions are supported by evidence or are likely to be effective or efficient in s32 terms. Even when faced with a stronger rationale for regulating short term accommodation, I am not aware of any other council in New Zealand that has taken such a strong and prescriptive approach as that proposed by Christchurch City Council.

127 From an economic costs and benefits perspective, I do not consider the amended provisions for managing short term accommodation activity in Christchurch are justified at this time or that the provisions (as a bundle) are the most efficient and effective way to manage the effects of the activity, which are themselves not significant in my view. While the amendments are more efficient and effective than the status quo (if enforced), I believe a more enabling approach can be considered to achieve materially the same outcomes given that the current unenforced activity has not led to any significant resource management issues.

Dated: 7th May 2021

Natalie Hampson

APPENDIX A – GUEST NIGHTS V LISTED AVAILABLE NIGHTS[41] – ENTIRE HOMES/ APARTMENTS ACTIVE IN CHRISTCHURCH CITY IN THE YEAR ENDING AUGUST 2019

		Reserved/Booked Days																		
	Entire home/apt	1-20 days	21-40 days	41-60 days	61-80 days	81-100 days	101-120 days	121-140 days	141-160 days	161-180 days	181-200 days	201-220 days	221-240 days	241-260 days	261-280 days	281-300 days	301-320 days	321-340 days	341-365 days	Total Active Listings YE August 2019
	Count of Active Listings in 12 Months Ending August 2019 (n) - 'Whole Unit' Only by Available and Booked Days																			
Available/ Listed Days	1-20 days	84																		84
	21-40 days	177	48																	225
	41-60 days	49	52	20																121
	61-80 days	45	43	25	8															121
	81-100 days	42	43	25	25	9														144
	101-120 days	11	22	20	19	25	7													104
	121-140 days	14	16	22	18	21	21	4												116
	141-160 days	7	23	23	12	15	13	12	7											112
	161-180 days		11	11	16	15	12	25	14	1										105
	181-200 days		16	13	5	9	14	22	20	10	2									111
	201-220 days	1	9	14	10	11	12	11	7	18	7	4								104
	221-240 days		2	11	7	17	8	16	12	13	15	5	1							107
	241-260 days	1	1	8	12	8	15	11	14	12	8	12	4	5						111
	261-280 days		4	3	2	6	8	12	7	8	14	16	11	9	1					101
	281-300 days			1	6	7	9	10	9	7	13	19	7	12	6					106
	301-320 days			3		3	8	11	4	4	9	5	10	11	15	3	1			87
	321-340 days				6	8	2	11	5	8	14	10	17	18	11	13	7			130
	341-365 days					5	5	8	6	13	11	10	17	17	20	16	12	3	3	146
	Total Active	431	290	199	146	159	134	153	105	94	93	81	67	72	53	32	20	3	3	2135
	Share of Listings in Each Booked Days category by Available Days Category - i.e. how many days did the listing have to be available to achieve x amount of booking days?																			
	Entire home/apt	1-20 days	21-40 days	41-60 days	61-80 days	81-100 days	101-120 days	121-140 days	141-160 days	161-180 days	181-200 days	201-220 days	221-240 days	241-260 days	261-280 days	281-300 days	301-320 days	321-340 days	341-365 days	Total Active Listings YE August 2019
Available/ Listed Days	1-20 days	19%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	4%
	21-40 days	41%	17%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	11%
	41-60 days	11%	18%	10%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	6%
	61-80 days	10%	15%	13%	5%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	6%
	81-100 days	10%	15%	13%	17%	6%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	7%
	101-120 days	3%	8%	10%	13%	16%	5%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	5%
	121-140 days	3%	6%	11%	12%	13%	16%	3%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	5%
	141-160 days	2%	8%	12%	8%	9%	10%	8%	7%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	5%
	161-180 days	0%	4%	6%	11%	9%	9%	16%	13%	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%	5%
	181-200 days	0%	6%	7%	3%	6%	10%	14%	19%	11%	2%	0%	0%	0%	0%	0%	0%	0%	0%	5%
	201-220 days	0%	3%	7%	7%	7%	9%	7%	7%	19%	8%	5%	0%	0%	0%	0%	0%	0%	0%	5%
	221-240 days	0%	1%	6%	5%	11%	6%	10%	11%	14%	16%	6%	1%	0%	0%	0%	0%	0%	0%	5%
	241-260 days	0%	0%	4%	8%	5%	11%	7%	13%	13%	9%	15%	6%	7%	0%	0%	0%	0%	0%	5%
	261-280 days	0%	1%	2%	1%	4%	6%	8%	7%	9%	15%	20%	16%	13%	2%	0%	0%	0%	0%	5%
	281-300 days	0%	0%	1%	4%	4%	7%	7%	9%	7%	14%	23%	10%	17%	11%	0%	0%	0%	0%	5%
	301-320 days	0%	0%	2%	0%	2%	6%	7%	4%	4%	10%	6%	15%	15%	28%	9%	5%	0%	0%	4%
	321-340 days	0%	0%	0%	4%	5%	1%	7%	5%	9%	15%	12%	25%	25%	21%	41%	35%	0%	0%	6%
	341-365 days	0%	0%	0%	0%	3%	4%	5%	6%	14%	12%	12%	25%	24%	38%	50%	60%	100%	100%	7%
	Total Active	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
	Share of Listings in Each Availability Days Category by Booking Days Category - i.e. how many days was the listing booked for a given number of available days?																			
	Entire home/apt	1-20 days	21-40 days	41-60 days	61-80 days	81-100 days	101-120 days	121-140 days	141-160 days	161-180 days	181-200 days	201-220 days	221-240 days	241-260 days	261-280 days	281-300 days	301-320 days	321-340 days	341-365 days	Total Active Listings YE August 2019
Available/ Listed Days	1-20 days	100%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%
	21-40 days	79%	21%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%
	41-60 days	40%	43%	17%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%
	61-80 days	37%	36%	21%	7%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%
	81-100 days	29%	30%	17%	17%	6%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%
	101-120 days	11%	21%	19%	18%	24%	7%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%
	121-140 days	12%	14%	19%	16%	18%	18%	3%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%
	141-160 days	6%	21%	21%	11%	13%	12%	11%	6%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%
	161-180 days	0%	10%	10%	15%	14%	11%	24%	13%	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%
	181-200 days	0%	14%	12%	5%	8%	13%	20%	18%	9%	2%	0%	0%	0%	0%	0%	0%	0%	0%	100%
	201-220 days	1%	9%	13%	10%	11%	12%	11%	7%	17%	7%	4%	0%	0%	0%	0%	0%	0%	0%	100%
	221-240 days	0%	2%	10%	7%	16%	7%	15%	11%	12%	14%	5%	1%	0%	0%	0%	0%	0%	0%	100%
	241-260 days	1%	1%	7%	11%	7%	14%	10%	13%	11%	7%	11%	4%	5%	0%	0%	0%	0%	0%	100%
	261-280 days	0%	4%	3%	2%	6%	8%	12%	7%	8%	14%	16%	11%	9%	1%	0%	0%	0%	0%	100%
	281-300 days	0%	0%	1%	6%	7%	8%	9%	8%	7%	12%	18%	7%	11%	6%	0%	0%	0%	0%	100%
	301-320 days	0%	0%	3%	0%	3%	9%	13%	5%	5%	10%	6%	11%	13%	17%	3%	1%	0%	0%	100%
	321-340 days	0%	0%	0%	5%	6%	2%	8%	4%	6%	11%	8%	13%	14%	8%	10%	5%	0%	0%	100%
	341-365 days	0%	0%	0%	0%	3%	3%	5%	4%	9%	8%	7%	12%	12%	14%	11%	8%	2%	2%	100%
	Total Active	20%	14%	9%	7%	7%	6%	7%	5%	4%	4%	4%	3%	3%	2%	1%	1%	0%	0%	100%

Source: AirDNA, CCC, M.E. Note, 'Entire home/apartment' does not necessarily equate to un-hosted short term accommodation in a residential unit and may overstate the number of un-hosted active listings.

[41] Available nights based on sum of reservation and available days as set out in the AirDNA data (as these are mutually exclusive in the dataset, along with block days).

APPENDIX B – ESTIMATED COUNT OF HOSTED (ACTIVE) LISTINGS IN CHRISTCHURCH CITY BY ZONE GROUP AND PROPOSED ACTIVITY STATUS

	Permitted - No/Limited Standards	Permitted Max 6 Guests & Function Attendees	Permitted Max 6 Guests and Function Attendees & Check In 6am-10pm *	Discretionary > 6 Guests	Discretionary Max 12 Guests	Non-Complying > 12 Guests	Total Active Listings
Group 1 H Zones	102						102
Commercial Central City Business	17						17
Commercial Central City Mixed Use	20						20
Commercial Mixed Use	10						10
Residential Visitor Accommodation	5						5
Commercial Banks Peninsula	15						15
Commercial Core	22						22
Commercial Local	13						13
Commercial Central City (South Frame) Mixed Use	-						-
Specific Purpose - Airport	-						-
Specific Purpose - Nga Hau a Wha	-						-
Industrial Park - Memorial Ave	-						-
Open Space Zones (Various)	-						-
Group 2 H Zones		90		3			93
Rural Banks Peninsula		48		-			48
Rural Port Hills		7		-			7
Rural Urban Fringe		30		3			33
Rural Waimakariri		5		-			5
Papakainga / Kainga Nohoanga		-		-			-
Group 3 H Zones			1,880		10	1	1,891
Residential Banks Peninsula			61		1	-	62
Residential Central City			65		-	-	65
Residential Hills			149		-	-	149
Residential Large Lot			9		-	-	9
Residential Medium Density			342		2	-	344
Residential New Neighbourhood			61		-	-	61
Residential Small Settlement			13		-	-	13
Residential Suburban			982		6	-	988
Residential Suburban Density Transition			198		1	1	200
Specific Purpose Flat Land Recovery			-		-	-	-
Industrial General - Waterloo Park			-		-	-	-
Other Zones - Not Applicable							7
Total Hosted Accommdation Active Listings	102	90	1,880	3	10	1	2,093

*Source: AirDNA, CCC, M.E. Zone grouping high level only for the purpose of categorising impacted active listings. Counts indicative, limited to the accuracy of the data and do not include 'entire' listings that would qualify as 'hosted' short term accommodation. * For simplicity and due to data limitations, the analysis does not include any breakdown of listings according to check-in times. The results for Group 3 zones may differ if included.*

APPENDIX C – ESTIMATED COUNT OF UN-HOSTED (ACTIVE) LISTINGS IN CHRISTCHURCH CITY BY ZONE GROUP AND PROPOSED ACTIVITY STATUS

	Permitted - No/Limited Standards	Permitted Max 6 Guests & Function Attendees and up to 180 Guest Nights	Controlled Max 6 Guests and Function Attendees & Check In 6am-10pm and up to 60 Guest Nights *	Discretionary > 6 Guests or > 180 Guest Nights	Discretionary Max 12 Guests and 61-180 Guest Nights	Discretionary Max 12 Guests or > 180 Guest Nights	Non-Complying > 12 Guests and/or > 180 Guest Nights	Total Active Listings
Group 1 UH Zones	226							226
Commercial Central City Business	80							80
Commercial Central City Mixed Use	42							42
Commercial Mixed Use	8							8
Residential Visitor Accommodation	15							15
Commercial Banks Peninsula	43							43
Commercial Core	24							24
Commercial Local	9							9
Commercial Central City (South Frame) Mixed Use	5							5
Specific Purpose - Airport	0							0
Specific Purpose - Nga Hau a Wha	0							0
Industrial Park - Memorial Ave	0							0
Open Space Zones (Various)	0							0
Group 2 UH Zones		110		65				175
Rural Banks Peninsula		84		38				122
Rural Port Hills		3		4				7
Rural Urban Fringe		21		19				40
Rural Waimakariri		2		4				6
Papakainga / Kainga Nohoanga		0		0				0
Group 3 UH Zones		78				62	4	144
Residential Banks Peninsula (Akaroa, Duvauchelle, Wainui)		56				42	2	100
Residential Small Settlement (Banks Peninsula Only)		15				15	0	30
Residential Large Lot		7				5	2	14
Group 4 UH Zones			520		709		355	1584
Residential Central City			59		81		54	194
Residential Banks Peninsula (Excl. Akaroa, Duvauchelle, Wainui)			22		35		14	71
Residential Small Settlement (Excl. Banks Peninsula)			10		7		2	19
Residential Hills			54		63		23	140
Residential Medium Density			102		156		104	362
Residential New Neighbourhood			3		17		2	22
Residential Suburban			216		281		125	622
Residential Suburban Density Transition			54		69		31	154
Specific Purpose Flat Land Recovery			0		0		0	0
Industrial General - Waterloo Park			0		0		0	0
Other Zones - Not Applicable								6
Total Un-hosted Accommdation Active Listings	226	188	520	65	709	62	359	2135

*Source: AirDNA, CCC, M.E. Zone grouping high level only for the purpose of categorising impacted active listings. Counts indicative, limited to the accuracy of the data and includes 'entire' listings that would qualify as 'hosted' short term accommodation. * For simplicity and due to data limitations, the analysis does not include any breakdown of listings according to check-in times. The results for Group 3 zones may differ if included.*

APPENDIX D – MAP OF TOTAL (ACTIVE AND INACTIVE) LISTINGS IN OR NEAR AKAROA SA2