PROPERTY ECONOMICS

CHRISTCHURCH CITY RESIDENTIAL ZONES & INTENSIFICATION PRECINCTS (PC14) ECONOMIC CBA

Client: Christchurch City Council

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SCHEDULE

Code	Date	Information / Comments	Project Leader
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1. INTRODUCTION

Property Economics has been engaged by Christchurch City Council (**Council**) to identify the high-level economic costs and benefits of a suite of proposed changes to residential rules in the Christchurch District Plan (**CDP**) as part of Plan Change 14 (**PC14**). These proposed changes are specific to the Medium Density Residential Zone (**MRZ**), High Density Residential Zone (**HRZ**) Residential Large Lot Zone (**LLZ**) and Residential Guest / Visitor Accommodation Zone (**G / VAZ**) provisions[1].

PC14 has been driven by the implementation process of the National Policy Statement on Urban Development (**NPS-UD**) which is an enabling document. As a result, many of the proposed changes as part of PC14 are enabling in nature. To mitigate some of the economic and non-economic costs associated with greater levels of enablement Council also proposes to implement and loosen several controls on existing residential zones.

This high-level economic cost-benefit assessment is a review of the economic implications of the proposed residential controls as part of PC14. This assessment does not consider changes that have otherwise been mandated as part of the Medium Density Residential Standards (**MDRS**) implementation which are also included as part of PC14.

[1] *Subject to appeal.*

1.1. OBJECTIVES

Key objectives in this assessment are:

- Identify the extent of the impacted Residential Zones in Christchurch City – MRZ, HRZ, RLL, and RG/VAZ.
- Identify residential zone rules and policies impacted by PC14, that did not arise as part of MDRS changes, that have economic implications.
- Identify the economic breadth and extent of each of the residential rules and policy changes.
- Assess the economic implications of each of the residential rules and policy changes through an economic cost-benefit lens.
- Determine the economic breadth and extent of the interaction of the residential rules and policy changes through an economic cost-benefit lens.
- Assess the net economic effects of each policy or rules change in the residential and form an economic view on the change in policy or rule.

1.2. DATA SOURCES

Information has been obtained from a variety of reputable data sources and publications available to Property Economics, including :

- Primary Land Parcels – LINZ
- Maps – Bing
- Christchurch District Plan – CCC
- National Road Centre Lines – Waka Kotahi
- Proposed Centre Heights Options – CCC
- Draft Housing and Business Choice Plan Change - CCC
- National Policy Statement on Urban Development – MfE
- National Planning Standards – MfE

1.3. GLOSSARY OF ACRONYMS AND TERMS

The following list is a glossary of acronyms and terms utilised within this report.

- CCBZ - City Centre Business Zone.

- **CCC** – Christchurch City Council (or 'Council')
- **CDP** – Christchurch District Plan
- **CCMUZ** – Central City Mixed Use Zone
- **CCMUZ (SF)** – Central City Mixed Use Zone (South Frame)
- **Enabling Housing Supply Act -** Resource Management Act (Enabling Housing Supply and Other Matters) Amendment Act 2021
- **G / VAZ –** Residential Guest / Visitor Accommodation Zone
- **HRZ** - High-Density Residential Zone
- **MRZ** – Medium Density Residential Zone
- **RLL** – Residential Large Lot Zone
- **MDRS** - Medium Density Residential Standards
- **NPS-UD** – National Policy Statement on Urban Development 2020
- **PC14** – Plan Change 14
- **QFM –** Qualifying Matters
- **RMA –** Resource Management Act
- **MfE –** Ministry for the Environment
- **LRV –** Light Reflectance Value
- **CPTED** – Crime Prevention Through Environmental Design
- **RMA Land Use Activity Status:**
    - **D –** Discretionary
    - **P –** Permitted
    - **RD -** Restricted Discretionary
        - **RD(1):** Restricted Discretionary
        - **RD(2):** More restrictive Restricted Discretionary i.e., more restrictions than RD(1). Relative within zone and policy prescription not between zone and policy prescriptions.
- **Transaction Costs -** Costs that arise as part of engaging in an economic trade. This can include compliance costs, planning costs, variation costs, etc.

1.4. SUMMARY

The following table summarises, at a high level, the proposed residential rules changes facilitated by PC14.

There are a number of proposed rules changes that are considered to have no material economic impact, or the economic impact is limited to changes in development capacity which has not been assessed as part of this report. This suite of provisions are likely to have limited impacts on transactional, compliance or feasible costs and as such have limited potential beyond the extent on capacity modelling.

These rules changes are identified (‡) in the table below, and some additional comment is incorporated later in this report. As such, no in-depth economic CBA is considered required to promulgate these rules changes.

Rule Category	Proposed Change

More lenient MDRS standards (MRZ and HRZ only)	• Building height:
	  o MRZ: exemption for within Local Centre Intensification Precinct to permit up to 14m in height.
	  o HRZ: increasing permitted height to 14m.
	• Height in relation to boundary (‡):
	  o MDRS standards are adopted.
	  o Only in HRZ and Local Centre Intensification Precinct (MRZ), are there more lenient controls proposed. Exceptions here focus on encouraging development along the front of a site and readily providing for height under specific conditions.
	  o When constructing two or more residential units, recession planes will not apply along the first 20 metres of site depth, or 60% of a site – whichever is lesser. The rule is designed as an incentive (at two or more units) to encourage a strong presence along the street frontage, retaining the rear of the site for private amenity space.
	  o Buildings that are setback at least 6 metres from side and rear boundary are exempt from height in relation to boundary controls. This provides a balance between openness and privacy expectations in the HRZ environment and the ready ability to develop to anticipated heights. Aligning with site boundaries also incentivises amalgamation of sites, largely seen as necessarily to see a ready transition to a HRZ living environment.
	• Setbacks (‡):
	  o MRZ and HRZ: exemption of setbacks for accessory buildings at no greater than 10.1m and for eaves and roof overhangs of a specific dimension that protrudes into the front boundary setback.
	• Building coverage (‡):
	  o MRZ and HRZ: exemption for eaves and roof overhangs of a specific dimension.
	• Outdoor Living Space per unit (‡):

Rule Category	Proposed Change
	○ HRZ: Smaller studio and single bedroom units are permitted to have a reduced outdoor living space, being 5m² lesser at the ground floor and 2m² lesser above ground. • Outlook space (‡): ○ MRZ and HRZ: clarity provided that doors opening into an outlook space from the principal living room are not considered to obstruct outlook space, as per j.i. of the standard. • Windows to street (‡): ○ MRZ and HRZ: exemption made for calculating glazing requirements, removing the area of the gable above upper floor ceiling height from the area calculation. Clarity is also provided that unglazed doors can contribute to area calculation, including specific exemption for a reduced glazing requirement of 17.5% when specific glazing is provided to habitable rooms and 20% of the ground floor is glazed.
Additional permitted standards (MRZ and HRZ only)	• Building separation (‡): ○ HRZ only: standard controlling the separation of parts of buildings above 12m, aligning with the MDRS height threshold. • Fencing standard (‡): ○ MRZ and HRZ: standard for when fencing is provided for developments, addressing heights across specific frontages. Builds upon existing CDP fencing standard. ○ Fencing standard is specifically targeted to the front boundary, requiring that at least 50% of the fenced frontage is no greater than 1m in height. Greater fencing heights are permitted alongside and rear boundaries and on frontages along arterial roads. • Garaging and carport building location (‡): ○ MRZ and HRZ: standard for the placement of any detached garage or carport (accessory building) to be located behind the façade of residential units. Only in MRZ is this at a specified distance of 1.2m. • Ground floor habitable room: ○ MRZ and HRZ: standard for the location of ground floor habitable rooms when fronting a road or public open space. Builds upon existing RMD habitable room standard. ○ Requirement only applies to ground floor units, ensuring habitable rooms front public areas and cover at least 50% of the ground floor space. This threshold decreases to 30% of the ground floorspace in the HRZ for buildings of 4 or more storeys. • Service, storage, and waste management (‡): ○ MRZ and HRZ: standard to require each residential unit to be provided with adequate waste management areas, servicing and storage space. ○ Waste management standards direct minimum areas and dimension requirements, including screening. The standard ensures that areas are able to be serviced, appropriate for each unit, and recognise that such an area can be provided communally.

Rule Category	Proposed Change
	○ Controls for washing line areas are maintained, requiring a 3m2 area with a minimum dimension of 1.5 metres. ○ Storage standards prescribe a minimum volume of storage required based on the number of bedrooms each unit provides. Flexibility is also afforded in how this is provided, with up to 50% of storage space able to be provided external to the unit. • Water supply for fire fighting (‡): ○ This is an established CDP standard that has been carried over into the MRZ and HRZ framework. • Wind standard (‡): ○ MRZ and HRZ: A threshold of 20 metres is adopted in the residential environment, with any residential unit above this level requiring to demonstrate that wind effects do not adversely impact on surrounding areas of public and private enjoyment, retaining their overall safety and pleasantness. The height threshold is bespoke to the residential environment due to its level of residential occupation and degree of private amenity space. ○ A catchment of 100 metres surrounding a development site is adopted to evaluate wind effects. More sensitive environments, such as open spaces, outdoor living areas, and footpaths are more stringently considered at 4m/s. This compares to areas where safety is more of a concern, being roadways and carparks, which set a 6m/s threshold. Any of these spaces much not exceed wind speeds for 5% annually (about 18 days a year). ○ Those areas immediately surrounding a building set a wind gust threshold of 15m/s that must not be exceeded more than 0.3% annually (about two days a year). • Building reflectivity (‡): ○ Within MRZ only in the Residential Hills Precinct, rule restricting roof reflectivity to 30% light reflectance value (LRV). This carries over current CDP controls for the Residential Hills Zone, which the new precinct intends to capture.
Restricted discretionary controls (MRZ and HRZ only)	Breaches of the following permitted standards are treated as restricted discretionary activity: • Number of units (‡): ○ MRZ and HRZ: requires an assessment against the residential design principles. This builds upon the existing CDP framework as part of the RMD matters of discretion. The design elements that the residential design principles consider ensure that environmental design is applied to ensure an adequate degree of residential amenity, attractiveness, and safety is possible for scale developments of four or more units. • Building height breach: ○ Matters of discretion for height breaches across MRZ and HRZ are very similar. The main differences are the thresholds at which they apply and there specific design standards are included. ○ In MRZ, height is in breach when beyond 12m in height (or when in breach of MDRS roof standards), except where in the Local Centre Intensification precinct, which anticipates a taller urban form. As previous, HRZ heights are permitted up

Rule Category	Proposed Change
	to 14m, therefore RDA standards apply for height controls between 14-20m and then additional standards when between 20-32m in height. o Matters of discretion for breaches beyond permitted heights across MRZ and HRZ focus on bulk, dominance, privacy, need for extra height for more efficient site occupation, design and building modulation features, ground floor habitable rooms, and heritage features. o In HRZ, standards for building up to 20m require modulation of the upper 1m of the building and the inclusion of ground level communal area to a scale that corresponds to the scale of residential units. Beyond 20m and up to 32m, HRZ standards require the building to be setback 6m from side boundaries and the proportion of the building above 20m setback 3m from the street-facing building face. o Required communal outdoor living areas are calculated based on the nearest 10 units requiring 50m^2 of communal outdoor living area, to a maximum of 20% of the site area. For example, a development of 35 units on a 1,200m^2 site would require a communal outdoor living area of 4 x 50 = 200m^2. In a scenario where a greater number of units would be proposed, the communal area would be limited to maximum of 240m^2 – being 20% of the site area. The minimum dimension of any communal area should be 8m. o A breach of these standards, or heights above 14m in MRZ is also treated as RDA. It requires assessment against much of the same matters previously, but also focuses on consideration of alignment with planned urban character, residential design principles, provision for greater housing choice, association with papakāinga / kāinga housing, accessibility to local amenities and services, and how the site contributes to (or provides for) a sense of place or place making. o In HRZ, the final RDA tier of controls focus on the effects associated with the breach of prescribed standards, amongst the aforementioned matters of discretion. • Breach of wind effects (‡): o MRZ and HRZ: breaches are addressed though a new wind assessment matter of discretion. This assesses how safety and amenity is impacted due to wind changes, how landscaping is used to mitigate wind effects, and wind effects anticipated over those already present. The latter reflects that in some instances, the urban environments may already be at the thresholds described in the standard, therefore the degree of change is a matter of discretion. • Height relation to boundary breach (‡): o MRZ and HRZ: breaches are addressed through a new height in relation to boundary matter of discretion. This primary focuses on effects on adjacent properties, in terms of how bulk and dominance can adversely impact on privacy and shading, particularly on habitable rooms and outdoor living spaces. Effects on heritage values are also recognised. • Building separation (HRZ only) (‡): o Breaches in building separation are considered under the height in relation to boundary matter of discretion. o An additional matter is added, focusing on access ways, addressing some of the CPTED and privacy issues that may arise at a closer proximity.

Rule Category	Proposed Change

	• Setback breach (‡):
	  o MRZ and HRZ: breaches of setbacks are considered under the Impacts on neighbouring property matter of discretion.
	  o While the assessment matters evaluate bulk and dominance effects on adjoining properties, the standard also considers whether the increased in height in necessary to enable more efficient or cost effective use of the site, including any building design features used to manage visual impacts. The rule anticipates that breaches may be unavoidable in some circumstances.
	  o Impacts on heritage values and the protection of significant trees or natural features are also considered.
	  o Lastly, the rule also recognises how the configuration of a building can negate some of the adverse impact of setback breaches through the location of habitable rooms at the ground level.
	• Building coverage breach (‡):
	  o MRZ and HRZ: breaches of setbacks are considered under the Site density and site coverage rule.
	  o This is an existing rule that is proposed to be modified to better address MDRS standards. Alongside building dominance and privacy effects, it also considered effects on character and amenity values for the local environment.
	  o Specific design elements are now also considered, being how landscaping is used or site layout or building designed to mitigate effects. The practical use of the site is also considered, in terms of access ways or onsite outdoor living spaces, and how their configuration provides opportunities for planting.
	• Outdoor living space breach (‡):
	  o MRZ and HRZ: breaches of setbacks are considered under a modified outdoor living space rule already contained in the District Plan.
	  o Changes have been proposed to instead evaluate how residual spaces consider sunlight access and their connection between internal and outdoor living areas.
	  o The last addition considers the usability of the space, ensuring that no other facilities are occupied within the remaining space.
	• Outlook space breach (‡):
	  o MRZ and HRZ: breaches in outlooks space are considered under a new outlook space occupation rule.
	  o Matters of discretion focus the degree to which openness is still achieved across the site, creating the sense of spaciousness that would otherwise be provided. Consideration is given to whether the area remains unobstructed, provides for daylight to window of the primary living room, including any loss of privacy of amenity within these spaces.
	• Breach of street-facing glazing (‡):
	  o MRZ and HRZ: breaches in glazing are considered under a new Street-facing glazing non-compliances rule.
	  o Matters of discretion largely focus on design and CPTED measures, such as: whether glazing is for habitable rooms; passive surveillance opportunities that remain; and other building design features that add to the visual interest at the street-facing façade.

Rule Category	Proposed Change

	• Landscaping breach (‡):
	  o MRZ and HRZ: breaches in glazing are considered under a new Residential landscaping rule.
	  o The rule considers similar matters contained in 14.15. It evaluates the type of landscaping provided, its contribution to amenity, and whether it would be suitable for the local climatic conditions.
	  o Positive effects are also considered, including whether planning could act to soften building effects and how it could enhance onsite and neighbouring amenity, or improve the overall safety and accessibility of a site with lesser landscaping.
	  o Consideration is also given to the practicalities of planning, whether a lesser amount of landscaping is needed for a more cost-effective development form, where site of cultural significant are not compromised, and whether a maintenance programme as has been proposed to manage landscaping.
	• Fencing breach (‡):
	  o MRZ and HRZ: this is now considered through a separate Residential fencing rule. The rule evaluates whether taller fencing is needed in the specific roading context, materials used, and whether passive surveillance is still possible.
	  o Amenity and privacy effects of increased fencing is also considered and whether height would detract from the openness and coherence of the street scene.
	• Garaging location breach (‡):
	  o MRZ and HRZ: any garaging is simply considered under the residential design principles, as detailed above.
	• Breach of ground floor habitable rooms (‡):
	  o MRZ and HRZ: any ground floor habitable room breach is simply considered under the residential design principles, as detailed above.
	• Waste, servicing, or storage breach (‡):
	  o MRZ and HRZ: any breach of this standard is considered under a modified Service, storage and waste management spaces rule.
	  o Changes to the rule mean that consideration is also given to communal outdoor living spaces and how landscaping may instead be used as a form of screening.
	• Building reflectivity breach (‡):
	  o Control is the same as per the current CDP breach within the Residential Hills Zone.
	  o Matter of discretion is limited to the specific matters for small settlements and hilled areas within residential design principles.

New Residential Large Lot Zone built form standards	• Site density (‡):
	  o Insert bespoke controls for new Residential Mixed Density Precinct – 86 Bridle Path Road, Residential Mixed Density Precinct – Redmund Spur, and Rural Hamlet Precinct.
	  o These carryover CDP controls for these specific zones from the associated density overlays.

Rule Category	Proposed Change

	• Site coverage (‡):
	  o Insert bespoke controls for new Residential Mixed Density Precinct – 86 Bridle Path Road, Residential Mixed Density Precinct – Redmund Spur, and Rural Hamlet Precinct.
	  o These carryover CDP controls for these specific zones from the associated density overlays.
	• Minimum building setbacks from internal boundaries (‡):
	  o Insert bespoke controls for new Residential Mixed Density Precinct – 86 Bridle Path Road, Residential Mixed Density Precinct – Redmund Spur, and Rural Hamlet Precinct.
	  o These carryover CDP controls for these specific zones from the associated density overlays.
	• Road boundary building setback (‡):
	  o Insert bespoke controls for new Residential Mixed Density Precinct – 86 Bridle Path Road, Residential Mixed Density Precinct – Redmund Spur, and Rural Hamlet Precinct.
	  o These carryover CDP controls for these specific zones from the associated density overlays.
	• Building reflectivity and colour (‡):
	  o Add exemption that the rule does not apply within the Rule Hamlet Precinct.
	• Minimum setback for living area windows and balconies facing internal boundaries (‡):
	  o New standard inserted to only apply to new precincts, reflective of existing CDP controls.
	• Service, storage and waste management spaces (‡):
	  o New standard inserted to only apply to new precincts, reflective of existing CDP controls.
	• Street Scene amenity and safety – fences (‡):
	  o New standard inserted to only apply to new precincts, reflective of existing CDP controls.
	• Tree and garden planting (‡):
	  o New standard inserted to only apply to new precincts, reflective of existing CDP controls.
	• Outdoor living space (‡):
	  o New standard inserted to only apply to new precincts, reflective of existing CDP controls.

New Residential Large Lot Zone (RLL) restricted discretionary activities	• RD15 – updating naming of agency to 'Fire and Emergency New Zealand' (‡). • Breach of setbacks for living area windows and balconies facing internal boundaries (‡): o Inserted in response to new RLL site-specific precinct standards.

Rule Category	Proposed Change
	○ This carries over the matter of discretion from the equivalent zone for the site-specific standard in the CDP. • Breach of service, storage, and waste management spaces (‡): ○ Inserted in response to new RLL site-specific precincts. ○ This carries over the matter of discretion from the equivalent zone for the site-specific standard in the CDP. • Breach of fencing standard (‡): ○ Inserted in response to new RLL site-specific precinct standards. ○ Breach matters of discretion are the same as landscape area breaches under MRZ and HRZ. • Breach of tree and garden planting standard (‡): ○ Inserted in response to new RLL site-specific precinct standards. ○ Breach matters of discretion are the same as landscape area breaches under MRZ and HRZ. • Breach of outdoor living space (‡): ○ Inserted in response to new RLL site-specific precinct standards. ○ This carries over the matter of discretion from the equivalent zone for the site-specific standard in the CDP.
Residential Guest/Visitor Accommodation Zone – Built form standards	• Maximum site coverage (‡): ○ Alignment with MDRS building coverage standard of 50% across all groups. • Maximum building height (‡): ○ Alignment MRZ and HRZ permitted building heights • Minimum building setback from road boundaries (‡): ○ Alignment with front yard standards under MDRS. • Daylight recession planes (‡): ○ Alignment with MDRS standards and re-directing standards to align with MDZ and HRZ.
Residential Guest/Visitor Accommodation Zone – Restricted discretionary activities	• RD6 – Buildings that no not meet the maximum building height (‡): ○ Clarification added within standard and matter of discretion that the applicable MRZ or HRZ rule, as listed in Appendix 14.16.11 for each group, shall apply as if it were within that zone. • RD10 – Updated reference to the new residential fencing matters of discretion. Applies same considerations as residential activities (‡). • Various rule references updated with changes made to sub-chapter 14.15 (‡).

The following table identifies the proposed changes that are assessed in this CBA by zone as well as by current and proposed activity status. Other provisions identified in the preceding table that have not been assessed within this report due to having no economic implications outside of their impacts on capacity which has not been assessed.

Note that the current and proposed activity statuses apply only to the activity being pursued and do not account for any other elements that may be being breached as part of a particular proposed development that would result in a different activity status for the development overall.

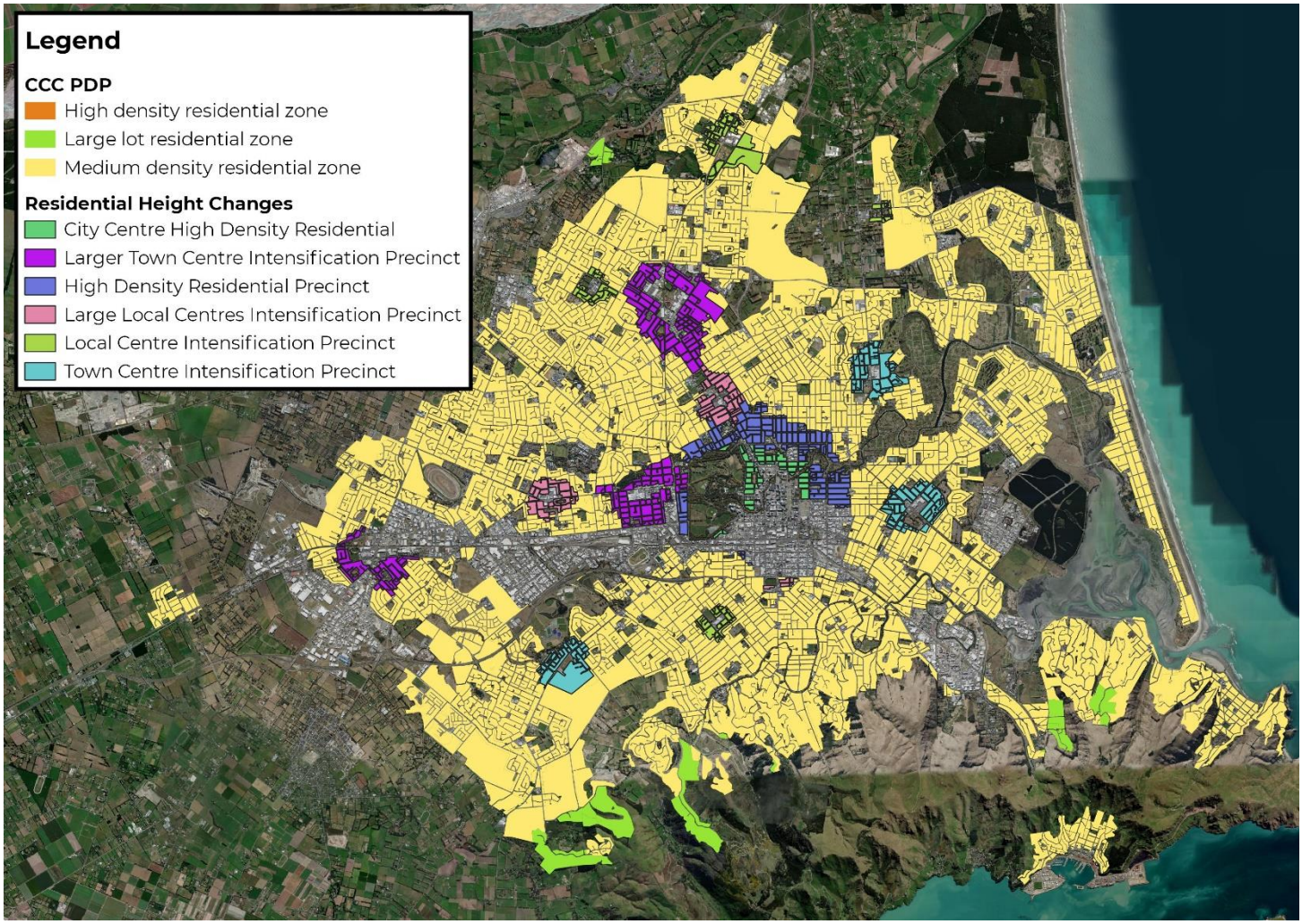
Policy	Zone	Option
Building height limit options	MRZ within Local Centre Intensification precinct.	Status Quo – MDRS P on building height up to 12m and RD(1) on height between 12m-14m, and RD(2) beyond 14m
		P on building height up to 14m and RD on height beyond 14m.
	HRZ outside the Central City	Status Quo – MDRS P on building height up to 12m and RD(1) on height between 12m-14m, and RD(2) beyond 14m.
		P on building height up to 14m and RD(1) on height between 14m-20m, and RD(2) beyond 20m for areas surrounding large centres except the City Centre.
		P on building height up to 14m and RD on building height beyond 14m
	HRZ within the Central City	P on height up to 14m (current baseline) and D on height beyond 14m.
		P on height up to 20m and D on height beyond 20m with select areas closest to Christchurch's City Centre enabling heights up to 32m as P on height.
		P on height up to 32m and D on height beyond 32m.
		No height limit.
Ground floor habitable room	MRZ	Status Quo Where the permitted height is 11 metres or less (refer to Rule 14.5.2.3): • any residential unit fronting a road or public open space shall have a habitable space located at the ground level; and • at least 50% of all residential units within a development shall have a habitable space located at the ground level; and • for each residential unit, at least one habitable space located at the ground level shall have a minimum floor area of 9m2 and a minimum internal dimension of 3 metres and be internally accessible to the rest of the unit. Where the permitted height limit is over 11 metres (refer to Rule 14.5.2.3), a minimum of 50% of the ground floor area shall be occupied by habitable

		spaces and/or indoor communal living space. This area may include pedestrian access to lifts, stairs and foyers. This rule does not apply to residential units in a retirement village.
		Any building that includes a residential unit shall: • where the residential unit fronts a road or public open space, unless built over a separate ground floor residential unit, have a habitable room located at the ground floor level with minimum internal dimension of 3 metres; and • any residential unit shall have at least 50% of any ground floor area as habitable rooms. Where the permitted height limit is over 11 metres (refer to Rule 14.5.2.3), a minimum of 50% of the ground floor area shall be occupied by habitable spaces and/or indoor communal living space. This area may include pedestrian access to lifts, stairs and foyers. This rule does not apply to residential units in a retirement village. [This is effectively the same as the Status Quo]
	HRZ	Status Quo • Any residential unit fronting a road or public open space, unless built over an access way or another residential unit, shall have a habitable space located at ground level. • At least 30% of all residential units within a development shall have a habitable space located at ground level. At least one habitable space located at the ground level of a residential unit shall have a minimum floor area of 12m2 and a minimum internal dimension of 3 metres.
		Any building containing residential units shall: • where this includes a residential unit that fronts a road or public open space, unless built over another ground floor residential unit, have a habitable room located at ground level with minimum internal dimension of 3 metres; and • have at least 50% of any ground floor area as habitable rooms, except on sites where at least 25% of the building footprint is more than 4 storeys, which shall have at least 30% of any ground floor area as habitable rooms.

2. EXTENT OF RESIDENTIAL ZONES

The following figures identify the extent of the MRZ, HRZ, and LLZ areas in Christchurch City. The map also identifies the extent of the various building height precinct and / or rule change areas (note: all HRZ has a precinct or other height enablement adjustment).

FIGURE 1: PRIMARY RESIDENTIAL ZONES AND HRZ HEIGHT PRECINCTS

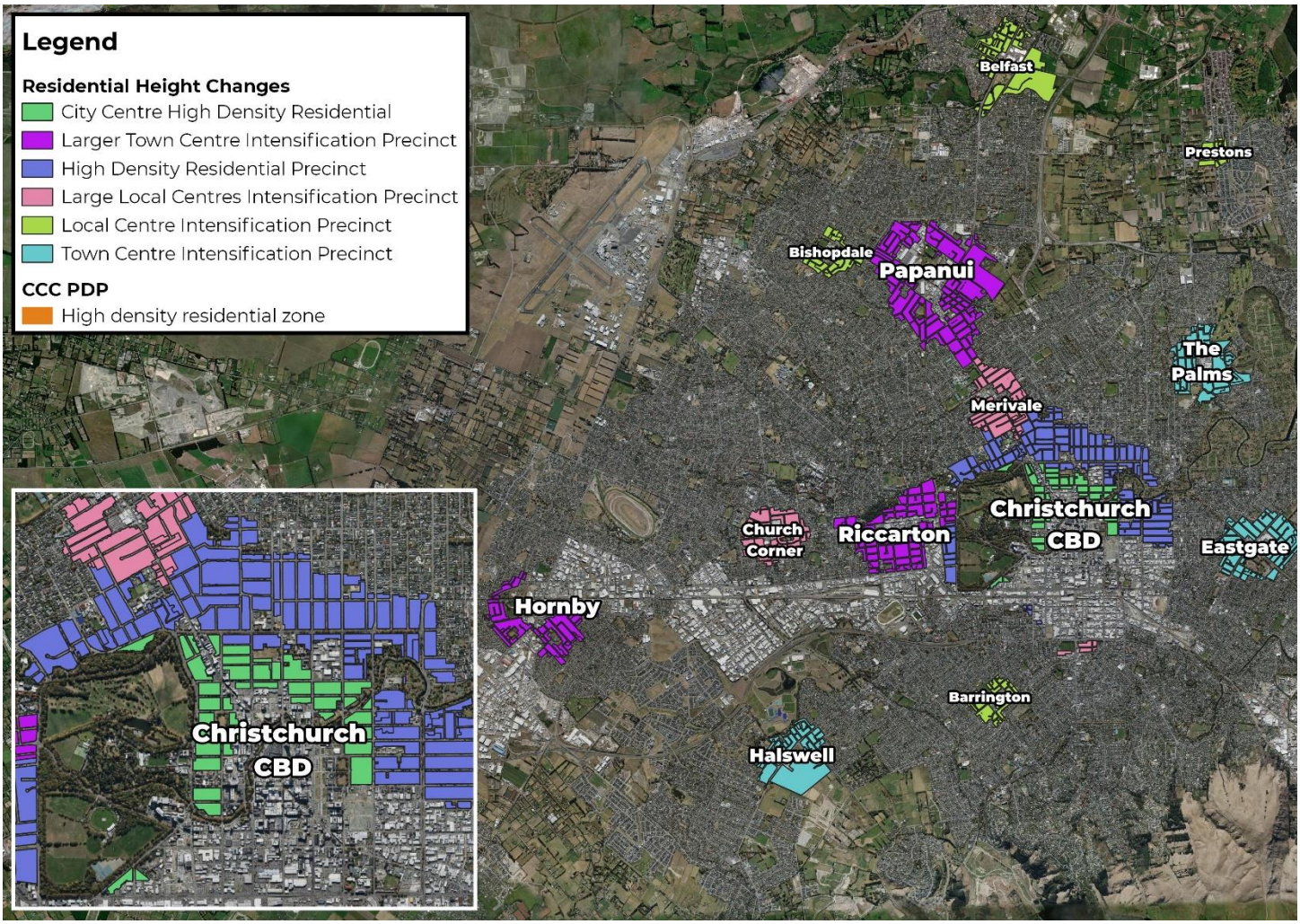


Source: Bing, Christchurch City Council.

A map showing the extent of just the HRZ and its height precincts is provided in the following figure for additional clarity.

It is worth noting that the height limit in the HRZ of 14m only applies to a small tranche (orange) in the areas surrounding the Central City. The other HRZ areas, surrounding centres (City Centre, Emerging Metropolitan Centres, Town Centres and Local Centres), have rules adapting the height limit to reflect the status of the centre in the centre hierarchy.

FIGURE 2: HRZ AND HRZ HEIGHT PRECINTS



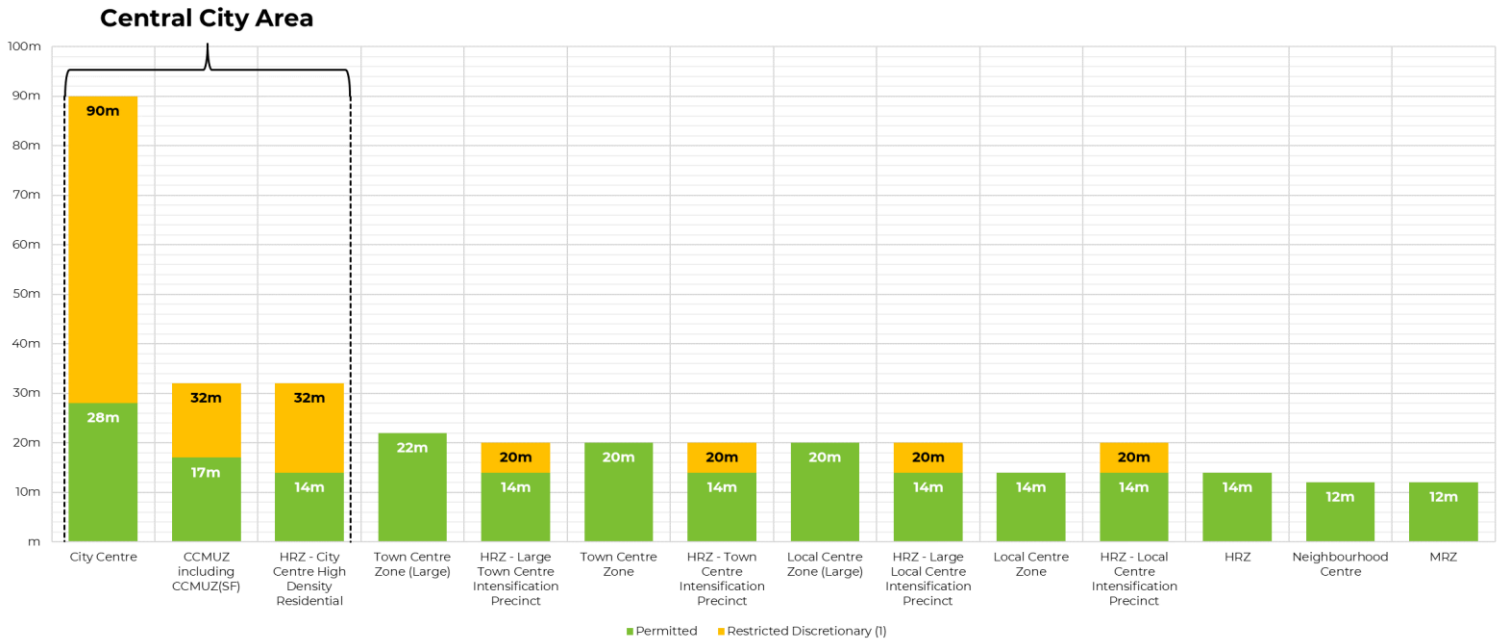
Source: Bing, Christchurch City Council.

The following figure demonstrates the indicative planning heights that PC14 proposes to enable with the inclusion of MDRS (base residential zone being 11m + 1m, subject to QFM).

This graphic is designed to show how the proposed suite of heights and the activity statuses will work together in a staggered manner based solely on building height i.e., other criteria determining the status of an activity, such as urban design, are not considered. The activity status beyond the indicated is implied to be a higher threshold to meet – Restricted Discretionary (RD(2)), or Discretionary status.

The graphic shows the proposed height gradient of the city with the highest density area (the Central City – City Centre, CCMUZ and HRZ 32m height enablement area – to the left and the lowest density areas making up the bulk of the residential zoned area, including city fringe areas – MRZ.

FIGURE 3: HEIGHT ENABLEMENT BY ZONE



Source: Christchurch City Council, Property Economics.

3. ECONOMIC COSTS AND BENEFITS OF INCREASED BUILDING HEIGHT IN RESIDENTIAL AREAS

The following high level economic cost benefit analysis summary applies to building heights in the MRZ and HRZ.

As a reminder this cost benefit analysis uses the MDRS 11m + 1m as a baseline for residential height enablement.

In general, each cost and benefit identified applies more, or less, based on the height limit imposed, i.e., a greater height limit has greater benefits and greater costs while a lower height limit has lower benefits and lower costs.

BENEFITS

- **Catalyses development:** Liberalising of land use rights has historically been proven to increase development of associated land. The increase in height limits brings the (re)development timeframe of affected properties forward in time as the return on development is higher (more rent is now achievable).

  There is a second order effect also because development encourages further development. As one parcel is (re)developed, neighbouring properties benefit off the improvement in amenity (assuming development and urban design standards are appropriately set to deliver such outcomes) and are encouraged to (re)develop themselves to maximise returns.

- **Increases the impetus for intensified (re)development:** The ability to build up to a higher level generates an impetus for developers to maximise their build envelope.

- **Enhanced housing affordability**: Restrictions on building vertical can contribute to housing shortages. More permissive building height restrictions, therefore, can have positive consequences for delivering more affordable / serviceable housing where the construction of apartments and other higher density dwellings become more feasible within the height change area.

- **Potential for less land / green space take-up**: A higher density and agglomeration of residential activity means that a greater quantity of activity can take place within the identified area. This would suggest that more efficient use of land for residential activity leaves more land / space available for other uses, such as parks, green space, environmental amenity which the local community can enjoy. This improved amenity increases the desirability / attractiveness of an area and increases property values which encourages demand for an area and catalyses further development / improvement and intensification.

- More efficient land use: Taller buildings mean land is being used more efficiently as the vertical space is being used more effectively i.e., more people are using the same footprint of land as a living space so the people per sqm of land increases.
- More flexibility for land users: Flexibility is often an attractive part of greater heights. This includes a greater variety of building typologies such as multi-storey apartments / units that were not previously enabled.
- More efficient infrastructure use: The existing and future infrastructure that is put in place to service local residents is used by a larger number of people. This includes road / footpath network, community facilities – libraries, halls, parks – power and telecommunications, three waters, etc. and results in a lower marginal cost of infrastructure. A greater number of people able to access these infrastructure assets which means a lower marginal cost and a greater benefit for the community overall.
- More Efficient Transport Networks: Higher capacity roads in and around centres will be utilised by a greater number of people. A larger number of people will also be located closer to public transport routes which encourages greater public transport usage. This also encourages greater use of footpaths and non-vehicular transport options (scooters, bicycles, walking, etc.) as the average distance to travel is lower. All these benefits have flow on benefits to reducing the carbon emissions on a per person basis.
- Provide greater market certainty and simpler planning process that lower transaction costs: Greater heights are allowable within the area but require a resource consent, PC14 will remove some cost and wait time for the resource consent process up to a greater height limit in the respective residential areas and / or make the consent process timeframe shorter / less costly as there is a lower threshold for heights to pass. This also increases market certainty – a critical element to investment in a market.
- Potential to safeguard productive land: A large proportion of urban centres are currently surrounded by the most productive, or versatile, soils, across the country. As urban centres expand into these productive areas there has been a concern that productive land is not being adequately protected. As such, more floorspace being built higher within the same footprint will ensure the district has somewhere for its growing population to live and work– mitigating effects on the future rate of consumption of its productive land resource.
- Increased centre spend and vitality: The larger population base facilitated by increased density enablement improves the vitality and marketability of centres. The larger number of people living around and using centres increases sales and the desirability of centre tenancies for food and beverage, retail and commercial enterprises attracting higher quality goods and services. This has a flow on benefit of encouraging a greater level of market competition, variety and specialisation of businesses which encourages new business opportunities and innovation stimulating more competitive pricing and broader range of products for consumers.

- **Increased Local Employment**: Intensification around centres generates increased local employment opportunities as centres enhance and become greater focusses of retail, commercial and community activity. The flow on benefit from this means centres will intensify and / or expand to accommodate a greater level of demand and activity. This facilitates increased local employment opportunities.

COSTS

- **Increased congestion of road / footpath networks:** Increased density can generate increased congestion. The greater level of foot traffic generated through increased development, increased employment and increased high density residential activity may impact the road network and parking space availability. The increase in disbenefits, including congestion, is unlikely to be immediately appreciable, so traffic flow mitigation will likely be somewhat mitigated with sufficient planning.
- **Increased levels of crime:** There is a direct correlation between greater numbers of people and levels of crime. This tends to be at all levels of crime from petty theft / public nuisance to serious assaults. Crime can be somewhat mitigated with design outcomes such as more open / visible spaces, more lights, etc., and greater levels of investment in the form of security cameras, guards and police presence.

  Additionally, crime has other, more significant, covariates, such as socioeconomic deprivation and low education rates that will be more influential determinants and should receive a greater level of focus from Council.
- **Increased noise**: Increasing the amount of people / traffic in an area will increase the level of ambient noise in that area. This can be mitigated with urban design and architecture such as increased greenspaces and trees or greater levels of noise acoustic absorption materials in buildings, thicker walls / glass, etc at a financial cost which increases the cost of development.
- **Increased levels of vagrancy and transient population**: Higher density areas attract homelessness and transient populations. This can negatively impact the general amenity of an area and discourage community participation including demand for residential, retail, and employment.
- **Reduced Impetus for Centre Intensification:** The increase in heights in non-Centre locations may reduce the impetus to develop higher densities in the City Centre, and other centre locations. This would represent an inferior outcome economically as it would result in less efficient uses of infrastructure. This cost can be manged through restricting the most intensified development to the City Centre and other centre locations.

3.1. ZONE SPECIFIC ECONOMIC COSTS AND BENEFITS

Non-Central City HRZ - Costs and Benefits

- ⊕ Enabling greater heights limits will allow a greater level of intensification in an efficient location (relative to MRZ or other lower density residential area) – close to centres of high amenity and public services.
- ⊖ Enabling greater heights may disturb the zones role and function as being almost exclusively to enable higher density residential forms as additional convenience retail / services may be required with significant densities.
- ⊖ Facilitating greater height enablement may detract additional residential intensification from the City Centre, CCMUZ and other centre locations where a critical mass of activity is anticipated. This will be particularly pertinent to the respective centre zoning that the HRZ is supporting (surrounding).

Enabling a higher density residential environment within the HRZ, to a limited extent, in the areas closest to the City Centre and / or main arterials in the central city would produce a greater level of directed growth to efficient locations but also enable the HRZ to better compete for residential activity with the respective centre that it is supporting, and, to some extent, with other centres in the centre network (including the City Centre).

Central City HRZ - Costs and Benefits

- ⊕ Enabling greater heights limits will allow a greater level of intensification in a relatively efficient location – close to the City Centre.
- ⊖ Enabling greater heights may disturb the zones role and function as being almost exclusively to enable higher density residential forms as additional convenience retail / services may be required with significant densities.
- ⊖ Facilitating greater height enablement may detract additional residential intensification from the City Centre and CCMUZ where a critical mass of activity is anticipated.
- ⊖ Enabling greater heights may increase the level of residential capacity further, beyond the already sufficient levels, which could lead to an inefficient allocation of infrastructure and land resources as well as give rise to uncertainty as to the infrastructure need of areas.

It is worth noting that the costs and benefits are limited by, and subject to, the extent of the zone. Enabling some greater height beyond the status quo within a sub-precinct, or other such geospatial discrimination, of the HRZ may limit the costs but also provide an opportunity

for dedicated higher residential development to occur in a more consolidated and efficient manner that otherwise may occur in a more dispersed manner.

Enabling a higher density residential environment within the HRZ, to a limited extent, in the areas closest to the City Centre and / or main arterials in the central city would produce a greater level of directed growth to efficient locations but also enable the HRZ to better compete for residential activity with the CCMUZ.

3.2. ECONOMIC DIRECTION

Enable building heights up to 14m in MRZ within local centre intensification precinct

The areas of overlap between the proposed MRZ and proposed Local Centre Intensification precinct are extremely limited. This means the MRZ with the Local Centre Intensification precinct only represent a small increase in capacity, though no comprehensive capacity assessment has been undertaken at this point in time. This additionally means that the costs and benefits associated with the proposed height increase are equally limited in potential realisable outcome and extent.

By increasing heights from 12m to 14m Council would be affirming the superiority and hierarchy of centres as hubs of activities by contrasting the proposed 14m height limit with the MDRS of 11m + 1m as the baseline of the MRZ.

The MRZ properties in local centre intensification precincts are efficiently located sites that should be encouraged to develop to a greater degree over other MRZ sites. By encouraging these properties to develop to a greater extent, Council would be pushing more activity into consolidated areas of activity in efficient locations.

By enabling a greater level of development in efficient locations Council are also discouraging intensification in areas that are relatively less enabling (such as other MRZ areas). This allows Council a greater level of directional development control that can reduce the cost of infrastructure installation, upgrade and maintenance in the long run by encouraging greater levels of consolidation.

However, by enabling greater heights in the local centre intensification precinct Council are also enabling a greater level of competition with other competing residential environments. This is particularly important for residential environments that are comparatively more efficient locations for greater levels of intensification such as Centre Zones and HRZ.

Most centre zonings, and HRZ with precincts, are still relatively competitive based on height as centre zonings allow for a greater range of typologies, as well as a mix of activity that make them significantly more competitive development locations. HRZ areas are also, generally,

more efficiently located around more prominent centres or main arterials that provide a competitive locational advantage, which will likely translate to a market advantage.

The historical pattern of development in areas where the 14m enablement is proposed does not demonstrate a current high level of demand for structures above 12m. This suggests that the market has either not had sufficient levels of demand for this taller product, or the current barrier (less permissive activity status) has discouraged this type of development.

Given that there is little product even approaching 12m in height in these areas, Property Economics suggest that lack of demand for this typology in the MRZ local centre intensification precinct is the more likely reason, which suggests the proposed increase is unlikely to markedly stimulate additional development in the short-to-medium term.

Enablement of height up to 14m in the HRZ

The majority of the HRZ has additional height precincts increasing the height enablement beyond 14m. This is because these areas are in the most efficient locations, surrounding centres and on main arterials.

The height enabled under PC14 is the same as that enabled under the ODP for the RCCZ, 14m, and the same height limit for the MRZ with Local Centre Intensification Precinct (pre-MDRS) identified above (though the extent of the HRZ is substantially larger than the RCCZ, extending beyond the Central City to include areas around other prominent centres). This limits the ability for the HRZ to compete with other areas of HRZ that have proposed further height enablement precincts and with centre locations and CCMUZ – all of which are intended to cater to higher density residential options and are more efficient locations.

The existing baseline height limit for this area is, however, the MDRS enablement of 11m + 1m or 3 storeys. Permitting HRZ by an additional 2-3m offers some distinction and recognition of the fact that the HRZ is not the same as the MRZ and is, generally, a more efficient location for intensification than the MRZ.

This also facilitates a greater range of dwelling typologies, forms, sizes and price points within the HRZ, over the MRZ, which will make the zone more attractive to perspective buyers and encourage intensification in an efficient location.

By enabling a greater level of development in efficient locations Council are also less encouraging intensification in areas that are relatively less enabling (such as the MRZ areas). This allows Council a greater level of directional development control that can reduce the cost of infrastructure installation, upgrade and maintenance in the long run by encouraging greater levels of consolidation.

4. ECONOMIC COSTS AND BENEFITS OF GROUND FLOOR HABITABLE ROOM REQUIREMENTS

The following high-level cost-benefit analysis summary applies to the ground floor habitable room requirements in the MRZ and HRZ. It is worth noting that the MRZ provisions are broadly the same as the existing provisions, while the HRZ provisions further restrict building design to include a greater proportion of habitable space on the ground floor.

Of note also is that Council are considering easing restrictions on habitable space for buildings greater than 14m in height to allow for a greater level of flexibility in design of these taller structures. The proposed provisions for this relaxation of restrictions were not assessed as part of this cost-benefit analysis.

BENEFITS

- ⊕ No material economic benefits.

COSTS

- ⊖ **Reduce flexibility of design:** Increasing the restrictions of the built form of a structure reduce the variety of offering to the market. By enforcing more built-form and design standards, Council are reducing the type of structures that may otherwise be absorbed by the market.
- ⊖ **Reduced consumer choice:** The restriction on design has a direct impact on the range of product available to end consumers. The lower level of flexibility directly impacts the availability to the consumer.
- ⊖ **Reduced feasibility of development:** The lower level of flexibility reduces the feasibility of development and has an impact on residential capacity. The extent of this capacity loss is not known at this point.

4.1. ECONOMIC DIRECTION

This proposed provision is unlikely to have a material economic benefit as a result of regulating a position that the market may or may not demand. but instead aims to provide other non-economic urban design outcomes pursued by Council.

Inherently, regulation has an economic cost, so to regulate for something that only part of the market may want impacts upon market efficiency whereby those who want this product can demand it from the market as opposed to it being regulated to the market.

The proposed provision limits the level of development in the HRZ, including the typologies and design that could be constructed and offered to market, or at the very least increases the transactional cost of the development of residential product in breach of the proposed provisions. This represents an economic risk and cost to the community.

The proposed provisions are also likely to result in some reduction in feasible capacity for the city, though the extent to which this reduction is realised is not known. Council has completed feasibility analysis and is comfortable with the residential capacity position of the city with this provision in place.

The proposed provisions may also detract residential activity away from the HRZ to other zonings such as the CCMUZ or centre zonings because the provision represents a competitive market impediment. This goes some way in promoting centre locations ahead of non-centre locations as locations of development.

However, the introduction of these provisions to the HRZ also represent a loss in competitive advantage over the MRZ which the zone has enjoyed. This loss is mitigated to some degree with the concept of relaxing the restrictions for development four or more storey development which may encourage a greater level of intensified development to the HRZ compared to the MRZ.

5. COMMENTS ON OTHER PROPOSED PROVISIONS

Most of the other provisions outlined in the summary table, provided in Section 1 of this report, result in economic costs and benefits that can only be quantified in terms of their impact on feasible residential capacity or are entirely non-economic in nature.

Generally, loosening of land use restrictions results in a greater potential for economic benefits to be realised including an increase in: development flexibility, consumer choice, and economic output. While restrictions run contrarywise to these economic benefits.

While the economic costs and benefits of the identified land use restrictions / liberalisations may be small or large, the motivation for sanctioning the controls has no economic element outside its impact on realisable capacity.

Property Economics understands that the current and anticipated future realisable capacity estimates commissioned by Council indicate sufficient levels of capacity for the city and for Council to meet its obligations under the NPS-UD. Property Economics also understands that the level of sufficiency is substantial and that minor losses, even of a cumulative nature, will likely not endanger the city's ability to meet future demand.

If it is subsequently found that a land use restriction, or a combination of land use restrictions, remove a substantial level of realisable capacity then Council should reassess their position and the city's ability to provide for future residential demand as well as their own ability to meet their obligations under the NPS-UD.

6. ECONOMIC OPTIONS SUMMARY

This section summarises the findings of this report by proposed change resulting from PC14, including the assessed costs and benefits in the form of a summary of the economic direction of the proposed option. This is intended to provide Council with some direction as to the economic implications of the policies assessed.

Policy	Zone	Option	Economic Extent
Building height limit options	MRZ within Local Centre Intensification precinct.	Status Quo – MDRS P on building height up to 12m and RD(1) on height between 12m-14m, and RD(2) beyond 14m	Enables a substantial amount of residential activity to occur but does not recognise the relatively more efficient geospatial location of being proximate to a local centre.
		P on building height up to 14m and RD on height beyond 14m.	Enables a substantial amount of residential activity to occur and recognises the relatively more efficient geospatial location of being proximate to a local centre by enabling a relatively easier development path compared to other MRZ.
	HRZ outside the Central City	Status Quo – MDRS P on building height up to 12m and RD(1) on height between 12m-14m, and RD(2) beyond 14m.	Enables a substantial amount of residential activity to occur but does not recognise the relatively more efficient geospatial location of being near centres or growth corridors and also does not distinguish between MRZ around local centres.
		P on building height up to 14m and RD(1) on height between 14m-20m, and RD(2) beyond 20m.	Enables a substantial amount of residential activity to occur and recognises the relatively more efficient geospatial location of HRZ being near centres or major corridors. Recognises and promotes the hierarchy of centre locations and bolsters them as locations for increased activity and development. (Note: this assumes that RD(1) is less restrictive than proposed RD for MRZ around local centres)

		P on building height up to 14m and RD(2) on building height beyond 14m.	Enables a substantial amount of residential activity to occur and recognises the relatively more efficient geospatial location of being near centres. Recognises and promotes the hierarchy of centre locations and bolsters them as locations for increased activity and development. May not generate a significant competitive advantage against MRZ land based on the relative enabled height being just 2m different and no difference between MRZ within the Local Centre Intensification precinct.
	HRZ within the Central City	P on height up to 11-14m (current baseline) and D on height beyond.	Enables some additional level of residential activity to occur but does not direct growth towards the most efficient locations within the HRZ. Establishes a competitive high density residential market within the City Centre and CCMUZ.
		P on height up to 14 and RD on height beyond this, with select areas closest to Christchurch's City Centre enabling heights up to 32m on height. Any height beyond this is also RD but applies greater levels of discretion (more restrictive).	Enables a substantial level of residential activity to occur and directs growth towards the most efficient locations within the HRZ. May detract a small amount of high-density residential development away from the City Centre.
		P on height up to 32m and RD on height beyond 32m.	Enables a substantial level of residential activity to occur but does not direct growth towards the most efficient locations within the HRZ, closest to high order centres. May result in sporadic high-density development which may result in an inefficient distribution of increased density – away from centres.
		No height limit.	Enables sporadic high-density development which will result in an inefficient distribution of increased density – away from centres.

Ground floor habitable room	MRZ	Status Quo Where the permitted height is 11 metres or less (refer to Rule 14.5.2.3): • any residential unit fronting a road or public open space shall have a habitable space located at the ground level; and • at least 50% of all residential units within a development shall have a habitable space located at the ground level; and • for each residential unit, at least one habitable space located at the ground level shall have a minimum floor area of 9m2 and a minimum internal dimension of 3 metres and be internally accessible to the rest of the unit. Where the permitted height limit is over 11 metres (refer to Rule 14.5.2.3), a minimum of 50% of the ground floor area shall be occupied by habitable spaces and/or indoor communal living space. This area may include pedestrian access to lifts, stairs and foyers. This rule does not apply to residential units in a retirement village.	This policy increases transactional costs and / or design costs and may prevent some residential typologies from occurring. Has a negative impact on overall capacity, though this is likely a small impact
		Any building that includes a residential unit shall: • where the residential unit fronts a road or public open space, unless built over a separate ground floor residential unit, have a habitable room located at the ground floor level with minimum internal dimension of 3 metres; and • any residential unit shall have at least 50% of any ground floor area as habitable rooms. Where the permitted height limit is over 11 metres (refer to Rule 14.5.2.3), a minimum of 50% of the ground floor area shall be occupied by habitable spaces and/or indoor communal	This policy increases transactional costs and / or design costs and may prevent some residential typologies from occurring. Has a negative impact on overall capacity, though this is likely a small impact.

		living space. This area may include pedestrian access to lifts, stairs and foyers. This rule does not apply to residential units in a retirement village. [This is effectively the same as the Status Quo]	
	HRZ	Status Quo • Any residential unit fronting a road or public open space, unless built over an access way or another residential unit, shall have a habitable space located at ground level. • At least 30% of all residential units within a development shall have a habitable space located at ground level. At least one habitable space located at the ground level of a residential unit shall have a minimum floor area of 12m2 and a minimum internal dimension of 3 metres.	This policy increases transactional costs and / or design costs and may detract from some residential typologies occurring in HRZ areas. Has a negative impact on overall capacity, though this is likely a less than minor impact.
		Any building containing residential units shall: • where this includes a residential unit that fronts a road or public open space, unless built over another ground floor residential unit, have a habitable room located at ground level with minimum internal dimension of 3 metres; and have at least 50% of any ground floor area as habitable rooms, except on sites where at least 25% of the building footprint is more than 4 storeys, which shall have at least 30% of any ground floor area as habitable rooms.	This policy increases transactional costs and / or design costs more substantially and may prevent some residential typologies from occurring. Has a negative impact on overall capacity, though this is likely a small impact. This policy is likely to have an negative impact on development opportunities from the status quo.