

NOTE: Paragraph 4 (a)-(e) and housing capacity table updated 12.11.2024 to correct errors in calculation and commentary

APPENDIX 5:

David Norman response to Minute 58 of the Wellington Independent Hearings Panel

- 1) Commissioner Daysh raised the question of what the BCR is for SNAs being established on residential land. Below is a table showing that the BCR ranges from 0.05 to 0.16. In other words, **in the most optimistic scenario, the costs of imposing SNAs on residential land exceed the benefits by a factor of six**. In the pessimistic scenario, the costs exceed the benefits by a factor of 17. For every dollar of cost in reduced land use value, 6 cents of community benefit are generated.

Sensitivity 4: SNAs on residential land; land value loss to private land only				
High benefits estimate	\$7.5	\$47.3	-\$39.7	0.16
Low benefits estimate	\$3.0	\$47.3	-\$44.2	0.06
Sensitivity 5: SNAs on residential land; land value loss to private and public land				
High benefits estimate	\$7.5	\$51.5	-\$44.0	0.15
Low benefits estimate	\$3.0	\$51.5	-\$48.5	0.06

- 2) I would reiterate that the “extra potential capacity” referred to in Figure 4 of my supplementary evidence does indeed refer to **realisable** development and is thus **directly relatable** to the figure of 39,678 in the Wellington Airport OLS Designation Capacity Impact Memorandum (Property Economics, July 2024). On top of feasible development likelihood, that work also took into account **development probability**.
- 3) This being the case, in response to Commissioner Daysh’s point about the possibility that the number of commercially feasibly developable parcels being lower than the headline figure provided by Property Economics and used in my analysis, I would say:
- Property Economics’ allowance for likelihood of actual development **should mitigate the risk** that the number of properties at risk of not being developed is **overstated**. The Property Economics work aimed to limit analysis to the number of properties that were credibly likely to be developed.
 - Notwithstanding this fact, while our assumptions about the developability of a property will affect the estimate of the **number of dwellings at risk of not being developed** because of IB protection measures, **they won’t materially affect the BCR** that compares the costs and benefits of these restrictions.
 - If a property is undevelopable, then failure to develop it does not protect any additional IB relative to the scenario where protection is in place, because there was no genuine risk of development.
 - Thus an assumption that a higher share of properties would not be developable with or without controls leads to a lower estimate of costs, and a lower estimate of benefits, with the **benefits and costs streams broadly moving in tandem**.
 - Therefore the broad conclusion – that the costs of the policy far outweigh the benefits – remains, regardless of the actual assumption about what share of these properties would be genuinely developable.
- 4) Commissioner Robertson requested an easier-to-read table that shows how broader trigger points for IB protections in residential areas would affect housing delivery.
- Previous analysis for WCC estimated feasible capacity of 39,678 on the properties that could be affected by policy requiring a resource consent to develop where 100m² or more of indigenous biodiversity may be at risk.

- b) As the table shows, in all instances, the likely reduction in additional dwellings delivered in Wellington City because of the requirement for resource consent to develop is significant.
- c) The 100m² trigger point could reduce the number of additional dwellings built over the next 30 years by between 700 (low loss scenario) and 15,088 (high loss scenario). The base case scenario estimates around 4,121 fewer additional dwellings would be built. Total feasible dwellings on affected properties would therefore fall by 4,121, from 39,678 to 35,557 in the base scenario.
- d) If the trigger is raised such that fewer properties are subject to resource consent requirements, the likely reduction in additional dwellings delivered over the next 30 years will be lower although still significant. For instance, a 300m² trigger could mean 454 to 9,783 fewer dwellings are delivered over the next 30 years. The base case scenario estimates that at a 300m² trigger point, 2,672 fewer dwellings would be delivered compared to there being no resource consent requirement. Total feasible capacity therefore drops from 39,678 to 37,006 in the base scenario.

Area of indigenous cover before requiring resource consent	Realisable Housing Capacity			Implied relative loss in housing capacity		
	Low loss	Base Case	High loss	Low loss	Base Case	High loss
No RC required	39,678	39,678	39,678	0	0	0
100m ² trigger	38,978	35,557	24,590	700	4,121	15,088
200m ² trigger	39,130	36,452	27,866	548	3,226	11,812
300m ² trigger	39,224	37,006	29,895	454	2,672	9,783

- e) However, far less prone to assumptions is the fact that the community benefits of the proposed wider IB restrictions are outweighed by the costs by a factor of 18 to 142 depending on the scenario. In other words, for every dollar of cost imposed by the wider IB restrictions, the benefit is estimated at between 0.7 cents and 5 cents.