

Medium Density Plan Change – PC:I - Summary Statement

Stacey Andrews - Economics

- [1] My name is Stacey Andrews. I am the City Economist for the Palmerston North City Council (“**the Council**”). My qualifications and experience are set out in my s 42A report.
- [2] My s 42A report addressed the economic implications of Plan Change I (“**PC:I**”) areas of agreement and disagreement between my evidence and that of Mr Heath. I remain of the view that PC:I makes a meaningful contribution to meeting housing needs in Palmerston North.
- [3] There are some important areas of alignment between Mr Heath and I. We both recognise the limitations in the original PC:I modelling. In particular, the reliance on a 700-square-metre lot threshold and the use of the land-to-capital ratio in calculating theoretical capacity were too restrictive. Both of us also agree that the method of assessing feasibility using land-to-capital ratios is overly simplistic. That is why the Council will move to a cost-to-price feasibility method for the 2026 Housing and Business Assessment (“**HBA**”). Finally, we both acknowledge that all modelling is theoretical, and that the actual uptake of housing development depends on changing market conditions such as construction costs, finance, and demand.
- [4] Where we differ most is on two matters:
- (a) on the value of the sensitivity testing that I have undertaken; and
 - (b) the role of PC:I in meeting the demand for infill housing identified in the HBA.
- [5] In my view, the sensitivity testing in my s 42A report, showed that feasible and reasonably expected to be realised capacity could range from around 33 percent to as high as 75 percent of the total demand for infill housing. This range demonstrates both the uncertainty inherent in modelling and the significant contribution that PC:I could make, should the market choose to take it up, or under different development assumptions.
- [6] With regard to the role of PC:I, Mr Heath questions whether it delivers enough certainty to meet housing bottom lines. My view is that PC:I was never intended to meet the city’s total demand for infill housing over the next 30-years. It represents a strategic first step in a broader planning response. Its role is to enable affordable, higher-density housing in well-connected parts of the city, supporting housing choice and affordability. This will be complemented by the forthcoming Residential Zone review and other initiatives.

- [7] It is also important to note that PC:I gives effect to the Horizons Regional Policy Statement. I infer from the lack of evidence on modelling or my updated contribution of infill housing supply that PC:I makes to meeting housing demand, that Horizons Regional Council now considers that PC:I is consistent with regional direction and the expectation that councils enable infill capacity.
- [8] It is equally important to emphasise the dynamic nature of housing capacity and housing demand. The National Policy Statement on Urban Development (“**NPS:UD**”) recognises this. That is why councils are required to monitor development capacity every year, and to update the HBA and the Future Development Strategy (“**FDS**”) every three years. This cycle ensures that our planning response evolves as market and supply conditions change.
- [9] Finally, the role of the Council is to enable capacity for infill development in order to give effect to the regional plan. PC:I achieves this in my opinion. It provides a strong foundation for medium-density development, expands housing choice, and supports affordability in Palmerston North.
- [10] For the reasons outlined above, I am confident that PC:I makes a meaningful and realistically achievable contribution to housing supply capacity in Palmerston North. It provides for affordable, higher-density housing in the right locations, and it gives effect to the Horizons Regional Plan. I therefore support the adoption of PC:I.

Dated: 29 August 2025