

**Before the Hearings Panel
At Kapiti Coast District Council**

**Statement of evidence of Dr Kirdan Lees on behalf Kāpiti Coast District
Council (Economics)**

Date: Friday 14 November, 2025

INTRODUCTION:

- 1 My full name is Dr Kirdan Lees. I am employed as a Director and economist at Sense Partners. I am also a Partner in the company.
- 2 I have prepared this statement of evidence on behalf of the Kāpiti Coast District Council (Council) in respect of technical matters arising from the submissions on the Private Plan Change 4 (PPC4) to the Kāpiti Coast District Plan (District Plan).
- 3 Specifically, this statement of evidence relates to claims made in the submissions on PPC4 that relate to economics or have economic characteristics.
- 4 I am authorised to provide this evidence on behalf of the Council.

QUALIFICATIONS AND EXPERIENCE

- 5 I have a PhD in Economics from the University of Melbourne.
- 6 I have worked for many private and public sector clients over the past 15 years, predominantly on issues relating to housing urban economics, including delivering expert evidence in other contexts.
- 7 I am a member of the New Zealand Association of Economists, a member of the Law and Economic Association of New Zealand, and hold an honorary Senior Fellow position at the University of Canterbury.

Code of conduct

- 8 I have read the Code of Conduct for Expert Witnesses set out in the Environment Court's Practice Note 2023.¹ I have complied with the Code

¹ <https://environmentcourt.govt.nz/assets/Practice-Note-2023-.pdf>

of Conduct in preparing my evidence and will continue to comply with it while giving oral evidence before the Environment Court. My qualifications as an expert are set out above. Except where I state I rely on the evidence of another person, I confirm that the issues addressed in this statement of evidence are within my area of expertise, and I have not omitted to consider material facts known to me that might alter or detract from my expressed opinions.

SUMMARY

9 My name is Dr Kirdan Lees.

10 I have been asked by the Council to provide economics evidence in relation to a selection of submissions on PPC4.

11 My statement of evidence addresses these submissions.

INVOLVEMENT WITH THE PRIVATE PLAN CHANGE 4

12 I have been involved with PPC4 since 6 November 2024.

SCOPE OF EVIDENCE

13 My statement of evidence addresses the following matters:

Advancing planning in a staged manner

- 13.1 Rezoning only includes certain properties on Ratanui Road (submission S2.1a and S2.1d)
- 13.2 The claims that changes to the district should be reviewed in a planned manner (S10.1(b))

Demand growth and the assumptions within the Economic Assessment

- 13.3 The claim that the area is not required to be rezoned to GRZ to support growth (S14.1b,f) and the growth strategy only identifies the site as a medium priority (S14.1e).
- 13.4 The assumptions, adequacy and conclusions of the Economic Assessment prepared by Property Economics (S13.5g).

Reverse Sensitivity

- 13.5 That rural lifestyle living zone is designed in part to make use of land with lower productivity potential and to provide a remedy to reverse sensitivity (S15.1g)

Number of retirement villages in Paraparaumu and Waikanae

- 13.6 Observation is made that Paraparaumu and Waikanae have a larger share of retirement villages than other surrounding districts. (S4.1(i))

RECOMMENDATIONS

- 14 I find that in general, the claims in the Property Economics report made about the benefits from PPC4 in terms of meeting demand for the district's growing senior population are reasonable (see S14.1g).

- 15 There are some assumptions and analysis in the report that could be improved. But in general, the key claim in the report – that rezoning enables provision of a retirement village that meets growing demand – is reasonable. This is despite Paraparaumu and Waikanae having a larger share of retirement villages than other surrounding districts.
(S4.1)
- 16 These benefits are substantial at a local level since land supply remains tight within the Kāpiti Coast District.
- 17 At a regional or national level, it is not clear that there are significant benefits given the likely scale of the development, the existence of a number of retirement villages in the area and lower population growth than was otherwise expected in the latest population forecasts provided for the Kāpiti Coast.
- 18 It does contribute to increasing housing affordability since it provides a general increase in housing supply.
- 19 From an economic perspective, in principle, there are benefits from undertaking a strategic approach to accommodating economic growth (see submission 10.1). Consideration of the economic impacts of reverse sensitivity suggest proceeding carefully (see submission S14.1b).
- 20 However, the land is identified in PPC4 as a medium-priority greenfield growth area in Kāpiti Coast District Council's Te Tupu Pai Growth Strategy but not the District Plan or Regional Policy Statement.
- 21 This suggests what is at stake is primarily timing. This reduces the risk that out of sequence development imposes additional costs relative to developing areas not identified in the growth strategy.
- 22 I find the submissions raise no substantive economic issues that are not already canvassed by the Property Economics report.

- 23 The provisions proposed by PPC4, coupled with existing provisions in the District Plan and any relevant National Environmental Standards, are sufficient to address issues of concern at subdivision or development.

STATEMENT OF EVIDENCE

Advancing planning in a staged manner (13.1 and 13.2)

Rezoning carries benefits but potential additional infrastructure costs

- 24 Claims are made about rezoning (see 13.1 and 13.2).
- 25 There can be economic benefits from waiting for a wider plan change rather than adopting plan changes. These can relate to the provision of infrastructure, particularly if developers do not face the full cost of putting in place additional infrastructure.
- 26 Alignment with development strategies could be likely to reduce the cost of infrastructure across the district by improving infrastructure coordination.
- 27 But this would forego clear economic benefits: the additional housing for elderly residents.
- 28 So it is important to consider the extent to which PPC4 aligns with the district growth strategy to assess costs and the extent of any additional infrastructure costs.
- 29 The land is identified in PPC4 as a medium-priority greenfield growth area in part of Kāpiti Coast District Council's Te Tupu Pai Growth Strategy (2022) but not in either the District Plan or Regional Policy Statement.
- 30 Expert advice has confirmed that there is no additional infrastructure required as a result of PPC4.

- 31 The proposal meets the test under the NPS-UD for whether a plan change adds significantly to development since the proposal:
- 31.1 makes a significant local contribution to meeting demand for housing identified in the previous HBA assessment
 - 31.2 responds to demonstrated demand for the proposed land use type in the medium-term
 - 31.3 contribute to increasing housing affordability through a general increase in supply.

KCDC's Te Tupu Pai Growth Strategy

- 32 Kāpiti Coast District Council's Te Tupu Pai Growth Strategy (2022) (the Strategy) outlines the Council's plan to manage growth to 2051 and feeds into the region's Future Development Strategy.
- 33 The Strategy contains a hierarchy of intensification, around current and future urban centres, and a range of greenfield areas identified as high, medium and long-term priority areas for development. Land within PPC4 is within the medium-term growth area.
- 34 The intent behind the strategy is a flexible one: allowing the speed of implementation to respond to growth drivers. Some developments may happen sooner than intended in the Strategy. Others might be deferred.
- 35 So timing relative to the Strategy is an important consideration for PPC4. Land identified as high priority in the strategy could be preferred by the Council for rezoning and development since this land could be expected to have infrastructure needs already clearly identified in the Strategy. Land identified as a long-term priority is likely to be more challenging for infrastructure provision. Land identified as medium-term priority could be considered as sitting between the two cases.

- 36 So the cost of infrastructure and activity that could risk reverse sensitivity for out-of-sequence development, such as PPC4, is likely to be lower than land that is identified as long-term priority. Expert advice is that there are no additional infrastructure costs. Council could also stand ready to simply supply the infrastructure and pass on costs to the developer.
- 37 It is worth noting that updated population forecasts suggest lower levels of growth across the Wellington region in the short to medium term than previously anticipated. This includes the Kāpiti Coast District, which now forecasts between 16,400 – 22,900 additional people in the district across, over the 2024 – 2054 period (50% - 75% percentile scenarios). So benefits of additional housing are lower than previously predicted.
- 38 Any costs also need to be assessed against the potential local benefits from rezoning, enabling the provision of additional housing for elderly residents. On balance, it is not clear that the infrastructure costs outweigh the benefits of the rezoning. This is not a new, unserved area.
- 39 However, the Council notes that over the next 30 years the district's population is expected to age and result in strong growth in the number of people aged 65 years and older. This means the number of one person and couple only households are expected to grow significantly faster than other household types.
- 40 These benefits are substantial at a local level since land supply remains tight within the Kāpiti Coast District.
- 41 At a regional or national level, it is not clear that there are significant benefits given the likely scale of the development, the existence of a number of retirement villages in the area and lower population growth than was otherwise expected in the latest population forecasts provided for the Kāpiti Coast.

- 42 The proposal offers two scenarios. The most likely scenario is development of a retirement village although there is also provision for residential development. The proposal does not provide for a mix of housing typologies or high density.
- 43 It does contribute to increasing housing affordability since it provides a general increase in housing supply.

Predicted growth rates and scenarios in the Property Economics report

- 44 The report uses two forecasts (provided by Sense Partners) that set out possible population levels for different age cohorts at (i) a 50th percentile measure (where the expected population is equally likely to be higher or lower than the projected population) and (ii) a 75th percentile measure (where there is a one-in-four chance the actual population is higher than the projection).
- 45 These projections are widely used for planning throughout the Wellington region and are a base for the analysis conducted on demand for retirement living. For a council wanting to test policies and planning against high population growth scenarios, the 75th percentile is useful.
- 46 However, the report appears to suggest the 50th percentile ...”represents a more conservative baseline as a starting point for the analysis.” And goes on to suggest “the 75th Percentile scenario will be assessed given the increasing attractiveness of Kāpiti Coast as a desirable place to live - due in part to its lifestyle amenities and wellbeing advantages, as well as comparatively lower living costs, i.e. increased relative competitiveness regionally, and improved connectivity to Wellington (via rail and Transmission Gully).”
- 47 From the report, readers could form the view that the 75th percentile is seen as more likely. This is not sufficient evidence provided in the report to make this case. Instead, using the 75th percentile is about

risk management. Good plans should be robust to population growth that is stronger than expected.

- 48 So in general I agree with the key finding from the report: the proposed PPC is likely to generate more economic benefits for the Kāpiti Coast District's local economy and community than economic costs.

The addition of an arbitrary 2-3% penetration rate for 65-74 year olds over and above the 23% penetration rate;

- 49 I agree with the report that states that "If the retirement village penetration rate within the Kāpiti Coast district and the wider region were to rise over the medium to long term due to the district's appeal as a retirement destination and the likely growing acceptance of the retirement village lifestyle, the current 23% penetration rate used in this analysis (and the resulting forecasts for the district's retirement village demand and projected shortfalls) are likely to be conservative."

Limitations on the availability of sites for retirement villages.

- 50 Typically, retirement villages require 5-10 hectares. This is a challenging footprint, when assessed alongside other factors, such as topography and access to amenities (including shops and public transport).
- 51 Most of the benefits from the proposal come from improvements in housing markets by enabling additional supply and enabling choice for potential residents. These benefits are substantial locally since land supply remains tight within the Kāpiti Coast District.
- 52 Most of the report makes reasonable claims about the efficiency and economic benefits of the PPC. These benefits are substantial relative to costs.
- 53 Parts of the report risk overstating benefits by overestimating or double-counting potential benefits. This is true of claims about (i)

economic growth from the development and (ii) the likelihood of stronger than expected demand for retirement living.

54 However, while important these points do not, on their own, undermine the efficiency arguments or the net benefits for the PPC. I agree with the view from the report that it is appropriate from an economic perspective to rezone the land.

Share of retirement villages in Paraparaumu and Waikanae

55 The claim is raised that Paraparaumu and Waikanae have a larger share of retirement villages than other surrounding districts. This is true and I document the retirement villages in Figure 1. There are relatively more retirement villages than in other districts.

Figure 1: Location of retirement villages in Paraparaumu and Waikanae



Source: LINZ and Eldernet

56 However, these areas have an aging population and can accommodate demand from across the broader Wellington region. Any concerns on the commercial viability of the proposal should fall on the landowner. We

should expect some regions to have more retirement villages than others.

Date: Friday 14 November, 2025

Dr Kirdan Lees

Handwritten signature of Kirdan Lees in black ink.

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