

**BEFORE THE HEARINGS PANEL
FOR THE QUEENSTOWN LAKES PROPOSED DISTRICT PLAN**

IN THE MATTER of the Resource Management
Act 1991

AND

IN THE MATTER of Hearing Stream 13 –
Queenstown Mapping
Annotations and Rezoning
Requests

**SUPPLEMENTARY STATEMENT OF EVIDENCE OF KIM BANKS ON BEHALF
OF QUEENSTOWN LAKES DISTRICT COUNCIL**

DWELLING CAPACITY

19 June 2017

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1. INTRODUCTION

- 1.1 My full name is Kimberley Anne Banks. I am employed by the Queenstown Lakes District Council (**Council**) as a senior planner and I have been employed by the Council since 2015.
- 1.2 My qualifications and experience are set out in my first, strategic statement of evidence in chief dated 25 May 2017.
- 1.3 This supplementary statement of evidence relates to the outputs of the dwelling capacity model (**DCM**) recently updated by Council, specifically in relation to the Queenstown component of the Queenstown Lakes District (**District**).
- 1.4 Although this is a Council hearing I confirm that I have read the Code of Conduct for Expert Witnesses contained in the Environment Court Practice Note 2014 and that I agree to comply with it. I confirm that I have considered all the material facts that I am aware of that might alter or detract from the opinions that I express, and that this evidence is within my area of expertise, except where I state that I am relying on the evidence of another person.
- 1.5 The Council, as my employer, has agreed for me to give expert evidence on its behalf in accordance with my duties under the Code of Conduct.

2. SCOPE OF THIS EVIDENCE

- 2.1 In my first strategic statement of evidence at paragraph 9.22, I noted that the Council's DCM was being updated and would contribute to a statement of supplementary evidence. Revised DCM estimates for Queenstown are presented in the Supplementary Evidence of Mr Osborne dated 19 June 2017.
- 2.2 The purpose of my statement of evidence is to consider, from a planning perspective, the outputs of the updated DCM for the Queenstown area and provide a view as to whether any of the s42A

recommendations need to be amended in light of the outputs; and to give effect to the provisions of the NPS-UDC.

2.3 The DCM has also been updated for both the Queenstown and Wakatipu Basin areas (as defined for the purposes of separating Hearing Streams 13 and 14). This evidence includes capacity estimates for both of these areas. However, specific evidence on the DCM will also need to be produced in the Wakatipu Basin hearing stream, to take into account any future variation, and/or acceptance of rezoning submissions,

3. EXECUTIVE SUMMARY

3.1 My assessment is that at this time the Queenstown area has sufficient 'development capacity' as defined by the National Policy Statement on Urban Development Capacity 2016 (**NPS-UDC**) to meet demand to 2048. The DCM findings and Mr Osborne's evidence indicate that there is sufficient feasible and realisable capacity in the Queenstown Ward,¹ and also within the Queenstown Urban Growth Boundary (**UGB**) to provide for housing development capacity within the short, medium and long term, in appropriate locations.

3.2 I therefore do not consider that any further rezoning of rural land to an urban zone or up-zoning of land to higher intensities is needed to provide for future development under the current PDP timeframe (ie, the capacity of the PDP is sufficient for the next ten years, and based on current information is sufficient for the next 30 years) in order to give effect to the NPS-UDC. This capacity is considered to meet the requirements of PA1 of the NPS-UDC. Consequently, in my view the outcomes of the revised DCM do not suggest a need to amend any of the s42A reports' recommendations on the rezonings sought by submitters, noting that rezoning requests have been assessed on their merits and recommendations have been made weighing all relevant statutory considerations.

¹ The Queenstown Ward, being the land covered by both the Queenstown and Wakatipu Basin hearing streams.

- 3.3 The DCM is a live tool, which will be continually updated by Council as development occurs; and as the Proposed District Plan (**PDP**) and NPS-UDC is implemented.

4. APPROACH TO THE DCM UPDATE

4.1 Mr Osborne has set out in his evidence the respective PDP and ODP zones that are located in the 'Queenstown Ward', which for the purposes of the PDP hearings, includes the geographic areas covered by both the Queenstown (Stream 13) and Wakatipu Basin (Stream 14) mapping hearings. Although the 'Wakatipu Basin' forms part of a separate hearing stream, these areas and the capacity within them remain relevant to the key matter of housing capacity.

4.2 Mr Osborne also sets out the methodology and assumptions applied to the current update of the model. To summarise the methodology applied in simple terms, the model has been updated to:

- (a) assess the plan enabled capacity of the PDP;
- (b) discount plan enabled capacity by applying feasibility considerations; and
- (c) discount the feasible capacity of the general PDP urban zones (such as LDRZ) to reflect the likely 'realisable' capacity.

4.3 The realisable capacity therefore represents a more realistic estimate for these general PDP urban zones, which accounts for the fact that a portion of feasible capacity may not be actually 'realised'.

4.4 Feasible and realisable capacity considerations have only been applied to the general PDP urban zones. However, as is explained in Section 5 and identified in **Table 2** of this evidence, and as described in Mr Osborne's evidence, those considerations have not been applied to "Special Development" zones.

4.5 The overall updated DCM outputs are based on the Stage 1 PDP zones (Volume A of the PDP), and where land has not been notified in Stage 1, on the Operative District Plan zones (Volume B of the

PDP). As subsequent stages are notified and land is subject to a PDP zone, the DCM will need to be revisited. I understand that further evidence will be filed by the Council through this district plan review process and that the staged implementation of the NPS-UDC will require more sophisticated monitoring and analysis of development capacity as well as a wide range of information related to urban development in the near future.

4.6 Some rezonings and UGB extensions have been recommended to be accepted through the s42A analysis. The plan enabled capacity of these rezonings (nor feasible and/or realisable capacity) has not been incorporated into the DCM. If these rezonings are also recommended by the Panel, they will further supplement the capacity estimates of the PDP. In total, s42A recommendations are estimated to provide additional plan enabled capacity of **561** dwellings. These are discussed in Section 7.

4.7 This supplementary evidence does not address land supply for industrial and other classes of pure business land (defined in the NPS-UDC as 'Business Land'). Capacity estimates have been included for the Queenstown Business Mixed Use Zone, however these consider residential capacity only, and not the capacity of business land provided. The Council has undertaken to review the Operative 'Business and Industrial' zone, and 'Frankton Flats A' zone as part of subsequent stages of the review² and the supply and capacity of Business Land will be investigated as part of that review, in addition to the timeframes of the NPS-UDC for the Housing and Business Assessment. I note that separate statements of evidence relating to industrial and commercial and supply requirements³ were provided alongside s42A evidence for Stream 13 in response to specific submissions made in Stage 1 and this evidence has been taken into consideration within officers' recommendations for submissions on this hearing.

2 Report for Agenda Item 1: Proposed District Plan Review Timeframe, 24 May 2017, <http://www.gldc.govt.nz/assets/Uploads/Council-Documents/Committees/Planning-and-Strategy-Committee/8-June-2017/Proposed-District-Plan-Review-Timeline/1.-Proposed-District-Plan-Review-Timeline.pdf>

3 Statement of Evidence of Timothy Heath (Commercial Land Requirements) dated 24 May 2017; Statement of Evidence of Philip Osborne (Commercial Office and Industrial Land) dated 24 May 2017

- 4.8** If any investigations as part of the forthcoming review of industrial land identify a shortage of business land development capacity (and therefore failure to give effect to the NPS-UDC) the Council has the option of addressing this within the notified zone extent and plan provisions in later stages, or initiating a variation over Stage 1 land to address this matter.
- 4.9** Plan enabled capacity for multiple dwellings on one site has been included in the DCM based on the development potential provided by zone density provisions. However, capacity for new residential flats was not included in the DCM, despite the fact they are a permitted activity in the PDP.⁴ While residential flats do provide some additional capacity, and are considered an important housing choice, they have not been included in the DCM because, whilst every residential lot can be assumed to contain at least a single residential unit, the development of residential flats is less common, and subject to many variables including the layout and position of the dwelling on the property. Also, residential flats cannot be sold separately from the principal dwelling, and in many instances they are used on an intermittent basis for visitor accommodation, home offices, or private guests (or a combination of these). For these reasons, it is considered inappropriate to rely on this type of land use as providing realisable capacity.
- 4.10** The evidence of Mr Osborne notes that the development of flats is more common in an economic environment in which home ownership (or return on residential investments) is difficult, and additional income sources are desired. This would appear to be relevant to the Queenstown market. However, a review of Council's rates database shows that there are approximately 63 registered residential flats in the Upper Clutha area and approximately 231 registered residential flats in the Queenstown Ward, which equates to a District Wide number of approximately 294. These numbers show that registered residential flats are a low level supplier of overall housing capacity and demonstrate why it is not appropriate to rely on residential flats to meet capacity requirements.

4 Where Residential Activity is permitted (e.g. Residential Zones), or authorised by way of resource consent (e.g. Rural Zones).

4.11 I recognise that residential flats can provide one of a number of potential sources of residential capacity that exist outside of and in addition to what has been modelled. Future provisions for visitor accommodation developed in Stage 2 may also have a consequential effect on the future development of this housing type.

4.12 Finally, I note that the DCM does not account for or analyse the effect of private covenants on realisable capacity. This is because:

- (a) Council is not a party to many of these covenants and does not collate records of these that can be easily searched, other than through a site by site investigation of certificates of title; and
- (b) whether a covenant is complied with or breached is a civil matter, and the ability to amend or remove encumbrances may change over time outside of any council process.

4.13 Whilst covenants cannot be comprehensively accounted for in the DCM, the Council is aware of particular locations where covenants are understood to apply, and may limit the ability to undertake infill development. For example the following areas are generally known to be subject to covenants, although the effect and number of properties affected in these areas are not well known:

- (a) Arthurs Point LDRZ;
- (b) Lake Hayes Estate LDRZ (parts of the ODP Rural Residential Zone which have been rezoned to LDR under the PDP); and
- (c) Kelvin Heights LDRZ.

4.14 It is acknowledged that realisable capacities for these areas may, in reality, be less than that indicated by the DCM. However, this effect is not anticipated to significantly change the overall conclusions in this evidence, because discounting has been applied to these areas in the DCM in reaching the 'realisable' capacity estimates.

5. COMMENTS ON APPROACH TO PARTICULAR AREAS

5.1 The evidence of Mr Osborne (at section 7) outlines the approach applied to particular "Special Development" zones included in the DCM, where the feasibility and releasable considerations have not been applied to plan enabled capacity, or a figure of zero capacity has been allocated to a particular zone type. In addition to his comments, below I provide additional detail for the ODP Rural Visitor Zones, PDP Waterfall Park, and Special Housing Areas (**SHAs**).

ODP Rural Visitor Zones

5.2 A specific figure for capacity of 200 dwellings has been used for the Rural Visitor Zone at Arthurs Point (rather than running the plan enabled capacity through the feasibility and realisable considerations). The operative Rural Visitor Zone provisions contain no maximum density or minimum lot size, and can enable buildings between 8 to 12m as a controlled activity, making it difficult to anticipate the likely yield. While a large amount of capacity could have been relied on recognising the enabling provisions of this zone, a conservative figure of 200 has been applied to the Rural Visitor zone at Arthurs Point, which is based on historical development within the zone.

5.3 No capacity for the Rural Visitor Zones at Arcadia, Blanket Bay, Walter Peak and Cecil Peak has been included in the capacity analysis. This is because of their remote locations, their primary use for tourism and visitor accommodation, and the general low level of existing residential activity in these areas. I consider that including capacity for these areas may lead to misinterpretation of realisable development potential, in locations potentially subject to lower comparative demand (refer Table 2 of Mr Osborne's evidence). Therefore in my view it is more appropriate that these areas be excluded, enabling a more conservative analysis.

PDP Waterfall Park Zone

5.4 The Waterfall Park Special Zone allows for a maximum of 100 residential units in the zone (Rule 42.5.2 of the PDP). However, a capacity of 49 has been used in the capacity analysis. I consider this

to be a more realistic capacity for this zone as it is understood to be affected by natural hazards (flooding and liquefaction), geotechnical constraints and limited solar gain, which in practice will restrict locations of development and reduce the likely development yield.

Special Housing Areas (SHAs)

5.5 Mr Osborne at paragraph 7.2 has noted that the capacity provided by SHAs has been identified separately), to ensure that SHAs located within existing residential zones are not duplicated in the capacity estimates. Capacities included from SHAs recognise approved SHAs only (and the underlying zone for the same area of land has not been included, so there is no double counting). Any future SHAs which are proposed under Council's recently revised Housing Accord and Special Housing Areas Act 2013 Implementation Policy (2016)⁵ will further supplement the capacity estimates. In September 2016 the Housing Accords and Special Housing Areas Act 2013 (**HAASHA**) was amended to extend the deadline for establishing SHAs to 16 September 2019.

5.6 The Arthurs Point SHA is partly located in the LDR and Rural Zones of the PDP, while the Bridesdale SHA is partly zoned LDR, Rural Lifestyle and Rural. Therefore the capacities in the LDR and Rural Lifestyle Zones have been removed from the model, and a zero figure attributed to them.

5.7 However, the capacity of the (approved) Business Mixed Use Zone (Gorge Road) SHA has been removed from the analysis, as the developer no longer wishes to proceed with this development.⁶ Instead the zone capacity of the BMUZ for this area remains within the estimates.

6. PREVIOUS EVIDENCE ON DWELLING CAPACITY

6.1 I refer to and adopt paragraphs 4.2 - 4.3 of Mr Craig Barr's revised supplementary evidence for the Upper Clutha hearing stream, where

5 <http://www.qldc.govt.nz/assets/Uploads/Planning/SHA/Housing-Accord-and-Special-Housing-Areas-Lead-Policy-24.11.16.pdf>

6 Resource Consent Number SH160147.

he sets out and explains previous evidence given to a differently constituted Hearing Panel on dwelling capacity.

7. POPULATION AND DWELLING PROJECTIONS AND USE OF HOUSING

7.1 The District is one of the fastest growing areas in New Zealand in terms of its percentage increase in population growth, and has also become one of the least affordable in terms of the cost of housing.⁷

7.2 In August 2016 the Council contracted Rationale Limited (**Rationale**) to produce fine grained population growth and visitor growth projections for the next 40 years (to 2058) to use for its 10 Year Long Term Plan, 30 Year Infrastructure Strategy and other strategic planning work from the more granular data from Statistics New Zealand. These latest projections utilise revised growth projections from Statistics New Zealand, which now forecast higher growth rates than previous years. Rationale has recommended the adoption of a modified 'medium-high' growth scenario, slightly below the Statistics New Zealand 'high growth' scenario (this modified scenario is considered by Mr Clarke to better reflect historical growth trends for the District and provides more realistic predictions).⁸ The most recent population growth projections are dated May 2017 and are attached to, and discussed in the evidence of Mr Walter Clarke.

7.3 The population projections produced by Rationale show a District wide population growth (usually resident population) of 2.6% per annum increase to 2028 (representing a projected increase in population in 2018 from 38,048 to approximately 49,277 in 2028 and 66,355 in 2048). These projections are indicating that the District will almost double in size within the next 30-40 years. Rationale's projections show that the Wanaka Ward will grow at a slightly higher rate, with approximately 2.9% per annum increase to 2028 while the Wakatipu Ward will have a growth rate of approximately 2.5% to 2028.

7 <http://www.mbie.govt.nz/info-services/housing-property/sector-information-and-statistics/housing-affordability-measure>

8 Paragraph 5.26.

7.4 Population projections for the Wakatipu Ward (ie, Queenstown Ward) are illustrated in **Table 1** below. These indicated a predicted increase in the resident, population of 7070 (between 2018 to 2028) and 18,289 (between 2018 to 2048).

Table 1: Population projections (Usually resident population), Wakatipu Ward

	2018	2028	2038	2048
Wakatipu	25,557	32,627	38,330	43,846

7.5 In terms of total dwelling numbers required to meet the predicted growth, Rationale's projections are illustrated in **Table 2** below.

Table 2: Predicted dwellings to 2048

	Predicted dwellings 2018	Predicted dwellings 2028	Predicted dwellings 2038	Predicted dwellings 2048
Wakatipu	12,128	15,254	17,784	20,261
Wanaka	7,590	9,420	10,483	11,334
District Wide	19,718	24,674	28,267	31,595

7.6 Increases in both the holiday home market and tourism have an impact upon the PDP's capacity to cater for the District's usually resident population. This is either through properties remaining empty for the majority of the year, or being utilised for visitor accommodation purposes rather than for conventional residential activity, including the growing online house rental market through websites such as BookaBach and AirBnB. I note that the predicted dwelling demand estimates in **Table 2** incorporate a percentage of 'unoccupied dwellings' (identified separately in **Table 3** below and defined in the evidence of Mr Clarke) which accounts for both pure vacant or empty houses, as well as houses used for visitor accommodation.

7.7 In October 2015 the Council resolved to formally withdraw provisions relating to visitor accommodation (**VA**) within the Low, Medium and High Density Residential Zones from the PDP due to concerns with

the popularity of using housing for visitor accommodation activities and its potential impacts on available housing supply. The Council intends to address this through notification of provisions specifically addressing VA in a later stage of the District Plan Review. The Council will need to be cognisant of how VA rules could affect the DCM and feasibility. The effect of VA demand on the housing market will also be assessed in more detail alongside the first comprehensive Housing and Business Assessment for the NPS-UDC which is required by 31 December 2017.

7.8 Table 3 below presents Rationale's projections for the portion of 'unoccupied' dwellings which form a part of the total predicted dwelling numbers (shown in **Table 1** above). The projections in **Table 3** show that in 2018, 19% of the housing supply for the Wakatipu Ward is predicted to be comprised of unoccupied dwellings. However, over time a steady decrease is predicted; Mr Clarke in his evidence indicates a greater utilisation of the dwelling stock by the resident population and a trend towards visitors staying in commercial accommodation as a result of increasing international visitor numbers. It is noted that the trend over the next 30 years is an overall increase in the crude numbers of unoccupied dwellings (708 additional unoccupied dwellings by 2048, averaged out to approximately 23 per year), but the overall percentage within the housing stock decreases.

Table 3: Rationale Unoccupied dwelling projections (% of overall housing stock indicated in the brackets). (NB the figures of Table 3 are a portion of those presented in Table 2).

Predicted Unoccupied Dwellings	2018	2028	2038	2048
Wakatipu	2303 (19%)	2679 (18%)	2881 (16%)	3011 (15%)
Wanaka	2409 (32%)	2471 (26%)	2194 (21%)	1817 (16%)
District Wide	4712 (24%)	5150 (21%)	5075 (18%)	4828 (15%)

8. SUMMARY OF UPDATED DEVELOPMENT CAPACITY MODEL OUTPUTS FOR THE QUEENSTOWN WARD

8.1 **Table 4** below is taken from Mr Osborne's evidence (his Table 3) and illustrates the 'plan enabled' dwelling capacity (identified as 'enabled') and the estimated 'feasible' and 'realisable' capacity estimates after applying discounting factors.

8.2 As set out in Mr Osborne's evidence (and discussed at paragraph 3.2 here), the 'realisable' capacity removes a further 50% from the outputs of the 'feasible' (or theoretical) capacity for the general PDP urban zones (the "Special Development" zones are treated differently).

Table 4: DCM Enabled and Realisable Capacity Outputs for the Queenstown ward

Zone Areas	Zone Name	Enabled	Feasible	Realisable*
Low Density Residential	Low Density Residential	9,500	5,700	3,040
Medium Density Residential	Medium Density Residential	1,565	689	310
High Density Residential	High Density Residential	2,395	1,090	491
Business Mixed Use	Business Mixed Use	747	556	278
Rural Residential	Rural Residential	267	164	74
Rural Lifestyle Zone	Rural Lifestyle Zone	359	215	97
Local Shopping Centre	Local Shopping Centre	162	162	73
Queenstown Town centre	Queenstown Town centre	196	146	66
Arrowtown Town Centre	Arrowtown Town Centre	32	21	9
Township	Township	293	157	70
Subtotal		15,516	8,900	3,507
Zone Areas	Zone Name	Enabled	Feasible	
R.G. Glenorchy	Rural General	37	37	
R.G. Wakatipu	Rural General	371	371	
Gibbston Character	Gibbston Character	160	160	
Ferry Hill RR Sub-Zone	Rural Residential	7	7	
Bobs Cove RR Sub-Zone	Rural Residential	32	32	
TC Queenstown (PC50)	Queenstown Town centre PC50	647	647	
SP Remarkables Park	Special Purpose	4,500	4,500	
Jacks Point	Urban Special	3,700	3,700	
Quail Rise	Quail Rise	13	13	
Bendemeer	Special	38	38	
Millbrook	Special	251	251	
Waterfall Creek	Special	98	49	
Meadow Park	Special	28	28	
Shotover Country	Special	248	248	
Kingston Village	Special	550	550	
Arrowtown South	Special	13	13	
Arthurs Point	Rural Visitor	200	200	
Frankton Flats B	Special	750	750	
Subtotal		11,643	11,594	-
Total		27,159	20,494	15,101
Special Housing Areas	Zone Name	Enabled	Feasible	
SHA Arrowtown Retirement Village	Arrowtown Retirement Village	195	195	
SHA Shotover Country	Shotover Country	101	101	
SHA Business Mixed Use Zone	Business Mixed Use Zone (Gorge Rd)	143	-	
SHA Queenstown Country Club	Queenstown Country Club	346	346	
SHA (Arthurs Point)	Arthurs Point	88	88	
SHA Onslow Road	Onslow Road	21	21	
SHA (Bridesdale)	Bridesdale	134	134	
Subtotal		1,028	885	
Total		28,187	21,379	15,986

*Including 30% reduction in Greenfield areas for development of infrastructure

8.3 Additionally, **Table 5** (Mr Osborne's Table 4) breaks both demand and realisable capacity down into the sub-areas of Queenstown.

Table 5: Queenstown Geospatial Demand and Capacity Distribution (2048)

Queenstown Sub-Area	Estimated Demand	Estimated Realisable Capacity	Margin
Queenstown Bay	89	1,489	1,400
Queenstown Hill	1,605	1,138	467
Sunshine Bay	510	407	102
Arthurs Point	284	508	224
Frankton	361	79	282
Frankton East	704	3,626	2,922
Kelvin Heights	249	1,850	1,601
Lake Hayes	198	163	35
Lake Hayes South	732	928	196
Jacks Point	1,100	2,664	1,564
Arrowtown	70	343	273
Glenorchy	199	198	1
Kingston South	38	642	604
Wakatipu Basin	536	459	77
Outer Wakatipu	183	425	242
Inland Water-Lake Wakatipu	0	0	0
Wakatipu Overflow	1,275	0	1,275
Total	8,133	14,900	6,786

8.4 Mr Osborne notes that the above table demonstrates that most of the areas (by volume) have more than sufficient capacity while for those that may not meet expected demand (identified in red) there is sufficient capacity in close proximity. Also that demand is likely to shift over time towards those areas with sufficient capacity. Land in the Rural zones forming part of the Wakatipu Basin hearing stream may also lead to different capacity figures stated for 'Wakatipu Basin' and 'Wakatipu overflow' through either changes to density and/or zone types made by the Council through a possible variation, or subsequent rezoning submissions.

8.5 The evidence of Mr Osborne and Mr Clarke indicates the following:

- (a) predicted dwelling demand for the Wakatipu ward is **8133** dwellings between 2018 to 2048 (or 8,733 to 9,333 inclusive of latent demand of between 600 and 1200);⁹
- (b) predicted dwelling demand, inclusive of 15% and 20% buffers suggested by the NPS-UDC are **10,350** and **10,800** respectively;

9 Paragraph 5.13 of Mr Osborne's evidence.

- (c) feasible and realisable capacity *including* SHAs is **15,986 (Table 4)**; and
- (d) feasible and realisable capacity *excluding* SHAs is **15,101 (Table 4)**.

8.6 I also note that of the DCM capacity estimates indicated in my **Table 4**, approximately **14,500** is within zones located within the 'Queenstown UGB'.

9. ANALYSIS

9.1 As already mentioned the data inputs, assumptions and findings of the updated DCM are described in the evidence of Mr Osborne dated 16 June 2017. The outcomes of this analysis indicate that the 15,101 available capacity (**Table 3**, excluding SHAs) is more than sufficient to meet projected dwelling demand (8,133 dwellings) to 2048; and inclusive of 15% and 20% buffers suggested by the NPS.

9.2 Mr Osborne discusses a number of assumptions and local market considerations which have been accounted for in the model, and result in significantly lower 'feasible' and 'realisable' capacity estimates than the initial 'plan enabled capacity'. These include the high prevalence of land trading, sales prices, building costs and profit margins (to name a few). The feasible and realisable capacity estimates have been used as the basis for determining whether sufficient capacity is provided by the PDP for the Queenstown Ward.

9.3 The updated DCM shows there is sufficient capacity for urban development available within the Queenstown Ward to meet predicted demand to 2048, inclusive of a 15% buffer required for the 10-30 year Long term period and the 20% buffer required for the next 10 years of the Short and Medium term periods under the NPS-UDC (similar to the Upper Clutha).

9.4 Based on this information, I do not consider that any amendments are required to the Council's 25 May 2017 s42A recommendations on rezonings and mapping annotations sought by submissions seeking residential development capacity to give effect to the NPS-UDC. I

consider the PDP Strategic Directions (Chapters 3 – 6) and the spatial application of zonings and overlays in terms of the Stage 1 PDP zones and the Queenstown UGB is appropriate.

- 9.5** I also consider that the evidence of Mr Osborne and the outputs of the updated DCM, rebut the case that is pre-empted in several statements of expert evidence filed by submitters,¹⁰ that their rezoning is justified in order to ensure that the Council is giving effect to the NPS-UDC.
- 9.6** I refer to paragraphs 8.1 – 8.84 of my Strategic evidence where I explain the development, strategic direction and zoning structure of the PDP. In my view, Chapters 4 (Urban Development) and 6 (Landscapes) of the PDP operate in a complementary manner to each other to provide an appropriate framework to focus growth within the UGBs and to protect the District's valued landscapes, in terms of both their intrinsic value, and economic value to the region.
- 9.7** The Queenstown UGB will provide a key tool in achieving a compact and integrated urban form and discouraging ad hoc development outside its boundaries. The location of the UGB has been recommended to be increased in some instances in response to submissions. Whilst the UGB is intended as a defensible urban edge, Chapter 4 (policy 4.2.2.5) does provide for the UGB to be refined over time to meet community needs. It is anticipated that as NPS-UDC work streams are advanced and the DCM is continually refined, the UGB can be reviewed (for example alongside the Future Development Strategy as per PC12-14 of the NPS-UDC). In order to provide certainty to the community and infrastructure providers and to promote a compact urban form, efficient use of land and an orderly approach to urban growth, the UGB is not intended to be moved frequently.
- 9.8** I am mindful of the Panel's Minute¹¹ where it asked the Council to address the Panel on whether the provisions of the PDP give effect to the recently gazetted NPS-UDC, and *"if so, the basis for that view. It*

10 Including 338, 48, 661, 150, 328, 494, 543, 628,790.

11 Minute concerning the National Policy Statement on Urban Development Capacity, 8 February 2017, at paragraph 2.

would be helpful if this question is answered on the basis of a chapter by chapter summary". The Council's response to the Panel¹² stated:

Whether the PDP has gone far enough, or has failed to go far enough, in enabling effective and efficient urban environments has been a key question throughout the preparation and hearing of Stage 1 of the PDP, and was a live issue for the Council prior to the gazettal of the NPS. The NPS now assists in prescribing how the Council should inform itself in making such decisions. It 'ups the ante' in this regard but the need to consider these relevant matters has not previously been overlooked. In the Council's view, giving effect to the NPS in making decisions on Stage 1 chapter text can be done with the evidence the Panel has already received.

- 9.9** I agree with and support the above statement. Specific measures have been recommended through the PDP zone provisions to enable increased capacity within existing urban zones. The increased densities and reduced minimum lot sizes that are enabled within the Stage 1 PDP zones (notified provisions) have been incorporated into this revised DCM evidence. The changes made through the notified PDP which provide for additional capacity were summarised in the reply of Mr Paetz for the Strategic Direction and Urban Development Chapters.¹³
- 9.10** The reply versions of chapters may also have an effect on further increasing the plan enabled capacity of urban zones, as may the development of residential flats (discussed previously).
- 9.11** Through my Strategic report and the five specific reports (Group 1A prepared by Ms Ruth Evans; Group 1B prepared by me; Group 1C prepared by Ms Rosalind Devlin; Group 1D prepared by Ms Vicki Jones; and Group 2 prepared by Mr Robert Buxton), several rezoning requests are recommended to be accepted or accepted in part. These recommended rezonings are also not included in the figures of the updated DCM.

12 Dated 3 March 2017, at paragraph 12.
13 Paragraphs 7.4 to 7.13.

9.12 A summary of these rezonings and their possible yield in terms of plan enabled capacity for additional dwellings is provided below and is therefore in addition to the DCM estimates. I note that the list below includes only those rezoning submissions that have been accepted in the s42A reports. The following list may therefore change following the rebuttal period if more information is provided by submitters which enables the reporting planner to amend their recommendation to accept the rezoning:

- (a) **Area 1A** Queenstown Urban – Business and Industrial: there are no rezoning submissions accepted in this group which will increase residential capacity;

- (b) **Area 1B** Queenstown Urban – Frankton and South:
 - (i) Hansen Road to Ferry Hill Drive:
 - (i)1. rezone from MDR to Rural: loss of 195 residential units;
 - (i)2. rezone from MDR to HDR: 646 additional residential units;
 - (i)3. equating to an overall gain of 33 residential units;¹⁴
 - (ii) rezone Part of Lot 1 and 2 DP 486552 from Rural to Rural Residential (James Canning Muspratt – 396): 3 additional rural residential units;
 - (iii) rezone Section 35 Blk XXXI TN of Frankton from Rural to LDR (QLDC, 790): 1 additional residential unit;
 - (iv) rezone 61,630m² from LDR to MDRZ and LSCZ (Bonisch consultants – 425): 26 additional residential units;

¹⁴ The downzoning of a part of the Frankton MDRZ to Rural is estimated to result in a loss of 195 MDRZ units. The recommended Frankton HDRZ is estimated to enable a total of 646 units. The entire area of notified MDRZ between Hansen Road and Ferry Hill Drive was estimated to have enabled 613 residential units. Therefore the overall gain in capacity as a result of my recommendation (as compared to the notified PDP) for Rural and HDRZ zoning between Hansen Road and Ferry Hill Drive is a gain of 33 residential units.

- (v) rezone Lot 4 DP 336050 (comprising an area of 21,599m²) from LDR to MDR (Bonisch consultants – 425): 26 additional residential units; and
 - (vi) rezone 181,000m² from Rural to LDR (Bonisch consultants – 425): 274 additional residential units.
- (c) **Area 1C** Queenstown Urban – Central, West and Arthurs Point:
- (i) rezone from MDR to HDR Zone (Remarkables Height Limited 347): 24 additional residential units;
 - (ii) rezone from Rural to MDR Zone (QLDC 790): approximately 54 additional residential units;
 - (iii) rezone from Rural to LDR (QLDC 790): 6 additional residential units;
 - (iv) rezone from LDR to MDR (Reddy Group Limited 699) approximately an additional 3 residential units;
 - (v) rezone MDR to HDR zone (Dato Tan Chin Nam 61): approximately 64 additional residential units;
 - (vi) rezone from Rural to ODP Rural Visitor (Darryl Sampson & Louise Cooper 495): 47 additional residential units.
- (d) **Area 1D** Queenstown Urban – Jacks Point Extension (noting that Ms Jones has also provided support in principle for a further 312 residential units that would result from proposed amendments to the structure plan, subject to further evidence on traffic and servicing from submitters. At the time of filing this evidence, the Council's position on the rebuttal has not been confirmed, and therefore the 312 is not included as recommended capacity because the submission is (in part) rejected in the s42A report):
- (i) Increase the density of OSR (West and East) of the Homestead Bay part of the Jacks Point Zone and the adjacent Rural Land (Jardine Family Trust and Remarkables Park Station Ltd (715)): approximately 27 additional allotments;

(e) **Area 2 Rural:** there are no rezoning submissions accepted in this group which will increase residential capacity.

9.13 I note that the estimated yield from these rezonings recommended to be accepted or accepted in part is plan enabled yield, which does not factor in feasibility constraints, or estimated realisable development. However, the yield has been based on the zone area, less 32% discounting for access, roads, reserves, landscaping and servicing (as discussed at section 17 of my Strategic s42A).

9.14 The overall new plan enabled yield based on the recommendations above is in the order of **561** additional dwellings. Because these recommendations are not part of the DCM findings as set out in Mr Osborne's evidence above, the estimated additional capacities would differ from the above if they were to be 'put through' the feasibility analysis of the DCM. Overall, this is considered to be a relatively small number in comparison to the existing plan enabled capacities evident in the DCM.

9.15 The Council's rebuttal for the Queenstown Mapping hearing will be filed on 7 July 2017, after the filing of this supplementary evidence. If there are any changes to recommendations made through rebuttal, then the overall new plan enabled yield will need to be revisited.

Summary as to residential development capacity

9.16 The findings of the DCM identify that there is adequate feasible and realisable residential development capacity within the Queenstown Ward to provide for projected growth in the short, medium and long term as defined in the NPS.

9.17 I do not consider it necessary for any of the s42A authors to revisit their recommendations to support or support in part the rezoning submissions being considered in this hearing stream to provide additional urban development capacity at this time, in order for the Council to meet its obligations to give effect to the NPS-UDC. In other words, this analysis does not support revising the analysis and/or section 32AA evaluations relating to the recommended

rezonings previously submitted, which have been undertaken weighing all relevant statutory considerations.

- 9.18** Compared to the overall capacity as illustrated in the DCM output, the rezonings supported by the Council s42A reports provide only a small increase to plan enabled dwelling capacity. However, this increase will assist in terms of the variety of housing options available and locations.

10. NATIONAL POLICY STATEMENT ON URBAN DEVELOPMENT CAPACITY 2016

- 10.1** The Council provided a supplementary memorandum regarding the NPS-UDC on 19 April 2017.

- 10.2** As set out in paragraph 6 of that memorandum, the Council's view is that the District contains two urban environments (Queenstown Urban Environment and Wanaka Urban Environment). The Queenstown Urban Environment comprises Sunshine Bay, Queenstown Bay, Queenstown Hill, Frankton, Frankton East, Arthurs Point, Kelvin Heights, Lake Hayes South, Arrowtown, Hanley's Farm, and Jacks Point.¹⁵

- 10.3** The Council noted at paragraph 2 that as Queenstown is a 'high growth urban area' under NPS-UDC, the NPS applies to the District as a whole.

- 10.4** Therefore in the context of this hearing, Objectives OA1, OA2, OA3, OC1 and OC2, and OD1 and OD2 apply to the Queenstown Urban Environment, as do Policies PA1 to PA4. I provide the following analysis of Policies PA1 – PA4:

15 The Queenstown urban environment has been separated into two separate hearing streams (Stream 13 and Stream 14). All areas/zones forming part of the Queenstown urban environment have been included in the DCM, however this analysis does not make any comment on land within the Wakatipu Basin hearing stream (Stream 14) as this land is not currently subject to recommendations in response to submissions.

NPS Policy PA1:

PA1: *Local authorities shall ensure that at any one time there is sufficient housing and business land development capacity according to the table below:*

Short term	<i>Development capacity must be feasible, zoned and serviced with development infrastructure.</i>
Medium term	<i>Development capacity must be feasible, zoned and either:</i> <ul style="list-style-type: none"><i>serviced with development infrastructure, or</i><i>the funding for the development infrastructure required to service that development capacity must be identified in a Long Term Plan required under the Local Government Act 2002.</i>
Long-term	<i>Development capacity must be feasible, identified in relevant plans and strategies, and the development infrastructure required to service it must be identified in the relevant Infrastructure Strategy required under the Local Government Act 2002.</i>

10.5 The following components of PA1 are relevant and defined in the NPS as set out below:

Development capacity means in relation to housing and business land, the capacity of land intended for urban development based on:

- (a) *the zoning, objectives, policies, rules and overlays that apply to the land, in the relevant proposed and operative regional policy statements, regional plans and district plans; and*
- (b) *the provision of adequate development infrastructure to support the development of the land.*

Short term means within the next three years.

Medium term means between three and ten years.

Long term means between ten and thirty years.

Development infrastructure means network infrastructure for water supply, wastewater, stormwater, and land transport as defined in the Land Transport Management Act 2003, to the extent that it is controlled by local authorities.

10.6 I consider that the DCM outputs as illustrated in **Table 4** above, and in Mr Osborne's evidence illustrate that the Queenstown Ward has sufficient realisable development capacity for residential development in the short, medium and long term.

10.7 In terms of the extent to which the realisable development is available for the provision of adequate development infrastructure, I refer to the strategic evidence of Council's Chief Engineer, Mr Ulrich Glasner [CB37] where he states that a critical part of Council's ongoing commitment to delivering on its obligations under the Local Government Act 2002 (**LGA**) is its ability to manage projected growth through integrated planning, and in particular:¹⁶

(c) *an integrated approach has resulted in a PDP strategy for a more compact urban form through use of Urban Growth Boundaries (UGBs), along with the encouragement of intensification of land use in identified areas within the UGBs;*

(d) *I support the implementation of the proposed UGBs around existing urban areas as being an effective way to support infrastructure provision, which will provide certainty to QLDC and the wider community to plan, fund and implement infrastructure and development;*

(g) *the PDP's strategic approach to urban development is well aligned to QLDC's various non-RMA infrastructure plans and strategies, including in particular the 2015 – 2045 Infrastructure Strategy and the current Long Term Plan;*

16 See Mr Glasner's Executive Summary, at paragraph 2.

- (h) *based on the current provision of and planning for infrastructure, the strategic approach to urban development in the PDP is both appropriate and achievable provided that the general pattern and location of urban growth and development is consistent with that the strategic approach; and*
- (i) *no major infrastructural constraints or issues exist that would prevent a more consolidated form and pattern of urban development from being realised.*

10.8 Mr Glasner supports the implementation of the Queenstown UGB because it will be an effective way to support infrastructure provision, which will provide certainty to the Council and wider community to plan, fund and implement infrastructure and development.

10.9 In his evidence for Stream 13, Mr Glasner discusses (at paragraph 3.6) that it is much more efficient to service new developments where capacity already exists; and that extending Council's networks further into rural land outside the urban limits will be inefficient, resulting in increased operational, maintenance and renewal costs for QLDC over the long term. Within existing urban areas that have access to three waters infrastructure, Mr Glasner has generally not opposed rezoning submissions; and in terms of the NPS-UDC, the rezonings not opposed by Mr Glasner are able to meet servicing requirements of PA1 as they are either included in the current LTP, or can be easily aligned with infrastructure planning processes.

10.10 Therefore, with regard to housing, I consider that the capacity of the PDP available in the Queenstown area is consistent with the requirements of Policy PA1, through being zoned and aligned with infrastructure planning processes of the LTP.

10.11 Policies PC1 to PC4 are the 'Responsive Planning' suite and are related to PA1 associated with factoring in the proportion of feasible development capacity that may not be developed. Policy PC1 requires an additional margin of 20% in the short term and 15% in the long term.

- 10.12** Mr Osborne's evidence analyses the feasible and realised development capacity and the expected rate of take-up of the development capacity. He concludes that there is enough feasible and realisable urban development capacity in the Queenstown Urban Environment to provide for estimated population growth over the next 30 years to 2048.
- 10.13** Population projections for Queenstown estimate demand for new dwellings will be approximately 12,128 at 2018; and 20,261 at 2048. This accounts for a growth in dwellings of approximately 67% over the next 30 years. The DCM outputs are predicting realisable capacity of 15,986 for the Queenstown area, inclusive of approved SHAs; or 15,101 exclusive of SHAs (and relying on the underlying zoning).
- 10.14** With regard to Policies PC2-PC4, further research will be undertaken if necessary as part of the overall Council response to determine whether or not a higher margin is more appropriate. This will form part of the housing and business assessments that the NPS requires be completed by 31 December 2017.

NPS Policy PA2:

PA2: Local authorities shall satisfy themselves that other infrastructure required to support urban development are likely to be available.

- 10.15** Key providers of community services and infrastructure including Aurora (electricity distribution), Chorus, Spark and Vodafone (Telecommunications), the Minister of Education, Minister of Police and the Southern District Health Board have had the opportunity to submit, and have submitted, on the PDP.
- 10.16** These submitters have been involved with advancing their respective interests. However I am not aware of any of these submitters raising fundamental concerns associated with the provision of infrastructure or services to land in the Queenstown area enabled by the PDP for urban development.

- 10.17** In terms of transport infrastructure, NZTA and ORC have been and remain actively involved in the PDP as a submitter and further submitters. The evidence and recommendations of the s42A reports have noted some traffic and parking constraints in particular locations, and considered the effect of planned improvements which may improve current conditions.
- 10.18** I also consider that there is adequate open space within, and adjacent to the Queenstown Urban Environment. This is evident in Council's current development contributions policy in which reserve contributions are not imposed for brownfield sites.¹⁷ It is stated in this policy that across the District the level of service for publicly accessible park provision is significantly higher than the national average.
- 10.19** I am satisfied that Other Infrastructure¹⁸ required to support urban development is likely to be available in the areas identified in the Queenstown Urban Environment and the areas recommended to be rezoned through s42A analysis. I therefore consider that the Queenstown zonings in the PDP give effect to Policy PA2.

NPS Policy PA3:

PA3: When making planning decisions that affect the way and the rate at which development capacity is provided, decision-makers shall provide for the social, economic, cultural and environmental wellbeing of people and communities and future generations, whilst having particular regard to:

- a) Providing for choices that will meet the needs of people and communities and future generations for a range of dwelling types and locations, working environments and places to locate businesses;*
- b) Promoting the efficient use of urban land and development infrastructure and other infrastructure; and*
- c) Limiting as much as possible adverse impacts on the competitive operation of land and development markets*

17 Refer page 155.
18 As defined in the NPS-UDC.

10.20 With regard to PA3 a) and housing, it is considered that the PDP provisions supported by the Council provide a variety of choices to meet the needs of people and communities and a range of dwelling types. In particular the following proposed zones with a range of densities are contained in the Queenstown Ward (I note that some of these zones are not part of Hearing Stream 13):

- (a) Low Density Residential provides for 450m² lots with the ability for infill housing to develop at a density of 300m² providing opportunities for smaller housing choices. A substantial portion of the Queenstown Urban Environment is zoned LDRZ;
- (b) Medium Density Residential is a new zone in the PDP and provides for increased densities within specific locations up to one residential unit per 250m²;
- (c) High Density Residential which has no density limit and provides for buildings at increased heights up to 15m on flat sites. Some locations of this zone remain undeveloped and could be used for residential or visitor accommodation. Some areas have also been recommended to be upzoned to HDR through this hearing stream eg. Ladies Mile (Group 1B) and between Adelaide and Suburb Street in Queenstown (Group 1A);
- (d) Arrowsmith Residential Historic Management Zone (not considered within hearing stream 13);
- (e) Queenstown Town Centre which provides some opportunities for residential and visitor accommodation alongside commercial and business uses;
- (f) Arrowsmith Town Centre (not considered within hearing stream 13);
- (g) Local Shopping Centres which provides for limited residential activity above ground floor level;
- (h) Business Mixed Use which in Queenstown accommodates brownfield land and can provide for buildings between 12 to 20m in height with residential activity above ground floor;
- (i) Gibbston Character which provides for residential activity where located within an approved building platform approved by resource consent;

- (j) Special Zones:
 - (i) Remarkables Park;
 - (ii) Shotover Country;
 - (iii) Bendemeer;
 - (iv) Meadow Park;
 - (v) Frankton Flats B;
 - (vi) Millbrook Resort;
 - (vii) Jacks Point; and
 - (viii) Waterfall Park.

10.21 As set out in my Strategic evidence at paragraphs 8.8 – 8.14, the PDP focuses the majority of urban development within the Queenstown UGB. I consider this will provide efficiencies in terms of infrastructure and development investment and on this basis the PDP gives effect to PA3 b).

10.22 Policy PA3 c) seeks as much as possible to limit adverse impacts on the competitive operation of land and development markets. The majority of growth is anticipated within the Queenstown UGB, including a number of special zones that are not being reviewed under the PDP and will form part of Volume B (such as Shotover Country, Remarkables Park, Frankton Flats B). There are no constraints with sequencing the release of land in certain locations. The provisions of the PDP supported by Council have specifically sought to enable infill development at increased densities within the UGB; and also to increase the range of permitted activities to ensure the planning provisions enable the scale of urban development anticipated in each zone. In this context, the PDP does not interfere with the competitive operation of land and development markets and attempts to limit commercial impediments (costs) resulting from planning rules. I consider that the PDP gives effect to this policy.

NPS Policy PA4:

PA4: When considering the effects of urban development, decision-makers shall take into account:

- a) *The benefits that urban development will provide with respect to the ability for people and communities and future generations to provide for their social, economic, cultural and*

environmental wellbeing; and

- b) *The benefits and costs of urban development at a national, inter-regional, regional and district scale, as well as the local effects.*

10.23 The Council's evidence in Stage 1 (to the Strategic Directions and Residential Hearings in particular) addressed the importance of providing sufficient development capacity to meet the needs of people and communities in the District and for its urban areas to have capacity to meet these expanding needs. More specifically, the Council has presented a case that does not rely only on greenfield developments. It also promotes increasing housing supply in existing urban locations to complement existing greenfield opportunities.¹⁹

10.24 I consider that the current extent of the Queenstown UGB (and where recommended to be extended in response to submissions) is appropriate to provide for social, economic, cultural and environmental wellbeing; and has been demonstrated in this evidence to meet predicted housing demand to 2048. The location of the UGB is also appropriate with regard to the quality and character of the surrounding Rural Zoned land, and Outstanding Natural Features and Landscapes. Avoiding impinging on areas that are vulnerable to degradation is inherent as part of the overall spatial application of zoning and overlays in the notified PDP. However, I also acknowledge that in some instances the spatial extent of the Queenstown urban zones and UGB may over time need to expand into the ONL; and also that Chapter 4 (policy 4.2.2.5) does provide for the UGB to be refined over time to meet community needs.

10.25 Limited expansion into the ONL and subsequent amendment to landscape lines has been recommended through this hearing stream and this is consistent with the considerations of PA4 to consider benefits and costs of urban development.

10.26 I consider therefore that the PDP gives effect to PA4.

¹⁹ Evidence of Matthew Paetz, Chapters 3 & 4, Strategic Direction dated 19 February 2016 [CB35].

- 10.27** Although the rest of the NPS-UDC applies to the Queenstown District as a whole (given that Queenstown is a high growth urban area), this evidence does not cover the outputs of a comprehensive housing and business development capacity assessment. I note in this regard that Policies PB1 to PB5 of the NPS are required to be completed by December 2017. Part of this assessment will require a more detailed analysis of demand factors (PB1 of the NPS-UDC) including the locations and types of demand in terms of dwelling typology and density. This assessment will also give consideration to the potential likelihood and rate of take up of plan enabled capacity (as specified in PB3) and the markets response to planning decisions. Likewise PB6, PB7, PC3 relate to monitoring and are not immediately relevant to this supplementary evidence.
- 10.28** With regard to Policy PD1, the Council does not share jurisdiction over an urban area and this policy is not particularly relevant. The closest urban area to Queenstown within another jurisdiction is Cromwell, which is located approximately 78 kms to the south of Queenstown, within the Central Otago District.
- 10.29** Policy PD2 seeks to achieve integrated land use and infrastructure planning, and requires local authorities to work with providers of development infrastructure, and other infrastructure to implement policies PA1 to PA3, PC1 and PC2. This policy is important but not particularly relevant to this supplementary evidence.
- 10.30** The Council is currently initiating work with the Otago Regional Council (**ORC**) to give effect to PC5 to PC14, PD1 to PD4. A starting point is to share information and for the Council to understand the ORCs regional perspective.



Kim Banks
19 June 2017