

**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 Streams 1 A  
and 1 B – Introduction,  
Strategic Direction and  
Urban Development

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**REPLY OF MATTHEW DAVID PAETZ  
ON BEHALF OF QUEENSTOWN LAKES DISTRICT COUNCIL  
STRATEGIC DIRECTION AND URBAN DEVELOPMENT CHAPTERS**

**7 APRIL 2016**

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## 1. INTRODUCTION

- 1.1 My name is Matthew David Paetz. I prepared the section 42A report for the Strategic Direction and Urban Development chapters of the Proposed District Plan (**PDP**). My qualifications and experience are listed in that s42A report dated 19 February 2016.
- 1.2 Since I prepared my s42A report, I have reviewed the evidence filed by other expert witnesses on behalf of submitters, attended the hearing and been provided with information from submitters and counsel at the hearing, including considering reports of what has taken place at the hearing each day.
- 1.3 I have also entered into expert conferencing on Friday 18 March 2016 with Mr John Kyle and Ms Kirsty O'Sullivan on behalf of the Queenstown Airport Corporation (**QAC**), and Mr Chris Ferguson on behalf of the Hansen Family Partnership,<sup>1</sup> following agreement between the parties and a direction from the Panel that I do this regarding the incorporation of provisions relating to Plan Change 35 (**PC35**) in the Strategic chapters.
- 1.4 The purpose of this right of reply is to provide evidence on specific matters requested by the Panel, to outline a reply to the issues raised by expert witnesses and counsel, and to outline agreements reached through conferencing and further discussions with QAC witnesses. I have focussed on points raised in evidence that I consider justify particular consideration with regards to my professional opinion on matters contained in both Chapters 3 and 4. I have not re-addressed matters that I have already covered in my s42A report, unless I have considered that further comment or explanation is required, or I have changed my recommendation.
- 1.5 This reply evidence covers the following:
- (a) re-drafting of objectives;
  - (b) consideration of the use of 'goals';
  - (c) further recommended changes to definitions;
  - (d) issues related to the Strategic Direction chapter;
  - (e) issues related to the Urban Development chapter; and
  - (f) matters relating to dwelling capacity.

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<sup>1</sup> Mr Ferguson's involvement was limited to existing Policies 4.2.2.4, 4.2.3.8, 4.2.4.3, proposed new Objectives 4.2.7 and 4.2.8, and new Policies 4.2.7.1 to 4.2.7.2 and Policies 4.2.8.1 and 4.2.8.2.

1.6 Where I am recommending changes to the provisions as a consequence of the Hearing evidence, I have appended these as **Appendix 1** (recommended Strategic Direction chapter) and **Appendix 2** (recommended Urban Development chapter).

1.7 I have attached in **Appendix 3**, section 32AA evaluation.

## 2. OBJECTIVES

2.1 During the presentation of the Council's case, the Panel directed that I reconsider the drafting of the objectives in both the Strategic Direction and Urban Development chapters, to ensure the objectives are phrased as a goal or outcome. A working draft of the Strategic Direction chapter was filed on 18 March 2016. I have incorporated the changes set out in that version of the chapter, into my recommended Strategic Direction chapter in **Appendix 1**. There is no specific submission seeking that the objectives be redrafted. However, submissions on specific objectives generally provide scope to make drafting changes to those objectives, and there are submissions such as #243 which, although on the Rural Chapter, states that the drafting of provisions is poor, and that the submission applies to the whole plan.

2.2 It remains my view that the objectives in the Urban Development chapter are already phrased as goals or outcomes, but I accept that there may be other drafting styles or preferences which do not alter the substance or intent of the provisions.

## 3. GOALS

3.1 The Panel questioned whether the use of the term 'Goals' was appropriate to head each of the seven sections (with accompanying objectives and policies) in Chapter 3. An alternative would be to rename them as objectives, or possibly issues.

3.2 I do not consider that simple 'relabelling' as Issues would be appropriate. The goals are more than the description of an issue, having the aspirational nature of an objective. A further alternative would be to delete the goals, and create a new label or description that defines the issue that each of the seven

groupings of objectives and policies is responding to. I consider this the best alternative, however I maintain my primary view that the use of Goals is both appropriate and desirable.

**3.3** I also consider that the use of Goals – as opposed to renaming as objectives – gives greater structural clarity and expression. The use of the term 'Goal' is commonly understood by laypeople. If the goals were relabelled as Objectives, then that would potentially create structural confusion, as there would be objectives sitting under an objective. An alternative could be to label the goals as 'Lead Objectives' or an equivalent wording. I do not consider that this is necessary or desirable, and I note that there is nothing in the RMA preventing the Council from including Goals in the PDP.

**3.4** I note that the use of goals is confined to the Strategic Direction chapter. I further note that the use of goals has been well signalled in non-statutory consultation processes, and that they give expression to well accepted key issues in the District. As such, and provided their language is clear (which I consider it is) I foresee no major issues or concerns in terms of the way that the goals will be interpreted or implemented should they become operative.

## **4. DEFINITIONS**

### **Regionally Significant Infrastructure**

**4.1** A question arose as to whether the definition of 'Regionally Significant Infrastructure' includes house connections for wastewater or water supply. I do not consider that it does, nor that it should, and I think the definition is sufficiently clear on this. I consider that the collective importance of smaller scale and distributed infrastructure is picked up generally through recommended Objective 3.2.8.1.

**4.2** A related question was whether small scale electricity generators should be recognised in the 'Regionally Significant Infrastructure' definition in order to give effect to the National Policy Statement for Renewable Electricity Generation 2011. I do not consider that it follows that because such small scale infrastructure is addressed in the NPS, that such infrastructure is required to be classified as of regional significance to Otago. Small scale renewable energy infrastructure is addressed in zone/district wide chapters of

the PDP, where a more positive and enabling approach is taken as compared to the ODP, reflecting the emphasis of the NPS, and appropriately giving effect to it. I also consider that, because of the scale of that infrastructure and its comparatively small regional importance (even collectively), the zone-specific (or energy and utilities) chapters is an appropriate place to give effect to the NPS.

- 4.3** I consider that this line of questioning alludes to a wider matter or question – at what scale is an infrastructure network or facility considered to be of 'regional significance'? I consider that the answer to that question lies in the scale and significance of the infrastructure, and its systemic influence. It also relates to the scale or nature of impact that a certain form of infrastructure would have in the event of failure.
- 4.4** For example, following this reasoning, a water reservoir might have a scale that is relatively large, and therefore systemic influence in the event of failure. Conversely local water mains or service connections to individual properties, while collectively important, would not be regionally significant. Functional failure would inconvenience some residents, but would usually not be of such town or district wide impact that it would result in impacts of regional significance.
- 4.5** Another example is airports / airfields. The Queenstown and Wanaka Airports are of such scale and significance to tourism (a major economic generator for the Otago region), that they are regionally significant. Other airfields have a role to play in servicing the district and region, however their scale and significance is insufficient to be deemed of regional significance.
- 4.6** For these reasons, I have recommended an amendment to the definition of 'Regionally Significant Infrastructure' (as set out in **Appendix 1**) – so that explicit reference is made to Queenstown and Wanaka airports, rather than designated airports more broadly. I also consider that the reference to 'electricity transmission infrastructure' can be narrowed by giving reference to the National Grid (so that it is clear that local electricity lines are not included).

## Urban Development

4.7 Some submitters have also strongly challenged the definition of 'Urban Development' through evidence and in submissions presented at the hearing. The definition of 'urban development' was carried over from the ODP. Its genesis was the Environment Court's decision on Plan Change 30 – Urban Boundary Framework (settled as recently as 2012).<sup>2</sup> I agree with the concerns with the definition raised by the Hearing Panel and some submitters, and acknowledged by counsel for the Council in openings.

4.8 I have reviewed equivalent definitions used by other authorities. Equivalent definitions appear rare. However, I consider that the definition used in the Proposed Auckland Unitary Plan (**pAUP**) of 'Urban activities' has some potential merit. That definition is as follows:

***Urban activities***

*Activities, including development, that by their scale, intensity, visual character, trip generation and/or design and appearance of structures, are of an urban character typically associated with urban areas.*

4.9 Key points of difference or particular factors that need to be considered for the Queenstown Lakes District compared to Auckland and most other regions or districts are:

- (a) the strong presence of a large number of Special Zones outside of urban locations, which sometimes have at least some urban characteristics; and
- (b) the approach taken in rural areas for subdivision where there is no minimum allotment size. This contributes to a degree of subjectivity as to what is 'urban' and what is 'rural'. For example, 'hamlet style' subdivision in the countryside is potentially contemplated in both the ODP and PDP, with lot sizes potentially equivalent to a low density residential development in an urban area. However, this does not imply such development scenarios are necessarily 'urban' in character (and therefore to be discouraged in terms of the policy approach of UGBs and containment promoted by the PDP), as that

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2 *Ladies Mile Partnership v Queenstown Lakes District Council* [2012] NZEnvC 44.

will to a significant extent be driven by landscape considerations, and matters such as counterbalancing retention of open space.

- 4.10** As a result, the pAUP definition, if adopted, requires some amendment / augmentation to respond appropriately to the Queenstown Lakes District context. I recommend the notified version of the definition be deleted and replaced with the following definition:

*Urban Development*

*Development that by its scale, intensity, visual character, trip generation and/or design and appearance of structures, is of an urban character typically associated with urban areas. Development in particular Special Zones (namely Millbrook and Waterfall Park) are excluded from the definition.*

- 4.11** A potential issue with this recommended definition is that there is an element of subjectivity inherent in it. I considered adding more objective, quantifiable measures to the definition, such as average density, however it is my view that while such options might reduce subjectivity, they raise a number of issues and risks. In particular they risk being arbitrary and they may also risk becoming quasi-rules, noting that a key fundamental approach to subdivision regulation in the ODP which has been carried through to the PDP is the absence of minimum lot sizes for subdivision. The consequence of including a minimum or maximum density or lot size threshold within the definition of 'Urban Development' has the potential to have significant and potentially unintended implications about what nature and scale of development in *rural* areas is considered acceptable.

- 4.12** Therefore, on balance, I consider the proposed definition to be appropriate and a significant improvement on the definition as notified. In addition, to the extent that the term is proposed to be used in Chapters 3 and 4, I consider that it will be able to be clearly interpreted and understood. The revised definition is set out in **Appendix 1**.

### **Nature Conservation Values**

- 4.12** A question was also raised regarding the definition of 'nature conservation values'. I consider there are several issues with this definition. I do not think it

is particularly well defined, and includes active language that reads more as a quasi-policy than as a definition.

- 4.13** I recommend a relatively non-substantive amendment that redrafts the wording to read more appropriately as a definition, which is set out in **Appendix 1** to this Reply. I accept that the use of this definition may be re-considered by the Hearings Panel at subsequent hearings and that further refinements or amendments might be required. In the meantime however, given the widespread use of this terms in Stage 1 notified chapters, it should not in my view be deleted.

## **5. STRATEGIC DIRECTION CHAPTER**

- 5.1** At the hearing the Hearings Panel questioned my recommendation to delete all reference to mapping Urban Growth Boundaries (**UGBs**) and Outstanding Natural Landscapes and Features (**ONLs** and **ONFs**) from the Strategic Direction chapter. More precisely, Policy 3.2.2.1.1 with regard to UGBs, and Policy 3.2.5.1.1 with regard to ONLs and ONFs.
- 5.2** As I stated in my s42A report,<sup>3</sup> I considered there was merit in some submissions that argued that there was unnecessary replication between the Strategic Direction and Urban Development chapters. Further, I considered that policies directing these methods were best located in the more specific, Urban Development Chapter.
- 5.3** Having considered this further and reflected on the Panel's questions, given the strategic importance of these policy approaches and methods to the PDP and considering the internal hierarchy of the PDP chapters, I consider that retaining policies requiring the mapping of UGBs and ONLs/ONFs in the Strategic Direction chapter is more appropriate and clearly identifies the importance of this policy approach. The policies should be identified in Chapter 3, given it outlines the strategic direction for the entire District and, as set out in paragraph 8.4 of my s42A report, does sit above the other chapters in Part Two ("Strategy") of the PDP.
- 5.4** I maintain my opinion that the other provisions that I recommended be deleted from the Strategic Direction chapter should remain deleted, deferring to similar

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3 At paragraphs 12.69 and 12.70.

provisions in the Urban Development chapter. I note that the provisions recommended to be retained in the Urban Development chapter generally cover the policy themes that were addressed by the policies I recommend to be deleted in the Strategic Direction chapter, however there are small differences in the way the policies are expressed. The one policy that is recommended to be deleted but is not picked up in the Urban Development chapter is Policy 3.2.2.1.6. However, I do not consider this to be problematic. On reflection the PDP provides for effective market competition through its proposed zoning and regulatory approach (more capacity distributed to a greater mix of land owners, with a greater mix of densities) and I do not consider that the policy adds strong direction or value.

- 5.5** The table below summarises how the recommended deleted policies are picked up in the objectives / policies in the Urban Development Chapter (albeit with amendments in some instances).

<b>Recommended deleted Strategic Directions policies</b>	<b>Urban Development objectives / policies</b>
3.2.2.1.2	4.2.2.1
3.2.2.1.3	4.2.1, 4.2.1.2, 4.2.1.3, 4.2.1.4, 4.2.3, 4.2.3.1
3.2.2.1.4	4.2.1.3, 4.2.3.2
3.2.2.1.5	4.2.2.2, 4.2.2.5
3.2.2.1.6	No equivalent
3.2.2.1.7	4.2.1.5, 4.2.1.6

- 5.6** In my s42A report I recommended a new Objective 3.2.1.2 and supporting policies. The Panel sought clarification as to whether the new objective and three policies (that use the words 'Frankton commercial area') are linked to the town centre zone at Frankton only and not something more general. Submitters have also questioned the use of the phrase 'wider Frankton area', and have queried what it means or what area it covers geographically. These are fair points and warrant changes to clarify what is intended.

- 5.7** I can confirm that the intent of the policies was to relate not only to centres zoned commercial such as Remarkables Park and Five Mile, but to all land with commercial/industrial zoning in the Frankton commercial area. The intent being that the Frankton area is viewed as one wider commercial locality

comprising a network of several nodes, with varying functions and scales. This includes, for example, the land at Frankton Corner zoned Local Shopping centre and the proposed expansion of the Local Shopping Centre zoning to the commercial complex on the opposite side of the State Highway incorporating the BP service station. Recommended rewording in **Appendix 1** clarifies and better defines this.

- 5.8** I note that the Expert Conferencing Statement suggested removing, in Policy 3.2.1.2.1, the reference to 'integrated' development of the various mixed use nodes in Frankton. On reflection, I consider that the word should remain, as greater integration between the various centres in Frankton is, in my opinion, a desirable planning outcome and one that, to some extent, is already being considered and facilitated, especially in the area of transport planning.
- 5.9** Orchard Road Holdings (#249) submitted that Three Parks in Wanaka is as significant to Wanaka as Frankton is to Queenstown, and therefore should be recognised in the Strategic Direction chapter under Goal 1 just as Frankton is. Putting aside a detailed analysis and comparison of the function of Three Parks versus Frankton, I consider that the recognition of Three Parks in the Strategic Direction chapter has merit. The commercial area of Three Parks is much smaller than the collective commercial area of Frankton, and in my view of less District-wide strategic significance. However, the function of Three Parks relative to the function of the Wanaka Town Centre can be considered quite similar to the function of Frankton relative to the Queenstown town centre. That is, like Frankton, Three Parks will have a greater focus on servicing the day to day needs of residents, largely through bulky goods / retail offering.
- 5.10** Explicit recognition of Three Parks would embed that centre, Wanaka, Frankton and Queenstown as the four key centres of the District moving forward. This recommended change is addressed in the Section 32AA assessment in **Appendix 3**.
- 5.11** With regard to the Panel's questioning on Objective 3.2.1.7 and policy 3.2.1.7.1 relating to infrastructure and the relationship between the District's infrastructure and regionally significant infrastructure, I note that in conferencing with QAC's planning witnesses I agreed that an eighth goal should be recommended to be added to Chapter 3 that addresses

infrastructure. Not only was structural change proposed, but there was also recommended rewording of provisions.

**5.12** Since that time, Mr Craig Barr, Senior Planner at Council, prepared evidence in response to the expert conferencing statement and QAC presented supplementary evidence at the hearing. Representatives of QAC have since met with Council representatives and provided Council with possible revised provisions for Chapter 4.

**5.13** I consider that, generally speaking, the further revised provisions from QAC for Chapter 4 address many of Mr Barr's valid comments and concerns. I have recommended that many of them be adopted and they are included in the recommended chapter in **Appendix 2** to this Reply.

**5.14** In terms of Chapter 3 however, as I outline below, upon further reconsideration of all relevant material before the Panel, my considered view is not the same as that outlined in the Expert Conferencing Statement which, I understand, continues to be QAC's position.

**5.15** I have carefully reconsidered one objective and associated policy, that were shown as Objective 3.2.8.1 and Policy 3.2.8.1.2 in the Expert Conferencing Statement. Following the concerns raised by Mr Barr and questions raised by the panel at the re-convened hearing on 31 March 2016, QAC has made some suggested changes, which are shown below:

*Objective – Recognise that the functional or operational requirements of regionally ~~or nationally~~ significant infrastructure can necessitate a particular location.*

*Policy – ~~Where practicable, m~~ Mitigate the impacts of ~~nationally or~~ regionally significant infrastructure on outstanding natural landscapes and outstanding natural features where practicable.*

**5.16** I consider that the intent of the provisions is clear, and quite understandable. Regionally significant infrastructure that is important or even critical for community wellbeing may at times need to be considered in outstanding natural landscapes and features. Section 6 of the RMA sets a high bar in terms of the protection of outstanding natural landscapes and features, and

whilst this bar is generally appropriate for most development, QAC is effectively arguing that the bar needs to be lowered somewhat for regionally significant infrastructure given its wide community benefit.

- 5.17** I initially agreed with this approach in the Expert Conferencing Statement, seeing the balancing intention sought. However, having had the benefit of more time to consider wider ramifications and assess the additional evidence filed, I consider that these provisions have flaws and that the balance is too far in favour of enabling infrastructure in these locations. In particular, the proposed policy only requires mitigation of the impacts of regionally significant infrastructure on ONLs and ONFs, which I consider is a lower standard compared to what Section 6(b) of the RMA requires: 'protection' of these landscapes and features from inappropriate subdivision, use and development.<sup>4</sup> Depending on the circumstance (what is proposed, and the landscape within which a proposal sits), mitigation, especially with the qualifier 'where practicable', will not be likely to allow the Council to fulfil its functions in terms of section 6(a) and (b) of the RMA to preserve the natural character of wetlands, and lakes and rivers, and the 'protection, of ONF/ONL from inappropriate subdivision, use and development.
- 5.18** In addition, while I could possibly support the recognition of locational constraints and an enabling approach towards existing infrastructure in such locations (for example, for upgrading, repair or maintenance of existing infrastructure), the policy would apply to both existing and new infrastructure and, given the wording of section 6(b) of the RMA, would be too enabling of the latter.
- 5.19** I consider that changes to other provisions heighten the status generally given to infrastructure in the District, and that together with the recommended change to Objective 3.2.5.1 that adds the qualifying word 'inappropriate', some rebalancing is provided without going too far in prioritising infrastructure relative to the protection of ONLs and ONFs.
- 5.20** I have responded to Panel questions about the definition of 'Regionally Significant Infrastructure' in section 4 above.

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<sup>4</sup> On this issue, I now agree that the qualifier "inappropriate" is required in Objective 3.2.5.1 regarding subdivision, use and development.

- 5.21** In terms of questions from the Panel relating to Objective 3.2.4.4 – wilding trees, I agree that the management of wilding trees relates to more than nature conservation values, as expressed in the objective as notified. For example, there are wider impacts on landscape values, farming, and tourism. These will be addressed in more detail at the hearing on the Wilding Trees chapter. I recommend that additional matters are added to the Objective to address the fact that the policy approach is promoted to address more issues than just nature conservation values.
- 5.22** With regard to Objective 3.2.5.1, the Panel in questions suggested that a possible way of giving relief to submitters would be to express flexibility to allow effects on less important qualities of ONLs and ONFs.
- 5.23** I have reflected on this comment but overall I consider it important for the Objective's protective aspirations to remain, noting there could be opportunity in lower order chapters for impacts on the less important qualities of ONLs/ONFs to be contemplated. Inclusion of the word 'inappropriate', as I noted earlier, enables applicants to make their case on the merits in terms of whether adverse impacts on ONFs or ONLs, including component parts of them, is justified.
- 5.24** Whilst I accept that the objective essentially parrots section 6(b) of the RMA (something the Council has been very keen to avoid in the PDP), I fail to see a valid alternative that:
- (a) emphasises this critical objective for the District; and
  - (b) at the same time provides the necessary 'caveat' which is achieved by the word 'inappropriate', which ensures the objective does not seek to protect these landscapes and features from all development.
- 5.25** At the hearing the question was asked as to whether the use of the words 'maintain and enhance' contradicts the use of the words 'managed and low impact change', in Objective 3.2.5.2 in relation to the Rural Landscape Classification. I do not necessarily view the two limbs of this objective to be contradictory, but I acknowledge there is probably some tension or at least ambiguity and that better wording could be achieved – and is therefore recommended as set out in the recommended Revised Chapter in **Appendix 1**.

**5.26** Several submitters have ongoing concerns with Objective 3.2.5.5. I have considered these concerns and have recommended alternative wording that seeks to retain the intent of the objective, whilst providing for greater breadth and flexibility in its meaning and application. In my view, the recommended changes included in **Appendix 1** are the most appropriate.

**5.27** The New Zealand Fire Service (#438) have filed legal submissions noting that I did not give reasons for my recommendation to reject that an additional objective should be included in the chapter, as follows:

*Provision for comprehensive emergency services throughout the city, including for their necessary access to properties and the water required for firefighting.*

**5.28** I consider that this objective is too fine grained for a strategically focussed chapter and is better addressed in the lower order chapters.

## **6. URBAN DEVELOPMENT CHAPTER**

**6.1** A question was posed by the Panel as to whether the purpose section at the start of the Urban Development chapter could be relabelled to 'Issues'. I do not consider this necessary, nor something required by the RMA. I favour the title 'Purpose', as I think it is more positive, and relates to the wording content, which is more around identifying the purpose of the chapter and the provisions as opposed to identification of issues.

**6.2** The Panel has heard evidence from urban design expert Mr Clinton Bird, that a transition (rather than an abrupt change) between urban and rural areas is desirable. The question arose as to whether this transition should best occur on the urban side of the UGB boundaries or on the rural side. Mr Bird's opinion was that the transition should occur on the urban side, and I concur (particularly in light of the updated capacity analysis that I have undertaken). An amendment to the provisions is recommended to promote this. The amendment constitutes additional words to Policy 4.2.3.7, as follows (shown underlined):

*The edges of Urban Growth Boundaries are managed to provide a sensitive transition to rural areas, with the transition addressed within Urban Growth Boundaries.*

- 6.3** The Queenstown Lakes Community Housing Trust (#88) submitted generally in support of the use of UGBs and urban intensification, however requested that in Arrowtown the UGB should be extended so as to incorporate some land on Jopp Street that could be developed for community housing. This matter is better addressed in the mapping hearing stream when the precise locations of UGBs are being addressed.
- 6.4** The NZ Transport Agency (#719) submitted that some amendments should be made to the Urban Development chapter. These generally relate to wording amendments, which NZTA consider will lead to great emphasis on land use – transport integration, efficiency in the use of infrastructure and so forth. I consider that the requested changes are improvements on the provisions and I recommend them to the Hearing Panel. A section 32AA assessment is attached in **Appendix 3**.

#### **Changes relating to QAC**

- 6.5** Following conferencing with representatives of QAC, and further communications and consideration, I have finalised recommendations within Chapter 4 on objectives and policies specific to QAC's interests, as set out in **Appendix 2**.
- 6.6** I recommend new objectives and policies, that sit under a 'Queenstown Airport' heading in the chapter. The previously recommended new objective and policy (4.2.7 and 4.2.8 in the s42A version of the chapter) have been deleted. These provisions provide the framework for PC35 at a strategic level. The PC35 provisions found in the lower order chapters then provide the detail/specificity required to achieve these outcomes (rather than duplication between chapter 4 and the lower order chapters, which is undesirable). I consider that an appropriate balance has been struck in these recommended changes. That is, they provide a strategic framework to manage the important issues associated with the use of the airport and potential land use conflicts (most particularly reverse sensitivity issues).
- 6.7** Objective 4.2.5 and the two related policies are all derived (verbatim) from the Environment Court confirmed provisions of PC35, specifically Objective 7 and Policies 7.1 and 7.2 of Section 4.9.3 District Wide – Urban Growth. I note that Policy 7.3 of PC35 reflects conditions that are inherent in QAC's designation.

Objective 4.2.6 is also derived (verbatim) from the Environment Court confirmed provisions of PC35, specifically Objective 8. Policy 4.2.6.1 is derived from PC35, however consolidates Policies 8.1 to 8.3, Section 4.9.3 of PC35 into one policy. It also removes the specificity of Policies 8.1 to 8.3, whilst continuing to provide guidance around the land use management responses that may be observed in the lower order chapters.

**6.8** In addition to the above, it is imperative that this policy (or the Environment Court confirmed Policies 8.1 to 8.3) remains in the Strategic Directions chapter as:

- (a) At a strategic level, it provides the policy required to "prohibit" ASAN within specified zones/noise boundaries in lower order chapters;
- (b) It sets out the management response for zones that are not included in Stage 1 of the District Plan Review (such as the Remarkables Park Zone and Frankton Flats A and B Zone). Furthermore, the Frankton Flats A Zone does not include any objectives or policies. This further reiterates why it is important to include such high level provisions in this chapter, particularly give the restrictions around ASANs in this zone; and
- (c) PC35 included a policy around reverse sensitivity in the District Wide and Low Density Residential Zone provisions (Policy 8.1, Section 4.9.3 and Objective 5, Section 7.2.3 respectively. Rather than repeating this policy in the Low Density Residential Zone and the Local Shopping Centre Zone, it has been included in Chapter 3.

**6.9** Policy 4.2.6.2 is derived from PC35, however seeks to consolidate Policy 8.4 and 8.5 of PC35 to ensure it maintains a higher level focus appropriate for this chapter. The specific detail around how to achieve this policy is set out in the lower order chapters. I consider it imperative this this policy remains for reasons set out in paragraph 6.8 above.

### **Purpose of UGBs**

**6.10** Questioning from the Panel has also focussed on, or alluded to, what the central resource management purpose of UGBs is. I reiterate that I see several key purposes to UGBs:

- (a) As an urban form structuring tool: that is, UGBs define 'the where' of urban development into the future (and the rules in the various zones define the 'how much' – the temporal element, 'the when', can be estimated but not defined). They provide a clear signal to the community, developers and infrastructure providers ('hard' – such as roading, and 'soft', such as schooling) where development will occur, with the zoning provisions providing the 'how much' (or at least the '*potential* how much'). As Mr Glasner's evidence confirmed, infrastructure forward planning and funding becomes more challenging if there is less certainty where urban development may occur;
- (b) They reinforce more of a planned approach to resource management, as opposed to one that is a more *ad hoc* and treats proposals (ie, plan changes, resource consent applications) on their merits but which risks losing sight of the 'bigger picture'. I believe their use as part of a planning approach is supported by section 31 of the RMA, in terms of 'integrated management'; and
- (c) They provide another layer of landscape protection (in its wider sense), to complement the landscape provisions and controls in the Landscape, Rural and Subdivision chapters.

**6.11** These urban form / design, landscape and infrastructure benefits have been addressed in the evidence of Mr Bird, Dr Read and Mr Glasner respectively.

**6.12** As acknowledged in the section 32 analysis, the implementation of UGBs can potentially generate negative impacts on housing affordability. However, in this case such impacts are considered to be mitigated by the fact that a substantial dwelling capacity is enabled within the UGBs, a capacity that is well above the demand projected by population growth (noting that this potential capacity is not considered excessive - as I have stressed previously, capacity 'fat' is necessary).

**6.13** Related to this, submitters have raised questions around what is considered to be inconsistent application of UGBs for Rural Residential and Special Zones. In particular, that the Jacks Point Special Zone is located within the proposed UGB, but Millbrook / Waterfall Park is not.

- 6.14** There are several factors that explain these differences. Firstly, Plan Change 29 (Arrowtown Boundary) addressed the matter of the Urban Growth Boundary in Arrowtown. As this was recently litigated and resolved through the Environment Court, it was considered that the matter should not be re-litigated through the PDP. This is one reason why Millbrook / Waterfall Park, which are typically considered to be within the Arrowtown catchment (in terms of housing market), were not included within the UGB in the PDP.
- 6.15** A second, more substantive reason is that the Millbrook and Waterfall Park Special Zones are not considered to demonstrate characteristics fully typical of urban development, although I note that this can be a 'grey area' in terms of distinction. Arguably, the Waterfall Park Special Zone enables a potential form of development closer to 'Urban Development' (with a total zoned area of 120,609 m<sup>2</sup>, and development rights of 100 dwellings, that equates to an average density of 1 dwelling per 1206 m<sup>2</sup>).
- 6.16** Other factors should however be considered, and I do not consider a small 'island' of urban intensity development within a small self-contained UGB 'ring' to be consistent with the concept of UGBs and their use in growth management planning. I would further add that the Waterfall Park Special Zone represents the sort of sporadic and *ad hoc* urban intensity zoning in the middle of the countryside that Council is looking to discourage through the PDP. As such, I have recommended its exclusion from the definition of Urban Development, and while it does not need to be determined at this point, my recommendation would be that it not be included within a UGB.
- 6.17** In terms of Millbrook, although there are clusters of urban-type densities within the site, the appearance of the site through retention of large areas of open space, and the design approach adopted across the site, makes it 'look and feel' rural. Additionally the average density of potential development at Millbrook is much lower than Waterfall Park (ie. one dwelling per 6000 m<sup>2</sup>). Overall, applying the recommended 'urban development' definition, it is my opinion that Millbrook does not, overall, display characteristics of urban development.
- 6.18** By contrast, the Jacks Point Special Zone is included within the proposed UGBs. In my opinion, its ultimate form is clearly different compared to Millbrook. Its scale could ultimately reach thousands of dwellings, much larger

than Millbrook. Under the PDP there are potentially significant areas of medium density development. Whilst large areas of open space are located within the zone, it is characterised by large areas of housing within the open space, as opposed to Millbrook where there are relatively small clusters of housing. It is also foreseeable (and indeed contemplated by the zoning) that Jacks Point will have more mixed use development, and potentially an educational facility at some point, all of which are urban features or characteristics. I maintain my opinion that Jacks Point should remain within the UGB.

## **7. DWELLING CAPACITY OF PDP**

- 7.1** I assisted the Council in preparing its response to the Panel's request for information dated 18 March 2016, in particular the information in Schedule 1 of the Council's response relating to additional dwelling capacity enabled by the PDP (**RFI**). Page 7 of Schedule 1 records that, based on a high level desk-top analysis the PDP is estimated to enable between 20,000 to 22,000 additional dwellings within the urban area of the District (ie, that area defined by the proposed UGBs). This same figure was presented in my summary of evidence at the hearing.
- 7.2** It is not stated in the RFI, but the PDP provides capacity for some 3,000 to 5,000 additional dwellings over and above the capacity of approximately 17,000 currently enabled by the ODP (this includes the capacity of 1,500 dwellings at the Northlake Special Zone, which was not factored into the Dwelling Capacity Model revision in 2015, as the plan change was proceeding through an Environment Court appeal at that time).
- 7.3** The information provided through the RFI was high level by virtue of time available to provide it in response to Panel directions. Since that time, I have collated the information provided and summarised it in one place, in order to assist the Panel through this Reply. The findings confirm a figure of 21,973 (17,000<sup>5</sup> + 4,973<sup>6</sup>) dwellings that are enabled within the proposed UGBs. This is very close to the upper range of 22,000 as set out in the RFI.

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<sup>5</sup> Dwelling capacity of the ODP plus the 1,500 dwelling capacity enabled by the Northlake Special Zone which was recently made operative.

<sup>6</sup> Additional capacity enabled by zone and rule changes in the PDP.

## **Areas / zones where additional capacity is enabled by the PDP**

**7.4** The Council's Dwelling Capacity Model estimates that under the ODP there is capacity for around 15,000 dwellings in the District's urban areas. Northlake in Wanaka, as approved by the Environment Court, will add capacity for an additional 1,500 dwellings.

**7.5** Additional urban dwelling capacity is enabled in the PDP through the following avenues:

### *High Density Residential Zone*

**7.6** Significantly more enabling development controls are proposed in the PDP compared to the ODP within this zone. Of particular note:

- (a) the Maximum building height is increased from 2 storeys to 3-4 storeys in Queenstown. The height limit remains at 2 storeys in Wanaka; and
- (b) the height in relation to boundary control is significantly liberalised from 2.5m and 25 degrees, to 2.5m and 45 degrees (or 55 degrees for the northern boundary of a site).

### *Mixed Use Zone*

**7.7** Currently called the Business Zone in the ODP, this zone is proposed to be amended to a Mixed Use Zone, at locations in Gorge Road (Queenstown) and Anderson Heights (Wanaka). Both sites are centrally located relative to the town centres.

**7.8** The maximum height limits are 6 storeys in Queenstown, and 3 storeys in Wanaka. This is a significant change from the 3 storeys and 2 storeys respectively enabled in the Operative District Plan.

**7.9** Unlike the ODP, the PDP actively promotes residential development in the Mixed Use Zone.

### *Medium Density Zone*

**7.10** This is a new zone proposed in the following 'brownfield' locations:

- (a) Fernhill;
- (b) Central Queenstown;

- (c) Arrowtown; and
- (d) Central Wanaka.

**7.11** Two 'greenfield' locations are also proposed:

- (a) Northern side of SH6, Frankton; and
- (b) Scurr Heights: a Council owned site in Wanaka (currently on the market).

**7.12** All of these areas, except for the land on the northern side of SH6 Frankton (which is currently zoned General Rural) are currently zoned Low Density Residential. The proposed upzoning enables significantly more dwelling capacity primarily through increasing density.

#### *Low Density Residential Zone*

**7.13** Key proposed changes that increase dwelling capacity within the Low Density Residential Zone are:

- (a) Relatively significant additional areas of greenfield land in Wanaka are proposed to be rezoned as Low Density Residential; and
- (b) The introduction of a new proposed rule (7.5.2.3) more readily provides for 'low scale' infill housing development, by enabling the potential for a second dwelling on sections less than 900 square metres (at present sections must be larger than 900 square metres to accommodate a second dwelling in the Low Density Zone).

#### **The additional estimated dwelling capacity enabled, by zone**

**7.14** The following comprises an estimate of realistic capacity. Realistic capacity does not assume the development potential will be taken up. A full re-running of the Dwelling Capacity Model should in my view be undertaken to reach a more 'scientific' estimate. However, I consider that the following estimate provides a reasonable general estimate.

#### *High Density Residential Zone*

**7.15** Previously, the Dwelling Capacity Model assumed 100% development feasibility for this zone. This is fully theoretical, and not realistic. In 2015 I reviewed the assumptions underpinning the capacity in this zone, with the assistance of Insight Economics, who prepared a report.<sup>7</sup>

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<sup>7</sup> Insight Economics: Medium To High Density Housing Study: Stage 1b – Dwelling Capacity Model Review.

**7.16** The feasibility was brought down to 10%, which is a product of the application of a number of 'discount factors', the most prominent being:

- (a) The predominance of visitor accommodation land use activity in the zone;
- (b) A significant percentage of properties having a 'Capital Improvement to Land Value' ratio that is considered generally unfavourable for redevelopment, even assuming a 15 year timeframe where all things being equal, land values should increase relative to capital improvement value; and
- (c) Assumptions around 'passive tenure' – ie. a significant number of property owners will wish to hold their properties, without redeveloping, either as owner occupiers or investors.

**7.17** The land area<sup>8</sup> of the zone is 1,315,534m<sup>2</sup>. 10%<sup>9</sup> of this figure is 131,555m<sup>2</sup>. Assuming a density of one residential unit per 115m<sup>2</sup> of site area<sup>10</sup> this equates to capacity of 1,144 dwellings. This is an additional 887 dwellings over and above the capacity of 257 under the ODP.

#### *Mixed Use Zone*

**7.18** The land area for this zone is 212,048m<sup>2</sup>. Over a 15 year timeframe, I have assumed 40% of this land area could be realistically contemplated for residential redevelopment.

**7.19** This equates to a land area of 84,819m<sup>2</sup>, or 8.48ha.

**7.20** In Queenstown, the PDP enables a height of six storeys. However, based on my experience with medium and high density residential policy development and development feasibility, I anticipate that an average height of 4 storeys is more realistic, assuming there will be some 3 storey development, and the occasional 5/6 storey development. In Wanaka, the PDP enables a height of 3 storeys. I anticipate that most redevelopment will be 3 storeys in height, although there is likely to be some 2 storey development.

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<http://www.qldc.govt.nz/assets/Uploads/Planning/District-Plan/District-Plan-Review-2015-s32-Links/Urban-Environment/HDR/Attachment-4-Insight-Economics-Housing-Demand-Study-Stage-1b-FINALb-2.pdf>

<sup>8</sup> All land areas referred to in this summary have been provided by Council's GIS team.

<sup>9</sup> 10% being the final feasibility factor recommended in Insight Economics' report.

<sup>10</sup> The denser side of 2 storey development typically achieves densities of around 1 unit / 150 square metres of site area. The denser side of 3 storey development typically achieves densities of around 1 unit / 80 square metres I have averaged the two. Although the PDP potentially enables 4 storey development in Queenstown, the situations where this achievable are likely to be relatively rare, due to the need for large sites which are not commonly available.

**7.21** Given these assumptions, I have assumed a density of 100 dwellings per hectare, which I consider to be typical of 3/4 storey apartment development. This equates to a total of 848 dwellings (8.48ha x 100).

#### *Medium Density Zone*

**7.22** Firstly, the two greenfield sites comprise a combined land area of 338,290m<sup>2</sup>. As per Insight Economic's report, assuming a net developable area comprising 72% of this land area leaves 243,569m<sup>2</sup>. I assume a density of one dwelling per 325 square metres<sup>11</sup>. This provides a capacity of 749 dwellings\_(243,569 divided by 325).

**7.23** For the brownfield locations, the land area is 828,268m<sup>2</sup>. As per the Insight Economics Report, I assume 28% of this land area is realistically developable. This equates to a land area of 231,915m<sup>2</sup>. Assuming the 15% discounting typically required from gross land area in smaller scale infill redevelopment, this leaves 197,128m<sup>2</sup>. Assuming a density of one dwelling per 275 square metres<sup>12</sup> this provides a capacity of 717 dwellings\_(197,128 divided by 275).

#### *Low Density Residential Zone*

**7.24** In terms of the low impact infill density rule in the PDP, I assume for the purposes of this exercise that it will usually enable 1 additional dwelling on a site. This is due to the fact that different rules apply to the larger sites that may realise more yield.

**7.25** I have assumed a higher uptake of the opportunity in Wanaka, compared to Queenstown, due to the fact that there are a much larger number of larger (800-1100m<sup>2</sup>) sites in Wanaka compared to Queenstown, which will more readily enable this form of development. However the rates are still low as:

- (a) Sites under 600 square metres cannot utilise this development opportunity;
- (b) Even many sites that are 600-800 square metres in area will not be able to utilise this development opportunity due to placement of the

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<sup>11</sup> The PDP's minimum allotment size for the zone is 250m<sup>2</sup>. However, this is a minimum area and I consider comprehensive development in these areas will also comprises some slightly larger sites. Hence an average density assumption of 1/325.

<sup>12</sup> As above, the minimum lot size is 250 square metres but there will be sites where this density cannot be maximized. However in brownfield infill scenarios the average densities are likely to be higher than in greenfield settings, hence an average density of 1/275 rather than 1/325.

existing house on the site, topography, or value of the capital improvement on the site relative to land value; and

(c) Passive tenure.

**7.26** Therefore I have assumed realistic redevelopment of 20% of existing sites in Wanaka, and 10% of existing sites in Queenstown.

**7.27** As there are 3801 existing sites in the LDR zone in Wanaka, 20% of this number equates to 760 sites. Therefore the additional capacity is 760 dwellings.

**7.28** As there are 5261 existing sites in the LDR zone in Queenstown, 10% of this number equates to 526 sites, therefore the additional capacity is 526 dwellings.

**7.29** The PDP proposes to rezone 337,656m<sup>2</sup> of land zoned Rural General under the ODP as LDR in the PDP. Assuming 72% (based on the LDR feasibility stated in the Insight Economics report) of this land is developable, and assuming an average density of 1 dwelling per 500 m<sup>2</sup> of land area<sup>13</sup>, the additional capacity is 486 dwellings.

### Summary

**7.30** The table below summarises the additional 'realistic' capacity enabled by the PDP over and above the ODP, in urban areas:

Zone	ODP Capacity	PDP Capacity	Additional Capacity (over and above ODP-enabled capacity)
High Density Residential			887
Mixed Use			848
Medium Density Residential			1466
Low Density Residential			1772
<b>TOTAL</b>			<b>4,973</b>

<sup>13</sup> As per the Medium Density Zone, the minimum lot size is 400 m<sup>2</sup>, however comprehensive development is likely to typically include a significant number of properties in the 600 – 800 m<sup>2</sup> range.

**7.31** I stand by my original opinion that more than sufficient dwelling capacity is enabled by the PDP to cater for projected demand for housing over the next 15 years. I reiterate again that we have taken a realistic approach to capacity, rather than a theoretical one, and applied significant 'discounts' to capacity to account for a range of potential development barriers.



**Matthew Paetz**

**7 April 2016**