

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

IN THE MATTER of the Resource Management Act
1991

AND

IN THE MATTER of the Queenstown Lakes Proposed
District Plan

AND

IN THE MATTER of Hearing Submissions Seeking
Amendments to the Planning Maps
covering Queenstown and
Queenstown Rural (Excluding
Wakatipu Basin)

**SUPPLEMENTARY STATEMENT OF EVIDENCE OF
NICHOLAS KARL GEDDES ON BEHALF OF**

**Middleton Family Trust (#338), Noel Gutzewitz & J Boyd (#328), Jardine
Family Trust, Remarkables Station Ltd & Homestead Bay Trustees Ltd
(#715)**

DWELLING CAPACITY

Dated 4th July 2017

1.0 INTRODUCTION

- 1.1 My name is Nicholas Karl Geddes. I have fifteen years' experience as a resource management practitioner and currently hold a planning consultant position with Clark Fortune McDonald & Associates Limited.
- 1.2 My qualifications and experience have been set out in Part 1 of my first statement of evidence in chief dated 4th June 2017.
- 1.3 This statement of evidence responds to the supplementary evidence of Ms Kim Banks dated 19th June 2017 in relation to Dwelling Capacity, revised DCM estimates for Queenstown from Mr Phillip Osborne dated 19th June 2017 and evidence of Mr Walter Clarke in relation to the methodology and approach underpinning the growth projections that Rationale developed for the Council in relation to Queenstown dated 19th June 2017.
- 1.4 I have read the Code of Conduct for Expert Witnesses in the Environment Court consolidated Practice Note (2014). I agree to comply with this Code of Conduct. This evidence is within my area of expertise, except where I state I am relying on what I have been told by another person. I have not omitted to consider material facts known to me that might alter or detract from the opinions that I express.

2.0 EXECUTIVE SUMMARY

- 2.1 Based on previous council reporting, applying the definition of urban environment and assessment of feasibility of land in areas listed in Table 3 of Mr Osborne's evidence I believe the enabled capacities total in Table 3 of 27,159 is overstating capacity by some 38%.
- 2.2 In my opinion, to appropriately authenticate the capacities used as 'input' into the DCM some form of further reporting is required that demonstrates the methodologies used to calculate the capacities listed in Table 3. Given the degree of variance between my assessment and between QLDC's own assessments, coupled with

the importance these inputs have on the DCM I believe this further report should be independently reviewed.

- 2.3 The ODP or PDP does not set “capacity estimates” for a majority of the zones listed in paragraph 7.3 of Mr Osborne’s evidence which undermines the rationale for not assessing the feasibility of these zones.
- 2.4 Historical variance in population projections justifies the provision of additional capacity above 22%.
- 2.5 I consider that the DCM places too much reliance upon dwelling capacity from existing zones without offering confirming an adequate level of certainty that this form of development will be accepted by the current residential market and it has not been adequately justified as to why the social, economic, cultural and environmental wellbeing of people and the community should have to accept this reliance.

3.0 SCOPE OF EVIDENCE

- 3.1 The supplementary evidence of Ms Kim Banks seeks 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”*.
- 3.2 The revised DCM estimates are presented in the evidence of Mr Osborne while the population and dwelling projections are presented in the evidence of Mr Clarke. As such, my evidence assesses and comments on the evidence of both experts before providing comments on provisions of the UDC in the evidence of Ms Banks.
- 3.3 My evidence is set out under the following headings:
 - a. Data Utilised
 - *Previous QLDC Reporting*
 - *UDC Definitions*
 - *Infrastructure*
 - *Special Housing Areas*
 - b. High Level Assumptions

- c. Development Zones – Capacity Estimates
- d. Population Projections
- e. National Policy Statement on Urban Development Capacity 2016
 - *Policies PA1 – PA4*

3.4 In the preparation of this evidence I have reviewed the following:

- a. Section 32 Evaluation Reports, Council s.42A Reports and QLDC right-of-reply for the following PDP Chapters; Strategic Chapters, Residential Chapters, Rural and Rural Residential.
- b. Associated evidence submitted on behalf of QLDC prepared by Mr Fraser Colegrave, Ms Wendy Banks, Mr Denis Mander, Mr Phillip Osborne and Mr Walter Clarke.
- c. The relevant submissions and further submissions of other submitters.

Abbreviations:

Queenstown Lakes District Council - “QLDC”
 Proposed District Plan – “PDP”
 Operative District Plan – “ODP”
 Resource Management Act 1991 – “The Act”
 High Density Residential Zone – “HDR”
 Medium Density Residential Zone – “HDR”
 Low Density Residential Zone – “LDR”
 Rural Residential Zone – “RR”
 Business Mixed Use Zone – “BMU”
 Urban Growth Boundary – “UGB”
 Strategic section 42A report – “Ss.42A”
 National Policy Statement: Urban Development Capacity 2016 – “UDC”
 Special Housing Area – “SHA”
 Operative Otago Regional Policy Statement – “OORPS”
 Proposed Otago Regional Policy Statement – “PORPS”
 Queenstown Lakes District Council Long Term Plan – “LTP”

4.0 Data Utilised

- 4.1 Paragraph 4.1 of Mr Osborne’s evidence confirms “*the basis for this assessment includes the data utilised to assess the enabled capacity provided by QLDC*”.
- 4.2 The data used appears in tables throughout Mr Osborne’s evidence while methodology and details on how this data has been derived is absent. I believe this does not provide a sufficient level of transparency to enable a review or assessment to confirm the accuracy of the data which has been placed “in” the model.
- 4.3 In particular, I do not believe that the data used to compile Table 3 of Mr Osborne’s evidence is accurate.

Previous QLDC Reporting

- 4.4 On behalf of QLDC Mr Matthew Paetz authored s.32 evaluation reports, a s.42A report and reply for Strategic Chapters of the PDP all of which contain assessments of population projection and dwelling capacity. Paragraph 9.9 of Ms Banks’s planning evidence endorses Mr Paetz’s reply which estimates dwelling capacities enabled by zones in paragraphs 7.14 – 7.31.
- 4.5 In my opinion, few of the estimates provided by Mr Paetz appear to remotely correspond to the figures provided in Table 3 for the same zone. Paragraph 7.28 of Mr Paetz’s reply states that there are 5,261 existing sites in the LDR zone in Queenstown, expects additional capacity of 526 dwellings in the ODP LDR zone and 486 dwellings in the PDP LDR.
- 4.6 While you can assume that some existing and proposed sites may afford capability of containing more than one dwelling I do not believe this would account for the 3,227 dwelling difference between the ‘Enabled’ LDR’s 9,500 in Table 3 and 6,273 estimated by Mr Paetz in his reply.

- 4.7 Based upon the estimations in the reply of Mr Paetz in relation to HDR, MU and MDR the 'Enabled' figures in Table 3 of Mr Osborne's evidence appear to overstate capacity by 1506 dwellings.
- 4.8 Paragraph 7.4 of the s.42A report for Strategic Chapters references the capacity for Kelvin Heights as 1032 dwellings, Remarkables Park 2270 dwellings, Jacks Point 3113 dwellings and Shotover Country 520 dwellings. Paragraph 7.18 confirms the DCM was reviewed in 2014 and this model was overstating realistic capacity significantly, especially in existing urban areas which in my opinion suggests the figures were over representative of actual capacity in these areas.
- 4.9 Figures in Table 3 of Mr Osborne's evidence in relation to Remarkables Park state 4,500 enabled dwellings which has risen by 2,230 from the capacity specified in earlier QLDC reporting in 2015.
- 4.10 In relation to Jacks Point Table 3 allocates 3,700 enabled dwellings. While I understand development at Jacks Point has added capacity since Mr Paetz's estimates I question whether this would equate to an additional 587 dwellings.
- 4.11 Overall, Mr Paetz considers that the 2014 model overstates realistic capacity yet the capacity detailed in the current model is on average 50% higher than the 2015 QLDC reporting without any assessment or justification as to why this is the case.

UDC Definitions

- 4.12 QLDC issued a memorandum on the 19th of April confirming Council's definition for what forms part the 'urban environment' for Queenstown in terms of the NPS-UDC and this included the following areas: Sunshine Bay, Queenstown Bay, Queenstown Hill, Frankton, Frankton East, Arthurs Point, Kelvin Heights, Lake Hayes South, Arrowtown, Hanley's Farm and Jacks Point.
- 4.13 The 'demand' as defined in the UDC means: *"In relation to housing, the demand for dwellings in an urban environment in the short,*

medium and long-term...” Therefore, by definition, the demand is confined only to the ‘urban environment’ for the purposes of the UDC.

4.14 The ‘development capacity’ as defined in the UDC means: *“In relation to housing and business land, the capacity of land intended for urban development...”*

4.15 Compared to ‘Demand’, ‘Capacity’ appears somewhat disjointed. However, in my opinion it remains clear that in terms of the overriding purpose of the UDC there is little point in providing capacity where there is little or no demand. I believe this is consistent with the intent of UDC policies PA1 – PA4 which apply to only within the ‘urban environment’ that is expected to experience growth.

4.16 By virtue of the definition of ‘demand’, policies PA1-PA4 coupled with the definition of ‘urban environment’ I believe the following areas cannot be considered towards meeting the demand within the urban environment of Queenstown as required by UDC policies: RG Glenorchy, Gibbston Character, Bobs Cove RR Sub-Zone and Kingston Village.

4.17 Growth projections contained in Mr Clarke’s evidence relate to areas outside QLDC’s ‘urban environment’ definition while the UDC asks that policies PA1-PA4 are applied within the urban environment. Therefore, I believe that the demand within the urban environment may be skewed by demand outside and if will require adjustment prior to application under policies PA1-PA4 of the UDC.

Infrastructure

4.18 Policy PA1 of the UDC requires development capacity housing in the short, medium and long term which is feasible and serviced with development infrastructure. Under the UDC 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”*.

- 4.19 For the purposes of the definition above, I believe infrastructure controlled by local authorities implies ownership.
- 4.20 Based upon the resource consents I have processed I question whether the following areas are currently serviced to a standard as intended by UDC definitions: RG Glenorchy, Gibbston Character, Jacks Point and Kingston Village. Due to the existing and short term levels of servicing I do not believe that these areas should be relied upon to meet development capacity housing in the short or medium term.
- 4.21 I accept there is always the opportunity to service any area within the 'urban environment'. However, in my opinion QLDC should demonstrate it is feasible to do so prior to relying upon the development capacity afforded within them and whether any proposed servicing will be short, medium or long term as required by UDC policy.

Special Housing Areas

- 4.22 My primary evidence for submitters on the covering page includes evidence in relation to Special Housing Areas. For the purpose of this supplementary evidence I have brought the following forward:
- 4.23 The table contained in Policy PA1 of the UDC states that long term development capacity must be feasible, identified in relevant plans and strategies. Plans are defined under the UDC as any plan under s.43AA of the Act or proposed plans s.43AAC of the Act:

s.43AA: *Plan means a regional plan or a district plan.*

s.43AAC: *Means a proposed plan, a variation to a proposed plan or change, or a change to a plan proposed by a local authority that has been notified under clause 5 of Schedule 1 or given limited notification under clause 5A of that schedule, but has not become operative in terms of clause 20 of that schedule; and
Includes a proposed plan or a change to a plan proposed by a person under Part 2 of Schedule 1 that has been*

adopted by the local authority under clause 25(2)(a) of Schedule 1.

4.24 SHAs are approved as specific land use / subdivision consents under the Housing Accords and Special Housing Areas Act 2013 and the Act. Mindful of the definition above, I question whether a consent approval for a SHA should be considered as being “identified in relevant plans” as required by Policy PA1 of the UDC. The SHA offers a process for approval, rather than the identification of areas suitable for housing.

Summary

4.25 Paragraph 7.2 of Mr Osborne’s evidence confirms the enabled capacities result from Council’s assessment of zonings for given areas and the site sizes as well as existing structures. I am not aware of any assessment being released for review.

4.26 Based on previous council reporting, applying the definition of urban environment and assessment of feasibility of land in areas listed in Table 3 in terms of development infrastructure I believe the enabled capacities total in Table 3 of 27,159 is overstating capacity by some 38%.

4.27 In my opinion, to appropriately authenticate the capacities used as ‘input’ into the DCM some form of further reporting is required that demonstrates the methodologies used to calculate the capacities listed in Table 3. Given the degree of variance between my assessment and between QLDCs assessments, coupled with the importance these inputs have on the DCM I believe this further report should be independently reviewed.

5.0 High Level Assumptions

5.1 Paragraph 4.5(g) of Mr Osborne’s evidence discusses development feasibility occurring upon 20% return. Based upon levels of return associated with residential development at Lake Hayes Estate,

Shotover Country and Quail Rise I believe this percentage is better set at 33%.

- 5.2 Related to Paragraph 6.8(d) of Mr Osborne's evidence and the high level assumption above: I believe additional assessment is required to identify those areas with high actual development costs which constrain the District's residential development capacity. These are areas requiring considerable buoyancy within the market before development can commence. For example, Remarkables Heights residential development above Middleton Road had resource consent in 1998 but has only commenced work earlier this year when the market return sufficiently exceeded the development cost in order to return profit. I believe to place reliance on areas like this to provide dwelling capacity in the medium to long term is questionable.
- 5.3 Notwithstanding the above, it is quite possible that these areas would appear to be 'land banks' and therefore appropriately discounted through assumptions towards the 'averages' as set out in paragraph 4.5(c) of Mr Osborne's evidence. However, without understanding the source of data being averaged in any integrated model this cannot be confirmed.

6.0 Development Zones - Capacity Estimates

- 6.1 Paragraph 7.3 of Mr Osborne's evidence states:

"The DCM has not determined the feasibility of the Arthurs Point Rural Visitor Subzone, Gibbston Character Zone, the Ferry Hill and Bobs Cove Rural Residential Subzones, the Airport Mixed Use Zone, the Rural Zone, the (operative) Town Centre portion of PC50, the (operative) Industrial Zone, and operative and proposed Special Purpose Zones from its assessment, for the primary reason that they have been identified as development zones that have capacity estimates associated with them. For example, the consultant planner for Quail Rise confirmed with the Council that there was capacity for 13 additional residential units in Quail Rise. Collectively I refer to these as "Special Development" capacity."

- 6.2 The ODP sets a threshold in terms of the number of residential units for the Quail Rise Special Zone which I assume constitutes a “capacity estimate”. However, in terms of the remaining zones listed in paragraph 7.3 I am not aware of any similar capacity estimate in the ODP or PDP.
- 6.3 I do not believe there is adequate justification as to why development in each of these ‘development zones’ are not influenced by the feasibility factors outlined in Part 6 of Mr Osborne’s evidence.

7.0 Population Projections

- 7.1 Section 4.2.3, Attachment A of Fraser Colgrave’s evidence for Strategic Chapters reads:

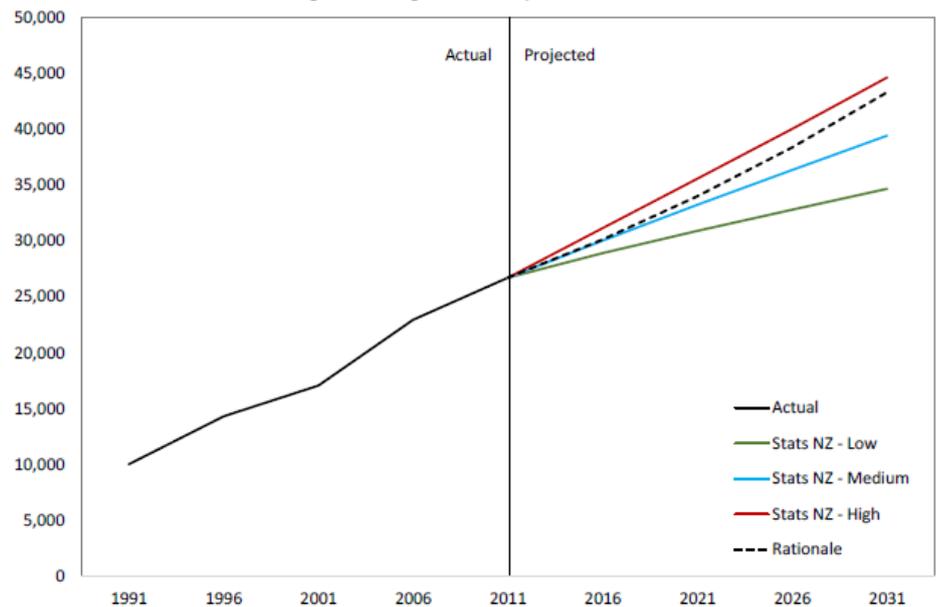
“Next, we compared Rationale’s population projections (the most commonly used ones) with the historic average, as well as the averages underlying Statistics New Zealand’s official projections (which we discuss further below). Table 7 summarises the results.

Table 7: Comparison of Population Growth Rates

Series/Report	Pop Growth p.a.
Stats Low projection	1.4%
Stats Medium projection	2.2%
Stats High projection	2.9%
Rationale 2011	2.4%
Historic Average	4.3%

Table 7 shows that Rationale’s population projections are quite low relative the historic average, but in line with the official population projections. The following graph shows how these various projections play out over a 20 year period.”

Figure 10: Population Projections for QLD



7.2 Rationale’s 2030 projection contained in Table 10 equates to a population of approximately 42,000 while the projection contained in Figure 3 Mr Clarke’s evidence for the same year equates to approximately 50,000.

7.3 Paragraph 5.26 of Mr Clarke’s evidence considers the ‘high growth scenario’ is too high for long term strategic planning purposes.

7.4 The UDC requires an additional margin of feasible development capacity of “at least” 20%. Mr Osborne contemplates an additional margin of 22% for the reasons set out in Part 6 of this evidence. However, historically population projections continually underestimate growth and it appears necessary to project growth within a range. I believe this justifies the provision of additional capacity above 22%.

8.0 National Policy Statement on Urban Development Capacity 2016

8.1 Part 10 of Ms Bank’s evidence considers relevant UDC objectives and policies and I believe that it is important that policies PA1-PA4 are applied to the urban environment that is expected to experience growth:

PA1

- 8.2 Development infrastructure is considered in paragraphs 10.7 – 10.10 with reference only to development inside the UGB and is informed by evidence provided towards hearing stream 1B which relates to development inside the UGB.
- 8.3 I believe paragraph 15 of QLDC memorandum 3rd March suggests that further work was being completed on the DCM modelling and this included further work on QLDC's assumptions about feasibility and infrastructure. Reliance upon evidence from hearing stream 1B appears to confirm that this further work on infrastructure has not been completed or will be provided in December 2017.
- 8.4 Regardless, areas of the enabled housing are outside the UGB and outside the scope of infrastructure evidence which has informed the assessment under policy PA1. I have reservations as to whether the evidence of Mr Glasner can confirm sufficient QLDC owned infrastructure exists to service the development capacity required by policy PA1.
- 8.5 Development infrastructure includes roading. Transport evidence provided by Mr Denis Mander and Ms Wendy Banks raises a number of concerns with the limited future capacity and in some cases the safe operation of intersections between Frankton Road and Goldfields Road, Middleton Road, Sugar Lane and SH6. Concerns have also been raised in relation to the Hawthorne Drive roundabout and the Tuckers Beach Road intersection with SH6.
- 8.6 It is accepted that Frankton Road and SH6 are NZTA owned. However, intersection upgrading at these points has not been listed in the Long-Term Plan. Given the location of the capacity QLDC relies upon in existing urban areas and this capacity is likely to require sufficient capacity and safety in these intersections I believe it would be imperative that this infrastructure be upgraded to facilitate the anticipated short term capacity.

8.7 For the reasons set out in part 4 of my evidence I believe that the enabled capacities are over estimated and require review. This overestimation is partly due to areas not being serviced as required by policy PA1.

8.8 I concur with comments in paragraph 10.11 in part. However, for the reasons set out earlier in my evidence I prefer that a higher margin than 20% is applied to accommodate the variance in population projections as discussed in part 6 and account for underestimations of high level assumptions discussed in part 5 of my evidence.

PA2

8.9 Paragraph 7.11 of the s.42A report for Chapters 3 and 4 states:

“These and other adverse impacts are borne out at a District level: The Council is increasingly concerned at the growing prevalence of overcrowding and its potential public health implications. This was raised in a submission made by the Southern District Health Board on the PDP.”

8.10 It is accepted that the “likelihood” of other services being provided is not diminished by the concerns of the Southern District Health Board and the PDP is appropriately aligned with the intentions of policy PA2.

PA3

8.11 I consider that in terms of geo-spatial distribution the areas listed (a) to (j) in paragraph 10.20 of Ms Bank’s evidence appear in multiple locations throughout the Wakatipu and Arrowtown Wards which aligns with policy PA3(a).

8.12 As discussed in part 4 of my evidence a number of these areas are not within the definition of urban environment and a number are not adequately serviced. I believe this is contrary to Policy PA3(b).

8.13 The areas listed in (a) to (j) in paragraph 10.20 of Ms Bank's evidence align with in providing development opportunities in multiple areas PA3(c) albeit some of which are outside the definition of "urban environment" which PA policies require.

PA4

8.14 Paragraph 10.24 of Ms Bank's evidence confirms:

"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."

8.15 I believe that this supplementary evidence identifies a number of inconsistencies in the current DCM and for the reasons set out earlier I disagree that the current extent of the Queenstown UGB is appropriate to provide for social, economic, cultural and environmental wellbeing

8.16 I consider that the DCM places too much reliance upon dwelling capacity from existing zones to be realised by the relaxation of density and minimum lot size provisions for the reasons set out in paragraphs 6.13 to 6.16 of my primary evidence.

8.17 To heavily rely upon a housing capacity which requires acceptance by a market I believe should only be contemplated when evidence can provide a sufficient level of certainty this capacity will be realised.

Especially when QLDC reporting on Council's Lead Policy for Special Housing Areas confirms approximately 56% of plan enabled capacity in the UGB has provided little residential capacity to the market in ten the last years.

8.18 I believe Mr Osborne's evidence towards hearing stream 6 does not provide a level of certainty that this form of development will be accepted by the current residential market. I believe the DCM places an unrealistic and absolute reliance on this form of development being accepted and it has not been adequately justified as to why the social, economic, cultural and environmental wellbeing of people and the community should have to accept this reliance.

8.19 In relation to the supply of housing in the Wakatipu I have reservations as to whether the people and communities social, economic, cultural and environmental wellbeing has been particularly well served by policy makers in the past and the reasons for these reservations are as follows:

- QLDC reporting has been discussed earlier in my evidence where it is acknowledged in the s.42A report for Chapters 3 and 4 that previous DCM modelling informing dwelling capacity prior to 2014 was significantly overstating realistic capacity especially in existing urban areas.
- QLDC has not initiated any re-zoning to create residential land in the last fifteen years while policy planners have rejected advances from developers to re-zone land residential at Lake Hayes Estate and Shotover Country.
- QLDC and the Minister for Building and Housing signed an accord in 2014 which accepted the urban environment has housing issues and the accord seeks to support the Council to address these issues.

8.20 Notwithstanding the above, I believe there is some sentiment contained in paragraph 10.24 which is somewhat accepting (albeit distant) that in providing for the social, economic, cultural and environmental wellbeing of the people / community this may require consideration of urban development in the ONL.

8.21 I believe this is particularly relevant to submission 338 where my primary evidence outlines the needs of the community in terms of housing provision and the protection of the landscape have become finely balanced.

Nick Geddes

4th July 2017