

Before the Independent Hearing Panel

Under the Resource Management Act 1991

In the matter of the hearing of submissions on the Variation to the Queenstown Lakes Proposed District Plan – Te Pūtahi Ladies Mile Masterplan

Sanderson Group and Queenstown Commercial Limited

Submitter ID: 93

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**Statement of evidence of Stephen Jared Charles Baronian**

20 October 2023

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## **Qualifications and experience**

- 1 My full name is Stephen Jared Charles Baronian.
- 2 I am the Chief Executive Officer (CEO) of Sanderson Group. I have held this role since 2021 and before this led Sanderson Group's development of Kawarau Park, a 2.4-hectare medical precinct located in Queenstown which including construction of Central Lakes Southern Cross Hospital.
- 3 Prior to working at Sanderson Group, I spent 25 years working overseas across energy, infrastructure, defence, technology and property sectors.

## **Sanderson Group**

- 4 Sanderson Group have owned and operated retirement villages throughout the country for over 30 years developing in excess of \$1 billion dollars of infrastructure and buildings. Based in Tauranga, Sanderson Group has developments in Auckland, Tauranga, Waikato and Queenstown. While these developments are, in a large part, focused on retirement housing, the Sanderson Group has built commercial, health care, childcare and comprehensive multi story developments.
- 5 Sanderson Group has significant experience in the Queenstown-Lakes region. Since 2017, the group have developed more than 35 hectares of land on the southern side of Ladies Mile, including the Queenstown Country Club (retirement village), Kawarau Park (medical precinct including Central Lakes Southern Cross Hospital), Kawarau Heights (100 lot subdivision), and Alpine Views (accommodation precinct 11 buildings with 51 rooms).
- 6 Queenstown Commercial Limited is a branch of Sanderson Group and owns 489 Frankton – Ladies Mile Highway, a 6.27ha property (legally described as Section 51, Part Section 45-46 and Part Section 50 Block III Shotover Survey District on Record of Title OT5C/22) within the Te Pūtahi Ladies Mile Masterplan area and are included within the High Density Residential and Commercial Precincts.
- 7 The Council's proposal to rezone Ladies Mile for urban development is supported, we understand the challenges of fast growing population, and the need to make best use of available land. It is a good location for denser urban development, which can strengthen communities and enhance liveability. We would like to part of providing much needed urban development for Queenstown and want to provide housing but to be able to develop in the short to medium term we require more flexibility in design and density to ensure development is commercially viable and the built environment is a community that everyone wants to live in.

- 8 The evidence to follow is a summary of key points that Sanderson Group, as experienced developers, feel strongly about, relating to density, commercial precinct extent and infrastructure delivery. We consider it critical the Variation addresses these matters.

### **Residential Density**

- 9 The requirement for a minimum density of 60 dwellings per hectare is considered restrictive, forcing an outcome which will result in a much slower pace of development and subsequent housing supply. A minimum requirement of 40 dwellings per hectare with no maximum constraint other than what can be achieved within the high density building envelope is better suited to enable effective development that will result in a good mix of building types and product outcomes while still achieving high residential density and helping relieve the pressures of the housing crisis in Queenstown.
- 10 There is a much greater likelihood of deferred development occurring at 60 dwellings per hectare due to higher construction costs, program complexity, more complicated design/ engineering requirements and limited skilled resources available, resource/ building consenting, higher delivery risks, and ultimately capital/ funding requirement.
- 11 Buildings of 4 to 6 levels required to achieve higher density have much longer consenting and construction durations. In our experience, minimum construction cost for a small scale 4 storey building would be \$20 million plus land, consenting / project development fees, development contributions, and financing costs. Presale funding requirements can be 120% of total units built with projects spanning multiple economic cycles due to longer deliveries times introducing further risk. The longer delivery times mean high cost of finance and larger equity requirements limiting development to a smaller pool of larger players resulting in slower delivery and higher prices.
- 12 Hobsonville in Auckland is the only proven example of comprehensive high density development being achieved at scale in New Zealand, however the density achieved in this environment is based on minimum net 40 dwellings density per hectare (after roads, street verges/ footpath, blue and greenscape) on average across Hobsonville. A range of building types including townhouses to 6 storey buildings has been provided in Hobsonville to achieve this density. We are not aware of other comparative working examples at scale in New Zealand comparable to Hobsonville. In Queenstown, residential housing development has not occurred at this

level of density at scale even where land has been available due to market and commercial realities of developing high density product.

- 13 Minimum 40 dwellings per net hectare provides more flexibility for the market to provide and deliver desired market outcomes as it demands. For example, like Hobsonville, during development cycles when demand and market conditions for higher than 40 dwellings per hectare product eventuates, developers will identify, meet the need, and respond accordingly. If there is no demand and minimum densities are too restrictive such as 60 dwellings per hectare, then developers will land bank, resulting in no added relief to the housing crisis and even when product is eventually provided, housing prices are higher.
- 14 High density restrictions may encourage the development of smaller 1 and 2 bedroom dwellings. Conversely, less restrictive density will increase diversity in product by enabling smaller to larger dwellings, 2 and 3 bedroom dwellings, catering for the service worker, young families, empty nesters and retiree.
- 15 To incentive a developer achieving higher density developments, such as 60 dwellings per hectare within the proposed High Density Ladies Mile residential zoning, requires the proposed design controls (recession planes, yard setbacks) to be amended as set out in the evidence of Ms Stagg. Currently, the proposed high density design controls are more conservative than the MDRS standards, whereby only three storeys are permitted.

### **Commercial Precinct Extent**

- 16 An extension of the proposed commercial zone/ town centre should be allowed for within the proposed Ladies Mile plan change to service the needs of the surrounding community, while in turn reducing the need for further traffic generation in the wider Queenstown area. Ultimately this commercial zoning will see mixed commercial / residential outcomes with retail on ground levels, commercial / office space and residential developed on levels above this which will enhance the area bring life and energy to it.
- 17 Around 6,000 people currently reside in the Lake Hayes and Shotover Country area. A further 6,000 people (assuming minimum 40 dwellings density is adopted) will eventually reside in Ladies Mile when fully developed, resulting in 12,000 people all within a 20 minute walk from Ladies Mile proposed town centre. It is essential the variation sufficiently sizes the commercial area to adequately allow local residents living in this catchment to work and access to essential household goods and services without the need to leave.

- 18 Sanderson Group (Queenstown Commercial) developed the hugely successful Kawarau Park a mixed medical/retail precinct over 2.4 hectares located 450m from the Howard drive SH6 intersection including small scale commercial activities such as a dairy, café/restaurant, hair salon and medical centre. In comparison the proposed commercial area (new Town centre) in Ladies Mile is only 2 hectares, which is grossly undersized to meet the basic day to day needs of expected 12,000 people residing in the 20 minute walking catchment. Another example is Omokoroa in the North Island nearby a new Sanderson retirement village (Omokoroa Country Club) with an existing population of 6,000 forecast to grow to 12,500 at full capacity has approved a new town centre at 404 Omokoroa Road on a site 5 hectares useable area noting there is an existing retail/ commercial centre of 3.5 hectares within 2 km including Freshchoice supermarket.
- 19 Essential goods and services for a community of 12,000 people consists of at least a supermarket, food and beverage, office spaces, general retail shopping, personal and professional services etc. Sufficient local provisioning of such goods and services is essential in this location which prior to Kawarau Park had no immediate amenity.

### **Infrastructure**

- 20 The infrastructure required to service the Proposed Ladies Mile Plan Change is not complex. The Queenstown waste water treatment plant and Shotover fresh water bore are both visible and in close proximity to Ladies Mile, resulting in feasible and cost-effective connection options for the area. Both plants are within 2.5 km distance following road to the centre of Ladies Mile (Howards drive intersection). QLDC has recently commenced \$35.4 million dollar upgrade of the waste water treatment plan to provide future growth until 2050 including capacity required for Ladies Mile. The Shotover fresh water bore has just been commissioned in September 2023 also providing capacity to service growth from Ladies Mile.
- 21 Sanderson Group has developed land at Queenstown Country Club, Kawarau Heights, Kawarau Park and Alpine Avenue requiring extensive infrastructure and three waters at similar scales to what is required to connect Ladies Mile.
- 22 Infrastructure is rarely constructed to cater for all potential development at once. The primary cost of infrastructure is opening the ground which should be done once and there is no material cost different in properly sizing trunk pipeworks e.g. 150mm pipe vis 100mm pipe. Once installed infrastructure can then be incrementally scaled as required. This will be no different in Ladies Mile, therefore staging areas within Ladies Mile will only be

detrimental to the enablement and supply of housing in the area. For example, only one water reservoir will be initially required and then this can be scaled from the same pipework, same as for sewer pump stations. As for transport, Waka Kotahi has no basis to plan, fund and build new infrastructure without confidence of zoning and associated growth that comes from this.

- 23 The notified provisions enabled stormwater disposal to be managed on a site per site basis. This is supported. We have had technical analysis completed confirming a distributed stormwater system is feasible within each land ownership and can accommodate the stormwater management for a fully developed Ladies Mile outcome.

### **Conclusion**

- 24 Queenstown has the highest average house price in New Zealand, sitting at a whopping 1.7 million. Popularity in the Queenstown area is not going to decrease. Queenstown has responsibility to plan, accommodate, and ensure sufficient supply is provided for all demand regardless of where it comes from.
- 25 We have more than 2,000 first home buyers on our Kawarau Heights database all actively looking to buy. We are in full support of the QLDC led plan change in the Ladies Mile area, and are passionate about ensuring a successful outcome that enables flexible to develop and deliver supply at an appropriate density as it is needed.

**Jared Baronian**

20 October 2023