

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

**UNDER** the Resource Management Act 1991 (“**the Act**”)

**AND**

**IN THE MATTER** of Hearing Stream 12 – Upper Clutha Mapping

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**SUMMARY OF EVIDENCE OF NATALIE DIANNE HAMPSON  
ON BEHALF OF MIKE BERESFORD (SUBMITTER NO 149)**

**DATED 14 JUNE 2017**

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1. My full name is Natalie Dianne Hampson and my experience is set out in my evidence in chief dated 4<sup>th</sup> April 2017.
2. My evidence in chief provided an analysis of past, present and projected residential and visitor dwelling demand in the Wanaka Urban Growth Boundary (UGB) and the wider Wanaka (Upper Clutha) Catchment. For that statement I based my projections on the Statistics NZ high growth scenario and provided a breakdown of attached and standalone dwelling demand according to three scenarios.
3. I contrasted my demand scenarios against estimates of attached and standalone dwelling capacity based on the Dwelling Capacity Model (DCM) 2015, evidence of Mr Paetz and my own analysis of housing supply.
4. Mr Barr's supplementary evidence, dated 2<sup>nd</sup> May 2017, appended the Council's latest total dwelling demand projections for the Wanaka Catchment - produced by Rationale.
5. Mr Osborne's evidence, dated 1<sup>st</sup> May 2017, provided a description of the DCM 2017 carried out by his company, including key feasibility assumptions, included zones and his approach to realisable capacity. Drawing on the Rationale dwelling projections, he concluded that there was sufficient feasible capacity in the Upper Clutha catchment to meet long term dwelling demand.
6. Following requests, an amended version of the DCM 2017 was provided (10<sup>th</sup> May 2017) by the Council containing sufficient detail to allow me to update my initial analysis for the Wanaka UGB. In doing so, the Council rectified some errors in the model relied upon by Mr Osborne. The omission of the capacity in the Wanaka Town Centre zone was not rectified at this time.
7. In my supplementary evidence, dated 12<sup>th</sup> May 2017, I considered replacing my dwelling demand projections with those provided by Council. However, I identified a potential error in the Rationale projections which indicates an underestimate of long term dwelling demand. This is explained in my supplementary statement (section 3). I do not believe the Rationale projections are reliable. Mr Osborne offered no response to this issue in his summary statement of evidence, dated 17<sup>th</sup> May 2017<sup>1</sup>, and continues to rely on them in his conclusions.
8. I maintained my original dwelling demand projections in my supplementary analysis, and also considered a more conservative growth scenario. I updated my dwelling capacity estimates – adopting the DCM 2017. I have also had to extrapolate additional detail to make the DCM more meaningful for a submission seeking to add standalone dwelling capacity in the UGB. I have been transparent in my working and my assumptions have been unchallenged.
9. I note that my intent for this submission was to work *with* the information provided by Council – not critique it. I understand that the DCM model is a 'work in progress' and as such has not been completed, rigorously tested or peer reviewed. I identified a few preliminary areas of concern in my supplementary statement that have potential implications for the results shown in the DCM 2017.

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<sup>1</sup> I am not aware of any response made by Mr Barr on this issue.

10. Section 6 of my supplementary evidence combined with Appendices G, H and I contain my final analysis of dwelling demand and capacity in the Wanaka UGB. My findings for **total dwellings** show (based on the DCM 2017 supplied on the 10<sup>th</sup> of May and excluding the additional capacity for 50 (attached) dwellings in the Wanaka Town Centre zone<sup>2</sup>):
  - a. Scenario 1 – latent demand excluded and national propensity for dwelling types – 65-70% of feasible capacity utilised in the long term.
  - b. Scenario 2 – latent demand included and national propensity for dwelling types – 78-86% of feasible capacity utilised in the long term.
  - c. Scenario 3 – latent demand excluded and local propensity for dwelling types – 65-70% of feasible capacity utilised in the long term.
11. In all scenarios, the quantum of **feasible** dwelling capacity exceeds projected total dwelling demand. The surplus of feasible capacity ranges between 14-35% in the long term. I cannot determine the extent to which the DCM assumption of ‘maximum development yield’ – if indeed this contradicts already known subdivision plans in some parts of Wanaka – might further erode this surplus. I reach similar conclusions of a surplus of feasible standalone dwelling capacity in the long term for the Wanaka UGB.
12. The surplus or buffer of capacity is a relevant issue. I had included (in my graphs) the suggested buffer of 20% in the short-medium term and 15% in the long term identified in the NPS UDC. However, I had not appreciated that Mr Osborne’s ‘realisable capacity’ was in fact the locally determined buffer that should be used instead of those suggested in the NPS. This was made clear in Mr Osborne’s summary statement of evidence.

*Paragraph 22: “As stated in my evidence the District currently exhibits higher than average levels of land speculation, and although this may be a short-term issue for the market it has played a role in the consideration of a discount rate higher than that identified in the NPS.”*

*Paragraph 23: “the Property Economics model considered the realisation rate as a whole. As such the 50% rate applied to the model represents a realisation rate of just over 30% [actually 32%] when considering the whole Upper Clutha market, significantly more than the 20% (or 15%) required by the NPS.*

13. I agree that a more conservative buffer is appropriate in this District, but have some new concerns on Mr Osborne’s approach to realisable capacity given the comments made in his summary statement.
14. In my supplementary statement, I expressed concern that a 50% development chance could be applied to 46% of the feasible capacity in the Wanaka Catchment (being the Stage 1 zones included in the model) but a 100% development chance applied to 54% of catchment feasible capacity (being the non-Stage 1 zones excluded from the model). On this basis (and the explanation supplied at that time), I had proposed an adjusted realisable capacity estimate where 50% was applied to all feasible capacity.

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<sup>2</sup> This figure was provided only in Mr Osborne’s summary statement of evidence.

15. Mr Osborne now suggests (in his summary statement), that the 50% approach to the modelled zones was a practical consideration to avoid “potential concerns” of individual developers in special zones by suggesting “significantly lower development rates” (paragraph 23). Further, that the intent all along was to reach a weighted average of 68% realisable capacity – which equates to a 32% buffer on feasible capacity. I note that the weighted average is 66% inside the UGB and 76% in the rest of the Catchment.
16. The more I examine Mr Osborne’s realisable capacity figures, the less robust they become. The approach represents poor logic and would appear to fall over when applied in Wakatipu as follows:
  - a. If the intention was to achieve an overall outcome of 68%, then the 50% is completely sensitive to the amount of capacity located in the non-Stage 1 zones. Had the capacity in the non-modelled zones been 20% higher, then the development chance of modelled zones would need to be 46% (instead of 50%). Had the capacity in the non-modelled zones been 80% of the stated figure, then the development chance of modelled zones would need to be 54%. However, the 68% is not informed by any stated evidence – it is a by-product of his approach.
  - b. If the intention was to apply the 50% development chance for realisable capacity, then the overall weighted outcome is sensitive to the amount of capacity located in the non-Stage 1 zones. Had the capacity in the non-modelled zones been 20% higher, then the overall weighted outcome would be 70% (instead of 68%). Had the capacity in the non-modelled zones been 80% of the stated figure, then the overall weighted outcome would be 65%.
  - c. On the one hand, this would make slightly more sense *if* there was evidence to support the 50% assumption, but this is not provided. If there *was* evidence to support the 50% development chance, then it still makes no sense to exclude non-modelled zones from this outcome.
  - d. Further, Mr Osborne’s 50% + 100% approach will not hold up in the Wakatipu. Based on figures contained in his EIC Table 2 and adjusting the Wakatipu figures by subtracting the latest DCM figures for the Wanaka Catchment from the same district totals, this approach would mean that 80% of feasible capacity in the Wakatipu catchment will be realised (compared to 68% in Wanaka). This equates to a 20% buffer – the same as in the NPS, despite Mr Osborne’s claims that a more conservative buffer is needed in the district because of the highly speculative market. Mr Osborne has not specified that his 50% assumption applies only to the Wanaka Catchment. I can only conclude that he will provide a different set of assumptions and rationale for the application of the DCM 2017 in the Wakatipu Catchment.

17. Overall, while the Council needs to adopt a buffer for feasible capacity to meet the requirements of the NPS UDC, I would recommend caution in relying on the stated 'realisable capacity' for that purpose as there is no evidence provided to support it<sup>3</sup>.
18. With specific regard to the submission of Mr Beresford to create residential dwelling capacity on a portion of the Sticky Forest site:
  - a. I have considered its scale in the context of feasible dwelling capacity in the UGB and Wanaka Catchment. It represents approximately 1.5% and 1.9% of total dwelling capacity respectively and so any effects arising from this capacity will be small relative to the effects anticipated by the proposed District Plan. The proposed capacity makes a positive (albeit small) contribution towards maintaining a buffer of dwelling capacity in the long term.
  - b. I have considered its location relative to recent urban growth and urban infrastructure. Its location is neither isolated nor disconnected in urban form terms. Accessibility to services (including local convenience shops), recreational land and schools is good. The Aubrey Road axis is one in which there has been a strong market preference by resident households. The lot size and dwelling type enabled by the proposed zones is in keeping with the current profile of housing supply in the locality and aligns with projected strong demand for standalone dwellings. Adjusting the UGB in this location helps delay future encroachment of urban land use further towards Glendhu Bay, up the foothills of the ranges, towards the Cardrona Valley and up to and adjoining the Cardrona River.
  - c. I have considered economic and social costs and benefits of the proposed residential capacity. These are outlined in Section 6 of my evidence in chief. I consider that the benefits I have identified outweigh the costs identified (but accept that this is not a complete evaluation).
  - d. The Beresford submission is unique in that the residential zoning forms part of a package that would deliver significant recreational benefits to the Wanaka community with flow-on economic benefits. When considered as a package, the net-benefit is further enhanced.
  - e. Overall I consider that the proposed zoning is an efficient use of the land that supports the strategic and urban development objectives of the proposed District Plan.

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<sup>3</sup> It would appropriate to disregard my estimates of adjusted realisable capacity as they are sensitive to the approach used to apply a realisable capacity percentage and may no longer be appropriate given Mr Osborne's desired weighted average outcome.