

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

IN THE MATTER of the Resource
Management Act 1991

AND

IN THE MATTER of Hearing Stream 12
– Upper Clutha
Mapping Annotations
and Rezoning Requests

**REPLY OF TIMOTHY HEATH
ON BEHALF OF QUEENSTOWN LAKES DISTRICT COUNCIL
CARDRONA VALLEY ROAD LOCAL SHOPPING CENTRE ZONE**

10 July 2017

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1. INTRODUCTION

- 1.1** My name is Timothy Heath. I prepared expert evidence for the Queenstown Lakes District Council (**QLDC or Council**) on the Cardrona Valley Road Local Shopping Centre Zone (**LSCZ**) for the Upper Clutha hearing stream 12. My qualifications and experience are listed in that evidence dated 17 March 2017.
- 1.2** I attended the hearing on 17 May 2017 and have been provided with additional information provided to the Panel by submitters and counsel at the hearing that relate to matters addressed in my evidence and rebuttal.
- 1.3** This reply evidence responds to the verbal responses of Mr Polkinghorne for the Trustees of the Gordon Family Trust (#395) in relation to the Cardrona Valley Road LSCZ, to Key questions put to him by the Panel.

2. MR POLKINGHORNE FOR TRUSTEES OF THE GORDON FAMILY TRUST (#395)

- 2.1** Mr Polkinghorne stated no major retail analysis has been done on the Wanaka market since Retail Consulting Group's 2009 analysis for the Three Parks Plan Change. This statement is factually incorrect as the detailed McDermott Miller Strategies report titled 'Review of District Plan Business Zone Capacity and Development of Zoning Hierarchy' for QLDC dated November 2013, and the McDermott Consultants report titled 'Peter Gordon Development – Retail Assessment Cardrona Valley Road Wanaka' dated March 2014, both address retail analysis on the Wanaka Market. Both of these reports are referred to in my Evidence in Chief.
- 2.2** Mr Polkinghorne also stated I did not include tourist spending in my analysis. That is incorrect and I can confirm it is included in my retail model and analysis, as explained in my write up of my retail model in Appendix 2 of my Evidence in Chief dated 17 March 2017. Mr Polkinghorne seemed to conflate two separate markets by suggesting all tourism expenditure was part of the Cardrona Valley Road LSCZ

market. In my view this overstates the likely commercial reality by some margin, particularly in the planning context of the 'small scale' envisaged for LSCZ centres and through the zone objectives and policies (refer again to my Evidence in Chief, section 5).

2.3 Mr Polkinghorne suggested on a few occasions that because I had not specifically identified any issues with his modelling, he took that to indicate I agree with the level of demand he generated for the Wanaka market. That is a misguided assumption.

2.4 I did not critique Mr Polkinghorne's demand modelling for the District or the whole Wanaka market, because I consider such a geospatially extensive market is misplaced for determination of an appropriate scale LSCZ at Cardrona Valley Road in the context of the PDP. Further, Mr Polkinghorne's Wanaka retail gross floor area (**GFA**) data would appear unreliable in my opinion as at a high level it appears to not take into account actual retail spending flows out of Wanaka to Queenstown and other markets further afield. This inflates Wanaka's 'real world' demand and retail GFA figures significantly, and thereby is likely to overestimate Wanaka's retail GFA requirement.

2.5 For example, Mr Polkinghorne's modelling indicates Wanaka could support 92,700sqm of retail by 2038 (and says this is generated using his 'preferred assumptions' which are likely to be conservative).¹ It appears Mr Polkinghorne may be modelling the recent boom period as if the boom will continue annually for the next 20 years. The veracity of such analysis for determining an appropriate land provision for the Cardrona Valley Road LSCZ is questionable in my view.

2.6 In another response, Mr Polkinghorne indicated large bike shops and ski shops are appropriate to locate in the Cardrona Valley Road LSCZ. Mr Polkinghorne seems to be promoting store types that are a better fit for a higher order centre (i.e. the Town Centre) and not a LSCZ. As one Commissioner put it, he seems to be asking for another zone type. Mr Polkinghorne clearly appeared to skew his

¹ Statement of Evidence of John Polkinghorne for Gordon Family Trust (249, 507, 622, FS1193) filed in Hearing Stream 8.

interpretation of the policy framework to support such stores, but then when questioned further on how this 'fitted in' with 'limited scale' he was not able to provide a clear answer. As stated in my rebuttal statement at paragraph 3.4, the purpose and objective of the zone makes it clear that the expectation is for a small range of limited scale community activities that supports the surrounding local community.

2.7 Mr Polkinghorne indicated a petrol station could locate in the Cardrona Valley Road LSCZ. I have no issue with that as this activity is not included in the retail analysis nor would undermine any centre. The 0.3ha buffer (between my determined 0.7ha and the 1ha promoted by Council and myself at the hearing) would cover this.

2.8 Mr Polkinghorne was asked to identify a local shopping centre that had a GFA to land area ratio of 35%, i.e. 35% coverage. He could not identify one but rather, discussed Large Format Retail centres which are completely different in their purpose and character. However, even if Mr Polkinghorne could have identified a local shopping centre with 35% coverage, in my view this represents inefficient development and use of the land resource which the PDP is not encouraging. Therefore his low coverage assumption is wrong on both fronts in my view.

2.9 Mr Polkinghorne thought the proposed (future) road would reduce the 2.7ha Cardrona Valley Road LSCZ to around 2ha. This approach misses the point entirely in my opinion. My understanding is that this process is not about justifying or 'back-filling' the 2.7ha Cardrona Valley Road LSCZ, but determining what land provision is most appropriate for a LSCZ in this location. There appeared to be little recognition by Mr Polkinghorne that 2.7ha of developable land could yield over 12,000sqm GFA of ground level commercial development (this GFA increases if second level development opportunities are pursued), which at an average of 150sqm per store, could result in over 80 stores.

2.10 Some discussion was had between the Panel and Mr Polkinghorne on the appropriate planning timeframe to apply to the retail assessment. Mr Polkinghorne was not clear on his approach. The

most appropriate approach in my view is the 'at capacity' assessment that considers the retail requirement and appropriate land provision, assuming a fully developed localised market and new residential zones in the PDP. For the purposes of my analysis, I have assumed this will be by 2038 as an estimated end date is required in the modelling to generate an 'at capacity' output. I consider 2038 a more realistic end date given the scale of growth projected in the localised catchment than any preceding date.

3. RESPONSE TO PANEL'S MINUTE CONCERNING CONTENT OF REPLY

- 3.1** Through the Panel's Minute concerning the content of the Council's reply dated 20 June 2017, it posed the following query:

What is the Council's response to the evidence and submissions for Gordon Trust that the purpose of the LSCZ is to cater, among other things, for tourist traffic? What are the implications for Mr Heath's evidence on the desired size of the Cardrona Valley Road LSCZ if that purpose were taken into account. If the Council's view is that no need to factor in tourist traffic, please advise the Council's view as to whether that position is consistent with the role of the LSCZ at Frankton Corner.

- 3.2** As identified in paragraph 2.2 above, tourism expenditure has been factored into my analysis in the assessment of convenience expenditure. Therefore I consider my identified size and land area for the Cardrona Valley Road LSCZ remains appropriate. Including all tourist expenditure into the determination of an appropriate land area for the Cardrona Valley Road LSCZ given the zone's policy setting within the PDP would overestimate demand for the centre, as a significant proportion of tourist spend is not captured in local convenience centres.

- 3.3** The Frankton Corner LSCZ's location has a completely different market dynamic being on route to an international airport, and having significantly more traffic volumes past the centre from two directions. However, even within this significantly larger market opportunity, the Frankton Corner centre plays a local convenience role and function servicing the local market and passing traffic, and highlights no direct

correlation between large tourist traffic flows and local convenience centre size.

3.4 In Ms Jones reply for Hearing Stream 12 Upper Clutha, paragraphs 2.11 and 2.12, she outlines the influence of the proposed (and recently consented road as I understand) for the small parcel of land immediately south of the Cardrona Valley Road medical centre. I concur with Ms Jones' reasoning in paragraph 2.12 for the inclusion of this land into the Cardrona Valley Road LSCZ. For clarity, the inclusion of this land, and thereby slightly increased LSCZ land provision in this location of 2,500sqm is not based on any economic demand fundamentals, but represents a pragmatic outcome given the unique circumstances of the location of the now consented road in this instance.

3.5 Ultimately, the subject increase in the proposed LSCZ land provision at Cardrona Valley Road as outlined by Ms Jones of 2,500sqm is not considered of a level that would threaten the ongoing development of the Wanaka Town Centre and / or Three Parks Centre over the long term under the LSCZ provisions if under a 'worst case' scenario risk that this land was to be developed for commercial activity and not a road. This 'worst case' scenario could potentially lead to less efficient development of the land and may slow some development opportunities in the Wanaka Town Centre and Three Parks at an economic cost to the community, but this would be offset to some degree by likely improved integration with the medical centre. On balance, given the unique circumstances of this situation I can support the 1.25ha land provision for the Cardrona Valley Road based on this land incorporating a consented road.



Timothy Heath

10 July 2017