PROPOSED TE PŪTAHI LADIES MILE PLAN VARIATION

SUMMARY OF EVIDENCE OF SUSAN MICHELLE FAIRGRAY ON BEHALF OF THE QUEENSTOWN LAKES DISTRICT COUNCIL

1. As directed by paragraph 12.2 of Hearing Minute 1, I set out below a summary of the key points of my evidence. I have prepared a statement of evidence in chief dated 29 September 2023, and a statement of rebuttal evidence dated 10 November 2023.

2. I have provided answers to written questions from submitters dated 24 November 2023.

3. In **Appendix A** I include a summary of dwelling yield and projected market size calculations by different densities (as discussed further below). In **Appendix B** I respond to the Panel's written questions.

Succinct summary of key points of my evidence

4. In my summary I have focused on the proposed dwelling density provisions and how these are applied at Te Putahi Ladies Mile (TPLM) and then the proposed western extension area on the AHFT land. My summary sets out my approach, which aims to answer questions that have arisen from the Hearing Panel prior to and during the opening day of the hearing. Further technical detail to support these responses, if required, is contained within the appendices, along with further responses to specific questions.

Residential Dwelling Densities

5. I consider that TPLM forms an efficient location for urbanisation at increased densities within Queenstown's spatial economic structure. The formation of a more intensive node will increase the range and types of dwelling mix within the Eastern Corridor and the Wakatipu Ward generally. It will contribute to a more sustainable urban form and support the viability of the proposed TPLM commercial centre, which will provide amenity to the wider surrounding catchment area. I consider that these aspects are important to achieving a well-functioning urban environment in this location over the long-term.

6. In my view, it is important that the dwelling mix achieved at TPLM is well-suited to long-term patterns of community housing need. The provision of more intensive dwellings across the medium and higher densities is likely to add supply in lower dwelling value bands (compared with lower density development), thus contributing toward increased housing affordability in the Queenstown market.

7. I have assessed the economic efficiency and effectiveness of provisions for residential development patterns in TPLM. In evaluating the proposed urbanisation for QLDC, I have taken this into account for different parts of the market. These include the commercial market, which forms a key component of the wider market, but also other parts of the market such as the current and future community as well as understanding the effects on urban form that affect the market more broadly. I have also had regard for how the housing market may be expected to change over time, as the District economy expands, and medium- and higher-density housing typologies represent greater shares of the total housing estate.

8. There are likely to be important differences in what is efficient and effective for different parts of the market, and at different times. Greatest return to the commercial developer market may occur through a less intensive, lower risk dwelling mix achieved within a shorter time period. However, greater benefit to the community may occur through an increased range of dwellings delivered across a longer time period. It is important to appropriately balance commercial developer objectives with longer-term housing need in the community, and to recognise the trade-offs.

9. I have assessed whether the dwelling mixes enabled by different proposed provisions (incl. ranging from the notified TPLM and alternatives proposed by submitters), are likely to be well-suited to long-term patterns of housing need in the community, and the extent to which these are reasonably able to be delivered by the commercial market. I consider the efficiency and effectiveness of different provisions occurs through a combination of proposed densities and how they are implemented.

10. Taking this into account, I support the following residential development provisions:

    (a) Notified MDR precinct minimum densities of 40 dwellings per gross hectare (noting the general agreement among economic experts that this enabled pattern of development is currently commercially feasible).

    (b) HDR precinct minimum densities of 50 dwellings per hectare achieved across the precinct overall, with modifications to the implementation to reflect differences in market certainty and timing for different dwelling typologies and densities that contribute to achieving this density overall. Development of sites at medium densities (lower than 50 dwellings per hectare) should be enabled to occur within the precinct in the short to medium-term with areas set aside for higher density development to achieve the minimum density overall if it becomes feasible in the future. These sites could alternatively develop at medium densities if higher density development does not become feasible in the future.

Latest position on the matters remaining in dispute

11. There is currently disagreement among the economic experts relating to the requirement for higher density dwellings (6 storey apartments) to achieve density minimums within the HDR precinct. I consider that higher density dwellings are likely to be beneficial for the community's long-term housing needs if they are able to be delivered by the market. They are currently not feasible in this location, but may become feasible in the long-term. This may occur as the scale of market demand becomes larger and the range of locations where they are delivered in Queenstown expands.

12. In my view, it is important to retain the development opportunity for some higher density apartments to occur in the long-term, with the ability to alternatively develop at medium densities if apartments do not become viable. I hold this view because these areas would otherwise be likely to be developed more quickly at a medium-density scale in response to incentives of faster and easier returns for developers. If this occurs, then the opportunity for a wider range and number of dwellings to meet community demand over a longer time period would be lost. Once developed, there would be limited ability for any further intensification into the long term even if increased demand improved the viability of higher density housing.

13. In my view, in assessing the feasibility and appropriate balance of density provisions, a key aspect is the level of higher density dwelling development that would need to occur within the HDR precinct (at different proposed minimums) for the rest of the precinct to develop at densities that are considered to be currently feasible for the commercial market. I have assessed both the land areas required to develop at higher densities, as well as the number of higher density dwellings that would need to be developed on these land areas. I have then examined the required scale of higher density development relative to the future projected higher density market size, taking into account timing. I have also examined the medium density demand relative to development opportunity in TPLM and the wider Queenstown market. The calculated outputs to support my assessment are contained in Appendix A.

14. My assessment in Appendix A shows that at 50 dwellings per hectare, at least 90% of the HDR precinct land area is able to develop at currently feasible medium densities (40 to 45 dwellings per hectare), with a small portion of the land area required to develop at higher densities. Between 2% and 10% of the HDR precinct land area (Figure 1) (1% to 4% of the total TPLM developable land area) would need to be reserved for higher density development, which amounts to 0.4 ha to 1.9 ha (applying

updated precinct areas from that in my EIR). This amounts to between approximately 100 to 275 higher density dwellings (Figure 2) (approximately three to nine 6-storey apartment buildings[1]), depending upon the level of development efficiency.

15. My assessment estimates that development in the HDR precinct with an overall average density of 55 dwellings per hectare is likely to require between 200 and 400 higher density apartment dwellings to be constructed if the remainder of dwellings were constructed at medium densities of around 40 to 45 dwellings per hectare. This would take up on 4% to 15% of the HDR precinct land area and equate to between 8% and 40% of the total long-term Wakatipu Ward apartment market (but would likely to be closer to 20%).

16. I note that Mr Lowe has undertaken calculations that estimate that 100 to 200 higher density apartments would be required in the HDR precinct to achieve an average density of 55 dwellings per hectare. This could occur if the remainder of the dwellings were developed at a higher intensity to include an increased share of walk-up apartments and more intensive terraced housing.

17. My assessment of the TPLM variation (including the TPLM HDR precinct) required dwelling yields within the context of market demand is summarised in Tables 1 to 3 in Appendix A. There is a total projected long-term market size for between 1,000 and 2,700 higher density dwellings across the Wakatipu Ward (including an NPS-UD competitiveness margin). It shows (Table 3) that the TPLM HDR precinct would need to absorb between 4% and 28% (where I consider a range closer to around 10% is more likely as demand is likely to be closer to the upper range) of the projected long-term higher density demand across the Wakatipu Ward to achieve a density minimum of 50 dwellings per hectare.

18. I consider that the yield of TPLM is likely to occur towards the lower end of the calculated range (Table 1), closer to the minimum densities. In Appendix B I set out why I consider development of the precincts closer to the higher overall density range is less likely to occur.

19. I have also examined the scale of medium density development (across the HDR and MDR precincts combined) within the context of Wakatipu Ward medium and long-term market demand. A comparison of the TPLM total medium density dwelling yield

[1] The number of apartment buildings is calculated based on the total building size provisions of TPLM. If apartments were instead constructed in buildings closer in size to the recent development patterns around Frankton, then this would amount to two to five apartment buildings.

(1,250 to 1,450 dwellings – Table 1, lower dwelling yield) with the medium and long-term projected medium density market size (1,100 to 1,300 dwellings and 4,700 to 4,800 dwelling respectively – Table 2) suggests that medium-density parts of the MDR and HDR precincts are still likely to be developing in the long-term. Table 3 shows that all of the Wakatipu Ward medium density dwelling demand would need to be met in TPLM if this component were to become close to fully developed in the medium-term. I consider this is unlikely to occur, taking account of other development opportunities across the ward that are likely to also attract a share of market demand.

20. The timeframe of medium density growth in TPLM's HDR precinct is important when considering the potential for opportunity costs to arise from retaining land areas for future higher density development. In my view, retaining these areas for future development is less likely to generate an opportunity cost in terms of foregone potential for medium density development for the precinct during the short or medium-term. This is because the assessment suggests that there is insufficient market demand to develop all of the precinct at medium densities within this time period.

Proposed Extension Area

21. I support the urbanisation of the AHFT-proposed western Extension Area. In my view, long-term development of this area at a medium-density scale is likely to be an efficient pattern of development. However, if this area is urbanised at a medium-density scale in the short to medium-term or within a timeframe that coincides with the development of the rest of TPLM, then it may initially dilute intensification of residential development in areas surrounding the TPLM commercial centre. If the extension area were to be urbanised in the short to medium-term, then I would support urbanisation at a scale reduced from that of the proposed MDR precinct, such as the QLDC Proposed District Plan Low Density Suburban Residential Zone.

Dated: 4 December 2023

Appendix A – Summary of Dwelling Yield and Projected Market Size Calculations by Different Densities

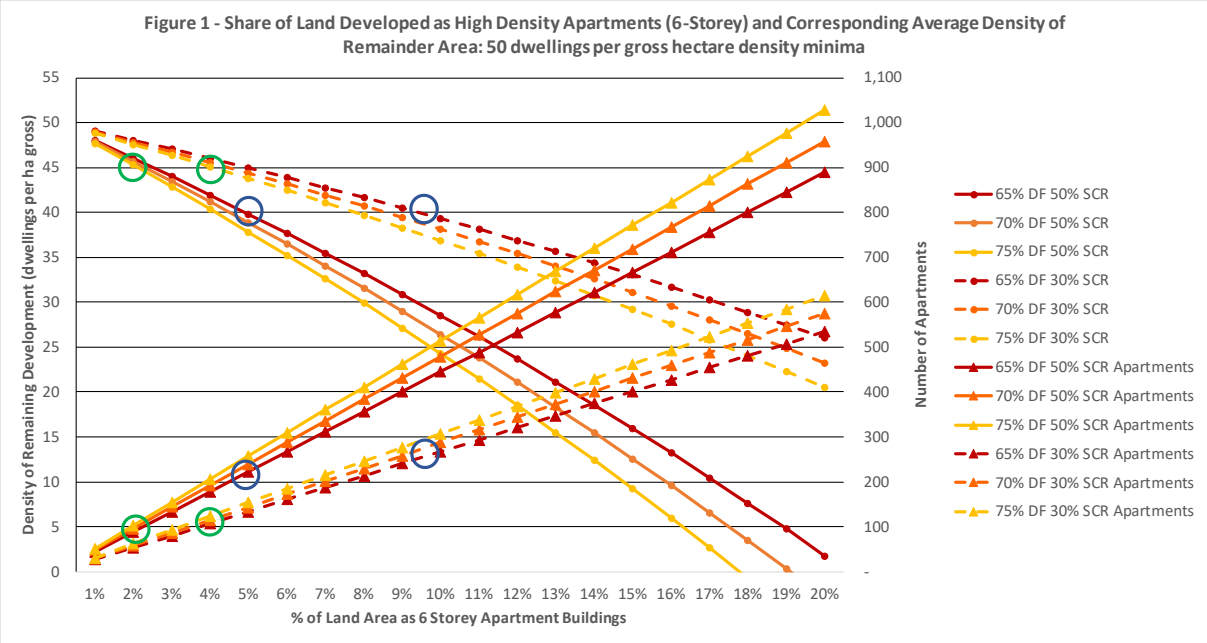
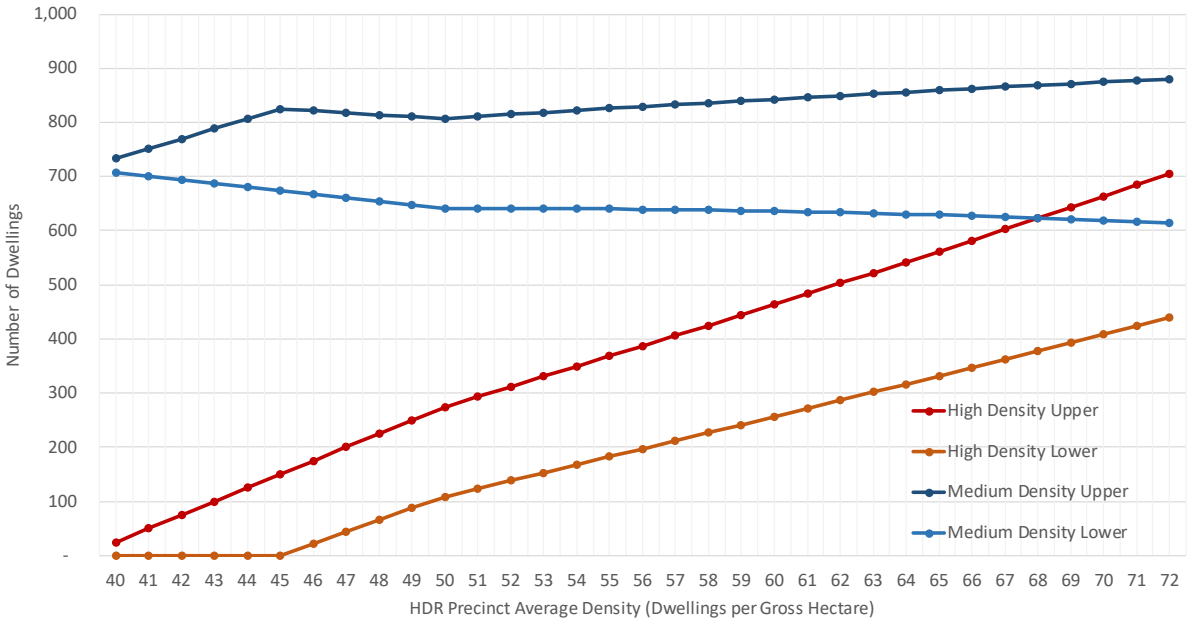


Figure 2 – Estimated Number of HDR Precinct (excl. school area) Medium and Higher Density Dwellings by Average Precinct Density



Note: Medium density dwellings are assumed to develop at 40-45 dwellings per hectare up to a total precinct density of 50 dwellings per hectare. As total precinct densities increase to 72 dwellings per hectare, it is assumed that the medium density dwelling component density will increase to around 45-52 dwellings per hectare by an overall density of 72 dwellings per hectare.

Table 1 – Estimated Fully Developed Low and High Dwelling Yields by TPLM Area and Dwelling Density

AREA	Low Dwelling Yield					
	Low Density Dwellings	Medium Density Dwellings		Higher Density Dwellings		TOTAL
		Low	High	Low	High	
HDR Precinct		641	807	109	275	**916**
MDR Precinct + J1		624	624			**624**
Low Density Areas	226					**226**
Commercial Precinct				-	-	**-**
Total	**226**	**1,265**	**1,431**	**109**	**275**	**1,766**
AREA	**High Dwelling Yield**					
	Low Density Dwellings	Medium Density Dwellings		Higher Density Dwellings		TOTAL
		Low	High	Low	High	
HDR Precinct		614	880	439	705	**1,319**
MDR Precinct + J1		748	748			**748**
Low Density Areas	243					**243**
Commercial Precinct				376	376	**376**
Total	**243**	**1,362**	**1,628**	**815**	**1,081**	**2,686**

Table 2 – Wakatipu Ward Medium and Long-Term Projected Dwelling Demand by Dwelling Density

Time Period and Demand Scenario	Wakatipu Ward Dwelling Demand (incl. margin) - Net Additional Dwellings			
	Low Density Dwellings	Medium Density Dwellings	Higher Density Dwellings	Total dwellings
Medium-Term Demand - Baseline	3,100	1,100	300	**4,500**
Medium-Term Demand - Market Shift	2,500	1,300	600	**4,300**
Long-Term Demand - Baseline	6,600	4,800	1,000	**12,300**
Long-Term Demand - Market Shift	4,700	4,700	2,700	**12,100**

Table 3 – TPLM Dwelling Yield Share of Wakatipu Ward Projected Dwelling Demand if Fully Developed in Each Time Period

AREA	Low Dwelling Yield					
	Low Density Dwellings	Medium Density Dwellings		Higher Density Dwellings		TOTAL
		Low	High	Low	High	
Medium-Term Demand - Baseline	7%	115%	130%	43%	108%	**39%**
Medium-Term Demand - Market Shift	9%	99%	112%	19%	49%	**41%**
Long-Term Demand - Baseline	3%	26%	30%	11%	28%	**14%**
Long-Term Demand - Market Shift	5%	27%	31%	4%	10%	**15%**
AREA	**High Dwelling Yield**					
	Low Density Dwellings	Medium Density Dwellings		Higher Density Dwellings		TOTAL
		Low	High	Low	High	
Medium-Term Demand - Baseline	8%	123%	148%	320%	425%	**60%**
Medium-Term Demand - Market Shift	10%	107%	128%	146%	193%	**62%**
Long-Term Demand - Baseline	4%	29%	34%	82%	109%	**22%**
Long-Term Demand - Market Shift	5%	29%	35%	30%	40%	**22%**

Note: School areas are excluded.

Appendix B - Response to Hearing Panel Minute: Pre-Hearing Questions

1.21 How is the development of TPLM (LD, MD, HD, commercial, open space) intended to occur over time? Is it sufficiently coordinated and managed to minimise inefficient outcomes (including a reduction in typologies) and adverse environmental effects (including on and for infrastructure)?

22. My assessment has found that large shares of the TPLM development opportunity are likely to be currently commercially feasible for development to start to occur from the short-term (if taken up by developers). The dwelling typologies and densities enabled by the notified TPLM Variation provisions are currently commercially feasible for the lower density and MDR precinct areas. I also consider that the proposed changes to the HDR precinct provisions will also enable currently feasible development opportunity across most of this area. The higher density development is not likely to become feasible within the HDR precinct till the long-term and is therefore unlikely to be taken up by the commercial market in the short to medium-term.

23. I consider that medium density development is likely to occur incrementally across the spatial extent of the MDR and HDR precinct areas. The sequence of development will depend upon the take up of development opportunity by individual agents within the market. There is a trade-off between development that is staged to initially occur closer to the commercial centre to support its development vs. providing a range of choices across a number of competing landowners within the extent of the MDR and HDR precincts.

1.23 Is 2,400 dwellings seen as a minimum, maximum or something in between? What are the implications of the answer in terms of transportation and urban design? Do the TPLM provisions as proposed provide suitable clarity of intentions in relation to those same development limits? Would 2,400 dwellings, predominantly consisting of 1-2 bedroom dwellings, have different traffic and infrastructure effects to 2,400 dwellings predominantly consisting of 3-4 bedroom dwellings?

24. I consider that the eventual dwelling yield realised in TPLM in the long-term is likely to be significantly less than 2,400 dwellings. In my view, the yield is more likely to be closer to the lower range (around 1,800 to 2,000 dwellings - Table 1 in Appendix A) calculated from the updated precinct land area information.

25. In my view, dwelling yields of around 2,400 dwellings are less likely to be achieved in TPLM as they would rely on a significantly larger number of higher density apartments to be developed. Table 1 shows that over four times the number of higher density apartments would be required, even allowing for an increase in the intensity of medium density development across the rest of TPLM. This would consequently require a high share of the total long-term apartment demand to be met in TPLM,

which I consider is less likely to occur within the context of the local market and alternative development locations.

26. If higher yields of 2,400 dwellings did occur, then there would be a lower relative increase in the resulting population. This is due to smaller average household sizes that typically occur for households occupying apartment dwellings.

1.25 How robust is the likely delivery of the density levels, especially given the uncertainty as to when or if the highest density outcomes will occur? Is it likely that (here and now) low and medium density will be more attractive to the market – and if more is included then how will overall density levels be achieved? How would minimum density requirements (whether gross or net) be affected by potentially land-intensive non-residential activities such as schools, churches, stormwater systems and other infrastructure locating in areas subject to those requirements? Is more medium density required elsewhere in TPLM (or on land owned by submitters subject to scope issues) to make up the slack?

27. As set out in my main summary, I consider that most of the development opportunity enabled by TPLM is for currently feasible dwelling typologies and densities. These include the development opportunity in the low density areas and MDR precincts, and across most of the HDR precinct land area if adjustments are made to the provisions to enable medium density development to occur from the short-term.

28. In my view, the low to medium density development is likely to start occurring in the short-term and throughout the medium-term. Medium density development is likely to continue into the long-term as the level of development opportunity in TPLM is large relative to medium-term demand, with TPLM also competing with other development opportunities around Queenstown.

29. As set out in my EIC and EIR, I consider that there is less certainty around the development of higher density apartments, particularly in the HDR precinct. For this reason, I support provision for these sites to alternatively develop at medium densities if higher density apartments do not become feasible in this location.

30. In line with the Structure Plan provisions, land areas from the listed non-residential activities and stormwater have been excluded prior to the calculation of dwelling densities. Therefore, the absence of dwelling development opportunity on these sites will not affect the density (and its feasibility or dwelling mix), but will reduce the total TPLM dwelling yield (which has already been taken into account in my assessment).

31. In my view, the dwelling yield and mix achieved on the remaining areas of TPLM is likely to be sufficient to form a residential node at this location with a range of dwellings to support long-term community housing need. Together with other development opportunities across Queenstown, there is a large capacity relative to

demand for future housing need. However, if further land is included in TPLM to increase the total dwelling yield, then I consider that staging of development across these additional locations may be appropriate. Additional land is likely to be located further from the TPLM commercial centre, meaning that its development may reduce the level of development that would initially occur within areas of the HDR and MDR precincts that are closer to the commercial centre.

1.26 In terms of minimum density and typology requirements, particularly relating to higher densities, where examples of these within Queenstown have been identified and used to substantiate market demand or feasibility, are those locations comparable to the TPLM site (ie is high density in central Queenstown or on a prime lakefront site fairly comparable adjacent to SH6 at Ladies Mile)?

32. I undertook several stages in my assessment of the potential for future higher density residential development at TPLM. Firstly, detailed modelling was undertaken (as part of my assessment for QLDC's Intensification Variation) to estimate the total market size for higher density dwellings across the Wakatipu Ward.

33. Within this total market picture, I then considered the current and potential spatial distribution of higher density development across Queenstown's spatial economic structure. As part of this process, I examined the range of locations where higher density development has become feasible through time in other urban economies. The range of locations generally expands through time with both market growth, together with changes in the structure of market growth (e.g. an increased share of the dwelling demand as higher density dwellings).

34. In my view, the range of locations within Queenstown where higher density development is realised is also likely to expand through time (a significant time period of 20 to 30 years). Part of the expanded range of locations are also driven by growth in other parts of the demand profile, such as investor demand and demand for visitor accommodation.

35. I consider that the example locations mentioned in the above question are not comparable. My assessment has also not assumed that these locations are comparable. I consider that there are other factors (such as the time period and total market size) that contribute to important differences between the existing current apartment market and likely future apartment market that affect the feasibility of different parts of the apartment market, including in different locations.

36. In my assessment, I have examined patterns of more recent apartment developments in Frankton and Remarkables Park. This has been undertaken to inform assumptions

about the likely intensity of apartment developments on sites if they were to be developed as apartments in the long-term.

1.27 If lower density development occurs in the short term, with higher density in the longer term (if at all) what happens if, at a point in time, the low and medium density opportunities have been maximised, the zone is part-implemented, but there is market rejection of higher density housing and applications for inadequate density are being refused consent. When (if at all) would it become better for the part-implemented zone to 'freeze', even if it means failure to achieve some commercial and other non-residential outcomes due to a lack of sufficient local catchment? Further, when (if at all) would it be better to accept lesser-than-hoped-for densities if that helps provide more on-site non-residential activities such as shops to provide as much public transport support as may be achievable? Do the Plan provisions allow such trade-offs to be made, should they, and if so, how?

37. I consider it would be appropriate to reassess the requirement for reserved sites to develop at higher densities in the future if they have not yet been developed. This could occur closer towards the end of the TPLM development period once most of the other sites within the HDR and MDR precinct areas have been developed.

38. As stated above at paragraph 19 (and summarised in Table 3 of Appendix A), my assessment shows that the MDR and HDR precincts are still likely to be developing beyond the medium-term. Significant shares of the medium-density development opportunity are still likely to remain at the start of the long-term (11+ years), which is within the timeframe of a Plan review. This is due to the overall scale of TPLM relative to the Wakatipu Ward total market size and presence of other competing development opportunities.

39. As stated at paragraph 14, I have calculated that the sites reserved for higher density dwellings would need to contain between 100 and 275 higher density dwellings to achieve the HDR precinct overall minimum densities of 50 dwellings per hectare. I estimate that these sites could alternatively accommodate between 20 to 100 medium density dwellings. The range occurs due to a combination of different total land areas and development intensities.