

APPENDIX B - LAND NEEDS ASSESSMENT IN RESPONSE TO A SUBMISSION

Review of Plan Change 43

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5 March 2012

Introduction

I have been asked by Queenstown Lakes District Council to provide a commentary on the demand for various land uses in the Queenstown-Wakatipu area, based on current reports and analysis, as an input into the consideration of Plan Change 43.

My qualifications and experience are set out at the end of this report.

Plan Change 43

Plan Change 43 (PC 43) proposes to rezone an area of low density residential land near Frankton Corner into a mixed use zone. This zone would allow for:

- Residential
- Visitor accommodation
- Commercial recreation
- Commercial activities
- Health, education and day care facilities
- Premises for the sale of Liquor.

Industrial activities are to be non-complying activities while certain (listed) noxious activities will be prohibited.

In terms of site and zone standards, the following are relevant:

- The maximum net floor area of any individual commercial activity is to be 750m²
- Maximum building coverage is 50% (the site area is approximately 2ha in area)
- Residential is to be above ground floor.

The concept plan attached to the plan change request suggests that a total of 7,239m² of ground floor space could be provided, equal to about 35% site coverage. Total floorspace (ground floor and upper floors) as shown on the indicative concept plan is in the order of 12,844m².

However, floorspace is not limited to this amount or to the footprints shown on the indicative concept plan. At 50% building coverage, theoretically up to 10,000m² of ground floor space is possible, depending upon how car parking is handled.

Retail

Evidence and analysis for Plan Changes 19 and 34 has provided considerable detail on the demand for and supply of future retail floorspace in the Queenstown-Wakatipu area.

Demand

For PC 19, conferencing of retail experts has led to the production of a joint statement (Second Joint Statement, dated November 2011). At paragraph 28 of that statement, estimations of expected growth in retail floorspace are provided.

Over the ten years 2011 to 2021, demand for core retail floorspace (general merchandise, food and beverage) is in the order of 30,000m² gfa, with growth between 2021 and 2026 expected to be up to a further 20,000m².

Based on these figures, a total 20 year demand of around 60,000m² gross floor area can be extrapolated (based on a conservative view of future growth rates). It is noted that these are estimates only; with a range of assumptions as to population and visitor growth rates and retail spend.

In addition to this is growth in the hardware / home improvement sector of around 30,000m² over the 20 years 2011 to 2031 (paragraph 59). There is some double counting of retail floorspace as between the different categories

Total 20 year demand is therefore in the order of 90,000m² (60,000m² plus 30,000m²).

Since that joint statement was prepared, further evidence has been circulated that has modified the range of possible demand figures, but not by a substantial margin. This evidence has yet to be tested in Court.

Analysis undertaken for PC 34 (changes to the current Remarkables Park Zone (RPZ)) took a wider look at retail floorspace demands, taking into account retail and service activities. This means the analysis for this plan change is not directly comparable to the figures set out in the PC 19 statement. The PC 34 analysis, based on its medium growth forecast, suggests that for the Queenstown – Wakatipu area, demand for retail and service floorspace is estimated to grow from 143,300m² in 2011 to 227,400m² by 2031, or an increase of 84,100m², similar to the PC 19 analysis.

In considering demand for retail type space, it is also necessary to consider demand for professional services and the like which can also occupy shop front spaces. This includes banks, real estate agents, tourism operators and community service providers. A conservative estimate is that about 30% of ground floor floorspace in town centres is occupied by these types of activities.

Consequently total demand for retail-type floor space is in the order of 60,000m² plus 30,000m² plus say 10,000m² of other shop front activities, or a total of 100,000m², in rough terms, for the period 2011 to 2031.

Supply

In terms of current supply, para 38 of the joint statement on PC 19 sets out current zoned land supply. This includes some further development at Remarkable Park Zone and Frankton Flats A. The current RPZ zone may be able to accommodate a further 13,000m², while the FFA zone provides the

potential for around 25,000m² of retail floorspace. In addition is an allowance for some further retail growth in the CBD (5,000m² – this is likely to see the displacement of some non-retail uses from ground floor to upper floor locations, or other areas) and expansion in smaller centres, such as Jacks Point (2,000m²). These estimates place current zoned supply at 45,000m². In addition to this is the likelihood of some further retail development in the current Business and Industrial zones, but the nature and extent of this is unknown.

PC 34 adds a further 30,000m², while PC 19 (Council's version) could add upwards of 45,000m² (this includes C1, E2, E4 and Trade and Home Improvement Overlay within E1) and if both are approved, then total supply would be over 120,000m².

Thus a 20 year demand of 100,000m² can be compared with existing and planned supply of 120,000m² (assuming PC 19 is approved, as proposed by the Council).

This demand and supply is at a coarse level. It mixes demand for town centre type environments along with demand for retail in large format and wholesale type retail stores, located in non-town centre type environments.

PC 19 is subject to appeals. An area of debate is the extent of provision for town centre type land (being the proposed C1 Activity Area, and to an extent what may also occur in the E2 Activity Area). Council's and Queenstown Central's position is that room for an additional 15,000m² of retail floorspace in the C1 Activity Area is reasonable. Remarkables Park / Shotover Park's position is that no, or limited retail floorspace should be provided in Activity Area C1. In relation to other forms of retail (e.g. non-town centre based, large format retail), the debate is more about the location of such retail, rather than amount.

Implications

Broadly, with the planned additional supply to be provided by PC 19 and PC 34 in place, plus retail development of the operative FFA zone and areas available within the current RPZ, supply of retail floorspace exceeds likely demands for the next 15 to 20 years at least. If Council's version of PC 19 is scaled back through the Appeal process (such as 5,000m² of retail in Activity Area C1 rather than 15,000m²), then demand and supply may more closely match.

PC 19 involves considerable debate as to the consequences or not of the early take up of all of the new opportunities to be provided by PC 34 and PC 19, and the consequential (resource management, not trade competition) effects of this on existing centres, particularly the CBD. The introduction, through PC 43, of a further 10,000m² of retail floorspace needs to be carefully considered in this context. While in an incremental sense the addition is not large, in a cumulative sense it adds to the pool.

PC 34 and PC 19 were (broadly) independently promoted on the need to provide additional supply to meet foreseeable future needs. The additional retail floorspace to be added by PC 19 and PC 34 were individually justified on the basis of future demand, as well as the fact that they build on existing centres (being the current RPZ area and the proposed Gateway (FFA) area). If these two plan changes are approved, then their combined effect will be to see the strategic situation change

from one of potential undersupply of land for retail activities over the next 20 years to one where there is some oversupply.

In this context an additional 7,500m² to 10,000m² of retail floor area is not a substantial benefit in terms of the social and economic well being of the district. While additional supply will help to moderate land and rental prices and provide opportunities for new retail players to enter the market, at some point additional supply can have a deleterious effect on the amenity and sustainable management of resources of existing centres, if this supply sees retail expenditure too thinly spread. It is not possible to be definitive as to a “tipping” point, as there are a range of dynamics to take into account, related to the type of retailing undertaken in the new areas; the extent to which these new activities may compliment or compete with established centres; the health of existing centres; and the extent to which other activities may be enabled if shifts in supply allow for new entrants to move into existing centres.

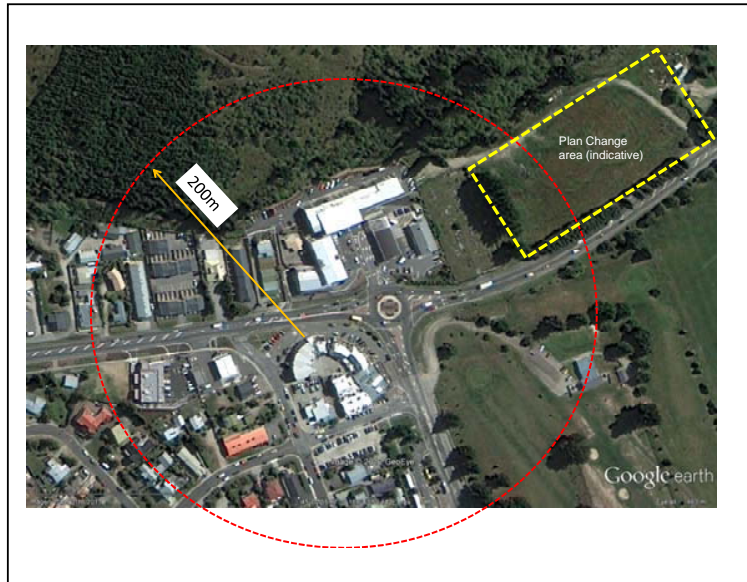
While at the strategic level, PC 43 cannot be said to help address any short to medium term supply shortages and may involve some risks to the sustainable management of centres like the CBD, at a local context level there may be an argument for additional retail floorspace in the Frankton Corner area. In other words, the advantages to a local environment or community may outweigh any wider risks to other centres.

In this regard, to an extent, PC 43 can be said to be an extension of the Frankton Corner, while a retail type frontage to the development site could enliven and activate what may be otherwise a very difficult frontage condition with the State Highway. In other words, the argument for the extent or otherwise of retail hinges on the urban design benefits of the development form supported and enabled by that retail development.

The PC 43 land is not a gateway site, in that with the development of the PC 19 in one shape or form, the urban edge of the Frankton area will be well to the East. However, the site is important in that it is opposite the Events Centre land and has a visual connection at least to the Frankton Corner “node”.

The south – western corner of the plan change site is within 200m of the centre of Frankton Corner (taken to be the original corner shops), this being the likely walkable extent of a smaller neighbourhood type centre. The 200m radius could be taken from a number of points. The diagram below illustrates one point that appears reasonable. The State Highway 6/6A intersection is another point, but cannot be said to be the ‘heart’ of the centre.

Figure One: Frankton Corner.



An issue is therefore whether retail development on the PC 43 land will help to strengthen the Frankton Corner centre and make it a stronger, more coherent retail centre. This relates to physical and visual linkages, as well as the quality of the proposed frontage development.

The point is that, if there are no specific strategic level advantages in terms of meeting future retail needs (in terms of overall amount of floorspace in the wider area), and if there are no advantages in terms of the form and design of the Frankton Corner retail area that could be delivered by the retail component of PC 43; then the opportunity that the plan change may offer in terms of space for more retail uses should be given a low weight.

On the other hand, if retail does lend support to better urban design outcomes than which is likely to be achieved by other activities, then some retail development is appropriate.

For example, retail opportunities could be limited to the first line of buildings that front the State Highway. This would place a cap on the amount of retail possible, helping to allay concerns about an oversupply of land for retail activities, while ensuring that the retail activities support a desirable urban form / design outcome, and do not instead lead to an unwelcome outcome (such as three or four independent large format retail “boxes” set back from the State Highway).

A further action to manage risks of additional retail development would be to exclude certain types of retailing, in recognition of the peripheral, edge of centre location of the PC 43 land. For example the retailing of food (fresh, prepared, takeaway etc), footwear, apparel and clothing could be

excluded, on the basis that these types of retail activities should be congregated in the core of centres.

Office / professional service

The 2006 Commercial Land Needs Analysis touched upon office-type jobs, but generally took the approach that most office-type jobs could be accommodated in centres, like the CBD and Remarkables Park. The analysis noted that some office-type jobs preferred to locate in lower cost areas, like industrial areas. It therefore suggested the need for some mixed use business areas to be identified, as an alternative to offices occupying scarce industrial land.

Since the 2006 analysis, there has been no specific analysis of the need for office-type floorspace in the Queenstown-Wakatipu area. Consideration of Statistics New Zealand data for employment in employment categories that typically involve office-type jobs shows the following patterns (see Table 1 and 2).

Table 1: Number of people employed on office-based employment sectors

Area	2001	2006	2011
Frankton	188	217	550
Kelvin Heights	18	30	37
Sunshine Bay	44	90	124
Frankton East	21	168	264
Queenstown Hill	274	400	560
Queenstown Bay	1215	1955	1860
Total	1760	2860	3395

Source: Statistics NZ Business Demography data.

This data covers employment in the following categories:

- J Information Media and Telecommunications
- K Financial and Insurance Services
- L Rental, Hiring and Real Estate Services
- M Professional, Scientific and Technical Services
- N Administrative and Support Services
- O Public Administration and Safety
- P Education and Training
- Q Health Care and Social Assistance
- R Arts and Recreation Services.

The growth of these areas of employment has been much faster than the rest of the economy.

The data shows that the Frankton area is growing rapidly. This can be expected to continue, given constraints in and around the CBD on further floorspace growth. See Table 2.

Table 2: Growth on office type jobs – Frankton versus CBD

Area	2001	2006	2011	Annual Growth
Frankton	209	385	814	15%
Queenstown CBD	1489	2355	2420	5%
Total	1698	2740	3234	7%
Frankton share	12%	14%	25%	

The FFA / PC 19 area should accommodate a substantial proportion of office-type jobs, and be a desirable location for such activities, given proximity and exposure to the main transport links, while office development is also possible at Remarkables Park.

Without specific, up to date forecasts of demand, it is hard to gauge future needs. Projecting forward a similar growth pattern between 2001 and 2011 for 2011 to 2031 would see demand for around 2,000 more office type jobs in the Frankton area, or perhaps 40,000m² gross floor area at 20m² per worker. This estimate is based on the fact that between 2001 and 2011, 1,500 office type jobs were added to the identified areas, with 50% locating in Frankton. Double this figure provides a 20 year estimate of 3,000. If it is assumed that current trends hold, then perhaps 2/3rds of that number could locate in Frankton, or 2,000 workers.

At capacity, PC 19 could accommodate upwards of 3,000 office workers. This is based on a variety of assumptions about demand for other types of floorspace in the PC 19 area. While there is ample space for future growth of office-type activities within PC 19, office-based uses do not need to be confined to the PC 19 area.

It would be reasonable to say that there will be demand for office-type floorspace in the wider Frankton area and that the Frankton Corner area is an appropriate location for such uses, particularly as it is close to services and transport. PC 43 could play a useful role here in meeting future needs.

Industrial

Industrial land remains scarce, even assuming PC 19 is in place.

The 2006 Commercial Land Needs Analysis identified the need for up to 60ha of industrial / business land for the period to 2026. While this estimate was based on faster growth than has transpired with the global financial crises and associated period of slow growth, the basic need for more industrial

land remains strong. Given the recent period of slower growth, the need for around 60ha of industrial /business land can be extended out to 2031 (rather than 2026).

PC 19, if approved, will add to the stock of industrial land. PC 19 intends to add around 25 ha of industrial land and 11 ha for yard-based land. There is the possibility that the amount of industrial land will be reduced if there is further allowance for large format retail in the north-eastern corner of the plan change area (as proposed by one of the appellants).

PC 19 also has an element of mixed use land (Area E2, which is 13 ha in area). This will also provide for some forms of industrial and business activities, and will help to accommodate some of the office demand set out above.

Given this context, it would be of some economic and social benefit if PC 43 could add to the supply of land for industrial uses.

While a row of industrial units along the State Highway frontage is not appropriate for the PC 43 site given its prominence, a rear row of live / work units or small warehouses and work rooms screened from the State Highway by a fronting row of development would be appropriate.

While some industrial uses are not compatible with residential uses, the provisions exclude the most noxious uses, and as a result, small scale industrial uses are likely to be compatible with the intention of a mixed use zone.

Residential

Residential capacity is a medium to long term issue for the district, particularly capacity for higher intensity development close to shops, transport and workplaces. In this respect, a shift towards a more intensive use of the land is desirable. However, it is noted that the land falls within the revised Outer Control Boundary associated with the airport, and therefore additional residential activities are likely to be discouraged, over and above that which may be possible under the current low density residential zoning.

The Council's 2011 growth projections present the following estimates of demand for residential and visitor stay units for what may be termed the "Queenstown urban area" (being Sunshine Bay, Queenstown Bay, Frankton, Kelvin Heights)¹.

¹ Sourced from: http://www.qldc.govt.nz/growth_projections_and_capacity

Table 3: QLDC 2011 Growth Forecasts

Sum of Count	2006	2011	2016	2021	2026	2031
Population						
Usually Resident						
Usually Resident	10,949	11,486	12,734	14,303	15,518	16,712
Visitors						
Private Residences	2,621	2,569	2,587	2,598	2,520	2,418
Visitor Accommodation	5,720	6,374	6,976	7,701	8,434	9,180
Day Visitors	1,372	1,354	1,382	1,428	1,438	1,444
Dwellings & Units						
Residential Dwellings						
Occupied	4,192	4,443	4,978	5,657	6,210	6,767
Unoccupied	1,166	1,221	1,356	1,527	1,679	1,828
Visitor Units						
Visitor Units	6,411	6,688	6,938	7,248	7,562	7,879

Between 2011 and 2031 it is estimated that there is a need to accommodate around a further 3,000 residential dwellings (both permanently and temporarily occupied) and 1,200 visitor units.

Council's current dwelling capacity model (2010 update)² estimates space for around 8,000 dwellings in the Queenstown urban area. However this 8,000 capacity is reduced by around 1,200 if allowance is made for the wide range of existing visitor accommodation units in the Queenstown High Density zone. Thus capacity for around 7,000 units can be compared to demand for 4,000 units.

PC 19 will add to the available supply. Under Council's proposed provisions, up to 7.5ha of residential land is identified. In addition are some residential opportunities in the town centre area, as well as the eastern E2 mixed use area. Up to 900 units may be possible, depending upon design, demand etc. PC 41 also adds to capacity.

Thus existing zoned capacity is greater than 20 year demand. Current plan changes will further add to capacity.

On the face of it, the conversion of the PC 43 from low density residential to a mixed use type development where residential uses may not eventuate is not problematical from an overall, strategic point of view.

However, it would be desirable to maintain options for some residential development to occur close to transport and services. The plan change does this through enabling residential above ground floor and this approach is supported. To ensure that residential development remains compatible with

² Sourced from: http://www.qldc.govt.nz/images/Files/Growth_Projections/District_Capacity_July10_web.pdf

other development on the site and does not lead to reverse sensitivity issues, there may need to be some form of internal acoustic insulation for units and provision for a minimum area of outlook for each unit (so sunlight and daylight access to balconies and main living room windows can be totally built out).

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Qualifications, Experience, Code of Conduct

I hold a Bachelor of Town Planning Degree from the University of Auckland. I have practiced as an urban planner for the past 25 years and am a full member of the New Zealand Planning Institute. I am currently a Director of Hill Young Cooper Limited, a resource management and planning consultancy. I am a member of Auckland City's urban design panel.

My experience includes:

- Growth management policy and planning in the Auckland Region, since 1991 including the proposed Auckland Plan, and involvement in growth planning in the Bay of Plenty and Queenstown Lakes District since the mid 2000s.
- Population and employment estimates for North Shore City, Waitakere City, Franklin District and Queenstown Lakes District.
- Preparation of a district-wide growth issues and option study and input into the Queenstown Lakes District Growth Management Strategy
- Development of district plan provisions relating to:
 - Long Bay, Albany, Takapuna and Bayswater Marina in North Shore City
 - High density zoning, visitor accommodation and business land in Queenstown Lakes District
 - Intensive urban development and redevelopment in New Lynn, Takapuna and Newmarket (Auckland City) and Wellington City.

My involvement in Plan Change 19 (PC 19) has included:

- Preparation of the 2006 Commercial Land Needs Assessment
- Input into the Section 32 report and assisting with the drafting of the Plan Change.
- Evidence to the Council-level hearing on PC 19.
- Evidence to the Environment Court.

In preparing this report, I have read and followed the Code of Conduct for expert witnesses outlined in the Environment Court's Consolidated Practice Note.