

**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
Annotations and
Rezoning Requests

**REBUTTAL EVIDENCE OF TIMOTHY JAMES HEATH
ON BEHALF OF QUEENSTOWN LAKES DISTRICT COUNCIL**

UPPER CLUTHA

5 May 2017

 **Simpson Grierson**
Barristers & Solicitors

S J Scott / C J McCallum
Telephone: +64-3-968 4018
Facsimile: +64-3-379 5023
Email: sarah.scott@simpsongrierson.com
PO Box 874
SOLICITORS
CHRISTCHURCH 8140

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1. INTRODUCTION

- 1.1** My full name is Timothy James Heath. I am a Property Consultant, Retail Economic Analyst and Urban Demographer and have been Director at Property Economics Limited since the establishment of the company in 2003.
- 1.2** My qualifications and experience are set out in my statement of evidence in chief dated 17 March 2017.
- 1.3** I confirm that I have read the Code of Conduct for Expert Witnesses contained in the Environment Court Practice Note 2014 and that I agree to comply with it. I confirm that I have considered all the material facts that I am aware of that might alter or detract from the opinions that I express, and that this evidence is within my area of expertise except where I state that I am relying on the evidence of another person.

2. SCOPE

- 2.1** My rebuttal evidence is provided in response to evidence of Mr John Polkinghorne for Trustees of the Gordon Family Trust (395, FS1193).
- 2.2** I have read the evidence of the following experts, and consider that no response is needed in relation to retail matters:
- (a) Mr Michael Copeland and Ms Natalie Hampson for Mike Beresford (149); and
 - (b) Ms Louise Wright and Mr Dan Curley for Pinfold and Satomi Enterprises Limited (737).

3. MR POLKINGHORNE FOR THE TRUSTEES OF THE GORDON FAMILY TRUST

- 3.1** For context, Mr Polkinghorne's evidence relates to the Trust's further submission opposing submissions from Willowridge (249) and Ledgerwood (507) seeking a reduction in the notified Local Shopping Centre Zone (**LSCZ**) located at Cardrona Valley Road, Wanaka.

- 3.2** Mr Polkinghorne's evidence largely promulgates his statement for Hearing Stream 8, and reiterates his view that 2.7ha is appropriate for the Cardrona Valley LSCZ.
- 3.3** It remains unclear to me how Mr Polkinghorne could reach such a conclusion without undertaking an assessment of the localised area, specifically, given the purpose and objective of the zone¹ within the Proposed District Plan (**PDP**).
- 3.4** Without wanting to repeat the LSCZ purpose and objectives verbatim, the general intent of the LSCZ is focused on delivering a small range of day to day retail and commercial needs that are of limited scale and primarily service the surrounding localised community.
- 3.5** The LSCZ's purpose and objectives 'sets the scene' so to speak in relation to the appropriate extent of the relevant market to consider when undertaking a retail economic assessment in the context of any LSCZ within the District.
- 3.6** Mr Polkinghorne's statement focuses on providing population growth data for the wider Queenstown Lakes District as a whole, projected tourism data for Wanaka, and even identifies a short 10-week Lions rugby tour (which does not include a game in Queenstown or Wanaka, nor which the centre could be developed in time for) as justification for his growth profile of the Cardrona Valley Road LSCZ. However, the relevance of this growth data, which largely corresponds to growth in areas well beyond the localised catchment that the Cardrona Valley Road LSCZ is designed to service, in my view is misplaced and largely irrelevant for the purpose of assessing the retail economic merits of the Cardrona Valley LSCZ, and consequently what is the appropriate land provision for the centre.
- 3.7** Assessing markets and market growth beyond the core catchment of the Cardrona Valley LSCZ misrepresents both the market size and market opportunity for the Cardrona Valley LSCZ, and therefore the appropriate land provision that is sustainable by the Cardrona Valley

1 Tim Heath Evidence 2 November 2016, Hearing Stream 8, paragraphs 3.1, 3.7-3.11.

LSCZ market. In essence, I consider that Mr Polkinghorne is utilising growth in other parts (and sectors) of the District to support the development of a new centre in Cardrona Valley Road. Servicing such growth at the Cardrona Valley Road LSCZ has the propensity to create significant market inefficiencies (travel being an obvious one), and potential to undermine growth in the retail provision in areas where it may be actually required.

3.8 Mr Polkinghorne's modelling exercise to determine the retail market size,² carries on the 'Wanaka-wide' theme of his assessment, and by default treats the Cardrona Valley Road LSCZ as the 'third cog' of a self-promoted network triangle of equal status. Those three 'networks' being the Wanaka Town Centre, Three Parks, and the Cardrona Valley Road LSCZ. I consider this approach to be inappropriate as the Wanaka Town Centre and Three Parks have significantly more scope of provision available to them. They play a much broader role and function in the market than a LSCZ centre. In my view LSCZ centres have quite distinguishing functions in the PDP (with extent of catchment a notable difference) and should not be treated as equals when assessing future demand and appropriate land provisions.

3.9 Following on from this, in paragraphs 4.10 to 4.15 of his evidence, Mr Polkinghorne criticises my approach of using a localised catchment for assessing an appropriate retail economic land provision for the Cardona Valley Road LSCZ, and instead promotes his Wanaka-wide approach. It is not clear on what basis Mr Polkinghorne considers his 'Wanaka-wide' approach more appropriate to adopt in the context of the PDP's policy setting and the LSCZ purpose and objectives. It appears Mr Polkinghorne assessment has been undertaken in isolation from the planning context and therefore his analysis does not give due consideration to the PDP's planning framework.

3.10 In section 5 of his evidence, Mr Polkinghorne attempts to indicate that 0.7ha (7,000sqm) of developable land is not sufficient to provide for 3,000sqm of retail and office Gross Floor Area (**GFA**), as set out in my statement. This 43% GFA to land ratio represents an efficient 'at

² Statement of Evidence of John Polkinghorne dated 4 April 2017, Section 4, at pages 4-6.

grade' development of land and is sufficient to accommodate carparking, landscaping, store servicing and ingress / egress points. It also assumes that all GFA operates at ground level, and therefore if any second level commercial activity was developed (which would increase the efficiency of the development) this would reduce the 'at grade' GFA footprint requirement to lower than 3,000sqm.

3.11 Mr Polkinghorne promotes a land use efficiency of only 25% for the Cardrona Valley Road LSCZ by suggesting in paragraph 5.10 of his statement that 1.2ha would be required to accommodate 3,000sqm GFA. This lower level of land use efficiency is more equivalent to industrial activity, which often encompasses large yard based elements in their activity. As such I cannot agree that 25% represents an efficient development of land for retail and office activity, and consider it would adversely affect the development feasibility and investment return for the developer. Also, from a wider perspective, it would promote an inefficient use of a scarce resource (land) in the Queenstown Lakes District.

3.12 **Figure 1** below shows the extent of a 2.7ha land area overlaid with an aerial of the Wanaka Town Centre for comparative context. This area encompasses more than 3,000sqm GFA (supermarket, small retail stores, office activity and some visitor accommodation), indicating efficient commercial development of 0.7ha of land can accommodate a 3,000sqm commercial GFA footprint.

Figure 1: 2.7HA LAND AREA OVERLAID WITH WANAKA TOWN CENTRE



3.13 In paragraph 5.11, Mr Polkinghorne states that land along the northern edge of the site is likely to be used for a new "*major arterial road*" connecting Cardrona Valley Road to Ballantyne Road, and that I had not taken that into account in my analysis. Mr Polkinghorne appears to be conflating two separate elements here. He is correct I had not accounted for a major arterial road that may occur in the future (albeit the veracity around the timing of the road, or if it will actually occur remains up in the air as I understand), but if it were to be developed sometime in the future, it does not change my analysis

or recommendation that 0.7 ha is sufficient developable land for the Cardrona Valley Road LSCZ. If any of the proposed 0.7ha area was in the pathway of any future arterial road on its northern edge, then the Cardrona Valley Road LSCZ would simply need to be moved south by the commensurate amount lost to the road. Ultimately, any future arterial road requirement does not affect the determination of an appropriate land requirement for the Cardrona Valley Road LSCZ.

3.14 In his conclusion section, Mr Polkinghorne reaffirms his view that 2.7ha is appropriate for the Cardrona Valley LSCZ and his promoted rules in his Hearing Stream 8 evidence for the same submitter are confirmed.

3.15 Based on his evidence (Hearing Stream 8 and Hearing Stream 12) for this submitter, I consider Mr Polkinghorne has not undertaken the appropriate retail economic assessment in the context of the planning framework and policy setting of the PDP to determine 2.7ha is appropriate. He appears to make a 'leap of faith' conclusion between his high level analysis and arriving at 2.7ha as an appropriate provision for the Cardrona Valley Road LSCZ, which appears to be a reflection of the submitter's land holding, rather than an independent land requirement determination. There is no linkage between the localised market and growth (demand) to the 2.7ha (supply) promoted by Mr Polkinghorne.

3.16 Mr Polkinghorne's last paragraph (7.10) discusses the possibility of the PDP "*undersupplying zoned land*", "*limiting the availability of alternative sites*", and "*restricting zoning*" that "*will inhibit retail development*". These are very strong views to take under the RMA, yet he provides no factual basis to support such assertions. As such I consider these statements misrepresent the robust retail economic basis on which the Cardrona Valley Road LSCZ land provision is founded.

4. CONCLUSION

4.1 There is no new evidence provided by Mr Polkinghorne that would cause me to change my view or undermine my determined 0.7ha land

requirement for retail and commercial activities in the Cardona Valley Road LSCZ.

- 4.2** Ms Bowbyes, reporting planner for Council (now replaced by Ms Jones), promoted a 1ha land provision for the Cardrona Valley Road LSCZ in her evidence. While this land provision is slightly larger than my determined 0.7ha for retail and commercial activity, I am comfortable with this provision as there are other land uses that can be accommodated within the LSCZ that improve the amenity and functionality of the Cardrona Valley Road LSCZ as a whole. A 1ha provision is not considered to be of a scale that would undermine the performance, function and growth potential of the wider centre network (current and future potential) in Wanaka. As such, I support the 1ha land provision for the Cardrona Valley Road LSCZ.



Timothy James Heath

5 May 2017