

**BEFORE AN INDEPENDENT HEARING PANEL
APPOINTED BY QUEENSTOWN LAKES DISTRICT COUNCIL**

UNDER THE Resource Management Act 1991

IN THE MATTER of a Variation to the proposed Queenstown Lakes District Plan (Te Pūtahi Ladies Mile) in accordance with Part 5 of Schedule 1 to the Resource Management Act 1991

**STATEMENT OF EVIDENCE OF TIMOTHY JAMES HEATH
ON BEHALF OF THE ANNA HUTCHINSON FAMILY TRUST**

DATED: 20 OCTOBER 2023

Counsel acting:
JAMES WINCHESTER
BARRISTER

P 06 883 0080

M 021 303 700

the office

Level 1, 15 Joll Road

PO Box 8161, Havelock North 4130

jameswinchester.co.nz

MAY IT PLEASE THE HEARING PANEL

1. My full name is Timothy James Heath.

2. I am a property consultant, market analyst and urban demographer for Property Economics Limited, based in Auckland. I established the consultancy in 2003 to provide property development and land use planning research services to both the private and public sectors throughout New Zealand.

Qualifications and Experience

3. I hold a Bachelor of Arts (Geography) and a Bachelor of Planning both from the University of Auckland. I have undertaken property research work for 25 years, and regularly appear before Council, Environment Court, and Board of Inquiry hearings on economic and property development matters.

4. I advise district and regional councils throughout New Zealand in relation to industrial, residential, retail and business land use issues as well undertaking economic research for strategic planning, plan changes, District Plan development and National Policy Statement on Urban Development 2020 (**NPS-UD**), National Policy Statement on Highly Productive Land 2022 (**NPS-HPL**), and Medium Density Residential Standards 2022 (**MDRS**) capacity implementation.

5. I also provide consultancy services to a number of private sector clients in respect of a wide range of property issues, including residential capacity assessments, retail, industrial, and commercial market assessments, development feasibilities, forecasting market growth and land requirements across all property sectors, and economic cost benefit analysis.

Code of Conduct

6. I confirm that I have read the Code of Conduct for Expert Witnesses contained in the Environment Court Practice Note 2023 and confirm that I have complied with it in preparing this evidence. I confirm that the issues addressed in this evidence are within my area of expertise, except where I have indicated that I am relying on others' opinions. I have not omitted material facts known to me that might alter or detract from my evidence.

Scope of Evidence

7. I have prepared evidence in relation to economics and commercial/retail matters in support of the submission of the Anna Hutchinson Family Trust (**Trust**), a submitter on the Te Pūtahi Ladies Mile Variation (**Variation**). This statement of evidence addresses the following points:
- (a) A brief overview of the Variation and the relief sought by the Trust relevant to economic matters.
 - (b) Identification of the Variation's Commercial Precinct's position within the broader district's central network, as per the National Planning Standards 2019 (NPS) centre hierarchy framework.
 - (c) An overview of the rationale behind the economic benefits of consolidation and agglomeration of residential activities in proximity to existing and planned commercial centres.
 - (d) A high-level assessment of the locational characteristics of the submission land within the context of the current infrastructure, available services, and employment prospects.
 - (e) Comments in response to Council's Section 42A (**s42A**) Hearing Report and economic expert evidence.
 - (f) A summary of the analysis conducted in relation to the above points.

Involvement in the Variation and Trust's submission

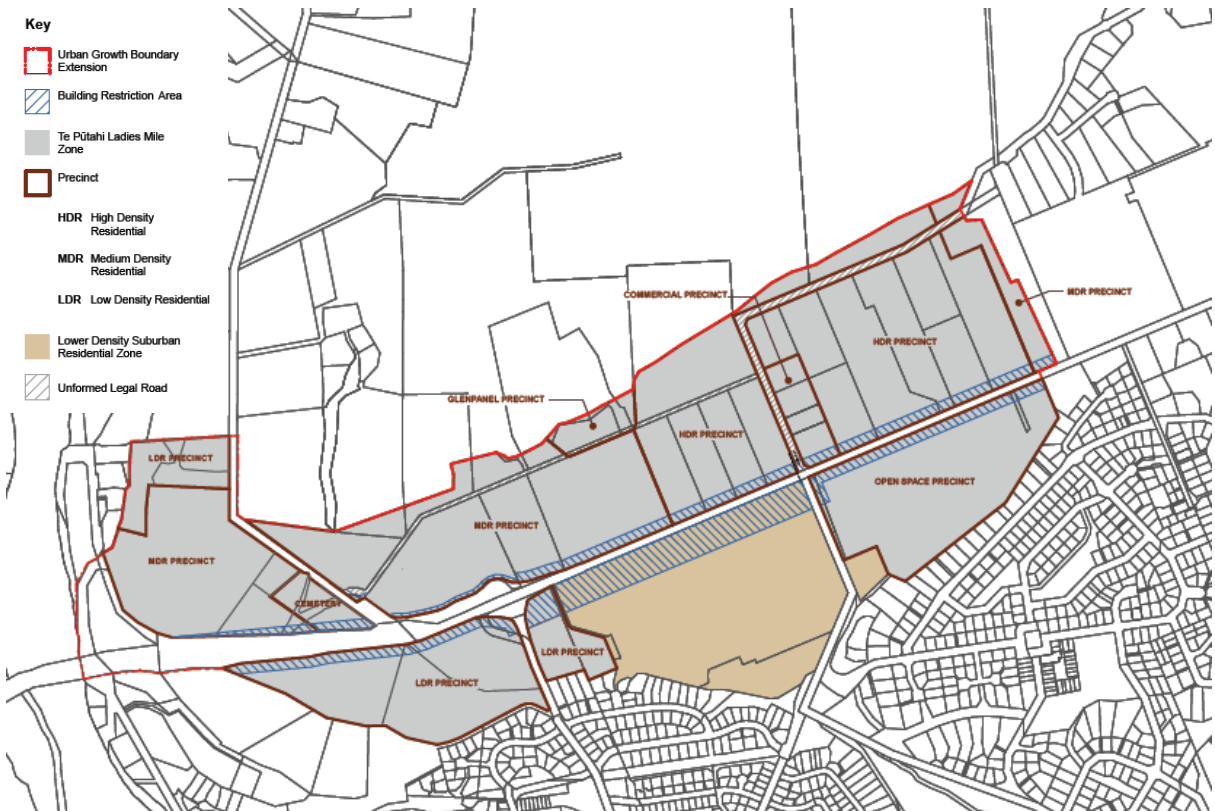
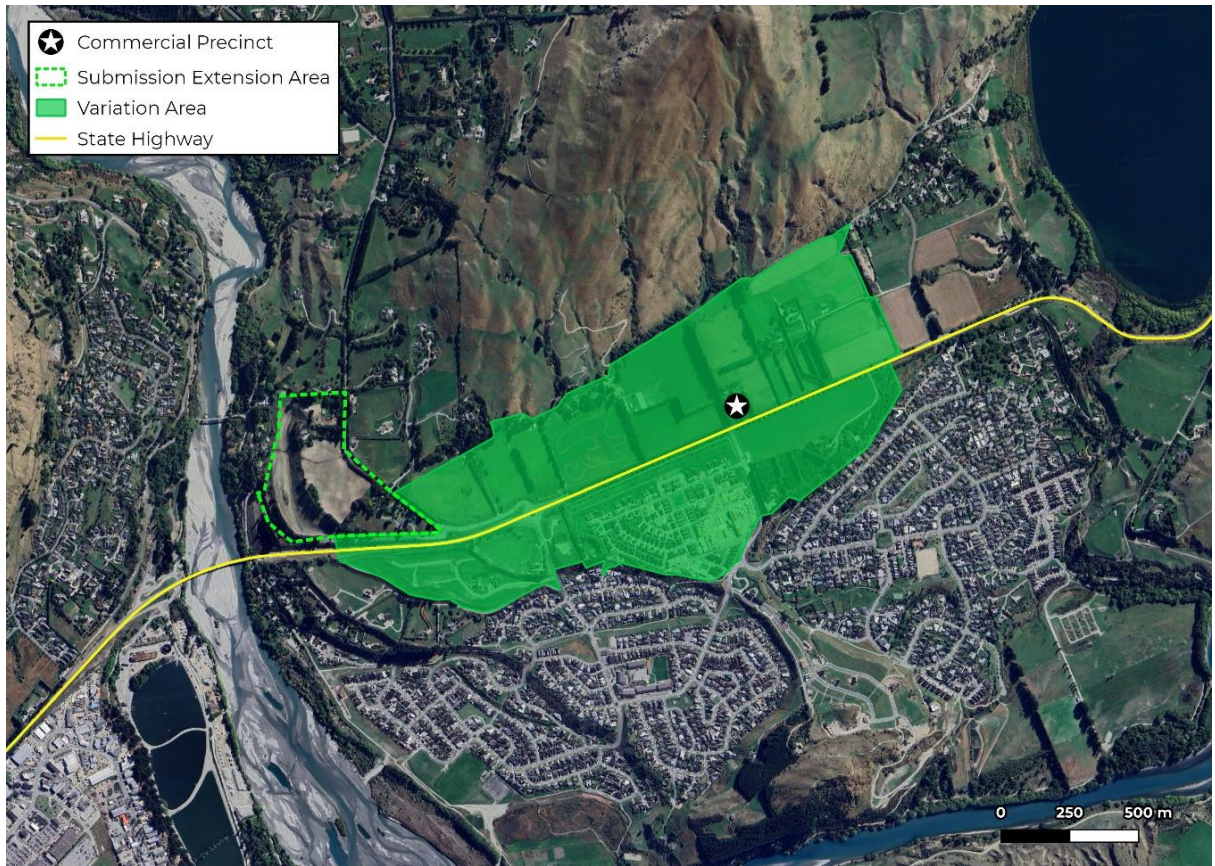
8. I was engaged by the Trust to advise on the appropriateness of the Trust's submission to rezone their subject land to enable the development of 300-400 residential dwellings in the context of the land's proximity to the proposed Variation commercial centre, access to employment hubs and other high amenity centres in Queenstown's wider centre network. I have also been engaged to prepare expert evidence on these matters, including a review of the economic evidence on behalf of Council supporting the Variation.

Overview of the Variation and the Trust's Relief Sought

9. The Variation seeks to introduce a new Special Purposes Zone, Te Pūtahi Ladies Mile Zone (**TPLMZ**), to the Queenstown Lakes District Proposed District Plan (**PDP**).
10. This proposed TPLMZ is currently in a mix of zones: the Rural Zone, Rural Lifestyle Zone and Large Lot Residential Zone under the PDP. It would add an additional 120ha of land at the eastern corridor of Queenstown, from rural and lifestyle zonings to urban zonings, if approved.
11. The overall objective of the Variation is to urbanise the Ladies Mile Area in the most efficient manner possible by providing for a range of urban land uses and related, complementary features. To achieve this objective, the TPLMZ is:
- (a) for the subject land north of SH6 and that part of the subject land south of SH6 that does not contain the Queenstown Country Club (**QCC**) and another smaller parcel on the eastern side of Howards Drive, to:
 - i. rezone the land to the TPLMZ, a new Special Purpose urban zone, in a new bespoke chapter, Chapter 49, to the PDP;
 - ii. realign the Urban Growth Boundary (**UGB**) to include the new TPLMZ north of SH6;

- iii. update existing PDP district-wide provisions to accommodate the TPLMZ, including Chapters 4 (Urban Development), 25 (Earthworks), 27 (Subdivision), 29 (Transport), 31 (Signs) and 36 (Noise); and
 - (b) for the part of the subject land south of SH6 containing the QCC and Lot 2 DP 536321 and Lot 403 DP 322452 (the Doolytle land), to rezone the land to the PDP Lower Density Suburban Residential Zone (the LDSRZ).
- 12. As part of the Variation, the proposed Commercial Precinct within the area is to be centrally located within the Zone and is intended to provide a focal point for commercial activities and amenities to serve the resident community, while not undermining the role of the commercial areas at Frankton or the Queenstown Town Centre.
- 13. Specifically, as per the Variation, the objective of the Commercial Precinct is *“compact, convenient and accessible for meeting the needs of local residents”*. To achieve this objective, Policy 49.2.3.1 requires the Commercial Precinct to provide for *“a range of office and small-scale retail, office and other commercial activities that meet the needs of local residents, other than one medium-sized supermarket”* and Policy 49.2.3.2 requires to *“limit the establishment of Service Stations and avoid the establishment of business activities that would undermine the function and role of other centres, including Industrial, Service, Large Format Retail activities and large office spaces”*.
- 14. To maximise the area's development efficiency and more effectively support the future role and function of the Commercial Precinct, the Trust is seeking an expansion of the TPLMZ to the west, which I refer to in this evidence as the Extension Area. This Extension Area would involve enlarging the Urban Growth Boundary (**UGB**) and rezoning specific land to TPLMZ. The Extension Area encompasses approximately 20ha of land in total. The geographic boundaries of the Variation and the Extension Area requested by the Submitter are depicted in Figure 1 below.

FIGURE 1: THE PROPOSED EXTENT AND DENSITY OF THE TRUST SUBMISSION



Source: QLDC, Anna Hutchinson Family Trust, Google Maps, LINZ

Council Economic Evidence

- 15.** I have read the evidence of Ms Hampson and Ms Fairgray and, without getting into the merits or otherwise of their respective economic positions (as the Trust generally supports the Variation), I consider their economic evidence is unduly fixated in the minutiae of the Variation itself, by focusing on justifying the Variation as notified and putting the Commercial centre precinct on a pedestal. The effect of this is that the evidence misses the economic merits of the Trust's submission, and the evident benefits of extending the Variation's zoned extent. This could be a reflection of the scope provided to the experts.
- 16.** This blinkered approach results in economic evidence for Council that has a very narrow and somewhat artificial focus. It would result in material opportunity costs and reduced urban efficiency as a result of not rezoning the Extension Area, against the counterfactual of residential demand potentially being satisfied in more dispersed locales, or the inefficient development of the Extension Area in accordance with the Rural Lifestyle zoning at 1 dwelling per hectare. Additionally, the Extension Area better supports the Variation, the proposed commercial centre, the proposed larger supermarket and better assists Council in meeting its obligations in the NPS-UD objectives and policies.
- 17.** I support the intent of the Variation, a commercial centre precinct that meets the day-to-day needs of local residents, the flexibility for a slightly larger supermarket as identified by Ms Hampson, and retail and office size thresholds consistent with the Proposed District Plan (**PDP**). But there appears to be little appreciation of the actual role of these matters in the broader context of the Variation Area, the Extension Area, and the remainder of the eastern corridor through to Frankton and the airport.
- 18.** On that matter, there appears no economic evidence for Council on the economic costs and benefits of the Extension Area (and in particular the benefits it can bring to the Variation), no genuine assessment of the Extension Area against important NPS-UD objectives and policies, nor

consideration of how the Extension Area could improve urban form efficiency and positively enhance a well-functioning urban environment. Council's apparent application of 'if a submission involves land not part of the notified Variation, then its considered out of scope' results in, in my view, an evidence void that misses the obvious opportunities provided by the Extension Area. This means the Extension Area has not been given the appropriate consideration in relation to the economic benefits the relief sought could generate for Queenstown.

19. As such, I will not respond to the evidence of Ms Hampson and Fairgray in the balance of this statement. Instead, I will take a step back from the detail of the Variation and take a more important broader network context perspective. This includes providing economic evidence outlining the benefits of the Extension Area to the Variation and the benefits of facilitating residential development in close proximity to centres and employment hubs. I will also outline how rezoning the Extension Area would improve the efficiency of Queenstown's urban form in the context of the NPS-UD.

The NPS-UD and National Planning Standards (NPS) Centre Role and Function Directives

20. For brevity, and given the NPS-UD objectives and policies are well known, I will refrain from incorporating them in this statement. However, the key policy considerations under the NPS-UD most pertinent to economic considerations on commercial centres and the Extension Area are Objectives 1, 2 and 3, and Policies 1(a)(i), (b), (c), (d), 3(d), 6(c-d).

21. As a summary, the key focus of the NPS-UD relevant to economics matters are:

- *the creation and benefits of urban development consistent with well-functioning urban environments;*
- *planning decisions that the improve affordability, housing variety and choice;*

- *facilitate any relevant contribution to meet the requirements of the NPS-UD and realise development capacity;*
- *support competitive land and development markets;*
- *improve accessibility to housing, employment, community services and open spaces; and*
- *in the local centre zones facilitate densities of urban form commensurate with the level of commercial activity and community services.*

22. The identification of the type of commercial centre is an important consideration when determining where and how NPS-UD Policy 3(d) and the associated changes to urban form must be applied.

23. In the context of the NPS and NPS-UD, 'Centre Zone' is defined to be any of the following zones:

- **City Centre Zone:** *Areas used predominantly for a broad range of commercial, community, recreational and residential activities. The zone is the main centre for the district or region.*
- **Metropolitan Centre Zone:** *Areas used predominantly for a broad range of commercial, community, recreational and residential activities. The zone is a focal point for sub-regional urban catchments.*
- **Town Centre Zone:** *Areas used predominantly for:*
 - i. *in smaller urban areas, a range of commercial, community, recreational and residential activities.*
 - ii. *in larger urban areas, a range of commercial, community, recreational and residential activities that service the needs of the immediate and neighbouring suburbs.*
- **Local Centre Zone:** *Areas used predominantly for a range of commercial and community activities that service the needs of the residential catchment.*
- **Neighbourhood Centre Zone:** *Areas used predominantly for small-scale commercial and community activities that service the needs of the immediate residential neighbourhood.*

24. In light of the definitions outlined in the NPS, I consider that the Variation's Commercial Precinct, with a policy to provide for *"a range of office and small-scale retail, office and other commercial activities that meet the needs of local residents, other than one medium-sized supermarket"*, fits within the classification of a "Local Centre" within Queenstown's centre network.
25. Residential development, and particularly increased density, in close proximity to Local Centres is important to creating a more productive, sustainable and higher amenity centre that better enables it to fulfil its role and function in the community. It can also help curb urban sprawl, reduce the need for long commutes, and foster sustainable land use practices.
26. Centre hierarchy also streamlines the allocation of resources and intensification efforts. By prioritising higher-density residential development as proposed in the relief sought in the Trust submission in close proximity (a 2-minute drive or 10-minute walk), this can attract businesses and create employment opportunities in the Variation's Commercial Precinct, thereby stimulating economic growth and cultivating vibrant urban economies. In effect, more residential activity in close proximity to the Variation's commercial centre, the better the centre will perform and function. This is the case, even putting to one side the relationship of the Extension Area to the Frankton town centre and airport, and the very clear benefits and efficiencies that would result from that.

Economic Rationale of Consolidated / Additional Residential Development in Close Proximity to Existing and Planned Centres

27. First it is important to outline some of the economic benefits attributable to additional residential development in the form of consolidated activity in close proximity to commercial centres.
28. From an economic viewpoint, zoning provisions are important tools in directing residential and commercial activity and development to achieve greater degrees of density, efficiency, and certainty in terms of public and

private investment. The level of flexibility and capacity indicated by zoning impacts upon business fundamentals such as locational efficiency, competitiveness, and productivity.

- 29.** There is a distinct thread running through the RMA that deals with community wellbeing in terms of efficiency. A primary guiding principle of the RMA is the efficient (and sustainable) utilisation of scarce resources within a community. There has been recognition from the Environment Court that efficiency, as it pertains to the RMA, relates to economic efficiency and there is a need for this to instruct policy governing the utilisation of these resources. This implies that the decisions by which these resources are consumed are derived in an economically efficient manner.
- 30.** The market is a powerful mechanism for the efficient allocation of resources and, all too often, unnecessary intervention causes markets to operate inefficiently with potential benefits lost to the community in order to protect private concerns. However, the essential proviso here is that society's resources are priced according to their real value to society as a whole, rather than value to individuals.
- 31.** Economic efficiency is essential when providing for sustainable resource use. As stated and consistent with the RMA, this efficiency should not be a rationalisation for the protection of individual businesses, developers or business locations through simple trade competition. However, what is essential is the identification of any distributional effects or inefficiencies from the market's operation. These distributional effects and inefficiencies are costs or benefits that are not considered by the market and yet are critical to enhancing the community's economic and social wellbeing. In relation to the Variation, and the non-consideration of the benefits of the Extension Area, this is not simply related to the potential limiting of residential activity in any given area but also the apparent failure to consider additional real benefits to the community of having a higher level of residential activity in efficient locations.

- 32.** In term of residential activity, Councils restrict the spread of residential development to more intensive zones because the costs of allowing dispersal are significant and are not considered by the market, such as increased infrastructure costs, reduced transport efficiencies, inefficient land use, as well as reduced community amenity. An increase in urban sprawl is a likely outcome of not zoning residential land in efficient locations.
- 33.** The continued expansion of residential development would not only incur increasing community costs but has the potential to stifle innovation and produce a dispersed community. Planning is about informed value judgements, and potentially restricting residential development in efficient locations leads to disbenefits of the entire community's wellbeing.
- 34.** I comment further below on some of the elements that I consider make up efficient zone locations and a well-functioning urban environment; amenity; agglomeration and productivity gains; efficient use of transport infrastructure, and efficient land use, in the context of the relief sought in the Trust submission.

Amenity of Centres

- 35.** A fundamental factor in operating competitive vibrant centres is the level of amenity offered; key to this is the level and choice of activity within a given area. To remain competitive and fulfil its role and function in the community, it is crucial that centres provide an appropriate level of both retail and commercial activity, supported and sustained by the surrounding residential market. This is a symbiotic relationship where each relies on the level of activity produced by the others. This relationship between activities creates more vibrant community centres which translates to greater community wellbeing.
- 36.** The greater level of residential activity in close proximity to a centre (the market a centre primarily services) typically the higher the amenity, vibrancy and productivity of the centre resource, and therefore economic

and social wellbeing and efficiency of the community. In this light, the inclusion of the Extension Area would improve the efficiency, productivity and amenity of the Variation's commercial centre. I am at a loss as to why Ms Fairgray would reach a different conclusion in her evidence. Ms Fairgray's position appears to be more residential supply, density and capacity in an area is efficient, but just not in the Extension Area.

Agglomeration and Productivity Gains

- 37.** The arguments for agglomeration pertain mainly to specific productive activities within an economy. The basis for these arguments is that increased densities lead to synergies, improved flow, economies of scale and utilisation of resources. The supporting academic and empirical evidence identifying the economic benefits is particularly strong and widely accepted.
- 38.** Agglomeration benefits are generally based around the ability for clusters of activities and higher density areas, typically in the form of centres, to provide the following:
- increased specialisation;
 - knowledge spillovers, both between firms in the same sector and across sectors, leading to increased innovation;
 - competition – the presence of lots of firms offering similar products spurs on competition, innovation and efficiency and there are lots of buyers to compete for;
 - larger labour markets offer wide choices for employers and the opportunity to recruit staff with specialist skills; and
 - economies of scale created by serving larger markets.
- 39.** The consolidation of residential activity in close proximity to the Variation Commercial Precinct is a fundamental means by which the Variation will attain a degree of these agglomeration benefits and improve its economic competitiveness.

- 40.** The agglomeration of residential activity in the form of density in close proximity to the Variation Commercial Centre has two effects which are important to distinguish between. The first is the increased profile created by a critical mass of greater residential activity. There are obvious ‘flow-on’ benefits to suppliers of locating within a vibrant and active centre along with the potential for some economies of scale. These benefits however are for the most part considered by the market in its locational decisions. Based on these benefits alone there would be no requirement for intervention as the market would operate efficiently.
- 41.** However, the second impact of agglomeration has to do with the environment that is created through this critical mass. Centralised business activity in the form of centres creates both amenity and diversity with the local area. The agglomeration of activity into centres provides an environment that will facilitate that agglomeration of other activities and allow for the productivity gains identified above.
- 42.** Given the increase in residential activity as a result of the Extension Area in close proximity to the Commercial Precinct, the Extension Area will support agglomeration and productivity gains and increase diversity within the Variation’s commercial centre, which would increase local employment opportunities. But it is important to not look at this in a vacuum, given that the Commercial Precinct has no propensity to be more than what it is planned to be, and would not undermine the role and function of the larger Frankton and 5 Mile retail and business centres.

Transport Efficiency

- 43.** The basis for this argument lies in the transport efficiencies achieved through the agglomeration of activities with the key generators on these travel patterns being residential, employment and retail activities.

- 44.** Efficient transportation networks provide obvious benefits to the community that are not considered in market decisions. These benefits include:
- Reduced public costs for roading and transport infrastructure (reducing the need for duplication);
 - Reduced pollution;
 - Increased certainty around public and private sector infrastructure investment; and
 - Reduced marginal cost (reducing the 'per trip' cost).
- 45.** It is generally accepted that there are transport efficiencies associated with centralised activity. It is fundamental to note that not all these benefits are considered in the market's decision-making. Given that the level of investment into this form of infrastructure climbs into the billions of dollars, it is critical that this be given some level of security as to its efficient utilisation and therefore effective return. Residential location is essential both directly and indirectly in the provision of transport infrastructure, due both to the level of activity generated by this market and the co-location of other activities due to amenity.
- 46.** The location of State Highway 6 has influenced the land uses that are now establishing in proximity to it. The more intensive use of land in proximity to State Highway 6 will further support the use of this infrastructure investment and more sustainable modes of travel. The public Transit Interchange proposed by the Trust at the western end of the Variation zone would further enhance the benefits of the Extension Area and better achieve the intention of the Variation itself, and could in due course provide an appropriate basis for the provision a small neighbourhood centre in this vicinity as the neighbourhood in this corridor matures.
- 47.** The location of the Extension Area relative to the Variation land would generate more active transport efficiencies. This is agreed by the section

42A report author who states, in relation to the Trust submission, *'the location has good proximity to the Frankton commercial area and active travel links, and that these are arguably more enabling of active travel modes than other more distant parts of the notified zone'*¹. This is an obvious benefit, particularly when the broader context of the eastern corridor is considered, yet the counter-intuitive (and incorrect) conclusion is that the Extension Area represents more of a threat than an opportunity.

Land Use Efficiencies

- 48.** A key purpose of planning is to produce the most efficient use of an economy's land resource. Planning regulations are designed to control private uses for this resource so as to produce a sustainable long-term outcome.
- 49.** The Trust's relief identifies the value inherent in the Commercial Precinct that seeks to maximise land use efficiencies and the locational advantages of this strategic area. In terms of economic efficiency, the maximisation of the activity in this location identifies the locational advantages that will provide a competitive advantage for the Ladies Mile area as a whole.
- 50.** In terms of the Trust's relief, this would result in residential development of land in closer proximity to and more accessible to Frankton and the TPLM Commercial Precinct than much of the Variation land itself. Ms Fairgray recognises the wide level of accessibility offered by the Extension Area herself by stating *'The proposed location is within the eastern extent of the urban edge and is closer to core areas of amenity in Frankton as well as that within the TPLM commercial centre'*². In my view, it is evident that the Extension Area would better enable the successful achievement of the intended role and function of the TPLM Commercial Centre Precinct, as well as provide significant benefits in terms of the accessibility to services and employment in the nearby Frankton and 5 Mile areas.

¹ TPLM Section 42A, 29 September 2023, paragraph 12.108

² Ms Fairgray primary evidence, 27 September 2023, paragraph 114

Council Section 42A Report and Expert Evidence

51. On pages 175 to 179, the section 42A report offers a brief analysis of the Trust's requested relief in the context of the Council's expert evidence and the relevant submissions. Consequently, the section 42A report recommends the rejection of the Extension Area for the following primary reasons:

- The proposed western extension may disperse density and intensification from occurring around the Commercial Precinct³;
- The location is at greater separation from the Commercial Precinct and less convenient to this, as well as potential schools and open space areas⁴; but
- The location does have some positive aspects for urban development through greater proximity to Frankton and the Old Shotover Bridge cycle connection⁵.

52. The section 42A report author considers that the proposed extension in the Trust's relief is unsuitable for residential development or its inclusion within the Variation Structure Plan Area. I am at a loss how the section 42a report author can reach those conclusions outlined above when considering economic costs and benefits and the physical location of the Extension Area. I strongly disagree with the section 42A report author's conclusions from an economic perspective, and the expert evidence upon which they appear to be based.

53. In my opinion, the submission site is strategically situated for accommodating residential development, meeting the requirements outlined in the NPS-UD and generating the economic benefits and efficiencies outlined earlier in this statement. Within a short 5-minutes'

³ Paragraph 12.107, Page 177

⁴ Paragraph 12.108, Page 178

⁵ Paragraph 12.115, Page 179

drive of the Extension Area is a Local Centre (the Variation's proposed commercial centre), two Town Centres with all the retail amenities and services, an international airport, significant industrial, retail and commercial employment hubs on State Highway 6, six schools (including the future school in the Variation), medical facilities, and active and passive recreational areas and amenities, with direct access to a State Highway transport infrastructure and public transport (refer Figure 2).

- 54.** Based on the above alone the Trust site would tick all the boxes in terms of an economically efficient location for residential activity. The reality is the Extension Area is a suitable location for development with one of the highest levels of access to required services, amenities and employment in Queenstown.
- 55.** In this light, the Extension Area also aligns with the criteria for housing area preferences in the broader district, as outlined in QLDC's Spatial Plan 2024 Gen 2.0⁶, focused on locations that are *“well-connected to existing or planned urban areas with key services and community amenities (e.g., schools, retail centres)”*.
- 56.** The location-specific attributes of the Extension Area are visually illustrated in Figure 2 below, offering a graphical representation of the surroundings and context of the submission site. Interestingly, Figure 2 graphically illustrates the Trust site in context of the existing urban form and how the site has more efficient accessibility to Frankton employment and services than the already developed urban area south of State Highway 6. If Council consider Lake Hayes Estate and Lower Shotover Country appropriate for residential development, then the Extension Area can be considered a more appropriate and more efficient location given its better access and closer proximity to Frankton. It is also more accessible to Frankton than the Variation area itself.

⁶ Sourced from <https://letstalk.qldc.govt.nz/spatial-plan-2024-gen-2#Call>

FIGURE 2: VARIATION EXPANSION AREA IN CONTEXT



Source: Stats NZ, Google Maps, LINZ

57. More specifically, within a 5-minute drive radius, or a short public transport or active travel ride, of the Extension Area, there exists an established employment base of around 6,700 employees, constituting over one third of the total employment count in the broader Wakatipu Ward. This statistic further underscores the strategic positioning of the Extension Area.

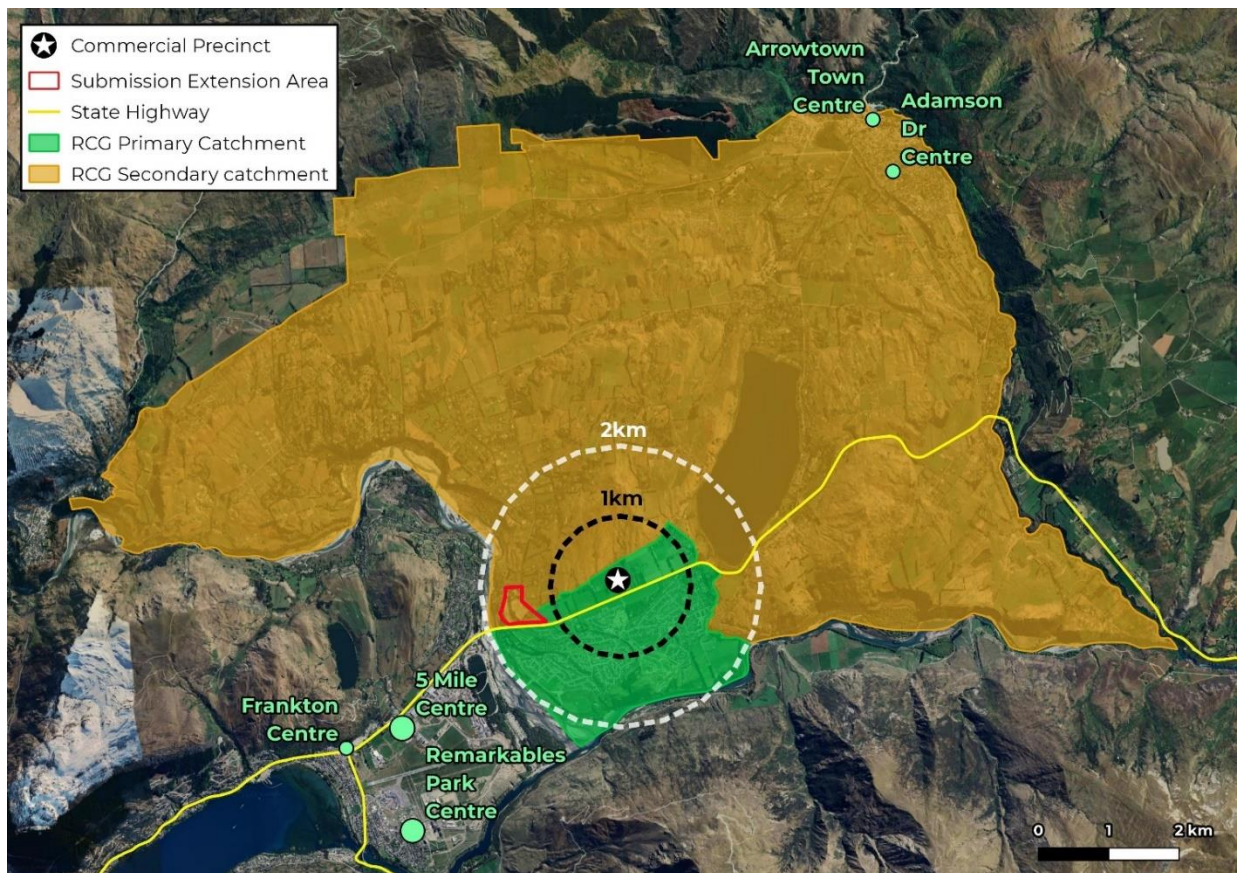
58. The section 42A report author appears to have followed the same philosophy of considering the Variation in isolation instead of its more important broader surrounding context. The Variation is only one (new) component of an existing urban environment that has had billions of dollars invested into its form and function. The Extension Area would support that investment and improve its efficiency, the marginal costs of that investment and positively contribute to a well-functioning urban environment given its close proximity.

- 59.** The reality is that, if the Ladies Mile area has a set demand that the Variation is attempting to accommodate (which I disagree with), then the most economically efficient and accessible location for the Variation to accommodate that demand would be to move the Variation west into the Extension Area. It is economically erroneous to imply to Variation as notified results in the most efficient and accessible outcome. It is implausible to suggest the eastern extent of the Variation area is more efficient and accessible than the Extension Area due to it falling outside a self-set walkable catchment limit, particularly when the vast majority of people will continue to travel to centres by vehicles or public transport, and especially when most trips will involve supermarket shopping or coming to / from work (likely to the west).
- 60.** It is important to remember the Variation Commercial Precinct is only a convenience centre. It will not internalise all retail, commercial and employment demand, nor meet all the retail, commercial service and amenity requirements of the Variation residents. The reality is the Variation's commercial centre will only service around 20% of the local community's retail and commercial requirements, with the other 80% still being met in the other centres, mainly in Frankton. The Variation's commercial centre is likely to meet an even smaller proportion of local employment requirements. Therefore, Variation residents will be travelling by various means to the Frankton area on a frequent, if not daily, basis.
- 61.** This is agreed by Ms Hampson on page 5, paragraph 16, of her primary statement where she states *"However, higher order shopping and employment for most of the community will continue to be met by the larger commercial areas and centres in Frankton and central Queenstown. This is appropriate and reflects the way in which Eastern Corridor interacts with the wider Queenstown urban economy"*.
- 62.** Consequently, enabling residential development at the Extension Area would be a more appropriate and economically efficient outcome in the context of the NPS-UD relative to the likely counterfactual of a requirement

for increased in residential supply in more locations further away from the services and amenities within the wider Wakatipu Ward.

63. In terms of proximity of the Extension Area being 'less convenient' to the Variation's Commercial Precinct, I strongly refute this suggestion and am unsure of the basis for such a position. The following figure identifies the primary and secondary catchment for the Variation Commercial Precinct from the RCG report (agreed by Ms Hampson). It is clear the Extension Area is closer, more accessible and more convenient to the Variation's Commercial Precinct than the significant parts of the primary catchment, which is on the southern side of State Highway 6. This shows the basis for the section 42A report author's position on this point is untenable when considering the wider context.

FIGURE 3: RCG DEFINED PRIMARY AND SECONDARY CATCHMENTS



Source: RCG, Stats NZ, Google Maps, LINZ

- 64.** From an economic standpoint, given the strategic positioning of the Extension Area, extending the Variation Structure Plan area would lead to a more efficient utilisation of the land resource. This would enhance the effectiveness and reduce the marginal costs to the community associated with existing services and facilities, ultimately contributing to a positive improvement in a well-functioning urban environment, as mandated by the NPS-UD. I regard this outcome as an economic benefit of the proposed extension, linked to the increased demand stemming from household growth in this area.
- 65.** For the same reasons mentioned previously, and when considering the economic benefits associated with concentrating residential activities near commercial centres, I do not consider that allowing the Extension Area would hinder or dilute the intensification of the Variation. Residential growth in Ladies Mile is not a fixed amount, and the inference that it can be accurately predicted now by the Council and its advisors is a fallacy. Projections are an estimated outcome not a target. If more supply is provided, more demand would be generated.

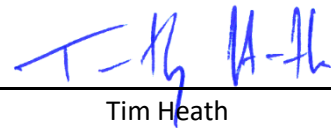
Conclusions

- 66.** From an economic perspective, the development of the Extension Area for residential activity would realise significant economic benefits and efficiencies including:
- Increased amenity of centres
 - Agglomeration of activity and productivity gains
 - Infrastructure efficiencies (lowers marginal cost of infrastructure)
 - Transportation efficiencies
 - Land use efficiencies (more efficient use of the urban land resource)
- 67.** Residential development on the Extension Area would also improve urban form efficiency and have a positive impact on the functioning of the urban environment and economy. The Extension Area is very well located being in such close proximity and highly accessible to centres, employment hubs,

schools and other essential services and amenities a community requires. It is a highly strategic and valuable site and, as such, it satisfies the relevant objectives and policies of the NPS-UD.

- 68.** Given the positive economic benefits and efficiencies that would be generated by enabling residential activity on the Extension Area, or conversely the economic opportunity costs foregone as a result of not rezoning the land and that demand being met in more distant locations, I support the relief sought by the Trust submission from an economic perspective within the framework of the RMA and NPS-UD.

DATED this 20th day of October 2023



Tim Heath