

IN THE MATTER of the Resource Management Act 1991

AND

IN THE MATTER of a hearing on submissions to Plan
Change 19 of the Central Otago District
Plan (Stage 2 – Zoning)

**STATEMENT OF EVIDENCE OF MR JAKE WOODWARD (PLANNING) ON BEHALF
OF MR STEPHEN DAVIES (SUBMITTER 19/147)**

16 May 2023

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1.0 Introduction

- 1.1 My name is Jake Woodward. I am an independent resource management planning consultant based in Cromwell, Central Otago. I have over 11 years resource management experience, with the previous seven years working as a consultant in the Central Otago and Southern Lakes Districts. Prior to this, I worked at both Auckland Council and Queenstown Lakes District Council in various resource management planning roles.
- 1.2 I hold the qualifications of a Bachelor of Social Sciences Majoring in Environmental Planning and a Post Graduate Diploma in Environmental Planning, both obtained from the University of Waikato. I am an associate member of the New Zealand Planning Institute.
- 1.3 Throughout my professional career, I have been involved in a range of resource consenting matters, particularly in relation to rural and urban land use consents and subdivisions, including large scale and contentious projects. I have made numerous appearances in front of various district Councils both as the Council reporting officer and as an independent planning witness.
- 1.4 I am generally familiar with the direction of growth and development in Cromwell and Central Otago more generally through my involvement in resource management matters over the past seven years practising in the District. This has included providing planning evidence before independent commissioners on a range of highprofile subdivisions including the subdivision of the Cromwell Top 10 Holiday Park (173 Lots) along with various rural and rural lifestyle subdivisions, and I have been involved in extensive due diligence projects of varying scales.
- 1.5 I am very familiar with the Central Otago District Plan, including Proposed Plan Change 19 (PC19). I have advised and prepared submissions on behalf of a number of submitters, and have prepared and presented evidence in the Stage 1 (provisions) and now Stage 2 (rezonings) hearings.

Code of Conduct

- 1.6 Whilst this is not an Environment Court hearing I confirm that I have read and agree to comply with the Environment Court Consolidated Practice Note 2023 for expert

witnesses. I confirm that this statement is within my area of expertise except where stated otherwise. I have not omitted to consider material facts known to me that might alter or detract from the opinions I express in this statement of evidence.

Involvement in this project

- 1.7 In this matter, I have been engaged by Mr Stephen Davies (Submitter 19/147) to prepare and file evidence in relation to Plan Change 19 of the Central Otago District Plan.
- 1.8 I am very familiar with the site in question having undertaken a number of site visits over the past few months, including an initial site walk over with the Submitter, a second site walk over with Mr Ben Espie, and a third site walk over in relation to considering soils. I have been a resident in Cromwell for the past seven years and have visited Bannockburn and surrounds frequently during this time. I have prepared and facilitated numerous resource consent applications in Bannockburn during my time as a consultant including that of residential subdivisions.

Documents Review

- 1.9 The documents I have reviewed in preparing this evidence are as follows:
- a. The notified Plan Change 19 documentation including the notified text, Council's Section 32 analysis and proposed amendments to the planning maps;
 - b. The Cromwell Spatial Plan;
 - c. The Resource Management Act 1991;
 - d. The Partially Operative Otago Regional Policy Statement 2019 (PORPS19) and the Proposed Otago Regional Policy Statement 2021 (pORPS21);
 - e. The National Policy Statement for Urban Development 2020;
 - f. The National Policy Statement for Highly Productive 2022 (and associated implementation guide);
 - g. The Council's section 42A report prepared by Ms Liz White and associated attachments for both PC19 Stage 1 (Provisions) and 2 (Rezoning), including the 2022 Growth Projections prepared by Rationale and their updated Cromwell Yield Assessment and Ms Julie Muir's assessment on infrastructure capacity;

- h. The Submitter's submission;
- i. The resource consent history pertaining to the site;
- j. Other submissions and further submissions;
- k. The evidence of:
 - i. Mr Stephen Davies, the Submitter;
 - ii. Mr Ben Espie, in relation to landscape matters;
 - iii. Mr Richard Ford, in relation to surveying and engineering matters (infrastructure); and
 - iv. Dr Reece Hill in relation to highly productive land matters.

- l. Economics Report, prepared by Insight Economics, submitted as part of Plan Change 21 proceedings.

Scope of evidence

1.10 My evidence will address the following:

- a. Site description;
- b. Overview of PC19;
- c. Overview of the submission;
- d. Summary of the section 42A report, as it relates to the submission;
- e. The statutory tests for evaluating the submission;
- f. The relevant Zoning "options" for the Commission's consideration;
- g. An evaluation of the options in accordance with the statutory tests; and
- h. Conclusion.

2.0 Site description

Site Description

2.1 The Submitter's Site is a 16.7 hectare parcel which is located to the south and east of Lynn Lane and is legally described as Lot 50 DP 511592, Lot 51 DP 511592, Lot 5 DP 452123 and Lot 6 DP 452123 as held in Record of Title (RT) 785688. Despite being located down Lynn Lane, the site is identified as 69 Hall Road. An unformed paper road dissects the site in two.

- 2.2 The site is irregularly shaped and is characterised by a predominantly flat plateau bordering Lynn Lane, before sloping (steeply in places) to the south.
- 2.3 An existing dwelling, the Submitter's residence, is located in the southernmost portion of the site, on a terrace that sits below the northern plateau.
- 2.4 In terms of land uses, the north-western corner of the site adjacent to Lynn Lane consists of an established vineyard (Doctors Flat Vineyard), first planted in 2002, and operational since 2008. The vineyard produces award winning high quality Pinot Noir. Current production is around 9,000 bottles with approximately 40% of the production exported to the UK, USA, Japan and Singapore. The balance is sold in New Zealand¹.
- 2.5 The south-western portion of the site, below the vineyard, is an irrigation dam. In the south-eastern and eastern portion of the site is a gravel pit. This area is subject to a Scheduled Activities overlay (SA40) under the Operative District Plan, which permits the extraction of gravel. Old mining remnants, water races and tunnels characterise the easternmost portion of the site. The area to the north-east consists of a gully with a terrace that has been levelled in preparation of the establishment of four consented residential building platforms (detailed later in this report).
- 2.6 The overall landholding is 16.77 hectares, most of which is zoned Rural Resource Area (**RU**) under the Operative Central Otago District Plan, with approximately 2.37 hectares zoned Residential Resource Area (4) (**RRA(4)**), as shown below:

¹ Evidence of Mr Steve Davies.

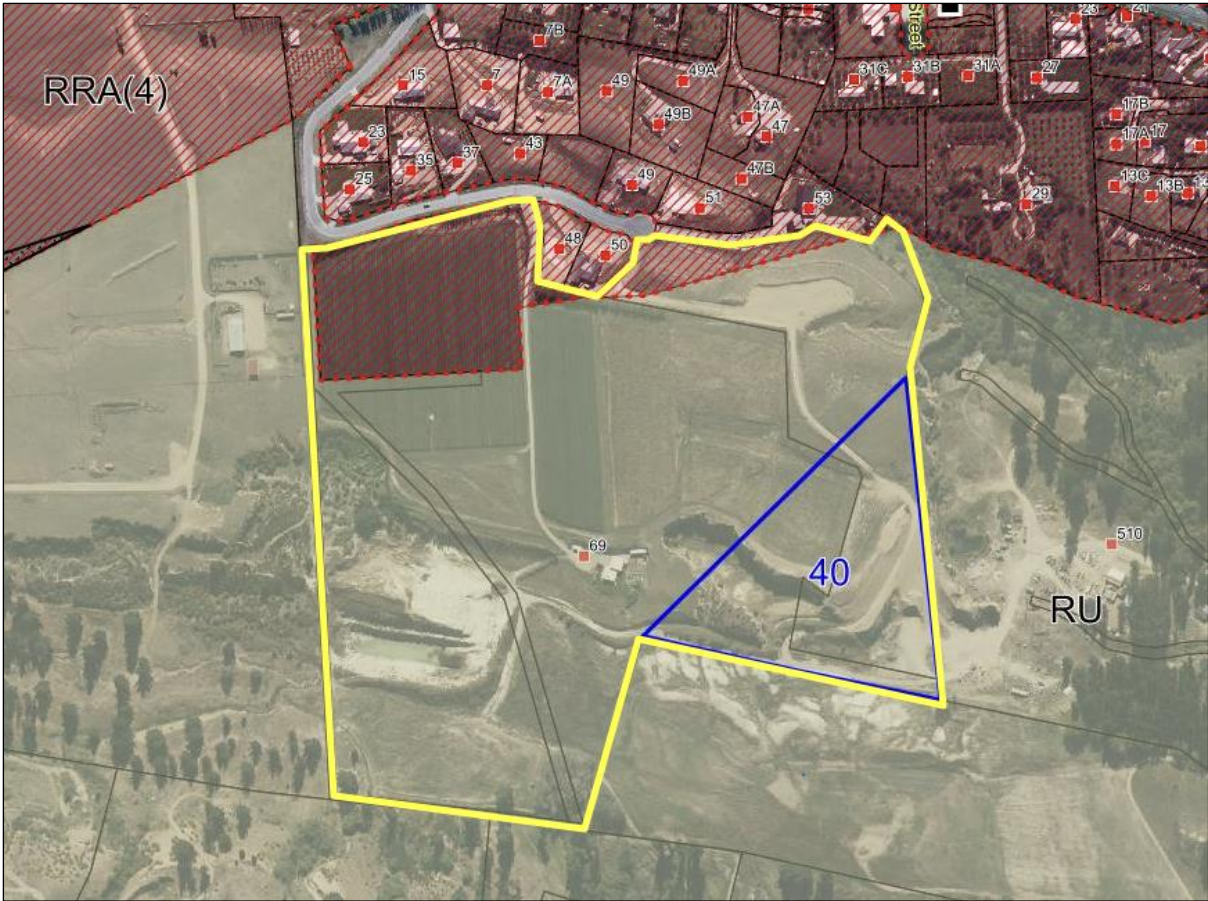


Figure 1: Extract of CODC GIS detailing Operative District Plan Zones and overlays. Boundary of property approximate only.

Consent History

2.7 The Submitter has owned all of the land that forms the southern extent of Lynn Lane since 2002. As per Mr Davies' evidence, the site has an extensive consenting history. I have summarised the most relevant consents below, and for the benefit of the Commission, a plan illustrating the locations of the consents is included in Figure 2 below:

- a. RC020122 was granted in 2002 to establish a vineyard within the RRA(4) zoned area of the site. As will be detailed later, the vineyard is located on the most productive portion of the Site and is predominantly located within the RRA(4) Zone in the Operative District Plan, which partially encompasses the north-western portion of the site (Figure 1 illustrates this, with the RRA(4) zoned portion of the Site encapsulating the vineyard shaded red).

- b. RC050271 was approved in 2005 to establish a frost fan (the fan is illustrated by the yellow triangle in Figure 2 below).
- c. RC050467 was approved in 2006 and was a boundary adjustment to rationalise the boundaries according to land use.
- d. RC060028 approved in 2006 authorised the subdivision of Lot 1 DP 365763 to create five residential allotments, and one residual Lot (which was then the subject of RC160312 discussed next). This subdivision has since been completed and fully developed. The lots created are 15, 23, 25, 35 and 37 Lynn Lane, as illustrated in Figure 2 (green area).
- e. RC160312, approved in 2016, was the further subdivision of residual Lot 6 (from RC060028) which comprised of seven allotments being the properties at 43 to 53 Lynn Lane. This subdivision has since been completed and all but one property has been built on. RC160312 is referred to as Stage 1, Lynn Lane, (Figure 2, blue area).
- f. At the same as RC160312, RC160365 (known as Stage 2, Lynn Lane) was sought to establish another five Lots on land that straddled both the RU and RRA(4) zones. This application was approved in a modified form (with only four Lots approved) via an Environment Court decision ENV-[2017] NZEnvC 193. Stage 2 is currently in the process of being implemented with a survey plan submitted to Council for approval in November 2022. Throughout my evidence I refer to this consented activity as the 'Stage 2 consent', or the 'Consented Area', or 'RC160365' (Figure 2, purple area).



Figure 2: General location of RC060028 (green), RC160312 (blue) and ENV-2017-CHC-16 (purple) of the Lynn Lane development. The consented frost fan illustrated by the yellow triangle.

- 2.8 Stage 2 is subject to a suite of design controls. In brief, these include:
- a. A restriction to the height of future buildings. The heights were to be managed by a specific RL pertaining to each Lot.
 - b. A limitation on the total length of future buildings along the due north elevation; and
 - c. A requirement for all buildings to be located within a defined 400m² “building platform” to be registered on each of the respective Titles.

- 2.9 These requirements are to be secured as consent notices registered on the titles for the new lots.
- 2.10 In addition to the subdivision consent, a “land use” consent was also approved by the Environment Court as part of the Stage 2 development. The land use component authorised the provision of the building platforms on each of the new lots and replicated the requirements of section 220 consent notices conditions concerning design, thus effectively replicating the subdivision consent (verbatim) on these matters. The land use consent additionally required the registration of a “non-complaints” covenant on the new titles in favour of the existing vineyard operation, and identified a “Covenant Area” over the RRA(4) zoned vineyard area, in which buildings were not to be established for a period of 25 years². Interestingly, these covenant requirements were not contained in the subdivision consent, nor was there a ‘trigger’ for them in the land use consent. The subdivision component has been given effect to in accordance with Section 125(2) of the Act³, which states a subdivision is given effect to when a survey plan is submitted to the relevant territorial authority under section 223 of the Resource Management Act. As noted earlier, a survey plan was submitted to and approved by the Council on November 2022. However, under section 125(1)(a), a land use consent lapses if it is not given effect to within 5 years from the date the consent was approved. As it transpires, it has been five years since the land use consent was first approved and thus it appears to have lapsed, along with the covenanting requirements.

² Conditions 15 and 16

³ S125(2) - For the purposes of this section, a subdivision consent is given effect to when a survey plan in respect of the subdivision has been submitted to the territorial authority under section 223, but shall thereafter lapse if the survey plan is not deposited in accordance with section 224

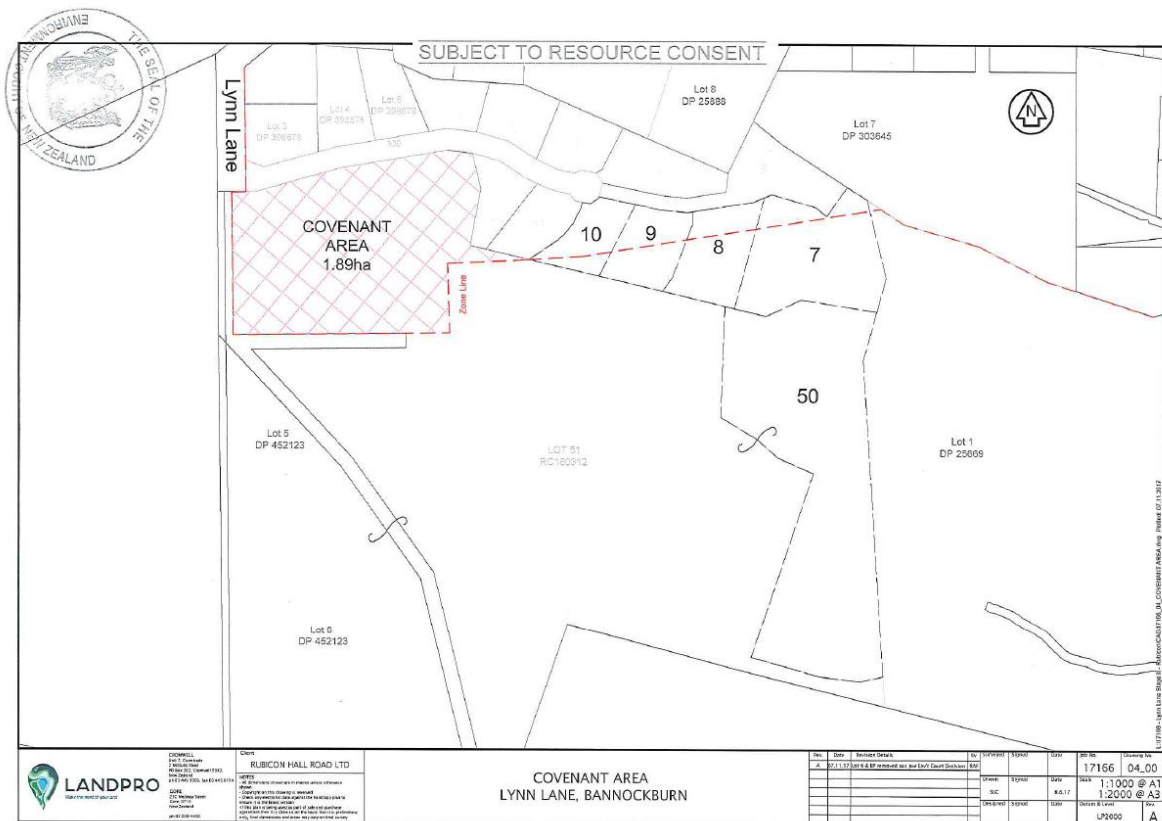


Figure 3: Extract of approved plan from NZEnvC193 detailing "Covenant Area".

Overview of PC19

- 2.11 PC19 has been driven by, and is intended to implement the direction set out in, the Vincent and Cromwell Spatial Plans, in relation to the District's residential areas. These plans have been prepared by the Council in an endeavour to respond to demand for residential land and housing affordability concerns in the District, and in order to plan for the anticipated growth over the next 30 years⁴. The Spatial Plans, and subsequent PC19, has been informed by a series of growth projections and capacity assessments undertaken by engineering and advisory firm, Rationale⁵.
- 2.12 PC19 involves aligning the existing Residential Resource Areas with the National Planning Standards, identification of new residential areas, and Future Growth Areas. The proposed Zonings under PC19 are as follows:
- a. Medium Density (MRZ) – 200m² minimum Lot Size;

⁴ PC19 s32 Report [4].

⁵ 2018 Cromwell Housing and Business Capacity Assessment, 2022 Growth Projections, and 2022 Cromwell Yield Assessment.

- b. Low Density (LRZ) - 500m² minimum Lot Size;
- c. Large Lot (LLR) – 2,000m² minimum Lot size;
- d. Large Lot (Precinct 1) (LLR(P1)) – 1,000m² minimum Lot size;
- e. Large Lot (Precinct 2) (LLR(P2)) – 3,000m² minimum Lot size; and
- f. Large Lot (Precinct 3) (LLR(P3)) – 6,000m² minimum Lot size.

2.13 One of the key mechanisms for providing for growth in the Cromwell Ward is the “up-zoning” of existing Residential Resource Areas within the Cromwell township to Medium Density⁶. Otherwise, aside from the inclusion of Freeway Orchard (Rural Resource Area to MRZ), Domain Road Vineyard (Rural Resource Area to Large Lot Residential), and Richards Beach Road (Rural Residential Notation to Large Lot Residential), no new growth areas have been identified in the Cromwell Ward.

2.14 Of relevance to this submission, PC19 seeks to amend the density provisions pertaining to Bannockburn by removing the averaging regime (currently 2,000m²) and increasing the minimum density from 1,500m² to 2,000m². The RRA(4) zoned areas in Bannockburn would be re-zoned LLR, along with an extension to the existing residential area (LLR zone area) to encapsulate the Domain Road Vineyard site.

2.15 While the intention of PC19 (as notified) is to rezone the RRA(4) areas at Bannockburn to LLRZ on the basis that retention of these residentially zoned areas is necessary to provide for predicted growth⁷, PC19 does not apply an LLR zoning to the operative RRA(4) zoned area of the Submitter’s land and instead, downzones these area to Rural Resource Area ('Rural'). There is no evaluation in the PC19 section 32 assessment of the costs and benefits of this downzoning, nor any reasons given as to why the RRA(4) zoning, or its successor the LLRZ, is no longer appropriate for the Submitter’s Site. I note that the Cromwell Spatial Plan identifies these RRA(4) zoned areas on the Submitter’s land as providing for future growth at Bannockburn, and presumably these areas were factored into the Rationale assessment when analysing Plan enabled capacity. The omission of these areas from the LLRZ in notified PC19 appears to be an oversight.

The submission

⁶ Paragraph 6, PC19 s32

⁷ Paragraph 114, PC19 s42A Stage 2

- 2.16 The Submitter's original submission (19/147) is phrased in two parts. It seeks to:
- Rationalise the current RRA(4) boundary to encompass the Stage 2 Area; and
 - To transfer the RRA(4) Zone that presently applies to the vineyard area to a comparable sized area of unproductive RU land in the eastern portion of the site, and apply an RU to the vineyard area.
- 2.17 A plan detailing this was included in the Submission. That plan is included in the following figure for ease of reference:

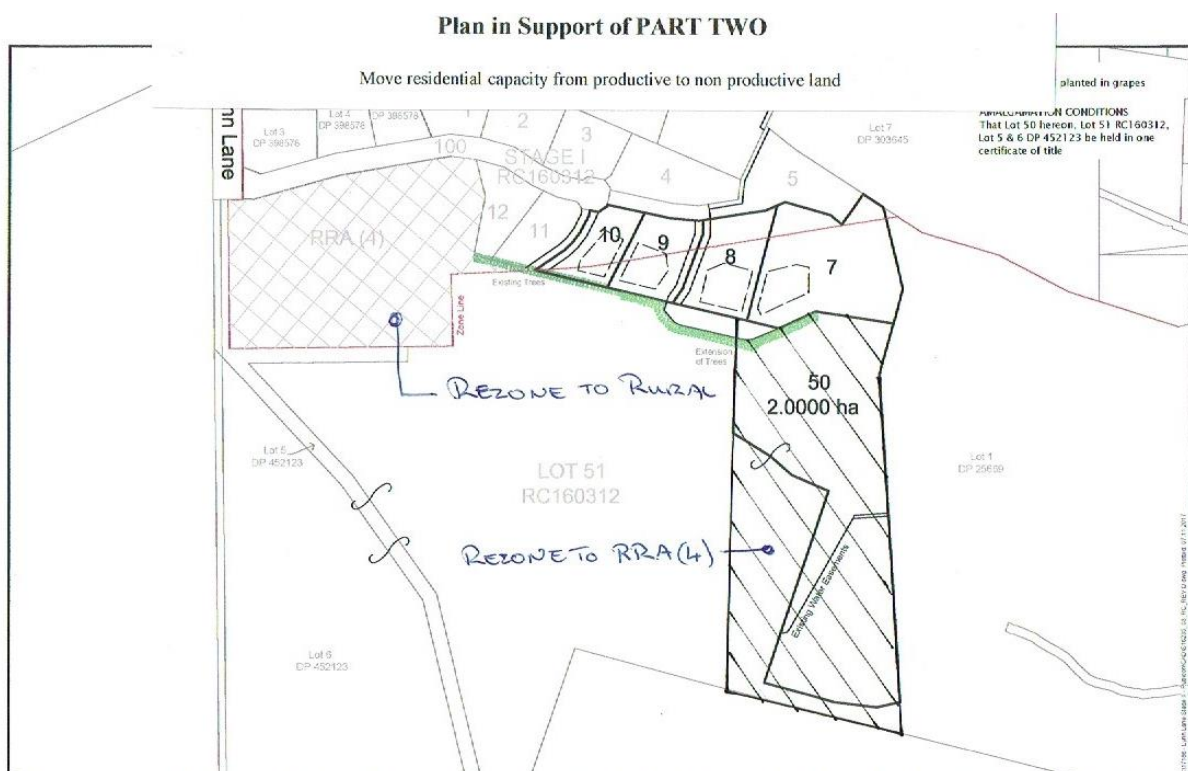


Figure 4: Initial plan of relief included with submission 19/147 (Image Source: Supplied).

- 2.18 The Submitter's preferred relief serves three purposes:
- ensuring that productive vineyard land is recognised by an appropriate zoning and is not subject to pressure for inappropriate use or development associated with a residential zoning; and
 - applying a zoning to the Consented Area that reflects the consented residential use; and
 - maintaining the development capacity currently afforded by the RRA(4) and assumed in the Cromwell Spatial Plan by transferring this zoning to an

unproductive area of the Site, being Lot 50 and part of Lot 51 in the eastern portion of the Site, as identified in Figure 4 above.

- 2.19 I note that the original submission references the RRA(4) zoning and seeks this zoning apply to the eastern part of the Site, however, given PC19 proposes to rename this the LLRZ, I consider it appropriate to interpret the submission as seeking and LLR zoning for this area.
- 2.20 I also note that a submission by LandPro (Submission 19/150) raises a similar relief, in so far as it queries whether it was intentional to remove the residential zoning (RRA(4) in the Operative Plan) from the Submitter's site and adjoining 48 and 50 Lynn Lane via PC19.

Section 42A report

- 2.21 Council's consultant planner, Ms Liz White, has undertaken a review of all of the relevant submissions relating to PC19 and details her recommendations in the Section 42A report, dated 1 May 2023.
- 2.22 As a first comment, I note it appears that Ms White has not been provided with a copy of the plans that were attached to Mr Davies' submission (one of which is replicated in Figure 4 above). It seems that for this reason she has not assessed the relief sought by Mr Davies, although she has assessed the LandPro relief which has similarities with Mr Davies' relief in so far as it seeks reinstatement of the operative RRA(4) zoning (albeit in its new, LLRZ form) over Mr Davies land. Ms Whites supports this submission, citing the existing shortfall in residential development capacity at Bannockburn and the fact that this RRA(4) zoned land is not classified as 'highly productive land' for the purposes of the NPS-HPL (a point I discuss in more detail later). However, the Landpro submission, and thus nor Ms White's report, do not address the LLR zoning of the Consented Area, nor the unproductive land to the immediate south.
- 2.23 More generally, in her report, Ms White notes that unlike Cromwell, PC19, as notified, does not identify any areas for future growth at Bannockburn. Ms White details that the Domain Road Vineyard site, which is a new area for which a LLR zoning is proposed, was included in notified PC19 as a result of discussions within the landowners, and

because the site 'infills' an area which is adjoined on three sides by residential zoning, and is within the area where the Council's reticulated services are available⁸.

- 2.24 From a housing supply perspective, Ms White explains that since PC19 was notified, Council has undertaken a further yield assessment to identify whether the notified zonings would provide sufficient capacity for the forecasted demand⁹. Ms White summarises that the yield assessment, which is essentially an update of the Cromwell Housing and Business Development Capacity Assessment prepared in 2018 as part of the Cromwell Spatial Plan, indicates that growth projections are now higher than they were in 2018, and correctly notes that the PC19 zoning framework differs from the Spatial Plan in some instances (the Submitter's Site being one such instance, insofar as the Spatial Plan identifies it as available for residential development, but PC19 as notified removes the residential zoning). She records that this recent assessment demonstrates that at a Cromwell ward level, there is sufficient housing supply for the forecasted demand, however, when looking more specifically at Bannockburn Township, there is insufficient supply to meet demand. Ms White explains the PC19 zonings are expected to provide for just over 500 new dwellings at Bannockburn, which is a shortfall of around 200 houses under the medium growth projections and 300 under the high growth projections.
- 2.25 In terms of the Submitter's land, as I have already explained, this was addressed by the LandPro submission (19/150) which queried whether the "down-zoning" of the Submitters land from RRA(5) to RU was intentional, raising the same point for the properties at 48 and 50 Lynn Lane. In response to this submission, Ms White recommends that 48 and 50 Lynn Lane, and those parts of the Submitter's property (which she identifies as 69 Hall Road) which are currently zoned RRA(4) in the Operative Plan, are rezoned LLR given the shortfall in housing supply at Bannockburn, and because the NPS-HPL does not apply to these areas¹⁰. In terms of s32AA of the RMA, Ms White opines that application of the LLR zoning to these areas better reflects the existing and intended development under the current zoning, and the costs and benefits do not alter from those currently applying under the operative RRA(4) zoning¹¹.
- 2.26 My understanding of Ms White's recommendation is that she recommends the reinstatement of the operative RRA(4) zoning, albeit in its modified LLRZ form, in so

⁸ Para 78, s42A Stage 2

⁹ 2022 Cromwell Yield Assessment

¹⁰ Para 115, s42A Report, Stage 2

¹¹ Para 115, s42A Report, Stage 2

far as it applies to the Submitters land. This includes an LLRZ zoning for the vineyard area and part of the Consented Area, which I understand equates to approximately 2.4ha in total area. This recommendation addresses part of the Submitter's submission.

2.27 As I have already noted, Ms White does not make a recommendation on the balance of the submission, as she is not clear on the relief it seeks.

3.0 The Statutory Tests

3.1 Various statutory tests are to be applied when considering the most appropriate provisions for the District Plan. Matters to consider are as follows:

- a. whether the provisions (in this case, the proposed zoning) accord and assist the Council in carrying out its functions and achieve the purpose of the Act (section 74(1) of the Act);
- b. whether the provisions accord with Part 2 of the Act (section 74(1)(b));
- c. whether the provisions give effect to the regional policy statement (section 75(3)(c));
- d. whether the provisions give effect to a national policy statement (s75(3)(a));
- e. whether the provisions have regard to the actual or potential effects on the environment, including, in particular, any adverse effect (s76(3));
- f. the extent to which the objectives are the most appropriate way to achieve the purpose of the Act (s32(1)(a));
- g. whether the policies and methods (in this case, the zoning is the method) are the most appropriate way to achieve the objectives, having regard to their efficiency and effectiveness (s32(1)(b)) and taking into account (under s32(2):
 - i. the benefits and costs of the proposed policies and methods; and
 - ii. the risk of acting or not acting if there is uncertain or insufficient information about the subject matter of the policies, rules of other methods.

3.2 Where changes are proposed to a proposal after the first section 32 evaluation has been undertaken (where changes are proposed to a notified plan change for example), a further evaluation of the changes is required under section 32AA. This further evaluation is only required in relation to the changes that are proposed to be made

since the first evaluation report was completed.¹² The further evaluation is to be undertaken in accordance with section 32(1) to (4) of the Act.

- 3.3 The assessment contained in my evidence addresses the changes proposed to PC19 since it was notified, namely the proposed rezoning of the Submitters' Site from Rural Resource Area to LLR, and effectively comprises a section 32AA evaluation.
- 3.4 I assess the statutory tests set out in paragraph 3.1 above for the Submitter's zoning proposal in the sections of my evidence that follow. Firstly, however, I identify the zoning options that are before the Commission, which are to be assessed in accordance with these tests. I then assess the effects of the options, and whether they achieve the relevant National Policy Statements (NPS-UD and NPS-HPL), as these assessments inform other aspects of my evaluation.

4.0 The relevant Zoning options

- 4.1 The first option is the PC19 notified option. PC19 as notified, proposes to remove the operative residential zoning (the RRA(4) Zone) from the Submitter's property and apply a Rural zoning to the entire site, while aligning the proposed PC19 LLR boundary with the north side of Lynn Lane.
- 4.2 The second option is Ms White's recommendation, which as an LLRZ zoning for the part of the Submitter's Site zoned RRA(4) in the Operative Plan, while retaining a rural zoning for the balance of the Site.
- 4.3 The third option is the Submitter's relief, which seeks a LLR zoning for the Consented Area, so as to reflect the consented and soon to be established uses, and to also apply this zoning to the approximately 2 ha area to the immediate south, while applying a rural zoning to the approximately 1.9ha vineyard area. The relief would in essence transfer the operative residential zoning and the development capacity contained therein from the vineyard area to an unproductive part of the Site, while retaining the existing productive part (the vineyard) and applying a zoning (RU) which reflects and enables the continuation of this existing use.
- 4.4 Summarising these three options before the Commission:

¹² Section 32AA(1)(b)

- a. Option A: Removing the RRA(4) Zone from the site altogether and applying the “Rural Resource Area” zone to the site as per the notified version of the PC19 Planning Maps;
- b. Option B: Retaining the current Zone boundaries of the Operative District Plan but renaming the RRA(4) Zone to the PC19 LLR Zone, including associated amendments to the zone provisions; and
- c. Option C: The Submitter’s relief, being the transfer of the residential zoning of the vineyard area to an area of unproductive land to the east that is currently Zoned RU, and in addition, the application of the LLRZ to the Consented Area.

4.5 I briefly expand on the available options as follows:

Option A – Rural Resource Area

4.6 For the purposes of s32(3), Option A is the “existing proposal” as notified by PC19.

4.7 In essence, Option A would involve “down-zoning” the part of the subject site by removing the existing residential zoning¹³ that applies to part of the site. The new residential (LLRZ) boundary would be positioned on the northern side of Lynn Lane as illustrated in the following Figure 5:

¹³ Residential Resource Area (4).



Figure 5: PC19 notified planning maps showing the LLR Zone located on the northern side of Lynn Lane. The entirety of the Submitter's land would be Zoned Rural Resource Area under this scenario.

- 4.8 Under Option A, farming and productive uses, including the vineyard activity would be permitted¹⁴, but residential development would require at least a restricted discretionary consent for one dwelling, and a discretionary consent¹⁵ for any further dwellings.
- 4.9 The northern part of the Site, being the Consented Area, could be developed for four residential lots pursuant to RC160365, although this would not be reflected by the underlying rural zoning.

Option B – Retaining the current Zoning Layout, but amending the RRA(4) Zone to align with the PC19 LLR Zone.

- 4.10 Option B is essentially the operative zoning status quo, in so far as it retains the residential zoning that applies under the Operative District Plan, albeit in its new form (the LLRZ).
- 4.11 Under Option B, the 1.9 ha vineyard area could be developed for residential activities, theoretically yielding up to nine lots (or more if the Submitter's Stage 1 submission in

¹⁴ Rule 4.7.1 of the District Plan.
¹⁵ Rule 4.7.4(i) of the District Plan.

relation to minimum allotment size is accepted). Achieving this yield would require cessation of the vineyard activity and assumes that the requirement to covenant the vineyard against residential development does not apply (because the Stage 2 land use consent has lapsed).

- 4.12 While the vineyard operation could continue pursuant to existing consents, any changes to or expansion of the operation would not be anticipated by the zoning and would require resource consent.
- 4.13 As with Option A, the northern part of the Site, being the Consented Area, could be developed for four residential lots pursuant to RC160365, although this would not be reflected by the underlying rural zoning, which would continue to apply to part of this area. A single residential dwelling could also be sought by way of a restricted discretionary activity¹⁶ on the adjacent Lot 50 (to the south of the Consented Area).

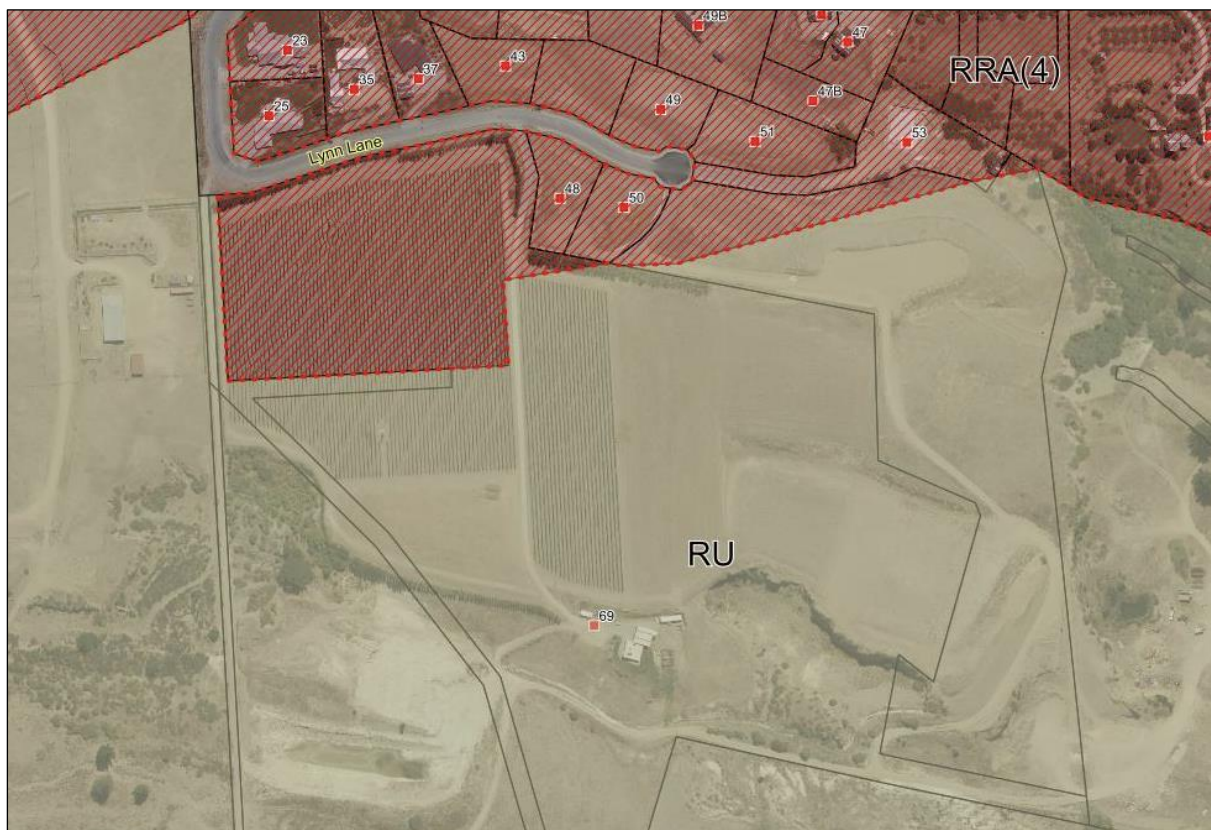


Figure 6: Option B arrangement being the retention of the Zone boundaries and simply renaming the RRA(4) Zone to LLR to align with the PC19 directive.

Option C – Applying the Large Lot Residential Zone over the Site

¹⁶ Rule 4.7.3(vii) of the Central Otago District Plan.

- 4.14 Option C as per the Submitter’s relief, seeks to “exchange” the operative residential and rural zonings so that the residential zoning applies to the unproductive eastern part of the Site, while the rural zone applies to the productive vineyard and most of the balance of the Site.
- 4.15 A residential zoning would also be applied to the Consented Area, recognising the consented residential activities.
- 4.16 In addition, a Building Line Restriction (**BLR**) would apply, which would preclude development in the more sensitive parts of the Site, and ensure that the key aspects of the Stage 2 Environment Court decision are reflected in the zoning¹⁷. The BLR also has the added benefit of safeguarding historic water tunnels and water races which characterises the fringes of the site. Such an approach is already in practice in the District and a method that is implemented in the District Plan currently under Rule 12.7.7. The drafting of Rule 12.7.7 (in terms of the matters of discretion) appears to relate primarily to road corridors to which a breach to Rule 12.7.7 (where a building is located within the BLR) requires a restricted discretionary activity consent¹⁸. However, the mechanism of a BLR is considered equally appropriate in this case recognising that the matters of discretion relates to (among other matters), *“the effect on amenity values of the neighbourhood”*, which is central to the landscape purpose in which it is applied in this case.
- 4.17 Under Option C, up to 10 lots could theoretically be established within the new eastern LLRZ area (assuming a 2000m² min lot size (and not accounting for access)), but the yield could be higher if the Submitter’s Stage 1 relief is pursued), in addition to the four lots in the Consented Area (given the BLR, the yield in the Consented Area would be the same under a LLR zoning as under the Stage 2 Consent).
- 4.18 In addition, the existing vineyard activity would be recognised and enabled by the Rural zoning that would apply to the balance of the Site, and the operation could evolve as necessary without undue consenting requirements.

¹⁷ Which is important in the unlikely scenario that the Stage 2 consent were to lapse under section 125(2) because a survey plan was not deposited in accordance with section 224 - Section 224(h) requires a survey plan to be deposited within 3 years following a territorial authority approving the plan under section 223.

¹⁸ Rule 12.7.7(ii).

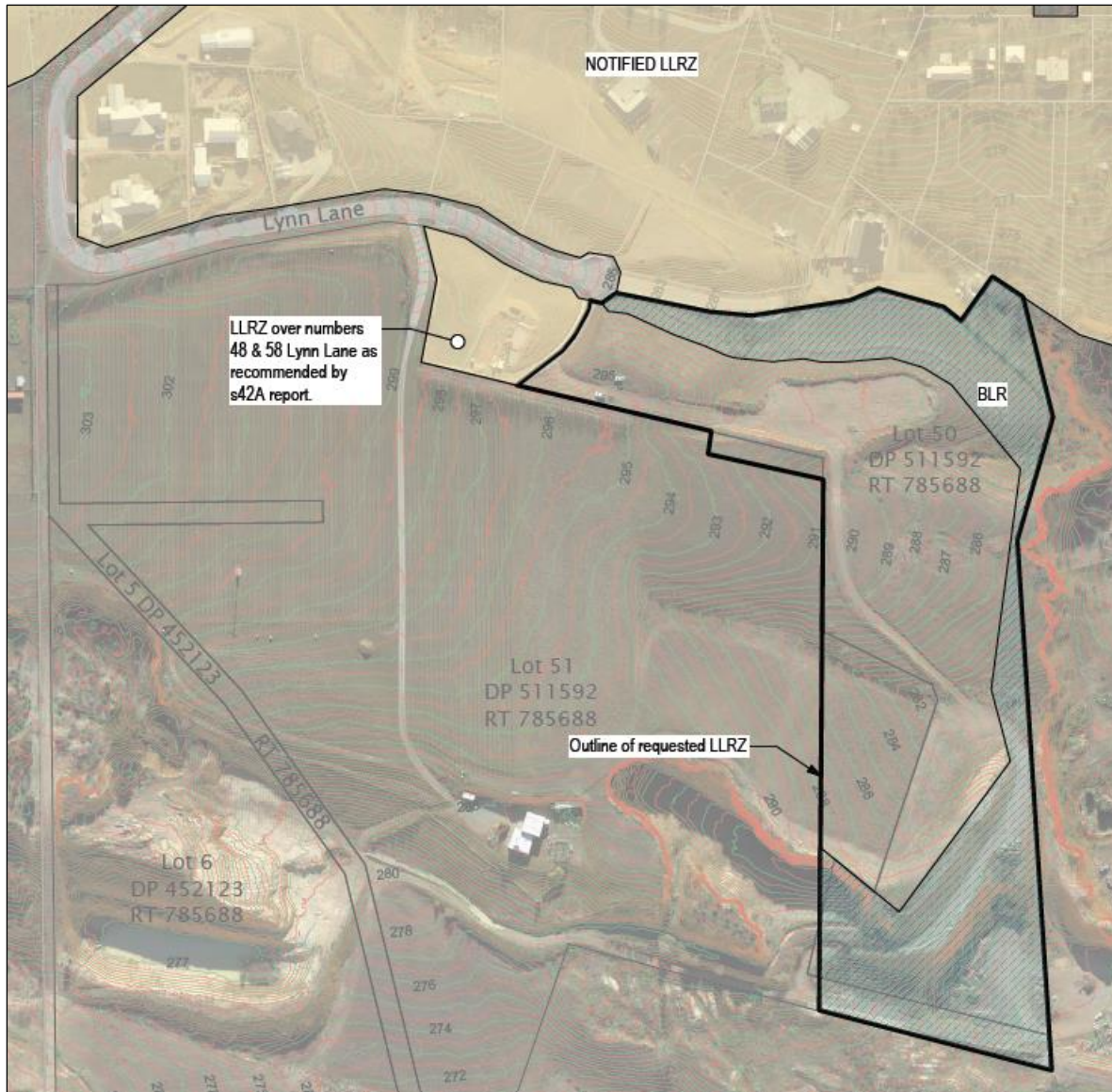


Figure 7: Submitter's preferred relief, Option C.

5.0 Whether the provisions have regard to the actual and potential adverse effects on the environment, including, in particular, any adverse effect

5.1 The most relevant categories of effects on the environment are as follows:

- a. Effects on landscape values
- b. Effects on rural amenity values
- c. Effects on productive capacity of the Site
- d. Reverse sensitivity effects
- e. Traffic and transportation effects
- f. Infrastructure and servicing effects

- g. Heritage effects

Effects on landscape values

- 5.2 Option A, rural zoning for the entire Site, would continue the status quo in terms of land use and thus likely result in little change to the landscape, with the exception of the development of the four consented residential building platforms, which would occur under all three options. Under Option A, the Site could be modified in a number of ways as part of a permitted farming activity, including substantial earthworks.
- 5.3 Option B (keep the Zoning as is), would maintain the status quo albeit with the option of developing the vineyard block for residential in line with the LLR Zone (assuming the Stage 2 covenant does not apply). This would result in the loss of the vineyard area and domestication of approximately 2 hectares (or up to 10 residential allotments) in the north-western portion of the Site, although this landscape change would be broadly consistent with the LLR Zone the adjacent land and would result.
- 5.4 For Option C, the Submitter has engaged landscape architect, Ben Espie, to assess the landscape and visual effects of the rezoning relief. Mr Espie's opinion, in brief, is that the visual catchment for the Site is relatively limited, and the Site is viewed in the context of the adjacent Bannockburn residential area, and is part of the same landform. Part of the Site is already consented for development (the Consented Area) and the development of this part of the Site will bring about some landscape change, regardless of zoning. Development of the Consented Area will be more obvious in some views than development of the adjacent 2ha rural area if that area is zoned and developed LLRZ as proposed. Development in the Consented Area will either largely screen the additional adjacent LLRZ development, or this development will read as part of the Consented Area and existing Bannockburn development. In an overall sense, adverse effects of the relief on views and visual amenity will range up to being of a low degree at most.
- 5.5 In Mr Espie's opinion, the southern boundary of the notified LLRZ (Option A) that contains Bannockburn township lacks logic in the vicinity of the submission site and does not follow any recognisable or useful line in terms of landscape patterns. The requested area of zoning (Option C) would create a new zone boundary that is more logical and continues the existing development pattern of Bannockburn, and will not give rise to development outcomes that are out-of-character at an immediate or

broader scale. In addition, Option C will provide for residential land use on land of the same character and landform as existing Bannockburn township, providing flat residential building locations with excellent solar access and amenity.

- 5.6 As I have touched on earlier, Mr Espie recommends the provision of a BLR to encompass the sloping faces of the site in order to recognise the key aspects of the Stage 2 consent conditions.
- 5.7 In comparing the three Options, Option A would essentially result in the landscape status quo, but with future development in the Consented Area visible from some viewpoints in and around Bannockburn (as is the case under all options). Option B, retaining the operative zoning arrangement per Ms White's recommendation, has the potential to result in greater landscape effects than Option C by spreading domestication to the west, and through the removal of the established vineyard (assuming development under Option B is not precluded by the Stage 2 covenant). The Submitter's relief (Option C), would result in a landscape change due to the additional built form as compared with Option A, albeit in a manner that can be appropriately integrated with the existing Bannockburn township and the Consented Area. Unlike Option B, Option C does not require the removal of the established vineyard. Overall, while Option A would likely result in the least amount of landscape change, Option C can be supported in landscape terms and does not give rise to adverse landscape effects, while providing for an appropriate use of an uneconomic portion of the site, with broadly comparable landscape effects to Option B, but being a better use of the site overall.

Effects on amenity values

- 5.8 Amenity values is defined in the Act as, *"...those natural or physical qualities and characteristics of an area that contribute to people's appreciation of its pleasantness, aesthetic coherence, and cultural and recreational attributes"*.
- 5.9 Option A is likely to result in no change to amenity values through the down-zoning of part of the site and retention of the rural zone for the remainder, and will effectively retain the values as they exist today.
- 5.10 Option B on the other hand, could result in residential activities replacing the existing vineyard block (assuming this is not precluded by the Stage 2 covenant), resulting in a change to the receiving environment from what currently appears today and the

associated amenity values. Option B could result in the visible spread of residential development, more so than Option C, which sites development contiguous to and behind existing/consented development and applies a BLR to assist with the integration of the development, while also retaining the vineyard area in its current form, which of itself contributes to the amenity of the area.

- 5.11 For Option C as discussed above, the Submitter's landscape assessment finds that the suggested realignment of the Zone boundary will enable the pattern of development that is logical and will not be out-of-character at an immediate scale nor a broader scale. This is in comparison to Option A and B which Mr Espie considers lacks logic in the vicinity of the submission site and does not follow any recognisable or useful line in terms of landscape patterns. I interpret Mr Espie's assessment to suggest that amenity values will at least be maintained recognising that the provision of residential activities in the vicinity of existing residential is not inherently adverse if the resulting character is consistent and logical with the existing pattern of development.
- 5.12 I consider that Option A maintains amenity values. Option B maintains amenity values in terms of those anticipated under the District Plan, but it does require the removal of the established vineyard in order to achieve the operative zoning outcomes. Option C would result in a change to the environment in terms of the construction of new built form and associated domestication, but this is no different to Option B, and Option C has the benefit of retaining the established vineyard. In my view, none of the options give rise to amenity effects of any concern, however Option C represents a more efficient use of unproductive land and contribute to development capacity, while retaining the established vineyard and the amenity that provides. Overall, Option C is better, in my view.

Effects on productive capacity of the subject site

- 5.13 As outlined in the evidence of Mr Davies, the vineyard which currently sits within the RRA(4) area sits on a broad and consistent plateau at the higher western end of the block which in Mr Davies' experience, is the most suitable for grape production. The eastern end of the property resolves into a gully with unfavourable aspects and numerous mining era water races and remnants which have left the soil disturbed and inconsistent over much of that area. Mr Davies explains that undisturbed, consistent soils are important to winemaking in Bannockburn, and that uniform ripeness is one of the most important factors contributing to red wine quality but if soil is inconsistent the

grapes will ripen at different times hence the wine will be made from under and over ripe grapes and be of a lesser quality.

- 5.14 The area of relief has been assessed by Dr Reece Hill in relation to the status of the soils. In his evidence, Dr Hill confirms that the relief area does not contain LUC 1, 2 or 3 land, and therefore does not qualify as highly productive land under the NPS-HPL. This is consistent with Mr Davies' observations and experience that the relief area is unsuitable for growing grapes.
- 5.15 Given Mr Davies and Dr Hill's evidence, I consider that retaining Option A has the benefit of re-classifying the current productive vineyard as Rural Resource Area, although this would also be the case under Option C. Option B would apply a residential zoning to the productive vineyard land, which is classified as LUC 3 land in the New Zealand Land Resource Inventory (albeit is not "highly productive land" under the NPS-HPL given the operative zoning and the timing of enactment of the NPS-HPL), and would enable residential development of this land (assuming this is not precluded by the Stage 2 covenant). In my view, Option B is inferior to Options A and C in this regard.
- 5.16 Option A would retain a rural zoning for land (the relief area) that is unproductive, while Option C would enable the use that unproductive land for residential development. these options are on equal footing, in terms of recognising the productive capacity of the land.
- 5.17 Overall however I consider that Option C is superior to Option A (and B) as it recognises the existing productive use and capacity of the land, while identifying non-productive land as LLR which results in positive effects insofar as it facilitates residential capacity and housing supply.

Reverse sensitivity effects

- 5.18 Recognising that Option C (the Submitter's relief) would rezone land in proximity to the existing vineyard operation, reverse sensitivity effects are a relevant consideration. Activities that may give rise to such effects include:
- a. Frost fighting;
 - b. Spraying; and
 - c. Machinery use

- 5.19 Option A does not alter the status quo in terms of existing land use, and therefore is unlikely to result give rise to any new reverse sensitivity effects.
- 5.20 Option B effectively reinstates the operative zoning of the Site. While this would allow for residential development of part of the Site, this would necessitate cessation of the vineyard operation, such that reverse sensitivity effects would be unlikely to arise. It also does not alter the operative planning (zoning) framework and the activities enabled thereunder and is little different to Option A in this regard.
- 5.21 As above, Option C would rezone land in proximity to the existing vineyard operation. With regard to vineyard activities which may give rise to reverse sensitivity effects, frost fighting can be achieved in numerous ways including the use of frost fans, overhead irrigation and frost pots. In terms of frost fans, Rule 4.7.6E(c) of the District Plan states that:

Any wind machine used for frost control shall be so constructed and operated that any noise emission measured at a distance of 300 metres shall not exceed 65 dBA L10 provided that:

- 1. the wind machine will be allowed to operate during the frost danger period until the leaves of the plant are dry and the air temperature has reached 1°C.*
- 2. the speed of the wind machine must be governed such that the top speed of the rotor does not exceed the speed of sound.*
- 3. the wind machine is located no closer than 300 metres to any Residential or Rural Settlement Resource Area, or within 100 metres of a dwelling house not located on the property.*

- 5.22 Mr Davies already operates a frost fan located in the southern portion of the vineyard as illustrated in the following figure. While this fan has existing (consented) use rights such that Rule 4.7.6.E(c) would not apply, it provides a useful reference point for considering potential reverse sensitivity effects in the context of the Site and the zoning options. Under Option C, the LLR zoned area would rezone land within a 300 metre radius of the existing frost fan, as illustrated in the image below (green circle), although

no future dwelling will be within 100 metres of the frost fan (as illustrated by the blue circle). I understand that during the earlier stages of the Lynn Lane development, Mr Davies has applied a no complaint covenant on each of the Lynn Lane lots, as to protect the existing vineyard operation. It would be open to Mr Davies to take the same approach if the relief area were rezoned as he now seeks (Option C). Such a covenant could protect existing vineyard activities, as well as any further development.



Figure 8: Location of consented frost fan showing 100 metre and 300 metre radius. Measurements taken from CODC GIS and are approximate only.

- 5.23 In terms of spraying, I understand that Mr Davies operates his vineyard entirely with organic products. As such, no adverse effects on nearby residentially zoned land (as would be enabled by Option C) are expected to arise in this regard.
- 5.24 In terms of machinery use, I understand that the scale of the vineyard does not necessitate the need for significant machinery use, other than a small tractor. As the vineyard is seasonal, effects associated with machinery noise are likely to be intermittent and generally of a low scale so as to not materially detract from residential living.
- 5.25 Overall, I consider that none of the Options is likely to result in reverse sensitivity effects.

Infrastructure and servicing effects

- 5.26 Option A does not allow for any further development of the Site, (with the possible exception of one additional residential lot) and thus will not give rise to any adverse infrastructure or servicing effects.
- 5.27 Option B effectively retains the operative zoning status quo. As Mr Ford details in his evidence, given the operative residentially zoning of the vineyard area and part of the Consented Area, it can reasonably be assumed that it is feasible and capacity exists to provide infrastructure and servicing for lots create pursuant to this zoning.
- 5.28 Mr Ford has assessed Option C. Mr Ford's evidence is that the capacity that exists in terms of Option B could be applied to Option C, and that given the location of the Option C land (proximate to the Option B land, and adjacent to the Consented Area, and also accessible through land owned by the submitter), and that yields in the Option C area would be the same or similar to those under Option B, no additional pressures or capacity constraints arise in relation to Option C. Mr Ford details that connections are feasible and physically achievable for Option C in a manner that complies with applicable Council standards. This is particularly relevant to wastewater matters.
- 5.29 On other matters, Mr Ford assess that water supply is available, including in relation to and adequately for the purposes of fire-fighting.
- 5.30 Drawing from site investigations undertaken for earlier stages of the Lynn Lane development, Mr Ford is satisfied that there are favourable conditions onsite found to accommodate stormwater discharge to ground¹⁹.
- 5.31 Mr Ford records that electricity and telecommunications are designed by third parties and investigation undertaken upon previous stages of development indicate sufficient capacity is available.
- 5.32 From Mr Ford's perspective, issues raised in Ms Muir's infrastructure report, such as residual firefighting storage volume and treatment capacity are not strictly issues that prohibit development and can be solved during the engineering adequacy assessment. From an engineering design perspective, Mr Ford states that the relief area (Option C)

¹⁹ Paragraph 8.10, Evidence of Mr Ford

would simply be an extension of the existing infrastructure provided for Stage I and II of the Lynn Lane development, and could be provided in much the same manner.

- 5.33 In considering Mr Ford's evidence and past experience with the earlier stages of the Lynn Lane development, I am satisfied that there are potential engineering solutions available to ensure the Option C zoning outcome can be adequately and appropriately serviced for infrastructure.

Traffic and transportation effects

- 5.34 In considering transportation effects, it is prudent to note since inception, the current RRA(4) Zoning applied to some 2.79 hectares of the submitter's site approx. 1.9ha of which is in the vineyard area, with the remainder forming part of the Consented Area, which Option B would essentially continue, but Option A would remove.
- 5.35 The relief sought by the submitter (Option C), would provide a comparable amount of residentially zoned land (2 hectares) to the zoning status quo/Option B and would yield a similar number of residential Lots as the status quo (Option B). Therefore, Option C would not result in any material increase in traffic volumes over and above what was reasonably anticipated prior to PC19, under the operative zoning, and is now recommended by Ms White (Option B).
- 5.36 Option B would result in traffic effects that are already anticipated by the District Plan, while Option C would give rise to a comparable degree of traffic effects to Option B, as Option C would and the proposed LLR area is of comparable size to Option B.
- 5.37 In terms of roading and access standards, Mr Ford advises that it is possible to achieve a compliant access either in the form of a vested road or Right of Way to service the area of relief.
- 5.38 In considering the above, I consider that Option C is unlikely to result in any additional adverse effects compared with Option B recognising the relief area sought essentially seeks to exchange the zoning, rather than increase it.

Positive Effects

- 5.39 Option A would have a minor public benefit of retaining the land as open space and retention of the vineyard, although, in terms of the former, the Site is not recognised

as exhibiting any unique or noteworthy open space characteristics, nor contributes to the provision of open space in any material sense, so this would be a minor benefit at best. In terms of the latter, retention of the productive capacity of the vineyard, this benefit also arises under Option C.

- 5.40 Option B (retaining the status quo as per Ms White's recommendation) has the benefit of contributing to housing supply (provided it is not precluded by the covenant) to provide for predicted growth at Bannockburn on land that can be accessed and serviced, but with the consequential effect of potentially compromising what is an economically viable viticulture operation.
- 5.41 Option C contributes, to residential housing supply in Bannockburn to an equal degree as Option B, but, unlike Option B, it has the added benefit of recognising and retaining the productive capacity of the vineyard land. Economic benefits would result in terms of employment associated with development and construction of dwellings on the Site, along with home ownership for future residents. Benefits for the community include the provision of additional housing with high amenity, within an existing and established residential environment. Option C is also superior to Option B in maintaining the economic wellbeing of the Submitter through retention of an economically viable vineyard operation.
- 5.42 Accordingly, I consider Option C results in a greater deal of positive effects compared with the alternatives by unlocking residential capacity whilst retaining productive land.

Summary of effects on the environment

- 5.43 The statutory test under section 76(3) is whether the provisions have regard to the actual or potential effects on the environment, including, in particular, any adverse effect.
- 5.44 Option A would not generate any greater adverse effects on the environment than presently arise. This option effectively retains the area as is and does not realise any development capacity.
- 5.45 Option B, zoning the status quo, does not result in any greater adverse effects than is presently anticipated by the Operative District Plan, however it represents an inferior outcome in that the Zoning would encourage development of the productive vineyard land (assuming this is not precluded by the Stage 2 covenant) and preclude

development on less productive land that is otherwise suitable for residential development.

5.46 Option C, although enabling more change, would have an acceptable level of effects when taking into account the assessment undertaken above. This effects assessment, informed by the various experts, concludes that the adverse effects of re-zoning the land will be no more than minor, noting that Option C has more tangible positive effects than that of Option A and Option B in so far as it would contribute to housing supply and choice within Bannockburn, and efficiently utilise a portion of the Site that is not suited to productive uses. This Option has the added benefit of recognising and retaining vineyard productive land through the provision of a RU zone being applied to this areas.

5.47 On balance, Option C has acceptable (or no) adverse effects and more positive effects and is 'better' in this regard, overall.

National Environmental Standard for Managing and Assessing Contaminants in Soils to protect human health (NES-CS)

5.48 I have reviewed the District Council and Regional Council databases, from which it appears that the Site is not identified as a HAIL site. During the processing of the latest stage of the Lynn Lane development (Stage 2), an assessment under the NES-CS was undertaken in which it was confirmed that the land in question was not subject to any HAIL activities.

5.49 The area of relief, as described by Mr Davies, has been subject to gravel extraction. I understand that other than the gravel extraction, no other potential HAIL activities have occurred on the Site, noting that remnants of mining are still visible and are not within the area in which residential activities would occur.

5.50 I understand that no synthetic pesticides are applied in the vineyard, with the operation being entirely organic. As such, there is no risk of spray drift resulting in soil contamination of the proposed LLRZ area (Option C).

5.51 Therefore, I consider it can be concluded the Site is not a HAIL site and as such, the NES-CS does not apply.

6.0 Whether the provisions give effect to a national policy statement (s75(3)(a))

- 6.1 There are two national policy statements that are of relevance to this proposal;
- a. The National Policy Statement for Urban Development 2020 (NPS-UD); and
 - b. The National Policy State for Highly Productive Land (NPS-HPL)

NPS-UD

6.2 The NPS-UD applies to all local authorities that have all or part of an “urban environment” within their district or region, that is, Tier 1, 2 and 3 authorities.

6.3 The NPS-UD lists Tier 1 and 2 authorities in an Appendix. Central Otago District Council is not listed as a Tier 1 or 2 authority.

6.4 Tier 3 authorities are more broadly defined as being (my emphasis added):

*“a local authority that has all or part of an **urban environment** within its region or district, but is not a tier 1 or 2 local authority...”*

6.5 The NPS-UD defines an “urban environment” as (emphasis added):

“any area of land (regardless of size, and irrespective of local authority or statistical boundaries) that:

- (a) is, or is intended to be, predominantly urban in character; and*
- (b) is, **or is intended to be,** part of a housing and labour market of at least 10,000 people”*

6.6 The NPS-UD contains directives for Tier 1 and 2 authorities in relation to providing for urban growth in their districts. For Tier 3 authorities, it ‘strongly encourages’ them to do the things that Tier 1 and 2 authorities are obligated to do, and also contains some directives for these authorities. Broadly speaking, these include (relevantly):

- a. Providing sufficient development capacity for housing;

- b. Development is “plan-enabled”, either by being appropriately zoned for housing in the short term²⁰, or identified for future urban development for housing in the medium to long term²¹;
 - c. Local authorities to be satisfied infrastructure to service development capacity is likely to be available.
- 6.7 A purpose of PC19 is to provide for predicted growth. I understand that the plan change is premised on the basis of catering for predicted population growth over and beyond the life of the District Plan (30 years), but that it does not take express account of the NPS-UD because the Central Otago District Council considers the District does not contain an “urban environment” as defined in the NPS-UD²².
- 6.8 In her section 42A report for Stage 1 of PC19, Ms White also assumes that the NPS-UD does not apply, however, seemingly on the basis of the advice provided to her by CODC, as she does not herself assess the NPS-UD²³.
- 6.9 I consider that the Central Otago District Council is Tier 3 local authority and that the NPS-UD does apply to this inquiry. I set out my reasoning in the paragraphs that follow.
- 6.10 I have reviewed the April 2022 Growth Projections prepared by Rationale (the ‘April 2022 Report’) which expands on Rationale’s Housing and Business Capacity Assessment 2018 which underpins PC19 (noting however, that I have not seen a copy of the 2018 report as this is not publicly available). The April 2022 Report indicates that the collective “usually resident population” of Cromwell, Pisa Moorings and Bannockburn in 2021 was 8,090²⁴. The Report projects that in 2024, this is population is likely to be around 8,962, and by 2034, around 11,444 people. The Report details that in the Cromwell Ward, in the period of 2013 to 2020, the average annual growth rate was 4.6%²⁵. Applying this annual growth rate to the 2021 figures suggests that Cromwell, Pisa Moorings and Bannockburn would reach a combined “usually resident population” of 10,000 people by 2027. Or, if a lower growth were applied, namely the lower 2.4% “short term forecast” growth rate²⁶ detailed in the April 2022 Report, a

²⁰ The NPS-UD defines short term as within the next 3 years.

²¹ The NPS-UD defines medium term as within 10 years, and long term as between 10 to 30 years.

²² Paragraph 24, s32 Report.

²³ Paragraphs 25-30, s42A Report, Stage 1

²⁴ When combining Tables 5, 7 and 9 of the 2022 Growth Projections

²⁵ 3.1.1, paragraph 1, Growth Projections 2022.

²⁶ Refer to Table 6, Growth Projections 2022.

usually resident population of 10,000 would be reached by 2029 across these three settlements (combined).

- 6.11 On the basis of the growth projections contained in the April 2022 report (low and medium projections) it is highly likely, (if not inevitable), that Cromwell, Bannockburn and Pisa Moorings will collectively reach a population of 10,000 people within the next 4 – 6 years.
- 6.12 The NPS-UD defines an urban environment as one that is either accommodating 10,000 people, or is *intended to* accommodate 10,000 people. The NPS-UD does not further define or explain the meaning of the word “intended” as it is used in the definition, and I consider there is no reason to depart from the ordinary meaning, which is “*expected to be such in the future*”.²⁷ The April 2022 report indicates that while not at the threshold of 10,000 persons currently, the combined population of Cromwell, Bannockburn and Pisa Moorings is expected to reach and exceed 10,000 people within the short-medium term²⁸, and during the life of the District Plan.
- 6.13 Under the NPS-UD, an “urban environment” is not to be limited to “size” or “statistical boundaries”, but comprises a “housing and labour market” of at least 10,000 people. Bannockburn, Lowburn and Pisa Moorings are all inherently serviced by the Cromwell township itself in terms of employment, schooling, amenities, and infrastructure²⁹. They are not self-sustaining settlements of themselves, but are logically all part of the same “housing and labour market” as the Cromwell township. The physical separation of these satellite settlements from the Cromwell township is due to established, existing activities (including longstanding orchards and vineyards) and/or physical features (slope, rivers, the lake etc) that physically separate these areas from the township itself, much as is the case for the areas of Queenstown such as Arthurs Point, Quail Rise, Shotover Country and Lakes Hayes Estate, which are all physically separated from Queenstown proper by some distance, but are all part of the same housing and labour market and are one urban environment (and all within one urban growth boundary).

- 6.14 Accordingly, on the basis that:

²⁷ Merriam Webster online dictionary: <https://www.merriam-webster.com/dictionary/intended#:~:text=%3A%20expected%20to%20be%20such%20in,%3A%20intentional>

²⁸ Short-medium term is defined in the NPS-UD as within the next 10 years.

²⁹ Paragraph 38, Ms Julie Muir’s evidence

- a. The combined residential population of Cromwell, Bannockburn and Pisa Moorings will exceed 10,000 people within the next 4-6 years, which is within the life of the District Plan; and
- b. These three areas are part of the same housing and/or labour market;

I consider that the NPS-UD definition for an “urban environment” is met and that the Central Otago District Council is a Tier 3 authority for the purposes of the NPS-UD.

6.15 The objective and policy framework of the NPS-UD is therefore a relevant consideration in this inquiry.

6.16 I note that the April 2022 Report fails to include Lowburn and other, smaller urban zoned areas that in my view are part of the same housing and/or labour market as Cromwell, Bannockburn and Pisa Moorings (Lowburn to located closer to Cromwell than Pisa Moorings) which suggests that the Rationale reporting may have understated the growth projections for the Cromwell Ward.

6.17 I further note that, in considering these matters, I have reviewed the economic assessment of Insight Economics Ltd prepared in August 2022³⁰ as part of Plan Change 21. For convenience, I have included this report in **Appendix [A]**. The Insight Report states that the Rationale investigations³¹ have understated growth within the District, noting that Rationale has adopted demand projections that are much lower than Statistics New Zealand population projections.³²

6.18 Notwithstanding, on the basis of the Rationale projections I consider that the Cromwell Ward will contain an urban environment over the life of the District Plan and that the NPS-UD is therefore relevant presently.

6.19 I have undertaken an assessment of the relevant provisions of the NPS-UD attached in **Appendix [B]**. In summary, my findings are as follows:

- a. NPS-UD Objective 2 seeks to “improve” housing affordability by supporting competitive land and development markets, which is further informed by Policy

³⁰ Dated 25 August 2022.

³¹ Housing and Business Capacity Assessment, Rationale, 2018.

³² Section 6.3 of Insight Economics Report. For example, Insight reference the 2018 Rationale report, which projected that the Cromwell Ward would reach a population of 8,650 by 2023, whereas Statistics New Zealand’s official population estimates indicate that this number was already exceeded in 2019.

1(a) which, “as a minimum”, requires territorial authorities to enable a variety of homes that meet the needs, in terms of type, price, and location that meets the demand of different households. I consider that, as notified, PC19 fails to provide for a “variety of homes” that meet the needs, prices and location of different households in the Cromwell Ward. I say this because while PC19 seeks to provide for forecast growth, the primary method for doing so is through upzoning land within Cromwell township from Residential Resource Area to Medium Density Residential Zone (MRZ), which would allow for somewhat increased densities in this zone (200m² lots/densities) as compared with the operative zoning (250m²). Otherwise, PC19 does not propose to alter the status quo, in that, while the zone names of other operative zones will change, their spatial extent and the key provisions that control development outcomes, including density, are mostly not altered. Little additional development capacity is provided for in these other zones under PC19, with no additional capacity provided in the LLR in Bannockburn (with the exception of Domain Road Vineyard), which is a zone where lower densities are anticipated, with larger lots and more open space. I think it is fair to say that not everyone wants to live in a 200m² lot in the Cromwell township. By way of example, one of the attractions of the Cromwell area are the various recreational offerings including motorsport racing, boating and cycling. These activities can necessitate larger residential sites which can accommodate suitable storage, which is not provided for by the small and intensive scale of the MRZ. There is also a demand to live in the satellite areas outside the Cromwell township, such as Bannockburn and other surrounding areas, for the lower density and amenity offerings that these semi-rural areas provide. I consider that the reallocation of the residential zone on the Submitter’s site (Option C) better achieves NPS-UD Policy 2 than Option A which provides for no urban development and is equal to the status quo (Option B) in that it provides more choice in housing type and location and site size than that notified under PC19 which takes a homogenous approach to providing for residential growth (and fails to sufficiently provide for predicted growth in Bannockburn, as noted by Ms White).

- b. Policy 1(d) seeks to limit as much as possible, adverse impacts on competitive operation of land and development markets. My interpretation is that this seeks for enough land to be re-zoned so to ensure sufficient supply and manage the consequential land value. The provision of additional LLR zoned land on the Submitter’s site, which is currently not provided for under PC19 (Option A),

would go some way to ensuring additional supply and ensuring prices remain competitive. Option B is equal to Option C but at the consequence of removing a productive vineyard.

- c. Objective 4 seeks New Zealand's urban environments, including their amenity values, develop and change over time in response to the diverse and changing needs of people, communities, and future generations. I consider that simply accommodating the majority of Cromwell Ward's expected growth through up-zoning land within the Cromwell Township for medium density living does not take account the diverse and changing needs of the community. Recognising the amenities offered in the Cromwell District (motorsport racing, and various other recreational pursuits for example, plus enjoyment of amenity landscapes for example), the provision of a variety of lots, such as those afforded in the LLR in Bannockburn, better achieves this objective than the status quo and notified PC19.
- d. With regard to Policy 6(d), decision makers are to have particular regard to the contribution that will be made to meeting the requirements of the NPS-UD to provide or realise development capacity. The re-zoning of the Submitters land (under either Option B or C) would assist in providing development capacity, albeit at a minor scale in the wider context of the District, but still better than that of Option A which completely removes development capacity. Option C is better than Option B in terms of retaining productive land.
- e. Policy 8 requires local authorities to be responsive to plan changes that would add "significant development capacity" even if the development capacity is unanticipated or out-of-sequence with the planned release of land. I consider this is particularly pertinent in situations where rurally-zoned land is not particularly viable in terms of primary production, and therefore lends itself as an under-utilised resource. While PC19 identifies one growth areas in Bannockburn, being the proposed LLR zoning of the Domain Road vineyard, it also proposes to downzone existing residentially zoned land being the RRA(4) zoned land owned by the Submitter. Based on Ms White's report, where she states (relying on Council's updated yield assessment) that there is a potential under supply of residentially zoned land in Bannockburn, I consider that reinstatement of the operative RRA(4) zoning (albeit in its modified LLRZ form) is necessary to cater for this growth and address the potential undersupply

issue. I understand that Ms White broadly agrees. Option C, while not anticipated by PC19 as notified, and (slightly) differently located to the operative zoned area would maintain the operative development capacity at a localised level (within the Bannockburn catchment). I consider this policy supports the Submitter's zoning relief (Option C). Option A does not contribute to development capacity and is not in line with this policy.

6.20 The s42A report states that PC19 as notified provides for the anticipated growth and demand as informed by the projections prepared by Rationale³³. I understand that the Rationale report assumes that all residentially zoned land in the Operative Plan is addressed by PC19 and similarly zoned for residential purposes. As I have just detailed, this is not the case for the Submitter's land, part of which is downzoned by PC19. Thus, insofar as it relates to Bannockburn, PC19 as notified (Option A) may not provide to the growth it anticipates, a point Ms White also makes in her section 42A report.

6.21 I also note that the Rationale report assumes the uptake of MRZ land, and the increased densities that this allows for (200m² lots, as compared with 250m² in the comparable operative zone), which I consider it overlooks the fact that the much of the MRZ is already developed, and that achieving increased densities within this zone (and thus improving housing supply) requires this existing development to be removed (demolished). This would add significant cost to any redevelopment and intensification of the area, and may discourage landowners and developers from taking advantage of the increased density offering. On this point, in my experience, it is a rare scenario for a developer to contemplate removing existing buildings (particularly given the current housing prices) to accommodate higher density development due to cost implications (with removal and loss of rent), often opting to develop around existing buildings instead. This can lead to inferior development, and it also suggests that the increased densities (and housing supply) anticipated by the MRZ zoned land (and PC19 as notified) may not be realised.

6.22 I note that similar and additional points are raised in the Insight Report. That report notes, among other things,³⁴ that the Rationale projections for housing demand (which have informed PC19) do not account for the growth in second/holiday homes and

³³ Paragraph 29

³⁴ In section 6.

instead focus on changes in the number of permanent occupied dwellings, and may thus significantly understate the true future demand for living in the Cromwell Ward.

- 6.23 The Insight Report also states that the methodology adopted by Rationale to predict growth and the ability for this to be accommodated within existing zoned areas (noting again that PC19 does mostly not extend these areas) is too simplistic and overstates the true level of Plan enabled housing capacity, as it fails to take account of yard requirements, setbacks, building coverage ratios, recessions places and the like, all of which bear on housing capacity enabled by the Plan (including within the MRZ).
- 6.24 The Insight Report further states that the Rationale assessments do not factor in any limitations to development of zoned areas such as infrastructure constraints. The Insight Report moreover states that the Rationale assessment does not estimate the proportion of the zoned areas that are commercially feasible to develop, and that the Rationale assessment may overstate actual feasible capacity by several orders of magnitude.
- 6.25 The upshot of all of this is that PC19, as notified, may not provide sufficient zoned capacity to cater for predicted growth over the life of the Plan, and therefore may not fulfil its objectives of providing for such growth, nor the imperatives of the NPS-UD in respect of the same.
- 6.26 In addition, the basis of meeting the anticipated growth via the MRZ fails to consider the requirements of the NPS-UD which requires provision of a “variety” of housing types to meet the varying needs and requirements of the District’s residents, which of itself the MRZ does not achieve.
- 6.27 I consider the application of the NPS-UD, an obligation for Tier 3 authorities, is better achieved by Option C compared with Option A. Options B and C are on equal footing, in that they both assist with providing capacity where it is needed, (Bannockburn), but as I have detailed earlier, Option C is better because it recognises and preserves the productive capacity of the existing vineyard.

NPS-HPL

6.28 Since the close of the initial submission period³⁵, the NPS-HPL was gazetted on 19 September 2022 and has since been in effect from 17 October 2022. The objective of the NPS-HPL is stated in Section 2.1 as follows (my emphasis added):

“Highly productive land is protected for use in land-based primary production, both now and for future generations.”

6.29 The NPS-HPL directs that territorial authorities who are not Tier 1 or 2 authorities under the NPS UD (i.e., CODC) may only allow urban rezoning of “highly productive land” if the tests in clause 3.6(4) of the NPS-HPL are met.

6.30 “Highly productive land” is land that is mapped as such by a regional council, or where, as here, mapping has not been undertaken, land that (relevantly) is zoned ‘general rural’ or ‘rural production’ (with reference to the National Planning Standards for an explanation of these zones types) and is LUC 1, 2, or 3 land (NPS-HPL clause 3.5(7)³⁶).

6.31 Ms White considers the Rural Resource Area is a ‘general rural’ or ‘rural production’ zone for the purposes of the NPS-HPL. I agree. I also agree that the LLR is an urban zone. Thus, the part of the Submitter’s land zoned Rural Resource Area in the Operative Plan may only be rezoned as sought if the zoning would meet the tests in clause 3.6(4), or, the land is not LUC 1, 2 or 3 land as defined.

6.32 Soil expert, Dr Reece Hill, has undertaken an assessment of the soils on the Submitter’s Site to ascertain their LUC status. He has prepared evidence in which he concludes that the proper classification of the soils is at best, LUC 4. I accept Dr Hill’s evidence.

6.33 On the basis that the soils on the Submitter’s Site are LUC 4, the NPS HPL does not apply presently. I understand that legal counsel will address this further.

³⁵ 2 September 2022.

³⁶ NPS-HPL, clause 3.5(7) provides that highly productive land is land that:

“(a) is

(i) zoned general rural or rural production; and

(ii) LUC 1, 2, or 3 land; but

(b) is not:

(i) identified for future urban development; or

(ii) subject to a Council initiated, or an adopted, notified plan change to rezone it from general rural or rural production to urban or rural lifestyle.”

6.34 In the event that the Commission does not accept Dr Hill's evidence, I have assessed whether the proposed rezoning would satisfy the tests in clause 3.6(4) of the NPS-HPL. This clause states that:

Territorial authorities that are not Tier 1 or 2 may allow urban rezoning of highly productive land only if:

(a) the urban zoning is required to provide sufficient development capacity to meet expected demand for housing or business land in the district; and

(b) there are no other reasonably practicable and feasible options for providing the required development capacity; and

(c) the environmental, social, cultural and economic benefits of rezoning outweigh the environmental, social, cultural and economic costs associated with the loss of highly productive land for land-based primary production, taking into account both tangible and intangible values.

6.35 In relation to Clause 3.6(4)(a), Ms White states that if the Cromwell Ward is considered as a whole, the housing supply provided by PC19 is anticipated to be more than sufficient to meet expected demand.³⁷ I have set out why this may not in fact be the case in my discussion regarding the NPS-UD. In any case, I consider that the assessment should not be approached strictly on a Ward wide basis, reiterating my earlier comment that not everyone wants to live on a 200m² lot in the Cromwell Township, and noting that there is and will continue to be demand for a variety of housing types and locations, including larger low density living that is not on offer in the township areas. I also note, as Ms White correctly points out, that the Rationale³⁸ yield assessment identifies a potential shortfall in development capacity within Bannockburn itself. Ms White recommends the retention of the residential Zone (Option B) on the Submitter's land so to maintain the development capacity of Bannockburn. While I agree with Ms White's position on retaining development capacity, I consider Option C is far superior than the alternatives in that it will maintain development capacity while maintaining existing productive vineyard land that would otherwise be compromised due to the residential zoning that currently applies.

³⁷ Para 221, s42A Report.

³⁸ Para 221, s42A Report Stage 2

- 6.36 In relation to Clause 3.6(4)(b), the status quo (Option B) has the unintended consequence of compromising productive land through retaining a residential zone for the vineyard area. While not 'highly productive land' for the purposes of the NPS-HPL (because it was not zoned 'general rural' or 'rural production' when the NPS-HPL came into force), it is nonetheless LUC 3 land in the New Zealand Land Resource Inventory, and as per My Davies' evidence, unlike the eastern land, is suited to productive uses. I further note, as does Ms White, (her para 109) that any expansion of Bannockburn to the south or west will be into class 3 soils (per the NZLRI) while there are topographical constraints to the north and east. Thus, I share Ms White's views that the test in clause 3.6(4)(b) is met for Option C.
- 6.37 In terms of Clause 3.6(4)(c), my evidence evaluates that the environmental, social and economic benefits of Option C outweigh the costs associated with the alternatives, recognising that Option C is premised on the basis of maintaining development capacity but not at the expense of what is proven productive land. In addition, it is in a location that is contiguous with the existing residential area, and relying on Mr Ford's evidence, does not suffer infrastructure capacity constraints given the infrastructure capacity associated with the operative RRA(4) zoning of the productive vineyard area can readily be transposed to the relief (Option C) area.
- 6.38 Accordingly, I consider that the test under Clause 3.6(4) of the NPS-HPL is met.

Summary of NPS

- 6.39 The statutory test is whether the zoning options give effect to the national policy statement under section 75(3)(a). Based on my evaluation, I consider that Option A does not give effect to the NPS-UD. Option B, the status quo maintains development capacity however Option C has the added benefit of recognising and preserving existing productive capacity while relocating development to an area of the site that is non-productive and marginal land.
- 6.40 In terms of the NPS-HPL, it has been determined that the site is not "highly productive land" in the context of the NPS-HPL and therefore an evaluation of that document is not necessary. If the NPS-HPL were to apply, I consider the test under Clause 3.6(4) is met.

7.0 Whether the provisions accord and assist the Council in carrying out its functions and achieve the purpose of the Act (section 74(1) of the Act)

- 7.1 The Council's functions are set out in section 31 of the Act and include, of relevance to this case, the establishment, implementation, and review of objectives, policies, and methods to achieve integrated management of the effects of the use, development, or protection of land and associated natural and physical resources of the district³⁹; and the establishment, implementation, and review of objectives, policies, and methods to ensure that there is sufficient development capacity in respect of housing and business land to meet the expected demands of the district⁴⁰.
- 7.2 In relation to the integrated management of the use, development and protection of land and associated natural resources (section 31(1)(a)), as has been discussed earlier in this evidence, the proposed "exchange" of residentially and rurally zoned land within the Site as promoted by Option C would rationalise the District Plan zones to reflect the characteristics and existing uses, including consented uses of the site. This Option essentially involves realigning the zone boundaries so that the vineyard sits wholly within the Rural Resource Area, while residential development is afforded in the more marginal parts of the site and the part already consented for residential use. Option B would result in the same development capacity as Option C, albeit at the potential expense of productive land, and in a manner that does not fully recognise consented residential uses. I consider that utilising the land resource for an alternative offering in terms of residential living, that provides a housing choice for a different demographic to that promoted by the more intensive Zones in the District, while retaining the character and amenity of the area, is a more appropriate use of the land resource in question.
- 7.3 In relation to ensuring sufficient development capacity (section 31(1)(aa)), Option A being the downzoning of the site, does nothing in the way of contributing to development capacity due to the restrictions imposed on subdivision development generally within the Rural Resource Area. Option B maintains the status quo, including existing (operative) development capacity, albeit at the expense of productive land. Option C maintains existing development capacity, recognises consented residential uses, and recognises and retains productive land for ongoing use. Accordingly, I consider Option C is superior in achieving Council's functions under section 31(1)(aa)

³⁹ S31(1)(a)

⁴⁰ S31(1)(aa)

as compared with the alternatives. It also better achieves the objectives of the NPS-UD, regarding housing variety and choice, as I have discussed earlier.

- 7.4 In terms of effects (section 31(b)), the assessment set out earlier in my evidence establishes that neither Options A, B or C will give rise to significant adverse environmental effects, while Option C will have more positive effects. Option C is superior in this regard.
- 7.5 Overall, I consider that Option C better fulfils the Council's functions under section 31 than Options A and B.

8.0 Whether the provisions accord with Part 2 of the Act (section 74(1)(b))

Part 5

- 8.1 Part 5 of the Act states the purpose of the Act, being to promote the sustainable management of natural and physical resources. Sustainable management is further defined as:

"...managing the use, development, and protection of natural and physical resources in a way, or at a rate, which enables people and communities to provide for their social, economic, and cultural well-being and for their health and safety while—

(a) sustaining the potential of natural and physical resources (excluding minerals) to meet the reasonably foreseeable needs of future generations; and
(b) safeguarding the life-supporting capacity of air, water, soil, and ecosystems;
and

(c) avoiding, remedying, or mitigating any adverse effects of activities on the environment."

- 8.2 Option B retains the existing development capacity of the Site, albeit that it does so without recognising and at the expense of the productive vineyard use. Option A removes all existing development capacity, but it does preserve the existing productive land use, although it does not recognise other consented (residential) uses. Both Options fail to consider the unproductive nature of the eastern portion of the site which has been determined as being suitable for residential development but not for any productive use.

- 8.3 The proposed re-zoning (Option C) on the other hand, represents an opportunity to exchange development capacity (while not increasing constraints on infrastructure capacity) so to ensure the retention of existing productive land. The proposal accords to the Council's obligations under the NPS-UD in terms of promoting sufficient development capacity and in a manner that promotes alternative densities and typologies to cater for the varied demand and expectations of the District. It also broadly aligns with the intent of the NPS-HPL, and the Stage 2 covenant.
- 8.4 In my opinion, Options A and B do not represent sustainable management or an efficient use of land in that they fail to realise development capacity of unproductive land. I consider the relief sought (Option C) maintains the development capacity provided by Option B, while transferring the location of this development capacity to areas of the site that are less productive and therefore a more appropriate location for realising this capacity. Accordingly, I consider Option C better accords with Part 2 of the Act.

Section 6

- 8.5 Section 6 requires that all persons exercising functions and powers under the Act, in relation to managing the use, development, and protection of natural and physical resources, shall recognise and provide for matters of national importance.
- 8.6 No section 6 matters arise in relation to the rezoning proposal.

Section 7

- 8.7 Section 7 requires all persons exercising functions and powers under the Act, to have particular regard to (where relevant):

- (b) the efficient use and development of natural and physical resources:*
- (c) the maintenance and enhancement of amenity values:*
- (f) maintenance and enhancement of the quality of the environment:*
- (g) any finite characteristics of natural and physical resources*

- 8.8 As I have described above in relation to Section 5 of the Act, I consider the current Zone (Option B) and the PC19 notified Option (A) does not represent a sustainable, nor efficient, use of a resource. I consider the relief sought (Option C) maintains the development capacity of Option B, while transferring the location of this development

capacity to areas of the site that are non-productive. Accordingly, I consider Option C better accords with Part 2 of the Act. I consider this represents a more efficient use of natural and physical resources in the context of s7(b). Furthermore, the re-zoning does not result in a loss of highly productive land resources (in the context of s7(g)) recognising the status of the soil LUC Class as determined by Dr Hill and also the evidence of Mr Davies.

- 8.9 Amenity values are defined in the Act as, *“those natural or physical qualities and characteristics of an area that contribute to people’s appreciation of its pleasantness, aesthetic coherence, and cultural and recreational attributes”*. While the adoption of Option C would result in a change to the way the Site presently appears, such a change would not be inherently adverse in terms of amenity values, recognising the operative Zone boundaries afford some development potential. The LLR zoning as proposed under Option C would also present as a logical and coherent extension to the existing residential area, and would not upset the established character and amenity of the area as determined by Mr Espie.
- 8.10 With respect to the maintenance and enhancement of the environment, the provision of residential development that can be suitably serviced and integrated into the receiving environment is not considered to be a degradation of the environment. All environmental effects can be suitably managed by the LLR rules that would apply to any development of the Site, including the proposed BLR. Future subdivision consents will equally require effects on the environment to be considered and suitably avoided, remedied or mitigated. Doing so would at the very least maintain environmental quality.

Section 8

- 8.11 In achieving the purpose of this Act, all persons exercising functions and powers under it, shall take into account the principles of the Treaty of Waitangi (Te Tiriti o Waitangi).
- 8.12 The public participatory process of Plan Change 19 seeks an opportunity for mana whenua to consider and submit on the process. No further submissions have been received in relation to this submission nor would such be expected in that the site is not known to hold any areas of wahi tapu or areas of cultural significant.

Summary of Part 2

8.13 The statutory test is whether the provisions accord with Part 2 of the Act, under s74(1)(b). From the foregoing evaluation I consider that Option C better achieves the purpose and principles of the Act because it can contribute to providing for public and private wellbeing, and is a more sustainable and efficient use of the Site, while and maintaining the quality of the environment and amenity values, and not generating any undue adverse effects.

9.0 Whether the provisions give effect to the regional policy statement (section 75(3)(c))

9.1 There are two regional policy statements that are of relevance to this proposal:

- a. The Partially Operative Otago Regional Policy Statement 2019 (POORPS2019); and
- b. The Proposed Otago Regional Policy Statement 2021.

9.2 The POORPS was declared partially operative on 15 March 2021.

9.3 The proposed RPS was notified on 26 June 2021 and is currently proceeding through the hearing process. This impacts the weight that it can be afforded, although I note that the themes in the relevant provisions of both documents are broadly similar in any case.

9.4 I have undertaken an analysis of the relevant provisions of each document in **Appendix [C]**. In brief, my findings are as follows:

- a. In terms of the elements of the RPS that relates to the soil resource, Option C seeks to transfer the development capacity as currently afforded by the operative RRA(4) Zone to an area of land that is non-productive. This retains productive capacity of the existing vineyard while consolidating development in areas of the Site that are not suitable for grape production. As such, Option C is considered superior than the status quo. Option A, the complete downzoning of the site to RU, would also give effect to the RPS in terms of the soils resource.
- b. In terms of the RPS direction on considering economic and social wellbeing, Options A and B does not provide economic wellbeing to the same extent as

Option C. Option C provides for economic and social wellbeing in the sense of providing residential capacity while retaining the Submitters highly productive and profitable vineyard operation. Option C is a more efficient use of the land resource by exchanging development capacity to non-productive land on the site, while adequately managing potential adverse effects on the environment;

- c. With respect to the efficient and sustainable management of infrastructure and utilities, Option C seeks to exchange a comparable parcel of land which would effectively maintain but transfer the development capacity of the operative zoning (Option B) to a different (non-productive) part of the Site. As the infrastructure is assumed already capable of servicing residentially zoned areas in the Operative District Plan, including the operative RRA(4) zoned part of the Submitter's Site, Options B and C are on equal footing, in terms of achieving this aspect of the RPPS.
- d. In terms of providing for urban growth, Option B effectively maintains operative development capacity, as does Option C, albeit that Option C provides this capacity in a slightly different location, being an area that is unable to utilised for any productive purpose. Option A removes the present development capacity, which is illogical in the sense that PC19 seeks to provide for growth, and does not accord with the overarching objective (purpose) of PC19. As per Mr Espie's assessment, the Site forms a logical extension to the residential environment and promotes the various objectives and policies of the RPS in terms of the sustainable and efficient management of infrastructure, consideration of the most appropriate use of the land resource as well as considering effects on the environment. Option C better gives effect to providing for urban growth compared with Options A and B.

9.5 The statutory test is whether the provisions give effect to the RPS, under section 75(3)(c). Options A and B in my view generally give effect to the relevant RPS provisions but do not address the RPS provisions to use resources sustainably and efficiently (Option B) to promote economic wellbeing by ensuring that there is sufficient housing land development capacity available (Option A). I consider Option C better gives effect to the relevant RPS provisions.

10.0 The extent to which the objectives are the most appropriate way to achieve the purpose of the Act (s32(1)(a))

10.1 The proposed objectives and policies for the LLR have been assessed under s32(1)(a) in Council's s32 evaluation and are not proposed to be altered by the Submitter's proposal. I have reviewed this assessment and am generally in agreement with it.

10.2 However, in terms of the spatial extent of the zoning (method) to implement the objectives and policies, I have assessed that Option C, exchanging the LLR land to encompass less productive area of the Submitter's land is more appropriate in achieving the purpose of the Act than that of Options A and B.

11.0 Whether the policies and methods are the most appropriate method for achieving the objectives / efficiency and effectiveness / benefits and costs / risk of acting or not acting

11.1 I have evaluated the options in **Appendix [D]** in the context of the higher order (District Wide and Urban Areas Chapter of the District Plan). In terms of the objectives of PC19, for the purposes of my assessment, I consider it appropriate to assess the zoning options against the purpose of PC19 (refer section 32(6)), as an assessment against the LLR objectives would be somewhat self-serving.

11.2 The objective of PC19 is to respond to the demand for residential land and housing affordability concerns in the District in order to plan for anticipated growth over the next 30 years⁴¹. Based on my evaluations covered throughout this evidence, my key findings are as follows:

- a. With respect to Option A, downzoning the land altogether to RU, the costs include the inefficient use of a land resource that serves no benefit to the community in terms of primary production (this relates to the balance of the land that is currently unproductive) and precludes any contribution to housing supply, which is the key purpose of PC19, and for which there is an identified shortfall at Bannockburn. The benefits of Option A are considered limited to the retention of productive land, but this is also achieved by Option C.

⁴¹ Paragraph 4, s32 report

- b. Option B, retaining the operative extent of the residentially zoned area, has the benefit of retaining development capacity. However, it does not recognise consented (residential) development, nor the existing productive use of the vineyard, which would potentially be lost under this option (assuming development of this is not precluded by the Stage 2 covenant). It also fails to recognise the unproductive nature of the balance of the site via an appropriate zoning. This comes at the cost of a viable and highly productive vineyard. This outcome is considered to be an inefficient use of the land.
- c. With respect to Option C - applying the operative development capacity to an unproductive part of the Site, and recognising consented (residential) development and existing productive uses (the vineyard) - there are no obvious costs in that infrastructure and servicing is available and feasible and no landscape or other adverse effects, including with respect to productive land will arise. The benefits however are obvious in terms of providing additional residential capacity and better and more efficient utilisation of the land resource.

11.3 The statutory test under section 32 is whether the provisions (zonings) are the most appropriate method for achieving the objectives or purpose of the Plan (in this case, the Plan Change), having regard to their efficiency and effectiveness and taking into account the benefits and costs of the proposed policies and methods (zonings); and the risk of acting or not acting if there is uncertain or insufficient information about the subject matter of the policies, rules of other methods (zonings). Based on my evaluation above, I consider that Option B, exchanging the area of LLR Land from highly productive land to marginal land, achieves the objectives/purpose of PC19, while Options A and C does not.

12.0 Summary and Conclusions

- 12.1 In summary, and based on the evaluation herein, I consider that Option C, which seeks to “exchange” the current RRA(4) Zone which applies to productive land to a comparable size area of less productive land, represents the most efficient option in achieving the objectives of PC19 and better achieves the purpose of the Act.
- 12.2 Option C seeks to maintain the development capacity of the Site which Ms White correctly identifies is required for Bannockburn, and represents a more efficient

outcome compared with Ms White's recommendation to retain the status quo (Option B). This is because Option B continues to apply a residential zone to what has been identified as productive land. Option C has the added benefit of "ensuring" development capacity recognising the potential for the covenant restrictions imposed on the current RRA(4) land which applies to Option B.

J Woodward

16 May 2023



Draft Report: 25 August 2022

Economic Assessment of Proposed Private Plan Change in Central Otago

Prepared for:
Fulton Hogan Land Development Limited

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1. Executive Summary

Fulton Hogan (FH) is one of New Zealand's largest land and infrastructure development businesses, with operations spanning the length of the country. It is currently assessing options to repurpose its Parkburn aggregate quarry in the Central Otago District to enable up to 450 dwellings plus a small amount of supporting commercial activities. To assist, this report assesses the likely economic effects of the proposal compared to the site's ongoing use as an aggregate quarry.

The report begins by identifying and briefly describing the subject site, its zoning, current uses, receiving environment, and the proposed development. Then, it identifies the net impacts of the proposal relative to the site's use as a quarry. Those net effects, which are our focus here, are:

- Housing market impacts;
- Commercial impacts on the Cromwell Town Centre; and
- Foregone quarry production.

To set the scene for our analysis of housing market impacts, we first delineate a study area equal to the Cromwell ward and review its demography, population and dwelling projections, recent building consent trends, and dwelling price and rental trends. In short, Cromwell's population is projected to grow rapidly, with the latest official estimates for 2021 surpassing even the official high projection. Coupled with growth in the number of holiday homes, we project demand for an additional 3,550 dwellings over the next 30 years.

We also note that median study area dwelling prices have increased rapidly over time, from \$90,000 in 1993 to nearly \$800,000 by the end of 2021. This represents a compound annual growth rate of 8.1%. Over the same period, median weekly rents have risen from \$105 to \$480, a compound annual growth rate of 5.6%. Accordingly, significant supply boosts are required to help combat price/rental inflation and help make housing relatively more affordable over time.

Next, we assess the need for the plan change under the NPSUD.¹ Although recent work by Rationale for the Council suggests that there may already be sufficient capacity to meet future demand, we respectfully disagree for several reasons. They include that:

- Rationale's demand projections are too low;
- Plan-enabled capacity is coarsely measured, and infrastructure constraints are unclear;
- Feasible dwelling capacity is significantly overstated, and;
- Future market supply is only ever a modest proportion of feasible capacity in any case.

¹ Although the NPSUD does not yet apply to Cromwell because its population is less than 10,000 people, it is widely expected to exceed that in the foreseeable future, with recent work for the Council has also recognising the need to provide enough dwelling capacity to meet projected growth in dwelling demand over time (as per the NPSUD).

When these issues are addressed to provide more reliable estimates of dwelling supply/demand, we consider Cromwell to face significant shortfalls over the short, medium, and longer terms. Accordingly, additional land needs to be identified and rezoned as soon as possible to enable the efficient operation of the local land market.

Having determined an acute need for the plan change to address projected dwelling supply shortfalls, we then assessed the likely economic costs and benefits of the proposal. Overall, we expect it to provide strong economic benefits, including:

- Providing a substantial, direct boost in market supply to meet current and projected future shortfalls;
- Bolstering land market competition, which helps deliver new sections to the market quicker, and at better average prices;
- Improved dwelling choice via the provision of various section sizes and the inclusion of areas earmarked for higher density development; and
- Meeting the needs of an evolving population.

Conversely, the main economic costs of the proposal are possible adverse impacts on the role and function of the Cromwell Town Centre (CTC), plus foregone quarry production. However, the commercial area within the proposed development is 17 times smaller than the CTC, which appears to be doing well currently.

Further, because the proposal's commercial area will be matched by significant increases in retail spending by future residents, the increase in commercial floorspace supply will be swamped by the corresponding increase in demand. As a result, additional demand created onsite – over and above onsite spending – will create significant additional commercial support for other nearby commercial areas, principally the CTC. Accordingly, and noting the high threshold for trade impacts to be deemed significant retail distribution effects, we consider the proposal's commercial elements extremely unlikely to exert any adverse effects on the CTC.

The loss of quarry production will impose economic costs. Although it has about 30 to 40 years of remaining useful life at current extraction rates, this will continue for only the next 7 to 10 years if the proposal proceeds. At that point, quarry operations will cease, and 12 FTEs will be lost along with their annual wage bill of approximately \$1 million. However, some will likely transfer to other regional quarries, particularly as their volumes invariably increase to offset the loss of Parkburn.

Perhaps more importantly, the loss of quarry production could adversely affect the various industries that depend on its outputs to enable their own activities. However, Fulton Hogan also inform us that remaining quarries in the area have sufficient capacity to keep supplying local customers at current (or required future) levels even if Parkburn shuts down.

Overall, we consider the proposal to generate significant and enduring economic benefits over the likely alternative use of the site absent it, so we support the plan change on economic grounds.

2. Introduction

2.1. Context & Purpose of Report

Fulton Hogan (FH) is one of New Zealand's largest land and infrastructure development businesses, with operations spanning the length of the country. To supply these core businesses with one of their most critical inputs that are used in virtually every modern road and building – aggregates – FH also operate a handful of aggregate quarries in strategic locations.

Parkburn is one of FH's aggregate quarries, which is located on the western banks of Lake Dunstan, about 10 minutes' drive north of Cromwell in the Central Otago District (CODC). Although the quarry has enough resource to operate for another 30 to 40 years at current extraction rates, FH consider that the site should eventually be repurposed for housing, and are currently working through the planning processes required to enable the proposed new land uses.

To assist, this report assesses the likely economic effects of the proposed rezoning compared to the site's ongoing use as an aggregate quarry.

2.2. Structure of Report

The remainder of this report is structured as follows:

- **Section 3** identifies the subject site, profiles the proposed development, identifies the most likely alternative use of the site absent it (the counterfactual), and defines the net economic effects of the proposal relative to the counterfactual to guide the assessment.
- **Section 4** briefly discusses the strategic and planning context for the proposal.
- **Section 5** delineates a study area, summarises its demography, tabulates the latest population projections, and translates them to dwelling demand projections.
- **Section 6** assesses the need for the plan change under the National Policy Statement on Urban Development (NPSUD) while acknowledging that it does not strictly apply yet.
- **Section 7** analyses the proposal's likely impacts on the local housing market.
- **Section 8** considers potential adverse effects of the proposal's commercial elements on the role, function, health, and vitality of the Cromwell Town Centre.
- **Section 9** examines the economic impacts of foregone quarry production.
- **Section 10** summarises the overall costs and benefits of the proposal relative to the most likely future land use absent it (aka the counterfactual).

3. About the Proposal

This section identifies and describes the subject site, outlines the proposed development, and compares its net effects relative to the most likely use of the land absent it (ongoing quarrying).

3.1. Site Location & Description

The subject site is located at 930 Luggate – Cromwell Road (State Highway 6) on the western banks of Lake Dunstan, about 10 minutes’ drive north of Cromwell, as indicated by the yellow outline in the figure below.

Figure 1: Location of Subject Site



The site spans approximately 118 ha, and is bound by State Highway 6 to the west, Lake Dunstan to the east, an aggregate quarry (Downer's) to the north, and a vineyard and the residential enclave of Pisa Moorings to the south. It has operated as Parkburn Aggregate Quarry for many years.

3.2. Zoning and Receiving Environment

Under the Central Otago District Council (CODC) Operative District Plan (ODP), the site is zoned as Rural Resource Area, as is land that adjoins it to the north and west with. The entire southern boundary of the site, conversely, abuts land that is zoned Residential Resource Area (RRA 3), which denotes a minimum site area of 1000m².

Most of the land to the south has been developed for residential purposes as the Pisa Moorings community, and contains low-density detached dwellings.

Overall, the character of the area is varied, with a relatively new residential area (Pisa Moorings) to the south, vineyards to the west across State Highway 6, quarries on the subject site and to the north, and Lake Dunstan to the east.

3.3. Proposed Development

The proposed development is a new urban community that forms a natural and viable urban extension of Pisa Moorings, which is located immediately to the south. The figure below provides an illustration of the latest indicative masterplan.

Figure 2: Latest Indicative Masterplan



The development is based around the creation of a new inlet from Lake Dunstan, which also doubles as a key element of the stormwater network. It enables several further inlets on to which residential development will be focussed, providing a high level of amenity for these properties and enhanced recreational use of the waterway.

The development will provide significant additional housing capacity, with 450 to 500 dwellings of varying typologies, from detached through to pockets of higher density in appropriate areas.

Development will be interspersed with wetlands and green links, with the southern and western edges of the site mounded and planted out in native vegetation creating an interesting topography, privacy, and acoustic protection from the adjacent State Highway.

The new community will be supported by minor commercial uses near the confluence of the newly-created inlet and Lake Dunstan. This area will service the day-to-day needs of the community, as indicated by its small overall extent, and will (intentionally and appropriately) remain subordinate to the Cromwell Town Centre, where a far more complete offering is available.

The redevelopment is rounded off to the north by an industrial/business area, which is intended to provide a range of employment options for the community and wider Cromwell area, and will also function as a buffer to the continuing use of the adjacent site to the north as an aggregate quarry for Downers.

Provision is also made for the addition of other community facilities, such as schools, between the residential area and the industrial areas. Overall, the proposal seeks to create a sustainable extension of the Pisa Moorings settlement that will provide further living opportunities close to Cromwell.

3.4. Likely Alternative Use (Counterfactual)

Absent the proposed development described just above, the site will continue to operate as an aggregate quarry, with 30 to 40 years of remaining life at current extraction rates. FH confirm that there are no other realistic uses for the site, either now or at the end of its viable life as a quarry. Accordingly, the site's ongoing use as an aggregate quarry is the counterfactual against which the likely effects of the proposed plan change are assessed herein.

3.5. Net Impacts of Proposal vs Counterfactual

The key economic impacts of the proposal – relative to the ongoing use of the subject site as an aggregate quarry are:

- Housing market impacts;
- Commercial impacts on the Cromwell Town Centre; and
- Foregone quarry production.

Accordingly, these key economic effects form the focus of the rest of this assessment. First, however, we set the scene by reviewing the planning, strategic, and housing context for the proposal.

4. Strategic/Planning Context

4.1. National Policy Statement on Urban Development 2020

The National Policy Statement on Urban Development 2020 (NPSUD) came into effect in August 2020. Like its predecessor, the NPSUDC 2016, the NPSUD requires Councils in high growth areas to provide (at least) sufficient development capacity to meet expected future demand for additional dwellings over the short-, medium-, and long-term. In addition, the NPSUD imposes strict monitoring and reporting requirements to ensure that any likely capacity shortfalls are identified and rectified as soon as possible.

Amongst other things, the NPS-UD defines different tiers of “urban environments” and sets rules accordingly. Under the policy statement, the townships of the Central Otago District are currently too small to be deemed urban environments. Accordingly, CODC is not classified as a Tier 1, Tier 2 or Tier 3 local authority, and the policy statement is not directly applicable.

Nevertheless, we consider that the general intent of the NPSUD is relevant, and further note that Cromwell is likely to exceed the threshold of 10,000 people for inclusion in the NPSUD in the foreseeable future too. For example, the Cromwell Spatial Plan 2019 states that it “provides a clear framework for the future growth of Cromwell from a town of around 5,000 people to approximately 12,000.” Accordingly, we consider the general purpose and intent of the NPSUD to be relevant to this plan change application.

4.2. Spatial Plan

The Cromwell Spatial Plan was released in 2019 and gives spatial expression to the prior master planning for Cromwell regarding how and where to accommodate growth to 2050. Aspirations supporting the Spatial Vision include:

- An attractive, vibrant and thriving heart for Cromwell;
- Accommodating growth in a way that secures landscape and visual amenity values;
- Enhancing how Cromwell functions; and
- Housing is affordable and available.

These vision elements are translated into objectives and corresponding key moves, which include:

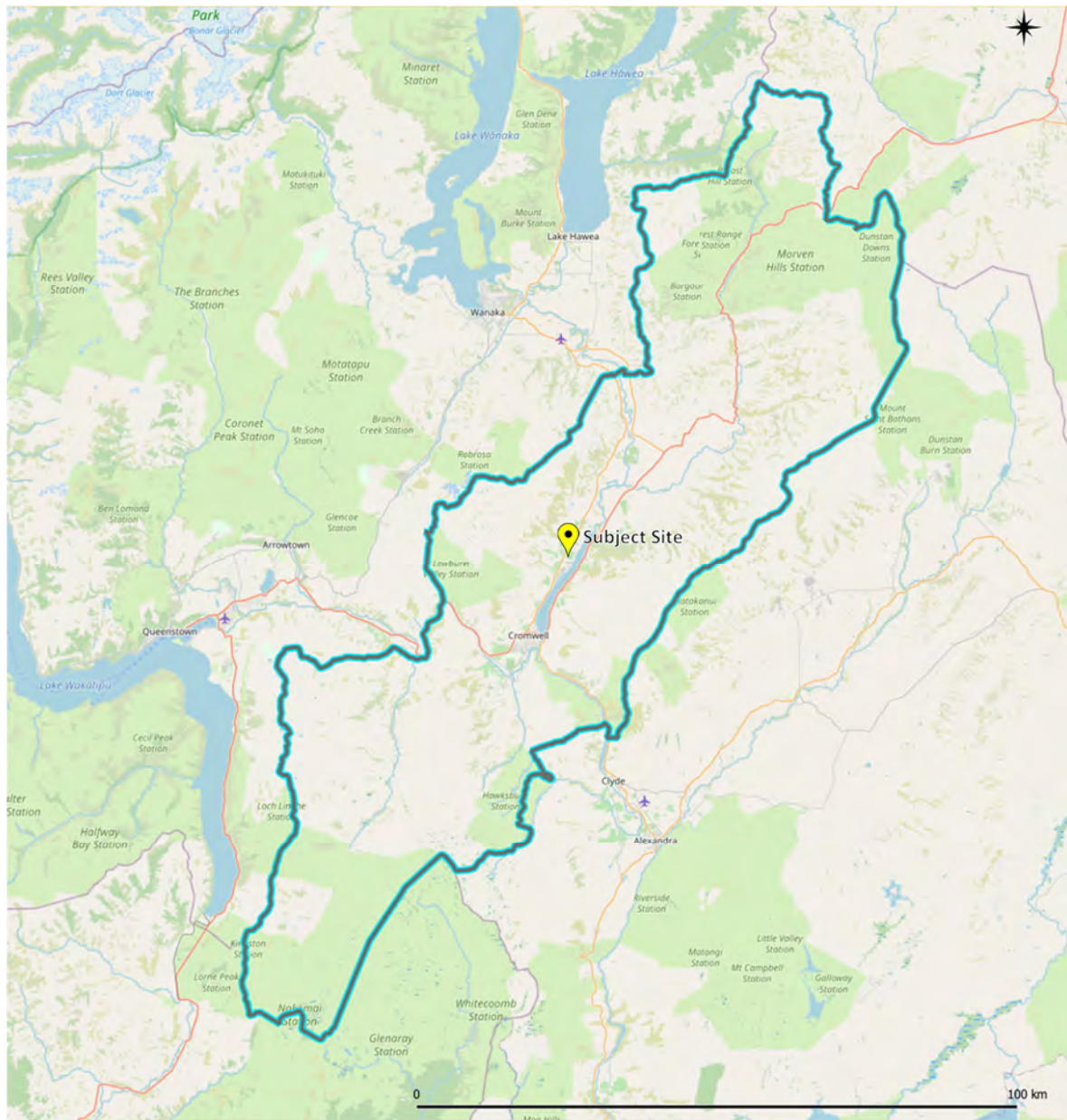
- Delineation of the urban area;
- Hub and spoke framework;
- Accommodation of most new residential growth on greenfield sites; and
- Recognition of other settlements within the Cromwell Basin as forming part of the Cromwell urban area, and articulation of responses specific to each settlement – in relation to Pisa Moorings clear delineation of the extent of the settlement in recognition of the presence of the quarry areas to the north, and support of infill housing.

5. Study Area

5.1. Map and Description

We delineated a study area for the assessment, within which the key economic effects of the proposal will (mostly) be felt. It was derived by first identifying a “long list” of nearby towns/areas and filtering them to reflect statistical boundaries, travel times/distances, the strength of commuting flows with Cromwell, and demographic and housing stock similarities. The blue and grey outline in the map below presents the resulting area, which equals the Cromwell Ward.²

Figure 3: Study Area Used in this Assessment



² The Cromwell ward, in turn, conveniently maps to three statistical areas (Cromwell West, Cromwell West, and Lindis- Nevis Valley), which allowed us to readily summarise key statistical information, as set out in subsequent sections of this report.

5.2. Demographic Summary

We used Census 2018 data to profile study area residents and dwellings. Overall, they reflect the district/regional averages. However, compared to the rest of the district, study area residents:

- Live in slightly larger households (3.14 people vs 3.09).
- Are slightly younger (with only 19% aged 65 or older compared to 25% elsewhere).
- Are more likely to be partnered.
- Are more likely to be in full time employment (60% vs 50%).
- Earn higher personal incomes (18% earn at least \$70,000 vs 13%).
- Are more likely to rent their home (29% vs 24%).
- Own slightly more motor vehicles.
- Have lived at their current residence for a shorter average period, and
- Pay significantly higher average rents.

5.3. Population Projections

Next, we used Statistics New Zealand’s latest population projections to review likely study area population growth to 2048. These projections are shown in the table and chart below, with the chart overlaid by Statistics New Zealand’s official population projections to 30 June 2021. As we can see, the population in 2021 was well above even Statistics New Zealand’s high growth scenario.

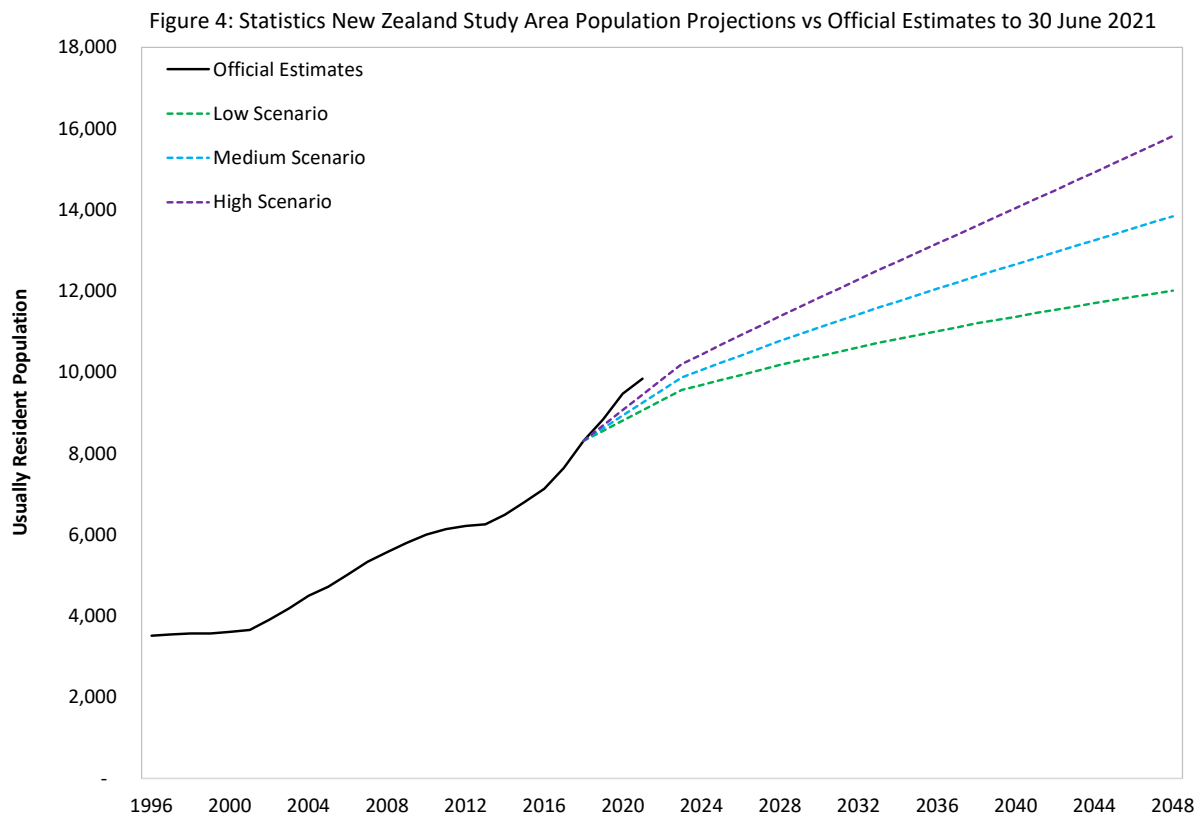


Table 1: Statistics New Zealand Study Area Population Projections

Year	Low	Medium	High
2018	8,310	8,310	8,310
2023	9,560	9,870	10,200
2028	10,180	10,770	11,380
2033	10,720	11,590	12,510
2038	11,200	12,360	13,600
2043	11,620	13,100	14,700
2048	12,010	13,840	15,810
30-yr change	3,700	5,530	7,500
30-yr % change	45%	67%	90%
CAGR	1.2%	1.7%	2.2%

5.4. Projected Dwelling demand

As shown just above, the study area's estimated population in June 2021 was well above Statistics New Zealand's three official projections (low, medium, and high). Accordingly, we adopted the Stats NZ high population projection as our most likely population scenario, and converted it to the number of future occupied homes based on projected future household sizes.

Then, we added a buffer to account for second homes and short-term rentals, because Census 2018 showed that 20% of dwellings were unoccupied at the time. This is assumed to gradually fall to 15% over the longer term as demand from permanent residents is presumed to dominate³. The table below shows our resulting projections of study area dwelling demand to 2048, including a 15% buffer for the 30-year change, as required by the NPSUD.

Table 2: Dwelling Demand Projections for the Study Area to 2048

Year	Permanently Occupied Dwellings	Holiday/Second Homes	Total Dwelling Demand
2018	3,390	850	4,240
2023	4,160	990	5,150
2028	4,640	1,040	5,680
2033	5,110	1,080	6,190
2038	5,550	1,110	6,660
2043	6,000	1,130	7,130
2048	6,450	1,140	7,590
30-yr change	3,060	290	3,350
Incl. NPSUD buffer	3,520	330	3,850

In short, we estimate study area dwelling demand in the study area will grow from about 4,240 in 2018 to nearly 7,600 in 2048. This represents the need for an additional 3,350 dwellings over the 30 years to 2048, or 3,850 including the 15% NPSUD competitiveness margin.

³ This is simply a working assumption that reduces future dwelling demand compared to assuming that second and holiday homes will remain 20% of total demand over time.

5.5. Building Consent Trends

We analysed building consent data over the last 30 years to assess trends in the volume, types, and sizes of new dwellings constructed in the study area over time. To begin, Figure 5 first shows the number of new dwellings consented each year by type.

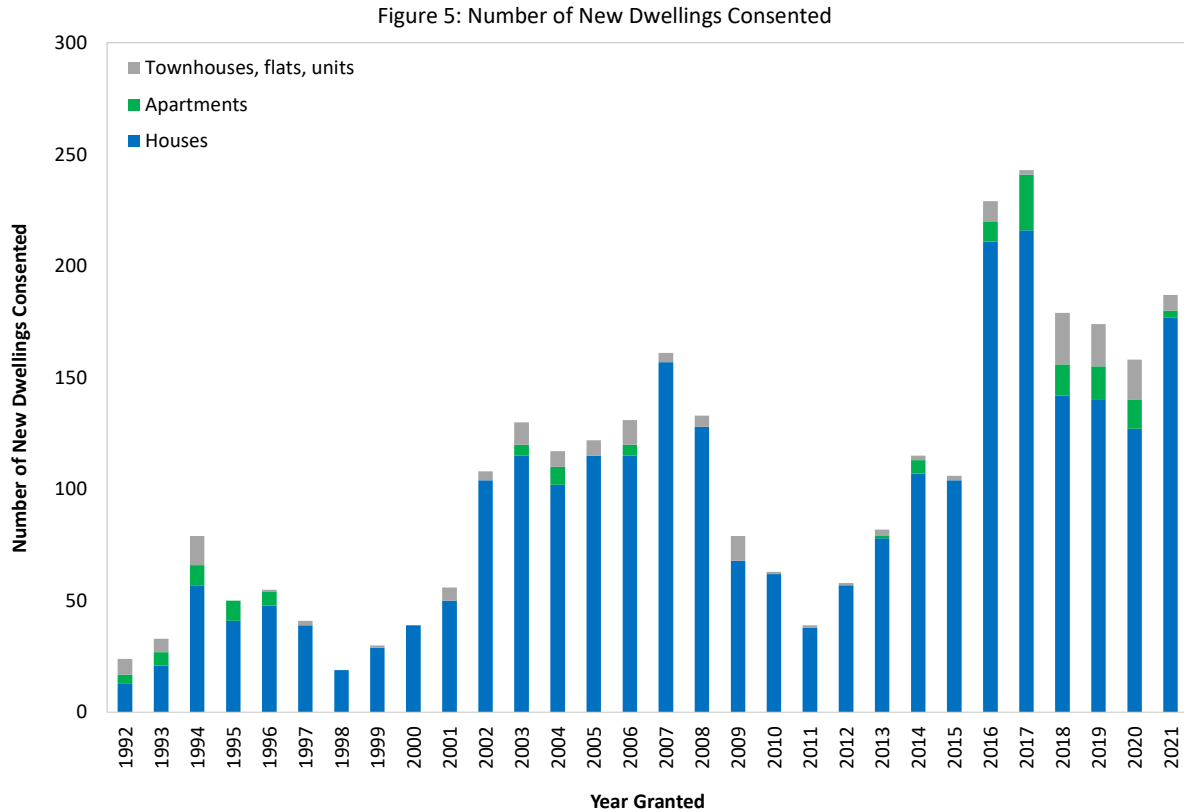


Figure 5 shows that consent volumes have moved in cycles over the last 30 years, with stand-alone houses the most popular typology. In addition, Figure 5 shows that consents have been sustained at notably higher levels for the past six years, with an average of 195 per annum, compared to less than 80 per annum for the 24 years prior. Further, while attached dwellings have become slightly more popular in recent years, stand-alone houses are still the most common by far, accounting for nearly 90% of all new dwelling consented in the study area over the last 30 years.

5.6. Dwelling Price and Rental Trends

Finally, we compiled and reviewed information on study area dwelling prices and rental values using data published by the Ministry of Housing and Development (MHUD) under the NPSUD. To begin, Figure 6 shows the trends in median study area dwelling prices, which have increased from \$90,000 in 1993 to nearly \$800,000 by the end of 2021. This represents a compound annual growth rate of 8.1%.

Figure 6: Study Area Median Dwelling Sales Price

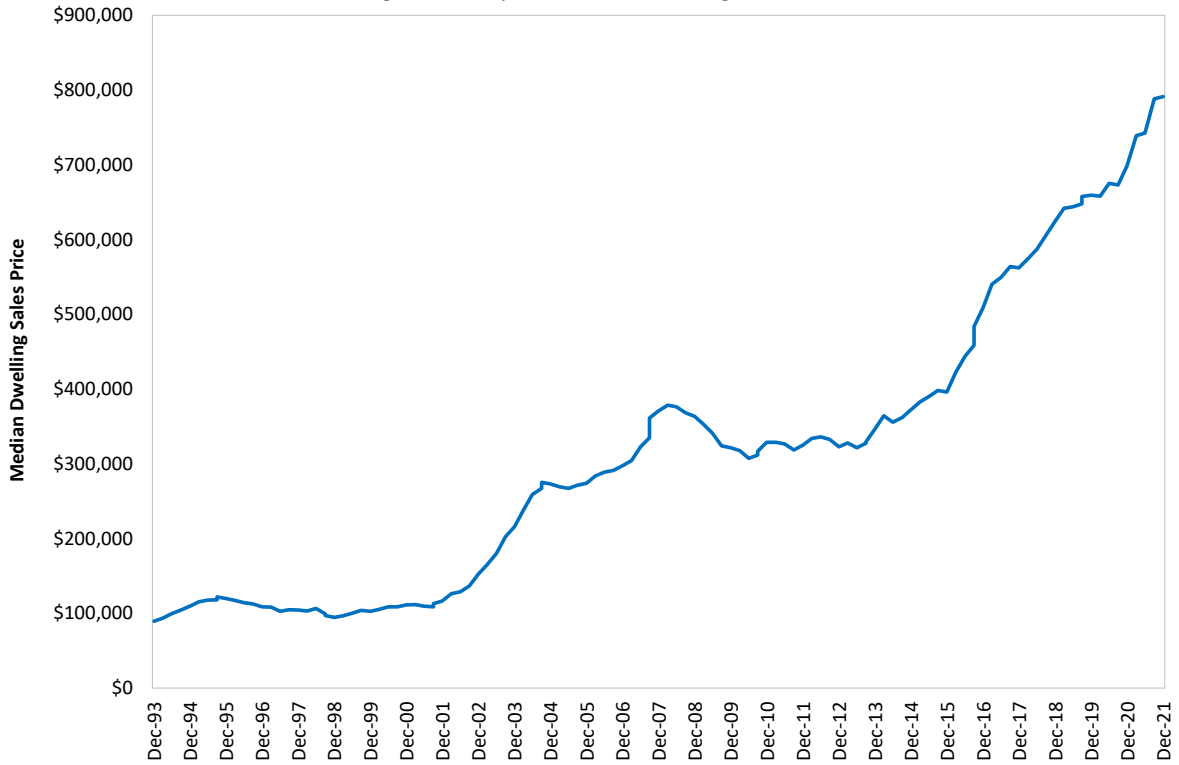
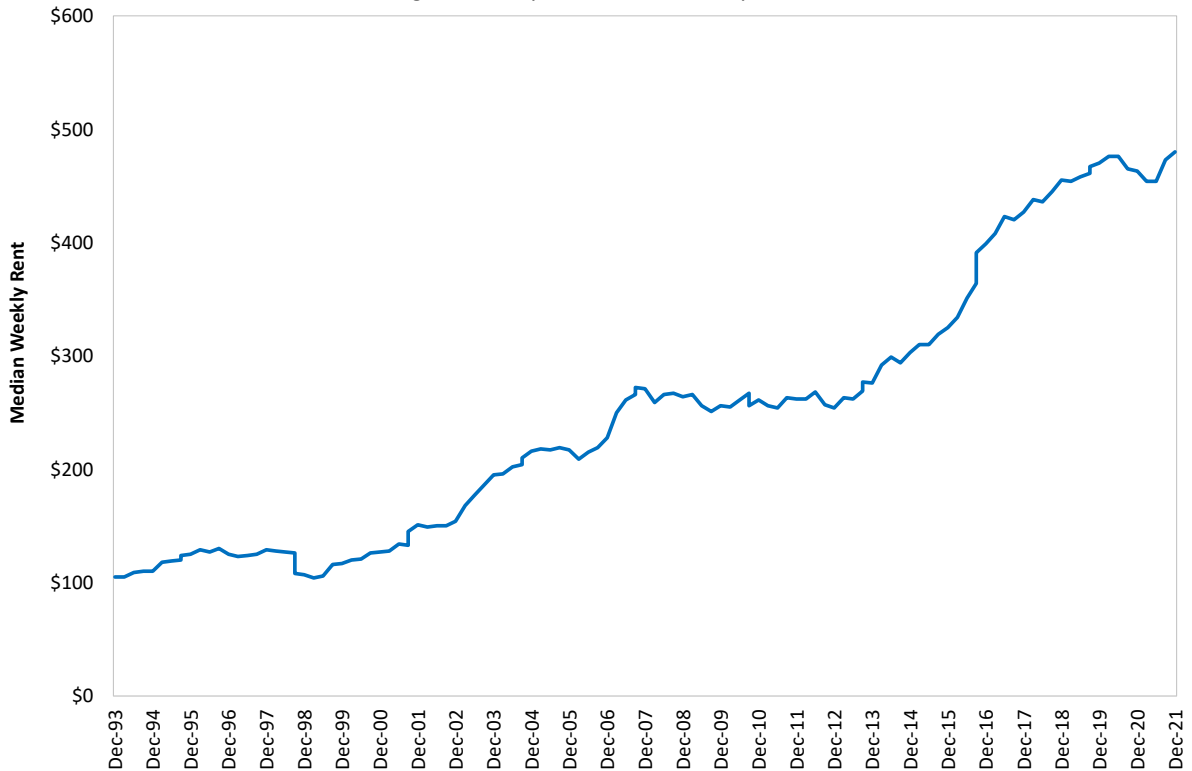


Figure 7 shows that median weekly rents are also increasing, but not as quickly as prices. Specifically, the median weekly study area rent has risen from \$105 in 1993 to \$480 in 2021, a compound annual growth rate of 5.6%.

Figure 7: Study Area Median Weekly Rents



6. Need for The Plan Change Under the NPSUD

This section assesses the need for the plan change according to the National Policy Statement on Urban Development (NPSUD).

6.1. Context

As noted earlier, the NPSUD does not strictly apply to the district as it does not yet contain an urban environment of at least 10,000 people. However, as also mentioned earlier, this threshold is expected to be met in the foreseeable future, and recent Council reporting on housing capacity – which we review below – also acknowledges the need to plan for growth in line with the NPSUD’s predecessor (the NPSUDC). Accordingly, this section considers the need for the plan change according to the guidance of the two national policy statements (i.e. the NPSUDC and NPSUD).

6.2. 2018 Cromwell Housing and Business Capacity Assessment (HBCA)

In December 2018, Rationale published a report⁴ that estimated the feasible capacity for additional dwellings in the Cromwell Ward, which matches our study area, the outputs of which informed the Cromwell 2050 Spatial plan (as discussed in section 4.2). It acknowledges the requirements of the NPSUDC – which was in effect at the time – and brings together a variety of useful information on local dwelling capacity. It assesses the potential capacity for accommodating additional dwellings under four options, and concludes that the Operative District Plan has sufficient capacity to meet projected future demand if 80% of plan-enabled capacity is feasible for development.

While the HBCA may imply that there is no need for the proposed development assessed herein, we consider that report fundamentally flawed for several reasons (some of which are openly acknowledged in the report itself). Below we work through these issues before recalculating the likely sufficiency of the district’s residential capacity to determine the need for the proposal – and others like it – under the NPSUD.

6.3. Demand Projections are Too Low

In 2021, Statistics New Zealand released its latest sub-district population projections, which provide fine-grained (SA2-level) projections of the resident population under three scenarios (low, medium, and high). In addition, Statistics New Zealand publish official estimates of the resident population as at 30 June each year. According to both datasets, the demand projections adopted in the HBCA are far too low.

For example, according to figure 13 on page 15 of the HBCA, Rationale projected the Cromwell ward’s population to reach only 8,650 people by 2023. However, according to Statistics New Zealand’s official population estimates, that number was already exceeded in 2019. Further, the HBCA projects the ward’s population to reach only 12,150 people by 2018, compared to more

⁴ Rationale. *Cromwell Housing and Business Capacity Assessment*. December 2018.

than 15,000 in Statistics New Zealand’s latest high projection (which is currently being exceeded by a notable margin).

To make matters worse, the Rationale projections do not appear to make any allowance for growth in the number of second/holiday homes, and instead focus only on changes in the number of permanently occupied dwellings. Accordingly, we consider the Rationale projections to significantly understate the true future demand for living in the study area.

To clarify: we estimate in this report demand for an additional 3,850 dwellings to 2048 including the 15% NPSUD buffer, compared to only 3,050 in the HBCA. In other words, our projection is 26% higher than Rationale’s to 2048.

6.4. Plan Enabled Capacity is Coarsely Measured

In addition to adopting demand projections that appear far too low, we also consider the methodology used to estimate plan enabled capacity estimated in the HBA highly simplistic. For example, section 3.5.2 of the HBCA describes the methodology for assessing plan enabled capacity as follows:

“To assess the capacity for housing, the ratings database provides parcel data such as area, and this has been joined with district plan zoning data in GIS. The minimum allotment size for each parcel is then computed from the district plan to provide capacity information for each parcel. This provides the Plan Enabled Capacity (PEC) at a parcel level.”

Having performed forensic reviews of the capacity assessments completed by numerous other Councils under the NPSUD, we can categorically state that this approach is too simplistic, and will invariably overstate the true level of plan enabled capacity.

To provide more accurate estimates, the values that fall out of Rationale’s analysis – as described above – need to be subjected to several successive rounds of filtering to capture the impacts of other planning rules, such as yard requirements, setbacks, building coverage ratios, recession planes, and so on. Only once all those various factors are incorporated can a realistic picture of plan enabled capacity emerge that accurately reflects the overall planning envelope created by the Operative or Proposed District Plan.

6.5. Infrastructure Constraints are Unclear

Another issue is the inclusion, or otherwise, of infrastructure constraints in the capacity estimates. For example, the diagram at the top of page 7 suggests that the estimated plan enabled capacity has been scaled to reflect infrastructure availability. However, this is contradicted by the definitions on page 2, which declares that the analysis assumes that land available for development is both plan-enabled, or expected to be enabled, and supported by public infrastructure.

Given that there is no separate reporting of plan-enabled and infrastructure-enabled capacity, and noting the definition above, we do not consider the analysis to properly reflect servicing constraints, which further overstates likely dwelling capacity.

6.6. Feasible Capacity is Significantly Overstated

Finally, and perhaps most importantly, the HBCA does not explicitly estimate the proportion of plan enabled capacity that is commercially feasible to develop, as is normally the case, and instead treats its so-called feasibility percentages as targets that need to be met to ensure sufficient capacity.

While we acknowledge that formal modelling of commercial feasibility on a parcel-by-parcel basis is complicated and time-consuming, the current approach is unusual, and will invariably overstate actual feasible capacity by several orders of magnitude.

For example, we recently reconciled the plan enabled and feasible capacity estimates of several other Councils in their latest capacity assessments and found that the feasible capacity was typically about 25% of the plan- and infrastructure-enabled capacity over the longer term. The shorter and medium term figures were lower to reflect lack of servicing and other issues that need to be

6.7. Feasible Capacity Does Not Equal Future Market Supply

Finally, we note that actual future market supply – which is ultimately tasked with meeting growth in demand over time – is often only a modest proportion of the estimated feasible capacity (as formally calculated on a parcel-by-parcel basis). Indeed, in practice, there are several reasons why some parcels with estimated feasible capacity will not actually form part of future market supply, particularly over the short to medium term. They include:

- *Developer intentions* – some landowners have no intention to develop their properties, either because they are happily occupying or renting them, nor do they plan to sell them to others with clear development aspirations.
- *Land banking and drip-feeding* – other landowners may intend to develop in future, but are currently withholding supply to capitalise on inevitable land price inflation, while some may be drip-feeding supply to squeeze land prices and hence maximise returns.
- *Tax implications* – greenfield landowners are liable for taxes on recent land value uplifts caused by rezoning. These taxes are greatest in the first year following the rezoning, but gradually diminish over time and then cease 10 years later. In some cases, efforts to avoid or minimise these taxes could cause land to be withheld from the market for up to a decade.
- *Site constraints* – the Council’s estimates of likely supply appear to consider only infrastructure as a potential site constraint and therefore overlook other factors that affect developability, such as contamination or awkward site shape/topography.
- *Operational capacity* – some landowners face operational capacity constraints, which limit the number of new residential lots that they can supply per annum.
- *Financing* – similarly, some landowners face capital/financing constraints that also limit their ability to supply.

Once these various market factors are applied to the feasible capacity estimates that typically result from NPSUD-led modelling exercises, likely future market supply is often only a modest amount. Accordingly, any estimates of feasible capacity must be scaled-down significantly before reconciling them with projected dwelling demand to accurately identify likely shortfalls over time.

6.8. Implications for the Proposal

Despite the HBCA concluding that there will be sufficient demand to accommodate projected growth in dwelling demand over time, we strongly disagree. Not only are the demand projections too low, but the estimates of feasible capacity are also fatally flawed for the reasons outlined above. Accordingly, we consider that there is a strong and pressing need to identify and rezone additional land (in appropriate and well-considered locations) as soon as possible to avoid the inflationary effects of profound and prolonged shortfalls in actual market supply over time.

7. Housing Market Impacts

This section considers the likely housing market impacts of the proposal given the likely supply shortfalls identified in the previous section.

7.1. Boost in Market Supply

Perhaps somewhat obviously, the proposed plan change will provide a substantial, direct boost in the district's dwelling capacity, thereby helping to narrow the gap between likely future supply and demand. All other things being equal, this supply boost will help the market to be more responsive to growth in demand, thereby reducing the rate at which district house prices grow over time (relative to the status quo).

Even prior to recent surges in house prices, district housing had started to become relatively unaffordable. For example, the latest affordability report by Core Logic (as at December 2020) showed that the median house price was nearly six times the median household income. By comparison, the benchmark for affordability is a ratio of only three.

In addition, the latest Core Logic report showed that it takes about 7.7 years to save the deposit for a new home in Selwyn. Thus, not only are house prices themselves increasingly unaffordable, but even the task of saving the deposit for a new home is an onerous task that is starting to become well beyond the reach of many households.

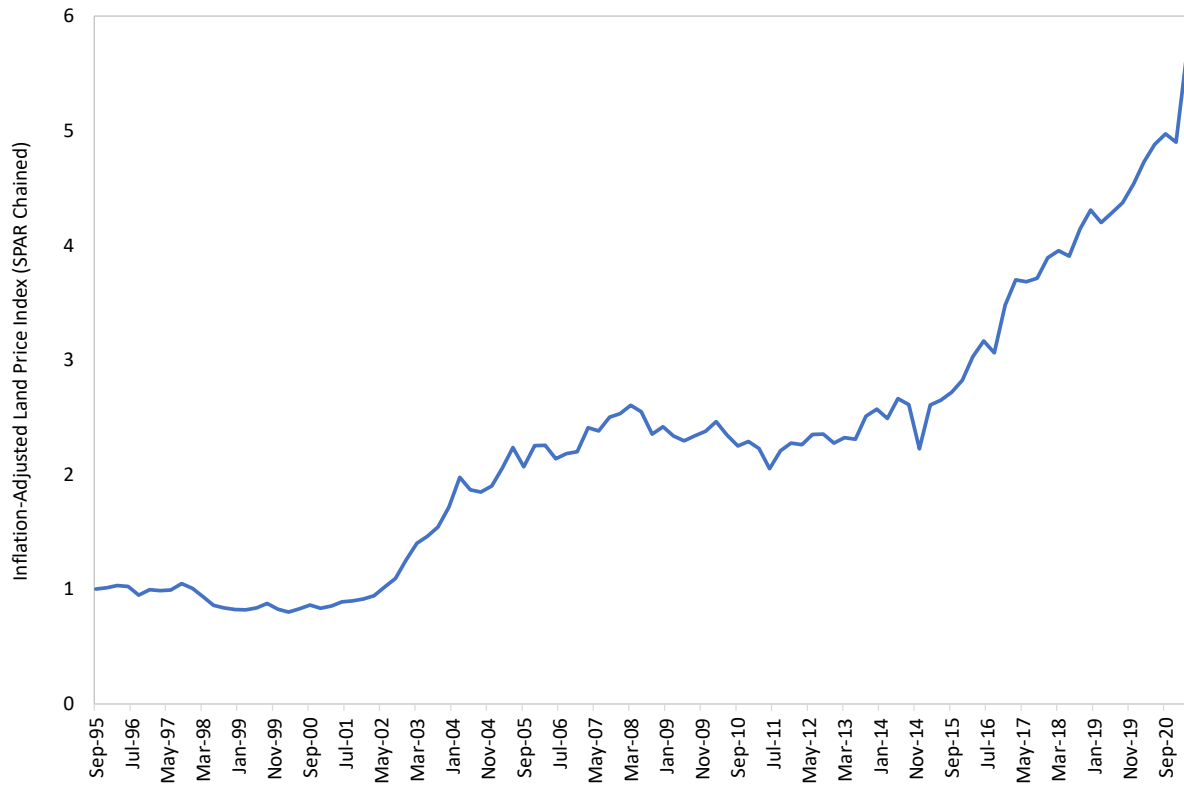
The plan change directly responds to this need for additional dwelling capacity by enabling the development of approximately 450 new homes over time. In our view, and from an economic perspective, this represents a highly significant boost in supply. In terms of the NPSUD, we believe that the provision of 450 master-planned dwellings on the subject site would also be deemed as significant under clause 3.8 (which relates to unanticipated or out-of-sequence plan changes like the proposal).

Overall, the proposal will provide a significant boost in dwelling supply by a well-resourced and highly experienced developer with a strong track record of delivering major new housing areas across New Zealand

7.2. Land Market Competition

While the recent growth in Central Otago's house prices reflects many factors, including strong population growth and low interest rates, land shortages – and hence escalating land prices – are also a leading cause. This is captured in a metric called the dwelling land price SPAR index, which adjusts land prices to reflect differences in section attributes to provide a consistent basis for tracking land values over time. Figure 8 plots this index, which shows that Central Otago residential land values have increased considerably since 1995 (with a CAGR of 7.2%).

Figure 8: Central Otago District Dwelling Land Price Index (SPAR)

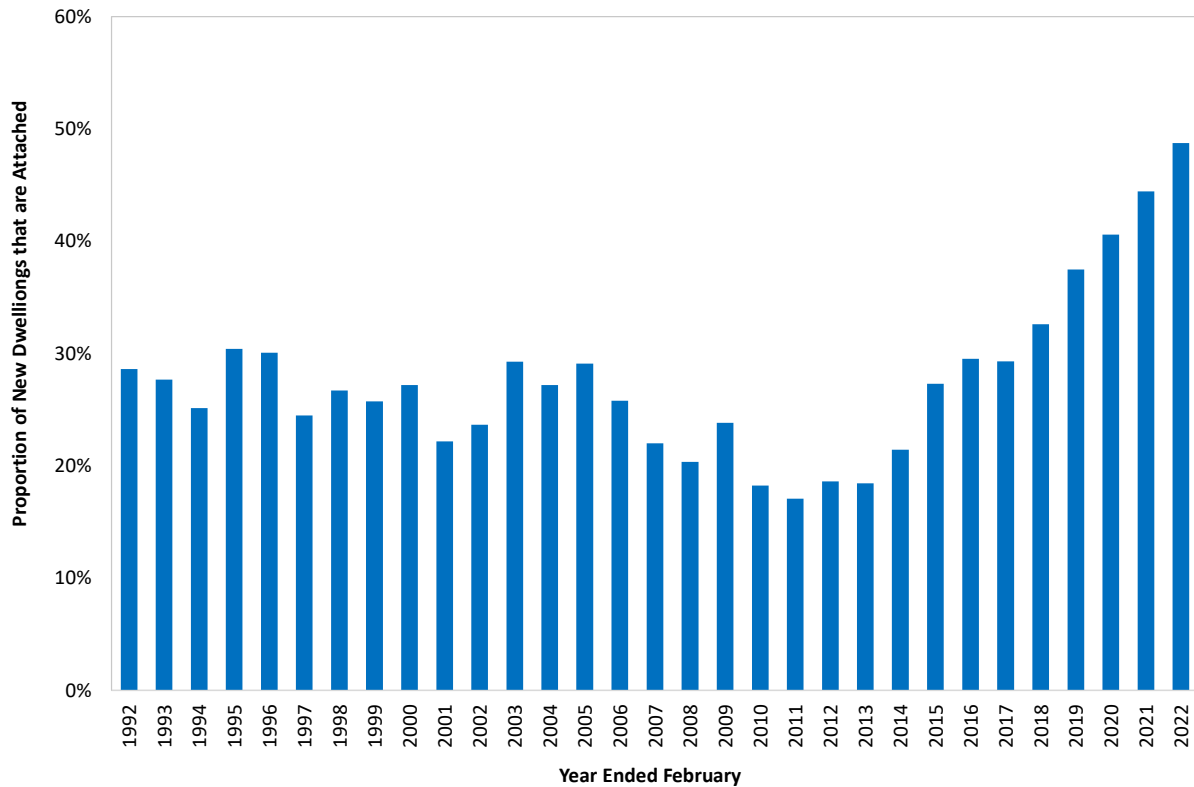


Not only have land prices trended up strongly over the last 25 to 30 years, as per the chart above, but recent price growth has been at alarming rates. For instance, in the last quarter of the graph above, dwelling land prices grew 15%. This is highly unsustainable, and is likely to be symptomatic of an acute undersupply.

7.3. Improved Dwelling Choice

Although study area building consent data reveal a clear historic preference for detached dwellings, nationally there has been a dramatic shift towards smaller attached dwellings. This is demonstrated in the figure below, which plots the proportion of new dwellings consented nationally that were attached, which includes apartments, retirement village units, and flats/townhouses.

Figure 9: Attached Dwellings as a Share of Total New Dwellings Consented Each Year in NZ



The proposal acknowledges this booming national trend towards other housing typologies by enabling them across various parts of the proposed development. For example, comprehensive residential development is proposed in the centre of the site, with apartments envisaged near the marina and lake edge. This will provide new housing choices for the existing and future population, which will become increasingly important as house prices continue to grow. Indeed, with recent dwelling price exceeding income growth by a significant margin, the resulting affordability squeeze will invariably help to focus attention on more affordable housing options, such as attached dwellings.

Overall, greater housing choice will help attract and retain a more diverse local population and generate enduring community and social benefits. In addition, the provision of more compact/attached dwellings may help attract people from nearby areas, such as Queenstown and Wanaka, who may have been priced-out of their respective areas.

In addition to enabling prospective buyers to purchase dwellings at more affordable prices, the provision of smaller/attached housing options will also have broader economic benefits. In short, by providing more affordable dwellings, future owners and occupants of Junction Terraces will be able to spend less on weekly rent or mortgage payments than they would have otherwise, which will boost their future disposable household incomes. With a significant proportion of that extra money likely to be spent locally, lower future dwelling prices (relative to the status quo) will also create additional economic stimulus for the wider benefit of the local area through increased household spending over time.

7.4. Meeting the Needs of An Evolving Population

Cromwell's population, like most of New Zealand, is changing. People are getting older, and households are getting smaller. However, Cromwell's existing dwelling stock is mostly standalone dwellings on quite large sections. Over time, as the population continues to age and household sizes shrink, these existing dwellings are unlikely to best meet future needs. Indeed, according to the latest Statistics New Zealand projections, the number of people aged 65 or older will grow three times faster than the rest of the population.

The proposal, again, acknowledges and directly responds to this apparent gap in the market by enabling higher density development to occur on much smaller sections than have previously been provided. These smaller sections, in turn, will improve affordability by reducing land costs. Also, by enabling more intensive use of that land, as measured by the floorspace ratio, more floorspace can be provided per square metre of land. Again, this will improve the overall affordability of new dwellings in Cromwell while also providing a greater range of dwelling types to meet changing needs.

8. Commercial/Retail Market Assessment

This section considers potential adverse effects of the proposal's commercial/retail elements on nearby commercial areas.

8.1. Steps in the Analysis

Following are the key steps in the analysis:

1. Summarise the proposal's commercial/retail provisions;
2. Project current/future local retail demand for context;
3. Identify nearby centres that may be affected;
4. Profile the role, function, health, and vitality of those nearby centres;
5. Consider the likely impacts of the proposal; and
6. Summarise and conclude.

We now work through each step below.

8.2. Plan Change Commercial/Retail Provisions

The proposed plan change includes a small commercial area near the new inlet, which is expected to span about 1,800m² of GFA. While rules around potential uses of this proposed floorspace are still being refined, we expect it to accommodate convenience retail shops and commercial services providers, such as a dairy, hairdressers, and a café.

8.3. Centres Most Likely to be Affected

We now identify existing centres near the subject site that may be affected by the proposed commercial activity. To that end, Table 3 below summarises the driving distances and times to various nearby areas with a commercial presence (assuming off-peak driving conditions).

Table 3: Drive Times/Distances from Subject Site to Nearby Centres

Commercial Area	Driving Distance (km)	Drive time (mins)
Cromwell	12	11
Clyde	35	26
Alexandra	43	32
Queenstown	69	58
Wanaka	43	32

Table 3 confirms that the subject site is much closer to the Cromwell Town Centre (CTC) than any other commercial area, and hence that it is far more likely to experience any possible adverse effects arising. Accordingly, we focus only on the potential impacts of the proposal on the CTC in the rest of this section.

8.4. Role, Function, Health & Vitality of Affected Centre

To understand the current role and function of the CTC, we used Property Guru to extract property-level information for the various parcels that comprise it. The table below summarises this information by the CTC's two main precincts – mixed use and big box retail.

Table 4: Property Guru Data for Cromwell Town Centre

Commercial Mixed-Use Precinct	Properties	Land Area m²	GFA m²
Commercial	1	225	210
Medical and Allied	1	125	80
Multi-use within Commercial	5	23,420	4,165
Offices	8	1,640	1,380
Parking	1	19,760	0
Public Communal - Unlicensed	1	255	195
Retail	33	8,965	7,260
Services	5	1,485	2,240
Vacant Commercial	1	80	0
Water Supply	1	0	40
Commercial Big Box Retail Precinct			
Engineering, Metalworking, Appliances et	2	4,300	1,040
Religious	1	7,440	1,255
Retail	8	40,590	11,280
Services	1	930	115
Single Unit excluding Bach	1	4,225	1,780
Vacant Commercial	2	3,865	0
Vacant Recreational	1	160	0
Town Centre Total	73	117,450	31,045

Table 4 reveals that the town centre spans nearly 12 hectares of developed (or developable) land across 73 parcels, and that it currently contains more than 31,000m² of GFA across a range of land uses. Overall, these data suggest that the town centre performs a variety of roles and functions for the current residential population, and is not just a shopping destination. Even more importantly, this information shows that the town centre is about 17 times larger than the proposed commercial area at the subject site, which dramatically curtails its potential for adverse distributional effects.

While it is often difficult to assess the current health and vitality of commercial areas, particularly via a desktop study like this, the prevailing vacancy rate is a useful indicator. According to a Property Guru search on 28 April 2022, there was only one vacant tenancy across the CTC's two precincts, which spanned 440m² of GFA.⁵ This equates to only 1 out of 73 land parcels (1.4%), and a similar proportion of the centre's total GFA. This is a very low vacancy rate, and suggests that the township is likely to be performing well given its overall role and function, and well placed to absorb any minor competitive effects of the proposed new commercial area.

⁵ Located at 1 The Mall, Cromwell

Next, we used a combination of Google Streetview and Google Maps data to identify the current tenant mix in the CTC, as summarised in the table below. This further confirms that the CTC comprises a wide range of tenancies and is therefore likely to be healthy and vital.

Table 5: Google Audit of Current Town Centre Tenants

Industry	Business
Retail	Stirling Sports Cromwell Hospice Shop Jay Jays Cromwell Paper Plus Cromwell Envisage Cromwell Alley Barber Campbell and Gaston Motors Mays One Stop Shop Bike it Now Subway
Services	Cromwell Public Library Cromwell Medical Centre Cromwell Pharmacy Cromwell Z Station ChargeNet Charging Station Cromwell Public Toilets Firestone Cromwell Cooke Howlison Holden Paterson Pitts Group Macalister Todd & Phillips Law Checketts McKay Law Limited Radiance Day Spa La Touch Face & Body Bayleys Cromwell SBS Bank ANZ Bank
Council & Community	Cromwell Museum Central Otago Council Cromwell Community House
Recreation	Mayfair Swimming Pools Cromwell Mini Golf
Food and Beverage	Cromwell Brew House Fusee Rouge Café The Kitchen Cromwell Thai Crom Three Amigos Monsoon Restaurant and Bar The Fridge Butchery and Deli Organic Thai 2Go
Accommodation	Cromwell Backpackers

8.5. Likely Impacts of Proposal

The commercial centre within the proposed subject site is 17 times smaller than the CTC, which appears to be doing well in any case. Further, because the proposal's commercial area will be

matched by a significant increase in retail spending by future residents of the development, the increase in commercial floorspace supply will be more than offset by the corresponding increase in demand. As a result, excess demand created onsite – over and above onsite spending – will create significant additional commercial support for other nearby commercial areas, principally the CTC.

Accordingly, and noting the high threshold for trade impacts to be deemed significant retail distribution effects, we consider the proposal's commercial elements extremely unlikely to exert any adverse effects on the CTC.

9. Impacts of Foregone Quarry Production

This section considers the economic costs of foregone quarry production if the proposal proceeds.

9.1. Description of Existing Quarry Activities

Parkburn quarry began operations in 1985, and produces a combination of roading aggregates, plus aggregates used to create concrete. Approximately 325,000 tonnes of aggregate are produced annually. Concrete production is also done onsite by two other firms – Allied and Firth – who lease land from Fulton Hogan and operate their own equipment. In addition, the site is used for crushing about 1000 tonnes of recycled glass each year, with CODC constructing a glass processing facility onsite last year. The outputs of that process – i.e. crushed glass – are used for a variety of purposes, including as roading and draining aggregates. This activity will continue indefinitely.

Despite producing more than 1,000 tonnes of aggregate per working day (assuming a 6-day working week), the quarry employs only 12 FTEs, and pays them an annual salary of only about \$1 million. This reflects the capital-intensive nature of quarrying, which has relatively minimal labour requirements.

9.2. Remaining Useful Life

We understand that the quarry has about 30 to 40 years of remaining useful life at current extraction rates. If it is feasible to quarry below lake levels, production may be able to extend beyond this period, but it would result in a large pond that would complicate any efforts at remediation once quarrying ends.

9.3. Impacts of Proposal

If the proposal proceeds, quarrying will continue for the next 7 to 10 years until all the necessary consents are in place, and land development activities can commence to prepare the site for building development. At that point, quarry operations will cease, and 12 FTEs will be lost along with their annual wage bill of approximately \$1 million.

In addition, and more importantly, the loss of quarry production could have adverse effects on the various industries that depend on its outputs to enable their own activities. These include building developers and infrastructure providers. However, Fulton Hogan also inform us that remaining quarries in the area have sufficient capacity to keep supplying local customers at current (or required future) levels even if Parkburn shuts down. Consequently, the main economic impacts of the proposal are the loss of 12 FTEs and their annual wages.

10. Overall Costs and Benefits

This section summarises the overall costs and benefits of the proposal.

10.1. Costs

The main economic costs of the proposal relative to the counterfactual – where quarrying continues for a further 30 to 40 years – are:

- Foregone quarry production; and
- Potential adverse distributional impact on the Cromwell town centre.

However, overall, these are not expected to be significant or enduring. For example, while foregone quarry production will see the loss of 12 FTE jobs, some of these will likely be transferred to other regional quarries, where production will likely to increase to offset the eventual loss of supply from Parkburn. In addition, impacts on the CTC are expected to be immaterial, with the proposed commercial area at the subject site being 17 times smaller and focussed on just meeting the day to day needs of residents, including those of the adjacent Pisa Moorings development.

10.2. Benefits

The key economic benefits of the proposal, again relative to the counterfactual, are:

- A significant boost in future housing supply
- Greater district retail and employment self-sufficiency
- Achieving the objective of the RMA and the NPSUD by putting land to its highest and best use while meeting ongoing growth in dwelling demand over time
- Public amenity benefits via the provision of public open spaces
- One off economic impacts of construction, and
- Greater local spending supporting greater commercial activity across the study area

Overall, we consider these economic benefits to be highly significant, particularly given the scale of the development relative to future housing needs and the high probability of a significant housing supply shortfall absent it. In addition, the economic stimulus of preparing the land for development and then constructing the 450 or so dwelling that will populate it, will create hundreds of jobs for district workers and provide a significant boost in disposable incomes, which will then provide additional demand for a range of local goods and services.

10.3. Overall Net Impact

For the reasons set out above and analysed herein, we consider the proposal to generate significant and enduring economic benefits over the likely alternative use of the site absent it. Accordingly, we support the proposed plan change on economic grounds.

Appendix [B]

Assessment of the relevant provisions of the National Policy Statements

National Policy Statement for Urban Development 2020

Provision Number	Provision Description	Option A	Option B	Option C
Part 2.1: Objectives				
Objective 1	New Zealand has well-functioning urban environments that enable all people and communities to provide for their social, economic, and cultural wellbeing, and for their health and safety, now and into the future.	The downzoning of the land as Rural does not give effect to this objective..	The status quo would remain.	The location of the site forms a logical extension to the existing residential/urban environment in which it sits, as assessed by Mr Espie in his landscape evidence. Option C is comparable to Option B.
Objective 2	Planning decisions improve housing affordability by supporting competitive land and development markets.	The downzoning of the land as Rural does not give effect to this objective.	The status quo would remain although this option is considered inferior on the basis that the submitter has not realised the full residential potential of his site (despite the Zoning) due to the retention of the vineyard, a conscious decision which demonstrates the success of the vineyard operation. As such, the RRA(4) remains somewhat “locked” in place. Accordingly, the status quo would continue to leave the RRA(4) land as a vineyard and preclude any residential growth.	Objective 2 seeks to “improve” housing affordability which is further informed by Policy 1(a) which, “as a minimum”, requires territorial authorities to enable a variety of homes that meet the needs, in terms of type, price, and location that meets the demand of different households. I consider that, as notified, PC19 fails to provide for a “variety of homes” that meet the needs, prices and location of different households in the Cromwell Ward. I say this because while PC19 seeks to provide for forecast growth, the primary method for

				<p>doing so is through upzoning land within Cromwell township from Residential Resource Area to Medium Density Residential Zone (MRZ), which would allow for somewhat increased densities in this zone (200m2 lots/densities) as compared with the operative zoning (250m2).</p> <p>Otherwise, PC19 does not propose to alter the status quo, in that, while the zone names of other operative zones will change, their spatial extent and the key provisions that control development outcomes, including density, are mostly not altered. Little additional development capacity is provided for in these other zones under PC19, with no additional capacity provided in the LLR in Bannockburn (with the exception of Domain Road Vineyard), which is a zone where lower densities are anticipated, with larger lots and more open space. I think it is fair to say that not everyone wants to live in a 200m2 lot in the Cromwell township. By way of example, one of the attractions of the Cromwell area are the various recreational offerings including motorsport racing, boating and cycling. These activities can necessitate larger residential sites which can accommodate</p>
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				<p>suitable storage, which is not provided for by the small and intensive scale of the MRZ.</p> <p>There is also a demand to live in the satellite areas outside the Cromwell township, such as Bannockburn and other surrounding areas, for the lower density and amenity offerings that these semi-rural areas provide.</p> <p>I consider that the reallocation of the residential zone on the Submitter's site (Option C) better achieves NPS-UD Policy 2 than Option A which provides for no urban development and is equal to the status quo (Option B) in that it provides more choice in housing type and location and site size than that notified under PC19 which takes a homogenous approach to providing for residential growth (and fails to sufficiently provide for predicted growth in Bannockburn, as noted by Ms White).</p>
Objective 3	<p>Regional policy statements and district plans enable more people to live in, and more businesses and community services to be located in, areas of an urban environment in which one or more of the following apply:</p> <p>(a) the area is in or near a centre zone or other area with</p>	<p>The downzoning of the land as Rural does not give effect to this objective.</p>	<p>The status quo would remain.</p>	<p>A comprehensive analysis of the RPS and District Plan is included in the wider evaluation of this Plan Change.</p> <p>In terms of point (a), the site would simply represent an extension to the existing residential environment and result in a comparable yield to that of Option B.</p>

	<p>many employment opportunities</p> <p>(b) the area is well-serviced by existing or planned public transport</p> <p>(c) there is high demand for housing or for business land in the area, relative to other areas within the urban environment.</p>			<p>In terms of item (b), I am not aware of any planned public transport route for Bannockburn.</p> <p>In terms of item (c), Ms White confirms that there appears to be shortcomings in providing sufficient development capacity at a Bannockburn ward level. The proposal would maintain development capacity and contribute to providing land for housing.</p>
Objective 4	<p>New Zealand's urban environments, including their amenity values, develop and change over time in response to the diverse and changing needs of people, communities, and future generations.</p>	<p>The downzoning of the land as Rural does not give effect to this objective.</p>	<p>The status quo would remain.</p>	<p>Option C would result in a change to the site that would reflect the current density, amenity and character of the Lowburn township as it appears today. This option has the added benefit of ensuring land is made available to respond to the diverse and changing needs of the community and future generations.</p> <p>I consider that Option C is superior than that of Option A which effectively precludes any ability to respond to the changing needs of the community, over time. I consider Option C is equal to Option B albeit Option C has the added benefit of retaining the existing vineyard which</p>

				provides for the needs of the submitter.
Objective 5	Planning decisions relating to urban environments, and FDSs, take into account the principles of the Treaty of Waitangi (Te Tiriti o Waitangi).	PC19 in terms of the public participatory process, enables engagement with Iwi to consider the submission raised. No submission has been received in relation to the relief sought. All development on the site irrespective of the Zone that applies will require consideration of effects on the environment which would equally be of relevant in considering Kāi Tahu values and interests		
Objective 6	Local authority decisions on urban development that affect urban environments are: <ul style="list-style-type: none"> (a) integrated with infrastructure planning and funding decisions; and (b) strategic over the medium term and long term; and (c) responsive, particularly in relation to proposals that would supply significant development capacity. 	The downzoning of the land as Rural may lead to ad-hoc growth through resource consents. Such an approach has the risk of disrupting the sustainable management of infrastructure.	The status quo would remain.	In terms of point a), the rezoning would facilitate the integrated management and funding decisions for servicing for Bannockburn. In terms of c), the key emphasis here is providing “significant development capacity”. While Option B maintains development capacity in an area identified as needing further capacity, the capacity may not be realised due to the retention of the vineyard. Option C has the added benefit of maintaining the vineyard while transferring the development capacity to less desirable land. I consider Option C better responds to this objective.
Objective 7	Local authorities have robust and frequently updated information about their urban environments and use it to inform planning decisions.	This Objective is pertinent insofar as Council have undertaken further analysis which suggests that original projections were understated and therefore a potential risk of a shortfall in development capacity in Bannockburn.		

Objective 8	<p>New Zealand's urban environments:</p> <ul style="list-style-type: none"> (a) support reductions in greenhouse gas emissions; and (b) are resilient to the current and future effects of climate change 	<p>I am not convinced that either option would effectively "support" the reduction in greenhouse gas emissions. However, re-zoning the site would consolidate urban growth within close proximity to existing urban areas. This can in effect contribute, in a very small way, to reducing emissions.</p>
Part 2.2: Policies		
Policy 1	<p>Planning decisions contribute to well-functioning urban environments, which are urban environments that, as a minimum:</p> <ul style="list-style-type: none"> (a) have or enable a variety of homes that: <ul style="list-style-type: none"> (i) meet the needs, in terms of type, price, and location, of different households; and (ii) enable Māori to express their cultural traditions and norms; and (b) have or enable a variety of sites that are suitable for different business sectors in terms of location and site size; and (c) have good accessibility for all people between housing, jobs, community services, 	<p>While Council may consider they are providing for development capacity through the up-zoning of existing residential sites to Medium Density Residential, this fails to take account the "variety of homes" that meet the needs, prices and location of different households.</p> <p>Cromwell has a significant population that are attracted to the region for various recreational purposes including racing, boating and cycling. The provision of larger residential sites which can accommodate suitable storage for these activities is an essential necessity which is not provided for by the small and intensive scale of the MRZ.</p> <p>I consider the re-zoning will provide for supply on land which is otherwise underutilised. The supply and availability may potentially contribute to affordability.</p> <p>Option A does not respond to this policy in that it is not enabling for residential homes.</p> <p>Option B maintains the status quo.</p> <p>I consider that Option C better responds to this Policy compared with Option A, and is somewhat equal to Option B.</p>

	<p>natural spaces, and open spaces, including by way of public or active transport; and</p> <p>(d) support, and limit as much as possible adverse impacts on, the competitive operation of land and development markets; and</p> <p>(e) support reductions in greenhouse gas emissions; and</p> <p>(f) are resilient to the likely current and future effects of climate change.</p>			
Policy 2	Tier 1, 2, and 3 local authorities, at all times, provide at least sufficient development capacity to meet expected demand for housing and for business land over the short term, medium term, and long term.	The downzoning of the land as Rural does not give effect to this objective.	Option B would retain the status quo. This option is considered inferior on the basis that the submitter has not realised the full residential potential of his site (despite the Zoning) due to the retention of the vineyard, a conscious decision which demonstrates the success of the vineyard operation. As such, the RRA(4) remains somewhat "locked" in place. Accordingly, the status quo would continue to leave the RRA(4) land as a vineyard and preclude any residential growth.	<p>PC19 seeks to respond to growth over a 30 year period. The s32 and s42A assessments consider that the demand can be accommodated through the existing PC19 framework although further analysis suggest that a shortfall in Bannockburn is likely.</p> <p>I consider Option C is superior to all other options on the basis that the submitter has not realised the full residential potential of his site due to the retention of the vineyard, a conscious decision which demonstrates the success of the vineyard operation. As such, the RRA(4) remains somewhat "locked" in place.</p>

				Option C however, seeks to transpose the development capacity to less productive land and therefore would enable the immediate uptake of land that would accommodate development capacity.
Policy 3	Only applies to tier 1	n/a		
Policy 4	Only applies to tier 1			
Policy 5	Regional policy statements and district plans applying to tier 2 and 3 urban environments enable heights and density of urban form commensurate with the greater of: the level of accessibility by existing or planned active or public transport to a range of commercial activities and community services; or relative demand for housing and business use in that location.	The downzoning of the land as Rural does not give effect to this policy.	The status quo would remain.	The LLR zone which is promoted for the site is commensurate to the current character and amenity for Bannockburn as assessed by Mr Espie. It maintains the predominantly low density and large lot sizes and is therefore the most appropriate zone in this regard. I consider Option C responds to this policy.
Policy 6	When making planning decisions that affect urban environments, decision-makers have particular regard to the following matters: the planned urban built form anticipated by those RMA planning documents that have given effect to this National Policy Statement that the planned	While the current land use and zone affords some amenity, this does not outweigh the benefits of urban development. I consider Option B is a superior alternative in this regard.	The status quo would remain.	As above, the LLR zone which is promoted for the site is commensurate to the current character and amenity for Bannockburn. It maintains the predominantly low density and open space character and is therefore the most appropriate zone in this regard. This in turn will not detract from amenity values.

	<p>urban built form in those RMA planning documents may involve significant changes to an area, and those changes:</p> <p>(i) may detract from amenity values appreciated by some people but improve amenity values appreciated by other people, communities, and future generations, including by providing increased and varied housing densities and types; and</p> <p>(ii) are not, of themselves, an adverse effect the benefits of urban development that are consistent with well-functioning urban environments (as described in Policy 1) any relevant contribution that will be made to meeting the requirements of this National Policy Statement to provide or realise development capacity the likely current and future effects of climate change.</p>			<p>Adverse effects associated with urban redevelopment can be appropriately mitigated through provisions of the LRZ zone and will not outweigh the benefits associated with the re-zone generally.</p>
Policy 7	n/a	n/a		
Policy 8	<p>Local authority decisions affecting urban environments are responsive to plan changes that would add significantly to development capacity and contribute to well functioning urban</p>	<p>This is a critical policy that requires Council to be receptive to plan changes that are “unanticipated” and “out-of-sequence” with planned releases.</p> <p>Option C is fundamentally seeking to rationalise the Zone boundaries of the site in order to maximise the land resource. The status quo under Option B would simply retain development capacity which is essentially precluded due to the success of the vineyard. As detailed by Mr Davies, the vineyard location was selected as the best site in which to operate from with other areas representing unfavourable conditions. Accordingly, Option B would not realise the development capacity yet Option C would ultimately unlock land for residential purposes.</p>		

	<p>environments, even if the development capacity is:</p> <ul style="list-style-type: none"> (a) unanticipated by RMA planning documents; or (b) out-of-sequence with planned land release. 	<p>Option A, downzoning does not provide for any residential capacity.</p> <p>Option C is far superior in this case.</p>
Policy 10	<p>Tier 1, 2, and 3 local authorities:</p> <ul style="list-style-type: none"> (a) that share jurisdiction over urban environments work together when implementing this National Policy Statement; and (b) engage with providers of development infrastructure and additional infrastructure to achieve integrated land use and infrastructure planning; and (c) engage with the development sector to identify significant opportunities for urban development. 	<p>Pertinent insofar as requiring Council to engage with developers (item (c)) that have identified significant opportunities for urban development.</p>
Policy 11	<p>In relation to car parking:</p> <ul style="list-style-type: none"> (a) the district plans of tier 1, 2, and 3 territorial authorities do not set minimum car parking rate requirements, other than for accessible car parks; and 	<p>As a tier 3 authority, Central Otago District Council are not to set minimum carparks.</p>

	<p>(b) tier 1, 2, and 3 local authorities are strongly encouraged to manage effects associated with the supply and demand of car parking through comprehensive parking management plans.</p>	
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Appendix [C]

Assessment of the relevant provisions of the Otago Regional Policy Statements

Partially Operative Regional Policy Statement 2019

Provision Number	Provision Description	Option A	Option B	Option C
Chapter 1 – Resource management in Otago is integrated				
Objective 1.1	Otago's resources are used sustainably to promote economic, social, and cultural wellbeing for its people and communities	While Option A would retain the existing productive vineyard operation, the RU classification over the entire site removes development capacity and under utilises non-productive land which could otherwise accommodate housing. This is particularly pertinent in the sense that a potential shortfall in supply in Bannockburn was noted in Council's yield assessment.	<p>The land is currently under-utilised in that the residential capacity has been locked up by the productive vineyard.</p> <p>In essence, the most productive area of the site is subject to a residential zoning which precludes the ability for development capacity to be realised. In a similar vein, the least productive areas of the site remain within the RU Zone which does not efficiently enable residential development.</p> <p>I consider the status quo does not promote the sustainable use of resources compared with Option C.</p>	<p>Option C seeks to preserve the productive activities on the site by re-allocating the residential zoning to marginal land located elsewhere. This approach has the benefit of maintaining the development capacity that is otherwise locked up in the vineyard whilst ensuring such development capacity is on land that would otherwise not serve any other purpose.</p> <p>Option C is therefore considered superior.</p>
Policy 1.1.1	Economic wellbeing - Provide for the economic wellbeing of Otago's people and communities by enabling the resilient and sustainable use and development of natural and physical resources.	Option A would only promote economic wellbeing insofar as maintaining the vineyard.	Option B would continue to leave the development capacity locked up in the vineyard. While the vineyard contributes to the economic wellbeing of the submitter, the inability to provide for residential housing does not extend to the community.	Option C would unlock the subject site for residential development on land that is currently unproductive all the while maintaining the vineyard. Both of these attributes of Option C are considered to contribute to the economic wellbeing of

			I consider that Option B is inferior to that of Option C.	the District and is superior to the alternatives.
Objective 1.2	Recognise and provide for the integrated management of natural and physical resources to support the wellbeing of people and communities in Otago	As with the above, Option A would only promote wellbeing insofar as maintaining the vineyard.	Option B would continue to leave the development capacity locked up in the vineyard. While the vineyard contributes to the wellbeing of the submitter, the inability to provide for residential housing does not extend to the community. I consider that Option B is inferior to that of Option C.	Option C would unlock the subject site for residential development on land that is currently unproductive all the while maintaining the vineyard. Both of these attributes of Option C are considered to contribute to the wellbeing of the District and is superior to the alternatives.
Chapter 2 – Kai Tahu values and interests are recognised and kaitiakitika is expressed				
Objective 2.1	The principles of Te Tiriti o Waitangi are taken into account in resource management processes and decisions	PC19 in terms of the public participatory process, enables engagement with Iwi to consider the submission raised. No submission has been received in relation to the relief sought. All development on the site irrespective of the Zone that applies will require consideration of effects on the environment which would equally be of relevant in considering Kāi Tahu values and interests		
Objective 2.2	Kāi Tahu values, interests and customary resources are recognised and provided for			
Chapter 3 – Otago has high quality natural resources and ecosystems				
Objective 3.1	The values (including intrinsic values) of ecosystems and natural resources are recognised and maintained, or enhanced where degraded	Option A would theoretically give effect to this objective albeit the residentially zoned land resource will be removed.	Option B would continue to leave the development capacity locked up in the vineyard for the period it remains. The residential zoning would also place pressure on the vineyard and therefore I consider Option B is not particularly responsive to this point.	I consider Option C promotes the best of both options through retention of the vineyard and unlocking development capacity on unproductive land. I consider Option C recognises and enhances natural resources (land) in a manner that is optimal for the land use that would result.

<p>Policy 3.1.7</p>	<p>Safeguard the life-supporting capacity of soil and manage soil to:</p> <ul style="list-style-type: none"> a) Maintain or enhance as far as practicable i. Soil biological diversity; ii. Biological activity in soils; iii. Soil function in the storage and cycling of water, nutrients, and other elements through the biosphere; iv. Soil function as a buffer or filter for contaminants resulting from human activities, including aquifers at risk of leachate contamination; v. Soil fertility where soil is used for primary production; b) Where a) is not practicable, minimise adverse effects; c) Recognise that urban and infrastructure development may result in loss of soil values. d) Control the adverse effects of pest species, prevent their introduction and reduce their spread; e) Retain the soil mantle where it acts as a repository of historic heritage objects unless an archaeological authority has been obtained. 	<p>Option A would maintain the life-supporting capacity of soils.</p> <p>Option B would maintain the status quo. This means that the residential zoning would continue to apply over what is proven to be productive land. This has the negative effect of putting pressure on the vineyard.</p> <p>In terms of Option C, the relief would maintain the soil resource that is currently being utilised by the vineyard, and direct residential development to less productive land.</p> <p>As detailed by Dr Reece Hill, the area of relief is not classified as “highly productive land”. Equally, Mr Davies has detailed the limited productive nature of the soils and topography such that the area represents unfavourable conditions for planting.</p> <p>While the redevelopment of the site (Option C) would effectively remove the ability the utilise the soil capacity however such a loss is considered inconsequential recognising Dr Hill’s assessment and the lack of any meaningful contribution provided by the relief area to date (it is not used productively nor will it ever be).</p> <p>On balance, it is considered that Option C is superior in maintaining the life supporting capacities of soil.</p>		
<p>Chapter 4 – Communities in Otago are resilient, safe and healthy</p>				
<p>Objective 4.3</p>	<p>Infrastructure is managed and developed in a sustainable way</p>	<p>Downzoning of the site may lead to ad-hoc growth through resource consents. Such an approach has the risk of disrupting the sustainable management of infrastructure.</p>	<p>The status quo remains.</p>	<p>The site is located within proximity to existing reticulated servicing and represents a logical expansion of the residential environment, facilitating efficient development of utilities.</p>

				I consider Option C better gives effect to this Objective compared to Option A as it facilitates considered and planned growth
Objective 4.5	Urban growth and development is well designed, occurs in a strategic and coordinated way, and integrates effectively with adjoining urban and rural environments	Option A does not provide for growth.	Options B and C simply maintains residential capacity and both are considered to integrate with the adjoining urban environments as discussed by Mr Espie. Option C is superior in that it directs growth to marginal land which would likely be developed whereas Option B is constrained/locked up by the existing vineyard and may not be realised.	
Policy 4.5.1	<p>Providing for urban growth and development - Provide for urban growth and development in a strategic and co-ordinated way, including by:</p> <ul style="list-style-type: none"> a) Ensuring future urban growth areas are in accordance with any future development strategy for that district. b) Monitoring supply and demand of residential, commercial and industrial zoned land; c) Ensuring that there is sufficient housing and business land development capacity available in Otago; d) Setting minimum targets for sufficient, feasible capacity for housing in high growth urban areas in Schedule 6 e) Coordinating the development and the extension of urban areas with infrastructure development programmes, to provide infrastructure in an efficient and effective way. 	Option A does not provide for growth.	<p>The status quo would maintain development capacity in the sense of retaining the residential zoning. However, as detailed throughout, the residential capacity is tied up on productive soils. Accordingly, I consider that Option B generally conforms to this policy but falls short in terms of f) to h) in terms of effects on soils and rural land uses.</p> <p>I consider that with Option C being available, Option B is inferior.</p>	<p>In terms of a), the area of relief was not initially identified for residential development. However unlike Option B, Option C seeks to provide for urban growth on land that is less desirable in terms of primary production.</p> <p>In terms of c), the extension of the zone would provide suitable land for residential development for the next 30 years.</p> <p>In terms of e), the area of relief does not necessarily increase residential capacity but rather transfers it from an area that is currently locked up for primary production.</p> <p>In terms of f), g) and h), the area of relief has been selected purely on the basis</p>

	<p>f) Having particular regard to:</p> <ul style="list-style-type: none"> i. Providing for rural production activities by minimising adverse effects on significant soils and activities which sustain food production; ii. Minimising competing demands for natural resources; iii. Maintaining high and outstanding natural character in the coastal environment; outstanding natural features, landscapes, and seascapes; and areas of significant indigenous vegetation and significant habitats of indigenous fauna; iv. Maintaining important cultural or historic heritage values; v. Avoiding land with significant risk from natural hazards; <p>g) Ensuring efficient use of land;</p> <p>h) Restricting urban growth and development to areas that avoid reverse sensitivity effects unless those effects can be adequately managed;</p> <p>i) Requiring the use of low or no emission heating systems where ambient air quality is:</p> <ul style="list-style-type: none"> i. Below standards for human health; or ii. Vulnerable to degradation given the local climatic and geographical context; <p>j) Consolidating existing coastal settlements and coastal urban areas where this will contribute to</p>			<p>that the land does not represent soil composition or land qualities that would otherwise be used for primary production. Rather, the relief sought will transfer development capacity from what is identified as productive land to that of marginal land.</p> <p>As such, I consider Option C is superior to that of the alternatives.</p>
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	avoiding or mitigating sprawling or sporadic patterns of settlement and urban growth.			
Policy 4.5.2	<p>Integrating infrastructure with land use - Achieve the strategic integration of infrastructure with land use, by undertaking all of the following:</p> <p>a) Recognising and providing for the functional needs of infrastructure;</p> <p>b) Locating and designing infrastructure to take into account all of the following:</p> <ul style="list-style-type: none"> i. Actual and reasonably foreseeable land use change; ii. The current population and projected demographic changes; iii. Actual and reasonably foreseeable change in supply of, and demand for, infrastructure services; iv. Natural and physical resource constraints; v. Effects on the values of natural and physical resources; vi. Co-dependence with other infrastructure; vii. The effects of climate change on the long-term viability of that infrastructure; viii. Natural hazard risk. <p>c) Coordinating the design and development of infrastructure with land use change in growth and redevelopment planning.</p>	<p>Downzoning of the site may lead to ad-hoc growth through resource consents. This has the consequence of resulting in potentially inferior development that has not been planned accordingly (such as infrastructure).</p> <p>I consider Option A does not give effect to this Objective and associated policy.</p>	<p>The re-zoning of the land would assist with facilitating future planning and concentrating efforts in areas where growth is determined as appropriate.</p> <p>I consider both Options B and C better achieves the sustainable management of urban infrastructure.</p>	
Chapter 5 – People are able to use and enjoy Otago’s natural and built environment				

<p>Objective 5.3</p>	<p>Sufficient land is managed and protected for economic production</p>	<p>In considering this objective and policy together, I consider that Option A at least maintains the land for economic production through the implementation of a rural zone.</p>	<p>The retention of the residential Zone over what has been identified as the more favourable areas of the site for primary production, is not considered to be the most appropriate application of the Zone.</p>	<p>Option C seeks to retain the productive capacity and safeguard the vineyard long term. At the same time, the development capacity which is tied up is to be transferred to less favourable areas of the site.</p>
<p>Policy 5.3.1</p>	<p>Rural activities - Manage activities in rural areas, to support the region's economy and communities, by:</p> <ul style="list-style-type: none"> a) Enabling primary production and other rural activities that support that production; b) Providing for mineral exploration, extraction and processing; c) Minimising the loss of significant soils; d) Restricting the establishment of incompatible activities in rural areas that are likely to lead to reverse sensitivity effects; e) Minimising the subdivision of productive rural land into smaller lots that may result in a loss of its productive capacity or productive efficiency; f) Providing for other activities that have a functional need to locate in rural areas. 		<p>While the Submitter may not necessarily remove the vineyard in favour of housing, it is a trend that often occurs where residential development offers an immediate financial incentive and therefore the risk profile of what is currently productive land to be develop increases.</p> <p>With the provision of Option C, I consider Option B is inferior in this regard.</p>	<p>I consider Option C represents a superior outcome with respect to managing effects on economic primary production.</p>

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Provision Number	Provision Description	Option A	Option B	Option C
LF-LS – Land and soil				
LF-LS-O11 – Land and soil	The life-supporting capacity of Otago’s soil resources is safeguarded and the availability and productive capacity of highly productive land for primary production is maintained now and for future generations.	In considering these provisions together, I consider that Option A at least maintains the land for economic production through the implementation of a rural zone.	The retention of the residential Zone over what has been identified as the more favourable areas of the site for primary production, is not considered to be the most appropriate application of the Zone.	Option C seeks to retain the productive capacity and safeguard the vineyard long term. At the same time, the development capacity which is tied up is to be transferred to less favourable areas of the site. I consider Option C represents a superior outcome with respect to managing effects on economic primary production
LF-LS-O12 – Use of land	The use of land in Otago maintains soil quality and contributes to achieving environmental outcomes for fresh water.		While the Submitter may not necessarily remove the vineyard in favour of housing, it is a trend that often occurs where residential development offers an immediate financial incentive and therefore the risk profile of what is currently productive land to be develop increases. The residential zoning will simply place pressure on the vineyard and constrain the effective ongoing viability of the vineyard.	
LF-LS-P19 – Highly productive land	<p>Maintain the availability and productive capacity of highly productive land by:</p> <p>(1) identifying highly productive land based on the following criteria:</p> <p>(a) the capability and versatility of the land to support primary production based on the Land Use Capability classification system,</p> <p>(b) the suitability of the climate for primary production, particularly crop production, and</p> <p>(c) the size and cohesiveness of the area of land for use for primary production, and</p>		With the provision of Option C, I consider Option B is inferior in this regard.	

	<p>(2) prioritising the use of highly productive land for primary production ahead of other land uses, and</p> <p>(3) managing urban development in rural areas, including rural lifestyle and rural residential areas, in accordance with UFD–P4, UFD–P7 and UFD–P8</p>			
EIT – Energy, infrastructure and transport				
EIT-INF-P17	Provide for development infrastructure and additional infrastructure required to service existing, planned and expected urban growth demands in the short, medium and long term, taking in account UFD–P1 to UFD–P10.	Not particularly pertinent to the status quo.	The site is located within proximity to existing urban infrastructure and transport links which can be upgraded where necessary to accommodate the growth generated by the proposed re-zone in order to achieve the demand generated.	
UFD – Urban form and development				
UFD-O2 – Development of urban areas	<p>The development and change of Otago’s urban areas:</p> <p>(1) improves housing choice, quality, and affordability,</p> <p>(2) allows business and other non-residential activities to meet the needs of communities in appropriate locations,</p> <p>(3) respects and wherever possible enhances the area’s history, setting, and natural and built environment,</p>	The downzoning of the status quo does not contribute to any of these matters.	<p>Option B maintains the status quo although in terms of (8), the residential zoning applies to a land resource which is considered favourable for viticulture production.</p> <p>As such, with the provision of Option C available, I consider Option B is inferior.</p>	<p>The proposed re-zone facilitates the provision of housing choice and quality. The availability of sufficient supply can also contribute to general housing affordability. I consider Option C will give effect to Objective UFD-O2(1).</p> <p>The extension of the Bannockburn residential area has been assessed by Mr Espie as appearing as a logical and coherent association with the residential environment. I consider this “respects the</p>

	<p>(4) delivers good urban design outcomes, and improves liveability,</p> <p>(5) improves connectivity within urban areas, particularly by active transport and public transport,</p> <p>(6) minimises conflict between incompatible activities,</p> <p>(7) manages the exposure of risk from natural hazards in accordance with the HAZ–NH – Natural hazards section of this RPS,</p> <p>(8) results in sustainable and efficient use of water, energy, land, and infrastructure,</p> <p>(9) achieves integration of land use with existing and planned development infrastructure and additional infrastructure and facilitates the safe and efficient ongoing use of regionally significant infrastructure,</p> <p>(10) achieves consolidated, well designed and located, and sustainable development in and around existing urban areas as the primary focus for accommodating the region’s urban growth and change, and</p> <p>(11) is guided by the input and involvement of mana whenua.</p>			<p>area’s history, setting, and natural and built environment” by extending the degree of development accordingly. I consider Option B will give effect to Objective UFD-O2(3).</p> <p>Good urban design outcomes can be achieved by ensuring appropriate design parameters that relate to the densities are promoted. The extension would provide for densities which are already demonstrated as appropriate. I consider Option B will give effect to Objective UFD-O2(4).</p> <p>The location of the site forms the extent of an urban network and within proximity to key transport links. While the District lacks public transport amenities, any introduction of these services within Bannockburn would equally serve the subject site. I consider Option B will give effect to Objective UFD-O2(5).</p> <p>Reverse sensitivity is not considered to arise over and above what already occurs. I consider Option C will give effect to Objective UFD-O2(6).</p>
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<p>UFD-O4 – Development in rural areas</p>	<p>Development in Otago’s rural areas occurs in a way that:</p> <p>(1) avoids impacts on significant values and features identified in this RPS,</p> <p>(2) avoids as the first priority, land and soils identified as highly productive by LF–LS–P19 unless there is an operational need for the development to be located in rural areas,</p> <p>(3) only provides for urban expansion, rural lifestyle and rural residential development and the</p>	<p>Not particularly pertinent to the status quo.</p>	<p>Option B maintains the status quo although in terms of (4), the residential zoning applies to a land resource which is considered favourable for viticulture production.</p> <p>As such, with the provision of Option C available, I consider Option B is inferior.</p>	<p>The site has no regionally significant values and therefore Option B suitably avoids this.</p> <p>The land is not “highly productive land” as determined by Dr Hill.</p> <p>The site has not been signalled under PC19 to be zoned residential. However Bannockburn is potentially undersupplied in terms of development capacity to which Option C would go some way to addressing.</p>

	<p>establishment of sensitive activities, in locations identified through strategic planning or zoned within district plans as suitable for such development; and</p> <p>(4) outside of areas identified in (3), maintains and enhances the natural and physical resources that support the productive capacity, rural character, and long-term viability of the rural sector and rural communities.</p>			<p>As such, I consider Option C does give effect to Objective UFD-O4 insofar as that development will occur in a rural (in terms of prevailing zone) area in a way that avoids effects on highly productive land and on land suitable to accommodate such growth.</p>
<p>UFD-P2 – Sufficiency of development capacity</p>	<p>Sufficient urban area housing and business development capacity in urban areas, including any required competitiveness margin, is provided in the short, medium and long term by:</p> <p>(1) undertaking strategic planning in accordance with UFD–P1</p> <p>(2) identifying areas for urban intensification in accordance with UFD–P3,</p> <p>(3) identifying areas for urban expansion in accordance with UFD–P4,</p> <p>(4) providing for commercial and industrial activities in accordance with UFD–P5 and UFD–P6</p> <p>(5) responding to any demonstrated insufficiency in housing or business development capacity by increasing development capacity or</p>	<p>Option A does not contribute to development capacity and is fundamentally at odds with this policy.</p>	<p>While Option B maintains development capacity, it is unlikely that capacity will be realised for the period in which the vineyard remains operational.</p> <p>As such, with the provision of Option C available, I consider Option B is inferior.</p>	<p>The intent of PC19 is to provide sufficient development capacity within the District to cater for growth over the next 30 years. In doing so, PC19 seeks to upzone a large proportion of existing residential areas (which are already built) and greenfield areas within the urban fabric of Cromwell (and Alexandra), to Medium Density. As a consequence, limited variety exist in terms of densities within other established urban areas which has the consequence of precluding diversification is housing/density. A potential consequence of this lack of diversity can be affordability.</p> <p>In my opinion, PC19 as notified does not sufficiently cater for the requirements of</p>

	<p>providing more development infrastructure as required, as soon as practicable, and</p> <p>(6) requiring Tier 2 urban environments to meet, at least, the relevant housing bottom lines in APP10.</p>			<p>a proportion of residents in Cromwell, which in some cases may require larger space for storage/amenities.</p> <p>The LLR which applies to Bannockburn seeks to provide additional capacity of an alternative offering to that of the Medium Density upzoning, which may not necessarily cater for the demographics of Cromwell. As such, I consider that the provision of extending the Zone (Option C) better aligns to the requirements of UFD-P2.</p>
<p>UFD – P4 – Urban Expansion</p>	<p>Expansion of existing urban areas is facilitated where the expansion:</p> <p>(1) contributes to establishing or maintaining the qualities of a well-functioning urban environment,</p> <p>(2) will not result in inefficient or sporadic patterns of settlement and residential growth,</p> <p>(3) is integrated efficiently and effectively with development infrastructure and additional infrastructure in a strategic, timely and co-ordinated way,</p> <p>(4) addresses issues of concern to iwi and hapū, including those identified in any relevant iwi planning documents,</p>	<p>Option A does not facilitate urban expansion.</p>	<p>Option B does not provide for expansion any more so than what has been the case under the Operative framework. As discussed above, it is unlikely that residential capacity will be realised for the period in which the vineyard remains operational.</p>	<p>Option C is considered to give effect to Policy UFD-P4 by:</p> <p>(1) Subject to detailed design at the time of resource consent, the provision of a subdivision comprised of a density consistent with the prevailing urban character is considered to represent a well-functioning urban environment.</p> <p>(2) I do not consider the location of the site results in an inefficient or</p>

	<p>(5) manages adverse effects on other values or resources identified by this RPS that require specific management or protection,</p> <p>(6) avoids, as the first priority, highly productive land identified in accordance with LF-LS-P19,</p> <p>(7) locates the new urban/rural zone boundary interface by considering:</p> <p>(a) adverse effects, particularly reverse sensitivity, on rural areas and existing or potential productive rural activities beyond the new boundary, and</p> <p>(b) key natural or built barriers or physical features, significant values or features identified in this RPS, or cadastral boundaries that will result in a permanent, logical and defensible longterm limit beyond which further urban expansion is demonstrably inappropriate and unlikely, such that provision for future development infrastructure expansion and connectivity beyond the new boundary does not need to be provided for, or</p> <p>(c) reflects a short or medium term, intermediate or temporary zoning or infrastructure servicing</p>			<p>sporadic pattern of growth. Rather, the proposal represents a logical and coherence extension and will read in direct association with the existing residential environment as assessed by Mr Espie.</p> <p>(3) The site is located at the extent of existing urban infrastructure which can be suitably upgraded and extended to accommodate the proposed development. I consider this supports the intent to efficiently utilise existing infrastructure to facilitate existing development capacity.</p> <p>(4) Iwi have been involved in the PC19 process to date.</p> <p>(5) The effects assessment herein considers effects on the environment associated with</p>
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	<p>boundary where provision for future development infrastructure expansion and connectivity should not be foreclosed, even if further expansion is not currently anticipated.</p>			<p>Option C can be suitably managed.</p> <p>(6) The land is not “highly productive”.</p> <p>(7) The extent of the proposed Zone is considered to terminate at a logical and characteristic point as determined by Mr Espie.</p> <p>Policy UFD-P4 is key in recognising the fundamental resource management matters to take into account when considering urban expansion. I consider that the analysis above sufficiently demonstrates the appropriateness of the extension and therefore Option C is considered to give effect to these policies.</p>
<p>UFD-P7 – Rural Areas</p>	<p>The management of rural areas:</p> <p>(1) provides for the maintenance and, wherever possible, enhancement of important features and values identified by this RPS,</p> <p>(2) outside areas identified in (1), maintains the productive capacity, amenity and character of rural areas,</p>	<p>Option A would provide for the maintenance of rural areas.</p>	<p>The retention of the residential Zone over what has been identified as the more favourable areas of the site for primary production, is not considered to be the most appropriate application of the Zone.</p> <p>While the Submitter may not necessarily remove the vineyard in favour of housing, it is a trend that often occurs where residential development offers an immediate financial incentive and therefore the</p>	<p>Option C seeks to preserve the productive activities on the site by re-allocating the residential zoning to marginal land located elsewhere. This approach has the benefit of maintaining the development capacity that is otherwise locked up in the vineyard whilst ensuring such development capacity is on</p>

	<p>(3) enables primary production particularly on land or soils identified as highly productive in accordance with LF-LS-P19,</p> <p>(4) facilitates rural industry and supporting activities,</p> <p>(5) directs rural residential and rural lifestyle development to areas zoned for that purpose in accordance with UFD-P8,</p> <p>(6) restricts the establishment of residential activities, sensitive activities, and non-rural businesses which could adversely affect, including by way of reverse sensitivity, the productive capacity of highly productive land, primary production and rural industry activities, and</p> <p>(7) otherwise limits the establishment of residential activities, sensitive activities, and non-rural businesses to those that can demonstrate an operational need to be located in rural areas.</p>		<p>risk profile of what is currently productive land to be develop increases.</p> <p>With the provision of Option C, I consider Option B is inferior in this regard.</p>	<p>land that would otherwise not serve any other purpose.</p> <p>Option C is therefore considered superior.</p>
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Appendix [D]

Assessment of the options in relation to the relevant provisions of the “higher order” objectives and policies of the Central Otago District Plan

Table A

Provision Number	Provision Description	Option A	Option B	Option C
Section 12 – District Wide				
Objective 12.3.1	Safe and Efficient Roading Network - To promote the safe and efficient operation of the District’s roading network.	As assessed by Mr Ford, it is possible to service the area of relief with an adequate access. Option C essentially seeks to “exchange” a comparable area of land for residential purposes. As such, the subsequent yield within the area of relief (Option C) should result in a comparable degree of traffic effects than Option B. Accordingly, I consider that all Options are generally equal in this regard.		
Policy 12.4.1	Parking, Loading and Manoeuvring - To avoid, remedy or mitigate adverse effects on the safe and efficient operation of the roading network by requiring: (a) Safe and efficient access points to the roading network, and (b) Off-road loading and manoeuvring space and facilities, and (c) Off-street parking, where these are appropriate.	Compliance with Council’s standards for parking, access, roading and loading will achieve this Policy. Both Options can give effect to this Policy.		
Section 6 – Urban Areas				
Objective 6.3.1	Needs of People and Communities - To promote the sustainable management of the urban areas in order to:	Option A, rezoning the land from RRA(4) to RU, does not give effect to this Objective and effectively removes existing development potential. While Option B, the status quo gives effect to this Objective to a degree in that the retention of the RRU(4) (to be LLR under PC19) zone would facilitate some residential development, this would occur at the expense of existing productive land that has to date, proved to be a viable farming operation.		

	<p>(a) Enable the people and communities of the district to provide for their social, economic and cultural wellbeing and their health and safety; and</p> <p>(b) Meet the present and reasonably foreseeable needs of these people and communities</p>	<p>Option C would seek to utilise “unproductive” land as detailed by Mr Davies for residential purposes, and effectively “off-setting” the development capacity recommended to be retained by Ms White all the while converting existing residentially zoned land to RU, facilitating the ongoing support for the existing vineyard.</p> <p>As such, I consider that Option C which seeks to re-zone marginal land for residential and re-zone productive land to “rural” (an exchange) represents a more sustainable proposition (than the alternatives) while providing for the wellbeing of the community and maintaining the reasonably foreseeable needs of the community.</p>
Objective 6.3.2	<p>Amenity Values - To manage urban growth and development so as to promote the maintenance and enhancement of the environmental quality and amenity values of the particular environments found within the District’s urban areas.</p>	<p>Option A would maintain amenity values insofar as retaining the land as it appears to day.</p> <p>Option B, the status quo would not result in any change to amenity values in terms of what could be reasonably anticipated under the Operative framework.</p> <p>Option C would facilitate residential growth in an area that is considered marginal for productive use and represents a logical arrangement in terms of boundaries that Mr Espie considers is not out-of-character with the area.</p> <p>While all three options do not materially affect amenity values, I consider Option C would at least maintain the quality and amenity of the environment more so than that of the status quo insofar as retaining the productive capacity of presently residentially zoned land.</p>
Objective 6.3.3	<p>Adverse Effects on Natural and Physical Resources - To avoid, remedy or mitigate the adverse effects of urban areas on the natural and physical resources of the District.</p>	<p>Option A would facilitate the retention of productive land, but continues to under utilised marginal land.</p> <p>Option B would retain the status quo in that residential capacity will be locked up on what is identified as a productive land resource.</p> <p>Option C seeks to retain the productive rural land resource and transfer the current residential capacity to less productive areas on the site.</p> <p>I consider that Option C, seeking a reallocation of the zoning by transferring the LLRZ zone from the vineyard to the area of relief (which is determined as marginal land), better responds to the intent of Objective 6.3.3.</p>
Objective 6.3.4	<p>Urban Infrastructure - To promote the sustainable management of the District’s urban infrastructure to meet</p>	<p>As assessed by Mr Richard Ford, there is the ability to extend the existing infrastructure to service the proposed area of relief.</p> <p>I consider all Options can theoretically meet this objective.</p>

	the present and reasonably foreseeable needs of the District's communities.	
Policy 6.4.2	<p>Expansion of Urban Areas - To enable the expansion of urban areas or urban infrastructure in a manner that avoids, remedies or mitigates adverse effects on:</p> <ul style="list-style-type: none"> (a) Adjoining rural areas. (b) Outstanding landscape values. (c) The natural character of water bodies and their margins. (d) Heritage values. (e) Sites of cultural importance to Kai Tahu ki Otago. (f) The integrity of existing network utilities and infrastructure, including their safe and efficient operation. (g) The life supporting capacity of land resources. (h) The intrinsic values of areas of significant indigenous vegetation and habitats of significant indigenous fauna. 	<p>Option A does not give effect to the expansion of urban areas.</p> <p>Option B maintains the status quo and is not inherently an expansion of the urban area as the land is already zoned for residential purposes. However, I consider that the status quo is fundamentally at odds with point g) in that the residential zoning would remaining over soils which the submitter defines as productive and has proven such through the successful implementation of the vineyard.</p> <p>In considering Option C, the re-zoning would facilitate residential growth in an area that does not afford the same level of productive capacity as that of the areas presently zoned residential.</p> <p>In terms of item a), the proposal does not result in any degradation of adjoining rural areas any more so than is presently the case. The existing vineyard operates in close proximity to existing residential activities and will not be exacerbated by additional residential activities in the area of relief sought.</p> <p>As determined by Mr Espie, the ONL is not relevant.</p> <p>There are no water bodies nearby.</p> <p>In terms of heritage values, the proposed BLR affords protection to existing remnant water tunnels on the site which could potentially be disrupted if the status quo remains. I consider Option C which seeks to impose the BLR is a superior outcome compared with Option A and B.</p> <p>In terms of item f), Mr Ford confirms that there is an ability to service the site. Both Options B and C would generally be consistent.</p> <p>In terms of item g), Option C is superior in that it would safeguard the life-supporting capacity of the existing land resource which is presently zoned residential, to land that has been determined as modified and not highly productive, as per the evidence of Dr Hill. I consider Option C is superior to the status quo in this regard.</p> <p>There are no areas of indigenous flora or fauna that would be materially impacted by the rezoning.</p> <p>Overall, I consider that Option C would on balance, represent an improved outcome to that of Option A and B.</p>
Section 13 – Infrastructure, Energy and Utilities		
Objective 13.3.1	Transportation Network – To enable the safe and	Option A would unlikely to have any material impact on the transport network.

	<p>efficient operation and development of the transportation network while ensuring that amenity values and environmental quality is maintained or enhanced.</p>	<p>Option B maintains the status quo in terms of what can be reasonably anticipated under the current framework.</p> <p>Option C essentially seeks to “exchange” a comparable area of land for residential purposes. As such, the subsequent yield within the area of relief should result in a comparable degree of traffic effects than Option B. Accordingly, I consider that all Options are generally equal in this regard.</p>
<p>Objective 13.3.5</p>	<p>Landscape and Amenity Values - To maintain and where practicable enhance rural amenity values created by the open space, landscape, natural character and built environment values of the District’s rural environment.</p>	<p>Option A is unlikely to result in any material landscape or amenity effects recognising that the down-zoning places a high degree of restrictions in terms of residential development. In saying this, a range of permitted rural activities could occur which could have a consequential effect on landscape and amenity.</p> <p>Option B would maintain the status quo.</p> <p>With regard to Option C, as assessed by Mr Espie, the way in which the change to the landscape will be perceived visually is set out in detail in the previous section of this evidence. The submitter’s relief will not give rise to a result that is visually prominent or appears out-of-place. It will tie in with existing patterns in a logical way with boundaries that relate to landform, existing development patterns and land uses.</p> <p>I consider all options are generally equal in this regard.</p>
<p>Policy 13.4.11</p>	<p>Reverse Sensitivity - To recognise that some established activities may generate noise and other effects that can disturb neighbours, by ensuring that new developments locating near such activities recognise and accept the prevailing environmental characteristics.</p>	<p>Option A is unlikely to result in any increase in reverse sensitivity effects over and above what occurs presently.</p> <p>Option B maintains the status quo.</p> <p>With regard to Option C, this would transfer the development potential from the western portion of the site to the eastern area, whether inconsistent soil composition and unfavourable aspects leads to the area not lending itself to growing grapes. While this would result in additional residential activities in proximity to the operation vineyard, advice from Mr Davies confirms that:</p> <ul style="list-style-type: none"> • Spraying is entirely organic; • Machinery use is minimal and given the scale of the operation, requires small-scale equipment; and • Frost fighting is achieved via a consented frost fan which is located approximately 290 metres from the relief area. There are multiple, less intrusive means of frost fighting including aerial sprays. <p>As with the earlier stages of the Lynn Lane Development, the Submitter would ensure future titles were the subject of non-objection covenants to safeguard the ongoing nature of the operation.</p> <p>All options are not considered to be inconsistent with this policy.</p>