

## Rationale Response to Submission regarding Cromwell Yields Assessment

29 August 2023

Rationale has prepared this document in response to the evidence of Natalia Hampson submitted by Sugarloaf Vineyards Limited and Central Top Property Investments 2015 Limited.

In response to the limitations raised regarding the Cromwell Yields Assessment, Rationale emphasises that the scope of this project was of a high-level assessment using the latest growth projections to check the assessments undertaken for the Cromwell Spatial Plan in 2018. The following responses are provided:

- **Strong possibility that designated land has been included in greenfield capacity calculations.**  
 Rationale has assumed that the residential zoning under the PC19 spatial files provided by Central Otago District Council are accurate. A review of this data was not in the scope of this project.
- **It appears that the model aggregates land parcels in order to work out theoretical plan enabled capacity – thus having no regard for fragmented ownership and the size and location of existing dwellings in relation to property boundaries.**  
 The model is high level and does not attempt to carry out a parcel level analysis of capacity. Infill and redevelopment are not modelled separately, instead, additional capacity is assessed based on likely overall zone-level density parameters that account for this at a high-level, as outlined in scope of works for this project.
- **While the report uses the term 'feasible' take up, the model does not include any consideration of the commercial feasibility (profitability) of residential development for different dwelling typologies and how this might change over time.**  
 The model does not assess commercial feasibility as this was not included in the scope of work, and in our opinion only introduces a raft of new assumptions without necessarily improving the accuracy of the output. The purpose of this project was to check the assessments undertaken as part of the Cromwell Spatial Plan on 2018 using the latest growth projections.
- **The Rationale report does not consider the timing of planned infrastructure (i.e. three waters) and how this will affect the timing of large scale greenfield developments. This applies in Pisa Moorings and for the Golf Course according to the s42A report.**  
 The model is a high-level approach and assessed the total feasible capacity of PC19 without going into detail on the phasing of development.
- **Current dwellings as a share of theoretical plan enabled capacity under PC19 in each zone extent has been used as a guide to feasible take up of subdivision potential. Current dwellings have developed over a long period and under different zoning and market conditions and are therefore not a reliable guide to the future take up of new subdivision opportunities, especially in the MRZ.**  
 Rationale has taken current achieved rates as guides as they provide direct evidence from the area. Rationale is wary of trying to project new guides as this introduces more uncertainty into the calculations. It is our opinion that the current achieved take up of Medium Density lots at 60% of plan enabled capacity is conservative and should be improved upon as this market develops.
- **While the Rationale report provides no detail on the type of dwellings that can be developed in the MRZ on 200sqm minimum lot sizes, I have assumed that this will be primarily duplex and terraced housing. Demand for these typologies is largely untested in Cromwell and it will take time for market preferences to shift. On that basis, take up in the MRZ may be overstated in the short and potentially medium term.**  
 The model has focused on the overall sufficiency of land in the long-term and the timing of development and release of land was not included in the scope of work.

Rationale acknowledges the limitations raised across this review but reiterates that the scope of this project was of a high-level assessment of land sufficiency provided by PC19, and a parcel-level model falls outside scope.



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Tom Lucas | Director  
Rationale Limited