

Before the Central Otago District Council

In the matter of The Resource Management Act 1991

And A requested change to the Central Otago District Council's
Operative District Plan – Plan Change 13 (PC13)

SUMMARY EVIDENCE of NATALIE HAMPSON for

River Terrace Developments Limited

Dated 23 April 2019

Introduction and Qualifications

- 1 My full name is Natalie Dianne Hampson.
- 2 I am an associate director and consultant at Market Economics Limited (M.E) and hold a MSc in Geography with first class honours from Auckland University.
- 3 I have 17 years' economic consulting and project experience, working for commercial and public sector clients. I specialise in retail analysis, assessment of demand and markets, the growth, form and function of urban economies, policy analysis, and evaluation of economic outcomes and effects, including costs and benefits.
- 4 I have applied these specialties in studies throughout New Zealand, and across most sectors of the economy, notably assessments of centres, urban form, land demand, commercial and service demand, housing, rural sectors, schooling, tourism, events, policy and local government.
- 5 I advise central government and district and regional councils throughout New Zealand in relation to rural and urban policy and planning issues and the social and economic effects of these. I also provide consultancy services to a number of private sector clients in respect of a wide range of issues, including mixed-use commercial developments, residential subdivisions and the impact of policies and provisions on their operations and future development opportunities.
- 6 I was the project manager and lead author of the Queenstown Lakes District Council (QLDC) Business Development Capacity Assessment 2017 (BDCA) prepared for the Council (and published in late 2018). This was prepared in order to satisfy Policy PB1 of the National Policy Statement on Urban Development Capacity 2016 (NPS-UDC). The BDCA addressed demand, supply and sufficiency of zoned business land to cater for retail, commercial and industrial land use activities based on detailed economic and spatial modelling. I was also project manager of the Housing Development Capacity Assessment 2017 for QLDC which addressed the NPS regarding demand, supply and sufficiency of zoned residential land. My company has played a role in the BDCA, HDCA or both, for all high growth councils in New Zealand.
- 7 I presented evidence in support of the Wooing Tree plan change in Cromwell in terms of both residential capacity and the provision of a commercial tourist village. My residential demand and supply analysis for the River Terrace plan change was consistent with evidence I presented for Wooing Tree, which approved a range of densities enabling 210 additional dwellings close to Cromwell town centre. I have provided evidence on a range of proposed centre developments to address appropriate land and floorspace provisions. I am also currently advising QLDC on their district plan review of their Industrial Zones.

8 I have complied with the Code of Conduct for Expert Witnesses contained in the Environment Court Consolidated Practice Note 2014. This evidence is within my area of expertise, except where I state that I am relying on another person, and I have not omitted to consider any material facts known to me that might alter or detract from the opinions I express.

Summary Evidence

9 I refer to, and adopt as part of my evidence, my report titled '*Economic Assessment – River Terrace Private Plan Change Cromwell*' dated December 2017. This report provided an assessment of residential demand and capacity in Central Otago District and Cromwell and surrounds specifically. It placed the dwelling capacity proposed by RTDL in the context of projected housing demand and the expected shortfall of residential zone capacity in urban Cromwell.

10 The second part of that report analysed projected retail and service floorspace demand arising from the future residents and neighbouring areas of the River Terrace plan change development. The analysis identified the likely floorspace that would be sustainable within a neighbourhood centre to serve the convenience needs of the expected catchment while still complementing the Cromwell town centre. This work helped inform the floorspace caps adopted in the plan change request.

11 I also refer to, and adopt as part of my evidence, my assessment titled '*Cromwell Masterplan – Feedback from Market Economics*' dated 13th of November 2018. This document was included with RTDL's submission on the '*Cromwell Masterplan – Let's Talk Options*' document released by Central Otago District (COD) and has also been supplied to the Commissioners in response to a request for further information (Minute 1). My assessment discussed – from an economic perspective – the urban growth pressures facing Cromwell and surrounds and then examined each of the three 'growth options' in terms of economic and social outcomes and development feasibility considerations. The RTDL plan change was evaluated in the context of that examination of options.

12 My evidence provides an overview of the following matters:

- (a) The proposed Neighbourhood Centre Sub-Area;
- (b) The demand and capacity of residential zones to cater for housing growth in Cromwell;
- (c) The spatial pattern of Cromwell's growth;
- (d) The application of "urban environment" to Cromwell and Surrounds under the NPS – UDC.

- (e) The land/soil resource;
 - (f) Industrial expansion.
- 13 These are discussed briefly in turn below, incorporating my response to the s42A report as relevant to each issue.

Proposed Neighbourhood Centre Sub-Area

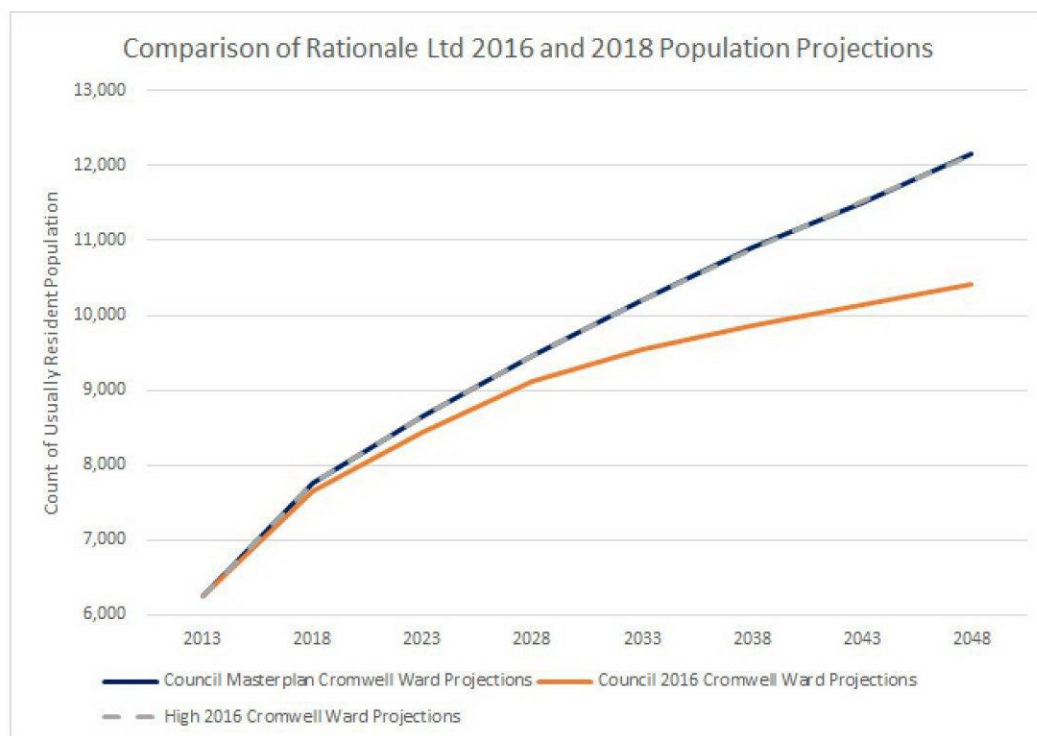
- 14 The distance from the River Terrace plan change site to the town centre (by road) is approximately 5.1-6.7km depending on the route taken. The nearest café, takeaway, or basic item grocery store not in the town centre is either approximately 2.7-2.9km away in Bannockburn or approximately 3.8-4.0km in McNulty Road. This distance is greater than from any other area within the existing urban footprint of Cromwell township to reach equivalent stores.
- 15 By adding a new convenience centre to Cromwell's (albeit limited) centre network, the River Terrace plan change helps to ensure that the future community of River Terrace and Cromwell overall enjoys the same opportunities to access convenience retail and service outlets as current households do without increasing the overall average travel distance for such shopping trips. This is a relevant issue in terms of maintaining the attractiveness of Cromwell as a place to live and minimising vehicle travel distance.
- 16 My analysis of retail demand was based on a capacity of 840 dwellings in the plan change area. I note that this is less than the maximum identified in the s42A report (page 3) of 900 residential units. This difference does not impact on the conclusions of my analysis as I have already allowed for a rounding-up of sustainable centre floorspace to viable tenancy sizes. The additional 60 households not modelled simply moves the sustainable floorspace slightly closer to the viable threshold.
- 17 Overall, I concluded that 1,000sqm GFA of retail and service floorspace would be sufficient to provide a functional and viable neighbourhood centre in the River Terrace plan change development. This centre will contribute to the social and economic wellbeing of future residents (and other users of the centre) while avoiding any adverse costs on the Cromwell Town Centre. Indeed, the Cromwell Town Centre will benefit from additional weekly shopping and service spend generated from net additional households accommodated in the plan change development.
- 18 My assessment in relation to the Neighbourhood Centre Sub-Area and the proposed provisions for the centre's scale and size and mix of activities has been adopted by the s42A report author who concludes that no adverse effects will arise in relation to this issue.

Housing Demand and Capacity for Growth

- 19 My Economic Assessment report examines projected dwelling demand in Central Otago District, and in turn Cromwell and surrounds (Cromwell Ward). It then assesses at a high level, the current supply of dwellings in Cromwell and the plan enabled growth potential in the approximate existing urban extent of Cromwell township. These two elements provide the context against which the urban residential capacity enabled by the River Terrace plan change is assessed.
- 20 My analysis adopts Statistics NZ High growth projections (2017) to assess total **dwelling demand** growth but also draws on Council's more moderate (2016) growth projections (prepared by Rationale Ltd) to estimate dwelling growth for the Cromwell and surrounds area, including growth of unoccupied dwellings (holiday homes). Overall, my projections of total dwelling growth in and around Cromwell are similar to Council's recommended growth projection to 2028 but are higher in the long term (2043).
- 21 My analysis indicated demand for approximately 108 additional dwellings per annum¹ in Cromwell and surrounds over the medium term (2016-2028) to meet future resident household and visitor demand and approximately 86 additional dwellings per annum over the long term (2016-2043). This growth outlook means that suitable land in Cromwell needs to be identified, zoned and serviced – at appropriate times and at appropriate scales - to ensure that projected dwelling demand can be met without undue constraint.
- 22 My reading of the s42A report is that Mr Whitney does not disagree with my assessment of dwelling demand growth in Cromwell and surrounds.
- 23 I examined the Cromwell Ward population projections (prepared by Rationale Ltd) reported in the *Cromwell Masterplan Let's Talk Options* document and compared those with the 2016 Rationale growth projections dataset upon which my demand analysis is based. Although my analysis is based on dwelling projections, the Masterplan document shows population growth projections, so I have compared population growth.
- 24 Figure 1 shows that the latest (Masterplan) population projections now equate to what was the high population projection reported in 2016.

¹ This is consistent with actual annual growth experienced between 2001 and 2013 in this catchment (average increase of 103 per annum).

Figure 1 – Comparison of Council’s Cromwell Ward Population Projections 2016 versus 2018 Datasets



25 This prompted me to request Council’s latest growth projections. The Council has supplied a memo from Rationale Ltd (20th September 2018) that explains:

- (a) CODC was advised to adopt a medium growth scenario for the purpose of long-term planning.
- (b) This was because “the medium growth scenario provides realistic projections that are conservatively optimistic. It is considered best to reflect historical trends and the current economic climate”. I note that the medium growth scenario showed lower annual growth than averaged since 2001. With the influence of Queenstown right next door, adopting a medium growth scenario to represent the ‘economic climate’ was probably overly conservative in my view.
- (c) “Statistics NZ consider their medium series to the most appropriate to assess future population changes”.
- (d) “While at the district level the medium series was considered the most appropriate it is prudent to review the localised growth for the Cromwell Masterplan Programme”.
- (e) “The ‘High’ projections assume around 100 new dwellings/year for the next 10 years in the Cromwell Community Board [Ward] and nearly 90

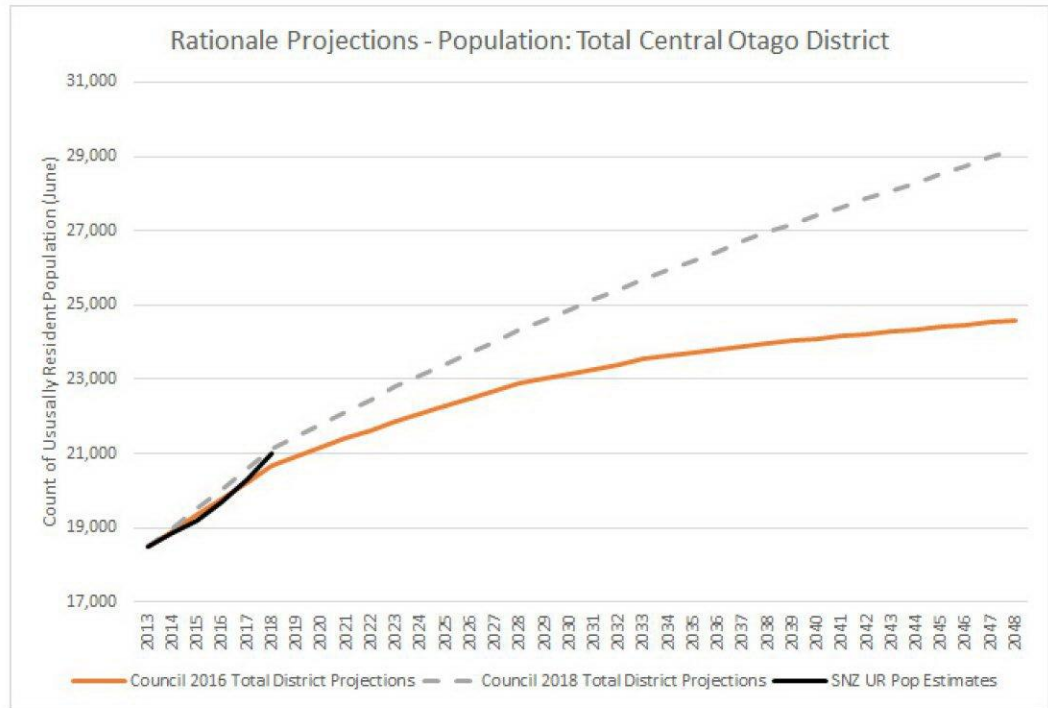
dwellings/year for the next 30 years. We now believe it is appropriate to plan for this level of growth being maintained and to be using the 'High' projections for the Cromwell Masterplan Programme.”

- 26 As my analysis adopted the high growth projection (of dwellings) in any case, this suggests that my analysis reflects Council’s current position on growth and does not over-estimate demand.
- 27 The change in position from Rationale highlights that growth projections often under-shoot growth and need to be revised regularly². Of relevance, Rationale have not supplied a new high growth scenario that sits above the now preferred growth outlook. This indicates that Rationale have not been commissioned to carry out a comprehensive update of CODCs growth projections. It is therefore not possible to examine a more optimistic outcome (which is always prudent for high growth areas).
- 28 I have contrasted the Council’s latest supplied population projections for the total district (what was previously called ‘High’) with the latest population estimates from Statistics NZ³. This is helpful to see how Council’s projections track against actual growth (or best estimates of that).
- 29 The comparison shows (Figure 2) that as at 2018, Council’s projections match closely with Statistics NZ estimates for June 2018. What is relevant is the growth trajectory of the Statistics NZ estimates (2013-2018). If this growth trend continues (and only time will tell) it may show a divergence from the Council projections – i.e. could suggest steeper/higher growth. Again, Council have not provided a scenario that might take this into account.
- 30 Developing growth projections is a very difficult task and updating them regularly is vital. When the Census 2018 data is finally available, as well as Statistics NZ updated growth projections, Council (Rationale) will be in better position to test the assumptions in their model. In the meantime, it is possible that even Council’s latest growth projections (including my analysis of dwelling demand growth) might be conservative if these latest estimates are anything to go by.

² Rationale have recently updated QLDC’s growth projections and between 2017 and 2018 revisions, have now recommended a growth scenario that far outstrips even the high growth scenario that they developed just one year prior.

³ These are not currently available at the Ward level.

Figure 2 – Comparison of Council’s District Population Projections 2016 versus Statistics NZ Population Estimates

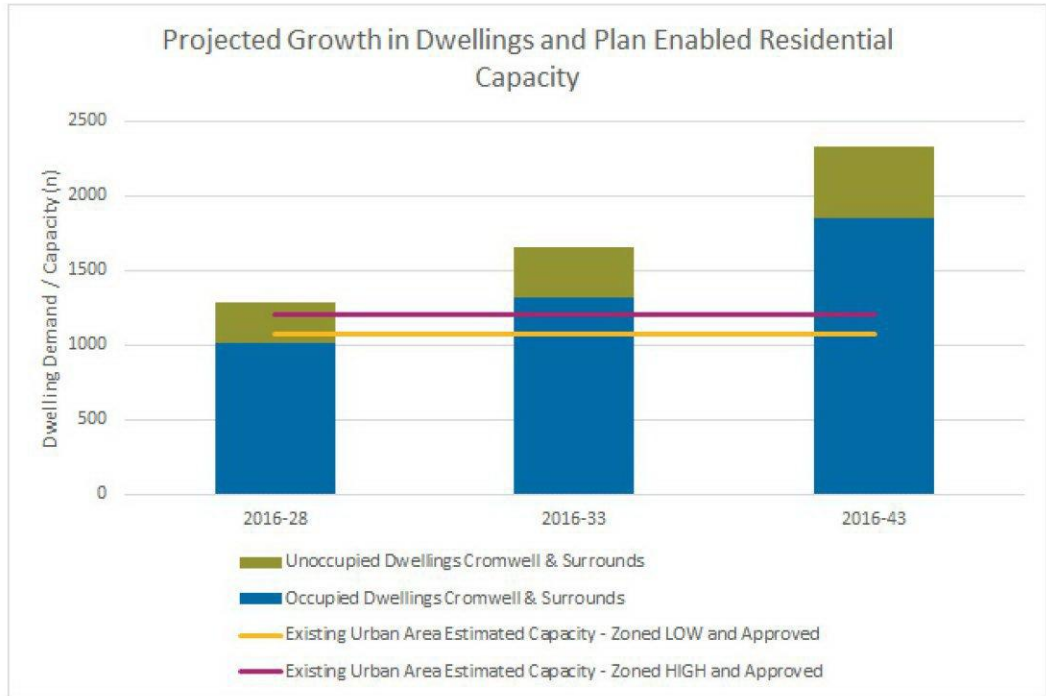


- 31 My assessment of remaining residential **dwelling capacity** in 6 key greenfield areas in urban Cromwell is relatively simple but is clear in its assumptions. Mr Whitney has not disagreed with my estimates of dwelling capacity in each but confirms the outcome of two decisions that were pending at that time. The capacity in both Wooing Tree and the Top 10 now forms part of current plan enabled capacity. My estimates are current plan enabled capacity for between 992 and 1,122 additional dwellings. I also estimated capacity for approximately 80 additional dwellings as a result of further infill on vacant or sub-dividable sites within the Residential Resource Areas of the Cromwell township. This would bring capacity up to an estimated 1,072-1,202.
- 32 For clarity, I have revised Figure 2.16 in my report to remove the scenario where decisions were pending and to include the estimated infill capacity, not previously included in the graph (but qualified in the text) (Figure 3). As per my report, it is important to clarify that dwelling growth in the graph includes demand across Cromwell and its surrounds and so not all growth can be expected to be directed to urban areas – which is the basis of the capacity estimate.
- 33 Allowing for a portion of future growth to be directed to locations outside the ‘urban area’⁴, I conclude from my analysis that “this capacity might get Cromwell through to 2028 with little to spare. Continued growth in demand between 2028

⁴ In my model I allow for 10% of future growth in Cromwell & Surrounds to be directed to rural fringe/rural areas within Cromwell’s surrounds.

and 2033 indicates that additional capacity will be required by then (and it is important to take account of the time needed between zoning and development). In the long term (by 2043), a significant shortfall of urban residential capacity is anticipated – in the order of 950-1,100 dwellings.”

Figure 3 - Updated Comparison of Dwelling Demand Growth and Estimated Capacity Growth



34 The s42A assessment appears to accept this analysis of capacity shortfall but raises additional potential urban capacity that my report does not identify. Before examining that, it is useful to explore the difference between feasible development capacity (as shown by the horizontal lines in Figure 3) and supply of residential dwellings.

35 The graph gives the impression that all of the feasible plan enabled capacity I have estimated is available today. In reality, the timing on when that capacity is available to the market is difficult to predict. The capacity in Waenga Drive for example has potentially been feasible to develop for some years and yet still sits vacant. The land in the Wooing Tree Plan Change 12 is being advertised for equity investment, so does not currently have someone willing to embark on the enabled residential development. There are a range of reasons why feasible capacity does not come to the market. Land banking is also not uncommon.

36 Including 'supply' of capacity on my graphs would require some insight on when each landowner plans to start development, which I do not have. However, you would expect (in a rational market) the line to slope up (not smoothly) from a low

level of ready supply in the short-medium term (relative to feasible capacity), and potentially approaching or meeting the line of currently feasible capacity in the long term. Even that though is not certain.

- 37 The NPS-UDC explicitly recognises the risk of relying on feasible plan enabled capacity for planning purposes, and hence recommends a default buffer be added on top of demand to account for capacity that does not come to market. That default is an additional 20% in the short-medium term and an additional 15% in the medium-long term. However, the NPS-UDC encourages Councils to consider a buffer appropriate to them. This recognises that the development market is unique in every location.
- 38 This is a relevant issue for Cromwell. As far as I am aware the identified areas of greenfield growth capacity in the current urban extent have unique owners. This *suggests* a good level of competition. Each are potentially supplying a different product (in reality this appears to be a slightly different range of section sizes) and at different prices (with Wooing Tree likely to be at the top end)⁵. However, the reality of the timing of that supply directly influences the rate at which demand for dwellings can be met. What appears to be a surplus of capacity today, may be very different in reality.
- 39 Mr Meehan's evidence states that, subject to approval, River Terrace is 'development ready'. This is supported by his track record on other developments which have been delivered without undue delay. There is an inherent risk that Cromwell's dwelling demand will not be met in the short-medium if, for some reason, the other landowners of plan enabled capacity do not act to supply the market. If this proves to be the case (retrospectively), then the benefits of approving the capacity in River Terrace are clear. If the opposite occurs, and all areas of capacity come on stream, the economic costs of approving River Terrace need to be weighed against the economic benefits of enabling further location choice, dwelling types and price points for current and future households in Cromwell. In terms of just dwelling demand and capacity considerations, the risk of acting (approving River Terrace) is much less than the potential risk of not acting. I accept of course, that the risk of oversupplying capacity in the short term is just one effect that is relevant to Plan Change 13.

Including Rural Zoned Land in the Urban Extent as Capacity for Growth

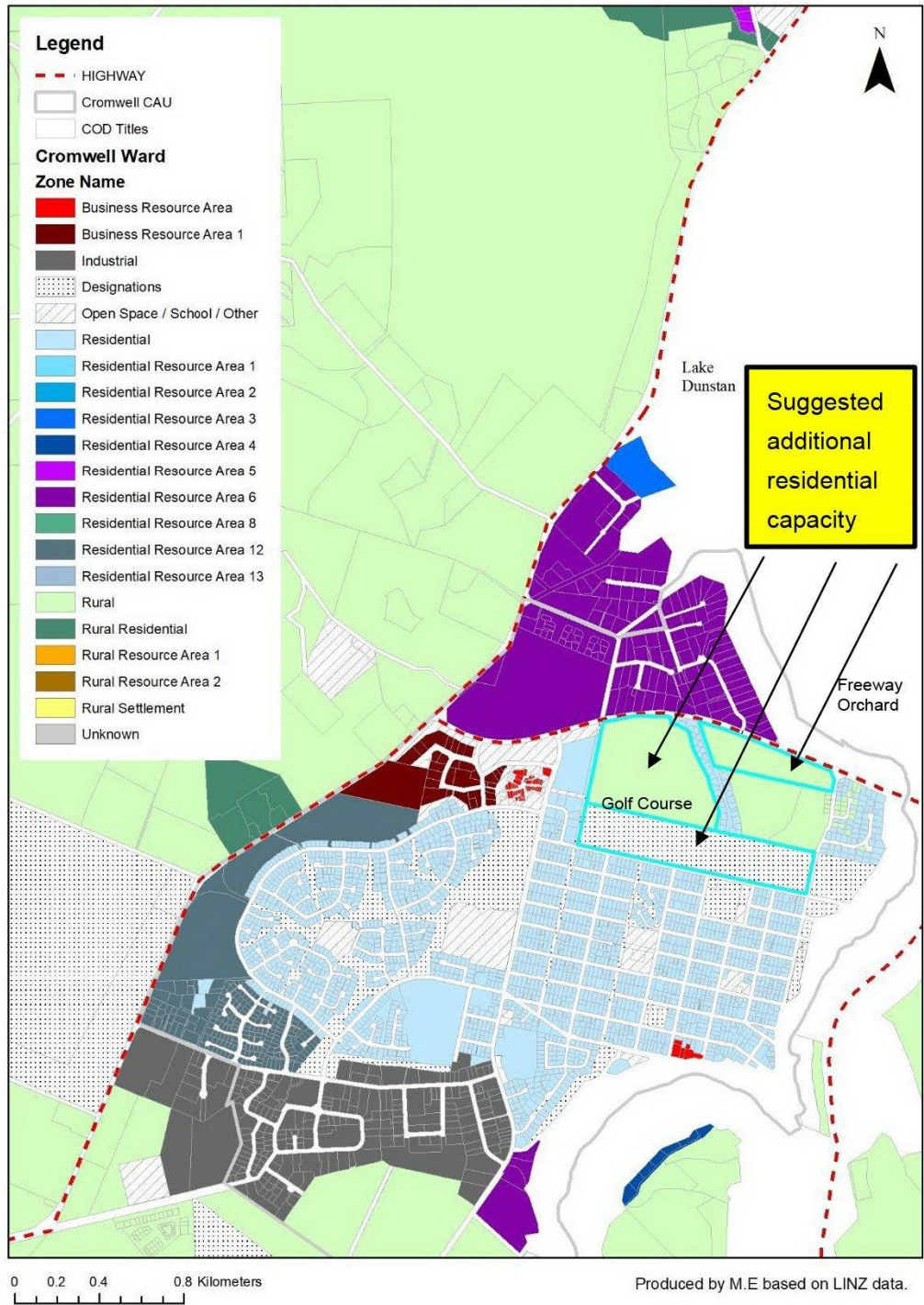
- 40 My analysis considers existing zone provisions as the baseline and considers only land in the approximate existing urban extent that is zoned for residential

⁵ I refer to Mr Meehan's evidence whereby none of the key development areas are delivering house and land packages that help mitigate against bespoke housing costs and achieve greater affordability through economies of scale.

land use or has been consented as such. In other words, I have relied on plan enabled capacity.

- 41 In section 7.1.2, Mr Whitney suggests that 32.7ha of Rural Resource Zone land within the approximate urban extent should be included as future urban dwelling capacity. Furthermore, that an additional 22.3ha of designated 'recreation purpose' land should also be counted. This brings the total area to 55ha. I have mapped the three sites in Figure 4. Mr Whitney claims that these should be included because of the precedent set by the Top 10 Holiday Park decision and because the underlying zone of the 22.3ha golf course site is Residential Resource Area.
- 42 Location alone (i.e. within the urban limits in this case) does not automatically mean that land counts towards feasible dwelling capacity. If that was the case, we would need to include all open space and parks in our urban areas. Existing land use is a key consideration for any decisions to change the land use for residential development. There is a plethora of other factors, as evidenced by this plan change application.
- 43 Mr Whitney is recommending destroying 8.8ha of highly productive land (the Freeway Orchard) for residential development. The Freeway Orchard sustains local employment and is economically significant in terms of its productive output. This approach seems contrary to the intent of the Council's *Masterplan Let's Talk Options* document in which one of the guiding principles for growth planning is to avoid urban sprawl on productive land and to "celebrate the horticultural, viticultural and agricultural environment". It is contrary to the concerns of several submitters. It is also contrary to Mr Whitney's view that the River Terrace site should be protected for potential horticultural development. It seems he would recommend destroying an existing orchard to preserve the opportunity for an orchard that does not exist (and is not the intent of the current landowner).
- 44 Nonetheless, it is possible that the owners of the Freeway Orchard may one day wish to forego the orchard and develop or zone their land for residential growth and it would appear a logical place for that to occur. Today however, the Freeway Orchard land does not represent feasible residential development capacity as it is not zoned for that purpose and it is highly speculative as to when that might occur, if at all. I do not consider it appropriate to include that site in my assessment.
- 45 With respect to the golf course, I acknowledge that the Masterplan Options for Growth document made one high level reference to using "parts of the existing golf course land near the Town Centre" to enable "concentrated residential development such as apartment buildings" – Option 3, page 11. That land was not mentioned in Option 1 or 2. Specific land areas were not identified.

Figure 4 – s42A Suggested Additional Urban Dwelling Capacity



46 At the time of drafting this statement, the Council has not announced its preferred option for growth. Therefore, there is a great deal of uncertainty as to how realistic developing the golf course land really is⁶. On top of that, the commercial feasibility of developing apartment buildings in Cromwell is something that needs further

⁶ The community have not been asked to consider the trade-off between losing their golf course to provide for housing versus allowing housing growth to occur further away from town.

assessment by Council. There is also the significant issue of lost recreational values that would need to be mitigated or remedied in respect to this land. A large share of that land is not currently zoned for residential nor has the balance had its designation lifted. It is not therefore plan enabled capacity in my view.

- 47 The same issues apply regarding the weight that should be given to general infill capacity in the existing urban area and how this might be influenced by the Masterplan process. My preference is to rely on what is currently known in terms of existing dwelling supply and potential infill under operative zoning as well as zoned and already approved future greenfield residential capacity.
- 48 Mr Whitney has not supplied any publicly available evidence on which to base his conclusions in 7.1.3 that the projected shortfall in capacity “**can be achieved**, in large part, by utilising other land currently in the Rural Resource Area that is located within the urban limits of Cromwell; and within other areas (or through greater infill) as **may** be identified in the outcome of the Cromwell Masterplan process” (emphasis added). It may or may not be achievable.
- 49 Further, in section 7.2.10.1 Mr Whitney states that “no particular weight should be placed upon the Masterplan discussion document in the context of Plan Change 13” because it is a non-statutory document. And in 7.15, he states that “in our view it is not appropriate to attempt to predict the outcome of the Masterplan process which is still underway at this time”. I believe he does just that when he claims that the assessment of capacity should take account the rural zoned land in the existing urban area.

The Spatial Pattern of Cromwell’s Growth

- 50 In section 7.16 of the s42A report Mr Whitney provides a summary of Cromwell’s urban growth history referring to expansion in the late 70s and early 80s between Barry Avenue and Waenga Drive. He states that “Plan Change 13 stands in stark contrast to the integrated planning which provided for the expansion of Cromwell to accommodate the Clutha Valley Development workforce and which has served to guide Cromwell’s development in recent decades”. He then states that River Terrace will be a satellite residential area ... that will not be integrated with the existing town of Cromwell.
- 51 I refer to the expert evidence of Mr Ray on matters of urban form but can contribute some spatial analysis (within my area of expertise) on how and where Cromwell has grown. This analysis formed the basis of my submission document to the Masterplan Growth Options and was generated in response to other project work I have in Cromwell. I refer to the maps in Appendices 1-4 of my Masterplan submission document.

- (a) Bannockburn developed during the 1980s and 90s (with some more recent expansion between 2002 and 2006 and again in 2010). The council has enabled urban growth of what is essentially a satellite suburb that is not integrated (and has no hope of being integrated due to natural barriers) with the existing town of Cromwell.
 - (b) Pisa Moorings is a residential suburb that developed in 1994/1995 (and further extended in 2006, 2008, 2013, 2016 and 2018). This is a clear example of Council enabling a satellite residential area that is not integrated (and has no hope of being integrated in the foreseeable future) with the existing town of Cromwell.
 - (c) The residential development in Robertson Court and Sunhaven Cove (near the SH8b bridge) occurred in the early 2000s. This site is bounded by the lake, the Alpha Street Recreational Reserve, the Golf Course, the Top 10 Holiday Park and an orchard. On a smaller scale, this residential development was zoned despite no integration or cohesion with existing residential land – it remains surrounded by a belt of Rural Zoned land and designated open space (although noting that only through a recent non-complying consent (and not a strategic planning approach led by Council) it will soon adjoin residential development on the Top 10 site).
 - (d) The low-density residential lots north and east of Shortcut Road are similarly isolated and not integrated with the township. Only through a private plan change (PC 12 Wooing Tree) will these developed areas achieve some cohesion of residential/urban land use.
- 52 The reality of Cromwell's past expansion has resulted in a fragmented and dispersed urban environment, developed without any apparent strategic plan. Even the Rural Residential zone, which would typically be adjoining the urban edge and function as a buffer to primary production activities, sits *outside* a belt of horticultural land (i.e. Ripponvale Road). Strategic urban planning is not just about where urban uses should go, but where further intensive primary production activities should not.
- 53 With respect, I believe Mr Whitney's view of the planning history of Cromwell in not informative or representative of all the facts. Comparing the proposed River Terrace development with urban expansion patterns in the past does not recognise the real constraints to urban expansions that exist today. Cromwell is bounded by water in several directions. State Highways are on the north and west which are a notable (but not unsurmountable) barrier. There are existing and economically significant horticultural activities to take account of. To the south, the residential area is now hard up against the industrial zone. The next step in

any sizable greenfield expansion⁷ outside the current and approximate urban extent is inevitably going to lack integration with the town centre to some degree in my view. That is an effect that needs to be managed and can be managed as Mr Ray explains in his evidence. It is not a reason to stop expanding.

National Policy Statement – Urban Development Capacity

- 54 In section 9.3.1 of the s42 report, the definition of ‘urban environment’ in the NPS – UDC is included as follows: *“Urban environment means an area of land containing, or intended to contain, a concentrated settlement of 10,000 people or more and any associated business land, irrespective of local authority or statistical boundaries.”*
- 55 Where an urban environment meeting that definition occurs in a territorial authority, the (8) Objectives of the NPS and Policies PA1 – PA4 apply to decision making related to urban growth.
- 56 Mr Whitney considers whether Cromwell is a qualifying urban environment in two ways.
- 57 First, he identifies the 2013 resident population of 4,143 applying to “Cromwell (including outlying urban areas and rural areas in the Cromwell Ward)”. He then follows this by saying that “It appears that the existing urban area of Cromwell, as provided for in the Operative District Plan, does not contain and is not intended to contain a concentrated population of 10,000 people”.
- 58 Mr Whitney’s estimates of the 2013 population are not correct (when compared with Census data 2013). The Cromwell Census Area Unit, which matches the Statistics NZ Cromwell Urban Area Boundary, had a population of 4,300 in 2013 (and latest estimates, have that same area at 5,160 June 2018). This does not include the ‘outlying urban areas and rural areas of Cromwell Ward’ as Mr Whitney indicates. If these were included the population would be higher again.
- 59 In any case, Mr Whitney confuses population (a snap shot in time) with what the Operative District Plan provides for, which is a capacity greater than the 2013 or even current population, as it includes some vacant plan enabled land that has not yet been developed. Further, it is my view that the NPS is concerned with growth projections and not what is currently enabled, as the purpose of the NPS is ensure that additional capacity is provided to meet future demand (i.e. what is plan enabled in the operative plan is the baseline only).
- 60 The s42 report then takes the correct approach of considering the growth projections of the Cromwell urban environment. He identifies the latest (High) population projections for the total Cromwell Ward – where the population

⁷ Notwithstanding the potential for a portion of growth to be accommodated through intensification.

reaches 10,200 by 2033. Given that the Cromwell Ward does include rural areas and “other urban areas”, Mr Whitney concludes that “The town of Cromwell *may* not contain a population of 10,000 by 2048 and therefore Cromwell *may* not be an urban environment for the purposes of the NPSUDC”. He concludes that “*if* Cromwell is not an urban environment the Objectives and policies of the NPS – UDC would be of no relevance to PC13. However, he leaves it open for evidence to be presented to the Commission that establishes that Cromwell *is* an urban environment.

61 I have considered the issue of whether Cromwell is part of an urban environment that is anticipated to have a population of 10,000 people. There are several relevant considerations:

- (a) The definition does not contain a time limit. Mr Whitney considers 2048 – being the long-term in NPS – UDC terminology, but this only applies to the requirements of Councils to deliver sufficient capacity (to varying levels of enablement) in the short, medium and long-term. 2048 (or any other year) is not relevant for identifying urban environments.
- (b) Urban environments are ultimately for Councils to define. They are not constrained to statistical boundaries, such as the StatisticsNZ Cromwell Urban Area boundary. Statistical boundaries change over time to reflect where growth has occurred, they do not determine where growth should go.
- (c) Urban environments do not need to be cohesive areas. In QLDC for example, the Council includes several nearby but separate urban areas as part of the “Wanaka Urban Environment” and “Queenstown Urban Environment”. This resulted from the Council acknowledging the geography of the district and the way in which urban areas have developed, as well as considering the functional relationships of these outlying urban areas (that contained urban densities and land uses) with the main urban areas. For example, Hawea and Luggate, while separate from Wanaka’s urban area (by approximately 16km and 13km respectively), are included in the Wanaka Urban Environment because they are dependent on Wanaka for their social and economic wellbeing. Wanaka is where those residents travel for work, shopping, schooling, leisure etc. This approach was accepted by MBIE in their evaluation of QLDC’s Housing Development Capacity Assessment 2017.

62 With these two factors in mind, I believe that Pisa Moorings certainly qualifies as part of the Cromwell urban environment if one was to take a functional relationship approach. Lowburn and central Bannockburn may also qualify where

there are dwelling densities that are urban in nature (as opposed to rural residential or rural lifestyle).

- 63 The Council's latest projections are helpful in this regard. They split Cromwell Ward into three areas. Cromwell Urban (equates to the Cromwell census area unit), Outer Cromwell (also referred to as Cromwell Surrounds), which captures the land in Cromwell south, Pisa Moorings, Lowburn and Bannockburn (and the rural/rural fringe areas in between) and Cromwell Rural, which is the more distant rural areas including rural settlements like Tarras. In my view, the combination of Cromwell Urban and Outer Cromwell forms an urban environment, albeit that the rural land between the urban areas in Outer Cromwell would need to be excluded.
- 64 I have summarised the data below (Table 1). Figure 5 contains the associated map from the Rationale projections report. In the table, I have highlighted yellow the number that the s42 report refers to for total Cromwell Ward. I have shown the sub-total which combines Cromwell Urban and Outer Cromwell. It shows that prior to 2038, these two combined areas would reach 10,000 residents (highlighted green). Excluding a portion of this projected population that is rural/rural fringe rather than urban, the combined urban areas would reach 10,000 sometime later. As stated above, the year in which that occurs is irrelevant. If these growth projections are conservative, then it will occur sooner than indicated in Table 1.

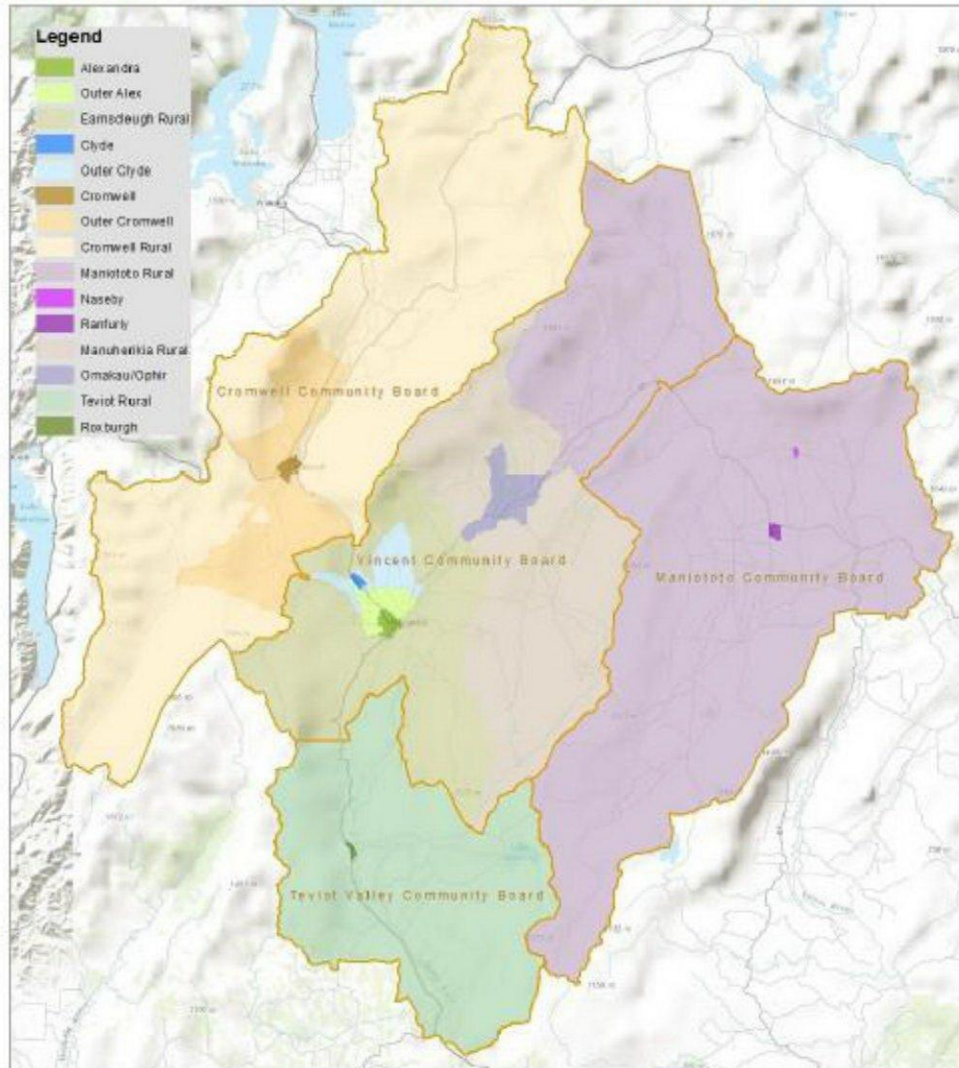
Table 1 – CODC Adopted Cromwell Ward Population Projections by Location

	2013	2018	2023	2028	2033	2038	2043	2048	Growth 2013-2048	
Cromwell Urban	4,300	5,240	5,690	6,100	6,460	6,780	7,070	7,360	3,060	71%
Outer Cromwell	1,481	1,953	2,320	2,659	2,978	3,275	3,556	3,837	2,356	159%
Combined Indicative Urban Environment *	5,781	7,193	8,010	8,759	9,438	10,055	10,626	11,197	5,416	94%
Cromwell Rural	472	566	640	708	771	831	887	943	471	100%
Total Cromwell Ward **	6,253	7,759	8,650	9,467	10,209	10,886	11,513	12,140	5,887	94%

Source: CODC, Rationale Ltd. * a small portion of this population is still rural/rural fringe, so slightly overstates a potential definition of 'urban' environment.
 ** Also referred to Cromwell Community Board area in the projections.

Figure 5 – CODC Population Projection Map of Modelled Locations

Appendix A – District, Community Board and Area Map



65 Based on my understanding of the purpose of the NPS-UDC and the data above, Cromwell is part of an urban environment anticipated to reach a population of 10,000 people. Therefore, the objectives of the NPS, and policies PA1-4 apply to PC13.

Response to the Section 42A Report and Submission – Issues Not Already Addressed

The Land/Soil Resource

66 Section 7.13 of the s42A report discusses effects on the land/soil resource. I refer to, and agree with, the expert evidence of Mr Hill on this matter. However, to the extent that I have already included maps and associated commentary of highly

productive soils in my submission to the *Masterplan Let's Talk Options*, I wish to add the following points:

- (a) My analysis of highly productive soils was based on Land Use Capability (LUC) classes 1-3 and clearly showed that the River Terrace plan change site does not occupy any soils in those classes. The LUC dataset provides a consistent approach nationwide and is relied upon in many district plans.
- (b) My company is currently (at the time of writing) contracted by the Ministry for Primary Industries to complete the indicative cost benefit analysis (CBA) of the proposed National Policy Statement on Highly Productive Land (NPSHPL). I am project managing that work and have a key role in the spatial analysis informing the CBA. A formal discussion document will be released later this year to gather New Zealanders views on this topic and the proposed approach to national direction (the NPSHPL). Its status is therefore draft. The broad intent of the NPS has already been signalled in the media (Appendix 1).
- (c) The analysis I submitted with my submission on the Masterplan is therefore consistent with the intent of central government to protect productive land and versatile soils. I maintain that the River Terrace site does not sit on highly productive soils. Mr Hill has also confirmed that the land does not sit on high class soils.
- (d) I note in regard to my submission on the Masterplan growth options, that one option of CODC's was further intensification of both Bannockburn and Lowburn (Option 1 – Change Focussed in the Basin). Both of these areas contain LUC 1-3 highly productive soils. Further intensification of these areas would seem contrary to the stated purpose of the proposed NPSHPL in my view (given that there are alternate areas for growth that do not comprise or further compromise highly productive soils). Council potentially promoting growth in those areas seems contrary to Mr Whitney's general concerns for soil resources.

Industrial Expansion

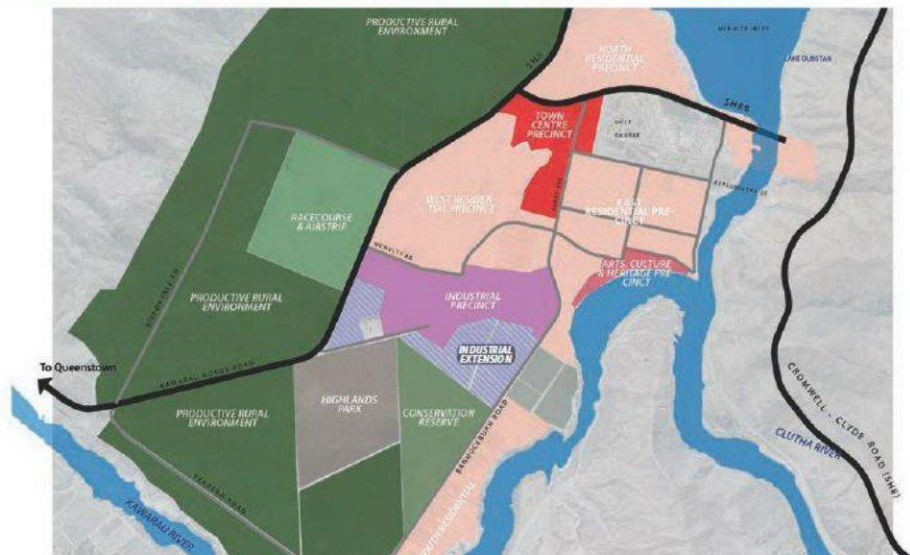
- 67 In section 7.17 of s42A report, the submission of Mr Dicey (90/14) is discussed. Mr Whitney states that “the land subject to Plan Change 13 ...may well be a logical area for industrial expansion once industrial land in the vicinity of McNulty Road and Cemetery Road and vacant land generally to the south of the existing Industrial Resource Area, is fully utilised”. He concludes that the proposal “will have an adverse effect in terms of restricting the potential that the subject site and adjacent land has for industrial subdivision and development”.

- 68 This statement is a direct contradiction to his concerns about locking up potentially productive land with an urban land use.
- 69 Mr Whitney has not provided any evidence of an assessment of industrial demand, supply and capacity that would inform the need for this land to be protected for future industrial use or the timing of when additional land may be required. His claims are therefore unsupported.
- 70 Of key relevance, the *Masterplan Let's Talk Options* document clearly identified an area for potential industrial expansion in its Spatial Framework. This was the area to the south of the existing industrial zone. The area of Plan Change 13 and surrounds has not been identified for that purpose (Figure 6). The Masterplan claims to take a long-term outlook (2050) and has presumably concluded that the identified area is suitable to guide future planning decisions with regard to industrial land use zoning.

Figure 6 – Masterplan Growth Options – Map Identifying Future Industrial Land Use

EXTENDING OUR INDUSTRIAL AREA

We need to allow enough land for new businesses and employment opportunities to support our industry and service sectors. We are investigating extending the industrial-zoned land to the east and west, as shown in the map below. This proposed extension is included in all of the spatial framework options.



- 71 The s42a is also inconsistent in that it claims both an opportunity cost for productive potential on the River Terrace site (future horticultural use) and an opportunity cost for industrial land use potential. This is highlighted in the Conclusion: Effects on Environment (section 7.25) where Mr Whitney discusses these opposing outcomes in sequential paragraphs. In my view, Mr Whitney double counts the opportunity cost as they are not additive (one precludes the other). Given the lack of evidence on long term industrial land demand over and

above what is already identified in the *Masterplan Let's Talk Growth* document, this alleged adverse effect should be discounted.

Conclusions

72 My evidence concludes that:

- (a) To accommodate projected dwelling growth, which will be heavily dominated by demand for standalone dwellings and retirement living, the Council needs to consider locations for greenfield expansion. The perceptions of the urban limits of Cromwell need to adjust with that reality.
- (b) South of Cromwell's existing urban area presents a logical location for that growth. This is discussed further by Mr Ray. This was recognised in Option 2 of the *Masterplan Let's Talk Growth* document. A degree of lack of integration is inevitable but is something that can be mitigated.
- (c) The lack of integration with the existing urban area is a cost that would apply to any greenfield residential growth in South Cromwell, or indeed further expansion of places like Bannockburn and Pisa Moorings. It is therefore part of the status quo future and not a net cost attributable to Plan Change 13.
- (d) Cromwell is an urban environment anticipated to reach 10,000 residents. The objectives and policies (PA1-4) of the NPS – UDC therefore apply to Plan Change 13.
- (e) As the first proposed residential development in the south of Cromwell, the River Terrace may appear an 'island' or satellite residential area. There are other examples of this in the Cromwell urban environment. Longer term however, the River Terrace development may form part of a larger community in South Cromwell as demand for greenfield expansion is unlikely to stop.
- (f) It is also possible that Council's growth projections (even the latest version) will underestimate future growth in Cromwell Ward. In this case, the modelled shortfall will be larger and occur sooner than estimated.
- (g) While there is recreational and horticultural land within the existing urban extent of Cromwell, it would be highly speculative to assume that this should be relied on for greenfield housing growth. It is not currently feasible capacity and should not be factored into estimates of residential capacity sufficiency at this time.
- (h) Similarly, the commercial feasibility of significant intensification of the existing Cromwell urban area has not been assessed by Council as far as

I am aware – no evidence of this has been provided. Intensification cannot be relied upon to cater for strong demand growth for standalone dwellings.

- (i) The River Terrace site is located on under-utilised rural land. The provision of additional dwelling capacity in this location is not at the expense of existing productive land (or existing recreational land for that matter). There is no evidence presented that the land is required to cater for future industrial land use.
- (j) The proposed development benefits economic and social wellbeing by supplying dwellings at a range of densities and price points in a location that is relatively close to Cromwell town centre.
- (k) Ensuring a surplus of land over and above demand is important to help mitigate the effects of owners of feasible development land who may not choose to bring their land to market (land banking) and to relieve pressure on rising land values (which is driven by a shortage of supply).

Dated 23 April 2019

Appendix 1 – Article on NPS to protect versatile soils

Parker wants to protect productive land

Environment Minister David Parker wants officials to work on a national policy statement for versatile land and high-class soils in response to a report showing changing land use such as urban sprawl and intensified farming are adding to natural pressures from climate change and earthquakes.

The Ministry for the Environment and Statistics New Zealand reported in Our Land 2018 on the state of the soil and the state of indigenous biodiversity and ecosystems.

It showed significant changes in land use over the past two decades with a 10% expansion of urban areas at the expense of the most versatile land and a 7% contraction in agricultural land, which has become increasingly converted to dairy and used more intensively.

The report found NZ loses 192 million tonnes of soil each year, with 44% from pasture, and that 48% of tested areas falls short on soil quality in phosphorus content, which indicates soil fertility, and macroporosity, an indicator of the soil's physical status.

Parker said he is “particularly troubled by how much of our urban growth is occurring in our irreplaceable, highly productive land” and has tasked officials to start work on a national policy statement for versatile land and high-class soils.

A national policy statement lets a government direct a local authority to amend a regional policy statement or district or regional plan to include specific objectives or policies.

“We have to ensure we have enough land to build the houses people need but we must protect our most productive areas too,” Parker said.

“This report must spark a greater effort to build our knowledge of land as it's clear there are significant data gaps, which must be filled.”

The report shows more intensively used land is more prone to fall short on the quality standards with 51% of tested dairy sites reporting excess phosphorous and 65% below target for macroporosity.

“Healthy soil is like a sponge, full of holes that can absorb air and water,” Parker said.

“When it is compressed it can't absorb water, which makes it more drought-prone and nutrients are more likely to run off into waterways.”

The report said a loss of tree cover accelerates soil erosion and the increased profitability of dairy contributed to deforestation and conversion.

– **BusinessDesk**

20th April 2018

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