

Presented at hearing 3 July 2019 by E Guy. (12)

**BEFORE CENTRAL OTAGO DISTRICT COUNCIL**

**IN THE MATTER**

of Proposed Private Plan Change 13  
to the Central Otago District Plan

**REQUESTOR**

**RIVER TERRACES DEVELOPMENTS  
LIMITED**

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**SUMMARY EVIDENCE OF EDWARD ALEXANDER GUY  
FOR CENTRAL OTAGO DISTRICT COUNCIL (FS#506) AND  
G AND V WILKINSON (#396)**

**Dated 2 July 2019**

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**Introduction**

1. My name is Edward Alexander Guy. I have the qualifications of Bachelor of Engineering (Civil) and a Bachelor of Commerce. I am the Founder, Managing Director and Principal Infrastructure Advisor of Rationale Limited (Rationale), based in Arrowsmith. Rationale is an independent advisory firm, formed in 1999, that helps leaders in both the public and private sectors make well-informed investment and infrastructure decisions. I am a registered member of the Institute of Directors. I was appointed to the National Infrastructure Advisory Board in 2011, and remain a member at this date, which indicates the high level of trust put in my judgement.
2. My expertise is in the area of investment management and decision making as outlined in my primary evidence prepared for this hearing and dated 20 May 2019.
3. This evidence summarises my primary evidence and it also responds to several points raised by legal counsel for the Proponent, Mr Goldsmith, and through the Proponent's evidence.

**Code of Conduct**

4. I have read and agree to abide by the Environment Court's Code of Conduct for Expert Witnesses as specified in the Environment Court's Practice Note 2014. This evidence is within my area of expertise, except where I rely upon the evidence of other expert witnesses as presented at this hearing. I have not omitted to consider any material facts known to me that might alter or detract from the opinions expressed.

**SUMMARY OF PRIMARY EVIDENCE**

5. Throughout the Cromwell Masterplan process, the BBC approach ensured a wide and complex array of factors could be considered and analysed for Cromwell, ensuring the best outcome could be identified using a range of optioneering tools, analysis and engagement.
6. The business case provides an early opportunity for the organisation and key stakeholders to influence the direction of the Masterplan and to avoid too much effort being put into developing options that should not proceed. The Masterplan provides clear strategic direction and a platform for investigative work focused on delivering housing.

7. The BBC process involved repeated engagement with key stakeholders and the community through surveys, facilitated Investment Logic Mapping (ILM) workshops, optioneering and public engagement events.
8. The key problem identified through the ILM workshops is:

*“Rapid growth and housing demand, with limited planning, driving ad hoc development, not meeting community expectations, impacting on aesthetics and town functionality. 40%”*
9. The initial community engagement provided a substantial number of potential interventions. Following a range of initial workshops, engagement and evidence gathering, an options assessment was carried out including developing multi-criteria analysis (MCA) tools. These options assessment tools were tested against ILM investment objectives, risks and design principles in internal workshops between the Council staff and the project team.
10. These tools helped to narrow a longlist of spatial framework options, six in total, down to a shortlist of three options for community consultation.
11. The shortlist was chosen because it provided contrasting growth options (i.e. growth in the settlements, balanced growth and intensify the core) which all delivered on the population increase expected, but with different land use/form outcomes.
12. Longlist options one, two and six were discounted at this stage by the Project Team, guided by community engagement, determining them to be inconsistent with the Masterplan objectives, delivering dis-benefits and in the case of Option six, high risk. Option six diminished the ability of the other Masterplan workstreams to deliver on the investment objectives defined for them.
13. The community was asked which of the three growth options they preferred and why. Of the 467 respondents 49%, the highest response, preferred Shortlist Option 3 – Growth focused within existing Cromwell.
14. People felt that focusing future growth within existing Cromwell township would help create a vibrant and busy town centre. Many said that the focus should be on the existing town first before outlying areas to keep the majority of the population close to existing amenities. Comments suggested that a more concentrated population would ‘bring the town back to life’.
15. The community feedback was that further sprawling development on Cromwell’s outskirts will continue this ‘ad hoc’ approach, impact the town’s aesthetics and

effect on Cromwell's 'A World of Difference Values'. This is something the community has strongly shown their opposition to throughout the Masterplan engagement process. The opposition to further sprawling development on Cromwell's outskirts reflected in PC13 is now evident in the level of the community's opposition to PC13.

#### **RESPONSE TO POINTS RAISED BY LEGAL COUNSEL FOR THE PROPONENT AND PROPONENT EVIDENCE**

16. Mr Goldsmith has prepared a legal submission for the proponent dated the 10th of June 2019. I have been asked to respond to issues that he raises.

#### **Timeframes and process**

17. There have been numerous incorrect references to the CMP timeline. To clarify these and show how they align to the PC13 timeline, I have prepared the following schedule of key dates in **Attachment A**. This shows that the CMP was in fact underway, in January 2018, before PC13 was submitted to the Council on 1 March 2018.
18. In response to "*The unconcluded state of the CMP*" (Goldsmith paragraph 24), the final Cromwell Masterplan Spatial Framework document was adopted by the Cromwell Community Board at its meeting on 29 May 2019 and was publicly announced on Friday 7 June 2019. This document is in effect the first part of the Cromwell Masterplan (CMP) and the most relevant part to accommodating growth in Cromwell. Therefore, there are clearly defined outcomes and principles that PC13 can now be assessed against. Ms Brown will explain this further when she presents her evidence.
19. There has been criticism from both Mr Bretherton and Ms Hampson about the perceived lack of consideration by the Council of the Market Economics submission to the CMP Let's Talk Options consultation document.
20. The primary purpose of the Let's Talk Options process was to obtain community feedback on the three Masterplan components, primarily asking the community which option it preferred and why. The document stated that "*The community will have a further opportunity to contribute to any proposed changes through the usual formal submission process that is part of a District Plan change process.*"
21. It is noted that the Proponent's submission to the CMP "*..... identified ..... some key urban growth issues that are not addressed in the Cromwell Masterplan consultation documents:*" These were regarding the changing demographics of the Cromwell community and the impact it would have on different housing

typologies. The project team acknowledges this issue and on 17 December 2018 suggested funding for a Housing Stocktake and Market Analysis project which is now underway.

22. To avoid conflicts and bias, I personally did not communicate with any landowner or developer, on an individual or group basis, unless they were present at the engagement sessions, of which there were many. Furthermore, I was not instructed to provide feedback on any of the communications received.

### **Housing Crisis**

23. Among the issues raised by Mr Goldsmith is his claim of a 'housing crisis' in Cromwell and his statement that *"No one else involved in this hearing has recognised it or commented on it."* (Paragraph 48a). The need for housing is in fact recognised through CMP Problem Statement 2, addressed at paragraphs 44-47 of my primary evidence, which had the highest weighting of all the problem statements in the ILM.

24. The problem statements are made up of two parts, the cause and the effect. In this instance the cause is:

*"Rapid growth and housing demand with limited planning,.."*

And the effect is:

*"...not meeting community expectations, impacting on aesthetics and town functionality".*

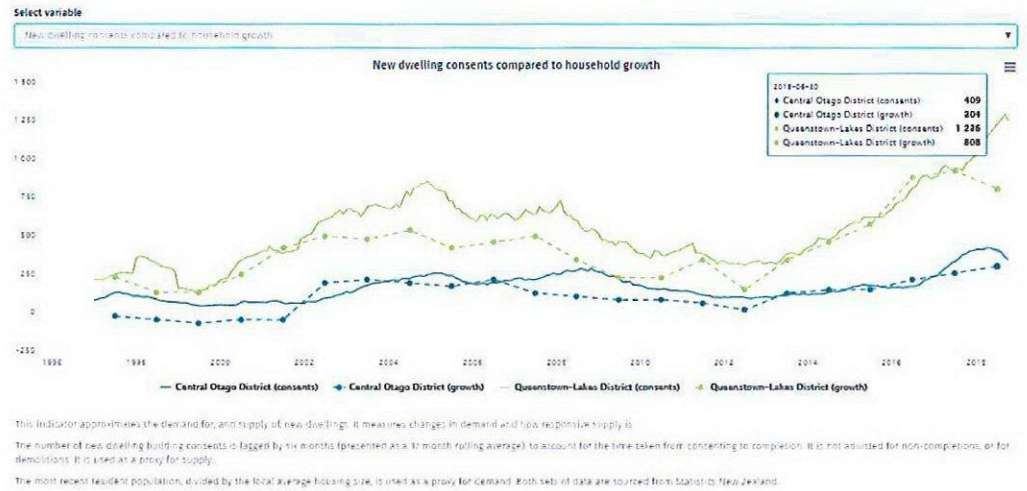
Hence the concern is about the form of the response to growth rather than the growth itself.

25. Limited tangible evidence is provided to support the Cromwell "housing crisis" claimed by the Proponent (Paragraph 47). This is also acknowledged by Central Otago District Council (CODC). As a result, CODC have recently engaged Rationale Ltd and Veros Property Services to undertake a Housing Stocktake and Market Analysis report to gather further information about urban development trends, market activity, gap analysis and commercial feasibility for housing in Cromwell.
26. It is anticipated that the Housing Stocktake and Market Analysis report will assist CODC in having partnership conversations with those landowners/developers who hold land of strategic importance for delivering the Masterplan outcomes.

27. This report will enable CODC to adapt and respond to the information resulting from this analysis as required by objective OC2 of the NPS-UDC (Paragraph 43) (should the NPS-UDC be considered an obligation at all in the Cromwell context).
28. Information that is available today from MBIE's Urban Development Capacity Dashboard, shown below, does show an uplift in prices and rents but nothing that is inconsistent with historic trends and still significantly below the neighbouring Queenstown Lakes District.



29. The following chart also shows that the market is responding to the uplift in demand as it has done in the past and it can therefore be concluded that a 'housing crisis' does not exist.



30. CODC has also commissioned Rationale to undertake a high-level housing affordability study in January 2018. This study looks at rent and mortgage repayments as a percentage of household income as an indicator of housing affordability. This study concludes that Cromwell is on the cusp of an affordability issue. Further information gathering is currently being undertaken by CODC in this area.

### Option Evaluation

31. Mr Goldsmith has made statements regarding the “...complete failure ..... to acknowledge the primary benefit of PC13....” (Paragraphs 94 and 95). That is not correct. Through the BBC optioneering process the benefits of Option 6, similar to PC13, were clearly evaluated (refer Attachment G of my primary evidence).
32. Option 6 was evaluated as delivering well on the Spatial Framework Objective 2:  
*“Housing is available and affordable to meet the needs of a diverse & strong community”.*
33. However, it did little to deliver on the wider CMP Objective 2:  
*“Growth is accommodated, delivering on our values and enhancing how Cromwell functions”.*

The project team agreed that it would not align well with the ‘World of Difference Values’ and would not enhance how Cromwell functions when compared against the other alternatives.

34. Option six was evaluated as a high-risk option in terms of achievability. A number of dis-benefits were identified such as degradation of rural amenity and reduction of productive land, as confirmed by Mr Dicey’s evidence for the Central Otago

Winegrowers Association. This option also eroded the investment objectives of other Masterplan workstreams, including the town centre vibrancy.

35. On the balance of these pros and cons option six was discounted from further analysis and evaluation by the project team. This was mainly regarding the critical success factor relating to 'achievability' due to the community and therefore political appetite being so low for a PC13 type satellite town.

## **CONCLUSION**

36. The BBC process has ensured that a full range of options has been considered in developing the Cromwell Spatial Framework, which forms the first part of the Cromwell Masterplan.
37. A PC13 type satellite town development (option 6) was discounted from the optioneering process by the project team using multi criteria analysis (MCA). Option 6 also eroded the investment objectives of other Masterplan workstreams. This type of development did not progress for further analysis and evaluation as it was deemed to be high risk in terms of achievability.
38. A significant amount of community engagement has been undertaken through this process and the community has clearly shown their preference for growth being focussed in the existing Cromwell township.
39. People felt that focusing future growth within the existing Cromwell township would help create a vibrant and busy town centre.
40. Evidence suggests that Mr Goldsmith's claim of a 'housing crisis' is unsubstantiated.
41. Further work is progressing on a Housing Stocktake and Market Analysis to inform feasible development and commercial viability of different housing options. The work will enable continuing partnership conversations with landowners/developers who hold land of strategic importance for delivering the Masterplan outcomes.

Dated 2 July 2019

Edward Guy



## ATTACHMENT A: Masterplan Timetable

Masterplan Key Dates	PC13 Key Dates	Event	Description	Parties Involved
25-Jan-18		Project Plan for CMP prepared	Project kick off	Rationale, CODC
7-Feb-18		Purchase Order received	Purchase Order received by Rationale from CODC to allow the invoicing of the Cromwell Masterplan.	Rationale, CODC
	1-Mar-18	PC13 Lodged with CODC		RTDL, CODC
17-May-18		ILM Workshop	ILM for the Cromwell Masterplan	Rationale, CODC, Informed Participants
	19-May-18	PC13 publicly notified		RTDL, CODC, Members of Public
22-May-18		ILM Workshop	ILM for the Civic Facilities, Presbyterian Church	Rationale, CODC, Informed Participants
24-May-18		ILM Workshop	ILM for the Memorial Hall, Presbyterian Church	Rationale, CODC, Informed Participants
25-May-18		ILM Workshop	ILM for the Cromwell Spatial Framework, Presbyterian Church	Rationale, CODC, Informed Participants
2-Jun-18		CMP Drop In Sessions	Public drop-in session - Public Library 10am - 1pm	Rationale, CODC, Members of Public
6-Jun-18		CMP Drop In Sessions	Public drop-in session - Public Library 3pm-6pm	Rationale, CODC, Members of Public
14-Jun-18		Community Engagement	Education, Youth and Environment - The Mall 4pm	Rationale, CODC, Members of Public
15-Jun-18		Community Engagement	Stakeholder Land Development session - The Gate 5:30pm - 6:30pm	Rationale, CODC, Members of Public
16-Jun-18		Community Engagement	Public drop-in session - Mall Frontage 10am - 1pm	Rationale, CODC, Members of Public
18-Jun-18		Community Engagement	Stakeholder Primary Production session - The Gate 5:30pm - 6:30pm	Rationale, CODC, Members of Public
19-Jun-18		Community Engagement	Stakeholder Business session - The Gate 5:30pm - 6:30pm	Rationale, CODC, Members of Public
	20-Jun-18	PC13 submissions close		RTDL, CODC, Members of Public
25-Jul-18		Community Board Workshop	Cromwell Memorial Hall, 1pm-4pm	Rationale, CODC, Cromwell Community Board
9-Aug-18		MCA Review	2.30pm-4pm	Rationale, CODC
21-Aug-18		Community Board Workshop	Cromwell Memorial Hall, 12:30pm-4pm	Rationale, CODC, Cromwell Community Board
	13-Oct-18	PC13 notified for further submissions		RTDL, CODC, Members of Public
18-Sep-18		Community Board Workshop	Endorsement of shortlist/preferred options	Rationale, CODC, Cromwell Community Board
19-Oct-18 to 19-Nov-18		Consultation	Let's Talk Options survey	Members of Public
21-Oct-18		Community Engagement	Information session at 48 The Mall, 9am - 4pm	Rationale, CODC, Members of Public
24-Oct-18		Community Engagement	Information session at 48 The Mall	Rationale, CODC, Members of Public
	29-Oct-18	PC13 further submissions close		RTDL, CODC, Members of Public
30-Oct-18		Community Engagement	Information session at 48 The Mall	Rationale, CODC, Members of Public
4-Nov-18		Community Engagement	Information session at Farmers Market, Cromwell Heritage Precinct	Rationale, CODC, Members of Public
8-Nov-18		Community Engagement	Online drop-in event	Rationale, CODC, Members of Public
	19-Nov-18	RTDL - Submission to CMP		RTDL, CODC, Rationale
17-Dec-18		Community Board Workshop	Draft Masterplan presented to Cromwell Community Board, The Gate, 2pm - 5pm	Rationale, CODC, Cromwell Community Board
Mar-19		Summary of Masterplan prepared for Annual Plan consultation document		Rationale, CODC
29-May-19		Final Cromwell Spatial Framework adopted by Cromwell Community Board		Rationale, CODC