Appendix 'F'

Market/Economics

William Hill Private Plan Change, Alexandra

Economic Assessment

30th March 2021 – Final

m.e consulting

William Hill Private Plan Change, Alexandra

Economic Assessment

Prepared for

Molyneux Lifestyle Village Limited

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Contents

Figures

1 Introduction

This report by Market Economics ("M.E") provides a desktop assessment of future housing demand and capacity in Alexandra in Central Otago District ("COD"). This assessment provides the relevant context against which the economic cost and benefits of a proposed private plan change request by Molyneux Lifestyle Village Limited ("MLVL") can be considered. This report is intended to contribute to the requestor's section 32 evaluation.

1.1 Site Location and Operative Zoning

MLVL are owners of approximately 16.5ha of land currently zoned Rural Resource Area – Rural Residential Notation ("Rural Residential zone") in the operative COD District Plan[1]. The site is referred to as "William Hill" and is located on the corner of Waldron Road and Dunstan Road, approximately 1km north of the current Alexandra town boundary (being the edge of the nearest Residential Resource Area zone for the purpose of this report, rather than an officially defined planning boundary).

Adjoining land uses of the site include rural lifestyle properties, productive rural activities, the Alexandra Golf Course (on the western side of Dunstan Road) and the Central Otago Rail Trail (located between the western side of Dunstan Road and the Golf Course). The site is not actively utilised for primary production although was once the William Hill vineyard, and it contains some existing buildings that includetwo dwellings and a working winery which are to be retained.

Under operative zoning, M.E understands that the site could be subdivided into 8 rural residential lots (average minimum lot size of 2ha) as a controlled activity. Currently, the site is made up of 4 lots/titles.

1.2 Proposed Zoning

The concept MLVL wishes to pursue is to provide the Alexandra community with a similar provision to the "large lot" residential zones that the District Plan provides for in other parts of the district, but particularly within the Cromwell Ward. For the purposes of this report, M.E considers large lot residential density to span lots greater than or equal to 1,500sqm[2] and less than a hectare. Appendix A provides a summary of Residential Resource Area ("RRA") and Rural Resource Area ("RuRA") zones in the District Plan. Zones that M.E consider supply a low density or large lot residential development form include (in ascending minimum lot size areas); RRA8, RRA4, RRA1, RRA5, RRA6, RRA2, RRA9, and selected sites within RuRA3.

Of these zones, only the RRA9 (Bridge Hill, minimum lot size of 6,000sqm) and RuRA3 (Conroy's Road, a few select lots with a minimum of 1,500sqm) can be found in the rural fringe of Alexandra. Both provide very limited capacity for large lot residential living near Alexandra. The RRA3 zone is also in the urban fringe of Alexandra and provides for a minimum lot size of 1,000sqm and so while M.E considers that a zone which supplies 'residential' properties, it could have supplied large lot residential properties *if* the landowner was

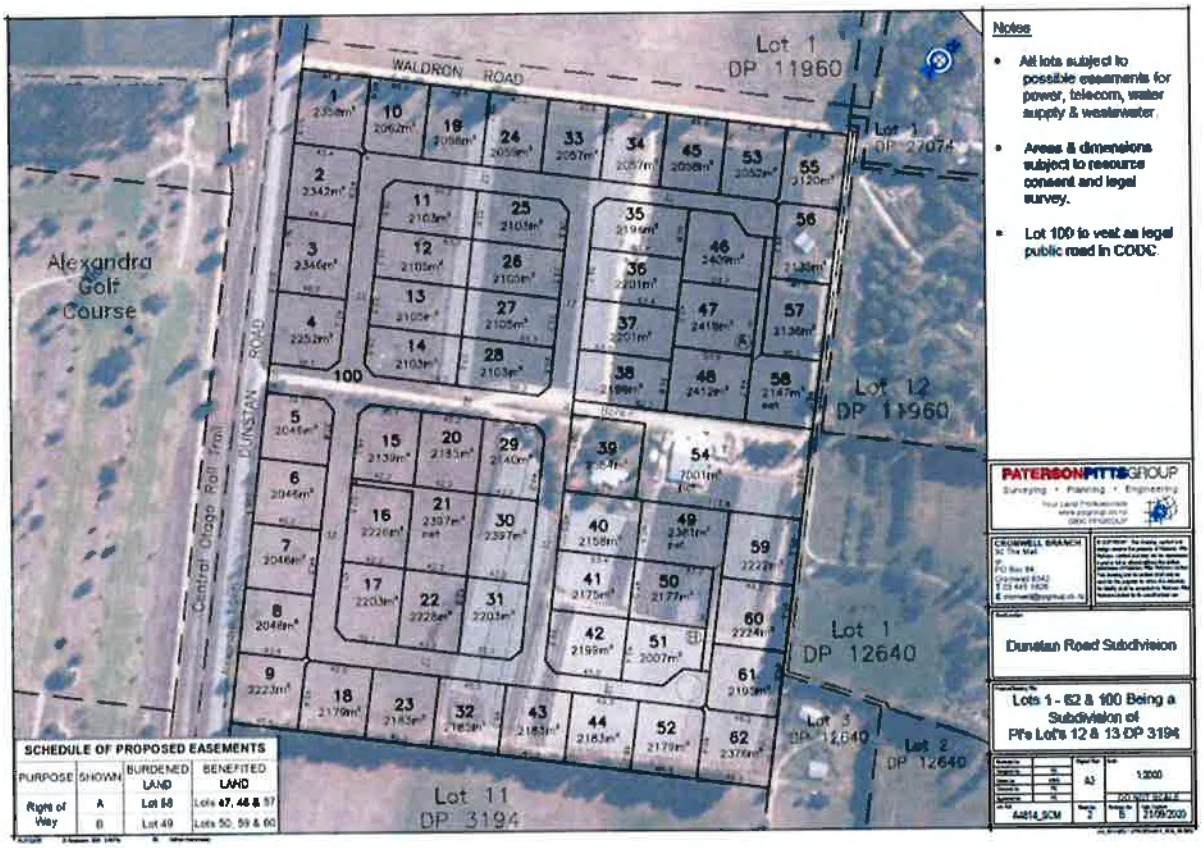
[1] A portion of the site is also subject to the Airport Protection Zone notation.

[2] Based on minimum or average lot size.

minded to supply lots well above the minimum. Based on parcel data sourced by M.E, this small spot zone has delivered 30 lots, most of which are just above the threshold of the minimum lot size, with one larger parcel around 1,300sqm – making this zone distinctly residential rather than large lot residential.

The proposed yield of the William Hill site would be around 60 large lot residential sections with lot sizes of around 2,000-2,200sqm according to the site plan provided by MLVL (Figure 1.1). This is a large lot residential density not otherwise provided in Alexandra but is similar to the RRA4 zone provided in Bannockburn where lots must have an average size of 2,000sqm.

Figure 1.1 – Indicative Site Plan Showing Density and Lot Yield – William Hill



1.3 Report Objectives and Structure

The objective of this report is to focus on housing demand, supply and capacity in the area that includes the urban township of Alexandra and its urban/rural fringe. This combined extent covers the housing market of Alexandra (being those households that want to live in or near the township).

M.E has focused on recent growth trends from a Census data and land subdivision perspective (Section 2). The spatial analysis of land parcels created over time provides helpful context on the way that land development has occurred in response to demand and the parameters of the District Plan and provides insight on potential supply constraints. Understanding recent trends is key to estimating future housing supply patterns, particularly what is reasonably expected to be realised in land development in the short-

medium terms under a business as usual outlook (given that housing preferences tend to be slow to change).

Section 3 of this report examines a selection of housing market indicators and how these have changed over time and where Alexandra is today. These indicators are useful to help frame the problem statement against which the proposed plan change can or cannot offer a degree of solution in Alexandra's housing market.

Section 4 looks to the future, with an analysis of future dwelling demand in and around Alexandra based on available data. This provides the context against which the sufficiency of estimated plan enabled capacity[3] can be assessed in both the urban and rural/rural lifestyle zoning context. M.E then provides brief commentary on the proposed Vincent Spatial Plan growth options – reflecting on how effective they may be in addressing the housing market issues identified throughout this report. Section 5 draws conclusions on anticipated costs and benefits of the proposed private plan change in William Hill in light of the evidence base collated by M.E, including the degree to which it supports (or otherwise) the strategic planning options identified in the proposed Vincent Spatial Plan.

[3] A detailed assessment of plan enabled and commercially feasible urban dwelling capacity within Alexandra is not addressed in the scope of this report. This report also does not touch on infrastructure constraints to future housing development.

2 Housing Growth & Supply in Alexandra

This section examines recent changes in private occupied dwelling counts taken from Census data for Alexandra and the district overall. It highlights where growth has been occurring and Alexandra's changing role in the resident household market. This is followed by a brief overview of operative zoning in Alexandra and a detailed spatial analysis of LINZ[4] land parcel data in the Vincent Community Board Area. The spatial analysis includes a current snapshot of parcel size patterns and a temporal analysis of Alexandra's growth and supply patterns.

2.1 Recent Occupied Dwelling Growth

Figure 2.1 summarises Census statistics on private occupied dwellings in COD based on Statistical Area 2 (SA2) boundaries (Appendix B). The combined area of Alexandra North and Alexandra South SA2s include the current development footprint of the township, as well as land immediately fringing the town, including the Alexandra Golf Course, although not the proposed plan change site. It therefore includes a mix of urban zones, large lot residential zones (to the limited extent that they are provided), Rural Residential zoning and RuRA zoning. The occupied dwelling data relates closely to resident households. The data is not a complete picture of residential dwellings as it excludes usually unoccupied dwellings such as holiday homes.

Relevant findings from Figure 2.1 include:

- Alexandra grew by 348 private occupied dwellings between 2013 and 2018. This is an average annual growth rate (demand) of 47 resident households per year.
- In 2006, Alexandra accounted for 29.3% of total occupied dwellings in the district and in 2018, this reduced to a 26.5% share.
- This is driven by a below average growth rate of 17% between 2006 and 2018, compared to 30% for the district as a whole, and 47% in Cromwell and 115% in the Lindis-Nevis Valley (which includes satellite urban/large lot residential areas and Rural Residential zone areas close to the Cromwell urban area).
- In the rural area surrounding Alexandra, the area to the north and east and excluding Clyde (Dunstan-Galloway SA2) grew by an above average of 36% between 2006 and 2018. While this area makes up 7.0% of total district occupied dwellings in 2018, it accounted for 8.0% of the district growth since 2006 (i.e. is punching slightly above its weight). Conversely, Alexandra makes up 26.5% of total district occupied dwellings in 2018 but accounted for just 17.2% of district growth since 2006 (punching below its weight).

[4] Land Information New Zealand.

- For every 13 private occupied dwelling added in the areas defined as Alexandra between 2013 and 2018, there were 6 added in Dunstan-Galloway. For every 11 private occupied dwelling added in Alexandra between 2013 and 2018, there was 1 added in the rural Earnscleugh SA2.

Figure 2.1 – Private Occupied Dwellings by SA2 in Central Otago District 2006-2018 Census

SA2 (including grouped)	Private Occupied Dwellings (n)			Share of District Total (%)			Growth in Occupied Dwellings (n)			Growth in Occupied Dwellings (%)		
	2006	2013	2018	2006	2013	2018	2006-2013	2013-2018	2006-2018	2006-2013	2013-2018	2006-2018
Alexandra North and South	**2,001**	**2,115**	**2,349**	**29.3%**	**28.1%**	**26.5%**	**114**	**234**	**348**	**6%**	**11%**	**17%**
Clyde	**396**	**438**	**540**	**5.8%**	**5.8%**	**6.1%**	**42**	**102**	**144**	**11%**	**23%**	**36%**
Dunstan-Galloway	**456**	**510**	**618**	**6.7%**	**6.8%**	**7.0%**	**54**	**108**	**162**	**12%**	**21%**	**36%**
Earnscleugh	**225**	**240**	**261**	**3.3%**	**3.2%**	**2.9%**	**15**	**21**	**36**	**7%**	**9%**	**16%**
Cromwell East and West	**1,461**	**1,752**	**2,142**	**21.4%**	**23.2%**	**24.2%**	**291**	**390**	**681**	**20%**	**22%**	**47%**
Lindis-Nevis Valleys	**474**	**711**	**1,020**	**6.9%**	**9.4%**	**11.5%**	**237**	**309**	**546**	**50%**	**43%**	**115%**
Manlototo	**693**	**678**	**720**	**10.1%**	**9.0%**	**8.1%**	**-15**	**42**	**27**	**-2%**	**6%**	**4%**
Manuherikia-Ida Valleys	**414**	**417**	**447**	**6.1%**	**5.5%**	**5.1%**	**3**	**30**	**33**	**1%**	**7%**	**8%**
Teviot Valley	**708**	**678**	**753**	**10.4%**	**9.0%**	**8.5%**	**-30**	**75**	**45**	**-4%**	**11%**	**6%**
Total Central Otago District	6,828	7,539	8,850	100.0%	100.0%	100.0%	711	1,311	2,022	10%	17%	30%

Source: Statistics New Zealand.

Figure 2.1 indicates that Alexandra is unlikely to retain its position as the largest concentration of occupied private dwellings in the district in the near future unless considerable capacity for growth is provided and it can attract a greater share of growth than it has done in recent years. It also shows that strong growth is occurring in the rural areas surrounding Alexandra - a trend not dissimilar to what has been occurring around Cromwell.

This data does not identify the cause of that trend, including whether it is driven by a lack of readily available housing capacity or supply in the urban area, or simply demand for larger property sizes, or both. Unlike in Cromwell, we know that it is not driven by the provision of zoning of urban residential and large lot residential density housing in satellite areas of the rural fringe[5] as this is not provided for in the District Plan around Alexandra in any material way, as discussed in Section 1.2 above. This demonstrates that the dwelling growth taking place in the rural surrounds of Alexandra is not occurring in an efficient manner (in terms of consumption of the rural land resource), rather is resulting in continued low intensity fragmentation of rural land close to Alexandra, as enable under the RuRA and Rural Residential zones. This pattern of land supply is discussed further below.

2.2 Subdivision Supply Patterns

M.E has sourced current land parcel boundaries as at February 2021 from LINZ in map (GIS[6]) format. In order to include 'date of title issue' information, the parcel data is not limited to primary parcels and therefore includes overlapping parcels where they are registered (including for easements, cross leases, leases and other reasons) to more than one owner. To help remove (as far as practical) the overlap, M.E has cleaned the data using a range of techniques. We have also excluded some parcel types (such as

[5] A lot of the growth occurring in the Lindis-Nevis Valleys is attributed to zoned development areas in Pisa Moorings, Lowburn and Bannockburn, including subdivisions such as Queensberry.

[6] Geographic Information Systems software.

legislated or crown land) to help focus the data on developable land areas. A consequence of this is that there are a small number of gaps in the data, and this is evident in the maps produced (particularly on the river margins).

Where parcels are cross leases, we have calculated the implied average lot area of each dwelling so as not to under-represent this higher density development. We have also tagged parcels to operative District Plan Zones – although this is approximate (and subject to minor errors) in some locations where zone boundaries do not follow parcel boundaries. The zone coding is considered broadly representative of the District Plan zoning and suitable for the purposes of this report but is not an exact replication of District Planning maps. The following sub-sections summarise four key outputs of the analysis of land parcels in and around Alexandra that are relevant to the context of the proposed plan change.

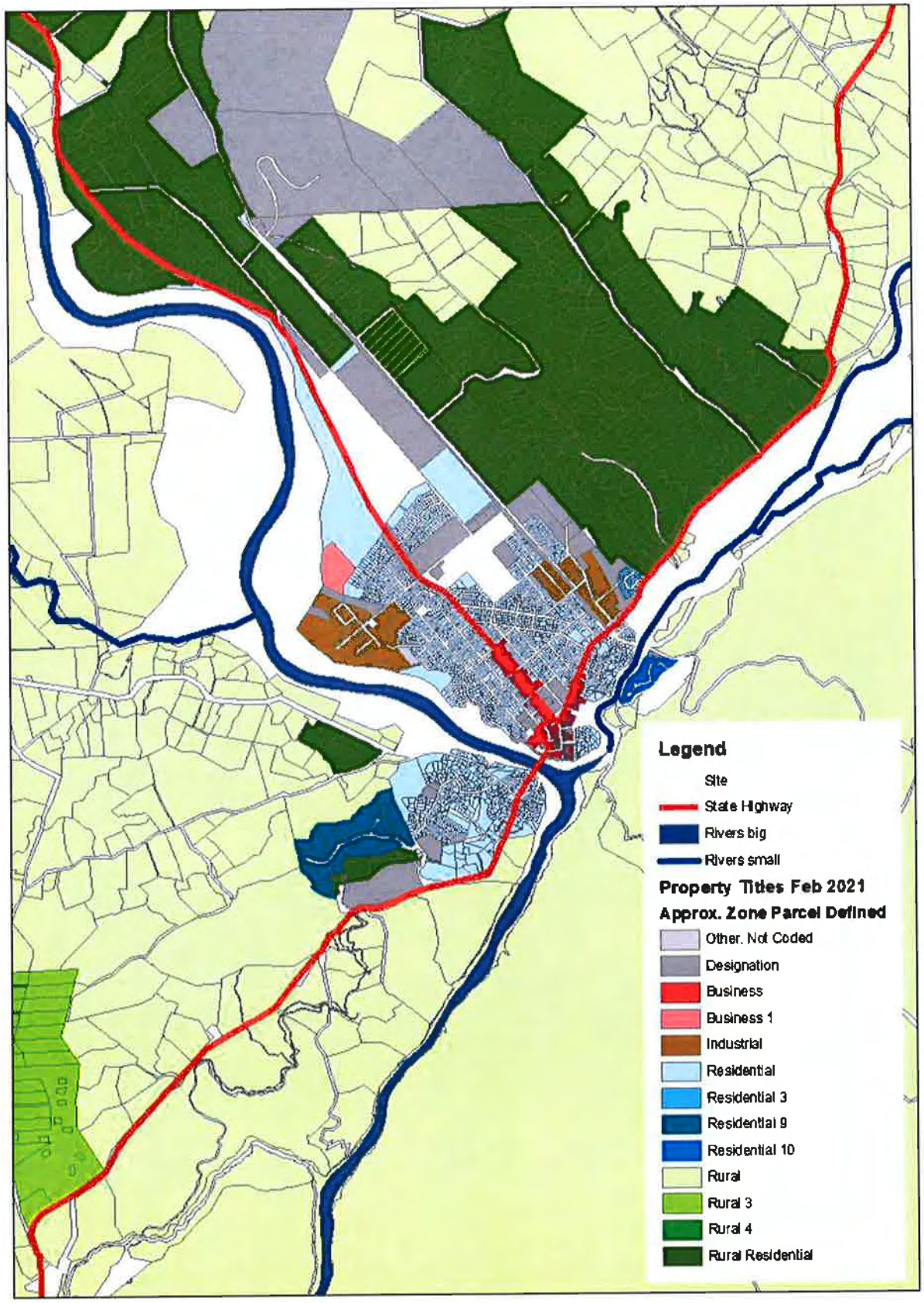
2.2.1 Zoning Patterns

Figure 2.2 shows the general land use zoning pattern in and around Alexandra. Key observations are:

- Alexandra township is highly constrained by natural barriers, particularly the Clutha and Manuherekia Rivers. Urban growth has however been enabled 'across' the rivers in the RRA 10 zone and in Bridge Hill to the south.
- At a high level, the greatest potential for cohesive urban expansion is away from the rivers: to the north (including east of the Dunstan Road axis) and to the south west (Bridge Hill), other development constraints notwithstanding[7].
- The dominance of the RRA zone is clear and there is limited alternative residential or large lot residential density zones provided in Alexandra.
- The RRA 3 zone is small in scale and makes up a very small share of residential capacity on the fringes of the RRA zone.
- The RRA 10 zone is small in scale and makes up a very small share of residential and large lot residential capacity on the fringes of the RRA.
- The RRA 9 zone is larger in extent and enables large lot residential (at the higher end of the size range) on the fringe of the RRA zone in Bridge Hill.
- The area of Rural Residential zone to the north is extensive and immediately abuts the urban township. While this provides a transition to the RuRA zone further to the north, it provides a stark transition from the RRA zone or RRA 3 zone.
- Overall, Alexandra has a well-defined/strong urban edge from a zoning perspective which is advantageous in containing/constraining urban sprawl provided it contains sufficient commercially feasible and reasonably expected to be realised capacity for long term growth.

[7] Includes ONLs, SNAs, amenity areas, protected areas, land ownership, slope, landscape effects etc.

Figure 2.2 - Current Land Use Zoning Patterns in the Wider Alexandra Area



- However, a disadvantage of the current zoning pattern is that it does not enable much variation in property types available to the market. At the moment, there is mainly residential or rural lifestyle, with very little (large lot residential) in between[8].

- A likely market response to a lack of zoning for low density or large lot residential zoning is that:

    - The market/landowners supply it in the RRA zone despite being able to develop the land to higher intensities. This is not the most efficient use of land zoned for intensive residential development close to the town centre and reduces the capacity of the RRA zone to provide for urban growth.

    - This segment of demand compromises on preferred section size and opts for a smaller residential property.

    - This segment of demand opts for the next size up (Rural Residential zone) but may be less likely to use the land productively as this was not the primary purpose of purchasing in the zone.

    - This segment of demand chooses not to live in/near Alexandra and looks elsewhere where large lot residential living options are provided.

2.2.2 Lot Size Patterns

Figure 2.3 shows the general land parcel size patterns in and around Alexandra (refer Appendix C for a closer view of the township). M.E has blocked out the business and industrial zone area (where able to be identified using parcel boundaries), as well as designation sites, to focus the patterns on zones that enable dwellings. Figure 2.4 shows a summary of the equivalent data – split according to parcels in the extent of the two SA2s that make up the township and immediate surrounds (Appendix B), and total parcels in the Vincent Community Board – which includes the rural/rural lifestyle land near Alexandra but outside the town SA2s (including the proposed plan change site), but also other urban and rural areas such as Clyde and rural settlements within Vincent.

Key observations are:

- The effect of the zoning in and around Alexandra (discussed above) is evident in the lot sizes created through subdivision. The urban area has a very clear edge where residential lots generally adjoin much larger rural lifestyle properties.

- The RRA zone[9] has resulted in the supply of a range of residential parcel sizes, with most in the main (central) urban area (township) between 600-800sqm each (parcels this size make up 36% of residential parcels in the town area, Figure 2.4). There is also a substantial number of smaller residential lots in this area, including lots down to 250sqm as enabled by the zone.

[8] M.E acknowledge that prescribing minimum lots sizes in many zones means that landowners have the ability to supply a variety of land parcel sizes above that minimum (and where an average lot size is not also imposed). This can create variation where landowners are not motivated to maximise yields.

[9] Including the legacy effect of previous planning regimes.

Figure 2.3 - Current Residential Land Supply Patterns – Parcel Sizes in the Wider Alexandra Area

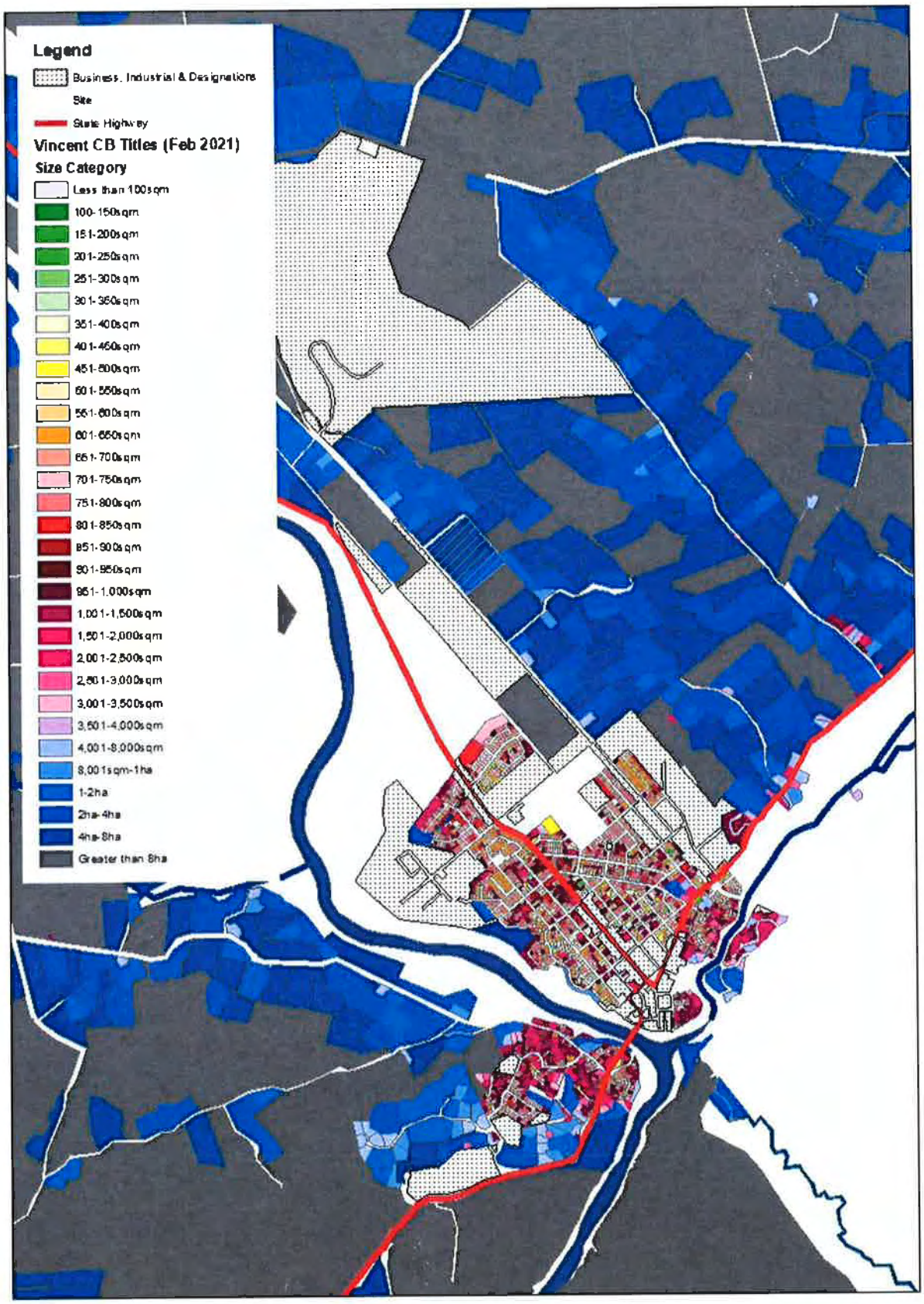
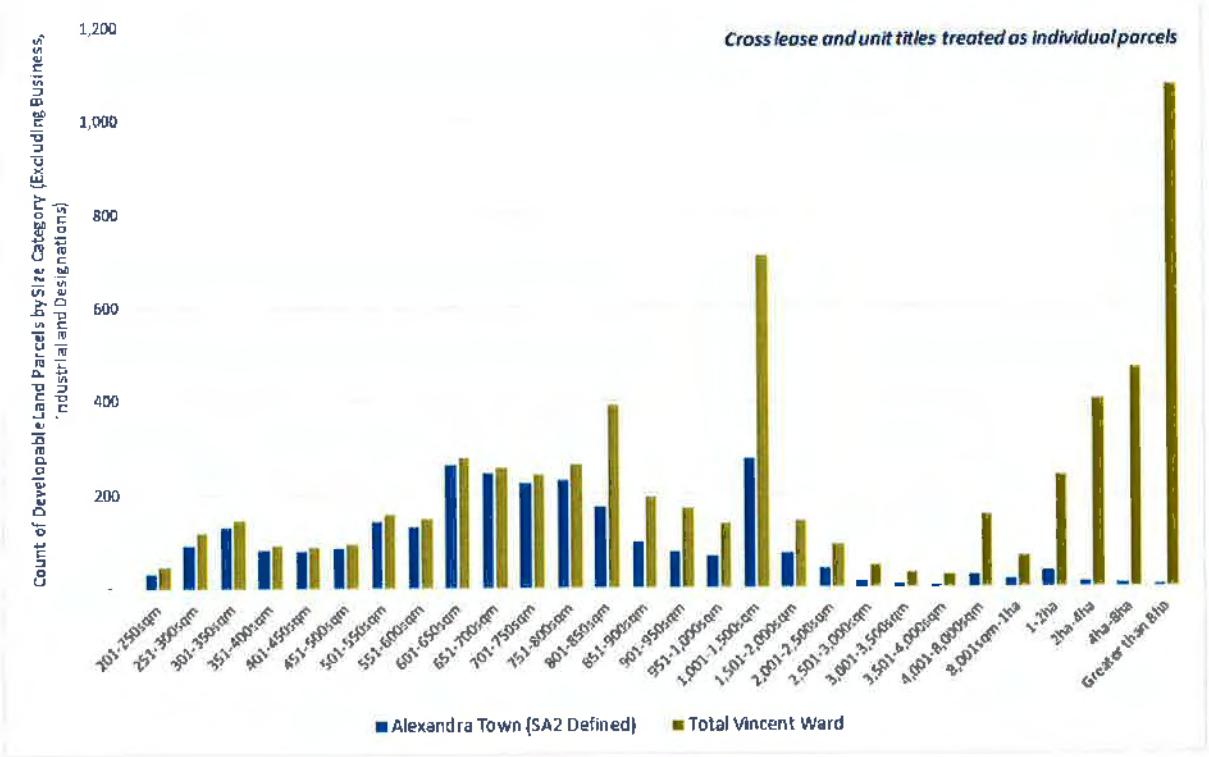


Figure 2.4 – Distribution of Current Residential Land Supply – Parcel Sizes in Alexandra & Vincent Ward



- The supply of large lot residential properties in fringe areas of Alexandra is apparent despite only limited targeted provision for it in the District Plan zoning:
    - Parcels sized between 1,500sqm-1ha make up 6.7% of residential parcels in the township, and 8.8% of residential parcels in the total Vincent Ward (Figure 2.4).
    - The Bridge Hill area, despite enabling a density of housing down to 250sqm per dwelling in the RRA zone has largely delivered residential lots at the upper end of the size range as well as large lot residential properties. This area is highly constrained for development because of steep slopes and other features.
    - Similarly, the RRA 10 zone (Shaky Bridge) has (in accordance with the concept plan) also delivered large lot residential despite a stated minimum lot size of 800sqm.
    - About half the lots in the RRA 9 zone (Bridge Hill) delivered large lot residential properties, with the other half delivering rural lifestyle properties (i.e. those larger than 1ha).
- A small number of large lot residential properties are scattered throughout the Rural Residential zone where the 2ha average lot size requirement can be met.

2.2.3 Title Date Patterns (Growth Location)

Figure 2.5 shows the general land parcel date patterns in and around Alexandra – that is the date when the parcel title was issued by LINZ (generally a period of time after subdivision consent has been issued). Refer

Appendix D for a closer view of the township. M.E has blocked out the business and industrial zone area, as well as designation sites, to focus the patterns on zones that enable dwellings. Figure 2.6 shows a summary of the equivalent data – again split according to parcels in the extent of the two SA2s that make up the township and immediate surrounds (Appendix B), and total parcels in the Vincent Community Board – which includes the rural/rural lifestyle land near Alexandra but outside the town SA2s (including the site), but also other urban and rural areas such as Clyde and rural settlements within Vincent.

Key observations are:

- While large areas of the township are old (titles unchanged since issued in the 1990s, or even 1960s or older), intensification of some older lots has occurred sporadically and at a relatively slow annual rate. Going forward, intensification (which has been enabled for the duration of the operative District Plan) should not be relied on to cater for anything but a minor share of dwelling growth in M.E's view if past trends continue. This reflects the often low level of commercial feasibility for this type of development.

- Only 26% of current residential titles in the township SA2s were created/modified since and including the year 2000 (707 out of an estimated 2,675 qualifying parcels[10]).

- Just 7.5% were created/modified since and including the year 2015 (201 parcels out of 2,675). By comparison, 12.1% of current parcels in the rest of the Vincent Ward (i.e. excluding the Alexandra township SA2s) were created/modified since and including the year 2015 (445 parcels out of an estimated 3,687 qualifying parcels). While not all titles yield a new dwelling, this is the general presumption enabled by the Plan. This further confirms that more growth (and subdivision) activity is focussed on land outside of Alexandra township and in the rest of the Vincent Ward, which includes rural/rural lifestyle areas near to Alexandra. This is highlighted by the considerable subdivision activity occurring in recent years in the rural/rural lifestyle areas surrounding Alexandra in Figure 2.5. The rural areas are experiencing considerable change and fragmentation.

- Most recent residential growth of the township has occurred in greenfield sites rather than through intensification, with stages of development clearly visible in Figure 2.5 (i.e. Molyneux Estate and the Pines).

- The largest single year of supply growth was in 2005 when an estimated 145 residential titles were issued in the Alexandra township area. This is also the largest single year of supply growth across the total Vincent Community Board area (Figure 2.6).

- Since 2005, the next biggest year of supply growth in the town area was 2007 (57 new residential titles), then 2015 (55 new residential titles) and 2017 (49 new titles). All of these increases are linked to greenfield developments on the north east or north west urban fringe of Alexandra. In other years, supply has been almost non-existent (as low as 6 or 8 residential lots created per annum). In those years of very limited supply growth[11], between 40 and 50 new titles were issued per annum outside of the Alexandra township (in the rest of Vincent Community Board) showing that there was not an absence of demand in those years.

[10] Parcels excluding those in a business or industrial zone or in a designation site.

[11] 2010, 2013 and 2014.

Figure 2.5 - Residential Land Supply Patterns – Parcel Title Issue Year in the Wider Alexandra Area

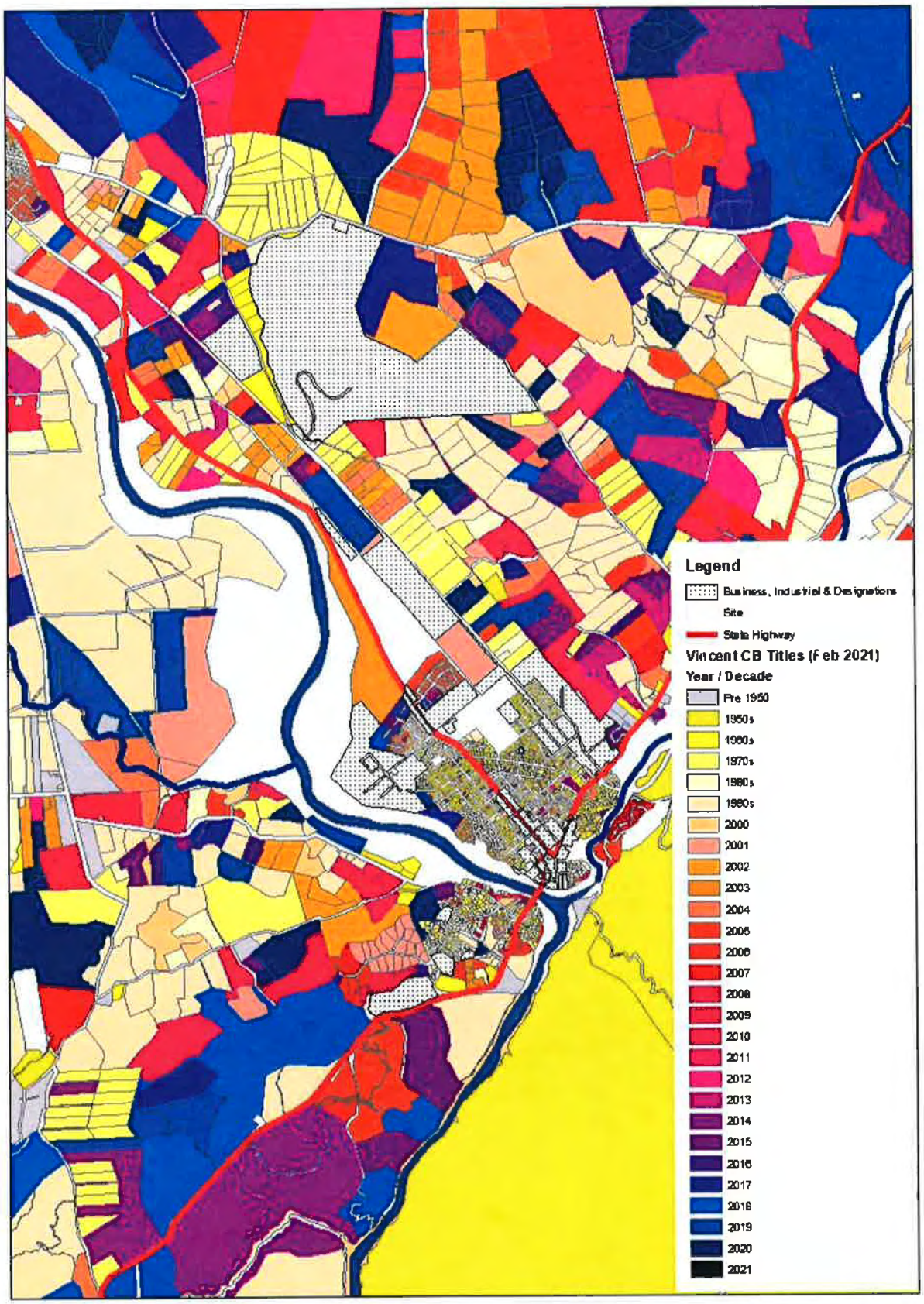
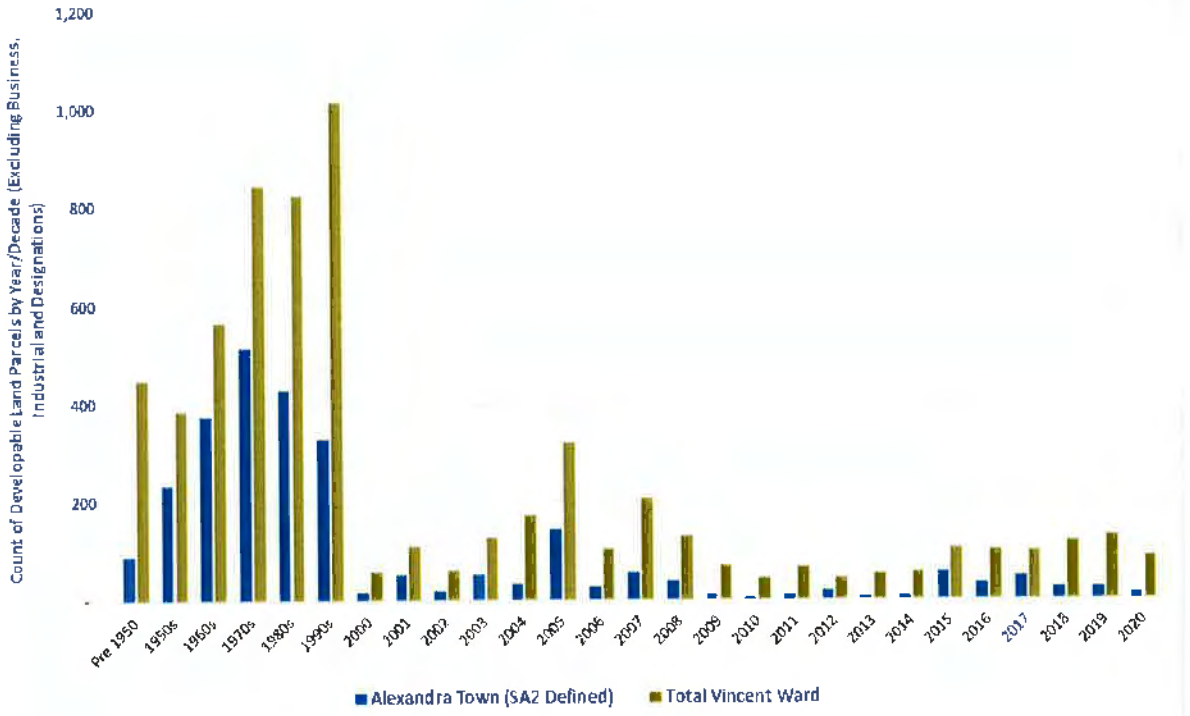


Figure 2.6 – Distribution of Current Residential Land Supply – Title Issue Date in Alexandra & Vincent Ward



- Supply of new residential titles in the Alexandra township has been steadily declining since 2017 (with just 14 titles issued in 2020). Growth is once again coming to a standstill in the absence of greenfield development, although we understand that a 60 lot (joint venture) subdivision has been recently consented adjacent to Molyneux Estate). By comparison, new titles issued in the rest of the Vincent Community Board (outside Alexandra town area) increased strongly between 2017 and 2019 (from 50 per annum to 105 per annum) although dropped slightly to 73 titles issued in 2020.

2.2.4 Title Date and Lot Size Trends

M.E has looked at the relationship between title size and date of issue trends to help understand where and when growth has occurred in qualifying land parcels. Matrices for the Alexandra town SA2 area and the total Vincent Community Board area are included in Appendix E. When applied in other districts or sub-district catchment, this same analysis has often shown very clear trends towards smaller section sizes over time in urban areas in response to both changing planning rules and market demand/supply preferences towards relatively higher residential densities[12]. That trend is somewhat evident in the Alexandra town SA2 area[13], but clear trends are hindered by the general lack of supply in many years within which changing preferences might be revealed. The samples in any one year are very small which limits the reliability of the distributions over time.

[12] M.E most recently carried out this analysis for Rotorua Lakes Council residential zones where it showed that the more recent the supply growth, the more it delivered smaller section sizes despite constant planning rules.

[13] Readers should focus on the darker green cells as they move down the table.

Notwithstanding these limitations, the data shows that there is limited variation in supply patterns in the township over the past 10 years, although in years when there has not been greenfield sections released, the mix of titles issued is weighted towards small sections as would be expected when growth is limited to infill intensification. When greenfield stages have been released, that have generally delivered a consistent range of lot sizes averaging around 750sqm.

When looking at the patterns across the total Vincent Community Board area, the key trend is the increasing share over time of rural lifestyle lots (sized 1-8ha). Of all the titles issued in the 1960's for example, just 6% fell into this size range[14]. In 2000, this increased to 28% of titles issued. In 2005 – a year of relatively more supply growth – this dropped to 10% of titles issued. In 2013, it grew to 58% of titles issued[15]. This stabilised to a still significant 25-28% of titles through the period of 2015-2018. For the last two years, it has been consistently high with 54% and 43% of all titles issued in 2019 and 2020 respectively being in the rural lifestyle size category.

This highlights that a substantial share of growth in housing supply is not directed at the urban areas of the Vincent Ward. If these trends continue, it will lead to a less and less efficient urban from, with more and more households living longer distances from urban services and more rural land being fragmented.

[14] Likely influenced by zoning rules at the time.

[15] The current District Plan was made operative in 2008.

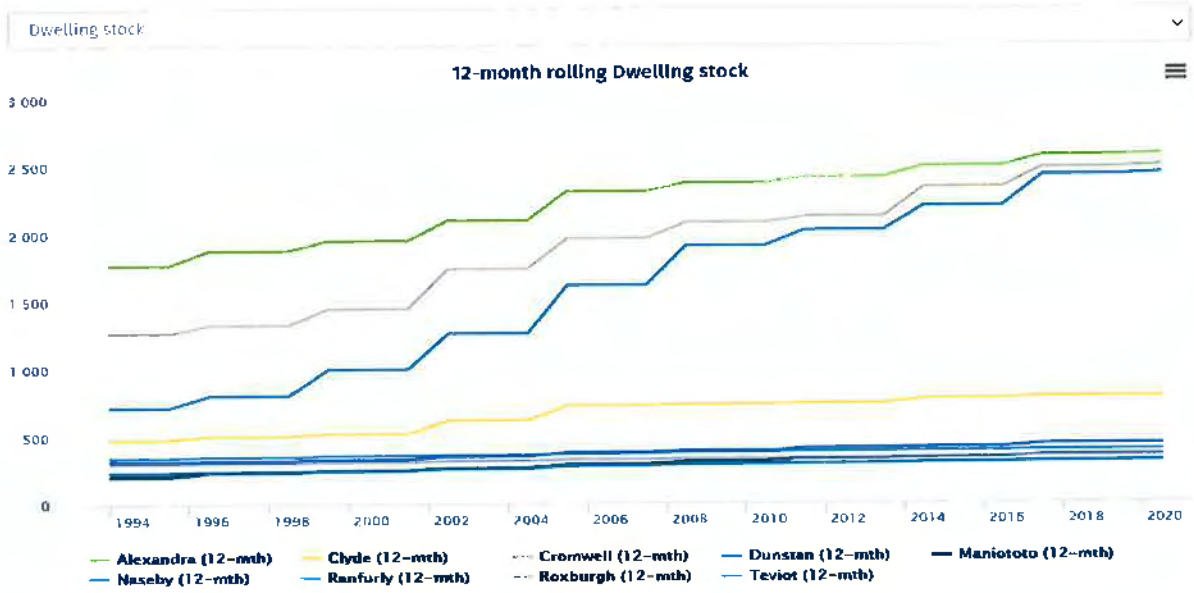
3 Current Housing Market

This section takes a brief look at selected housing market indicators for the Alexandra township. These indicators, sourced from a combination of Statistics NZ and MHUD[16], help to monitor the implications of demand, supply and capacity, and how these three factors interact in economic terms. They provide further insight on the potential relevance and effect of additional residential dwelling capacity in Alexandra, as would be enabled through the proposed private plan change.

3.1 Housing Market Indicators

Figure 3.1 contains MHUD data on the count of dwellings for each CAU of COD (Appendix F). The data (stated as being reported quarterly) is derived from building consents (lagged to allow for building completion). Alexandra is represented by the light green line in the graph. The number of dwellings in Alexandra has historically been much greater than any other CAU in the district but now is only marginally higher in dwelling count than in the Cromwell CAU and the sumi-rural/rural Dunstan CAU, which have been growing more rapidly over the last two decades. If these trends continue, the Alexandra CAU will be surpassed by both Cromwell and Dunstan CAUs in the near future. The MHUD data is consistent with Statistics NZ census data which shows that the Alexandra urban area is slowly decreasing as a share of total district dwellings and the land parcel supply patterns which shows that supply growth in Alexandra township has been increasingly limited relative to other areas (including rural surrounds).

Figure 3.1 – Central Otago District Count of Dwellings – Broken Down by CAU (MHUD)



[16] Ministry of Housing and Urban Development: Housing Market Indicators Dashboard – developed to support the NPS – Urban Development.

Figure 3.2 compares the median prices of residential dwellings sold in each quarter by CAU in COD. This median price series is not adjusted for size and quality of dwellings. Prices are presented in nominal terms; they have not been adjusted for general price inflation[17].

Sale prices are determined by the interaction of demand and supply, including for investment property as well as the type of dwelling and property size. Across COD, there was little variation in house prices back in the early 2000s, but things are very different today where there is a broad range of values depending on location. Between 2010 and 2015, Alexandra had the fourth highest median house price in the District (after Dunstan CAU which is strongly influenced by rural lifestyle properties but also satellite areas like Pisa Moorings and Bannockburn, Cromwell CAU and Clyde CAU). During this period of slow growth in dwellings in Alexandra, prices remained relatively stable. Since 2016, prices in Alexandra have accelerated rapidly (as they have elsewhere in the district) and the median now sits slightly lower relative to the top three CAUs. The median price peaked in March 2020 at $533,625, $20,000 below the district median.

Figure 3.2 – COD Dwelling Sales Prices – Broken down by CAU (MHUD)

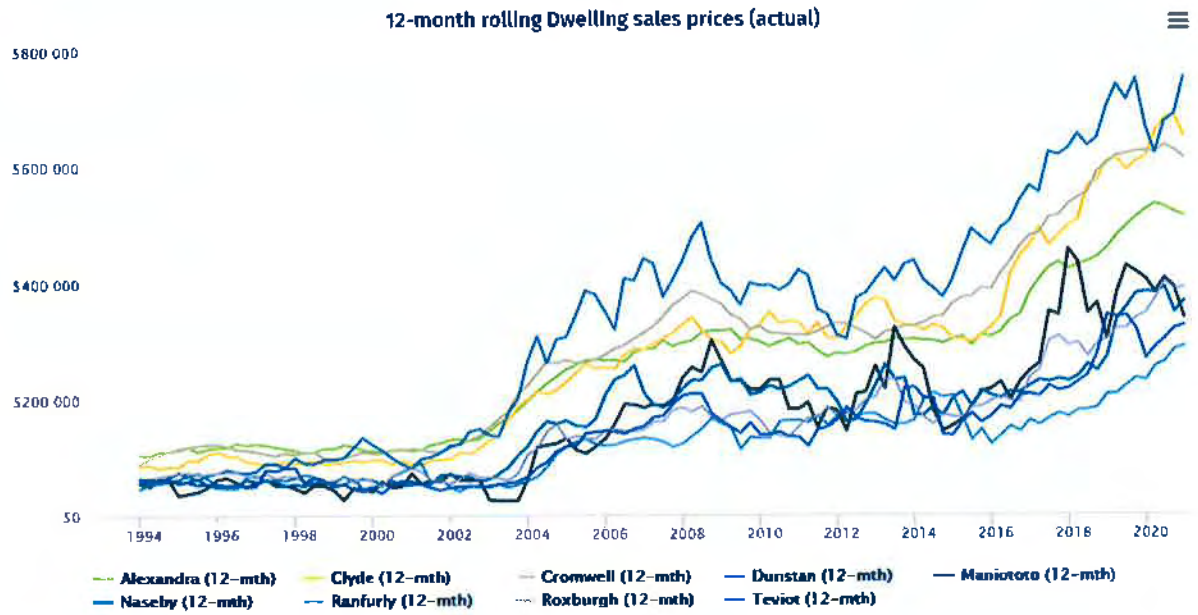


Figure 3.2 suggests a strong sellers' market in Alexandra (moderate demand and limited supply). If supply is further constrained in Alexandra township (due to the absence of the release of greenfield land or expansion potential), prices can be expected to continue to rise. This may further limit the affordability of Alexandra for certain segments of the housing market.

Figure 3.3 reflects mean[18] rents as reported in new rental bonds lodged with MBIE by CAU across COD. Prices are presented in nominal terms; they have not been adjusted for general price inflation. The data is for private bonds only and so excludes any social housing. The data shows that the rental market is primarily focussed on Cromwell, Clyde, Alexandra and Dunstan and not all CAUs in the District. At times in recent

[17] The inflation adjusted graph looks similar.

[18] The mean used is a geometric mean. The reason for using this mean is that rents cluster around round numbers and tend to plateau for months at a time (spiking up by say $10 or $20 at a time). This makes analysis of time series difficult and using the geometric mean is a way of removing this clustering effect.

years, mean rent prices in Alexandra have been very similar to those in Cromwell and Clyde, but of late, they sit slightly below. Rent prices have risen steadily since 2000 and currently (December 2020) sit on an average of $403 per week. Of interest, mean rent prices in Cromwell have stabilised and even decreased in the last two quarters (likely Covid-19 related), while rents in Alexandra continue to rise. If this trend continues, rents in Alexandra may once again match those in Cromwell or even surpass them. If the supply of rental properties is constrained in the light of continued household growth (demand), it is likely that landlords will be able to command higher and higher rents in Alexandra, further contributing to affordability issues.

Figure 3.3 – COD Dwelling Rent Prices – Broken down by CAU (MHUD)

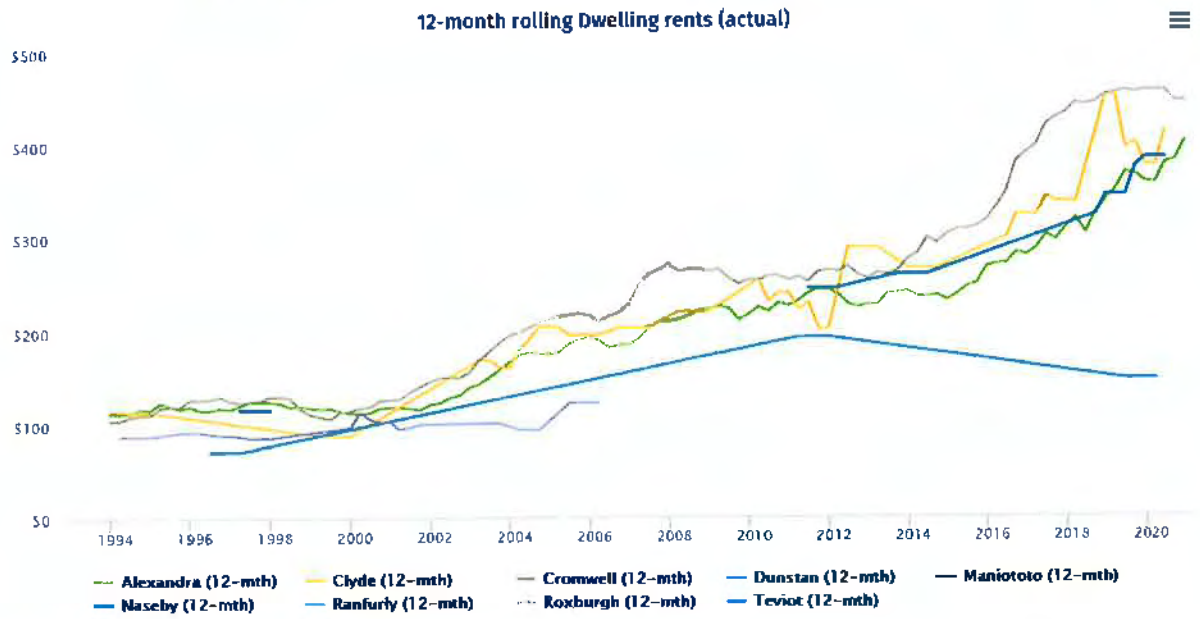
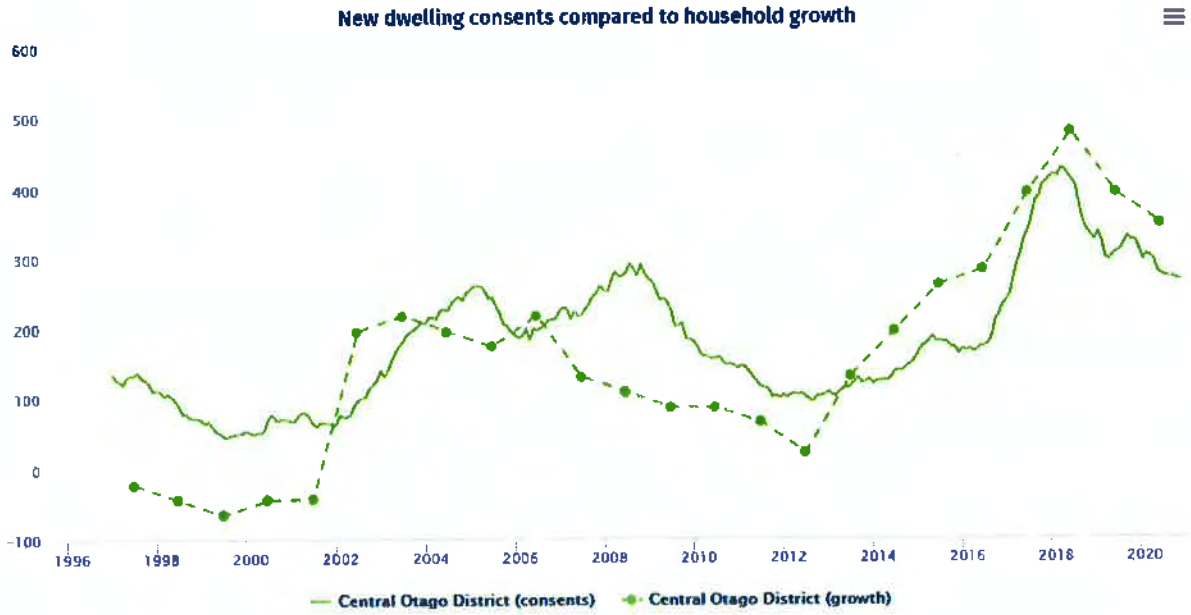


Figure 3.4 represents estimated growth in resident households versus estimated growth in new dwelling consents for total COD (sub-district data is unavailable for this indicator). It shows that the rate of household growth in the district has increased significantly since 2012, from around 20 households per annum to nearly 480 per annum in 2018. While the rate has slowed slightly in the past two years, the annual increase is still high (around 350 per annum estimated in June 2020). Since 2013, the growth rate of new dwelling consents has not always kept pace with demand. It is evident from the title issue data discussed in Section 2.2.3 that Alexandra township has done little to contribute to the supply of district residential lots (akin to new dwellings) in recent years.

Figure 3.4 – COD Household Growth cp Dwelling Consent Growth (MHUD)



4 Future Housing Demand & Capacity

The section examines future growth projections for dwellings in and near Alexandra using a range of data sources. Future housing demand is then compared with high level estimates of plan enabled capacity for housing growth. The proposed Vincent Spatial Plan options are a direct response to both existing issues in the Alexandra housing market and future demand growth – these options are discussed briefly. The proposed Plan Change is considered in the context of those strategic growth outcomes.

4.1 Household and Dwelling Demand Projections

Household and population projections produced by Statistics NZ ("SNZ") for statistical areas below the district level have not yet been produced using a 2018 Census base year. The latest SNZ projections are therefore 2013 based (by CAU). In those projections, the medium growth series projected households in 2018 (and beyond to 2038). When checking these short term projections against the Census household counts for 2018, they were accurate (within 1%) for the district overall and the Alexandra CAU. However, the 2013 SNZ high growth projections slightly over-estimated short term growth in the District and in Alexandra for 2018.

COD Council has commissioned Rationale Ltd to prepare sub-district population, household and dwelling projections on a number of occasions as an input to strategic and infrastructure planning. These custom projections are based on SNZ projections and other inputs and assumptions. In 2017, the Rationale projections contained a Modified and High growth series. The Modified growth series adopted low, medium and high SNZ growth rates as considered likely in each location of the District (i.e. a blend of SNZ projections across the District). We understand the High growth series by Rationale, broadly adopted the SNZ High across all locations. By way of example;

- the Rational 2017 Modified projections estimated growth of nearly 260 occupied dwellings (i.e. resident households) between 2018 and 2038 in the Alexandra CAU. The 2013 SNZ medium growth projections estimated a similar amount of growth - around 280 additional occupied dwellings in the Alexandra CAU in that same period.

- The Rationale 2017 High projections estimated growth of nearly 650 occupied dwellings between 2018 and 2038 in the Alexandra CAU. The 2013 SNZ high growth projections estimated a similar amount of growth (around 600 additional occupied dwellings in the Alexandra CAU in that same period.

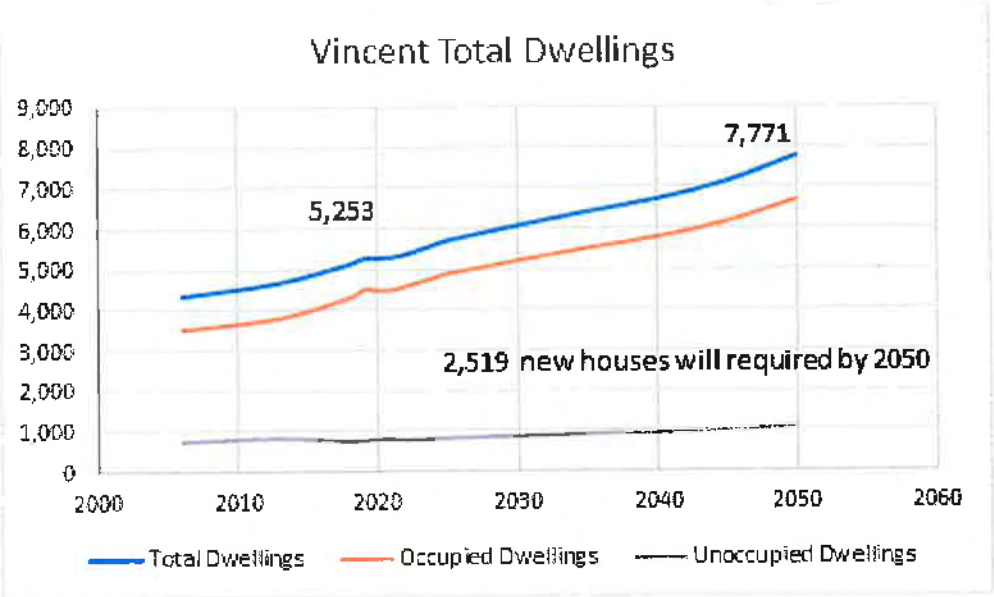
While the boundaries that define Alexandra township have not changed since the 2013 SNZ projections, a limitation of the SNZ projections is that they are by 2013 CAU boundaries (Appendix F) and the large extent of the rural CAUs used at that time do not allow the Vincent Community Board area, or the Vincent Spatial Plan ("VSP") Let's Talk Options[19] area of interest (discussed further in section 4.3) to be aggregated in the

[19] Report dated December 2020.

data. This means that demand in the rural/rural lifestyle areas surrounding Alexandra cannot be easily estimated. As such, M.E has not considered the 2013 SNZ projections further for this analysis.

In order to understand future demand for dwellings in and near Alexandra over the long term, M.E requested the Council's latest dwelling projections by location across the district, or at the least, for the locations in the VSP area of interest. In response, Council provided a 2 page document to M.E containing selected data for the "Vincent Ward" from an assessment prepared by Rationale[20]. The only information provided on dwelling growth in that document was the following graph (Figure 4.1).

Figure 4.1 – Occupied and Unoccupied Dwelling Projections for Vincent 2019-2050 (Council)



We note that the Census 2018 occupied dwelling count for the Vincent Community Board was 4,158. While it is difficult to accurately gauge the 2018 occupied dwelling count from the graph provided, it is considered broadly similar to the Census figure (although probably slightly higher). In another report prepared by Rationale for Council[21], it stated that the Vincent Community Board/Ward had 4,987 total dwellings in 2019. This does not reconcile with the much higher 5,253 stated in Figure 4.1.

In the absence of more detailed data supplied by Council (or more up to date SNZ projections), M.E has adopted the dwelling growth figures as provided in order to maintain consistency with Council information and on the assumption that they relate to the total Vincent Community Board area and not a sub-set of that catchment given that base dwelling figures are already higher, not lower that other figures reported for that catchment.

These latest Council projections for the Vincent Community Board area – with stated growth of 2,519 additional dwellings by 2050 (Figure 4.1) represent a significant rise in expected growth rates compared to Rationale's 2017 projections for the same area. In those earlier projections, long term growth (2018-2048) was 1,050 additional dwellings in the Modified growth series and 2,058 additional dwellings in the High

[20] The Vincent Ward as used by Rationale equates to the SNZ Vincent Community Board area (defined in 2018).

[21] Central Otago Housing Stocktake, March 2020.

growth series. These current growth projections (Figure 4.1) now surpass even the High growth projections over a 30 year period. M.E considers them a reasonable basis for future strategic planning.

The projections (as provided) do not provide a breakdown of growth specifically in and around Alexandra that would provide relevant context for the proposed plan change. M.E has relied on the structure of total dwellings in Rationale's 2017 High projections[22] and applied these to the latest dwelling counts supplied. We have provided a range of outcomes for each location as follows:

- M.E High Scenario – while we believe the projections provided by Council relate to the total Vincent Community Board area, we assume in this scenario that all of the growth is attributed to the VSP area of interest. This approach reflects the statement in the VSP Let's Talk Options report (page 5) that says, "*population projections indicate that by 2050 Alexandra/Clyde area will need over 2,500 more houses*". This statement would leave no growth to the rest of the Community Board Area if the projections supplied are the same as those underpinning the VSP.

- M.E Low Scenario – this scenario attributes around 11% of the stated growth of 2,519 dwellings by 2050 to the rest of the Vincent Community Board, leaving 89% of growth in the VSP area of interest. This is on the basis that we understand the projections to cover the total Vincent Community Board catchment[23].

Figure 4.2 summarises growth by location in the VSP area of interest only under both M.E allocation scenarios. Key results:

- Total long term projected dwelling growth in the area defined as the Alexandra township (by CAU or SA2s) is between 1,270-1,430 or between 42-46 dwellings per annum on average.

- This rate of growth is similar to actual growth rates experienced in Alexandra between the 2013 and 2018 Census (an average of 47 additional occupied dwellings per annum, Figure 2.1).

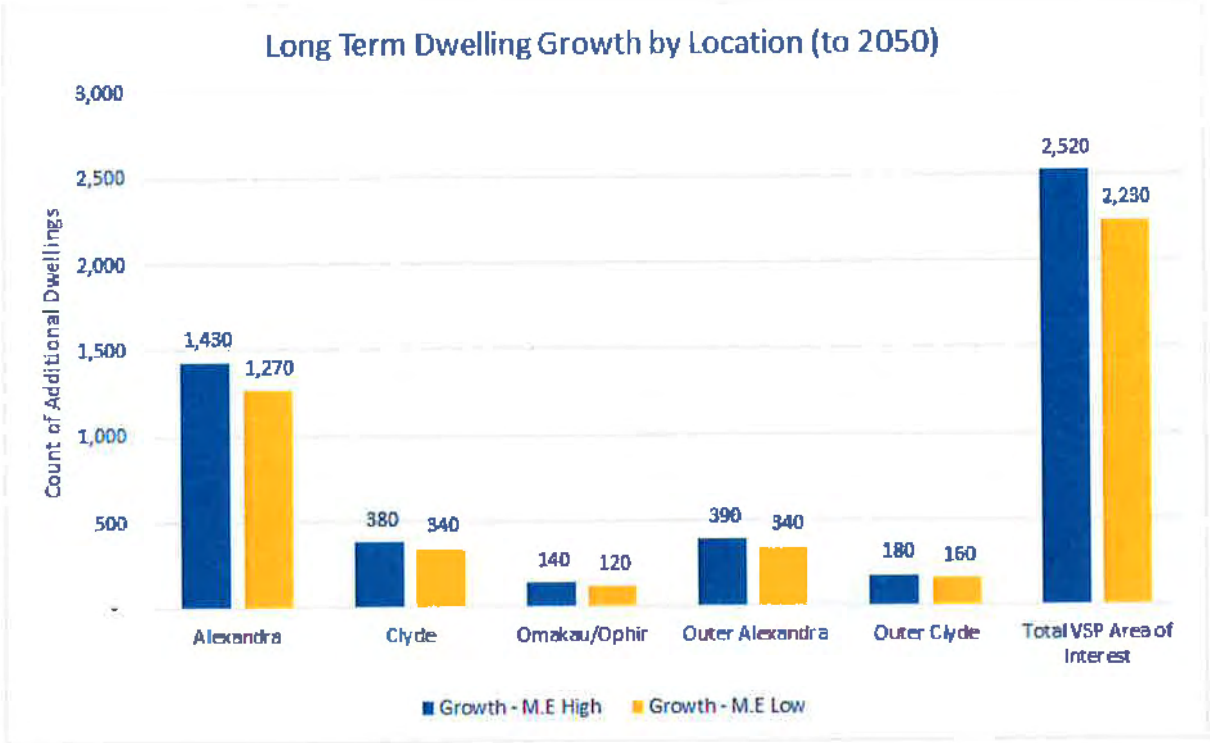
- In Outer Alexandra (Appendix F), total long term projected dwelling growth is estimated between 340-390 or between 11-13 dwellings per annum on average.

- Combined, the wider Alexandra area is projected to require an additional 1,610-1,820 dwellings by 2050 (on average 54-59 additional dwellings per annum).

[22] These projections provide useful area breakdowns including Alexandra, Outer Alexandra, Clyde, Outer Clyde, Omakau/Ophir and total Vincent Community Board. These areas are shown in Appendix F, taken from the Rationale 2017 projections report.

[23] M.E did not pursue further information from Council to help understand which of these two M.E scenarios was most consistent with the assumptions underpinning the VSP on the basis that our initial request for data (of this nature) was not met by Council.

Figure 4.2 – Estimated Long Term Dwelling Growth by Location in the VSP Area of Interest (M.E)



4.2 Capacity for Dwelling Growth

4.2.1 Capacity in the Township

This section examines at a high level the current plan enabled capacity available in and around Alexandra to cater for the projected dwelling growth over the long term. As discussed earlier in the report, while intensification of existing urban areas can cater for a portion of demand growth, this is likely to occur at a slow rate, spread throughout the older parts of the RRA zone. The most commercially feasible option for meeting the major share of growth is via greenfield development. As such, this section identifies a small number of already zoned greenfield sites (estimated by M.E to be vacant and generally developable) in the Alexandra township. The sites are mapped in Appendix H, with 2 currently being developed or consented for subdivision. M.E did identify four other zoned greenfield sites but discounted these because the constraints of each site mean that they are not reasonably expected to be realised[24]. Figure 4.3, summarises zoning, ownership, developable zoned area and potential dwelling yield of those sites according to two different densities (delivering 500sqm to 700sqm residential lots unless otherwise constrained to larger lots).

[24] RRA zoned sites excluded from M.E's growth capacity estimates were: north west of Walnut Grove (privately owned) – constrained by flood and slippage hazards and underground coal mine activity; east of Gillaly Way (privately owned) – constrained due to being a steep gully covered in wilding pines; south of Gillaly Way (privately owned) – constrained due to severe steepness; east of Molyneux Estate (Council owned) – identified as future playing fields by the community board in a management plan. It was considered that all of these sites offered no feasible development potential.

Assuming no other constraints to development (not investigated by M.E for this report although some noted below Figure 4.3), we indicatively identify 46ha of existing plan enabled greenfield land in the RRA zone. This is estimated to potentially yield between 420-580 additional dwellings if/when developed. This yield may be considered an upper limit as there may be a number of reasons why development of these sites is constrained to the extent that it limits the yield of residential lots. The presence of this plan enabled capacity is a positive result for Alexandra as it is better than having no greenfield growth potential and it provides direction on where future growth is anticipated in the urban area. However, that benefit is eroded if that land is not released to the market in a timely manner.

Figure 4.3 – Estimated Plan Enabled Urban Greenfield Sites (M.E Desktop Only)

Location (Refer Order in Appendix H)	Parcel Intent	Owner	Zone	Parcel Area (Ha)	Res Zoned Share	Est. Zoned Area (Ha)	Est. Net Developable Area (70%)	Estimated Yield Low	Estimated Yield High
Main Urban Area									
N of The Pines	Fee Simple	CODC/Crown***	RRA	40.2	47%	18.9	13.3	189	265
N of Molyneaux Estate	Legislation	Crown	RRA	14.9	100%	14.9	10.4	149	208
NE of Molyneux Estate/Dunstan Rd *	Fee Simple	CODC	RRA	10.1	70%	7.1	4.9	71	99
Sub-Total Main Urban Area				*65.1*		*40.9*	*28.6*	*409*	*572*
Bridge Hill									
Lanes Road** #	Fee Simple	April Construction Ltd	RRA	8.3	50%	4.1	2.9	8	8
N of Kamaka Crescent **	Fee Simple	Ross Hay	RRA	1.3	100%	1.3	0.9	2	2
Sub-Total Bridge Hill				*9.5*		*5.4*	*3.8*	*10*	*10*
TOTAL ESTIMATED VACANT GREENFIELD				74.7		46.3	32.4	419	582

*Source: Grip.co.nz, CODC District Plan, LINZ, M.E. * Approx. 60 lots now consented in JV with Council. ** sloping site, highly constrained. *** Gazetted Tree Planting revoked on portion of land. # currently being developed into 8 lots.*

A key feature of these greenfield sites is that in the main urban area, a significant 100% of vacant capacity is owned by CODC or the Crown. Greenfield land in the Bridge Hill area is all privately owned but contributes just 2% of all urban greenfield development capacity identified. Overall, based on the sites identified by M.E, the Crown/Council control a significant 98% of potential growth capacity in the township. This is a very high percentage (and we suspect somewhat unique situation) and does not represent a competitive market. This may partially explain why supply of new residential titles has been low in Alexandra, particularly in recent years[25].

4.2.2 Sufficiency of Plan Enabled Capacity in the Township

Setting aside whether the plan enabled greenfield land is infrastructure ready (or will be at some point over the long term), this indicative greenfield capacity would cater for between 29% (Low Yield and High Demand Scenario) and 46% (High Yield and Low Demand Scenario) of projected demand within Alexandra township if fully developed as estimated in Figure 4.3. This equates to between 9 and 14 years of projected growth (based on average annual growth rates over the long term) if brought to the market at a rate of 42-46 sections per annum.

While intensification/infill is likely to cater for a small portion of demand in addition to greenfield capacity, M.E find that there is insufficient capacity in existing zoned areas to cater for projected long term dwelling growth. This suggests that if Council are to provide for projected demand, additional dwelling capacity

[25] At the time of drafting this report (19th March), just 3 urban sections were listed for sale in Alexandra. Only 1 was in a greenfield subdivision and the other 2 are result of infill subdivision. Prices ranged from $265,000-$325,000.

needs to be enabled in the Alexandra township. Given that the RRA zone is already enabling of medium density development, greenfield expansion is likely to be the most effective option.

4.2.3 Capacity in the Rural/Rural Lifestyle Areas Surrounding Alexandra

Based on M.E's desktop analysis, there is still potential for further fragmentation of lots in the Rural Residential zone in Outer Alexandra (cohesive zone areas immediately adjoining the Alexandra township but excluding those zone areas adjoining Clyde township). There are an estimated 92 parcels that are greater than 4ha in this zone area that could yield 264 2ha parcels. This is a potential net increase in parcels able to take a dwelling of 172.

4.2.4 Sufficiency of Plan Enabled Capacity in Areas Surrounding Alexandra

This indicative plan enabled capacity (172 lots) could cater for an estimated 44-51% of long term growth projected in Outer Alexandra over the long term (14-15 years of demand growth based on an average growth rate of 11-13 new dwellings per annum). Further fragmentation of the RuRA zone could provide for an additional but small portion of demand (at a cost to rural character and productive potential), but overall, M.E does not expect that the RuRA and Rural Residential zones combined will be sufficient to cater for long term demand projected in Outer Alexandra. This suggests that if Council are to provide for projected long term demand in this location, additional dwelling capacity needs to be enabled in Outer Alexandra.

4.3 Vincent Spatial Plan Options

The housing market trends and issues set out in this report are not unknown. Council has commissioned a number of reports, including the Central Otago Housing Stocktake (March 2020), and carried out community consultation, that highlight similar concerns and provide recommendations/guidance to Council. The proposed Vincent Spatial Plan is a proactive response by Council to address Alexandra's housing issues and future growth in a strategic and coordinated way. The area of interest of the VSP is shown in Appendix I.

The VSP Let's Talk Options report (December 2020) identifies three potential options for managing growth in and around Alexandra. In summary, these options area:

1. Managed growth through urban expansion and rural residential infill.
    - Key aspects of this option, from M.E's perspective and based on the examples of different densities set out in pages 11 and 12 of the VSP report, is that it may further lower the minimum lot size in the operative RRA zone to encourage medium density development (although this is a marginal change from current provisions), identifies low density residential in areas already zoned for RRA (so not net change), up-zones an area of low density residential east of Dunstan Road (greenfield expansion), up-zones land north, east and west to create a large lot residential living option, provides for greater intensification of parts of the Rural Residential zone and provides expansion for rural lifestyle living (new area focussed on Chapman Road.

- This option responds to recent patterns of demand where an increasing share of Alexandra's growth has been focussed outside of the urban area, although seeks to use that land more efficiently than in the past. It provides a more diverse range of living options and a better transition of density from core urban through to rural, although places a greater share of Alexandra's future residents in locations with a longer drive to town facilities and services.

2. Managed growth balanced between urban and rural.

    - Key aspects of this option, from M.E's perspective, is that it is likely to halt/lessen fragmentation of the Rural Residential zone north east of Dunstan Road, while directing further fragmentation (intensification) in the Rural Residential zone between Alexandra and Clyde. It provides some new rural residential living options along Chapman Road and up zoning of the RRA 9 zone to low density housing. Low density housing is allowed to expand along a short stretch of State Highway 85. It encourages more extensive areas of (up-zoned) medium density housing including on vacant greenfield land which is likely to be effective (relative to the infill of existing RRA zone areas up-zoned around the current town centre). It provides one area of large lot residential along Dunstan Road.

    - This option partially responds to recent patterns of demand for dwellings outside of the township but sets some limits to that growth compared to option 1. It shifts the weight of urban capacity more towards medium density. It provides a more diverse range of living options and while it creates a better transition of density from core urban through to rural along Dunstan Road, it effectively retains a 'hard' urban edge elsewhere. Compared to option 1, this option is likely to help direct more future growth to within the township while still providing for dwelling growth in a range of types and locations.

3. Managed growth mostly contained in existing urban areas and some urban expansion.

    - Key aspects of this option, from M.E's perspective, is that it is likely to curb most dwelling growth in Outer Alexandra while requiring more of the growth to be met within the urban area, which itself is only slightly expanded beyond current zone areas. A small portion of the greenfield land north of The Pines (already zoned RRA zone) is up-zoned to medium density (but with no additional amenity provided in that location to attract households to this fringe location). And extensive areas of the existing central urban area up-zoned to medium density. Urban expansion is limited to east of Dunstan Road and up-zoning of the RRA 9 zone. No large lot residential living option is provided and only a very small area of proposed rural residential living (i.e. 5,000sqm-2ha lots as per the VSP report) is provided on Dunstan Road.

    - This option retains a compact urban form but provides the least variation in dwelling/property types. There is a risk that it will not provide for projected dwelling demand in Outer Alexandra, and with the urban area expected to transition to even smaller lots, there is more chance that the segment of demand looking for large lot

or rural residential living options will look elsewhere. This option would require a significant increase in the rates of infill development and redevelopment compared to rates achieved in recent years (these have been low even when there has been limited or no greenfield growth competition). Relying extensively on infill intensification is risky when the capacity is spread over a very large number of individual property owners.

All of these VSP options provide capacity for growth but in different ways although much of it is already plan enabled under the operative Plan. All options use land more efficiently than has been done in the past. Option 1 moves with current market preferences/supply trends and reflects more of a business as usual growth path, while Options 2 and 3 require a degree of shift in the market (by both developers and buyers), particularly towards more intensive forms of urban development. A more prescriptive approach to identifying areas of medium density housing may help improve housing affordability (by reducing lot sizes and therefore land prices as a share of total property costs). Options 1 and 2 create greater variety in dwelling/property types (a current housing issue) and would bring Alexandra more in line with the housing options provided in Cromwell – which has been effective in attracting household growth in recent years.

Figure 4.4 – Plan Change Site Relative to VSP Options 1 and 2

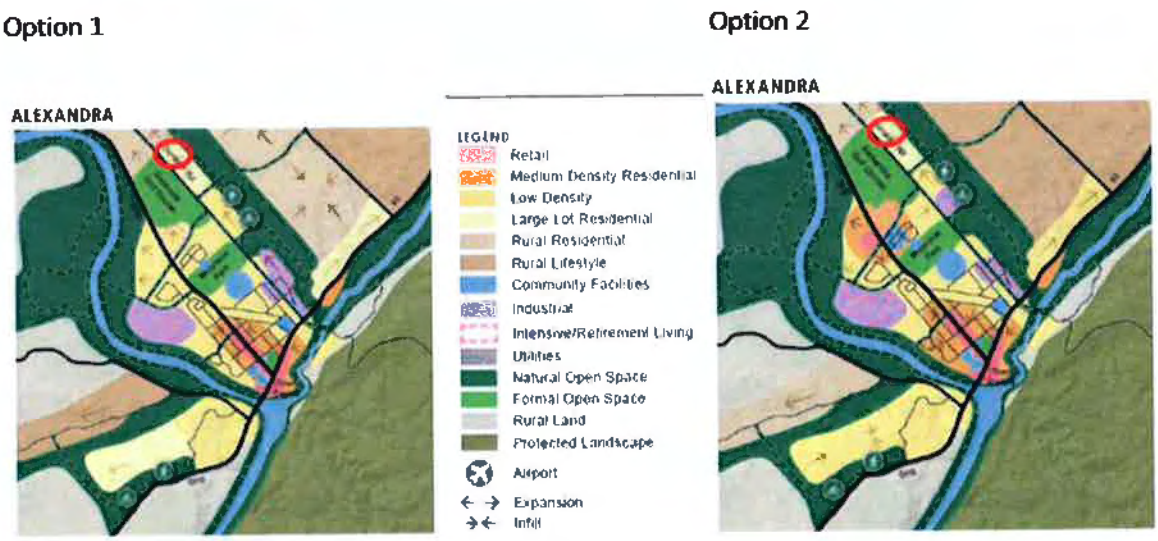


Figure 4.5 - Large Lot Residential Typology as Defined in the VSP Let's Talk Options Report

LARGE LOT RESIDENTIAL

DENSITY	2 - 10 DW / HA
TYPICAL SECTIONS	1,000 - 4,000 sqm
TYPICAL HOUSING TYPES	Detached houses on a large section

QUALITIES

- Open garden setting and quieter living environment with opportunities for informal social contacts within local area.
- Some ability to be self-sufficient with vegetable gardens and chickens.
- More reliance on cars to access most destinations.
- Accommodates large household sizes with generous yard spaces for adult recreation and children's play.
- Less affordable through larger lot sizes and higher infrastructure costs.
- Higher property maintenance allowing less time for local recreation and social activities.
- Garage and on-site car parking for multiple cars on site.

Importantly, the proposed plan change at William Hill is consistent with the strategic outcomes sought in options 1 and 2 of the VSP as shown in Figure 4.4. In both of these options, the site is proposed for large lot residential dwellings and the plan changes proposes a density that fits within the definition provided in the VSP (Figure 4.5). While it is too soon to know what growth option will become the preferred option for Alexandra, it is positive that the plan change could effectively implement two of the three options.

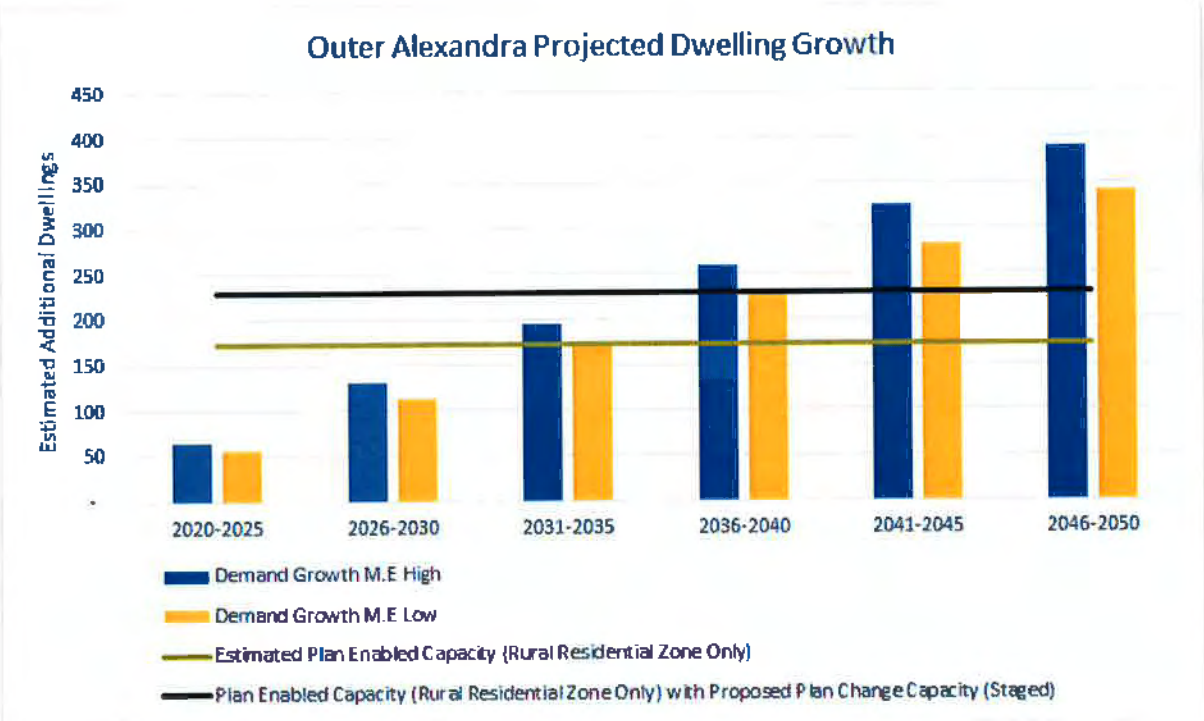
5 Conclusions

This section considers the proposed private plan change in the context of Alexandra's projected dwelling demand growth and current plan enabled dwelling capacity. It then summarises the anticipated costs and benefits of the proposed plan change from an economic perspective.

5.1 Providing for Growth in Alexandra

As discussed in Section 4.1, growth in dwellings in Outer Alexandra (see map in Appendix G) is projected to occur at a rate of 11-13 additional dwellings per annum over the long term (M.E Low and High Scenario respectively). Section 4.2 estimates that the indicative remaining capacity in the Rural Residential Zone contiguous with Alexandra township (and assuming no changes in operative zoning over the long-term) is 172 net additional lots, with subdivision of the RuRA zone providing some additional capacity. Figure 5.1 combines both demand growth and Rural Residential zone capacity over time, showing that capacity is likely to be exhausted at around 2035 (or slightly sooner under the M.E High Scenario). Figure 5.1 also shows the cumulative effect of the proposed capacity for an additional 60 large lot residential dwellings in Outer Alexandra (net additional 56 dwellings given that 4 dwellings are already counted in the Rural Residential zone capacity).

Figure 5.1 – Proposed Plan Change Capacity Relative to Demand Growth in Outer Alexandra



The proposed plan change would help extend capacity in Outer Alexandra such that projected demand to 2040 (or slightly before under the M.E High Scenario) could be catered for. The plan change does not

provide for all of the projected long term shortfall in capacity in Outer Alexandra but does delay the time within which more capacity would need to be zoned. A key effect of the plan change is that it would provide for between 4.5 and 5.5 years' worth of dwelling growth in Outer Alexandra in a considerably more efficient way – taking up just 16ha of land, while the equivalent capacity in the Rural Residential zone would take up 120ha of land (at an average size of 2ha each). It also consolidates the capacity into a single location on a main road.

Figure 5.2 – Proposed Plan Change Capacity Relative to Total Demand Growth in Wider Alexandra

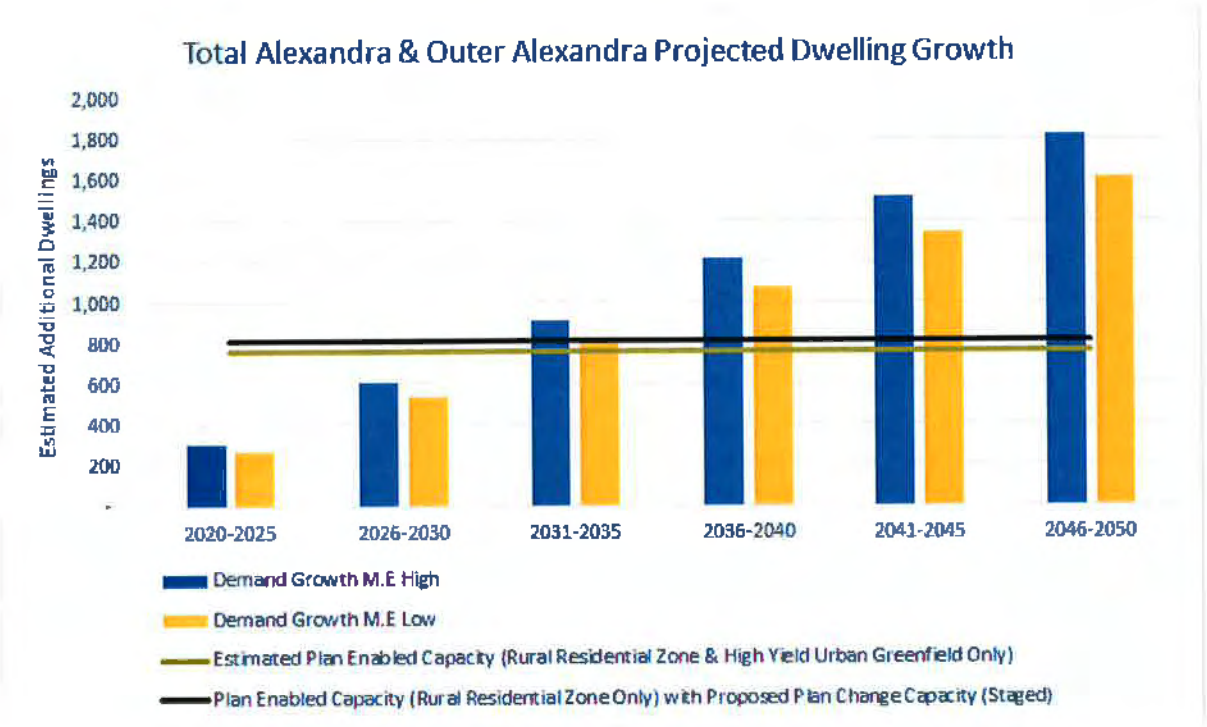


Figure 5.2 compares projected dwelling demand in both urban Alexandra and Outer Alexandra combined (Appendix G). It also combines indicative estimates of plan enabled greenfield capacity in the RRA zone (high yield scenario) with the estimated dwelling capacity in the Rural Residential zone. As discussed in Section 4.2, zone capacity in wider Alexandra is likely to be exhausted soon after 2032-2033 unless further changes are made to District Plan zoning. Figure 5.2 includes the cumulative capacity proposed by the private plan change (60 additional large lot dwellings or a net additional 56 dwellings for the purpose of this graph). While the plan change makes a meaningful and efficient contribution to capacity in Outer Alexandra (Figure 5.1), it makes only a minor contribution in the context of overall plan enabled capacity and demand in wider Alexandra. M.E considers this relevant, because if there was any concern that the plan change will draw growth away from the urban area in the short-medium term, any such effect would be minor.

5.2 Economic Costs and Benefits of Request

There are a number of economic benefits arising from the proposed private plan change. Care is however needed to distinguish the benefits of providing for growth *per se* from the benefits of providing for growth

in this location. The reason for this is that COD may still achieve the same overall growth if demand for dwellings in Outer Alexandra is deflected elsewhere in the district in the absence of any additional growth capacity.

The key economic benefits arising from the proposed plan change include:

- Provides housing capacity in a location of moderate market demand (i.e. in Outer Alexandra). Helps reduce a projected shortfall of dwelling capacity in Outer Alexandra in the long term.
- Provides a greater choice of housing for households wanting to move to or stay in Alexandra. The plan change would deliver a lot size not otherwise provided for Alexandra.
- The additional capacity, will facilitate greater churn in the local housing market (which can be a stimulus for redevelopment and infill), allowing households to shift within wider Alexandra as their housing needs change with life stage.
- Facilitates Alexandra's population growth, including growth of the Alexandra work force – supporting economic growth within Alexandra businesses and increasing the vibrancy of the town centre by facilitating demand for local shops and services.
- The development of the land at a large lot residential density, as opposed to operative Rural Residential or RuRA zone densities, increases the efficiency of dwelling growth in Outer Alexandra – reducing the consumption of the rural land resource for housing and helping to reduce the fragmentation of rural land and the dispersal or households.
- It concentrates 60 net additional dwellings in close proximity to the current urban edge. The site offers potential for active transport (particularly biking using the Central Otago Rail Trail on the opposite side of Dunstan Road.
- Although large lot residential properties are not targeted at 'affordable housing', it is relatively more affordable than most Rural Residential zone alternatives due to the smaller land area. The additional housing capacity will help (to a minor degree) alleviate rising dwelling prices and rents driven by the type of property delivered to the market and an imbalance between supply and demand across wider Alexandra compared with the status quo.
- The plan change would enable a private landowner to bring 60 new greenfield sections to the market in the short-medium term – increasing the competitiveness of the Alexandra housing market which is effectively controlled by the COD Council.
- The plan change would implement two out of three options proposed for the VSP – being large lot residential land use along this portion of Dunstan Road. It is also likely to deliver that proposed land use outcome sooner than if the site was reliant on a comprehensive plan change initiated by Council (i.e. will deliver housing benefits sooner rather than later).
- Further, if proposed options 1 or 2 are adopted for the VSP, development of the plan change site in the short-medium term may help implement the land use outcomes intended elsewhere along Dunstan Road. I.e. it may stimulate the change in land use where zoning is intensified by giving surrounding landowners more confidence to subdivide and meet the market.

The potential economic costs of the private plan change are those typically associated with housing development (and are not unique to this location). This includes loss of capacity for rural residential dwellings on the fringe of Alexandra (assuming no change to operative zoning), the potential opportunity cost of slower price rises for current Outer Alexandra dwelling owners (as a result of greater supply and competition) and the additional pressure on local services, schools, roads, parking and infrastructure associated with additional households using the town centre. There is a cost associated with meeting this demand, although that cost depends on the ability of services and infrastructure to absorb further growth using current resources[26].

There is a potential opportunity cost on the uptake of residential capacity in the urban area – particularly if this is one of only two options for moderately scaled greenfield growth in or near to Alexandra in the short-medium term[27]. That said, there is other plan enabled residential capacity that can and should be released In the urban area as growth is currently being constrained in the township in our view. There is sufficient growth in Alexandra and Outer Alexandra to support the plan change and other greenfield residential developments at the same time. The proposed plan change also offers a complementary and not competing density to urban plan enabled capacity. Further, this effect is only a potential redistribution of growth in the short-medium term and not a change in overall growth. The economic benefits to the town centre would be effectively the same.

Overall, M.E considers that the anticipated economic benefits of the private plan change will outweigh the potential economic costs. The plan change would positively contribute to the economic wellbeing of the Alexandra community and is consistent with strategic planning options being considered by Council.

[26] E.g., the ability of the local schools to take additional enrolments without needing a new classroom.

[27] Here we take account of the 60 lot (approx.) subdivision consented in the urban area (joint venture with Council).

Appendix A – COD Zone Schedule

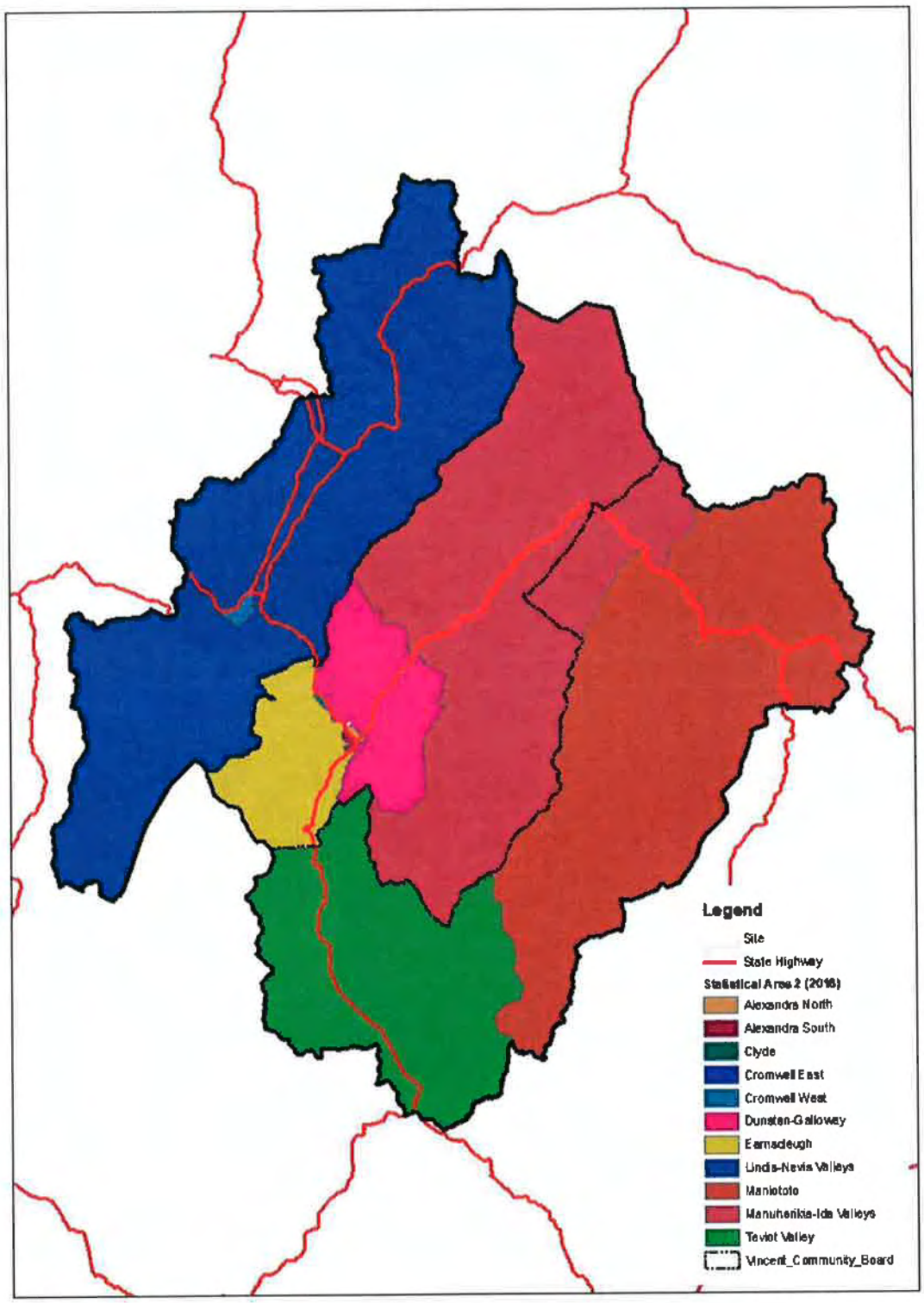
Rural and Residential District Plan Zone:

Zone	Minimum Lot Size (sqm)	Average Lot Size no less than (sqm)	General Locality(s)	M.E Approx. Density Category (independent of Resource Area Type)
RRA (Reticulated)	250	na	Urban Towns	Residential
RRA11	400	na	Pisa Moorings, Wooing Tree	Residential
RRA12 *	500	na	Cromwell urban	Residential
RRA13	600	800	Pisa Moorings	Residential
RRA (Unreticulated)	800	na	Urban Towns	Residential
RRA10	800	na	Shaky Bridge, Alexandra	Residential
RRA3	1,000	na	Pisa Moorings, Cromwell lake edge, NE Alexandra	Residential
RRA8	1,500	na	Near Cripplетown/Bendigo	Large Lot Residential
RRA4	1,500	2,000	Bannockburn	Large Lot Residential
RRA1	3,000	na	Small pockets Dunstan lakeside	Large Lot Residential
RRA5	3,000	na	Lowburn	Large Lot Residential
RRA6	4,000	na	Cromwell urban edge and Roxburgh	Large Lot Residential
RRA2	4,000	10,000	Cromwell rural fringe	Large Lot Residential-Rural Lifestyle
RRA9	6,000	na	Bridge Hill, Alexandra	Large Lot Residential
RRA7	10,000	na	Patearoa (wider Ranfurly)	Rural Lifestyle
RuRA2	10,000	na	Near Cripplетown/Bendigo	Rural Lifestyle
Rural Residential	na	20,000	Cromwell rural fringe, incl. Lowburn and Bannockburn	Rural Lifestyle
Rural	20,000	80,000	General rural	Rural Lifestyle & Rural
RuRA3 **	1,500-40,000		Conroys Road, wider Alexandra	Large Lot Residential-Rural Lifestyle
RuRA4 ***	na	na	McCarthur Ridge, wider Alexandra/Clyde	Rural Lifestyle & Rural
RuRA1	100,000	250,000	Near Cripplетown/Bendigo	Rural

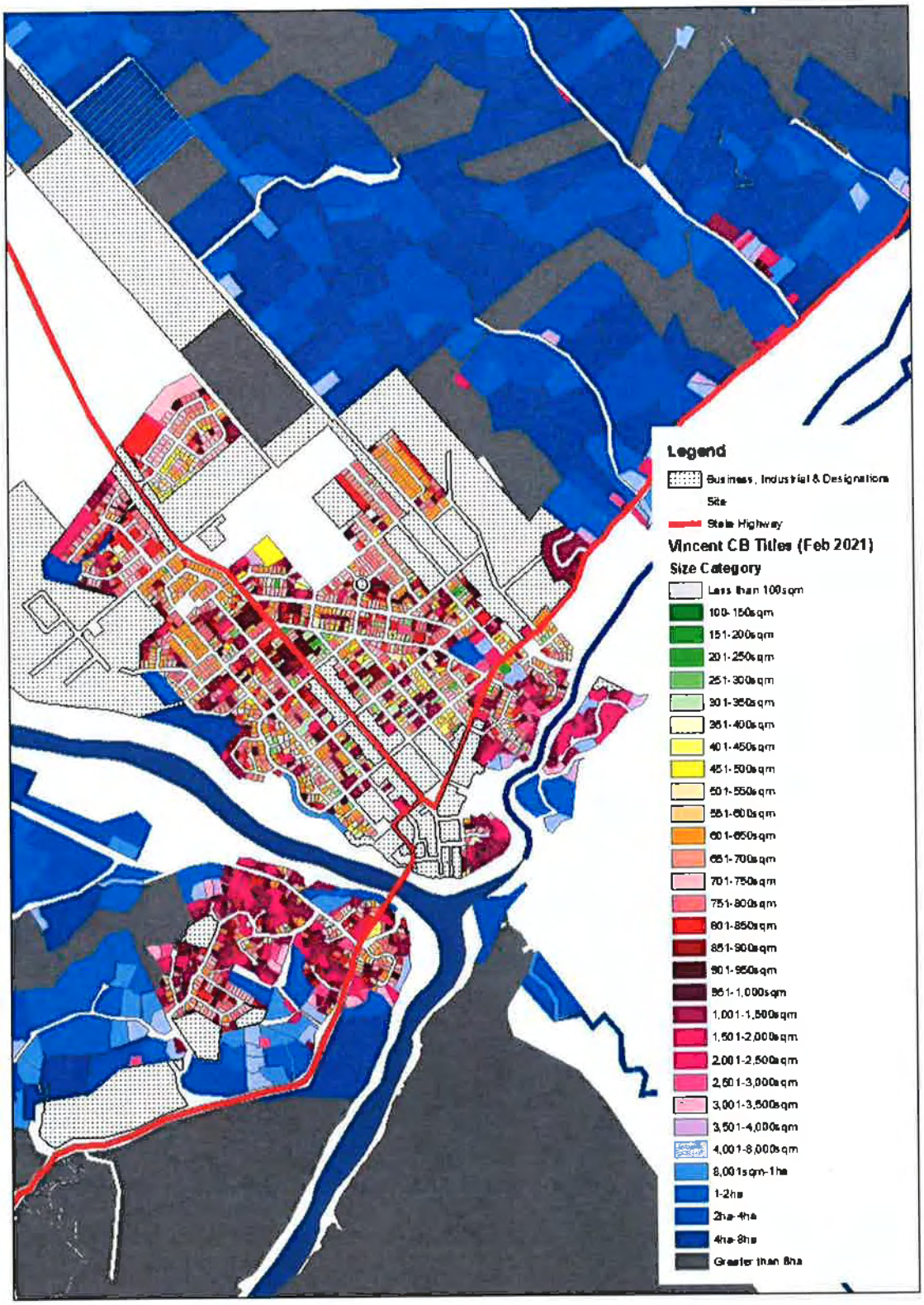
*Source: Central Otago District Operative District Plan, M.E. Grey rows are zones present in and around Alexandra. * 1,000sqm minimum adjacent to SH6. ** Maximum lot size for lots not 4ha is 9,000sqm. *** Density controlled by concept plan.*

Appendix B – District SA2 Boundaries

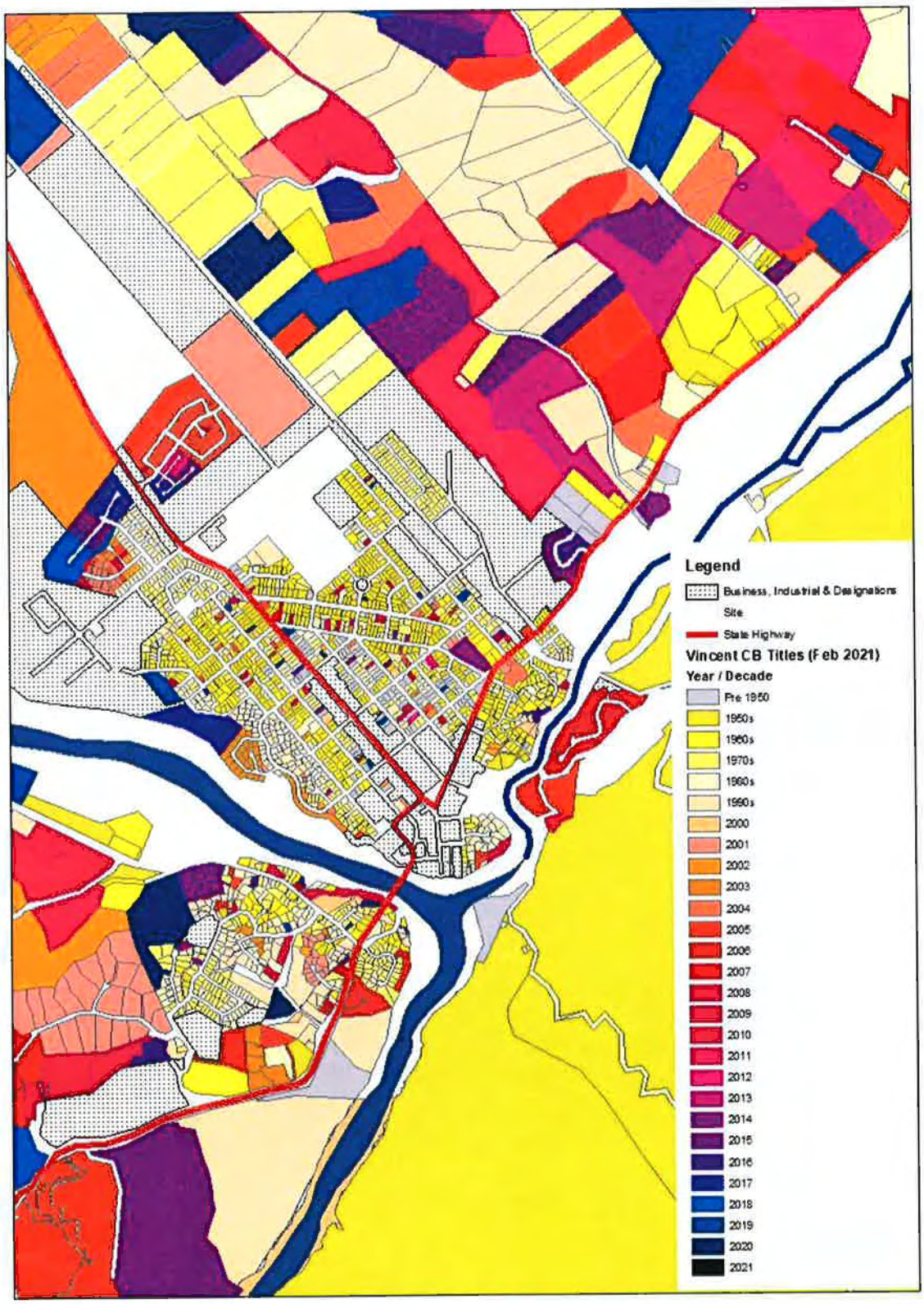
Statistics NZ 2018 Statistical Area 2 boundaries in Central Otago District.



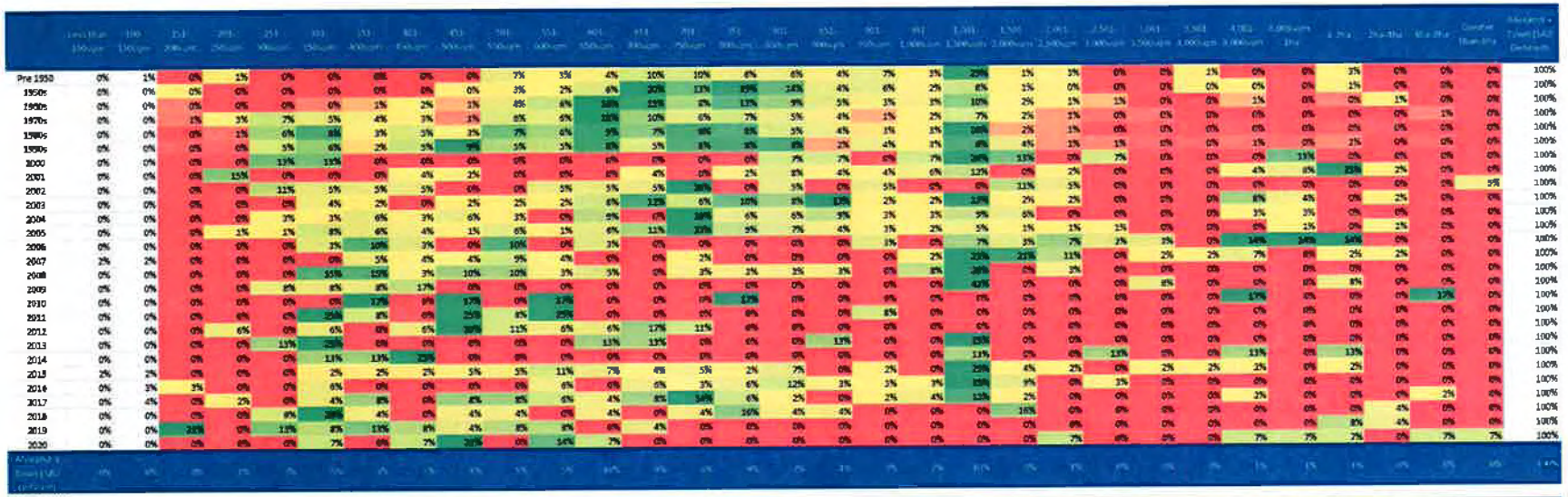
Appendix C – Lot Size Patters Town Extent



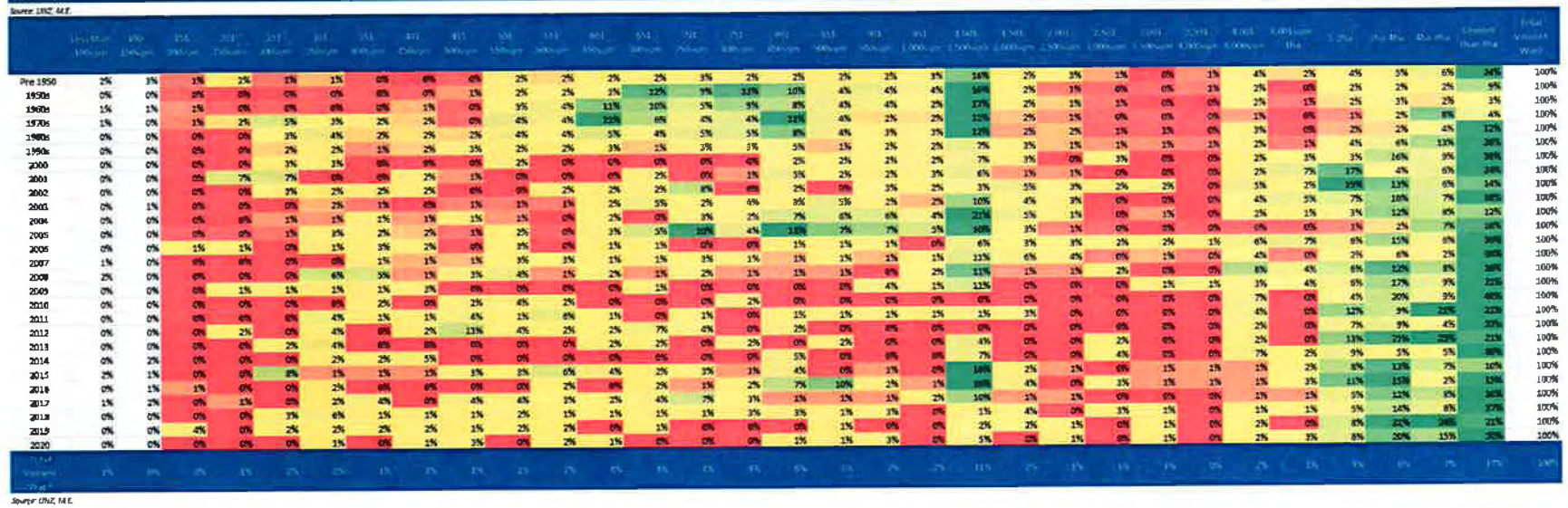
Appendix D – Title Date Patterns Town Extent



Appendix E – Land Supply by Date and Size



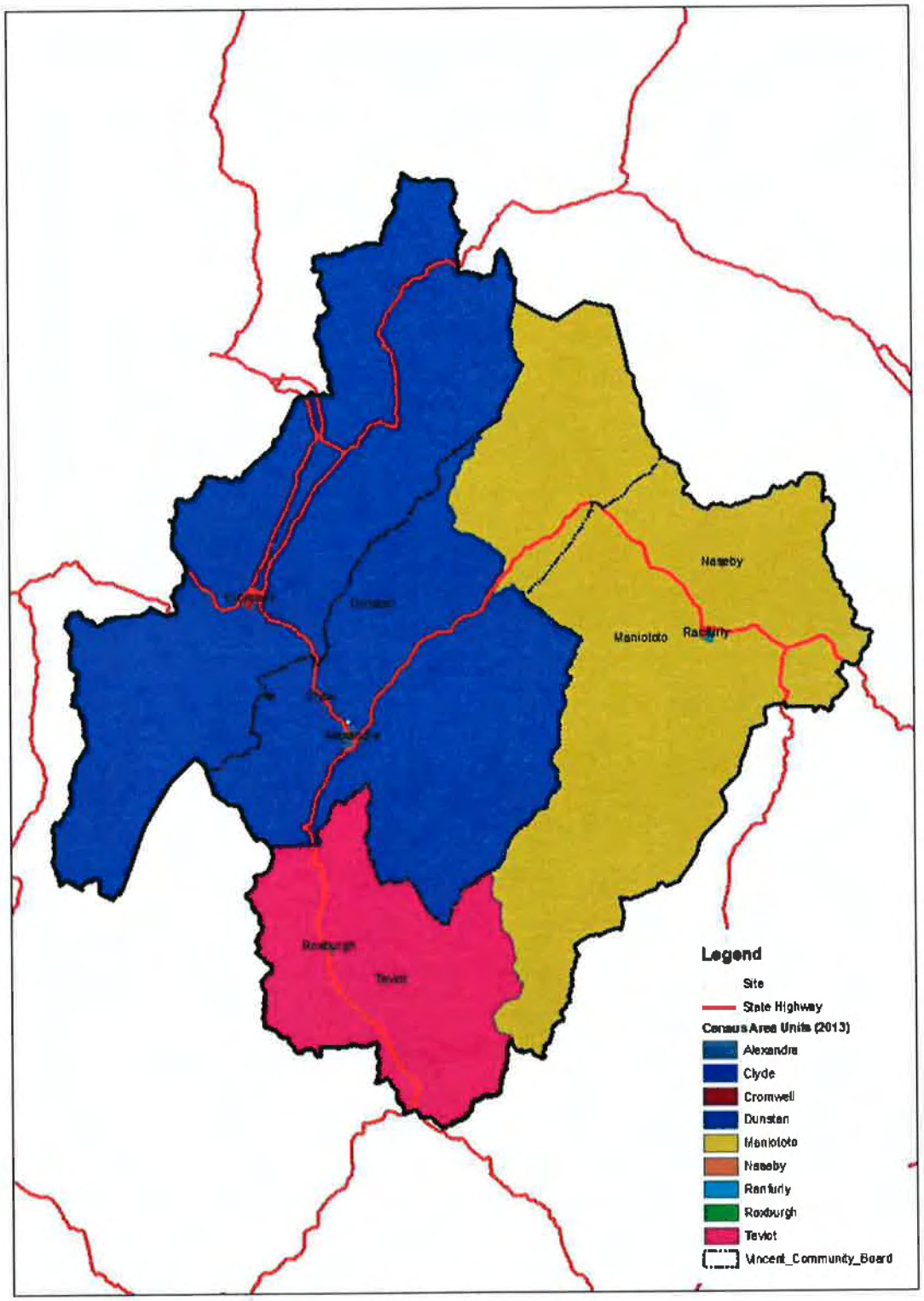
Source: LINZ, M.E.



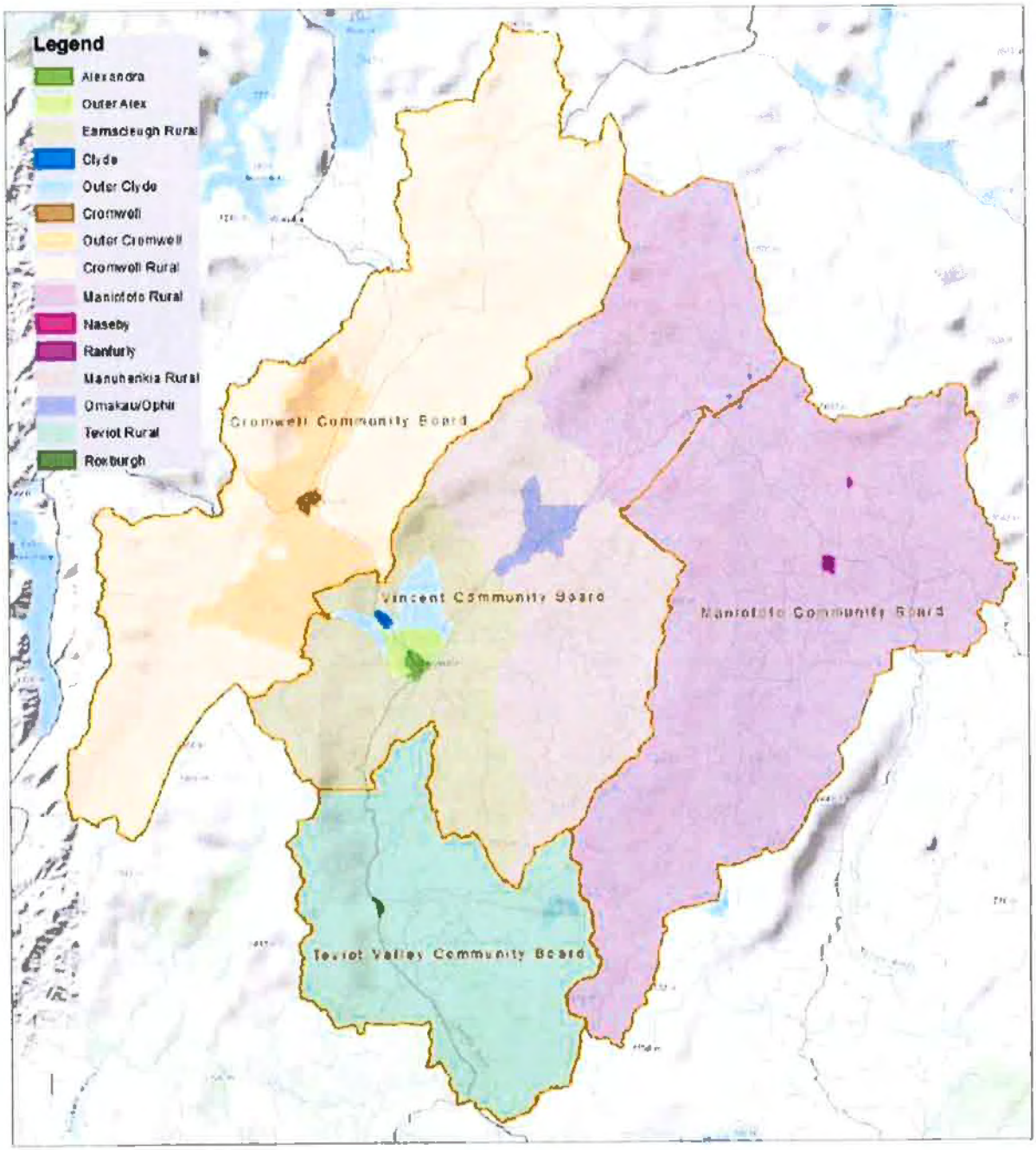
Source: LINZ, M.E.

Appendix F – District CAU Boundaries

Statistics NZ 2013 Census Area Unit boundaries in Central Otago District.

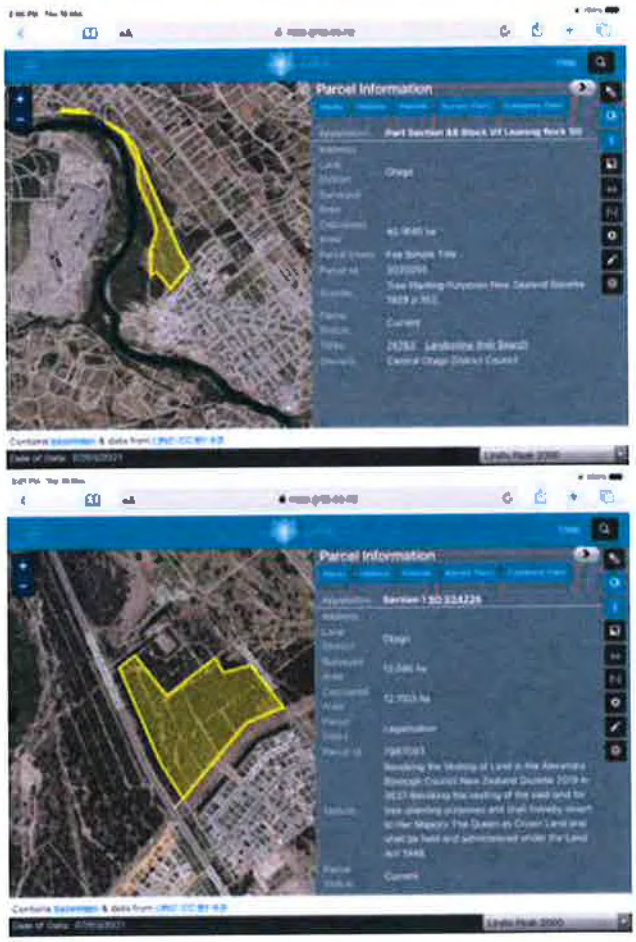


Appendix G – Rationale Projection Areas 2017



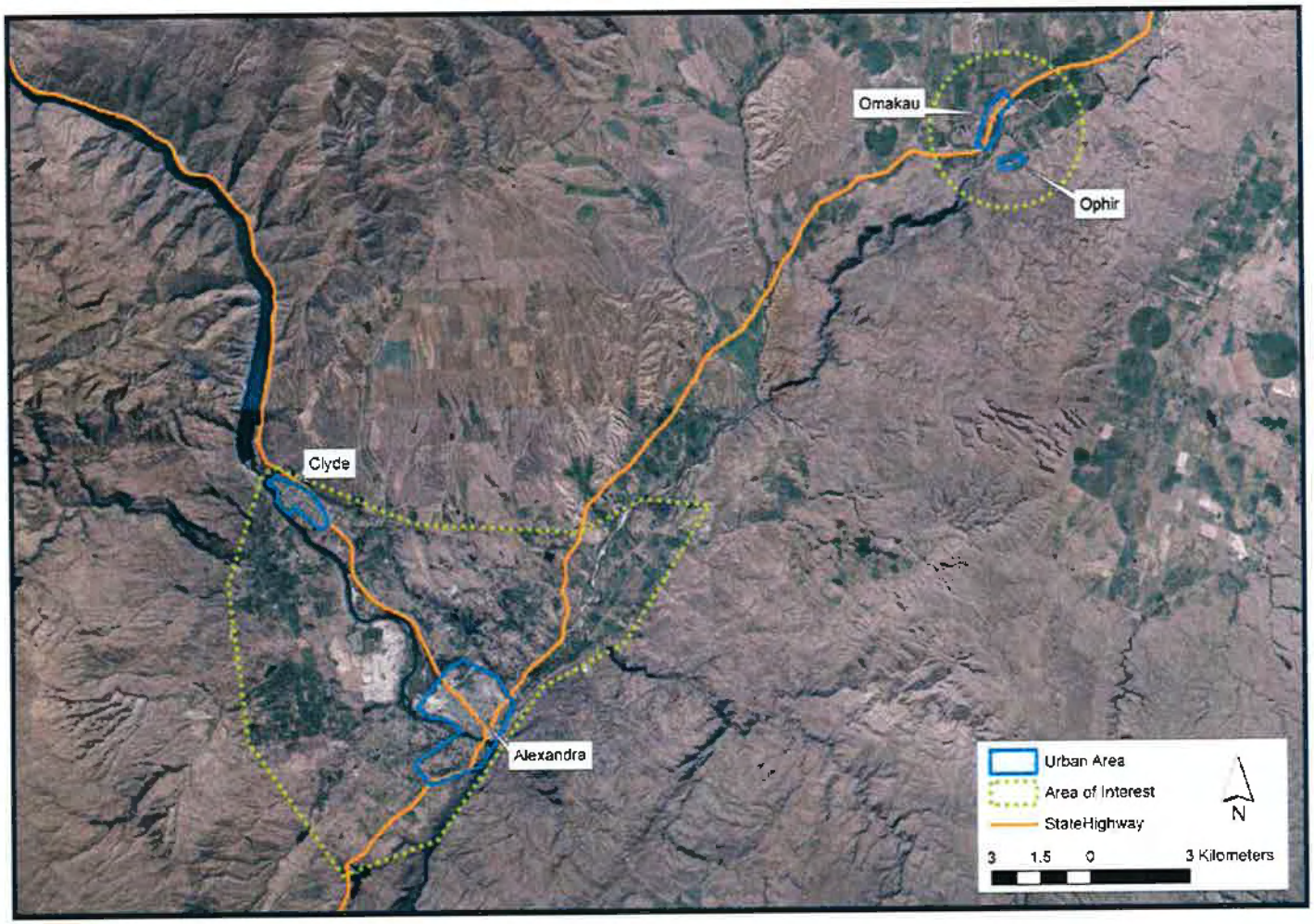
Appendix H – Estimated Zoned Urban Greenfield Capacity (Realisable)

The following parcels are identified as vacant land not otherwise occupied by a lifestyle property and that are zoned Residential Resource Area zone in urban Alexandra and reasonably able to be developed for one or more dwellings. Details of each parcel sourced from Grip.co.nz.




Parcel Information
Parcel Information
Parcel Information

Appendix I – VSP Area of Interest



The geographic scope of the Vincent Spatial Plan.