

**BEFORE THE INDEPENDENT HEARING PANEL APPOINTED BY THE
QUEENSTOWN LAKES DISTRICT COUNCIL**

UNDER the Resource Management Act 1991 (RMA)
IN THE MATTER of the Te Pūtahi Ladies Mile Plan Variation in accordance
with section 80B and 80C, and Part 5 of Schedule 1 of the
Resource Management Act 1991.

**REPLY TO QUESTIONS ASKED OF SUSAN MICHELLE FAIRGRAY
24 November 2023**

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Introduction

- 1 My full name is Susan Michelle Fairgray. I am an Economist and Associate Director at Market Economics.
- 2 I prepared a statement of evidence on behalf of Queenstown Lakes District Council (**QLDC** or **Council**) dated 29 September 2023 on the submissions and further submissions to the Te Pūtahi Ladies Mile Plan Variation (**TPLM Variation**). I also provided rebuttal evidence dated 10 November 2023.

Question from Glenpanel Developments Limited (73) and the Anna Hutchinson Family Trust (107)

34. *To what extent do you consider your reservations about the timing and form of the urban development at the Western Extension Area:*

- (a) *are matters of trade competition, that should be ignored; or*
 - (b) *alternatively, if the extended rezoning were to occur, that any competition in the market would actually be positive for quicker delivery of housing and/or at lower market values?*
- 3 This is not a matter of trade competition. The assessment is by an independent expert to assist QLDC meet its responsibilities for sound planning, which underpins the requirements of the NPS-UD.
 - 4 QLDC is not a trade competitor of any of the landowners.
 - 5 It is a fundamental that enablement of land use through decisions by any council is an important driver of commercial opportunity, especially through enabling development and urbanisation. Within the economy, there are many entities which are engaged in economic activity, including by competing with other entities in the market. The Council has specific responsibilities through the NPS-UD to address these aspects:
 - (a) NPS-UD Policy 2 “ at all times, provide at least sufficient development capacity to meet expected demand for housing and for business land over the short term, medium term, and long term.”; and
 - (b) Policy 1(d) “support, and limit as much as possible adverse impacts on, the competitive operation of land and development markets”; and

- (c) Objective 2: "Planning decisions improve housing affordability by supporting competitive land and development markets."
- 6 QLDC's assessment is able to be examined through the planning process including hearings. There is no attempt by independent advisers to influence QLDC and Panel decisions in order to assist any party in its competitive activities in the market.
- 7 Key requirements to enable competitive land markets include providing for sufficient capacity and choices among locations and development typologies, and enabling competing activities to operate in the QLDC market. In parallel, QLDC has responsibilities in relation to the well-functioning urban environment and the benefits of urban development, to enable sustainable urban growth, including to meet the needs of people and households. In that regard, location is not neutral, nor is timing. The geographic patterns of growth, including their occurrence through time, result in different economic effects. As part of its evaluation with respect to enabling sufficient supply in appropriate locations at appropriate times, QLDC and its experts would normally have regard to the likely operation of the land market in response to enabled opportunity, and would examine the wider implications.
- 8 The independent assessment by M.E has identified key conditions which will enable and support the competitive operation of QLDC land and development markets, including:
- (a) capacity for housing which would easily meet the projected demand, indicating no constraint in potential supply which may impact on housing prices and affordability; and
 - (b) capacity for housing in a range of locations in QLDC, offering choice among locations; and
 - (c) opportunity for different dwelling typologies and site sizes to meet the range of needs of the QLDC population.
- 9 On that basis, there is evidence that competitive land markets are supported and enabled in QLDC.
- 10 The M.E. assessment of QLDC growth options, including the subject land, was done with regard to these matters.

- 11 I have assessed the proposed extension area within the wider context of the QLDC market as well as in relation to the TPLM area. I consider that the effects of the proposed extension area are not limited to an increase in development opportunity.
- 12 I consider that the addition of supply in this location in the short to medium-term may delay development from occurring within the TPLM area that would have greater economic benefit to the community. Developers are likely to deliver dwellings in line with the rate of market growth and avoid delivering capacity substantially ahead of market demand due to the associated increased holding costs and delayed revenue.
- 13 Earlier dwelling supply in the proposed extension area may result in a growth pattern across the short to medium term where development is diluted across an area further from the commercial centre and accessible areas of the TPLM. This would reduce, across the short to medium-term, the economic benefits that are generally associated with higher levels of intensification in areas closer to the commercial centre.
- 14 In my view, the proposed extension area is unlikely to result in a corresponding expansion in the size of the market demand. The size of market demand is instead more likely to be related to factors such as household formation rates.
- 15 I understand from evidence of Ms Scott (paragraph 18) that the proposed extension area would deliver around 20 sections for community ownership to accommodate dwellings. I assume any dwellings delivered on these sites would be provided to the market as affordable dwellings. However, in my view, it is less clear how dwellings delivered on the remainder of the approximately 400 sites would be delivered on a cheaper basis to those in the TPLM HDR and MDR precincts. The densities proposed in the evidence of Mr Weir (paragraph 80) are lower than that of the TPLM MDR precinct. This implies the area is likely to, on average, contain larger dwellings with larger land areas than the TPLM MDR precinct. In my view, this may result in more expensive dwellings than those delivered in the TPLM MDR precinct.
- 16 As stated in my rebuttal evidence, I support the urbanisation of the proposed extension area (paragraph 93), and would support the urbanisation at the medium-density scale proposed by the AHFT

(paragraph 95 of my rebuttal statement) if it were urbanised beyond the initial development period of the TPLM.

- 17 I consider that the development of lower density dwellings, or less-intensive attached dwellings in the proposed extension area during the initial development stages of the TPLM are unlikely to dilute the intensification occurring with the MDR or HDR precincts.

Susan Michelle Fairgray

24 November 2023