

Before Queenstown Lakes District Council Independent Hearings Panel

In the Matter of the Resource Management Act 1991 (**RMA**)

And

In the Matter of an application for the Te Pūtahi Ladies Mile Variation by Queenstown Lakes District Council to amend the Proposed District Plan in accordance with section 80B and Part 5 of Schedule 1 of the Resource Management Act 1991

Evidence of Hamish Anderson of behalf of Ladies Mile Property Syndicate Limited Partnership

(Primary Submission 77 and Further Submission 139)

Dated 20 October 2023

Jeremy Brabant

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Introduction

1. My full name is Hamish Anderson.
2. I am the Principal of The Development Room (TDR), a property development consultancy. Since I established TDR in 2019, I have provided development advisory and development management services to landowners, developers and councils. I have been engaged by Ladies Mile Property Syndicate (LMPS) to provide evidence on the development of the Te Pūtahi Ladies Mile Variation (TPLM Variation) from a developer's perspective.
3. I have the following qualifications and experience.

Qualifications and Experience

4. I have been professionally engaged in civil engineering and property development for 24 years.
5. I hold a Bachelor of Engineering with honors BE(Hons) from the University of Canterbury, graduating in 1999.
6. I am a Chartered Professional Engineer and a Chartered Member of Engineering New Zealand. My practice area is described as "management of civil infrastructure, land development, apartment and commercial property projects including design management and construction observation". I was first admitted to membership in 2003.
7. Since forming TDR, I have provided strategic development advice and development management services to landowners, developers and Councils. While my expertise covers a number of development sectors, I have extensive experience in the development of large master planned land development projects including comprehensive medium density housing and apartment developments. Of particular relevance, I am currently engaged to advise on and manage the 109ha Amberfield development in Peacocke, Hamilton which has recently proceeded through a similar medium density rezoning process.

8. Prior to starting TDR, I worked for Todd Property Group Limited (Todd) from December 2005 to May 2019. At Todd I held various roles, most recently as General Manager Residential and before that as Senior Development Manager and Development Manager. In my time at Todd, I was involved in the development of a number of large-scale land development and apartment projects including Stonefields, Ormiston Town Centre and Long Bay.
9. Prior to working at Todd, I worked as a civil engineer for engineering consultancies in both London and New Zealand from 1999 to 2005.

Expert Witness

10. I have presented to Commissioners in resource consent applications both as an independent expert and also as an advocate (as the developer). I have appeared in the Environment Court as a developer advocate and have attended many Environment Court hearings as the client representative of the development team. I also have presented expert evidence in a commercial High Court proceeding.

Code of Conduct

11. I confirm that I have read the Code of Conduct for expert witnesses contained in the Environment Court Practice Note 2023. I have complied with the Code in the preparation of this evidence and will abide by it when presenting evidence at the hearing. Unless I state otherwise, this assessment is within my area of expertise, and I have not omitted to consider material facts known to me that might alter or detract from the opinions I express.

Executive Summary

12. I support Queenstown Lakes District Council's (QLDC) intention to deliver a medium density master planned development in Te Putahi Ladies Mile (TPLM) as it represents a planned and structured growth strategy. However, I consider the 60-72 dwellings/ ha gross density proposed in the High-Density Precinct overly intensive. It is too high for the location. This minimum density requirement will require the construction of a significant amount of 2 bed

terraces and 1–2 bedroom apartment developments to meet the minimum gross density requirement. Consequently, a large amount of similar product will predominate the market and result in slow uptake of housing product and potential market saturation. The likely downstream impact is deferred development which will compromise the integration and cohesion required to successfully deliver the TPLM master planned community.

13. In my opinion a minimum 40 dwellings/ ha gross density is more appropriate in this location. This reduced density will deliver a wider range of terrace houses and low-rise apartment developments. Mid-rise (6 level) apartments should be enabled by the plan change but left to the market to determine viability at the time of development.
14. Based on my development experience, 40 dwellings/ha gross minimum density will enable the delivery of more varied terrace housing typologies. I consider that a greater range of small (2 bed) to large (3-4 bed) two level and three level terraces will be more acceptable to the market. To meet the 40 dwelling/ ha minimum, a significant amount of low rise (3 level) apartment developments will still be required. I consider that this smaller type of apartment product, as opposed to mid-rise (6 level) apartments, will be more acceptable to the developer and purchaser market in the TPLM location.
15. I am not aware of any large-scale greenfield master planned residential developments in New Zealand that have, or propose, a density as high as that being mandated at TPLM. Based on QLDC's Yield Table¹, I calculate the overall minimum density of the TPLM Master Plan to be 42.2 dwellings/ha gross when adjusted for schools and stormwater management areas. Comparatively, Mr Wallace, in his evidence², calculates the final anticipated gross density of the 110ha master planned Stonefields development in Auckland (adjusted for the school and stormwater management area) at 26.1 dwellings/ ha gross. Stonefields is located 5km from the center of Auckland City.

¹ Appendix A – Te Pautahi Final Draft Masterplan Report, June 2022 – Rev 2, Density Diagram and Yield Table – pgs. 100-101.

² Evidence of Mr Wallace, Appendix 1.

16. Development viability of smaller housing typologies is further compromised by the proposed ban on Visitor Accommodation in the High-Density Residential Precinct. Short term rental income will be a key consideration for investors. In my experience, the investor market is a critical element of the overall purchaser market, particularly when it comes to more affordable housing products. Investors will not favour purchasing in TPLM if there are income generating restrictions. I believe that investors will gravitate to other areas in Wakatipu where the visitor accommodation restriction does not apply. If investor purchasers shy away from TPLM then the volume of presales will be reduced which in turn will impact development funding and project viability.

Market Considerations That Will Affect the Commercial Success of Apartment Developments

17. In my experience developing large master planned developments with significant quantities of medium density and apartment housing typologies, I have found that the more intensive the housing in a development the higher the demand in quantity and quality for supporting amenity to allow that type of intensive living environment to be attractive. This is a significant reason why much higher volumes of density living are concentrated around larger urban centers that provide significantly higher quality of public transport, more established retail offerings and employment opportunities.
18. While the TPLM Master Plan does provide for amenity, including a future retail offering, the offering will be significantly less than the existing amenity offering already available in other locations such as central Queenstown.
19. I have read Ms Carleton's evidence³ and I agree with her conclusions. They reinforce my view that developers will choose to develop mid-rise apartment developments (circa 6 Level), in more attractive locations before they consider the TPLM Master Plan area. This conclusion is fortified by the limited amount of higher density development that has been produced in nearby Frankton,

³ Evidence of Ms Carleton, paras 21-28.

which is a location with better proximity to more retail and is closer to Queenstown than TPLM, meaning that if such development was likely to occur it would have occurred there.

Visitor Accommodation

20. My view that apartment developers will prefer other locations is further strengthened by the proposed restriction on visitor accommodation in the High-Density Residential Precinct. The ability for investors to obtain income from short stay accommodation is a significant factor that investors will take into account when purchasing properties for investment. Visitor accommodation restrictions do not exist in other areas such as central Queenstown. Investors typically make up a significant proportion of purchasers in higher density developments, particularly when the housing product is at the more affordable end of the price spectrum. Investor acquisitions assist with increasing the volume of pre-sales required for development funding and therefore assist with the viability of apartment developments. If a restriction is imposed on visitor accommodation this will deter this vital part of the purchaser market. This conclusion is supported by Ms Carleton's economic evidence.⁴

The Need for Variation of Housing Typologies within the High-Density Residential Precinct

21. Based on my experience, I consider that a variety of housing product in TPLM will be critical to enable developers to be able to meet different sectors of the purchaser market. This will allow developers to be able to deliver housing supply in volume and maintain development momentum when developing the TPLM Master Plan area. Development momentum is achieving the necessary sales prices and sales volumes to ensure the overall development can continue to proceed.
22. I consider that the proposed 60-72 dwelling/ha gross density requirement,

⁴ Evidence of Ms Carleton, para 63.

within the High-Density Residential Precinct, will significantly limit the ability of developers to deliver the necessary variation and volume of housing typologies to meet market demand. This concern is confirmed to me by the yield testing presented in QLDC's Master Plan Report⁵ which indicates 90% of the housing typologies will be 1-2 bed apartments or narrow terraces. In my opinion the over development of similar product will saturate that particular market sector, erode sales prices and slow down development. The need for more variation of housing product is further supported by the economic evidence of Ms Carleton.⁶

23. I acknowledge that the TPLM Master Plan provides for different residential precincts with different minimum density requirements. I accept that these precincts will provide some variation in housing product. However, the volume of housing anticipated in the Low-Density Precinct (145 dwellings or 6.2% of the total master plan yield) and Medium-Density Precinct (664 dwellings or 28.4%) is significantly less than the volume of housing anticipated in the High Density Precinct and Commercial Precinct (1533 dwellings or 65.4%)⁷. In my opinion the overall master plan does not provide a suitable overall balance of variety of housing typologies. I consider that the balance of housing typologies is best achieved by reducing the gross density requirement within the High-Density Precinct.
24. Infrastructure staging will also dictate how and when the different residential precincts are developed. Candor3's Three Waters Infrastructure Report states that:

*"The streamlining of the integrated infrastructure upgrade works will drive the overall development staging of the masterplan area."*⁸

⁵ Appendix A – Te Pautahi Final Draft Masterplan Report, June 2022 – Rev 2, Yield Testing – 60 units/ha – pg. 104.

⁶ Evidence of Ms Carleton, paras 29, and 32.

⁷ Appendix A – Te Pautahi Final Draft Masterplan Report, June 2022 – Rev 2, Density Diagram and Yield Table – pgs. 100-101.

⁸ Ladies Mile Te Putahi Master Plan Three Waters Infrastructure Report, Candor3, 19 April 2021, page 36.

and:

“The capacity of the public water supply system will affect the total number of dwellings and the population increase it can support at any point in time. As such, growth restrictions for the proposed master plan area, in relation to water supply infrastructure upgrade milestones, may need to be implemented.”⁹

25. Infrastructure staging will therefore provide a further limitation on how and when different housing typologies, enabled in the different residential precincts, can be delivered to meet the market demand at any one time. In my opinion the ability to deliver a variety of terrace product, in particular, over the total development lifespan of the Master Plan is necessary.
26. I conclude that imposing a 60-72 dwellings/ha gross density requirement in TPLM will result in an overreliance on very similar 2 bed terraces, and 1-2 bed apartments to meet the minimum density requirement. This will result in:
 - a. The inability to deliver a range of housing typologies to meet the wider market;
 - b. Likely market saturation of smaller 1-2 bed products. In my experience market saturation will compromise sales price, impact development viability and slow down development of TPLM; and
 - c. Deferral of apartment developments with the High-Density Residential Precinct. This will result in fragmented development and will compromise the cohesive and integrated Master Plan outcome that the plan change is seeking.

⁹ Ladies Mile Te Putahi Master Plan Three Waters Infrastructure Report, Candor3, 19 April 2021, page 43.

Proposed 40 Dwellings/ha Minimum Density in the High-Density Residential Precinct

27. I consider that a more appropriate minimum density for the High-Density Residential Precinct to be a 40 dwelling/ ha gross. This density will enable a greater variety of terrace housing that will be more acceptable to a greater proportion of the market. Based on my experience delivering large master planned developments, I consider that the High-Density residential zone should encourage:
- a. A higher proportion and volume of more family appropriate 3-4 bedroom 2-level terraces, which will be more readily accepted by the market. While 3-level terraces may be more land efficient, 2 level terraces provide greater flexibility with living arrangements (including living over less levels), can be built with smaller gross floor areas (GFA), and are more cost efficient to build. Two level terraces will allow more variability with typology price points and allow more affordable housing to be delivered in TPLM.
 - b. 2 level 2 bed terraces. These terraces provide a freehold (no unit title) option for smaller dwellings for residents that do not want to live in apartments.
 - c. 3 level terraces. While not appealing to large sectors of the purchaser market, these typologies do assist with achieving efficient GFA outcomes on smaller land footprints. They also provide variation from an urban design streetscape perspective.
 - d. 3 level walk up apartment typologies - as opposed to much larger 6 level apartments. In my experience developing apartments, 3 level apartments are cheaper to build as they have lighter structures, have less complicated services arrangements, and do not require lifts. Low rise apartments have significantly smaller capital

requirements to develop than larger apartment developments - this will open up the market to more developers of apartments.

28. Mid-rise (6 level) apartment developments should be enabled. If the purchaser demand eventuates, then these typologies will get delivered. However, in my opinion the market should dictate whether they are viable in this location at the then current market conditions.
29. The current proposed gross density rule (49.5.16.2) includes public roads within the gross density calculation (other than those roads shown on the Structure Plan). I consider that all public roads should be excluded from the gross density calculation. Public roads and the connectivity they provide are critical to a well-functioning master planned community. By including public roads in the density calculation, developers may seek to maximise land available for housing, in an attempt to meet the very high 60 dwellings/ha density minimum, by providing narrower private roads and limiting the amount of public roads. Over provision of private roads will exclude public access, compromise connectivity and will result in an undesirable master plan outcome. The risk of this occurring can be mitigated by excluding public roads from the density calculation. I support the changes proposed to rule 49.5.16.2 proposed in Ms Hooegeveen's evidence.
30. I understand from the evidence of Mr Parlane¹⁰ that a reduction in minimum density in the High-Density Residential Precinct from 60-72 Dwellings/ ha gross to 40 Dwellings/ha gross will not materially compromise QLDC's objective of a mode shift to public transport.

Non Complying Activity Status for Developments that do not meet 60-72 dwellings/ha

31. I am concerned with the proposed Non Complying (NC) status of an application which does not achieve the very narrow 60-72 dwellings/ha density band in the High Density Precinct. I consider, given the complex nature of land use and subdivision applications, the chances of individual

¹⁰ Evidence of Mr Parlane, para 8.4.

consent applications being NC are high. From a developer's perspective NC consent applications have increased costs, extend development programmes, and bring much greater risk and uncertainty to developments. Ultimately additional costs get passed through to the end purchaser.



Hamish Anderson

Dated: 20 October 2023