

Before the Queenstown Lakes District
Council

In the matter of The Resource Management Act 1991 (RMA)

And The Queenstown Lakes Proposed District Plan Stage 3; Stream
18; Settlement Zone

**Supplementary evidence of Michael Copeland for Universal Developments
(Hawea) Limited #3248**

31 July 2020

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Introduction

- 1 My name is Michael Campbell Copeland and I am an economic consultant. I have previously provided a written brief of evidence in relation to the relief sought by Universal Developments (Hawea) Limited (Universal Developments). That evidence is dated 29 May 2020.
- 2 In this supplementary brief of evidence I respond to the Stage 3 Hearing Panel's Minute 28, dated 27 July, 2020 seeking comments on the differences between the National Policy Statement on Urban Development 2020 (NPS-UD) to come into effect on 20 August, 2020 and its predecessor (the National Policy Statement for Urban Development Capacity 2016 (NPS-UDC)).

Implications of NPS-UD

- 3 I consider the NPS-UD underscores a number of the points made in my evidence in chief (EIC) including that:
 - a. The Queenstown Lakes District Council's (QLDC's) section 32 and section 42A reports in recommending against Universal Developments proposed extension of Hawea's Urban Growth Boundary (UGB), placed too greater reliance on housing and business land capacity assessments that concluded that for the District as a whole, aggregate residential and business land capacity exceeds forecast aggregate demand;
 - b. The NPS-UD, like its predecessor the NPS-UDC, establishes minimum, not maximum margins for feasible residential and business land development capacity to exceed projected demand in the short, medium and long term;
 - c. Greater attention needs to be given to overcoming frictions in land markets to address housing affordability issues and there is a need for (i) a more targeted consideration of where additional capacity and zoning is required; (ii) creating greater competition in land markets; and (iii) addressing the effects of land banking, land owner inertia and other frictions in land markets;
 - d. There will be a number of economic benefits from providing more commercial and industrial activity at Hawea including a reduction in travel costs for local residents.

- 4 Objective 2 of the NPS-UD states:

“Planning decisions improve housing affordability by supporting competitive land and development markets.”

Also at section 3.22 the NPS-UD refers to the need for residential and business land capacity to exceed forecast demand by a “competitiveness margin” to support choice and competitiveness in housing and business land markets, whilst at section 3.25 the NPS-UD places emphasis on the need for housing development capacity to be reasonably expected to be realised.

- 5 My EIC has covered how the relief sought by Universal Developments will help address land banking and other frictions in land supply markets. It will increase supply and competition in both residential and business land markets and help address housing affordability within the Queenstown Lakes District. The relief sought by Universal Developments is therefore consistent with Objective 2 and other sections of the NPS-UD, which I consider places even greater emphasis on these issues than the NPS-UDC.
- 6 The relief sought by Urban Developments is also consistent with various components of the NPS-UD's Policy 1 in that it will:
- a. *"meet the needs, in terms of type, price, and location, of different households"* (Policy 1(a)(i));
 - b. *"have or enable a variety of sites that are suitable for different business sectors in terms of location and site size"* (Policy 1(b));
 - c. *"have good accessibility for all people between housing, jobs, community services, natural spaces, and open spaces, including by way of public or active transport"* (Policy 1(c));
 - d. *"support, and limit as much as possible adverse impacts on, the competitive operation of land and development markets"* (Policy 1(d)); and
 - e. *"support reductions in greenhouse gas emissions"* Policy 1(e).
- 7 Policy 2 of the NPS-UD, like the NPS-UDC again uses the term "at least" in discussing the need for local authorities to provide development capacity for housing and for business land over the short term, medium term and long term. I note in Policy 7 and at section 3.6 of the NPS-UD, the term "bottom lines" is used when requiring that development capacity exceed expected demand by at least the competitiveness margin percentage specified in 3.22. I consider therefore the NPS-UD makes an even stronger statement than the NPS-UDC that such margins should be interpreted as minimum not maximum thresholds.
- 8 Policy 8 of the NPS-UD states:
- "Local authority decisions affecting urban environments are responsive to plan changes that would add significantly to development capacity and contribute to well-functioning urban environments, even if the development capacity is:*
- (a) unanticipated by RMA planning documents; or*
 - (b) out-of-sequence with planned land release."*
- Policy 10(c) of the NPS-UD requires that

“Tier 1, 2 and 3 local authorities¹ ... engage with the development sector to identify significant opportunities for urban development.”

9 I interpret Policies 8 and 10 of the NPS-UD to underscore that the NPS-UD seeks to encourage urban development rather than to unnecessarily restrict it. Universal Developments’ proposed relief will provide opportunities for significant urban development and this should be interpreted as a positive not negative attribute of its proposals.

10 At section 3.23, the NPS-UD reiterates the relevance of affordability and competitiveness to housing land capacity assessments and the need for the analysis to be informed by:

a. Market indicators, including:

i. Indicators of housing affordability, housing demand, and housing supply; and

ii. Information about household incomes, housing prices, and rents; and

b. Price efficiency indicators.”

11 For the Queenstown Lakes District a number of these measures have indicated ongoing issues with respect to affordability and competitiveness over a period when housing development capacity has supposedly been well in excess of demand – see my EIC at paragraphs 51-57 and the QLDC’s Mayoral Housing Affordability Taskforce 17 August, 2017 Report. Universal Developments’ proposal will help address these issues by adding supply and increasing competition in residential and business land markets.

Michael Copeland

31 July, 2020.

¹ Queenstown Lakes District Council (and the Otago Regional Council) are identified in the NPS-UD as tier 2 local authorities.