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Ministry for the Environment
By email to: fasttrackconsenting@mfe.govt.nz

Edgar Planning Ltd
1 Kamahi Street
Wanaka 9305

Attn: Stephanie Frame

31 August 2021

Dear Stephanie,

COVID-19 Recovery (Fast-Track Consenting) Act 2020 - Silverlight Studios Accommodation - Request for Further Information

Thank you for the opportunity to provide further information on the Silverlight Studios Accommodation project. We can now address the points of further information (as set out in your letter of 23/08/21) as follows:

Points 1 & 2

Natalie Hampson of Market Economics has advised that Full Time Equivalents (FTE) is no longer commonly used to measure jobs however the following estimate of job numbers is intended to provide an indication of the number and duration of full time jobs created and/or supported by the proposed accommodation.

The addition of the accommodation elements to the overall Silverlight project will support additional full time jobs throughout the design and construction phase and will create additional jobs on an ongoing basis through management, maintenance, cleaning and security.

The parts of the various buildings that would include the accommodation units would otherwise be used for storage and would be of a more simple design and simpler and quicker to construct. The addition of the accommodation units within these buildings adds complexity in terms of design (servicing, fire rating and internal design etc), construction and regulation (i.e. building consent requirements and inspections), supporting additional jobs in those sectors. In addition the accommodation buildings are likely to be brought forward in the construction schedule rather than being left for future expansion meaning that the additional jobs will be supported earlier in the process and when the economic effects of the Covid-19 pandemic are likely to be more acutely felt.

The estimated job numbers are in addition to those that are estimated to be created/supported by the wider Silverlight project (being the subject of the current fast track resource consent). The estimated jobs supported and the ongoing jobs created are split across the three construction phases with the jobs supported by the design and construction of each phase estimated to last from 6 months to 1 year.

The construction phases may be undertaken sequentially or they may be undertaken concurrently depending on demand. If the construction phases are undertaken concurrently they will be discrete groups of employment and the jobs created will be additive.

The ongoing jobs created will be full time, permanent jobs and will increase as each phase is completed. The job numbers set out below have been estimated in consultation with design and construction professionals.

Silverlight Accommodation Job Numbers			
	Venice (>100 units)	Paris (>100 units)	NYC (>100 units)
Short Term Net Additional Direct Jobs – Construction Phase			
Design	10	10	10
Consenting and Regulation	5	5	5
Construction and interior fit out	120	120	120
Construction of filming exteriors	40	40	40
Long Term Net Additional Direct Jobs - Operational			
Ongoing management, maintenance, cleaning and security	10	10	10
Total Direct Jobs	**185**	**185**	**185**
Total long term Direct jobs created	**30**		

Indirect employment that is supported by the accommodation element will include upstream suppliers to the construction sector (not limited to QLD) such as manufacturing, transport, wholesaling, retail, finance, insurance, administrative and professional services, waste services etc. In addition indirect employment associated with the ongoing operation of the accommodation will include upstream suppliers to the entity operating the accommodation (not limited to QLD) such as wholesaling, retail,

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finance, insurance, waste services, administrative and professional services, communications, printing etc.

Based on the the model that Market Economics have built for the rest of the project there is on average approximately 13 to 14 indirect jobs sustained for every $1m of Capex and 12 indirect jobs per annum per $1m of Opex spent in the District.

<u>Point 3</u>

The potential economic costs that the application refers to relate to the construction and operation of Silverlight Studios without onsite accommodation rather than economic costs associated with the provision of onsite accommodation (i.e. the onsite accommodation will help mitigate economic costs that might otherwise arise). A memo from Market Economics, addressing at a high level the demand for housing generated by the wider Silverlight Studios project and the likely supply and capacity for housing in the Wanaka Ward, is enclosed. The memo concludes that the addition of onsite accommodation will result in positive economic effects that outweigh any potential adverse economic effects.

We trust that the above adequately addresses the various points of further information requested however if any further information or clarification is required please do not hesitate to contact me.

Yours sincerely,
Edgar Planning Ltd,

Scott Edgar
Director

Enclosures: Market Economics Memo

C.C. Rachel Ducker

Memo

To: Scott Edgar

From: Natalie Hampson, Director

Date: 20th August 2021

Re: Economic Effects of Providing Residential Dwelling Units within Silverlight Studios

Introduction

The purpose of this memo is to consider, at a high level, the demand for housing generated by the activities anticipated on the Silverlight Studios campus, as well as the likely supply and capacity for housing in the Wanaka Ward - being the expected preferred catchment for workers needing to commute to Silverlight Studios. By understanding demand, supply and capacity issues, the processes through which economic effects arise can be identified – positive and negative – which provides a basis for evaluating the proposed provision of residential dwelling units within the Silverlight Studios development.

It is noted that this memo provides initial commentary on this issue only. No specific economic analysis has been carried out, although existing research has been considered/ drawn upon where relevant.

The Proposal

Silverlight Studios Limited (SSL) are seeking approval to provide sufficient on-site dwelling capacity to cater for 20-30% of the estimated long term average on-site workforce (cast and crew). It is proposed to provide accommodation in 250 to 300 apartments of varying size and configuration. Based on current plans (which are subject to approval and subject to minor amendments through the building consent process), it is estimated that 314 bedrooms could be provided within 251 apartments located within buildings proposed on site. Based on an estimated long term average workforce of 1,200 made up of cast and crew, this would cater for up to 26% of workers (assuming single occupancy of each and all bedrooms). The apartments would be a mix of studio, one bedroom, two bedroom and three bedroom dwelling units, spread across the ground and upper floors.

Housing Demand Generated by Silverlight Studios

Everyone who works (or studies) at Silverlight Studios for all but the shortest of time periods (i.e., weeks rather than months) is likely to require some form of long-stay residential accommodation as this will be the most cost effective option compared to staying in commercial or residential visitor accommodation (which is typically charged on a nightly tariff).

Some of the workforce expected at Silverlight Studios is likely to be made up of existing residents of the Wanaka Ward and wider area (i.e. Queenstown and Cromwell). Those workers do not place any additional demands on the local housing market and are not considered further in this memo. However, a large share of the workforce (cast, crew, and staff in on-site businesses) (and students for that matter) are expected to be attracted from elsewhere in New Zealand or may be here on working visas from overseas. This is housing demand that would not otherwise have been anticipated (through the course of Council's growth projection methodology for example) in the absence of the Silverlight Studio development application.

Once operational, it is possible that the workforce will build slowly at first and then rapidly to reach peak numbers, which then may be able to be sustained (with some minor variability depending on the stage of different projects and the ability of the screen production tenants to utilise the space to maximum efficiency). This means that the housing demand 'or shock' could be large and sudden for the local housing market – with many seeking accommodation at the same time, competing with each other, and underlying demand in the market.

The jobs on offer for these non-locals will be made up of a mix of permanent full and part time roles and temporary full and part time roles. This will influence how much income is available to spend on accommodation costs. A significant majority of workers may be expected to seek a long term rental property (room or whole house), at least in the interim, with some expected to buy, and others build – although this may also require rental accommodation during the build process. It is not known to what extent that future workforce will move to Wanaka/the district with partners or families. Those that do, will have different demands for housing than single workers that arrive.

Current Supply of Housing

It is expected that most non-local workers seeking long term housing will target the Wanaka Ward, although Queenstown and Cromwell are also within commuting distance. Silverlight Studios is relatively central to Luggate, Wanaka township (including Albert Town), and Hawea. These are the main urban environments in the Ward, with additional housing supplied in Cardrona and in the rural residential and rural lifestyle zones (including in Hawea Flat and on the outskirts of Wanaka township and around Mount Barker).

Table 1 contains data from current (yet to be published) research M.E is carrying out for Queenstown Lakes District Council on their housing market (2021 HBA (Housing), draft). It shows that the Wanaka Ward comprises a total of 8,420 dwellings, 76% of which are in the main township of Wanaka (including Albert Town) and on average 87% are detached or standalone dwellings, with only 1,080 dwellings 'attached' in the form of apartments, duplexes or terraced homes. Anecdotally, these attached houses are still aimed at families – commonly providing 2-3 bedrooms, and some will be within retirement villages.

Table 1 – Current (2020) Total Housing Supply in Wanaka Ward

Reporting Area	2020 (n)			Share by Type (%)			Share by Area (%)		
	Detached	Attached	Total	Detached	Attached	Total	Detached	Attached	Total
Wanaka Town Centre	5,489	913	6,401	86%	14%	100%	75%	84%	76%
Lake Hawea	651	94	746	87%	13%	100%	9%	9%	9%
Luggate	220	10	230	96%	4%	100%	3%	1%	3%
Cardrona	444	43	487	91%	9%	100%	6%	4%	6%
Outer Wanaka	536	23	559	96%	4%	100%	7%	2%	7%
Wanaka Ward	7,340	1,083	8,423	87%	13%	100%	100%	100%	100%

Source: Queenstown Lakes District Council July 2020 Projections, M.E (draft HBA 2021)

Overall, the current Wanaka housing estate does not offer many opportunities for single (or couple) person households seeking smaller, more cost effective housing.

Additional data shows that of the 8,420 dwellings in the housing estate, only 69% are utilised by resident households, with 31% or 2,590 estimated to be usually unoccupied holiday homes. This is one of the highest shares of holiday homes in New Zealand and indicates that a lot of the housing stock is not typically available for resident demand, although could be made available if sold or released for long term rental if there was exceptional demand and that was in the interest of the homeowner.

In a similar way, properties currently available (and consented) for short term visitor accommodation can transition to long term rental if that offers greater annual returns once occupancy of short term rentals is taken into account. With the reduction in international tourists during COVID-19, there is anecdotal evidence that some owners of investment properties have made this switch, which increases supply for resident households. However, this trend may not last if our borders reopen to international tourism.

Examining current housing supply is relevant to this assessment because the housing demand arising from Silverlight Studios could be felt in the short term (next three years) based on indicative development timeframes (discussed further in the Economic Impact Assessment Report prepared for the Fast Track application). Therefore, what is on the ground today is a good indication of the supply that is likely to be available by the time Silverlight Studios is operational.

The above data does not indicate how many dwellings are available to meet growth in demand (i.e. new households seeking to buy or rent homes/rooms).[1] Anecdotally, only a small share of dwellings are for sale at any one time and rental properties or rooms for rent are hard to find (particularly during the ski season).

To put the projected long term average workforce in context though, 1,200 workers (if each was an individual household seeking a dwelling), would be a 21% increase on the resident households of

[1] M.E does not have any data that quantifies the number of rental properties available at the sub-district level readily to hand.

Wanaka Ward (as at 2020). Even if 1,000 were non-local and seeking housing, this would be a 17% increase. However, not all non-local staff at Silverlight Studios would generate demand for additional dwellings as some may share a dwelling (i.e., create a flat) and others may find a room within an existing dwelling. Even so, this is anticipated to be a large and potentially sudden increase in housing demand that is expected to create a lot of competition in the housing market over a short period of time, particularly if there is just 'business as usual' supply growth between now and when Silverlight Studios becomes operational.

We note that approval of the development in the near future could stimulate some changes in supply for those wanting (and able) to capitalise on the expected demand. This could see some additional investment in rental properties for example, to boost supply.

Increased competition for housing, particularly when condensed over a fairly short period of demand, may be expected to put upward pressure on rental, dwelling and section prices. This is a key issue for the Wanaka Ward, where the median house price is one of the highest in the country (currently $984,000 as at June 2021) and average weekly rents are $527 - also amongst the highest in the country (and higher than the district average).[2] Housing affordability is a key issue for the district, and with house prices and building costs expected to rise faster than average incomes, affordability is projected to worsen over the long term.

Importantly though, the effect of Silverlight Studio on the housing market is likely to be short term, with the market expected to reach an equilibrium (i.e., adjust to meet the demand) over the medium term. Any upward pressure on prices attributable to Silverlight Studios is not expected to endure. Once the early workforce is 'accommodated' then normal churn of housing stock and rental properties can be expected as some workers leave and other arrive to replace them.

Capacity for Housing Growth

M.E does not foresee any constraints on the capacity of the housing market to expand to meet demand over the short-medium term (i.e., adjust to the step change in demand associated with the arrival of the Silverlight Studio workforce, albeit gradually given the limits of the capacity of the construction sector). Recent research for Council (2021 HBA (Housing), draft) has shown that the district plan provides zoned, infrastructure serviced and commercially feasible capacity (i.e., reasonably expected to be realised capacity) in the Wanaka Ward for an additional 2,470-2,900 dwellings by 2030. Any adjustments in net additional dwelling supply to accommodate growth associated with Silverlight Studios will only account for a share of that capacity.

That said, that reasonably expected to be realised capacity is still weighted towards the supply of standalone housing, with smaller attached housing (suitable for single and couple households) still not

[2] https://huddashboards.shinyapps.io/urban-development/

a significant feature of the expected future housing estate in Wanaka Ward as a result of the combination of zoning provisions and the ample supply of lower density zoned greenfield land.

Positive Economic Effects of Providing Workers Accommodation

In light of the above, the proposed provision of residential capacity on-site in the Silverlight Studios campus may be expected to deliver a number of positive economic effects. These effects can be summarised as effects on the economic wellbeing of the workers at the Studios, effects on the economic viability of businesses operating at the Studios, and effects on the economic wellbeing of the wider community. These are discussed in turn.

Benefits to workers at Silverlight Studios

By increasing the supply of rental accommodation (by indicatively 251 dedicated dwellings) in the Wanaka Ward, the on-site workers accommodation will improve security of housing for many (20-30%) of the workers moving to the district by making it easier to find somewhere to stay in the first instance, while they familiarise themselves with the local area and expand their social networks and knowledge of housing opportunities. This may be a temporary benefit – with many staff expected to later move to properties in the existing urban areas (where amenity is higher) once more permanent accommodation there can be secured (rented, purchased, built) – or a permanent benefit for the duration of their employment.

The onsite accommodation also benefits those workers who cannot stay on-site, as it reduces the competition for housing in the wider market, improving their chances of finding somewhere to live.

Housing security (or improved housing security) is likely to make the prospect of accepting a job at Silverlight Studios more feasible. Anecdotally, M.E are aware that finding a job in Wanaka is easier than finding somewhere to live – with some people that get employed subsequently having to turn down the job (or leave soon after starting) because suitable housing could not be found (or afforded).

For those able to live on-site, they would also benefit from reduced transport costs as travel to work costs would be eliminated. There are also time cost benefits for staff who have a reduced (or eliminated) commute time. The counter to this is that residents living on-site will potentially have to travel further to access other goods and services not available at Silverlight Studios, albeit that residents in Hawea and Luggate also currently have limited local retail and service offering. Regular travel to Wanaka town centre/Three Parks is the status quo for many residents based around the Ward.

A key benefit of the proposed dwelling units is that it provides a substantial number of studio and one bedroom apartments. There is currently limited supply of such dwellings in the Wanaka Ward housing estate, and this is unlikely to change in the foreseeable future. For those workers wanting to live on their own in one bed/bedroom apartments, the mix of apartment types proposed will provide the opportunity for a greater number of staff to meet their preferred housing needs. In the absence of the on-site accommodation, single staff may be less likely to find suitable housing or will need to compromise on their housing needs (potentially at a greater financial cost).

Benefits to businesses operating at Silverlight Studios

Attracting and securing labour is critical to the success of the Silverlight Studios (and the businesses operating within the facility). The provision of workers accommodation could therefore play a significant role in the economic viability of the campus overall as without staff, the screen production activities cannot take place. The proposed workers accommodation is expected to facilitate the operation of the facility by making it easier for many staff to move to Wanaka, improving the likelihood that estimated wider economic impacts will be realised.

At this stage, M.E is not aware of the business model for the apartments – i.e., whether they will be rented directly to workers, or rented in bulk by the screen production company. Either way, we are aware that cast and crew are typically given an accommodation allowance. The onsite accommodation will be operated at a large-scale and this may generate efficiencies that allow the rents to be set at below market value (although this is not confirmed). As the apartments would not be available to the general rental market, the rents are more likely to set at a negotiated rate. This may result in savings for the screen production company(s) by reducing their accommodation costs for staff. This could improve the commercial feasibility of leasing Silverlight Studios for international screen production companies.

The provision of on-site accommodation, that would allow up to 20-30% of total long term average staff numbers to live on-site at any one time, may also provide benefits to the operation of the campus in the event of future COVID-19 lock-downs. That is, it may be possible to form a 'bubble' for the campus that would allow some operations to continue on a skeleton (resident) cast and crew.

Benefits to the wider community

Last, the provision of on-site accommodation would reduce the pressure on the Wanaka Ward housing market in the short term by reducing the amount of net additional housing demand. This would have a corresponding reduction on the potential upward pressure on housing prices in the short term, and would allow the market to reach equilibrium (i.e. adjust supply to meet the additional demand) sooner than would otherwise be the case. This benefits all those seeking to buy or rent in the Wanaka Ward by reducing any potential net increase in prices (over and above the status quo) and the duration of that potential price shock.

Adverse Economic Effects of Providing Workers Accommodation

The housing market in Wanaka Ward will be larger with Silverlight Studios developed than if it was not approved. The provision of on-site workers accommodation just influences where a minor share of the demand will be met. As such, M.E does not anticipate any real economic costs associated with the proposed workers accommodation, only opportunity costs.

Firstly, by meeting some demand on-site, this would reduce the number of households/investors in the local housing market that could benefit from renting (and potentially selling) houses to the Silverlight Studio workforce. i.e., the proposal would result in a reduction in the distribution and quantum of potential income to residential property owners than would otherwise be the case if there was no on-site accommodation.

Second, we anticipate that a greater amount of hospitality spend by the Silverlight Studios work force will be captured within the campus (after hours and in the weekends, assuming the premises remain open to service the local residents) than would otherwise be the case if all workers needed to find accommodation in existing urban areas where they would be more likely to visit premises in established centres. Depending on the mix of goods and services ultimately provided on-site under the consent (if approved), this opportunity cost may extend to more than just hospitality. The opportunity cost would be felt by businesses in existing centres and is again a reduction in the potential distribution of benefits only. The total spend in the local economy would however be the same.

Conclusions

The demand for and supply of workers accommodation has been an ongoing issue for the district, particularly related to the short term ski field staff, but also other tourism operations, and one that has yet to be effectively embraced on a large scale.[3] [4] Many large companies in the district have only recently started to invest in workers accommodation, although few have the opportunity to do so on-site.

M.E consider that including on-site accommodation will substantially contribute to Silverlight Studios social licence to operate in the Wanaka Ward community. It represents a responsible corporate approach, by reducing the potential for negative externalities on the local housing market generated from such a large new economic activity.

The proposal would change the development from a purely commercial site to a mixed-use development and could be considered a new satellite urban area (albeit a unique one) in the Ward. However, the Ward already has Luggate, Cardrona and Hawea as satellite urban areas of the larger Wanaka Township. So long as the site provides sufficient amenity to future residents, M.E does not think that the proposal to include residential apartments will result in any material adverse effects on the Ward's urban form. Particularly as the apartments are internalised in the site and proposed buildings and do not increase the scale or density of the proposed development.

[3] https://www.odt.co.nz/regions/wanaka/accommodation-%E2%80%98absolute-nightmare%E2%80%99

[4] https://www.stuff.co.nz/business/103017338/queenstown-businesses-plan-more-staff-accommodation-as-housing-crisis-bites

Overall, we consider that the positive economic effects of including provision of workers accommodation on-site will outweigh any potential adverse economic effects.

Natalie Hampson

Market Economics Limited
s 9(2)(a)
s 9(2)(a)