

Wooring Tree Fast Track Consent Application

Economic Assessment

September 2020 – draft final

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Economic Assessment

Prepared for

Wooing Tree Development LP

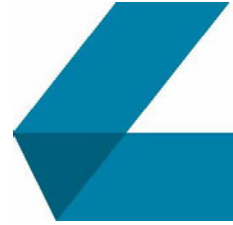
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Contents

1	INTRODUCTION	1
1.1	SCOPE OF ASSESSMENT	1
1.2	APPROACH AND REPORT STRUCTURE	2
2	STUDY AREA AND COVID-19 IMPACTS	3
2.1	THE SITE, CROMWELL AND SUB-REGION	3
2.2	DIRECT IMPACT – TOURISM SECTOR	6
2.3	FLOW-ON IMPACTS – WIDER ECONOMY	8
3	RESIDENTIAL DEVELOPMENT	12
3.1	FASTER DWELLING GROWTH PROJECTED SINCE PC12	12
3.2	CURRENT ESTIMATES OF CAPACITY FOR DWELLING GROWTH	14
3.3	SUFFICIENCY OF CROMWELL’S URBAN DWELLING CAPACITY	14
3.4	ECONOMIC AND SOCIAL BENEFITS AND COSTS	17
4	COMMERCIAL DEVELOPMENT	22
4.1	CHANGES IN FORM AND LOCATION OF THE VILLAGE	22
4.2	CROMWELL MASTERPLAN – SPATIAL FRAMEWORK	24
4.3	ECONOMIC AND SOCIAL BENEFITS AND COSTS	26
5	EMPLOYMENT IMPACTS	28
5.1	APPROACH	28
5.2	DIRECT EMPLOYMENT RESULTS	31
5.3	INDIRECT AND INDUCED EMPLOYMENT IMPACTS	36
5.4	SUMMARY OF FAST TRACK BENEFITS	36
6	CONCLUSIONS	37
	APPENDIX A – COVID-19 SPENDING IMPACTS	38
	APPENDIX B - CROMWELL & SURROUNDS MAP	39
	APPENDIX C – COMPARISON OF DWELLING GROWTH	40

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APPENDIX D – ESTIMATED DWELLING CAPACITY 41

APPENDIX E – HOUSING MARKET INDICATORS 43

Figures

FIGURE 2.1 – LOCATION OF WOOING TREE ESTATE WITHIN CROMWELL URBAN AREA (SOURCE: CODC SPATIAL FRAMEWORK) 3

FIGURE 2.2 – CENTRAL LAKES SUB-REGION – DISTANCES BETWEEN CENTRAL CROMWELL, WANAKA & QUEENSTOWN 4

FIGURE 2.3 – MEDIAN DWELLING SALES PRICE BY WARD – CENTRAL LAKES SUB-REGION (MHUD) 5

FIGURE 2.4 – 2018 WORK AND SCHOOL COMMUTING DESTINATIONS BY RESIDENTS IN CROMWELL & LINDIS NEVIS VALLEYS 6

FIGURE 2.5 – TOURISM CONTRIBUTION TO GDP IN CENTRAL OTAGO AND QUEENSTOWN LAKES DISTRICT 2000-197 5

FIGURE 2.6 – TOTAL RETAIL AND SERVICE SPENDING BY WEEK – PERCENTAGE CHANGE CP. SAME WEEK IN 2019 .. 8

FIGURE 2.7 – JOB SEEKER SUPPORT DATA BY MONTH FOR COD AND QLD (SOURCE: MSD) 9

FIGURE 2.8 – ACCOMMODATION SUPPLEMENT APPLICATIONS BY MONTH FOR COD AND QLD (SOURCE: MSD).... 9

FIGURE 2.9 – TOTAL CONSTRUCTION CONSENTS BY QUARTER IN QLD AND COD 10

FIGURE 2.10 – RESIDENTIAL BUILDING CONSENTS BY QUARTER IN QLD AND COD 11

FIGURE 3.1 – PROJECTED GROWTH OF URBAN AND TOTAL DWELLINGS IN CROMWELL AND SURROUNDS (HIGH)... 13

FIGURE 3.2 – SUFFICIENCY OF PLAN ENABLED CAPACITY FOR PROJECTED URBAN DWELLING DEMAND 2018-48 .. 15

FIGURE 3.3 – IMPACT OF NET INCREASE IN WOOING TREE RESIDENTIAL ALLOTMENTS ON PROJECTED CAPACITY SHORTFALLS..... 17

FIGURE 3.4 – CROMWELL SPATIAL PLAN – FUTURE LAND USE SHOWING WOOING TREE SITE..... 19

FIGURE 4.1 – PROPOSED CHANGE IN SHAPE AND LOCATION OF THE COMMERCIAL CENTRE 23

FIGURE 4.2 – WOOING TREE PROPOSED TOURIST VILLAGE SITE PLAN 24

FIGURE 4.3 – RELATIONSHIP BETWEEN THE PROPOSED WOOING TREE CENTRE LOCATION AND TOWN CENTRE PRECINCTS..... 26

FIGURE 5.1 – DIRECT MONTHLY JOBS SUSTAINED BY MONTH/YEAR AND PURCHASER – TOTAL NEW ZEALAND – FAST TRACK SCENARIO 32

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FIGURE 5.2 - CUMULATIVE DIRECT MONTHLY JOBS SUSTAINED BY MONTH/YEAR AND PURCHASER – TOTAL NEW ZEALAND – FAST TRACK SCENARIO 33

FIGURE 5.3 - TOTAL DIRECT MONTHLY JOBS SUSTAINED BY MONTH/YEAR – CENTRAL LAKES SUB-REGION – FAST TRACK V PLAN CHANGE SCENARIO..... 34

FIGURE 5.4 – CUMULATIVE TOTAL DIRECT MONTHLY JOBS SUSTAINED BY MONTH/YEAR – CENTRAL LAKES SUB-REGION – FAST TRACK V PLAN CHANGE SCENARIO..... 35

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1 Introduction

Wooing Tree Development LP (WTD) are seeking a consent under the COVID-19 Recovery (Fast Track) Consenting Act 2020 to intensify and accelerate development outcomes on their land adjacent to the Cromwell Town Centre to help sustain construction sector jobs in the sub-region, increase urban housing supply in Cromwell and better align development with the Central Otago District Council's (CODC) Cromwell Master Plan – Spatial Framework. WTD have commissioned Market Economics Limited (M.E) to assess the economic effects (costs and benefits) of the proposed consent project.

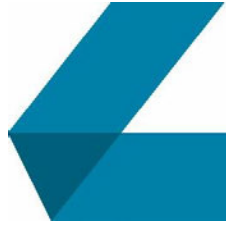
1.1 Scope of Assessment

The WTD site is currently a working vineyard with tasting rooms that is zoned in the operative Central Otago District Plan (through Plan Change 12) for urban development. The District Plan enables up to 210 residential allotments spread across several residential zone types and a tourism focussed commercial centre that is vineyard themed in a bespoke business zone.

The first stage of residential subdivision has been consented. Those 33 lots are under construction and are currently being marketed. WTD are seeking a Fast Track subdivision consent to not only speed up the subdivision approval process for the balance of the site, but to increase the dwelling yield and move the location of the commercial centre to improve its economic viability and enhance the flow-on benefits for the Cromwell Town Centre on the opposite side of State Highway 8B. Such changes would otherwise require a private plan change followed by subdivision consent applications which would add considerable time and uncertainty to the development process. Such delays can be avoided if a Fast Track consent is approved.

This report is focussed on the project's economic benefits and costs (in total, relative to the permitted baseline and relative to a plan change approval pathway), including the benefits that would be delivered to a sub-region significantly impacted by COVID-19. The proposed changes to the Wooing Tree site do not seek to change the nature of development able to occur on site or the role or scale of the commercial centre. Rather, the key aspects of the project that form the basis of the assessment are:

- a) the net increase of maximum residential allotments from 210 (plan enabled) to 309 (proposed) (i.e. the economic and social effects of up to 99 additional allotments on site),
- b) the gross effect of approving subdivision of 276 residential lots in one go (being 309 proposed lots less 33 stage 1 lots that already have subdivision consent),
- c) the net economic and social effects of a more consolidated centre area directly opposite the Cromwell Town Centre (i.e. the effects of a different location and shape of the commercial centre on the site), and
- d) The gross economic effects of developing a new commercial centre that will enhance Cromwell's tourism experience and support Cromwell's tourism recovery and sustain long-term jobs.



1.2 Approach and Report Structure

In light of the nature of changes proposed by WTD, which do not change the nature and role of activity anticipated on this site, this report is relatively high-level. To help place economic benefits and costs anticipated to be delivered by the project into perspective, section 2 of the report describes the development location and wider study area (sub-region), Cromwell's role in that sub-region and the impacts of COVID-19 on the sub-region's economy based on available data.

To assess the net and gross effects of the proposed residential development, we provide an assessment of the dwelling demand, capacity and supply context within which the proposed increase in dwelling allotment yield will fit. To address this, M.E have limited their assessment to an update of dwelling demand and sufficiency of capacity previously used to inform the Plan Change 12 hearing¹, relying on analysis more recently carried out by M.E (for Plan Change 13 to the Central Otago District Plan). We include in the residential assessment a brief update of housing market indicators and the relevance of the Cromwell Masterplan – Spatial Framework. This material is covered in Section 3 of this report.

To address the commercial centre component of the project, we comment on the economic effects of the new centre location (and form) relative to the Town Centre and how these two commercial precincts will interact. This is followed by a brief discussion on the economic benefits of the new centre per se on Cromwell. This is covered in Section 4 of this report.

Section 5 provides analysis on the employment impacts anticipated in the short-term from the total development as a result of a Fast Track consent approval. Section 6 summarises overall conclusions on the economic and social costs and benefits of a Fast Track subdivision consent for the Wooing Tree Estate project.

¹ The plan change that enabled up to 210 residential allotments and vineyard themed commercial village. M.E provided evidence on behalf of the landowners at that time.

2 Study Area and COVID-19 Impacts

This section places the project site in context geographically within Cromwell and the wider sub-region which is essentially the triangle formed by Cromwell, in Central Otago District (COD), and Wanaka and Queenstown in neighbouring Queenstown Lakes District (QLD), and the rural areas surrounding each centre. Collectively, this sub-region has suffered the most significant impacts (in percentage terms) arising from New Zealand's response to COVID-19. These are discussed briefly so that the importance of accelerating residential and commercial construction activity can be appreciated.

2.1 The Site, Cromwell and Sub-Region

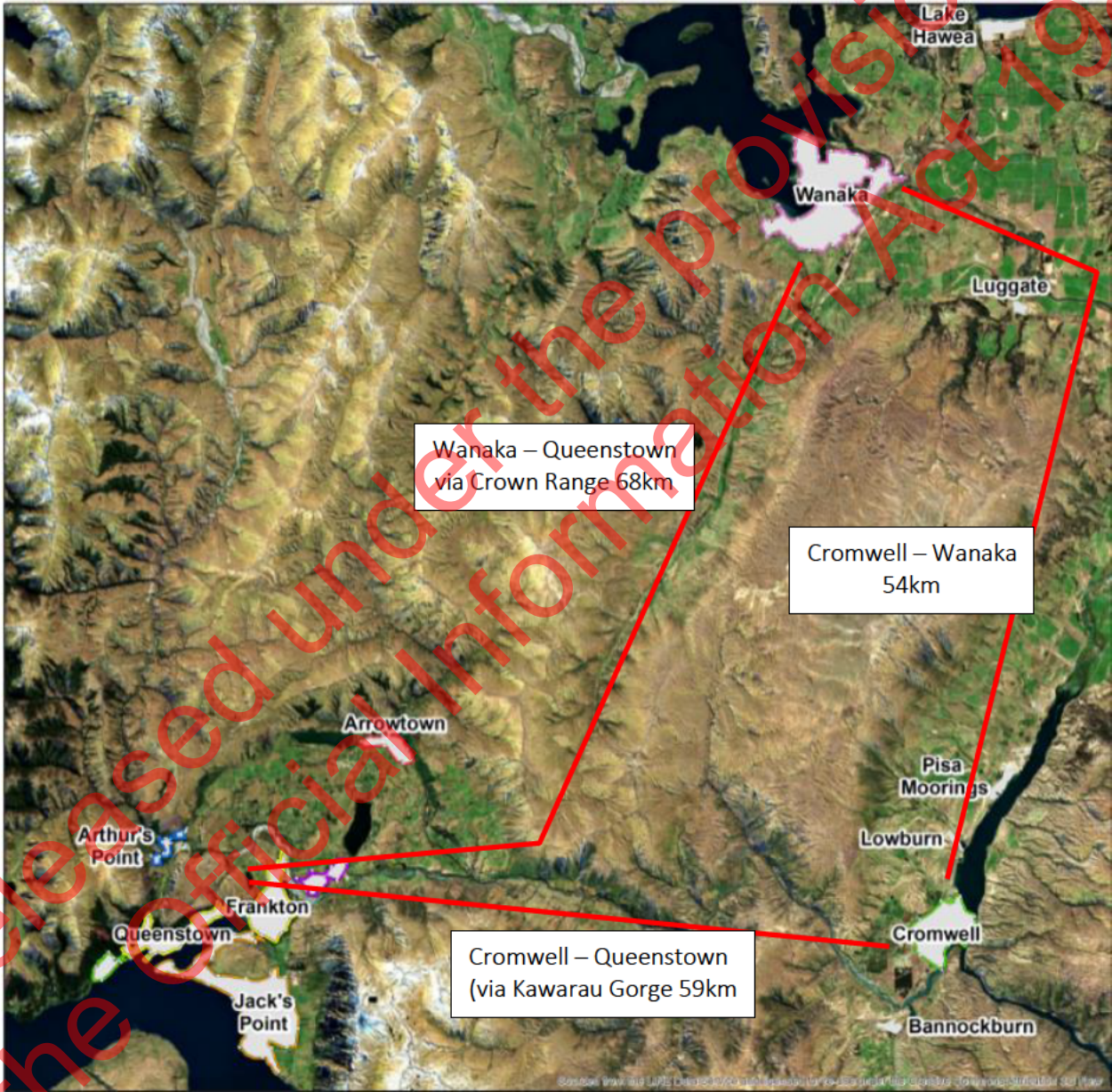
Wooring Tree Estate (the site), is located within the Cromwell urban area on the north side of State Highway 8B and east of State Highway 6. It falls entirely within 700m (straight line distance) of the Cromwell Mall – being a central location of the town centre. Parts of the site are between 200-400m of the centre of town. The site is highly visible and an easy walk to both the town centre and the lake (Figure 2.1). As a greenfield site currently zoned for up to 210 residential allotments, Wooring Tree has been recognised for several years now as an important and strategic site to deliver dwelling growth within Cromwell's urban area.

Figure 2.1 – Location of Wooring Tree Estate within Cromwell Urban Area (Source: CODC Spatial Framework)



Cromwell is one of two main urban centres in Central Otago District (COD). It serves the north of the district, while Alexandra serves the south. It has been experiencing strong growth in its resident population in recent years, as have Cromwell’s satellite urban settlements (Bannockburn to south and Pisa Moorings and to some extent Lowburn to the north). The lake, climate and relative cost of living are all attractors for resident households (including retirees and more recently young families) moving to the area as well as holiday home-owners and property investors.

Figure 2.2 – Central Lakes Sub-region – Distances Between Central Cromwell, Wanaka & Queenstown



The Cromwell Basin is a key horticultural growing area. Recent investment has seen the land area planted in vineyards, cherries and summer fruit expand. Primary production sustains both seasonal and permanent employment in and around Cromwell, including in agricultural support services and processing/distribution and wholesaling. Wine making is a key tourism attraction for Cromwell and the wider Basin (with Wooing Tree wines contributing to that reputation) as are historical heritage values, landscape values and the lake

itself. Bike tourism is expected to play an increasing role soon with work well underway to complete new cycle trails that connect Cromwell with Wanaka, Clyde and Gibbston Valley (Queenstown). As the local population and tourism have grown, the Cromwell economy has become increasingly diversified and more self-sufficient. It is however still reliant on larger suburban centres for some higher order retail and service needs.

There exists relatively strong social and economic relationships between Cromwell, Queenstown and Wanaka, with Cromwell roughly equidistant from the somewhat larger Wanaka and the much larger Queenstown, with those distances to Cromwell slightly closer than Wanaka and Queenstown are to each other (Figure 2.2). The transport links between these three centres support a flow of trade, tourists and workers (commuters), effectively forming an economic sub-region, referred to here as the Central Lakes sub-region.

2.1.1 Home-Work Travel Patterns

As Cromwell is central to both Wanaka and Queenstown, and dwelling prices are on average more affordable (Figure 2.3), many households who work in either Wanaka or Queenstown are choosing to rent or purchase dwellings in Cromwell Ward and commute. This trend is projected to continue (and potentially increase) in the future. Therefore, supplying dwellings in Cromwell is not just important for growth of the local Cromwell/COD economy but is also important for sustaining growth in the Wanaka and Queenstown economies.

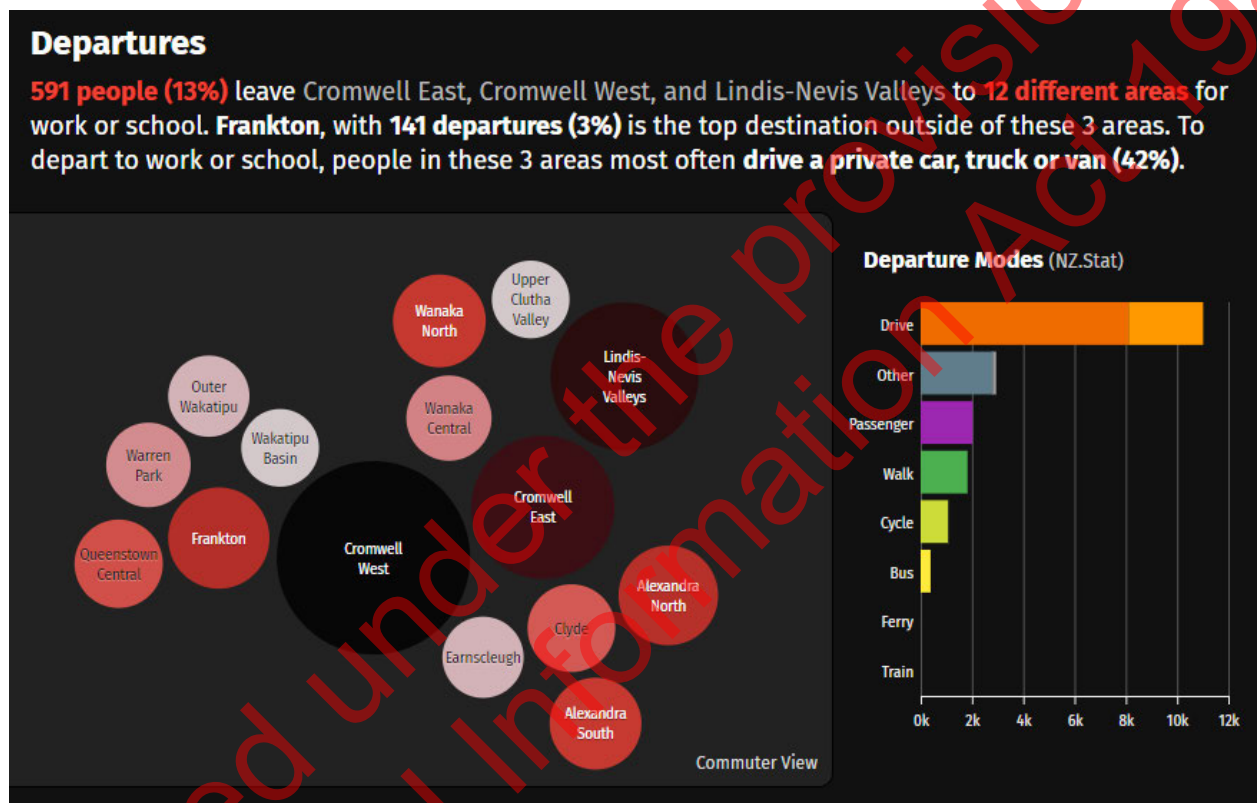
Figure 2.3 – Median Dwelling Sales Price by Ward – Central Lakes Sub-Region (MHUD)



The latest journey to work/school data (Census 2018) shows a net outflow of commuters from Cromwell Ward (Cromwell urban East and West and the surrounding rural catchment ‘Lindis Nevis Valleys’). A total of 591 residents leave the Cromwell Ward for work/school compared to 435 people that arrive in the Cromwell Ward from elsewhere (Figure 2.4).

- A total of 108 residents leave the Cromwell Ward to work or go to school in Wanaka (and surrounding Upper Clutha Valley). This is a net outflow compared to 51 people who live in the Wanaka / Upper Clutha Valley that arrive in the Cromwell Ward.
- A total of 234 residents leave the Cromwell Ward to work or got to school in Queenstown / the Wakatipu Basin. This is a strong net outflow compared to just 6 people who live in the Queenstown / Wakatipu Basin that arrive in the Cromwell Ward.

Figure 2.4 – 2018 Work and School Commuting Destinations by Residents in Cromwell & Lindis Nevis Valleys



2.2 Direct Impact – Tourism Sector

Based on Infometrics data², the tourism sector (which is made up of a number of industries) contributed an estimated \$107m to the COD economy in 2019³, up 12.5% on the year before and total growth of 386% since 2000 (Figure 2.5). It supports an estimated 1,522 jobs which account for 11.6% of total 2019 employment in the district. In 2019, tourism was the fourth largest sector in the district economy in GDP terms, when compared against the Agriculture industry (14%), Construction industry (13%) and Electricity Generation industry (8.5%).

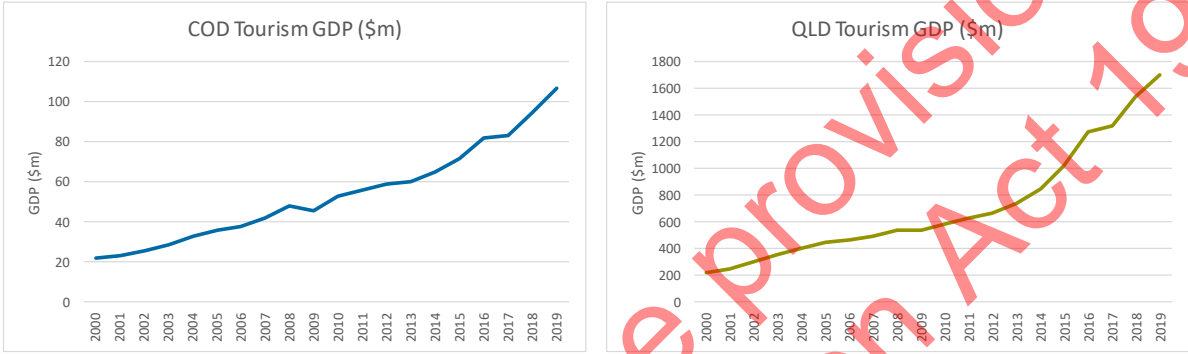
The scale and role of COD’s tourism activity is very small compared to neighbouring QLD, but the two tourism areas are not independent of each other (due to proximity and road routes). Tourism activity in

² <https://ecoprofile.infometrics.co.nz/Queenstown-Lakes%20District/Tourism/TourismEmployment> and <https://ecoprofile.infometrics.co.nz/Central%2bOtago%2bDistrict/Tourism/TourismEmployment>

³ GDP data is only available for the total district from this source.

Cromwell in particular is strongly connected to tourism in Wanaka and Queenstown. The tourism sector contributed an estimated \$1,703m to the QLD economy in 2019, up 10.3% on the year before and total growth of 660% since 2000 (Figure 2.5). It supports an estimated 19,064 jobs which account for 63.5% of total 2019 employment in the district. In 2019, aggregated tourism related activity dwarves all other industries in GDP terms. On its own, the Construction industry contributes GDP of \$327m (10.7% of district GDP).

Figure 2.5 – Tourism Contribution to GDP in Central Otago and Queenstown Lakes District 2000-19



The MBIE COVID-19 Recovery Dashboard includes data on electronic spending on retail and services by domestic and international card holders by week and district⁴. Figure 2.6 shows the significant impact that various lockdown stages have had on total spending in the Central Lakes sub-region (by TA) between late March and mid-May.

While significant at its lowest point (spending down -57.5% in COD in the week ending April 26th, the 19th worst affected TA in percentage terms in the time-period graphed), the district was less impacted than neighbouring QLD and recovered faster. While total spending in COD since late May has shown some positive growth compared to spending in the same weeks the year before, it is too soon to tell if this will be sustained over the rest of the year, and whether this will result in a net increase or net reduction in annual retail and service spending in 2020 compared to 2019. It is likely that the recent annual rates of growth seen in the COD tourism sector will be considerably reduced.

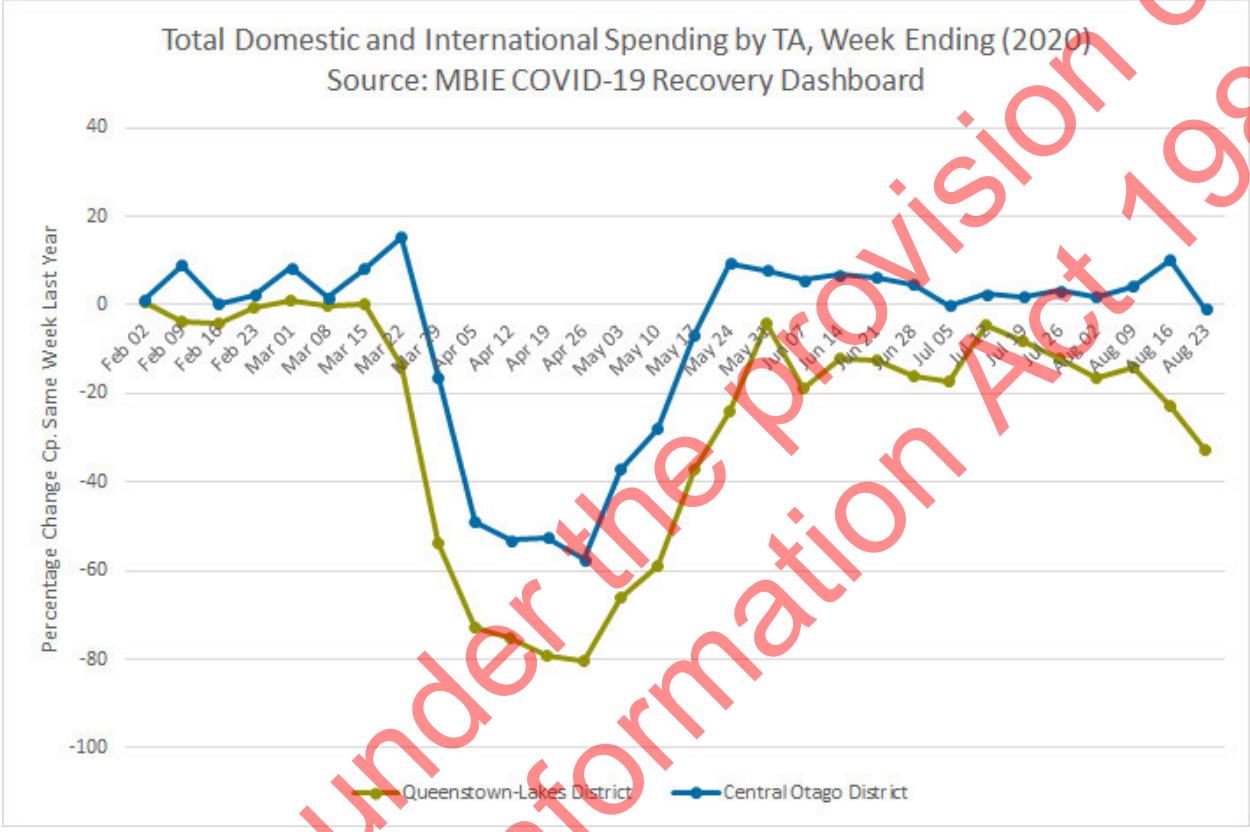
At its worst point, QLD total spending was down 80.4% compared to the same week the year before (the week ending April 26th). This is the second worst single weekly impact in the country (topped only by Mackenzie District which experienced one week at -82.0%). In contrast with Mackenzie District, QLD have had no weeks since late May that have had a net increase in spending compared to 2019. While retained overseas spending by New Zealanders and domestic tourism has gone some way to offset lost spending by international visitors (further graphs are provided in Appendix A), QLD’s economy, so largely focussed on tourism (and international tourism), is not likely to show a positive annual increase in tourism sector GDP for the first time in decades. This impact is significant given the large number of jobs directly and indirectly sustained by tourism in both Queenstown and Wanaka.

⁴ Full details on the limitations of the data are available here: https://mbienz.shinyapps.io/card_spend_covid19/



M.E notes that the trends seen in QLD in Figure 2.6 (and Appendix A) are likely to be more representative of the experience in Cromwell over that same period, than is suggested by the district-wide average for COD. However, data for Cromwell ward is not readily available to substantiate the localised impacts.

Figure 2.6 – Total Retail and Service Spending by Week – Percentage Change cp. Same Week in 2019



2.3 Flow-on Impacts – Wider Economy

Given the significance of the tourism sector in the sub-region, this is causing flow on effects to many in the wider community/economy at present. By way of example, Job Seeker Support data from the Ministry of Social Development (MSD) shows that counts are trending back down but are still high in both COD and QLD compared to pre-COVID-19 levels (Figure 2.7). While Job Seeker numbers are not the same as unemployment figures (as not all unemployed are eligible for MSD’s Job Seeker Support), the numbers do help us understand how employment (and unemployment) is trending in the Central Lakes sub-region. Figure 2.8 shows that applications for the Accommodation Supplement are still trending upwards in both COD and QLD.



Figure 2.7 – Job Seeker Support Data by Month for COD and QLD (Source: MSD)

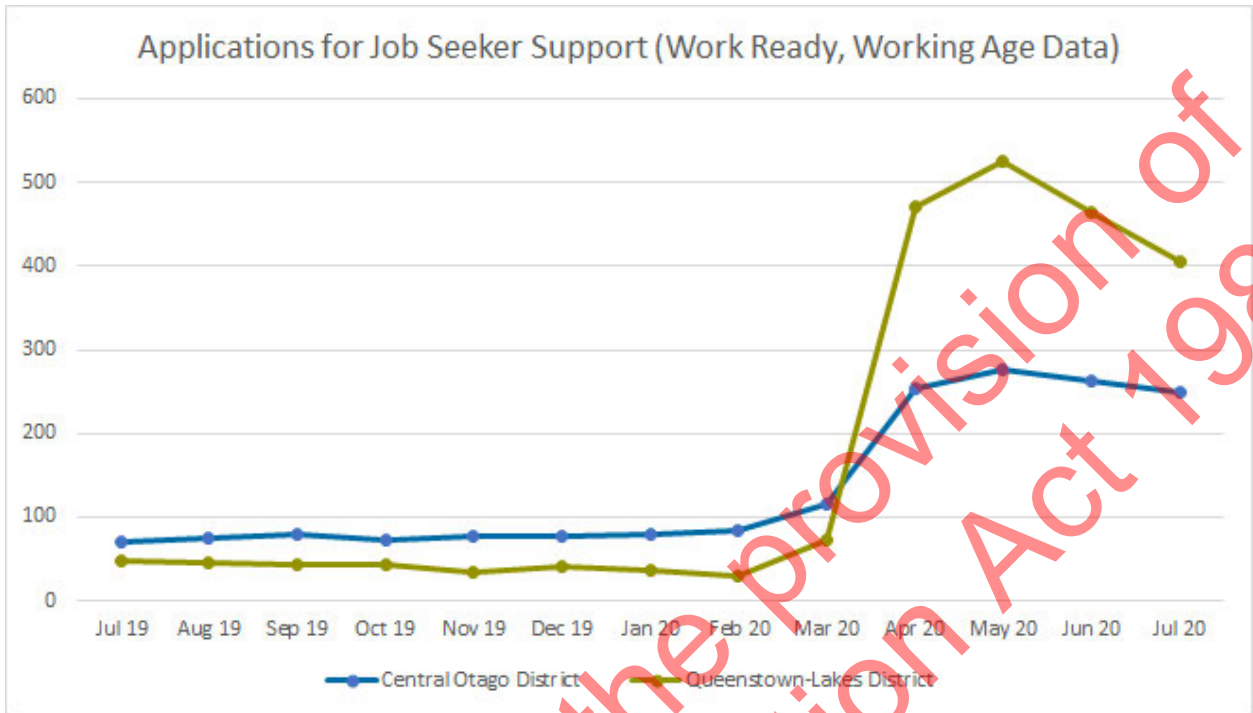
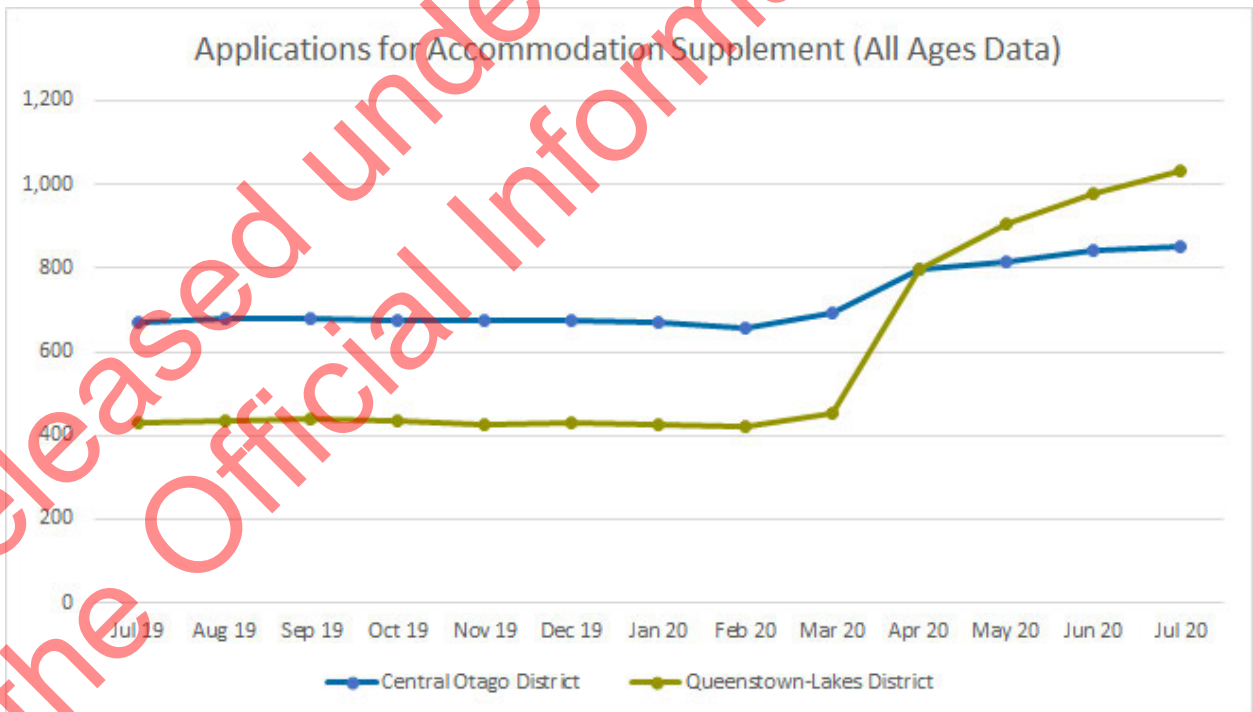


Figure 2.8 – Accommodation Supplement Applications by Month for COD and QLD (Source: MSD)



2.3.1 Construction Sector Impacts

The construction sector tends to grow commensurate with economic growth. As more jobs are sustained in the Central Lakes sub-region the more households move to the area to take up those jobs and this drives



demand for dwelling and other commercial construction. Tourism is the key driver of economic growth in QLD and a strong contributing factor in Cromwell (independently and as a flow-on effect of QLD growth). While efforts have stepped up to promote the Central Lakes sub-region to the domestic tourism market, there is nothing that can be done to recover international tourism activity until our international borders re-open (and international travel resumes). A downturn in the QLD tourism sector is expected to slow growth in the construction sector across the sub-region. The timing and duration of that affect (given associated lags) is not yet known, although QLDC have released new dwelling projection scenarios last month that show a period of much slower dwelling growth in the short-medium term future compared to recent growth rates.

Building consent data offers an ability to measure intended activity in the construction sector in the short-term future, particularly the next 12 months. Figure 2.9 shows total construction consents by quarter for total COD, QLD and the combined sub-region. The latter is important because many construction companies (including group home builders) provide services across the sub-region. It shows that consent numbers fluctuate between quarters, but historically the trend has been increasing. Total construction consent numbers increased in the June 2020 quarter in COD (n = 198) but fell in QLD (n = 438). It is too soon to tell if the QLD market has started to turn.

Figure 2.9 – Total Construction Consents by Quarter in QLD and COD

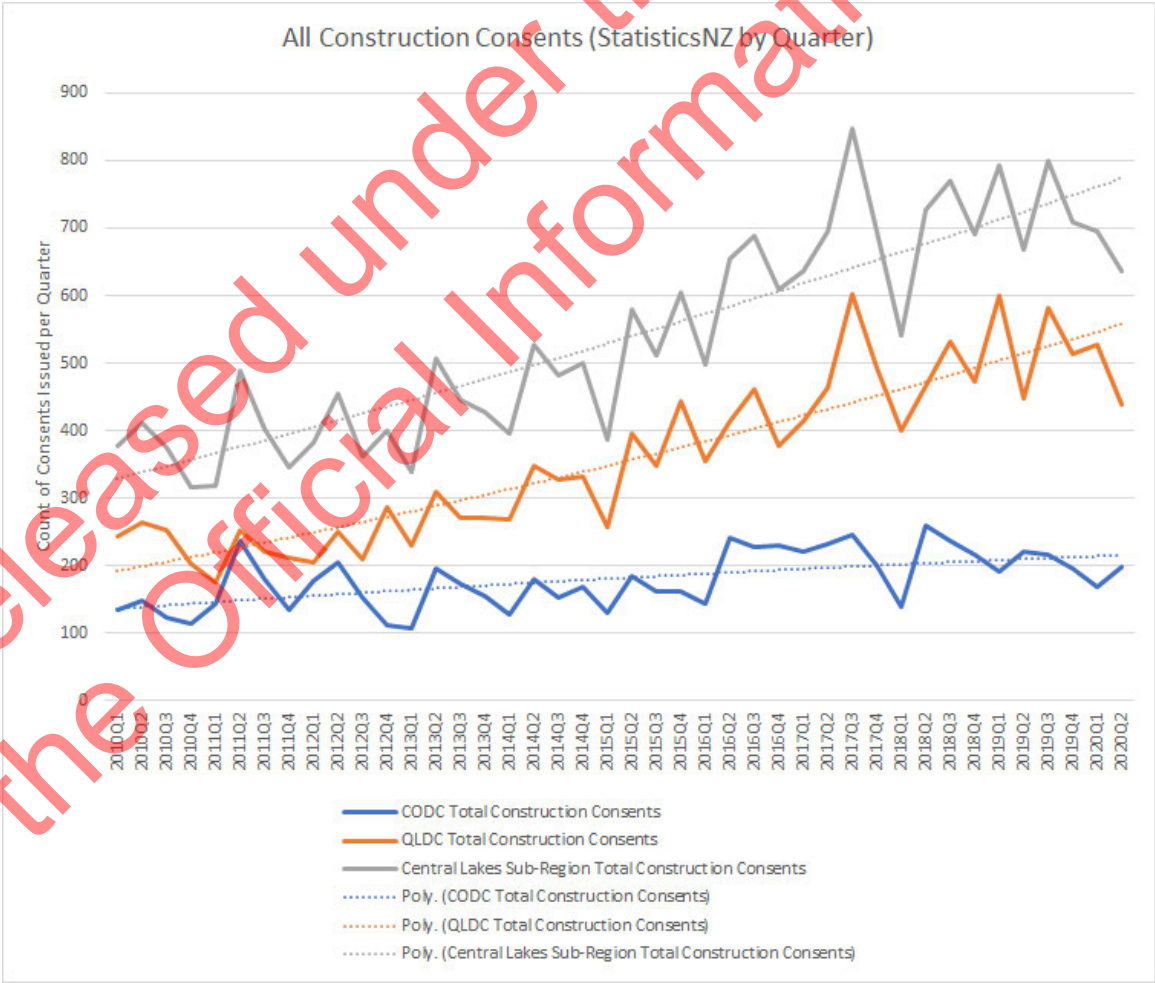




Figure 2.10 shows quarterly consents for new residential dwelling units (a subset of total construction consents). The same trends in the last quarter apply. QLDC consented 300 new residential dwelling units and CODC consented another 72 new dwelling units. While this still looks positive for the next 12 months of construction activity, there is considerable uncertainty for the 12-24 months that follow.

Figure 2.10 – Residential Building Consents by Quarter in QLD and COD



In 2019, the construction sector directly employed nearly 1,900 workers in COD in 2019 and just over 4,300 workers in QLD. This is a combined total of 6,200 construction workers employed by businesses located within the sub-region. It is more important than ever to keep this large construction workforce in jobs to avoid escalating unemployment and underemployment in the sub-region associated with the down-turn in tourism activity. If skilled labour households leave the sub-region due to a lack of work (or business confidence) then this will slow the sub-region's ability to recover post-COVID-19. The relative proximity of Queenstown, Wanaka and Cromwell means that large scale construction projects in any one of these urban areas is likely to provide opportunities for construction businesses throughout the sub-region.

3 Residential Development

This section examines recent analysis on urban dwelling demand, supply and capacity within Cromwell urban area and surrounding settlements. This provides the context within which the proposed net increase in the maximum residential allotment count of the Wooing Tree Estate (140 potential additional allotments above the status quo) as well as the gross effects of accelerating the subdivision approval of 317 new dwellings can be evaluated and anticipated costs and benefits determined.

3.1 Faster Dwelling Growth Projected Since PC12

Since Wooing Tree Estate was rezoned through Plan Change 12 to the Central Otago District Plan, dwelling growth in the Cromwell Ward has been strong, and faster than Council had previously anticipated. For the recent Cromwell Masterplan assessment, Council recognised this and switched to a higher growth outlook for Cromwell to underpin their growth strategy. For this report, M.E.'s analysis of demand growth for total dwellings in the area defined as Cromwell and surrounds⁵ adopts the high growth projection (rebased to a 2018 base year) and is therefore consistent with Council's growth outlook (as shown in Appendix C).

The key figures to consider for this analysis of demand growth are the incremental increases in projected total dwellings in the short, medium, and long-term. They are summarised below in Figure 3.1⁶. Given the focus of enabling *urban* dwelling capacity in the Wooing Tree Estate, total dwelling growth in Cromwell and surrounds has been split indicatively between urban and rural/rural fringe demand (based on an approach adopted in Plan Change 13⁷).

Figure 4.1 shows that Cromwell and surrounds may expect demand for an additional 970 urban dwellings in the medium-term (to 2028) increasing to demand for an additional 2,320 urban dwellings in the long-term (to 2048)⁸.

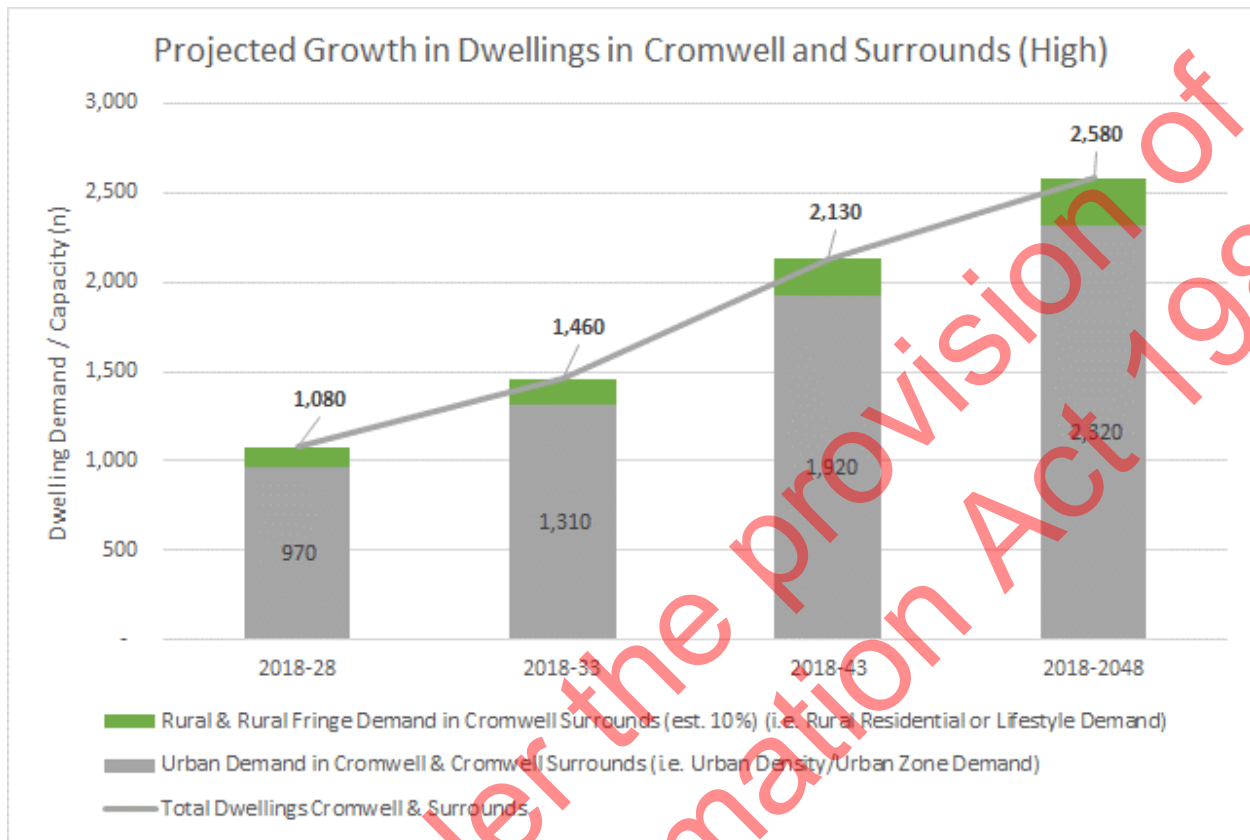
⁵ See map in Appendix B.

⁶ Figure 4.1 is consistent with Figure 1 of N Hampson's Summary Evidence, PC13.

⁷ M.E assumed that 10% of total dwelling growth in the catchment in future years would be directed to non-urban property typologies (i.e. rural residential, rural lifestyle or rural lots). The urban demand growth therefore relates to capacity within the Cromwell urban area (i.e. the Cromwell Census Area Unit) as well as the urban density areas within Pisa Moorings (and to a lesser extent Lowburn and Bannockburn).

⁸ By way of comparison, evidence for PC12 estimated growth of 2,330 additional dwellings between 2016-2043.

Figure 3.1 – Projected Growth of Urban and Total Dwellings in Cromwell and Surrounds (High)



3.1.1 COVID-19 – Impacts on Dwelling Demand Growth?

There is considerable debate at present on what impact COVID-19 might have on existing population and household growth projections throughout New Zealand. Specifically, the impact on net migration patterns (as opposed to natural increase, although the two are ultimately linked). COD has experienced strong growth in recent years, largely driven by net in-migration. Much of that growth has been targeted at Cromwell⁹.

In M.E's view, it is too soon to tell what impact COVID-19 might have on Cromwell's future growth rate in the short and long-term future. Most of the recent in-migration to Cromwell is estimated to be from elsewhere in New Zealand, as opposed to international migrants settling in the area. This will help mitigate any potential effects from COVID-19, as many of the reasons that people choose to move to Cromwell are unchanged (i.e. its climate and amenity, and jobs related to primary production). Cromwell will still be an attractive place to retire for example. It may also attract some of the ex-pat New Zealanders who have recently returned to the country. To the extent that Cromwell's growth is linked to growth in nearby Queenstown, this segment of demand growth is expected to slow until such time as the Queenstown economy returns to a strong growth position as discussed in Section 2.

⁹ Clyde is also a town that has experienced strong growth through in-migration.

Overall, any future impact on dwelling growth projected in Cromwell and surrounds is likely to be minor in M.E's view and felt mostly in the short-term¹⁰ future. It is important that planning for growth takes a long-term view and Council's existing growth projections (as reflected in Figure 3.1) are considered appropriate for that purpose.

3.2 Current Estimates of Capacity for Dwelling Growth

M.E have assessed urban dwelling plan enabled capacity (including redevelopment likely to be supplied over the long-term) in Cromwell and surrounds that could be available to meet projected dwelling growth discussed above. There have been several estimates of plan enabled dwelling capacity in Cromwell and surrounds in recent years including a snap shot (by M.E) when Plan Change 12 was heard and another more recent estimate during a subsequent Cromwell plan change (Plan Change 13¹¹). The latter drew on data presented with the Cromwell Masterplan – Spatial Framework.

At the time of Plan Change 12, M.E estimated capacity for dwelling growth within urban Cromwell of between 992-1,122 (excluding infill). At the conclusion of Plan Change 13, that figure was refined to growth capacity for 1,070-1,106 additional dwellings (excluding infill). Including estimated infill of 80 additional dwellings (not requiring any redevelopment), this increased to 1,150-1,186 for the period 2018-2048.

Key changes between the two assessments (summarised in Appendix D, inclusive of a map identifying the various areas of future development capacity) were a reduction in vacant capacity in Gair Ave and Golden View Lifestyle Village due to development of lots in these developments and inclusion of vacant capacity in North Cromwell, Bannockburn, Lowburn, Pisa Moorings and adjacent to the Town Centre not previously included. In addition, estimates of redevelopment capacity were included during Plan Change 13 as reasonably likely, bringing the total urban dwelling growth capacity likely to be feasible over the long-term to 1,398-1,500. These are the capacity figures relied on for this report¹².

3.3 Sufficiency of Cromwell's Urban Dwelling Capacity

Figure 3.2 summarises the analysis of *urban* dwelling demand growth¹³ between 2018 and 2048 with estimated plan enabled capacity and anticipated infill/redevelopment supply over that period in Cromwell and surrounds.

The results show¹⁴ that there is sufficient plan enabled urban dwelling capacity in Cromwell and surrounds to cater for projected urban dwelling demand to 2028 *if* stated (currently plan enabled) capacity in the Wooing Tree site¹⁵, Top 10 Holiday Park, Gair Ave Final Stage, The Chalets, Sew Hoy Estate, Bannockburn, Lowburn, Pisa Moorings, Cromwell North, the vacant residential zone site adjacent to the Town Centre and

¹⁰ Short-term is considered 1-3 years, consistent with the definitions in the NPS-UD.

¹¹ Which M.E was also involved in.

¹² Consistent with M.E's evidence on PC 13.

¹³ The portion of demand estimated as rural/rural residential/rural lifestyle properties in the Cromwell and Surrounds catchment shown in Figure 4.1 is excluded for the purpose of Figure 4.2.

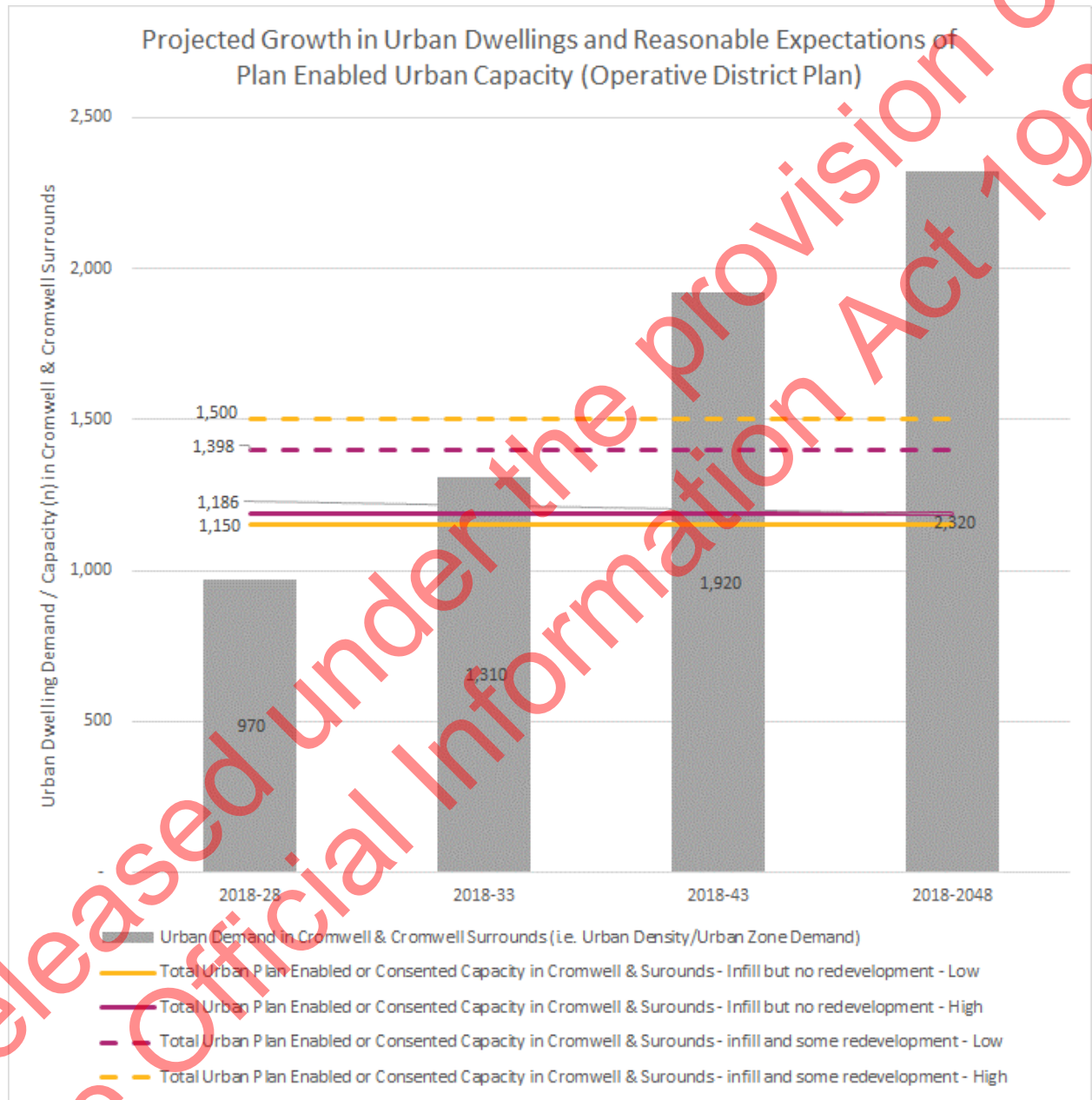
¹⁴ These findings are consistent with paragraph 26-30, N Hampson Summary Evidence, PC 13.

¹⁵ For the purpose of the analysis, it was assumed that the maximum number of allotments equalled the maximum number of dwellings. This may underestimate the ultimate dwelling yield of the site.




estimated remaining vacant infill sites are all delivered to the market (or each largely delivered, as there is a minimum capacity surplus of 180-216 dwellings). M.E would expect little or no incentive to redevelop sites during that period as they would be competing with the greenfield developments for a similar product.

Figure 3.2 – Sufficiency of Plan Enabled Capacity for Projected Urban Dwelling Demand 2018-48



By 2033, M.E’s estimates of greenfield and vacant infill capacity enabled under the ODP could be exhausted and redevelopment would become more commercially feasible. We would expect only a portion of the redevelopment capacity estimated for the next 30 years to occur between 2028 and 2033. Capacity *may* meet demand by 2033. By 2043, assuming that a further portion of estimated likely redevelopment potential in the town centre, Cromwell East and West had been delivered, a shortfall of capacity may be expected. By 2048, this shortfall would be exacerbated.



If all estimated capacity had been developed (supplied), the long-term shortfall in urban dwelling capacity could be between 820-922 dwellings. Even more optimistic redevelopment outcomes than estimated by M.E may be unlikely to sufficiently address this projected shortfall of dwelling capacity in urban Cromwell and surrounds.

M.E's analysis highlights that additional urban dwelling capacity is needed to address the long-term shortfalls anticipated as a result of projected demand growth in Cromwell and surrounds based on what is currently able to be estimated through the Operative District Plan and what M.E believes to be realistic assumptions about the yield for some greenfield sites and redevelopment potential. Timing-wise, that additional capacity needs to be enabled within the medium-term future to avoid constraining long-term growth.

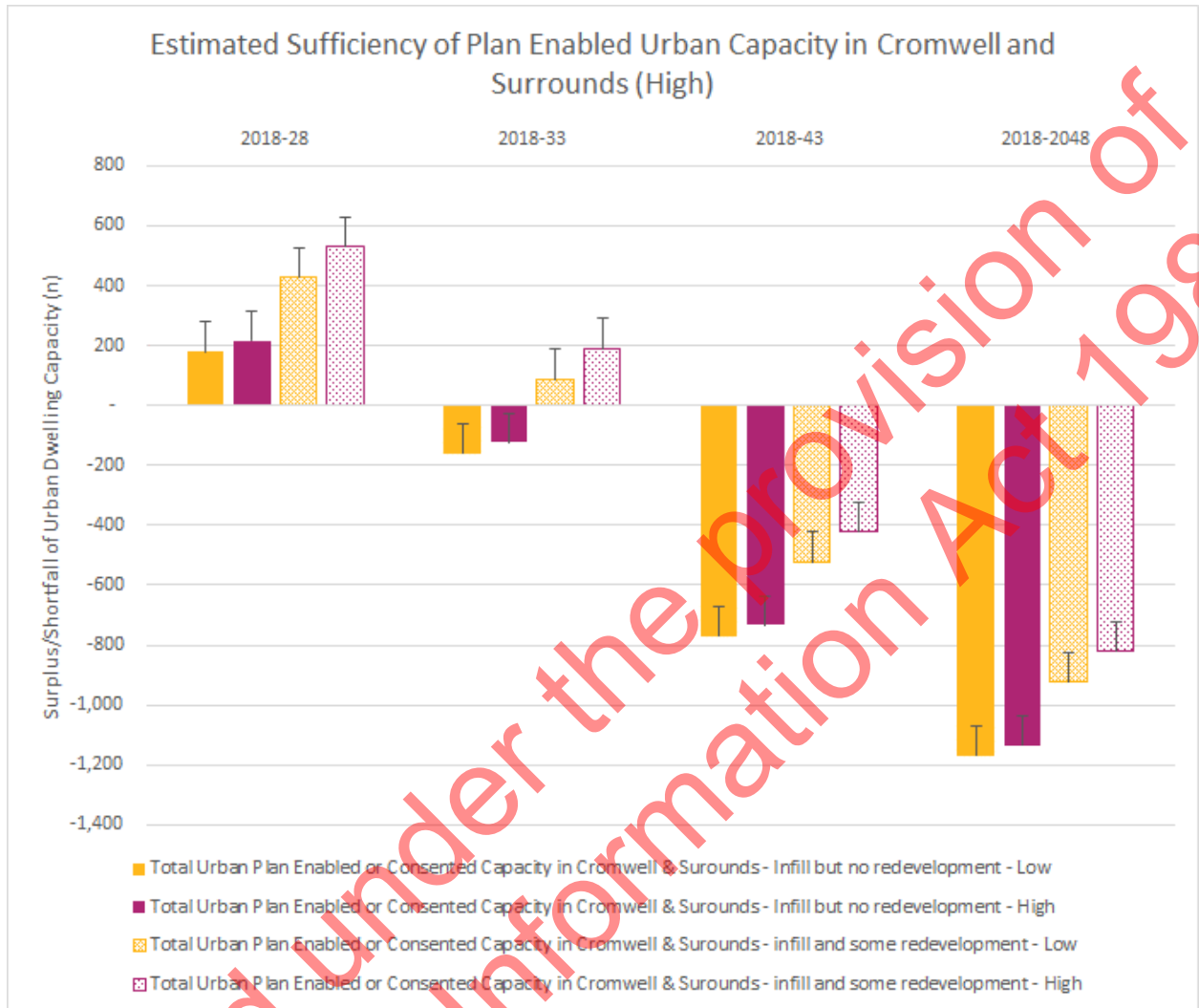
According to the Council's preferred strategic growth option (i.e. the Cromwell Masterplan – Spatial Framework), any additional urban capacity needs to be found within the current urban extent of Cromwell (and not in the satellite settlements). Any substantial increase in urban capacity would (in the absence of the Fast Track option) require plan changes to increase densities, rezone rural land, or remove existing designations for open space. While the Cromwell Masterplan – Spatial Framework identifies some potential solutions for this, there is no certainty of such outcomes at the present time.

3.3.1 Effect of Net Additional Wooing Tree Capacity

WTD's proposed additional capacity within the Wooing Tree site (a net increase of 99 residential allotments) is illustrated (see sticks at the end of the bars) in Figure 3.3 in terms of the impact it would have on projected medium-term surpluses and long-term shortfalls of urban dwelling capacity in Cromwell and surrounds. This analysis assumes a 1:1 relationship between allotments and dwellings, so is potentially slightly conservative. When viewed in this way, the graph clearly shows that the proposed net increase in capacity would make a positive and valuable contribution that helps address a portion of the projected long-term shortfall of dwelling capacity.



Figure 3.3 – Impact of Net Increase in Wooing Tree Residential Allotments on Projected Capacity Shortfalls




3.4 Economic and Social Benefits and Costs

Many of the economic costs and benefits of the proposed changes to residential capacity in the Wooing Tree Overlay Area are the same as when Plan Change 12 was originally proposed, but the baseline of anticipated development has changed and so the scale and significance of the benefits and costs is moderately less. At the time of Plan Change 12, the net increase in residential allotments (assuming conservatively one dwelling per allotment) was 162 (210 proposed allotments less the then operative capacity for 48 allotments¹⁶). Now, the net increase is 99 additional allotments.

Anticipated economic and social **benefits** of the proposed **net increase** in residential capacity are summarised as follows:

- It creates additional capacity for residential dwellings (over and above the current zone capacity) that will more effectively help meet projected demand by residents (and holiday

¹⁶ See for example page 5 of the Decision on Plan Change 12.



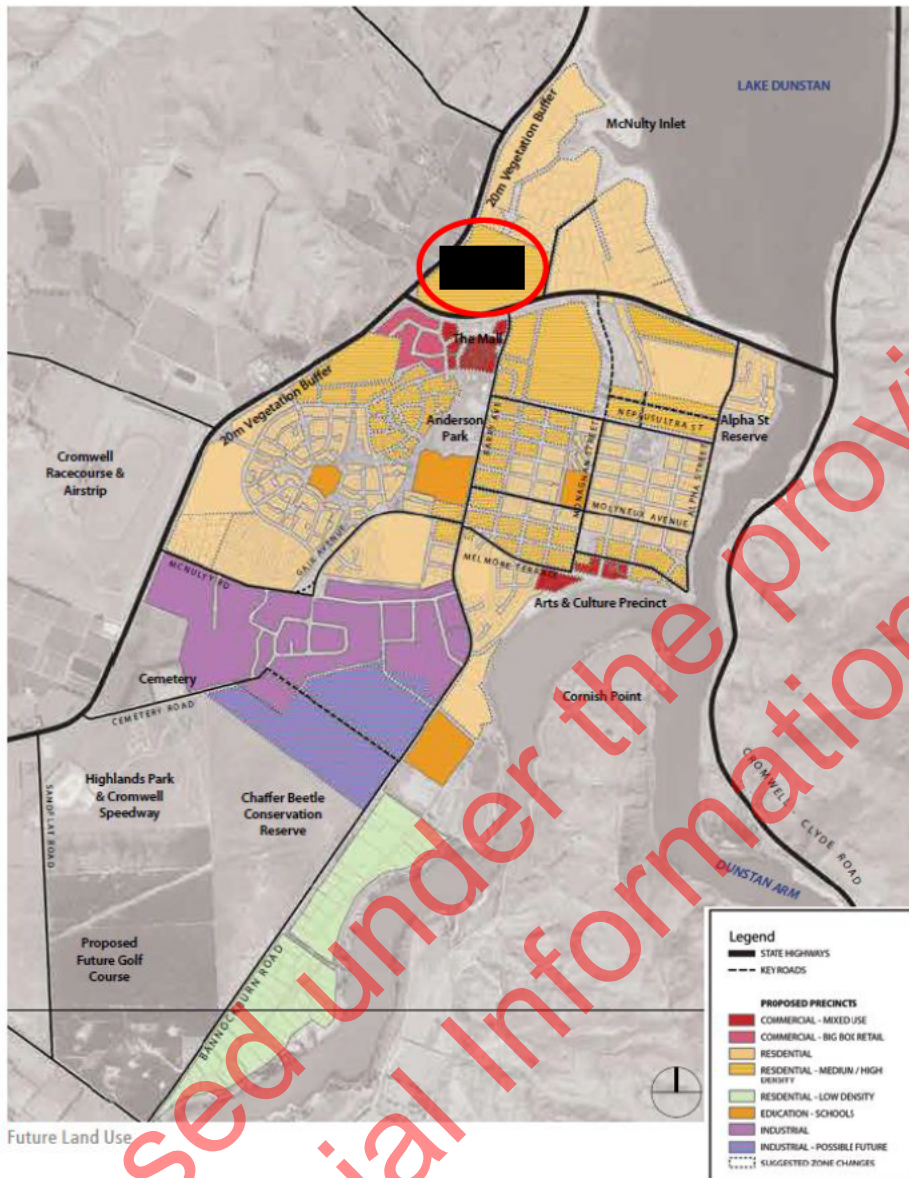
homeowners) in the Cromwell urban area. The more intensive zoning helps to address a projected long-term shortfall in residential zone capacity.

- The further increase in density will supply a greater number of smaller lots which aligns with strong projected growth of one and two person households. Higher density residential lots translate to lower priced sections (all else being equal) and subsequently lower housing costs. The plan change therefore provides greater opportunities for more affordable housing¹⁷ compared with the status quo.
- The additional supply of dwellings may¹⁸ help to reduce rising house prices which is a particular benefit to first home buyers and those on lower incomes. Appendix E shows that since Plan Change 12, house prices and rent prices in Cromwell urban area have continued to rise (increasing 19% and 11% respectively between June 2017 and March 2019). During the same time, the supply of new houses in the Cromwell urban area increased by 5% or 120 which was less than the increase of dwellings elsewhere in the Cromwell Ward (132 or 15%).
- The proposed net increase in capacity will result in a greater number of future households strategically located with respect to commercial and community facilities in Cromwell. Wooing Tree Estate is within walking distance of the Cromwell Town Centre and the Lake and is an efficient and high amenity location for further intensification and contributes to a well-functioning urban environment.
- Increasing the dwelling capacity within the Cromwell urban area helps to ensure that future urban density growth is directed to, and concentrated within, the main urban township and not dispersed throughout the Cromwell Basin settlements. The increase in density is consistent with and helps Council to achieve the strategic growth direction of the Cromwell Masterplan – Spatial Framework, as shown in Figure 3.4 where Wooing Tree is now one of a number of areas identified for medium/high density housing.
- The net increase in dwelling yield helps support a more compact urban form compared to the status quo, reducing pressure to zone more greenfield land, including outside the current urban extent of Cromwell. Benefits of a more compact urban form include (but are not limited to) greater social connectivity, increased safety, more efficient use of infrastructure, increased public transport efficiency and reduced travel distances.
- The net increase in dwelling yield provides greater opportunities for employment and economic growth during the construction phase of the Wooing Tree Estate. These benefits are significantly higher than those delivered under the operative zoning and are discussed in detail in Section 5.

¹⁷ “More affordable” in a relative sense. The resulting dwellings may or may not meet existing definitions of affordable housing in COD.

¹⁸ Increasing supply is not always effective in reducing price rises as there are multiple factors at play.

Figure 3.4 – Cromwell Spatial Plan – Future Land Use Showing Wooing Tree Site



Anticipated economic and social costs of the proposed net increase in residential capacity are summarised as follows:

- Potential reduction in the range of lot sizes within the Wooing Tree Estate and in particular reduced opportunities for supply of low density (i.e. 1,000sqm minimum) lots in this part of Cromwell. In saying that, such outcomes are no-longer anticipated within the Wooing Tree site according to the Spatial Framework.
- A greater density of dwellings may (but not necessarily) be developed on the site where it interfaces with other existing residential zones. This may have consequent effects on visual amenity and privacy of adjoining properties. M.E does not anticipate that the potential for such changes will result in any loss of economic value for existing dwellings that is more than minor (if any effect can be established).

- More intensive residential land use places additional pressure (and costs) on existing infrastructure (including 'other' infrastructure such as schools) within Cromwell. This is however mitigated by increased rates revenue generated on site in so far as it relates to Council infrastructure.
- The proposed densities will generate greater traffic on the surrounding road network. This is anticipated to have less than minor effects on the wider community as outlined in Mr Carr's traffic assessment.
- Increasing residential capacity in the short term may help slow the rise in Cromwell's land values (and therefore house prices). This may reduce capital gain for existing property owners/investors in the short-medium term.

Overall, M.E consider that the anticipated economic and social benefits of the proposed net increase in residential allotments in the Wooing Tree site (although not all quantified or monetised) are likely to outweigh the anticipated economic and social costs. On that basis, the proposal is considered a more efficient use of the land.

The **gross benefits** of approving subdivision of 276 residential lots (309 inclusive of stage 1 lots) through the Fast Track consent pathway include:

- Reducing the time frame within which titles can be released to the market and house construction can begin on the balance of the site.
- Increasing choice and competition within the residential development market of urban Cromwell over the short-term.
- Increasing the supply of dwellings in Cromwell that are feasible and likely to be realised.
- Increasing business confidence in the sub-region construction sector (including manufacturing suppliers).
- Sustaining more construction employment during a period of expected slower growth (see Section 5 for further detail).
- Sooner delivery of the roundabout and pedestrian underpass on State Highway 8B as required under Plan Change 12 (completion at the end of September 2021 compared to May 2023 according to figures supplied by WTD). This new infrastructure is likely to deliver a number of access and safety benefits for road users and pedestrians in the vicinity.
- Saves on potential costs (including time and resources) faced by Council that would be needed to process and hear a plan change and subsequent consents where those costs are not 100% recovered from the applicant. Savings passed on to ratepayers. Frees up Council resources to work on Spatial Plan implementation/district plan review.

The **gross costs** of approving subdivision of 276 residential lots (309 inclusive of stage 1 lots) through the Fast Track consent pathway are potentially limited to greater congestion and nuisance effects for surrounding areas associated with a greater scale of construction potentially on site at any one time that may otherwise have been the case. For example, over the 4 remaining development stages planned, the increase in dwelling yield could mean on average 69 lots released to the market per stage compared to 44



per stage under the operative dwelling yield (a net increase of 25 lots per stage lots able to start construction).

Overall, M.E consider that the anticipated gross economic and social benefits of the residential aspects of the project (although not all quantified or monetised) are likely to outweigh the anticipated gross economic and social costs. On that basis, a Fast Track consent is the most efficient approach to achieve the intended development outcome.

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4 Commercial Development

The intent of the operative Business Resource Area 2, to deliver a tourist oriented 'vineyard village' themed commercial centre with Travellers Accommodation that complements the Cromwell Town Centre, remains the same in the current proposal. The only changes proposed are the shape and location of the commercial centre (which in turn removes the need for proposed setbacks on the boundary of the Residential Resource Area 6). This section briefly examines these physical layout changes relative to the status quo in terms of anticipated costs and benefits.

4.1 Changes in Form and Location of the Village

During Plan Change 12, it was M.E's evidence that the tourist village at Wooing Tree aligns with the strategic direction of Central Otago Tourism. From an economic perspective, the concept expands an existing tourist business (The Wooing Tree Cellar Door) into a more comprehensive, year-round tourist destination by grouping complementary tourist-focused businesses together. It expands the number of unique places in Cromwell that tourists can visit and spend time (and money) – offering a point of difference from the Arts and Culture Precinct and a greater depth of offer. It caters for both day and overnight visitors. Importantly, it increases the capacity of Cromwell to meet to the needs of projected growth in visitor numbers (as well as the capacity to host weddings and other functions). In short, M.E considered that the concept of a new tourist focussed village would strengthen Cromwell's position in the tourism market and help meet growing visitor demand.

M.E retains this view today.

It is M.E's understanding that the location and shape of the operative Business Resource Area 2 zone sought to balance the following:

- Potentially retaining the Cellar Door in its current location (particularly in the short-term), including the relationship between the cellar door site and the water storage pond and the amenity this potentially added for functions/weddings;
- Managing effects on neighbouring residential properties to the north of the Wooing Tree site (using setbacks);
- Providing some exposure of the village to State Highway 8B to help ensure it becomes a visible and commercially viable destination, including for pass-by traffic; and.
- Ensuring connectivity with State Highway 8B to help facilitate a flow of pedestrians/visitors between activities at one end of the Wooing Tree site and the Cromwell Town Centre (and adjoining Travellers Accommodation on Barry's Avenue for example) at the other end.

Consequently, the shape of the Business Resource Area 2 was elongated and would result in a ribbon of low intensity development. Site coverage across the zone was low which provided for more open space around the commercial activities. When developed, it would divide the residential zoning of the Wooing

Tree site into two areas (the area to the east and west of the village). The operative zoning is shown in the left hand image of Figure 4.1.

Figure 4.1 (right hand image) shows the proposed shape and location of the commercial centre. The proposed centre is located on the southern boundary of the site sleeving the road entrance (roundabout) off State Highway 8B. It no longer dissects the residential areas of the Wooing Tree Estate. It adjoins directly to residential zoned land (new development) within the site and no-longer enables business activity to be developed next to an existing residential zone. It has a longer road frontage along State Highway 8B that will increase visibility to and from the Town Centre.

Figure 4.1 – Proposed Change in Shape and Location of the Commercial Centre

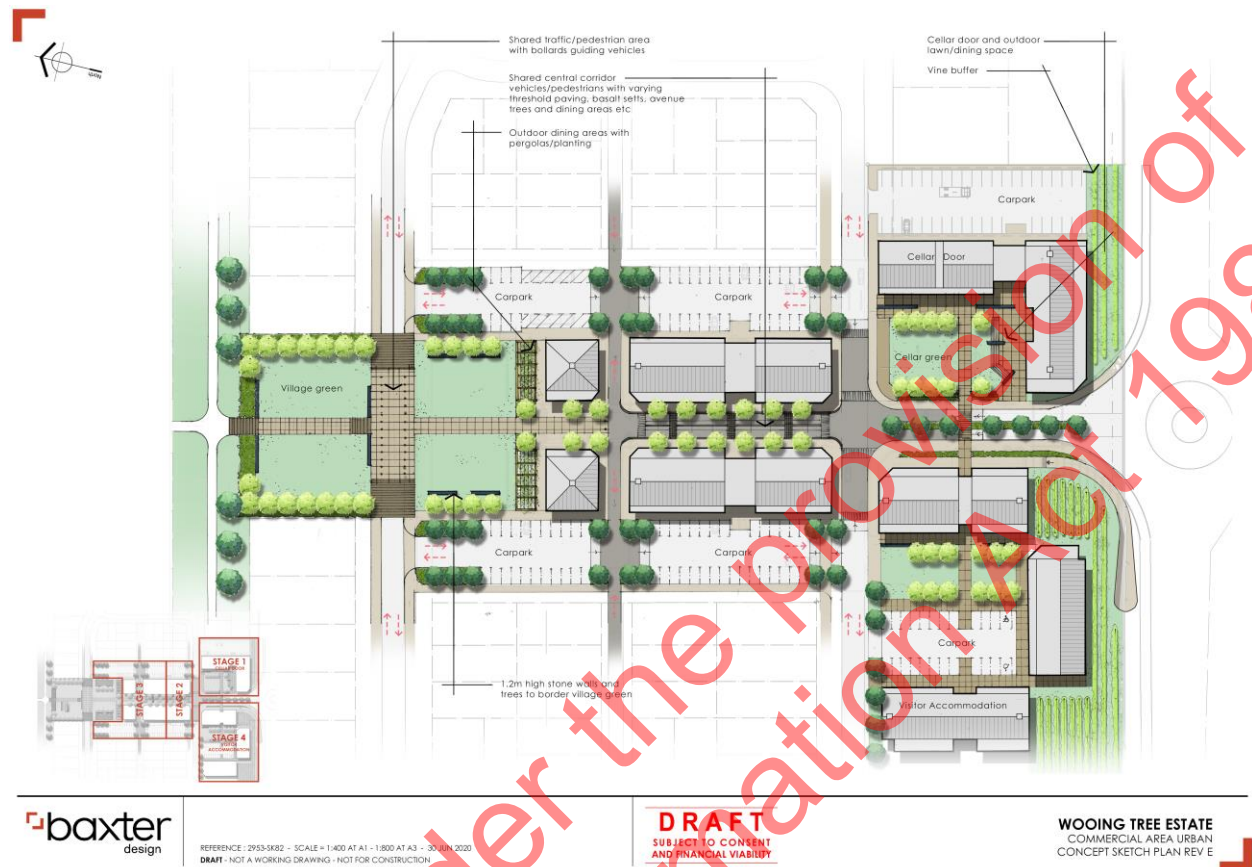


M.E is of the view that all the established benefits of the Business Resource Area 2 are further enhanced by the proposed changes to the location and shape of the centre.

The proposed shape of the centre will provide a denser form of commercial and travellers accommodation development (although no change in the maximum GFA footprint and total GFA cap provisions of the operative plan) compared to the status quo. The advantage of this configuration is that it enhances the connectivity of different activities within the centre to each other (Figure 4.2). This improved proximity and accessibility within the centre extent will encourage pedestrian movement (walkability), facilitate cross-shopping and increase the concentration of people activity – enhancing vitality and vibrancy. All these aspects will help contribute to the social and economic wellbeing of centre visitors, residents and businesses establishing in the centre.

It is M.E's understanding that the proposed centre is smaller in land area than the operative Business Resource Area 2 (indicatively 2.2ha compared to 2.8ha). While this creates the benefits associated with consolidation of activities within the centre discussed above, the consequent effect is that there is less non-building area, which may or may not mean less potential for open space or landscaping. This effect is however, something that could be assessed at a building consent stage.


Figure 4.2 – Wooing Tree Proposed Tourist Village Site Plan



The proposed location of the commercial centre will support greater integration with the Cromwell Town Centre. There will be an increased perception that the tourist oriented village forms part of the wider Town Centre but with no change to its complementary role due to rules that manage the type of businesses able to develop. At a high level, it improves the consolidation of commercial, retail and Travellers Accommodation in a more singular location centred around the Cromwell ‘Big Fruit’ sculpture. The closer distance to the Cromwell Town Centre will mean that shoppers may be more likely to park on one or other side of State Highway 8B and walk between the Mall and the village than would otherwise have occurred under the status quo. The proposed location also provides the opportunity to make more travellers accommodation visible to pass-by traffic on State Highway 8B, which may help facilitate greater awareness of Cromwell as an overnight visitor destination.

4.2 Cromwell Masterplan – Spatial Framework

The Cromwell Masterplan – Spatial Framework sets out the strategic direction to achieve a re-imagined Cromwell Town Centre, including the way that the Town Centre will connect and interact with neighbouring commercial and residential zones. In M.E’s view, the proposed changes to the location and configuration of the Business Resource Area 2 better complement the desired outcomes for the Town Centre and may help to stimulate investor confidence in the Town Centre more than would otherwise have occurred under the status quo.



Aspirations within the Vision of the Cromwell Masterplan – Spatial Framework include (but are not limited to) the following:

- An attractive, vibrant and thriving heart for Cromwell,
- Enhancing how Cromwell functions, and
- A thriving and competitive local economy supported by available resources.

The relocation of the commercial centre (vineyard village) within the Wooing Tree site supports these aspirations because:

- The proposed concentration of the centre on State Highway 8B around the main entrance to the Wooing Tree site will more effectively add to the critical mass of the Town Centre in terms of built form and people activity. Further, it will contribute to a sense of arrival to the Town Centre.
- The Wooing Tree vineyard village will be a visitor precinct that can better support The Gateway Precinct of the Cromwell Town Centre as defined in page 51 of the Spatial Framework in the proposed location (see also Figure 4.3). Added to this, the Town Centre Precinct Spatial Plan identifies potential for mixed use buildings to be enabled/developed north of Murray Terrace on the corner of Barry Avenue (page 47). These would further activate the road, pedestrian, and visual connection to the proposed location of the commercial centre (village) and facilitate the commercial link between the village and the Mall.
- The improved ease of shopping/moving between the village and the Town Centre (because relative distance is reduced) improves the functionality of this part of the township.
- The greater proximity of Travellers Accommodation will increase the opportunity for Town Centre businesses to attract guest expenditure (i.e. as distance is reduced, Town Centre businesses such as food and beverage providers will be able to compete more easily against equivalent businesses located within the village).

Principle 8 of the Strategic Direction is to 'revitalise the Town Centre to be attractive and lively'. This is supported by Objective 6: Revitalise the Town Centre. While much of the precinct planning for the Town Centre is focussed on the area within the ring-road of Barry Avenue, Waenga Drive and Murray Terrace, one aspect of Objective 6 is to:

"Create improved internal and external access (and associated 'lines of sight') within the Mall and to its outer edges. These include the Big Fruit Reserve, Anderson Park, the supermarket/ Big Box locale west of Murray Terrace, and residential areas east of Barry Ave" (page 25).

Having the Wooing Tree village fronting State Highway 8B is consistent with the direction of Objective 6 in that the future centre will be increasingly within the 'line of sight' of the Mall (and vice versa).



Figure 4.3 – Relationship between the Proposed Wooing Tree Centre Location and Town Centre Precincts




4.3 Economic and Social Benefits and Costs

The role and size (GFA) of the vineyard village in the operative Business Resource Area 2 is not intended to change but the proposed change in location and configuration (and size) of the centre land area would support better net social and economic outcomes in Cromwell than the status quo zone. In our view, the commercial viability of the centre development is enhanced by the proposed changes. This may support commercial investment in Cromwell sooner than would otherwise have been the case. The synergies with the Town Centre are enhanced and this has positive outcomes for Town Centre businesses and the feasibility of redeveloping the Town Centre precincts over time (as intended by the Spatial Plan). The proposed village location will provide a more legible environment for visitors to Cromwell, while keeping them close to the Town Centre.

A positive flow-on effect of the new location is that the interface between the residential areas and commercial centre within the Wooing Tree Estate is reduced (i.e. fewer sections potentially join onto the centre which is likely to provide opportunities to further enhance residential amenity within the Wooing Tree Estate.

Overall, M.E considers that there are little or no net social and economic costs anticipated or likely to arise from the proposed changes in location and configuration of the commercial centre. In contrast, there are several net social and economic benefits associated with the proposed changes.



The **gross benefits** of approving subdivision of the proposed shape and location of the Wooing Tree centre through the Fast Track consent pathway include:

- Reducing the time frame within which titles can be released to the market and commercial construction can begin. Based on data from WTD, stage 1 commercial lots could be available to the market in September 2022 under the Fast Track consent compared with May 2024 under a plan change pathway. Stage 2 commercial lots could be available to the market in February 2023 under the Fast Track compared with May 2025 (Plan Change).
- Increasing choice and competition within the commercial development market of urban Cromwell over the short-term.
- Increasing the supply of commercial units/floor area in Cromwell that are feasible and likely to be realised. The potentially faster delivery of the commercial centre will enhance Cromwell's and the wider sub-region's tourism experience and support the tourism recovery.
- Increasing business confidence in the sub-region construction sector (including manufacturing suppliers), retail and service sector.
- Sustaining more construction employment during a period of expected slower growth. This is discussed in more detail in Section 5.
- As in Section 3, saves on potential costs (including time and resources) faced by Council that would be needed to process and hear a plan change to relocate the centre where those costs are not 100% recovered from the applicant. Savings passed on to ratepayers. Frees up Council resources to work on Spatial Plan implementation/district plan review.

The **gross costs** of approving subdivision of the proposed shape and location of the Wooing Tree centre through the Fast Track consent pathway are potentially limited to greater congestion and nuisance effects for surrounding areas associated with a greater rate and concentration of construction activity at any one time that may otherwise have been the case (when compounded with increased residential construction).

Overall, M.E consider that the anticipated gross economic and social benefits of the commercial aspects of the project (although not all quantified or monetised) are likely to outweigh the anticipated gross economic and social costs. On that basis, a Fast Track consent is the most efficient approach to achieve the intended development outcome for the commercial centre on the Wooing Tree site.

5 Employment Impacts

This section takes a closer look at the way in which a Fast Track consent will deliver employment impacts to the Central Lakes sub-region considerably sooner than would be the case with a plan change request followed by resource consent pathway. The ability to sustain construction jobs in the near-term future is significant in a sub-region where the economic and social impacts of COVID-19 have been substantial, and a very large construction sector has previously been sustained by tourism fuelled growth. If approved under the Fast Track Act, this project will provide many residential and non-residential construction companies with a degree of certainty on upcoming revenue opportunities in a time when the future business outlook is increasingly uncertain.

5.1 Approach

5.1.1 Direct Spend by WTD (Developer Spend)

This analysis relies on WTD estimated cashflow analysis in respect to their own forecast spending on design, approvals, earthworks, infrastructure, civil engineering, landscaping and other site preparation, and lot sale processes. That is, costs to develop the land up to and including the sale of lots to the residential and commercial market. This spending by WTD is a component of direct expenditure, with much of it directed to businesses within the Central Lakes sub-region. Specifically, M.E have broadly assumed¹⁹ that all construction related professional services (i.e. engineering, land surveying etc), heavy and civil construction, local government administration (i.e. council) and real estate services paid for by WTD will be sub-region businesses and the balance of spending (i.e. finance, insurance, legal, advertising/marketing, central government administration²⁰ and development project management costs) will benefit businesses based elsewhere in New Zealand.

M.E have matched this planned spending to 106 economic sectors in an input-output (IO) table which has been customised for the Central Otago study area economy (using a 2016 base year). The IO table contains data on annual gross output for each sector which can be compared to existing (annual) employment²¹ in the Central Otago study area in those same 106 sectors. We have generated an annual average ratio of gross output per person employed in each sector which relates to estimated annual revenue (sales) that must be brought in to sustain one staff member for a year²². As the cashflow analysis provides spending detail at a monthly level, we have retained our analysis at that level of detail. To do so, we have divided the annual ratio of gross output per person employed by 12 to generate estimated ratios of monthly gross

¹⁹ These are approximations only for the purpose of this analysis and are not based on a detailed examination of WTD's potential suppliers.

²⁰ Relates to costs to LINZ for lodgement of titles.

²¹ M.E has used an employment count that includes employees as reported by the Statistics NZ Business Directory as well as estimated working proprietors in each sector. This is referred to by M.E as a 'modified employment count' or MEC.

²² The ratio is not limited to the staff members wages or salary for a year. This accounts for only a share of the ratio, with the balance covering all other intermediate inputs, taxes and operating surplus associated with the productivity of one worker.

output per person employed. By applying these ratios to the monthly revenue each sector is forecast to receive from WTD spending, M.E have estimated the count of jobs (by sector and approximate location²³) sustained each month as a result of WTD (“job months”).

WTD have provided forecast monthly cashflow under a plan change and Fast Track pathway, hence the analysis compares the count of job months sustained over time for each scenario.

5.1.2 Direct Spend on Residential Construction (Household Spend)

Direct spend on residential construction activity is facilitated by either the Fast Track consent or the equivalent two stage plan change and consent pathway. The timing of when construction on purchased residential lots in Wooing Tree Estate will take place is uncertain as this will depend on the number of lots released to the market in each stage and the timing of those stages, the time it takes to sell those lots and time needed for new owners to get building consent and lock in a building company. There is however greater certainty that residential construction on remaining stages of Wooing Tree Estate could start sooner under a Fast Track approval compared to a plan change with consent pathway. To demonstrate these employment benefits, M.E has applied some high level estimates as follows:

- Indicatively 276 additional dwelling lots subject to approval, spread over 4 remaining development stages (i.e. stage 2-5). This is an average release of 69 residential lots per stage (assuming one dwelling per lot). This yield would be the same under a Fast Track or plan change/consent scenario.
- Each stage fully sold and all dwellings completed (built out) within 24 months of titles being issued.
- Each dwelling taking on average 6 months to complete.
- For each stage, 4 dwellings starting construction in month 1 (after titles being issued), followed by 4 additional dwellings starting construction each month after that (up to and including month 12), slowing to 3 additional dwellings starting construction each month after that (up to an including month 19 of the 24 month period, allowing all 69 dwellings to be completed within 24 months).
- For each staged release, the number of dwellings under various stages of construction in any one month starts at 4, increases to a peak of 24, and decreases down to 3 houses being completed in month 24. However, with less than 24 months between the release of titles in each remaining stage, construction of the dwellings in each stage will overlap (and the number of dwellings under some stage of construction in any one month will be higher than these single stage counts).
- The average cost of each dwelling is indicatively assumed at s 9(2)(b)(ii) (for the purpose of analysing employment sustained), paid for in monthly instalments for 6 months (as above). A total of 276 indicative dwellings in stages 2-5 at s 9(2)(b)(ii) each equates to s 9(2)(b)(iii) of residential

²³ For simplicity, M.E has applied gross output/person employed ratios for the Central Otago study area to spend in both the Central Lakes sub-region and the rest of New Zealand. Cross checks show that the ratios would not vary significantly with those from the rest of the country.

construction sector revenue²⁴. All residential construction companies are expected to be sub-region based businesses. M.E has applied the 'residential construction' (106) sector ratio of monthly gross output per person employed (sourced from the IO tables described above). The result is the count of job-months directly employed by residential construction companies hired by purchasers of lots in Wooing Tree Estate stages 2-5. For the purpose of this analysis, we have not included employment associated with the dwelling construction of stage 1 lots (n=33) already approved.

- M.E has not included the employment sustained by future home builder expenditure on design, finance and building consent approval for each dwelling. Expenditure is limited to that on the residential construction sector itself.

5.1.3 Direct Spend on Commercial Construction (Business Spend)

This activity is also facilitated by either the Fast Track consent or the equivalent plan change followed by a resource consent. The timing of when construction on commercial lots in the Wooing Tree Tourist Village will take place is uncertain as this will depend on the number of lots released to the market in each stage and the timing of those stages, the time it takes to sell those lots and time needed for new owners to get building consent and lock in a construction company. There is however greater certainty that commercial (retail, hospitality, tourist accommodation and cellar door) construction in the commercial centre could start sooner under a Fast Track approval compared to a plan change pathway. To demonstrate these employment benefits, M.E has applied some high level estimates as follows:

- Total GFA of the commercial centre is 10,000sqm (as per operative plan provisions).
- Two stages of construction. We have assumed 5,000sqm GFA per stage.
- An average cost of $\text{\$ } 9(2)(b)(ii)$ GFA, attributable to the 'non-residential construction' sector. This is a total value of construction of $\text{\$ } 9(2)(b)(ii)$ or $\text{\$ } 9(2)(b)(ii)$ per stage.
- Each stage of commercial development is fully sold and takes 18 months for construction to be completed. As there is not 18 months between when titles would be released, construction activity of both stages will overlap.
- All commercial construction companies are expected to be sub-region based businesses. M.E has applied the 'non-residential construction' (106) sector ratio of monthly gross output per person employed (sourced from the IO tables described above). The result is the count of job-months directly employed by commercial construction companies hired by purchasers of commercial lots (including the Cellar Door) in the Wooing Tree tourist village.
- M.E has not included the employment sustained by expenditure on design, finance and building consent approval for commercial premises/building. Expenditure is limited to that on the commercial construction sector itself.

²⁴ For the purpose of the analysis, all $\text{\$ } 9(2)(b)(ii)$ is assumed to be paid directly to the residential building company (who in turn pay for all materials, services and fixtures). Total residential dwelling construction value for all 309 dwellings is estimated at around $\text{\$ } 9(2)(b)(ii)$ based on an average value of $\text{\$ } 9(2)(b)(ii)$ each.

5.2 Direct Employment Results

Figures 5.1 and 5.2 summarise estimated total job months sustained directly by WTD development (blue bars) and subsequent (facilitated) residential²⁵ (orange bars) and commercial (green bars) construction activity under the Fast Track scenario. The results include job months estimated to be sustained inside the Central Lakes sub-region and in the rest of the country, although the latter is a minor component. Of the local jobs, they are not limited to jobs occurring on the Wooing Tree Site, as construction companies for example, will have office based staff included in the estimated ratios.

Under the Fast Track scenario, WTD directly sustained employment is completed by September 2024, with residential construction of the lots sold in stages 3, 4 and 5 estimated to continue on from that point through to September 2026 (based on the assumptions made for this analysis). Commercial construction could start in September 2020 (stage 1) and be completed (stage 2) by July 2024. Again, this timing is based on M.E assumptions only.

By the conclusion of 2021, the Fast Tracked development could have directly sustained a cumulative total of around 950 job months across a range of sectors (but dominated by construction related sectors). By the end of 2022 this cumulative total could increase to nearly 2,400 job months sustained, increasing to nearly 4,600 and 6,500 respectively by the end of 2023 and 2024. In total the development of Wooing Tree Estate as proposed could sustain a cumulative total of 7,870 job months by September 2026 if approved by Fast Track consent.

By comparison, under a plan change pathway followed by a resource consent, there is a longer time period estimated for approval through a schedule 1 hearing process. While WTD development activity has the same starting point (i.e. August 2020 as shown in the graphs), their development of the site is not completed until May 2026 based on their cashflow forecasts. After which, stage 2 of the commercial construction will continue for several months, along with stages 3, 4 and 5 of residential dwelling construction stages. All up, development of the site is potentially not complete until May 2028.

Under the plan change scenario, the total cumulative job months sustained is the same, but the peak month of employment activity is around May 2025 (approximately 215 jobs directly sustained that month) compared to a peak of employment activity in July 2023 (approximately 230 jobs directly sustained that month) under a Fast Track consent scenario. The Fast Track consent not only allows more jobs to be sustained in the near future but concentrates employment activity into a shorter time period which maximises the impact of the development on the sub-region economy.

Figures 5.3 and 5.4 provide a comparison of just the direct job months estimated to be sustained in the Central Lakes sub-region under both scenarios. The area shown in blue in both graphs (not overlapped by orange) highlights the benefit that the Fast Track consent delivers to the timing of local jobs likely to be directly sustained by proposed development of Wooing Tree Estate. Those benefits are particularly significant relative to the plan change scenario in 2022 and 2023.

²⁵ Excludes construction of stage 1 residential lots.



Figure 5.1 – Direct Monthly Jobs Sustained by Month/Year and Purchaser – Total New Zealand – Fast Track Scenario

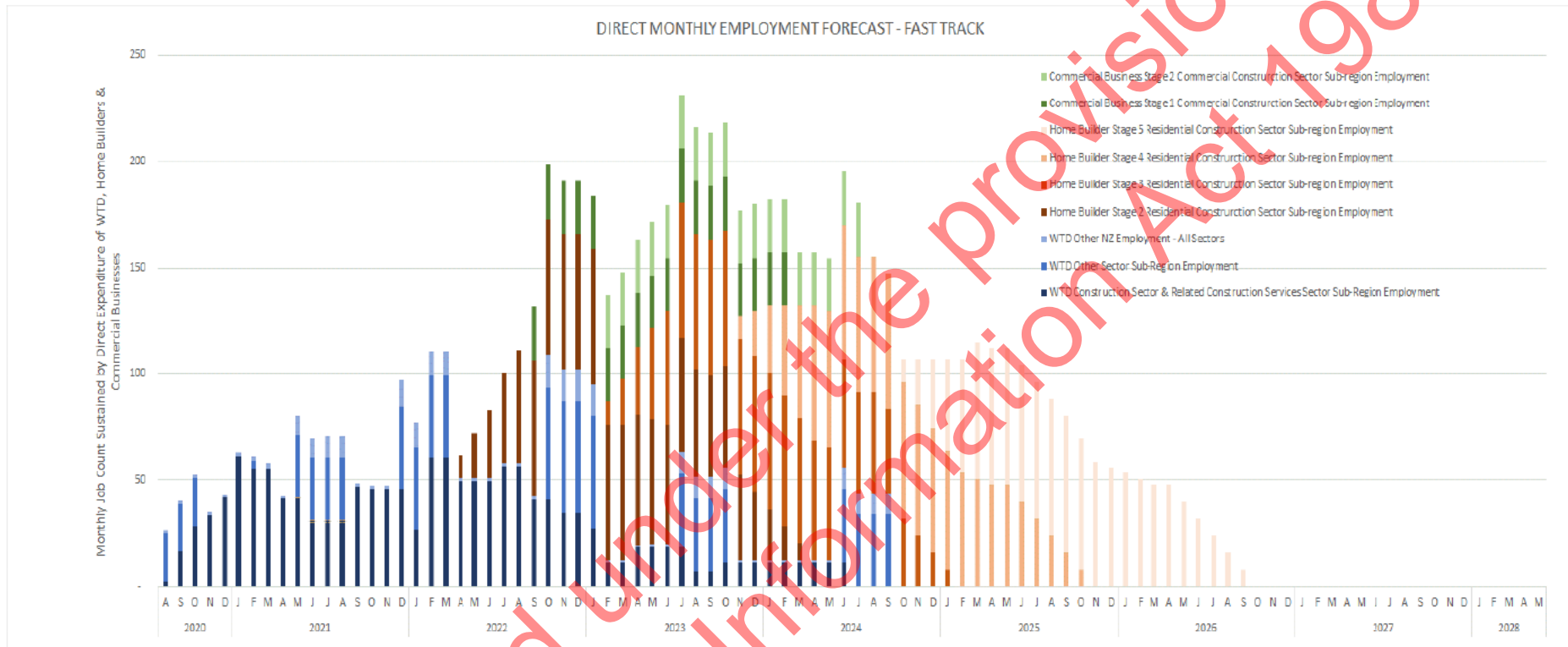




Figure 5.2 - Cumulative Direct Monthly Jobs Sustained by Month/Year and Purchaser – Total New Zealand – Fast Track Scenario

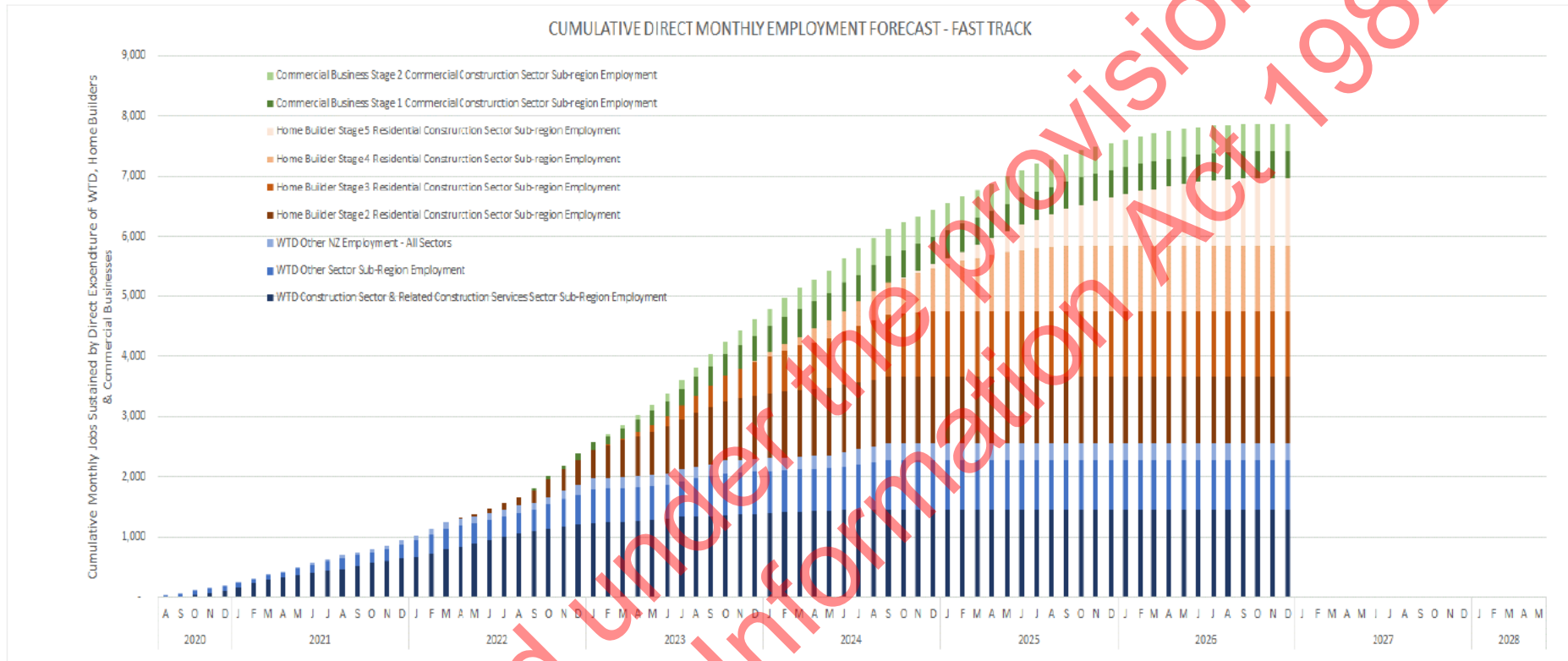
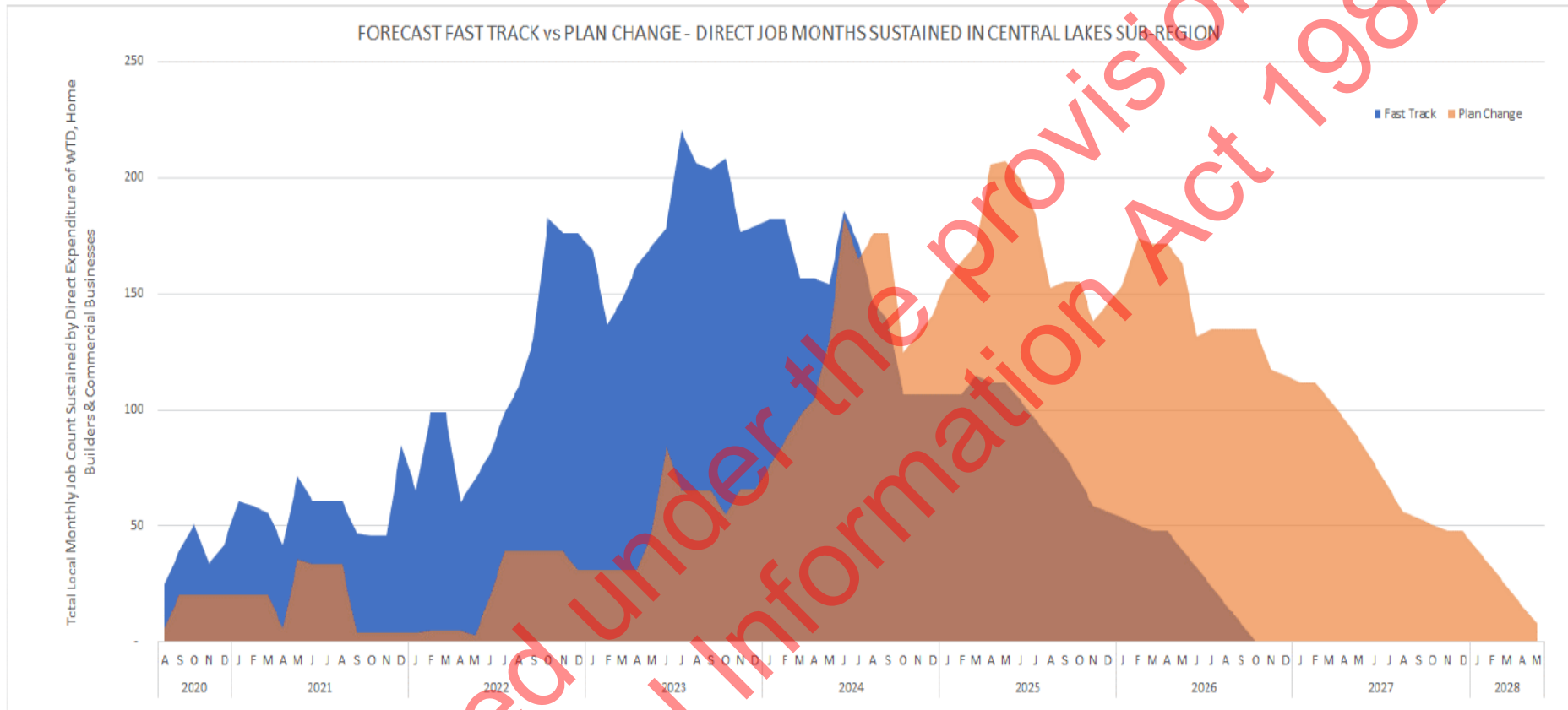




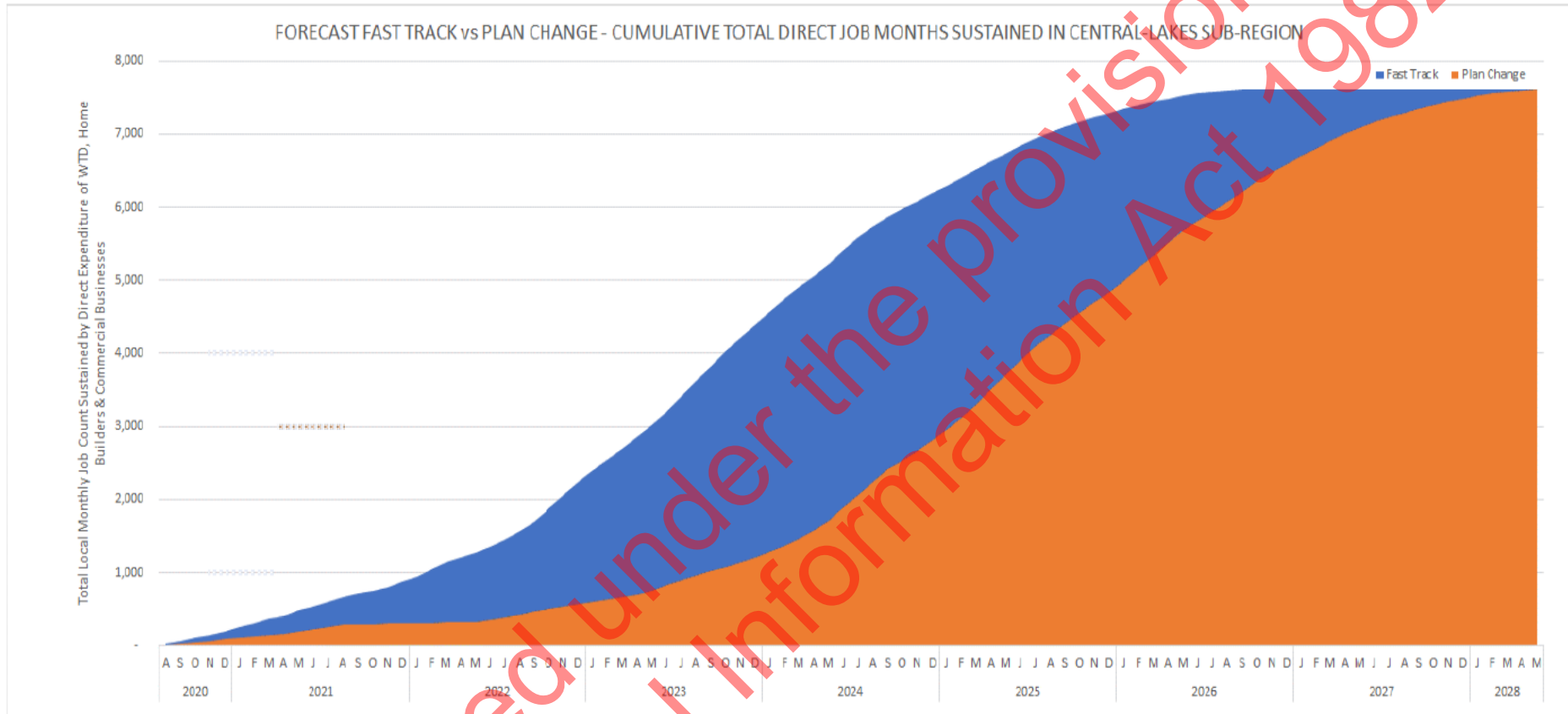
Figure 5.3 - Total Direct Monthly Jobs Sustained by Month/Year – Central Lakes Sub-Region – Fast Track v Plan Change Scenario



Released under the provision of the Official Information Act 1982



Figure 5.4 – Cumulative Total Direct Monthly Jobs Sustained by Month/Year – Central Lakes Sub-Region – Fast Track v Plan Change Scenario



Released under the provision of the Official Information Act 1982

5.3 Indirect and Induced Employment Impacts

M.E's analysis of employment sustained (per month) above considers only the direct employment impacts. From a comprehensive economic impact perspective, 'indirect' and 'induced' impacts – also known as flow-on impacts – are also relevant.

Quantifying flow-on employment impacts would require IO based modelling, which was outside the scope of this brief. However, indirect employment impacts relate to the employment sustained in those businesses supplying goods and services to the business directly involved in the development of Wooing Tree Estate (be it funded by WTD, future house builders or commercial centre businesses). A portion of revenue paid to construction companies for example, pays for materials and other sub-trades. That revenue in turn sustains employment in those businesses (and so on up the supply chain). The wages and salaries paid by businesses indirectly benefiting from development of Wooing Tree Estate support household spending, which again supports employment in those businesses that meet household demand.

While unquantified, indirect and induced employment impacts are net additional to the direct employment impacts estimated in Section 5.2. The timing of indirect employment impacts is likely to be similar to the timing of direct expenditure, with induced employment impacts potentially spread over a longer period (as earnings are often saved or spent at a later date). Like the direct employment impacts, flow-on employment impacts are likely to be similar in quantum between the Fast Track and Plan Change with Consent scenario, but the Fast Track scenario will generate those flow-on employment impacts much sooner than taking a plan change approach. A considerable share of flow-on employment impacts stimulated by development of Wooing Tree Estate is expected to be felt within the sub-region, and across a wider range of sectors.

5.4 Summary of Fast Track Benefits

The development of Wooing Tree Estate, from civil engineering and site preparation work leading to the sale of titled lots and through to residential and commercial construction on those lots, is estimated to directly sustain around 7,600 job months within the Central Lakes sub-region (being the combined districts of QLD and COD). In addition to that, it will indirectly sustain considerable local jobs up the supply chain and across a range of sectors. A Fast Track consent will mean that construction related employment can begin sooner and during a period when it will deliver the most value to local construction businesses facing a projected downturn of growth in a sub-region driven by tourism. By the end of 2021, a Fast Track consent could have directly sustained a cumulative total of nearly 1,000 construction related job months compared to just 350 job months sustained under a two stage private plan and consent pathway. A Fast Track consent is estimated to bring the peak of project employment activity forward by an estimated 2 years (to July 2023 compared to May 2025).

6 Conclusions

Based on this high level assessment of proposed changes to the Wooing Tree site, and considering the operative objectives, policies and rules/standards that would still be met by the proposed development, M.E supports the project and the Fast Track approval pathway from an economic perspective.

The proposed changes to Wooing Tree Estate are expected to positively contribute to the future economic and social wellbeing of the Cromwell community compared with the status quo. The increase in density and maximum residential allotment cap is consistent with the direction of the (non-statutory) Cromwell Masterplan – Spatial Framework to intensify development within close proximity of the Cromwell Town Centre and community facilities. The net additional capacity helps address a projected shortfall of housing capacity over the long-term in urban Cromwell.

The location of the vineyard village closer to the Town Centre is complementary to the outcomes sought for the redevelopment of the Mall and surrounding precincts and will improve the functional and social amenity of the new centre (and wider Town Centre) as well as the centre's commercial feasibility and vibrancy once built.

To be eligible under the COVID-19 Recovery (Fast Track) Consenting Act 2020, projects must meet several criteria set out in the Act. As discussed throughout this report, the Wooing Tree Estate project will result in economic benefits for a community and economy significantly affected by COVID-19 and will assist in sustaining the large construction sector (and many other sectors) within the Central Lakes sub-region (including upstream suppliers) suffering as a direct and indirect result of tourism decline.

The benefit of the Fast Track consent pathway is clear. It means that a large number of local jobs can be sustained in the short-term future, with that employment activity peaking in mid-2023 – a full two years sooner that could be likely under a two-step plan change and resource consent approach. While building consent data shows that recent levels of construction activity are likely to be maintained over the next 6-12 months, the outlook beyond that is highly uncertain and there is a real risk that construction activity will rapidly slow, putting even more local jobs (and households) on the line.

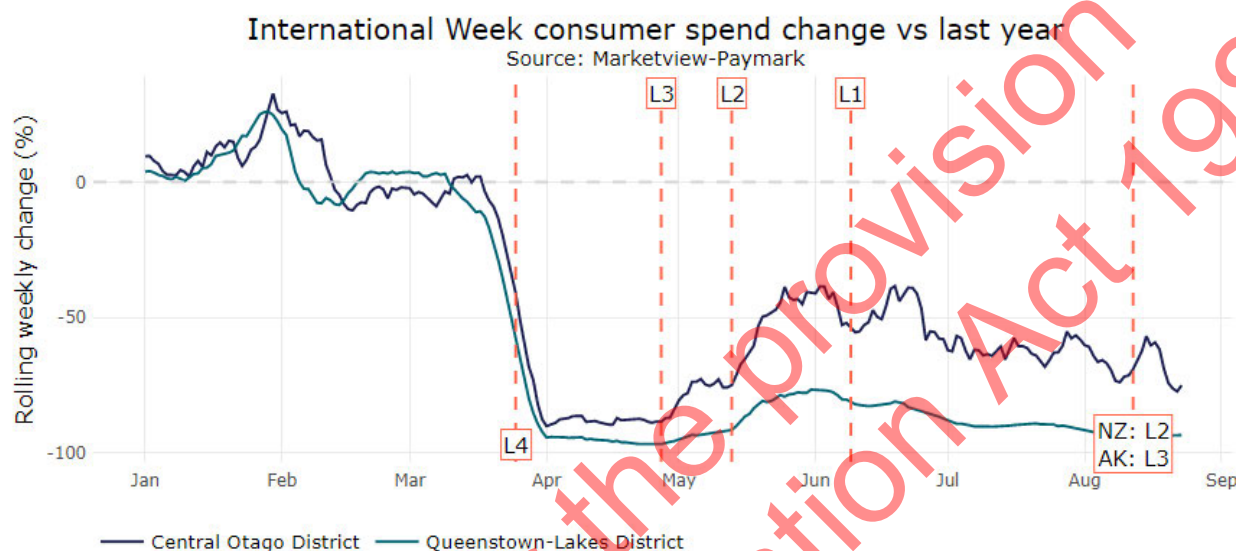
The project delivers other public benefits in addition to employment and increased housing supply in the short-term. It contributes to a well-functioning urban environment in Cromwell and provides new roading infrastructure (including a roundabout and pedestrian underpass on State Highway 8B) which will benefit the wider community and future tourists.

Based on M.E's considerable expertise in analysing the Cromwell and wider sub-region's housing and business land markets²⁶, we support this Fast Track application.

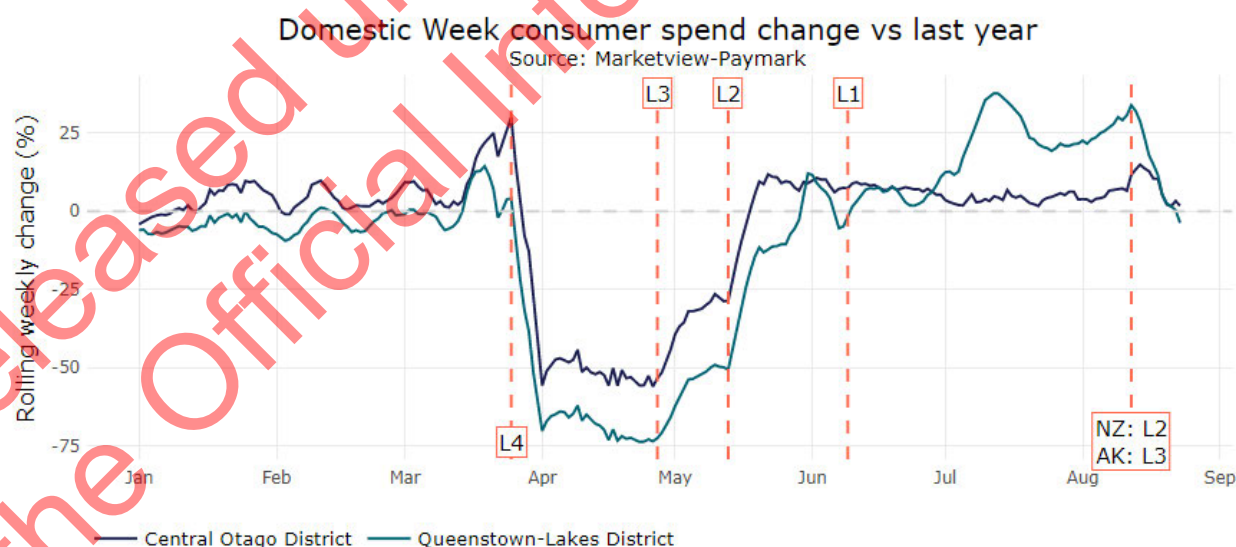
²⁶ In addition to the Plan Change 12 and 13 projects discussed in Section 3 that M.E was involved in, M.E was also involved in Plan Change 14 and 15 (ongoing) in COD. M.E has authored QLDCs Housing and Business Development Capacity Assessments 2018 and 2020 under the NPS-UDC and provided expert evidence for QLDC on a range of residential and commercial plan changes, submissions and consents.

Appendix A – COVID-19 Spending Impacts

International Consumer Spend Central Lakes Sub-Region by TA (Week vs. Same Week 2019)



Domestic Consumer Spend Central Lakes Sub-Region by TA (Week vs. Same Week 2019)



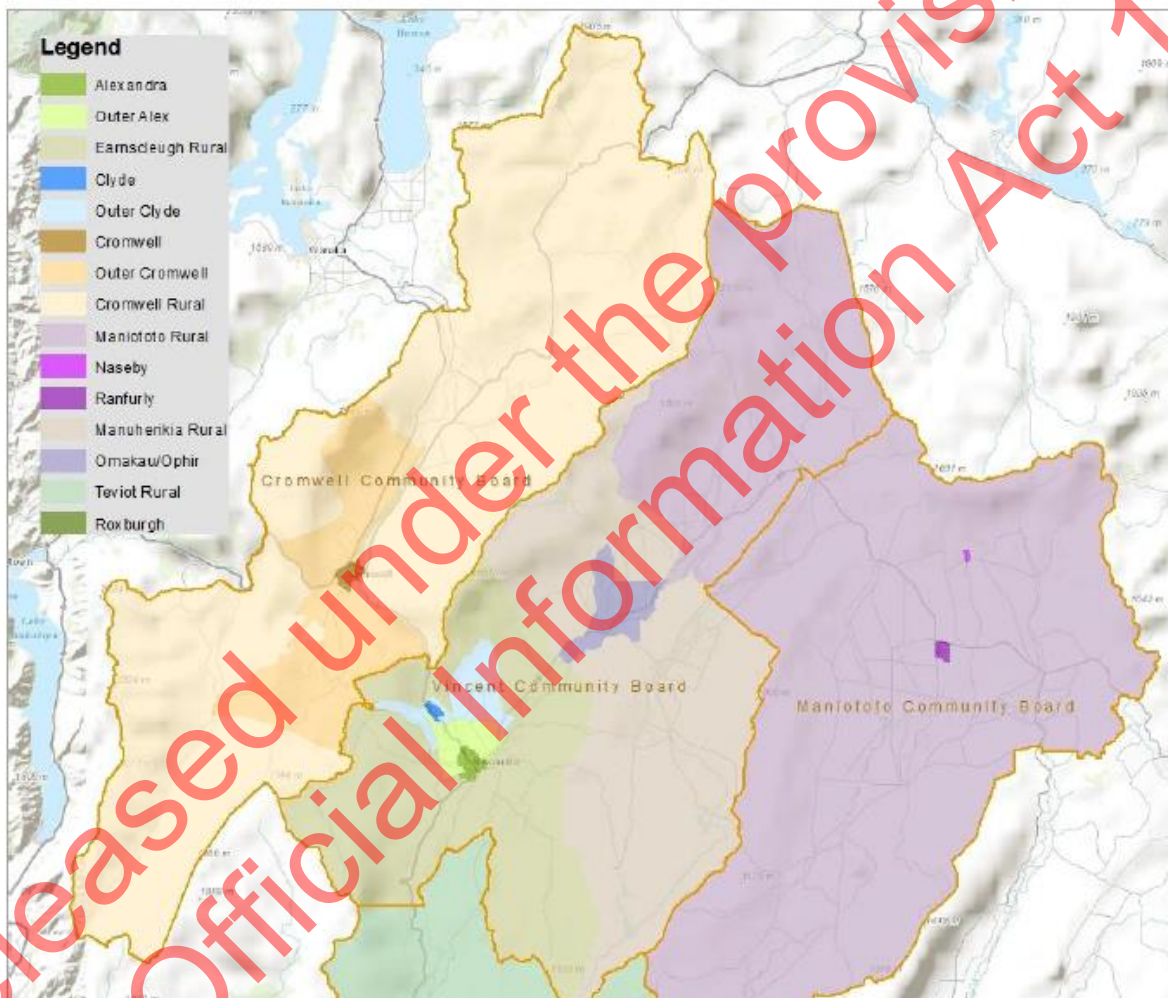
Appendix B - Cromwell & Surrounds Map

Catchment of Cromwell, Outer Cromwell (aka Cromwell Surrounds) and Cromwell Rural for Dwelling Projections Analysis (Rationale).



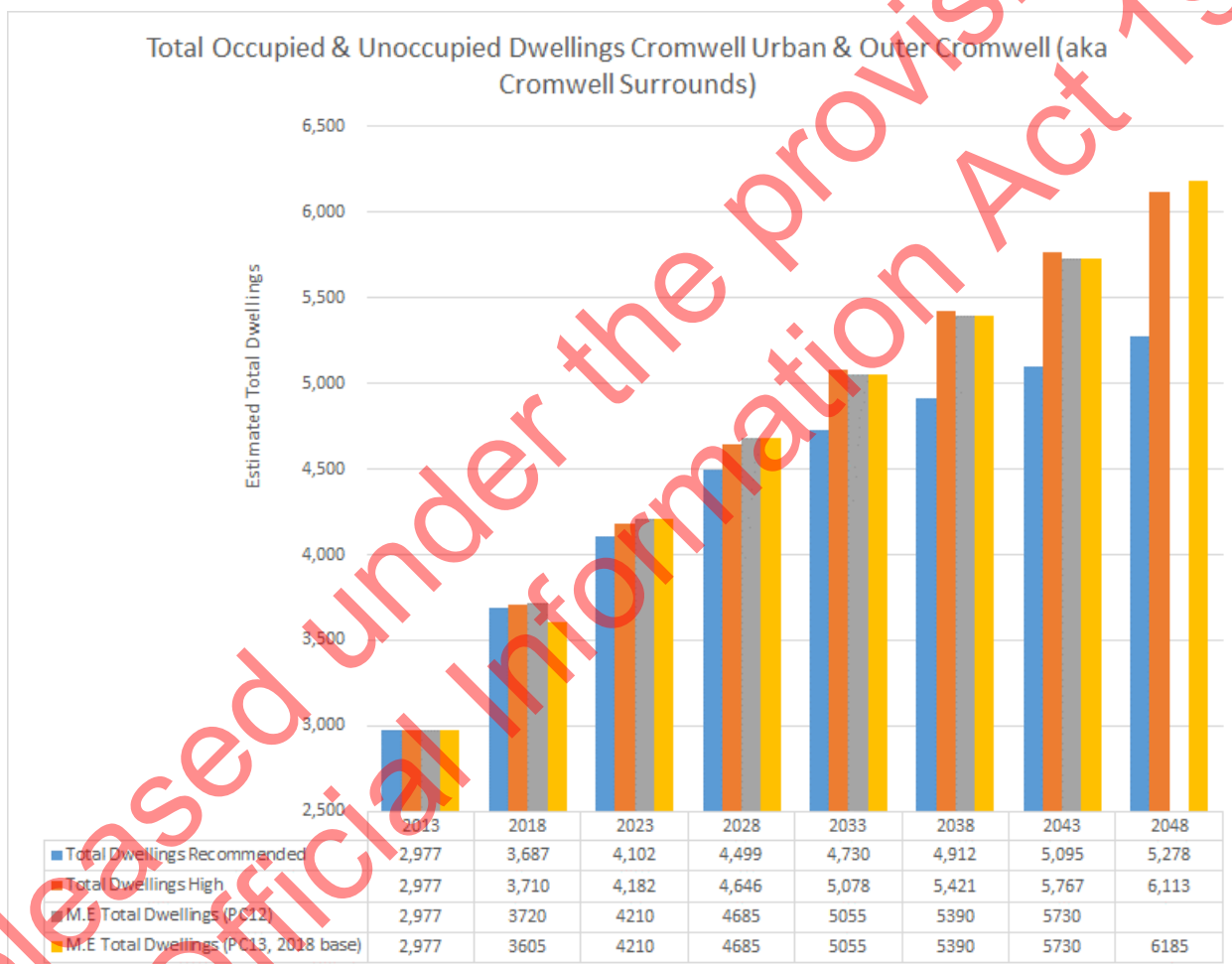
Central Otago District
Growth Projections 2018 to 2048

Appendix A – District, Community Board and Area Map



Appendix C – Comparison of Dwelling Growth

Summary of Council original Recommended and High growth projections for Cromwell and Surrounds (Rationale Ltd) and M.E’s adopted dwelling growth projections for Plan Change 12 and 13 (including 2018 rebased growth projections as used for this report). Analysis results would be similar if based on M.E or CODC High growth projections.



While M.E anticipates that CODC will update their growth projections in light of Census 2018 data, this work may have been held up by the delays in the release of StatisticsNZ 2018 base population and household projections (due later in 2020).

Appendix D – Estimated Dwelling Capacity

Estimated plan enabled capacity (and likely infill supply) for additional urban dwellings in Cromwell urban area and surrounding settlements:

Site *	Name / Location	Estimated Dwelling Yield PC12 Evidence	Current Estimated Dwelling Yield (PC13)
Cromwell Urban Area Greenfield			
A	Gair Ave	240	40 - 60
B	Wooring Tree (Operative)	210	210
C	Golden View Lifestyle Village	94	-
D	Chalets	35 - 60	32 - 48
E	Waenga Drive	240 - 345	251
F	Top 10 Holiday Park	173	180
G	North Cromwell	-	75
H	Residential Resource Area - Town Centre	-	48
Settlements Surrounding Cromwell Urban			
I	Bannockburn	-	140
J	Pisa Moorings	-	68
K	Lowburn	-	26
SUB-TOTAL EXCLUDING INFILL		992 - 1122	1070 - 1106
Cromwell Urban Area Infill (Estimated Supply 2018-2048)			
N/A	Infill - no redevelopment (Approx)	-	80
L	Redevelopment - Cromwell West	-	50 - 70
M	Redevelopment - Cromwell East	-	150 - 180
N	Redevelopment - Business 1 Zone (Town Centre)	-	48 - 64
TOTAL PLAN ENABLED & LIKELY DWELLING GROWTH CAPACITY		992 - 1122	1398 - 1500

Source: Market Economics Limited, Cromwell Masterplan - Spatial Framework, CODC PC13 Evidence.

* See Map Appendix A.

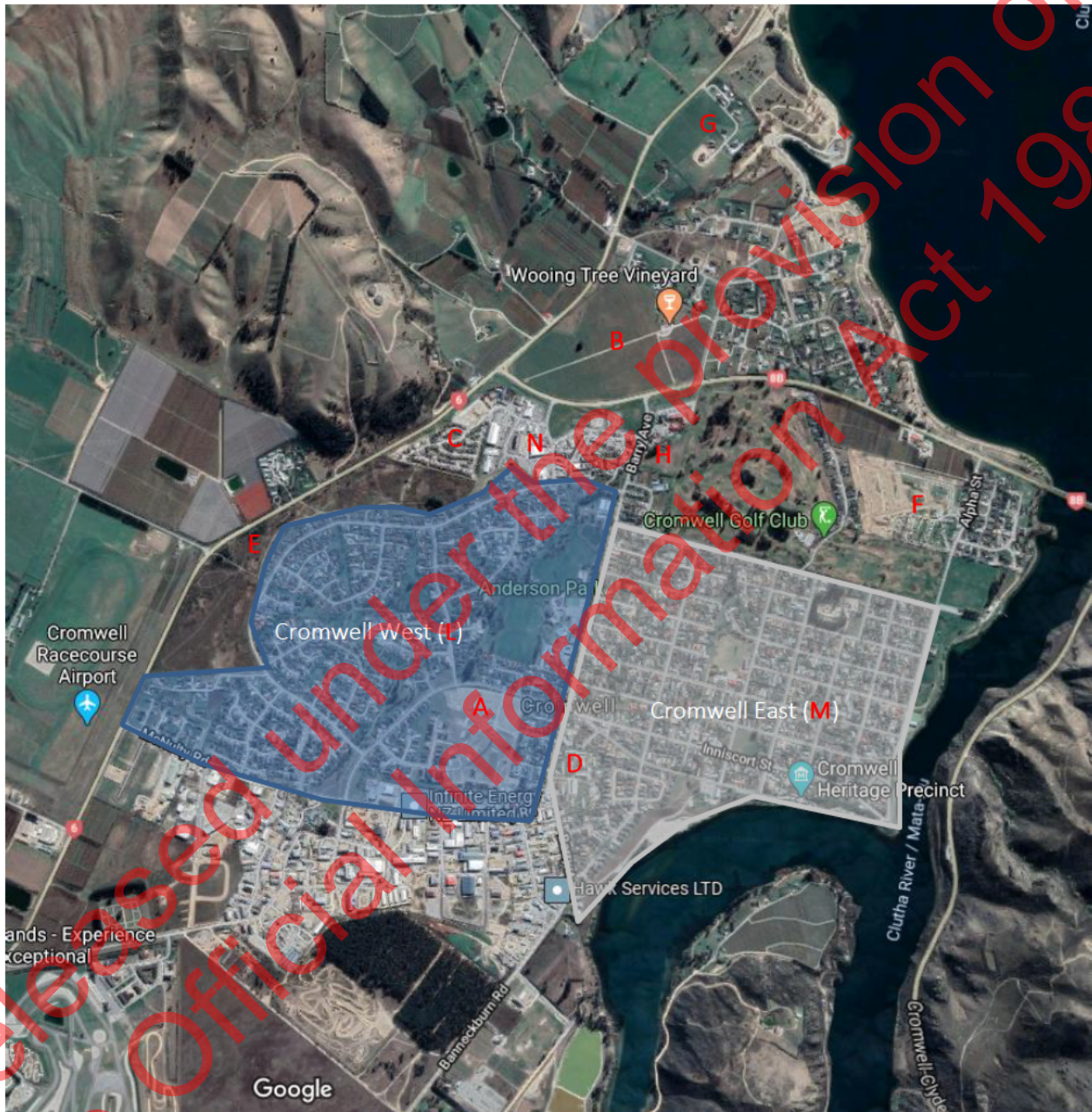
Sites located on map overleaf.



Approximate location of dwelling capacity areas:

J – Pisa Moorings to the North

K – Lowburn to the North



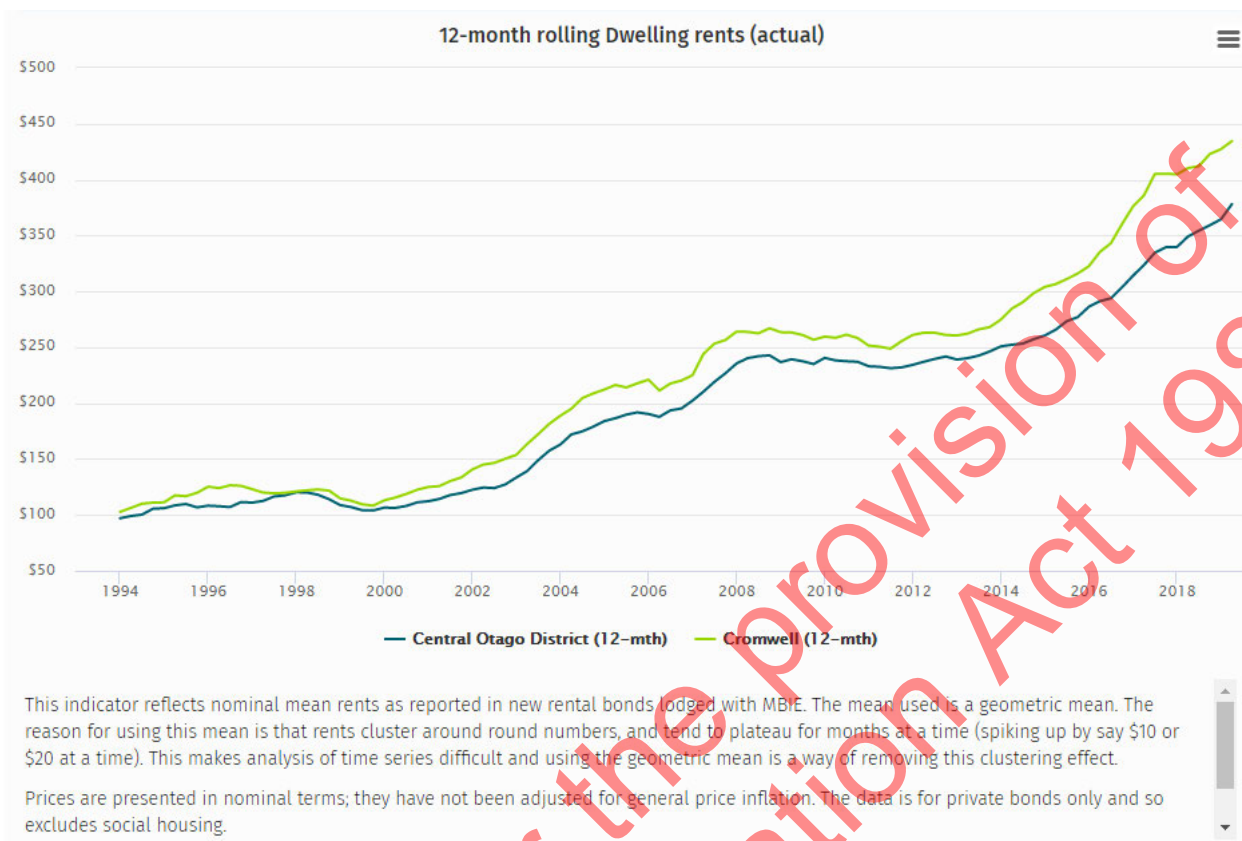
I – Bannockburn to the South

Appendix E – Housing Market Indicators

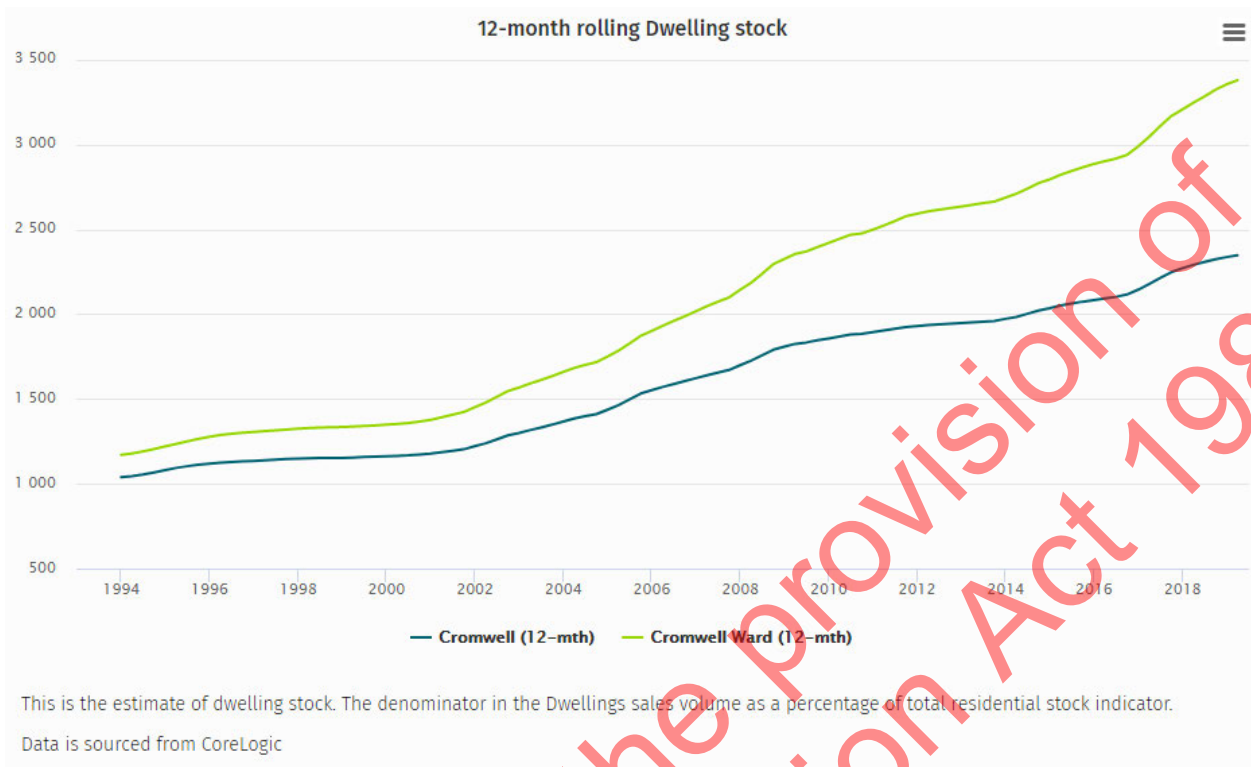
The following graphs are sourced from the Ministry of Housing and Urban Development (MHUD) NPS-UD Dashboard (<https://huddashboards.shinyapps.io/urban-development/>). The data available at time of drafting was March 2019.



At the time that Plan Change 12 was heard the average dwelling price in Cromwell Census Area Unit (CAU) was \$499,500 (YE June 2017). In the YE March 2019, this has increased to \$592,400. This is an increase of \$92,900 or 19% in 21 months. Cromwell house prices continue to increase faster than the district average.



At the time that Plan Change 12 was heard the average rental price in Cromwell CAU was \$392/month (YE June 2017). In the YE March 2019, this has increased to \$435. This is an increase of \$43/month or 11% in 21 months. Cromwell rental prices continue to be higher than the district average.



At the time that Plan Change 12 was heard the count of dwellings in Cromwell CAU was 2,228 and in the total Cromwell Ward it was 3,128 (YE June 2017). Cromwell CAU accounted for 71% of the Ward total. In the YE March 2019, dwellings in the Cromwell CAU had increased to 2,348 and in the total Cromwell Ward, they had increased to 3,380. Cromwell CAU accounted for 69% of the Ward total. Within the Cromwell CAU, this is an increase of 120 dwellings or 5% in 21 months. In the total Ward, this is an increase of 252 dwellings or 8% in 21 months, or conversely, the growth in the rest of the Ward (excluding the Cromwell CAU) was 132 dwellings or 15%. Cromwell CAU accounted for just under half (48%) of total dwelling growth in the Ward.