

**BEFORE INDEPENDENT HEARING COMMISSIONERS AT  
WELLINGTON**

**IN THE MATTER** of the Resource Management Act 1991

**AND**

**IN THE MATTER** the hearing of submissions on the  
Proposed Wellington City District Plan

**STATEMENT OF EVIDENCE OF CRAIG ALAN STEWART**

**STRATUM MANAGEMENT LIMITED (SUBMITTER 249)**

**HEARING STREAM 4 – CENTRES**

**12 JUNE 2023**

**1. INTRODUCTION**

1.1 My name is Craig Alan Stewart. I am the Director of Stratum Management Limited.

**Stratum Management Ltd**

1.2 Stratum Management Limited (“**Stratum**”) and associated development companies have been in the property development business for over 30 years. During this time, we have completed approximately 2,500 units across 15 inner-city high-rise buildings and many multi-unit terraced housing projects ranging from 4-95 units per site.

1.3 We currently have underway an 11-storey apartment building in Willis Street; 95 unit townhouse development in Richmond Street, Petone; 85 unit townhouse development in William Earp Place, Tawa; 9 up-market houses in

Thompson Street, Mount Cook; and have just last month completed a 10-storey building in Thorndon Quay.

- 1.4 In addition to the above, and once market conditions improve, we have a pipeline of development sites that we own of approximately \$400M.
- 1.5 I was a member of the Technical Advisory Panel for the development of the National Policy Statement on Urban Development (“NPS-UD”) and I believe that my input from a development perspective made a difference to its formulation.
- 1.6 I have a good understanding of the district planning and resource consent process. Perhaps unsurprisingly from a development perspective, a key aspect of interest for me in the development of the Proposed District Plan (“PDP”) relates to certainty. This is particularly so in respect of building height and Council decisions regarding notification.
- 1.7 I am also interested in the development and contents of both the Residential and Centres and Mixed Use Design Guides and understand that these topics will be addressed in a future hearing.

#### **Involvement in the Proposed District Plan**

- 1.8 During the development of the PDP over the past 18 months, I have consulted several times with the Council on various aspects of the PDP and it was pleasing to see a number of the points that I have raised during this time being adopted into the notified plan.

#### **Code of conduct**

- 1.9 I confirm that I have read the Code of Conduct for Expert Witnesses contained in the Environment Court Practice Note 2023 and that I agree to comply with it. I confirm that I have considered all the material facts that I am aware of that might alter or detract from the opinions that I express, and that this evidence is within my area of expertise, except where I state that I am relying on the evidence of another person.

## **2. SCOPE OF EVIDENCE**

- 2.1 Stratum’s submission in respect of the City Centre Zone chapter covered a number of points, as set out in the evidence of Mr Lewandowski.
- 2.2 I wish to comment on four matters, specifically:

- (a) CCZ-S1 – Maximum Height
- (b) CCZ-S5 – Minimum ground floor height
- (c) CCZ-S9 – Minimum residential unit size
- (d) CCZ-S10 – Outdoor living space

2.3 I address these aspects of the Stratum submission and note that Mr Lewandowski will further address these areas in his evidence.

### **3. CITY CENTRE ZONE**

#### **CCZ-S1 – Maximum Height**

3.1 In general, I believe that the new proposed height limits are acceptable. We have constructed buildings of up to 17 storeys in the past few years but due to changing seismic requirements the additional cost that comes with height to this level, or even higher, is proving not to be very cost effective. Therefore, residential buildings in the 12-14 storey range are where we see the future.

3.2 Notwithstanding that, I do feel that the requirements to go above the new height limits by using a points system are overly complicated. In my view any scheme should be judged on the merits of the scheme in totality because in the future there will be sites in the city where a higher building may be appropriate. This was debated at length during the NPS-UD development process and ultimately lead to a determination of not specifying minimum height requirements in Policy 3 of the NPS-UD unlike for other areas. As a result Policy 3 seeks to realise as much development capacity as possible in city centre zones. Maximising development capacity in a city centre environment is principally achieved through increased height.

3.3 Over the years we have developed sites with laneways, with parks and with residents' amenities such as swimming pools, squash courts and theatres, when we thought it was appropriate for that scheme. But for it to be prescribed in my view will never get a good outcome.

#### **CCZ-S5 – Minimum ground floor height**

3.4 I am opposed to a uniform 4m ground to first floor height for central area buildings. While I acknowledge the basis for such a standard when it comes to commercial buildings or mixed use buildings, I do not consider it is required in a solely residential building. I also note that it is generally much more

practicable to convert a building from commercial to residential use, but much more difficult to convert a residential building to a commercial use.

- 3.5 Applying this standard to a residential building is not necessary and only serves to impose additional development costs (or resource consent costs relating to non-compliance). Instead, I would favour and would support a mixed approach whereby the standard applies to a commercial or mixed use proposal, and that a 3m standard applies to residential only buildings which is more than sufficient for a residential only typology.

#### **CCZ-S9 – Minimum residential unit size**

- 3.6 Over the past 4 years we have completed over 100 studio units within large apartment buildings. During this time, we have continued to refine the product to create more usable spaces.
- 3.7 There is now a large market in Wellington for studios. These are primarily rental units and include kitchen facilities, full bathrooms, a small living space and good outlook. Our most recent building in Thorndon has 54 studios and they range in size from 30m<sup>2</sup> – 32m<sup>2</sup>. Should we be required to produce studio units at 35m<sup>2</sup>, this will add costs of another \$30-40,000 to the value of these units as well as causing other design compromises within the floor plan of the building. I question the basis for the 35m<sup>2</sup> figure and it's consideration of good and efficient apartment design.
- 3.8 If there is to be a minimum floor area standard, I believe the minimum for a studio should be 30m<sup>2</sup>. I note that a lot of the early studio designs in Wellington were closer to 20m<sup>2</sup> so the market has already evolved without regulation to provide a higher quality studio product.
- 3.9 I would welcome the opportunity to show the Commissioners examples from our recent Thorndon building. I completed a similar exercise 18 months ago with Council staff when I demonstrated that 40m<sup>2</sup> was acceptable for a 1-bedroom apartment, at the time they were planning to make the minimum size for a 1-bedroom 50m<sup>2</sup>.

#### **CCZ-S10 – Outdoor Living Space**

- 3.10 Stratum has developed inner-city buildings both with and without balconies. We determine our design approach on a project specific basis taking into account various inputs including markets demands, affordability and design outcomes. A mixed approach to the provision of balconies is also a consideration i.e. where only some apartments are provided with balconies.

- 3.11 In my experience, where balcony spaces are provided they are often either not utilised, or are underutilised, and often become storage areas. Wellington's weather conditions are also often a limiting factor to the success of balcony spaces.
- 3.12 A key concern that I have relating to this standard is that of cost – cost that will be borne by the purchasers of the apartments. As noted in the Stratum submission, the requirement to provide a 5m<sup>2</sup> balcony for a studio apartment will add an additional \$60,000 to the sale price for that apartment. For an 8m<sup>2</sup> balcony for 2+ bedroom apartments, this cost will be in the order of \$100,000.
- 3.13 For a typical apartment building of some 100 apartments, this is a \$10M cost imposition. If the space was provided on a communal basis based on the requirements of the standard for a 100 unit building, an area of 234m<sup>2</sup> (64m<sup>2</sup> for 4-15 units, plus 2m<sup>2</sup> each for 85 additional units) would be required. This would add a cost of some \$3M. This cost imposition relates to the construction of additional floor area, and is additional to the minimum unit size required by standard CCZ-S9.
- 3.14 Non-compliance with this standard would add a further additional resource consent trigger, and therefore uncertainty and cost. It is unclear how the Council would respond to a proposal where, for example, only half of apartments in a given building were to be provided with private outdoor space, or if communal open space were provided at a reduced rate.
- 3.15 This requirement will have a significant and direct bearing on housing affordability at a time where housing affordability is a significant concern.
- 3.16 My recent experience suggests that a standard for outdoor living space is not required. The provision of Juliet balconies and fully openable sliding doors provide a strong linkage to the outdoors from within apartments. Importantly, the city centre environment provides a range of amenities and public spaces in an easily accessible way that may not be available as directly in residential areas – whether public parks, the waterfront, Oriental Bay and Mt Victoria. These easily accessible public amenities provide a public backyard for inner city residents and are a key benefit on inner city living.

#### **4. CONCLUSION**

- 4.1 Overall I am supportive of the PDP direction as it relates to the City Centre Zone. I however have concerns relating to a small number of matters that will

in my view have a direct and potentially significant impact on development certainty and cost. In turn, this will have impacts on housing affordability.

**Craig Stewart**

**12 June 2023**