Council Report
Te Rīpoata Kaunihera ā-rohe

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QUEENSTOWN
LAKES DISTRICT
COUNCIL

Planning & Strategy Committee

10 June 2025

Report for Agenda Item | Rīpoata moto e Rāraki take [5]

Department: **Planning & Development**

Title | Taitara: Interactive Housing and Business and Feasibility Model

Purpose of the Report | Te Take mō te Pūroko

The purpose of this report is to provide an update on the online and interactive Housing and Business Capacity and Feasibility Model (HBA Model) that has been prepared for the Queenstown Lakes District (QLD).

Recommendation | Kā Tūtohuka

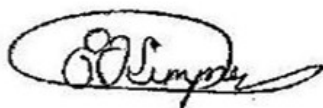That the Planning & Strategy Committee:

1. **Note** the contents of this report; and

2. **Note** the key findings of these assessments will help inform Council's future work programmes and Council's ongoing obligation to monitor the uptake and use of residential and business zoned land.

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Context | Horopaki

Background

1. Queenstown Lakes District Council (QLDC) has commissioned Economics and Policy consultants Formative Limited to develop an online and interactive Housing and Business Capacity and Feasibility Model (growth model). This is a response to the dynamic nature of the district's housing and business markets, where reliance on three-yearly growth model updates is no longer sufficient. Council needs regular access to robust, up-to-date data to support planning decisions.

2. Previously QLDC had no access to these growth models (held by consultants as intellectual property), which resulted in an inability to require updates as needed without incurring costs. It also tied Council to a single provider. Part of the contract with Formative Ltd includes regular updates (annually for three years) which will enable Council staff to evaluate plan changes and growth scenarios inhouse to understand how changes in planning assumptions or infrastructure investment could impact capacity or feasibility of development in the district. The intention is that whilst this model is owned and hosted by Formative, it will be 100% accessible by QLDC, with data inputs able to be changed and data outputs (not the model) able to be shared with external consultants (as required).

3. The growth model results are to be used to inform the Housing and Business Capacity Assessments (the written document) (HBA). Under the National Policy statement Urban Development (NPS-UD), HBA are required to be prepared by all Tier 1 and 2 councils every three years. The HBA is designed to provide local authorities with a robust evidence base for housing and business land markets so that it can be used to inform plans, planning decisions, and related strategies.

4. It is anticipated that the HBA assessment and associated reporting will be completed and taken to Council meeting for adoption in September 2025. The growth model will be used primarily to inform Council's HBA, but also has a wider benefit in that it can be used to inform a variety of other plans and investment decisions such as:

   - Spatial Plan Gen 2.0 (also the districts Future Development Strategy)
   - Proposed District Plan Review and RMA plan changes and variations
   - Long Term Plans and Annual Plans
   - Infrastructure Strategy

The Growth Model

5. The Growth model has been developed by Formative to comply with NPS UD by drawing together the districts data for all urban zoned properties that could be used for residential and/or business activities. This data is then used to inform the Capacity Assessment which is split into Residential Capacity and Business Capacity and can then be compared with expected demand within urban areas for both residential and business activities.

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6. The Capacity Assessment is undertaken by calculating the different types of capacity as required under the NPS UD, which includes: Plan Enabled, Infrastructure Ready, Reasonably Realised and Commercially Feasible:

    - **Plan Enabled**: applies Council's Operative and Proposed District Plan rules to establish the maximum theoretical capacity that can be developed on each urban site, which includes height limits, setbacks, and plan specified density.

    - **Infrastructure Ready**: Draws from Council's infrastructure information (Long Term Plan and the 30-year Infrastructure Strategy) to establish the serviceable capacity in the short, medium, and long term.

    - **Reasonably Realised (RER)**: Taken from consent data to establish the development patterns that are being realised by the market for both residential and business zones. For mixed use areas where both residential and business activities occur, potential capacity is split based on known activity development mix in existing developments, this was further supplemented by a land-use field survey.

    - **Commercially Feasible**: Calculated using building costs, land values, and sales revenue information, along with industry average profit margins. The modelling is conducted for intensification, infill, and greenfield developments. This analysis will evaluate multiple development options for each site.

7. The output of this assessment is an estimate of the potential development that could be accommodated in the urban parts of the district. This includes capacity estimates for the short (3 years), medium term (10 years) and long term (30 years) within existing urban (infill/intensification) and New Urban (Greenfield). For residential this is assessed for both attached and standalone dwellings and for Business Capacity is assessed on both floorspace and land capacity.

8. The final step of the Growth Model assessment is to provide a comparison of the residential/business development capacity against future demand. It does this by utilising Councils 30-year Demand Projections and translates this data into a series of demand scenarios. This results in the following outputs:

    - **Dwelling Demand Analysis**: Analysis of dwelling demand categorised into specific locations, timeframes, and typologies. These outputs incorporate Council's demand data, that includes visitor statistics, as well as household and dwelling demand information

    - **Scenario Development for Varied Dwelling Demands**: Development of additional dwelling demand scenarios relating to urban intensification, and greenfield development.

    - **Floorspace and Land Demand**: Demand for business floorspace and land, segmented by type, location, and planning timeframes. These outputs will be based on employment projections developed by Council's demand projections.

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- **Zone specific Demand Scenarios**: Scenarios which allocate demand to specific areas within the district[1], based off Council's demand projections, Statistics New Zealand population projections and local building consent records.

9. The Growth Model Information is provided via a dashboard and in a downloadable format (Excel and CSV.) The dashboard provides a visual summary of the district's short-medium and long-term sufficiency for both residential dwellings and business capacity and demand, whilst the comprehensive summary tables show demand, commercial supply and overall sufficiency across both short-medium and long-term horizons.

10. At the time of writing the report the draft model was still being completed, and the results had not been finalised, but these will be presented at the meeting.

Alignment of the Growth Modelling with Wider QLD Capacity/Demand Modelling Evidence Base (incl. UIV Assessment)

11. The Growth Model is differentiated from other capacity and demand modelling which is concurrently taking place to inform the Urban Intensification Variation (UIV). The focus of the UIV modelling is to understand the NPS-UD Policy 5 effects of the planning approaches on the alignment between relative demand and level of feasible development opportunity enabled by the provisions across different parts of the urban environment. The UIV modelling consequently has greater detail on the development options for intensification, their corresponding levels of demand, how these vary by location, and how the market is likely to respond through the medium to long-term to the UIV. It disaggregates the stages of capacity to distinguish between the effects from different parts of the development process (e.g. planning, infrastructure, feasibility).

12. The Growth Model has a different focus and approach. It reflects the current market situation, with a focus on detached dwellings as the main component of the District's current dwelling stock. It produces a final aggregated reasonably realised (RER) capacity result that combines the effects of planning, infrastructure, feasibility and input development assumptions, which is then applied in the NPS-UD Policy 2 assessment.

13. The outputs are therefore likely to differ between the models to correspondingly reflect their different purposes and approaches. The UIV and Growth Model outputs will be used collectively as part of the QLD evidence base to inform the different NPS-UD requirements of the 2025 HBA.

Next Steps

14. Following completion of the model, Council is progressing with HBA reporting as required to meet the needs of Subpart 5 of the National Policy Statement Urban Development.

15. The HBA will come to Full Council for adoption in September 2025.

[1] Wānaka, Luggate, Lake Hāwea, Arrowtown, Arthurs Point, Queenstown, Frankton, Shotover Ladies Mile, Lake Hayes, Kelvin Heights, Jacks Point, Kingston, Cardrona and the Rest of District.

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Analysis and Advice | Tatāritaka me kā Tohutohu

16. <u>Advice</u> There are no options available with this agenda item, as it is an information only item with a recommendation to note the report. Options for implementation will be reported on separately in subsequent reporting as the HBA is adopted and given effect to.

Consultation Process | Hātepe Matapaki

Significance and Engagement | Te Whakamahi I kā Whakaaro Hiraka

17. This matter is of medium significance, as determined by reference to the Council's Significance and Engagement Policy 2024 because of the social, economic and environmental important of the HBA assessment has locally.

18. The persons who are affected by or interested in this matter are neighbouring authorities, infrastructure providers, providers of community facilities, residents/ratepayers of the infrastructure Queenstown Lakes district community, developers, and a range of other groups individuals and entities who will need to be consulted in various ways in the various work programs arising from the NPS-UD.

Māori Consultation | Iwi Rūnaka

19. The Council did not consult on this HBA (housing), however the Council has and will continue to engage with Iwi through Aukaha and Te Ao Mārama as part of the preparation and development of a Future Development Strategy and the Spatial Plan, and any resulting changes to the Proposed District Plan, ensuring they are a partner in decision making and policy development at key stages.

Risk and Mitigations | Kā Raru Tūpono me kā Whakamaurutaka

20. This matter relates to the Community & Wellbeing risk category. It is associated with RISK10056 Ineffective provision for the future planning and development needs of the district within the QLDC Risk Register. This risk has been assessed as having a moderate residual risk rating.

Financial Implications | Kā Riteka ā-Pūtea

21. There are budget and cost implications regarding meeting the requirements of the NPS-UD, including the monitoring and preparation of the Future Development Strategy. These have all been budgeted within the Ten Year Plan.

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Council Effects and Views | Kā Whakaaweawe me kā Tirohaka a te Kaunihera

22. The following Council policies, strategies and bylaws were considered:

    - The Operative and Proposed District Plan and the Proposed Urban Intensification Variation
    - Long Term Plan 2024-2034
    - Infrastructure Strategy 2024-2034
    - The Queenstown Lakes Spatial Plan

23. This matter is not included in the Long Term Plan/Annual Plan. Growth planning and monitoring under the NPS Urban Development of requirements of Council which are provided for under existing budgets.

Legal Considerations and Statutory Responsibilities | Ka Ture Whaiwhakaaro me kā Takohaka Waeture

24. A Housing and Business Assessment is required to be undertaken by the National Policy Statement - Urban Development.

Local Government Act 2002 Purpose Provisions | Te Whakatureture 2002 o te Kāwanataka ā-Kīaka

25. Section 10 of the Local Government Act 2002 states the purpose of local government is (a) to enable democratic local decision-making and action by, and on behalf of, communities; and (b) to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future. The growth model with be a tool to help Council to provide an evidence base to planning and infrastructure decision making. As such, the recommendation in this report is appropriate and within the ambit of Section 10 of the Act.

26. The recommended option:

    - Can be implemented through current funding under the Long Term Plan and Annual Plan;
    - Is consistent with the Council's plans and policies; and
    - Would not significantly alter the intended level of service provision for any significant activity undertaken by or on behalf of the Council or transfer the ownership or control of a strategic asset to or from the Council.