

BEFORE THE QUEENSTOWN LAKES DISTRICT COUNCIL

IN THE MATTER

of the Resource Management Act 1991

AND

IN THE MATTER OF

Queenstown Lakes Proposed District Plan –
Queenstown Mapping Hearings Stream T13

**STATEMENT OF EVIDENCE OF REBECCA HOLDEN
ON BEHALF OF THE FOLLOWING SUBMITTERS:**

790 – Queenstown Lakes District Council

The Commonage – Vancouver Drive, Queenstown Hill

9 June 2017

Introduction

1. My name is Rebecca Holden. I hold the qualifications of Bachelor of Arts (Hons) in Geography and Anthropology which I obtained from the University of Canterbury in 2004. I reside in Queenstown.
2. I have been employed as a resource management planning consultant with Southern Planning Group for approximately five months. Prior to this, I held roles as both a Senior Policy Planner and Senior Consent Planner at Queenstown Lakes District Council (“QLDC”) over the span of approximately two and a half years.
3. In my role as Senior Policy Planner at QLDC, I was the reporting officer for Hearing Stream 7, Chapter 37 – Designations as well as Chapter 17 – Airport Zone which formed part of Hearing Stream 8 – Business Zones.
4. From the variety of working roles that I have performed as described in the preceding paragraphs, I have acquired a sound knowledge and experience of the resource management planning issues that are faced in the Queenstown area and the wider District.
5. Since 2005, I have been an Associate Member of the New Zealand Planning Institute primarily working in a Local Government context in both the United Kingdom and New Zealand where I have held a number of planning roles associated with resource consent processing, policy development and monitoring and research.
6. While I acknowledge that this is a Council hearing, I confirm that I have read the Code of Conduct for Expert Witnesses outlined in the Environment Court’s Consolidated Practice Note 2014 and have complied with it in preparing this evidence.
7. I have read the Section 42A reports and supporting documentation prepared by the Council officers and their experts with respect to the Queenstown Mapping Hearings of the Proposed District Plan (“PDP”). I have considered the facts, opinions and analysis in this documentation when forming my opinions which are expressed in this evidence.
8. I confirm that the matters addressed in this brief of evidence are within my area of expertise except where I advise otherwise and that I have not omitted to consider material facts known to me that might alter or detract from my opinions.

Scope of Evidence

9. I have been engaged by submitter 790 – QLDC to prepare planning evidence for Hearing Stream T13 – Queenstown Mapping. Although I did not prepare the submission filed with the Council on the 23 October 2015, I have read this submission and agree with the contents therein.
10. As outlined in that submission, the submitter seeks the extension of the Medium Density Residential Zone (“MDRZ”) over the full extent of Lot 1 DP 496901 (“subject site”) as shown on the Plan attached to this evidence (**Appendix [A]**). In addition, the submitter seeks amendments to the Urban Growth Boundary line and ONL line to reflect this zoning.
11. My brief of evidence is set out as follows:
 - a) Detailed description of the proposed MDRZ extension
 - b) Statutory Considerations;
 - c) The Strategic Direction of the PDP;
 - d) Assessment of the Proposed Expansions;
 - e) Section 32AA Evaluation;
 - f) Summary of my opinions.
12. I rely and refer to the following evidence in the assessment of the re-zoning request provided below:
 - a) Evidence of Mr Stephen Skelton, Landscape Architect, 9 June 2017.
 - b) Evidence of Mr Dan Cruickshank, APL, 9 June 2017.
 - c) Statement of evidence of Dr Marion Read on behalf of Queenstown Lakes District Council, Landscape, 24 May 2017.
 - d) Section 42A Report/Statement of evidence of Rosalind Devlin on behalf of the Queenstown Lakes District Council, Group 1c Queenstown Urban – Central, West and Arthurs Point, 25 May 2017.
 - e) Section 42A Report/Statement of Evidence of Kimberley Banks on behalf of Queenstown Lakes District Council, Strategic Overview and Common Themes, 24 May 2017.
 - f) Statement of evidence of Ulrich Wilhelm Glasner on behalf of Queenstown Lakes District Council, Infrastructure, 24 May 2017.
 - g) Statement of Evidence of Wendy Banks on behalf of Queenstown Lakes District Council, Transport – Queenstown Urban Groups 1A, 1B, 1C and 1D, 25 May 2017.

Detailed Description of the Proposed MDRZ Extension

Background information

13. The subject site (Lot 1 DP 496901) was created through subdivision consent RM150220 granted on 19 May 2015. The site is zoned part High Density Residential (subzone C) and part Rural General in the Operative District Plan (“ODP”) as shown on Planning Map 37. The PDP zones this land part MDRZ and part Rural as shown on Proposed Planning Map 37 and depicted in Figure 1 below.

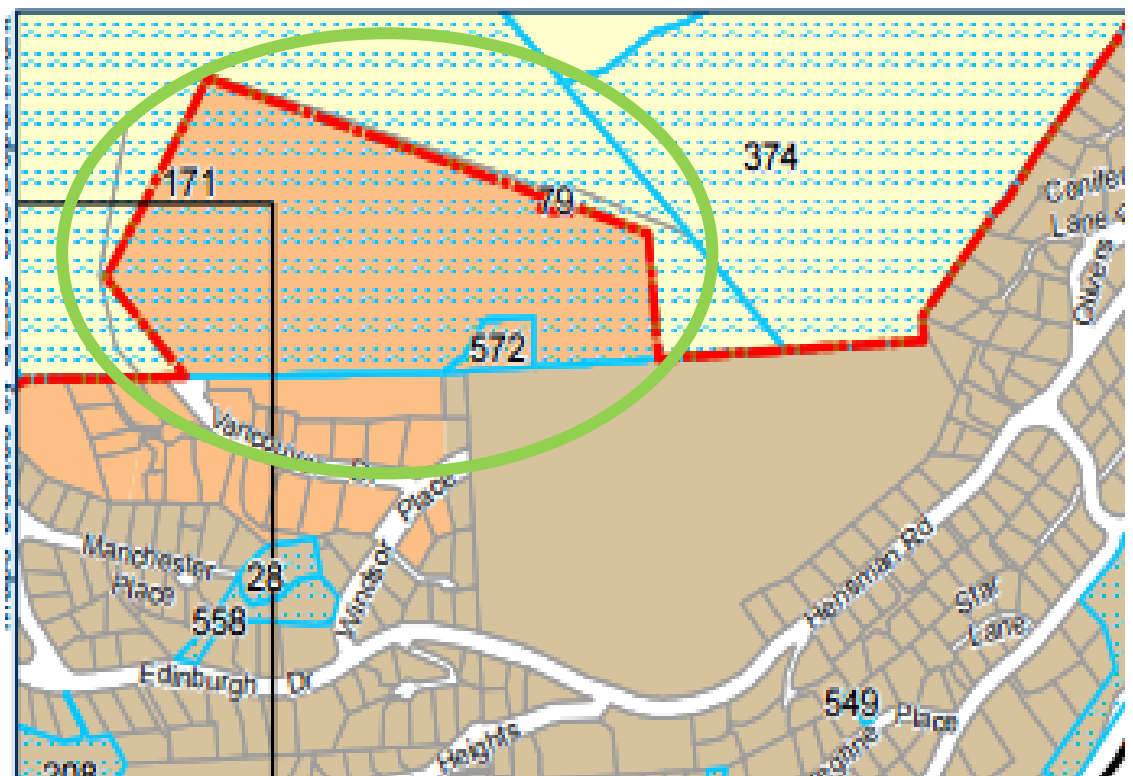


Figure 1: Proposed Planning Map 37 depicting subject site (circled in green)

14. The site is also designated as a Recreation Reserve under designation 171 in the ODP, being part of the Queenstown Hill Recreation Reserve. Although this designation was rolled over from the ODP to the PDP when notified, QLDC as requiring authority have requested that this designation be uplifted through submissions on the PDP (submissions 383 (corporate) and 790). As mentioned in the introduction to this evidence, I was the author of the s42A report for Hearing Stream 7 – Designations. I recommended to the Panel that this designation be uplifted as requested by QLDC in their submissions.
15. The requested expansion of the MDRZ will cover land currently zoned Rural in the ODP and PDP as notified. The purpose of this expansion is to align the zoning with the cadastral boundaries of the site. As can be seen in **Appendix [A]** to this evidence (requested rezoning extension), the eastern

and western extents of the site, and a small slither along the northern boundary are proposed to be zoned Rural.

16. It is my understanding that the boundaries of the subject site (Lot 1 DP 496901) which was created through subdivision consent RM150220 follow a more natural topographical line rather than the existing High Density Residential Zone (Subzone C). This matter is also addressed in the evidence of Mr Stephen Skelton, Landscape Architect at paragraph 19. I accept and rely on this view.
17. As referred to in submission 790, QLDC and DoC entered into a land exchange agreement pursuant to Section 15 of the Reserves Act 1977, whereby QLDC exchanged two separate parcels of land located along Belfast Terrace and Kerry Drive (refer to **Appendix [B]**). The land exchange has resulted in the DoC owning Lot 4 DP 447835 and Section 1 SO 503041, and QLDC owning the subject site in a fee simple title. This land swap and subdivision was a precursor for future development to occur on the subject site. Mr Dan Cruickshank from APL Properties has provided a brief history of the site in the supporting letter contained within **Appendix [F]** to this evidence.
18. A process to revoke the reserve status of Lot 1 DP 496901 has been completed.

Statutory Considerations

19. The relevant background statutory considerations are contained within the following statutory documents:
 - Resource Management Act 1991 (“RMA”)
 - National Policy Statement on Urban Development Capacity 2016
 - Otago Regional Policy Statement 1998
 - Proposed Otago Regional Policy Statement 2015
 - Otago Conservation Management Strategy 2016
 - The Strategic Direction of the Proposed District Plan (“PDP”)
20. The s32 evaluation (**Appendix [C]**) for Notified Chapter 8 – Medium Density Residential Zone provides a detailed overview of the higher order planning documents applicable to the Notified Chapter. I have read this evaluation and agree with the conclusions reached. The following evaluation against these higher order documents supplements that contained within **Appendix [C]**.

Resource Management Act 1991 – Part 2 Purpose and Principles

21. The purpose of the RMA is to promote the sustainable management of natural and physical resources. Sustainable management is outlined in Section 5(2) of the Act as:

In this Act, **sustainable management** means managing the use, development, and protection of natural and physical resources in a way, or at a rate, which enables people and communities to provide for their social, economic, and cultural well-being and for their health and safety while—

- (a) *sustaining the potential of natural and physical resources (excluding minerals) to meet the reasonably foreseeable needs of future generations; and*
- (b) *safeguarding the life-supporting capacity of air, water, soil, and ecosystems; and*
- (c) *avoiding, remedying, or mitigating any adverse effects of activities on the environment.*

22. The PDP application of 'Zones' and associated policy framework sets out the Council's direction with respect to the appropriate land use and activities within identified areas which are expected to achieve 'sustainable management'

23. Section 6 of the RMA sets out Matters of National importance that must be given regard to and provided for when exercising the functions and powers of the Act and particularly when considering the appropriate zoning framework. Of specific relevance to the proposed re-zoning of the Rural areas of the subject site to MDRZ is:

- (b) *the protection of outstanding natural features and landscapes from inappropriate subdivision, use, and development:*

24. Section 7 of the Act contains a set of 'Other Matters' that must be given particular regard to when exercising powers and functions under the Act. The matters that I consider relevant include:

- (b) the efficient use and development of natural and physical resources:*
- (c) the maintenance and enhancement of amenity values:*
- (d) intrinsic values of ecosystems:*
- (f) maintenance and enhancement of the quality of the environment"*

25. I consider these matters to be relevant due to the relief sought relating to the demarcation of the Outstanding Natural Landscape ("ONL") in which part of the subject site is located.

26. Section 8 requires the Principles of the Treaty of Waitangi to be taken into account.

National Policy Statement on Urban Development Capacity 2016.

27. The National Policy Statement on Urban Development Capacity 2016 ("NPS") has been developed to recognise the significance of the following:

- (a) *Urban Environments and the need to enable such environments to develop and change; and*
- (b) *Providing sufficient development capacity to meet the needs of people and communities and future generations in urban environments.*
28. The NPS provides direction for Council's to ensure that their planning decisions enable the supply of housing to meet demand. The NPS specifically requires that Council's provide in their District Plans enough development capacity to ensure the demand for land for housing (and business purposes) and varying types, sizes and locations of such are provided and are commercially feasible to develop.
29. The land supply also needs to be plentiful enough to recognise that not all feasible development opportunities will be taken up. However, the supply of land for this purpose and the direction of the NPS is not to provide the supply with complete disregard to the environmental effects.
30. Overall the NPS requires an evidence based approach to development capacity with responsive planning to provide for urban growth and infrastructure in the short, medium and long term.
31. Within the NPS, Queenstown is identified as a high-growth urban area. As such, all of the Objectives and Policies contained within the NPS are relevant. A full copy of the NPS and its relevant Objectives and Policies is contained in **Appendix [D]** to my evidence.
32. It is understood that Council will be addressing the NPS and its reporting requirements following the submission of evidence in the current evidence exchange time table.

Operative Regional Policy Statement

33. Section 75(3) of the Act requires that a District Plan must give effect to any Regional Policy Statement. At the current time this includes the Operative Otago Regional Policy Statement 1998.
34. The relevant Objectives and Policies from this document are contained within Chapter 5 – Land, Chapter 9 – Built Form and Chapter 11 – Natural Hazards. The relevant provisions are outlined below:

Chapter 5 – Land

Objective 5.4.1 *To promote the sustainable management of Otago's land resources in order:*

(a) *To maintain and enhance the primary productive capacity and life-supporting capacity of land resources; and*

(b) *To meet the present and reasonably foreseeable needs of Otago's people and communities.*

Objective 5.4.2 *To avoid, remedy or mitigate degradation of Otago's natural and physical resources resulting from activities utilising the land resource.*

Objective 5.4.3 *To protect Otago's outstanding natural features and landscapes from inappropriate subdivision, use and development.*

Policy 5.5.4 *To promote the diversification and use of Otago's land resource to achieve sustainable landuse and management systems for future generations.*

Policy 5.5.6 *To recognise and provide for the protection of Otago's outstanding natural features and landscapes which:*

(a) *Are unique to or characteristic of the region; or*

(b) *Are representative of a particular landform or land cover occurring in the Otago region or of the collective characteristics which give Otago its particular character; or*

(c) *Represent areas of cultural or historic significance in Otago; or*

(d) *Contain visually or scientifically significant geological features; or*

(e) *Have characteristics of cultural, historical and spiritual value that are regionally significant for Tangata Whenua and have been identified in accordance with Tikanga Maori.*

Chapter 9 – Built Environment

Objective 9.4.1 *To promote the sustainable management of Otago's built environment in order to:*

(a) *Meet the present and reasonably foreseeable needs of Otago's people and communities; and*

(b) *Provide for amenity values, and*

(c) *Conserve and enhance environmental and landscape quality; and*

(d) *Recognise and protect heritage values.*

Objective 9.4.2 *To promote the sustainable management of Otago's infrastructure to meet the present and reasonably foreseeable needs of Otago's communities.*

Objective 9.4.3 *To avoid, remedy or mitigate the adverse effects of Otago's built environment on Otago's natural and physical resources.*

Policy 9.5.2 *To promote and encourage efficiency in the development and use of Otago's infrastructure through:*

- (a) *Encouraging development that maximises the use of existing infrastructure while recognising the need for more appropriate technology; and*
- (b) *Promoting co-ordination amongst network utility operators in the provision and maintenance of infrastructure; and*
- (c) *Encouraging a reduction in the use of nonrenewable resources while promoting the use of renewable resources in the construction, development and use of infrastructure; and*
- (d) *Avoiding or mitigating the adverse effects of subdivision, use and development of land on the safety and efficiency of regional infrastructure.*

Policy 9.5.3 *To promote and encourage the sustainable management of Otago's transport network through:*

- (a) *Promoting the use of fuel efficient modes of transport; and*
- (b) *Encouraging a reduction in the use of fuels which produce emissions harmful to the environment; and*
- (c) *Promoting a safer transport system; and*
- (d) *Promoting the protection of transport infrastructure from the adverse effects of land use activities and natural hazards.*

Proposed Regional Policy Statement

35. The Otago Regional Council released decisions on the Proposed Regional Policy Statement on Saturday 1 October 2016. Appeals closed on Friday 9 December 2016. It is understood that 26 appeals have been received in opposition and mediation is presently underway.
36. The Decision's Version of the Proposed Regional Policy Statement cannot be given significant weight due to the currently unresolved appeals. However, I consider that the relevant provisions contained in this document are not dissimilar to those in the Operative Regional Policy Statement. The relevant provisions are as follows:

Part B – Chapter 1 Resource management in Otago is integrated

Objective 1.1 *Recognise and provide for the integrated management of natural and physical resources to support the wellbeing of people and communities in Otago*

Policy 1.1.1**Integrated resource management**

Achieve integrated management of Otago's natural and physical resources, by all of the following:

- a) *Coordinating the management of interconnected natural and physical resources;*
- b) *Taking into account the impacts of management of one resource on the values of another, or on the environment*
- c) *Recognising that resource may extend beyond the immediate, or directly adjacent, area of interest;*
- d) *Ensuring that resource management approaches across administrative boundaries are consistent and complementary;*
- e) *Ensuring that effects of activities on the whole of a resource are considered when that resource is managed as subunits.*

Policy 1.1.2**Economic wellbeing**

Provide for the economic wellbeing of Otago's people and communities by enabling the use and development of natural and physical resources only if the adverse effects of those activities on the environment can be managed to give effect to the objectives and policies of the Regional Policy Statement.

Policy 1.1.3**Social and cultural wellbeing and health and safety**

Provide for the social and cultural wellbeing and health and safety of Otago's people and communities when undertaking the subdivision, use, development and protection of natural and physical resources by all of the following:

- a) *Recognising and providing for Kāi Tahu values;*
- b) *Taking into account the values of other cultures;*
- c) *Taking into account the diverse needs of Otago's people and communities;*
- d) *Promoting good quality and accessible infrastructure and public services;*
- e) *Avoiding significant adverse effects of activities on human health.*

PART B Chapter 3 - Otago has high quality natural resources and ecosystems

Objective 3.1

The values of Otago's natural resources are recognised, maintained and enhanced decisions

- Policy 3.1.10** **Natural features, landscapes, and seascapes**
- Recognise the values of natural features, landscapes and seascapes are derived from the biophysical, sensory and associative attributes in Schedule 3.*
- Objective 3.2** **Otago's significant and highly-valued natural resources are identified, and protected or enhanced**
- Policy 3.2.3** **Identifying outstanding natural features, landscapes and seascapes**
- Identify areas and values of outstanding natural features, landscapes and seascapes, using the attributes in Schedule 3.*
- Policy 3.2.4** **Managing outstanding natural features, landscapes and seascapes**
- Protect, enhance and restore outstanding natural features, landscapes and seascapes, by all of the following:*
- a) *Avoiding adverse effects on those values which contribute to the significance of the natural feature, landscape or seascape;*
 - b) *Avoiding, remedying or mitigating other adverse effects;*
 - c) *Recognising and providing for the positive contributions of existing introduced species to those values;*
 - d) *Controlling the adverse effects of pest species, preventing their introduction and reducing their spread;*
 - e) *Encouraging enhancement of those areas and values which contribute to the significance of the natural feature, landscape or seascape.*
- Policy 3.2.5** **Identifying highly valued natural features, landscapes and seascapes**
- Identify natural features, landscapes and seascapes, which are highly valued for their contribution to the amenity or quality of the environment but which are not outstanding, using the attributes in Schedule 3.*
- Policy 3.2.6** **Managing highly valued natural features, landscapes and seascapes**
- Protect or enhance highly valued natural features, landscapes and seascapes by all of the following:*
- a) *Avoiding significant adverse effects on those values which contribute to the high value of the natural feature, landscape or seascape;*
 - b) *Avoiding, remedying or mitigating other adverse effects;*

- c) *Recognising and providing for positive contributions of existing introduced species to those values;*
- d) *Controlling the adverse effects of pest species, preventing their introduction and reducing their spread;*
- e) *Encouraging enhancement of those values which contribute to the high value of the natural feature, landscape or seascape.*

The Strategic Direction of the Proposed District Plan (“PDP”)

37. Part Two - Strategy of the PDP contains Chapter 3 - Strategic Direction, Chapter 4 – Urban Development, Chapter 5 – Tangata Whenua and Chapter 6 - Landscapes. These chapters provide the overarching strategic guidance of the PDP.
38. Collectively, these chapters address the key resource management issues for the District. They do not contain rules but provide a policy framework of Goals, Objectives and Policies that direct how the relevant chapters of the PDP should manage the key issues.
39. Of specific relevance to this re-zoning proposal are Chapters 3, 4 and 6. The relevant Goals, Objectives and Policies from the notified versions of these chapters with respect to the proposed re-zoning are outlined below.

Chapter 3: Strategic Directions

3.2.1 Goal ***The strategic and integrated management of urban growth.***

Objective 3.2.2.1 *Ensure urban development occurs in a logical manner:*

- *to promote a compact, well designed and integrated urban form;*
- *to manage the cost of Council infrastructure; and*
- *to protect the District’s rural landscapes from sporadic and sprawling development.*

Policy 3.2.2.1.1 *Apply Urban Growth Boundaries (UGBs) around the urban areas in the Wakatipu Basin (including Jack’s Point), Arrowtown and Wanaka.*

Policy 3.2.2.1.2 *Apply provisions that enable urban development within the UGBs and avoid urban development outside of the UGBs.*

Policy 3.2.2.1.3 *Manage the form of urban development within the UGBs ensuring:*

- *Connectivity and integration with existing urban development;*
- *Sustainable provision of Council infrastructure; and*

- *Facilitation of an efficient transport network, with particular regard to integration with public and active transport systems*

Policy 3.2.2.1.4 *Encourage a higher density of residential development in locations close to town centres, local shopping zones, activity centres, public transport routes and non-vehicular trails.*

Policy 3.2.2.1.5 *Ensure UGBs contain sufficient suitably zoned land to provide for future growth and a diversity of housing choice.*

Policy 3.2.2.1.6 *Ensure that zoning enables effective market competition through distribution of potential housing supply across a large number and range of ownerships, to reduce the incentive for land banking in order to address housing supply and affordability.*

Policy 3.2.2.1.7 *That further urban development of the District's small rural settlements be located within and immediately adjoining those settlements.*

Objective 3.2.2.2 *Manage development in areas affected by natural hazards.*

Policy 3.2.2.2.1 *Ensure a balanced approach between enabling higher density development within the District's scarce urban land resource and addressing the risks posed by natural hazards to life and property*

3.2.3 Goal ***A quality built environment taking into account the character of individual communities***

Objective 3.2.3.1 *Achieve a built environment that ensures our urban areas are desirable and safe places to live, work and play.*

Policy 3.2.3.1.1 *Ensure development responds to the character of its site, the street, open space and surrounding area, whilst acknowledging the necessity of increased densities and some change in character in certain locations.*

Policy 3.2.3.1.2 *That larger scale development is comprehensively designed with an integrated and sustainable approach to infrastructure, buildings, street, trail and open space design.*

Policy 3.2.3.1.3 *Promote energy and water efficiency opportunities, waste reduction and sustainable building and subdivision design.*

Objective 3.2.3.2 *Protect the District's cultural heritage values and ensure development is sympathetic to them.*

Policies 3.2.3.2.1 *Identify heritage items and ensure they are protected from inappropriate development.*

- 3.2.5 Goal** ***Our distinctive landscapes are protected from inappropriate development.***
- Objective 3.2.5.1** *Protect the natural character of Outstanding Natural Landscapes and Outstanding Natural Features from subdivision, use and development.*
- Objective 3.2.5.2** *Minimise the adverse landscape effects of subdivision, use or development in specified Rural Landscapes.*
- Policy 3.2.5.2.1** *Identify the district's Rural Landscape Classification on the district plan maps, and minimise the effects of subdivision, use and development on these landscapes.*
- Objective 3.2.5.3** *Direct new subdivision, use or development to occur in those areas which have potential to absorb change without detracting from landscape and visual amenity values.*
- Policy 3.2.5.3.1** *Direct urban development to be within Urban Growth Boundaries (UGB's) where these apply, or within the existing rural townships.*
- Objective 3.2.5.4** *Recognise there is a finite capacity for residential activity in rural areas if the qualities of our landscape are to be maintained.*
- Policy 3.2.5.4.1** *Give careful consideration to cumulative effects in terms of character and environmental impact when considering residential activity in rural areas.*
- 3.2.6 Goal** ***Enable a safe and healthy community that is strong, diverse and inclusive for all people.***
- Objective 3.2.6.1** *Provide access to housing that is more affordable.*
- Policy 3.2.6.1.1** *Provide opportunities for low and moderate income Households to live in the District in a range of accommodation appropriate for their needs.*

Chapter 4: Urban Development

- 4.2.1 Objective -** *Urban development is coordinated with infrastructure and services and is undertaken in a manner that protects the environment, rural amenity and outstanding natural landscapes and features.*
- Policy 4.2.1.1** *Land within and adjacent to the major urban settlements will provide the focus for urban development, with a lesser extent accommodated within smaller rural townships.*

- Policy 4.2.1.2** *Urban development is integrated with existing public infrastructure, and is designed and located in a manner consistent with the capacity of existing networks.*
- Policy 4.2.1.3** *Encourage a higher density of residential development in locations that have convenient access to public transport routes, cycleways or are in close proximity to community and education facilities.*
- Policy 4.2.1.4** *Development enhances connections to public recreation facilities, reserves, open space and active transport networks.*
- Policy 4.2.1.5** *Urban development is contained within or immediately adjacent to existing settlements.*
- Policy 4.2.1.6** *Avoid sporadic urban development that would adversely affect the natural environment, rural amenity or landscape values; or compromise the viability of a nearby township.*
- Policy 4.2.1.7** *Urban development maintains the productive potential and soil resource of rural land.*
- 4.2.2 Objective -** *Urban Growth Boundaries are established as a tool to manage the growth of major centres within distinct and defensible urban edges.*
- Policy 4.2.2.1** *Urban Growth Boundaries define the limits of urban growth, ensuring that urban development is contained within those identified boundaries, and urban development is avoided outside of those identified boundaries.*
- Policy 4.2.2.2** *Urban Growth Boundaries are of a scale and form which is consistent with the anticipated demand for urban development over the planning period, and the appropriateness of the land to accommodate growth.*
- Policy 4.2.2.3** *Within Urban Growth Boundaries, land is allocated into various zones which are reflective of the appropriate land use.*
- Policy 4.2.2.4** *Not all land within Urban Growth Boundaries will be suitable for urban development, such as (but not limited to) land with ecological, heritage or landscape significance; or land subject to natural hazards. The form and location of urban development shall take account of site specific features or constraints to protect public health and safety.*
- Policy 4.2.2.5** *Urban Growth Boundaries may need to be reviewed and amended over time to address changing community needs.*
- 4.2.3 Objective –** *Within Urban Growth Boundaries, provide for a compact and integrated urban form that limits the lateral spread of urban areas, and maximises the efficiency of infrastructure operation and provision.*

- Policy 4.2.3.1** *Provide for a compact urban form that utilises land and infrastructure in an efficient and sustainable manner, ensuring:*
- *connectivity and integration;*
 - *the sustainable use of public infrastructure;*
 - *convenient linkages to the public and active transport network; and*
 - *housing development does not compromise opportunities for commercial or community facilities in close proximity to centres.*
- Policy 4.2.3.2** *Enable an increased density of residential development in close proximity to town centres, public transport routes, community and education facilities.*
- Policy 4.2.3.4** *Urban development occurs in locations that are adequately serviced by existing public infrastructure, or where infrastructure can be efficiently upgraded.*
- Policy 4.2.3.5** *For urban centres where Urban Growth Boundaries apply, new public infrastructure networks are limited exclusively to land within defined Urban Growth Boundaries.*
- Policy 4.2.3.6** *Development improves connections to recreational and community facilities, and enhances the amenity and vibrancy of urban areas.*
- Policy 4.2.3.7** *The edges of Urban Growth Boundaries are managed to provide a sensitive transition to rural areas.*

Queenstown

4.2.4 Objective - *Manage the scale and location of urban growth in the Queenstown Urban Growth Boundary.*

- Policy 4.2.4.1** *Limit the spatial growth of Queenstown so that:*
- *the natural environment is protected from encroachment by urban development*
 - *sprawling of residential settlements into rural areas is avoided*
 - *residential settlements become better connected through the coordinated delivery of infrastructure and community facilities*
 - *transport networks are integrated and the viability of public and active transport is improved*
 - *the provision of infrastructure occurs in a logical and sequenced manner*
 - *the role of Queenstown Town Centre as a key tourism and employment hub is strengthened*

Policy 4.2.4.2

Ensure that development within the Queenstown Urban Growth Boundary:

- *Provides a diverse supply of residential development to cater for the needs of residents and visitors*
- *Provides increased density in locations close to key public transport routes and with convenient access to the Queenstown Town Centre*
- *Provides an urban form that is sympathetic to the natural setting and enhances the quality of the built environment*
- *Provides infill development as a means to address future housing demand*
- *Provides a range of urban land uses that cater for the foreseeable needs of the community*
- *Maximises the efficiency of existing infrastructure networks and avoids expansion of networks before it is needed for urban development*
- *Supports the coordinated planning for transport, public open space, walkways and cycleways and community facilities*
- *Does not diminish the qualities of significant landscape features*

Chapter 6 - Landscapes**6.3.1 Objective**

The District contains and values Outstanding Natural Features, Outstanding Natural Landscapes, and Rural Landscapes that require protection from inappropriate subdivision and development.

Policy 6.3.1.3

That subdivision and development proposals located within the Outstanding Natural Landscape, or an Outstanding Natural Feature, be assessed against the assessment matters in provisions 21.7.1 and 21.7.3 because subdivision and development is inappropriate in almost all locations, meaning successful applications will be exceptional cases.

Policy 6.3.1.4

That subdivision and development proposals located within the Rural Landscape be assessed against the assessment matters in provisions 21.7.2 and 21.7.3 because subdivision and development is inappropriate in many locations in these landscapes, meaning successful applications will be, on balance, consistent with the assessment matters.

Policy 6.3.1.5

Avoid urban subdivision and development in the Rural Zones.

Policy 6.3.1.7

When locating urban growth boundaries or extending urban settlements through plan changes, avoid impinging on Outstanding Natural Landscapes or Outstanding Natural Features and minimise disruption to the values derived from open rural landscapes.

- Policy 6.3.1.11** *Recognise the importance of protecting the landscape character and visual amenity values, particularly as viewed from public places.*
- 6.3.2 Objective** ***Avoid adverse cumulative effects on landscape character and amenity values caused by incremental subdivision and development.***
- Policy 6.3.2.1** *Acknowledge that subdivision and development in the rural zones, specifically residential development, has a finite capacity if the District's landscape quality, character and amenity values are to be sustained.*
- Policy 6.3.2.2** *Allow residential subdivision and development only in locations where the District's landscape character and visual amenity would not be degraded.*
- Policy 6.3.2.3** *Recognise that proposals for residential subdivision or development in the Rural Zone that seek support from existing and consented subdivision or development have potential for adverse cumulative effects. Particularly where the subdivision and development would constitute sprawl along roads.*
- Policy 6.3.2.4** *Have particular regard to the potential adverse effects on landscape character and visual amenity values from infill within areas with existing rural lifestyle development or where further subdivision and development would constitute sprawl along roads.*
- Policy 6.3.2.5** *Ensure incremental changes from subdivision and development do not degrade landscape quality, character or openness as a result of activities associated with mitigation of the visual effects of proposed development such as screening planting, mounding and earthworks.*
- 6.3.4 Objective** ***Protect, maintain or enhance the District's Outstanding Natural Landscapes (ONL).***
- Policy 6.3.4.1** *Avoid subdivision and development that would degrade the important qualities of the landscape character and amenity, particularly where there is no or little capacity to absorb change.*
- Policy 6.3.4.3** *Have regard to adverse effects on landscape character, and visual amenity values as viewed from public places, with emphasis on views from formed roads.*

40. The overarching policy direction that flows through Part II of the Act, the Operative and Proposed Regional Policy Statements, and the Strategic Directions and Landscape chapters of the PDP are:

- Protection of the ONL from inappropriate subdivision, use and development which would result in adverse effects on landscape and visual amenity values;
 - The strategic and integrated management of urban growth that limits the spread, scale and location of urban growth in the Queenstown Urban Growth Boundary (“UGB”);
 - Ensuring urban development is appropriately serviced and that the cost is borne by developers.
41. This series of policy directives illustrates that the direction of the PDP is progressing in accordance with Sections 72 – 76 of the Resource Management Act and is not inconsistent with the relevant statutory documents to which it must have regard.
42. Accordingly, an assessment must be undertaken as to how the proposed re-zoning of the subject site to be entirely contained within the MDRZ aligns with the policy direction outlined above. This assessment is undertaken below.

Assessment of Effects of the Proposed Re-Zoning

43. In assessing the effects of extending the MDRZ to align with the cadastral boundaries of the subject site, the relevant policies and objectives contained within Chapters 3 (Strategic Direction), Chapter 4 (Urban Development), Chapter 6 (Landscapes) and Chapter 8 (Medium Density Residential Zone) of the PDP have been taken into consideration. Reference is also made to the assessment matters contained within Part 21.7.1 of the PDP for activities located within an ONL. These matters are addressed below.

Proposed MDRZ Extension

44. The subject site is an 8.84 hectare block of undeveloped residential land in close proximity to the Queenstown town centre. This site is currently densely covered with wilding pine trees, being steep and undulating. The site has access from Vancouver Drive.
45. The proposed MDRZ provides for one residential unit per 250m² of land at both land use and subdivision stage (refer to Notified Rule 8.5.5 and Notified Rule 27.5.1 of the PDP). The extension of the zone to align with the cadastral boundaries of the site encompasses 1.5723ha¹ of Rural zoned land with no development potential. Extending the zone boundaries would provide for an additional 62 residential units or sections (based on 250m² per lot) to be provided for within the Rural zoned areas of the subject site.
46. I note that there are inconsistencies in the calculated development yield of extending the zoning to the cadastral boundaries of the subject site as quoted within the Statements of Evidence prepared

¹ See Attachment C of Statement of Evidence of Stephen Skelton

for the Queenstown District Council by their expert witnesses. Within this evidence, the anticipated yield ranges from 51 additional residential units/lots to 54². As per the preceding paragraph, my calculations result in an additional yield of almost 62 lots, a discrepancy of 9 to 12 residential units/lots.

47. The Statement of Evidence prepared by Ms Rosalind Devlin on behalf of QLDC supports the rezoning request recommending that submission 790 be accepted by the Panel. Mrs Devlin considers that extending the MDRZ and UGB to encompass the entire subject site is logical, resulting in an efficient use of land for residential purposes³.
48. I support Ms Devlin's recommendation, noting that the subject site is easily accessible to the Queenstown town centre, public transport routes and open space networks. I consider that the extension of the MDRZ to align with the boundaries of the site will provide land for residential development at increased densities, playing a key role in minimising urban sprawl and increasing housing supply.
49. In my opinion, the extension of this zone would rationalise the MDRZ to reflect the lot boundaries and use anticipated by this zoning which would have efficiency gains in the future administration of the District Plan. I also consider that extending the MDRZ to encompass the whole of the subject site would better reflect the anticipated use of this lot.

Proposed UGB Extension

50. As previously mentioned, the subject site is partly located within the MDRZ with areas of the site being zoned Rural. The parts of the site zoned residential are within the UGB for Queenstown. Alongside the rezoning request, submitter 790 also seeks that the UGB be extended to encompass the entire subject site.
51. The purpose of the UGB is to limit the spatial growth of Queenstown. If the relief sought by submitter 790 is granted, then the eastern and western extents of the site will be included within the UGB. As discussed further below, I consider that this extension will provide an urban form that is sympathetic to the natural setting and enhances the quality of the built environment.
52. The expected development yield resulting from the requested rezoning (62 residential units based on 250m² per unit) will also provide infill development as a means to help address future housing demand.

² Paragraph 8.39 of Statement of Evidence of Wendy Banks; Paragraph 8.2 of Statement of Evidence of Rosalind Devlin; Paragraph 6.73 of Statement of Evidence of Mr Ulrich Glasner.

³ Paragraph 18.10 of Statement of Evidence of Rosalind Devlin on behalf of the Queenstown Lakes District Council, Group 1c Queenstown Urban – Central, West and Arthurs Point, 25 May 2017.

53. I also rely on the evidence of Mr Skelton, Landscape Architect, when forming my view regarding the location of the UGB, the purpose of which is to limit urban sprawl. As noted by Mr Skelton: "I consider the proposed extension of the MDR will not change the transitional character between the urban and rural areas and the urban edge will continue to be clearly defined against the natural character of the forested slopes of Queenstown Hill"⁴. In my opinion, the extension of the UGB to include the subject site will not diminish the qualities of the significant landscape feature of Queenstown Hill.
54. The zoning of this site to MDRZ as notified is supported (subject to the requested extension) and the proposed provisions will provide a development framework where an appropriate scale and density of residential development can be realised close to the Queenstown town centre whilst still ensuring a suitable level of residential amenity is maintained.

Landscape effects

55. As previously mentioned, the subject site is partly located within the MDRZ with areas of the site being zoned Rural. The parts of the site zoned Rural are also identified as being within an ONL. Alongside the rezoning request, submitter 790 also seeks that the ONL line is moved to exclude the subject site.
56. It is noted that the QLDC/DoC land exchange resulted in a highly visible (from Central Queenstown) parcel of land which is zoned LDR/Rural being protected from future development through the Reserve classification under the Reserves Act. Conversely, future residential development was enabled within a less visible parcel of land (the subject site) by the revocation of the reserve status. Submitter 790 seeks that this zone be extended to the extent of the cadastral boundaries of the site.
57. The portion of Rural zoned land which borders the MDRZ land is located to the west and east, with a small slither of land to the north. Council's Landscape Architect, Dr Marion Read has assessed the relief sought by submission 790 considering that the areas sought to be rezoned would not result in any significant adverse effect above and beyond those which are already facilitated by the extent of the notified MDRZ.
58. This view is supported by Mr Skelton who notes that the extension of the MDRZ across the entire subject site will increase the presence of built development as viewed from the township. Mr Skelton also notes that some development may be visible on the skyline⁵. However, Mr Skelton notes that built development is already visible on this skyline as viewed from some parts of the township.

⁴ Paragraph 14 of Evidence of Mr Stephen Skelton.

⁵ Paragraph 12 of Evidence of Mr Stephen Skelton.

59. As such, both Dr Read and Mr Skelton concur that the relief sought by submitter 790 will result in a negligible reduction in the natural character of Queenstown Hill than is provided for by its current zoning and will have no adverse effects on visual amenity. Mr Skelton considers that the re-zoning will result in an insignificant increase in the visibility of built development and will not increase the potential for development to breach the skyline. I accept the views of both Dr Read and Mr Skelton.
60. Accordingly, given the majority of the site has been notified as MDRZ, relying on the Landscape evidence referenced above, I consider that the extension of the zoning to the cadastral boundaries of the site to result in adverse effects which are negligible when compared to the existing zoning. I consider the relief sought to be exceptional and appropriate in this instance (refer to Notified Part 21.7.1 of the PDP).
61. Within the evidence presented by Mr Skelton, an assessment of visual effects of the proposed zoning extension has taken into account the physical attributes of the site, vegetation, visual attributes and the human influence in terms of surrounding land management patterns/existing built form/zoning. Mr Skelton considers Queenstown Hill to hold a higher natural character to the north and the steep slopes lead to the craggy faces of the Queenstown Gorge. Mr Skelton further notes that higher natural character is present on the upper slopes of the Hill where form is more legible under the cover of grasses and shrubs.
62. I accept Mr Skelton's views as accurate and as such, I consider that the visual and landscape effects of the proposed re-zoning will be less than minor when compared to the development potential provided by the current zoning of the site.
63. Additionally, I note that no evidence has been presented that considers the subject site to contain any vegetation of ecological significance. Rather, the flora and fauna contained with the subject site is unanimously considered to comprise of exotic species predominantly being exotic wilding conifers. The ecological evidence of Mr Glen Davis describes the adjacent site as being infested with "woody weed species" and who considers the ecological values to be limited. I agree that there is limited ecological value present within the subject site and as such, consider any potential adverse effects on indigenous flora/fauna to be less than minor.
64. Overall, relying on the evidence of Mr Skelton and Dr Read and taking the assessment criteria within Part 21.7.1 of the PDP into consideration, I am of the opinion that potential adverse effects on the environment in terms of landscape as a result of the proposed re-zoning request would be no more than minor.

Infrastructure

65. Council's Chief Engineer, Mr Ulrich Glasner has assessed the re-zoning proposal and provided evidence on infrastructure and servicing. Mr Glasner notes that the notified MDRZ will require infrastructure upgrades in order for this land to be adequately serviced with a water supply. However, Mr Glasner is of the opinion that the extension of the MDRZ to encompass the subject site will spread the cost of these upgrades over more lots resulting in efficiency improvements in funding the upgrades⁶.
66. In terms of wastewater, Mr Glasner considers that the subject site can drain under gravity to the existing wastewater network located below. The Long Term Plan ("LTP") has identified upgrades to remediate existing constraints downstream.
67. Overall, from an infrastructure perspective Mr Glasner does not oppose the rezoning of the subject site to be entirely contained within the MDRZ. I accept the opinions expressed within Mr Glasner's evidence and consider that the rezoning request would maximise the efficiency of existing infrastructure networks while avoiding expansion of networks before it is needed for urban development. I am of the opinion that potential adverse effects on the environment in terms of infrastructure would be no more than minor.

Traffic effects

68. In her evidence, Ms Wendy Banks has estimated 41 additional vehicle trips as a result of rezoning the notified Rural areas of the subject site to MDRZ. Ms Banks is of the opinion that these additional vehicle trips would not result in any adverse effects on the roading network and therefore does not oppose the relief sought by submitter 790 from a transport perspective. I accept Ms Bank's evidence.
69. For completeness, I note that access over the subject site is provided to the QLDC water reservoir identified as Designation 79 – Larchwood Reservoir on Planning Map 37. This reservoir is located on an adjoining site with the legal description of Section 1 SO 24383. An Amalgamation Covenant (pursuant to s220 of the RMA) holds Section 1 SO 24383 and the subject site together.
70. In addition, I note that the subdivision approved by RM150220 imposed a Consent Notice condition to ensure that legal access was maintained and provided to the reservoir in the event the subject site is further subdivided/developed or on-sold by QLDC. The Title Documents are contained within **Appendix [E]**.

⁶ Paragraph 6.75 of Mr Glasner's evidence.

71. Overall, in terms of traffic effects, it is my opinion that the proposed expansion of the MDRZ to encompass the subject site's entirety will have potential adverse effects on the environment that are no more than minor.

Section 32AA Evaluation

72. Section 32AA of the Resource Management Act requires that a further evaluation is required for any changes made to or proposed since Section 32 evaluation report for a proposed plan was completed. Essentially assessment under Section 32AA of the Act is a comprehensive evaluation of the proposed changes.

73. Such an evaluation must:

- Be undertaken at a level of detail that corresponds with the scale and significance of the changes;
- Be published in an evaluation report made available for public inspection at the same time as the decision on a proposal is publicly notified; or
- Be referred to in the decision making record in sufficient detail to demonstrate that a further evaluation was undertaken in accordance with this Section of the Act and
- A specific evaluation report does not need to be prepared if a further evaluation is undertaken within the decision making record.

74. Contained within Appendix 2 of Ms Devlin's Statement of Evidence is a s32AA evaluation in relation to the extension of the MDRZ and UGB to incorporate all of the subject site. I have read this evaluation and agree with the costs and benefits identified by Ms Devlin. Furthermore, I support the recommended amendments to zoning and location of the UGB and ONL boundary (Queenstown Hill). This evaluation prepared by Ms Devlin adequately demonstrates that the proposed change in zoning is the most appropriate way to achieve the purpose of the RMA.

75. Rather than repeating this evaluation within my statement of evidence, I consider that I have effectively demonstrated in the preceding assessment that the proposed zoning and associated provisions are the most efficient and effective way to achieve the proposed Objectives and Policies of the PDP. My assessment contains a level of detail that corresponds to the scale and significance of the re-zoning proposal.

Summary

76. Overall, it is my opinion that the proposed expansion of the MDRZ to align with the cadastral boundaries of the subject site, the inclusion of the entire site within the UGB and its exclusion from

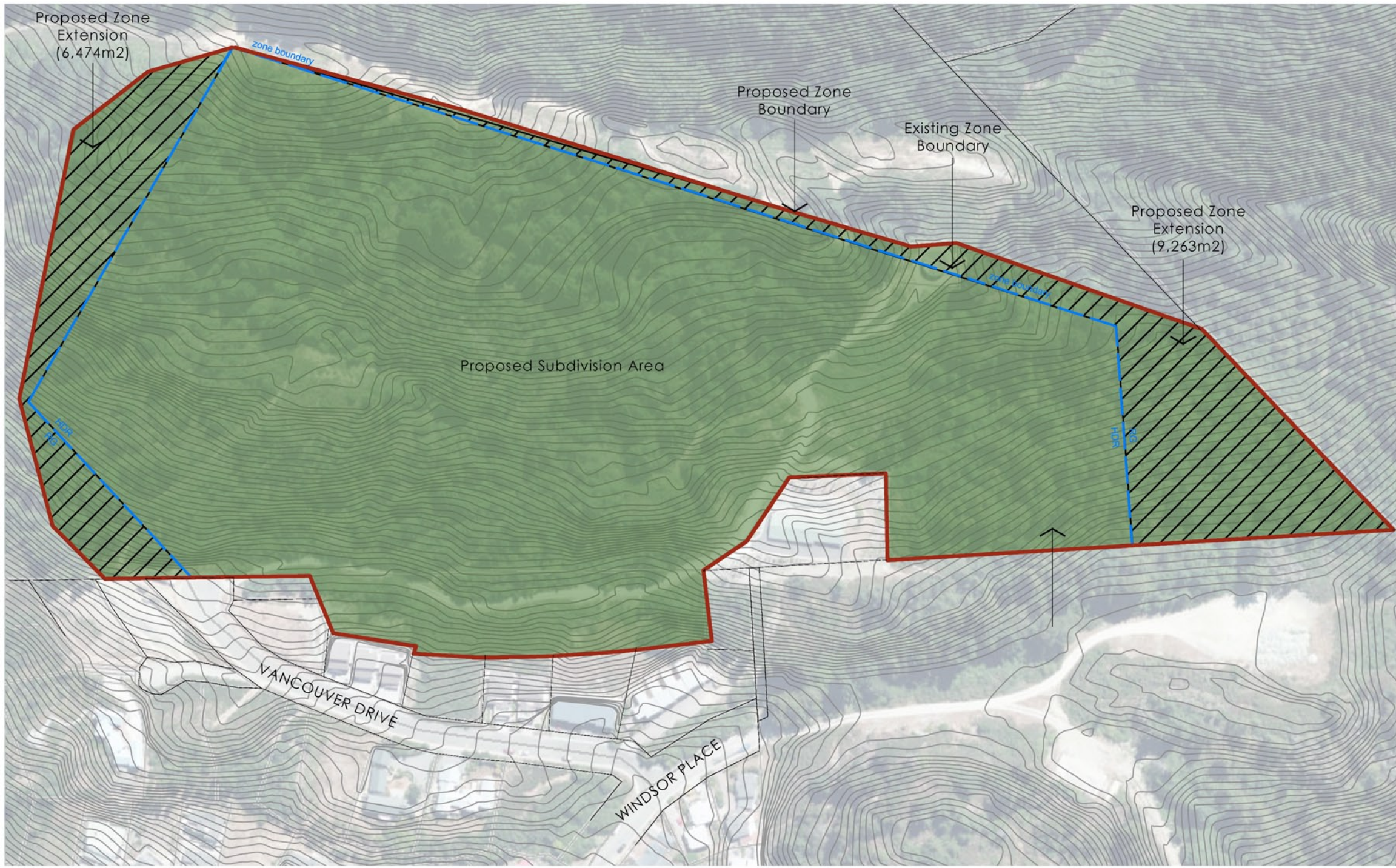
within the ONL of Queenstown Hill will have potential adverse effects that are no more than minor. The provisions of the PDP will ensure that the proposed re-zoning is consistent with the purpose and principles of the RMA and the strategic direction of the PDP.

77. Overall, the proposed re-zoning of parts of the subject site is considered to be more efficient and effective than the notified Rural Zoning.
78. Mr Skelton has confirmed that the landscape effects of development in this area are acceptable and therefore consistent with the Objectives and Policies of the PDP contained within Chapter 3 (Strategic Direction), Chapter 4 (Urban Development), and Chapter 6 (Landscape) which seek to ensure that areas identified as ONL are protected from inappropriate subdivision and development, and urban development is limited so as to contain inappropriate urban sprawl.
79. The proposed re-zoning will result in efficiency gains in administering the District Plan with zoning that aligns with cadastral boundaries of the subject site. It will also increase development capacity and help address housing demand/affordability issues that the District currently faces.
80. Overall, the proposed re-zoning enables a more efficient and effective use of the land than retaining it within the Rural Zone while at the same time adequately mitigating the potential adverse effects on landscape, and infrastructure.
81. As such, I consider that the proposal accords with the direction of the higher order statutory documents and the purpose and principles of the RMA.



Rebecca Holden

9 June 2017

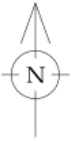


Legend

- Existing Zone Boundary
- Proposed Zone Boundary
- Proposed Subdivision Area (94,699m²)
- Proposed Zone Extension (18,737m²)

Note: Area calculations are indicative only and subject to final survey





Section 2
Balance Parcel
(Sec 2 SO 433650)
61.4 ha
Recreation Reserve Sec. 5 Queenstown Reserves
Vesting & Empowering Act 1971

Lot 2 DP 351844

QUEENSTOWN LAKES DISTRICT COUNCIL

**APPROVED PLAN:
RM150220**

6 May 2015

Land for Reserve
Lot 4 LT 447835
6.05ha
(subject to deposit of LT 447835)

Sec 2 SO 317364

Section 1
8.84 ha
Reserve classification to be lifted

Sec 1 SO 24383
Aurora Sub-station

Lot 13 DP 27397

Land for Reserve
Pt Section 142
SO 22124
0.58 ha

metres 0 10 20 30 40 50 100 150 200

- NOTES:
- Boundaries imported from LINZ database
 - All boundaries, dimensions and areas are subject to survey

A person/company using Aurum Survey Consultants drawings and other data accepts the risk of:
1. using the drawings and other data in electronic form without requesting and checking them for accuracy against the original hard copy versions;
2. using the drawings or other data for any purpose not agreed to in writing by Aurum Survey Consultants.

REV.	DATE	REVISION DETAILS:	BY:
A	21-10-13	Initial release	BAM

**PROPOSED LAND EXCHANGE
AND RESERVE RE-CLASSIFICATION,
COMMONAGE AREA,
QUEENSTOWN.**

DATE: 21 Oct 2013
BY: Bruce McLeod
Scale 1:4000
Original Plan A3
DRAWING & ISSUE No.
2962-3R-1A



PO Box 2493
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Section 32 Evaluation Report

Medium Density Residential Zone

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Section 32 Evaluation Report: Medium Density Residential Zone

1 Purpose of the report

Section 32 of the *Resource Management Act 1991* (the Act) requires plan change proposals to be examined for their appropriateness in achieving the purpose of the Act, and the policies and methods of those proposals to be examined for their efficiency, effectiveness and risk (MFE, 2014). Accordingly, this report provides an analysis of the key issues, objectives and policy response to be incorporated within the QLDC District Plan Review for the Medium Density Residential Zone; and outlines the decision making process which has been undertaken by Council.

Section 32(1)(a) of the Act requires that a Section 32 evaluation report must examine the extent to which the proposed District Plan provisions are the most appropriate way to achieve the purpose of the Act (Part 2 - Purpose and principles). Accordingly, this report provides the following:

- An overview of the applicable **Statutory Policy Context**
- Description of the **Non-Statutory Context** (strategies, studies and plans) which inform proposed provisions
- Description of the **Resource Management Issues** which provide the driver for proposed provisions
- A summary of **Initial Consultation** undertaken during the preparation of the Proposed District Plan
- An **Evaluation** against Section 32(1)(a) and Section 32(1)(b) of the Act
- Consideration of **Risk**

2 The Medium Density Residential Zone

The Medium Density Residential Zone is a new zone located in parts of in Queenstown, Wanaka and Arrowtown which will allow increased density housing to a typical scale of 1 residential unit per 250m². The Zone has been established through rezoning the Operative 'HDR Sub Zone C' and some areas of the Operative Low Density Residential Zone which have been identified as appropriate for increased density.

The Medium Density Residential Zone will be positioned within Part 3 (Urban Environment), Chapter 8 of the Proposed District Plan, alongside the provisions of other urban zones. The Zone has the purpose to enable residential development at increased densities, and supports the provisions of Part 2 (Strategy), namely Strategic Directions (Chapter 3) and Urban Development (Chapter 4).

3 Statutory Policy Context

2.1 Resource Management Act 1991

The purpose of the Act requires an integrated planning approach and direction, as reflected below:

5 Purpose

(1) The purpose of this Act is to promote the sustainable management of natural and physical resources.

(2) In this Act, sustainable management means managing the use, development, and protection of natural and physical resources in a way, or at a rate, which enables people and communities to provide for their social, economic, and cultural well-being and for their health and safety while—

(a) sustaining the potential of natural and physical resources (excluding minerals) to meet the reasonably foreseeable needs of future generations; and

(b) safeguarding the life-supporting capacity of air, water, soil, and ecosystems; and

(c) avoiding, remedying, or mitigating any adverse effects of activities on the environment.

The remaining provisions in Part 2 of the Act provide a framework within which objectives are required to achieve the purpose of the Act and provisions are required to achieve the relevant objectives. The assessment contained within this report considers the proposed provisions in the context of advancing the

purpose of the Act to achieve the sustainable management of natural and physical resources, as relevant to the Queenstown Lakes District.

The Queenstown Lakes District is one of the fastest growing areas in New Zealand. Alongside (and related to) this considerable growth, the District has also become one of the least affordable areas in New Zealand, with the second highest median house price in the country, coupled with relatively low median incomes. As a result, home ownership has become unaffordable for the average person. Coupled with this, strong tourism growth has also led to a decline in permanent rental supply as permanent residents and transient workers compete for limited housing supply. Furthermore, overall affordability is impacted by high rental prices and a lack of secure tenure in main urban centres, where many houses are used for a combination of rental and visitor accommodation. The symptoms of these factors are increasingly evident overcrowding, hotels motels and backpackers regularly operating at capacity, and an increasing commuter population.

Recent estimates predict that the District will continue to experience significant population growth over the coming years. Faced with such growth pressures, it is evident that a strategic and multifaceted approach is essential to manage future growth in a logical and coordinated manner. Overall, appropriate regulatory mechanisms are necessary to address current regulatory burdens to housing development, and increase the supply of housing which *“enables people and communities to provide for their social, economic, and cultural well-being.”*

The Medium Density Residential Zone supports the Strategic Direction and Urban Development framework of the District Plan to achieve a compact urban form, achieved through enabling higher density development in appropriate locations. The zone provides one of the mechanisms for managing urban growth in a way and at a rate which advances the Purpose of the Act.

Section 31 of the Act outlines the function of a territorial authority in giving effect to the purpose of the Act:

31 Functions of territorial authorities under this Act

(1) Every territorial authority shall have the following functions for the purpose of giving effect to this Act in its district:

(a) the establishment, implementation, and review of objectives, policies, and methods to achieve integrated management of the effects of the use, development, or protection of land and associated natural and physical resources of the district

Section 31 provides the basis for objectives, policies, and methods within a District Plan, to manage the effects of development in an integrated manner. With regard to the Medium Density Zone, the provisions outlined in this report have been developed in accordance with QLDC’s function under Section 31 to manage the potential adverse effects of urban growth and development; and to ensure the sustainable management of the urban environment.

Consistent with the intent of Section 31, the proposed provisions support the Strategic Directions and Urban Development framework of the Proposed District Plan, and enable an integrated approach to the multiple effects associated with urban development, and integrated mechanisms for addressing these effects through the hierarchy of the District Plan.

Section 31 reinforces the multi-faceted approach to managing urban development, which is based upon the establishment of defined urban limits, integrating land use and infrastructure, and promoting density in strategic locations.

2.2 Local Government Act 2002

Sections 14(c), (g) and (h) of the Local Government Act 2002 are also of relevance in terms of policy development and decision making:

(c) when making a decision, a local authority should take account of—

(i) the diversity of the community, and the community's interests, within its district or region; and

(ii) the interests of future as well as current communities; and

(iii) the likely impact of any decision on the interests referred to in subparagraphs (i) and (ii):

(g) a local authority should ensure prudent stewardship and the efficient and effective use of its resources in the interests of its district or region, including by planning effectively for the future management of its assets; and

(h) in taking a sustainable development approach, a local authority should take into account—

(i) the social, economic, and cultural interests of people and communities; and

(ii) the need to maintain and enhance the quality of the environment; and

(iii) the reasonably foreseeable needs of future generations

The provisions emphasise a strong intergenerational approach, considering not only current environments, communities and residents but also those of the future. They demand a future focussed policy approach, balanced with considering current needs and interests. The provisions also emphasise the need to take into account social, economic and cultural matters in addition to environmental ones.

Section 14(g) is of relevance in so far as a planning approach emphasising urban intensification in areas with existing infrastructure capacity generally represents a more efficient and effective use of resources than a planning approach which simply provides for more greenfield development.

2.2 Otago Regional Policy Statement 1998 (RPS, 1998)

Section 75 of the Act requires that a district plan prepared by a territorial authority must “give effect to” any operative Regional Policy Statement. The operative *Otago Regional Policy Statement 1998* (RPS, 1998), administered by the Otago Regional Council, is the relevant regional policy statement to be given effect to within the District Plan.

The operative RPS 1998 contains a number of objectives and policies that are relevant to this review, namely:

Matter	Objectives	Policies
To protect Otago’s outstanding natural features and landscapes from inappropriate subdivision, use and development	5.4.3	5.5.6
Sustainable land use and minimising the effects of development on the land and water	5.4.1	5.5.3 to 5.5.5
Ensuring the sustainable provision of water supply	6.4.1	6.5.5
To promote sustainable management of the built environment and infrastructure, as well as avoiding or mitigating against adverse effects on natural and physical resources.	9.4.1 to 9.4.3	9.5.1 to 9.5.5

The provisions of the Medium Density Residential Zone, and the development outcomes sought by these provisions, serve the intent of the objectives and policies listed above through the promotion of an urban environment which supports choice, affordability, and efficiency in land and infrastructure use. The zone enables increased residential densities in appropriate locations to promote a compact urban form, thus minimising the encroachment of urban activities on the regions outstanding natural features.

2.3 Proposed Otago Regional Policy Statement

Section 74 of the Act requires that a District Plan must “have regard to” any proposed regional policy statement.

It is noted that the ORC is currently in the process of reviewing the RPS 1998. The first stage of the RPS review has already been undertaken and in May 2014 Otago Regional Council (ORC) published and consulted on the RPS ‘*Otago’s future: Issues and Options Document, 2014*’ (www.orc.govt.nz). The issues identified of particular relevance to the development of policies for the Medium Density Residential Zone in particular, included:

- **“Encouraging compact development:** *Poorly planned or scattered development leads to costly and less efficient urban services such as roads and water supply or health and education services, and can increase environmental effects”.*
- **“Having quality and choice:** *The quality of our built environment can affect our quality of life. Poorly planned settlements do not serve the interests of the community in the long term”.*

- **“Managing our infrastructure:** *We depend on reliable energy and water supplies, good quality roading, wastewater services and telecommunications...Development of these structures can be affected by sensitive development such as housing”.*

These issues are of relevance to the development of the Medium Density Residential Zone in that they reflect the symptomatic outcomes which can result from a lack of coordinated urban planning, and point to the need for a compact urban form.

An option suggested by ORC to facilitate a more compact urban form and more efficiently utilise infrastructure could be to *“prioritise development in locations where services and infrastructure already exist over those that require new or extended services and infrastructure”* and *“avoid any development that would impact negatively on the use of essential infrastructure”*.

In providing an urban environment which is well planned, the discussion document suggested to *“ensure new urban areas provide a range of housing choice, recreation and community facilities”*.

The Proposed RPS was released for formal public notification on the 23 May 2015, and contains the following objectives and policies relevant to the Medium Density Residential Zone:

Matter	Objectives	Policies
Otago’s significant and highly-valued natural resources are identified, and protected or enhanced	2.2	2.2.4
Good quality infrastructure and services meets community needs	3.4	3.4.1
Energy supplies to Otago’s communities are secure and sustainable	3.6	3.6.6
Urban areas are well designed, sustainable and reflect local character	3.7	3.7.1, 3.7.2
Urban growth is well designed and integrates effectively with adjoining urban and rural environments	3.8	3.8.1, 3.8.2, 3.8.3
Sufficient land is managed and protected for economic production	4.3	4.3.1

The proposed Medium Density Residential Zone provisions have regard to the Proposed RPS by more readily facilitating a compact and efficient urban form through urban intensification, enabled through more liberal development controls and supporting policy frameworks. The Medium Density Zone establishes a new zone within the District Plan, which seeks a coordinated approach to urban development and infrastructure, and supports the issues and direction identified by the Draft RPS. Specifically, the provisions of the Medium Density Residential Zone address Objective 3.7 (*Urban areas are well designed, sustainable, and reflect urban character*) through the inclusion of objectives, policies and rules which encourage sustainable buildings, site sensitive and low impact design ; and density incentives for buildings which achieve certification to a Homestar rating of 6 or more.

2.4 Queenstown Lakes District Council Operative District Plan

The operative District Plan provides some limited opportunities for medium density development.

The operative ‘Low Density Residential - Medium Density Sub-zone’ enables development of two residential units on a lot, provided that no existing residential unit exists on the site, and the lot size is between 625m² and 900m². Whilst this enables some form of medium density development, this zone is limited to Queenstown, comprises a small number of potentially developable sites (ie. less than 60), and only supports the development of two units per site. This infill opportunity is also limited where an existing dwelling has already been developed on the site. Therefore, maximum yield or land use efficiency is not supported by these existing provisions, and they also do not address modern smaller housing solutions. This sub-zone is a historic anomaly and as most of the limited development opportunity facilitated by it has been executed, it has limited planning meaning or purpose moving forward.

The operative provisions of the ‘High Density Residential – Subzone C’ allow development up to a density of 1 residential unit per 250m². This zone is generally limited to areas of Queenstown and Wanaka which are in close proximity to town centres. Whilst this zone supports increased density, again this zone is spatially limited, and other supporting provisions, such as site coverage and maximum building footprint are more akin with a medium density development format. As part of the District Plan review, it is proposed for the

existing 'High Density Residential – Subzone C' to be encompassed into the new Medium Density Residential Zone, with some associated rationalisation of development standards.

The Remarkables Park Special Zone provides for medium and high density housing development however, minimal housing development has occurred and there is a risk (from a supply perspective) of concentrating such a high proportion of potential medium density development potential in Queenstown in one location / ownership.

Similarly, in Wanaka the Three Parks Special Zone provides opportunity for medium density housing development. Whilst this zoning has an important role to play in the housing response in Wanaka, it lacks benefits of centrality. In addition, the same issue as Remarkables Park exists in terms of significant concentration of medium density development opportunity in a small number of ownerships.

Beyond these zones, and the 'Comprehensive Residential Development' provisions in the operative District Plan which have relatively limited application, there is limited opportunity for medium density development in the district – especially in areas where this form of housing is most needed, or could serve the greatest benefit for the efficient use of land and infrastructure. In the past, this lack of provision for a medium density housing solution has resulted in the proliferation of private plan changes, seeking to create Special Zones to enable such development in a market which is increasingly seeking more affordable and low maintenance housing options. This is considered to be a major flaw in the operative District Plan.

Overall, the operative District Plan does not clearly identify areas for medium density housing, and there is a lack of integrated policy and rules to apply to such development. The Medium Density Residential Zone has been established to identify locations in Queenstown, Frankton, Wanaka and Arrowtown that are considered suitable for higher density development, and to support this through more enabling provisions which simplify the regulatory process.

2.5 QLDC 10 year plan (2015-2025) Consultation Document

The 10 Year Plan (2015-2025) Consultation document highlights the significant growth pressures experienced in the District contributed by both residents and visitors, and identifies anticipated population growth to 2025. The 10 year plan is relevant to the development of policy within the Medium Density Residential Zone, as it provides the mechanism for funding allocation and expenditure, in line with the expectations of the community. In order to ensure that development and infrastructure programmes are effectively integrated there is a need to ensure that there is co-ordination between the LTCCP and District Plan.

The implementation of the Medium Density Residential Zone, in combination with other strategic methods for managing future growth, will ensure that the Councils priorities can be better integrated with the District Plan direction.

4 Non statutory context and material sources

To understand the issues and potential changes that need to be undertaken in the District Plan Review a number of studies have been undertaken and others referred to, to give a full analysis of residential issues.

Community Plans

- 'Tomorrows Queenstown' Community Plan (2002)
- Urban Design Strategy (2009)
- 'Wanaka 2020' Community Plan (2002)
- 'Wanaka Structure Plan' (2007)
- Arrowtown Community Plan (2002)

Strategies

- Queenstown and Wanaka Growth Management Options Study (2004),
- A Growth Management Strategy for the Queenstown Lakes District (2007)
- Economic Development Strategy (2015)
- Wakatipu Transportation Strategy (2007)
- Wanaka Transportation and Parking Strategy (2008)

- Queenstown Town Centre Draft Transport Strategy (Consultation Document 2015)
- Queenstown Lakes Housing Accord (2014)

Studies

- Monitoring Report: Residential Arrowtown 2011, Queenstown Lakes District Council, November 2011
- Medium to High Density Housing Study: Stage 1a – Review of Background Data (Insight Economics, 2014)
- Medium to High Density Housing Study: Stage 1b – Dwelling Capacity Model Review (Insight Economics, 2014)
- Brief Analysis of Options for Reducing Speculative Land Banking (Insight Economics, 2014)
- Analysis of Visitor Accommodation projections (Insight Economics, 2015)
- MDR Infrastructure Review, Holmes Consulting Group, 15 May 2015
- Shadow and Recession Planes Study, Virtual Rift 3D Solutions, prepared 12 March 2015.
- Proposed Medium Density Housing Zone, Arrowtown, Review of Proposed Boundaries, Richard Knott Limited, 4th February 2015.

Other relevant sources

- *'Does Density Matter – The role of density in creating walkable neighbourhoods'*, discussion paper by the National Heart Foundation of Australia
- The New Zealand Productivity Commission's Inquiry into the supply of land for housing 2014
- The New Zealand Productivity Commission's Housing Affordability Inquiry, 2012
- Using Land for Housing – Draft Report, New Zealand Productivity Commission, 2015
- *Cities Matter - Evidence-based commentary on urban development (2015)*, Phil McDermott, <http://cities-matter.blogspot.co.nz/>
- *'Wellington City Housing and Residential Growth Study: Final Planning Assessment and Recommendations'*, The Property Group Limited, 2014.
- Shaping our Future: Energy Futures Taskforce Report 2014
- Shaping our Future 'Visitor Industry Task Force' report 2014
- Queenstown Airport Monthly Passenger Statistics (available at www.queenstownairport.co.nz)
- Impacts of Planning Rules, Regulations, Uncertainty and Delay on Residential Property Development, Motu Economic and Public Policy Research and the University of Auckland, January 2015
- New Zealand Tourism Forecasts 2015-2021, Ministry of Business, Innovation and Employment, May 2015
- Queenstown, Dunedin and Wanaka Market Review and Outlook 2015, Colliers International
- New Zealand Green Building Council, The Value and Affordability of Homestar.
- Draft Unitary Plan, Homestar Cost-scoring Appraisal for Auckland Council, Jasmax & Rawlinsons, 16 September 2013
- Westpac Report Home Truths Special Edition', 14 May 2015
- Analysis of Public Policies that Unintentionally Encourage and Subsidize Sprawl, The New Climate Economy, <http://newclimateeconomy.net/content/release-urban-sprawl-costs-us-economy-more-1-trillion-year>
- Building Better Budgets: A National Examination of the Fiscal Benefits of Smart Growth Development, Smart Growth America, 2013.
- Density, the Sustainability Multiplier: Some Myths and Truths with Application to Perth, Australia, Newman, P. 2014

5 Resource Management Issues

4.1 Overview

The key issues of relevance to the Medium Density Residential Zone are:

- **Issue 1** – Growth
- **Issue 2** – Visitor accommodation demands are increasing
- **Issue 3** – Urban Form

- **Issue 4** – Reducing the environmental impacts of urban development
- **Issue 5** - Land supply and housing affordability
- **Issue 6** - Theoretical dwelling capacity and viability of re-development
- **Issue 7** - The impact of restrictive planning controls (such as height, recession plane, density, private open space) can reduce development viability and increase house prices
- **Issue 8** – Urban design and amenity values
- **Issue 9** – Economic diversification

These issues are outlined in further detail below.

Issue 1: Growth

The Queenstown Lakes District is one of the fastest growing areas in New Zealand. The Queenstown Lakes District is unique in that the region supports an estimated resident population of 30,700 people, and around 1 million visitors per year^{1,2}. Growth management approaches for the District must therefore consider the needs of both residents and temporary visitors.

Between 1991 and 2002 the resident population doubled across the District, and according to the QLDC Growth Options Study 2014 at this time it was predicted under a high growth scenario, that the population might reach 29,000 to 30,000 people by 2021³. Between 2001 and 2006, the QLDC *Growth Management Strategy (2007)* noted that the Queenstown Lakes District area was the fastest growing area in New Zealand, and experienced population growth of 30% over this period⁴. In 2006, the resident population was 22,956 (www.stats.govt.nz), and predictions were for the resident population of Queenstown/Wakatipu to reach over 32,000 by 2026⁴.

Now, in 2015, the LTCCP (2015 to 2025) identifies a resident population of 30,700. This highlights firstly, that growth has already surpassed 2004 'high growth' predictions³ (of 30,000 people by 2021), and is close to achieving 2006 predictions (of 32,000 by 2026) – some 10 years earlier than predicted. Alongside (and inherently linked to) growth in resident population, the District has also experienced considerable growth in tourism (LTCCP 2015-2025) (Refer further description under Issue 2 below).

Between 2013 and 2015, the Council has commissioned a number of growth studies. Most recently, Insight Economics has undertaken a review of previous studies and predictions, and developed a fresh set of population predictions for the Queenstown Lakes District. Insight Economics report indicates that between 2006 and 2013, the District again experienced growth in excess of national averages, with the highest recorded growth in Wanaka of 3.7% per annum (compared to a national average of 0.7%)⁵. Following a review of background data, and considering likely scenarios influencing growth, Insight Economics predicted population growth of 3.4% per annum to 2031 (representing a possible increase in population to 55,000 by 2031) and concludes "...that the district will continue to experience high population growth and...demand for new dwellings will also be strong."⁵ It also highlights that such levels may be exceeded if the tourism industry continues to grow at a high rate, requiring a greater population base to support the industry.

The report notes high growth in dwelling demand and numbers of one person households and couples without children, in addition to a unique age profile with high proportion of population between the ages of 25 and 44. These patterns suggest a high proportion of population within the 'first home buyers' and renting bracket, and the need for more diverse and flexible accommodation options⁵. It reports a strong growth in detached dwellings, but that home ownership rates are lower than the national average, which could indicate affordability issues / lack of suitable housing as well as a transient population. Predicted levels of growth are

1 Queenstown Lakes District Growth Projections for 2015

2 Queenstown Airport - Passenger History Annual Passenger Arrivals and Departures

3 QLDC Growth Options Study, 2004

4 QLDC Growth Management Strategy, 2007

5 Insight Economics. Medium to High Density Housing Study: Stage 1a – Review of Background Data (2014)

estimated to require an additional 6,518 dwellings, or 362 dwellings across the District each year⁶. In Arrowtown, there could be demand for an extra 690 to 870 dwellings over the next twenty years⁷.

Strong growth in tourism, hospitality and associated industries is likely to see growth in the numbers of younger people living and working temporarily in Queenstown, and this will create greater demand for centrally located and relatively affordable⁸ rental townhouses and apartments. This also highlights the need to plan for increasing infrastructure demands by more efficiently utilising land within proximity to town centres to minimise the need for capital expenditure.

In the past, significant growth rates experienced in the Queenstown Lakes District has resulted in pressure for the supply of greenfield land at the periphery of urban areas, on occasions leading to a sprawling urban form and expanding water, wastewater, and stormwater infrastructure networks. Sprawling infrastructure networks are generally acknowledged to result in greater financial costs (capital and lifecycle) when compared to higher density infill scenarios. Studies from the United States of America have considered the financial costs of urban sprawl, and found that:

“Sprawl increases the distance between homes, businesses, services and jobs, which raises the cost of providing infrastructure and public services by at least 10% and up to 40%. The most sprawled American cities spend an average of \$750 on infrastructure per person each year, while the least sprawled cities spend close to \$500”⁹.

Furthermore, a comprehensive study from Smart Growth America in 2013 found that the upfront infrastructure development costs of ‘Smart Growth’ compared to conventional sprawling development reduces upfront infrastructure development costs by 38%¹⁰. Conversely, a growth management approach based around urban intensification where existing capacity exists is generally more cost efficient than an approach based around sprawl. A number of studies support this notion.

Whilst it is recognised that growth rates experience peaks and troughs in response to changes in market conditions and tourism patterns, it is evident that the District has, and continues to experience significant growth. The District Plan must ensure that the necessary regulatory mechanisms are in place to manage such periods of growth in a coordinated manner, avoiding as far as possible reactive private plan changes in locations less desirable (and potentially more costly over the long term) from transport and infrastructure perspectives.

It has been suggested by some members of the community that rather than plan for future growth, that the Council should attempt to limit growth. Such requests do not fully consider the multiple factors which influence growth (such as capacity and expansion of the airport, domestic tourism markets, immigration policies etc) or the potential adverse economic and social effects of attempting to stop growth (such as increased overcrowding where housing supply cannot meet demand, and the effects of economic decline). A report by Peter Newman (2014)¹¹ highlights the economic decline experienced in US and UK cities where

⁶ QLDC Economic Development Strategy, 2015

⁷ Arrowtown Dwelling Supply and Demand, Insight Economics, 2015

⁸ The relativity of affordability is emphasised. New build flats/townhouses are unlikely to be ‘affordable’ in terms of housing costs viewed in isolation, however if centrally located may represent a relatively affordable buying/renting option when transport and heating costs are factored in.

⁹ Analysis of Public Policies that Unintentionally Encourage and Subsidize Sprawl, The New Climate Economy, <http://newclimateeconomy.net/content/release-urban-sprawl-costs-us-economy-more-1-trillion-year>

¹⁰ Building Better Budgets: A National Examination of the Fiscal Benefits of Smart Growth Development, Smart Growth America, 2013.

¹¹ Density, the Sustainability Multiplier: Some Myths and Truths with Application to Perth, Australia, Newman, P. 2014

planning policy did not adapt to the changing global economy; and the general failure of policy intervention to transfer population away from the areas generating employment demand. It is not the role of the RMA to limit growth, but rather to manage its form and location to promote the sustainable management of natural and physical resources.

The formulation of the Medium Density Residential Zone and the associated objectives and policies has been developed following consideration of the significant growth pressures currently faced within the District and the potential risks associated with uncontrolled or piecemeal urban growth into the future. The Zone is intended to address predicted growth and housing demands through enabling higher density development within specific areas of Queenstown, Arrowtown and Wanaka which have been identified as appropriate to support increased density.

Methods to address the issue:

- *Provision of the 'Medium Density Zone' in strategic locations to enable increased density of housing to cater for predicted levels of growth and support compact development objectives*
- *Objectives and policies recognise that the zone will recognise change to an increasingly intensified residential character.*
- *Liberalise rules to enable better realisation of intensification objectives and policies*
- *Policies requiring the efficient utilisation of existing infrastructure networks*
- *Permitted activity status for certain low risk residential and visitor accommodation activities*

Issue 2: Visitor accommodation demands are increasing

Tourism growth supported by the Districts natural amenities will continue to play a dominant part in the local economy, and will have a direct effect on the associated resident population growth and amenities enjoyed by the local community⁶. A recent market report prepared by Colliers acknowledges that:

*"Increasing visitor numbers continue to be one of the biggest forces behind the demand for residential and commercial property in Queenstown. The ongoing tourism boom is creating significant positive sentiment about the region's economy, stimulating development, construction and investment activity"*¹²

The tourism industry has experienced strong growth over recent years, with commercial accommodation nights and length of stay consistently exceeding national averages. The latest national tourism forecasts prepared by the Ministry of Economic Development predict growth in total visitor numbers of 4 per cent a year reaching 3.8 million visitors in 2021 from 2.9 million in 2014¹³. There is currently a lack of tourism information available to translate these forecasts to sub-national projections. However, the recent growth in visitor numbers is evident by Queenstown Airport arrivals information which identifies an increase in annual passenger numbers by 10.4% over the period from March 2014 to March 2015¹⁴).

Locally, the QLDC LTCCP (2015-2025) indicates a peak population (inclusive of tourism) in 2015 of 96,500, which is predicted to increase by almost 20% to 115,500 people by 2025. A recent study undertaken by Insight Economics¹⁵ predicts that total visitor guest nights will continue to exceed the national average, increasing from a current value of 3.6 million per annum, to 6.9 million per annum in 2031 (based on a medium growth scenario) (Insight Economics, 2015). A number of proposed major projects, such as the airport expansion to cater for night flights and potential convention centres, if realised, will have a direct influence on the level of tourism growth, and in fact may exceed medium growth scenarios.

¹² Queenstown, Dunedin and Wanaka Market Review and Outlook 2015, Colliers International

¹³ New Zealand Tourism Forecasts 2015-2021, Ministry of Business, Innovation and Employment, May 2015

¹⁴ QAC Passenger Statistics, March 2015

¹⁵ Analysis of Visitor Accommodation projections, Insight Economics, 2015

The District depends heavily on tourism growth and solutions to achieve increased capacity are necessary to cater for anticipated levels of growth. Planning controls are necessary to cater for changing visitor mix and the desire for alternative (and potentially lower cost) forms of accommodation (such as Air BnB). For example, the proportion of domestic tourists is predicted to decrease, alongside associated increased in international visitors from China (from a current share of 3 percent, to a predicted 11 percent); and Australia (from a current share of 23 percent, to a predicted share of 31 percent)¹⁶. This is supported by the latest national visitor arrivals statistics which highlight recent growth in arrivals from China, Australia and also the United States¹⁷.

In terms of accommodation demands, a report by Insight Economics¹⁵ predicts, a proportionately higher demand for hotels over the next 20 years, and increasing desire for 'peer to peer' (eg. Book-a-Bach, Air BnB) accommodation forms, with both anticipated to more than double current rates. Insight Economics predicts the need for an additional 7000 additional rooms in Queenstown / Wakatipu Basin alone, within Hotels, Motels, Backpackers and Holiday Parks (combined); and an additional 1,139,270 peer to peer guest nights by 2035¹⁵.

It is recognised that there is a degree of existing capacity available in the District to cater for visitor accommodation. However, realisation of available capacity is limited by speculative market behaviour and various economic factors (Refer Issue 6 below), and may not address the changing visitor mix and increasing desire for peer to peer accommodation forms. On this issue, Colliers Queenstown predicts over the next 12 months "*a shortage of tourist accommodation in Queenstown, with the town at capacity over peak periods*" and "*a shortage of tourist accommodation, resulting in increasing room rates*"¹². Increasing tourist accommodation demand also has an impact on removing the supply of long term residential rental housing where properties are instead converted to visitor accommodation, and Colliers predicts "*acute shortage of long term residential rental accommodation in Queenstown to continue, flowing through to rent increases*"¹². Without an appropriate District Plan response, this could generate significant social, economic and environmental impacts (the latter possible if there is not a sufficient "infill" response and more housing is directed to the countryside or more reliance made on commuting from centres such as Cromwell).

The occurrence of overcrowding of residential properties is a recognised issue for the District, especially in Queenstown. A number of cases have been highlighted by Council's Enforcement department, and from the Southern District Health Board. This is likely to be at least partly explained by high rental housing costs, poor availability of rental property, and poor tenure security- all of which tie back to insufficient housing and accommodation supply. The Southern District Health Board have expressed significant concerns in terms of the public health implications of this overcrowding. In particular, such overcrowding fosters greater ease of transmission of infectious disease. Not only is this considered intrinsically problematic in terms of health and wellbeing, it can also impact on productivity.

During consultation, some members of the community suggested that the Council should consider planning approaches for visitor accommodation undertaken in resort towns of Whistler and Banff (Canada) which are subject to similar pressures (ie. highly popular resort towns with small permanent populations and high housing costs). It is noted that a strong approach to the housing issue in both Banff and Whistler has been to significantly increase the areas of land zoned for medium density development. Despite their cold climates, both of these towns have established permissive planning regimes to enable infill housing for the purpose of visitor accommodation. It should be noted however that the statutory context of these areas is different, and some approaches may be difficult to replicate in Queenstown. For example, the cost of construction is typically lower in these areas, and additionally there are differences in the local economy which warrant different approaches.

¹⁶ Shaping our Future 'Visitor Industry Task Force' report 2014

¹⁷ Statistics New Zealand, International Travel and Migration: June 2015 (www.stats.govt.nz).

In the face of growing tourism growth, and changing accommodation demands, it is evident that the District Plan should incorporate suitable policy to enable a range of visitor accommodation types in appropriate locations, and to balance the needs of visitor accommodation versus permanent rental supply. With regard to the experience of Whistler and Banff, the approach of the Proposed District Plan is consistent with the enabling planning framework applied in these areas, however the Proposed District Plan must also address the needs of an increasing resident population and economic diversification.

The proposed approach for addressing visitor accommodation demands via the Proposed District Plan is generally based on the assumptions that the Queenstown Town Centre, Wanaka Town Centre and High Density Residential Zones are anticipated to continue to meet demand for high density hotels, motels and backpackers due to the proximity of these zones to public transport, services, entertainment and amenities. Residential zones (and to an extent rural areas), will meet demand for lower intensity forms of peer to peer visitor accommodation (such as B&B's, homestays, and the commercial letting of a residential unit or flat) to cater for (for example) domestic travellers, longer stays and family friendly accommodation. The medium density zone is therefore anticipated to cater for a portion of demand for lower intensity forms of visitor accommodation (with the possible exception of the Wanaka Town Centre Transition Overlay which may be suitable for higher density visitor accommodation due to its proximity to the town centre). The structure of the provisions for residential zones (such as levels of assessment) supports this overall approach, and will also ensure that an appropriate balance is provided between the supply of permanent residential housing and short term accommodation. Within the Medium Density Residential Zone, the commercial renting of residential units or flats is permitted without consent for a specified duration; and recognises the important role of these less intensive forms of visitor accommodation in addressing tourism demands.

It is however recognised that visitor accommodation can have effects in residential environments and, therefore, controls are necessary to avoid potential adverse amenity effects associated with visitor accommodation in residential environments, such as noise, parking and overcrowding. Furthermore, the occupation of residential units for visitor accommodation can also impact on the available supply of permanent rental accommodation and suitable regulation is necessary to balance these objectives.

Methods to address the issue:

- *Low Intensity forms of visitor accommodation (eg. the commercial renting of a residential unit or dwelling, homestays, lodges) provided for within the Zone as a Permitted Activity (less than 28 days) or a Controlled Activity (between 28 and 180 days)*
- *More intensive forms of visitor accommodation (such as Motels or Hotels) are generally discouraged in favour of these uses locating within Town Centre and High Density Residential Zones*
- *Objectives, Policies and Rules provide for consideration of amenity effects of visitor accommodation on residential areas*
- *Purpose statement & objectives allow consideration to potential effects of visitor accommodation on reducing permanent rental supply*
- *'Residential Flats' will be enabled for use as visitor accommodation, however only one dwelling, residential unit or flat will be permitted as visitor accommodation per site – to protect amenity and retain accommodation as permanent rental supply.*

Issue 3: Urban form

Significant growth rates experienced in the Queenstown Lakes District results in ongoing pressure for the supply of greenfield land at the periphery of urban areas, leading to fragmented and disconnected settlements, and growing concern by the community at the lack of coordinated growth management.

The need for a compact and higher density urban form as a mechanism to manage growth, and achieve a more efficient and sustainable use of land has been articulated by the community for decades, beginning with the development of small community plans ('Wanaka 2020', Arrowtown Community Plan, 'Tomorrows Queenstown'). Each of these documents identifies the community's desire to contain urban growth within

defined boundaries, and support increased density in appropriate locations to protect rural, heritage and natural amenity values.

Accordingly, in 2007, the Council commenced the development of the Growth Management Strategy (2007) (a non-statutory document) to guide community planning for future growth and development of the district. The strategy highlighted the need for consolidating development in higher density areas to support new growth; infrastructure to support high quality development in the right places; and good design to improve the quality of the environment.

The Growth Management Strategy resulted in the conclusion that growth should be located in the right places, with “*all settlements to be compact with distinct urban edges and defined urban growth boundaries*”. To support a compact urban form, it was recognised that higher density residential areas should be realised close to main centres. Importantly, it also acknowledged that a compact urban form requires not only containment, but a managed approach to the mix and location of urban land uses enabled within defined boundaries.

The Medium Density Residential Zone has therefore been located in areas which are considered suitable to accommodate increased density due to location or site specific attributes; and which do not generally contain sensitive features or environments which would limit development potential.

Previous streams of statutory and non-statutory forums involving community input have reinforced a compact urban form strategy:

<p><i>Wanaka Structure Plan Review (2007)</i></p>	<p>The original Wanaka Structure Plan, prepared in 2004, was subject to a comprehensive review in 2007. The Structure Plan was widely circulated for community input in August / September 2007.</p> <p>Three growth management responses were proposed in the Plan. Option 1 was to retain current development patterns, with a mix of infill and new greenfield growth. Option 2 was to accommodate all required development within existing zones. Option 3 (the preferred option) was a mixed approach, involving consolidation of development within defined urban limits, and encouraging medium density developments near retail nodes and centres.</p>
<p><i>Plan Change 30 – Urban Boundary Framework</i></p>	<p>Plan change 30 was notified in 2009 and made operative in 2012. It introduced the concept of urban growth boundaries as a strategic growth management tool into the District Plan.</p> <p>The Plan change sought that the majority of urban growth be concentrated in the urban areas of Queenstown and Wanaka, and it enabled the use of Urban Growth Boundaries ‘to establish distinct and defensible urban edges’.</p> <p>Plan Change 30 was made operative in November 2010, introduced a new objective into the District Wide Issues of the District Plan (Objective 7 Sustainable Management of Development) and supporting policies which enabled the use of Urban Growth Boundaries.</p>
<p><i>Plan Change 20 (Wanaka Urban Boundary) and Plan Change 21 (Wakatipu Urban Growth Boundary)</i></p>	<p>These Council led plan changes were notified alongside Plan Change 30 in 2009, and sought to implement Plan Change 30 (and the outcomes of community plans) by establishing urban growth boundaries for Queenstown and Wanaka.</p> <p>Consultation and analysis on these proposed Plan Changes relating to urban growth boundaries for Queenstown and Wanaka occurred in 2007.</p> <p>These plan changes were subsequently abandoned, with a view to progressing these in the District Plan Review.</p>
<p><i>Plan Change 29 –</i></p>	<p>Plan Change 29 was notified in 2009 and made operative in 2015. The plan change</p>

Arrowtown Urban Growth Boundary	establishes an urban growth boundary for Arrowtown.
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It is evident from the outcomes of these processes that urban containment and density has been seen as the appropriate tool to manage growth pressures experienced at the three main centres of Queenstown, Arrowtown and Wanaka; and to protect the character for which each of these areas is recognised. In some locations, particularly in Wanaka, there is limited available capacity for increased density within existing town centre or high density residential zones. The medium density zone will provide greater opportunity for density close to the town centre.

It is however acknowledged that urban containment within defined boundaries has the potential to result in adverse effects to housing affordability, if not combined with a suitably enabling framework that enables increased density within these boundaries. The New Zealand Productivity Commission notes that:

Whatever the case for their existence, considerable evidence shows that binding urban growth boundaries have major effects on new housing supply across cities and on housing prices (Malpezzi, et al, referenced in 'Using Land for Housing'¹⁸).

Urban growth boundaries are proposed to be established via Chapter 4 (Urban Development) of the Proposed District Plan. To mitigate potential adverse effects on property values, it is necessary that existing urban areas within urban growth boundaries have sufficient opportunity for redevelopment via both greenfield and infill development. Therefore, enabling increased density within urban areas is essential to the successful functioning of a compact urban form; and forms part of the strategic housing approach sought by the Proposed District Plan. To achieve this, the District Plan must also liberalise current regulation which unnecessarily hinders increased density development.

Whilst the District contains land that is zoned for higher density housing development, the majority of this land is located within Town Centres and utilised for visitor accommodation, and additionally, much of the development potential of this land has been realised. The lack of a medium density zone, and restrictive nature of the operative district plan's regulation has been noted to restrict increased density occurring within existing residential areas.

Accordingly, in July 2014, Queenstown Lakes District Full Council accepted the Strategic Directions chapter (Chapter 3) of the Proposed District Plan. Strategic Directions sets the framework for achieving a compact urban form. Of particular relevance is *Goal 3.2.2: The strategic and integrated management of urban growth*, along with *Policy 3.2.2.1.4 "Encourage a higher density of residential development in locations close to town centres, local shopping zones, activity centres, public transport routes and non-vehicular trails"*. Complementing and reinforcing this objective, the Urban Development Chapter (Chapter 4) has been developed to identify clear principles for the location and form of future growth, including establishing Urban Growth Boundaries for Queenstown, Wanaka and Arrowtown and enabling increased density within these.

The current District Plan review establishes an integrated growth management framework, which is replicated throughout the Proposed District Plan, beginning from the Strategic Direction and Urban Development Chapter at the top hierarchy of the Proposed District Plan, through to the provisions of individual zones. Enabling higher density in appropriate locations is central to the achievement of an efficient urban form, and the viability of strategic objectives and policies for managing growth. In particular, the provisions of the Medium Density Residential Zone have been formulated to support increased density and to provide greater scope for housing development to occur without the need for resource consent. All things being equal, more density and population adjacent to strategic public transport nodes and corridors should also help support the viability of public transport.

¹⁸ Using Land for Housing – Draft Report, New Zealand Productivity Commission, 2015.

This approach ties in with the emerging Proposed RPS which promotes a compact urban form, avoiding sporadic or ad hoc developments that may detract from rural amenity and landscape values. The Proposed RPS supports new housing in and around existing settlements that are already well serviced by transport links and amenities.

Methods to address the issue:

- *Provision of the 'Medium Density Zone' in strategic locations to enable increased density of housing to cater for predicted levels of growth and support compact development objectives*
- *Objectives and policies recognise that the zone will recognise change to an increasingly intensified residential character.*
- *Objectives to support increased density of development close to town centres, local shopping zones, activity centres and public transport hubs.*
- *Liberalise rules to enable better realisation of intensification objectives and policies*

Issue 4: Reducing the environmental impacts of urban development

The environment is revered nationally and internationally and is considered by residents as the District's single biggest asset⁶. The natural environment underpins recreational and tourism industries and is a significant contributing factor to economic and population growth within the District.

Continued growth in population and visitor numbers increases demand for land at ever increasing distances from town centres. A sprawling urban form places increased pressure on the Districts highly valued landscapes and features, and exacerbates the environmental effects associated with population growth. Conversely, a compact urban form that reduces reliance on the private vehicle and maximises use of public transport, walking and cycling; and comprises well insulated and energy efficient housing forms helps to reduce energy demand, and minimise impacts to air quality. Higher density infill development can also help to minimise demands for new housing in peri-urban locations which may be located on or close to significant natural environments.

The Shaping Our Futures Energy Forum Report also notes that "*The district's demand for electrical and fossil-fueled energy continues to rise along with the increase in its population and lifestyle expectations*"¹⁹ and points to the need for a more efficient urban form to improve the sustainability of housing supply and reduce the Districts carbon footprint. Supporting this finding, a study of several global cities has found strong evidence that per capita private passenger transport is directly correlated with urban density, whereby cities with the highest urban density also have lower levels of energy use associated with private passenger transport²⁰.

The District contains a large stock of poorly insulated and inefficient housing forms which have significant water and energy usage demands; impacting on the availability and capacity of natural resources and affecting the health and comfort of residents. In accordance with Councils functions in enabling people and communities to provide for their health and safety (Part 5 of the RMA) there is the opportunity through the District Plan review to better encourage sustainable housing forms, and include this as a matter to be considered in the assessment of consent applications.

It is acknowledged that mandating sustainable building design in excess of the requirements of the Building Act can add some additional costs to housing development. The New Zealand Green Building Council considers that this is a common misconception, as there is evidence that sustainable building design results in only minor additional capital costs on development, but can also have considerable economic benefits to the developer (through improved marketability) and also the purchaser (through reducing energy and water

¹⁹ Shaping our Future: Energy Futures Taskforce Report 2014

²⁰ 'Density, the Sustainability Multiplier: Some Myths and Truths with Application to Perth, Australia', Peter Newman, 2014

costs and increasing potential re-sale values)^{21,22}. Specifically, an independent study (based in Auckland) notes that the achievement of a Homestar rating of 6 for a typical 3 bedroom house adds \$6,500 to construction costs²², but that this cost is recovered via savings of approximately \$729 per year in energy, water use and wastewater efficiencies²³. This study was undertaken in the Auckland context, where the jump from a Building Code compliant dwelling to a Homestar 6 rated dwelling is higher than in Queenstown (where, for example, the Building Code already requires double glazing and insulation). The Green Building Council have advised that in Queenstown the extra cost per dwelling is likely to be in the order of \$4000 (personal conversation M Paetz / V McGrath 19/06/15), and savings per annum are likely to be closer to \$1000. This analysis also does not account for increases to resale values which may benefit a property over time.

In working towards a more sustainable and energy efficient housing stock, the provisions of the Medium Density Residential Zone encourage design in accordance with a Homestar rating of 6 or more. An incentive based approach has been applied to mitigate the potential financial effects of mandatory regulation of Homestar; whereby density and non-notification incentives are offered for buildings which achieve a Homestar rating of 6 or more. The use of incentives to achieve better planning outcomes has been considered by the Council and the community for some time, and is consistent with the outcomes of the *Growth Management Strategy for the Queenstown Lakes District* (2007).

Methods to address the issue:

- *Provision of the Medium Density Zone in strategic locations close to town centres, local shopping zones, activity centres and public transport (current or future) routes to minimise reliance on private vehicle.*
- *Objectives and policies to encourage building design in excess of minimum regulatory requirements and achievement of a Homestar rating of 6 or more.*
- *Density 'bonus' and non-notification provisions to encourage achievement of a Homestar rating of 6 or more.*
- *Objectives and Policies encourage design which supports walking and cycling and connections to active transport networks.*

Issue 5: Land supply and housing affordability

Home ownership is unaffordable in the Queenstown Lakes District, with the second highest median house price in the country, coupled with relatively low median incomes. This makes mortgages 101.8% of the median take-home pay of an individual (QLDC Housing Accord, October 2014). High growth rates and limited housing supply are also resulting in significant rental prices. In recognition of the ongoing and increasing housing affordability issues affecting the District, the Queenstown Lakes District was added to 'The Housing Accords and Special Areas Act 2013' legislation, and a Housing Accord was approved by the Mayor and the Minister of Housing in October 2014. The Accord is intended to increase housing supply by facilitating development through more enabling and streamlined policy. The *Housing Accords and Special Areas Act 2013* legislation is a short term initiative (intended to expire in 2016), however the District Plan review needs to address the issue over the mid to long term. Furthermore, as provided by Section 14(c) of the Local Government Act 2002, the Council must consider the needs of both current future generations over a longer term planning period.

Whilst there are a range of factors which influence affordability, at the simplest level the supply of land, and the opportunities to develop this land, play a key role. Theoretical (or District Plan enabled) land supply is

²¹ New Zealand Green Building Council, The Value and Affordability of Homestar, www.nzgbc.org.nz/

²² Draft Unitary Plan, Homestar Cost-scoring Appraisal for Auckland Council, Jasmax & Rawlinsons, 16 September 2013

²³ Homestar Case Study Cost Benefit Analysis, eCubud Building Workshop Ltd, March 2013

affected by the spatial extent of zoning, the type of zoned land (eg. greenfield or brownfield) and the opportunities and complexity of the development process. A restrictive approach to land use zoning and regulation can hinder the realisation of housing supply and consequently affects affordability through limiting supply. The impact of overly restrictive planning regulation is firmly in the sights of Central Government, and in November 2012 the New Zealand Productivity Commission launched an inquiry into the supply of land for housing. The findings of the Commission highlight the need for the planning system to allocate sufficient land supply for urban development, and that this zoning should be supported by a policy framework which provides for a mix of urban forms.

In their 2012 report²⁴, the Commission stated:

“A more balanced approach to urban planning is required in the interests of housing affordability. Land for housing can come from the development of brownfields sites, by infill development in existing suburbs, and by making suitable greenfields sites available, ideally in a complementary manner and in a way that provides for substantial short-, medium- and long term capacity.”

The report discusses that a failure to match housing supply with demand can lead to an affordability crisis, and that mechanisms to address affordability are multi-faceted, but require increased land supply through rezoning and facilitating increased density within existing suburbs. In their more recent report, the Commission reinforces the consistent finding that restrictions on the availability of land are inflating land values, and that in order to be effective, methods of increasing land supply must be matched to the places where people want to live:

A number of factors affect the supply of housing, but one of the most important is the availability of land, both brownfields and greenfields. Land values have grown more quickly than total property values over the last 20 years, indicating that appreciating land values have been a key driver of house price inflation in New Zealand. This suggests a shortage of residential land in places where people want to live¹⁸.

Another relevant study considering global housing affordability issues concludes that “*unlocking land supply at the right location is the most critical step in providing affordable housing*” (McKinsey Global Institute, 2014²⁵).

It is recognised that there are a number of approved, planned and/or future projects planned within the District which provide potential housing capacity (such as Three Parks (Wanaka), Northlake (Wanaka) Jacks Point, Frankton Flats, and Remarkables Park). However, the realisation of this capacity is at the control of a limited number of developers who can act strategically to restrict the timing and quantity of land brought to market (i.e. the behaviour of ‘landbanking’ where commercial gains are made through increasing land values) Landbanking limits the developable land being brought to market, and therefore restricts the available land supply – ultimately increasing property values. Whilst external to the District Plan, this speculative (but rationale and understandable) behaviour is often incentivised by restrictive and burdensome planning regulation and process which add complexity to development and contribute to higher land value inflation. Such behaviour is evident within the Queenstown Lakes District and has for some time impacted on the release of land.

Insight Economics²⁶ in a report recently prepared for the QLDC, identified a number of planning and non-planning options the Council could consider to help reduce speculative land banking and thereby help to address factors which are restricting housing supply. One such mechanism includes increasing the supply of

²⁴ The New Zealand Productivity Commission’s Housing Affordability Inquiry, 2012

²⁵ McKinsey Global Institute (2014), ‘A blueprint for addressing the global affordable housing challenge’.

²⁶ Brief Analysis of Options for Reducing Speculative Land Banking, Insight Economics, 2014

suitably zoned land which supports re-development and increases market competition. The Productivity Commission (2015, page 257) has recently reinforced this view, stating:

*The best way to tackle land banking is to increase the amount of land available for development and the amount of development that can take place on land through more permissive land use regulation*¹⁸.

A recent article by Dr Phil McDermott²⁷ highlights the need for multiple approaches to address land supply and housing affordability:

*“Resolving the supply and affordability housing crisis presumably requires action on all those fronts, and in a wide range of localities..... If nothing else, an approach to managing the release of additional land supply that identifies and works through multiple sites and agencies, that helps to free up and fund the infrastructure sector, and boosts the development and construction sectors would moderate any such impact”*²⁷.

Therefore, to provide for more affordable housing, limit the detrimental economic effects of landbanking and improve market elasticity, it is proposed to increase the supply of land for higher density housing through the creation of the current Medium Density Residential Zone. The Medium Density Zone will not in itself address housing affordability, but is an important element of the overall housing approach of the Proposed District Plan to increase opportunities for higher density within existing urban areas. The benefits of higher density in addressing housing affordability include:

- Economies of scale which minimise construction costs
- Increasing the spatial scale and diversity of housing supply
- Providing options for smaller houses and smaller lots (such as town houses and semi-detached) to reduce property prices
- Providing options for older people who wish to downsize
- Increasing supply in locations where people want to live, near employment centres with transport costs minimised
- Reduced heating costs associated with new build multi-unit development
- Dis-incentivising landbanking behaviour through increasing the quantity and diversity of plan enabled land supply

Medium density housing development of two storeys in scale can also more effectively deliver on housing affordability needs as opposed to high density housing. This is due to the fact that relatively high densities can be achieved with a two storey building scale (provided non-height rules are sufficiently enabling), but at the same time construction costs can be kept at a level significantly lower than for high density development of 3 or more levels where structural construction costs are significantly higher. Higher density living increases housing choice and can result in economies of scale which reduces construction costs:

*Unlocking land allows economies of scale in land assembly, land development and housing construction. Larger building firms are able to generate scale efficiency from building large numbers of houses on contiguous sites and by purchasing at a greater scale, particularly building materials*¹⁸.

To address landbanking effects, another method identified by staff and in some feedback provided to Council as part of engagement on proposed Special Housing Areas was to apply ‘sunset clauses’ to zoning, so there is greater incentive for landowners to develop their land, and less incentive to landbank. It is considered problematic to apply this approach to existing zones because of existing development rights and expectations, however it is proposed to apply such a provision to the density bonus and non-notification

²⁷ Cities Matter, 2015, available online at <http://cities-matter.blogspot.co.nz/>

incentives provisions applying to Homestar™ 6 rated dwellings in the Medium Density zone, (Refer Issue 4 above for more detail of Homestar™). The use of incentives to promote development has been considered by the Council and the community for some time and is consistent with actions 2c/2d and 5h of the *Growth Management Strategy for the Queenstown Lakes District (2007)*.

In addition to planning regulation, evidence suggests that taxation approaches can be effective in addressing landbanking, preferably in combination with planning approaches. This has been advocated by Insight Economics and the OECD, and a recent editorial from *The Economist* ('Space and the City', 4 April 2015) promoted such a policy response. The use of economic tools can further support the incentive based approach of the Proposed District Plan, and a number of methods were previously identified within the *Growth Management Strategy for the Queenstown Lakes District (2007)*. Council has begun to assess different options in terms of applying different (higher) rates to undeveloped or undercapitalised land.

The Medium Density Residential Zone establishes new opportunities for higher density living which are limited under the operative District Plan. The zone provides an important component of the total housing approach sought by the Proposed District Plan and will be supported by enabling policy which avoids unnecessary complications for low risk housing activities. Importantly, the zone has been located in areas established urban areas, close to amenities, public transport routes, and in areas that people want to live. Areas within the zone are identified as having the appropriate attributes to support increased density and to realise the benefits that come with it, including to overall affordability.

Whilst it is acknowledged that some development in the zone may comprise higher end living, the regulatory framework needs to be enabling to help provide the opportunity for more affordable residential supply to be brought to market. Therefore it is critical that restrictive regulation that hinders such delivery is avoided, especially if it does not offer significant gain (Refer Issue 7 below).

Methods to address the issue

- *Establish the Medium Density Zone to increase the supply of land for higher density housing*
- *Apply a sunset clause on the density bonus provisions in the Medium Density zone to incentivise development and discourage landbanking*
- *Liberalise District Plan bulk and location rules*
- *Simplify and streamline provisions*
- *Consider different rating approaches to undeveloped or undercapitalised land (outside District Plan process)*

Issue 6: Theoretical capacity and viability of re-development

It is recognised that there remains some land in the District which has the appropriate zoning to be developed for medium to high density residential housing or visitor accommodation, including a number of large properties within convenient access to the Queenstown Town Centre suitable for high density hotel or apartment development. There are also a number of housing developments with considerable land supply which have either not yet started, or have not been fully implemented (such as Northlake (Wanaka), Three Parks (Wanaka), Frankton Flats, Jacks Point, Hanley Downs and Remarkables Park). However, whilst it is acknowledged that theoretical (or plan enabled) capacity does exist, a number of economic and site characteristics influence the development feasibility of land, and the timing of the release of land is currently heavily controlled by a small number of developers.

To analyse the theoretical capacity of undeveloped land within the District, the QLDC maintains a Dwelling Capacity Model (DCM). The DCM provides a high level indication of the available residential land within the District, and the potential yield which may be gained from that land based on its zoning. However, as noted theoretical existing capacity is not necessarily 'development ready', and is held by a very small number of landowners with significant control over the market. The actual yield achieved from theoretical supply is also often substantially reduced by a number of social and economic factors.

Insight Economics²⁸ has recently undertaken a review of Councils existing dwelling capacity model to assess whether the logic was sound, and whether the inputs and assumptions were reasonable in representing a realistic available capacity. Prior to the review, the Council model assumed that 100% of high density zoned land would be brought forward for development, with 72% to 100% for the existing Medium Density Subzone (these percentages are referred to as 'feasibility factors'). However, Insight Economics review of this model²⁸ proposed new feasibility factors which take account of the following factors which typically interact to reduce development yield:

- Feasibility of development
- Viability (the relative ratio between the value of land versus the value of existing buildings)
- Marketability/desirability (appeal to the market)
- Land use displacement (loss of land supply which is already used for other non-residential purposes, such as motels)
- Allocation of land for greenfield roads and reserves
- Likelihood of market participation (a land parcel may never be brought to market for various reasons).

The revised feasibility factors produced by Insight Economics show only 10% of high density zoned land is likely to be realised for new residential development over the next 20-30 years, and 28% to 72% for the 'Operative Low Density Residential - Medium Density sub-zone²⁸'. These revised factors are a significant reduction in the previously estimated capacity and reflect the large range of social, commercial, economic and physical factors that act as barriers to realisation of housing supply.

This review has been informed by several recent processes and inquiries. Work undertaken on the Proposed Auckland Unitary Plan has been particularly relevant. The original Dwelling Capacity work undertaken for the Unitary Plan found that the proposed provisions provided theoretical dwelling capacity for 565,000 new dwellings. However, the independent panel considering the proposed Unitary Plan assembled 15 experts from within Auckland Council and the private sector, including planners, developers, economists and demographers, to apply "real world" criteria to the council's previous forecasts, on likely population growth, and how many new dwellings would likely be built. The expert group concluded that 64,420 dwellings could be "feasibly" built, an amount substantially lower than the theoretical capacity of 565,000 dwellings²⁹. This has resulted in a realisation that Auckland now faces a huge shortfall of realistic supply, and alternative regulatory approaches are now being considered, including no density limits. In addition the recent Productivity Commission's Inquiry cites examples from Australia. An example from New South Wales identifies a scenario in which the theoretical capacity for medium density housing was initially estimated as 145,000 dwellings, however, the realistic and feasible capacity (accounting for a range of development barriers, costs and revenues) was only 8% of this (12,200 dwellings).

These examples demonstrate that in particular, for brownfield intensification (i.e. infill development within existing/developed urban areas), realistic dwelling capacity is often much lower than theoretical capacity. The matter is generally less pronounced for greenfield development, and reflecting this, the revision to the Dwelling Capacity Model has seen less reduction in capacity in greenfield locations.

The recent work by Insight Economics²⁸, and the outcomes of the Auckland Unitary Plan process²⁹ has informed the review of the Queenstown Lakes District DCM (refer attached). The revised model now reflects the revised feasibility factors, and demonstrates that there is very limited realistic capacity for high density housing in the HDR zone, and this supports the case for more enabling provisions to increase that realistic

²⁸ Stage 1b – Dwelling Capacity Model Review', Insight Economics, 2015

²⁹ Residential Developable Capacity for Auckland, A Report on the 013 Topic Urban Growth for the AUP Independent Hearing Panel by the 013 Expert Group

capacity. It also supports the need for the Proposed Medium Density Zone, as a method to provide further opportunity for housing close to centres and amenities. The amended DCM now provides a more realistic representation of potential capacity. It is however noted that the DCM remains as a tool to indicate potential capacity only – and will always be subject to a range of assumptions.

Whilst additional land supply is one component of the picture, it is recognised that the majority of land within the proposed medium density residential zone is improved land, containing existing dwellings. Some of this land may not be suitable for development due to a number of factors, including the value of the existing dwelling relative to the land, and the location of any existing buildings on the land parcel. Such factors have been taken into account when determining the necessary size and location of the medium density zone to realise an appropriate development yield.

As a result, re-development within the proposed Medium Density Residential Zone is likely to be less than half of the theoretical supply of new zoned land. The pace of change within the zone is likely to be incremental. Site specific attributes of the zone which may reduce realistic development yield include:

- Topography (eg. Queenstown Central and Fernhill are relatively sloping and may add to development costs)
- Resource consent process (proposed rules for Arrowtown require consent for all multi-unit proposals, and compliance with Arrowtown Design Guidelines which may increase development costs)
- Land use displacement (eg. land which already contains visitor accommodation or commercial uses)
- Improvement Value to Land Value ratios (some specific properties within the zone may have high house values relative to the land value, and are less commercially viable for redevelopment).

It is also recognised that some location specific factors will also benefit redevelopment feasibility – such as the proximity of the zone in Queenstown and Wanaka to town centres and amenities; and Fernhill being located on a regular bus route.

The investigation by Insight Economics²⁶ also noted that land supply within the Wakatipu Basin is held very tightly by a very small number of landowners, who may have little shorter term incentives to rapidly develop their landholdings (and indeed in the face of limited alternative supply there may be significant economic benefit in 'land banking'). The evidence of the past 5-7 years shows that very little new housing supply has been realised in some of these locations; and land is often advertised for its landbanking potential. This is also the case in Wanaka where a large portion of greenfield land supply is held in a small number of ownerships.

Clearly, dwelling capacity is a complex matter, subject to many potential variables and influences. The Productivity Commission has recommended that the Ministry of the Environment consider developing a sophisticated model that could be applied throughout New Zealand. Until then, the revised Dwelling Capacity Model for Queenstown is a relevant tool or guide for planning, however its significance should not be overstated and it is but one tool or indicator.

It is evident from the review of the DCM²⁸ that existing residential capacity is not sufficient in itself to realise the necessary development yield to cater for anticipated levels of growth. These results point towards the need to increase the supply of land for housing, and minimise the negative externalities of landbanking. The ability to increase greenfield land supply within the district is limited by topography, natural hazards and objectives to protect the Districts natural landscapes. In the absence of large areas of suitable greenfield land (such as particularly the case for Queenstown and Arrowtown), provision for increased density through zoning and development controls is necessary to achieve additional dwelling capacity. For Wanaka, whilst greenfield capacity does exist, this land is held within a small number of ownerships, and there remains limited opportunity for increased density close to the town centre.

Appropriately 'upzoning' wider tracts of residential land comprising many smaller individual land titles held in a multitude of ownerships offers the potential for a more elastic housing supply response, promoting competition in the market and incentivising the opportunity for smaller land owners to redevelop their property. Increased supply of viable land will also have some effect on reducing incentives for land banking.

To further limit holding incentives on land, another method identified by staff and in some feedback provided to Council as part of engagement on proposed Special Housing Areas was to apply 'sunset clauses' to zoning, so there is greater incentive for landowners to develop their land, and less incentive to landbank. It is considered problematic to apply this approach to existing zones because of existing development rights and expectations, however it is proposed to apply such a provision to the density bonus provisions applying to Homestar 6 rated dwellings in the Medium Density zone, being a proposed upzoning. The sunset clause and incentives for energy efficient design are consistent with actions 2c/2d and 5h of the *Growth Management Strategy for the Queenstown Lakes District (2007)*.

Economic analysis points to the need for increased density offered by the medium density zone. However it is noted that the zone is not intended to cater for the entire extent of predicted population/housing growth, and will be supported by the wider planning framework and development entitlements of other residential zones.

Methods to address the issue

- *Increasing land supply and density through the Medium Density Zone*
- *Apply a sunset clause on the density bonus provisions in the Medium Density zone to incentivise development and discourage landbanking*

Issue 7: The impact of restrictive planning controls (such as height, recession plane, density, private open space and balconies) can reduce development viability and increase house prices

The New Zealand Productivity Commission's inquiries have identified the negative impact that planning rules can have on the realisation of housing supply:

*"Land use regulations in District Plans affect the supply and price of development capacity, by limiting the use of particular pieces of land and adding steps to development processes"*¹⁸.

*"Councils should ensure that their planning policies, such as height controls, boundary setbacks and minimum lot sizes, are not frustrating more efficient land use. Such policies put a handbrake on greater density and therefore housing supply."*²⁴

The height and recession plane controls of the Residential zones in the Operative District Plan are overly restrictive, and in many situations make complying development to even 2 storeys difficult to achieve, especially on flatter land. Other existing rules such as minimum private outdoor living space for apartments (resulting in the need for balconies) also reduces the achievable development capacity due to financial or spatial constraints. These factors can make development uneconomical, or, create unnecessarily delays whereby developers require resource consent to achieve an alternative outcome.

Historically, in Queenstown and other New Zealand locations, there has been an emphasis on retention of amenity values in District Plans, often at the expense of enabling a sufficient housing response. This may be the result of a number of factors which include: public opposition to plans for intensification, and an excessive emphasis on Section 7c of the RMA "*the maintenance and enhancement of amenity values*" (the RMA requires 'particular regard' to be had to this matter. However these matters require balancing with other planning matters for example sections 7b ("*the efficient use and development of natural and physical resources*") and 7f ("*maintenance and enhancement of the quality of the environment*") of the RMA, and Part

II). In addition, the amendments to Section 32 made in 2014 explicitly require the economic impacts of provisions to be considered).

The Productivity Commission highlights that the existence of restrictive planning rules which aim to protect amenity, often come at a significant opportunity cost in terms of the ability to economise on the use of land, with consequent costs for individuals and the community. Furthermore, in some cases the costs of such regulation exceed the likely benefits¹⁸.

Density controls have a fundamental influence on housing supply as they determine the maximum yield of housing possible on any given plot of land. The use of density controls by Councils in New Zealand is common. There are relatively rare situations in some zones applied by some Councils where either no density controls are applied (eg. Wellington), or a different form of development control is applied. For example, in Taupo, the Council applies a 'Floor Area Ratio' control and no density control.

Especially in locations with mid to high land values – such as Queenstown - higher densities than are typically provided for by traditional suburban density controls are required in order to facilitate feasible redevelopment. If density controls are not sufficiently liberal then the objectives and policies that may be espoused in Medium Density Zones may struggle to be provided for.

Supporting this approach, the Property Group (2014)³⁰ considers the impact of restrictive planning controls on the viability of development:

*'Without derogating from the need for regulatory control per se we believe that it is important to recognise the profound impact that district plan regulation has on developer confidence and activity. Our recent engagement with the development sector indicates that resource consents are one of if not the single biggest obstacle to getting development proposals off the ground. In most cases commercial contracts and bank funding are dependent on obtaining resource consent, and accordingly any uncertainty (avoidable or unavoidable) can cause developers to abandon proposals (The Property Group Limited, 2014)'.*³⁰

In addition, private open space requirements can also impact on development viability, and do not necessarily offer significant amenity benefits. For example, a balcony requirement can add substantially to the sale price of an apartment, and may offer minimal benefit if the development site is located in a dense urban setting or on a highly trafficked and noisy transport corridor. In addition, in a cooler climate such as Queenstown balconies arguably have generally less utility than in warmer climates, and Body Corporate rules often prevent their use for functions such as clothes drying. Requirements for deep balconies (ie. more than 1.5m) can also negatively impact on winter sunlight admission into units which can also have winter heating cost implications.

A recent (January 2015) paper prepared for Treasury and the Ministry of Business, Innovation and Employment (MBIE) by economists Motu³¹ – quantified some of the economic impacts of rules such as balcony requirements. Motu found that balconies (ranging in area from 5 to 8 square metres would typically add \$40,000 to \$70,000 to the selling price of an apartment. MOTU also quantified housing cost implications of a range of other planning rules, with the additional costs (specified as a range) set out as follows:

- Building height limits: \$18,000 to \$32,000 per unit/dwelling
- Floor to ceiling heights: \$21,000 to \$36,000 per unit/dwelling

³⁰ 'Wellington City Housing and Residential Growth Study: Final Planning Assessment and Recommendations', The Property Group Limited, 2014.

³¹ Impacts of Planning Rules, Regulations, Uncertainty and Delay on Residential Property Development, Motu Economic and Public Policy Research and the University of Auckland, January 2015

- Mix of dwelling units: \$6000 to \$15,000 per unit/dwelling
- Extended consent process: \$3,000 to \$6,000 per unit/dwelling
- Site coverage and greenspace: \$5000 to \$10,000 per unit/dwelling
- Other urban design considerations: \$1,500 to \$8,000 per unit/dwelling

It should be emphasized that the Motu study focused on the financial costs of planning rules and not potential benefits, and was explicit in acknowledging this. However, their analysis is important in recognising the financial implications of planning rules; and highlighted where some flexibility should be considered, particularly where these costs substantially outweigh potential benefits. The Productivity Commission's recent inquiry report (2015) concluded that the costs of imposing minimum private open space requirements were likely to exceed the benefits, citing the Motu study and work by MRCagney and recommended that Councils dispense with such requirements.

With regard to balconies and floor to ceiling heights, it is considered that more flexibility is required and that generally speaking the market is best able to determine the need, depending on site location, views, aspect etc. Avoiding such requirements may help better realize the delivery of affordable rental studio apartments in central locations, in particular.

Furthermore, it is noted that during consultation a number of members of the public suggested Council consider what North American ski resorts such as Banff and Whistler are doing to address housing issues, given the similarities between these towns and Queenstown (ie. highly popular resort towns with small permanent populations and high housing costs). Whilst it is noted that the statutory context is different, and there are a number of affordable housing initiatives that are undertaken in these resorts that may be difficult to replicate in Queenstown. Of relevance is despite their cold climates, both of these towns have been very careful not to set overly restrictive development controls, knowing the impacts overly restrictive controls can have on development feasibility and realisation of housing supply. Indeed, the sunlight protection controls proposed for Queenstown's Medium Density Zone, albeit liberalised versus the Operative Low Density Zone, are still more restrictive than the controls typically applied in Banff and Whistler. For example, in many of the Medium Density zones in Banff and Whistler, there are no specific shading controls, but instead use of side yards and maximum building heights are employed. For example, a side yard of 3m and a building height of circa 7.6m to 10.7m is often employed, regardless of orientation, which is more liberal than the proposed approach in Queenstown.

Whilst the more permissive planning regime applied in these areas would be beneficial in realising greater supply of housing and visitor accommodation, there is also the potential for "unintended consequences" associated with such an approach. For example, the increased heights and lack of recession planes in Queenstown may not appropriately protect the amenity which draws people to the District.

Nonetheless, the provisions of the Medium Density Residential Zone have been developed with specific regard to improving the ease of development for low risk activities. Where necessary, development standards have been revised to improve rules which may be unnecessarily triggering resource consent (with little design benefit to be gained from the process), and to better accommodate a portion of infill housing supply. A summary of the proposed variations from operative amenity controls (compared to the operative Low Density Residential Zone provisions) include:

- Provision for site density of 1 unit per 250m²
- Minor increase in building height in Arrowtown (from 6 m to 7 m)
- Minor increase in height allowance for sloping sites
- Recession planes specific to each site boundary and liberalised
- Sound insulation requirements for residential uses adjoining the State Highway network
- No requirements for balconies or private open space

Recession plane controls have been revised (consistent with some operative special zones) to specify different angles for northern, eastern, western and southern boundaries – with the strictest control over the southern boundary. A 3D visualisation³² was developed to investigate the comparative effect of changing the recession plane at the southern boundary to 2.5 m and 35° from the operative provision of 2.5m and 25° (ie. an increase of 10°). This illustrates that shading impacts associated with a 35° recession plane are only marginally different to the impacts of the operative 25°, and will still be able to effectively mitigate adverse shading impacts. The revised recession plane controls will maintain appropriate and reasonable sunlight access whilst not hindering development.

It should be noted that the Operative District Plan's recession planes are very restrictive by New Zealand standards, and have been in place for at least 40 years. Most Councils adopt the proposed approach to recession plane controls, or an approach of applying 2.0 / 2.5m and 45 degree controls on all boundary orientations. The rules do not fit the contemporary requirements for greater density, and change is required to better balance amenity considerations with development potential.

Overall, the Medium Density Zone has the purpose to increase the supply of land for higher density housing, achieved through the provision of a more liberal planning framework. Through the revised provisions, it is considered that uncertainty surrounded the consent process (and delay costs) should be minimised, this improving developer confidence. Furthermore, the revised amenity provisions are better aligned with their associated costs and benefits.

Methods to address the issue

- *Activity status aligned with purpose to enabling increased density housing, including Permitted activity status for certain low risk residential and visitor accommodation activities*
- *Non-notification of Restricted Discretionary activities for 4 or more residential units (2 or more residential units in Arrowtown) where the development is able to achieve certification to a minimum 6-star level using the New Zealand Green Building Council Homestar Tool*
- *Removal of balcony and private open space requirements*
- *Liberalisation of recession plane controls*
- *Minor increases to building coverage and height controls*

Issue 8: Urban design and amenity values

The quality of the urban environment plays a key role in the appeal of the District to residents, businesses and visitors. Whilst the District Plan needs to become more enabling, it also needs to ensure that good quality urban design outcomes are achieved.

It is acknowledged there is a general concern within the community that higher density housing has the potential to create 'slums', subsequently reducing the value of properties outside of the zone. However, a report by Paul Newman (2014)²⁰ discusses that there is little evidence to support such claims, and that land values are more typically aligned with amenity and access to services – factors which generally improve with increased population density. As people move to amenity areas the pressure to subdivide/develop increases. If zoning is increased then land values typically increase.

Nonetheless, provision for increased density and greater affordability must be carefully balanced against high urban design standards.

“Experience from Johnsonville indicates that suburban communities can be very sensitive to the impact of density on neighbourhood character, and so rules relating to height, site coverage etc. need to take this into account whilst ensuring that the development yields possible (i.e. number of units, density) presents commercial viable development opportunities”³⁰

³² Shadow and Recession Planes Study, Virtual Rift 3D Solutions, prepared 12 March 2015.

Whilst the Operative District Plan contains a large number of urban design criteria, these need to be reframed into a more concise and direct format consistent with the revised structure of the Proposed District Plan. Proposed development standards (for example recession planes, sunlight access, building height, and site coverage) have been retained to protect residential amenity and it is noted that density is not intended to come at the expense of quality design. In particular, medium density development in Arrowtown will be subject to consent, and must adhere to the Arrowtown Design Guidelines to ensure that building forms are consistent with the character and heritage significance of this area.

Such standards however, should be seen in the context of the purpose of the zone to accommodate a higher density of housing supply. Therefore, where necessary, existing rules have either been removed or liberalised to avoid the economic impacts of overly restrictive policy (Refer Issue 7), and ensure better alignment between the potential costs and benefits of such rules.

Building design and site layout also has a direct impact on energy consumption and health (Shaping Our Futures Energy Forum Report, 2014). It is recognised that the District Plan should encourage built forms which achieve more efficient energy use through solar orientation and insulation; and increase the ease and convenience of walking and cycling.

Methods to address the issue

- *Frame policies and rules in a manner that better balances development rights and amenity values*
- *Continue Operative District Plan's strong emphasis on urban design but in a more streamlined and focussed manner*

Issue 9: Economic diversification

The economy of the Queenstown Lakes District is largely governed by tourism, and associated demands for goods and services to support the tourism sector. The QLDC Economic Development Strategy (2015) notes that "*the District is very reliant on relatively few industries, more so than any other district in New Zealand. These are industries that are servicing visitors and the growing population*" and that "*while the visitor economy is a strength, its dominance means that the District is one of the least diversified economies in New Zealand*".

The Economic Development Strategy (2015) considers economic diversification is important for managing the seasonality of tourism demands, and managing potential periods of tourism decline (such as occurred during the Global Financial Crisis of 2008). Additionally, the growth of the resident population is also strongly linked to growth in tourism, with associated growth in demands for food, community, construction and retail services. As outlined under Issues 1 and 2, the District is anticipated to experience strong population and visitor growth over coming years. It is therefore necessary that the District Plan is capable of catering for the needs of a growing community, and that it also has the capacity during periods of growth to maximise opportunities for a diversified and self-sustaining economic base.

The *Shaping Our Futures Economic Futures Report* (2012) (which preceded the Economic Development Strategy (2015)) also identifies the association between economic development to community and social development, via connectedness and facilities to "*gather, educate and socialize and preserve attractions of living here*". The appropriateness of higher density environments for providing such services and amenities is also identified by the report of the Heart Foundation³³ which notes "*higher density residential densities bring destinations closer together and support the presence of local shops, services and public transport*" and

³³ 'Does Density Matter – The role of density in creating walkable neighbourhoods', discussion paper by the National Heart Foundation of Australia

further that people “are seeking out places where they can be less car dependent and where they can live, work and play”³³.

Provision for appropriate community and commercial uses which contribute to economic diversification and social interaction are considered to be appropriate for a residential environment which is intended to support an increased density of population. Currently, the provisions of the operative District Plan generally limit commercial and community uses to specialist zones or sub-zones, and lack flexibility to cater for a growing community with changing needs.

Specifically, in Wanaka, the zone adjoins land within the Wanaka Town Centre Zone. A discrete area of the medium density zone here (the Wanaka Town Centre Transition Overlay) is considered to be appropriate for mixed use development forms, to provide for the managed expansion of the Wanaka Town Centre. This area may also accommodate higher density forms of visitor accommodation given its proximity to the town centre.

Methods to address the issue

- Provision for low intensity commercial and/or community uses
- Support for mixed use development within a discrete area adjacent to the Wanaka Town Centre, subject to compliance with the provisions of the Wanaka Town Centre Zone Chapter (Refer further detail contained within the ‘Section 32 Evaluation Report: Wanaka Town Centre’).

Issue 10: Better coordination of infrastructure and services and forward planning

In the past, the lack of strategic guidance within the Operative District Plan about where future development should be located has resulted in sprawling urban settlements. Urban sprawl prompts the need for expansion of infrastructure networks, with associated capital expenditure and maintenance costs to Council and ratepayers. Studies from the United States of America have considered the financial costs of urban sprawl, and found that:

“Sprawl increases the distance between homes, businesses, services and jobs, which raises the cost of providing infrastructure and public services by at least 10% and up to 40%. The most sprawled American cities spend an average of \$750 on infrastructure per person each year, while the least sprawled cities spend close to \$500”³⁴.

Furthermore, a comprehensive study from Smart Growth America in 2013 found that the upfront infrastructure development costs of ‘Smart Growth’ compared to conventional sprawling development reduces upfront infrastructure development costs by 38%³⁵. This study cites a number of other studies supporting this notion. There is also a large body of research from Australia supporting these findings.

Conversely, a growth management approach based around urban intensification is generally considered significantly more cost efficient than an approach based around sprawl. Accordingly, the Medium Density Residential Zone has been intentionally sited in locations where existing infrastructure capacity is available (or can be upgraded efficiently) and incorporates policy to ensure that development is designed consistent with the capacity of existing networks.

Methods to address the issue

- Supporting increased density in locations where existing infrastructure capacity is available (or can be upgraded efficiently)
- Provisions support the Strategic Directions (Chapter 3) and Urban Development (Chapter 4) policies by promoting a compact urban form.

³⁴ Analysis of Public Policies that Unintentionally Encourage and Subsidize Sprawl, The New Climate Economy, <http://newclimateeconomy.net/content/release-urban-sprawl-costs-us-economy-more-1-trillion-year>

³⁵ Building Better Budgets: A National Examination of the Fiscal Benefits of Smart Growth Development, Smart Growth America, 2013.

4.2 Summary and outcomes

The identification and analysis of issues relevant to residential development has helped define how section 5 of the RMA should be expressed in the context of the Queenstown Lakes District. This has informed determination of the most appropriate objectives to give effect to section 5 of the RMA in light of the issues. The appropriateness of potential objectives cannot be assessed without due consideration to the issues that frame what sustainable management means for the district at this point in time and into the future.

The formulation of the Medium Density Zone, and the associated objectives, policies and rules has been developed following consideration of the significant growth pressures currently faced within the District and the potential risks associated with uncontrolled or piecemeal urban growth into the future. The provisions have been developed on the premise that the District is going to grow, and it is not the role of the RMA to limit growth, but rather to manage its form and location to promote the sustainable management of natural and physical resources.

For example, without the issue context of high growth pressures, alternative objectives may have been recommended that provide less emphasis on density, land supply and affordability; and more emphasis on amenity. In this scenario, the market would play a greater role in determining the location and form of future growth. However, regardless of growth pressures, such an approach takes a short term view and has the potential to result in a proliferation of a sprawling urban form, with the delivery of inefficient housing and infrastructure which does not necessarily promote sustainable management.

The Medium Density Residential Zone is also inherently linked to the strategic intentions of the District Plan, expressed by growth management objectives of the Strategic Directions (Chapter 3) and the Urban Development framework (Chapter 4). The zone is essential to the functioning of urban growth boundaries for Queenstown, Wanaka and Arrowtown which have the purpose to maintain the heritage, character and cohesion of these centres – whilst still being able to accommodate anticipated growth.

The zone supports the intentions of Part 2 (Strategy) of the Proposed District Plan, namely Strategic Directions (Chapter 3) and Urban Development (Chapter 4) which seek to achieve a compact urban form.

6 Initial consultation

In developing the Medium Density Residential Zone and supporting provisions, during the preparation phase of the Proposed District Plan, QLDC invited informal feedback from the public and targeted landowners potentially affected by the proposed rezoning.

It is noted that public consultation during the preparation of the District Plan is not mandatory under the RMA, but is however provided for by 3(2) of Schedule 1, and has been undertaken by QLDC on issues where specific public input was sought.

A summary of the consultation undertaken for the Medium Density Residential Zone is outlined below.

Date	Task
February 2015	Copy of Draft Residential Zone Chapters and supporting summary document (' <i>District Plan Review – Residential Chapter, Summary of Issues and Proposed Changes</i> ') placed on the QLDC website. Written feedback was invited.
9 February 2015	Letter sent to all residents within the extent of proposed Medium Density Residential Zone located at: <ul style="list-style-type: none">• Arrowtown• Frankton• Fernhill• Queenstown Central

	<ul style="list-style-type: none"> Wanaka Written feedback was invited.
14 February 2015	Drop in session held in the Summit Room of the Edgewater Resort on Saturday 14 February, between 10am – 1pm.
21 February 2015	Drop in session held at the Council Chambers at 10 Gorge Road, Queenstown, on 21 February, between 10am – 1pm
28 February 2015	Drop in session held at the Athenaeum Hall, Arrowtown on Saturday 28 February, between 10am – 1pm.
2 March 2015	Drop in session held at Council Offices, Reece Crescent, on Monday 2 March, between 4.30 – 6.30pm.
4 March 2015	Drop in session held at the Council Chambers at 10 Gorge Road, Queenstown, on 4 March, between 4.30pm – 6.30pm
21 April 2015	Letters sent to landowners of SH6 within area of proposed extension to the Medium Density Residential Zone.
1 May 2015	Letters sent to landowners of SH6A within area of proposed extension to the Medium Density Residential Zone.

Initial consultation indicated a range of views. A number of changes have been made to reflect public feedback. The key changes made in direct response to consultation include:

1. Significant reduction in the spatial extent of the Medium Density Residential Zone in Arrowtown.

Public consultation and external investigations undertaken during this time prompted a review of the extent of the zone in Arrowtown. A report prepared by Richard Knott Limited³⁶ (Refer Appendix X) specifically recommended the removal of four specific areas from the zone, including:

- Land to west of Berkshire Street within Old Town Neighbourhood 2, Soldiers Hill
- Land to east of Berkshire Street within Old Town Neighbourhood 5, Stafford Street
- Land above (to the east of) the Arrowtown Scenic Protection Area within Newtown Neighbourhood 10, Adamsons Ridge
- Land to east of Nairn Street within Old Town Neighbourhood 6, Nairn and Criterion Street

These locations have subsequently been removed from the proposed zone.

Additionally, the eastern extent of the zone along Shaw Street has also been reduced in recognition of topography and potential visual impacts from McDonnell Road. The investigation by Richard Knott Limited (Refer Appendix X) also notes that “*This is a relatively newly developed area and it may be that existing improvement values will mean that redevelopment is not economically feasible for many years*”.

The current proposed extent of the zone in Arrowtown has therefore been considerably reduced from that which was advertised in February 2015.

2. Activity Status - Requirement for resource consent for multi-unit development proposals in Arrowtown

In recognition of the high quality design standards sought in Arrowtown, the permitted activity status was revised to ensure that any development involving more than 1 unit per site in Arrowtown will require resource consent, and will be assessed against the Arrowtown Design Guidelines.

3. Standards – Revision of site coverage and density provisions

³⁶ Proposed Medium Density Housing Zone, Arrowtown – Review of Boundaries, Richard Knott Limited

Maximum site coverage has been reduced from 55% to 45%; and a density provision has been included to maintain residential amenity.

4. Significant reduction in the spatial extent of the Medium Density Residential Zone in Queenstown Central

The spatial extent of the Zone in Queenstown central has been reduced to exclude land bounded by Park Street, Cecil Road, Frankton Road and Suburb Street; resulting in an approximate halving of zoned land in this location.

7 Evaluation

6.1 Purpose and options

In serving the function of a territorial authority provided by Section 31(1) of the Act, the Medium Density Residential Zone chapter has the purpose to implement policy and tools to support the overall growth management framework of the Proposed District Plan. The zone supports the integrated and hierarchical approach to urban development, and advances the intention of Section 31(1) of the Act for the integrated management of the effects of the use, development, or protection of land.

The purpose of the Medium Density Residential Zone is to facilitate higher density development of up to two storeys, close to town centres, which will provide the following benefits:

- Provide greater housing supply to respond to strong demand for centrally located housing
- Increase supply elasticity, reducing landbanking incentives and improving housing affordability
- Provide greater diversity of housing
- Place less pressure on the District's road transport network by providing housing close to town centres where walking and cycling to the centres as places of employment, retail and entertainment is readily achievable
- Increasing the viability of public and active transport networks
- Reduce pressure for residential development on the urban fringes and beyond
- Coordinated delivery of infrastructure and services.

Whilst the operative District Plan shares many of these objectives, there is poor translation of these objectives into regulation that is sufficiently enabling to facilitate the density of development sought. As The Property Group³⁰ notes, there is little point in providing High or Medium Density zonings if the regulation imposed has not been designed in a manner that considers development feasibility, which is often driven strongly by density controls.

In addition to applying the Medium density zone in new locations in Fernhill, Frankton (SH6), Arrowtown and Wanaka it is proposed that the zone will replace the least intense of the High Density subzones – Subzone C – in the Operative District Plan.

Strategic Directions

The following goals and objectives from the Strategic Directions chapter of the draft District Plan are relevant to this assessment:

Goal 3.2.2: Strategic and integrated management of urban growth

3.2.2.1 Objective - Ensure urban development occurs in a logical manner:

- *to promote a compact, well designed and integrated urban form;*
- *to manage the cost of Council infrastructure; and*

- *to protect the District's rural landscapes from sporadic and sprawling development.*

3.2.2.2 Objective - Manage development in areas affected by natural hazards.

Goal 3.2.3: A quality built environment taking into account the character of individual communities

3.2.3.1 Objective - To achieve a built environment that ensures our urban areas are desirable places to live, work and play

Goal 3.2.4: The protection of our natural environment and ecosystems

3.2.4.1 Objective - Promote development and activities that sustain or enhance the life-supporting capacity of air, water, soil and ecosystems.

3.2.4.2 Objective - Protect areas with significant Nature Conservation Values.

Goal 3.2.5: Our distinctive landscapes are protected from inappropriate development

3.2.5.3 Objective - Direct new subdivision, use or development to occur in those areas which have potential to absorb change without detracting from landscape and visual amenity values.

3.2.5.4 Objective - Recognise there is a finite capacity for residential activity in rural areas if the qualities of our landscape are to be maintained.

Goal 3.2.6: Enable a safe and healthy community that is strong, diverse and inclusive for all people.

3.2.6.1 Objective - Provide access to housing that is more affordable.

3.2.6.2 Objective - Ensure a mix of housing opportunities.

3.2.6.3 Objective - Ensure planning and development maximises opportunities to create safe and healthy communities through subdivision and building design.

In general terms and within the context of this review, these goals and objectives are met by:

- Establishing a new Medium Density Residential Zone which enables higher density development close to existing urban centres, active and public transport routes
- Promoting quality developments with a range of housing options to meet the needs of the community
- Contributing to the overall compact growth management approach which seeks to reducing environmental, social and economic effects associated with urban sprawl
- Promoting efficient use of existing services and infrastructure, including potential increase in the viability of public transport

6.2 Broad options considered to address issues

The following section considers various broad options considered to address the identified resource management issues, and makes recommendations as to the most appropriate course of action with regard to advancing the purpose of the Act in the context of the urban environment.

- ***Option 1: Retain the operative provisions (status quo)***

Option 1 would involve retaining the operative provisions of the District Plan, being the existing 'Low Density Residential – Medium Density Subzone', and the High Density Residential Zone – Subzone C', and not expanding the extent of these zones. This option maintains the status quo.

- ***Option 2: Realise greater density and development potential in central locations only through new provisions for the High Density Zone and Low Density Zone, and not introduce a Medium Density zone.***

Option 2 comprises the absence of a medium density zone, and instead including additional provisions to support medium density housing in the High Density Zone and Low Density Zone.

- ***Option 3: (Recommended) Comprehensive review – introduce a new Medium Density Zone***

Option 3 involves a comprehensive review to establish a new Medium Density Zone, and integrate this with areas of the operative 'Low Density Residential – Medium Density Subzone', and the High Density Residential Zone – Subzone C'. This option involves creating new areas of medium density zoned land in locations close to town centres, local shopping zones, activity centres, and public transport routes.

Option 1: Retain the operative provisions

Option 2: Realise greater density and development potential in central locations through new provisions for the High Density Zone and Low Density Zone, and not introduce a Medium Density zone.

Option 3: (Recommended) Comprehensive review – introduce a new Medium Density Zone

	Option 1: Status quo/ No change	Option 2: Realise greater density and development potential in central locations only through new provisions for the High Density Zone and Low Density Zone, and not introduce a Medium Density zone	Option 3: Comprehensive review Introduce a Medium Density zone
Costs	<ul style="list-style-type: none"> • Does not enable further opportunities to increase development capacity. • Operative provisions of the general LDR Zone only support development to a density of 1 unit per 450m², and do not expressly support medium density built forms. • Unlikely to cater for predicted levels of growth, as operative provisions are not sufficiently enabling to provide for infill housing. Potential adverse social and economic effects (such as overcrowding and general economic decline) may arise with a failure of supply to meet demand. • Limited achievable yield as most development potential in existing sub zones has been realised; and does not liberalise operative provisions which are restricting housing development. • Takes a short-term view – i.e. growth opportunities would be limited to development of a limited number of undeveloped sites, and redevelopment of existing building stock. • Does not give effect to the relevant goals and objectives of the proposed Strategic 	<ul style="list-style-type: none"> • Has costs associated with going through the District Plan Review process (but this is required by legislation). • Inclusion of provisions within High Density Zone and Low Density Zone lacks certainty/clarity around medium density development forms and complicated implementation of the District Plan. • Not likely to provide sufficient opportunity for higher density redevelopment to occur • More diverse housing would only be enabled in very urban settings and this would not provide for sufficiently diverse housing options in a variety of locations through the District where greater diversity is required • Is less able to provide for more affordable housing • Does not support a diversity of housing forms • Would require resource consent where developers seek to meet demand for medium density housing forms in areas not anticipated 	<ul style="list-style-type: none"> • Has costs associated with going through the District Plan Review process (but this is required by legislation). • Intensification in certain locations will change the character and amenity of established residential areas. There is a concern within the community that medium density housing will create ‘slums’ and potentially reduce property values. However, a report by Paul Newman (2014)¹⁷ discusses that there is little evidence to support such claims, and that land values are more typically aligned with amenity and access to services – factors which generally improve with increased population density. If zoning is increased then land values typically increase. A Westpac economist report in 2015 (‘Home Truths Special Edition’, 14 May 2015) supports the notion that higher density rezonings tend to increase land values. • May require infrastructure upgrades to support increased density • Increased density may result in effects

	<p>Directions chapter.</p> <ul style="list-style-type: none"> • Does not achieve the goal for a transparent and streamlined District Plan. • Does not improve housing elasticity and supply • Requires reliance on high level policies and objectives for urban growth management & density, with a lack of consideration to development at the locality/site level. • Further incentivises landbanking whereby supply continues to be restricted • Compromises functioning of urban growth boundaries • Retains complex regulatory process, affecting the economics of development • Retains complex regulatory process which requires resource consent for alternative solutions • Limitation on supply further inflate land values and incentivise landowners to seek to protect their property values via regulatory processes • Does not provide any mechanism to address developers withholding land • Does not encourage sustainable or innovative building forms • Does not provide for a range of housing choices for older people or those wishing to downsize • May not sufficiently address current overcrowding and associated health concerns 		<p>associated with parking and access</p> <ul style="list-style-type: none"> • The Zone at Frankton (SH6) is located within a noise sensitive environment (subject to road noise and airport flight paths) and development of this area will require noise mitigation.
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<p>Benefits</p>	<ul style="list-style-type: none"> • Retains the established approach which parties are familiar with. • Low cost for Council • Maintains strong planning regulation limiting scale of development therefore ensuring strong protection of existing amenity values 	<ul style="list-style-type: none"> • Better delivers on the longer term goal of delivering a compact form that is consistent with the Council's Strategic Directions Chapter and ORC's Proposed RPS. • Simplifies the District Plan making process • Acknowledges that the District Plan takes a long-term view by enabling future development opportunities as the population increases over time. • Enables economic development and investment opportunities 	<ul style="list-style-type: none"> • Delivers on the longer term goal of delivering a compact urban form that is consistent with the Councils strategic Directions Chapter, the Proposed Urban Development Chapter, and ORC's Proposed RPS. Will assist in mitigating potential impacts on property values associated with the establishment of urban growth boundaries. • Would allow a comprehensive review of the Residential provisions • Potential for more development and housing options • Clearly signals support for medium density housing forms • Identifies new locations suitable for medium density development in strategic locations which are able to better support sustainable and active living through proximity to services and public and active transport routes. • Essential to support the efficient use of land within urban growth boundaries • Supports ease of interpretation of provisions and rules through an integrated zone • Promotes elasticity in housing market and minimises the incentive for landbanking • Improves housing affordability through enabling smaller housing forms • Provides increased housing choice for older people wishing to downsize • Development of the new zone provides opportunities to encourage more sustainable building forms, with less demand on infrastructure, water and energy use. • Provides opportunities to dis-incentivise land banking via sunset clauses • Provision for smaller housing forms reduces construction cost per unit and creates
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			<p>opportunities for economies of scale</p> <ul style="list-style-type: none"> • Liberalisation of Rules and notification clauses should reduce the numbers of resource consents required and the time and costs associated with this process • Liberalisation of Rules (such as removal of private open space requirements for apartments) has the potential to increase capacity and may promote more innovative building forms • May reduce scale of overcrowding issue through enabling smaller forms of infill housing
Ranking	3	2	1

Conclusions:

Overall, following a review of the three alternatives above, *Option 3: Comprehensive review - Introduce a Medium Density zone* has been identified as the most appropriate solution in meeting the purpose of the RMA, to address the resource management issues relevant to the urban environment. The benefits for housing supply, affordability and infrastructure efficiency to be realised through introduction of the zone have been assessed to outweigh the potential costs.

The options above have been considered and assessed in the context of the significant growth pressures and housing affordability issues currently experienced within the District. It is noted that without the issue context of high growth pressures, alternative options may have been given more weight that provide less emphasis on density, land supply and affordability; and more emphasis on amenity. However, consistent with Section 14(c) of the *Local Government Act 2002*, regardless of the relevance of growth pressures at any given point in time, the provisions seek to address housing supply on a long term basis, recognising the interests of current as well as future communities.

Furthermore, the approach has not been a radical shift in operative provisions (as may be seen in locations such as Whistler and Banff, Canada), and the structure of the provisions, whilst liberalised, still provide an appropriate balance between providing for growth, and protecting the natural amenity values which draw people to the District. For this reason, drastic change to the operative provisions (such as removing amenity controls) has also not been considered as a feasible (or desirable) alternative option.

8 Context of the zone locations

The table below provides a description of some the matters considered in determining the location of the Medium Density Residential Zone.

Location	Summary
Fernhill	<p>The identified MDR Zone in Fernhill contains the following attributes which support increased density:</p> <ul style="list-style-type: none"> • a regular bus service • favourable development feasibility • proximity to a local shopping centre zone • proximity to commercial services and amenities within existing hotels and motels • sloping topography which will assist in minimising impacts to lake views • proximity to the Queenstown Town Centre, also partly accessible by existing trail network • contains land located within the existing 'High Density Residential (HDR) Subzone C' which is only partly developed. • Spatial location west of the Town Centre assists in distributing traffic impacts/congestion in and around Frankton.
Frankton (Sh6)	<p>The identified MDR Zone in Frankton (SH6) contains the following attributes which support increased density:</p> <ul style="list-style-type: none"> • Opportunities for greenfield land development, resulting in favourable development yield and opportunities for affordable housing • Proximity to the Five Mile development, including future commercial services, amenities and public transport connections. • Proximity to Frankton Local Shopping Centre Zone • Proximity to existing trail networks • Proximity to community facilities including schools and childcare
Queenstown Central	<p>The identified MDR Zone in Queenstown Central contains the following attributes which support increased density:</p> <ul style="list-style-type: none"> • Contains land located within the existing 'High Density Residential (HDR) Subzone C' • Proximity to Queenstown Town Centre, services and amenities – with associated benefits to overall affordability • Adjacent to the Botanic Gardens and recreational opportunities • Proximity to an existing trail network • favourable development feasibility • sloping topography which will assist in minimising impacts to lake views • proximity to a regular public transport route • Proximity to community facilities
Wanaka	<p>The identified MDR Zone in Wanaka contains the following attributes which support increased density:</p> <ul style="list-style-type: none"> • favourable development feasibility • proximity to the Wanaka Town Centre, services and amenities – with associated benefits to overall affordability • gently sloping topography which will assist in minimising impacts to lake views
Arrowtown	<p>The identified MDR Zone in Arrowtown contains the following attributes which support increased density:</p> <ul style="list-style-type: none"> • favourable development feasibility • proximity to the town centre and Arrowtown Residential Historic Management Zone • favourable topography which may assist in reducing development costs and improving affordability • assists in meeting housing demands, reducing pressure for development outside of the Arrowtown boundary • Spatial location and alternative transport routes assists in distributing traffic impacts/congestion in and around Frankton.

9 Scale and Significance Evaluation

The level of detailed analysis undertaken for the evaluation of the proposed objectives and provisions has been determined by an assessment of the scale and significance of the implementation of the proposed provisions in the Medium Density Residential chapter. In making this assessment, regard has been had to the following, namely whether the objectives and provisions:

- Result in a significant variance from the existing baseline.
- Have effects on matters of national importance.
- Adversely affect those with specific interests, e.g., Tangata Whenua.
- Involve effects that have been considered implicitly or explicitly by higher order documents.
- Impose increased costs or restrictions on individuals, communities or businesses.

The level of detail of analysis in this report is high, recognising that the provisions introduce a new zone into the district plan to realise housing supply at higher densities; and that residential provisions affect a large area of the Districts population. Therefore, the analysis has been informed by consideration to a number of statutory and non-statutory documents, including the outcomes of previous community planning processes, plan changes, and specific economic analysis undertaken for the Proposed District Plan. In particular, Insight Economics has identified predicted population growth of 3.4% per annum to 2031 (representing a possible increase in population to 55,000 by 2031) and concludes “...that the district will continue to experience high population growth and...demand for new dwellings will also be strong.” Such findings provided the basis for further analysis of the appropriate methods for managing such growth via the Proposed District Plan. The findings of other credible external studies have provided further context to the analysis, in particular the findings of the ‘Housing Affordability’ and ‘Using Land for Housing’ inquiries being coordinated by the New Zealand Productivity Commission.

10 Evaluation of proposed Objectives (Section 32 (1) (a))

Section 32(1)(a) requires an examination of the extent to which the proposed objectives are the most appropriate way to achieve the purpose of the Act. The following objectives serve to address the key resource management considerations for the Medium Density Residential Zone.

Reference is made back to the Strategic Directions chapter of the Proposed District Plan which, in combination with the objectives below, seeks to give effect to the purpose of the RMA (Section 5) for the Queenstown District context. The objectives are also assessed against the role and function of territorial authorities specified by Section 31(1) of the Act.

<i>Proposed Objective</i>	<i>Appropriateness</i>
8.2.1 Medium density development will be realised close to town centres, local shopping zones, activity centres, public transport routes and non-vehicular trails in a manner that is responsive to housing demand pressures.	<p>Sets a broad goal of achieving medium density zones close to town centres, services and public transport routes.</p> <p>Consistent with Goals 3.2.2 and 3.2.3 of the Strategic Directions chapter.</p> <p>Gives effect to RPS objective 5.4.3, 5.4.1 Gives effect to RPS policies 5.5.3 to 5.5.6 Has regard to Proposed RPS objective 2.2 and 3.4</p> <p>Serves the intent of Section 5 of the RMA through promoting the sustainable use of land and resources, and Section 31 of the RMA by establishing objectives and policies for controlling the actual or potential effects of the use of land.</p>

<p>8.2.2</p> <p>Development provides a positive contribution to the environment through quality urban design solutions which complement and enhance local character and identity</p>	<p>Recognises that medium density housing has the potential to change the character and amenity of residential areas, but that quality urban design solutions can mitigate perceived effects.</p> <p>Consistent with Goal 3.2.3 of the Strategic Directions chapter.</p> <p>Gives effect to RPS objectives 9.4.1 and 9.4.3 Has regard to Proposed RPS objectives 3.7 and 3.8; and policies 3.7.1, 3.7.2, 3.8.1, 3.8.2, 3.8.3</p> <p>Supports 5(2) of the RMA through ensuring development enables people and communities to provide for their social, economic and cultural wellbeing.</p>
<p>8.2.3</p> <p>New buildings are designed to reduce the use of energy, water and the generation of waste, and improve overall comfort and health.</p>	<p>Advances Section 5 of the Act for “...<i>the sustainable management of use, development, and protection of natural and physical resources...</i>” by encouraging sustainable building designs which reduce demands for energy and water, and potentially limiting or delaying the need for capital infrastructure projects.</p> <p>Gives effect to RPS objective 5.4.1 and 6.4.1 Gives effect to RPS policies 5.5.3 to 5.5.5 Has regard to Proposed RPS objective 3.4 and 3.6</p>
<p>8.2.4</p> <p>Provide reasonable protection of amenity values, within the context of an increasingly intensified suburban zone where character is changing and higher density housing is sought.</p>	<p>Acknowledges that some change to the amenity and character of established residential areas is anticipated to enable an increased density of housing. However, the scale of change can be managed through the inclusion of controls to protect amenity to a reasonable level.</p> <p>Consistent with Goal 3.2.3 and 3.2.6 of the Strategic Directions chapter.</p> <p>Gives effect to RPS objectives 9.4.1 to 9.4.3 Gives effect to RPS policies 9.5.1 to 9.5.5 Has regard to Proposed RPS 3.7 and 3.8 and policies 3.7.1, 3.7.2, 3.8.1, 3.8.2, 3.8.3.</p> <p>Supports the purpose of the RMA through mitigating adverse effects of development, whilst enabling social and economic wellbeing through support for increased density – with a number of economic benefits including housing affordability, and social benefits for improving cohesion and connectivity. Meets the intent of Section 31(1) of the Act through an integrated approach to manage the multiple effects of land development.</p>
<p>8.2.5</p> <p>Development supports the creation of vibrant, safe and healthy environments</p>	<p>Recognises that growth and development, if delivered in the right way, can have positive effects to the local community, and that ‘place making’ achieved through increased density has a proven link on improving the uptake of walking and cycling.</p> <p>A key element of wellbeing expressed in S5 is the</p>

	<p>health of people and communities. Evidence suggests there is growing prevalence of overcrowding in Queenstown, with associated public health risk, and the objective is an appropriate way of recognising the relationship between the design of buildings and urban settlements and public health and safety.</p> <p>Consistent with Goal 3.2.3 of the Strategic Directions chapter.</p> <p>Gives effect to RPS objective 9.4.1 Has regard to Proposed RPS objective 3.7</p> <p>Supports the purpose of the RMA through enabling people and communities to provide for their social, economic and cultural wellbeing.</p>
<p>8.2.6 In Arrowtown medium density development responds sensitively to the town's character</p>	<p>Recognises the unique character and heritage significance of Arrowtown, and that medium density development shall only occur where this is of high quality and sensitive design. This objective is supported by policies which ensure building design is consistent with the Arrowtown Design Guidelines.</p> <p>The combination of policies and objectives provide the necessary weight for decision makers to consider the impacts of development on the Arrowtown character, and the ability to seek amendments or refuse applications which have the potential to compromise this.</p> <p>Consistent with Goal 3.2.1, 3.2.3 and 3.2.6 of the Strategic Directions chapter.</p> <p>Supports the purpose of the RMA by avoiding, remedying, or mitigating any adverse effects of activities on the environment.</p>
<p>8.2.7 Ensure medium density development efficiently utilises existing infrastructure and minimises impacts on infrastructure and roading networks.</p>	<p>Specifically acknowledges the need to reduce infrastructure costs and utilise existing services by developing at higher density close to town centres, and also that the layout of development can effect infrastructure demands.</p> <p>Consistent with Goal 3.2.2 of the Strategic Directions chapter.</p> <p>Gives effect to RPS objectives 9.4.1 to 9.4.3 Gives effect to RPS policies 9.5.1 to 9.5.5</p> <p>Supports Section 5(2) of the RMA by managing the way and rate that land and physical resources are used.</p>
<p>8.2.8 Provide for community activities and facilities that are generally best located in a residential environment close to residents.</p>	<p>Acknowledges that some non-residential activities that support a community purpose – such as healthcare services, daycare and social or cultural services – can be appropriately located in residential areas, thereby helping providing for the wellbeing of people and communities.</p>

	<p>Consistent with Goal 3.2.6 of the Strategic Directions chapter.</p> <p>Gives effect to RPS objective 9.4.1 Has regard to Proposed RPS objective 3.7</p> <p>Supports 5(2) of the RMA through ensuring development enables people and communities to provide for their social, economic and cultural wellbeing.</p>
<p>8.2.9 Enable low intensity forms of visitor accommodation that are appropriate for a medium density environment and do not adversely impact on the supply of permanent rental accommodation.</p>	<p>Provides for the occurrence of visitor accommodation within the zone where adverse effects can be avoided, remedied or mitigated.</p> <p>Consistent with Goal 3.2.1, 3.2.2 and 3.2.6 of the Strategic Directions Chapter.</p> <p>Gives effect to RPS objectives 5.4.3 and 9.4.1 Has regard to Proposed RPS objective 3.4, 3.8</p> <p>Consistent with Section 31(1) of the RMA through providing one of the mechanisms for the integrated management of visitor accommodation demands across the District, and will be supported by provisions of other chapters and zones.</p>
<p>8.2.10 Provide for limited small-scale commercial activities where such activities: (a) contribute to a diverse residential environment; (b) maintain residential character and amenity; and (c) do not compromise the primary purpose of the zone for residential use.</p>	<p>Acknowledges that limited commercial activities, when combined in higher density environments, can have positive benefits on residential amenity, and may avoid the need for people to travel for access to services or amenities. However recognises that potential effects must be appropriately managed to maintain the integrity of the zone.</p> <p>Consistent with Goal 3.2.1 and 3.2.3 of the Strategic Directions chapter.</p> <p>Gives effect to RPS objectives 9.4.1 to 9.4.3 Has regard to Proposed RPS objectives 3.4, 3.7 and 3.8</p> <p>Supports the purpose of the RMA through enabling people and communities to provide for their social, economic and cultural wellbeing; whilst managing the potential effects of development.</p>
<p>8.2.11 The development of land fronting State Highway 6 (between Hansen Road and the Shotover River) provides a high quality residential environment which is sensitive to its location at the entrance to Queenstown, minimises traffic impacts to the State Highway network, and is appropriately serviced.</p>	<p>Provides specific policy for a defined area of medium density zoned land adjacent to the State Highway, recognising the potential effects of development in this location associated with reverse sensitivity, visual amenity and traffic impacts. Supported by site specific policies, this objective will ensure the necessary weight is applied to sustainable management objectives in this location.</p> <p>Consistent with Goal 3.2.2 and 3.2.3 of the Strategic Directions chapter.</p>

	<p>Gives effect to RPS objectives 9.4.1 to 9.4.3 Has regard to Proposed RPS objectives 3.7 and 3.8</p> <p>Recognises the need for integrated management to address the specific effects of the use of land and resources in this location, as required by Section 31(1) of the RMA.</p>
<p>8.2.12 Objective – The Wanaka Town Centre Transition Overlay enables non-residential development forms which support the role of the Town Centre and are sensitive to the transition with residential uses.</p>	<p>Provides for the managed extension of the Wanaka Town Centre into adjoining residential zoned land. Specific provisions are applied to this area, recognising that it provides a transition with the town centre yet still maintains a residential form and amenity (Refer further detail within the ‘Section 32 Wanaka Town Centre Zone’ report.</p> <p>Gives effect to RPS objective 9.4.1 to 9.4.3 Gives effect to RPS policies 9.5.1 to 9.5.5 Has regard to Proposed RPS objective 3.7, 3.8 and 4.3</p> <p>Advances section 5 of the Act by enabling people and communities to provide for their social, economic and cultural wellbeing.</p>
<p>8.2.13 Objective – Manage the development of land within noise affected environments to ensure mitigation of noise and reverse sensitivity effects.</p>	<p>Recognises that some areas within the proposed medium density zone may be subject to noise effects associated within their proximity to the State Highway network and being within the flight paths of the Queenstown Airport. The policy provides for sound insulation within new buildings as a method of protecting residential amenity.</p> <p>Gives effect to RPS objective 9.4.1 to 9.4.3 Gives effect to RPS policies 9.5.1 to 9.5.5 Has regard to Proposed RPS objective 3.8</p> <p>Consistent with Section 31 of the RMA which enables <i>"...the establishment, implementation, and review of objectives, policies, and methods to achieve integrated management of the effects of the use, development, or protection of land and associated natural and physical resources"</i> and <i>"the control of any actual or potential effects of the use, development, or protection of land ..."</i>.</p>

11 Evaluation of the proposed provisions (Section 32 (1) (b))

The below table considers whether the proposed provisions are the most appropriate way to achieve the relevant objectives. In doing so, it considers the costs and benefits of the proposed provisions and whether they are effective and efficient. The proposed provisions are grouped by issue for the purposes of this evaluation.

Issues 1, 2, 4 – Growth, visitor accommodation and the sustainable management of land and resources

Objectives:

- **Medium density development will be realised close to town centres, local shopping zones, activity centres, public transport routes and non-vehicular trails in a manner that is responsive to housing demand pressures.**
- **Provide reasonable protection of amenity values, within the context of an increasingly intensified suburban zone where character is changing and higher density housing is sought.**
- **Development supports the creation of vibrant, safe and healthy environments**
- **Ensure medium density development efficiently utilises existing infrastructure and minimises impacts on infrastructure and roading networks.**
- **Enable low intensity forms of visitor accommodation that are appropriate for a medium density environment and do not adversely impact on the supply of permanent rental accommodation.**
- **New buildings are designed to reduce the use of energy, water and the generation of waste, and improve overall comfort and health.**

Summary of proposed provisions that give effect to these objectives:

- Rule specifying that the proposed density bonuses will expire 5 years after the operative date of the provisions
- Activity status which enables low risk residential and visitor accommodation activities that are anticipated for the zone without the need for resource consent
- Rules enabling higher density
- Policies which clearly support increased density as one of the mechanisms to meet future housing and accommodation demands
- Policies which acknowledge that change within the zone is expected over time to address residential demands, and Rules which allow for change with appropriate controls to protect amenity to a reasonable level
- Policies which enable consideration to the extent to which development efficiently uses land and infrastructure
- Policies which recognise the need for solar oriented design to limit energy costs
- Policies which encourage built forms and amenities to improve uptake and convenience of walking and cycling
- Increased density and non-notification incentives to encourage design to a Homestar rating of 6 or more.

<i>Proposed provisions</i>	<i>Costs</i>	<i>Benefits</i>	<i>Effectiveness & Efficiency</i>
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<p><u>Objectives</u></p> <p>8.2.1, 8.2.3, 8.2.4, 8.2.5, 8.2.7, 8.2.9</p> <p><u>Policies:</u></p> <p>8.2.1.1 to 8.2.1.5</p> <p>8.2.3.1 to 8.2.3.3</p> <p>8.2.4.1 to 8.2.4.3</p> <p>8.2.5.1 to 8.2.5.4</p> <p>8.2.7.1 to 8.2.7.5</p> <p>8.2.9.1 to 8.2.9.3</p> <p><u>Activity table:</u></p> <p>8.4.10</p> <p>8.4.22</p> <p><u>Rules:</u></p> <p>8.5.5</p> <p>8.6.2.1</p> <p>8.6.2.2</p> <p>8.5.1</p> <p>8.5.4</p>	<p><i>Environmental</i></p> <p>Intensified urban land may exacerbate environmental effects associated with stormwater runoff, waste generation, water and wastewater treatment, energy consumption and air quality.</p> <p>Policies relating to energy efficient design (8.2.4.2, 8.2.3.1) and encouragement of walking and cycling (8.2.5.2, 8.2.5.3), without the support of Rules, may not go far enough to improve the health and sustainability of the District.</p> <p>The bonus density expiry rule may generate potential costs in underutilising the areas of land zoned for MDR, in terms of areas considered to have good spatial planning qualities for intensification in support of public transport, walking and cycling and efficient use of infrastructure.</p> <p>However, on expiry the fall-back provision will be the permitted density of 1/250 which still enables moderate densities.</p> <p>In addition, it is noted that Council has a duty under Section 35 of the RMA to monitor District Plans, and it is considered appropriate that around the halfway point of the 5 year expiry period, the provisions and development outcomes be reviewed.</p> <p>Without prejudicing future Council decisions, it may be considered that a future plan change may have merit in either extending, or abolishing, the sunset clause.</p> <p><i>Economic</i></p> <p>It has been suggested by some members of the community that rather than plan for future</p>	<p><i>Environmental</i></p> <p>Higher density development minimises the environmental effects of urban growth, in comparison with a sprawling scenario which allows a low density settlement pattern affecting a significantly larger development footprint.</p> <p>The density ‘bonus’ and non-notification provisions for development that can demonstrate higher energy / environmental performance will lead to environmental benefits through reducing water and energy usage, and potentially waste minimisation.</p> <p>The density bonus expiry rule will assist in bringing redevelopment forward, including redevelopment utilising the density bonus for Homestar rated development. This could help create better market awareness and acceptance of Homestar rated homes, leading to permanent benefits in terms of greater uptake of higher performing housing and its resulting environmental, economic and social benefits.</p> <p>Increased population density within defined limits can improve infrastructure efficiency in favour of the expansion of linear infrastructure networks, which consumes significant land resources with associated environmental impacts. The Shaping Our Futures Energy Forum Report also notes that <i>“The district’s demand for electrical and fossil-fueled energy continues to rise along with the increase in its population and lifestyle expectations”</i> and points to the need for a more efficient urban form to improve the sustainability of housing supply and reduce</p>	<p>More enabling policy and rules, and avoiding the need for resource consent for low risk activities, are considered to be effective and efficient methods of enabling further capacity for medium density development. Direct and unambiguous policies will aid effectiveness and efficiency, as will the concise and streamlined structure of the proposed provisions.</p> <p>The provisions are also considered to be effective in reducing incentives for landbanking. Firstly, the zone provides increased supply of land which can be used for housing, and enables a greater number of players in the market – reducing the control over supply by larger developers and improving affordability. Furthermore, following community feedback, a sunset clause has been applied to density and non-notification incentives whereby these provisions would expire after five years.</p> <p>It is considered that the density bonus expiry rule can act as an effective method of disincentivising land banking and realising more housing supply in a responsive manner.</p> <p>Furthermore, the structure of policies and rules also seeks to encourage more sustainable building forms through density and non-notification incentives for buildings achieving certification to a Homestar™ rating of 6 or more. The incentive approach rather than mandatory regulation is considered to be effective in avoiding financial costs associated with mandatory regulation, but provides scope for a developer to consider options for providing sustainable design to gain benefits in achievable yield.</p>
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	<p>growth, that the Council should attempt to limit growth. Such requests do not fully consider the multiple factors which influence growth (such as capacity and expansion of the airport, domestic tourism markets, immigration policies etc) or the potential adverse economic and social effects of attempting to stop growth. Potential impacts of growth prevention strategies include potential economic decline due to reduced employment opportunities and reduced demand for goods and services. This will have a flow on effect in reducing property values. A report by Peter Newman (2014) identifies previous examples of economic decline experienced in the UK and US; and the general failure of policy intervention to transfer population away from the areas generating employment demand.</p> <p>Higher density development close to centres is not without infrastructure upgrade costs. However, typically these costs are less than for traditional low density development on the edges or urban areas.</p> <p>Requiring high design quality adds costs to development projects.</p> <p>Requiring energy efficient, solar oriented designs may increase costs associated with building design and land acquisition. However, such requirements have been retained at the level of Objectives and Policies to enable case by case considerations, based on the merits and site specific considerations of the proposal.</p> <p>Design of buildings to achieve Homestar</p>	<p>the Districts carbon footprint. Supporting this finding, a study of several global cities has found strong evidence that per capita private passenger transport is directly correlated with urban density, whereby cities with the highest urban density also have lower levels of energy use associated with private passenger transport.</p> <p>Policy which enables density in appropriate locations may support increased uptake of public transport and use of active transport networks, reducing reliance on the private motor vehicle. In particular, the development of medium density zoned land at Fernhill is conveniently located next to a frequent bus service, and near to local shopping nodes. Increased population density in these locations may act to improve the viability of the bus service (and reduced costs) over time.</p> <p>Encouragement for energy efficient design and mechanisms to promote walking and cycling can reduce energy consumption associated with heating and transport.</p> <p>Economic</p> <p>Enabling greater development intensities close to town centres and local shopping zones should help support the economy of the centres by creating more permanent and temporary (ie. visitor accommodation) population within easy access to the centres.</p> <p>Liberalisation of Rules should improve the economics of development.</p> <p>Providing for low risk residential and visitor</p>	
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	<p>rating of 6 or more can result in minor increases to construction costs. Advice from the Green Building Council is that the achievement of a Homestar rating of 6 for a typical 3 bedroom house in Queenstown adds around \$4,000 to construction costs, but that this cost is recovered via savings of approximately \$1000 per year in energy, water use and wastewater efficiencies. When combined with potential savings via economies of scale for smaller housing forms, and increases to resale prices, this additional cost should not be significant.</p> <p>Provision of bicycle parking and end of trip facilities may increase build costs and occupy space which may otherwise be used for commercial gain. However, such requirements have been retained at the level of Objectives and Policies to enable case by case considerations, based on the merits and site specific considerations of the proposal.</p> <p>The density bonus expiry rule could potentially result in significant front ending of development and oversupply. However, this is considered unlikely as most commercially astute developers will strongly factor in market conditions in their development plans.</p> <p>In addition, given the rule sets an expiry, any landowner who does not take advantage of the rule within the expiry period will lose the commercial opportunity presented. However this is the <i>raison d'être</i> of the rule.</p>	<p>accommodation activities without the need for resource consent (i.e. Activity table 8.4.10, 8.4.22) avoid economic costs associated with the regulatory process, and improves developer confidence. Simplifying the regulatory process may also enable more players in the market, increasing supply elasticity.</p> <p>Better enabling higher density development in central locations will help minimise capital expenditure on road and infrastructure associated with a less compact urban form. A growth management approach based around urban intensification is also generally considered significantly more cost efficient than an approach based around sprawl. A number of studies support this notion. A comprehensive study from Smart Growth America in 2013 found that the upfront infrastructure development costs of 'Smart Growth' compared to conventional sprawling development reduces upfront infrastructure development costs by 38%^[1]. This study cites a number of other studies supporting this notion. A study from 2015 by the New Climate Economy reaches similar conclusions.^[2]</p> <p>Encouragement of Homestar certification can increase the capacity and design life of existing infrastructure – potentially avoiding or delaying costly capital works.</p> <p>High density development close to town</p>	
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^[1] Smart Growth America, 2013, 'Building Better Budgets: A National Examination of the Fiscal Benefits of Smart Growth Development'

^[2] The New Climate Economy, 2015, Analysis of Public Policies that unintentionally encourage and subsidize urban sprawl'

	<p>Furthermore, it is noted that no rights that currently exist under the Operative District Plan provisions will be lost, and the proposed MDR zone rules that would be reverted to will provide significantly more development opportunity than exists with the LDR zone at present.</p> <p>Provisions providing for higher density development can have both positive and negative impact on property values. Generally and in a broad sense, upzoning (ie. providing greater density) tends to result in uplift in property values. It is more in rezonings that enable high rise development where the impacts can be more variable (ie. early developers can get big value rises, but those who delay may lose out in terms of impacts on views and then property values). A Westpac economist report in 2015³⁷ ('Home Truths Special Edition', 14 May 2015) supports the notion that higher density rezonings tend to increase land values: <i>'But in the recent past there has been a strong push from both central and local government to liberalise housing supply rules...These recent regulatory changes – and perhaps an expectation of further liberalisation to come – may have created a perception that it will be easier and cheaper to subdivide today's properties, and intensify Auckland's housing, than it seemed in the past. This has boosted the perceived future value of the land upon which today's houses stand – thus pushing property prices higher'</i>³⁷.</p>	<p>centres can provide for more affordable living options. Whilst rent associated with new high density apartment living in some cases may not be affordable, transport and heating costs associated with such living on average will be significantly lower than traditional lower density housing located remote from town centres or places of employment. As a result, higher density development – in particular studio apartments – can represent a relatively affordable housing option.</p> <p>Enabling greater density and improving development viability will help support more construction activity and associated employment and economic benefits. The construction industry is a major aspect of the District's economy, with the Council's Economic Development Strategy demonstrating that in 2014 the industry provided estimated GDP of \$171 million, which was second behind 'Rental, hiring and real estate services', and higher than 'Accommodation and Food Services'. The more enabling provisions will help support all three of these major District industries, which despite the goal of diversifying the district's economy will remain major economic drivers.</p> <p>The density bonus expiry rule (or 'sunset clause') will help incentivise and bring forward such development and its associated opportunities, rather than it remaining as a latent opportunity.</p> <p>As discussed in the analysis on economic</p>	
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³⁷ Westpac Report Home Truths Special Edition', 14 May 2015

	<p>Whilst such land value inflation represents a potential benefit for landowners, it could be argued that it is counterproductive for housing affordability. Whilst true to a point, the impacts are likely to be minor in that:</p> <ol style="list-style-type: none"> 1. The extent of the MDR zoning is limited relative to overall zonings and taking into account the proposed liberalisation of the LDR zone ; and 2. The increased land value is 'rationed' amongst a higher number of dwellings upon redevelopment, helping to minimise impact 3. The sunset clause provisions will help bring forward development and limit price inflation increases over a longer period. <p>It should also be noted that land supply and provision for increased density is likely to also improve affordability of land outside the zone through reducing 'scarcity'.</p> <p>Social & Cultural Rules 8.5.1 and 8.5.4 enable increased building height and site coverage compared to operative provisions. Enabling further development capacity to higher density may generate some impact on the enjoyment of amenity values by existing property owners and occupants, with the potential for greater noise and impacts on views and outlook. However, building height remains limited to 2 storeys and is consistent with expectations for a residential environment. Recession plane controls will also mitigate amenity effects.</p>	<p>costs, the proposed upzoning is likely to increase land values, rather than devalue them.</p> <p>Homestar certified design can result in cost savings associated with reduced energy and water costs, as well as increasing property re-sale values.</p> <p>Increased density supports the functioning of urban growth boundaries such that land price increases should not be as pronounced.</p> <p>Distribution of population growth to centres outside of Frankton provides alternative transport routes which will assist in reducing some traffic impacts/congestion at Frankton-Ladies Mile and Kawarau Road.</p> <p>Social & Cultural Enabling the potential for more affordable living options close to town centres helps respond to housing and accommodation shortages in the District; and provides housing in locations where people want to live. Avoids demand for housing being met in locations further removed from centres where living costs (associated with travel) are likely to be higher.</p> <p>The density bonus expiry rule will incentivise earlier uptake of redevelopment potential, more readily facilitating supply and addressing housing diversity and affordability issues.</p> <p>Increased population and greater densities helps support the viability of cultural events and facilities, as well as attracting new</p>	
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	<p>Policies relating to energy efficient design and encouragement of walking and cycling, without the support of Rules, may not meet expectations for improving the health and sustainability of the District.</p> <p>Increased density and population may place pressure on community facilities such as schools. This issue appears pressing in Arrowtown. However there is some minor potential for increasing capacity at Arrowtown Primary School, and the Ministry of Education³⁸ projects that the school's roll will start to decline after reaching a peak around 2020. Furthermore, it is anticipated that the number of school age children living in housing enabled by the zoning in Arrowtown will be significantly less than that typically enabled by a low density zoning. In addition, the sunset clause provisions will place a limit on the amount of redevelopment likely to be realised. Impact on school roll could be one of the matters monitored and assessed at the mid point.</p> <p>In order for developers to achieve the greater building density and non-notification provisions enabled in the proposed provisions, Homestar certification is required. This adds some costs, however such costs are considered minor. Evidence demonstrates that achieving a 6 star Homestar rating adds minor costs to development, but provides significant operational cost savings, and utilisation of the bonus provides significant economic</p>	<p>events.</p> <p>Increased population and greater densities – especially if within well designed built development - can help support community safety.</p> <p>Increased density is recognised to improve health due to its relationship in increasing the uptake of walking and cycling, and relationship in localising services and amenities within walking distance to residences. In particular, the medium density zone at Frankton (sh6) will be is conveniently located in proximity to public transport, facilities and services within the Five Mile development (once completed). Additionally, the location of the zone at Fernill is also located on an operational public transport route, and in proximity to a local shopping node.</p> <p>Increased population density may generate funding for additional infrastructure and services to meet community needs. In Arrowtown, increased population density may stimulate an expansion of local services within the town, avoiding the need for residents to travel to Queenstown for daily needs.</p> <p>Policies relating to energy efficient design and encouragement of walking and cycling, may improve health and increase the amenity values of new developments.</p>	
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³⁸ Assessment of Arrowtown Special Housing Areas: Queenstown Lakes District Council, Ministry of Education, 15 May 2015.

	incentive through achieving more development yield.	The provisions may also help support some older residents remaining within communities as opposed to moving out of communities to find suitable housing.	
Alternative options considered less appropriate to achieve the relevant objectives and policies:			
<i>Option 1: Retain the operative provisions</i>	<ul style="list-style-type: none"> • <i>Lack of clarity around medium density development</i> • <i>Operative medium density subzones are largely limited to Queenstown</i> • <i>Do not sufficiently promote or enable medium density development to achieve goals expressed in objectives</i> • <i>Lack flexibility</i> • <i>Not sufficiently enabling to facilitate adjustment in housing supply to meet demand</i> • <i>Potential for economic decline where the supply of housing cannot keep up with the pace of growth and reduces appeal and liveability of the District</i> 		
<i>Option 2: Adopt more liberal rules than proposed</i>	<ul style="list-style-type: none"> • <i>Would help achieve intensification goals but potentially at the cost of unacceptable impacts on amenity values</i> • <i>Potential effects to the local economy where development outcomes do not maintain acceptable amenity</i> 		

Issue 3 and 8 : Quality urban design, amenity and compact urban form

Objectives:

- Development provides a positive contribution to the environment through quality urban design solutions which complement and enhance local character and identity
- New buildings are designed to reduce the use of energy, water and the generation of waste, and improve overall comfort and health.
- Provide reasonable protection of amenity values, within the context of an increasingly intensified suburban zone where character is changing and higher density housing is sought.
- In Arrowtown medium density development responds sensitively to the town's character
- The development of land fronting State Highway 6 (between Hansen Road and Ferry Hill Drive) provides a high quality residential environment which

is sensitive to its location at the entrance to Queenstown, minimises traffic impacts to the State Highway network, and is appropriately serviced.

- Manage the development of land within noise affected environments to ensure mitigation of noise and reverse sensitivity effects.
- The Wanaka Town Centre Transition Overlay enables non-residential development forms which support the role of the Town Centre and are sensitive to the transition with residential uses.

Summary of proposed provisions that give effect to these objectives:

- Enabling increased density to support a compact urban form
- Stronger policies setting clear expectations on good urban design and the wider built environment
- Policies requiring site specific design and enabling flexibility where warranted to achieve a better design outcome
- In Arrowtown, setting specific design outcomes and requiring compliance with the Arrowtown Design Guidelines (and any future adopted updates)
- Marginally more liberal rules for building height, setbacks and recession planes to enable increased site density whilst maintaining a reasonable protection of amenity
- Remove maximum building footprint sizes
- For areas at Frankton (SH6), the inclusion of rules to manage reverse sensitivity effects noise from the State Highway network and Queenstown Airport flight paths
- Increased density and non-notification options to encourage design to a Homestar rating of 6 or more.

<i>Proposed provisions</i>	<i>Costs</i>	<i>Benefits</i>	<i>Effectiveness & Efficiency</i>
<u>Objectives</u> 8.2.2 8.2.3 8.2.4 8.2.6 8.2.11 8.2.12 8.2.13	<i>Environmental</i> Increasing building heights may result in adverse effects on amenity values, such as increased shading and blocking some views. However, protection is still offered through recession plane controls and other methods. The height controls will generally retain a two storey building form which is consistent with that expected within a residential environment. Higher density may increase impacts associated with traffic and parking. <i>Economic</i> Requiring high design quality adds costs to development projects, and may impact on	<i>Environmental</i> Better enables the urban areas of the District to develop a compact form that reduces reliance on private motor vehicle transport and promotes walking and cycling and use of public transport. High expectations around design quality as expressed in the objectives and policies should help ensure that new development makes a positive environmental contribution from a visual perspective. <i>Economic</i> The Productivity Commission notes that rules aiming to protect amenity often come with significant opportunity costs and the costs	More enabling policy and rules are considered to be an effective and efficient method of enabling further capacity for medium density development. However, increased density should not come at the expense of quality urban design. Effectiveness of policy encouraging and enabling urban intensification can be significantly impacted by the extent and nature of rules such as bulk and location controls, private open space requirements and carparking. This fact has been central to the development of the rules and policy. Whilst rules still apply for the protection of amenity values (including building height, recession planes, setbacks and site

<p><u>Policies:</u></p> <p>8.2.1.1 to 8.2.1.5</p> <p>8.2.3.1 to 8.2.3.3</p> <p>8.2.4.1 to 8.2.4.3</p> <p>8.2.6.1 to 8.2.6.3</p> <p>8.2.11.1 to 8.2.11.6</p> <p>8.2.12.1 to 8.2.12.3</p> <p>8.2.13.1 to 8.2.13.2</p>	<p>housing affordability. However, policies and rules which simplify the regulatory process should also act to reduce building costs overall.</p> <p>Higher density development close to centres is not without infrastructure upgrade costs. However, typically these costs are less than for traditional low density development on the edges or urban areas.</p> <p>Requirement for sound insulation and mechanical ventilation for locations at Frankton (SH6) subject to airport and road noise may increase building costs, however additional costs of sound insulation (above minimum building code standards for Queenstown which already require double glazed windows and insulation) are not expected to be significant.</p>	<p>associated with compliance often exceed the benefits they are seeking to achieve¹⁸. Liberalisation of regulation better aligns the costs and benefits of rules and should improve development economics.</p> <p>High quality urban design may increase the appeal of urban areas and potentially increase property values over time. This notion is supported by the findings of Newman (2014) whereby land values are noted to be more typically aligned with amenity and access to services – factors which generally improve with increased population density.</p> <p>Homestar certified design can result in cost savings associated with reduced energy and water costs, as well as increasing property re-sale values.</p>	<p>coverage) these controls have been relaxed from the operative provisions in the context of seeking to achieve increased density, and recognising that this zone is intended to accommodate change. The provisions are considered to provide an effective balance in mitigating the effects of this change. Following the review of the costs and benefits associated with the proposed provisions, it is considered that the proposed approach now better aligns with the potential risk and scale of potential effects of urban development – therefore avoiding opportunity costs associated with restrictive planning controls.</p>
<p><u>Rules:</u></p> <p>8.5.1</p> <p>8.5.2</p> <p>8.5.5</p> <p>8.5.6</p> <p>8.6.2.1</p> <p>8.6.2.2</p>	<p>Design of buildings to achieve Homestar rating of 6 or more can result in minor increases to construction costs.</p> <p>Non-residential activities in the Wanaka Town Centre Transition Overlay will be required to adhere to the amenity controls of the MDR Zone as a whole. This may limit potential for more intensive uses which may benefit to the town centre. However, policies will enable consideration to variances to amenity controls for developments of high design standard. Recession planes also will not apply for areas of the transition zone which adjoin the town centre.</p> <p>The imposition of urban growth boundaries (via Chapter 4 of the Proposed District Plan)</p>	<p>High quality built forms will contribute to the character of the urban environment, which underpins economic wellbeing within the District.</p> <p>Enabling greater density and improving development viability will help support more construction activity and associated employment and economic benefits.</p> <p>High density development close to town centres and public transport routes can provide for more affordable living options. Whilst rent associated with new high density apartment living may not be affordable, transport and heating costs associated with such living on average will be significantly</p>	<p>Specific provisions have been developed where necessary to address localised effects, including those applying to:</p> <ul style="list-style-type: none"> • Land within the flight paths of the Queenstown Airport • Land adjacent to SH6 • Land within the Wanaka Town Centre Transition Overlay • Development in Arrowtown. <p>Such provisions are considered to effectively address site specific resource management issues and ensure realisation of the benefits associated with development of these areas.</p> <p>Direct and unambiguous policies will aid effectiveness and efficiency, as will the concise and streamlined structure of the proposed provisions.</p>

	<p>has the potential to result in adverse effects to housing affordability, if not combined with a suitably enabling framework that enables increased density within these boundaries. However, similar effects on house prices are also expected when comparing the change between urban and rural zonings which occurs at the boundaries. This effect is mitigated through enabling increased density within the Medium Density Zone, and is an essential to the successful functioning of a compact urban form; and forms part of the strategic housing approach sought by the Proposed District Plan.</p> <p>There is a general concern within the community that higher density housing has the potential to create 'slums', subsequently reducing the value of properties within and outside of the zone. However, a report by Paul Newman (2014)²⁰ discusses that there is little evidence to support such claims, and that land values are more typically aligned with amenity and access to services – factors which generally improve with increased population density. As people move to amenity areas the pressure to subdivide/develop increases. If zoning is increased then land values typically increase.</p> <p>Social & Cultural Potential adverse social effects associated with perceived change in amenity due to effect of intensification. However this effect can be mitigated through the inclusion of policies and rules within to mitigate amenity impacts (such as recession planes, setbacks, height limits and maximum site</p>	<p>lower than traditional lower density housing located remote from town centres or places of employment. As a result, higher density development – in particular studio apartments – can represent a relatively affordable housing option.</p> <p>Social & Cultural High urban design standards will ensure quality housing stock is developed with consideration to maintaining sunlight access and minimising heating costs.</p> <p>Enabling increased density supports the functioning of urban growth boundaries and their role in protecting local character and heritage.</p> <p>Enabling the potential for more affordable living options helps respond to the housing issue in the District. Enabling smaller housing forms at increased site density should reduce house and rental prices overall.</p> <p>Inclusion of sound insulation and mechanical ventilation for locations at Frankton subject to airport and road noise will ensure protection of amenity for residents.</p> <p>Increased population and greater densities helps support the viability of cultural events and facilities.</p> <p>Increased population and greater densities – especially if within well designed built development - can help support community safety.</p> <p>Strong development control policies to</p>	
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	<p>coverage).</p> <p>Intensification in Arrowtown, if not sensitively designed, has the potential to result in adverse effects to the cohesion, character and heritage of the township. For this reason, specific provisions have been developed to manage potential effects. These include a lower building height limit of 7m, and the need for development consent for development involving more than 1 unit per site. Therefore all 'medium density' development proposals will require resource consent and must be assessed against the Arrowtown Design Guidelines. Furthermore, the extent of the Medium Density Zone in Arrowtown has been substantially reduced from initial proposals following the outcomes of public consultation (Refer Section XX) as well as specialist assessment of the zone on existing development patterns and character. An assessment by Richard Knott Limited (Refer Attachment 8) noted that "<i>The majority of the proposed Medium Density Zone is within the southern section of The New Town Precinct. The (Arrowtown Design) Guidelines identify that this area has developed rapidly since the 1970s and bears little relationship to the Old Town. It is suggested that if 'one disregards the setting when entering Arrowtown...one could be in a new residential area anywhere in New Zealand'</i>".</p> <p>Potential for reduced level of amenity for locations at Frankton subject to road and airport noise. However, this effect is appropriately managed through the inclusion of rules requiring sound insulation and</p>	<p>mitigate against noise and overdevelopment.</p> <p>Medium density development in Arrowtown will be required to adhere to high urban design standards, and may benefit in improving the character of the 'New Town Precinct' and its connection with the 'Old Town'.</p> <p>A report by Insight Economics identifies that in Arrowtown, there could be demand for an extra 690 to 870 dwellings over the next twenty years. The Medium Density Zone will enable increased density within the Arrowtown Urban Growth Boundary, and will therefore contribute to meeting a portion of this demand.</p>	
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	mechanical ventilation to accepted standards (NZ Standard AS/NZ 2107:2000). Where sound insulation rules are not met, a proposal would be 'non complying'.		
Alternative options considered less appropriate to achieve the relevant objectives and policies:			
<i>Option 1: Retain the operative provisions</i>	<ul style="list-style-type: none"> • Do not sufficiently promote or enable density development to achieve goals expressed in objectives • Lack flexibility • Limits development feasibility 		
<i>Option 2: Adopt more liberal rules than proposed</i>	<ul style="list-style-type: none"> • Would help achieve intensification goals but potentially at the cost of unacceptable impacts on amenity values • May compromise residential character, and impact on heritage values of Arrowtown. • Potential effects to the local economy where development outcomes do not maintain acceptable amenity 		
<u>Issue 5, 6, 7: Development viability and the impact of restrictive planning controls</u>			
<u>Objectives:</u>			
<ul style="list-style-type: none"> • Medium density development will be realised close to town centres, local shopping zones, activity centres, public transport hubs and non-vehicular trails in a manner that is responsive to housing demand pressures. • Provide reasonable protection of amenity values, within the context of an increasingly intensified suburban zone where character is changing and higher density housing is sought. 			
Summary of proposed provisions that give effect to these objectives:			
<ul style="list-style-type: none"> • Policies which clearly support intention for increased density building forms • Removal of restrictive planning controls which increase development costs (such as the need for balconies, minimum floor area, private and communal open space) • Liberalising height, site coverage and setback controls to support increased density and improving flexibility for a range of building designs • Use of Rules to enable compliance and potentially avoidance of a resource consent, as opposed to a more rigid approach which requires consent in all circumstances. • Policies which recognises that minor non-compliance or variance may be appropriate to enable a better design outcome 			

- Direct and unambiguous policies to reduce uncertainty and improve developer confidence
- For areas at Frankton (Sh6), the inclusion of clear policy intentions and rules to manage reverse sensitivity effects noise from the State Highway network and flight paths of the Queenstown Airport
- Permitted activity status for certain low risk residential activities
- Non-notification of all controlled activities
- Non-notification of Restricted Discretionary activities for 4 or more residential units (2 or more residential units in Arrowtown) where the development is able to achieve certification to a minimum 6-star level using the New Zealand Green Building Council Homestar Tool

Proposed provisions	Costs	Benefits	Effectiveness & Efficiency
<p>Objectives</p> <p>8.2.1, 8.2.4</p> <p>Policies:</p> <p>8.2.1.1 to 8.2.1.5</p> <p>8.2.4.1 to 8.2.4.3</p> <p>Activity table:</p> <p>8.4.10</p> <p>8.4.22</p> <p>Rules:</p> <p>8.6.1</p> <p>8.6.2</p> <p>8.5.2</p>	<p>Environmental</p> <p>Removing development controls, such as private open space requirements or balconies, may reduce the amenity features included within medium density developments.</p> <p>Provision for increased density through more liberal development standards will realise some change to the amenity of the zone over time. However, this change will be balanced with the requirement for quality urban design solutions, and the benefits to be gained from increased density.</p> <p>Reduced regulation control may impact on the energy efficiency of housing produced.</p> <p>Economic</p> <p>Limitation of building height to two storeys, and site coverage rules may not go far enough to support a diverse range of building forms.</p> <p>Retention of site coverage and recession plane rules may limit development yield and increase building costs.</p>	<p>Environmental</p> <p>Provisions which facilitate increased density within key urban centres will contribute to the protection of urban boundaries and minimise the effects of urban sprawl.</p> <p>Policies which support increased density within urban areas may reduce air emissions through reduced private vehicle usage.</p> <p>Economic</p> <p>The Productivity Commission has consistently identified the detrimental effect of restrictive planning policy on land supply and affordability:</p> <p><i>“Land use regulations in District Plans affect the supply and price of development capacity, by limiting the use of particular pieces of land and adding steps to development processes”¹⁸.</i></p> <p>Their recent report also notes that rules aiming to protect amenity often come with significant opportunity costs and the costs associated with compliance often exceed the benefits they are seeking to achieve¹⁸. Better clarification of the priority of the zone to accommodate housing ensures the protection of amenity does not restrict supply</p>	<p>The Queenstown Lakes district has a recognised housing and rental supply, and associated affordability issues contributed by ongoing population and tourism growth. Compounding this, are the effects of speculative market behaviour, whereby large areas of developable land are held in a limited number of ownerships having significant control over land supply. Such behaviour is incentivised by restrictive development controls and a complicated regulatory process which reduces developer confidence.</p> <p>The medium density zone aims to support an efficient development market which is not limited by supply. Therefore, the policies set the clear expectation that land within the zone will be developed for medium density housing. The structure of activity status ensures low risk residential activities are not unnecessarily restricted by the regulatory process, whilst land uses which would compromise the integrity of the zone are discouraged. The format of policies and rules is sufficiently enabling to support the type of development anticipated for the zone, and will support the efficient use and</p>

	<p>Requirement for sound insulation and mechanical ventilation for locations at Frankton (Sh6) subject to aircraft and road noise may increase building costs; however additional costs of sound insulation are not expected to be significant. Overall, sound insulation will ensure maintenance of an appropriate level of in-building amenity and will likely benefit property values (in comparison to a non-insulated scenario).</p> <p>Social & Cultural</p> <p>Potential social effects associated with intensification within and at the boundary of the zone. Retention of building height, site coverage, landscaping requirements and recession planes will mitigate impacts to adjoining properties.</p> <p>Non-notification for certain residential activities and will limit the scope of public involvement in the development process – with perceived risk to landowners. However, non-notification provisions of the Proposed MDR zone are generally consistent with the operative approach; and for multi-unit developments of 4 or more residential units (2 or more residential units in Arrowtown) such provisions can only be utilised where development achieves a Homestar™ rating of 6 or more – which has associated social benefits in improving the quality of housing. Furthermore, in order to utilise non-notification provisions the development is required to comply with site design standards.</p>	<p>to the extent which costs are greater than the potential benefits. Additionally, the streamlined structure of the Medium Density Zone, and removal of restrictive Rules should remove perceived barriers and administrative costs to development, therefore improving development feasibility and increasing supply.</p> <p>Use of permitted standards as opposed to restrictive activity status places the onus on the proponent to control the activity status. For example, it is possible for the development of up to 3 units per site in Queenstown to be a permitted activity, provided all Standards are complied with. Providing developers/investors with increased flexibility and control over the planning process will remove perceived barriers to development. Additionally, it will be possible for individual property owners to undertake re-development without the need for resource consents and consultant fees. For example, for areas at Frankton (SH6), rules for sound insulation and mechanical ventilation will still enable development to be permitted (if provided for by the activity table) subject to compliance with all rules, including 8.5.2 for sound insulation.</p> <p>Removal of development standards for private open space and balconies will enable greater market control over such features and reduce build costs. Removal of such rules may also increase the achievable development capacity/yield, and reduce the influence of economic factors which act to reduce development viability.</p>	<p>development of land.</p> <p>Effectiveness of policy encouraging and enabling urban intensification can be significantly impacted by the extent and nature of rules such as bulk and location controls, private open space requirements and carparking. This fact has been central to the development of the rules and policy. Whilst rules still apply for the protection of amenity values (including building height, recession planes, setbacks and site coverage) these controls have been relaxed from the operative provisions in the context of seeking to achieve increased density, and recognising that this zone is intended to accommodate change. The provisions are considered to provide an effective balance in mitigating the effects of this change</p>
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		<p>Minor increased building height allowance (from 7m to 8m for sloping sites in Queenstown; and 6 m to 7 m for Arrowtown) and maximum site coverage (from 40% to 45% - compared with the operative LDR Zone) may more easily enable 2 storey development avoid the need for non-standard building designs.</p> <p>Requirement for sound insulation, mechanical ventilation and non-complaints covenants for locations at Frankton (Sh6) subject to airport flight paths and road noise will ensure protection of these uses from noise effects; and reduce the operational effects of reverse sensitivity on the Airport and NZTA. Additionally, inclusion of sound insulation will ensure maintenance of an appropriate level of in-building amenity and will likely benefit property values (in comparison to a non-insulated scenario).</p> <p>Provision for smaller housing forms may create economies of scale, reducing construction costs.</p> <p>Unambiguous support for increased density via clear and direct policies and objectives supports the functioning of urban growth boundaries and minimises demand for land outside of these boundaries.</p> <p>The Permitted activity status for certain residential activities and non-notification for specified low risk activities will improve investment certainty, and minimise development costs through potentially minimising delays associated with processing resource consents. Such provisions also</p>	
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		<p>minimise the perceived uncertainty surrounding the regulatory process.</p> <p>Social & Cultural</p> <p>Enabling the potential for more affordable living options helps respond to the housing issue in the District. Enabling smaller housing forms at increased site density should reduce house and rental prices overall.</p> <p>Improving development economics via streamlined regulation should increase the quantity of housing brought to market, providing greater consumer choice.</p> <p>Construction cost savings achieved through smaller housing forms may increase the viability of sustainable building forms, in turn improving the comfort and quality of housing.</p>	
<p>Alternative options considered less appropriate to achieve the relevant objectives and policies:</p>			
<p><i>Option 1: Retain the operative provisions</i></p>	<ul style="list-style-type: none"> • <i>Does not improve on current development restrictions</i> • <i>Lack of clarity around medium density housing forms</i> • <i>Lack of support for medium density housing outside of Queenstown and Wanaka town centres</i> • <i>Potential for economic decline where provisions do not enable the supply of housing and reduce the appeal and liveability of the District</i> 		
<p><i>Option 2: Adopt more liberal rules than proposed</i></p>	<ul style="list-style-type: none"> • <i>Would help achieve intensification goals but potentially at the cost of unacceptable impacts on amenity values</i> • <i>Intensification may be greater than the capacity of the land</i> • <i>May compromise residential character, and impact on heritage values of Arrowtown.</i> • <i>Reduced regulatory control may result in poor quality housing stock and adverse impacts on infrastructure</i> • <i>May result inefficient housing forms which are not designed for solar access.</i> 		

Issue 9: Economic diversification

- Provide for community activities and facilities that are generally best located in a residential environment close to residents.
- Provide for limited small-scale commercial activities where such activities:
 - contribute to a diverse residential environment;
 - maintain residential character and amenity; and
 - do not compromise the primary purpose of the zone for residential use.
- The Wanaka Town Centre Transition Overlay enables non-residential development forms which support the role of the Town Centre and are sensitive to the transition with residential uses.

Summary of proposed provisions that give effect to these objectives:

- Policies which support community uses and commercial activities from locating within the zone, subject to these being low intensity and appropriate for a residential environment.
- Policies which support the establishment of non-residential and mixed use development within the Wanaka Town Centre Transition Overlay. These properties are located on Russell Street and the southern side of Brownston Street, where it adjoins the Town Centre Zone. In this location, Commercial Activities may proceed as a Permitted Activity; and certain residential activities are also Permitted.
- Discretionary activity status for Commercial Activities of 100m² or less.

<i>Proposed provisions</i>	<i>Costs</i>	<i>Benefits</i>	<i>Effectiveness & Efficiency</i>
<p><u>Objectives</u></p> <p>8.2.8</p> <p>8.2.10</p> <p>8.2.12</p> <p><u>Policies:</u></p> <p>8.2.1.1 to 8.2.1.5</p>	<p><i>Environmental</i></p> <p>Location of commercial and community facilities outside of a town centre may increase transportation requirements where such activities are also supported by a population base outside of the Medium Density Zone.</p> <p>The Wanaka Town Centre Transition Overlay will formalise the existing creep of town centre activities into residential areas located adjacent to the Town Centre Zone. Residents</p>	<p><i>Environmental</i></p> <p>Increased proximity of commercial and community facilities which support residents needs can avoid the need for travel therefore minimising consumption of fossil fuels. As the Medium Density Zone is generally located at increasing distances from major town centres, support for such activities is necessary to offer convenience to residents without the need to travel.</p> <p><i>Economic</i></p>	<p>Provisions for commercial and community activities within the Medium Density Zone seek to maximise the benefits to be gained from increased proximity of such uses to residential areas, whilst managing their potential effects. The provisions are considered to represent an effective balance in managing the costs and benefits associated with such activities. The occurrence of sensitively designed and located activities can improve the efficiency of the urban environment and the experience</p>

<p>8.2.7.4</p> <p>8.2.10.1 to 8.2.10.6</p> <p>8.2.12.1 to 8.2.12.3</p> <p>Activity table:</p> <p>8.4.6</p> <p>8.4.10</p> <p>8.4.26</p> <p>8.4.27</p>	<p>within these areas may prefer that town centre activities remain within the bounds of the existing Town Centre Zone due to any adverse effects on residential amenity values that may result.</p> <p>Economic</p> <p>Isolated commercial facilities further removed from a town centre may impact on the viability of established commercial areas.</p> <p>Location of commercial and community facilities outside of a town centre may impact on their commercial viability if not supported by an adequate population base.</p> <p>Social & Cultural</p> <p>Inclusion of commercial and community facilities may result in amenity impacts associated with noise, visual amenity, traffic and parking. However, within the proposed provisions protection is still offered through stipulation for 'low intensity uses only' and limiting commercial uses to 100m² gross floor area (Activity Table 8.4.6). Additionally, other controls such as recession planes, building height and site coverage will also retain a level of amenity; and policies have been developed to guide the type of activities anticipated.</p> <p>In the Wanaka Town Centre Transition Overlay, the Permitted activity status for commercial and certain residential activities (refer Rules 8.4.10, 8.4.26 and 8.4.27) may be perceived to result in un-intended amenity effects. However the scale of development able to utilise the Permitted activity status has been determined with consideration to</p>	<p>Appropriately designed and located community and commercial uses can contribute to 'place making' and vibrancy of the urban environment, contributing to the local economy.</p> <p>Proximity of commercial and community uses can reduce financial expenses associated with transportation.</p> <p>Support for such uses can contribute to economic diversification, and avoid the financial impacts of restrictive planning controls.</p> <p>Recognising the proximity of MDR zoned land in Wanaka to the existing town centre, the 'Wanaka Town Centre Transition Overlay' has been provided to enable opportunities for mixed use development forms which enhance the quality of the town centre, activate the street and contribute to a diversified economy. This overlay also formalises the existing creep of town centre activities into these locations. A reduction in parking requirements may be considered in this area due to proximity to the town centre; and this may improve development feasibility (through reducing costs and increasing yield) and improve design outcomes.</p> <p>In the Wanaka Town Centre Transition Overlay, the Permitted activity status for commercial and certain residential activities will improve investment certainty, and minimise development costs by potentially minimising delays associated with the resource consents process. Such provisions also minimise the perceived uncertainty</p>	<p>of it by the community.</p> <p>The proposed provisions would see the introduction of the Wanaka Town Centre Transition Overlay which would enable the continuation of residential activities (as the land would continue to be zoned for residential uses), whilst enabling non-residential activities to establish as a Permitted Activity. The location of the transition overlay is a discrete area which provides a logical link with the existing town centre. Establishing this overlay is considered to be an efficient and effective method of enabling further capacity for commercial and mixed use developments through incremental change at the fringes of the town centre; and formalises the existing creep of town centre activities into these locations. Development in this area will be required to adhere to the amenity standards applicable for the zone, and buildings require assessment as a Restricted Discretionary activity to ensure appropriate consideration of urban design. These controls are an effective and efficient method of enabling existing residential activities to continue, whilst enabling non-residential activities which may integrate with the town centre.</p> <p>Outside of the Wanaka Town Centre Transition Overlay, a 'Discretionary' status has been applied to both Commercial and Community Activities ensuring that the effects of such activities can be appropriately considered via resource consent.</p>
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	<p>the potential effects of the activity. Also, the development will still be required to comply with the amenity controls of the MDR zone.</p>	<p>surrounding the regulatory process.</p> <p>In the MDR Zone generally, the Discretionary Activity status (as opposed to a more restrictive status) for commercial activities of 100m² or less will improve certainty for investors and allow scope for consideration of integrated mixed use development proposals.</p> <p>Social & Cultural</p> <p>Increased proximity of commercial and community facilities which support residents needs can avoid the need for travel and promote walking and cycling, with associated health benefits.</p> <p>Increased proximity of commercial and community facilities may support social and cultural connectivity.</p> <p>May increase accessibility to essential community services.</p> <p>Opportunities for mixed use development forms within the 'Wanaka Town Centre Transition Overlay' create places for people to gather and socialise.</p> <p>In the MDR Zone generally, the Discretionary Activity status for commercial activities of 100m² or less will enable sufficient consideration of potential effects associated with commercial uses locating within rural areas (such as noise, visual amenity, traffic, parking and access).</p>	
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Alternative options considered less appropriate to achieve the relevant objectives and policies:

<p><i>Option 1: Retain the operative provisions</i></p>	<ul style="list-style-type: none"> • <i>Lack of clarity and transparency around the requirements for non-residential activities within Residential Zones</i> • <i>Requirement for community activities to be located within a designated Community Facility Subzone</i> • <i>Lack of flexibility to cater for changing social or market conditions</i>
<p><i>Option 2: Adopt more liberal rules than proposed</i></p>	<ul style="list-style-type: none"> • <i>May recognise social and economic benefits but potentially at the cost of unacceptable impacts on amenity values</i> • <i>May compromise residential character</i>

12 Efficiency and effectiveness of the provisions

The Medium Density Residential Zone of the Proposed District Plan has the purpose to implement policy and tools to increase the supply of medium density forms of housing. The provisions support 'Part 2 – Strategy' of the Proposed District Plan, namely Strategic Direction (Chapter 3) and Urban Development (Chapter 4) which seeks to achieve a compact and integrated urban form within defined limits. The Medium Density Zone, in combination with the provisions of the High Density and Low Density Zones, is essential to the successful functioning of urban growth boundaries which have been established (via Chapter 4) to protect the character and amenity of Queenstown, Wanaka and Arrowtown. The provisions of the Medium Density Zone form one element of the strategic housing approach sought by the Proposed District Plan, with the overall aim to promote higher density housing in areas where people want to live.

The above provisions are drafted to specifically address the resource management issues identified with the current provisions, and to enhance those provisions that already function well. It is noted that the Medium Density Residential Zone has been developed in the context of managing high levels of anticipated growth and its potential effects, not preventing it. It is acknowledged that alternative options may have been considered where growth pressures were not as significant. However, regardless of the relevance of growth pressures, the establishment of the Medium Density Residential Zone supports demands for smaller housing options, an element which the operative District Plan currently lacks. The provisions also improve the efficiency of urban development through taking a forward looking, proactive approach which is able to account for varying economic circumstances, therefore avoiding a reactive approach to growth management.

The key factors which support the efficiency and effectiveness of the provisions for the Medium Density Residential Zone are:

- Ensuring density provisions support the effectiveness of urban growth boundaries (established via Chapter 4 of the Proposed District Plan) to mitigate the potential effects of urban containment
- The zone supports increased density housing through liberalised provisions, providing options for smaller households or people wishing to downsize.
- Permitted Activity status for certain low risk residential and visitor accommodation activities (subject to compliance with amenity controls) and non-notification provisions will improve the efficiency of land release and development, and minimise time and costs associated with the regulatory process.
- The scale and location of the zone increases the supply of land for housing and minimises landbanking incentives;
- Clear and unambiguous policy which provides certainty over the future location of growth for landowners, developers and investors
- Location of the zone in proximity to activity/town centres, public transport routes and trails supports the efficient use of the urban environment to support public health and minimise the environmental and financial impacts of urban sprawl
- Incentives for sustainable building supply should improve the quality of housing stock.

The proposed provisions also improve the implementation of the District Plan. By simplifying the objectives, policies and rules (the provisions), the subject matter becomes easier to understand. Removal of technical or confusing wording, also encourages correct use. With easier understanding, the provisions create a more efficient consent process by reducing the number of consents required and by expediting the processing of those consents. This should also reduce economic impediments which currently restrict housing development and incentivise landbanking,

13 The risk of not acting

Section 32(2)(c) of the Act requires, in the evaluation of the proposed policies and methods, the consideration of the risk of acting or not acting if there is uncertain or insufficient information about the subject matter of the policies, rules or other methods.

The provisions of the Medium Density Residential Zone have been developed to address growth pressures experienced within the District, and the potential environmental, social and cultural effects of uncontrolled or

piecemeal urban growth. Population, visitor accommodation and economic growth projections provide a strong basis for the proposed approach; in addition to recognised housing affordability and overcrowding issues affecting the District. Although the projections are considered robust and sound, there is never certainty associated with projections, and population and economic growth scenarios can be disrupted by a wide range of domestic or international events.

The risk of acting by establishing the Medium Density Zone and increased density provisions to respond to projected growth is that, for whatever reason/s, actual growth falls well short of projections; or that economic development is stifled to a point at which demand for new housing and accommodation decreases. Whilst this may be a potential scenario, the provisions are forward looking and are intended to provide for a growing population in a more sustainable and coordinated manner, under a range of economic scenarios. In the event of economic decline, it is still considered relevant to maintain provision for smaller and increased density housing – for example to provide lower cost housing and rental options where employment opportunities decrease. Additionally, the protection of important landscapes and significant environmental or natural features enabled through support for increased density will still be relevant even under a low growth scenario.

The risk of not acting, by retaining or largely retaining the Operative District Plan approach, is that in the event that the projections are realised, or even partially realised, the housing issues and visitor accommodation needs of the District will not be met, economic potential will be under-realised, there will likely be flow on social and economic effects, and potential environmental effects as development pressure moves to the urban margins. Furthermore, recognised issues of overcrowding and housing affordability would be further exacerbated.

Overall, based on the analysis undertaken throughout this report, the risk of not acting is considered significantly higher than the risk of acting.

14 Summary

In reviewing the District Plan, the *Local Government Act 2002* provides that in decision making, a local authority should consider not only current environments, communities and residents but also those of the future.

It is noted that the opportunity to rollover many of the existing provisions exists. This may also be improved by some minor amendments to the provisions in response to the resource management issues raised. Neither of these approaches reflect the current changing nature of the RMA with its drive to simplify and streamline, nor do they address the significant growth pressures affecting the District. The District Plan is a forward planning mechanism and the opportunity to make bold changes in order to make a more noticeable difference. Not taking the more compact approach to this section and others, will not advance the usefulness of the District Plan in pursuit of its function in the sustainable management of natural and physical resources.

Therefore the provisions are forward looking and are intended to provide for a growing population in a more sustainable and coordinated manner. The proposed Medium Density Residential Zone are based on the premise that it is not the role of the RMA or the District Plan to restrict growth, but rather to manage the effects of such growth to meet the foreseeable needs of the community.

The Medium Density Zone is an essential element to the overall housing and urban development strategy across the District, enabled through the hierarchy of the Proposed District Plan. The zone will support increased supply of affordable housing forms to address anticipated population and tourism growth. Without this zone, the ability to achieve urban containment would be compromised by a lack of land supply within defined boundaries, resulting in continued urban sprawl as a means to meet growing demand. Such development poses an unacceptable risk to the quality of the urban environment, with flow on effects to economic, social and cultural wellbeing of the District.

It has been suggested by some members of the community that rather than plan for future growth, that the Council should attempt to limit growth. In such a scenario, alternative options such as maintaining the status quo may have been given more weight. However, following a review of the costs and benefits associated with alternative options, and the costs and benefits of the proposed provisions; it is considered that the benefits to be gained by the proposed approach outweigh the risks associated with a lack of a coordinated growth management response. Whilst growth pressures can vary over time, the provisions reflect a long term view and will enable sustainable management of urban growth during a range of economic conditions.

Attachments

1. *QLDC MDR REVIEW - Infrastructure Assessment*, Holmes Consulting Group - [link](#)
2. *Arrowtown Dwelling Supply and Demand*, Prepared by Insight Economics for Queenstown Lakes District Council, 18 February 2015 - [link](#)
3. *Queenstown Visitor Accommodation Projections*, Prepared by Insight Economics for Queenstown Lakes District Council, 8 April 2015. - [link](#)
4. *Brief Analysis of Options for Reducing Speculative Land Banking*, Prepared by Insight Economics for Queenstown Lakes District Council, 6 August 2014 - [link](#)
5. *Medium to High Density Housing Study: Stage 1a – Review of Background Data*, Prepared by Insight Economics for Queenstown Lakes District Council, 30 July 2014 - [link](#)
6. *Medium to High Density Housing Study: Stage 1b – Dwelling Capacity Model Review*, Prepared by Insight Economics for Queenstown Lakes District Council, 13 March 2015 - [link](#)
7. *Shadow and Recession Planes Study*, Virtual Rift 3D Solutions, prepared 12 March 2015. - [link](#)
8. *Proposed Medium Density Housing Zone, Arrowtown, Review of Proposed Boundaries*, Richard Knott Limited, 4th February 2015. - [link](#)

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NATIONAL POLICY STATEMENT

on Urban Development Capacity 2016

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Preamble

New Zealand is highly urbanised, with 73 percent of us living in urban areas of at least 30,000 people.¹

Urban environments are characterised by the closeness of people and places, and the connections between them. They enable us to live, work and play in close proximity, giving us access to amenity, services and activities that people value. While urban environments share these common characteristics, they also have unique local variations; the traits that make one urban environment different from another. Urban environments often have high rates of population and economic growth. Reflecting this, they are dynamic, and are constantly changing to reflect the needs of their communities. This constant change can have both positive and negative impacts: well-functioning urban areas maximise the positives and minimise the negatives.

Well-functioning urban environments provide for people and communities' wellbeing. They provide people with access to a choice of homes and opportunities to earn income, good connections between them, and attractive built and natural environments. They have good quality physical and social infrastructure and open space. They make efficient use of resources and allow land uses to change to meet the changing needs of their inhabitants while protecting what is precious. They make the most of their ability to connect to other parts of the world through trade and the movement of goods and people. Such urban environments attract people and investment, and are dynamic places that make a significant contribution to national economic performance.

Local authorities play an important role in shaping the success of our cities by planning for growth and change and providing critical infrastructure. Ideally, urban planning should enable people and communities to provide for their social, economic, cultural and environmental wellbeing through development, while managing its effects. This is a challenging role, because cities are complex places; they develop as a result of numerous individual decisions, and this often involves conflict between diverse preferences.

This national policy statement provides direction to decision-makers under the Resource Management Act 1991 (RMA) on planning for urban environments. It recognises the national significance of well-functioning urban environments, with particular focus on ensuring that local authorities, through their planning, both:

- enable urban environments to grow and change in response to the changing needs of the communities, and future generations; and
- provide enough space for their populations to happily live and work. This can be both through allowing development to go “up” by intensifying existing urban areas, and “out” by releasing land in greenfield areas.

This national policy statement covers development capacity for both housing and business, to recognise that mobility and connectivity between both are important to achieving well-functioning urban environments. Planning should promote accessibility and connectivity between housing and businesses. It is up to local authorities to make decisions about what sort of urban form to pursue.

This national policy statement aims to ensure that planning decisions enable the supply of housing needed to meet demand. This will contribute to minimising artificially inflated house prices at all

¹According to Statistics New Zealand's most recent estimates.

levels and contribute to housing affordability overall. Currently, artificially inflated house prices drive inequality, increase the fiscal burden of housing-related government subsidies, and pose a risk to the national economy.

Local authorities need to provide for the wellbeing of current generations, and they must also provide for the wellbeing of the generations to come. The overarching theme running through this national policy statement is that planning decisions must actively enable development in urban environments, and do that in a way that maximises wellbeing now and in the future.

This national policy statement does not anticipate development occurring with disregard to its effect. Local authorities will still need to consider a range of matters in deciding where and how development is to occur, including the direction provided by this national policy statement.

Competition is important for land and development markets because supply will meet demand at a lower price when there is competition. There are several key features of a competitive land and development market. These include providing plenty of opportunities for development. Planning can impact on the competitiveness of the market by reducing overall opportunities for development and restricting development rights to only a few landowners.

This national policy statement requires councils to provide in their plans enough development capacity to ensure that demand can be met. This includes both the total aggregate demand for housing and business land, and also the demand for different types, sizes and locations. This development capacity must also be commercially feasible to develop, and plentiful enough to recognise that not all feasible development opportunities will be taken up. This will provide communities with more choice, at lower prices.

Development capacity must be provided for in plans and also supported by infrastructure. Urban development is dependent on infrastructure, and decisions about infrastructure can shape urban development. This national policy statement requires development capacity to be serviced with development infrastructure, with different expectations from this infrastructure in the short, medium and long-term. It encourages integration and coordination of land use and infrastructure planning. This will require a sustained effort from local authorities, council-controlled organisations, and infrastructure providers (including central government) to align their intentions and resources.

Another key theme running through the national policy statement is for planning to occur with a better understanding of land and development markets, and in particular the impact that planning has on these. This national policy statement requires local authorities to prepare a housing and business development capacity assessment and to regularly monitor market indicators, including price signals, to ensure there is sufficient development capacity to meet demand. Local authorities must respond to this information. If it shows that more development capacity needs to be provided to meet demand, local authorities must then do so. Providing a greater number of opportunities for development that are commercially feasible will lead to more competition among developers and landowners to meet demand.

This national policy statement also places a strong emphasis on planning coherently across urban housing and labour markets, which may cross local authority administrative boundaries. This will require coordinated planning between local authorities that share jurisdiction over urban housing and labour markets. This includes collaboration between regional councils and territorial authorities who have differing functions under the RMA, but which all impact on and are impacted on by urban development.

This national policy statement recognises that the benefits of the statement are greatest in urban areas experiencing the highest levels of growth. It takes a tiered approach to the application of policies using the Statistics New Zealand urban areas classification, and population projections to target different policies to different local authorities. This classification also informs local authorities that they must work together. The boundaries of the urban areas do not restrict the area in which the local authorities apply the policies.

Local authorities that have a high-growth urban area within their jurisdiction are expected to meet all of the requirements of policies in this national policy statement, while local authorities with medium-growth urban areas in their jurisdiction, and all other local authorities, have lesser requirements, as per the table below.

	All local authorities	Local authorities that have a medium-growth urban area within their district or region	Local authorities that have a high-growth urban area within their district or region
Objectives that apply	All	All	All
Policies that apply	PA1 - PA4	PA1 - PA4	PA1 - PA4
		PB1 - PB7 PC1 - PC4 PD1 - PD2	PB1 - PB7 PC1 - PC4 PD1 - PD2
			PC5 - PC14 PD3 - PD4

This preamble may assist the interpretation of the national policy statement.

Title

This national policy statement is the National Policy Statement on Urban Development Capacity 2016.

Commencement

This national policy statement comes into force on the 28th day after the date on which it is notified in the *New Zealand Gazette*.

Interpretation

In this national policy statement, unless the context otherwise requires, –

Act means the Resource Management Act 1991.

Business land means land that is zoned for business uses in urban environments, including but not limited to land in the following examples of zones:

- industrial
- commercial
- retail
- business and business parks
- centres (to the extent that this zone allows business uses)
- mixed use (to the extent that this zone allows business uses).

Decision-maker means any person exercising functions and powers under the Act.

Demand means:

In relation to housing, the demand for dwellings in an urban environment in the short, medium and long-term, including:

- a) the total number of dwellings required to meet projected household growth and projected visitor accommodation growth;
- b) demand for different types of dwellings;
- c) the demand for different locations within the urban environment; and
- d) the demand for different price points

recognising that people will trade off (b), (c) and (d) to meet their own needs and preferences.

In relation to business land, the demand for floor area and lot size in an urban environment in the short, medium and long-term, including:

- a) the quantum of floor area to meet forecast growth of different business activities;
- b) the demands of both land extensive and intensive activities; and
- c) the demands of different types of business activities for different locations within the urban environment.

Development capacity means in relation to housing and business land, the capacity of land intended for urban development based on:

- a) the zoning, objectives, policies, rules and overlays that apply to the land, in the relevant proposed and operative regional policy statements, regional plans and district plans; and
- b) the provision of adequate development infrastructure to support the development of the land.

Development infrastructure means network infrastructure for water supply, wastewater, stormwater, and land transport as defined in the Land Transport Management Act 2003, to the extent that it is controlled by local authorities.

Feasible means that development is commercially viable, taking into account the current likely costs, revenue and yield of developing; and **feasibility** has a corresponding meaning.

High-growth urban area means any urban area (as defined by Statistics New Zealand in 2016) that:

- a) has either:
 - a resident population of over 30,000 people according to the most recent Statistics New Zealand urban area resident population estimatesor
 - at any point in the year a combined resident population and visitor population of over 30,000 people, using the most recent Statistics New Zealand urban area resident population estimatesand
- b) in which the resident population of that urban area is projected to grow by more than 10% between 2013 to 2023, according to the most recent Statistics New Zealand medium urban area population projections for 2013(base)-2023.

Note that the definition of high-growth urban area is a transitional definition, and will be reviewed and amended no later than 31 December 2018.

Local authority has the same meaning as in section 2 of the Resource Management Act 1991.

Long term means between ten and thirty years.

Medium-growth urban area means any urban area (as defined by Statistics New Zealand in 2016) that:

- a) has a resident population of over 30,000 people according to the most recent Statistics New Zealand urban area resident population estimates
- and
- b) in which the resident population of that urban area is projected to grow by between 5% and 10% between 2013 to 2023, according to the most recent Statistics New Zealand medium urban area population projections for 2013(base)-2023.

Note that the definition of medium-growth urban area is a transitional definition, and will be reviewed and amended no later than 31 December 2018.

Medium term means between three and ten years.

Other infrastructure means:

- a) open space;
- b) community infrastructure as defined in the Local Government Act 2002;
- c) land transport as defined in the Land Transport Management Act 2003, that is not controlled by local authorities;
- d) social infrastructure such as schools and healthcare;
- e) telecommunications as defined in the Telecommunications Act 2001;
- f) energy; and
- g) other infrastructure not controlled by local authorities.

Plan means any plan under section 43AA of the Act or proposed plan under section 43AAC of the Act.

Planning decision means any decision on any plan, a regional policy statement, proposed regional policy statement, or any decision on a resource consent.

Short term means within the next three years.

Sufficient means the provision of enough development capacity to meet housing and business demand, and which reflects the demands for different types and locations of development capacity; and **sufficiency** has a corresponding meaning.

Urban environment means an area of land containing, or intended to contain, a concentrated settlement of 10,000 people or more and any associated business land, irrespective of local authority or statistical boundaries.

National significance

This national policy statement is about recognising the national significance of:

- a) urban environments and the need to enable such environments to develop and change;
and
- b) providing sufficient development capacity to meet the needs of people and communities and future generations in urban environments.

Objectives

The following objectives apply to all decision-makers when making planning decisions that affect an urban environment.

Objective Group A – Outcomes for planning decisions

- OA1: Effective and efficient urban environments that enable people and communities and future generations to provide for their social, economic, cultural and environmental wellbeing.
- OA2: Urban environments that have sufficient opportunities for the development of housing and business land to meet demand, and which provide choices that will meet the needs of people and communities and future generations for a range of dwelling types and locations, working environments and places to locate businesses.
- OA3: Urban environments that, over time, develop and change in response to the changing needs of people and communities and future generations.

Objective Group B – Evidence and monitoring to support planning decisions

- OB1: A robustly developed, comprehensive and frequently updated evidence base to inform planning decisions in urban environments.

Objective Group C – Responsive planning

- OC1: Planning decisions, practices and methods that enable urban development which provides for the social, economic, cultural and environmental wellbeing of people and communities and future generations in the short, medium and long-term.
- OC2: Local authorities adapt and respond to evidence about urban development, market activity and the social, economic, cultural and environmental wellbeing of people and communities and future generations, in a timely way.

Objective Group D – Coordinated planning evidence and decision-making

- OD1: Urban environments where land use, development, development infrastructure and other infrastructure are integrated with each other.
- OD2: Coordinated and aligned planning decisions within and across local authority boundaries.

Policies

Outcomes for planning decisions

Policies PA1 to PA4 apply to any urban environment that is expected to experience growth.

PA1: Local authorities shall ensure that at any one time there is sufficient housing and business land development capacity according to the table below:

Short term	Development capacity must be feasible, zoned and serviced with development infrastructure.
Medium term	Development capacity must be feasible, zoned and either: <ul style="list-style-type: none"> • serviced with development infrastructure, or • the funding for the development infrastructure required to service that development capacity must be identified in a Long Term Plan required under the Local Government Act 2002.
Long-term	Development capacity must be feasible, identified in relevant plans and strategies, and the development infrastructure required to service it must be identified in the relevant Infrastructure Strategy required under the Local Government Act 2002.

PA2: Local authorities shall satisfy themselves that other infrastructure required to support urban development are likely to be available.

PA3: When making planning decisions that affect the way and the rate at which development capacity is provided, decision-makers shall provide for the social, economic, cultural and environmental wellbeing of people and communities and future generations, whilst having particular regard to:

- a) Providing for choices that will meet the needs of people and communities and future generations for a range of dwelling types and locations, working environments and places to locate businesses;
- b) Promoting the efficient use of urban land and development infrastructure and other infrastructure; and
- c) Limiting as much as possible adverse impacts on the competitive operation of land and development markets.

PA4: When considering the effects of urban development, decision-makers shall take into account:

- a) The benefits that urban development will provide with respect to the ability for people and communities and future generations to provide for their social, economic, cultural and environmental wellbeing; and
- b) The benefits and costs of urban development at a national, inter-regional, regional and district scale, as well as the local effects.

Evidence and monitoring to support planning decisions

Policies PB1 to PB7 apply to all local authorities that have part, or all, of either a medium-growth urban area or high-growth urban area within their district or region.

The application of these policies is not restricted to the boundaries of the urban area.

- PB1: Local authorities shall, on at least a three-yearly basis, carry out a housing and business development capacity assessment that:
- a) Estimates the demand for dwellings, including the demand for different types of dwellings, locations and price points, and the supply of development capacity to meet that demand, in the short, medium and long-terms; and
 - b) Estimates the demand for the different types and locations of business land and floor area for businesses, and the supply of development capacity to meet that demand, in the short, medium and long-terms; and
 - c) Assesses interactions between housing and business activities, and their impacts on each other.

Local authorities are encouraged to publish the assessment under policy PB1.

- PB2: The assessment under policy PB1 shall use information about demand including:

- a) Demographic change using, as a starting point, the most recent Statistics New Zealand population projections;
- b) Future changes in the business activities of the local economy and the impacts that this might have on demand for housing and business land; and
- c) Market indicators monitored under PB6 and PB7.

- PB3: The assessment under policy PB1 shall estimate the sufficiency of development capacity provided by the relevant local authority plans and proposed and operative regional policy statements, and Long Term Plans and Infrastructure Strategies prepared under the Local Government Act 2002, including:

- a) The cumulative effect of all zoning, objectives, policies, rules and overlays and existing designations in plans, and the effect this will have on opportunities for development being taken up;
- b) The actual and likely availability of development infrastructure and other infrastructure in the short, medium and long term as set out under PA1;
- c) The current feasibility of development capacity;
- d) The rate of take up of development capacity, observed over the past 10 years and estimated for the future; and
- e) The market's response to planning decisions, obtained through monitoring under policies PB6 and PB7.

- PB4: The assessment under policy PB1 shall estimate the additional development capacity needed if any of the factors in PB3 indicate that the supply of development capacity is not likely to meet demand in the short, medium or long term.

- PB5: In carrying out the assessment under policy PB1, local authorities shall seek and use the input of iwi authorities, the property development sector, significant land owners, social housing providers, requiring authorities, and the providers of development infrastructure and other infrastructure.
- PB6: To ensure that local authorities are well-informed about demand for housing and business development capacity, urban development activity and outcomes, local authorities shall monitor a range of indicators on a quarterly basis including:
- a) Prices and rents for housing, residential land and business land by location and type; and changes in these prices and rents over time;
 - b) The number of resource consents and building consents granted for urban development relative to the growth in population; and
 - c) Indicators of housing affordability.
- PB7: Local authorities shall use information provided by indicators of price efficiency in their land and development market, such as price differentials between zones, to understand how well the market is functioning and how planning may affect this, and when additional development capacity might be needed.

Local authorities are encouraged to publish the results of their monitoring under policies PB6 and PB7.

Responsive planning

Policies PC1 to PC4 apply to all local authorities that have part, or all, of either a medium-growth urban area or high-growth urban area within their district or region.

The application of these policies is not restricted to the boundaries of the urban area.

- PC1: To factor in the proportion of feasible development capacity that may not be developed, in addition to the requirement to ensure sufficient, feasible development capacity as outlined in policy PA1, local authorities shall also provide an additional margin of feasible development capacity over and above projected demand of at least:
- 20% in the short and medium term, and
 - 15% in the long term.
- PC2: If evidence from the assessment under policy PB1, including information about the rate of take-up of development capacity, indicates a higher margin is more appropriate, this higher margin should be used.
- PC3: When the evidence base or monitoring obtained in accordance with policies PB1 to PB7 indicates that development capacity is not sufficient in any of the short, medium or long term, local authorities shall respond by:
- a) Providing further development capacity; and
 - b) enabling development

in accordance with policies PA1, PC1 or PC2, and PC4. A response shall be initiated within 12 months.

- PC4: A local authority shall consider all practicable options available to it to provide sufficient development capacity and enable development to meet demand in the short, medium and long term, including:
- a) Changes to plans and regional policy statements, including to the zoning, objectives, policies, rules and overlays that apply in both existing urban environments and greenfield areas;
 - b) Integrated and coordinated consenting processes that facilitate development; and
 - c) Statutory tools and other methods available under other legislation.

Minimum targets

Policies PC5 to PC11 apply to all local authorities that have part, or all, of a high-growth urban area within their district or region.

Local authorities that have part, or all, of a medium-growth urban area within their district or region are encouraged to give effect to policies PC5 to PC11.

The application of these policies is not restricted to the boundaries of the urban area.

- PC5: Regional councils shall set minimum targets for sufficient, feasible development capacity for housing, in accordance with the relevant assessment under policy PB1 and with policies PA1 and PC1 or PC2, and incorporate these minimum targets into the relevant regional policy statement.
- PC6: A regional council's minimum targets set under policy PC5 shall be set for the medium and long term, and shall be reviewed every three years.
- PC7: When the relevant assessment required under policy PB1 shows that the minimum targets set in the regional policy statement are not sufficient, regional councils shall revise those minimum targets in accordance with policies PC5, and shall incorporate these revised targets into its regional policy statement.
- PC8: Regional councils shall amend their proposed and operative regional policy statements to give effect to policies PC5 to PC7 in accordance with section 55(2A) of the Act without using the process in Schedule 1 of the Act.
- PC9: Territorial authorities shall set minimum targets for sufficient, feasible development capacity for housing, as a portion of the regional minimum target, in accordance with the relevant assessment under policy PB1, and with policies PA1, PC1 or PC2, and PD3 and incorporate the minimum targets as an objective into the relevant plan.
- PC10: If a minimum target set in a regional policy statement is revised, the relevant territorial authorities shall also revise the minimum targets in their plans in accordance with policy PC9.
- PC11: Territorial authorities shall amend their relevant plans to give effect to policies PC9 and PC10 in accordance with section 55(2A) of the Act without using the process in Schedule 1 of the Act.

Note that using section 55(2A) of the Act for policies PC8 and PC11 only applies to setting minimum targets and not to plan changes that give effect to those minimum targets.

Future development strategy

Policies PC12 to PC14 apply to all local authorities that have part, or all, of a high-growth urban area within their district or region.

Local authorities that have part, or all, of a medium-growth urban area within their district or region are encouraged to give effect to policies PC12 to PC14

The application of these policies is not restricted to the boundaries of the urban area.

PC12: Local authorities shall produce a future development strategy which demonstrates that there will be sufficient, feasible development capacity in the medium and long term. This strategy will also set out how the minimum targets set in accordance with policies PC5 and PC9 will be met.

PC13: The future development strategy shall:

- a) identify the broad location, timing and sequencing of future development capacity over the long term in future urban environments and intensification opportunities within existing urban environments;
- b) balance the certainty regarding the provision of future urban development with the need to be responsive to demand for such development; and
- c) be informed by the relevant Long Term Plans and Infrastructure Strategies required under the Local Government Act 2002, and any other relevant strategies, plans and documents.

PC14: The future development strategy can be incorporated into a non-statutory document that is not prepared under the Act, including documents and strategies prepared under other legislation. In developing this strategy, local authorities shall:

- a) Undertake a consultation process that complies with:
 - Part 6 of the Local Government Act; or
 - Schedule 1 of the Act;
- b) be informed by the assessment under policy PB1; and
- c) have particular regard to policy PA1.

Coordinated planning evidence and decision-making

Policies PD1 and PD2 apply to all local authorities that have part, or all, of either a medium-growth urban area or high-growth urban area within their district or region.

The application of these policies is not restricted to the boundaries of the urban area.

PD1: Local authorities that share jurisdiction over an urban area are strongly encouraged to work together to implement this national policy statement, having particular regard to cooperating and agreeing upon:

- a) The preparation and content of a joint housing and business development capacity assessment for the purposes of policy PB1; and
- b) The provision and location of sufficient, feasible development capacity required under the policies PA1, PC1 and PC2.

PD2: To achieve integrated land use and infrastructure planning, local authorities shall work with providers of development infrastructure, and other infrastructure, to implement policies PA1 to PA3, PC1 and PC2.

Policies PD3 and PD4 apply to all local authorities that have part, or all, of a high-growth urban area within their district or region.

Policy PD3 a) applies to all local authorities that have part, or all, of a medium-growth urban area within their district or region and choose to set minimum targets under policies PC5 to PC11.

PD3 b) and PD4 apply to all local authorities that have part, or all, of a medium-growth urban area within their district or region and choose to prepare a future development strategy under policies PC12 to PC14.

The application of these policies is not restricted to the boundaries of the urban area.

PD3: Local authorities that share jurisdiction over an urban area are strongly encouraged to collaborate and cooperate to agree upon:

- a) The specification of the minimum targets required under PC5 and PC9 and their review under policies PC6, PC7 and PC10; and
- b) The development of a joint future development strategy for the purposes of policies PC12 to PC14.

PD4: Local authorities shall work with providers of development infrastructure, and other infrastructure, in preparing a future development strategy under policy PC12.

Timeframes to implement this national policy statement

The timeframes for giving effect to particular policies in this national policy statement are as follows.

Objectives OA1 to OD2, policies PA1 to PA4 (outcomes for planning decisions), policies PC1 to PC4 (responsive planning) and policies PD1 to PD4 (coordinated planning evidence and decision-making) must be given effect immediately.

Local authorities that have part or all of either a medium-growth urban area or a high-growth urban area within their district or region shall begin to monitor indicators under policy PB6 within 6 months of this NPS coming into effect.

Local authorities that have part or all of either a medium-growth urban area or a high-growth urban area within their district or region shall begin to use indicators of price inefficiency under policy PB7 by 31 December 2017.

Local authorities that have part or all of a high-growth urban area within their district or region shall have completed the housing and business development capacity assessment under policy PB1 by 31 December 2017.

Local authorities that have part or all of a medium-growth urban area within their district or region shall have completed the housing and business development capacity assessment under policy PB1 by 31 December 2018.

Local authorities that have part or all of a high-growth urban area within their district or region shall have produced the future development strategy under policies PC12 to PC14 by 31 December 2018.

Local authorities that have part or all of a high-growth urban area within their district or region shall have set minimum targets in their relevant plan or regional policy statement under policies PC5 and PC9 by 31 December 2018.

Local authorities with part or all of an urban area in their district or region that, through revisions to the Statistics New Zealand medium urban area population projections for 2013(base)-2023, comes to be defined as either a medium-growth urban area or a high-growth urban area, shall give effect to the requirements by the dates set out above with the following exceptions:

- Local authorities with part or all of an urban area in their district or region that is newly classified as a medium-growth urban area shall begin monitoring indicators under policy PB6 and using indicators of price efficiency under policy PB7 by 31 March 2018.
- Local authorities with part or all of an urban area in their district or region that is newly classified as a high-growth urban area shall complete the housing and business development capacity assessment under policy PB1 by 30 June 2018.

Review of this national policy statement

The Minister for the Environment intends to review and amend the definitions of high-growth urban area and medium-growth urban area no later than 31 December 2018.

The Minister for the Environment intends to review the implementation and effectiveness of this national policy statement in achieving all its objectives and policies and in achieving the purpose of the Act, no later than 31 December 2021. The Minister shall then consider the need to review, change or revoke this national policy statement.

Regulatory impact statement

The Ministry for the Environment produced a regulatory impact statement on 29 September 2016 to help inform the decisions taken by the Government relating to the contents of this instrument.

A copy of this regulatory impact statement can be found at:

- <http://www.mfe.govt.nz/more/cabinet-papers-and-related-material-search/regulatory-impact-statements/ris-proposed-nps-urban>
- <http://www.treasury.govt.nz/publications/informationreleases/ris>



View Instrument Details

Instrument No. 10544434.13
Status Registered
Date & Time Lodged 18 Oct 2016 13:13
Lodged By Southwell, Anna Charlotte
Instrument Type Covenant Against Transfer of Allotments under s240 Resource Management Act 1991

**Affected Computer Registers Land District**

722356 Otago
 732628 Otago

Annexure Schedule: Contains 1 Page.

Territorial Authority Certifications

- I certify that I have the authority to act for the Territorial Authority and that the party has the legal capacity to authorise me to lodge this instrument ✓
- I certify that I have taken reasonable steps to confirm the identity of the person who gave me authority to lodge this instrument ✓
- I certify that any statutory provisions specified by the Registrar for this class of instrument have been complied with or do not apply ✓
- I certify that I hold evidence showing the truth of the certifications I have given and will retain that evidence for the prescribed period ✓

Signature

Signed by Samuel William Nelson as Territorial Authority Representative on 11/08/2016 05:00 PM

Registered Proprietor Certifications

- I certify that I have the authority to act for the Registered Proprietor and that the party has the legal capacity to authorise me to lodge this instrument ✓
- I certify that I have taken reasonable steps to confirm the identity of the person who gave me authority to lodge this instrument ✓
- I certify that any statutory provisions specified by the Registrar for this class of instrument have been complied with or do not apply ✓
- I certify that I hold evidence showing the truth of the certifications I have given and will retain that evidence for the prescribed period ✓

Signature

Signed by Samuel William Nelson as Registered Proprietor Representative on 11/08/2016 05:00 PM

***** End of Report *****

AMALGAMATION COVENANT

**Pursuant to Section 220 of the Resource Management Act 1991
(to be registered pursuant to Section 240)**

COVENANT

QUEENSTOWN LAKES DISTRICT COUNCIL being the registered proprietor of the parcels of land in the Schedule covenants with the Queenstown Lakes District Council pursuant to section 220(2)(a) of the Resource Management Act 1991 that the parcels of land described in the Schedule shall not without the consent of the Queenstown Lakes District Council, be transferred leased or otherwise disposed of except in conjunction with the other parcels of land described in the Schedule.

SCHEDULE

- Section Lot 1 DP 496901 being part of the land comprised in Computer Freehold Register 584966
- Section 1 SO 23185 being part of the land comprised in Computer Freehold Register 584966

DATED the 14th day of JULY 2016

SIGNED for and on behalf of
QUEENSTOWN LAKES DISTRICT COUNCIL
under delegated authority by Blair Jeffrey Devlin
in the presence of:



JE White
Signature

Louise Evan White
Full Name

26 Lake Ave, Queenstown
Address

Councils Planner
Occupation



COMPUTER FREEHOLD REGISTER UNDER LAND TRANSFER ACT 1952



**Guaranteed Search Copy issued under Section 172A
of the Land Transfer Act 1952**


R. W. Muir
Registrar-General
of Land

Identifier 732628
Land Registration District Otago
Date Issued 18 October 2016

Prior References

584966

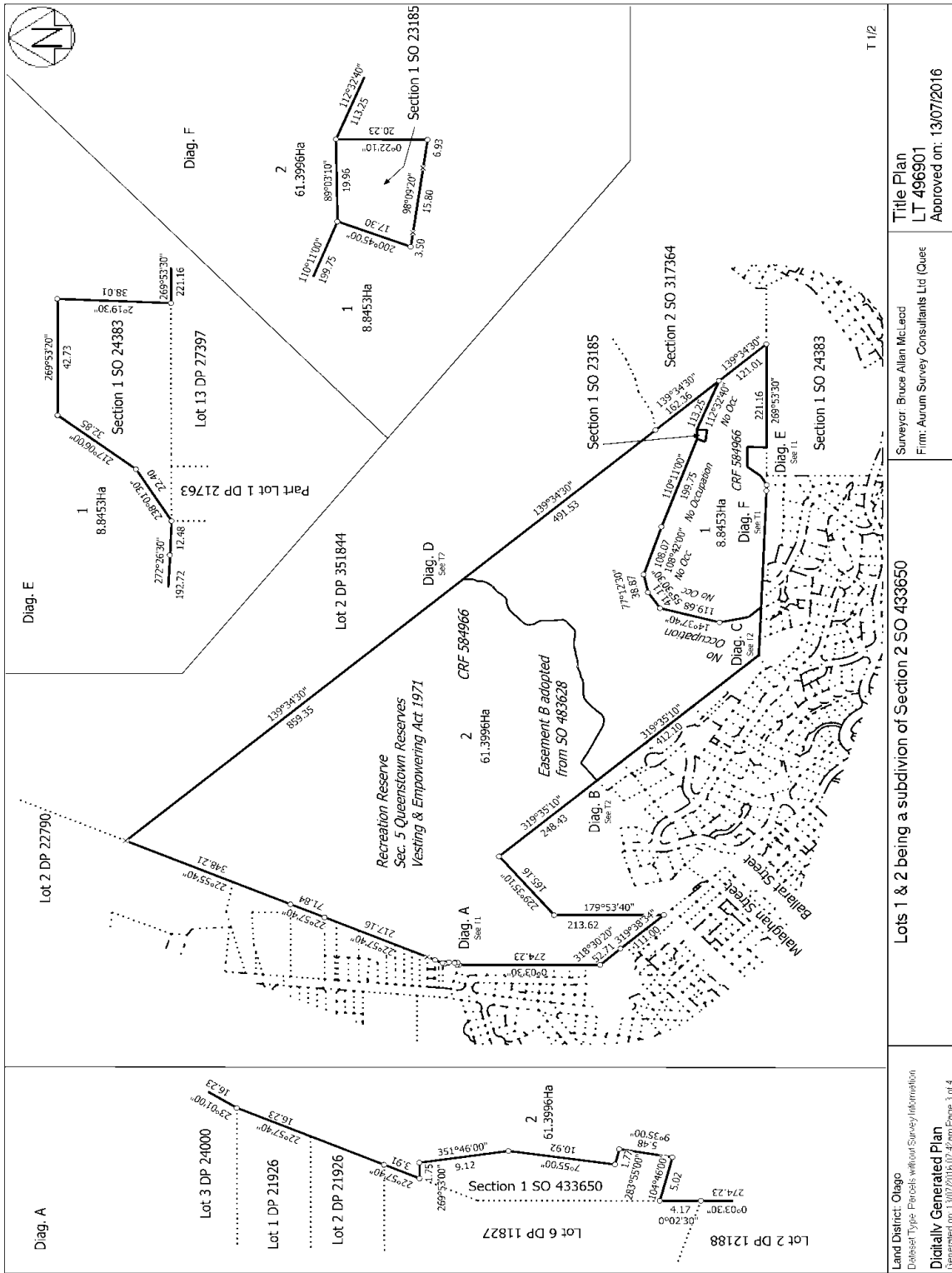
Estate Fee Simple
Area 8.8453 hectares more or less
Legal Description Lot 1 Deposited Plan 496901

Proprietors

Queenstown Lakes District Council

Interests

9255221.1 Notice pursuant to Section 195(2) Climate Change Response Act 2002 - 30.11.2012 at 4:51 pm
10544434.11 Consent Notice pursuant to Section 221 Resource Management Act 1991 - 18.10.2016 at 1:13 pm
10544434.13 COVENANT UNDER SECTION 240 RESOURCE MANAGEMENT ACT 1991 (ALSO AFFECTS 722356) - 18.10.2016 at 1:13 pm



T 1/2

Title Plan
 LT 496901
 Approved on: 13/07/2016

Surveyor: Bruce Allen McLeod
 Firm: Arum Survey Consultants Ltd (Quee

Lots 1 & 2 being a subdivision of Section 2 SO 433650

Land District: Otago
 Dated: Type: Parcels without Survey Information
Digitally Generated Plan
 Generated on: 13/07/2016 07:45am Page 3 of 4



View Instrument Details

Instrument No. 10544434.11
Status Registered
Date & Time Lodged 18 Oct 2016 13:13
Lodged By Southwell, Anna Charlotte
Instrument Type Consent Notice under s221(4)(a) Resource Management Act 1991



Affected Computer Registers	Land District
732627	Otago
732628	Otago

Annexure Schedule: Contains 2 Pages.

Signature

Signed by Samuel William Nelson as Territorial Authority Representative on 11/08/2016 04:59 PM

*** End of Report ***

IN THE MATTER of Lots 1 & 2
being a Subdivision of Section 2 SO
433650

and

IN THE MATTER of RM150220

**CONSENT NOTICE PURSUANT TO
SECTION 221 OF THE RESOURCE
MANAGEMENT ACT 1991**

OPERATIVE PART

The following conditions pertaining to this Consent Notice are to be registered against the titles of the following allotments: -

Lot 1 DP 496901
Lot 2 DP 496901

Conditions

- a) Lot 2 DP 496901 has no Council service connections for water, stormwater or wastewater nor have any development contributions been paid as it is intended that Lot 2 will remain amalgamated with Lot 4 DP 447835 (**Lot**). The owner of the Lot shall provide services to Lot 2 DP 496901 in accordance with Council's standards at that time development occurs within the Lot or prior to cancellation of the amalgamation condition. Development contributions will be payable for Lot 2 DP 496901 at this time, noting that no historic dwelling equivalent credits as set out in the Council's Policy on Development Contributions are available for Lot 2 DP 496901.

- b) In the event that services are provided to Lot 2 DP 496901 and development contributions are paid as per (a) above, this consent notice condition shall be deemed to have expired and may be removed from the Computer Freehold Register for the Lot.
- c) At the time Lot 1 DP 496901 is further subdivided/developed or on-sold by Council, legal access shall be provided to Section 1 SO 24383.

Dated this 14th day of JULY 2016

SIGNED for and on behalf
Of the QUEENSTOWN LAKES
DISTRICT COUNCIL by its
Manager, Planning Practice


Blair Jeffrey Devlin

Property & Project Management, Valuation



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www.aplproperty.co.nz

09 June 2017

IN THE MATTER OF:

Queenstown Lakes Proposed District Plan

Queenstown Mapping Hearings Stream T13

RE: BACKGROUND TO COMMONAGE LAND EXCHANGE

Dear Commissioners,

APL Property is contracted as the property manager to the Queenstown Lakes District Council.

In 1971 the Queenstown Borough Council resolved that no further building permits would be issued until the Government assisted it with the disproportionate cost of providing infrastructure to support tourism in the region.

The response from the Government was the Queenstown Reserves Vesting & Empowering Act 1971, vesting 40.47 hectares (100 acres) of land generally known as 'The Commonage' to the Queenstown Lakes District Council. This distributed a large area of public land (historically used for grazing) for new development in order to fund infrastructure, as well as new reserve land vested in the Council and other reserve land vested in the Department of Conservation (DOC).

Since then a large part of the development land has been subdivided as the "Commonage", and now Council approaches the limit of the land able to be subdivided and sold under the Act. Previous subdivisions on Queenstown Hill have taken place over many decades from 1975 to 2002, providing residential development across the Edinburgh Drive, Manchester Place, Belfast Terrace, Kent Street and Vancouver Drive areas.

In 2004 Council reviewed the location of the next and likely final stage of the Commonage lands. Council concluded that the land remaining off Kerry Drive, was not in the best location for residential development, due to high visual amenity and recreational values. It considered that a much better environmental outcome could be achieved if this development occurred on land in the area above Vancouver Drive.

Council formally notified its intention to undertake the land swap in September 2004 and requested approval from the DOC in August 2005. DOC approval was received in February 2008, but noted a potential inequity of exchange. This was later agreed at 'nil consideration'. Final approval from DOC that the land could be transferred, was received in October 2013, allowing Council to undertake the resource consenting and legal transfer process, completed in October 2016.

Council is currently considering how to proceed with releasing this land for development, and requests that it be rezoned out to the margin of the freehold property, as proposed in Council's submission to the Proposed District Plan #790. By agreeing to extend the zoning, it will enable maximum value to be realized for the site, boosting funding for future infrastructure projects, as per the original objectives of the Queenstown Reserves Vesting & Empowering Act 1971.

APL Property

Blenheim, Queenstown, Rotorua

Yours sincerely



Dan Cruickshank

Property Advisor / Managing Director



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