

**QLDC Council**

1 June 2023

**Report for Agenda Item | Rīpoata moto e Rāraki take [3]**

**Department: Planning & Development**

**Title | Taitara : Urban Intensification Variation – Endorsement to Notify**

**Purpose of the Report | Te Take mō te Pūroko**

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The purpose of this report is to seek approval to notify the Urban Intensification Variation to the Proposed District Plan (PDP) that implements Policy 5 of the National Policy Statement on Urban Development 2020 (NPS-UD). The variation applies to the district's urban environment and enables intensification of development in appropriate locations. The variation includes changes to the zoning of urban land as well as changes to the provisions in various chapters of the PDP, and amendments to design guidelines which are incorporated by reference in the PDP.

**Recommendation | Kā Tūtohuka**

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That QLDC Council:

1. **Note** the contents of this report;
2. **Approve** for notification pursuant to section 79 and clause 5 of the First Schedule of the Resource Management Act 1991 the Urban Intensification Variation to the Queenstown Lakes Proposed District Plan; and
3. **Authorise** the Manager of Planning Policy to make minor edits and changes to the proposal and section 32 report to improve clarity and correct any errors prior to notification.

**Prepared by:**



**Name:** Elias Matthee  
**Title:** Senior Policy Planner

3 May 2023

**Reviewed and Authorised by:**



**Name:** David Wallace  
**Title:** General Manager Planning and Development  
(Acting)  
10 May 2023

## Context | Horopaki

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1. The purpose of the variation is to implement Policy 5 of the NPS-UD. Queenstown Lakes District Council (QLDC) is specified as a Tier 2 local authority under the NPS-UD and is specifically required to give effect to Policy 5 of the NPS-UD, but also the wider directive of the NPS, to ensure a well-functioning urban environment that meet the changing needs of our diverse communities.
2. The NPS-UD provides direction and guidance to local authorities on managing urban growth and development. Policy 5 of the NPS-UD gives specific direction on where to enable intensification through changes to the district plan.

3. Policy 5 of the NPS-UD states the following:

*Regional policy statements and district plans applying to tier 2 and 3 urban environments enable heights and density of urban form commensurate with the greater of:*

- a. the level of accessibility by existing or planned active or public transport to a range of commercial activities and community services; or*
- b. relative demand for housing and business use in that location.*

4. In summary, the NPS-UD recognises the national significance of:

- Having well-functioning urban environments that enable all people and communities to provide for their social, economic and cultural wellbeing, and for their health and safety, now and into the future.
- Providing sufficient development capacity to meet the different needs of people and communities<sup>1</sup>.

5. The NPS-UD is of particular relevance in the Queenstown Lakes District as the District is experiencing considerable growth pressure as well as a high demand for housing and a shortfall of housing in lower price bands. The 2021 Housing Development Capacity Assessment (HDCA) highlights that housing affordability is projected to decline<sup>2</sup>. The demand for attached housing typologies<sup>3</sup> is also projected to increase over time<sup>4</sup>.

6. The proposed variation aims to ensure that the PDP is aligned with the NPS-UD's policy direction, particularly Policy 5. The plan variation includes changes to the zoning around certain commercial areas and a transport corridor across the District's Urban Environment and changes to various PDP Provisions. The Proposed changes are detailed in the Attachments to this report.

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<sup>1</sup><https://environment.govt.nz/acts-and-regulations/national-policy-statements/national-policy-statement-urban-development/>

<sup>2</sup> The upward pressure on prices is however not attributed to planning and infrastructure rather a range of other local and national factors not impacted or influenced by the District Plan.

<sup>3</sup> Referring to horizontally and vertically attached housing typologies.

<sup>4</sup> 22% of the additional long term demand under the Higher Market Shift scenario as detailed in the Market Economics Queenstown Lakes District Intensification Economic Assessment dated 1 May 2023

7. The variation meets the requirements of Policy 5 of the NPS-UD, including its wider directive and it aligns with the Queenstown Lakes Spatial Plan 2021<sup>5</sup> in promoting a compact urban form. It implements and remains consistent with the Strategic Objectives<sup>6</sup> and Urban Development Objectives<sup>7</sup> of the PDP for the district's urban environment, specifically but not limited to:
  - 3.2.1.2, 3.2.2, 3.2.2.1; 3.2.3, 3.2.6.1, 3.3.3, 3.3.6, 3.3.12, 3.3.15; and
  - 4.2.1, 4.2.1.2, 4.2.1.4, 4.2.2 A, 4.2.2 B, 4.2.2.1, 4.2.2.2, 4.2.2.3, 4.2.2.4, 4.2.2.8, 4.2.2.15, 4.2.2.16, 4.2.2.19, 4.2.2.21.
8. The variation has been drafted at the same time that the draft Joint Housing Action Plan (JHAP) has been developed, which was recently endorsed<sup>8</sup> by Council for public consultation. This variation is an action of the draft JHAP.

#### Analysis and Advice | Tatāritaka me kā Tohutohu

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9. The variation has been developed in the context of work already achieved through the district plan review, which commenced in 2014 and has had a focus on providing additional plan-enabled capacity.
10. The QLDC HDCA identifies that the District has sufficient feasible, and reasonably expected to be realised, development capacity to provide for projected housing demand for the short, medium and long term. However, although the capacity meets the requirements of the NPS-UD (in terms of provision of future zoned capacity), the 2021 HDCA report identified a shortfall of housing in price bands below \$500k and it highlights that housing affordability shortfalls are set to worsen if there are no interventions.
11. The proposal seeks to enable intensification in suitable locations and for the development of a diverse range of housing typologies through a review of existing densities and building heights to provide for greater housing choices. Allowing for increased densities in the existing urban environment will enable the development of smaller and attached housing typologies which typically have a smaller land area. Increasing opportunities for intensive developments will assist with enabling a more diverse urban housing stock, including smaller, more affordable homes. Provisions are also included to ensure appropriate residential amenity is maintained within intensification areas, and to ensure that development can be appropriately serviced, including measures to address stormwater runoff.
12. The variation summary below describes the locations where intensification is proposed to meet the requirements of NPS UD Policy 5 and implement the wider directive of the NPS-UD, to ensure a well-functioning urban environment that meets the changing needs of our diverse communities.

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<sup>5</sup> <https://www.qldc.govt.nz/your-council/council-documents/queenstown-lakes-spatial-plan>

<sup>6</sup> <https://www.qldc.govt.nz/media/a4ipj1aj/pdp-chapter-03-strategic-direction-nov-2021.pdf>

<sup>7</sup> <https://www.qldc.govt.nz/media/k0mhkwh3/pdp-chapter-04-urban-development-sep-2022.pdf>

<sup>8</sup> 27 April Full Council meeting, Agenda Item 1

## Summary of the variation

### 13. Mapping changes:

- a) Changes are proposed to land around the Queenstown Town Centre, along Frankton Road and within Frankton to up zone land currently zoned Lower Density Suburban Residential (LDSR) or Medium Density Residential (MDR) to High Density Residential (HDR) or MDR.
- b) Changes are proposed to land around the Wānaka Town Centre and the Three Parks area to up zone land currently zoned Lower Density Suburban Residential (LDSR) to Medium Density Residential (MDR).

*Note: please refer to attachment B for detailed locations of proposed zone changes.*

### 14. Provision changes:

Changes to the density, heights and built form related standards; including provisions to enable and recognise the benefits of intensification; to ensure adequate amenity values within intensification areas; to manage how development can be serviced; and to mitigate any potential increase in stormwater runoff are proposed for the following zones:

- Queenstown Town Centre
- Wanaka Town Centre
- Business Mixed Use Zone
- Local Shopping Centre Zone
- Lower Density Suburban Residential
- Medium Density Residential
- High Density Residential

Two new definitions are proposed to support the other proposed changes as well as minor reference changes in the Urban Development chapter.

*Note: please refer to attachment A and C for details of the proposed changes to the provisions.*

## Consultation

15. The Urban Intensification Variation is a direct result of implementing a national direction in a National Policy Statement (NPS) and it also implements support for the direction set out within the QLDC Spatial Plan 2021 which was extensively consulted on through its development.
16. Periodic updates on progress with the plan variation have been provided at Spatial Plan Integration Group meetings, which include representatives from central government, the Otago Regional Council (ORC), and Iwi Authorities. This proposal aims to align with and implement the Spatial Plan and feedback from the meetings has been taken into account in the development of the proposed plan variation.
17. Consultation has been undertaken with the Otago Regional Council (ORC) in the preparation of the proposed plan variation, as required by the RMA. This included the opportunity for ORC staff

to review of the draft Section 32 Report, provisions and mapping. Written feedback was received from ORC which has been considered in the s32 Report.

18. Informal consultation has been undertaken with a representative of the Queenstown Airport Corporation in relation to changes to densities and built form within the Outer Control Boundary of the Queenstown Airport. This feedback has been taken into account in the development of the proposed variation.
19. As part of undertaking RMA Section 35 monitoring to help inform the proposed variation, a survey of the regular agents of Queenstown Lakes resource consent applications was undertaken requesting feedback as to specific provisions that are seen as barriers to achieving intensification and suggestions as to how to improve these. Internal consenting staff were also sent the survey. Eight responses were received, and the feedback has been considered along with the findings of the S35 monitoring in the development of the proposed variation.
20. Consultation has been undertaken with both Aukaha and Te Ao Marama (Iwi Authorities) in the development of the proposed plan variation. This includes consultation as required by Clause 3(1)(d) of Schedule 1 and Clause 4A of the RMA.

### **Options**

21. This report identifies and assesses the following reasonably practicable options for assessing the matter as required by section 77 of the Local Government Act 2002.

#### **Option 1: Approve the plan variation for notification via Schedule 1 of the RMA**

##### *Advantages:*

- The Council will meet its obligations under the NPS-UD and through giving effect to Policy 5 of the NPS-UD and will help enable well-functioning urban environments as described in Policy 1 of the NPS-UD.
- The plan variation will build on work already undertaken through the district plan review which has ensured that the district has sufficient Plan-enabled capacity to meet anticipated demand, but also help address, through enabling the right type of supply, the affordability shortfall identified within the 2021 HDCA.
- The expert evidence underpinning the plan variation has been carefully considered to ensure that the plan variation provides a response to the NPS-UD requirements that is also specific to the Queenstown Lakes District. This reflects the unique characteristics of this district and is informed by a district specific Accessibility and Demand Analysis, an Urban Design Review of the PDP provisions and Economic modelling and assessment.
- The plan variation will implement an outcome of the Queenstown Lakes Spatial Plan 2021, which is the Council's adopted strategic document on how it wants to enable growth. The Spatial Plan identifies appropriately located intensification as a key priority for enabling

growth. It will also align with the Queenstown Lakes Climate and Biodiversity Plan 2022<sup>9</sup> as it will help mitigate climate change through enabling build form outcomes that can improve the efficiencies and viability of public transport and help facilitate modal shift as outlined in the Better Ways To Go/Mode Shift Plan<sup>10</sup>.

- Notification via Schedule 1 of the RMA will enable the public to make submissions on the variation. Submissions will be able to be heard by Independent Commissioners appointed by Council. The Schedule 1 RMA process will enable the community's views (including developers' and landowners) to be thoroughly considered before the Council makes decisions on the variation.

*Disadvantages:*

- Notwithstanding the Government mandated requirement to undertake this work, the plan variation is likely to be challenged and will require resourcing through the Council hearing and any Environment Court appeal process to ensure the District Plan is current and meets national direction and District needs.
- Notification via Schedule 1 of the RMA will mean that there will be the opportunity for appeals to the Environment Court following the Council hearing and subsequent decisions. The appeals process will have time and cost implications for Council but is a usual and anticipated step in reviewing the District Plan.

**Option 2: Not approve the plan variation for notification and request additional changes**

*Advantages:*

- The Council may consider that the proposed plan variation in its current form is not appropriate for the District and request that further work is undertaken. This may give further opportunity to fine-tune provisions to balance community and developer interests.
- The current District Plan provisions (reviewed in Stages 1 and 2 of the review process) provides for growth opportunities, there is already sufficient residential and business capacity in existing zones, however this process took place before the direction of the NPS-UD.
- Changes or refinements to the proposed plan variation may address issues or concerns prior to notification that would be more efficient than trying to address it after the variation is notified.

*Disadvantages:*

- Postponing the variation would postpone this workstream that aims to help increase the supply and diversity of housing in accordance with Policy 1(a)(i) specifically: meet the needs, in terms of type, price, and location, of different households. However, the district currently has enough supply, and housing diversity issues are predicted to be a longer-term challenge for the district. Given that the plan variation will not take immediate effect and that the

<sup>9</sup> [https://www.qldc.govt.nz/media/ie3jk5bb/qldc\\_climate-and-biodiversity-plan\\_jun22-web.pdf](https://www.qldc.govt.nz/media/ie3jk5bb/qldc_climate-and-biodiversity-plan_jun22-web.pdf)

<sup>10</sup> <https://webadmin.qldc.govt.nz/media/ljzhnppz/item-2a-attachment-1-mode-shift-plan.pdf>

market would need some time to respond, postponement would not likely have a significant impact on the overall time needed to address housing diversity issues.

- Postponing the obligations under the NPS-UD, may create a risk that QLDC could be required by central government to be treated as a Tier 1 Council under the Resource Management (Enabling Housing Supply and Other Matters) Amendment Act 2021<sup>11</sup>. The Act specifies<sup>12</sup> that councils in areas experiencing acute housing need, may also be required to notify an intensification planning instrument (IPI) which includes the Medium Density Residential Standards (MDRS) in their plans. The MDRS have been considered in option 6 of the S32 Report and are considered to be a less appropriate option for intensification in the context of this district.
  - Monitoring has been undertaken on our residential and business zones to understand current efficiency trends and the effectiveness of the District Plan. The Variation created an opportunity to assess the provisions, ensure they were fit for purpose and amend them (where needed) to ensure (where possible) barriers to giving effect to them are removed. This option would postpone addressing these identified matters.
  - Council would also postpone giving effect to one of the priority outcomes of the Spatial Plan.
22. This report recommends **Option 1** for addressing the matter because the plan variation will meet the requirements of the NPS-UD to enable development that will contribute in achieving a well-functioning urban environment as well as to help to increase the supply of housing typologies and promote the sizes of homes that could contribute in addressing housing affordability issues in the District. It is not considered necessary to postpone giving effect to National Direction under the National Policy Statement – Urban Development. A 1<sup>st</sup> schedule consultation process allows for the community and landowners to test the changes proposed in a robust manner.
23. Advice: Councillors are advised to approve the attached plan variation for notification via Schedule 1 of the RMA.

### Consultation Process | Hātepe Matapaki

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### Significance and Engagement | Te Whakamahi I kā Whakaaro Hiraka

24. This matter is of medium significance, as determined by reference to the Council's Significance and Engagement Policy because it is of high importance to the district, however the variation has been well signalled by the NPS-UD and is an extension of existing policy in the Proposed District Plan, and the QLDC Spatial Plan 2021.
25. The persons who are affected by or interested in this matter are residents/ratepayers of the Queenstown Lakes District community.

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<sup>11</sup> <https://www.legislation.govt.nz/act/public/2021/0059/latest/LMS566049.html>

<sup>12</sup> ibid section 80I (1) – (5)

26. The acceptance of the proposal for full statutory public notification via Schedule 1 of the RMA provides a process for interested parties to make a submission and be involved in the decision-making process.

#### **Māori Consultation | Iwi Rūnaka**

27. Through the course of development of the Urban Intensification Variation regular ongoing meetings are being held with iwi representatives through the Grow Well Whaiora partnership.

28. Throughout development of the variation, engagement with representatives of Aukaha and Te Ao Marama has occurred, including the opportunity for feedback on the draft variation. As required by Schedule 1 Clause 4A, Council is required to provide a copy of the draft plan variation to the relevant iwi authorities and then to have particular regard to any advice received. The s32 Report provides more detail on the feedback received from Iwi Authorities, and the subsequent amendments to the variation.

#### **Risk and Mitigations | Kā Raru Tūpono me kā Whakamaurutaka**

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29. This matter relates to the Strategic/Political/Reputational risk categories. It is associated with RISK00056 in terms of effective provision for the future planning and development needs of the district within the QLDC Risk Register. This risk has been assessed as having a moderate inherent risk rating.

30. The approval of the recommended option will support the Council by allowing us to implement additional controls for this risk. This shall be achieved by notifying the plan variation, which is a requirement of Policy 5 of the NPS-UD. Furthermore, the NPS-UD stipulates that a plan change/variation to implement Policy 5 must be notified by August 2022, and central government is aware that QLDC has not met that timeframe. Any further delay to notification may increase the risk of central government requiring QLDC to implement the MDRS (explained at paragraph 24 above).

#### **Financial Implications | Kā Riteka ā-Pūtea**

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31. In terms of the plan variation process, the key financial implications for Council stem from uncertainty regarding the level of resourcing required to fund a Council hearing and any subsequent Environment Court appeal process. Funding will be sourced through the district plan budget. This is a usual outcome from a statutory planning process, when the level of resources required are commensurate to submissions received.

32. Regarding funding of future infrastructure investment, this variation may mean that planned upgrades of existing infrastructure may need to be brought forward to meet additional demand sooner than is currently anticipated. The additional development enabled by this variation will occur incrementally over time and intensification of the existing urban environment has already been well-signalled in the QLDC Spatial Plan 2021.



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

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

- Operative District Plan
- Proposed District Plan
- Queenstown Lakes Spatial Plan 2021
- Queenstown Lakes Homes Strategy 2021
- Climate and Biodiversity Plan 2022-2025
- Way to Go Mode shift Plan 2022
- Significance and Engagement Policy 2021

34. The recommended option is consistent with the principles set out in the named policies. The variation is also consistent with the draft Joint Housing Action Plan, which was recently endorsed by Council for public feedback.

35. This matter is included in the Ten Year Plan/Annual Plan as part of the ongoing implementation and maintenance of the District Plan.

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

36. The First Schedule of the RMA sets out the process for undertaking variations to the PDP. Approval to serve public notice in accordance with Clause 5 is sought.

37. Section 74 of the RMA sets out the matters to be considered when preparing a plan variation. This includes preparation of a section 32 evaluation report. The section 32 report has been attached to this report that sets out the evaluation in support of the proposal.

38. Councils are required to implement National Policy Statements issued by central government.

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

39. Section 10 of the Local Government Act 2002 states the purpose of local government is (a) to enable democratic local decision-making and action by, and on behalf of, communities; and (b) to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future. The proposal allows for notification of the proposal, which allows the community to be part of the decision making process through submissions, further submissions and any hearings and Environment Court process. The recommendation in this report is appropriate and within the ambit of Section 10 of the LGA.

40. The recommended option:

- Can be implemented through current funding under the Ten Year Plan and Annual Plan;
- Is consistent with the Council's plans and policies; and

- Would not alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the Council or transfer the ownership or control of a strategic asset to or from the Council.

#### Attachments | Kā Tāpirihaka

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A	Summary of changes to the PDP provisions
B	Proposed amendments to PDP maps
C	Proposed amendments to PDP provisions
D	Section 32 Evaluation Report

*Note that all attachments are saved separately.*

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