

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
- An **Evaluation** against Section 32(1)(a) and Section 32(1)(b) of the Act
- Consideration of **Risk**

2. 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. 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 lead to a decline in rental supply, and a lack of secure tenure options.

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 section 5(2) 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.

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

As per Part II of the RMA, 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 well served by existing infrastructure generally represents a more efficient and effective use of resources than a planning approach providing for more greenfield zoning and development.

2.2 Otago Regional Policy Statement 1998 (RPS, 1998)

Section 74 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”.

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 and provides choice, 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 to achieve a coordinated approach to urban development and infrastructure, and supports the issues and direction identified by the Draft RPS.

2.4 Queenstown Lakes District Council Operative District Plan

The operative District Plan ‘Residential Areas’ chapter does not apply a Medium Density Zone ‘proper’, although it does apply a ‘Medium Density Sub-Zone’ to specific areas of the Low Density zone in Queenstown; and another sub-zone of the High Density Residential Zone (Sub zone ‘C’).

The operative provisions of the ‘Low Density Residential - Medium Density Sub-zone’ enable 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. Therefore, maximum yield efficiency is not supported by these existing provisions, and they do not address modern small 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 this zone to be encompassed into the new Medium Density 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 the same degree of centrality that the Proposed Medium Density Zone provides. 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.

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 Zone, in combination with other strategic methods for managing future housing demand, will ensure that the Councils priorities can be better integrated with the District Plan direction.

3. 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.
- Letter of Advice Re. Frankton Medium Density Zone, Chiles Ltd, 11 January 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

4. Resource Management Issues

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** – The sustainable management of natural and physical resources
- **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 30,900 people, and around 3 million visitors per year¹. 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 at this time, it was predicted under a high growth scenario, that the population might reach 29,000 to 30,000 people by 2021². 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 period². 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 2026³.

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' predictions² (of 30,000 people by 2012), 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 predictions for the Queenstown Lakes District⁴. 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%). 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.”⁴ 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

¹ Shaping Our Futures 'Visitor Industry Task Force' Report 2014)

² QLDC Growth Options Study, 2004

³ QLDC Growth Management Strategy, 2007

⁴ Insight Economics. Medium to High Density Housing Study: Stage 1a – Review of Background Data (2014)

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 options⁴. 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.

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 affordable⁵ 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.

Predicted levels of growth are estimated to require an additional 6,518 dwellings, or 362 dwellings each year⁶. In Arrowtown, there could be demand for an extra 690 to 870 dwellings over the next twenty years⁷. 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 from transport and infrastructure perspectives).

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*

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"*⁸

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

⁵ 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.

⁶ QLDC Economic Development Strategy, 2015

⁷ Arrowtown Dwelling Supply and Demand, Insight Economics, 2015

⁸ Queenstown, Dunedin and Wanaka Market Review and Outlook 2015, Colliers International

2.9 million in 2014⁹. 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 2015¹⁰).

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 Economics¹¹ predicts that total 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.

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 Chinese tourists (from a current share of 3 percent, to 11 percent); and Australian tourists (from a current share of 23 percent, to 31 percent)¹.

In terms of accommodation demands, a report by Insight Economics¹¹ 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 2035¹¹.

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 (Refer Issue 6 below), and may not address the changing visitor mix and increasing desire for peer to peer accommodation forms. The occurrence of overcrowding of residential properties is a recognised issue for the District, and is to some extent catering for a lack of sufficient tourist accommodation. 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*"⁸.

Increasing tourist accommodation demand also has an impact on removing the supply of long term residential rental housing, and Colliers predicts "*acute shortage of long term residential rental accommodation in Queenstown to continue, flowing through to rent increases*"⁸. 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"

⁹ New Zealand Tourism Forecasts 2015-2021, Ministry of Business, Innovation and Employment, May 2015

¹⁰ QAC Passenger Statistics, March 2015

¹¹ Analysis of Visitor Accommodation projections, Insight Economics, 2015

response and more housing is directed to the countryside or more reliance made on commuting from centres such as Cromwell).

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.

The Queenstown Town Centre and High Density Residential Zone is 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. However, there remains 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.

It is however recognised that visitor accommodation can have negative 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 discouraged by Non Complying status.*
- *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 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.

Further 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.</p> |

| | |
|---------------------------------|---|
| Arrowtown Urban Growth Boundary | The plan change establishes an urban growth boundary for Arrowtown. |
|---------------------------------|---|

It is evident that the issue of 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. It is however acknowledged that the imposition of urban growth 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'¹²).

Whilst urban growth boundaries may be perceived to affect property values, similar effects on house prices are also expected when comparing the change between urban and rural zonings which occurs at the boundaries. Regardless, 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 District Plan Review. The Strategic Directions identifies the key strategic goals and objectives the District Plan as a whole, and sets the framework for achieving a compact urban form. Of particular relevance within the Strategic Direction is 'Urban Form' and *Goal 2: The strategic and integrated management of urban growth*, along with *Policy 1.4 - Encourage a higher density of residential development in locations that have good access to public transport and centres*. Complementing and reinforcing this objective, the Urban Development framework (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 proposed Medium Density Zone provides an essential component of the overall urban growth management approach sought by Strategic Directions and the Urban Development framework. 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. All things being equal, more density and hence population adjacent to strategic public transport nodes and corridors should also help support the viability of public transport.

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

¹² Using Land for Housing – Draft Report, New Zealand Productivity Commission, 2015.

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: The sustainable management of natural and physical resources

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*"¹³ and points to the need for a more efficient urban form to improve the sustainability of housing supply and reduce the Districts carbon footprint.

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 requirements for sustainable building design in excess of the requirements of the Building Act, if imposed by mandatory rules, can add construction costs to housing development¹. The New Zealand Green Building Council notes that this is a common misconception, however, 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 the perspective purchaser

¹³ Shaping our Future: Energy Futures Taskforce Report 2014

(through reducing energy and water costs and increasing potential re-sale values)^{14, 15}. Specifically, an independent study notes that the achievement of a Homestar rating of 6 for a typical 3 bedroom house adds \$6,500 to construction costs¹⁵, but that this cost is recovered via savings of approximately \$729 per year in energy, water use and wastewater efficiencies¹⁶. It is noted that 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 requires double glazing). 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 likely increases to resale values.

In order to mitigate against the effects of restrictive planning processes associated with mandatory regulation of Homestar, the proposed Medium Density Zone incorporates density and non-notification incentives to encourage sustainable design.

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) hubs 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.

The district has some unique characteristics to its housing challenge, which have flow on effects to housing supply and affordability. Firstly, the district has a high number of homes owned for holiday purposes, and there is high housing demand from people who work in the tourism and hospitality industries. Increasing tourist accommodation demand has an impact on removing the supply of long term residential rental housing from the market, and Colliers predicts "*acute shortage of long term residential rental accommodation in Queenstown to continue, flowing through to rent increases*"⁸.

The District is also one of the fastest growing regions, with population growth since 2006 exceeding the national average⁴. Recent population and tourism forecasts predict that the district will continue to experience high growth over the next 20 years^{4, 8, 11}. Demand for both

¹⁴ New Zealand Green Building Council, The Value and Affordability of Homestar, www.nzgbc.org.nz/

¹⁵ Draft Unitary Plan, Homestar Cost-scoring Appraisal for Auckland Council, Jasmx & Rawlinsons, 16 September 2013

¹⁶ Homestar Case Study Cost Benefit Analysis, eCubud Building Workshop Ltd, March 2013

long term and short term accommodation options to support this growth will continue to be strong.

Topography and the natural amenities enjoyed within the District, combined with policies which aim to protect such features, also compound affordability issues via restrictions on the availability of land suitable for housing. For example, Saiz (2010¹²) found that US cities that were naturally geographically constrained also had the strictest regulatory constraints, and that in such circumstances geographically constrained cities are likely to also have higher land values because property owners have greater incentives to use the political process to push for regulation that protects those values¹².

It is recognised that the supply of land for residential housing or visitor accommodation can be affected by a range of factors that are outside the scope of the District Plan. However, restrictive planning systems increase cost and time in the planning process and can limit the supply of land and housing, leading to associated increases in both rental and house prices^{12, 17}. Additionally, the supply of land is influenced by the extent of land zoned for urban development; and the potential effects of landbanking¹⁸.

Landbanking limits the developable land being brought to market, and therefore restricts the available land supply. 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. It is also incentivised where a large proportion of potential dwelling capacity is held in a relatively small number of ownerships, such as is the case in Queenstown.

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 report¹⁹, 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.

¹⁷ 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

¹⁸ Brief Analysis of Options for Reducing Speculative Land Banking (Insight Economics, 2014)

¹⁹ The New Zealand Productivity Commission's Housing Affordability Inquiry, 2012

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 live¹².

A recent report 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, 2014¹²). Furthermore, increasing the supply of land for higher density living increases housing choice and can result in economies of scale which reduce 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 materials¹².

A recent article by Dr Phill McDermott²⁰ also 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 impact²⁰.

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 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 restrict the timing and quantity of land brought to market; and the uptake of this land by purchasers is affected by a number of economic factors (such as land price and design criteria).

Insight Economics¹⁸ 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 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.

To 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

²⁰ Cities Matter, 2015, available online at <http://cities-matter.blogspot.co.nz/>)

'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.

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. Council has also begun to assess different options in terms of applying different (higher) rates to undeveloped or undercapitalised land.

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 Accord is a short term initiative, however the District Plan review needs to address the issue over the mid to long term through appropriate policy which does not unnecessarily restrict housing supply. 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.

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 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

Medium density housing development of two storeys in scale can 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.

The Medium Density Zone establishes opportunities for higher density living which do not currently exist under the operative regime, and will provide an important component of the total housing approach sought by the Proposed District Plan. The zone 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.

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 regulation that hinders such delivery is avoided, especially if it does not offer significant environmental 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 dis-incentivise 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 dwelling 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 approved housing developments which have either not yet started, or have not been fully implemented (such as Frankton Flats, Jacks Point and Remarkables Park). However, a number of economic and site characteristics influence the development feasibility of land, and as discussed under Issue 5, the timing of the release of land is currently heavily controlled by a small number of developers. The uptake of this land by prospective buyers is also affected by choices around the financial impact of site specific design criteria and infrastructure costs (such is the case for Jacks Point).

To analyse the theoretical capacity of undeveloped land within the District, the QLDC maintains a dwelling capacity model. The model provides an indication of the available residential land within the District, and the potential yield which may be gained from that land. However, theoretical existing capacity is not necessarily 'development ready', and is held by a very small number of landowners with significant control over the market.

Insight Economics²¹ has recently undertaken a review of the 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 (referred to as 'feasibility factors'). However, Insight Economics review of this model proposed new feasibility factors which show only 51% of high density zoned land is likely to be realised for new residential development over the next 20 years, and 69% to 72% for the Medium Density sub-zone²¹. These revised factors are a significant reduction in the previously estimated capacity. This is clearly a significant issue for the Council when reviewing the District Plan. However, questions still remain as to whether this revised capacity remains overstated, based on the findings of the Productivity Commission's Inquiry and examples cited 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

²¹ Stage 1b – Dwelling Capacity Model Review'

and feasible capacity (accounting for a range of development costs and revenues) was only 8% of this (12,200 dwellings)¹².

The investigation by Insight Economics¹⁹ 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.

Another important contributing factor influencing the viability of land development is the relative values of land and improvements. For example, where the value of an existing building is low relative to the land value, it is more likely that the property will be viable for re-development.

It is evident that existing residential capacity is not sufficient in itself to realise the necessary development yield to cater for anticipated levels of growth (Refer Issue 1). 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 the competing (but necessary) objectives to protect the Districts natural landscapes. In the absence of large areas of greenfield land, provision for increased density through zoning and development controls is necessary to achieve additional dwelling capacity.

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 redevelop their property. Increased supply of viable land will also have some effect on reducing incentives for land banking.

Whilst additional land supply is one component of the picture, it is recognised that the majority of land within the identified medium density residential zones 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 extent of existing development footprint. Such factors have been taken into account when determining the necessary scale and location of the medium density zone to realise an appropriate development yield.

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 population/housing growth, and will be supported by the wider planning framework and development entitlements of other residential zones.

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”¹².

“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.”¹⁹

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 benefits¹².

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)²² considers the impact of restrictive planning controls on the viability of development:

²² ‘Wellington City Housing and Residential Growth Study: Final Planning Assessment and Recommendations’, The Property Group Limited, 2014.

‘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)¹⁵’.

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 Motu²³ – 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
- 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.

²³ 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

Through the provision of a more liberal planning framework enabled by the Medium Density Zone, it is considered that uncertainty surrounded the consent process (and delay costs) should be minimized, this improving developer confidence.

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. 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”²²

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. 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.

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.

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 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 Foundation²⁴ which notes "*higher density residential densities bring destinations closer together and support the presence of local shops, services and public transport*" and further that people "*are seeking out places where they can be less car dependent and where they can live, work and play*".

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.

Additionally, in Wanaka, the medium density zone adjoins land within the Wanaka Town Centre Zone. A discrete area of the medium density zone here is considered to be appropriate for mixed use development forms, to provide for the managed expansion of the Wanaka 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')*.

5. Purpose and Options

The purpose of the Medium Density zone is to facilitate higher density development of up to two storeys, close to town centres to:

- Provide greater housing supply to respond to strong demand for centrally located housing

²⁴ 'Does Density Matter – The role of density in creating walkable neighbourhoods', discussion paper by the National Heart Foundation of Australia

- 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 Group²² 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, 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.

5. Evaluation

5.1 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.

Strategic Directions

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

| |
|---|
| <p><i>Goal 2: Strategic and integrated management of urban growth</i></p> <p><i>Objective 1: To ensure urban development occurs in a logical manner:</i></p> <p><i>Objective 2: To manage development in areas affected by natural hazards</i></p> |
| <p><i>Goal 3: A quality built environment taking into account the character of individual communities</i></p> <p><i>Objective 1: To achieve a built environment that ensures our urban areas are desirable places to live, work and play</i></p> |
| <p><i>Goal 4: The protection of our natural environment and ecosystems</i></p> <p><i>Objective 8: To respond positively to Climate Change</i></p> |
| <p><i>Goal 5: Our distinctive landscapes are protected from inappropriate development</i></p> <p><i>Objective 3: To direct new subdivision, use or development to occur in those areas that have potential to absorb change without detracting from landscape and visual amenity values</i></p> |

Objective 4: To recognise there is a finite capacity for residential activity in rural areas if the qualities of our landscape are to be maintained

Goal 6: To enable a safe and healthy community that is strong, diverse and inclusive for all people.

Objective 1: To encourage access to housing that is more affordable

Objective 2: To ensure a mix of housing opportunities

Objective 4: To 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 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 effects associated with urban sprawl
- Promoting efficient use of existing services and infrastructure, including potential increase in the viability of public transport

5.2 Broad options considered to address issues

As required by section 32(1)(b) RMA, the following section considers various broad options considered to address each issue and makes recommendations as to the most appropriate course of action in each case.

- ***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 complete absence of a medium density zone, and including additional provisions 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.

Option 1: Retain the operative provisions

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: (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. Limited achievable yield as most development potential in existing sub zones has been realised. 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 Directions chapter. 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 | <ul style="list-style-type: none"> Has costs associated with going through the District Plan Review process (but this is required by legislation). 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 Lack of certainty/clarity around medium density development forms 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 May require infrastructure upgrades to support increased density Increased density may result in effects associated with parking and access Some areas at Frankton which are identified as being appropriate for medium density development (due to proximity to services and public and active transport routes) are located within noise sensitive environments and development of these areas will require noise mitigation. |

| | | | |
|-----------------|---|--|---|
| | <p>at the locality/site level.</p> <ul style="list-style-type: none"> • 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 | | |
| Benefits | <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 it easier for laypeople as well as RMA practitioners to interpret and apply. • 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 Council's strategic Directions Chapter, the Proposed Urban Development Chapter, and ORC's Proposed RPS. • 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 |

| | | | |
|----------------|----------|----------|---|
| | | | <p>and active living through proximity to services and public and active transport routes.</p> <ul style="list-style-type: none"> • 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 opportunities for economies of scale • 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 |
| Ranking | 3 | 2 | 1 |

6. 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.

7. 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> |
|---|--|
| 7.3.1 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 . | <p>Sets a broad goal of achieving medium density zones close to town centres, services and public transport routes.</p> <p>Consistent with Goals 2 and 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> |
| 7.3.2 Development provides a positive contribution to the environment through quality urban design solutions which complement and enhance local character and identity | <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 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>7.3.3 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 “...the sustainable management of use, development, and protection of natural and physical resources...” 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>7.3.4 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 and 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>7.3.5 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>Consistent with Goal 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>7.3.6 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 polices which ensure building</p> |

| | |
|--|--|
| | <p>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 1, 3 and 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>7.3.7 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 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>7.3.8 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 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>7.3.9 Enable low intensity forms of visitor accommodation that are appropriate for a medium density environment to respond to strong projected growth in visitor numbers.</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 1, 2 and 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>7.3.10 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 1 and 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>7.3.11 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 2, 3 and 4 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>7.3.12 Objective – The Wanaka Town Centre Transition Area provides for mixed use 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>7.3.13 Objective – Manage the development of land within noise affected environments of the Queenstown Airport and State Highway network 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 Queenstown Airport and the State Highway network. Provides for the provision of 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> |

8. 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 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.**
- **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 to respond to strong projected growth in visitor numbers.**
- **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 a higher density of development per site
- 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 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> |
|-----------------------------------|---------------------|------------------------|--|
|-----------------------------------|---------------------|------------------------|--|

| | | | |
|--|---|---|---|
| <p><u>Objectives</u></p> <p>7.3.1, 7.3.2, 7.3.4, 7.3.5, 7.3.8, 7.3.10</p> <p><u>Policies:</u></p> <p>7.3.1.1 to 7.3.1.3</p> <p>7.3.2.1 to 7.3.3.3</p> <p>7.3.4.1, 7.3.4.2</p> <p>7.3.5.1 to 7.3.5.3</p> <p>7.3.8.1 to 7.3.8.5</p> <p>7.3.10.1 to 7.3.10.3</p> <p><u>Activity table:</u></p> <p><u>Rules:</u></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 (7.3.3.2, 7.3.3.3) and encouragement of walking and cycling (7.3.4.1 to 7.3.4.4), 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. 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>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.</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 Frankton and</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.</p> <p>Direct and unambiguous policies will aid effectiveness and efficiency, as will the concise and streamlined structure of the proposed provisions.</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>Economic 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 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</p> | <p>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 (7.3.3.2, 7.3.3.3) and mechanisms to promote walking and cycling (7.3.4.1 to 7.3.4.4) can reduce energy consumption associated with heating and transport.</p> <p>Economic 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 accommodation activities without the need for resource consent (i.e. Activity table 7.6.1.9, 7.6.1.21) 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.</p> | |
|--|---|---|--|

| | | | |
|--|---|---|--|
| | <p>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. 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</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 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</p> | |
|--|---|---|--|

| | | | |
|--|--|--|--|
| | <p>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 2015²⁵ ('Home Truths Special Edition', 14 May 2015) supports the notion that higher density rezonings tend to increase land values:</p> <p><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'²⁵.</i></p> <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 | <p>opportunities, rather than it remaining as a latent opportunity.</p> <p>As discussed in the analysis on economic 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>Social & Cultural</p> <p>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 events.</p> | |
|--|--|--|--|

²⁵ Westpac Report Home Truths Special Edition', 14 May 2015

| | | | |
|--|---|---|--|
| | <p>redevelopment, helping to minimise impact</p> <p>3. The sunset clause provisions will help bring forward development and limit price inflation increases over a longer period.</p> <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</p> <p>Rules 7.7.1.1 and 7.7.1.4 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>Policies relating to energy efficient design (7.3.3.2, 7.3.3.3) and encouragement of walking and cycling (7.3.4.1 to 7.3.4.4), 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</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 is conveniently located in proximity to a local shopping node, education facilities, walkways and trail networks, and major recreational facilities within the Queenstown Events Centre. Proximity of such facilities also increases the convenience of active transport and may improve uptake of recreation services (sports and fitness).</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 (7.3.3.2, 7.3.3.3) and encouragement of walking and cycling (7.3.4.1 to 7.3.4.4), may improve health and increase the amenity values of new developments.</p> <p>The provisions may also help support some older residents remaining within communities</p> | |
|--|---|---|--|

| | | | |
|--|---|--|--|
| | <p>pressing in Arrowtown. However there is some minor potential for increasing capacity at Arrowtown Primary School, and the Ministry of Education 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 incentive through achieving more development yield.</p> | <p>as opposed to moving out of communities to find suitable 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>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> | | |

| | |
|---|---|
| | <ul style="list-style-type: none"> • <i>Lack flexibility</i> • <i>Not sufficiently enabling to facilitate adjustment in housing supply to meet demand</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> |

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 Arrowsmith medium density development responds sensitively to the town's character**
- **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.**
- **Manage the development of land within noise affected environments of the Queenstown Airport and State Highway network to ensure mitigation of noise and reverse sensitivity effects.**

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 Arrowsmith, setting specific design outcomes and requiring compliance with the Arrowsmith 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, the inclusion of clear policy intentions and rules to manage reverse sensitivity effects noise from the State Highway network and Queenstown Airport
- 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> |
|---|--|--|--|
| <p><u>Objectives</u></p> <p>7.3.3, 7.3.4, 7.3.5, 7.3.7, 7.3.12, 7.3.14</p> <p><u>Policies:</u></p> <p>7.3.3.1 to 7.3.3.7</p> <p>7.3.4.1 to 7.3.4.2</p> <p>7.3.5.1 to 7.3.5.3</p> <p>7.3.7.1 to 7.3.7.3</p> <p>7.3.12.1 to 7.3.12.7</p> <p>7.3.14.1 to 7.3.14.3</p> <p><u>Activity table:</u></p> <p><u>Rules:</u></p> | <p><i>Environmental</i></p> <p>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.</p> <p>Higher density may increase impacts associated with traffic and parking.</p> <p><i>Economic</i></p> <p>Requiring high design quality adds costs to development projects, and may impact on 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</p> | <p><i>Environmental</i></p> <p>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.</p> <p>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.</p> <p><i>Economic</i></p> <p>The Productivity Commission 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 achieve¹². 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.</p> <p>Homestar certified design can result in cost savings associated with reduced energy and water costs, as well as increasing property re-</p> | <p>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 expensive of quality urban design.</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> <p>Direct and unambiguous policies will aid effectiveness and efficiency, as will the concise and streamlined structure</p> |

| | | | |
|--|---|---|------------------------------------|
| | <p>Frankton subject to airport and road noise may increase building costs, however additional costs of sound insulation are not expected to be significant.</p> <p>Design of buildings to achieve Homestar rating of 6 or more can result in minor increases to construction costs.</p> <p>The Queenstown Airport is a significant contributor to the local and regional economy, Increased density housing within air noise boundaries has the potential to affect operations of the airport where noise complaints are made, or residents attempt to limit future expansion plans of the airport during consenting processes. However, the Council and Environment Court Decision on Plan Change 35 (currently under appeal) has established that sound insulation is an appropriate method under the RMA to mitigate the effects of aircraft noise on this established residential area. . Accordingly, the outcomes of PC35 are intended to be carried over to the new Medium Density Zone, with a further requirement for any activities sensitive to aircraft noise (ASAN – as defined by PC35) to be subject to a restrictive non-complaints covenant. Council has received advice from a specialist noise consultant²⁶ which has confirmed that sound insulation to the standards of PC35 will be sufficient to protect resident’s amenity values under current operating conditions, in addition to</p> | <p>sale values.</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 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</p> | <p>of the proposed provisions.</p> |
|--|---|---|------------------------------------|

²⁶ Letter of Advice Re. Frankton Medium Density Zone, Chiles Ltd, 11 January 2015.

| | | | |
|--|--|---|--|
| | <p>the inclusion of night flights.</p> <p>The imposition of urban growth boundaries (via Chapter 4 of the Proposed District Plan) 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>Social & Cultural</p> <p>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 coverage).</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 mechanical ventilation to accepted standards (established via PC35 and NZ Standard NZS6805) (Rule 7.7.1.2</p> | <p>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 mitigate against noise and overdevelopment.</p> | |
|--|--|---|--|

| | | | |
|---|---|-----------------|---------------------------------------|
| | (a) and (b)). Where sound insulation rules are not met, a proposal would be considered as 'non complying'. | | |
| Alternative options considered less appropriate to achieve the relevant objectives and policies: | | | |
| Option 1: Retain the operative provisions | <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 | | |
| Option 2: Adopt more liberal rules than proposed | <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. | | |
| <u>Issue 5, 6, 7: Development viability and the impact of restrictive planning controls</u> | | | |
| <u>Objectives:</u> | | | |
| <p>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.</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>Summary of proposed provisions that give effect to these objectives:</p> <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, 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, the inclusion of clear policy intentions and rules to manage reverse sensitivity effects noise from the State Highway network and Queenstown Airport | | | |
| Proposed | Costs | Benefits | Effectiveness & Efficiency |

| | | | |
|---|--|---|---|
| provisions | | | |
| <p>Objectives</p> <p>7.3.2, 7.3.5</p> <p>Policies:</p> <p>7.3.2.1 to 7.3.2.4</p> <p>7.3.5.1 to 7.3.5.3</p> <p>Activity table:</p> <p>Rules:</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>Requirement for sound insulation and mechanical ventilation for locations at Frankton subject to airport and road noise may increase building costs; however additional costs of sound insulation are not expected to be significant. Overall,</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”¹².</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 achieve¹². Better clarification of the priority of the zone to accommodate housing ensures the protection of amenity does not restrict supply 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</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 development of land.</p> |

| | | | |
|--|---|--|--|
| | <p>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>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 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, 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 7.7.1.2 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>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%) 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 subject to airport and</p> | |
|--|---|--|--|

| | | | |
|---|--|--|--|
| | | <p>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>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><i>Alternative options considered less appropriate to achieve the relevant objectives and policies:</i></p> | | | |

| | |
|---|--|
| <i>Option 1: Retain the operative provisions</i> | <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>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>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> |

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 provides for mixed use 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 mixed use development within the Wanaka Transition Area Overlay, subject to compliance with the provisions of the Wanaka Town Centre Zone (Refer further detail contained within the ‘Section 32 Evaluation Report: Wanaka Town Centre’)

| <i>Proposed provisions</i> | <i>Costs</i> | <i>Benefits</i> | <i>Effectiveness & Efficiency</i> |
|-----------------------------------|---------------------|------------------------|--|
|-----------------------------------|---------------------|------------------------|--|

| | | | |
|--|---|---|---|
| <p><u>Objectives</u> 7.3.9, 7.3.11, 7.3.14</p> <p><u>Policies:</u> 7.3.9.1 to 7.3.9.3 7.3.11.1 to 7.3.11.6 7.3.14.1 to 7.3.14.3</p> <p><u>Activity table:</u></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><i>Economic</i></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><i>Social & Cultural</i></p> <p>Inclusion of commercial and community facilities may result in amenity impacts associated with noise, visual amenity, traffic and parking. However, protection is still offered through stipulation for 'low intensity uses only' and limiting commercial uses to 100m² gross floor area (Activity Table 7.6.1.5). 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. Strong discouragement for activities which generate noise is stipulated by Policy</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>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 via the 'Wanaka Town Centre Transition Overlay' provides opportunities for mixed use development forms which enhance the quality of the town centre, activate the street and contribute to a diversified economy (Refer further detail contained within the 'Section 32 Evaluation Report: Wanaka Town Centre') .</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 of it by the community.</p> <p>A 'Discretionary' status has been applied to both Commercial and Community Activities (Activity Table 7.6.1.5, 7.6.1.7 and 7.6.1.8) ensuring that the effects of such activities can be appropriately considered via resource consent.</p> |
|--|---|---|---|

| | | | |
|--|---|--|--|
| | 7.3.9.3. | <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>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>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> | | |

9. 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 the overarching Strategic Direction (Chapter 3) of the proposed District Plan 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 to protect the character and amenity of Queenstown, Wanaka and Arrowtown (Chapter 4). 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.

By simplifying the objectives, policies and rules (the provisions), the subject matter becomes easier to understand for users of the Plan both as applicant and processing planner. 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,

10. The risk of not acting

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

ATTACHMENTS

1. *QLDC MDR REVIEW - Infrastructure Assessment*, Holmes Consulting Group
2. *Arrowtown Dwelling Supply and Demand*, Prepared by Insight Economics for Queenstown Lakes District Council, 18 February 2015
3. *Queenstown Visitor Accommodation Projections*, Prepared by Insight Economics for Queenstown Lakes District Council, 8 April 2015.
4. *Brief Analysis of Options for Reducing Speculative Land Banking*, Prepared by Insight Economics for Queenstown Lakes District Council, 6 August 2014
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
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
7. *Shadow and Recession Planes Study*, Virtual Rift 3D Solutions, prepared 12 March 2015.
8. *Letter of Advice Re. Frankton Medium Density Zone*, Chiles Ltd, 11 January 2015.