

### Full Council

9 October 2025

#### Report for Agenda Item | Rīpoata moto e Rāraki take [4]

#### Department: Planning & Development

#### Title | Taitara: Housing and Business Development Capacity (HBA) – 2025 Assessment

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

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The purpose of this report is to provide Council for adoption the Housing and Business Capacity Assessment 2025 (Attachment A), which is a key requirement of the National Policy Statement on Urban Development 2020 (NPS-UD).

#### Executive Summary | Whakarāpopototaka Matua

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Queenstown Lakes District is an area of high growth. The district's estimated resident population has increased by 140% over the past two decades, which is over four and a half times the rate of growth experienced nationally. The associated rapid expansion and substantial changes to the urban environment have created challenges for the district in managing high growth.

The NPS-UD requires Council (recognised as a tier 2 local authority) to prepare and make publicly available, a Housing and Business Capacity Assessment (HBA) every three years. As a tier 2 local authority, Council is required to ensure there is sufficient housing development capacity in the short (3 years), medium (10 years) and long term (30 years).

The purpose of the HBA is to provide detailed information on the demand and supply of housing and business land in the urban environment, and to understand the impact of planning and infrastructure decisions of the local authority on demand and supply.

The HBA is also used to inform Resource Management Act 1991 (RMA) planning documents, future development strategies and long term plans for both Queenstown Lakes District Council and Otago Regional Council. It quantifies the development capacity that is sufficient to meet expected demand for housing and business land in the short, medium and long term.

The HBA undertaken indicates that Queenstown Lakes District is generally well-positioned to meet projected housing and business land demand over the medium term, supported by recent planning and infrastructure initiatives. The HBA indicates that in the short term, infrastructure constraints are limiting the district's ability to respond effectively to demand. In the medium term, the district is projected to face a net shortfall of 18 hectares of industrial land. Over the long term, the district is projected to face net shortfalls in business land, including 3 hectares each for retail and commercial uses, and a shortfall of 36 hectares in the industrial sector. This shortfall is compounded by a recent decision of the Environment Court to upzone 6.78 ha of Industrial Zoned land to Business Mixed Use Zoning [NZEncC 74, 2025].

While residential demand can be met at a ward level, challenges remain in delivering affordable housing and ensuring infrastructure keeps pace with growth across all locations.

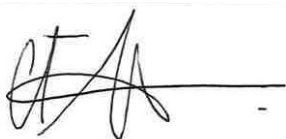
### Recommendation | Kā Tūtohuka

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That the Council:

1. **Note** the contents of this report;
2. **Adopt** the Queenstown Lakes Housing and Business Capacity Assessment 2025 subject to any minor changes approved by the General Manager of Planning and Development;
3. **Delegate** to the General Manager, Planning and Development the authority to finalise the Housing and Business Capacity Assessment on behalf of Council pending feedback from the Ministry for the Environment;
4. **Note** that the key findings of this assessment indicate that there is insufficient infrastructure ready development capacity over the short term (residential) and medium and long term (commercial and industrial) which will assist in understanding what work and support is required to ensure we meet Central Governments directions. In accordance with 3.7(1)(a) of the NPS-UD, QLDC and ORC will notify the Minister for the Environment; and
5. **Note** the requirement to update the Proposed District Plan with the following housing bottom lines:
  - a. Short-Medium Term (10 years, 2023-2033): an additional 9,100 dwellings.
  - b. Long Term (20 years, 2033-2053): an additional 18,000 dwellings.
  - c. Combined Total Long Term (30 years, 2023-2053): an additional 27,100 dwellings.
6. **Note** the key findings of this assessment will help inform Council's future work programmes and investments to achieve the government requirements and Council's ongoing duty to monitor the uptake and use of residential and commercial zoned land;

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17 September 2025

#### Reviewed and Authorised by:



**Name:** David Wallace

**Title:** General Manager  
Planning and Development

17 September 2025

Context | Horopaki

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**National Policy Statement on Urban Development 2020 (NPS-UD)**

1. The NPS-UD requires councils to plan for growth and ensure the delivery of a ‘well-functioning urban environment’. This includes providing for sufficient development capacity within plans to meet the needs of people, communities and future generations.
2. The NPS-UD includes both Queenstown Lakes District Council (**QLDC**, or **Council**) and the Otago Regional Council (**ORC**) as tier 2 local authorities. One of the key requirements of the NPS-UD is for tier 1 and 2 local authorities to prepare and make publicly available a Housing and Business Capacity Assessment (HBA) every three years.
3. Otago Regional Council has met 50% of the costs of the HBA (housing) report that was prepared by Market Economics as it required detailed technical and economic assessments in order to fulfil the NPS-UD requirements. In addition, Otago Regional Council’s Policy & Planning Team has been involved in the development and review of the HBA alongside a number of Queenstown Lakes District Council staff.

**Housing and Business Capacity Assessment (HBA)**

4. The purpose of the HBA is to provide detailed information on the demand and supply of housing and business land in the urban environment and the impact of Council’s planning and infrastructure decisions on that demand and supply.
5. The HBA is a key document used to inform RMA planning documents (e.g., the Proposed District Plan), future development strategies, and long term plans. It also quantifies the development capacity that is sufficient to meet the expected demand for housing and business land in the short, medium and long term.
6. The NPS-UD sets out specific requirements for assessing housing and business land requirements when preparing HBA assessments.
7. For housing, the HBA must include an analysis on how Council’s planning decisions and the provision of infrastructure affects the affordability and competitiveness of the local housing market. This also includes an assessment of how well the current and future demands of housing for different groups (including Māori) in the community are met.
8. The HBA must estimate, for the short, medium and long term, the demand for additional housing (expressed as the number of dwellings) in the District in different locations and include dwelling types including standalone dwellings and attached dwellings. Further the HBA quantifies the development capacity for housing that is:

- a. Plan enabled;
  - b. Plan enabled and infrastructure ready;
  - c. Plan enabled, infrastructure ready, feasible and reasonably expected to be realised.
9. For business, every HBA must estimate, for the short, medium and long term, the demand from each business sector for additional business land (expressed in hectares or floor area). At a minimum, the assessment must distinguish between demand for commercial, retail and industrial uses.
10. Further, the HBA must estimate for the short, medium and long term:
- a. The development capacity (in terms of hectares or floor areas) to meet expected demand for business land for each business sector, plus the appropriate competitiveness margin<sup>1</sup>;
  - b. The quantum of that development capacity that is plan enabled, plan enabled and infrastructure ready and plan-enabled, infrastructure ready and suitable for each business sector.
11. The NPS-UD also includes a range of other requirements and criteria that must be considered when preparing an HBA. These are covered under Subpart 5 – Housing and Business Development Capacity Assessment (HBA) of the NPS-UD.

## **Housing and Business Capacity Assessment 2025 Assessment**

### Demand for Residential and Non-Residential

12. The HBA utilises the QLDC Demand Projections 2025, which recommends use of the “High Plus” growth scenario. This reflects much higher growth than previous demand projections, responding to recent trends where actual growth has exceeded the anticipated growth projections.
13. The QLDC March 2025 Demand Projections indicate that by 2055, the resident population is expected to reach approximately 97,700, an 80% increase from 2025. Housing numbers are projected to grow to nearly 50,000, resulting in a required increase of approximately 23,600 new dwellings. Visitor growth also plays a major role, with the average daily population projected to reach approximately 150,000 with peak days exceeding 220,000 people.
14. Non-Residential demand is anticipated to grow at similar rates, leading to a projected business floorspace demand of a combined 781,100m<sup>2</sup> gross floor area space for visitor accommodation, retail, commercial and industrial over the next thirty years.

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<sup>1</sup> A competitiveness margin is a margin of development capacity, over and above the expected demand that tier 2 local authorities are required to provide, that is required in order to support choice and competitiveness in housing and business land markets.

### Housing Bottom Lines

15. The HBA translates the Council's "High Plus" population projections into demand for dwellings. These numbers become important as the HBA (housing) assesses them against plan enabled, commercially feasible and infrastructure ready dwelling capacity numbers in the urban environment to determine whether the District has sufficient capacity as per the NPS-UD requirements.
16. Clause 3.6(1) of the NPS-UD requires that "the amount of development capacity that is sufficient to meet expected housing demand plus the appropriate competitiveness margin<sup>2</sup>" in the short-medium and in the long term is clearly stated for each district of a tier 2 urban environment. The additional competitiveness margin aims to support choice and competitiveness in housing and business markets. However, this requires the Council to plan for providing infrastructure to additional landowners to ensure that this additional competition is effectively implemented. The Housing Bottom Line is to be based on the amount of "feasible, reasonably expected to be realised development capacity that must be enabled to meet demand, along with the competitiveness margin". Once determined, the Housing Bottom Lines must be inserted into the District Plan and Regional Policy Statement.
17. The following are the calculated Housing Bottom Lines for the Districts urban environments for the short, medium and long term. They are based on the analysis set out in Technical Report and are driven by Council's High Plus demand projection series. Sufficient zoned and infrastructure-served, and feasible development capacity is required to meet the following number of projected additional dwellings in each time period:
- a. Short-Medium Term (10 years, 2023-2033): an additional 9,100 dwellings.
  - b. Long Term (20 years, 2033-2053): an additional 18,000 dwellings.
  - c. Combined Total (a + b) Long Term (30 years, 2023-2053): an additional 27,100 dwellings.

### Residential Capacity and Sufficiency of Supply

18. The Housing and Business Assessment (HBA) demonstrates that there is a substantial amount of plan-enabled housing capacity available across the short, medium, and long term. This capacity has been facilitated through a variety of planning mechanisms, including zone changes such as the Te Pūtahi Ladies Mile Variation, proposed changes to the District Plan like the Urban Intensification Variation, the adoption of the Te Tapuae Southern Corridor Structure Plan, which is now progressing toward a District Plan variation. Additionally, future urban uses have been identified through the Grow Well Whaiora partnership and Spatial Plan, particularly within the Priority Development Areas, further supporting long-term housing supply.

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<sup>2</sup> Competitiveness margin of 20% in the short and medium term and 15% in the long term.

19. However, in the short term, there is a projected district-wide shortfall of 1,000 dwellings, due to infrastructure capacity limitations in the Whakatipu Ward (resulting in a ward shortfall of 1200 dwellings). The Wānaka Ward shows a small surplus of 180 dwellings, but with projected shortfalls occurring within the main Wānaka township also primarily as a result of infrastructure capacity limitations (which improve in the medium term under the 2024-2034 LTP). It is also likely fast track developments approved by the EPA will increase the level of dwelling supply and that process is not considered by the HBA model currently.
20. During the medium-term there are projected surpluses (+6,100 dwellings). However, when broken down by housing typology and location, the model indicates shortfalls for greenfield detached dwellings which are expected to remain in high demand.
21. In the long term, the district shows an overall surplus of 2,800 dwellings, identifying that there is both enough plan enabled capacity and infrastructure investment planned to meet demand. While there is an overall surplus in the District, there are some sufficiency issues in individual areas within the District (for example greenfield capacity in Wānaka) that will need to be addressed, including how to provide infrastructure capacity in a cost effective manner.

#### Housing Affordability

22. The HBA assists the Councils in understanding potential issues with Housing Affordability and would assist in justifying changes to the PDP to address such issues. In this regard, with the current planning framework, planning changes to the PDP and new growth areas are expected to continue to improve housing choice and better align supply with demand over time, with their benefits becoming gradually more significant through the medium to long term.
23. The report finds that while planning changes (like the UIV yet to be decided upon) significantly increase development opportunities—particularly through higher-density zoning in central Queenstown and Wānaka—housing affordability remains under strain.

#### Business Capacity and Sufficiency of Supply

24. The HBA indicates that there is strong projected growth in business land and floorspace, especially in retail, commercial, and industrial sectors, driven by population and employment growth.
25. In the short term, there are sizeable shortfalls across all business sectors—amounting to about 85,300m<sup>2</sup> of floorspace (12.4 hectares of land). These shortages are driven by infrastructure constraints.
26. In the medium term, there is an expected shortfall of 72,000m<sup>3</sup> of business floorspace (6.1 hectares of land). However, the district is projected to face a net shortfall of 18 hectares of industrial land. This shortfall is compounded by a recent decision of the Environment Court to upzone 6.78 ha of Industrial Zoned land to Business Mixed Use Zoning [NZEncC 74, 2025].



27. In the long term, shortfalls will continue. The district is projected to face significant deficits of land for retail of three hectares, commercial of three hectares and industrial of 36 hectares. These shortfalls are concentrated in Whakatipu, where the HBA identifies plan enabled capacity lagging behind demand. Wānaka also shows industrial land constraints, though it retains a small retail land surplus.
28. Overall, the HBA concludes that long term business growth in the district will rely on additional plan enabled capacity being unlocked alongside sustained infrastructure investment to meet demand. At this point the HBA does not look at the wider context, that is how capacities can be addressed across District boundaries through regional collaboration. This will be an important consideration moving forward. The provision of business growth should consider the broader implications on urban markets that interact with each other, for example the interaction between Queenstown, Wānaka and Cromwell in meeting the demand for business land.

#### Next Steps

29. Following adoption of the HBA report, Council is required to insert the Housing Bottom Lines into the District Plan (No Schedule 1 process required).
30. Consider the use of alternative funding and financing tools to accelerate infrastructure delivery in the priority development areas identified in the Spatial Plan.
31. To notify the Minister in accordance with 3.7(1)(a) of the NPS-UD that there is insufficient development capacity over the short and long term as outlined in the HBA assessment.
32. While the next steps are required under the NPS-UD, it is important to acknowledge the broader context of the RMA reforms and the emerging Otago Central Lakes Regional Deal. These initiatives signal a shift toward more formalised sub-regional spatial priorities, with Queenstown Lakes District Council (QLDC), Otago Regional Council (ORC), and Central Otago District Council (CODC) negotiating the terms of the partnership with Central Government to address shared challenges such as rapid growth, infrastructure deficits, and affordable housing. Although the Regional Deal is still in its early stages, both it and the RMA reforms aim to support the development of a comprehensive sub-regional spatial plan that leverages comparative strengths and fosters collaboration.

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

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33. This report identifies and assess the following reasonably practicable options for addressing the matter as required by section 77 of the Local Government Act 2002. These options are set out below, including an assessment of their advantages and disadvantages.
34. Option 1: Adopt the Housing and Business Capacity Assessment 2025 (HBA)

*Advantages:*

- Adopting the HBA will allow Council to use this information to inform the Proposed District Plan, the Future Development Strategy (FDS), the Long Term Plan, and any other Council documents and plans.
- This option would also provide the community with up-to-date information on housing and business needs across the District.
- As a tier 2 local authority, the NPS-UD requires that Council prepare, and make publicly available, a HBA report every 3 years. This option would give effect to the direction in the NPS-UD.

*Disadvantages:*

- There are no known disadvantages from this option.

35. Option 2: Do not adopt the Housing and Business Capacity Assessment 2025 (HBA)

*Advantages:*

- There are no known advantages from this option.

*Disadvantages:*

- QLDC may be in contravention of the NPS-UD.
- This option would mean that there would be no adopted up-to-date information to inform appropriate planning outcomes for the PDP, the FDS, the Long-Term Plan, or any other Council documents.
- Significant investment across Council has been required to create the HBA, not adopting it as a Council document to use as a resource for decision making would be wasteful.

36. This report recommends **Option 1** for addressing the matter because it will result in an adopted up-to-date housing and business capacity report (HBA) that can inform Council planning documents such as the District Plan, Infrastructure planning and investment and the Spatial Plan and provide important housing and business information to the community and assist with appropriate planning for the future.



### Consultation Process | Hātepe Matapaki

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

37. This matter is of medium significance, as determined by reference to the Council's Significance and Engagement Policy 2024 because of the social, economic and environmental importance of the HBA assessment has locally.
38. The persons who are affected by or interested in this matter are neighbouring authorities, infrastructure providers, providers of community facilities, resident/ratepayers of the Queenstown Lakes District community, developers, and a range of other groups, individuals and entities who will need to be consulted in various ways in a range of work programmes arising from the NPS-UD.

#### Māori Consultation | Iwi Rūnaka

39. NPS-UD has specific reference to Te Tiriti o Waitangi, with the intention of meeting the needs of Māori living in urban environments. Under Objective 5 and Policy 9 of the NPS-UD, local authorities must ensure iwi/Māori are engaged in processes to prepare plans and strategies that shape urban environments. Assessing Māori housing demand in HBAs is a requirement under section 3.23(2) of the NPS-UD. Including analysis of Māori housing demand, aspirations and barriers in this HBA is intended to help QLDC to better consider these factors in their decision-making, help progress housing initiatives that improve housing outcomes for Māori and further strengthen relationships with mana whenua.
40. Council did not consult with Māori on this HBA. However, the Council will continue to engage with Iwi through Aukaha and Te Ao Mārama as part of the preparation and development of a Future Development Strategy, and any changes to the Proposed District Plan as they are a partner in decision-making and policy development at key stages.

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

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41. This matter relates to the Community & Wellbeing risk category. It is associated with RISK10056 Ineffective provision for the future planning and development needs of the district within the QLDC Risk Register. This risk has been assessed as having a moderate residual risk rating.
42. The approval of the recommended option will allow Council to retain the risk at its current level. This will be achieved by ensuring we are meeting our obligations under the NPS-UD (to create an HBA).

### Financial Implications | Kā Riteka ā-Pūtea

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

44. The cost of preparing the HBA has been met by Queenstown Lakes District Council and the Otago Regional Council.

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

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

- The Operative District Plan (**ODP**) and Proposed District Plan (**PDP**);
- The Spatial Plan 2021;
- Infrastructure Strategy;
- Long Term Plan.

46. Adoption of the HBA is consistent with the direction in the named policy/policies.

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

47. Legal considerations and statutory responsibilities will need to be taken into account in respect of adding the housing bottom lines to the PDP, noting no Schedule One process is required. Further, the HBA is a statutory requirement of the NPS-UD and must be published as soon as practicable.

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

48. Section 10 of the Local Government Act 2002 states the purpose of local government is (a) to enable democratic local decision-making and action by, and on behalf of, communities; and (b) to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future. The adoption of the HBA provides a base of information for Council to understand future zoning and infrastructure requirements. As such, the recommendation in this report is appropriate and within the ambit of Section 10 of the Act.

49. The recommended option:

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

Attachments | Kā Tāpirihaka

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A	Queenstown Lakes District Housing and Business Capacity Assessment 2025
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Attachment is circulated separately.