



macro perspective > micro analysis

Kingston Township

Population Projections

Prepared for:

Kingston Village Ltd

in association with

Queenstown Lakes District Council

(QLDC agent Arrow Resource Management)



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Executive Summary

This report has examined the historical and potential future dwelling and population growth in the township of Kingston. This has been set against the context of growth in the greater Queenstown Lakes District.

A number of factors have been identified as being important to Kingston growth. These include:

- Household size
- Decline in holiday homes
- Relative housing affordability in Kingston compared to Queenstown
- Local business development and share of tourism growth

A 2007 growth projection for the entire district, including Kingston has been recently completed by Rationale Ltd. This has been called the base projection in this report. It uses a top down distribution of district growth and growth drivers specific to the township have not been considered. These projections are hence considered to be conservative for the Kingston township. A further three growth scenarios are presented that include the proposed plan change in Kingston. These scenarios are:

- Scenario 1. Moderate growth – the township growth continues to be driven by affordable housing and a dormitory suburb of Queenstown is created. The population reaches 492 by 2036 with an additional 187 new dwellings. Growth is limited by the lack of community facilities and township amenities.
- Scenario 2. High growth – in addition to the affordable housing growth outlined in Scenario 1, incremental growth is driven by the development of an overnight tourist market in Kingston, and associated local employment opportunities. As the township amenity is increased it also continues to be an attractive place for holiday makers and retirees. The population reaches 835 by 2036 with an additional 337 new dwellings.
- Scenario 3. Aggressive growth – population growth in addition to Scenario 2 as a result of new developments effectively targeting the demand for affordable housing by assuming that new sections and housing are competitively priced. New residents are attracted by the amenity of the township, the quality of new homes and township facilities. This results in the township attracting a greater proportion of the district growth over a sustained period of time. In this scenario the ultimate capacity is reached in 30 years. The population reaches 1531 and an additional 760 new dwellings are built.

An ultimate population of 1116 has also been calculated based on an eventual capacity of 930 dwellings and a decline in the number of holiday homes (however not to the extent forecast in Scenario 3). In this scenario, a review of local employment and business land requirements has been completed by referencing the Queenstown and Clyde average ratio of employees to residents. Local business development remains subdued due to the proximity to Queenstown with over 500 employees commuting to Queenstown. Local employment for 169 employees is generated in this scenario. This activity requires 0.8 Ha for retail and commercial use and 1.1 Ha for mixed use employment including light industry.

The implications and options for managing the creation of a satellite township are reviewed. It is recognised that affordable housing may create a satellite township, however this demand is essential for boosting town growth, making provision of reticulated water and waste water services possible. Localisation of the town will occur over time as the town reaches a critical mass and local employment opportunities and community facilities are made available.

1 Overview

1.1 Purpose of Report

This report has been commissioned by Queenstown Lakes District Council to provide data to assist in the preparation of a plan change that would make additional land available for residential development and mixed use activities in the township of Kingston. The plan change site is approximately 88 Ha and lies to the South of the existing township zone and the railway track as shown in Figure 2.2.

The plan change site is currently zoned rural general. The plan change would extend the township residential boundary and provide additional space for growth.

This report provides an outlook on population and dwelling growth that can be used to complete an economic analysis of the feasibility and timing for a development with the plan change site. The report contents can also be used to assist in satisfying the Section 32 requirements of the Resource Management Act where there is a requirement to examine the appropriateness of objectives, policies and rules, and consider costs and benefits for a plan change to the District Plan.

1.2 Contents and Approach

This report provides a comprehensive review of growth patterns in Kingston using census data and other publicly available information. Factors and trends that may affect future growth are examined and conclusions drawn about the nature of future growth. Kingston township is considered as an isolated community and as part of the greater Queenstown Lakes District. Comparisons are also made with communities that have similar attributes, particularly Hawea.

Context in relation to the guiding documents has also been provided, in particular the District Plan and the Kingston Community Plan.

The report provides an outlook of future population and dwelling growth in Kingston. The base scenario presents the 2007 growth outlook prepared for Queenstown Lakes District Council. This outlook reflects currently available and zoned land in Kingston to accommodate growth.

A further three possible scenarios are examined that reflect an outlook with additional land being made available through a plan change. These scenarios are:

- Scenario 1. Moderate growth with a plan change – this scenario continues the recent high annual population growth rate in Kingston and reflects the Kingston township growing faster than the rest of the Queenstown Lakes District. This scenario is largely driven by commuters from Queenstown seeking affordable housing. Growth is limited by the lack of local employment and community facilities.

- Scenario 2. High growth with a plan change – in addition to the population growth presented in Scenario 1, this outlook shows additional growth associated with tourism and retail/commercial development in Kingston.
- Scenario 3. Aggressive growth with a plan change – residential population growth occurs as a result of aggressive targeting of the market for affordable housing in the Wakatipu ward. In this scenario the Kingston township captures 10% of the demand for affordable housing until the ultimate dwelling capacity is reached

An ultimate population is also presented in the case where 930 dwellings are built in Kingston. This dwelling capacity has been calculated using the existing dwelling capacity of 280, with an additional capacity of 650 dwellings being made available through a plan change. Note that this ultimate population is only reached in the third scenario within the the 30 year window reviewed.

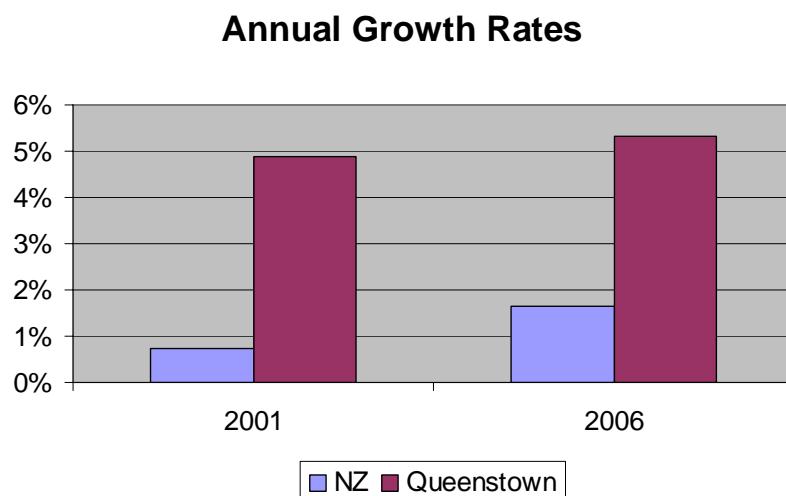
The implications of population growth to demand for commercial and industrial land, local employment and tourism has been reviewed. Issues associated with people using Kingston as a home base and working in Queenstown have also been outlined.

2 Current Situation

2.1 Queenstown District Growth

The Queenstown Lakes District is the fastest growing district in New Zealand. The chart in Figure 2.1 shows growth rates for the district compared to the rest of NZ. The population of the district has increased by 30% over the 5 years to 2006.

Figure 2.1 – Usually Resident Population Growth Rates



Population growth in the district has been fuelled by the strong growth in visitor numbers and this trend is expected to continue, with international visitor growth outpacing domestic growth. Employment and business growth has accompanied the population growth. Dwelling growth has also been strong with construction of new visitor accommodation units accompanying residential dwelling growth. These trends are expected to continue.

Strong growth has put pressure on the availability of land and consequentially housing affordability.

2.2 Kingston Community Current Situation

2.2.1 Background

Kingston is a small township approximately 46 km from Queenstown on the southern end of Lake Wakatipu. The township is set off the state highway joining Queenstown to Southland. The map in Figure 2.2 shows the existing township and the plan change site.

The township is a popular holiday destination in the summer months with the main visitor attraction being the Kingston Flyer. While there are a number of holiday homes in the township, the Kingston Flyer attracts mainly day visitors.

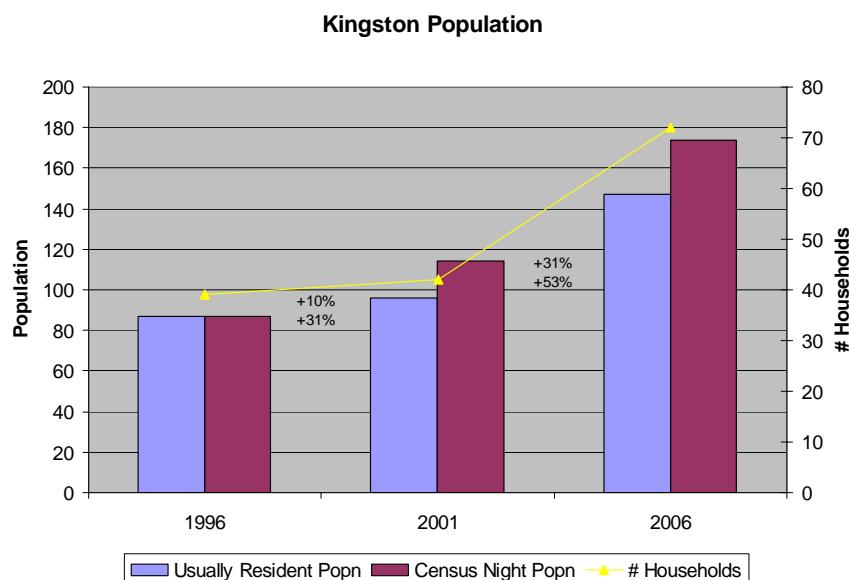
Figure 2.2 – Map of Kingston Township



2.2.2 Population Growth

The Kingston township, like the rest of the district has grown significantly over the last 10 years. The chart in Figure 2.3 shows growth in usually resident population and census night population over the past ten years with the overall growth rates annotated on the chart. It also shows the growth in the number of households.¹

¹ Data from Statistics NZ Census information. Households are the number of dwellings occupied by permanent residents

Figure 2.3

The growth in usually resident population has been higher than that experienced by Queenstown itself as shown in Table 2.1 below.

While this data has been derived from a small base, making calculation of growth rates more sensitive, it is apparent that Kingston has become a more desirable place to live with the number of households increasing almost doubling over the ten year period, with the most significant growth over the last five years.

Table 2.1 – Annual Resident Population Growth Rates

Area	96-06 Growth Rate	01-06 Growth Rate
Kingston Township	5.4%	8.9%
Wakatipu Ward	4.1%	5.3%
Queenstown District	4.9%	6.1%

2.2.3 Dwelling Trends

The number of privately occupied dwellings had increased from 36 in 1996 to 78 in 2006². Note that these figures will include residences occupied by visitors on census night. The census also counts the number of households in homes not occupied by visitors. This has also increased from 39 to 72 over the same period. This measure shows the number of

² Statistics NZ Census Data

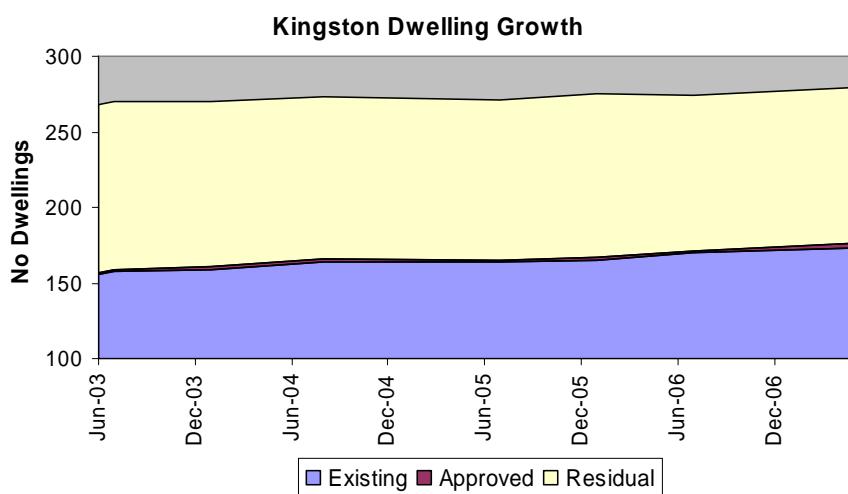
permanently occupied homes in Kingston has grown at an average annual rate of 6.3% p.a. over the 10 year period.

The chart below in Figure 2.4 shows the trends in dwelling growth and capacity with currently zoned land over a three year period³. This chart illustrates that despite the availability of appropriately zoned land and the increase in the number of households and dwellings, the number of new dwellings being built in Kingston has only grown at moderate levels of 4.2% p.a. This is in contrast to the greater Queenstown area where the number of new dwellings grew at an average of 5.6% p.a. over the same period.

It is apparent that some of the population growth in Kingston is being accommodated in existing housing stock that was at one stage unoccupied and commonly used as holiday homes. Combining the data available on the total number of dwellings with census information on the number of permanent households it can be shown that in 2001 approximately 111 dwellings or 70% of dwellings in Kingston were being used as holiday homes. In 2006 this had dropped to 93 dwellings or approximately 55% of the total number of dwellings.

It should be noted that the currently available vacant residential land may eventually be developed into visitor accommodation or for commercial use through non-complying consents or plan changes. A non-complying consent over land held by Kingston Acquisitions Ltd is currently pending for development of retail, commercial and visitor accommodation. This would reduce the existing dwelling capacity of Kingston township by 18, leaving a residual dwelling capacity of just 85.

Figure 2.4



In addition, census data available on home ownership tenure indicates that 15 households in 2006 or 22% were not owned by the usual residents, meaning these properties were rented.

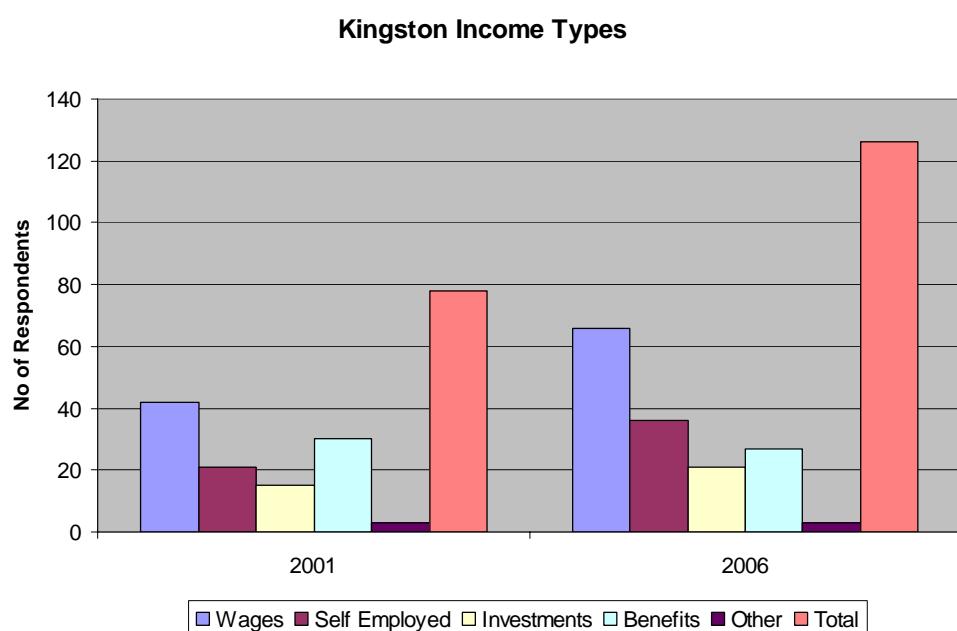
³ Queenstown Lakes District Dwelling Capacity Model

In comparison the Wakatipu ward data shows that in 2006 approximately 42% of properties were rented. Home ownership levels in Kingston have dropped from 70% of usually resident adult population to 57% between 2001 and 2006. These statistics together show that the use of dwellings in Kingston has changed significantly over the last 5 years with holiday homes being used as rental properties, possibly to satisfy some low cost demand from Queenstown.

2.2.4 Employment Trends

The number of full time equivalents (FTE's) in Kingston⁴ has increased around 7% p.a. over the last five years. This is comparable to employment growth seen in Queenstown using the same measure. Most of the growth in employment type has been in wages, with a decline in the relative importance of benefits as shown on the chart in Figure 2.5.⁵

Figure 2.5



The type of industry employing Kingston residents has also changed significantly over the last 5 years. The changes in employment by industry between 2001 and 2006 are shown in Table 2.2.

⁴ As calculated from the Statistics NZ census data responses on full time and part time employment

⁵ Data in Figure 2.5 is based on census respondents usually resident in Kingston. The number of respondents does not match the FTE's but has been included to indicatively show trends

Table 2.2 – Kingston Employment Data (Census)

Industry	Change ('01-'06)
Total Increase	+ 33
Construction	+ 18
Cultural/Recreation Services	+ 9
Property/Business Services	+ 6
Accommodation/Catering	+ 6
Retail	+ 3
Health/Education	-
Transport/Storage	- 9
Wholesale	- 3
Agriculture	- 3

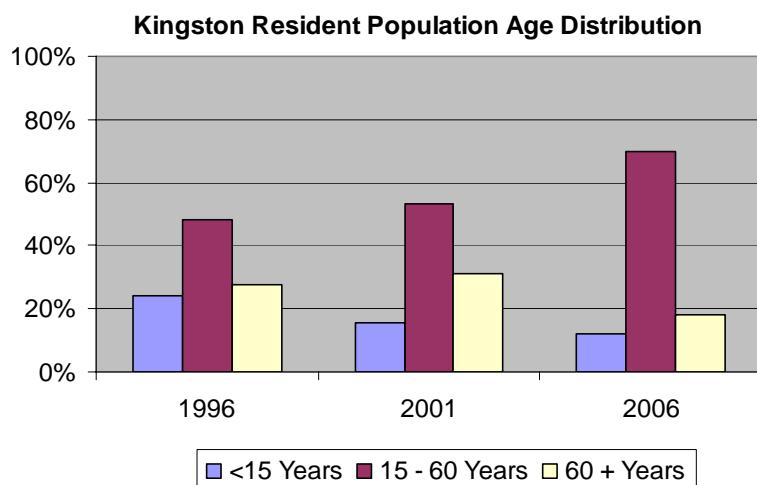
While detailed data on business activity and employment within the Kingston township is not available, the magnitude and the type of growth in employment being seen for residents in Kingston is consistent with the conclusion that residents of Kingston are being employed in the booming construction and tourism market of Queenstown.

2.2.5 Other Demographic Trends

The median age of the population permanently residing in Kingston was 40 as measured in the 2006 census. This is significantly higher than the district average at 34. While the median age has been increasing over the last 10 years, the Kingston township has remained relatively flat. The age distribution in Kingston over the 10 year period is shown in Figure 2.6.

This chart graphically shows the increasing significance of working age people living in Kingston, while the relative proportion of residents at retirement age has reduced. This trend can also be seen in the similar small community of Hawea where the median age has actually reduced from 38 to 36 over the last 5 years.

The reduction in the proportion of children in the Kingston community is also noteworthy.

Figure 2.6

An analysis of the composition of households from the census data shows that while there has been steady growth in the number of single family households at 5% p.a. there has been extraordinary growth in the number of single person households at an average of 15% p.a. over the last ten years. This phenomena can also be seen in the greater Queenstown area.

The table below illustrates dwelling occupancy rates (people per dwelling) and again reflects the relative impact of holiday homes in Kingston. This has been derived using census data. The occupied ratios consider only permanent residents, while the total occupancy rates also consider visitors (census night population). These statistics show that for permanent residents the dwelling occupancy rates are comparable to other parts of the district, however the relatively low numbers of average visitors and the number of unoccupied or holiday homes reduces this figure significantly below figures seen across the district and like communities.

Table 2.3 – Dwelling Occupancy (people per dwelling)

Area	2001		2006	
	Occupied	Total	Occupied	Total
Kingston	2.2	0.6	2.0	0.9
Hawea	2.3	1.7	2.3	1.9
Queenstown Lakes District	2.4	2.3	2.5	2.5

2.2.6 Conclusions

The following conclusions have been drawn and used in developing alternate scenarios for population growth in Kingston.

- Household size for occupied housing will remain at 2 people per dwelling for Kingston. This is lower than the long term dwelling occupancy rate used in the growth models for the entire Queenstown Lakes District, which forecasts occupancy at 2.5.
- Strong population growth is likely to continue, particularly from commuters from Queenstown seeking affordable housing
- While the overall proportion of holiday homes in the township is likely to decline, new holiday homes are still being built. Holiday home ownership will plateau. In the near term more of the existing affordable housing stock is likely to be used by commuters from Queenstown
- Local business and employment opportunities will be available but will be subdued due to the proximity to the larger centre of Queenstown
- A step change in perception of the attractions and provision of accommodation and services is required to increase overnight visitor numbers and provide local employment opportunities.

2.3 Policy Context

There are a number of documents that provide context for the potential plan change and provision of additional land for development in Kingston.

2.3.1 District Plan

The Queenstown Lakes Partially Operative Plan (the Plan), the most current being released in June 2007. In addition to policies on district wide issues, the Plan specifically addresses issues relevant to the smaller townships including Kingston. Some of the relevant objectives and issues raised are summarised below:

- Provision of a reticulated water supply and sewage treatment and disposal system is critical. Absence of a scheme will severely limit growth.
- Protection of the current low density building development.
- The need for well defined and consolidated township boundaries.
- Townships comprise a mixture of residential, business and community activities.
- Town character defined as nestled into the landscape through separation from the highway and narrow roads.
- Limit the extent and density of development in the township in recognition of:
 - The effect of activities in the township and scale of activities on the main transport routes.
 - The desired living environment of the majority of township residents.

2.3.2 Kingston Community Plan

The Kingston Community Plan published late in 2003, titled 'Kingston 2020' provides input from the community to inform the Council on goals and priorities for the township.

The Community Plan emphasises the desire to retain the 'low key' environment that Kingston enjoys. Key strategies outlined in the Plan include the following:

- Future development should be contained on the Western side of the Highway enabling the township to be kept within strong boundaries. Expansion is generally accepted as required to accommodate growth.
- Future development is dependent on provision of water and wastewater facilities.
- Smaller section sizes should be provided in keeping with the existing character of the township.

- Commercial growth to support local employment would be required with two areas outlined as feasible – the Highway precinct where an existing petrol station, pub and general store exist, and the Kingston Flyer precinct around the railway station..
- Foreshore tracks and reserves should be created to increase the town amenity.
- Possible expansion of the golf course and creation of other recreational pursuits such as rock climbing.
- Provision of a solid waste transfer station.

2.4 QLDC Growth Management Strategy

In April 2007 QLDC published a Growth Management Strategy (the strategy) in recognition of the need for additional guidance in catering for the expected growth in the district. The intent of the strategy is to provide an overview for the Council policy on growth management.

There are a number of relevant strategies offered in this document. These are summarised below.

- Growth is located in the right places:
 - Settlements are to be compact with distinct urban edges and defined urban growth boundaries.
 - Smaller outlying towns such as Kingston are to be encouraged to a point where critical mass for affordable servicing is reached and local services and employment can be supported.
 - Consider additional zoning, and if appropriate in settlements such as Kingston allow a level that will support provision of local services (800-1000 dwellings). Settlements should experience modest growth.
 - 85% of expected district wide growth to 2026 is accommodated in Queenstown and Wanaka areas to ensure most growth occurs in major settlements.
- The type and mix of growth meets current and future needs:
 - Affordable housing is to be actively pursued through regulatory and non-regulatory means.

2.5 Policy Context Conclusions

The provision of additional residential zoned land in Kingston in the plan change site is able to meet the objectives of retaining an urban boundary for the township and should be able to retain the 'low key' features desired in the Community Plan.

In addition the strategy contemplates the provision for additional growth. This growth is recognised as providing a trigger point for development of utility services such as water and wastewater. The proposed plan change is hence consistent with the strategy.

The strategy states that modest growth in townships and 'localisation' of the community is desired. While a growth driver of affordable housing will result in a significant number of workers commuting to Queenstown, localisation can be achieved to a degree by increasing the community facilities.

3 Future Growth Projections

3.1 Council Community Plan Growth Forecasts

Every three years the Queenstown Lakes District Council releases a Community Plan. Part of that plan is a growth forecast that projects usually resident population, the number and type of visitors, and the number and type of dwellings that will be required over time. Forecasts are derived from Census data and projections, Tourism Research Council data and detailed information on dwellings and visitor units from the council rates database. The last release of data was in 2006 and the projections were based on the 2001 census data. Rationale has recently completed compiling the 2007 growth forecast based on the 2006 census data. This data has been referred to here as the base projection.

Note that the projections have been based on a top down approach with growth forecast at the overall ward level being driven by growth in tourism. This growth is then allocated to area units and then to meshblocks, in the same proportion as the available dwelling capacity. There are some limitations of this approach, in that detailed trends at a meshblock level are not necessarily incorporated into the forecast. The available dwelling capacity in both the Glenorchy area unit and the Kingston meshblock is relatively small, meaning the township has been allocated a modest portion of overall ward growth. These limitations justify the more detailed assessment of Kingston completed here.

3.1.1 Wakatipu Ward

The Wakatipu ward covers the Queenstown area that is made up of 8 Census Area Units (CAU's). Each CAU contains a number of meshblocks (MB). The projections for the Wakatipu Ward at a CAU level are shown in Table 3.1.

Table 3.1 – 2007 Usually Resident Forecast, Wakatipu Ward

Data	2006	2011	2016	2021	2026	2029
Arrowtown	2,146	2,447	2,689	2,729	2,769	2,796
Frankton	1,785	2,017	2,354	2,478	2,474	2,469
Glenorchy	468	552	697	965	1,355	1,603
Kelvin Heights	960	1,082	1,260	1,488	1,800	1,986
Lake Hayes	253	316	360	409	468	501
Queenstown Bay	2,265	2,651	3,024	3,450	3,982	4,283
Queenstown Hill	3,149	3,736	4,379	5,060	5,821	6,229
Sunshine Bay	2,253	2,584	2,915	3,189	3,162	3,143
Wakatipu	2,641	3,297	3,790	4,402	5,326	5,825
Total	15,920	18,682	21,438	24,170	27,157	28,835

The table above shows the population in Queenstown continuing to grow, albeit at a slower rate than recent times, with developments at Jacks Point and Frankton Flats (Wakatipu) capturing a large part of the growth. The table below in Table 3.2 shows the overall ward population growth rates.

Table 3.2 – Annual Average Population Growth Rates

Year	2007 Council Community Plan Wakatipu Ward Forecast
2006 (Actual)	5.2%
2011	3.3%
2016	2.8%
2021	2.4%
2026	2.4%
2029	1.2%

3.1.2 Kingston Township

The Kingston township falls into a single MB in the Glenorchy CAU. The 2007 top down projections are summarised in Table 3.3. Note that the analysis on dwellings for the meshblock includes nine rural dwellings outside the township boundary, hence the higher number of dwellings as compared to analysis derived from the rates database in Section 2.

Table 3.3 – 2007 Forecast, Kingston Township (MB 3040700)

Data	2006	2011	2016	2021	2026	2029
Usually Resident	147	158	169	181	196	205
Occupied Dwellings	82	85	89	93	98	102
Unoccupied Dwellings	106	104	102	101	100	100
Total Dwellings	188	189	191	194	198	202

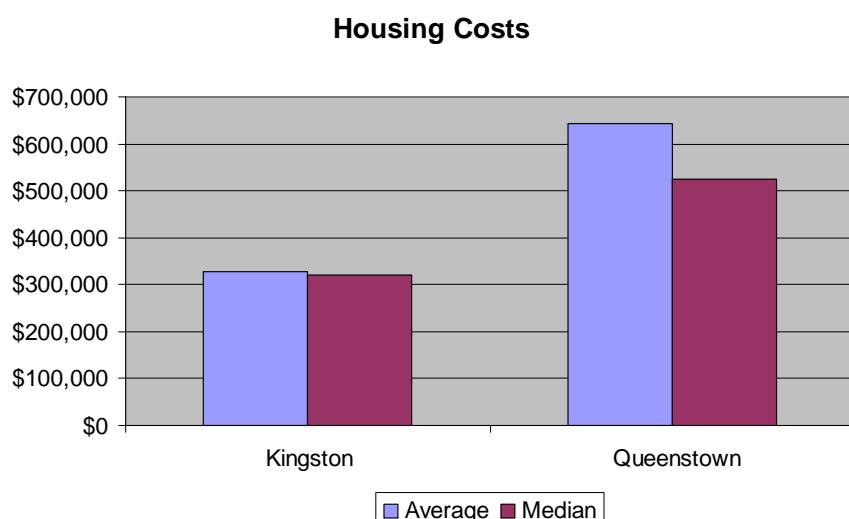
These projections are based on the current dwelling capacity in Kingston remaining static. The population is projected to grow at a moderate pace (1.5% p.a.) over the next five years. In comparison actual annual growth of 8.9% over the five years to 2006 has been experienced. It can be seen that the top down approach does not consider any of the specific growth drivers outlined in Section 5.2. This analysis is hence considered to be conservative.

3.2 Factors Affecting Kingston Growth Projections

A number of factors have been identified that may impact the future growth of the Kingston township.

3.2.1 Housing Affordability

Kingston is currently a lower cost option for housing than the larger, nearby Queenstown. The chart in Figure 3.1 shows the relative cost of housing in the two areas. This data is for illustrative purposes only, and has been developed using the rateable value as a measure of dwelling cost in each case. The same trend can also be seen in the rental market.

Figure 3.1

There is evidence that the lower housing costs in Kingston are attracting commuters working in the Queenstown area to live in Kingston.

As long as the relative disparity in housing costs remains significant, and Queenstown housing remains out of reach for lower income households, it is likely that demand from Queenstown workers will continue to fuel Kingston population growth.

The current excess supply of housing stock in Kingston (current holiday homes) as well as steady new dwelling building rates has enabled the low cost housing demand to be met. Excess supply is likely to continue in the near future with vacant sections being available and a significant number of existing dwellings not being permanently occupied.

3.2.2 Holiday Homes

As shown in Section 2 holiday homes make up a significant proportion of the existing dwellings in Kingston. The 2006 census showed that 46% of dwellings were unoccupied on census night giving an indication of the prominence of holiday homes.

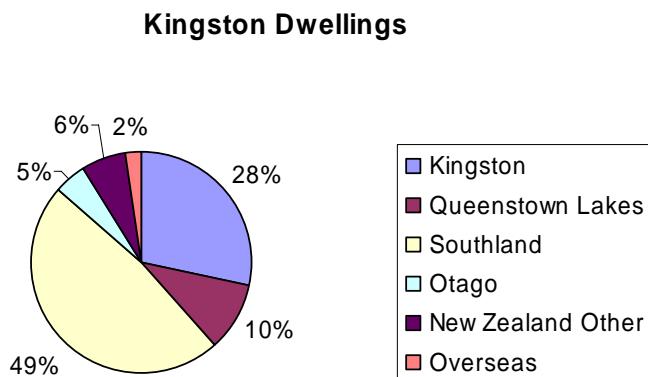
Section 2 also shows the proportion of holiday homes to total dwellings reducing over time as high population and household growth outstrips dwelling growth in the township. There is evidence to show that traditional holiday homes are being used to house a usually resident population that is working increasingly in the Queenstown area.

Another measure of the significance of holiday homes in Kingston is an analysis of the rates database made available by QLDC where the ratepayers address is not local to Kingston. The use of these dwellings can fall into one of the following categories:

- Investment property that is rented – assumed to be 15 dwellings from the 2006 census data
- Investment property that is vacant – assumed to be zero
- Holiday home used intermittently by owners living elsewhere.

An analysis of the rates database has been presented in the following chart. It can be seen that only a quarter of the dwellings have a ratepayers address in Kingston. This is in contrast to approximately 60% of the dwellings in Queenstown having a local rate paying address reinforcing the dominance of holiday homes in the Kingston township. It is also significant that almost half of the dwellings appear to be owned by Southlanders showing that Kingston is a popular holiday destination for local domestic tourists (in comparison to Queenstown which is increasingly reliant on overseas tourism)⁶.

⁶ Commercial Accommodation Monitor Statistics

Figure 3.2

The rates database also gives information on when dwellings have been built. Analysis shows that for dwellings built after 2000 approximately 50% have a ratepayers address in Kingston. This provides a further indication that the demand for holiday homes in Kingston is declining.

Taking Hawea as a like comparison, and using the same measures of rate payers usual address, the apparent level of holiday home ownership in this township is approximately 55%.

3.2.3 Local Employment

While it is apparent that some employment has been found outside of the township, it is desirable that growth in Kingston be supported by growth in local jobs.

There is currently a limited number of businesses located in Kingston with 13 businesses and 13 FTE's in 2005.⁷ Over the last ten years these statistics show that a limited amount of new employment has been generated in the construction, property and business services and personal and other service sectors. Retail and accommodation sectors employ a very limited number of people. This is not typical of the greater district where tourism related employment makes up a significant portion of all employment, as shown in Table 3.4.

⁷ Statistics NZ Business Directory.

Table 3.4 – Queenstown Lakes District Business and Employment Data

Year	2001		2006	
	Business/Employ	Geographic Units	Employee Count	Geographic Units
A Agriculture, Forestry and Fishing	40	85	74	170
B Mining	7	15	8	25
C Manufacturing	109	330	159	500
D Electricity, Gas and Water Supply	6	6	5	3
E Construction	335	610	825	1560
F Wholesale Trade	57	200	104	330
G Retail Trade	294	1480	414	2260
H Accommodation, Cafes and Restaurants	302	3250	411	3880
I Transport and Storage	159	720	224	990
J Communication Services	12	45	16	50
K Finance and Insurance	45	130	119	280
L Property and Business Services	714	740	1627	1820
M Government Administration and Defence	8	40	8	75
N Education	28	330	41	380
O Health and Community Services	69	240	111	350
P Cultural and Recreational Services	188	810	294	1120
Q Personal and Other Services	104	240	176	430
Total Industry	2477	9280	4616	14210

The table also shows significant growth in the number of businesses (geographic units) and employee counts over a five year period in line with population growth for the area. Kingston employment opportunities are likely to mirror the trends in the greater district, albeit on a much smaller scale.

In the future local employment in Kingston is likely to be muted by the proximity of the large scale and growing centre of Queenstown. This is likely to be most evident in the retail sector, particularly if a portion of the population of Kingston is already travelling to work in Queenstown.

The historical growth in construction, property and services sectors could be expected to continue in line with population growth.

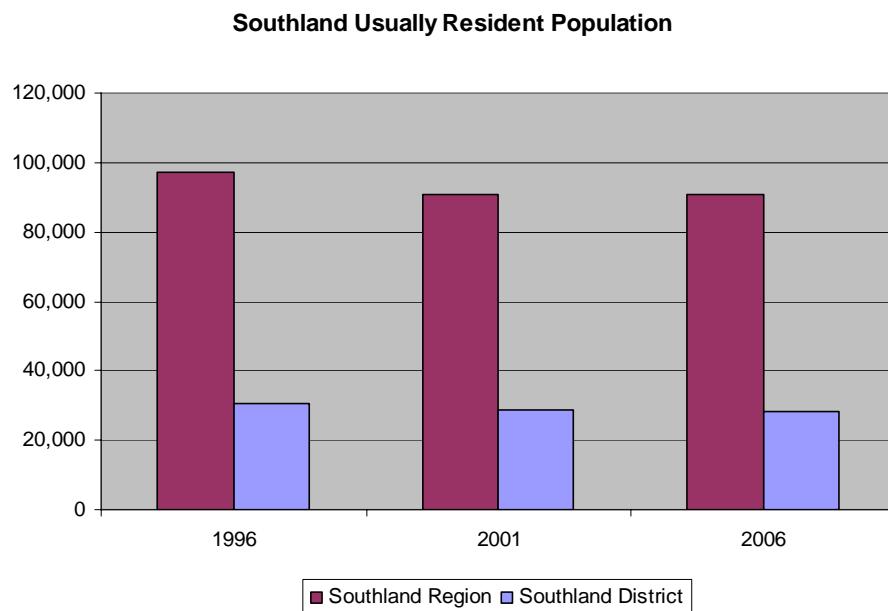
There is likely to be some employment opportunities generated in the accommodation, cafes and bars driven by local population growth. This may be more pronounced in the scenario where Kingston is able to capture more of the visitors coming to the district. A detailed discussion of this issue is provided in section 4.2.6.

While it is plausible that some light manufacturing servicing the district may re-locate to Kingston from Queenstown if sufficient cheap zoned land is made available, this is not considered likely. It is considered that any relocation of light industry due to land scarcity and affordability issues would move towards areas with better proximity to customers such as Cromwell.

3.2.4 Share of Southland Growth

In comparison to the stellar growth experienced in the Queenstown Lakes District, the Southland population has remained steady over the last five years after declining between 1996 and 2001. Figure 3.3 shows comparative growth rates for the Southland district (mainly smaller towns and rural areas outside of Invercargill), and the Southland Region.

Figure 3.3



Kingston has seen annual population growth in excess of the Queenstown Lakes District and as such is likely to follow these trends in the future. Due to the remote nature of Kingston from any major Southland township, Kingston is unlikely to experience any material spill-over growth from Southland.

Demand may continue from Southlanders to own a second or holiday home in Kingston. As shown in Figure 3.2 approximately half the existing dwellings have the ratepayers address in Southland. In addition, of the new dwellings built since 2000, approximately 20% have a rate paying address in Southland, showing that while the proportion of second homes is decreasing, Kingston continues to be a desirable location.

3.2.5 Ageing Population

In 1996, 28% of the Kingston population was 60 years or older in comparison to approximately 15% nationally, showing that Kingston was a popular retirement destination.

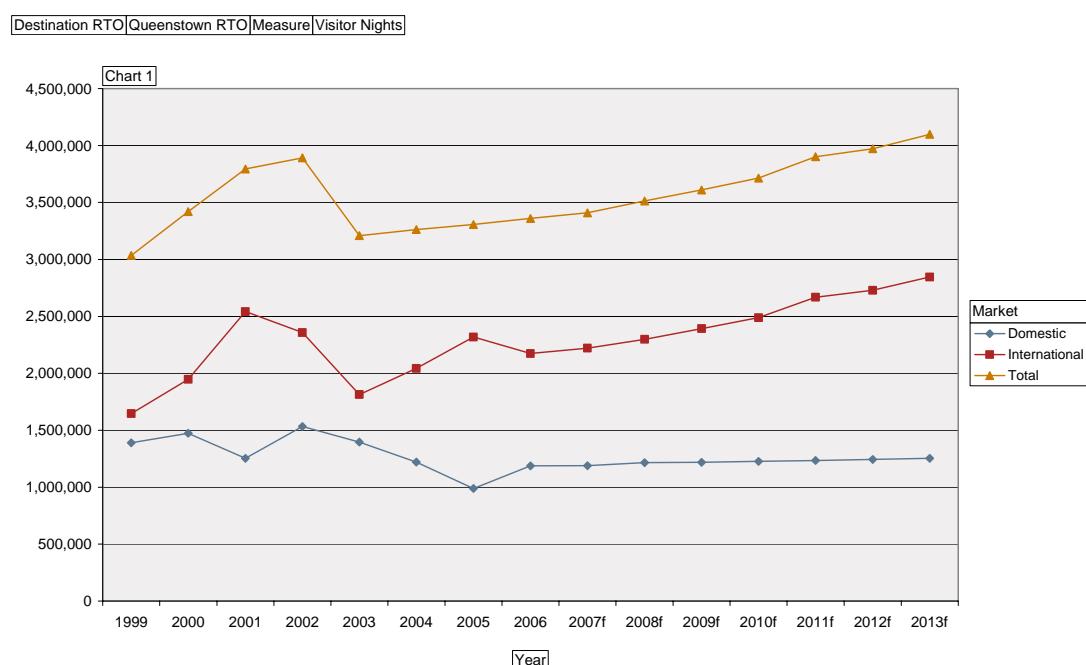
The population of Kingston has been shown to be getting younger in the period from 2001 to 2006. This may again be an indication of the population growth ‘spilling over’ from Queenstown and the demographics becoming more typical of the wider district.

As the overall population ages, a portion of Kingston growth is likely to come from retirees (probably from Southland) seeking a quieter lifestyle. The Queenstown Lakes District is forecast⁸ to become one of the fastest growing areas in New Zealand for older people with the numbers of people aged over 65 years increasing by 3.5 times the levels in 2001.

3.2.6 Tourism and Visitors

Queenstown tourism and visitor growth is monitored and forecast at an Regional Tourism Organisation (RTO) level. The Queenstown RTO historical and forecast data is summarised in Figure 3.4⁹.

Figure 3.4 – Queenstown Visitor Nights Forecast



The chart shows that while total growth in visitor nights is expected to increase at an average annual rate of 2.9% p.a. between 2006 and 2013, there will be negligible growth in domestic visitors. The growth will almost all come from international tourists.

The QLDC growth projections estimate Kingston to have a daily average of 49 overnight visitors (0.7%). This is a modest share of the total district visitor nights. As an overnight destination, Kingston is more likely to be used by holiday home owners with use of the holiday park during peak periods. This indicates that Kingston is more likely to be used as an overnight destination by domestic visitors. In the base scenario, overnight visitor growth in Kingston is expected to be relatively static.

⁸ Statistics NZ Sub-National Population Projections – Feb 28th 2005

⁹ Ministry of Tourism Regional Tourism Activity Forecast 2007

Kingston however is a popular day visit destination in summer with the Kingston Flyer being the main attraction. The proximity to Queenstown with multiple accommodation options means that Kingston is accessible as a day trip. There is little to encourage day visitors to spend additional time (or money) in the township, given that currently the township provides limited services, accommodation or attractions.

To increase the impact of tourism to local employment opportunities, Kingston would need to increase the accommodation and activity options for overnight visitors. It should also encourage day visitors to spend more time and money in the township. This may include some or all of the following:

- Offer tourist based activities capitalising on the natural environment and lake front location.
- Developing alternate activities based on outdoor recreation such as rock climbing, mountain biking or enhancing the golf course.
- Offering greater visitor amenities in the form of accommodation, cafes and restaurants.
- Growing and enhancing the Kingston Flyer theme to encourage visitor spend and overnight visitors.
- Marketing based on the point of difference from Queenstown – a ‘laid back’ location and emphasising the historical aspects of the Kingston Flyer.

Each of the alternate scenarios below uses different assumption on visitor numbers. In the first scenario tourism is not expected to play a significant role in the townships growth. The second scenario reflects a step change in tourism. It should be noted that there is currently an application pending for the development of a new complex by Kingston Acquisitions including commercial, retail and visitor accommodation in the vicinity of the Kingston Flyer. This complex contains 206 visitor accommodation units including hotel rooms and holiday units. The proposal also seeks to develop the foreshore and enhance the appeal of the Kingston Flyer. This development proposal gives credibility to the second scenario where tourism growth feeds population growth for the town.

3.2.7 Town Utilities

Kingston does not currently have a reticulated water or wastewater service. The absence of these services would constitute a barrier to growth and any future development should provide the trigger to enable schemes to be developed. It has been assumed that in each of the three alternate growth scenarios provided, reticulated services have been built. This is a key enabler for development to occur.

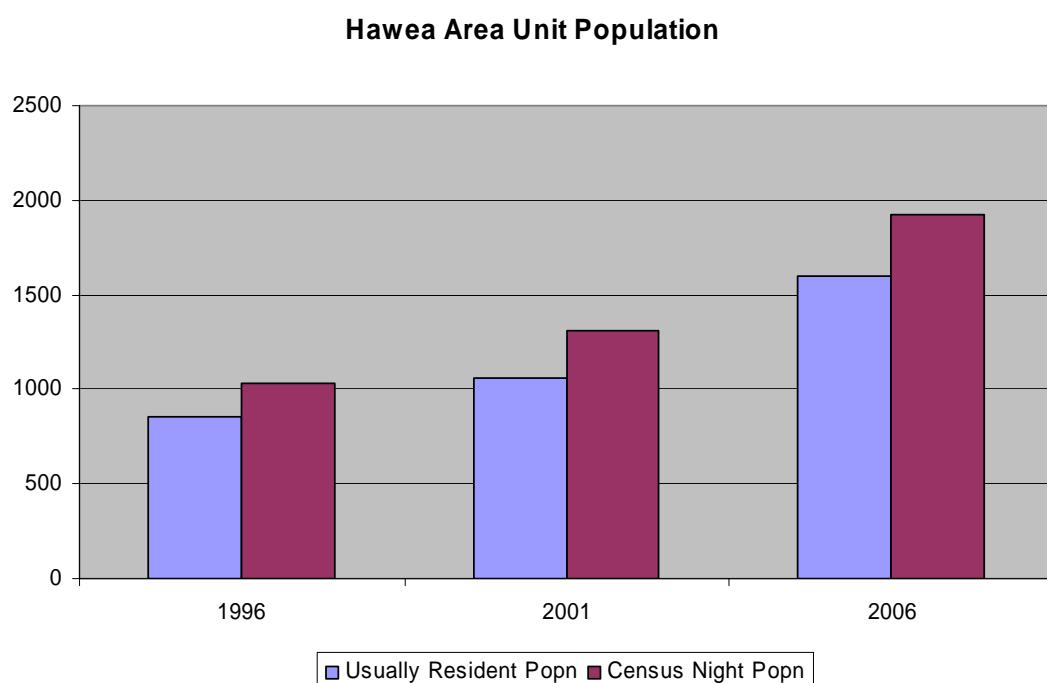
3.3 Comparison to Like Communities

3.3.1 Hawea

The Hawea township is similar to the situation of Kingston being a similar distance from the township of Wanaka and centred around a lakefront environment. Lake Hawea is 33 km from Wanaka, in contrast to Kingston being 46 km from Frankton in Queenstown.

Historical population growth can be seen in Figure 3.5 for the Hawea census unit. While the population is significantly larger, growth patterns similar to the Kingston township are evident.

Figure 3.5



Hawea township in itself does not have a strong retail, commercial or industrial presence, with the bulk of land dedicated to residential dwellings. The data in Table 3.5 has been obtained from the 2005 QLDC rates database and shows comparative land area by purpose. Note that the Tourist and Commercial Other area in Kingston is the Kingston Flyer

Table 3.5 – Non-Residential Zoned Land Comparison

Non-Residential Land Characterisation	Kingston	Hawea Only	Including Hawea Flat
Commercial & Industrial	Ha	Ha	Ha
Commercial Tourist	5.5	0	0
Commercial Accommodation	1.2	1.2	1.2
Commercial Vacant	0.0	0.5	0.5
Commercial Other	0.9	0.0	0.6
Commercial Retail	0.1	0.1	0.1
Horticulture	0.0	0.1	5.1
Industrial Service	0.0	0.0	2.5
Industrial Light Manufacture	0.0	0.0	5.2
Industrial Vacant	0.0	0.0	0.0
Industrial Other	0.0	0.0	0.2
Total	7.6	1.9	15.2
Other			
Utilities	0.1	0.1	37.7
Vacant	0.0	0.2	12126
Mining	0.0	0.0	3.0

These figures show that townships of Hawea and Kingston currently have no industrial and very little retail space available. Hawea Flat is approximately 14 km from Lake Hawea and there is an industrial presence at this location.

The Hawea township also has similar trends in holiday home ownership and demographics as shown in previous sections. This data can be used to support the continued demand for Kingston dwellings for both holiday homes, retirees and working age people commuting to employment outside the local vicinity.

4 Uptake Rates for New Dwellings with a Plan Change

Three new scenarios have been evaluated for dwelling and population growth in Kingston. These alternate scenarios consider the impact of the potential plan change and the additional dwelling capacity provided. The assumptions on drivers of growth in each scenario affect the uptake rate for the additional dwelling capacity. The first scenario reflects the continuation of the trend for commuter housing in Kingston, with Kingston becoming a ‘dormitory suburb’ for Queenstown workers. The second scenario reflects the development of the tourist market, employment and local business opportunities in Kingston. All scenarios assume provision of reticulated services.

At some stage the size of Kingston is likely to reach a ‘critical mass’ triggering business development and greater local employment opportunities. The provision of greater local amenity is likely in turn attract greater permanent population and visitor numbers allowing the population to grow further, meaning that historical patterns and trends no longer hold true. The ultimate population has been assessed based on district wide trends and dwelling capacity. The ultimate potential has then been used to calculate employment and business information. The time to reach ultimate population potential is uncertain. It is only reached in the third scenario within a thirty year time frame.

4.1 *Ultimate Population with Plan Change*

The ultimate population in Kingston assumes that a total of 930 sections are made available. This is made up of 280 sections currently available with a further 650 being made available after the plan change.

The time to reach ultimate population will vary significantly with the growth scenario selected discussed above.

The following assumptions have been made;

- Holiday homes make up 40% of all dwellings. The current decline in holiday homes is partly arrested by the ageing population and the availability of affordable land in Kingston.
- The dwelling occupancy increases to 2.0 people per household for permanently occupied dwellings. This is similar to the ratio measured in the 2006 census for Kingston, however remains below the Wakatipu ward forecast of 2.5, due to the continued attraction of Kingston for retirees.

These assumptions yield an ultimate permanently resident population of 1116 people in 558 dwellings. Note that this calculation is sensitive to the assumptions on the number of holiday homes. A lower portion of holiday homes will yield a higher usually resident population.

Some consideration has been made as to the number of employees that this population could support locally. This has been done by adjusting the ratio of usual residents to employees seen in Queenstown and Clyde by industry sector to suit the Kingston environment. Clyde was selected as an analogue for the potential of Kingston as they share features such as limited tourism, and proximate to a larger centre with workers commuting. The 2006 data available from the SNZ Business Directory by industry has been used and the results presented in Table 4.1. Note that employees represent headcount and will include part time workers. The ultimate number of employees able to be supported in Kingston is 169. Using the 2006 Wakatipu Ward SNZ census data on the significance of part time workers (17.2% of the workforce) and making the assumption each part time worker is 50% of an FTE, the number of FTE's is 155. It may also be reasonable to reduce the number of employees further to take into account the expected ageing population. This has not been done for the purposes of this analysis.

The balance of the local workforce is expected to hold jobs in Queenstown and commute to work. Queenstown District 2006 census ratio of UR/FTE (1.67) has been used to assess the number of FTE's that may be ultimately living in Kingston, giving 668 FTE's, meaning that up to 513 FTE's may ultimately be commuting to work from Kingston.

Table 4.1 – Assessment of Ultimate Employment Density in Kingston

Usually Resident	Wakatipu Ward		Clyde		Kingston		Comments on Kingston ratio used
	Employee Count	UR/Emp	Employee Count	UR/Emp	Estimate UR/Emp	Emp	
A Agriculture, Forestry and Fishing	170	135	3	307	0	0	Current trend of no ag. employment
B Mining	25	918	0	0	0	0	No mining industry present
C Manufacturing	500	46	3	307	307	4	Light manufacturing only - use Clyde
D Electricity, Gas and Water Supply	3	7652	0	0	0	0	None - utilities centrally operated QTN
E Construction	1560	15	24	38	27	42	Use average of QTN and Clyde
F Wholesale Trade	330	70	0	0	278	4	4 times QTN ratio. Some presence currently
G Retail Trade	2260	10	21	44	44	25	Use Clyde
H Accommodation, Cafes and Restaurants	3880	6	33	28	28	40	Use Clyde
I Transport and Storage	990	23	3	307	93	12	4 times QTN ratio. Some presence currently
J Communication Services	50	459	0	0	0	0	10 times QTN ratio
K Finance and Insurance	280	82	3	307	307	4	Use Clyde
L Property and Business Services	1820	13	12	77	77	15	Use Clyde
M Government, Administration and Defence	75	306	9	102	6122	0	20 times QTN ratio
N Education	380	60	15	61	121	9	Double QTN ratio. No high school
O Health and Community Services	350	66	99	9	656	2	10 times QTN ratio. Hospital at Clyde
P Cultural and Recreational Services	1120	20	0	0	205	5	10 times QTN ratio
Q Personal and Other Services	430	53	6	154	154	7	Use Clyde ratio
Total Industry	14210	1.6	231	1.8	6.6	169	

4.2 Scenario 1 – Dormitory Suburb

The first scenario to be considered is a moderate growth scenario in Kingston developed using the detailed assumptions below. This scenario is based on population and dwelling growth being driven by Queenstown workers seeking affordable housing with a limited number of new holiday homes being built. The lack of local business opportunities and township facilities limits employment opportunities and hence growth.

- Tourism continues at status quo levels with predominately day visitors and overnight visitors staying in holiday homes

- Affordable dwelling capacity is made available in Kingston by the plan change, attracting new residents working in Queenstown. Population growth continues at the rate seen to 2006 (8.9% p.a.) meaning Kingston exceeds Queenstown growth through to 2016. This reflects the attraction of affordable housing and is consistent with current trends. After 2016 Kingston growth rates are the same as Queenstown projections.
- New dwelling growth to accommodate:
 - 50% of new permanent households are accommodated in existing holiday homes until 2016 when all new permanent households are accommodated in new dwellings.
 - 50% of all new homes built are new holiday homes resulting in a declining percentage of holiday homes in Kingston (plateau at ~40% of total dwellings).
- Dwelling occupancy for permanent households continues to hold below the district forecast at 2.0.

Table 4.2 summarises the calculation and the resulting population.

Table 4.2 – Scenario 1 Growth Projection

Year	Pop. Growth p.a.	Pop.	Occupied Dwellings	New Dwellings	Total dwellings	% Holiday Homes	Dwelling Growth
2006		147	78		170	54%	
2011	8.9%	225	113	35	205	45%	3.8%
2016	8.9%	345	172	60	264	35%	5.3%
2021	2.4%	388	194	43	308	37%	3.1%
2026	2.4%	437	219	49	357	39%	3.0%
2031	1.2%	464	232	27	384	40%	1.5%
2036	1.2%	492	246	29	412	40%	1.4%

The table shows that holiday homes settle out at approximately 40% of total dwellings. Over a 20 year period the population reaches 437 with the total number of dwellings reaching 357.

In this scenario there is only limited demand for additional residential sections. Depending on how a new development is marketed and how tightly held existing sections are, new land made available may provide some or all of the space required for additional dwellings at the expense of existing land. Note that this scenario compares well with current new dwelling growth rates of 2.6% p.a. seen in Kingston.

In this scenario the demographic shift towards a younger population is likely to continue with Kingston becoming a ‘dormitory suburb’ for Queenstown workers. The number of people regularly commuting to Queenstown will reduce expenditure in the local community and make it more difficult for new local businesses to become sustainable.

The take-up of additional residential capacity will be based on the housing price differential to Queenstown continuing, with people continuing to move to Kingston as long as the affordability driver remains.

4.3 Scenario 2 – Tourism Growth and Localisation of Township

The second scenario to be considered is a high growth scenario in Kingston using the detailed assumptions below. This scenario is based on a step change in visitor numbers to Kingston and reflects new attractions and overnight tourist market being developed. In this case local employment opportunities create additional growth in population and new dwellings. The population has been calculated using average growth rates as above with an incremental population attributed to supporting local tourist based employment. Detailed assumptions are as follows:

- Kingston's proportion of Queenstown RTO visitors increases, reflecting development of new attractions. By 2011 the average number of visitors reaches 50% of the greater Queenstown ratio of Usually Resident/Visitor. After 2011 visitor growth reverts to the greater Queenstown rates. Detailed visitor numbers can be seen in Table 4.3.
- Tourism develops new employment opportunities at a rate of 0.7 FTE's/Visitor (same as the Queenstown Lakes District average in 2001)
- Population growth due to local employment occurs at a rate of 1.7 Usually Resident/FTE (as per Queenstown Lakes District in 2006)
- Affordable dwelling capacity is made available in Kingston by the plan change, attracting new residents working in Queenstown. Population growth continues at the rates seen to 2006 (8.9% p.a.) exceeding Queenstown growth through to 2016. This reflects the attraction of affordable housing. In 2016 Kingston growth rates taper off, until 2021 when they match the forecast Queenstown projections.
- New dwelling growth to accommodate:
 - 50% of new permanent households are accommodated in existing holiday homes until 2011 when all new permanent households are accommodated in new dwellings.
 - New holiday homes reflect the absolute projections in Scenario 1. This results in a lower percentage of holiday homes (plateau at 30% of all dwellings).
- Dwelling occupancy for permanent households continues to hold below the district forecast at 2.0 persons per household.

Table 4.3 – Scenario 2 Growth Summary

Year	Pop. from tourism growth			Total Pop		Dwelling Growth			% Holiday Homes	Dwelling Growth
	Visitors per day	FTE's	Add. Pop.	Pop. Growth p.a.	Total Pop.	Occupied Dwellings	New Dwellings	Total dwellings		
2006	23	16	64	8.9%	147	78		170	54%	
2011	77	54	64	8.9%	290	145	51	221	34%	5.4%
2016	89	62	14	8.9%	457	229	114	335	32%	8.7%
2021	102	72	16	5.7%	618	309	102	437	29%	5.5%
2026	118	83	19	2.4%	715	357	73	509	30%	3.1%
2031	130	91	14	1.2%	772	386	42	552	30%	1.6%
2036	143	100	15	1.2%	835	418	46	597	30%	1.6%

The table shows that dwelling growth rates are accelerated as the demand for local housing for both commuters to Queenstown and new local jobs outstrips available land supply before 2016. Over 20 years the population reaches 715 usually resident and 509 dwellings. This scenario reflects a step change in growth patterns for Kingston. In this case additional land would also be required for visitor accommodation, retail and limited commercial and industrial use.

4.4 Scenario 3 – Aggresive Targetting of Affordable Housing Market

The third scenario to be considered is the most aggressive growth scenario of all. This case assumes that a new development would target the market for affordable housing. It would achieve this both through pricing strategies and by increasing the amenity of the township. This could include the provision of a school, community and recreation facilities and by creating an affordable alternative to high density living for families. Local employment opportunities also increase the attraction of the township and the change in tourism described in Scenario 2 acts as a driver for employment and localisation of the town. Business or industry and commercial zoned land is provided, resulting in further local employment opportunities. These factors all work together to maximise the attraction of Kingston as an affordable, family oriented alternative to Queenstown. Population growth is driven by Kingston capturing a 10% share of the future affordable housing demand in the Wakatipu ward. The following detailed assumptions have been made and the results shown in Table 4:

- Dwelling growth driven by capturing 10% of the market demand for affordable housing by 2016¹⁰. This continues until such time as the ultimate dwelling capacity is reached. This assumes that the price differential between Queenstown and Kingston is maintained.
- Holiday homes continue to be built at a rate of 20% of all new homes. This results in the portion of holiday homes in the community falling to 25% over a 30 year period.

¹⁰ Affordable housing demand for Wakatipu Ward estimated by Rationale in 2007 as part of the work completed on affordable housing for QLDC.

- All homes that are built as a result of affordable housing demand are occupied. The average dwelling occupancy increases to 2.2, reflecting the increase in the number of young families in the township

Table 4 - Scenario 3 Growth Summary

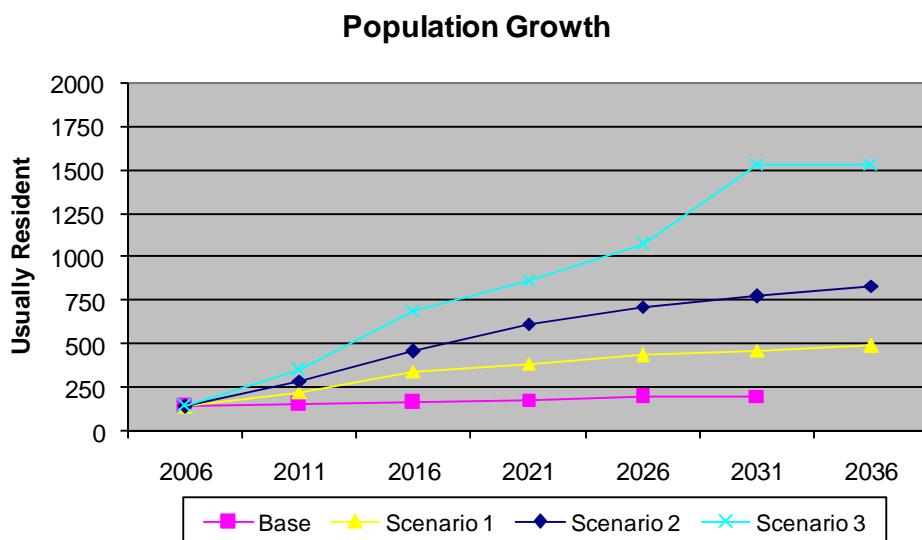
Year	Dwelling Growth					Population Growth		
	% Aff House Demand	Aff House Demand	New Holiday Homes	Total Dwellings	Dwelling Growth	% Holiday Homes	Total Pop.	Pop Growth p.a.
2006				170			147	
2011	5.0%	90	22	282	10.7%	41%	353	19.1%
2016	10.0%	148	37	467	10.6%	32%	695	14.5%
2021	10.0%	78	20	565	3.9%	30%	867	4.5%
2026	10.0%	92	23	680	3.8%	29%	1069	4.3%
2031	10.0%	210	40	930	6.5%	25%	1531	7.5%
2036	9.0%	0	0	930	0.0%	25%	1531	0.0%

The table shows that the ultimate dwelling capacity is reached in 2031. The population is higher than the ultimate population described in Section 4.1 due to the higher dwelling occupancy rates (young families) and the lower number of holiday homes. Over 20 years the population reaches 1,069 usually resident and 680 dwellings.

4.5 Comparison of Scenarios

4.5.1 Population

The chart in Figure 4.1 shows a comparison of the projected growth in the base case and in each scenario over time.

Figure 4.1 – Population Growth Comparison

The higher growth in the alternate scenarios is expected to come from population that would have otherwise settled in other parts of the district. No significant outside factors have been identified that would result in the additional growth coming from areas outside the district. This means that residential land made available in Kingston will be competing with other developments that may be closer commuter options for Queenstown. Table 4.5 shows the share of growth that Kingston would look to capture from the Wakatipu Ward and the Glenorchy Area Unit to meet the projections in each scenario. The table also puts this into historical context by showing the actual share of growth Kingston captured in the five years to 2006. This provides a check of the reasonableness of the projections in each scenario.

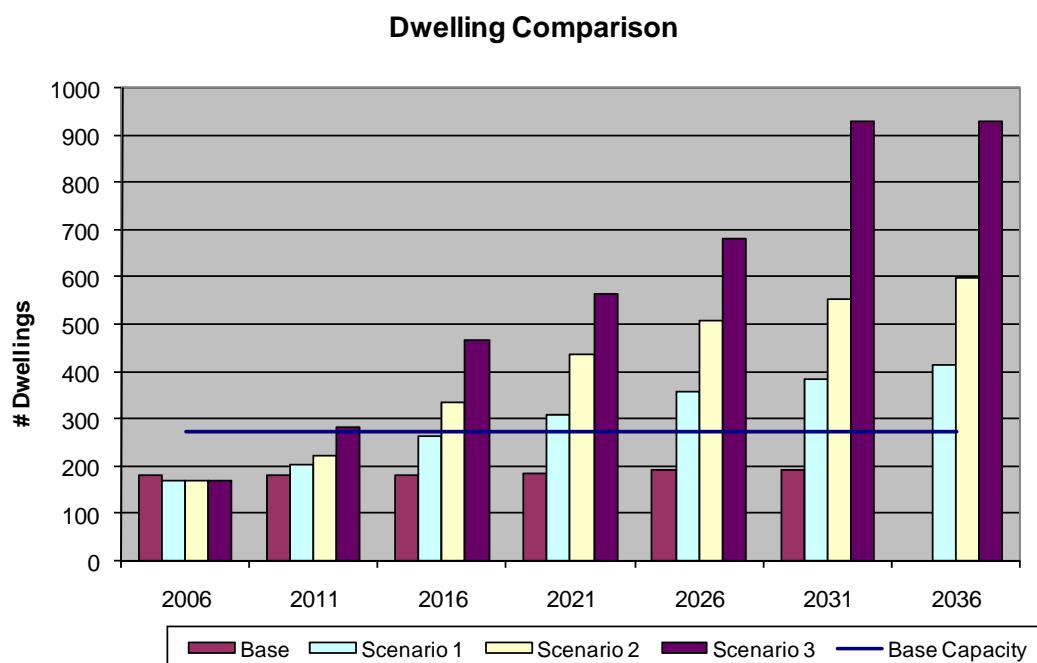
The results show that Kingston has dominated the growth in the Glenorchy area unit in the last 5 years. It also highlights that the base forecast does not reflect any preferential allocation of growth to Kingston, being based purely on available dwelling capacity. The Glenorchy area unit is something of an oddity in that it contains significant rural areas and two small townships. It has been shown for completeness only. The Wakatipu ward growth is more meaningful. The share of growth Kingston captures is more significant compared to historical data but still reasonable in all cases..

Table 4.5 - Kingston Share of Forecast Growth

Kingston Share of Growth	Ward	GY AU
Actual Growth 5 years to 2006	1.4%	77.3%
Growth 20 yrs to 2026 - base	0.4%	5.5%
Growth 20 yrs to 2026 - Scenario 1	2.6%	32.7%
Growth 20 yrs to 2026 - Scenario 2	5.1%	64.0%
Growth 20 yrs to 2026 - Scenario 3	8.2%	103.9%

4.5.2 Dwellings

The chart in Figure 4.2 shows the projected growth in dwellings in the base case and in each scenario. This also shows the potential take-up rate for land made available in the new area subject to a plan change on the assumption that all existing sections are built out prior to newly released land being developed. This represents the largest growth.

Figure 4.2 – Dwelling Growth Comparison

5 Feasibility of Other Land Uses and Implications for Local Employment

5.1 *Tourism and Visitors*

Currently there is a campervan park in Kingston that provides low budget visitor accommodation in the township. Holiday homes are primarily for owners private use.

Scenario 2 growth is based on a step change in tourism to the township, with an increase in overnight visitors. To facilitate this growth it would be expected that some medium budget commercially available accommodation be established in the township. Such a development would need to meet the Community Plan objectives of retaining the low key atmosphere of the town, and as such it is not likely to be a higher density hotel or apartment complex typically seen in Queenstown. Such visitor accommodation units may attract new overnight visitors seeking a low key alternative to Queenstown.

The Kingston Acquisitions proposal currently being considered by Council would provide 206 units in the vicinity of the Kingston Flyer. A function centre, restaurant, bars and a retail complex would accompany this. At an average occupancy of 40%, (below the Queenstown average but reflective of the likely more seasonal nature of visitors to Kingston) this equates to an additional 82 overnight visitors per day. As a comparison, Scenario 2 represents an additional 54 overnight visitors per day, showing that this scenario is a credible step change in tourism.

Holiday homes will continue to play an important role in housing visitors to the area. The accessibility of privately owned homes may potentially increase with holiday rentals becoming more commercially available. Notified Plan Change 22, being consulted on by QLDC, will make it permissible for privately owned homes to be rented as commercial accommodation for a limited number of days per year. Due to the short summer peak in Kingston, home rentals may become more accessible and further enhance visitor numbers in Kingston. This may again enhance the demand for holiday homes in the area.

5.2 *Retail and Commercial*

The ultimate requirement for retail and commercial land has been considered. Due to the number of people commuting to Queenstown for work, it is likely that significant retail development will be deferred until the population becomes larger. Due to uncertainties with timing of population growth, the near term demand of land for retail and commercial requirements has not been forecast.

The ultimate number of employees based in Kingston has been established in Table 4.1. The Hill, Young & Cooper report¹³ has established a number of measures that can be used to

forecast the ultimate space required for employment in Kingston. These measures and the results of applying them are shown in Table 5.1

Table 5.1 - Ultimate Land Required for Retail and Commercial Employment

Variable	Measure
Number of Employees – Retail & Commercial	67
Employment Density (m ² /employee)	45
Floor space required (m ²)	3,254 m ²
Floor space to land ratio	0.4
Land Area Required	0.75 Ha

Setting aside land currently available for the Kingston Flyer (6.4 Ha) and visitor accommodation (1.2 Ha), there is currently 0.1 Ha of retail zoned land in Kingston. It is expected that the additional land be provided either in the vicinity of the Kingston Flyer, or in the precinct where current retail activities exist at the entranceway as suggested by Derek Kemp¹¹. The current proposal by Kingston Acquisitions Ltd provides for retail and commercial floor space as part of the development and this may ultimately satisfy the requirements described above. No provision should be made for this land in the area subject to the plan change.

5.3 Employment Land

No industrial land is currently zoned in Kingston. Ultimately, to provide for localisation of the economy and employment opportunities some land is expected to be required in Kingston. Anecdotally¹² there is current demand for flexible use employment land in Kingston with frustration in the community about the difficulties in creating local business and some smaller businesses being forced to operate from residential properties. In the work completed by Derek Kemp the plan change site was identified as an option for light industrial activities. This should be considered further as part of the plan change.

The types of employment activities likely to establish in Kingston can be derived from the employment data presented in Table 4.1. These are likely to be yard based activities in the construction, transport and potentially wholesale areas. It should be noted that no significant heavy industrial activities are expected in Kingston due to the distance from input material supplies and customers. In addition to supporting the local community it is possible that

¹¹ Options for the Supply of Business Land in the Kingston Township, Prepared for QLDC by Derek Kemp, Perfect Places, August 2007

¹² QLDC information gathered from local community

businesses may be attracted from the wider area to Kingston by availability and lower land values.

The report, 'Commercial Land Needs – Queenstown Lakes District¹³', has documented the projected demand for commercial and industrial land in Queenstown and recognised future challenges in meeting Queenstown demand for land intensive yard based industry. Due to issues with supply, land values have increased in the Queenstown area squeezing out land intensive businesses. However, the report recognised that with the possible exceptions of Luggate and Hawea, the role for the smaller townships is likely to be limited, with provisions only needing to be made for smaller workplaces looking to locate to these areas to be closer to home or a workforce. In addition viable alternatives within comparable distance, such as Cromwell, with a growing role in the wholesale, storage and distribution sector, exist.

The Hill Young and Cooper work provides some measures that allow the ultimate demand for employment land in Kingston to be forecast. This is shown in Table 5.2. The employment density selected represents the average of future Gorge Rd and Glenda Drive industrial areas in Queenstown. The forecast land required allows only for local businesses and excludes an allowance for business relocating from other areas

Table 5.2 - Ultimate Land Required for Non-Retail Employment

Variable	Measure
Number of Employees – light industrial	65
Employment Density (Employees/Ha)	60
Land Area Required	1.1 Ha

5.4 Other

A number of employees have not been considered in the land use calculations above. This includes employees in the health, education and recreation sectors. A portion of the accommodation and restaurants sector has also been excluded as they would be expected to be employed on land allocated to visitor accommodation.

The growth of the town presents other challenges in relation to provision of community services. Land may need to be allocated to provide for:

- Education facilities. Primary school likely to be required as population grows. It is recognised that a site for a primary school has been set aside in the plan change area following discussions with the Ministry of Education.

¹³ Commercial Land Needs – Queenstown Lakes District, Hill, Young & Cooper, August 2006

- Health care. Higher level clinic.
- Recreation facilities, playing fields and reserves. The plan change site proposals, in their current form will retain the existing golf course and set aside areas for sports fields and additional walkways.
- Community centre such as multi-purpose gym and playing field

It is also likely that the location of the existing vacant residential zoned land in the township may see pressure for non-complying developments as the town grows. The area in the vicinity of the lake and the Kingston Flyer may see pressure from development of retail, restaurants and potentially visitor accommodation.

6 Issues and Options for Commuter Suburb

While the development of Kingston as a commuter suburb for people working in Queenstown is not a desirable community outcome, there is evidence that recent high growth in the township has been due to this occurring, and that it is likely to continue as long as housing affordability remains a driver. Note that if young families can be attracted to the area and a school is provided, the proportion of residents commuting may reduce (if housing affordability is such that single income families are sustainable). This section gives some thought to how creation of a satellite community can be limited (where possible) and managed.

6.1 *Housing Affordability*

Provision of affordable housing in the District is a key issue and challenge that is being tackled through a variety of measures. One of the options to providing low cost housing in Queenstown is likely to take the form of higher density living.

The simultaneous provision of sections in Kingston that are lower cost may compete in this market, particularly for families seeking a lifestyle choice. In Scenario 2, where the township becomes more localised, amenities are increased and employment opportunities exist, a more vibrant community will develop. This in turn will lead to an increase in the attractiveness of Kingston and will lead to an increase in housing prices and a reduction in the differential cost of housing with Queenstown. As this occurs, growth driven by housing affordability will fall and be replaced by growth that is attracted to live and work in Kingston, making a healthier community.

Initial savings of lower cost housing in Kingston will be offset by the higher cost of transport. This may be overcome by the use of car pooling or public transport.

Housing prices are not only affected by demand but also supply. The balance of land availability on the supply side will need to be carefully managed to ensure that a smooth transition between affordable housing as a driver of growth and the development of a township with internal services and unique attraction as a place to live develops.

Council policy and housing standards will also influence housing affordability. If cheap housing construction is permitted, the risk of creating a dormitory suburb is increased.

It should be noted that growth of the township is required to enable the provision of an affordable water and waste water scheme in Kingston. It is recognised that this growth in the near term be generated by provision of affordable housing. A balance between enabling provision of town services and managing a satellite community will need to be struck.

6.2 Roads and Transport

Kingston is approximately a 40 minute drive from Queenstown along the State Highway, and approximately 30 minutes to Frankton. In addition to traffic from Kingston, traffic would accumulate due to the Jacks Point development along SH6.

At some point provision of public transport and a regular commuter bus service may become viable.

The District Plan¹⁴ encourages the development of compact self-contained communities that reduce the length of and need for vehicle trips. This is achieved by promoting community, commercial and industrial activities with urban areas.

The apparent use of Kingston as a commuter suburb for Queenstown workers is inconsistent with this objective of the District Plan. In addition to environmental and efficiency issues associated with longer vehicle trips, road safety congestion may also become issues in the future.

6.3 Local Business Development

The use of Kingston as a commuter suburb is likely to suppress local business development, particularly in the retail sector. Workers travelling to Queenstown on a regular basis are more likely to complete household shopping in the larger stores of Queenstown which offer greater variety. It is likely that Kingston population growth will initially be driven by commuters. Over time, as local employment opportunities are generated, further localisation of the community is likely to occur.

To encourage local business development, a number of ideas could be pursued:

- Provision of affordable industrial zoned land, geared to servicing the growing construction sector in the local community
- Provision of affordable light industrial land geared toward land intensive industries being squeezed out from Queenstown, particularly in the wholesale, storage and transport areas. Note that one wholesale business is located in Kingston currently.
- The timing for provision of community and public services such as a local school.
- Encouragement of additional visitor accommodation and a township retail area that builds on the township attractions such as the Kingston Flyer that exist today.
- Encouragement of year round tourism to make local businesses more sustainable
- Commercial land for service related activities aid in helping home offices that grow beyond the home to remain in Kingston.

¹⁴ Section 4.5.3 – District Wide Issues

7 Conclusions

This report has examined the historical and potential future dwelling and population growth in the township of Kingston. This has been set against the context of growth in the greater Queenstown Lakes District.

A number of factors have been identified as being important to Kingston growth. These include:

- Household size
- Decline in holiday homes
- Relative housing affordability in Kingston compared to Queenstown
- Local business development and share of tourism growth

There is likely to be demand for residential land over and above the existing zoned land, however in all but one scenario the take-up of this land is expected to be slow. In the aggressive growth scenario the ultimate dwelling capacity of the township will be reached within 30 years.

The analysis shows that growth stimulated by the development of local tourism and business development opportunities, rather than just affordable housing, yields a faster growing and more vibrant community. Growth can be maximised by targetting the affordable housing market by maximising the attraction of Kingston through provision of community facilities and localisation in addition to just a housing price differential.

An ultimate population of 1,116 has also been calculated based on 930 dwellings and a decline in the number of holiday homes. In this scenario a review of local employment and business land requirements has been completed by developing an average ratio of employees to residents. Local business development remains subdued due to the proximity to Queenstown with over half of the workers commuting to Queenstown.

The implications of creating a satellite township are reviewed, with local business development strategies, particularly in the tourism sector likely to be critical in maximising local employment opportunities. The provision of community services will be important to enable localisation of the township.

It is recommended that an area of 1.1 Ha be set aside for employment activities within the plan change site.