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SUBMISSION TO MINISTRY FOR HOUSING AND URBAN DEVELOPMENT ON THE GOVERNMENT POLICY STATEMENT ON HOUSING AND URBAN DEVELOPMENT

Thank you for the opportunity to present this submission on the Government Policy Statement on Housing and Urban Development (**GPS-HUD**). The Queenstown Lakes District Council (**QLDC**) is largely supportive of the long-term vision and outcomes set in the draft GPS-HUD.

QLDC notes the truncated consultation period for the draft GPS-HUD does not enable meaningful engagement with local authorities and other key stakeholders. QLDC also notes the challenge to design national direction to achieve the purpose set in the Resource Management Act 1991 (**RMA**), and successive legislation. Feedback on this discussion document has been provided without context of the replacement RMA legislation.

Otago Central Lakes (**OCL**) is a sub-regional group formed to apply to the government's City and Regional Deal process. It consists of QLDC, Central Otago District Council (**CODC**) and the Otago Regional Council (**ORC**). The proposal is focused on unlocking opportunities for the high growth region. One of the priority objectives is to address the sub-regions' unique housing and growth challenges by capturing the value from growth and visitors and reinvesting into critical infrastructure and affordable housing using new tools.

QLDC is strongly supportive of the principle that 'growth pays for growth' and that mechanisms for councils to recover capital expenditure costs from developments and enable affordable housing are reflected in Pillar 2 of Going for Housing Growth.

Other key recommendations include:

- The GPS-HUD must recognise the role of all infrastructure providers and the importance of coordinating investment and delivery to keep pace with strategically enabled growth and unlock housing capacity.
- Outcomes of the GPS-HUD must recognise natural hazard and climate change planning, resilience and adaptation.

Detailed feedback has been provided by QLDC to earlier resource management engagement processes (Resource Management (Consenting and Other Matters) Amendment Bill, Going for Housing Growth, and National Direction reforms). QLDC emphasises the importance of ongoing and meaningful engagement with local authorities on future reforms.

QLDC would like to be heard at any hearings that result from this consultation process. It should be noted that due to the timeline of the process, this submission will be ratified by Council retrospectively at the next council meeting.

Thank you again for the opportunity to comment.

Yours sincerely,



Glyn Lewers
Mayor



Mike Theelen
Chief Executive

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1.0 Context and QLDC's approach to enabling housing and urban development

- 1.1 The district is one of Aotearoa, New Zealand's premier visitor destinations, drawing people from all over the world to enjoy its spectacular wilderness experiences, world renowned environments and alpine adventure opportunities. The Queenstown Lakes District (**QLD**) has an average daily population of 81,660 (visitors and residents) and a peak daily population of 122,490. By 2055, this is forecast to increase to 147,518 and 221,276 respectively¹.
- 1.2 Approximately 97% of the land within the district is classified as an Outstanding Natural Landscapes and Features (**ONL/F**) and is a major attraction for international visitors and a material factor for community wellbeing. These geographical and growth conditions generate housing affordability, infrastructure and resilience challenges for the district.
- 1.3 QLDC has been working collaboratively with its communities, Kāi Tahu, Otago Regional Council (ORC) and central government partners. This relationship has resulted in the Grow Well Whaiora Partnership and a first-generation Spatial Plan² for the district. The Spatial Plan plans for growth in a way that will enable housing development and infrastructure, enable economic and productivity growth, promote the wellbeing of the community and make positive changes to the environment.
- 1.4 QLDC has been reviewing its operative district plan in stages since 2015. The Proposed District Plan (**PDP**) now applies to around 98% of the district's land area and represents a considerable step forward in managing the district's complex land use management challenges and aligns well with the RMA's existing suite of existing national direction instruments.
- 1.5 The Council's Housing Capacity Assessment (currently under development) identifies that the district has more than sufficient plan-enabled dwelling capacity to accommodate housing growth. It shows 50,853 dwellings being enabled in the short term, 77,750 enabled in the medium term and 92,900 enabled in the long term. This is sufficient to meet the projected demand (as required by the National Policy Statement on Urban Development 2020 (**NPS-UD**)) of 2,793 in the short term, 9,100 in the medium term and 27,100 in the long term. The medium and long-term plan-enabled capacity includes notified variations to the QLD PDP has also been progressed to increase greenfield capacity and upzone residential and commercial areas. The investment and provision of infrastructure to deliver the development enabled by the district plan is a key issue for QLD.
- 1.6 QLDC recently adopted a structure plan for one of the Spatial Plan's Priority Development Areas, Te Tapuae Southern Corridor, which will provide for approximately 9,300 homes. To put this level of growth in perspective, the number of houses proposed will double the number of existing houses in the Whakatipu ward (which includes Queenstown) in 2023³. It will also enable for commercial and mixed-use areas, increased industrial zoning, better transport options and potentially new ways to access the area.
- 1.7 Additionally, the Urban Intensification Variation to implement Policy 5 of the National Policy Statement on Urban Development is in progress and will enable greater building heights and densities in the urban environment, resulting in more efficient use of urban land and increased development capacity in the QLD.

¹ <https://www.qldc.govt.nz/community/population-and-demand>

² QLDC Spatial Plan <https://www.qldc.govt.nz/your-council/council-documents/queenstown-lakes-spatial-plan/>

³ Census, 2023

- 1.8 The OCL Regional Deal proposal is focused on unlocking opportunities for the high growth region. It sets five key focus areas: capturing value, transforming transport, electrifying OCL, private investment, public health and visitors and investors.
- 1.9 The Queenstown Lakes District Joint Housing Action Plan (**JHAP**) 2023–2028 aims to address the district’s acute housing challenges and improve housing outcomes for residents. It is a collaborative strategy which was developed by the Grow Well Whaiora Partnership, with Kāinga Ora, the Ministry of Housing and Urban Development, Kāi Tahu, and the Queenstown Lakes Community Housing Trust (**QLCHT**).
- 1.10 QLDC’s Climate and Biodiversity Plan 2025-2028, which was recently released for public feedback, focuses on “accelerating transformation through partnership” and highlights hazard risk management and resilient infrastructure key actions.
- 1.11 This submission provides feedback followed by recommendations on the draft GPS-HUD.

2.0 ‘Growth pays for Growth’ and mechanisms to enable councils to recover infrastructure costs are strongly supported

- 2.1 QLDC is strongly supportive of the principle that ‘growth pays for growth’ and that mechanisms for councils to recover capital expenditure costs from developments are reflected in Pillar 2 of Going for Housing Growth. In QLD, an upfront investment is required to ensure there is sufficient infrastructure capacity to support growth, plan-enabled developments and the additional demands from visitors. For example, in the QLDC’s Long-Term Plan 2024–34, 40% of the capital programme is attributed to growth, however only a portion of this is recovered over this period through existing mechanisms. In addition, QLDC must provide infrastructure capacity for more than 2.25 times its resident population due to its popularity as a tourism destination.
- 2.2 One of the priority objectives in the OCL Regional Deal proposal is to address the sub-regions’ unique housing and growth challenges by capturing the value from growth and visitors and reinvesting it back into critical infrastructure and affordable housing using new tools i.e., through a local visitor user charge and through value capture for affordable housing enabling a pipeline of perpetual affordable housing.
- 2.3 QLDC is currently prioritising infrastructure in the Priority Development Areas (**PDAs**) identified in the QLD Spatial Plan. Therefore, QLDC is supportive of the costs of out-of-sequence development proposal being fully recoverable (including for any structure planning).

3.0 The GPS-HUD must set the direction for affordable housing interventions alongside increasing plan-enabled capacity and housing supply

- 3.1 The JHAP highlights the need for affordable homes in the district with the average property value being 13.2 times average household income (the New Zealand average 7.4 times the average household income) and rental costs and median rent is \$700/week (comparative to \$570 nationally). The JHAP 2023–2028 outlined a shortfall of 3,000 affordable homes and forecasts this to rise to 6,400 by 2050⁴. This exemplifies that the outcome outlined in the draft GPS-HUD 2025 ‘people can choose where they live and what type of home they live’ is complex in the QLD context. Ensuring affordable housing is critical for community wellbeing and the local workforce and economy.
- 3.2 The GPS-HUD should set a clear direction for interventions to enable affordable housing. Although increasing supply can improve housing affordability overall, the necessary market adjustments can take

⁴ Queenstown Lakes Housing Capacity Report 2021

significant time to occur and may not be applicable in the QLD market. This is the case due to factors such as significant levels of demand, as QLDC is a desirable location for international and domestic investors for primary and secondary homes, geographical constraints and lagging supply.

- 3.3 In line with the OCL Regional Deal proposal, QLDC strongly recommends that value capture for affordable housing is considered as a mechanism in Funding and Financing, Pillar Two to better enable councils to develop a pipeline of perpetual affordable housing.
- 3.4 A value capture mechanism that could be considered is a legislative requirement that a percentage of all new developments must enable affordable housing through developer contributions (land or financial). This ensures that a percentage of the new housing supply, which would otherwise be skewed towards more expensive homes, especially in QLD where the average house value in the district is currently over \$1.7m, also supplies affordable homes. In QLD, developer contributions are provided to the Queenstown Lakes Community Housing Trust (QLCHT) and then invested into perpetual affordable housing. The land is held as a community asset in perpetuity.
- 3.5 This model has worked well in the QLD since 2007. Previous legislative settings through the Housing Accords and Special Housing Areas Act (HASHAA) enabled Councils to partner with developers and the Queenstown Lakes Community Housing Trust (QLCHT) to deliver a pipeline of affordable housing. The sub-region took advantage of this legislation well, providing more than \$25M of land, or the equivalent land value, to the QLCHT.
- 3.6 The housing market in the QLD has different characteristics to many other areas of New Zealand. The popularity of the area as a tourism destination means the QLD also faces a significant challenge with residential housing stock being diverted into visitor accommodation or left vacant as secondary or holiday homes. 27% of dwellings are unoccupied⁵, and there is a very high percentage of short-term rentals (such as Airbnb) as compared to long-term rentals. This reduces the options for the local community and housing-related outcomes and affordability. QLDC recommends that the GPS-HUD includes short-term letting and vacant (secondary) homes as an impact on housing availability and an issue for consideration. This could include investigating national regulatory tools to manage this issue, to offset the impact on local housing supply.
- 3.7 QLDC recommends explicit reference to “registered” community housing providers (CHPs) and acknowledges that the QLCHT is a key provider in the district. The Trust has informed QLDC that the current waiting list is over 1500. QLDC seeks confirmation that the new flexible fund will consider local CHP waitlists to determine the housing ‘needs in different places’.

4.0 QLDC has unlocked significant district plan-enabled capacity, the critical barrier to growth is the timely investment and provision of infrastructure not controlled by QLDC (i.e. education, public transport, state highways).

- 4.1 As mentioned above, Council’s Housing & Business Development Capacity Assessment identifies that the district has district plan-enabled capacity to accommodate housing growth that is more than sufficient to meet the projected demand. However, the most critical barrier to development in QLD is timely provision of infrastructure to support development on already-zoned land as a large part of the infrastructure required to enable new developments is not controlled by the Council.
- 4.2 The council may prioritise investment in infrastructure, however often growth is constrained by infrastructure delivered by other providers (i.e. education, public transport, state highways). The structure plan for Te Tapuae Southern Corridor is a good example of this. The infrastructure required to unlock development, such as roads (including State Highway 6), public transport, and new primary and secondary

⁵ Census 2018

schools, has not been adequately addressed. The development of options to help Council and developers meet the future needs of this area by relevant infrastructure providers has been a critical gap.

- 4.3 It is recommended that the GPS-HUD (in the Going for Housing and the Working Together to Deliver Change sections) is clear on the reliance on **all** infrastructure providers for growth, and that system approach is required to ensure that investment and delivery of infrastructure across all providers can keep pace with strategically enabled growth. QLDC recommends explicitly including the Ministry of Transport as a key delivery partner in GPS-HUD due to the interdependencies, transport is central to unlocking housing capacity while high density housing is critical to cost effective public transport.

5.0 A future housing system must plan for and be resilient to the impacts of climate change and natural hazards

- 5.1 The outcomes set in the GPS-HUD must recognise the challenges associated with climate change and natural hazards, in particular for alpine dynamic environments such as the QLD. In the QLD, active faults, flooding, wildfire and snow/ice hazards, landslide, alluvial fans all present significant and increasing risks. The future housing system must recognise the impact of these for existing and future developments. QLDC has recently provided detailed feedback to the consultation process for the National Policy Statement for Natural Hazards (**NPS-NH**). QLDC supported the direction towards the implementation of a consistent risk-based approach to land use and planning decision-making.

6.0 Mixed use zones are effective when strategically located and close to town or local centres

- 6.1 Mixed-use zones are effective when close to town centres or local centres. The strategic location of mixed-use zones (rather than widespread distribution) assists with more localised services, amenities and employment opportunities. This supports efficient and effective provision of three waters as well as transport infrastructure through reduces travel demand. District plan zones are effective in ensuring the levels of service can be provided where mixed uses are clustered, and that industrial, business and commercial activities are directed to appropriate locations, while any sensitivities with residential activities are appropriately managed.
- 6.2 QLDC seeks confirmation that councils retain the flexibility to determine suitable locations rather than a blanket requirement for mixed-use “across all urban areas.” QLDC notes that its hearings on the Urban Intensification Variation have recently been completed, which included consideration of the location and role of mixed-use zones on a flexible basis.

7.0 The flexible fund for Papakāinga and Māori housing projects should recognise various regional challenges

- 7.1 QLDC submitted in support of the proposed National Policy Statement on Papakāinga (NPS-P) and the aim to better enable Māori communities to build homes on their ancestral land. QLDC is actively working to strengthen support for papakāinga through updates to its PDP and will work with Mana Whenua to enable their housing aspirations, as aligned with the Government’s Māori and Iwi Housing Innovation (MAIHI) approach. Papakāinga and Māori housing projects in Queenstown Lakes face the same barriers as many other housing providers, such as high land values and infrastructure servicing costs. It is recommended that the flexible fund recognises the regional challenges and additional costs in high-growth district to ensure Māori housing is enabled in districts such as QLD.

Recommendations

- R.1** The GPS-HUD should be clear on the wider network of infrastructure providers and the importance of timely, coordinated investment and provision of infrastructure to unlock housing development between them. QLDC recommends explicitly including the Ministry of Transport as a key delivery partner in GPS-HUD, given transport is central to unlocking housing capacity and supporting thriving communities.
- R.2** Mechanisms for ‘growth pay for growth’ are supported and it is recommended that the ability for councils to recover capital expenditure costs from developments are reflected in Pillar 2 of Going for Housing Growth.
- R.3** It is recommended that the GPS-HUD considers affordable housing interventions such as a value capture mechanism which establishes legislative requirement for new developments to enable affordable housing through developer contributions (land or financial). In QLD, developer contributions are provided to the Queenstown Lakes Community Housing Trust (QLCHT) and then invested into perpetual affordable housing.
- R.4** The impact of short-term letting and secondary homes on housing outcomes and affordability should be recognised in the GPS-HUD and direction provided to investigate national regulatory tools to manage this issue.
- R.5** The outcomes set in GPS-HUD must recognise the future challenges associated with climate change and natural hazards and other government policy, such as the GPS-NH.
- R.6** Confirm that councils retain the flexibility to determine suitable locations for mixed use zones, rather than a blanket requirement “across urban areas.”
- R.7** It is recommended that community housing providers (CHPs) refers to ‘registered’ community housing providers in the draft GPS-HUD.
- R.8** It is recommended that flexible fund utilises local CHP waitlists to determine housing ‘needs in different places’.
- R.9** It is recommended that the flexible fund recognises the different regional challenges for Papakāinga and Māori housing projects (i.e. high land costs, infrastructure servicing costs) to ensure housing can be enabled across high-growth districts such as QLD.