



Section 32 Evaluation Report

Low Density Residential Zone

Contents

Section 32 Evaluation Report: Low Density Residential Zone	2
1. Purpose of the report	2
2. Statutory Policy Context.....	2
2.1 Resource Management Act 1991	2
2.2 Local Government Act 2002	3
2.3 Otago Regional Policy Statement 1998 (RPS, 1998).....	3
2.4 Review of the Otago Regional Policy Statement.....	4
2.5 Queenstown Lakes District Council Operative District Plan	5
2.6 QLDC 10 year plan (2015-2025) Consultation Document.....	6
3. Non statutory policy context.....	6
4. Resource Management Issues	7
5. Evaluation	19
5.1 Purpose and options.....	19
5.2 Broad options considered to address issues.....	20
6. Scale and Significance Evaluation.....	24
7. Evaluation of proposed Objectives (Section 32 (1) (a)).....	25
8. Evaluation of the proposed provisions (Section 32 (1) (b))	28
9. Efficiency and effectiveness of the provisions	41
10. The risk of not acting.....	41
Attachments	43

Section 32 Evaluation Report: Low Density Residential Zone

1. Purpose of the report

Section 32 of the *Resource Management Act 1991* (the Act) requires plan change proposals to be examined for their appropriateness in achieving the purpose of the Act, and the policies and methods of those proposals to be examined for their efficiency, effectiveness and risk (MFE, 2014). Accordingly, this report provides an analysis of the key issues, objectives and policy response to be incorporated within the QLDC District Plan Review for the Low Density Residential Zone; and outlines the decision making process which has been undertaken by Council.

The Low Density Residential Zone will be positioned within Part 3 (Urban Environment), Chapter 7 of the Proposed District Plan, alongside the provisions of other urban zones within the District. The Zone has the purpose to support the supply of low density housing forms, and generally maintains the status quo of the Operative District Plan, however with greater scope to accommodate residential development at increased densities up to 1 unit per 300m² (subject to compliance with other amenity controls). The zone supports the provisions of Part 2 (Strategy), namely Strategic Directions (Chapter 3) and Urban Development (Chapter 4).

Section 32(1)(a) of the Act requires that a Section 32 evaluation report must examine the extent to which the proposed District Plan provisions are the most appropriate way to achieve the purpose of the Act (Part 2 - Purpose and principles). Accordingly, this report provides the following:

- An overview of the applicable **Statutory Policy Context**
- Description of the **Non-Statutory Context** (strategies, studies and plans) which inform proposed provisions
- Description of the **Resource Management Issues** which provide the driver for proposed provisions
- An **Evaluation** against Section 32(1)(a) and Section 32(1)(b) of the Act
- Consideration of **Risk**

2. Statutory Policy Context

2.1 Resource Management Act 1991

The purpose of the Act requires an integrated planning approach and direction, as reflected below:

5 Purpose

(1) The purpose of this Act is to promote the sustainable management of natural and physical resources.

(2) In this Act, sustainable management means managing the use, development, and protection of natural and physical resources in a way, or at a rate, which enables people and communities to provide for their social, economic, and cultural well-being and for their health and safety while—

(a) sustaining the potential of natural and physical resources (excluding minerals) to meet the reasonably foreseeable needs of future generations; and

(b) safeguarding the life-supporting capacity of air, water, soil, and ecosystems; and

(c) avoiding, remedying, or mitigating any adverse effects of activities on the environment.

The remaining provisions in Part 2 of the Act provide a framework within which objectives are required to achieve the purpose of the Act and provisions are required to achieve the relevant objectives. The assessment contained within this report considers the proposed provisions in the context of advancing the purpose of the Act to achieve the sustainable management of natural and physical resources.

The Low Density Residential Zone comprises the largest residential zone in the District, traditionally accommodating the supply of low rise and low density suburban housing forms within the major urban centres of Queenstown, Wanaka and Arrowtown.

The Low Density Residential Zone supports the Strategic Direction (Chapter 3) and Urban Development Chapter (Chapter 4) of the Proposed District Plan through allocating land for suburban housing forms, whilst enabling discrete infill as a means of increasing the diversity of housing available to the market. The Zone forms part of the overall housing approach sought by the Proposed District Plan, which aims to achieve a

compact and efficient urban form, achieved through enabling increased density in appropriate locations. The zone provides one of the mechanisms for managing urban growth in a way and at a rate which advances section 5(2) of the Act.

Section 31 of the Act outlines the function of a territorial authority in giving effect to the purpose of the Act:

31 Functions of territorial authorities under this Act

(1) Every territorial authority shall have the following functions for the purpose of giving effect to this Act in its district:

(a) the establishment, implementation, and review of objectives, policies, and methods to achieve integrated management of the effects of the use, development, or protection of land and associated natural and physical resources of the district

Section 31 provides the basis for objectives, policies, and methods within a District Plan, to manage the effects of development. With regard to the Low Density Zone, the provisions outlined in this report have been developed in accordance with QLDC's function under Section 31 to manage the potential adverse effects of urban growth and development.

Consistent with the intent of Section 31, the proposed provisions support the Strategic Directions (Chapter 3) and Urban Development (Chapter 4) of the Proposed District Plan, and enable an integrated approach to the multiple effects associated with urban development, and integrated mechanisms for addressing these effects through the hierarchy of the District Plan.

Section 31 reinforces the multi-faceted approach to managing urban development, which is based upon the establishment of defined urban limits, integrating land use and infrastructure, and promoting density in strategic locations.

2.2 Local Government Act 2002

Sections 14(c), (g) and (h) of the Local Government Act 2002 are also of relevance in terms of policy development and decision making:

(c) when making a decision, a local authority should take account of—

(i) the diversity of the community, and the community's interests, within its district or region; and

(ii) the interests of future as well as current communities; and

(iii) the likely impact of any decision on the interests referred to in subparagraphs (i) and (ii):

(g) a local authority should ensure prudent stewardship and the efficient and effective use of its resources in the interests of its district or region, including by planning effectively for the future management of its assets; and

(h) in taking a sustainable development approach, a local authority should take into account—

(i) the social, economic, and cultural interests of people and communities; and

(ii) the need to maintain and enhance the quality of the environment; and

(iii) the reasonably foreseeable needs of future generations

As per Part II of the RMA, the provisions emphasise a strong intergenerational approach, considering not only current environments, communities and residents but also those of the future. They demand a future focussed policy approach, balanced with considering current needs and interests. The provisions also emphasise the need to take into account social, economic and cultural matters in addition to environmental ones.

Section 14(g) is of relevance in so far as a planning approach emphasising urban intensification in areas well served by existing infrastructure generally represents a more efficient and effective use of resources than a planning approach providing for more greenfield zoning and development.

2.3 Otago Regional Policy Statement 1998 (RPS, 1998)

Section 74 of the Act requires that a district plan prepared by a territorial authority must “give effect to” any operative Regional Policy Statement. The operative *Otago Regional Policy Statement 1998* (RPS, 1998), administered by the Otago Regional Council, is the relevant regional policy statement to be given effect to within the District Plan.

The operative RPS 1998 contains a number of objectives and policies that are relevant to this review, namely:

Matter	Objectives	Policies
To protect Otago's outstanding natural features and landscapes from inappropriate subdivision, use and development	5.4.3	5.5.6
Sustainable land use and minimising the effects of development on the land and water	5.4.1	5.5.3 to 5.5.5
Ensuring the sustainable provision of water supply	6.4.1	6.5.5
To promote sustainable management of the built environment and infrastructure, as well as avoiding or mitigating against adverse effects on natural and physical resources.	9.4.1 to 9.4.3	9.5.1 to 9.5.5

The provisions of the Low Density Residential Zone, and the development outcomes sought by these provisions, serve the intent of the objectives and policies listed above through the promotion of an urban environment which supports choice, affordability, and efficiency in land and infrastructure use.

The zone maintains its traditional role in allocating land for low density housing forms, which remain the dominant housing form within the District. However, the amended provisions of the zone now include flexibility to cater for a changing residential and visitor accommodation environment which is increasingly seeking smaller and more affordable housing solutions. The zone seeks to recognise current constraints to the supply of housing through enabling low rise and discrete infill in appropriate locations. Facilitating sensitively designed infill housing should maintain the suburban character of the zone, whilst contributing to the strategic goal of achieving a compact urban form.

2.4 Review of the Otago Regional Policy Statement

Section 74 of the Act requires that a District Plan must *"have regard to"* any proposed regional policy statement.

It is noted that the ORC is currently in the process of reviewing the RPS 1998. The first stage of the RPS review has already been undertaken and in May 2014 Otago Regional Council (ORC) published and consulted on the RPS *'Otago's future: Issues and Options Document, 2014'* (www.orc.govt.nz). The issues identified of particular relevance to the development of provisions for the Low Density Residential Zone in particular, included:

- ***"Encouraging compact development:*** *Poorly planned or scattered development leads to costly and less efficient urban services such as roads and water supply or health and education services, and can increase environmental effects".*
- ***"Having quality and choice:*** *The quality of our built environment can affect our quality of life. Poorly planned settlements do not serve the interests of the community in the long term".*
- ***"Managing our infrastructure:*** *We depend on reliable energy and water supplies, good quality roading, wastewater services and telecommunications...Development of these structures can be affected by sensitive development such as housing".*

These issues are of relevance to the development of the Low Density Residential Zone in that they reflect the symptomatic outcomes which can result from a lack of coordinated urban planning, and point to the need for a compact urban form.

An option suggested by ORC to facilitate a more compact urban form and more efficiently utilise infrastructure could be to *"prioritise development in locations where services and infrastructure already exist over those that require new or extended services and infrastructure"* and *"avoid any development that would impact negatively on the use of essential infrastructure"*.

In providing an urban environment which is well planned and provides choice, the discussion document suggested to *"ensure new urban areas provide a range of housing choice, recreation and community facilities"*.

The Proposed RPS was released for formal public notification on the 23 May 2015, and contains the following objectives and policies relevant to the Low Density Residential Zone:

Matter	Objectives	Policies
Otago's significant and highly-valued natural resources are identified, and protected or enhanced	2.2	2.2.4
Good quality infrastructure and services meets community needs	3.4	3.4.1
Energy supplies to Otago's communities are secure and sustainable	3.6	3.6.6
Urban areas are well designed, sustainable and reflect local character	3.7	3.7.1, 3.7.2
Urban growth is well designed and integrates effectively with adjoining urban and rural environments	3.8	3.8.1, 3.8.2, 3.8.3
Sufficient land is managed and protected for economic production	4.3	4.3.1

The proposed Low Density Residential Zone provisions have regard to the Proposed RPS by ensuring urban areas are well designed, sustainable and reflect local character. The provisions will also contribute towards achieving a more compact and efficient urban form through urban intensification, enabled through allowance for discrete infill housing and more liberal development controls.

The Low Density Residential Zone builds upon the provisions of the operative District Plan to address current planning issues, and supports the issues and direction identified by the Draft RPS.

2.5 Queenstown Lakes District Council Operative District Plan

The Low Density Residential Zone is an existing zone within the operative District Plan which applies to the larger urban settlements of Queenstown, Arrowtown and Wanaka. Within the Low Density Zone are also sub-zones, which apply to specified areas requiring a specific policy response.

The operative purpose of the Low Density Residential Zone states:

"The purpose of the zone is to provide for low density permanent living accommodation, maintaining a dominance of open space and low building coverage...."

The operative zone supports low density housing forms, with a maximum site coverage of 40% and a density of one residential unit per 450m² land area. The primary purpose of the zone is to support low density and low rise housing forms. The operative zone does allow some increased density where part of a 'Comprehensive Residential Development' or located within the 'Low Density Residential - Medium Density Sub-zone'.

The operative provisions of the 'Low Density Residential - Medium Density Sub-zone' enable development of two residential units on a lot, provided that no existing residential unit exists on the site, and the lot size is between 625m² and 900m². Whilst this enables some form of medium density development, this zone is limited to Queenstown, and only supports the development of two units per site. Therefore, maximum yield efficiency is not supported by these existing provisions, and they do not address modern small housing solutions. This sub-zone is a historic anomaly and as most of the limited development opportunity facilitated by it has been executed, it has limited planning meaning or purpose moving forward.

The 'Comprehensive Residential Development' provisions enable the development of more than one unit per site, however require a minimum site area of 2000m² and the submission of building and subdivision consents simultaneously. Therefore these provisions have relatively limited application and do not allow achievement of densities higher than the permitted density (1 per 450m²) without having a 2000m² (or larger) site, and introduce complexities which restrict minor infill development.

Overall, the operative District Plan does not clearly identify areas for increased density of housing, and there is a lack of integrated policy and rules to apply to such development.

It is the intention of the review to retain the primary purpose of the zone, however with some allowance for increased density via infill development, where amenity controls (building height and site coverage) can be met. The new provisions will introduce greater transparency in this regard.

2.6 QLDC 10 year plan (2015-2025) Consultation Document

The 10 Year Plan (2015-2025) Consultation document highlights the significant growth pressures experienced in the District contributed by both residents and visitors, and identifies anticipated population growth to 2025. The 10 year plan is relevant to the development of policy within the Low Density Residential Zone, as it provides the mechanism for funding allocation and expenditure, in line with the expectations of the community. In order to ensure that development and infrastructure programmes are effectively integrated there is a need to ensure that there is co-ordination between the LTCCP and District Plan.

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

3. Non statutory policy context

To understand the issues and potential changes that need to be undertaken in the District Plan Review a number of studies have been undertaken and others referred to, to give a full analysis of residential issues.

Community Plans

- 'Tomorrows Queenstown' Community Plan (2002)
- Urban Design Strategy (2009)
- 'Wanaka 2020' Community Plan (2002)
- 'Wanaka Structure Plan' (2007)
- Arrowtown Community Plan (2002)

Strategies

- Queenstown and Wanaka Growth Management Options Study (2004),
- A Growth Management Strategy for the Queenstown Lakes District (2007)
- Economic Development Strategy (2015)
- Wakatipu Transportation Strategy (2007)
- Wanaka Transportation and Parking Strategy (2008)
- Queenstown Town Centre Draft Transport Strategy (Consultation Document 2015)
- Queenstown Lakes Housing Accord (2014)

Studies

- Medium to High Density Housing Study: Stage 1a – Review of Background Data (Insight Economics, 2014)
- Medium to High Density Housing Study: Stage 1b – Dwelling Capacity Model Review (Insight Economics, 2014)
- Brief Analysis of Options for Reducing Speculative Land Banking (Insight Economics, 2014)
- Analysis of Visitor Accommodation projections (Insight Economics, 2015)
- Arrowtown Dwelling Supply and Demand (Insight Economics, 2015)
- Shadow and Recession Planes Study, Virtual Rift 3D Solutions, prepared 12 March 2015.
- Monitoring Report: Residential Arrowtown 2011, Queenstown Lakes District Council, November 2011

Other relevant sources

- *'Does Density Matter – The role of density in creating walkable neighbourhoods'*, discussion paper by the National Heart Foundation of Australia
- The New Zealand Productivity Commission's Inquiry into the supply of land for housing 2014
- The New Zealand Productivity Commission's Housing Affordability Inquiry, 2012
- Using Land for Housing – Draft Report, New Zealand Productivity Commission, 2015
- *Cities Matter - Evidence-based commentary on urban development (2015)*, Phil McDermott, <http://cities-matter.blogspot.co.nz/>
- *'Wellington City Housing and Residential Growth Study: Final Planning Assessment and Recommendations'*, The Property Group Limited, 2014.
- Shaping our Future: Energy Futures Taskforce Report 2014
- Shaping our Future 'Visitor Industry Task Force' report 2014
- Queenstown Airport Monthly Passenger Statistics (available at www.queenstownairport.co.nz)

- Impacts of Planning Rules, Regulations, Uncertainty and Delay on Residential Property Development, Motu Economic and Public Policy Research and the University of Auckland, January 2015
- New Zealand Tourism Forecasts 2015-2021, Ministry of Business, Innovation and Employment, May 2015
- Queenstown, Dunedin and Wanaka Market Review and Outlook 2015, Colliers International
- Westpac Report Home Truths Special Edition', 14 May 2015

4. Resource Management Issues

Overview

The key issues of relevance to the Low Density Residential Zone are:

- **Issue 1** – Growth
- **Issue 2** – Visitor accommodation demands are increasing
- **Issue 3** – Urban Form
- **Issue 4** – Reducing the environmental impacts of urban development
- **Issue 5** – Housing supply, affordability and the impacts of restrictive planning controls
- **Issue 6** – Urban design and amenity values
- **Issue 7** – Economic diversification

These issues are outlined in further detail below.

Issue 1: Growth

The Queenstown Lakes District is one of the fastest growing areas in New Zealand. Alongside (and related to) this considerable growth, the District has also become one of the least affordable areas in New Zealand, with the second highest median house price in the country, coupled with relatively low median incomes. As a result, home ownership has become unaffordable for the average person. Coupled with this, strong tourism growth has also led to a decline in rental supply, and a lack of secure tenure options.

Recent estimates predict that the District will continue to experience significant population growth over the coming years. Faced with such growth pressures, it is evident that a strategic and multifaceted approach is essential to manage future growth in a logical and coordinated manner. Overall, appropriate regulatory mechanisms are necessary to address current regulatory constraints to housing development, and increase the supply of housing which promotes the achievement of the Purpose of the RMA: “...enables people and communities to provide for their social, economic, and cultural well-being....”

Between 2013 and 2015, the Council commissioned a number of growth studies focussing on population projections, dwelling capacity and economics. Most recently, Insight Economics has undertaken a review of previous studies and predictions, and developed a fresh set of population predictions for the Queenstown Lakes District¹. Insight Economics report¹ indicates that between 2006 and 2013, the District experienced growth in excess of national averages, with the highest recorded growth in Wanaka of 3.7% per annum (compared to a national average of 0.7%). Following a review of background data, and considering likely scenarios influencing growth, Insight Economics predicted population growth of 3.4% per annum to 2031 (representing a possible increase in population to 55,000 by 2031) and concludes “...that the district will continue to experience high population growth and...demand for new dwellings will also be strong.”¹ It also highlights that such levels may be exceeded if the tourism industry continues to grow at a high rate, requiring a greater population base to support the industry.

The report notes high growth in dwelling demand and numbers of one person households and couples without children, in addition to a unique age profile with high proportion of population between the ages of 25

¹ Medium to High Density Housing Study: Stage 1a – Review of Background Data’)

and 44¹. These patterns suggest a high proportion of population within the 'first home buyers' and renters bracket, and the need for more diverse and flexible accommodation options. It reports a strong growth in detached dwellings, but that home ownership rates are lower than the national average, which could indicate affordability issues / lack of suitable housing as well as a transient population. Predicted levels of growth are estimated to require an additional 6,518 dwellings, or 362 dwellings each year². In Arrowtown, there could be demand for an extra 690 to 870 dwellings over the next twenty years³.

Strong growth in tourism, hospitality and associated industries is likely to see growth in the numbers of younger people living and working temporarily in Queenstown, and this will create greater demand for relatively affordable rental accommodation options.

In the past, significant growth rates experienced in the Queenstown Lakes District has resulted in pressure for the supply of greenfield land at the periphery of urban areas, on occasions leading to a sprawling urban form and the ad hoc provision of water, wastewater, and stormwater infrastructure networks. Sprawling infrastructure networks are generally acknowledged to result in greater financial costs (capital and lifecycle) when compared to higher density infill scenarios. Studies from the United States of America have considered the financial costs of urban sprawl, and found that:

"Sprawl increases the distance between homes, businesses, services and jobs, which raises the cost of providing infrastructure and public services by at least 10% and up to 40%. The most sprawled American cities spend an average of \$750 on infrastructure per person each year, while the least sprawled cities spend close to \$500"⁴.

Furthermore, a comprehensive study from Smart Growth America in 2013 found that the upfront infrastructure development costs of 'Smart Growth' compared to conventional sprawling development reduces upfront infrastructure development costs by 38%⁵. Conversely, a growth management approach based around urban intensification is generally considered significantly more cost efficient than an approach based around sprawl. A number of studies support this notion.

Whilst it is recognised that growth rates experience peaks and troughs in response to changes in market conditions and tourism patterns, it is evident that the District has, and continues to experience significant growth. The District Plan must ensure that the necessary regulatory mechanisms are in place to manage such periods of growth in a coordinated manner, avoiding as far as possible reactive private plan changes in locations less desirable (and potentially more costly over the long term) from transport and infrastructure perspectives.

The strategic intentions of the District Plan review promoted by the Strategic Directions (Chapter 3), the Urban Development Chapter (Chapter 4) (including the establishment of urban growth boundaries), and supported by the High Density, Medium Density and Low Density Zone provisions; aim to contain urban growth within defined limits, and achieve an increasingly compact residential form. As a consequence of urban containment objectives, the supply of greenfield land for traditional low density housing forms will be spatially constrained, requiring provision for increased density and smaller housing forms within urban growth boundaries. It is anticipated that the Low Density Residential Zone will accommodate a portion of infill housing at higher densities than is currently provided for within the zone to meet future housing demands. Provision for increased density will however be balanced with amenity considerations; and as such, a

² QLDC Economic Development Strategy, 2015

³ Arrowtown Dwelling Supply and Demand, Insight Economics, 2015

⁴ Analysis of Public Policies that Unintentionally Encourage and Subsidize Sprawl, The New Climate Economy, <http://newclimateeconomy.net/content/release-urban-sprawl-costs-us-economy-more-1-trillion-year>

⁵ Building Better Budgets: A National Examination of the Fiscal Benefits of Smart Growth Development, Smart Growth America, 2013.

maximum density control of 1 residential unit per 300m² has been retained to ensure development is of an appropriate scale and intensity.

It has been suggested by some members of the community that rather than plan for future growth, that the Council should attempt to limit growth. Such requests do not fully consider the multiple factors which influence growth (such as capacity and expansion of the airport, domestic tourism markets, immigration policies etc) or the potential adverse economic and social effects of attempting to stop growth (such as increased overcrowding where housing supply cannot meet demand, and the effects of economic decline). A report by Peter Newman (2014)⁶ highlights the economic decline experienced in US and UK cities where planning policy did not adapt to the changing global economy; and the general failure of policy intervention to transfer population away from the areas generating employment demand. It is not the role of the RMA to limit growth, but rather to manage its form and location to promote the sustainable management of natural and physical resources. Therefore, the formulation of the Medium Density Residential Zone and the associated objectives and policies has been developed following consideration of the significant growth pressures currently faced within the District and the potential risks associated with uncontrolled or piecemeal urban growth into the future.

Methods to address the issue:

- *Permitted Activity status for low risk residential and visitor accommodation activities*
- *Provision for infill housing up to a density of 1 residential unit per 300m²*
- *Liberalisation of bulk and location rules where appropriate to better enable low intensity infill*
- *Simplification and streamlining of provisions*

Issue 2: Visitor accommodation demands are increasing

Tourism growth supported by the Districts natural amenities will continue to play a dominant part in the local economy, and will have a direct effect on the associated resident population growth and amenities enjoyed by the local community². A recent market report prepared by Colliers⁷ acknowledges that:

*"Increasing visitor numbers continue to be one of the biggest forces behind the demand for residential and commercial property in Queenstown. The ongoing tourism boom is creating significant positive sentiment about the region's economy, stimulating development, construction and investment activity"*⁷

The tourism industry has experienced strong growth over recent years, with commercial accommodation nights and length of stay consistently exceeding national averages. The latest national tourism forecasts prepared by the Ministry of Economic Development predict growth in total visitor numbers of 4 per cent a year reaching 3.8 million visitors in 2021 from 2.9 million in 2014⁸. There is currently a lack of tourism information available to translate these forecasts to sub-national projections. However, the recent growth in visitor numbers is evident by Queenstown Airport arrivals information which identifies an increase in annual passenger numbers by 10.4% over the period from March 2014 to March 2015⁹.

Locally, the QLDC LTCCP (2015-2025) indicates a peak population (inclusive of tourism) in 2015 of 96,500, predicted to increase by almost 20% to 115,500 people by 2025. A recent study undertaken by Insight Economics¹⁰ predicts that total guest nights will continue to exceed the national average, increasing from a current value of 3.6 million per annum, to 6.9 million per annum in 2031 (based on a medium growth

⁶ Density, the Sustainability Multiplier: Some Myths and Truths with Application to Perth, Australia, Newman, P. 2014

⁷ Queenstown, Dunedin and Wanaka Market Review and Outlook 2015, Colliers International

⁸ New Zealand Tourism Forecasts 2015-2021, Ministry of Business, Innovation and Employment, May 2015

⁹ Queenstown Airport Passenger Statistics, March 2015

¹⁰ Analysis of Visitor Accommodation projections, Insight Economics, 2015

scenario)¹⁰. A number of proposed major projects, such as the airport expansion to cater for night flights and potential convention centres, if realised, will have a direct influence on the level of tourism growth, and in fact may exceed medium growth scenarios.

The District depends heavily on tourism growth and solutions to achieve increased capacity are necessary to cater for anticipated levels of growth. Planning controls are necessary to cater for changing visitor mix and the desire for alternative (and potentially lower cost) forms of accommodation (such as Air BnB). In particular, a recent report by Insight Economics¹⁰ predicts 'peer to peer' (eg. Book-a-Bach, Air BnB) accommodation forms to double current rates, leading to an additional 1,139,270 guest nights within this form of accommodation alone by 2035.

It is recognised that there is a degree of existing capacity available in the District to cater for visitor accommodation. However, available capacity may not address the changing visitor mix and increasing desire for forms of 'peer to peer' accommodation. On this issue, Colliers Queenstown predicts over the next 12 months *"a shortage of tourist accommodation in Queenstown, with the town at capacity over peak periods"* and *"a shortage of tourist accommodation, resulting in increasing room rates"*⁷. Increasing tourist accommodation demand also has an impact on removing the supply of long term residential rental housing, and Colliers predicts *"acute shortage of long term residential rental accommodation in Queenstown to continue, flowing through to rent increases"***Error! Bookmark not defined..** Without an appropriate District Plan response, this could generate significant social, economic and environmental impacts (the latter possible if there is not a sufficient "infill" response and more housing is directed to the countryside or more reliance made on commuting from centres such as Cromwell).

The occurrence of overcrowding of residential properties is a recognised issue for the District, especially in Queenstown. A number of cases have been highlighted by Council's Enforcement department, and from the Southern District Health Board. This is likely to be at least partly explained by high rental housing costs, poor availability of rental property, and poor tenure security- all of which tie back to insufficient housing and accommodation supply. The Southern District Health Board have expressed significant concerns in terms of the public health implications of this overcrowding. In particular, such overcrowding fosters greater ease of transmission of infectious disease. Not only is this considered intrinsically problematic in terms of health and wellbeing, it can also impact on productivity.

During consultation, some members of the community suggested that to increase the supply of visitor accommodation, that the Council should consider planning approaches undertaken in resort towns of Whistler and Banff (Canada) which are subject to similar pressures (ie. highly popular resort towns with small permanent populations and high housing costs). It is noted that a strong approach to the housing issue in both Banff and Whistler has been to significantly increase the areas of land zoned for medium density development. Despite their cold climates, both of these towns have established permissive planning regimes to enable infill housing for the purpose of visitor accommodation. It should be noted however that the statutory context of these areas is different, and some approaches may be difficult to replicate in Queenstown. For example, the cost of construction is typically lower in these areas, and additionally there are differences in the local economy and topography which warrant different approaches.

In the face of growing tourism growth, and changing accommodation demands, it is evident that the District Plan should incorporate suitable policy to enable a range of visitor accommodation types in appropriate locations, and to balance the needs of visitor accommodation versus permanent rental supply. With regard to the experience of Whistler and Banff, the approach of the Proposed District Plan is consistent with the enabling planning framework applied in these areas, however the Proposed District Plan must also address the needs of an increasing resident population and economic diversification.

The proposed approach for addressing visitor accommodation demands via the Proposed District Plan is generally based on the assumptions that the Queenstown Town Centre, Wanaka Town Centre and High

Density Residential Zones are anticipated to continue to meet demand for high density hotels, motels and backpackers due to the proximity of these zones to public transport, services, entertainment and amenities. Residential zones (and to an extent rural areas), will meet demand for lower intensity forms of peer to peer visitor accommodation (such as B&B's, homestays, and the commercial letting of a residential unit or flat) to cater for (for example) domestic travellers, longer stays and family friendly accommodation. The Low Density Zone is therefore anticipated to cater for a portion of demand for lower intensity forms of visitor accommodation. The structure of the provisions for residential zones (such as levels of assessment) will also ensure that an appropriate balance is provided between the supply of permanent residential housing and short term accommodation.

The operative Low Density Residential Zone currently enables visitor accommodation involving renting out a unit or house as a permitted activity where the activity complies with certain length of stay requirements, and is registered as a holiday home. Some minor amendments have been made to the operative approach to better balance the effect of visitor accommodation versus permanent rental supply. The Low Density Residential Zone is anticipated to cater for a portion of demand for lower intensity forms of visitor accommodation, subject to compliance with amenity controls (such as building height, site coverage, setbacks and recession planes). However the length of stay as a permitted activity has been reduced to 28 days, with Controlled activity consent required for between 28 days to 180 days, and non-complying thereafter.

These changes to the activity status will still enable the supply of visitor accommodation, whilst enabling Council to control the effects on residential amenity. Additionally, only a maximum of one residential unit or dwelling can be used as visitor accommodation on a single site, ensuring that only one unit is removed from more permanent residential accommodation. More intensive forms of visitor accommodation are also discouraged by the non-complying status.

Methods to address the issue:

- *Low Intensity forms of visitor accommodation (eg. the commercial renting of a residential unit or dwelling, homestays, lodges) provided for within the Zone as a Permitted Activity (less than 28 days) or a Controlled Activity (between 28 and 180 days)*
- *More intensive forms of visitor accommodation (such as Motels or Hotels) are discouraged by Non Complying status.*
- *Objectives, Policies and Rules provide for consideration of amenity effects of visitor accommodation on residential areas*
- *Purpose statement & objectives allow consideration to potential effects of visitor accommodation on reducing permanent rental supply*
- *'Residential Flats' will be enabled for use as visitor accommodation, however only one dwelling, residential unit or flat will be permitted as visitor accommodation per site – to protect amenity and retain accommodation as permanent rental supply.*

Issue 3: Urban form

Significant growth rates experienced in the Queenstown Lakes District results in ongoing pressure for the supply of greenfield land at the periphery of urban areas, leading to fragmented and disconnected settlements, and growing concern by the community at the lack of coordinated growth management.

The need for a compact urban form as a mechanism to manage growth, and achieve a more efficient and sustainable use of land has been articulated by the community for decades, beginning with the development of small community plans ('Wanaka 2020', Arrowtown Community Plan, 'Tomorrows Queenstown'). Each of these documents identify the community's desire to contain urban growth within defined boundaries, and support increased density in appropriate locations to protect rural and natural amenity values.

Accordingly, in 2007, the Council commenced the development of the Growth Management Strategy (2007) (a non-statutory document) to guide community planning for future growth and development of the district. The strategy highlighted the need for consolidating development in higher density areas to support new growth; infrastructure to support high quality development in the right places; and good design to improve the quality of the environment.

The Growth Management Strategy resulted in the conclusion that growth should be located in strategic locations, with *“all settlements to be compact with distinct urban edges and defined urban growth boundaries”*. To support a compact urban form, it was recognised that higher density residential areas should be realised close to main centres. Importantly, it also acknowledged that a compact urban form requires not only containment, but a managed approach to the mix and location of urban land uses enabled within defined boundaries.

In July 2014, Queenstown Lakes District Full Council accepted the Strategic Directions chapter (Chapter 3) of the Proposed District Plan. The Strategic Directions identifies the key strategic goals and objectives the District Plan as a whole, and sets the framework for achieving a compact urban form. Of particular relevance within the Strategic Direction is ‘Urban Form’ and Goal 2: The strategic and integrated management of urban growth, along with Policy 1.4 - Encourage a higher density of residential development in locations that have good access to public transport and centres. Complementing and reinforcing this objective, the Urban Development framework (Chapter 4) has been developed to identify clear principles for the location and form of future growth, including establishing Urban Growth Boundaries for Queenstown, Wanaka and Arrowtown and enabling increased density within these.

The current District Plan review establishes an integrated growth management framework, which is replicated throughout the District Plan, beginning from the Strategic Directions (Chapter 3) and Urban Development Chapter (Chapter 4) at the top hierarchy of the Proposed District Plan, through to the provisions of individual zones. The Low Density Residential Zone provides an essential component of the overall urban growth management approach. The zone will retain its current function in allocating land for low density housing forms, which have general protection for views, sunlight admission and privacy. However, building on the operative approach, the proposed provisions will also enable discrete infill development in appropriate locations, subject to compliance with amenity controls. Infill development within the zone will contribute to the achievement of an efficient and compact urban form, and the viability of strategic objectives and policies for managing growth.

The Low Density Zone generally retains its existing spatial extent, with a limited number of specific new areas to be included within the zone - either to reflect the density of development which has already occurred, or to include land with further housing potential within urban growth boundaries.

Methods to address the issue:

- *Permitted Activity status for low risk residential and visitor accommodation activities*
- *Provision for infill housing up to a density of 1 residential unit per 300m²*
- *Objectives and policies recognise that the zone will recognise some change to enable limited infill development*
- *Liberalise rules to enable better realisation of intensification objectives and policies*

Issue 4: Reducing the environmental impacts of urban development

The environment is revered nationally and internationally and is considered by residents as the District’s single biggest asset². The natural environment underpins recreational and tourism industries and is a significant contributing factor to economic and population growth within the District.

Continued growth in population and visitor numbers increases demand for land at ever increasing distances from town centres. A sprawling urban form places increased pressure on the Districts highly valued

landscapes and features, and exacerbates the environmental effects associated with population growth. The Shaping Our Futures Energy Forum Report¹¹ also notes that “*The district’s demand for electrical and fossil-fueled energy continues to rise along with the increase in its population and lifestyle expectations*” and points to the need for a more efficient urban form and transportation system to reduce energy consumption and reduce the Districts carbon footprint.

A compact urban form can reduce reliance on the private vehicle and improve the use and uptake public transport, walking and cycling; therefore reducing energy demand overall. Supporting this finding, a study of several global cities has found strong evidence that per capita private passenger transport is directly correlated with urban density, whereby cities with the highest urban density also have lower levels of energy use associated with private passenger transport¹². More intensive urban development can also help to minimise new housing development occurring in peri-urban locations which may be located on or close to significant natural environments.

Methods to address the issue:

- *Greater provision for infill development in existing urban settlements, avoiding sprawling urban forms and incentivising sustainable forms of transport.*

Issue 5: Housing supply, affordability and the impacts of restrictive planning controls

Home ownership is unaffordable in the Queenstown Lakes District, with the second highest median house price in the country, coupled with relatively low median incomes. Housing affordability is driven by a number of economic factors, but at the simplest level the availability of supply relative to demand is a key contributing factors. As noted previously, the occurrence of overcrowding of residential properties is a recognised issue for the District, and is reflective of a housing market in which supply (and the right type of supply) is not keeping pace with demand.

The district has some unique characteristics to its housing challenge. Firstly, the district has a high number of homes owned for holiday purposes, and there is high housing demand from people who work in the tourism and hospitality industries. Increasing tourist accommodation demand has an impact on removing the supply of long term residential rental housing from the market, and Colliers predicts “*acute shortage of long term residential rental accommodation in Queenstown to continue, flowing through to rent increases*”⁷. A reduction in the supply of both temporary and long term accommodation will further impact upon housing affordability.

The District is also one of the fastest growing regions, with population growth since 2006 exceeding the national average. Recent population and tourism forecasts predict that the district will continue to experience high growth over the next 20 years. Demand for both long term and short term accommodation options to support this growth will continue to be strong.

Topography and the natural amenities enjoyed within the District, combined with policies which aim to protect such features, also compound affordability issues via restrictions on the availability of land suitable for housing. For example, Saiz (2012) found that US cities that were naturally geographically constrained also had the strictest regulatory constraints, and that in such circumstances geographically constrained cities are likely to also have higher land values because property owners have greater incentives to use the political process to push for regulation that protects those values¹³. Where faced with increasing land prices,

¹¹ Shaping Our Futures Energy Forum Report, (available online [http://www.shapingourfuture.org.nz/sites/default/files/Energy%20Task%20Force%20Report%2023062014.p
df](http://www.shapingourfuture.org.nz/sites/default/files/Energy%20Task%20Force%20Report%2023062014.pdf)

¹² ‘Density, the Sustainability Multiplier: Some Myths and Truths with Application to Perth, Australia’, Peter Newman, 2014

¹³ Using Land for Housing – Draft Report, New Zealand Productivity Commission, 2015.

a pattern is also becoming evident in which average house sizes are increasing as owners are incentivised to build more expensive houses so they do not undercapitalise on the value of the land¹⁵.

It is recognised that the supply of land for residential housing or visitor accommodation can be affected by a range of factors that are outside the scope of the District Plan. However, restrictive planning systems can act to limit the supply of land and housing, leading to associated increases in both rental and house prices. Additionally, the supply and affordability of land is influenced by the extent of landbanking behaviour.

Landbanking limits the developable land being brought to market, and therefore restricts the available land supply. Whilst external to the District Plan, this speculative (but rationale and understandable) behaviour is often incentivised by restrictive and burdensome planning regulation and process which add complexity to development and contribute to higher land value inflation. It is also incentivised where a large proportion of potential dwelling capacity is held in a relatively small number of ownerships, such as is the case in Queenstown.

The impact of overly restrictive planning regulation is firmly in the sights of Central Government, and in November 2012 the New Zealand Productivity Commission launched an inquiry into the supply of land for housing. The findings of the Commission highlight the need for the planning system to allocate sufficient land supply for urban development, and that this zoning should be supported by a policy framework which provides for a mix of urban forms.

In their 2012 report, the Commission stated:

“A more balanced approach to urban planning is required in the interests of housing affordability. Land for housing can come from the development of brownfields sites, by infill development in existing suburbs, and by making suitable greenfields sites available, ideally in a complementary manner and in a way that provides for substantial short-, medium- and long term capacity¹⁴.”

The report discusses that a failure to match housing supply with demand can lead to an affordability crisis, and that mechanisms to address affordability are multi-faceted, but require increased land supply through rezoning and facilitating increased density within existing suburbs. In their more recent report, the Commission reinforces the consistent finding that restrictions on the availability of land are inflating land values, and that in order to be effective, methods of increasing land supply must be matched to the places where people want to live:

*A number of factors affect the supply of housing, but one of the most important is the availability of land, both brownfields and greenfields. Land values have grown more quickly than total property values over the last 20 years, indicating that appreciating land values have been a key driver of house price inflation in New Zealand. This suggests a shortage of residential land in places where people want to live***Error! Bookmark not defined..**

In their 2014 report, the Productivity Commission¹⁵ noted that to address housing affordability, land supply needs to keep pace with demand, and that “*barriers that unduly restrict the use of land for housing can impede the ability of the housing market to respond to this demand, resulting in higher housing costs*”¹⁵. Another relevant study considering global housing affordability issues concludes that “*unlocking land supply at the right location is the most critical step in providing affordable housing*” (McKinsey Global Institute, 2014**Error! Bookmark not defined.**).

¹⁴ The New Zealand Productivity Commission’s Housing Affordability Inquiry, 2012

¹⁵ The New Zealand Productivity Commission’s Inquiry into the supply of land for housing 2014

In the context of the Low Density Residential Zone, overly restrictive planning rules (such as building height, site coverage and setbacks) can impact on building costs through requiring non-standard designs, and may also be incentivising larger building forms as landowners seek to maximise gains from the land development and consenting process. Additionally, a lack of provision for infill development or re-development is likely to be limiting the supply of smaller, more resource efficient housing forms in central locations where people want to live.

It is therefore apparent that increasing housing supply requires an integrated approach which supports a range of housing forms, and provides greater flexibility for the market to more easily adapt to changing economic conditions. To achieve this, some liberalisation of operative provisions will be necessary to reduce building costs and enable infill development at increased site densities.

It is noted that during consultation a number of members of the public suggested Council consider what North American ski resorts such as Banff and Whistler are doing to address housing issues, given the similarities between these towns and Queenstown (ie. highly popular resort towns with small permanent populations and high housing costs). Whilst it is noted that the statutory context is different, and there are a number of affordable housing initiatives that are undertaken in these resorts that may be difficult to replicate in Queenstown. Of relevance is despite their cold climates, both of these towns have been very careful not to set overly restrictive development controls, knowing the impacts overly restrictive controls can have on development feasibility and realisation of housing supply. Indeed, the sunlight protection controls proposed for Queenstown's Medium Density Zone, albeit liberalised versus the Operative Low Density Zone, are still more restrictive than the controls typically applied in Banff and Whistler. For example, in many of the Medium Density zones in Banff and Whistler, there are no specific shading controls, but instead use of side yards and maximum building heights are employed. For example, a side yard of 3m and a building height of circa 7.6m to 10.7m is often employed, regardless of orientation, which is more liberal than the proposed approach in Queenstown.

Whilst the more permissive planning regime applied in these areas would be beneficial in realising greater supply of housing and visitor accommodation, there is also the potential for 'unintended consequences' associated with such an approach. For example, the increased heights and lack of recession planes in Queenstown may not appropriately protect the amenity which draws people to the District.

Nonetheless, the provisions of the Low Density Residential Zone have been developed with specific regard to improving the ease of development for low risk activities. The zone will enable discrete infill development as one of the mechanisms of increasing housing supply and supporting the overall compact urban form strategy of the District Plan. Where necessary, development standards have been revised to improve rules which may be unnecessarily triggering resource consent (with little design benefit to be gained from the process), and to better accommodate a portion of infill housing supply.

Methods to address the issue

- *Permitted Activity status for low risk residential and visitor accommodation activities*
- *Provision for infill housing up to a density of 1 residential unit per 300m²*
- *Liberalise District Plan bulk and location rules*
- *Simplify and streamline provisions*
- *Objectives and policies recognise that the zone will recognise some change to enable limited infill development*

Issue 6: Urban design and amenity values

The quality of the urban environment plays a key role in the appeal of the District to residents, businesses and visitors. Whilst the District Plan needs to become more enabling, it also needs to ensure that good quality urban design outcomes are achieved to provide a level of amenity expected for a low density residential environment.

It is acknowledged there is a general concern within the community that higher density housing has the potential to create 'slums', subsequently reducing the value of properties outside of the zone. However, a report by Paul Newman (2014)¹² discusses that there is little evidence to support such claims, and that land values are more typically aligned with amenity and access to services – factors which generally improve with increased population density. As people move to amenity areas the pressure to subdivide/develop increases. If zoning is increased then land values typically increase.

Nonetheless, provision for increased density and greater affordability within residential environments must be carefully balanced against urban design and amenity objectives.

*"Experience from Johnsonville indicates that suburban communities can be very sensitive to the impact of density on neighbourhood character, and so rules relating to height, site coverage etc. need to take this into account whilst ensuring that the development yields possible (i.e. number of units, density) presents commercial viable development opportunities"*¹⁶.

Historically, in Queenstown and other New Zealand locations, there has been a very strong emphasis on retention of amenity values in District Plans, often at the expense of enabling a sufficient housing response. This may be the result of a number of factors which include: public opposition to plans for intensification, and an excessive emphasis on Section 7c of the RMA *"the maintenance and enhancement of amenity values"* (the RMA requires 'particular regard' to be had to this matter). However these matters require balancing with other planning matters for example sections 7b (*"the efficient use and development of natural and physical resources"*) and 7f (*"maintenance and enhancement of the quality of the environment"*) of the RMA, and Part II. In addition, the amendments to Section 32 made in 2014 explicitly require the economic impacts of provisions to be considered. Provisions that provide very strong protection of amenity values but at the expense of a sufficient housing supply response can generate significant negative economic effects.

The Productivity Commission¹³¹⁶ highlights that the existence of restrictive planning rules which aim to protect amenity, often come at a significant opportunity cost in terms of the ability to economise on the use of land, with consequent costs for individuals and the community. Furthermore, in some cases the costs of such regulation exceed the likely benefits¹³.

In the Queenstown context, significant growth pressure (and the associated social and economic risks of ad hoc, poorly planned growth) requires a policy response which appropriately balances amenity objectives with the need for more housing.

It is intended that the revised Low Density Residential Zone will retain its current function in allocating land for low density housing forms, which have general protection for views, sunlight admission and privacy. Development standards (for example recession planes, building height, setbacks and site coverage) have been retained (but sometimes relaxed) to protect residential amenity, and it is noted that density is not intended to come at the expense of quality design.

Where necessary, development standards have been revised to improve rules which may be unnecessarily triggering resource consent (with little design benefit to be gained from the process), and to better accommodate a portion of infill housing supply. For example, the *Arrowtown Monitoring Report (2011)* noted that between 2004 to 2011, 95% of resource consent applications were for residential purposes (ie housing), with 51% of these being for breaches of site design controls (setbacks, height and recession planes)¹⁷. All applications were approved without the need for a hearing, and suggest that some improvement to these controls could be implemented.

¹⁶ 'Wellington City Housing and Residential Growth Study: Final Planning Assessment and Recommendations', The Property Group Limited, 2014.

¹⁷ QLDC Arrowtown Monitoring Report (2011)

A summary of the proposed variations from operative amenity controls include:

- Site density increased from 1 unit per 450m² to 1 unit per 300m²
- Minor increase in building height in Arrowtown (from 6 m to 6.5 m)
- Minor increase in building height for sloping sites
- Recession planes specified for each site boundary and liberalised
- Sound insulation requirements for residential uses within noise boundaries of the Queenstown Airport
- Removal of the Arrowtown Scenic Protection Area Sub-zone

A 'gentle density' approach has been applied to support discrete infill development within the zone, whilst protecting residential amenity. This approach introduces a maximum site density of 1 unit per 300m² (increased from the operative standard of 1 unit per 450m²) and a height limit of 5.5m for additional units where the site area is less than 900m². These provisions seek to achieve 'gentle density' which is low rise, and therefore able to maintain the low density character of the zone.

Recession plane controls have been revised (consistent with some operative special zones) to specify different angles for northern, eastern, western and southern boundaries – with the strictest control over the southern boundary. A 3D visualisation¹⁸ was developed to investigate the comparative effect of changing the recession plane at the southern boundary to 2.5 m and 35° from the operative provision of 2.5m and 25° (ie. an increase of 10°). This illustrates that shading impacts associated with a 35° recession plane are only marginally different to the impacts of the operative 25°, and will still be able to effectively mitigate adverse shading impacts. The revised recession plane controls will maintain appropriate and reasonable sunlight access whilst not hindering development.

It should be noted that the Operative District Plan's recession planes are very restrictive by New Zealand standards, and have been in place for at least 40 years. Most Councils adopt the proposed approach to recession plane controls, or an approach of applying 2.0 / 2.5m and 45 degree controls on all boundary orientations. The rules do not fit the contemporary requirements for greater density, and change is required to better balance amenity considerations with development potential.

Whilst the zone will become slightly more enabling in terms of density, it is noted that development of more than one residential unit in the Arrowtown Low Density Residential Zone will be subject to consent, and must adhere to the Arrowtown Design Guidelines to ensure that building forms are consistent with the character and heritage significance of this area. Reference to the Arrowtown Design Guidelines has been brought into the District Plan to add statutory weight, and supports the recommendations of the *Arrowtown monitoring report 2011*.

Specific provisions have also been developed for residential areas at Frankton which are located within the air noise boundaries of the Queenstown Airport. New rules requiring sound insulation have been included, and are consistent with the outcomes of the Council Decision on Plan Change 35. These provisions are anticipated to appropriately address the adverse noise effects experienced by residential housing in this area; and mitigate potential reverse sensitivity concerns.

Consistent with the operative District Plan, the revised zone provisions will seek to maintain a level of amenity appropriate for a low density residential environment, as required by Section 7(c) of the RMA. Where necessary, operative rules have been revised to improve upon current restrictive building design controls, and limit the number of resource consents for minor breaches to site design rules. Through the revised provisions, it is considered that uncertainty surrounded the consent process (and delay costs) should be minimised, this improving developer confidence. Furthermore, the revised amenity provisions are better aligned with their associated costs and benefits.

¹⁸ Shadow and Recession Planes Study, Virtual Rift 3D Solutions, prepared 12 March 2015.

Methods to address the issue

- *Frame policies and rules in a manner that better balances development rights and amenity values*
- *Liberalising building design controls (such as density, building height, recession planes) as appropriate to better enable limit infill development.*
- *Objectives, policies and rules included to enable adequate consideration to the impacts of development on residential amenity*

Issue 7 – Economic diversification

The economy of the Queenstown Lakes District is largely governed by tourism, and associated demands for goods and services to support the tourism sector. The QLDC Economic Development Strategy (2015) notes that *“the District is very reliant on relatively few industries, more so than any other district in New Zealand. These are industries that are servicing visitors and the growing population”* and that *“while the visitor economy is a strength, its dominance means that the District is one of the least diversified economies in New Zealand”*².

The Economic Development Strategy considers economic diversification is important for managing the seasonality of tourism demands, and managing potential periods of tourism decline (such as occurred during the Global Financial Crisis of 2008). Additionally, the growth of the resident population is also strongly linked to growth in tourism, with associated growth in demands for food, community, construction and retail services. As outlined under Issues 1 and 2, the District is anticipated to experience strong population and visitor growth over coming years. It is therefore necessary that the District Plan is capable of catering for the needs of a growing community, and that it also has the capacity during periods of growth to maximise opportunities for a diversified and self-sustaining economic base.

The *Shaping Our Futures Economic Futures Report* (2012) (which preceded the Economic Development Strategy (2015)) also identifies the association between economic development to community and social development, via connectedness and facilities to *“gather, educate and socialize and preserve attractions of living here”*.

Generally, it is considered that community and commercial uses are best located within town centres or higher density environments (such as the proposed Medium Density Residential Zone). Isolated commercial activities can impact on the integration, connectedness and commercial viability of nearby centres, and if spatially removed from a centre can potentially require people to travel greater distances. Non-residential activities in residential environments may also generate adverse amenity impacts associated with traffic, parking, noise, waste and visual amenity; compromising the primary purpose of the zone.

Currently, the provisions of the operative District Plan generally limit commercial uses to specialist zones or sub-zones, and these uses are not anticipated within the Low Density Residential Zone. This approach is generally retained, whereby commercial activities are identified as a ‘non complying’ activity and will generally be discouraged. However, in line with objectives to improve flexibility and market adjustments for changing demand or need; the objectives and policies can allow limited commercial uses, where sufficient justification can be provided that the use is appropriate for a residential zone, is of a low scale and intensity (less than 100m² GFA) and protects residential amenity.

There are currently some established commercial uses within the Low Density Residential Zone which may wish to undertake minor expansions, however are not considered appropriate for a more intensive commercial zoning due to the site location or characteristics. An example is the Florences Foodstore & Café site at the corner of Cardrona Valley Road and Orchard Road in Wanaka. Some flexibility has been retained to enable such a low scale commercial use to be considered, subject to resource consent and assessment of potential amenity effects.

Provision for community and commercial uses of an appropriate scale may therefore be considered within the Low Density Residential Zone, where there are potential benefits to be realised for economic diversification and social interaction.

5. Evaluation

5.1 Purpose and options

In serving the function of a territorial authority provided by Section 31(1) of the Act, the Low Density Residential Zone chapter has the purpose to implement policy and tools to support the overall growth management framework of the proposed District Plan. The zone supports the integrated and hierarchical approach to urban development, and advances the intention of Section 31(1) of the Act for the integrated management of the effects of the use, development, or protection of land.

The purpose of the Low Density Residential zone is to maintain land supply for traditional low density housing forms, whilst enabling discrete infill development or redevelopment at increased densities to realise greater housing supply. The zone is generally limited to its current extent, with some additional locations included within the zone to rationalise development which has already occurred, or to address redevelopment proposals or opportunities to realise additional housing supply within urban growth boundaries.

Overall, the revised provisions have the purpose to remove or revise restrictive planning controls impacting on building costs, and increase the transparency around the requirements for infill development. Whilst the operative District Plan enables some increased density within the Low Density Residential Zone, the provisions are limited in application and much of the development opportunity has been realised.

Strategic Directions

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

Goal 3.2.2: Strategic and integrated management of urban growth

3.2.2.1 Objective - Ensure urban development occurs in a logical manner:

- *to promote a compact, well designed and integrated urban form;*
- *to manage the cost of Council infrastructure; and*
- *to protect the District's rural landscapes from sporadic and sprawling development.*

3.2.2.2 Objective - Manage development in areas affected by natural hazards.

Goal 3.2.3: A quality built environment taking into account the character of individual communities

3.2.3.1 Objective - To achieve a built environment that ensures our urban areas are desirable places to live, work and play

Goal 3.2.4: The protection of our natural environment and ecosystems

3.2.4.1 Objective - Promote development and activities that sustain or enhance the life-supporting capacity of air, water, soil and ecosystems.

3.2.4.2 Objective - Protect areas with significant Nature Conservation Values.

Goal 3.2.5: Our distinctive landscapes are protected from inappropriate development

3.2.5.3 Objective - Direct new subdivision, use or development to occur in those areas which have potential to absorb change without detracting from landscape and visual amenity values.

3.2.5.4 Objective - Recognise there is a finite capacity for residential activity in rural areas if the qualities of our landscape are to be maintained.

Goal 3.2.6: Enable a safe and healthy community that is strong, diverse and inclusive for all people.

3.2.6.1 Objective - Provide access to housing that is more affordable.

3.2.6.2 Objective - Ensure a mix of housing opportunities.

3.2.6.3 Objective - Ensure planning and development maximises opportunities to create safe and healthy communities through subdivision and building design.

In general terms and within the context of this review, these goals and objectives are met by:

- Maintaining the purpose of the zone to accommodate low density housing forms
- Enabling infill or redevelopment at an increased density where amenity objectives are not compromised
- Maintaining a dominance of open space and low building coverage via amenity controls
- Maintaining an appropriate level of privacy and amenity
- Supporting the establishment of smaller (and potentially lower cost) housing forms to meet the needs of the community
- Contributing to the overall compact growth management approach which seeks to reducing environmental effects associated with urban sprawl
- Promoting efficient use of existing services and infrastructure

5.2 Broad options considered to address issues

The following section considers various broad options considered to address the identified resource management issues, and makes recommendations as to the most appropriate course of action with regard to advancing the purpose of the Act in the context of the urban environment.

- ***Option 1: Retain the operative provisions (status quo)***

Option 1 would involve retaining the operative provisions in entirety, including the sub-zones and 'comprehensive residential development' provisions.

- ***Option 2: (Recommended) – Refine and improve***

Option 2 involves a review of the operative provisions to implement structure and readability improvements, reflect limited up-zonings, and some liberalisation of density controls.

- ***Option 3: Comprehensive review – Realise greater density and development potential***

Option 3 would involve a comprehensive review to establish larger tracts of Low Density Zoned land, and more liberal controls around site density.

Option 1: Retain the operative provisions

Option 2: (Recommend) Refine and improve

Option 3: Comprehensive review – Realise greater density and development potential

	Option 1: Status quo/ No change	Option 2: (Recommend) Refine and improve	Option 3: Comprehensive review Realise greater density and development potential
Costs	- Does not enable further opportunities for infill development - Operative provisions of the general LDR Zone only support development to a density of 1 unit per 450m², and do not expressly support medium density built forms. - Limited achievable yield per site, as most development potential in existing sub zones has been realised; and does not liberalise operative provisions which are restricting housing development. - Takes a short-term view – i.e. growth opportunities would be limited to development of a limited number of undeveloped sites, and redevelopment of existing building stock. - Unlikely to cater for predicted levels of growth, as operative provisions are not sufficiently enabling to provide for infill housing. Potential adverse social and economic effects (such as overcrowding and general economic decline) may arise with a failure of supply to meet demand. - Does not give effect to the relevant goals and objectives of the proposed Strategic Direction chapter. - Does not achieve the goal for a transparent and streamlined District Plan.	- Has costs associated with going through the District Plan Review process (but this is required by legislation). - Greater provision for infill development has potential to impact on amenity associated with shading, noise, privacy and traffic – however rules have been retained to address these potential effects. - May require infrastructure upgrades to support increased density - There is a concern within the community that medium density housing will create 'slums' and potentially reduce property values. However, a report by Paul Newman (2014)¹⁷ discusses that there is little evidence to support such claims, and that land values are more typically aligned with amenity and access to services – factors which generally improve with increased population density. If zoning is increased then land values typically increase. A Westpac economist report in 2015 ('Home Truths Special Edition', 14 May 2015) supports the notion that higher density rezonings tend to increase land values.	- Has costs associated with going through the District Plan Review process (but this is required by legislation). - Greater intensification will drastically change the character and amenity of the zone, and conflict with its intended purpose for low density housing forms. - Greater intensification may impact on the historic heritage and character of Arrowtown; with associated social and economic effects. - May require costly infrastructure upgrades to support a high level of density - Higher density may result in significant traffic effects in excess of the capacity of existing road networks. - Upzoning areas of rural land will result in a change to the current visual amenity of these locations – however areas upzoned are in close proximity to established residential areas and therefore likely anticipated to cater for residential growth.

	• Limitation on supply may further inflate land values and incentivise landowners to seek to protect their property values via regulatory processes • Does not improve housing elasticity and supply • May not sufficiently address current overcrowding and associated health concerns		
Benefits	• Retains the established approach which parties are familiar with. • Low cost for Council • Maintains strong planning regulation limiting scale of development therefore ensuring strong protection of existing amenity values	• Better delivers on the longer term goal of delivering a compact form that is consistent with the Council's Strategic Directions Chapter and ORC's Proposed RPS. • Supports the efficient use of land within urban growth boundaries and will assist in mitigating potential impacts on property values associated with the establishment of urban growth boundaries. • Potential for more development and greater range of housing options. • Supports infill development where land is of a sufficient size. • Revision of recession planes may reduce the need for resource consents and reduce building costs • Simplifies the District Plan making it easier for laypeople as well as RMA practitioners to interpret and apply. • Acknowledges that the District Plan takes a long-term view by enabling future development opportunities as the population increases over time. • Improves housing affordability through enabling smaller housing forms • Increased population may support	• Delivers on the longer term goal of delivering a compact urban form that is consistent with the Council's strategic Directions Chapter, the Proposed Urban Development Chapter, and ORC's Proposed RPS. • Increased population may support investment in transport and infrastructure. • Opens up new areas of land currently within Rural Zones to accommodate new housing. • Enables economic development and investment opportunities. • Potential for more development and greater range of housing options. • Improves housing affordability through enabling smaller housing forms and greater scope for apartment development • Increased population may support investment in transport and infrastructure. • Promotes elasticity in housing market and minimises the incentive for landbanking.

		investment in transport and infrastructure. • Promotes elasticity in housing market and minimises the incentive for landbanking • Provides increased housing choice for older people wishing to downsize • Provision for smaller housing forms reduces construction cost per unit and creates opportunities for economies of scale • Liberalisation of Rules and notification clauses should reduce the numbers of resource consents required and the time and costs associated with this process, improving development confidence • May reduce scale of overcrowding issue through enabling smaller forms of infill housing	
Ranking	2	1	3

Conclusions:

Overall, following a review of the three alternatives above, *Option 2 (Refine and Improve)*: has been identified as the most appropriate solution in meeting the purpose of the RMA, to address the resource management issues relevant to the urban environment. The Low Density Residential Zone is the largest residential zone in the District (with the exception of some special zones) and will typically provide for low density suburban housing forms for a significant portion of the Districts population. Due to its low density nature, a relatively high level of residential amenity is expected within this zone – characterised in part by areas of open space and privacy. Therefore, with the exception of discrete areas of the zone which have been rezoned to Medium Density, the Low Density Zone (as proposed) largely reflects the principles and intentions of the operative provisions. However, some liberalisation of Rules has is proposed to remove current barriers to housing development, and support the intentions of Strategic Directions (Chapter 3) and the Urban Development Chapter (Chapter 4). Specifically, the zone will include greater scope for infill housing as a means to address growth, housing affordability and address current overcrowding issues.

The options above have been considered and assessed in the context of the significant growth pressures and housing affordability issues currently experienced within the District. It is noted that without the issue context of high growth pressures, alternative options may have been given more weight that provide less emphasis on density, land supply and affordability; and more emphasis on amenity. However, consistent with Section 14(c) of the *Local Government Act 2002*, regardless of the relevance of growth pressures at any given point in time, the provisions seek to address housing supply on a long term basis, recognising the interests of current as well as future communities.

Furthermore, the approach has not been a radical shift in operative provisions (as may be seen in locations such as Whistler and Banff, Canada), and the structure of the provisions, whilst liberalised, still provide an appropriate balance between providing for growth, and protecting the natural amenity values which draw people to the District. For this reason, drastic change to the operative provisions (such as removing amenity controls) has also not been considered as a feasible (or desirable) alternative option. It is considered that *Option 2 (Refine and Improve)* provides the best balance in achieving the desired objectives, whilst maintaining desired levels of amenity and avoiding the inherent risks associated with Options 1 (*Status quo*) and 3 (*Greater density*).

6. Scale and Significance Evaluation

The level of detailed analysis undertaken for the evaluation of the proposed objectives and provisions has been determined by an assessment of the scale and significance of the implementation of the proposed provisions in the Low Density Residential chapter. In making this assessment, regard has been had to the following, namely whether the objectives and provisions:

- Result in a significant variance from the existing baseline.
- Have effects on matters of national importance.
- Adversely affect those with specific interests, e.g., Tangata Whenua.
- Involve effects that have been considered implicitly or explicitly by higher order documents.
- Impose increased costs or restrictions on individuals, communities or businesses.

The level of detail of analysis in this report is high, recognising that residential provisions affect a large area of the Districts population, and that the provisions have the potential to realise infill housing to greater densities. Therefore, the analysis has been informed by consideration to a number of statutory and non-statutory documents, including the outcomes of previous community planning processes, plan changes, and specific economic analysis undertaken for the Proposed District Plan. In particular, Insight Economics has identified predicted population growth of 3.4% per annum to 2031 (representing a possible increase in population to 55,000 by 2031) and concludes “...that the district will continue to experience high population growth and...demand for new dwellings will also be strong.” Such findings provided the basis for further analysis of the appropriate methods for managing such growth via the Proposed District Plan. The findings of

other credible external studies have provided further context to the analysis, in particular the findings of the 'Housing Affordability' and 'Using Land for Housing' inquiries being coordinated by the New Zealand Productivity Commission.

7. Evaluation of proposed Objectives (Section 32 (1) (a))

Section 32(1)(a) requires an examination of the extent to which the proposed objectives are the most appropriate way to achieve the purpose of the Act. The following objectives serve to address the key resource management considerations for the Low Density Residential Zone.

Reference is made back to the Strategic Directions chapter of the Proposed District Plan which, in combination with the objectives below, seeks to give effect to the purpose of the RMA (Section 5) for the Queenstown District context. The objectives are also assessed against the role and function of territorial authorities specified by Section 31(1) of the Act.

<i>Proposed Objective</i>	<i>Appropriateness</i>
7.2.1 The zone provides for low density residential living within the District's urban areas.	Sets the primary purpose of the zone to accommodate low density residential housing. Serves the intent of Section 5 and Section 31 of the RMA through providing a residential housing solution which together with other residential zones, provides an integrated approach to managing urban development within the District; and avoiding, remedying, or mitigating any adverse effects of activities on the environment. Consistent with Goals 3.2.2 and 3.2.3 of the Strategic Directions chapter. Gives effect to RPS objective 5.4.3, 5.4.1, 9.4.1 Gives effect to RPS policies 5.5.3 to 5.5.6, 9.5.2 Has regard to Proposed RPS objective 3.7 and 3.8
7.2.2 Ensure protection of amenity values in recognition of the zone's lower intensity character, whilst providing for subtle and low impact change	Recognises that development in the zone shall maintain high levels of amenity, but can accommodate subtle change via low intensity infill development. Consistent with Goal 3.2.2 and 3.2.3 of the Strategic Directions chapter. Gives effect to RPS objectives 9.4.1 and 9.4.3 Has regard to Proposed RPS objectives 3.7 and 3.8; and policies 3.7.1, 3.7.2, 3.8.1, 3.8.2 Supports 5(2) of the RMA through ensuring development enables people and communities to provide for their social, economic and cultural wellbeing. Meets the intent of Section 7 (Other Matters) of the RMA which requires particular regard to "<i>the maintenance and enhancement of amenity values</i>".

7.2.3 Allow higher housing densities than typical in the zone provided that it retains a low rise built form and responds appropriately and sensitively to the context and character of the locality.	Acknowledges that some change to the amenity and character of established residential areas is anticipated to enable infill housing. However, the scale of change can be managed through the inclusion of controls to protect amenity to a level expected for a low density environment. Consistent with Goal 3.2.3 and 3.2.6 of the Strategic Directions chapter. Gives effect to RPS objectives 9.4.1 to 9.4.3 Gives effect to RPS policies 9.5.1 to 9.5.5 Has regard to Proposed RPS 3.7 and 3.8 and policies 3.7.1, 3.7.2, 3.8.1, 3.8.2, 3.8.3. Supports the purpose of the RMA through mitigating adverse effects of development, whilst enabling social and economic wellbeing through support for increased density – with a number of economic benefits including housing affordability, and social benefits for improving cohesion and connectivity. Meets the intent of Section 31(1) of the Act through an integrated approach to manage the multiple effects of land development.
7.2.4 Allow low rise, discrete infill housing as a means of providing a more diverse and affordable housing stock.	Realises the benefit of infill housing in providing a diverse and more affordable housing solution. All things being equal, infill development undertaken on smaller allotments and being of smaller building forms should improve affordability. Additionally, where increased density housing is located within established settlements, overall lifestyle affordability should improve when transport and heating costs are also factored in. Supports the purpose of the RMA through enabling people and communities to provide for their social, economic and cultural wellbeing.
7.2.5 In Arrowtown residential development responds sensitively to the town's character	Recognises the unique character and heritage significance of Arrowtown, and that increased density development shall only occur where this is of high quality and sensitive design. This objective is supported by policies which ensure building design is consistent with the Arrowtown Design Guidelines. The combination of policies and objectives provide the necessary weight for decision makers to consider the impacts of development on the Arrowtown character, and the ability to seek amendments or refuse applications which have the potential to compromise this. Consistent with Goal 3.2.1, 3.2.3 and 3.2.6 of the Strategic Directions chapter. Supports the purpose of the RMA by avoiding, remedying, or mitigating any adverse effects of activities on the environment.

7.2.6 Provide for community activities and facilities that are generally best located in a residential environment close to residents.	Acknowledges that some non-residential activities that support a community purpose – such as healthcare services, daycare and social or cultural services – can be appropriately located in residential areas, thereby helping providing for the wellbeing of people and communities. Consistent with Goal 3.2.6 of the Strategic Directions chapter. Gives effect to RPS objective 9.4.1 Has regard to Proposed RPS objective 3.7 Supports 5(2) of the RMA through ensuring development enables people and communities to provide for their social, economic and cultural wellbeing.
7.2.7 Ensure development efficiently utilises existing infrastructure and minimises impacts on infrastructure and roading networks.	Specifically acknowledges the need to ensure development is designed and located consistent with the capacity of existing or planned infrastructure networks; and also that the layout of development can effect infrastructure demands. Consistent with Goal 3.2.2 of the Strategic Directions chapter. Gives effect to RPS objectives 9.4.1 to 9.4.3 Gives effect to RPS policies 9.5.1 to 9.5.5 Supports Section 5(2) of the RMA by managing the way and rate that land and physical resources are used.
7.2.8 Enable low intensity forms of visitor accommodation that is appropriate for a low density environment to respond to strong projected growth in visitor numbers.	Provides for the occurrence of visitor accommodation within the zone where adverse effects can be avoided, remedied or mitigated. Consistent with Goal 3.2.1, 3.2.2 and 3.2.6 of the Strategic Directions Chapter. Gives effect to RPS objectives 5.4.3 and 9.4.1 Has regard to Proposed RPS objective 3.4, 3.8 Consistent with Section 31(1) of the RMA through providing one of the mechanisms for the integrated management of visitor accommodation demands across the District, and will be supported by provisions of other chapters and zones.
7.2.9 Generally discourage commercial development except when it is small scale and generates minimal amenity impacts.	Recognises that commercial activities may have adverse amenity effects within residential environments associated with visual amenity, noise, traffic and parking. However also acknowledges that at times there may be a demonstrated need or benefit for a commercial use to locate within a low density residential environment. Low impact commercial activities, can have positive benefits on residential amenity, and may avoid the need for people to travel for access to services or amenities. However

	recognises that potential effects must be appropriately managed to maintain the character and integrity of the zone. Consistent with Goal 3.2.1 and 3.2.3 of the Strategic Directions chapter. Gives effect to RPS objectives 9.4.1 to 9.4.3 Has regard to Proposed RPS objectives 3.4, 3.7 and 3.8 Supports the purpose of the RMA through enabling people and communities to provide for their social, economic and cultural wellbeing; whilst managing the potential effects of development.
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8. Evaluation of the proposed provisions (Section 32 (1) (b))

The below table considers whether the proposed provisions are the most appropriate way to achieve the relevant objectives. In doing so, it considers the costs and benefits of the proposed provisions and whether they are effective and efficient. The proposed provisions are grouped by issue for the purposes of this evaluation.

Issues 1 to 5 – Growth, visitor accommodation and the sustainable management of land and resources

- **Ensure protection of amenity values in recognition of the zone’s lower intensity character, whilst providing for subtle and low impact change.**
- **Allow higher housing densities than typical in the zone provided that it retains a low rise built form and responds appropriately and sensitively to the context and character of the locality.**
- **Allow low rise, discrete infill housing as a means of providing a more diverse and affordable housing stock.**
- **Enable low intensity forms of visitor accommodation that is appropriate for a low density environment to respond to strong projected growth in visitor numbers.**

Summary of proposed provisions that give effect to these objectives:

- Activity status which enables low risk residential and visitor accommodation activities that are anticipated for the zone without the need for resource consent
- Permitted activity status for certain low risk residential and visitor accommodation activities
- Non-notification of all controlled activities
- Non-notification for Restricted Discretionary residential activities
- Rules enabling increased site density, enabled through a density control rule.
- Policies which support low impact infill development as one of the mechanisms to meet future housing and accommodation demands
- Policies which acknowledge that subtle change within the zone is expected over time to address residential demands, and Rules which allow for change with appropriate controls to protect amenity to a reasonable level
- Policies which enable consideration to the extent to which development efficiently uses land and infrastructure

<i>Proposed provisions</i>	<i>Costs</i>	<i>Benefits</i>	<i>Effectiveness & Efficiency</i>
<u>Policies:</u> 7.2.1.1 to 7.2.1.3 7.2.2.1 to 7.2.2.2 7.2.3.1 to 7.2.3.2 7.2.4.1 7.2.8.1 to 7.2.8.2 <u>Activity table:</u>	<i>Environmental</i> Intensified urban land may exacerbate environmental effects associated with stormwater runoff, waste generation, water and wastewater treatment, energy consumption and air quality. <i>Economic</i> Higher density development is not without infrastructure upgrade costs. However, typically these costs are less than for traditional low density development on the edges or urban areas.	<i>Environmental</i> Increased density minimises the environmental effects of urban growth, in comparison with a sprawling scenario which allows a low density settlement pattern affecting a significantly larger development footprint. Increased population density within defined limits can improve infrastructure efficiency in favour of the expansion of linear infrastructure networks, which consumes significant land resources with associated	More enabling policy and rules, and avoiding the need for resource consent for low risk and anticipated activities, are considered to be effective and efficient methods of enabling further capacity for housing and accommodation development. Direct and unambiguous policies will aid effectiveness and efficiency, as will the concise and streamlined structure of the proposed provisions. The zone is anticipated to provide for residential uses and low intensity forms of

7.4.9	Retention of density control rule may unnecessarily limit market opportunities to provide increased density housing – however this is considered appropriate for a low density residential environment.	environmental impacts. The Shaping Our Futures Energy Forum Report also notes that <i>“The district’s demand for electrical and fossil-fueled energy continues to rise along with the increase in its population and lifestyle expectations”</i> and points to the need for a more efficient urban form to improve the sustainability of housing supply and reduce the Districts carbon footprint. Supporting this finding, a study of several global cities has found strong evidence that per capita private passenger transport is directly correlated with urban density, whereby cities with the highest urban density also have lower levels of energy use associated with private passenger transport.	visitor accommodation, at increased densities than the operative provisions. Accordingly, the proposed provisions are effective in supporting this role, through a combination of more permissive activity status, rules providing for increased density, and some liberalisation to recession planes. Policies also integrate with these rules, acknowledging that some change is expected within the zone to accommodate increased density housing.
7.4.21			
Rules:			
7.5.6	It has been suggested by some members of the community that rather than plan for future growth, that the Council should attempt to limit growth. Such requests do not fully consider the multiple factors which influence growth (such as capacity and expansion of the airport, domestic tourism markets, immigration policies etc) or the potential adverse economic and social effects of attempting to stop growth. Potential impacts of growth prevention strategies include potential economic decline due to reduced employment opportunities and reduced demand for goods and services. This will have a flow on effect in reducing property values. A report by Peter Newman (2014) identifies previous examples of economic decline experienced in the UK and US; and the general failure of policy intervention to transfer population away from the areas generating employment demand. The Queenstown Airport is a significant contributor to the local and regional economy. Increased density housing within the outer control boundary and air noise boundaries has the potential to affect operations of the airport where noise complaints are made, or residents attempt to limit future expansion plans of the airport during consenting processes. However, the	Policy which enables density in appropriate locations may support increased uptake of public transport and use of active transport networks, reducing reliance on the private motor vehicle. Economic Providing for low risk residential and visitor accommodation activities without the need for resource consent avoids economic costs associated with the regulatory process. Simplifying the regulatory process may also enable more players in the market, increasing supply elasticity. Enabling greater density and improving development viability will help support more construction activity and associated employment and economic benefits. Better enabling infill development of established residential areas will help	Amenity is protected through additional rules which support the more enabling approach, including height controls, setbacks and maximum site coverage. This integrated regulatory approach is considered to be efficient in balancing the need for infill development with its potential effects; whilst improving the efficiency of the development and regulatory process overall.

	Council and Environment Court Decision on Plan Change 35 (currently under appeal) has established that sound insulation is an appropriate method under the RMA to mitigate the effects of aircraft noise on this established residential area. Accordingly, the outcomes of PC35 are intended to be carried over to the Low Density Residential Zone, with a requirement for any activities sensitive to aircraft noise (ASAN – as defined by PC35) to be subject to sound insulation. Additionally, within the ‘Air noise boundary’ (inner boundary) residential development would be limited to 1 unit per site. Council has received advice from a specialist noise consultant which has confirmed that sound insulation to the standards of PC35 will be sufficient to protect resident’s amenity values under current operating conditions, in addition to the inclusion of night flights. Furthermore, due to the established nature of the zone and existing residential buildings at Frankton, it is anticipated that infill development within Frankton would be limited to those properties which of a suitable size and layout to accommodate infill housing. As such, this area is likely to realise incremental change only, and not likely to experience rapid or widespread intensification. Social & Cultural Enabling increased development density may generate some impact on the enjoyment of amenity values by existing property owners and occupants, with the potential for greater noise and impacts on views and outlook. However, building height	minimise capital expenditure on road and infrastructure associated with a less compact urban form. A growth management approach based around urban intensification is also generally considered significantly more cost efficient than an approach based around sprawl. A number of studies support this notion. A comprehensive study from Smart Growth America in 2013 found that the upfront infrastructure development costs of ‘Smart Growth’ compared to conventional sprawling development reduces upfront infrastructure development costs by 38%[1]. This study cites a number of other studies supporting this notion. A study from 2015 by the New Climate Economy reaches similar conclusions.[2] Infill housing can provide for more affordable living options. Whilst rent associated with new apartment living in some cases may not be affordable, transport and heating costs associated with such living on average will be significantly lower than traditional lower density housing. As a result, higher density and smaller built forms can represent a relatively affordable housing option. The Permitted activity status for certain residential activities and non-notification for specified low risk activities will improve investment certainty, and minimise development costs through potentially minimising delays associated with processing resource consents. Such provisions also minimise the perceived uncertainty	
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	remains limited to 2 storeys and is consistent with expectations for a residential environment. Recession plane controls will also mitigate amenity effects. Non-notification for certain residential activities and will limit the scope of public involvement in the development process – with perceived risk to landowners. However, non-notification provisions of the Proposed LDR zone are generally consistent with the operative approach. Also, in order to utilise non-notification provisions the development is required to comply with site design standards.	surrounding the regulatory process. Social & Cultural Introduction of a density control rule of a maximum of 1 unit per 300m², ensures control over the low intensity scale and intensity of development anticipated within the zone, and provides reasonable protection of amenity for adjoining properties. Ensures that all other design controls can still be met and a sufficient amount of open space area is retained around buildings. Enabling the potential for more affordable living options helps respond to housing and accommodation shortages in the District; and provides housing in locations where people want to live. Avoids demand for housing being met in locations further removed from centres where living costs (associated with travel) are likely to be higher. Increased population and greater densities helps support the viability of cultural events and facilities. Increased population and greater densities – especially if within well designed built development - can help support community safety.	
Alternative options considered less appropriate to achieve the relevant objectives and policies:			
Option 1: Retain the operative provisions	• Lack of clarity around increased density within the zone • Operative medium density subzones are largely limited to Queenstown • Do not sufficiently promote or enable increased density to achieve goals expressed in objectives		

	• <i>Lacks flexibility</i> • <i>Not sufficiently enabling to facilitate adjustment in housing supply to meet demand</i> • <i>Potential for economic decline where the supply of housing cannot keep up with the pace of growth and reduces appeal and liveability of the District</i>
<i>Option 2: Adopt more liberal rules than proposed</i>	• <i>Would help achieve intensification goals but potentially at the cost of unacceptable impacts on amenity values</i> • <i>Potential effects to the local economy where development outcomes do not maintain acceptable amenity</i>

Issue 3 and 6 : Urban design and amenity values

- **Ensure protection of amenity values in recognition of the zone's lower intensity character, whilst providing for subtle and low impact change.**
- **Allow higher housing densities than typical in the zone provided that it retains a low rise built form and responds appropriately and sensitively to the context and character of the locality.**
- **In Arrowtown residential development responds sensitively to the town's character**

Summary of proposed provisions that give effect to these objectives:

- Maximum site density rule (Rule 7.5.6) to maintain an appropriate level of amenity
- Policies requiring protection of privacy, access to sunlight, and impacts arising from building dominance
- Retention of Rules for amenity control, including building height, recession planes, setbacks and site coverage
- In Arrowtown, setting specific design outcomes and requiring compliance with the Arrowtown Design Guidelines
- In Arrowtown, minor increase to building height from 6m to 6.5m
- Marginally more liberal rules for recession planes to enable increased site density whilst maintaining a reasonable protection of amenity
- For areas at Frankton, the inclusion of clear policy intentions and rules to manage reverse sensitivity effects noise from the State Highway network and Queenstown Airport
- Rule requiring a maximum of only 1 residential unit per site within the Airport Air Noise Boundaries (based on the 2037 noise contours)
- Removal of the Arrowtown Scenic Protection Area and associated increase in building height from 5m to 6.5m

<i>Proposed provisions</i>	<i>Costs</i>	<i>Benefits</i>	<i>Effectiveness & Efficiency</i>
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<u>Policies:</u> 7.2.2.1 to 7.2.2.2 7.2.3.1 to 7.2.3.2 7.2.5.1 to 7.2.5.3 7.2.8.1 to 7.2.8.2 <u>Rules:</u> All	<i>Environmental</i> Allowance for increased site density may exacerbate environmental effects associated with stormwater runoff, waste generation, water and wastewater treatment, energy consumption and air quality. <i>Economic</i> Requiring compliance with the Arrowtown Design Guidelines adds costs to development projects, and may impact on housing affordability. However, policies and rules which simplify the regulatory process should also act to reduce building costs overall. Requirement for sound insulation and mechanical ventilation for locations at Frankton subject to airport and road noise may increase building costs, however additional costs of sound insulation are not expected to be significant. <i>Social & Cultural</i> Potential adverse social effects associated with perceived change in amenity due to effect of intensification. However this effect can be mitigated through the inclusion of policies and rules within to mitigate amenity impacts (such as recession planes, setbacks, height limits and maximum site coverage). There is a general concern within the community that higher density housing has the potential to create 'slums', subsequently reducing the value of properties within and outside of the zone. However, a report by	<i>Environmental</i> Requirement for consideration to sunlight access should act to reduce energy costs for new buildings associated with heating, reducing demand for fossil fuels. <i>Economic</i> The Productivity Commission notes that rules aiming to protect amenity often come with significant opportunity costs and the costs associated with compliance often exceed the benefits they are seeking to achieve. Error! Bookmark not defined.. Liberalisation of regulation better aligns the costs and benefits of rules and should improve development economics. High quality urban design may increase the appeal of urban areas and potentially increase property values over time. This notion is supported by the findings of Newman (2014) whereby land values are noted to be more typically aligned with amenity and access to services – factors which generally improve with increased population density. Enabling greater density and improving development viability will help support more construction activity and associated employment and economic benefits. Inclusion of a density control limit will ensure that development to higher densities, which may inappropriately impact on amenity and property values, is discouraged – and the low intensity character and economic value	More enabling policy and rules are considered to be an effective and efficient method of enabling further capacity for infill housing. However, increased density should not come at the expensive of residential amenity. Operative amenity controls (including recession planes, building height, maximum density, site coverage and setbacks) have generally been retained; with some minor changes to recession planes and building heights for Arrowtown. These controls have been revised to improve their effect and efficiency to a level that is consistent with the scale and nature of potential effects. Revision of these controls may also improve the efficiency of housing development through increasing the scope for a variety of housing designs, and avoiding the need for resource consent for minor breaches. Following the review of the costs and benefits associated with the proposed provisions, it is considered that the proposed approach now better aligns with the potential risk and scale of potential effects of urban development – therefore avoiding opportunity costs associated with restrictive planning controls; and ensuring realisation of the benefits associated with development of these areas – particularly relating to housing supply and affordability. Direct and unambiguous policies will aid effectiveness and efficiency, as will the concise and streamlined structure of the
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	Paul Newman (2014)¹² discusses that there is little evidence to support such claims, and that land values are more typically aligned with amenity and access to services – factors which generally improve with increased population density. As people move to amenity areas the pressure to subdivide/develop increases. If zoning is increased then land values typically increase. Liberalising recession plane controls may result in some change to amenity associated with shading, when compared to an operative scenario. However, the revised controls will maintain an appropriate level of control while enabling greater development opportunities. Potential for reduced level of amenity for locations at Frankton subject to airport noise. However, noise effects would be appropriately managed through the inclusion of rules requiring sound insulation and mechanical ventilation to accepted standards. Where sound insulation rules are not met, a proposal would be considered as 'non complying'. This is consistent with the approach of the Council decision on Plan Change 35. Removal of the Arrowtown Scenic Protection Area may be perceived to result in adverse amenity impacts. However, much of the development potential in this area has been realised, including a number of two storey built forms. The revised height limit of 6.5 m will still enable a two storey built form, whilst	placed of the zone can be retained. The minor increase to building height in Arrowtown may better enable a variety of housing forms, and avoid the need for resource consents for breaches of height controls. Liberalising recession plane controls will maintain an appropriate level of amenity control while enabling greater development opportunities and potentially avoiding costs associated with the resource consent process. Social & Cultural Introduction of a density control rule of a maximum of 1 unit per 300m², ensures control over the low intensity scale and intensity of development anticipated within the zone, and provides reasonable protection of amenity for adjoining properties. Ensures that all other design controls can still be met and a sufficient amount of open space area is retained around buildings. High urban design standards will ensure quality housing stock is developed with consideration to maintaining sunlight access. Enabling the potential for more affordable living options helps respond to the housing issue in the District. Enabling smaller housing forms at increased site density should reduce house and rental prices overall. Inclusion of sound insulation and mechanical	proposed provisions.
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	still enabling protection of scenic values. Intensification in Arrowtown, if not sensitively designed, has the potential to result in adverse effects to the cohesion, character and heritage of the township. For this reason, specific provisions have been developed to manage potential effects. These include a lower building height limit of 6.5m, and the need for development consent for development involving more than 1 unit per site. Therefore all infill development proposals will require resource consent and must be assessed against the Arrowtown Design Guidelines	ventilation for locations at Frankton subject to airport and road noise will ensure protection of amenity for residents. Increased population and greater densities – especially if within well designed built development - can help support community safety.	
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Alternative options considered less appropriate to achieve the relevant objectives and policies:

<i>Option 1: Retain the operative provisions</i>	• Do not sufficiently promote or enable density development to achieve goals expressed in objectives • Lack flexibility • Limits development feasibility
<i>Option 2: Adopt more liberal rules than proposed</i>	• Would help achieve intensification goals but potentially at the cost of unacceptable impacts on amenity values • May compromise residential character, and impact on heritage values of Arrowtown. • Reduced regulatory control may result in poor quality housing stock and adverse impacts on infrastructure • Potential effects to the local economy where development outcomes do not maintain acceptable amenity

Issue 7: Economic diversification

- Provide for community activities and facilities that are generally best located in a residential environment close to residents.
- Enable low intensity forms of visitor accommodation that is appropriate for a low density environment to respond to strong projected growth in visitor numbers.
- Generally discourage commercial development except when it is small scale and generates minimal amenity impacts.

Summary of proposed provisions that give effect to these objectives:

- Policies which support community uses locating within the zone, subject to these being low intensity and appropriate for a residential environment.
- Policies which support low intensity forms of visitor accommodation as a means to address a portion of future tourism demand
- Policies and Non complying status which generally discourages commercial development except where effects can be suitably managed.

<i>Proposed provisions</i>	<i>Costs</i>	<i>Benefits</i>	<i>Effectiveness & Efficiency</i>
<u>Policies:</u> 7.2.6.1 to 7.2.6.3	<i>Environmental</i> Location of commercial and community	<i>Environmental</i> Increased proximity of commercial and	Provisions for commercial and community activities within the Low Density Residential

7.2.8.1 to 7.2.8.2 7.2.9.1 to 7.2.9.4 Activity table: 7.4.8 7.4.6 7.4.21 7.4.22	facilities outside of a town centre may increase transportation requirements where such activities are also supported by a population base outside of the immediate locality. Economic Isolated commercial facilities further removed from a town centre may impact on the viability of established commercial areas. Location of commercial and community facilities outside of a town centre may impact on their commercial viability if not supported by an adequate population base. Social & Cultural Inclusion of commercial and community facilities may result in amenity impacts associated with noise, visual amenity, traffic and parking. However, protection is still offered through stipulation for 'low intensity uses only' and the policy approach which limits commercial uses to 100m² gross floor area (Policy 7.2.9.2). Additionally, other controls such as recession planes, building height and site coverage will also retain a level of amenity; and policies have been developed to guide the type of activities anticipated.	community facilities which support residents needs can avoid the need for travel therefore minimising consumption of fossil fuels. As the Low Density Residential Zone is generally located at increasing distances from major town centres, support for such activities is necessary to offer convenience to residents without the need to travel. Economic Appropriately designed and located community and commercial uses can contribute to 'place making' and vibrancy of the urban environment, contributing to the local economy. Proximity of commercial and community uses can reduce financial expenses associated with transportation. Support for such uses can contribute to economic diversification, and avoid the financial impacts of restrictive planning controls. Social & Cultural Increased proximity of commercial and community facilities which support residents needs can avoid the need for travel and promote walking and cycling, with associated health benefits. Increased proximity of commercial and community facilities may support social and cultural connectivity. May increase accessibility to essential	Zone seek to recognise the potential adverse effects of such uses within residential areas; whilst acknowledging that site specific circumstances may also provide a benefit to locating within the residential environment. The provisions are considered to represent an effective balance in managing the costs and benefits associated with such activities. The occurrence of sensitively designed and located activities can improve the efficiency of the urban environment and the experience of it by the community. A 'Discretionary' status has been applied to Community Activities and a 'Non Complying' status for commercial uses, ensuring that the effects of such activities can be appropriately considered via resource consent.
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		community services.	
Alternative options considered less appropriate to achieve the relevant objectives and policies:			
<i>Option 1: Retain the operative provisions</i>		• <i>Lack of clarity and transparency around the requirements for non-residential activities within Residential Zones</i> • <i>Lack of flexibility to cater for changing social or market conditions</i>	
<i>Option 2: Adopt more liberal rules than proposed</i>		• <i>May recognise social and economic benefits but potentially at the cost of unacceptable impacts on amenity values</i> • <i>May compromise residential character</i>	

9. Efficiency and effectiveness of the provisions

The Low Density Residential Zone of the Proposed District Plan is an essential element to the overall housing and urban development strategy across the District, enabled through the hierarchy of the Proposed District Plan. The zone will support traditional low density housing forms, whilst also contributing to the supply of more affordable housing forms to address anticipated population and tourism growth. Without enabling infill development in this zone, the ability to achieve urban containment would be compromised by a lack of land supply within defined boundaries, resulting in continued urban sprawl as a means to meet growing demand. Such development poses an unacceptable risk to the quality of the urban environment, with flow on effects to economic, social and cultural wellbeing of the District.

The above provisions are drafted to specifically address the resource management issues identified with the current provisions, and to enhance those provisions that already function well. The provisions of the Low Density Residential Zone above have been considered and assessed in the context of the significant growth pressures and housing affordability issues currently experienced within the District. It is noted that without the issue context of high growth pressures, alternative options may have been given more weight that provide less emphasis on density, land supply and affordability; and more emphasis on amenity. However, consistent with Section 14(c) of the *Local Government Act 2002*, regardless of the relevance of growth pressures at any given point in time, the provisions seek to address housing supply on a long term basis, recognising the interests of current as well as future communities.

Regardless of the relevance of growth pressures, the provisions of the Low Density Residential Zone supports demand for smaller housing options, an element which the operative District Plan does not sufficiently support. The provisions also improve the efficiency of urban development through taking a forward looking, proactive approach which is able to account for varying economic circumstances, therefore avoiding a reactive approach to growth management.

The key factors which support the efficiency and effectiveness of the provisions for the Low Density Residential Zone are:

- More permissive activity status regime which enables low risk residential and visitor accommodation activities that are anticipated for the zone without the need for resource consent
- Non notification clauses for anticipated uses
- increased site density, enabled through a density control rule
- Policy approach which acknowledges that subtle change within the zone is expected over time to address residential demands
- Rules which allow for change with appropriate controls to protect amenity to a reasonable level

The proposed provisions also improve the implementation of the District Plan. By simplifying the objectives, policies and rules (the provisions), the subject matter becomes easier to understand. Removal of technical or confusing wording, also encourages correct use. With easier understanding, the provisions create a more efficient consent process by reducing the number of consents required and by expediting the processing of those consents. This should also reduce economic impediments which currently restrict housing development and incentivise landbanking,

10. The risk of not acting

Section 32(2)(c) of the Act requires, in the evaluation of the proposed policies and methods, the consideration of the risk of acting or not acting if there is uncertain or insufficient information about the subject matter of the policies, rules or other methods.

The provisions of the Low Density Residential Zone have been developed to address the relevant resource management issues identified as relevant to the zone, including growth pressures, housing affordability and visitor accommodation demands. Population, visitor accommodation and economic growth projections

provide a strong basis for the proposed approach; in addition to recognised housing affordability and overcrowding issues affecting the District. Although the projections are considered robust and sound, there is never certainty associated with projections, and population and economic growth scenarios can be disrupted by a wide range of domestic or international events.

The risk of acting by establishing more enabling increased density to respond to projected growth is that, for whatever reason/s, actual growth falls well short of projections; or that economic development is stifled to a point at which demand for new housing and accommodation decreases. Whilst this may be a potential scenario, the provisions are forward looking and are intended to provide for a growing population in a more sustainable and coordinated manner, under a range of economic scenarios.

The provisions will provide greater housing choice, certainty and development opportunities to a wider extent of the community, regardless of whether this opportunity is utilised or not. In the event of economic decline, it is still considered relevant to maintain provision for smaller and increased density housing – for example to provide lower cost housing and rental options. Additionally, even under a low growth scenario, the efficiencies offered by the liberalised planning regime will also be important in minimising the financial costs of development associated with time and costs navigating the regulatory pathway.

The risk of not acting, by retaining or largely retaining the Operative District Plan approach, is that is that in the event that the projections are realised, or even partially realised, the housing issues and visitor accommodation needs of the District will not be met, economic potential will be under-realised, there will likely be flow on social and economic effects, and potential environmental effects as development pressure moves to the urban margins. Furthermore, recognised issues of overcrowding and housing affordability would be further exacerbated; and there is likely to be greater pressure for development at urban fringes, or encroaching onto important landscapes or features.

Overall, based on the analysis undertaken throughout this report, the risk of not acting is considered significantly higher than the risk of acting.

Attachments

1. *Arrowtown Dwelling Supply and Demand*, Prepared by Insight Economics for Queenstown Lakes District Council, 18 February 2015 - [link](#)
2. *Monitoring Report: Residential Arrowtown 2011*, Queenstown Lakes District Council, November 2011 - [link](#)
3. *Shadow and Recession Planes Study*, Virtual Rift 3D Solutions, prepared 12 March 2015 - [link](#)
4. *Queenstown Visitor Accommodation Projections*, Prepared by Insight Economics for Queenstown Lakes District Council, 8 April 2015 - [link](#)
5. *Medium to High Density Housing Study: Stage 1a – Review of Background Data*, Prepared by Insight Economics for Queenstown Lakes District Council, 30 July 2014 - [link](#)
6. *Brief Analysis of Options for Reducing Speculative Land Banking*, Prepared by Insight Economics for Queenstown Lakes District Council, 6 August 2014 - [link](#)

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- Urban Design Strategy, QLDC, 2009
- Wanaka 2020 Community Plan, QLDC, 2002
- Wanaka Structure Plan, QLDC, 2007
- Arrowtown Community Plan, QLDC, 2002

Strategies

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- Economic Development Strategy (2015)
- Wakatipu Transportation Strategy (2007)
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- Medium to High Density Housing Study: Stage 1a – Review of Background Data (Insight Economics, 2014)
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- Arrowtown Dwelling Supply and Demand (Insight Economics, 2015)
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- Impacts of Planning Rules, Regulations, Uncertainty and Delay on Residential Property Development, Motu Economic and Public Policy Research and the University of Auckland, January 2015
- New Zealand Tourism Forecasts 2015-2021, Ministry of Business, Innovation and Employment, May 2015
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