



14 July 2016

NPS Urban Development Capacity
Ministry for the Environment
PO Box 106483
Auckland City 1143

File:
Your Ref:

Dear Hon. Nick Smith

SUBMISSION ON THE PROPOSED NPS FOR URBAN DEVELOPMENT CAPACITY

Overview

The Queenstown Lakes District Council (QLDC) wishes to lodge a formal submission on the Proposed NPS for Urban Development Capacity (the Proposed NPS).

Council supports the Government in creating a national policy framework which connects planning and economics. We acknowledge the benefit of the NPS direction, however have some concerns that the Proposed NPS may not achieve its purpose in realising available land supply because it does not address other economic influences which affect *demand, price* and *availability* of land, particularly landbanking.

Our comments on the proposed NPS therefore focus on those areas in which we see some practical difficulties; and also highlights where improvements could be made to the NPS (or supporting legislative framework) to better achieve its intentions.

The main points of our submission are outlined in greater detail below. **Attachment A** addresses the specific questions raised in the NPS consultation document. **Attachment B** provides comments on specific provisions of the NPS

QLDC requests further consultation with the Ministry in finalising the provisions of the NPS.

Land supply and availability

Whilst not expressly stated in the document, it is understood that the driver for the Proposed NPS has been the rapidly increasing price of housing across the country, and seeks to resolve this by providing more capacity via plan enabled (or zoned) supply. However, the provision of zoned land may have limited effect on whether this land is actually brought to market, or at what price point. It is considered that even where plan-enabled (zoned) capacity is increased under the NPS, the decision to develop remains at the hands of the landowner, who may landbank or stage developments for greatest financial return.

This is evidenced in Queenstown whereby Councils' dwelling capacity model (which already accounts for the 'feasibility' of development) indicates capacity for 17,000 new sections/dwellings in Queenstown's existing urban areas under the Operative District Plan. However, a review of this data has found that approximately 80% of this land capable of additional dwellings in Queenstown urban areas is held by 5 landowners, and is not available to the market. While this zoned capacity exists, Queenstown has nonetheless seen an increase to the median house price \$532,500 to \$798,500 in the past year.

Where QLDC sees added potential benefit from government legislation would be in overcoming Councils' inability to control landbanking; and in providing an efficient consenting framework which minimises time delays and costs.

The prevalence of landbanking in Queenstown is well known, and Council has previously considered alternative methods to address this issue. As part of the District Plan review, "sunset clauses" were considered which would remove zoning rights after a defined time period. However, legal advice raised concerns that this method was not a proper exercise of the Council's functions under the *Resource Management Act* (RMA). Council also recently considered via its annual plan process the ability to impose increased rates on undeveloped rural land that is zoned for residential development. Again, questions of Council operating outside its powers were raised, and the proposal was unsuccessful¹.

We also highlight that QLDC is currently investigating a potential Master Plan which would provide for the redevelopment of an area of greenfield rural land on the northern side of Ladies Mile (SH6). While this process would provide for additional plan-enabled capacity, it is also acknowledged that it may also take many years for housing to be realised on the ground due to the time (and costs) for developments to progress under the RMA.

To be effective in providing realistic housing supply, Councils require support by a legislative framework which enables control of the timing of land release to market; and compels developers to act.

Responsive Planning

The "responsive planning" outcomes sought by the NPS are not appropriately supported by the RMA framework (although we note amendments are currently being considered by select committee). The principles of the NPS could be improved by ensuring the RMA provides the necessary support to enable Councils to apply alternative methods to tackle issues such as landbanking (such as rates increases, sunset clauses), and to remove legal instruments preventing intensification (such as restrictive covenants), without lengthy appeal processes.

QLDC Proposed District Plan

QLDC is currently progressing through a District Plan review process, which incorporates strategic objectives to provide for a range of housing needs and to improve competition, within the wider range of issues and objectives the District Plan must address. Our current model indicates that with intensification enabled under the Proposed District Plan, there would be zoned capacity to provide for 20,000 to 22,000 dwellings within existing urban areas (an additional capacity of 3,000 to 5,000 sections/dwellings enabled under the Proposed District Plan).

The NPS is however divorced from the extensive community and stakeholder consultation and strategic planning process of the District Plan review. Considering the strong development pressure, we believe that this process better addresses competing factors, such as efficiency, landscape, public transport, affordability.

Encouraging the zoning of more greenfields land rather than encouraging the timely release of already zoned land leads to inefficiencies in council's already budgeted and planned infrastructural networks, public transport, urban sprawl and a consequent increase in ongoing costs of living/operation to individuals, communities and the Council. In the Queenstown Lakes area in particular, urban sprawl would also threaten the environmental basis of our economy - with local, regional and national consequences.

¹ <http://www.scene.co.nz/council-to-drop-landbankers-hike/328974a1.page>

Economic wellbeing

The NPS indicates a preference for unrestrained growth, with the potential to result in urban sprawl where further capacity cannot be easily provided in existing urban areas and already zoned land. This is at odds with the urban growth management approach of QLDC's Proposed District Plan, and has the potential to compromise the amenity of the rural landscape, which drives tourism and economic growth at local, regional and national levels.

Because Queenstown is physically constrained, there can be difficulty in providing capacity in the locations where it is demanded (i.e. PD4). Greenfield urban growth may be pushed increasing distances from existing urban areas, where the land is 'commercially feasible' to develop. This can lead to economic inefficiencies in terms of infrastructure provision, but also overall household unaffordability (considering, for example, travel costs).

Most urban areas will seek to promote a mixture of growth and intensification and the latter, while socially and economically desirable in the long run, is unlikely to be attractive to investors where there are quicker and more certain returns from releasing greenfield sections. The NPS potentially undermines the ability of urban authorities to drive the density debate, and runs the risk of pushing more and more marginalised or young communities to the fringes of our urban centres.

We consider that the NPS could be improved by providing an equally strong direction around supporting high quality redevelopment and intensification, in addition to greenfield availability.

Infrastructure

Due to physical and landscape constraints affecting the locations of urban development in Queenstown, the need to provide a rolling supply of zoned land may create inefficient and costly 'pockets' of infrastructure. The effect of greenfield development necessitating greater travel distances is difficult to mitigate through public transport in Queenstown due to scale (affecting commercial viability of the bus service).

Although we acknowledge the recent announcement of the \$1 billion infrastructure fund, the NPS does not appear aligned with the timeframes of the *Local Government Act 2002* (LGA). Funding for the next Long Term Plan process (2018) is essentially confirmed by late 2017; before the first Housing and Business land assessments would be completed.

Visitor Accommodation (VA)

The NPS does not consider the complexities of analysing and predicting the portion of housing stock that is used for VA in Queenstown (such as AirBNB). VA not only creates demand for housing (i.e. landowners/investors are incentivised to build new homes for visitor accommodation), but also removes the availability of housing stock for the resident population.

We note that QLDC made the decision to withdraw VA from Stage 1 of its District Plan review to ensure this aspect received the appropriate research and consideration, as the issues involved are complex. Council's position on the use of dwellings for visitor accommodation is not resolved.

We are of the understanding that the NPS is targeted at housing supply for permanent residents, and not for tourism. Under the definition of "sufficient capacity" (which requires provision of an additional margin of 15% to 20%) accounting for VA/tourism demand may create a level of demand that is almost impossible to meet.

Therefore QLDC seeks that the NPS, if adopted, is limited to providing capacity to cater for the resident population only; OR is more flexible in the assessment of such demand. Where capacity models are required to account for VA demand, flexibility should be enabled to separate out this aspect of the market from any requirements to increase capacity (i.e. under PD1).

Second homes

Queenstown has a large supply of second homes (or holiday homes) that are vacant for much of the year, and not contributing to either rental supply or visitor accommodation. This is a separate issue from VA, but also changes the demand/supply equation and creates a level of demand that the environment could not sustain under the NPS model. Again, it is considered this aspect of the market should be excluded from the NPS.

Business versus residential land capacity

Whilst we accept that an understanding of the demand for business land is relevant to the assessment of the economy and housing needs, the need to provide for business land capacity in the same manner as residential land capacity is confusing. The definition of “business land” is wide in application and a responsive planning approach has the potential to result in adverse effects to the environment. This aspect appears to be beyond the primary intentions of the NPS.

In Queenstown there is currently no shortage of commercial land. Under the NPS umbrella, there is the potential for developers to argue that more land should be committed to this use, profiting from the increased property values of upzoning, to the detriment of housing land availability.

Functions of regional authorities

The need for regional councils to undertake assessments in areas like Wellington and Christchurch that comprise multiple local authorities within what is essentially a combined metropolitan area could have merit. However, Queenstown does not share these circumstances because the other metropolitan areas within the Otago region are separated a significant distance.

MBIE has advised that basis for integration between regional and territorial authorities has largely arisen due to many of the ‘high growth’ urban areas overlapping a number of territorial authority boundaries. The Queenstown high growth urban area does not overlap with other territorial authority boundaries, and no other area within the Otago Regional Council's ambit shares these growth issues. Therefore we consider that mandatory integration at the regional level is inefficient.

QLDC is best placed to understand the complexities of the local housing market and to undertake assessments and set targets under the NPS. It is acknowledged that coordination with ORC will however be necessary to address resource management issues under their ambit, such as natural hazards, transportation and an integrated approach is likely to be necessary in the development of the Future Land Release and Intensification Strategy (PD7).

Compliance costs

The compliance requirements of the NPS, as notified, will create significant financial implications for Council and its community. QLDC is distinct from other ‘high growth’ areas, having a smaller rate base to fund such compliance costs; and an even smaller rating base actually located within the ‘high growth’ urban area of Queenstown/Wakatipu. Council does not currently employ staff with the expertise to collect and analyse the range of data indicated by the NPS.

Furthermore, the demand for housing to provide visitor accommodation and second homes/holiday homes has a significant influence on the Queenstown market, and the complexity of analysing this will add further to the cost.

Currently, the benefit of imposing this cost on the community (including further legal risks and expenses), over and above Councils current efforts to provide capacity (via the Proposed District Plan, a possible Master Plan for Ladies Mile, and a number of Special Housing Area's) is not clear.

Legal risks

In many instances the provisions of the NPS appear wide in interpretation. We assume that this was intended to enable Councils some flexibility in applying the NPS to local circumstances, but this also leaves scope for legal challenge.

For example, how would the NPS be weighed up against new subdivision or Plan Change proposals seeking to provide capacity over and above councils' analysis under the NPS, or in a different location? It is expected in these circumstances the NPS itself would be the subject of litigation – in addition to the method of its application by the Council.

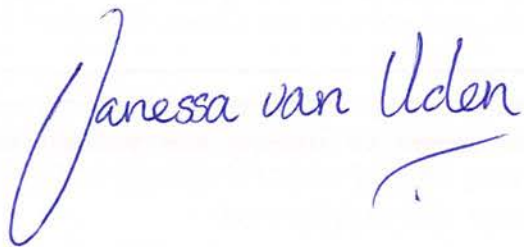
Scope for legal challenge could be reduced where the NPS provides consistent sources of data, methodology for capacity models, and a consistent format for Housing and Business land assessments. The methodology for capacity models must, however, have the capacity to deal with very different environments from highly urbanised Auckland, such as Queenstown.

Summary

QLDC requests further engagement with the Ministry in an endeavour to ensure the NPS provides a practical and workable policy regime. Should the NPS be progressed, QLDC considers the following amendments may improve its implementation:

- is limited to requiring regular Housing Assessments only, with discretion remaining with the Council as to how (and when) it uses this information, based on the needs of the community (recognising the potential economic risks and inefficiencies of greenfield sprawl under the requirements of PD1)
- remains the responsibility of the territorial authority to set minimum targets and undertake Housing and Business Assessments where there is no overlapping boundary with other territorial authorities;
- the scope of the NPS is limited to the Wakatipu basin only, with flexibility to allow Council to incorporate other areas of the District, if demand patterns change;
- funding is provided to local authorities to limit financial burden to the community, recognising QLDC's lower rating base and unique issues
- price signal data is collected by central government and provided to local authorities to analyse;
- provides a consistent 'high level' methodology/inputs for developing 'capacity models'; but recognising the different environments/issues these models need to cover;
- provides a consistent format for Housing and Business Assessments (noting we consider that Business Assessments should be removed)
- incorporates methods to control the timing of land being brought to market;
- excludes the need to provide "sufficient capacity" for visitor accommodation and second home demand, therefore focussing on resident population demand only;
- is supported by a legislative framework that enables "responsive" (timely) planning and provides Councils with the mandate to address landbanking; and
- provides more direct wording to provide clarity over outcomes sought and reducing potential for legal risks.

Yours sincerely

A handwritten signature in blue ink that reads "Vanessa van Uden". The signature is fluid and cursive, with a large loop at the beginning of the first name and a small flourish at the end of the last name.

Vanessa van Uden
Major, Queenstown Lakes District Council



Private Bag 50072, Queenstown 9348, New Zealand
 QUEENSTOWN, 10 Gorge Road, Phone +64 3 441 0499, Fax +64 3 450 2223
 WANAKA, 47 Ardmore Street, Phone +64 3 443 0024, Fax +64 3 450 2223



QUEENSTOWN
 LAKES DISTRICT
 COUNCIL

www.qldc.govt.nz

Attachment A – Response to specific questions

<p>Enabling growth and development while managing the effects</p>	<p><i>What impact would the policy to recognise the positive impacts of development have?</i></p> <p>The NPS consultation document considers that current planning decisions appear to focus more on the negative effects of development, rather than the positive contribution it can make. While this may have historically been the case, the QLDC is currently in the process of developing a new generation district plan, which is significantly more positive and enabling of development, with fewer rules and greater scope for the intensification of existing urban areas.</p> <p><i>Would these policies result in better decision making under the RMA for urban development?</i></p> <p>According to current calculations obtained from Councils' dwelling capacity model, there is existing capacity for 17,000 new sections/dwellings in Queenstown's existing urban areas under the Operative District Plan. In addition, a number of Special Housing Areas (SHA's) and Plan Changes are in progress, which will add further capacity. The Proposed District Plan is estimated to provide an additional capacity of 3,000 to 5,000 dwellings in the sections/dwellings via increased densities and relaxed rules.</p> <p>The value of the NPS (including the significant costs associated with compliance) over and above the efforts Council is already undertaking to provide additional housing capacity, is questionable. For example, the below is an extract of relevant objectives and policies of QLDC's Proposed District Plan, Strategic Direction Chapter (Chapter 3), which highlights Councils' aims to achieve sustainable and logical urban growth, and enable a competitive market:</p> <p>Objective 3.2.2.1 <i>Ensure urban development occurs in a logical manner:</i></p> <ul style="list-style-type: none"> • 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. <p>"Policy 3.2.2.1.6</p> <p><i>Ensure that zoning enables effective market competition through distribution of potential housing supply across a large number and range of ownerships, to reduce the incentive for land banking in order to address housing supply and affordability.</i></p> <p>Objective 3.2.6.1</p> <p><i>Provide access to housing that is more affordable.</i></p> <p>Policy 3.2.6.1.1</p> <p><i>Provide opportunities for low and moderate income Households to live in the District in a range of accommodation</i></p>
--	---

	<p><i>appropriate for their needs.</i></p> <p>Policy 3.2.6.1.2</p> <p><i>In applying plan provisions, have regard to the extent to which minimum site size, density, height, building coverage and other controls influence Residential Activity affordability”.</i></p> <p>As to whether the NPS will result in better decision making under the RMA for urban development, we note that the NPS appears to duplicate the proposed RMA amendments, which seek to include housing affordability within Section 7, and amend sections 30 and 31 RMA to make it a function of regional councils and territorial authorities to ensure residential and business development capacity to meet long-term demand.</p> <p>The Proposed NPS, to be adequately implemented in terms of “responsive planning” requires support by the RMA planning framework to readily enable supply. RMA plan change processes and appeal rights result in significant delays (years) to the release of land. It appears that this process would not be greatly improved under the RMA amendments. The proposed ‘streamlined plan making processes’ are likely to still require notification to the wider community, with appeal rights. Hence, the NPS again would fail to achieve its intentions, as it is not supported by a legislative framework that allows for responsive planning.</p> <p>We also consider that the NPS does not provide any guidance on the merits of intensification versus sprawl, and the possibility to result in ongoing sprawl under the NPS undermines the Strategic intentions of QLDC’s Proposed District Plan to achieve compact and connected urban settlements. The NPS poses significant risks to the landscape - which would impact on national and regional economies if our environment was no longer so attractive for tourists. The NPS also does not consider methods to achieve quality place making for new urban areas, which is vitally important for residents as well as tourists. Overall, QLDC considers that the NPS does not, as currently drafted, provide for better decision making under the RMA, and compromises Councils’ approach to the ongoing management of urban growth, and to drive the density debate.</p>
<p>Meeting a range of demands</p>	<p><i>What could the government do to help local authorities carry out the assessments?</i></p> <p>Local authorities in implementing the NPS will be faced with a considerable additional workload, with associated financial costs. It is estimated to require the resourcing by (at least) 0.5 FTE in addition to the need to engage economic experts in data collection/analysis (council does not currently employ an economist/data analyst). As noted, this is a significant cost for Queenstown, considering the smaller rate base when compared to other high growth areas under the NPS. Currently, the benefit of imposing this cost on the community (recognising the actions that Council are currently progressing via SHA’s and the District Plan Review) is not clear.</p> <p>The government should consider the potential to collect the necessary data, and provide this to local authorities to input into their assessments. This way consistent sources are used and cost efficiency can be achieved.</p> <p>QLDC request the provision of funding to meet compliance costs of the NPS.</p> <p><i>Is three years an appropriate timeframe to update the assessments?</i></p> <p>The quarterly monitoring of indicators required by PB5 is onerous, and likely to result in significant financial costs. Monitoring</p>

	<p>requirements should be aligned with the census data, available every 5 years.</p> <p><i>Is there anything else that would contribute to better understanding the supply and demand of development capacity?</i></p> <p>The NPS treats Business land in the same manner as Residential land in terms of provision of land capacity. Whilst Business land is understood to be relevant to the analysis of the wider market, and influenced by the locations and need for housing, it is considered that it should not be supplied to the market in the same manner, and has effects that warrant consideration under typical RMA processes.</p> <p>We also consider that VA and second home demand should be subtracted from analysis of residential demand.</p>
Understanding and enabling the market	<p><i>What else would help local authorities and the Government better understand how planning interacts with the market?</i></p> <p>According to current calculations obtained from Councils' Dwelling Capacity Model (which already incorporates feasibility factors), there is existing capacity for 17,000 new sections/dwellings in Queenstown's existing urban areas under the Operative District Plan, which based upon current population projections will cater for the usually resident population beyond 2045. The Proposed District Plan is estimated to provide further capacity of 3,000 to 5,000 sections/dwellings via increased densities and relaxed rules. In addition, a number of Special Housing Areas (SHAs) and Plan Changes are in progress, which will add further capacity.</p> <p>However, while capacity currently exists within Queenstown, it is not necessarily available to the market, and may also not be affordable. An analysis of this land capacity indicates that 80% is held by 5 landowners, who can landbank and stage developments for the greatest financial gain. Landbanking is not addressed by the NPS, and it is expected that this effect would still occur under the NPS even in the event that new greenfield land is rezoned (i.e. land would remain at the control of a small number of landowners, and is unlikely to be released all at one time or as demand requires).</p> <p>Other economic drivers not addressed by the NPS, which affect the availability and price of housing at a given point in time include: the portion of housing occupied for visitor accommodation, second home market, high building costs, restrictive covenants which prevent intensification, speculation, low interest rates, and tax free gains on investment. Even where plan enabled capacity is increased, the decision to re-develop lies at the hands of the landowner, who may not act rationally in a market sense.</p> <p>The assumption of the NPS for unrestrained urban growth will result in the need for ongoing provision of plan enabled supply, with associated risks to the landscape and economy, yet fail to target the factors which more directly influence land <u>demand</u>, <u>availability</u> and <u>price</u>. There is no method within the NPS to ensure plan enabled supply is brought to market.</p> <p>QLDC accepts that plan enabled supply is one factor affecting competition and housing availability, however, it is not the sole solution, and the extent of work required under the NPS to address this one element of the market is questionable, especially when, our dwelling capacity model indicates there is already plan enabled supply adequate through to at least 2045. So, whilst the NPS states "<i>the government sees price signals as a key indicator of the competitiveness of the market</i>" it does not provide any methods to address these other factors which greatly influence competition.</p> <p>The NPS would be more effective if it provided the tools to address landbanking, enabling enforcement of price points and ensuring the responsive timing of supply (for example sunset clauses on land zoning).</p>

	<p><i>Are the margins of development capacity over and above projected demand set at an appropriate level?</i></p> <p>Guidance is needed as to the base inputs to capacity models. There is the potential that the additional margin required to provide "sufficient" capacity is 'double-counted' by capacity models where a consistent methodology is not adopted. For example, QLDC's DCM currently takes into account feasibility factors, and the resulting capacity is therefore a realistic estimate. The need to then provide a further 15% to 20% over and above this figure may result in an over estimation of the capacity actually required. Further clarification is sought as to how these percentages were chosen and justification for these margins. Such models also assume rational market behaviour, which is not guaranteed.</p> <p>It is also considered that trying to assess capacity and strategise land release over the long term (30 year) timeframe, is an arduous task and may lead to considerable inaccuracies.</p> <p>Whilst there may be a development need, the requirement for continuous over supply is not appropriate in a sensitive environment (Queenstown is the 'jewel' in the tourism crown) nor should it be mandatory in all circumstances.</p>
<i>Implications for infrastructure</i>	<p><i>Would the proposed policies contribute to better coordination between land-use planning and infrastructure provision?</i></p> <p>The Proposed NPS presents a challenge for the integration of infrastructure with urban development, as it does not consider the processes for planning and funding new infrastructure under the LGA (Annual Plan, 10 Year Plan and Asset Management Plan processes). There is the potential that where assessments under the NPS identify more development capacity is needed, that has not been allocated within current budgets Infrastructure networks may be inefficient (in terms of spatial location and long term integrated planning), or require site specific private systems to be established for new greenfield areas (which our experience with failed private systems has proven can be problematic and costly long term).</p>
<i>Roles and relationships between councils</i>	<p><i>What are your views on setting minimum targets in the regional policy statement?</i></p> <p>The need for both regional and territorial authorities to undertake assessments under the NPS is a duplication of effort, considering the large body of work encapsulated by the NPS. We can understand the rationale for an RPS setting minimum targets where high growth areas have overlapping territorial boundaries, but this is not the case in Queenstown. It is acknowledged that coordination with ORC will however be necessary to address resource management issues under their ambit, such as natural hazards, and an integrated approach is likely to be necessary in the development of the Future Land Release and Intensification Strategy (PD7).</p> <p>It is submitted that QLDC is best placed to understand the complexities of the local housing market and to undertake assessments under the NPS. Requiring the regional council to do the same would result in duplication of effort and may compromise the timeliness of actions under the NPS. It is not considered desirable for the Otago Regional Council to be setting minimum targets for QLDC.</p> <p><i>Are policies in the proposed NPS clear enough on how local authorities within medium and high growth urban areas should work together?</i></p> <p>The NPS does not consider the potential for conflicting assessments by regional and territorial authorities, and the timing required to reach agreement, potentially compromising "responsive planning" objectives. QLDC is best placed to understand the</p>

	complexities of the local housing market and to undertake assessments under the NPS.
Implementation programme	<p><i>Which of the suggested guidance information would be most useful for local authorities?</i></p> <p>Whilst methodologies for assessing demand and capacity would be useful, a lack of a consistent approach in developing the models will result in a wide range of results and potential inaccuracies. There is the potential that this leaves room for challenge whereby Councils' methodology will be scrutinised by proponents of private plan changes or resource consent applications seeking to provide additional capacity, over and above that enabled by Council under the NPS, or in a different location. Political pressure may also be applied.</p> <p>Additionally, as noted above, the need to develop 'realistic' capacity models (i.e. to account for 'feasible' development) potentially leads to an overestimation of the capacity needed. For the additional 15% to 20% provision for "sufficient" capacity to work, capacity models should not first incorporate feasibility factors.</p> <p>We also question how the NPS would be weighed up against new subdivision proposals seeking to provide capacity over and above councils' analysis under the NPS? It is expected in these circumstances the NPS itself including the wording of policies and objectives would be the subject of litigation – in addition to the method of its application by the Council. Once again, this has the potential to create significant cost burden to the community and further time delays.</p> <p><i>Would it be good to involve practitioners in the development of the guidance material? For example, one model could be a technical expert group made up of New Zealand practitioners (including local authorities, infrastructure providers and developers) with some international input.</i></p> <p>QLDC is of the view that the Proposed NPS should be refined prior to implementation to ensure it is reasonable and provides a meaningful result. This should be undertaken in consultation with relevant local authorities.</p> <p>To avoid each local authority reinventing the wheel in developing a 'capacity model', it would be most efficient for a consistent methodology to be developed and applied under the NPS. Acknowledging local differences will be necessary for each local authority, the methodology could outline the framework/data inputs to the model, and the feasibility factors to be accounted for. Development of this methodology could be undertaken by a technical expert group.</p> <p><i>Apart from supplying guidance, how could the Government help local authorities to apply the NPS?</i></p> <p>It would be useful to understand the availability of data required to monitor the economic and market indicators specified by PB5. Council does not hold such market data, and obtaining this on a quarterly basis is likely to come at a significant cost. It is requested that this data is collected by Central Government, and provided to Councils for input into Housing Assessments and capacity models.</p>



Private Bag 50072, Queenstown 9348, New Zealand
QUEENSTOWN, 10 Gorge Road, Phone +64 3 441 0499, Fax +64 3 450 2223
WANAKA, 47 Ardmore Street, Phone +64 3 443 0024, Fax +64 3 450 2223

Attachment B – Comments on specific provisions of the NPS

Preamble	Question reference to “cities” as more than 30,000 people. Queenstown is not considered to be a ‘city’ and has never been referred to as such.
Definition of “Demand”	Occupation of housing by visitors is impacted by many external factors and is difficult to predict over the long term. VA use of dwellings is also influenced by the availability of hotels at a given time (Noting that Queenstown is predicted to have a hotel shortfall in 2016/17 of around 2100 beds ²). Definition of “demand” should exclude VA use of dwellings and second homes.
Definition of “sufficient”	Request basis for the margins of 15% and 20% applied by the definition of “sufficient”.
Definition of Urban Area/Secondary Urban Area	Clarify that the intent of the NPS is to apply only to Queenstown/Wakatipu, and not other areas of the District (eg. Wanaka) that are not experiencing growth pressures. It is requested that scope of the NPS is limited to the Wakatipu basin only, with flexibility to allow Council to incorporate other areas of the District, if demand patterns change. Definitions refer to Appendix 2 and Stats NZ. Appendix 2 does not include Queenstown, and Stats NZ present population data for the “Queenstown Lakes District”. A map would assist in depicting the area to which the NPS applies in the Queenstown Lakes District.
OA1	The use of the term “effective and efficient urban areas” could also enable infill development and urban growth boundaries.
OA2	Provision of “sufficient” capacity over the long term (30 years) is a considerable task and analysis over such lengthy time periods can result in inaccuracies and ineffective decision making.
OA3	This objective potentially conflicts with s6 and s7 of the RMA, in particular section 7(c) “ <i>the maintenance and enhancement of amenity values</i> ”.
OC1	Responsive planning is limited by the lengthy timeframes under Schedule 1 of the RMA and associated appeal rights.
OD1	‘Urban development’ is not defined by the NPS. This should exclude Rural Residential/Rural Lifestyle/Rural Living areas (or similar), and Resort Zones (eg Millbrook).
OD2	Responsive planning in the short and medium terms is limited by the lengthy timeframes under schedule 1 of the RMA and associated appeal rights. Plan changes are estimated to take 2 years on average.
PA1	Not clear whether the NPS aims to promote intensification, brownfield or greenfield development – there is no direction provided as to how to balance provision of such capacity.
PA2	Use of “ <i>at all times</i> ” does not allow for the lead-in time taken to revise housing and business assessments. Request these words be removed from the policy.
PA3	Policy should be balanced for positive and adverse effects of development – urban development in Queenstown, if pushed to increasing distances where land is ‘commercially viable’ has the potential for adverse effects to household affordability and infrastructure provision.
PB1	Statement regarding the consideration for publishing assessments is not considered to be within the scope of an NPS. No guidance is provided as to how to account for and analyse the impacts of visitor accommodation and short term tourist visas on housing demand. Request that visitor accommodation and second home demand for housing is excluded from the scope of the NPS. Timeframes for preparation of assessments should be aligned with the LTP process, for which funding is essentially confirmed by late 2017.

PB3	The range of factors considered within the estimate of 'sufficient' capacity is likely to be analysed differently across local authorities, and each of the four bullet points under PB3, depending on how they are applied, can result in inaccuracies and inconsistencies in the resulting calculations.
PB5	<p>Not clear how ratio of house price to income, and rent price to income, would take account of seasonal workers on lower comparative wages, with multiple people living in one dwelling. Measurement of house price to income is also crude and unable to account for the situation where many home owners may supplement their mortgage costs through renting out a portion of their house for either a permanent resident or visitor accommodation.</p> <p>The ration of the value of land between rural and urban zoned land is not a good measure of the markets response, particularly in Queenstown where rural land also has high land value.</p> <p>Is the data required to monitor the specified indicators readily available? Council does not currently monitor such market data.</p> <p>It is considered the policy should refer to the "market's response to <i>urban development</i>" and not "planning". Planning is only one of the many factors influencing market response.</p> <p>Determination of the relative value of improvements to the value of the land is difficult in Queenstown at present, and capital values provide little indication of possible sale price. Real estate agents have suggested they cannot value property because all house sales are taken to auction, and the price paid is simply what the market is willing to pay.</p>
PC1	<p>Provides a method and is not appropriate as a policy.</p> <p>Creates inefficient duplication of effort (and associated cost).</p>
PC3	NPS does not consider the processes required under the LGA to plan and fund new infrastructure. Councils are reluctant to use debt to fund new infrastructure; and for a community such as Queenstown with only around 30,000 ratepayers it is difficult to fund new infrastructure.
PD1 – PD9	<p>Request these provisions are deleted from the NPS. NPS should be limited to requiring regular Housing and Business assessments only, with discretion remaining with the Council as to how (and when) it uses this information, based on the needs of the community. The Responsive Planning element, if retained, could be limited to the provision of the 'Future Land Release and Intensification Strategy' within which Councils could determine appropriate timeframes for implementation.</p> <p>Requirement for compliance with the NPS should remain with the Territorial Authority. Delete provisions related to regional assessments.</p>
PD2	For simplification, this policy could just collectively refer to 'rules'.
PD4	Not expressly clear how this policy applies to different areas within a district. It is assumed the requirements of the NPS would apply only to Queenstown – but this should be clarified within the provisions and with the aid of a map. It is also assumed this provision would not apply at suburb level.
PD 7	<p>PD7 of the Proposed NPS requires preparation of a 'future land release and intensification strategy' to sit alongside and inform district plans, and must demonstrate sufficient land capacity over the medium (10 years) and long terms (30 years).</p> <p>Determination of methods to provide the necessary capacity over such long time periods is a considerable task that may lead to inaccuracies in predictions, and decisions that are based on assumptions around future growth</p>
PD5/6	<p>QLDC is best placed to understand the complexities of the local housing market and to undertake assessments under the NPS.</p> <p>On this basis, we request that PD5 and PD6 are amended to refer to territorial authorities only.</p>
Appendix 2	<p>Queenstown is not identified in Appendix 2, yet is defined as a high growth area.</p> <p>Question the need for Appendix 2 given the figures are regularly updated, and the provisions refer to the "most recent" Stats NZ predictions, which would make the table quickly outdated.</p> <p>The NPS does not state which Stats NZ growth series is used.</p>

