

Queenstown-Lakes District Housing Accord Monitoring Report

**First 6 months of Accord Year 2
(24 October 2015 – 30 April 2016)**

Based on:

- Building consent and new section data for 6 month period
from 24 October 2015 to 30 April 2016



**MINISTRY OF BUSINESS,
INNOVATION & EMPLOYMENT**
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Executive Summary

The Queenstown-Lakes District Housing Accord was signed on 23 October 2014. The Accord is a tool used to facilitate residential development in the Wakatipu Basin. The intention of the Accord is to increase housing supply and improve housing affordability in the Queenstown-Lakes district by facilitating development of quality housing that meets the needs of the growing population.

For the first six months of Year 2 of the Accord, the adjusted number of new sections and dwellings consented was **399 which is 88% of the Year 2 target of 450**. As with Year 1, this is substantially higher than the five-year historical average of approximately 275 sections and dwellings consented per year. The surge in activity may be attributed to several factors including a boom in development and construction activity following the global financial crisis. It is noted that the Bridesdale resource consent application also contributed significantly to consent numbers in the first half of Year 2.

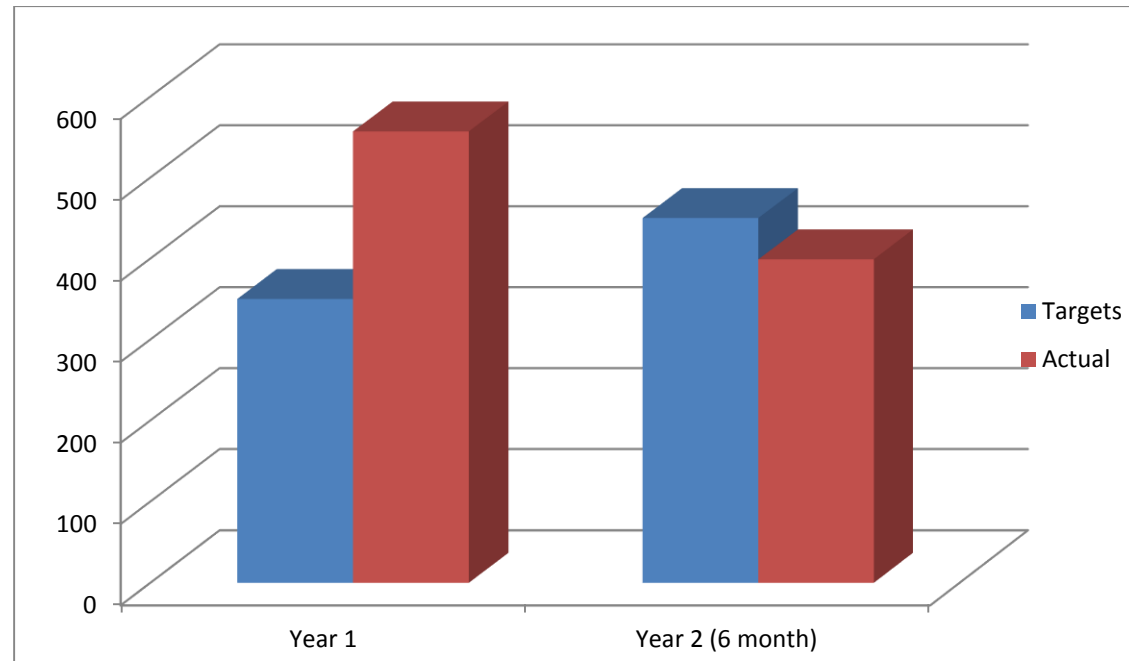
Queenstown-Lakes District Housing Accord

The Accord sets targets for the consenting of new sections and dwellings in the Wakatipu Basin area of the Queenstown-Lakes District over three years. This monitoring report provides building consents granted for new dwellings and resource consents issued for new residential lots created for the first six-month period (24 October 2015 to 30 April 2016) of the second year since the Housing Accord was signed.

Total number of dwellings and sections consented			
	Year 1 October 2014 – September 2015	Year 2 October 2015 – September 2016	Year 3 October 2016 –September 2017
Targets	350	450	500
Actual	557	399 (at 30 April 2016)	

The data shows that the Council is significantly ahead of its targets set by the Housing Accord and is processing a very high number of building and resource consents. The Housing Accord targets are to be amended to be more ambitious in line with the current construction boom and the availability of new data. The amended targets will be included in the next monitoring report.

Figure 1 - Total number of dwellings and sections consented



Consenting Numbers

- Halfway through the second year (as at 30 April 2016) of the Queenstown-Lakes District Housing Accord, Council is significantly ahead of schedule as **223 new dwellings** have been consented and **246 new sections** approved by resource consent for an **adjusted total of 399** across the Wakatipu Basin. This is well ahead of the half year target and is just **51 short of the second year target of 450** dwellings and sections (Year 2 finishes on the 23 October 2016).
- Subdivision consent rates have been averaging **41 sections per month**.
- Building consent rates have been averaging **37 dwellings per month**.

Special Housing Areas

Resource consent for the Bridesdale Farm special housing area (SHA) was approved on the 21 March 2016. This approved 136 residential allotments and 1 commercial allotment. It is understood that all of the sections have been sold. The developer has commenced works and titles are expected to be released in early 2017. This resource consent contributed significantly to the consenting numbers in the first six months of Year 2.

The following SHAs have been approved by the Council and recommended to the Minister for approval:

- Shotover Country – 95 residential units;
- Arthurs Point – 70 residential units;
- Onslow Road – 20 residential units;
- Business Mixed Use Zone (Gorge Road) – 100 to 150 apartments anticipated; and
- Arrowtown Retirement Village - 90-120 villa units, 40-55 apartment units, and a 100 bed aged care facility offering rest home, hospital and dementia level care.

The maximum total yield from Bridesdale Farm and the recommended SHAs is approximately 646 residential units plus a 100 bed aged care facility.

Housing Accord Implementation

Dwelling Capacity Model (DCM)

The Dwelling Capacity Model (DCM) was first created by the Council in the early 2000's. The tool measures the number of dwellings that could potentially be developed under existing zones within the Queenstown Lakes District. Following a review of the DCM in 2014 and 2015, feasibility factors were applied to the DCM with specific input from Insight Economics, including:

- Development feasibility (hazards, sloping sites, contamination etc);
- Viability (capital improvement value compared to value of the land);
- Marketability/Desirability (location, size and shape of land, accessibility, ownership, price etc);
- Land use displacement (such as use of residential zoned land for non-residential purposes);
- Road and reserves; and
- Likelihood of market participation.

The Council's Dwelling Capacity Model confirms there is already capacity in the existing urban zones for approximately 17,000 additional dwellings within the entire Queenstown Lakes District, with the total (excluding rural general building platforms) being approximately 25,000 additional dwellings.

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.

Proposed District Plan (PDP)

On the 26th August 2015 the Council notified the Proposed District Plan (PDP). The PDP seeks to increase residential densities in Residential Zoned land including the introduction of a Medium Density Zone, Large Lot Residential Zone and the Business Mixed Use zone. It also seeks to allow a much larger number of landowners to potentially develop their properties.

The PDP provides capacity for some 3,000 to 5,000 additional dwellings in its urban zones throughout the entire Queenstown Lakes district over and above the existing capacity of approximately 17,000 currently enabled by the Operative District Plan (ODP). Therefore, combining both capacities approximately 21,973 dwellings will be enabled within proposed Urban Growth Boundaries in the Queenstown Lakes District.

Additional dwelling capacity enabled through the PDP includes:

- High Density Residential Zone: Maximum building height increased from 2 to 3-4 storey's in Queenstown and recession line breaches have been significantly liberalized;
- Medium Density Residential Zone: New residential zone proposed that increases residential densities;
- Low Density Residential Zone: Introduction of a gentle density approach to infill housing development by enabling a second dwelling on sections less than 900m²;
- Large Lot Residential Zone: New residential zone proposed to provide a buffer between residential and rural zoned sites. The proposed zone will increase residential densities; and
- Business Mixed Use Zone: Promotes residential development and buildings heights have increased from 3 to 6 storey's. In the ODP residential development is only permitted in the Business Zone through as a 'caretaker residential unit'.

Plan Changes to the Operative District Plan

The Council is making the following changes to the ODP to increase housing supply:

- **Plan Change 44** - Seeks to re-zone approximately 520 hectares of the northern-most part of the Jacks Point Resort zone as a new 'Hanley Downs Zone'. This plan change if approved will allow for the construction of between 1250 – 2257 dwellings. This plan change has been recommended for approval by a Hearings Panel on the 28 January 2016. However, is currently under appeal (note: no appeals seriously challenge the re-zoning).
- **Plan Change 50** – Council initiated plan change that seeks to rezone High Density Residential to Queenstown Town Centre Zone. This plan change will allow for 580 more dwelling than the theoretical baseline under the ODP. A hearings panel have recommended approval of this plan change and Council have adopted this recommendation. The plan change is currently the subject of an appeal but has largely been resolved by negotiation and a Consent Memorandum is with the Environment Court.

Queenstown Lakes Community Housing Trust (QLCHT)

The establishment of the QLCHT was initiated by the Council in 2007 when it was recognised that the affordability of dwellings was a growing problem for the district. The QLCHT is now an independent entity.

The QLCHT has commenced civil works on a 44 lot site in Shotover Country. The shared ownership programme helps people buy their first home in the district in partnership with the QLCHT.

Funding & Rate Review Report 2016

The Council is proposing two initiatives to increase the supply of residential housing:

- Reduce rates for residential flats by approximately 20% to take into account the proportional use of services applicable to an average flat; and
- Amend the rating category of land which is zoned for development but used for farming to be rated for its underlying use, i.e development. The impact of the proposal would be that rate increases for the affected parties would be by approximately 43% to 154%, which is dependent on location and connection of services. There are estimated to be fewer than 20 properties which will be impacted by the proposal to rate by zoning instead of usage. This provision has been included to target land bankers.

Employer initiated accommodation

The Council is actively talking to larger employers about providing their own worker accommodation, notably NZSKI. Council is aware of other key tourism sector providers recognizing that sheer demand in the market is going to leave them short of skilled staff.

Conclusion

This monitoring report for the first six months of Year 2 of the Queenstown-Lakes District Housing Accord shows that residential development in the district continues to grow. The Council is seeking to increase the supply of housing and land through the PDP and proposed provisions within the Funding and Rate Review 2016. The dwelling capacity model shows that there is already significant capacity within existing zoned land for residential development. The PDP seeks to increase this capacity for the entire Queenstown Lakes District by an additional 3,000 to 5,000 dwellings.

One SHA has been granted resource consent with a further five recommended to the Minister for Building and Housing. In total, these SHAs could deliver a yield of approximately 646 residential units or sections, plus a 100 bed aged care facility, thus contributing significantly to the Council's commitments under the Housing Accord.