

**BEFORE THE INDEPENDENT HEARING PANEL
FOR THE QUEENSTOWN LAKES PROPOSED DISTRICT PLAN**

Under the Resource Management Act 1991

In the matter of the Urban Intensification Variation to the proposed
Queenstown Lakes District Plan

**STATEMENT OF EVIDENCE OF SUSAN MICHELLE FAIRGRAY
ON BEHALF OF QUEENSTOWN LAKES DISTRICT COUNCIL**

ECONOMICS

6 June 2025



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Appendix 1: Further Information on Updated Capacity and Demand Assessment

1. QUALIFICATIONS AND EXPERIENCE

1.1 My full name is Susan Michelle Fairgray. I hold the qualifications of Bachelor of Science and Master of Science (1st Class Honours) in geography, specialising in economic geography from the University of Auckland.

1.2 I am an Associate Director at Market Economics, specialising in urban economics and spatial analysis. I have been in this position since 2016. Prior to this, I was a senior research economist in Auckland Council's Research, Evaluation and Monitoring Unit.

1.3 I have over 16 years of experience in urban economics developing and supporting central/local government and private-sector positions across a range of areas. Residential capacity, growth and demand assessments across a range of higher and medium growth urban economies, and business land use assessments have formed important areas of focus within the context of assessing and developing district plans (and plan changes and variations). My experience traverses a wide range and scope of urban economics including, but not limited, to:

- (a) capacity and demand assessments: Housing and Business Development Demand and Capacity Assessments (**HBAs**) under the National Policy Statement for Urban Development 2020 (**NPS-UD**) (main examples include Future Proof Partners (Waikato District, Hamilton City and Waipa District Councils – 2017, 2021 and 2023), Rotorua (2021 and 2024), Queenstown Lakes District (2017, 2021 and current), Gisborne District (2022)), intensification plan changes (main examples include Rotorua District PC9 (2022-2023), Waikato District V3 (2023), Waipa District PC26 (2023), Nelson City PC29 (2023), Hamilton City PC12 (2022), earlier analysis to inform Tauranga V1 to PC33 (2020)), and Future Development Strategies (Rotorua (2022)) for a range of New Zealand urban economies;
- (b) assessing land use patterns and effects on urban form;
- (c) developing robust and detailed methodologies for aligning residential capacity with demand, including implementation through Schedule 1 plan changes and variations;

- (d) retail assessments, providing advice for commercial and public sector clients on the most appropriate scale and location of retail as well as the effects of retail location on the existing network and future urban form; and
- (e) preparing and presenting evidence in council hearings, and expert conferencing in relation to the above matters.

1.4 I have undertaken significant urban economic assessment in the Queenstown Lakes District (**QLD**) over the past eight years. My main areas of assessment include:

- (a) assessing land use patterns;
- (b) QLD 2017 HBA (2017-2018);
- (c) QLD 2021 Residential HBA (2020-2021);
- (d) Capacity modelling and urban economic assessment to inform the Urban Intensification Variation to the Queenstown Lakes Proposed District Plan (**UIV**) (2022-2025);
- (e) Te Pūtahi Ladies Mile (**TPLM**) variation – economic expert witness for Queenstown Lakes District Council (**Council or QLDC**) (2023-2024); and
- (f) Te Tapuae Southern Corridor Commercial Needs Assessment (2023-2024) for QLDC.

1.5 I am currently assisting QLDC in writing the 2025 Housing and Business Assessment (**2025 HBA**). It is not finalised at the time of finalising this evidence and I have not received the finalised QLDC growth model outputs to be used in the assessment.

1.6 I have been engaged by QLDC to provide evidence in relation to the hearing on the UIV. In terms of my involvement in the UIV to date, I prepared (or co-authored) the following documents which form part of the s32 report:

- (a) Appendix 5: Queenstown Lakes District Intensification Economic Assessment, dated 13 May 2023 (**M.E UIV Report**);
- (b) Appendix 7: Intensification Options with the Airport Outer Control Boundary (**OCB**) Memorandum (**M.E OCB Memorandum**), dated 16 May 2023; and

(c) Appendix 9B: Incorporating Lake Hawea South in Baseline Scenario and Preferred Intensification Option, dated 10 July 2023 (**M.E Hawea South Memorandum**).

1.7 As these reports are all available as part of the s32 Report I have not attached them again to my brief of evidence.

1.8 Since notification of the UIV, additional work completed includes:

(a) in 2024, an updated capacity assessment to model the notified UIV scenario. This is what is now included in my evidence and is also referred to as the “**2024 Capacity Modelling**”; and

(b) in 2025, an updated quantitative assessment to include the updated demand and infrastructure information received in March and April 2025. This is now the current assessment in my evidence, and I refer to it as the “**2025 Demand Modelling**”. This assessment uses the notified UIV capacity modelling scenario undertaken in 2024, but has aligned the demand to the capacity modelling years.

1.9 Although this is a Council hearing, I confirm that I have read the Code of Conduct for Expert Witness contained in the Environment Court Practice Note 2023 and that I agree to comply with it. I confirm that I have considered all the material facts that I am aware of that might alter or detract from the opinions that I express, and that this evidence is within my area of expertise, except where I state that I am relying on the evidence of another person.

1.10 The key documents I have used, or referred to, in forming my view while preparing this evidence are:

(a) Section 32 evaluation report for the UIV (**S32 Report**);

(b) Queenstown Lakes Proposed District Plan (**PDP**);

(c) TPLM evidence. Primary, Rebuttal and Supplementary statements from economic experts;

(d) the Strategic s42A Report (**Strategic s42A**);

(e) M.E UIV Report, M.E OCB Memorandum, and M.E Hawea South Memorandum;

- (f) the 2024 Capacity Modelling that I have undertaken for the UIV, post-notification;
- (g) previous QLDC demand projections dated May 2022;
- (h) QLDC Updated infrastructure dwelling capacity information dated March 2025;
- (i) QLDC Updated demand projections dated May 2025;
- (j) Te Tapuae Southern Corridor Commercial Needs Assessment (2023-2024);
- (k) QLD 2017 HBA and 2021 Residential HBA; and
- (l) Analyses of QLD and other economic datasets during the 2025 HBA initial stages of analysis at the date this evidence is finalised (Census 2023, Statistics New Zealand Building Consents data, QLDC Ratings Database).

2. EXECUTIVE SUMMARY

2.1 Overall, I consider that the notified UIV is likely to have positive economic effects through encouraging a development pattern that contributes to a well-functioning urban environment. This is likely to occur gradually and cumulatively through time as new dwellings are added to the stock, becoming significant in the medium to long-term. This is likely to occur to a greater extent than under the current PDP provisions.

2.2 My assessment has shown the notified UIV substantially increases the development opportunity across the urban environment from that enabled under the current PDP. A significantly expanded range of dwelling typologies and sizes are enabled across a greater range of locations within the urban environment. This is likely to increase the feasibility for commercial developers, with the same increase in development opportunity available to other parts of the market.

2.3 I consider that developers are likely to respond to this increased opportunity, gradually delivering an increased number and range of dwellings through time in comparison to that encouraged to occur under the current PDP provisions. Changes to the dwelling mix are likely to gradually increase housing choice and affordability levels through providing a viable range of different dwelling options for households

relative to the current provisions. This is likely to occur gradually through time as new dwellings are constructed rather than through a significant effect on dwelling prices across the overall market in the short-term.

2.4 I consider that the development opportunity is generally aligned with the level of relative demand across most parts of the urban environment (NPS-UD Policy 5). The location, scale and spatial extent of the intensification provisions (HDR and MDR Zones) generally aligns with demand for different types of housing, which varies by location within the urban environment. I note that the level of dwelling capacity produced by the development opportunity required to meet relative demand may exceed that needed only to accommodate projected growth in each location.

2.5 My capacity assessment shows the notified UIV also substantially increases the dwelling capacity from that enabled under the current PDP. The capacity is very large in comparison to projected demand in most locations. This indicates that the planning component of the development process is likely to provide substantive opportunity to meet future growth needs across most parts of the District's urban environment (NPS-UD Policy 2).

2.6 I also consider that the notified UIV is likely to increase the feasibility of development in suburban areas covered by the LDSR Zone through providing greater flexibility for the market to deliver an increased size range of dwellings. It may increase the affordability for households through enabling a portion of smaller sites to be developed that would be likely to contain smaller dwellings. However, I consider that increases in the dwelling mix may be more limited as the provisions do not incentivise the delivery of a component of attached dwellings.

2.7 I consider from my assessment that the notified UIV is likely to produce economic benefits through encouraging an efficient urban form both at the local level and at the wider scale in relation to the spatial structure of development within the District. It encourages growth within central parts of the urban environment and around commercial centres. This has economic benefits through supporting the

viability and vitality of centres, increasing the amenity for households and the efficiency of their interactions spatially across different parts of the urban area.

2.8 While I consider the notified UIV is generally appropriate, I have made some recommendations for changes to the intensification development opportunity in terms of location, scale and extent in response to updated information and submissions within the context of my assessments. The updated higher demand projections are a key aspect, particularly within the Wanaka Ward.

2.9 My key recommendations for changes to the notified UIV are summarised below. These are based off my economic assessment, and I note there may be other factors covered by other experts / the s42A reports, that make a greater or lesser level of development more appropriate:

- (a) I support further increasing height limits within the Queenstown and Wanaka Town Centres to increase the commercial feasibility of higher density dwellings;
- (b) I support further increasing enabled height within the HDR Zone in Queenstown, Wanaka and Three Parks. It would increase the feasibility for commercial developers to deliver higher density dwellings, which would have economic benefits for housing supply in these locations;
- (c) I consider the proposed vacant lot minimum site sizes and dimensions within the HDR Zone are likely to have only limited economic benefit. Lower density development is already likely to be discouraged within the zone through the higher returns likely to be achieved with more intensive dwellings;
- (d) I support further provision for residential intensification in Sunshine Bay/Fernhill and in some central parts of the Whakatipu Ward as set out in my responses to submissions and rezoning requests. While I consider the notified UIV generally contains sufficient development opportunity to meet relative demand in these locations, I consider that further opportunity, as identified, will provide increased flexibility for the market in relatively central locations without diluting the level of intensification in areas closest to commercial centres. The updated higher demand

projections are a relevant factor in supporting further residential intensification;

- (e) I support provision for further intensification at a medium or higher density scale in the Frankton area, only if it can be appropriately managed in relation to the Queenstown Airport. Importantly, however, I consider that intensification within the Frankton area is only likely to produce net economic benefits if it does not limit the current or future role of the Airport;
- (f) In my view, increasing the Lake Hawea South (**LHS**) LSC Zone height limit to 14m, if taken up by the market, is likely to produce economic benefits for the commercial centre and the catchment it serves, and provide additional housing choice within the local area;
- (g) I consider that the application of the UIV provisions to the LHS urban environment is likely to increase the economic efficiency of land use in that location and produce economic benefits of increased housing choice;
- (h) I consider that there is unlikely to be an economic basis for retaining the current PDP MDR Zone and LSC Zone height provisions within the Kelvin Peninsula;
- (i) In my view, it may be appropriate to consider the potential further small areas for commercial activities to establish within the Kelvin Peninsula that are limited to serving local convenience demand;
- (j) I consider that further development opportunity for attached dwellings is likely to be required to meet the updated higher projected demand in Wanaka. I therefore support further spatial application of the MDR Zone across the Three Parks LDSR Zone area (Submitter 948). I also support increased development potential within and further application (Submissions 1039 and 1040) of the HDR Zone within Three Parks as it is likely to, on balance, be economically beneficial and generate demand within the Wanaka Town Centre immediate catchment area; and
- (k) I have also identified some locally-specific changes to the spatial extent and scale (height) of provisions in response to individual zoning requests, which are listed in Section 8.

3. INTRODUCTION

3.1 In this statement of evidence, I cover the quantitative economic modelling and analysis that I have undertaken to inform the development and notification of the notified UIV. I also summarise further analysis I have undertaken following notification, including the incorporation of updated dwelling (demand) projections, updated and further assessment of capacity in response to submissions, consideration of updated infrastructure capacity information and incorporation of preliminary information (including from the 2023 Census) to be used in the (not yet completed) updated Housing and Business Assessment (**2025 HBA**).

3.2 I apply my analyses to assess the key economic effects of the UIV and respond to submissions on these areas. From an economic perspective, I assess how the notified UIV is likely to contribute to achieving the objectives and policies of the NPS-UD in the following ways:

- (a) The contribution of development patterns and urban form encouraged by the UIV to a well-functioning urban environment (Objective 1 and Policy 1);
- (b) The effects of encouraged dwelling development patterns on housing affordability (Objective 2 and Policy 1) and alignment with future patterns of housing demand (Objective 4);
- (c) How the level of development opportunity is spatially concentrated into different parts of the urban environment (Objective 3);
- (d) The level of development capacity relative to projected future demand (Policy 2); and
- (e) The alignment of development opportunity with the level of relative demand for different types of housing across different parts of the urban environment (Policy 5).

3.3 My evidence is structured as follows:

- (a) **Capacity vs. demand** (Section 4) – a description of the modelling completed for the purposes of the s32 (as set out in the M.E UIV Report that is Appendix 5 to the s.32 Report), and the updated 2024 Capacity Modelling and 2025 Demand Modelling, that I have undertaken. I

summarise the key findings which I have then used to assess the development enabled by the notified UIV within the context of housing demand. This includes comparing the level of capacity enabled (in terms of the number of dwellings) with projected demand as well as the alignment of the types of development opportunity (in terms of scale, typology, etc) with the patterns of demand for different types of housing in each location (relative demand).

- (b) **Commercial feasibility** (Section 5) - an assessment of the likely effects of the notified UIV (provisions and zone extent) on the commercial feasibility of development options across different parts of the urban environment. This section provides further quantitative assessment on the effects on feasibility for commercial developers as distinct from modelled capacity in the previous section.
- (c) **Economic effects of urban form and alignment with relative demand** (Section 6) - an assessment of the likely economic urban form implications for the district's urban environment. I consider the impacts of the UIV-encouraged development patterns on contributing to a well-functioning urban environment. I assess the alignment of the proposed areas for intensification with the relative demand for housing in each location using the approach set out in Section 4.
- (d) **Dwelling mix and housing affordability** (Section 7) - an assessment of the economic effects on dwelling mix and housing choice, and how this may affect housing affordability across different parts of the urban environment.
- (e) **Rezoning Requests** (Section 8) – I apply the assessments I have undertaken in the previous sections to respond to individual rezoning requests.
- (f) **Conclusions and key recommendations** (Sections 2 and 9) – I have summarised my key recommendations and conclusions in The Executive Summary in Section 2, above.

3.4 My capacity, demand and feasibility assessments undertaken in Sections 4 and 5 are used to assess the economic effects of the notified UIV. I draw on these

assessments of economic effects to respond to submissions, which I have grouped into the same sections, as follows:

- (a) Submissions on the effect of the notified UIV on commercial feasibility are covered in Section 5;
- (b) Submissions on urban form economic effects, including the alignment of the development opportunity with the level of relative demand, are covered in Section 6. This section also responds to submissions on the application of the notified UIV in different localities within the urban environment;
- (c) Section 7 responds to submissions that raise economic matters on dwelling mix and housing affordability; and
- (d) Individual rezoning requests are covered in Section 8.

3.5 In my evidence, short term refers to the next three years, medium term refers to the next ten years, and long term refers to the next 30 years. I have considered the level of net growth in demand (within the updated projections) across these time periods both as applied to a 2024 base year as well as that aligned with the base year of my S32 capacity assessments, which is 2021. The three, ten and 30-year net changes (within the updated projection series) are very similar between these different base years. Although the base years have changed, I have continued to reexamine patterns of activity within the District’s dwelling market during this period, including through my analyses currently being undertaken for the 2025 HBA.

4. URBAN INTENSIFICATION CAPACITY AND DEMAND ASSESSMENT

4.1 I have undertaken detailed assessments of capacity and demand to understand the contribution that the notified UIV will make to help meet the District’s future urban growth needs.

4.2 In my evidence I refer to the “development opportunity”. I use this term to describe the level and types (including scale) of development options provided to the market in each location. This is distinct from “development capacity” as defined in the NPS-UD which instead has a greater focus on the amount of capacity defined in terms of the number of dwellings. In taking this approach, I consider not only the

amount of capacity (NPS-UD Policy 2), but also how it aligns with patterns of relative demand in terms of the location and spatial extent of the capacity for different sizes and types of dwellings (NPS-UD Policy 5). This is important because higher levels of capacity may be produced from the level of development *opportunity* needed to meet Policy 5 objectives in different parts of the urban environment than simply required as dwelling *capacity* to meet Policy 2.

4.3 In the first part of my 2024 Capacity Modelling and 2025 Demand Modelling assessment, I have considered the amount of development capacity (in terms of the numbers of dwellings) enabled by the notified UIV in relation to meeting future growth needs for the District. The scope and information available at the time of this assessment (2022 to 2025) means that it has covered part, but not all, of the sufficiency assessment technical stages set out under the NPS-UD at 3.2(2). In my assessment, I have compared projected demand with feasible capacity across the short, medium and long-term by dwelling type and location across different parts of the urban environment. Infrastructure information was not available at the time of assessment (although I have considered this more recently). Although reasonably expected to be realised (**RER**) capacity was not calculated, I have considered the effect of this aspect on sufficiency through taking into account the relativities between the level of feasible capacity compared to demand, including the share of that capacity that would need to be taken up to meet demand. The approach taken in my assessment aligns with the intended purpose to understand specifically the effect of the proposed planning provisions; and to identify this as distinct from the effects of infrastructure limits.

4.4 The second part of my assessment then draws upon this assessment to focus on the alignment between the level of development opportunity in the notified UIV areas of intensification and the level of relative demand for different types of housing across different parts of the urban environment (NPS-UD, Policy 5). At the end of this section I outline how I have drawn upon my capacity and demand analyses to assess the alignment with relative demand. I apply this assessment to the notified intensification areas in Section 6 to consider it together with the economic effects on urban form.

4.5 I have updated my original assessment of demand by location and dwelling type to take account of the updated projections provided to me by QLDC (dated May 2025). My updated assessment compares updated capacity estimates (to reflect the notified-UIV provisions) with the higher projection of demand (approximately 40% higher in the long-term than my earlier assessment). I summarise my findings below with more detailed outputs contained in **Appendix 1**.

Updated Demand for Urban Dwellings in Queenstown Lakes District

4.6 **Table 1** below sets out the updated net change in demand (including a margin) for dwellings by location (Ward) and dwelling type across the medium and long-term. The table contains two scenarios to provide a range of demand for each dwelling type based on different rates of change in the patterns of household demand.¹

Table 1: Projected Change in Dwelling Demand (incl. Margin) by Typology and Location

Time Period	Area	Projected Additional Dwelling Demand by Typology (Incl. Margin)							
		Detached	Duplex/Terrace	Apartments	TOTAL	Detached	Duplex/Terrace	Apartments	TOTAL
		Baseline Demand Scenario				Higher Demand Substitution Scenario			
		Net Additional Dwellings (QLDC Updated)				May 2025 Projections - High Plus Series)			
Medium-Term Demand Growth	Wanaka Ward	2,900	1,200	300	4,300	2,500	1,300	500	4,300
	Whakatipu Ward	3,600	1,600	400	5,500	3,000	1,800	800	5,500
	Total District	6,500	2,800	600	9,900	5,400	3,100	1,300	9,900
Long-Term Demand Growth	Wanaka Ward	7,100	4,400	900	12,400	5,500	4,500	2,400	12,400
	Whakatipu Ward	7,800	6,400	1,300	15,500	5,800	6,100	3,500	15,500
	Total District	14,900	10,800	2,200	27,900	11,400	10,600	6,000	27,900
		Share of Projected District Growth by Location							
Medium-Term Demand Growth	Wanaka Ward	45%	42%	42%	44%	46%	43%	40%	44%
	Whakatipu Ward	55%	58%	58%	56%	54%	57%	60%	56%
	Total District	100%	100%	100%	100%	100%	100%	100%	100%
Long-Term Demand Growth	Wanaka Ward	48%	41%	41%	44%	49%	42%	41%	44%
	Whakatipu Ward	52%	59%	59%	56%	51%	58%	59%	56%
	Total District	100%	100%	100%	100%	100%	100%	100%	100%
		Share of Project Growth by Dwelling Type							
Medium-Term Demand Growth	Wanaka Ward	67%	27%	6%	100%	57%	31%	12%	100%
	Whakatipu Ward	65%	29%	7%	100%	53%	32%	14%	100%
	Total District	66%	28%	6%	100%	55%	32%	13%	100%
Long-Term Demand Growth	Wanaka Ward	57%	35%	7%	100%	45%	36%	20%	100%
	Whakatipu Ward	50%	41%	9%	100%	38%	39%	23%	100%
	Total District	53%	39%	8%	100%	41%	38%	21%	100%

Source: M.E Ltd QLD Dwelling Demand Model; QLDC Dwelling Projections (May 2025).

4.7 The dwelling demand base is projected to approximately double over the long-term. There is a projected demand (including a margin) for a net additional 9,900 dwellings over the medium-term and 27,900 dwellings over the long-term. The

¹ Changes in the patterns of dwelling demand occur gradually through time from changes in base household structures together with increasing household trade-offs through time in dwelling price, size, location and typology. They generally result in gradually increasing shares of demand for attached and more intensive dwellings over time. I have provided further technical discussion on the modelled shifts in dwelling types in Appendix 1 of the M.E UIV Report appended to the Section 32 report.

projections reflect total dwelling demand, including holiday dwellings, with resident households forming the largest component of demand.

- 4.8** As requested by QLDC, I have applied the Council-adopted “High Plus” Demand Series from the updated projections. I understand the Strategic s42A Report addresses why the Council has taken this approach. The projected growth in demand in this series is substantially higher (40% higher for the district over the long-term) than the previous projections (dated May 2022) applied in my earlier assessment (appended to the s32 report). There is also a different distribution of growth across the District. The updated higher demand has materially affected some conclusions from my earlier 2022-2023 assessment (M.E UIV Report) on the level of provision for intensification within parts of the Wanaka Ward. I have addressed these in Section 6 and in response to rezoning submissions in Section 8.
- 4.9** Over half (56%) of the net increase is projected to occur in the Whakatipu Ward, amounting to 15,500 dwellings in the long-term. Approximately 44% is projected to occur in the Wanaka Ward (+12,400 dwellings), which is greater than the Ward’s estimated share (33-36%) of growth observed over the past 5 to 10 years.²
- 4.10** I consider there are important differences in the patterns of demand between the Whakatipu and Wanaka Wards that reflect the dwelling market conditions in each location. Understanding these differences in types and level of demand across different parts of the urban environment forms an important part of my assessment of the alignment of development opportunity with levels of relative demand. A greater proportion of the Wanaka Ward demand is for detached dwellings, with higher shares of demand as attached dwellings in the Whakatipu Ward. Within this, a higher portion of the Whakatipu Ward attached dwelling demand is for apartments, with a larger focus on less intensive forms of attached dwellings in the Wanaka Ward.
- 4.11** Overall, I estimate there is projected long-term demand for between 11,400 and 14,900 detached dwellings (top section of Table 1 above), with just over half (51%

² This is based on patterns of Statistics New Zealand estimated resident population (2018 to 2023) and Statistics New Zealand Building Consent data (2015-2024).

to 52%) occurring in the Whakatipu Ward. I estimate between 10,600 to 10,800 dwellings of the projected long-term demand is for attached dwellings, ranging from duplex pairs up to terraced housing, with over half (58%-59%) in the Whakatipu Ward. In addition, I estimate there is demand for 2,200 to 6,000 apartment dwellings, which are likely to make up a larger share of demand into the long-term as the market becomes more established. My assessment shows these are more concentrated into the Whakatipu Ward.

Capacity Assessment of UIV Enabled Development Opportunity

4.12 I have undertaken detailed modelling at a land parcel level to understand the current dwelling capacity provided for in the District's urban environment and the additional dwelling capacity as enabled by the notified UIV provisions.

4.13 I initially (2022-2023) tested a range of planning provision scenarios to inform the s32 report. These scenarios included a baseline current PDP scenario, and different potential intensification options (as specified by QLDC - refer to the M.E UIV Report). In 2024, I then produced a further scenario within the same modelling framework to reflect the notified UIV,³ which is presented in my evidence. I modelled the capacity within each planning scenario occurring through intensification of already urbanised areas (including infill development and redevelopment) as well as within PDP live-zoned greenfield and other⁴ undeveloped or partially developed areas zoned for urban development. My modelling does not include capacity within future long-term growth areas identified in the QLDC 2021 Spatial Plan.

4.14 I first modelled the plan enabled capacity, which refers to the capacity enabled within each parcel when applying the planning provisions (as described in the NPS-

3 The notified UIV differed to the options initially modelled in 2022-2023. It is not contained in my report appended to the s32 report as it was undertaken subsequent to the s32. Option 2a in my report (appended to the s32 report) was the modelled option closest to the notified UIV.

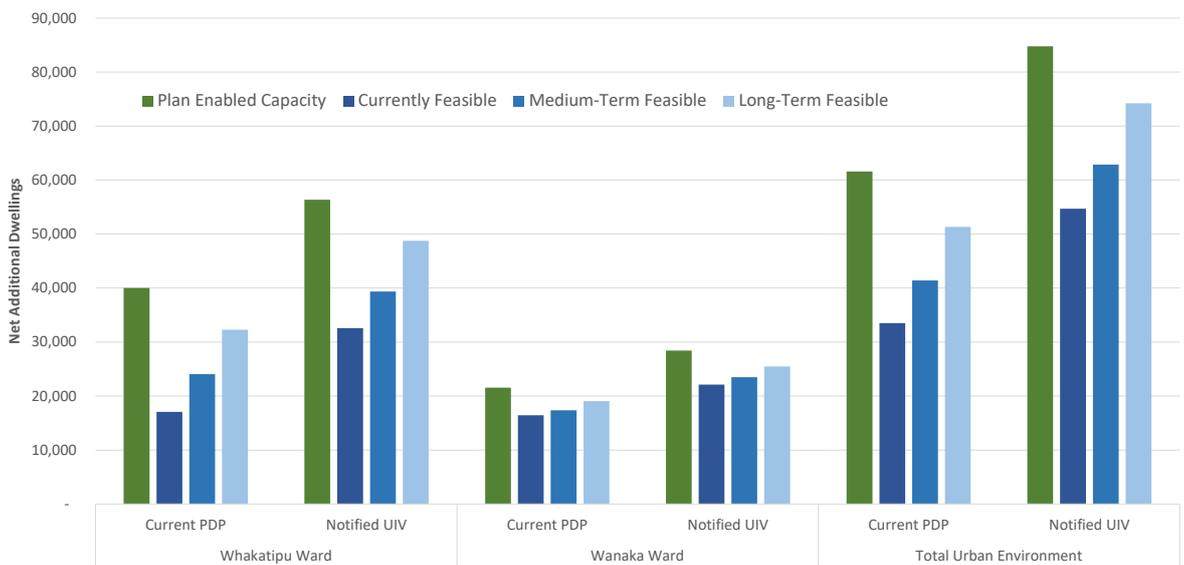
4 Capacity in ODP Special Zones or areas covered by Structure Plans were treated separately, but were included within the comparison of capacity and demand. While the ODP Special Zones have not been notified as part of the UIV (and therefore I did not model capacity options within those particular zones), I have included their current capacity as part of my overall capacity assessment as they are likely to meet a significant portion of future demand. Where available, developer yields were used to estimate capacity in areas covered by structure plans as these were likely to more closely reflect development outcomes. Areas with developer yields include Arrowtown MPZ, TPLM, Frankton RMP, QTC PC50, Jacks Point Resort and Homestead Bay, Cardrona MCSSZ, Wanaka Three Parks (with adjustments to reflect notified UIV densities), Wanaka Waterfront PPS.

UD). I then estimated the enabled capacity that is likely to represent a feasible development option for a profit-driven commercial developer if it were available to the market (commercially feasible capacity as described in the NPS-UD). This is based on a standard feasibility modelling approach of estimating whether the likely sales prices of the plan-enabled dwelling options are likely to exceed the estimated development costs by a sufficient margin.

4.15 It is important not to equate the commercially feasible capacity with projected growth in the number of dwellings. Only a minor portion of the commercially feasible capacity is likely to be taken up through time in line with growth in demand for housing as the resident population grows. Furthermore, many sites are likely to be developed at densities within the range of feasible options enabled by a plan, with only a portion developed at the highest densities enabled in a location. The rate, location and dwelling typology density of take-up will also be determined by a range of other factors affecting preferences and feasibility including the scale and timing of market demand, prices, accessibility, availability of services and facilities, and by developers' decisions.

4.16 I have summarised the modelled capacity outputs for the current PDP and notified UIV scenarios for each ward in **Figure 1** below. The green bars on the graph show the maximum potential net additional dwellings that could be enabled in each ward with the application of each set of planning provisions (current PDP and notified UIV) (plan enabled capacity). The blue bars show the proportion of plan enabled capacity estimated to be commercially feasible across each time period. A disaggregation of plan enabled and commercially feasible capacity by location and dwelling type is contained in **Appendix 1**.

Figure 1: Modelled Plan Enabled and Commercially Feasible Capacity: Current PDP Provisions vs. notified UIV



Source: M.E QLD Urban Intensification Capacity Model, 2023-2024.

Note: Excludes capacity in Special Zones and Structure Plan areas.

Plan Enabled Capacity – notified UIV

4.17 My capacity assessment estimated that there is a total plan enabled capacity for up to a net additional 84,700 dwellings under the notified UIV scenario, with a further capacity for 23,400 dwellings in areas covered by Special Zones or Structure Plans. Around half (51%) of this plan enabled capacity occurs within the central parts of the Whakatipu Ward (Queenstown Town Centre, Quail Rise and Frankton Reporting Areas), which correspond to the largest areas of proposed intensification through the notified UIV (refer to **Appendix 1**).

4.18 Based on my assessment, I consider that the notified UIV substantially increases the plan enabled capacity and level of development opportunity across the District’s urban environment. Outside of Special Zones and Structure Plan areas, I estimate that it increases the dwelling capacity by 38% (+23,200 dwellings) from that enabled under the current PDP provisions.

4.19 I have examined the distribution and type of increases in development opportunity enabled by the notified UIV across the urban environment. My modelling shows that the application of intensification areas (in particular, the HDR and MDR Zones)

substantially increases the capacity within central parts of the District as well as the range of dwellings that are able to be constructed in these areas in terms of density and typology. Over half of the added dwelling capacity occurs in central parts of the Whakatipu Ward urban area and is heavily concentrated into the Queenstown Town Centre reporting area, with a focus on attached dwellings. The notified UIV also significantly increases the plan enabled capacity and types of development opportunity within the Wanaka Ward, particularly within Wanaka and Lake Hawea.

4.20 I consider that the notified UIV significantly increases the development opportunity for more intensive dwellings. The largest capacity increases occur in attached/terraced dwellings (+15,700 dwellings), and higher density apartments (+11,200) dwellings. This occurs through a combination of increases to the scale of development opportunity within existing areas of intensification as well as an expanded spatial extent of these areas. My modelling indicates that the relative increases in development opportunity in some locations are very large, particularly where they are currently limited to lower density development patterns.

4.21 The notified UIV also substantially increases the development opportunity for detached dwellings. In my view, increases in this type of capacity are also important as they correspond to significant shares of the District's future housing need (as set out above in **Table 1**). This occurs through increased opportunity for smaller detached dwellings within inner urban areas as well as greater flexibility for their development across the District's less central suburban areas that are predominantly covered by the LDSR Zone.

4.22 My modelling indicates that the notified UIV would increase plan enabled capacity for detached dwellings by 9% (+3,300 dwellings). I consider this to be a conservative estimate as the modelling applied a 300m² minimum lot size in the LDSR Zone within the baseline scenario, which reflects a land use consent development pathway. This means that modelled capacity increases have occurred in other zones, with no modelled change to plan enabled capacity in the LDSR Zone.

4.23 I have also tested the effect of different minimum lot sizes of plan enabled capacity for detached dwellings in the LDSR Zone in Paragraphs 5.18 to 5.19 of my evidence.

I consider this provides a useful maximum range indication of the maximum scale of effect of the notified UIV in comparison to the current PDP. I have modelled the difference between a 300m² minimum lot size vs. a 450m² minimum lot size (if developed under the current PDP through a subdivision, rather than land use consent, development pathway). Within the LDSR Zone, the smaller lot size would nearly double the plan enabled capacity (+85%; +12,400 dwellings from the capacity enabled with a 450m² minimum lot size).

Commercially Feasible Capacity – notified UIV

4.24 I have estimated the areas of plan enabled capacity that would potentially represent a commercially feasible development opportunity if available to the market. I have expressed this as a sub-set of the modelled plan enabled capacity, noting that only a portion is likely to be taken up. My modelling indicates that around two-thirds of the capacity enabled under the notified UIV would currently represent a commercially feasible development opportunity if available to the market. Higher prices within the District’s housing market are a key factor in this level of feasibility. This equates to 54,700 dwellings (of the total 84,700 plan enabled capacity) and may increase to around 74,200 dwellings in the long-term with growth in demand and dwelling markets (at around 88% of plan enabled opportunities). This excludes capacity in Special Zones and areas covered by Structure Plans.

4.25 My modelling indicates that the notified UIV increases the commercial feasibility of development opportunity across the District’s urban environment in comparison to the type of development opportunity enabled under the current PDP provisions. It estimates that the commercially feasible capacity would increase by nearly two-thirds (+63%; +21,200 dwellings). Part of this increase occurs through the greater yields enabled on already feasible sites and as well as through a greater proportion of sites becoming feasible to develop from the increased opportunities enabled through the notified UIV.⁵⁶

5 This is seen in increases in the share of plan enabled capacity that is estimated to be feasible increasing from an estimated 54% under the current PDP provisions, to an estimated 65% under the notified UIV provisions.

6 The modelling indicates that a greater portion of the plan enabled capacity in the Wanaka Ward is commercially feasible than in the Whakatipu Ward. This is due to a higher proportion of the capacity

Comparison of Capacity with Demand – Ability to Meet Medium to Long-Term Growth Needs - Notified UIV

4.26 I have assessed the contribution of the notified UIV to the ability for the District’s urban environment to meet projected future growth over the medium to long-term. To do this, I have compared the projected dwelling demand to capacity enabled under the notified UIV by location and type of dwelling demand. I have also examined the updated information (supplied by QLDC in April 2025) on infrastructure network dwelling capacity across different locations. This estimates the level of growth able to be supported by infrastructure and its alignment with the notified UIV development opportunity for different types of dwellings by location. I have not produced the infrastructure dwelling capacity estimates, and instead rely on this information which was supplied to me by QLDC in April 2025.

4.27 I firstly summarise my comparisons of capacity to demand for the medium and long-term by location in **Figures 2 and 3** below. The modelled capacity for each location is shown in the bars, with the height of the bar representing the level of modelled capacity. These are overlaid with the projected net change in demand (incl. a margin), which is shown by the black triangles. I have disaggregated the capacity by component type, which is important for the assessment to distinguish between effects of infrastructure network capacity and planning on the potential to meet projected growth. The full height of each bar shows the maximum plan enabled development capacity. The combined blue sections of each bar show the component of this capacity that is estimated to be commercially feasible, with the dark blue portions indicating the level of this capacity that is supported by the infrastructure networks. Grey areas show additional plan enabled capacity supported by infrastructure networks that is not estimated to be commercially feasible.

within the Whakatipu Ward being in more intensive dwellings , which currently have lower levels of feasibility. However, the modelling estimates the share of capacity that is feasible is likely to be similar between the wards over the long-term as the market for more intensive dwellings becomes more established.

Figure 2: Modelled Notified UIV Capacity and Dwelling Demand by Location: Medium-Term

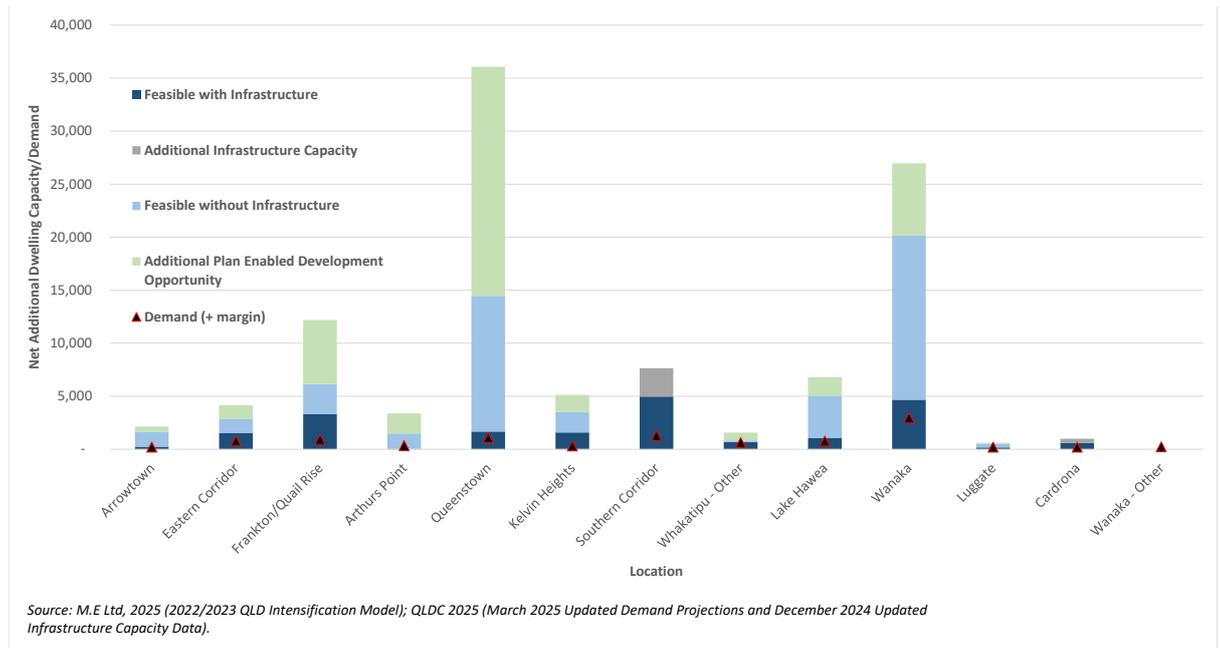
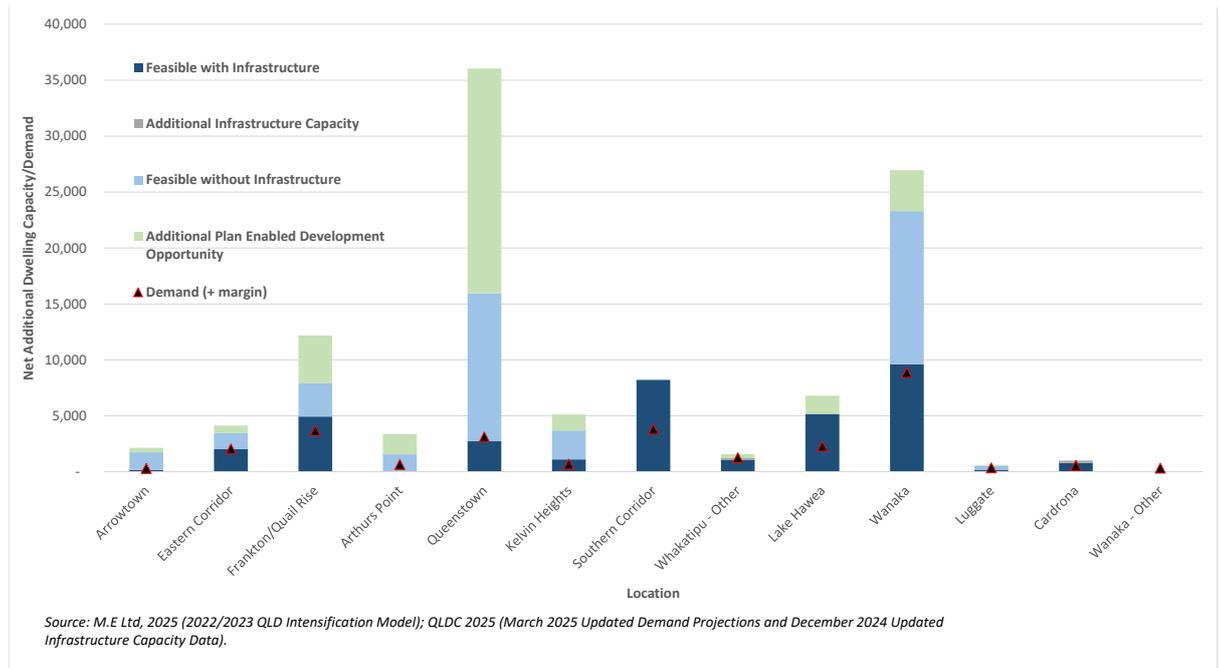


Figure 3: Modelled Notified UIV Capacity and Dwelling Demand by Location: Long-Term



4.28 I have found that, at the total scale (I address types of capacity and extent of specific zones further below), the notified UIV provides a large amount of commercially feasible development opportunity (combined light and dark blue parts of each bar) relative to demand. I consider it important for commercially feasible capacity to exceed projected dwelling demand as only a portion of these development opportunities are likely to be available to the market, with take up

likely to occur up to the level sustained by projected growth in market demand. In some areas there is further plan enabled opportunity that is not yet estimated to be commercially feasible.

4.29 From my assessment, I therefore consider that, at the total scale, the notified UIV is likely to provide sufficient development opportunity to the market to be able to meet growth over the medium to long-term across different parts of the urban environment. I examine the type of development opportunity in each location, including its alignment with projected patterns of local demand, further below.

4.30 My comparison of demand to infrastructure capacity suggests that an adequate level of this capacity is likely to be served by infrastructure networks within most areas of the Wanaka Ward urban environment to meet projected future demand. Based on my examination of the spatial distribution of this capacity (infrastructure and development type) within the Wanaka Ward, I consider it is likely to be able to align with the projected range of future housing demand by type and location.

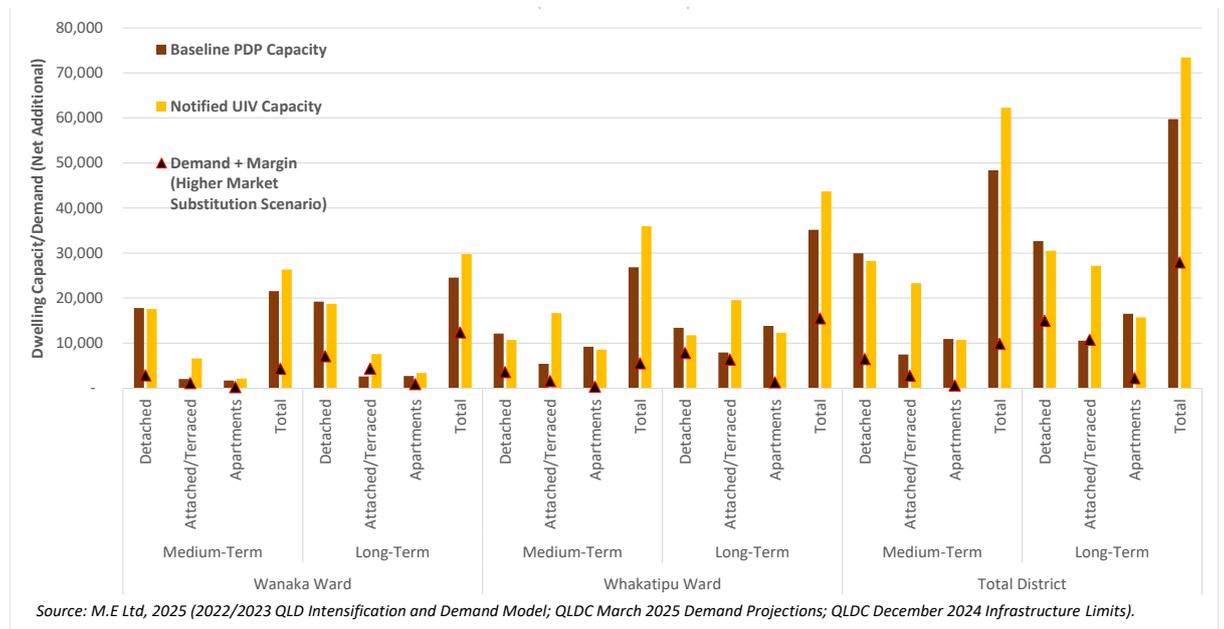
4.31 **Figures 2 and 3** show there are some areas of the Whakatipu Ward where projected dwelling demand exceeds the estimated infrastructure network capacity. Most significantly, this occurs in the central Queenstown area, which also includes Fernhill-Sunshine Bay and Frankton Arm. In my view, if this forms a constraint to growth, it is important to distinguish it from any effect from planning provisions within this area, which otherwise show a large scale of feasible development opportunity and capacity relative to projected demand.

4.32 I have also examined the alignment between projected demand by dwelling type and capacity for different types of dwellings by location across the urban environment. This is summarised at the ward level in **Figure 4** below which compares the commercially feasible capacity by dwelling type⁷ with projected demand under both the PDP and notified UIV. A full breakdown of feasible capacity

7 I have allocated capacity within each land parcel to the dwelling typology with the greatest profit margin, as well as provided a comparison based on the maximum potential yield scenario within the full local area tables in **Appendix 1** (where each parcel were developed to contain the greatest number of dwellings). It includes capacity from ODP Special Zones and structure plan areas.

by dwelling typology and location, for the notified UIV, in comparison to demand is contained in **Appendix 1**, which I also draw from in the following paragraphs.

Figure 4: Comparison of Commercially Feasible Capacity with Projected Demand (incl. Margin)



4.33 Figure 4 shows that the differences between capacity and demand become larger under the notified UIV modelled scenario. Critically, it shows that the differences become significantly larger for medium density (attached/terraced housing) under the notified UIV, which are close to or below the level of demand in some parts of the market under the current PDP provisions. In my view, this is important as these types of dwellings are likely to meet an increasing and sizeable share of future housing demand, and provide viable housing options for demand substitution from other typologies (e.g. a portion of demand for detached dwellings).⁸

4.34 I have updated my view on the sufficiency of different types of capacity in Wanaka from my 2022-2023 assessment (that was used to inform the Section 32 report) as a result of the updated higher demand projections. In my view, Figure 4 also indicates that, despite the notified UIV increased opportunity, a shortfall in

⁸ I note that Figure 4 shows decreases in higher density feasible capacity (apartments), however, this is only as a result of capacity allocated to the typology with the largest margin (with total apartment feasible capacity likely to increase under the notified UIV).

attached⁹ dwellings may occur in the long-term in the Wanaka Ward. The updated demand for attached dwellings is significantly larger (than under the previous projections) in comparison to feasible capacity, requiring a higher uptake rate of capacity. I have taken this into account, together with the development pathway types of capacity (greenfield vs. redevelopment) in my re-assessment of the proposed zoning extents and provisions in Sections 6 and 8.

4.35 The tables in **Appendix 1** show that, under the notified UIV, commercially feasible capacity is likely to exceed demand in most Whakatipu Ward locations within each typology. There are some locations where projected demand is greater than capacity, with differences that become larger in the long-term. These are mainly in the apartment typologies in less central areas. I consider that some of this demand could be met through less intensive typologies such as terraced housing (which have sizeable amounts of capacity relative to projected demand) or be met within other Whakatipu Ward locations that form part of the same market. I have also taken into account the level to which capacity exceeds demand and the proportion of capacity that would need to be taken up to meet demand. From the combination of these factors, I therefore consider that the notified UIV is likely to provide sizeable feasible development opportunity to meet projected long-term demand across different parts of the Whakatipu Ward urban environment.

4.36 I have also considered the alignment of different types of capacity and demand with the updated infrastructure information. If capacity for development opportunity is restricted due to the infrastructure limits¹⁰ in each location, then I consider this may limit its alignment with projected future demand in some locations within the Whakatipu Ward. This approach indicates that the concentration of growth into the central parts of Queenstown (including the inner residential areas) may be limited by infrastructure. Under the higher demand substitution scenario (i.e. a scenario with a greater portion of demand for more

9 This includes both lower and higher intensity attached dwellings (such as more intensive terraced housing or apartments). The net shortfall is likely to be larger for less intensive attached dwellings as these account for a greater portion of the projected demand.

10 In this assessment, I have applied the supplied infrastructure information as direct limits to dwelling capacity in each location. I rely on this information supplied by QLDC. I therefore consider that this area of my assessment is indicative only as I am unable to provide a view as to the extent that these limits are directly enforced to limit development.

intensive dwellings), this may increase the share demand for more intensive dwellings that is met in other locations such as Frankton and TPLM. Importantly, my assessment indicates this only occurs when capacity is limited by infrastructure, with the level of feasible development opportunity in central parts of the Ward for more intensive typologies large in comparison to demand.

- 4.37** When capacity is limited by infrastructure, it also indicates that the Whakatipu Ward urban environment ability to meet long-term detached dwelling demand may be limited, particularly within central areas. I consider that development market factors may also contribute to this situation within central areas in the medium to long-term. These sites are increasingly likely to develop into more intensive dwellings where the higher dwelling yields able to be achieved produce greater returns relative to development at a lower density.

Assessment of Alignment Between Intensification Development Opportunity and Relative Demand

- 4.38** I have considered the concept of relative demand within my assessment for the UIV in relation to NPS-UD Policy 5. This is particularly important in relation to establishing appropriate provisions for higher density residential development and the intensification around centres and other key areas of accessibility.

- 4.39** In my view, there is an important difference between relative demand under NPS-UD Policy 5 and demand in Policy 2. Policy 2 considers the sufficiency of capacity to meet the total projected demand in terms of the scale (dwelling numbers) of realisable capacity compared to total projected demand. Relative demand (with reference to Policy 5) instead refers to the levels of demand for different dwelling types at each location across the urban environment. Demand for housing is not spread uniformly across a city, with differences in the type and characteristics of demand in each location. The patterns and structures of demand in each location translate into different combinations of dwelling types and sizes, and scales of development sustained and delivered in each area by the market. Patterns of development are also influenced more broadly at the city scale through the overall market size for different types of dwellings and levels of establishment within the market generally.

- 4.40** If only a Policy 2 approach (in relation to the sufficiency of capacity) is taken, then I consider that it is unlikely to identify either appropriate locations, spatial extents or intensities of provision.
- 4.41** I consider that it is important to assess the development opportunity for different types of dwellings enabled in each location and how it aligns to the level of relative demand for different types of housing. I have taken this approach in examining both the level and type of dwelling capacity enabled in each location and how these are influenced by the spatial extent and scale of provisions within each of the zones. I have compared these levels of provision with my projected patterns of demand for different types of dwellings in each location.
- 4.42** I have applied this approach in my assessment of the notified UIV HDR and MDR Zones¹¹ across the District (which are all proposed for intensification). My assessment has considered the aspects of location (i.e. *where* the development opportunity is applied); and within these areas, the spatial extent across which it is applied and the scale (in relation to height and density). An important aspect of height is the level of feasibility together with the scale and timing of market demand.
- 4.43** In my view, spatial extent is a critical factor. The key factors I took into account in assessing the spatial extent were:
- (a) the level of projected demand. This includes the share of this type of activity within the context of total demand rather than only a focus on the projected net increase in higher density dwellings;
 - (b) the current and future level of market establishment of this type of demand. This includes both supply and demand side factors;
 - (c) the role of the commercial centres both in terms of their size and scale, but also, importantly, their role within the local urban centres hierarchy. Both of these factors affect the spatial extent of the catchment areas, but

¹¹ I have also considered the alignment of development opportunity with types of demand for housing in other areas outside of these zones.

more critically, the relative role of the commercial centres within their surrounding catchments; and

- (d) the total scale and geographic size of the District's urban economy as this affects the patterns of demand and the levels of trade-offs that households make in relation to their spatial interactions within a city, which affects the ability of a centre to support higher density development.

4.44 A key aspect for the HDR Zone is the spatial extent over which higher density development can be sustained by a centre or other node of accessibility. This is the spatial extent across which it is likely to function together with and be supported by the centre. When assessing the adequacy of provision for higher density development it is more appropriate to conceptualise the relationship between demand and spatial extent or scale of development than it is to simply identify whether an area contains sufficient capacity. This is because the level of higher density capacity increases much more rapidly with spatial extent than either medium or lower density capacity where a level of total capacity for higher density development is often rapidly achieved within much shorter distances than the actual current or projected future level of *relative* demand.

4.45 I have taken into account the local analysis on the current spatial patterns of land values and mapped accessibility undertaken by Mr Wallace within the District's urban environment. These are important for understanding the relativities by location within the urban environment. I consider these together with my assessments¹² on the scale and timing of projected market demand for different types of dwellings to assess how different levels of intensification are likely to be sustained by location and time period across the urban environment.

5. COMMERCIAL FEASIBILITY OF INTENSIFICATION DEVELOPMENT OPPORTUNITY

5.1 In this section I consider the types of effects that the notified UIV is likely to have on the feasibility of different development options for the commercial developer

12 I also consider other spatial aspects such as the urban economic structure of activity, including commercial centres, within the urban environment.

part of the market. I have considered how changes in feasibility (as a result of the notified UIV provisions) may gradually encourage different types of development patterns over the medium to long-term. I include further assessment to examine changes in levels of feasibility across different areas, including the central parts of each ward where intensification opportunity is focussed. This differs to quantifying overall changes in the level of feasible capacity covered in Section 4. I firstly describe the effects of the notified UIV on feasibility as indicated by my assessment across the urban residential areas where the HDR and MDR Zones are applied (with the spatial extent of these zones addressed in Section 6) and suburban residential areas where the LDSR Zone is applied. I then draw on my analyses to address submissions on feasibility issues.

- 5.2** In my view, the feasibility of the notified UIV enabled development opportunity for commercial developers is a critical aspect of the notified UIV. It is important that the UIV provisions enable a level of development that is likely to be feasible for the commercial profit-driven part of the market to deliver as commercial developers deliver a large share of the District's dwelling supply.¹³
- 5.3** Planning provisions are one of the factors that affect the feasibility of the development process. Other factors include the scale and timing of market demand, financial conditions, construction sector capacity, infrastructure provision, etc. The resulting dwelling development patterns delivered by the market are a combined function of these aspects.
- 5.4** In my view, there are important differences in the level of feasibility within the range of dwelling options (e.g. detached dwelling vs. terraced housing) enabled on each site/location. Together with other factors (such as demand), these influence the types of development options taken up by the market, with corresponding effects on dwelling supply and housing choice. The differences in dwelling yields between the potential development options on each site are a key aspect (e.g. redeveloping a site to contain fewer smaller detached dwellings vs. a greater number of terraced dwellings). Enabled yields generally need to be sufficiently

¹³ I note there are other parts of the market that also make an important contribution to dwelling supply in the District as well as other development models that differ to the profit-maximisation objectives typical of commercial developers.

higher for more intensive typologies to incentivise this type of development ahead of lower yield options that also have lower risk and construction cost.

- 5.5** I have examined the differences in feasibility between development options enabled in each location. I have compared the level of development enabled between the current PDP and notified UIV provisions, with a particular focus on the differences in enabled yield. I generally consider that the notified UIV provides for a large increase in the level of development opportunity from that enabled under the current provisions, including large increases in yield and, relatedly, a significantly expanded range of typologies. I examine the changes across different parts of the district's urban environment within the subsequent sub-sections.

Residential Areas covered by HDR and MDR Zones

- 5.6** I have examined the effect of the notified UIV upzoning through the HDR and MDR Zones within the Whakatipu and Wanaka Wards. I have firstly considered the effect on the level of plan enabled development opportunity. I then assess the effect of changes in development opportunity on the commercial feasibility of development.

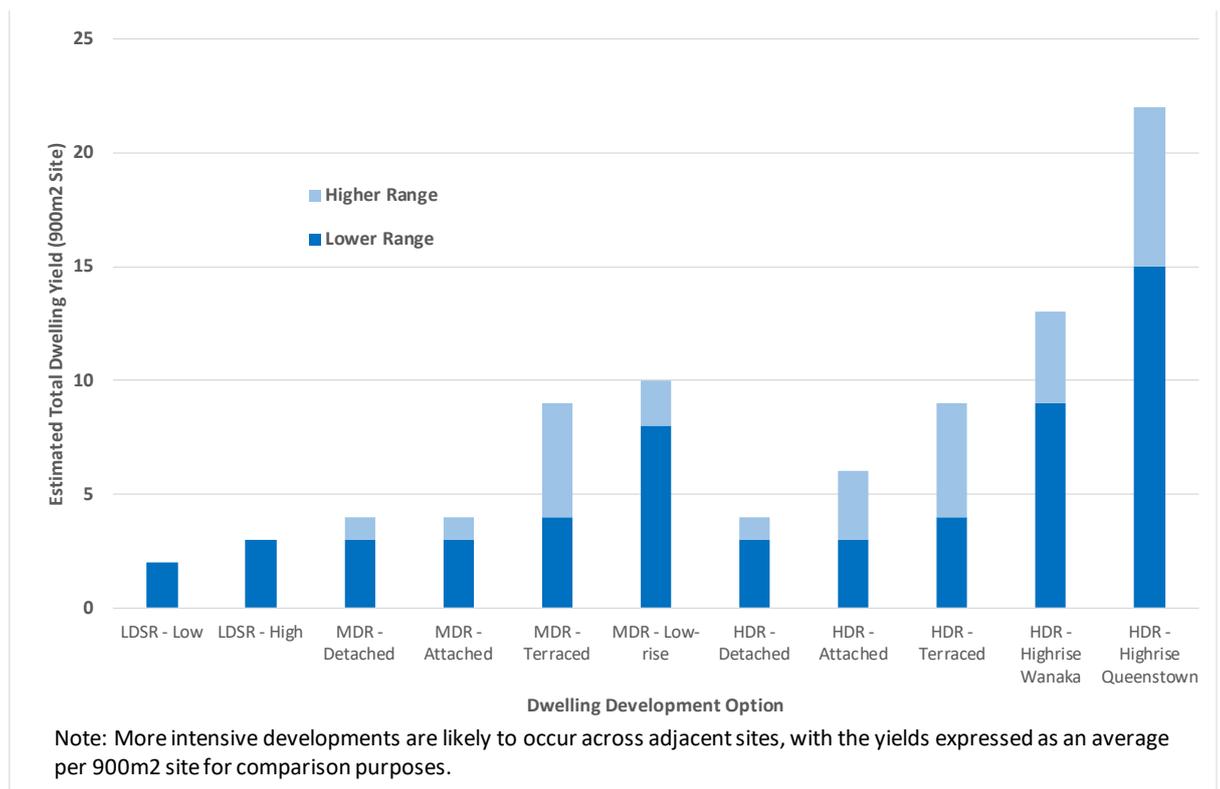
- 5.7** My modelling indicates the notified UIV is likely to significantly increase development opportunity across extensive parts of the inner urban residential areas covered by the HDR and MDR Zones. **Figure 5** below shows there are large differences in potential dwelling yields between different development options enabled on each site. I consider these are likely to correspondingly influence the market incentive for redevelopment. I also consider that in areas where upzoning has occurred, the large increases in yield are likely to substantially increase the potential returns from redevelopment of sites for the commercial market.

- 5.8** I consider that the commercial market is likely to respond to this increase in opportunity and change in potential returns. Increases in enabled yields are likely to encourage greater development of sites into more intensive typologies as a result of the increased relativities to lower density patterns. In my view, greater development intensity is likely to occur gradually through time, becoming more significant over the medium to long-term. This is likely to occur up to the scale

(number and type of developments) able to be sustained by the level and timing of market demand.

5.9 I consider that terraced dwellings are likely to form an important part of the intensification profile within the Queenstown market (particularly within the Whakatipu Ward) over the medium to long-term. This development option is already occurring within the market and is likely to become more established through time, which is consistent with patterns of development I have observed in other growing urban economies. Redevelopment of sites into terraced housing could achieve large increases in yield (up to three times that of alternative development as smaller detached dwellings), at a lower per m² cost increase and risk than more intensive typologies.

Figure 5: Indicative Maximum Potential Dwelling Yield by Dwelling Typology from Redevelopment of a Theoretical 900m² Site: Notified UIV Provisions



5.10 I have extracted the following tables specially for the HDR and MDR Zoned areas from my updated capacity modelling. They show the change in plan enabled and feasible development opportunity through the application of the HDR and MDR

Zones within each ward. To show the effect of the notified UIV, I have differentiated between areas where increased development opportunity occurs through expansion of the HDR/MDR Zones (upzoning) vs. greater opportunity through the notified UIV-increased provisions on areas already covered by these zones (intensified provisions). **Table 2** shows changes in the number of parcels with greater development opportunity from the notified UIV. **Table 3** then shows the changes in additional dwelling capacity by typology on these parcels.

5.11 **Tables 2 and 3** show that the notified UIV enables substantive increases in development opportunity across the areas where the HDR and MDR Zones are applied. The higher dwelling yields enabled under the notified UIV increase the number of parcels with redevelopment potential as well as the share of these that I estimate are likely to be feasible for commercial developers. Part of the increase in feasible capacity also occurs through a greater potential yield on parcels already feasible for redevelopment.

5.12 My assessment indicates that the greatest increases in development opportunity from the notified UIV are likely to occur in the more intensive typologies that achieve the highest dwelling yields.

Table 2: Change in Development Opportunity and Feasibility of Parcels in Notified UIV HDR and MDR Zones

Location/UIV Zone	Type of Change	Total Parcels	Parcels with PEC Opportunity			Parcels with Feasible Capacity			Share of Total Sites Feasible	
			Baseline	UIV	Sites with Increased Capacity with UIV	Baseline	UIV	Sites with Increased Capacity with UIV	Baseline	UIV
Wanaka Ward										
High Density Residential Zone	Upzoned	-	-	-	-	-	-	-	0%	0%
High Density Residential Zone	Increased Provisions	80	60	60	60	60	60	60	73%	73%
Medium Density Residential Zone	Upzoned	300	300	300	300	200	300	300	51%	96%
Medium Density Residential Zone	Increased Provisions	400	300	300	300	200	300	300	64%	88%
Total Wanaka Ward		800	600	700	700	500	700	700	59%	89%
Whakatipu Ward										
High Density Residential Zone	Upzoned	200	80	200	200	30	100	100	15%	77%
High Density Residential Zone	Increased Provisions	900	700	700	700	500	600	600	57%	73%
Medium Density Residential Zone	Upzoned	800	400	700	700	200	500	500	20%	69%
Medium Density Residential Zone	Increased Provisions	600	500	500	500	200	500	500	29%	75%
Total Whakatipu Ward		2,500	1,700	2,200	2,200	900	1,800	1,700	35%	73%

Source: M.E QLD Urban Intensification Capacity Model, 2023-2024.

Table 3: Change in Modelled Capacity on Parcels in Notified UIV HDR and MDR Zones

UIV Zone	Type of Change	Change in Dwelling Capacity									
		Plan Enabled Capacity					Commercially Feasible Capacity				
		Detached	Attached	Terrace	Apartment	Total	Detached	Attached	Terrace	Apartment	Total
Wanaka Ward											
High Density Residential Zone	Upzoned	0	0	0	0	0	0	0	0	0	0
High Density Residential Zone	Increased Provisions	90	200	400	200	200	0	0	200	200	200
Medium Density Residential Zone	Upzoned	1,000	1,500	2,800	0	2,100	600	1,200	2,700	0	2,300
Medium Density Residential Zone	Increased Provisions	1,000	1,400	3,100	0	2,600	500	900	2,700	0	2,600
Total Wanaka Ward		2,000	3,100	6,200	200	4,900	1,100	2,200	5,600	200	5,100
Whakatipu Ward											
High Density Residential Zone	Upzoned	200	400	800	3,200	3,100	80	300	700	600	1,100
High Density Residential Zone	Increased Provisions	1,500	2,300	4,700	6,500	6,600	-300	-300	2,400	6,100	7,400
Medium Density Residential Zone	Upzoned	1,500	2,500	5,300	0	4,200	800	1,600	4,500	0	3,900
Medium Density Residential Zone	Increased Provisions	1,000	1,700	2,900	0	2,600	500	1,100	2,600	0	2,800
Total Whakatipu Ward		4,300	7,000	13,600	9,800	16,500	1,100	2,600	10,200	6,700	15,300

Source: M.E QLD Urban Intensification Capacity Model, 2023-2024.

Suburban Residential Development Patterns (LDSR Zone)

5.13 I have examined the effect of the notified UIV on the feasibility of residential development in suburban areas covered by the LDSR Zone. The LDSR Zone has a spatially extensive application across the District's less central and outer urban areas. The enabled development opportunity differs substantially to that in the more central areas covered by the HDR and MDR Zones. There are large differences in enabled typologies and densities, with differences in likely returns which incentivise substantially different development patterns across each zone.

5.14 I consider that the notified UIV is also likely to increase the commercial feasibility of development within the areas covered by the LDSR Zone from that enabled under the current PDP provisions. The application of a minimum lot size of 300m² and an *average* land use density of 300m² per dwelling are key factors. These changes increase the total dwelling yield within vacant lot subdivisions, and therefore, the likely return to developers.

5.15 In my view, commercial feasibility is further increased through changes to an *average* land use density providing greater flexibility for the market to produce a range of lot sizes within a subdivision, provided land use consent is also obtained. This enables greater potential to scale the lot size distribution to patterns of demand within different parts of the market. A developer has the option to produce a range of larger lots together with smaller lots that could accommodate either some smaller detached dwellings or less intensive attached dwellings. I address this point further in response to submissions later in this evidence.

5.16 I consider that these changes also increase the feasibility of smaller scale infill developments. They increase the number of sites with infill development potential

as more sites are able to develop vacant portions of their lots and subsequently subdivide them off with the average achieved at the site level.

- 5.17** In my view, an important aspect of this change is that it increases the feasibility for the market to deliver smaller dwellings in response to market demand. It is difficult to deliver smaller dwellings on larger sites as developers generally tend to scale the size of the dwelling to the site. A site of 450m² would limit the ability for the market to deliver a smaller dwelling as it would be unlikely to achieve sufficient returns (in terms of sales prices) relative to the costs of developing a larger site.
- 5.18** I have modelled the effect of differences between a 300m² and 450m² minimum lot area (vacant lot size) within the LDSR Zone on plan enabled and commercially feasible capacity. The changes in capacity are larger than shown in the modelled capacity in Section 4 as the current provisions also assumed a 300m² vacant lot size through application of the land use consent development pathway. However, it is important to note that this also means **Tables 4 and 5** are likely to over-state the level of change due to the current ability to achieve this density with a land use consent (through constructing dwellings and then subdividing). The results are summarised in the tables below, which show the modelled net changes in dwelling capacity within the LDSR Zone (**Table 4**) and then the changes in the number of sites with redevelopment potential (**Table 5**).
- 5.19** My modelling indicates that these notified UIV changes to PDP standards are likely to significantly increase the development opportunity within the LDSR Zone. The increases are large relative to the total capacity, and are large in net terms due to the expansive spatial extent of the zone. Increases in potential capacity and its level of feasibility occur through a combination of increasing the number of parcels with additional development opportunity as well as increases to the potential dwelling yield on parcels with existing opportunity with the larger minimum lot size. The modelling indicates that higher potential yields are likely to increase the share of sites that are likely to be feasible to redevelop.

Table 4: *Modelled Capacity (Net Additional Dwellings) on LDSR Zoned Parcels by Vacant Lot Size Scenario*

Reporting Area	Plan Enabled Capacity		Change: 450m2 vs. 300m2		Commercially Feasible Capacity		Change: 450m2 vs. 300m2		Share of Plan Enabled Capacity Feasible	
	LDSR at 450m2	LDSR at 300m2	Net Change	% Change	LDSR at 450m2	LDSR at 300m2	Net Change	% Change	LDSR at 450m2	LDSR at 300m2
Arrowtown	300	800	500	197%	100	400	300	296%	38%	51%
Arthurs Point	700	1,200	500	80%	300	900	700	256%	38%	74%
Eastern Corridor	700	1,600	900	118%	300	1,000	700	250%	40%	64%
Frankton	500	1,000	400	80%	400	800	400	101%	69%	77%
Kelvin Heights	2,000	3,400	1,400	73%	1,800	2,900	1,100	64%	89%	85%
Outer Wakatipu	-	-	0	0%	-	-	0	0%	0%	0%
Quail Rise	20	30	10	55%	-	30	30	0%	0%	94%
Queenstown Town Centre	1,200	2,500	1,300	103%	600	1,900	1,300	233%	45%	74%
Small Township - Whakatipu	-	-	0	0%	-	-	0	0%	0%	0%
Southern Corridor	-	-	0	0%	-	-	0	0%	0%	0%
Whakatipu Ward	5,500	10,600	5,100	93%	3,400	7,900	4,600	136%	61%	75%
Cardrona	-	-	0	0%	-	-	0	0%	0%	0%
Lake Hawea	2,900	4,200	1,300	45%	2,300	3,900	1,500	66%	80%	92%
Luggate	300	500	200	55%	30	500	500	1812%	8%	100%
Outer Wanaka	-	-	0	0%	-	-	0	0%	0%	0%
Wanaka Town Centre	5,900	11,700	5,800	99%	3,800	9,300	5,500	145%	64%	79%
Wanaka Ward	9,100	16,300	7,300	80%	6,100	13,600	7,500	123%	67%	83%
Total Urban Environment	14,600	26,900	12,400	85%	9,500	21,500	12,100	127%	65%	80%

Source: M.E QLD Urban Intensification Capacity Model, 2023-2024.

Table 5: LDSR Zoned Parcels with Modelled Capacity by Vacant Lot Size Scenario

Reporting Area	Total Parcels	Parcels with Plan Enabled Capacity		Change: 450m2 vs. 300m2		Parcels with Commercially Feasible Capacity		Change: 450m2 vs. 300m2		Share of Parcels with Capacity as Feasible	
		LDSR at 450m2	LDSR at 300m2	Net Change	% Change	LDSR at 450m2	LDSR at 300m2	Net Change	% Change	LDSR at 450m2	LDSR at 300m2
Arrowtown	800	100	500	300	258%	30	100	90	297%	22%	24%
Arthurs Point	400	200	300	100	56%	60	100	40	68%	31%	34%
Eastern Corridor	600	200	600	300	139%	60	200	90	134%	27%	26%
Frankton	400	90	200	100	127%	20	60	50	300%	17%	30%
Kelvin Heights	700	200	600	300	139%	80	200	100	124%	33%	31%
Outer Wakatipu	-	-	-	0	0%	-	-	0	0%	0%	0%
Quail Rise	-	-	-	0	0%	-	-	0	0%	0%	50%
Queenstown Town Centre	1,700	400	900	500	123%	200	400	200	127%	42%	43%
Small Township - Whakatipu	-	-	-	0	0%	-	-	0	0%	0%	0%
Southern Corridor	-	-	-	0	0%	-	-	0	0%	0%	0%
Whakatipu Ward	4,500	1,300	3,000	1,700	133%	400	1,000	600	137%	32%	33%
Cardrona	-	-	-	0	0%	-	-	0	0%	0%	0%
Lake Hawea	800	600	800	200	25%	200	600	400	248%	26%	72%
Luggate	40	40	40	0	0%	10	40	30	223%	31%	100%
Outer Wanaka	-	-	-	0	0%	-	-	0	0%	0%	0%
Wanaka Town Centre	4,400	2,000	3,800	1,800	91%	700	1,900	1,300	194%	33%	51%
Wanaka Ward	5,300	2,700	4,600	2,000	74%	800	2,600	1,700	205%	32%	55%
Total Urban Environment	9,800	4,000	7,600	3,700	93%	1,300	3,500	2,300	183%	32%	46%

Source: M.E QLD Urban Intensification Capacity Model, 2023-2024.

5.20 While I consider the notified UIV is likely to increase the feasibility for development within the LDSR Zone, I consider that the proposed provisions are less likely to incentivise or increase the feasibility for developers to deliver a range of dwelling types within subdivisions. This is because the overall subdivision dwelling yield is not increased through developing a portion of sites to contain attached dwellings.¹⁴ In my view, this may reduce the benefit to households of increased housing choice and affordability that are set out in Section 7.

Responses to Submission Points on Commercial Feasibility

5.21 Several submitters (800, 1238) have raised concerns that the level of development opportunity enabled within the notified UIV may limit the feasibility of development for the commercial developer part of the market. These include:

¹⁴ While the notified UIV provisions enable a range of lot sizes in the LDSR Zone, they only enable the construction of one dwelling on each site. The maximisation of returns to a developer (a major influence on the dwelling pattern) becomes a function of the expected returns from the allocation of a fixed maximum number of dwellings across different sizes and types. This means that there is reduced incentive to produce a lot size structure with sites configured to contain multiple dwellings as the maximum number of potential dwellings is not able to be increased. I consider that the production of smaller or more intensive dwellings (e.g. duplex pairs) is therefore not incentivised through an ability to increase overall yields.

- (a) Submission 800 considers that insufficient building heights are enabled within town centres to enable the commercial viability of redevelopment in these areas;
- (b) Submissions 800 and 1238 consider that insufficient height is enabled within the HDR Zone for higher density development to be commercially feasible; and
- (c) Submissions (including 134, 652, 653, 654, 833 and 948) consider that the HDR Zone vacant lot subdivision minimum site size and dimension requirements are difficult to achieve and greater flexibility is required for the commercial market to viably develop these sites. Submission 948 instead seeks a vacant minimum lot size of 250m² within this zone.

5.22 It is noted that several submitters seek additional spatial application of the HDR/MDR Zones on the basis of limitations to commercial feasibility. They consider that commercial feasibility of redevelopment in a large proportion of the areas covered by the HDR and MDR Zones is limited by the existing fragmented parcel structure and levels of capitalisation within these areas. I respond to the assessment of these factors limiting feasibility within the following sub-sections, with my assessment of the requested changes to the spatial extent of the zones in the urban form / rezoning section.

Infrastructure Commission Submission on Commercial Market Dwelling Supply

5.23 The Infrastructure Commission (IC) (Submission 1238) considers that the notified UIV is unlikely to have any substantive effect on dwelling growth across the District due to constraints in feasibility from the provisions. It estimates that the notified UIV will be likely to produce 31 to 149 additional dwellings in Queenstown compared to the baseline PDP provisions.

5.24 To inform this view, the IC has undertaken a high-level estimation of the effect of an additional 3 metres in height enabled in the HDR and MDR Zones. It has estimated the changes in land values in response to height increases in other urban economies. These have then been applied to the District (at a wider suburban area

average scale) to approximate a change in the capitalisation rate and, from that, infer a probability of redevelopment.

5.25 I have examined the key stages of the technical approach set out in the IC submission and consider that it only assesses a small (and isolated) component of the change in development potential enabled by the notified UIV. In my view, the IC estimated scenario considers only the percentage change in height. It does not include any increase in density allowance (number of dwellings) or the shift in typologies enabled on each parcel through the combined changes. I therefore consider that the IC estimation of additional realised capacity is unlikely to provide an indication of the potential scale of change from the notified UIV provisions.

5.26 The change in realised development estimated by the IC is likely to reflect the limited scope of changes in development potential that are modelled within the IC's technical approach. In my view, changes in development patterns and opportunities taken up by the market are likely to be substantially greater over time as the development sector responds to the large changes in opportunity.

5.27 In effect, it appears that the IC submission may only model the equivalent of a scenario where 3 storey detached dwellings could be constructed on full sites rather than only 2 storey dwellings. The modelled change therefore does not capture changes in dwelling yield or typology, with the effect being limited to only assessing the additional margin that could be achieved through constructing the same number of dwellings with a few of them somewhat larger if they had an additional storey. The current inability to construct a third storey on many of these parcels is unlikely to prevent the sites from being redeveloped.

5.28 I consider that the change in additional dwelling supply is likely to be much larger. In contrast to the scenario modelled by the IC, the notified UIV instead provides for a sizeable shift in the development opportunity on many of these sites that is up to an order of magnitude larger (in terms of potential dwelling yield) than the current yield. This is shown above at Paragraphs 5.7 to 5.12 5.12 where the changes in dwelling yield are proportionately larger than only the modelled 50% change in height.

- 5.29** In my view, the large increases in potential yield are likely to significantly shift the potential returns to developers from that of a low density development pattern that currently exists (and captured by the IC scenario), up to a scenario that enables the market to deliver sites much more intensively as terraced housing or low-rise apartments in some areas.
- 5.30** I instead consider that the large increases in enabled yield across much of Queenstown's areas of highest relative demand are likely to form a large commercial incentive for developers. I note that there are many sites within the inner residential areas of the Whakatipu and Wanaka wards that are currently occupied by low-value, older single dwellings that are at or near the end of their economic life. More intensive development patterns are already occurring on a number of these sites, with attached dwelling development patterns already well-established within the market.
- 5.31** The IC estimate of an additional 31 dwellings would imply that only up to 6 of these sites (across the District) would be redeveloped as terraced housing over the next 10 years. This would reflect a scenario of very little response from the commercial development sector. I consider that it is unlikely that the commercial market would not respond to this increased opportunity, including the large increases in potential yield and returns enabled by the provisions.
- 5.32** I instead consider that it is more likely that a range of sites, at a scale able to be sustained by the market, will get taken up and developed at higher intensities in response to the increased returns from higher yields¹⁵ within the HDR Zone, with further intensification within the MDR Zone, which I have addressed earlier in this section. In my experience, often only a minor portion of total sites within an area would need to be redeveloped at the highest intensities to accommodate growth, particularly across the short to medium-term.

15 I note also that the increase in feasibility is greater than the increase in storeys due to the generally higher feasibility than for low-rise apartments. This is shown in the UIV feasibility modelling.

- 5.33** I also consider that the suburb-level¹⁶ average approach used by the IC is unlikely to be able to identify sites that are feasible for intensification. I note also that the suburb-level averages, which have been interpreted by the submission to suggest limited redevelopment feasibility, may instead reflect an area where significant redevelopment is already occurring.
- 5.34** The submission considers that sites with a high land value ratio are more likely to redevelop than sites with existing high levels of capitalisation. I generally agree that this pattern of intensification is often reflected at the individual site level. However, the submission calculates this ratio for the Whakatipu Ward HDR Zoned area overall (Queenstown East and Frankton Arm suburban areas), providing a single ward-level average value.
- 5.35** In my view, it is more appropriate to undertake this assessment at the parcel level. This is very important because the feasibility, development potential, and existing capitalisation, differs substantially between sites. The *suburb-level* average scores are often unrelated to *site-level* scores on sites that are estimated to be feasible to redevelop. Application of an area-wide average in areas where significant redevelopment has already occurred is likely to mistakenly obscure the redevelopment potential on remaining sites that are not yet redeveloped. This is particularly the case in areas such as Queenstown where redevelopment processes are already underway.
- 5.36** In my experience, *suburb-level* averages are instead more useful for understanding the spatial structure of existing development patterns across the city and need to be understood within the context of the development patterns already observed in the market. For instance, if an urban economy is already experiencing intensification in some locations and this has already occurred across a significant number of sites (albeit with a large proportion still remaining not yet redeveloped), then this would lower the suburb-level land value ratio (which is claimed to indicate lower redevelopment likelihood). However, if the same analysis was undertaken at the parcel level across parcels that had not yet been redeveloped, then the land

16 The IC calculated averages at the suburb level, which it defined through StatsNZ Statistical Area 2's (SA2s). These are a statistical boundary used to generally reflect suburbs.

value ratio is likely to be substantially higher. This would suggest these sites were feasible for redevelopment, which would also be supported by the existing levels of redevelopment on other already redeveloped sites within the same neighbourhood.

5.37 I have examined the effect of the proposed intensification areas on both development opportunity and commercial feasibility. This is set out above in paragraphs 5.10 to 5.12 5.12 (and in my feasible capacity assessment in Sections 44 and 5) and shows that the intensification areas are likely to substantially increase both the potential dwelling yields in these areas as well as the commercial feasibility of development. The relative increases are particularly large when parcels are redeveloped into more intensive typologies that produce significantly higher dwelling yields. I consider that the commercial market is likely to respond to this increased opportunity through redeveloping a greater number of sites, including at a higher intensity.

Heights in Town Centres – Queenstown and Wanaka Town Centres

5.38 Several submissions cover the proposed heights within the Wanaka Town Centre (WTC) and Queenstown Town Centre (QTC):

- (a) Submission 325 considers that the proposed heights within the WTC will affect the character of the town centre and requests the reduction of building area above three storeys; and
- (b) Submissions 662 and 663 seek further increases to height within the WTC to increase the commercial feasibility of development. This is supported by further submissions 800 and 1312.

5.39 In my view, increases in enabled building heights may increase the feasibility of development, provided there is sufficient market demand to take up the added dwelling capacity or additional floorspace. I consider it is important that the height provisions within areas where higher density residential development is appropriate, are sufficient to enable the feasibility of development, noting that feasibility depends on a number of factors.

- 5.40** Increased heights enable greater dwelling yields to be achieved, which help to offset the higher land and development costs from this form of development. An examination of the construction costs per unit of vertically-attached apartment dwellings indicates that costs are highest for three to four-storey buildings. This is due to the higher construction costs between two to three-level walk-up terraced or apartment dwellings and higher vertically-attached typologies. The additional construction aspects associated with this typology (e.g. lifts and construction materials) are spread across a limited number of units at three to four-storeys, therefore often generally reducing the level of feasibility.
- 5.41** In my view, the scale and timing of market demand are also key factors that affect the feasibility of higher density development within the town centres. The potential influence of permitted building heights needs to be considered together with demand to understand their likely effect on the commercial feasibility and viability of constructing higher density developments.
- 5.42** The market for higher density dwellings is relatively recent in the District and currently accounts for only a minor portion of the total dwelling demand. The height of buildings able to be sustained by market demand is limited by the scale and timing of market growth. An important component of the feasibility of development is the ability to sell dwellings produced, including the pre-sales of apartments prior to construction. Recent developments within the Whakatipu Ward have been focussed around the Frankton area, with development of medium-sized apartment buildings of up to around 6 storeys. The apartment market is currently less established within the Wanaka Ward and likely to form a smaller component of total market demand.
- 5.43** I consider that the commercial feasibility of some higher density development in the QTC may be limited under the notified UIV in areas of lowest height provision. My modelling (refer Section 4) has indicated that the feasibility of development in these locations is limited by the lower potential dwelling yields in relation to the costs of redevelopment.

- 5.44** I consider that redevelopment may still occur on some parcels in these areas as landowners seek to maximise the returns able to be achieved on these properties. However, redevelopment is more likely to occur at a later stage, than with a greater height allowance, as the reduced relative increases in returns may be insufficient to incentivise redevelopment within a shorter time period. I also note that some parcels may still redevelop, but with higher-end dwellings or space offered to the market at a higher price to offset the higher relative costs of their development. This may be a viable option within the QTC due to the significant component of demand for higher value dwellings.
- 5.45** I also consider that the commercial feasibility of higher density development in other parts of the QTC may be further increased with greater height allowances. Feasibility is likely to increase with height up to the point of market demand, with further increases in feasibility less likely.
- 5.46** I consider that the notified UIV heights for the WTC may also limit the commercial feasibility of higher density development. The effect of limited feasibility on the types of dwellings delivered by the market is more likely to occur in the medium to longer-term once the market for higher density dwellings otherwise becomes larger and more established in these areas.
- 5.47** In my view, it is important that the notified UIV provisions enable a level of development that is likely to be feasible for the commercial profit-driven part of the market to deliver. It enables large increases in yield and much greater range of typologies. A critical aspect is that the increased yields and potential returns from the provisions are likely to also incentivise the market to produce a more diverse range of dwelling typologies across a range of locations. The increased yields that are able to be achieved through constructing more intensive dwelling typologies as anticipated in the WTC are likely to provide greater returns to developers and encourage their construction.
- 5.48** In my view, it would be economically beneficial for the market to deliver a greater number of higher density apartment dwellings within the town centres. These benefits are set out in Section 66 on urban form effects. The feasibility of

development for a commercial developer is likely to be increased through enabling greater dwelling yields through greater height limits than currently proposed. I also consider that there may be other factors such as environmental considerations that may see development at a lower height more appropriate.

Feasibility of High Density Residential Zone Provisions

Height

- 5.49** The notified UIV enables the development of up to five storeys across most of the HDR Zone within the Whakatipu Ward. The enabled development opportunity is lower within the Wanaka Ward at up to three storeys in both the Waterfront area and within Three Parks.
- 5.50** A number of submissions¹⁷ request additional height increases within the HDR Zone to increase the feasibility and likelihood of development. Submissions consider that additional development is unlikely to occur within the proposed provisions due to their constraints on feasibility. I disagree with this assessment and instead consider that the additional development opportunity (including the increased heights) are likely to incentivise higher density development within the HDR Zone. I have responded to the technical assessment informing submission 1238 in paragraphs 5.23 to 5.375.255.37.
- 5.51** Despite my disagreement with the scope of the technical approach taken in submission 1238, I have considered the economic effects of *further* height increases within the HDR Zone. I agree that further increases in height (beyond what was notified) may increase the feasibility for the commercial developer part of the market to deliver this form of housing when the market becomes more established with a larger future base demand.
- 5.52** I also consider that further increases in heights within the HDR Zone may encourage developers to deliver higher density apartment buildings ahead of other development options. This occurs by increasing the potential returns of this type of development relative to other lower yield, but lower risk and cost options such as terraced housing.

¹⁷ Submissions include 200, 800, 1238.

- 5.53** In my view, it would be beneficial to further increase enabled heights within the HDR Zone to encourage the market to deliver these types of dwellings. I set out the benefits of an increased number and mix of dwellings (including delivery of higher density dwellings) and associated increases in housing affordability in these locations in Section 77.
- 5.54** My assessment finds that feasibility is likely to increase with height up to the point at which the level of development is able to be sustained by the scale and timing of market demand. By this I mean that the scale (height and size) of buildings able to be delivered by the market is also determined by the number of dwellings able to be sold at the time of the development. Despite further increases in enabled height, the market would be unlikely to construct taller buildings that are significantly ahead of the level of market demand. As above, within the Whakatipu Ward context, recent higher density development has occurred around Frankton at up to 6 storeys.
- 5.55** I consider that height increases within the areas of HDR Zone within Wanaka (at the Waterfront and Three Parks) would also increase the feasibility of higher density development in this area. I agree that the notified height of up to three storeys in this location is likely to reduce the viability of this form of development for the commercial market. Improved feasibility would also increase dwelling choice and total dwellings supplied in this location.

Minimum Vacant Lot Size and Dimensions

- 5.56** I have considered the submission points¹⁸ on the minimum lot size and dimensions limiting the commercial feasibility of development. I understand that the intention of these provisions is that requirements for a minimum lot size and dimension of 600m² and 20m by 20m, respectively, only apply to the formation of vacant lots through subdivision (with subsequent development of dwellings). I also understand that these requirements do not apply to developments where dwellings are first developed and then subdivided into individual titles after dwellings are constructed

¹⁸ Submissions include 800, 1238.

(such as the typical development sequence of terraced housing). Development can also occur across multiple adjacent sites without the need for site amalgamation.

5.57 I consider that the minimum lot size and dimensions are likely to have a more limited effect on the viability of residential intensification within the HDR Zone than suggested within the submissions. This is because these requirements would apply to only one development pathway which is only likely to account for a minor share of the dwelling delivery in this location.

5.58 I consider that the vacant lot provisions are likely to have the greatest effect on the feasibility of detached dwelling development within the HDR Zone. This is because it would limit the further subdivision of smaller vacant lots from sites, which are generally developed as detached dwellings. Development of detached dwellings generally produces fewer economic benefits in relation to dwelling supply due to their lower yield and would represent a less efficient land use in this central location.

5.59 In my view, the commercial market generally favours the development of more intensive multi-unit developments that produce better returns within central locations where the HDR Zone is applied. These developments typically occur over larger sites or across adjacent sites and would therefore be less affected by these provisions. Most terraced housing or higher density apartment buildings, which are important components of intensification in this location, would not be affected. Examination of terraced dwelling developments show they typically occur on larger sites (greater than 600m²) or across adjacent sites (without requiring site amalgamation). Subdivision of the initial parent sites into individual titles for each unit typically occurs once dwellings have been constructed, meaning the vacant lot rules do not apply.

5.60 I consider that the minimum lot dimension of 20m by 20m is likely to be more limiting on development opportunities, and note that many lots that accommodate smaller scale intensification developments on sites larger than 600m² are unable to accommodate this parameter. I agree with submission 948 that greater flexibility on this dimension would produce a more efficient pattern of development.

However, I also understand that this would only apply with the formation of vacant lots, and would not apply when dwellings are constructed first through a land use consent development pathway.

- 5.61** In my view, the notified HDR Zone vacant lot minimum size and dimension provisions are likely to have only limited economic benefit. While they may reduce the feasibility of developing detached dwellings through infill subdivision, they would be unlikely to reduce the feasibility of other development pathways for detached dwellings (such as redeveloping full sites to contain multiple detached dwellings with subsequent subdivision). Furthermore, the greater returns from development of these sites at a higher intensity (than detached dwellings) in these locations is likely to already discourage the development of detached dwellings.

Feasibility of Medium Density Residential Zone Provisions

- 5.62** I disagree with submissions¹⁹ that consider that intensification within the proposed MDR Zone areas is unlikely to be commercially feasible. I have shown the large increases in feasibility in areas where this zone is applied earlier in this section in paragraphs 5.10 to 5.12 5.12, and in response to my assessment of the IC submission in paragraphs 5.23 to 5.375.37. I also summarise the increases in modelled feasible capacity from the notified UIV generally in Section 44.

- 5.63** I instead consider that the market is likely to respond to the increased development potential within the MDR Zone and is likely to deliver a significant portion of dwellings up to the enabled densities. In particular, this includes terraced housing and some low-rise walk-up apartments. Development of sites into these typologies produces a larger relative difference in yield to the currently enabled development pattern (i.e. +200% to +300% increase in potential yield), and consequently likely return. The proportional increase is much larger than that implied through only considering their proportional increase in height (i.e. +50% increase in storeys) as assessed in the submissions.

- 5.64** I have examined recent patterns of dwelling development across the District as part of my technical assessments for a range of projects. I have found that terraced

¹⁹ Submissions include 800, 1238.

housing is already occurring across many locations within the District’s housing market and would enable these sites to be developed at around three to four times their existing potential. I consider that development of medium-density attached dwellings, including terraced housing, is likely to continue to account for an increasing share of new dwellings in Queenstown.

6. URBAN FORM ECONOMIC EFFECTS AND WELL-FUNCTIONING URBAN ENVIRONMENT

6.1 In this section I consider the economic effects of urban form that are likely to occur through application of the notified UIV provisions. I examine these in relation to both the wider spatial economic structure of the District’s urban environment and at the local level, particularly in terms of residential intensification around centres. I then outline my approach to assessing the levels of intensification in relation to relative demand. Using this approach, I evaluate the location and spatial extent of the main intensification areas within each ward.

6.2 In this section I then draw on my assessments to respond to submissions on urban form economic effects. I firstly respond to submissions on aspects of the notified UIV that apply generally across the urban environment, or at a broader level within different locations. I then respond to individual zoning requests in Section 7.25.

6.3 In my view, there are important economic effects of the District’s urban form that are likely to arise over the medium to longer-term as a result of development patterns that are encouraged by the notified UIV. The proposed intensification provisions would enable patterns of growth that differ substantially to past patterns of mainly lower density development within the District.

6.4 An efficient urban form is a critical component of a well-functioning urban environment, where the geographic distribution of different land uses and their intensity impact upon the efficiency of interactions and accessibility of households, businesses and individuals across the urban environment.

- 6.5** Changes to the District’s urban form are likely to occur gradually and become significant over time through the cumulative effect of many individual land use decisions. Individual land use decisions have economic effects beyond the costs and benefits that are experienced and taken into account by the commercial development sector at the time of development or construction. This occurs through their contribution to patterns of urban form, where effects are experienced in aggregate at the community and district level and are often different to the private returns to developers at the property parcel level.
- 6.6** I consider that an important economic effect of urban form relates to the accessibility of different parts of the urban environment to centres and other areas of commercial and social amenity, including access to employment areas. The development patterns enabled and encouraged by the notified UIV affect the location of households relative to these areas of amenity. In my view, increased levels of growth within central areas and areas of highest accessibility to amenity is likely to have greater economic benefit than more dispersed patterns of growth.
- 6.7** The urban form of development also has economic effects for infrastructure provision. Intensification in central areas around commercial centres reduces the demand for infrastructure and may also result in lower costs for infrastructure provision. In contrast, patterns of lower density outward urban expansion typically have higher infrastructure costs through the greater physical construction of network extensions required to support this growth.

Residential Intensification and Role of Centres

- 6.8** I generally consider that a centres-based urban form is a more efficient and sustainable pattern of urban growth than dispersed patterns of development. The concentration of activity into central nodes results in more efficient patterns of consumer access to goods, services and other household needs. It also increases efficiency through the centralisation of infrastructure and services delivery. This also includes the provision of social and other public infrastructure such as public space, which are important components of the social role of centres.

- 6.9** In my view, the level of residential intensification around commercial centres plays an important role in supporting a centres-based urban form. A concentration of residential demand within these locations reinforces the commercial viability and vitality of centres, with more dispersed patterns of growth resulting in reduced economic benefits for centres.
- 6.10** Location is not neutral. The level of intensification around centres and the scale at which this could occur differs significantly by location. Intensification in larger economies typically includes a higher share of more intensive dwellings, occurring across greater distances. This is due to the type of development able to be sustained by the market and differences in trade-offs in accessibility across the urban area. Smaller urban economies, such as the QLD, generally have lower levels of demand for higher density development than is the case in larger cities such as Auckland. This means that smaller areas around centres are generally more suited for intensification than in larger urban economies where the market is more established and greater trade-offs are made with location and other dwelling choice factors across the urban area. In my view, it is important that policies suited to large cities are not simply transplanted into smaller cities and towns.
- 6.11** I have considered the likely scale and nature of residential intensification within the context of urban economies such as the QLD and how this aligns with the development patterns encouraged by the notified UIV. I have considered the feasible development opportunity with respect to the local economic conditions, including the likely scale, timing and type of market demand.

Spatial Economic Structure of the Whakatipu Ward

- 6.12** In my view, there are also important impacts of urban form at a broader scale in relation to the distribution of activity across the district's spatial economic structure. I have considered how the development patterns encouraged by the notified UIV may contribute to this spatial structure.
- 6.13** I consider that the notified UIV is likely to encourage a pattern of growth that contributes to a more efficient spatial structure than a more dispersed pattern of growth encouraged by the current provisions. This is likely to occur gradually

through time with increasing shares of growth occurring in the central parts of the district. Over the long-term, this is likely to support the further development of QTC as a main commercial node.

- 6.14** In my view, an important consideration is whether further increases in efficiency to the Whakatipu Ward's broader spatial structure would be likely to occur through a growth pattern also supporting the development of the urban concentration surrounding Frankton. I consider the effect of further residential intensification in this area in my response to submissions.

Spatial Extent of Intensification (HDR and MDR Zones) in Whakatipu Ward

- 6.15** In my view, the location, spatial extent and scale of development enabled in the HDR and MDR Zones have important effects on urban form. These affect the level of intensification likely to occur around commercial centres and the balance of growth between central and peripheral parts of the ward.

- 6.16** I consider that HDR and MDR Zones provide significant opportunity for intensification²⁰ across a sizeable portion of the central parts of the ward that have highest levels of accessibility and commercial/social amenity, and highest relative demand. The greatest scale of intensification opportunity is focused in areas surrounding the QTC through the HDR Zone. Significant increases in development opportunity from existing patterns of development are also enabled across a large proportion of the inner suburbs beyond the QTC main walking catchment area.

- 6.17** In my view, there are important differences in the economic effects of development patterns encouraged by each zone. These arise from the location and spatial extent of development, with the effects influenced by the scale and timing of market demand for each type of development. I set this out in the following paragraphs.

- 6.18** I consider that higher density residential development is an important aspect of the Whakatipu Ward's future urban form. It can support the viability and vitality of

²⁰ My updated 2024 capacity modelling shows that the notified HDR and MDR Zones substantially increase the level of development opportunity across these areas in comparison to the existing PDP provisions. The scale of capacity is large relative to demand as well as providing a significantly expanded range of development options for the market.

commercial centres, but may also dilute potential intensification around centres if it occurs in less appropriate locations. It is most efficiently located within and immediately adjacent to larger commercial centres within the central parts of the District, and in areas of highest accessibility and amenity within the urban environment. A key consideration is whether a centre or other location is able to provide sufficient amenity through its range of commercial activity and community services to adequately support higher density development.

6.19 The HDR Zone is applied through the notified UIV in locations that are likely to be well supported by commercial amenity from the QTC. Higher density development within these areas is also likely to support the economic viability of the commercial role of the centre.

6.20 I have examined the scale and timing of market demand for higher density development in the Whakatipu Ward. The market is currently limited in scale, with higher density development sustained in fewer central locations and at a moderate scale. Based on my assessment in Section 4, I consider that this likely to increase during the long-term, with development able to be sustained in a greater range of locations, however, is still likely to account for a smaller share of total demand than in larger cities. My demand assessment estimates there is a projected demand for 1,300 to 3,500 apartment dwellings over the long-term.

6.21 In my view, provision for higher density development that is very extensive, within the local economic context, risks the dilution of higher density development across larger areas. It may therefore undermine the intensification benefits that would otherwise occur from development that is closer to the centre. There is also a risk of isolated higher density developments occurring opportunistically in locations that do not function together with the commercial centre and that are inconsistent with the surrounding urban form.

6.22 In my view, medium-density development is likely to form an important part of the District's urban intensification and future housing supply. This type of development is likely to account for a large share of the development within the HDR and MDR Zones. Within the Whakatipu Ward market context, development at this scale is

likely to form an important component of the intensification in residential areas immediately surrounding centres as well as intensification of inner suburban areas extending beyond these areas.

6.23 I consider that medium density development across a wider spatial scale (than higher density development) is likely to have greater economic benefits for an urban form that contributes to a well-functioning urban environment. Development at this scale is likely to correspond to a much larger share of the market demand and is already well-established and commercially feasible across a wide range of locations within the Ward. The larger scale of market demand means it is therefore able to be sustained across more extensive areas without diluting the level of intensification immediately surrounding commercial centres.

6.24 In my view, the spatial application of the notified UIV MDR Zone generally corresponds to areas of relative demand for this type of development. The greater extent of these areas are also relatively central and accessible when considered across a broader spatial scale, meaning they are suited to this type of development.

6.25 I consider that the notified spatial extent of the MDR Zone is likely to encourage development trajectories that contribute to increasing the efficiency of the urban form over the medium to long-term. The sizeable increases in development opportunity and potential dwelling yield within this zone, in comparison to currently enabled opportunity, is likely to result in higher shares of growth occurring in these central parts of the district. In my view, the spatial extent of the opportunity is relatively expansive, allowing up to intensive terraced housing or walk-up apartment developments across large shares of the central part of the District.

6.26 In my view, it is important that the level of development opportunity provided across these central areas is differentiated from development opportunity provided in more peripheral locations. Provision of similar development opportunity in more peripheral locations may result in a less economically efficient urban form through reducing the share of growth that occurs centrally. The well-established status (both within the supply and demand sides of the market) of this

type of development increases the propensity for it to occur opportunistically in more peripheral locations that would produce a less efficient urban structure.

Spatial Extent of Intensification (HDR and MDR) in the Wanaka Ward

- 6.27** I have considered the urban form economic effects of the development patterns encouraged by the notified UIV in the Wanaka Ward and the alignment of development opportunity with the level of relative demand within the local Wanaka Ward market. In my view, there are important differences between the Wanaka and Whakatipu Ward local housing markets that influence the likely development patterns and their contribution to urban form.
- 6.28** My assessment indicates that the Wanaka market is less intensive than the central areas of the Whakatipu Ward. A greater share of intensification is likely to occur at the medium density scale, with a reduced component of demand for higher density development. Higher density scale redevelopment of existing residential sites would be likely to result in greater inconsistency with the immediately surrounding dwellings for a longer time-period.
- 6.29** In my view, the notified UIV provisions are likely to enable some intensification in areas that are likely to contribute toward an economically efficient urban form and well-functioning urban environment. The provisions encourage intensification around the existing town centre and within the Three Parks area.
- 6.30** I consider that proposed intensification within the central areas surrounding the town centre and Three Parks is likely to support the commercial viability of both areas. Although the HDR Zone is closer to Three Parks, intensive development within this area would also be within the immediate catchment area of WTC, also generating demand for this centre. This is important because of the wider role of the town centre that is sustained by its commercial function. I also note the potential future provision of social and other community infrastructure within Three Parks as enabled by the zoning in this area.
- 6.31** I have updated my view on the spatial extent and scale of intensification development opportunity within the Wanaka Ward as a result of the updated

demand projections supplied to me by QLDC in May 2025. I consider that further provision for medium density development is likely to produce greater economic benefit through its alignment with the updated projected level of relative demand. I assess this aspect in my response to submissions below.

Responses to Submissions on Urban Form Effects

- 6.32** There are submissions that identify the economic benefits and importance of a well-functioning urban form. These include submissions 200 and 800 that support increased densities within the most accessible urban locations, with submission 200 supporting intensification around commercial centres to support their commercial viability. Submission 200 also identifies the importance of broader-scale linkages between residential areas and their accessibility to the district's key employment areas. They also note the importance of increased densities in these locations to support public transport, where lower density development in these locations produces insufficient population density to support these transport modes.
- 6.33** A number of submissions make requests for changes to the level and spatial extent of development opportunity enabled in different locations. These may have urban form economic effects on a well-functioning urban environment through potential changes to the resulting land use and development patterns across the District's urban areas. I address these points in the subsequent sub-sections drawing upon my assessment undertaken of the commercial feasibility of the notified UIV provisions (paragraphs 5.10 to 5.125.19) and spatial extent of the intensification areas (paragraphs 6.15 6.22 to 6.31).
- 6.34** Several submissions (200, 800, 948, 1238) generally seek a more extensive application of the HDR/MDR Zones within the District. The submissions request application of the intensification areas across a greater walkable catchment surrounding the QTC, including out to Sunshine Bay/Fernhill and in the residential areas surrounding Frankton. Submission 200 requests the extension of the HDR across all unconstrained areas of the QTC walkable catchment (although this is not defined in the submission). These extensions are proposed on the following basis:

- (a) They consider that the feasibility of intensification is limited within the existing and currently proposed areas due to the existing level of development and lot size structure (1238);
- (b) Sunshine Bay/Fernhill is within walking distance of QTC and therefore appropriate for intensification (200); and
- (c) Greater intensification should be enabled around Frankton due to its emergence as a commercial hub within the district (200).

6.35 It is noted that submission points relating to the effect of the scale of intensification provisions on the commercial feasibility of development opportunity (and likely commercial developer market response) within the HDR and MDR Zones is covered in Section 55 of my evidence.

6.36 I consider that the spatial extent of the proposed intensification areas cover a large share of the Whakatipu Ward's central areas of highest accessibility, with my capacity assessment indicating redevelopment at the enabled densities is likely to be commercially feasible. Within the central areas, the HDR Zone covers a large proportion of the intensification area, providing sizeable opportunity for development relative to market demand. Beyond the HDR Zone, the MDR Zone also enables substantial opportunity for intensification and at a scale (i.e. terraces) that will account for a sizeable share of the likely intensification patterns of development across both zones.

6.37 However, I also consider that further expansion to this intensification in some locations may provide further economic benefit. While the notified areas of intensification are likely to still fall within a range that is sufficient to meet relative demand in this location, I consider that this range could be increased within the context of higher demand without diluting the level of concentration of intensification into accessible areas. It may therefore be appropriate to consider extension of intensification opportunity in these areas. From an economic perspective, I would support upzoning parts of Sunshine Bay and Fernhill if aligned with the accessibility assessment undertaken by Mr Wallace. Intensification in these areas is likely to be supported by the amenity of QTC and support the

commercial viability of the town centre. I assess intensification in Frankton in the following section.

- 6.38** In my view, enabling medium density development, at the scale enabled within the MDR Zone, to occur on a more widespread basis across peripheral suburban areas may result in a less efficient urban structure. It would be likely to increase the share of growth occurring in these less central locations, correspondingly reducing the level of growth within more accessible locations. This would reduce the economic benefits associated with concentration of growth within the main catchment areas of commercial centres and would be likely to have higher economic costs of infrastructure provision and demand.

Further Provision for Intensification around Frankton

- 6.39** Several submissions (200, 548, 800) consider that the current restrictions on intensification around Frankton as a result of the airport Outer Control Boundary (OCB) do not appropriately balance the benefits of intensification within this area with the ability to more carefully mitigate risk with the airport. One submission (822) supports the inclusion of land for urban intensification outside of the Air Noise Boundary and the OCB, but opposes any provisions for further intensification that will have any negative impact or adversely affect the Queenstown Airport.
- 6.40** I agree that medium to higher density development around Frankton would produce economic benefits for urban form if the risks in relation to the Airport can be sufficiently managed. The general Frankton area has developed as a sizeable commercial node within the District, and has increased its relative commercial role within the District's urban structure. This includes as an area of commercial amenity for households and as an employment centre. The commercial role of Frankton is likely to increase further with the level of business development opportunity in this location. I consider that further intensification at a medium to higher density scale would be supported by the commercial amenity (both in terms of household demand and access to employment areas). Recent development patterns indicate that the market is able to sustain higher density development in this location.

6.41 I also consider that appropriately managed further intensification around Frankton is likely to be economically beneficial through increasing the housing choice in this location. Beyond the recent higher density development within the commercial areas of Frankton, the residential areas are dominated by more expensive larger lower density detached dwellings.

6.42 Importantly, however, I consider that intensification within this location is only likely to produce net economic benefits if it does not limit the current or future role and function of the airport. The airport plays a core role within the District's economy and is likely to facilitate a sizeable share of activity within the district's urban environment and surrounding area. Visitor spending sustains a large share of the commercial activity within the District, which is directly reliant on the operation of the airport. I consider that any limitation to the current or future airport activity as a result of proximate future residential intensification may produce a significant net economic cost to the District and surrounding areas.

Development Opportunity for Intensification within Wanaka

6.43 Several submissions discuss the pattern of development potential for intensification within Wanaka. These relate to the scale and location of intensification relative to the areas of commercial amenity and existing residential development patterns. The requested development opportunity would encourage the emergence of different urban forms in Wanaka over the medium to long-term:

- (a) Submissions 797 and 948 consider that Three Parks is the most appropriate place for intensification due to the management of localised externalities associated with higher density development and ability to plan the greenfield area for intensification. Submission 948 seeks a height increase to 16m within the Three Parks HDRZ and retaining the height at 12m within the WTC; and supports the height increase to 16.5m within the Three Parks BMUZ;
- (b) These submissions also support patterns of intensification in residential areas immediately surrounding the commercial areas to be focussed in the greenfield areas surrounding Three Parks. Submission 948 seeks further application of the MDRZ across the Three Parks LDSR Zone area (e.g. an upzoning of the Three Parks LDSR Zone). The submitter considers

this area is well supported by Three Parks amenity and is a currently undeveloped area that provides commercially feasible opportunity for intensification within Wanaka; and

- (c) Other submissions support patterns of intensification focussed within and around the existing WTC. For example Submission 360 supports the notified height increases within the WTC as it would support the viability of the town centre. Submission 200 seeks some application of the HDR within the WTC walkable catchment (e.g., upzoning of MDR Zone areas). Submission 360 supports the increased intensification within the MDRZ surrounding WTC as it would support the commercial viability of the town centre.

6.44 In respect of the submissions relating to Three Parks, in my view a key consideration is whether increased residential intensification within Three Parks is likely to alter the commercial centre of gravity within Wanaka in a way that would undermine the role and function of the WTC. This may occur through refocussing the main areas of intensification away from WTC, which may undermine the town centre.

6.45 I consider that further intensification within the Three Parks HDR Zone, beyond what was notified, is likely to, on balance, be economically beneficial for Wanaka's urban form. Higher density development in the Three Parks HDR Zone would result in greater intensification surrounding the Three Parks commercial centre than if it were to instead occur in areas surrounding the WTC (which would be more beneficial). This may have some effect in terms of shifting the balance of future growth closer to the Three Parks commercial centre. However, I do not consider that intensification within the Three Parks HDR Zone would undermine the WTC as it would also generate demand for growth within the WTC and is located within the immediate walking catchment of WTC.

6.46 I also consider that provision of higher density development in Wanaka has economic benefits of increasing housing choice in this location. I note there are limited opportunities for more intensive higher density growth in residential areas closer to the WTC, which are likely to be better suited to intensification at a

medium density scale. A smaller market for higher density development in Wanaka is likely to mean that higher density developments within the existing residential area surrounding the town centre would be less consistent with existing patterns of development for a longer time period. The smaller market size may also reduce the commercial feasibility of redevelopment where the annual growth in the market size may be unable to sustain buildings with higher yields that would be required to offset the costs of or incentivise redevelopment.

6.47 In respect of Submission 948 seeking that the LDSR Zoned area in Three Parks be rezoned to MDR Zone, I understand that the notified UIV has already upzoned the LDSR area in the northwestern part of Three Parks to MDR Zone. I have therefore assumed that the Submission relates to the residual LDSR Zone area in the southeastern part of Three Parks.

6.48 I have re-examined the estimated balance between commercially feasible additional capacity and projected demand in light of the updated demand projections supplied in May 2025 and the updated capacity assessment to model the notified UIV. The updated projections contain substantially higher levels of projected demand for the Wanaka Ward in the medium to long-term.

6.49 I consider that further provision for intensification development opportunity is likely to be required in Wanaka over the medium to long-term due to the higher projected demand. I therefore consider there is likely to be economic benefit through providing further medium-density development opportunity in the remaining LDSR areas of Three Parks (proposed by Submission 948) beyond that already proposed to be upzoned through the notified UIV. I hold this view because:

- (a) This area is accessible to the commercial amenity and social infrastructure of Three Parks;
- (b) Lower density development of land surrounding the areas of social and commercial amenity in Three Parks is likely to form a less economically efficient pattern of land use in the long-term. If this area is developed at this density in the short to medium-term (which is likely to occur), then it would lock in a low density pattern of land use over a longer time period due to the economic lifetime of new buildings; and

- (c) The proposed medium density scale of development opportunity is likely to align with a sizeable share of the future demand profile for housing in Wanaka.

Intensification in Lake Hawea South (LHS)

6.50 Submissions 1054 and 921 request the exclusion of LHS from the notified UIV where intensification provisions are not applied to the zoning structure within this area. This would mean that the provisions that apply to LHS revert to the current PDP provisions. They consider that:

- (a) the outcomes of the intensification provisions do not align with the objectives of the existing community;
- (b) although large growth is projected in LHS, the notified intensification at LHS would enable increases in capacity that are too large. They consider that other locations are more appropriate to cater for growth;
- (c) the development patterns and scale of increase would not achieve a well-functioning urban environment as it is not sufficiently supported by local amenity or infrastructure, including an absence of public transport linkages to Wanaka. They hold concerns over the effects of additional growth on existing infrastructure;
- (d) the notified UIV is unlikely to provide more housing, or housing in the right location; and
- (e) the notified UIV is unlikely to improve housing affordability, and will instead produce expensive dwellings.

6.51 Submission 470 supports the application of the intensification provisions to the LHS area. It also requests an increase in height within the LHS LSC Zone to 14m, which may enable an additional storey of development. It considers that:

- (a) growth in the LHS area could be efficiently configured to achieve positive urban form outcomes and support increased densities as it is a greenfield area;
- (b) the provisions will increase the range of housing typologies and sizes within the township; and
- (c) increased height within the LSC Zone will increase the development opportunity for apartments within the centre.

6.52 I have assessed the inclusion of LHS and the application of notified UIV provisions to this area as a subsequent extension to my original capacity and demand assessment, which is Appendix 9B to the section 32 report: the M.E Hawea South Memorandum. The land at LHS that has recently been rezoned to urban and included within the Urban Growth Boundary will significantly expand the urban area of the township. I consider that application of the notified UIV provisions to the combined LHS urban area is likely to:

- (a) increase the efficiency of land use in this area and have positive effects on urban form within the township;
- (b) reduce the amount of space required to accommodate the projected growth; and
- (c) focus more intensive development in the MDR Zone surrounding the commercial centre (zoned Local Shopping Centre Zone), with the associated economic benefits of intensification occurring around the centre.

6.53 In my view, application of the notified UIV provisions is unlikely to cause significant redistribution of growth across the broader geographic area from attracting a significant share of Wanaka's growth. This is because Wanaka has much greater commercial amenity and has sizeable opportunity for growth, including for a range of dwelling types and sizes.

6.54 In my view, the increased intensification enabled by the notified UIV will enable greater flexibility to the market to provide a range of lot/dwelling sizes that are likely to be better suited to patterns of long-term housing demand. I disagree with the claim in Submission 921 that it would be unlikely to improve housing affordability within the area or that it would be ineffective in providing more housing. I instead consider that its likely effect of increasing the local housing choice would increase the level of affordability (as distinct from affordable dwellings) for the reasons outlined in Section 77. In my view, if more intensive dwellings are constructed in LHS as a result of the enabled smaller lot sizes, they are likely to be cheaper than potentially larger dwellings that would be constructed on the otherwise larger lot sizes that are required.

6.55 I note also that the LHS contains provision through a LSCZ for an appropriately scaled commercial centre. This would increase the local commercial amenity within the township, including to households located within existing urban areas (which would form part of the main trading catchment area). I consider that increasing the LHS LCSZ height to 14m may produce economic benefits through supporting the commercial viability of the centre and increasing housing options in the medium to long-term. It is likely that the additional height, if taken up, would contain residential apartments that would generate additional demand within the centre, and increase the housing options within the local area.

Intensification in Arrowtown

6.56 A number of submissions (including 222, 225, 247, 294 and 345) oppose the notified level of intensification within Arrowtown, and consider that it will produce a level of intensification that is inconsistent with the local character and that other parts of the district's urban environment would provide more efficient locations for intensification.

6.57 I have conducted further capacity modelling for QLDC to test potential alternative height and recession plane rules for the Arrowtown MDR Zone. These are described in the evidence of Ms Bowbyes.

6.58 My modelling found that the alternative rules would reduce the likely size of terraced dwellings, with a lower enabled yield on each parcel and consequently lower plan enabled dwelling capacity for Arrowtown. It estimated that these dwellings would still be likely to be commercially feasible as a result of the high prices within the market.

6.59 I consider that the dwelling capacity is still likely to be large in comparison to projected future demand within Arrowtown with the potential alternative height and recession plane rules. I also consider that these would still enable the market to deliver a greater range of dwellings in comparison to the existing lower density pattern of development in Arrowtown. Taking into account the less central location

of Arrowtown with the district's urban environment, I consider that this level of development is still likely to align with the level of relative demand at this location.

Intensification on the Kelvin Peninsula

6.60 Submission 924 opposes the height increases within the LDSR, MDR and LSC Zones on the Kelvin Peninsula. It considers that the development enabled within the MDR Zone would be inconsistent with existing patterns of development and geographically inaccessible to commercial amenity within the larger centres. The submission also seeks increased convenience retail²¹ to serve the local community from that contained in the current PDP and notified UIV.

6.61 I have examined the scale and location of MDR Zone areas within the Kelvin Peninsula. There are two limited areas, with a combined gross land area of 4.4 ha adjacent/within proximity to the area zoned for a local shopping centre. I estimate that, yield would increase across this area from around 100-120 dwellings under the current PDP provisions, up to around 280 to 350 dwellings (if developed to the maximum potential) under the notified UIV. The upper end of this range would reflect mostly walk-up apartments, with the lower end as relatively intensive terraced housing.

6.62 I consider that if the current height provisions were retained, these areas would still be likely to develop at an increased intensity in comparison to the surrounding existing development patterns, but less intensively than under the notified UIV provisions. I estimate that the current PDP would reduce the yield to up to around 200 to 290 two-storey terraced dwellings.

6.63 In my view, while other factors may mean it is appropriate to retain the current height provisions, there is unlikely to be an economic basis to reduce the proposed height.

²¹ Convenience retail includes consumable products and services that are purchased on day to day basis. Convenience centres are typically smaller centres that provide amenity to localised catchment areas. Households are able to make shorter and more frequent trips to these centres with other retail needs met less frequently at larger centres that serve wider geographic catchments.

- 6.64** I consider that the areas of intensification enabled through the two MDR Zones provide a limited opportunity for a component of medium density development within the Kelvin Peninsula, alongside almost all other residential areas being subject to a lower density development in the LDSR Zone. This is likely to have an economic benefit through providing some increase in housing choice within the Kelvin Peninsula. The limited scale of opportunity means that it is unlikely to dilute the intensification occurring around centres in more central locations.
- 6.65** I also consider that the location of the development opportunity is likely to encourage development within the currently undeveloped LSCZ. Intensification in areas immediately surrounding the centre is likely to support the commercial viability of the centre. Development of the LSCZ will produce economic benefit through increasing the commercial amenity to households within the Kelvin Peninsula. I note that submission 924 also raises concern with the existing lack of local commercial amenity.
- 6.66** I also consider that there is no economic benefit to retaining the current height provision within the Kelvin Peninsula LSCZ. If developed, the additional floors above the ground floor are more likely to contain residential apartment dwellings or small offices, with retail only sustainable on the ground floor. Residential apartments are likely to generate additional demand within the centre that will encourage its development and support its viability. Greater development potential of these sites may also encourage their development through increasing the potential return to developers.
- 6.67** I agree with Submission 924 that the provision of further commercial amenity within Kelvin Peninsula is likely to provide economic benefit to households. I note that this is enabled within the LSCZ that is currently undeveloped. I consider that the medium to long-term likely residential growth in the peninsula is likely to be able to sustain further small areas of commercial activity in other parts of the peninsula that is limited in scale and to serving localised convenience demand.

7. IMPACTS ON DWELLING MIX AND HOUSING AFFORDABILITY

- 7.1** In this section I firstly draw on my capacity and feasibility assessments to consider the likely changes in development patterns as a result of the notified UIV, and consequent effects on dwelling mix and affordability. I then respond to submission points on these aspects within the context of my assessment.
- 7.2** In my view, a key economic effect of the notified UIV is to increase housing choice and affordability. There is an important difference between *housing affordability* and *affordable housing*. Housing affordability forms the focus of my assessment and considers the level of affordability across the dwelling value profile of viable housing options for different household types across the full demand profile in each location. This differs to *affordable housing*, which instead refers to a subset of dwellings that are supplied at or below a particular price point which is typically defined at a point in relation to an area's median income. Changes in dwelling development patterns are likely to have an effect on housing affordability, but may not necessarily deliver affordable housing.
- 7.3** Past patterns of development across the District have been characterised by spatially extensive growth of low density detached dwellings. This pattern of development has previously limited the potential for households to increase their level of housing affordability through making trade-offs between dwelling size, type, price and location. The significant shifts in dwelling mix likely to occur as a result of the notified UIV is likely to increase the ability for households to make these trade-offs and therefore potentially increase affordability.
- 7.4** Importantly, I consider these effects are likely to occur gradually through time, becoming more significant over the medium to long-term, rather than any immediate large-scale reduction in prices across the market. In my view, it is critical this is a comparison between the development patterns encouraged under the notified UIV vs. those otherwise encouraged under the current PDP provisions, rather than as a change measured from the current point in the market.

Dwelling Mix and Housing Choice

- 7.5** I consider that the market is likely to gradually respond to the increased development opportunity enabled by the notified UIV. It is likely to deliver both a greater number and range of dwellings than in previous development patterns within the District or that likely to be delivered under the current PDP provisions. The range of opportunities at different scales and across different locations means that this is likely to occur across different parts of the urban area.
- 7.6** I consider that increasing the housing choice within the District is likely to produce economic benefits for current and future households and contribute to a well-functioning urban environment. Increasing the range of dwelling options across different locations both increases the range of neighbourhood areas economically accessible to different households as well as increases the affordability of housing options for households.
- 7.7** I have examined the notified UIV provisions and consider that these economic benefits are likely to occur at both the District and local level across a range of areas. I consider that the range of typologies enabled and encouraged within the main residential zones²² provide increased choice across different neighbourhoods and within different types of areas (e.g. suburban vs. central). These provide better alignment with patterns of long-term housing need than the distribution of dwellings likely to be delivered under the current PDP provisions.

Housing Affordability

- 7.8** I consider that achieving a beneficial dwelling mix for long-term housing need in the community is a core component of improving housing affordability in the District. Importantly, this is a function of both dwelling typology and size. A dwelling mix across both of these factors is required to meet long-term community demand. While there is a correlation between dwelling size and dwelling value, the typology also significantly influences the viability of substitutability of household demand across different housing options.
- 7.9** Housing affordability is not increased through adding dwellings in the lowest dwelling value bands alone. It also requires an increased range of dwelling options

²² HDR, MDR and LDSR Zones.

that are suited to each household size and type, a share of which require larger dwellings. It is important that increased housing options occur across the dwelling value demand profile to enable the ability for households within different parts of this profile to make trade-offs between housing type, location, size and price. For instance, a three-to-four-bedroom duplex is likely to form a cheaper viable option for a larger family household that may alternatively occupy a larger detached dwelling. While this larger duplex dwelling is unlikely to occur in the lowest dwelling value bands, it increases housing affordability for households that may otherwise occupy dwellings in the mid value bands.

7.10 I consider that the dwelling development patterns encouraged in each location by the notified UIV are generally likely to provide significant opportunity for these trade-offs and dwelling choices to occur. In my view, the MDR and HDR Zones are likely to result in a greater range of dwelling types within the more accessible locations. The market is likely to deliver smaller and cheaper dwellings in these locations in comparison to that enabled under the current provisions, with terraced housing and attached dwellings likely to form core components of this dwelling mix.

7.11 I also consider that the notified UIV is likely to increase housing affordability within suburban areas where the LDSR Zone is applied. A reduction in site size requirements, together with the application of an *average* site size increases the ability for the market to deliver smaller detached dwellings in these areas. It is likely that a portion of these lots would still be developed to contain larger dwellings (e.g. a dwelling at up to 240m² floorspace on a 300m² site) at two storeys, while a portion would be developed to also contain a reduction in dwelling size to meet demand within different parts of the market. In comparison, the current provisions encourage the development of larger dwellings that are scaled to the larger site sizes to achieve sufficient returns to developers.

7.12 While these dwellings are unlikely to be provided within the lower value bands, they are still likely to be cheaper than detached dwellings alternatively constructed on sites with a 450m² net area (or some with 300m² through a land use consent development pathway). This is beneficial for households as it provides cheaper

detached dwelling options than the current provisions. In my view, an important consideration is whether further increases in housing affordability could be achieved in suburban areas through incentivising greater dwelling mix in this zone, which I address below in response to submissions.

Responses to Submission Points on Dwelling Mix and Housing Affordability

7.13 Several submissions have discussed the effect of the notified UIV on housing supply, including dwelling mix and housing affordability. These include:

- (a) Submission 797 considers that additional dwelling supply is not required in Wanaka as the level of capacity is already sufficient under the current planning provisions;
- (b) Submission 921 considers the notified UIV within the Lake Hawea South (LHS) context and considers that it will not increase housing affordability in this location as only expensive dwellings are likely to be constructed;
- (c) Submission 797 considers that the notified UIV is likely to increase land values in Wanaka, which will increase the price of dwellings and reduce housing affordability. It also considers that it is unlikely to increase the range of dwellings or produce affordable dwellings; and
- (d) Submission 948 opposes the reduction in LDSR Zone vacant lot sizes. It considers it may enable a similar development outcome to the HDR and MDR Zones and should instead focus on providing larger properties.

Housing Choice and Affordability in Central Urban Areas

7.14 I disagree with the view expressed in Submissions 921 and 797 - that the notified UIV is unlikely to increase housing affordability within the District, including in Wanaka and LHS.

7.15 As set out above, I consider the notified UIV encourages development of an increased range of dwelling typologies and sizes. These are likely to provide greater viable housing choices for households across different locations, increasing their ability to make trade-offs between dwelling size, type and price. This is likely to increase the level of affordability over the medium to long-term relative to the

more expensive dwellings otherwise likely to be delivered under the current provisions.

7.16 The notified UIV provides opportunity for intensification within Wanaka within the WTC, QTC, HDR and MDR Zones, and in LHS within the MDR Zone. The types of dwellings likely to be delivered within these zones are likely to be smaller and cheaper than the dwellings previously constructed within these areas under the current provisions that instead focus on larger detached dwellings on full sites. There is also likely to be an increase in affordability within the LDSR Zone suburban areas through the provision of an increased number of dwellings on smaller sites.

7.17 I consider that it is also important to differentiate between affordable dwellings and increasing housing affordability, as set out above. While the commercial market may have less incentive to deliver affordable dwellings within the higher price market context in these locations, it is likely to deliver a range of dwellings that are likely to be cheaper than those delivered under the current provisions and thus improve housing affordability.

7.18 I also disagree with Submission 797 that intensification opportunities should not be provided within Wanaka on the basis of sufficient supply within the current provisions. I consider that the sufficiency of dwelling capacity in a location forms a relevant component in assessing the ability to meet long-term housing demand and the appropriateness of the intensification proposal within this context. The location and type of dwelling development opportunity enabled under each planning scenario are not neutral. These are key factors that relate to the sufficiency of development opportunity in response to the level of relative demand that occur across different locations and parts of the market within the urban environment. It is important to provide choice and location to the market to provide a range of different locations that are appropriate for development.

7.19 As above, in my view, the notified UIV is likely to expand the range of dwellings delivered by the market in Wanaka relative to the existing narrower range of dwellings that are dominated by larger detached dwellings. I consider that diversifying the dwelling mix in Wanaka, and across the District's urban areas

generally, is important in meeting relative demand through better aligning with long-term patterns of community demand. I consider that that these aspects are important to achieving a well-functioning urban environment in this location over the long-term.

Housing Choice and Affordability in LDSR Zone Suburban Areas

7.20 As set out in paragraphs 7.11 and 7.12, I consider that the notified UIV provisions are likely to result in some increase in housing affordability in suburban areas in comparison to the current provisions. This is likely to occur through an increase in the number of smaller detached dwellings on smaller site areas. However, the effect on housing choice and therefore affordability is likely to be reduced through limited commercial incentive to provide a greater dwelling mix in suburban areas. The provisions enable developers to produce a range of dwelling types, but do not enable the total dwelling yield to increase through developing a share of sites to contain multiple dwellings.

7.21 In my view, a suburban subdivision containing a component of lower intensity attached dwellings (such as duplex pairs) may produce greater economic benefit for households than a subdivision consisting almost entirely of detached dwellings. Inclusion of a component of duplex pairs is likely to increase housing choice and affordability within these suburban areas at an appropriate scale relative to the district's spatial economic structure. By this, I mean that less intensive attached dwellings are likely to form viable options for some households otherwise seeking lower density detached dwellings in these areas, but are unlikely to reduce or dilute intensification that is otherwise likely to occur in more accessible locations.

7.22 I note that the LDSR Zone enables the inclusion of a residential flat on each site together with a principal dwelling. This could potentially enable a density of up to an average land area of 150m² per dwelling. An important distinction, however, is that the residential flats must fall within the same ownership structure as the principal dwelling. While they can be occupied by separate households (including within the rental market), they are not able to be offered to the home ownership market and sold as separate dwellings.

- 7.23** I disagree with Submission 948 that the existing LDSR Zone density provisions should be retained, with the proposed provisions likely to encourage a pattern of development similar to that in the HDR and MDR Zone areas. I consider that the reduction in lot size will provide economic benefit to households, the community and developers through increasing housing choice, increasing land use efficiency and providing greater development opportunity with increased feasibility to the commercial developer part of the market.
- 7.24** I have examined the levels of development opportunity enabled within each of these zones and have assessed their effect on the types of dwellings likely to be delivered by the commercial market. As set out in Section 5, the HDR and MDR Zones enable substantially greater dwelling yields through significantly higher densities than enabled under the LDSR Zone. I consider that the market is likely to respond to the potential returns from developing more intensive attached dwelling typologies within these locations than enabled within the LDSR Zone. I further consider that the provisions within the LDSR Zone, at an average lot size of 300m² per dwelling and height of two storeys, means these more intensive attached dwellings are less able to occur within this zone.
- 7.25** I also disagree with Submission 948 that the LDSR Zone focus should be directed to encouraging larger detached dwellings on larger sites. The LDSR Zone covers a large portion of the District's suburban residential areas and is likely to continue to meet a substantive portion of long-term housing need. In my view, increasing housing choice (including by size and dwelling type as set out above in Paragraphs 7.11 to 7.12) is likely to increase the affordability in these locations and better align with future patterns of housing demand in the community. I consider that increased housing choice across Queenstown's suburban areas is likely to produce greater economic benefit than current patterns of development. I also note that the proposed provisions enable the formation of larger sites to occur and that there is no minimum density requirements in these locations.

8. REZONING SUBMISSIONS

- 8.1** I respond to submissions on individual rezoning requests within this section. My responses reflect my assessment of the economic effects of the proposed changes. I understand that there may be other factors that may make development at a greater or lesser scale more appropriate.

Submissions seeking Discrete Changes and Site Specific Requests (Downzoning)

BMUZ in Queenstown: Submission 1177

- 8.2** Submission 1177 opposes the additional height enabled by the UIV in areas of the BMU Zone.
- 8.3** I disagree with submitter 1177 and consider that increased height within areas of this zone would be likely to increase the feasibility for residential development. Increased residential development in these locations would have associated economic benefits for supporting the commercial role of proximate centres as well as increasing dwelling supply and housing choice.

HDR Zone along Frankton Road: Submission 105

- 8.4** Submission 105 considers that higher density residential development should not be enabled along Frankton Road and that this type of development would not result in affordable dwellings.
- 8.5** I respond in paragraph 8.7 below. I cover effects on housing affordability in Section 7. I consider that although higher density dwellings in this location may not be delivered in the lowest dwelling value bands, they are likely to increase housing choice in this location, where some dwellings are likely to be in value bands that are lower than if these areas were developed at lower densities with larger dwellings.

HDR Zone Surrounding QTC: Submissions 59, 93, 253, 413, 515, 517, 536, 556, 627, 657, 705, 737, 758, 780, 1013, 1070, 1094, 1167, 1232, 1258

- 8.6** The listed submitters oppose upzoning of specific areas to HDR Zone surrounding the QTC. They variously support retaining the existing zoning (including areas of

LDSR Zone), or reducing the notified HDR Zone enabled height to that currently enabled under the existing provisions.

8.7 I have examined these requests within the context of my assessment of the notified HDR Zone extents above in paragraphs 6.15 to 6.266.26, with consideration to the level of relative demand. I support retaining the notified UIV zones in these areas. In my view, these requests apply to areas of high relative demand that is commensurate with the development opportunity enabled by the notified UIV. I note that in paragraphs 5.51 to 5.55 I also consider that further height increases are likely to increase the feasibility for the market to deliver higher density dwellings in these locations. I further consider that lower density land uses (that would be encouraged by the LDSR Zone on several of these areas) would result in an inefficient use of land within the context of Queenstown's spatial structure.

MDR Zone Along Frankton Road, Queenstown Hill and Surrounding the QTC: Submissions 28, 77, 82, 223, 281, 299, 308, 6.45, 433, 508, 515, 517, 531, 552, 581, 641, 651, 655, 730, 1175, 1368

8.8 A number of submitters oppose either upzoning specific areas to MDR zone surrounding the QTC and along Frankton Road, or oppose the application of the notified UIV increased development provisions in areas already zoned MDR Zone. They variously support retaining the existing MDR zone provisions, retaining existing areas of LDSR Zone, or reducing the notified MDR Zone enabled height to that currently enabled under the current MDR Zone provisions.

8.9 I have examined the parts of these submissions that challenge the density and height limits in these areas in my assessment above in paragraphs 6.22 to 6.266.15 to 6.26, with consideration to the level of relative demand. I support retaining the rezoning to MDR Zone (made at notification of the UIV), and the level of intensification enabled through the notified MDR Zone. In my view, these requests apply to areas of sizeable relative demand in relatively central parts of Queenstown's spatial structure. The development opportunity enabled by the notified UIV MDR Zone would correspond to the level of relative demand experienced across these broader areas. I further consider that lower density land uses (that would be encouraged by the LDSR zone on several of these areas) would

result in an inefficient use of land within the context of Queenstown's spatial structure.

- 8.10** I have also assessed these requests within the context of my assessment on commercial feasibility in Section 5. In my view, reduction in the enabled height to two storeys would reduce the feasibility of development in these areas and decrease the range of dwelling options (including terraced housing). I consider this would reduce the alignment of development options in these areas with patterns of demand over the medium to long-term.

MDR Zone Around Remarkables Park: Submission 204, 385, 425

- 8.11** Several submissions oppose upzoning the LDSR Zone area to contain MDR Zone around Remarkables Park, with Submitter 385 requesting a reduction in height back to that of the LDSR Zone.

- 8.12** I have examined these requests within the context of my assessment of the notified MDR Zone extents above in paragraphs 6.22 to 6.266.156.26, with consideration to the level of relative demand. I support retaining the rezoning to MDR Zone through notification of the UIV, and the level of intensification provided for in the MDR Zone. This location is well-supported by commercial amenity from the adjacent centre at Remarkables Park, with intensification in these areas correspondingly supporting the commercial viability of the centre. I consider that a reduction in height would reduce the feasibility of more intensive attached dwellings, which would reduce the level of residential intensification, and associated economic benefits, in areas surrounding the commercial centre.

MDR Zone in Fernhill: Submission 384

- 8.13** Submission 384 seeks that the current PDP height limit of 2 storeys, continues to apply to a selected area of the MDR Zone in Fernhill, rather than the notified UIV height limit of 3 storeys.

- 8.14** I have examined this request in the context of my assessment of relative demand and feasibility. I consider that the current PDP height limit of 8m would reduce the feasibility of more intensive development options in this location. In my view, the

notified UIV height limit of 3 storeys is aligned to the level of relative demand for these typologies in this location. I cover further intensification in paragraph 6.37.

MDR Zone in Bridesdale: Submission 860

8.15 Submission 860 seeks that the current PDP height limit of 2 storeys continues to apply to the area of MDR Zone in Bridesdale, rather than the notified UIV height limit of 3 storeys.

8.16 I agree in part with Submitter 860. I consider that this is a suburban location that is further from central parts of the District than other parts of the MDR Zone. I consider that the existing MDR Zone height could also provide greater development opportunity than the surrounding LDSR Zone and would therefore enable an increased dwelling mix that is aligned with patterns of relative demand in this part of the urban environment.

HDR Zone in Wanaka Along Lismore St and Lakeside Road: Submissions 624, 735, 1057, 1058, 1131, 1134, 1135

8.17 A number of submitters oppose the increased height limit applied to this area of HDR Zone in Wanaka. They generally request retaining the existing height limits in this area.

8.18 I have examined these requests within the context of my assessment on relative demand and the extent of the HDR Zone in Paragraphs 6.27 to 6.30. I consider that limiting height to 8 metres would reduce the feasibility of more intensive typologies in this location. It would restrict development of terraced housing, which would be well-aligned with patterns of relative demand and would consequently limit housing choice in this location.

MDR Zone in Wanaka – South and West of WTC: Submissions 15, 63, 146, 224, 237, 255, 268, 387, 392, 514, 624, 719, 722, 724, 783, 801, 828, 1029, 1114, 1140, 1146, 1153, 1156, 1171, 1185, 1193, 1198, 1369

8.19 A number of submitters have opposed the notified UIV southwestern extension of the MDR Zone currently surrounding the WTC. They have variously sought retaining the LDSR Zone across the new (rezoned) areas of MDR Zone and/or restricting the

increased UIV height to either 7 or 8 metres for the new (rezoned) part of the MDR Zone. Some submitters (1193 and 1198) consider that intensification should instead be focused in areas surrounding Three Parks.

8.20 I have examined these requests within the context of my assessment on relative demand and the extent of intensification opportunities through the HDR and MDR Zones in Wanaka in paragraphs 6.27 to 6.316.276.30. I consider that the notified UIV MDR Zone in south-west Wanaka is likely to be more efficient and better aligned with relative demand in this location than the current LDSR Zone. It encourages intensification around the WTC at a scale that is likely to be supported by the market and aligns with the likely future housing need in this market. In my view, intensification in these areas is not mutually exclusive with intensification also occurring in Three Parks.

8.21 I consider that limiting heights to two storeys would restrict development in this location and reduce the level of intensification occurring around the town centre. This would reduce the economic benefits set out in paragraphs 6.8 to 6.116.11.

MDR Zone in Wanaka – East of WTC: Submission 3, 6, 48, 55, 90, 110, 149, 154, 351, 356, 407, 442, 561, 677, 848, 875

8.22 A number of submissions seek to exclude development from a specific site (corner of Ballantyne Road and SH84) on the basis of a reserve or national park status. Other submissions (90, 149, 677, 1133) oppose upzoning adjacent properties around McPherson Street to MDR Zone.

8.23 I have examined this location of the notified MDR Zone in these areas in relation to my assessment of relative demand and the extent of intensification opportunities through the HDR and MDR Zones in Wanaka in paragraphs 6.27 to 6.316.276.30. I consider that intensification in this location at a scale of at least that enabled by the notified MDR Zone would encourage an efficient development pattern that is aligned to the level of relative demand in the medium to long-term. This location is proximate to the WTC, meaning intensification would be well supported by the amenity of the centre and correspondingly support its commercial viability. In my

view, lower density land uses on these sites would represent a less economically efficient outcome.

8.24 However, I also accept that there may be other reasons why intensification on these sites may be less appropriate, such as those outlined in the submissions. Interpretation of the planning or legal status of these matters is outside my professional area.

MDR Zone South of Reese Crescent BMUZ: Submissions 514 and 956

8.25 Submissions 514 and 956 oppose the upzoning from LDSR Zone to MDR Zone in areas adjacent to and south of the Reese Crescent BMUZ.

8.26 I have examined this location of the notified UIV MDR Zone in relation to my assessment of relative demand and the extent of intensification opportunities through the HDR and MDR Zones in Wanaka in Paragraphs 6.27 to 6.316.27 6.30. My response to submissions for these areas is the same as that set out in paragraphs 8.20 and 8.218.20.

MDR Zone West of Reese Crescent BMUZ: Submissions 268, 387, 745, 796, 816

8.27 A number of submissions oppose the upzoning to MDR Zone in areas adjacent to and west of the Reese Crescent BMUZ.

8.28 My response to these submissions for these areas is the same as that set out in paragraphs 8.20 and 8.21.

MDR Zone East of Reese Crescent BMUZ: Submissions 711 and 745

8.29 Submissions 711 and 745 oppose the upzoning to MDR Zone in the area adjacent to and east of the Reese Crescent BMUZ.

8.30 My response to these submissions for these areas is the same as that set out in Paragraph 8.20 and 8.21.

MDR Zone in North Wanaka: Submissions 52, 456, 549

- 8.31** Several submissions oppose the notified MDR Zone being applied to the existing areas of MDR Zone in Wanaka North. Specifically, they request that the current height limits (two storeys) are retained for these areas.
- 8.32** I have considered these submission in relation to my updated assessment of relative demand and the extent of intensification opportunities through the HDR and MDR zones in Wanaka in paragraphs 6.27 to 6.316.276.30. While the application of the MDR Zone with a limit of two storeys would increase the dwelling mix in this location from current patterns of development, three storeys would increase the incentive to develop these sites to contain a greater number of attached dwellings. The updated demand projections indicate a higher level of demand for attached dwellings in the Wanaka market at a scale that may exceed capacity in the long-term. I therefore disagree with these submissions and support the notified UIV height in these locations.

Submissions seeking Discrete Changes (Upzoning)

Frankton North BMUZ: Submissions 410, 766, 775

- 8.33** Several submissions seek extension to the BMU Zone in Frankton North to include properties that are either currently zoned HDR Zone or LDSR Zone.
- 8.34** I have examined these submissions within the context of my assessment on the extent of intensification provision in the Whakatipu Ward in Paragraphs 6.22 to 6.26 6.26 and in my assessment on commercial feasibility in Section 5.
- 8.35** I consider that intensification of land uses at 1 to 3 Hansen Road would be economically efficient. I support either the application of a BMUZ or intensification of residential uses (through the application of a HDR Zone) at these sites. A BMUZ would further support the adjacent commercial centre, enabling a logical pattern of commercial activity expansion. Alternatively, I consider that the MDR or HDR Zones would encourage a greater concentration of residential demand in areas surrounding the commercial centre. This would support the commercial viability of the centre and the residential development would be well-supported by the commercial amenity at this location. I consider that lower density residential

development would be an inefficient use of the land where the market could sustain a more intensive housing mix (as well as generating lower returns for developers).

- 8.36** In my view, either the BMUZ or notified HDR Zone on the submission 410 site would encourage economically efficient development patterns at this location that would align with patterns of relative demand.

HDR Zone Around QTC: Submissions 97, 1077

- 8.37** Submissions 97 and 1077 request further extension of the HDR Zone to cover selected adjacent properties northeast of the QTC.

- 8.38** I have examined these submissions within the context of my assessment on the extent of intensification provision in the Whakatipu Ward in Paragraphs 6.22 to 6.26 and in my assessment on commercial feasibility in Section 5. From an economic perspective, I could support either the application of a HDR or MDR Zone on these properties. There is limited economic basis to oppose extending the HDR Zone to include these properties due to their proximity to the town centre relative to the projected future scale and timing of market demand. I consider the HDR Zone would encourage up to higher density development based on a likely feasibility in the medium to long-term as the market size increases and is able to support this type of development across these sorts of distances, which would support the QTC.

- 8.39** I also consider that if these sites were not suited to higher density development for other reasons, then development at a medium density scale (e.g. terraced housing), would also produce an efficient pattern of development that is aligned with future demand in this location. I note that my capacity assessment indicates that capacity is already large relative to demand for higher density apartment development. This suggests that development of these sites at a medium density scale is unlikely to restrict growth in this area.

MDR Zone Along Frankton Road and Queenstown Hill: Submission 26, 548, 785, 836, 1024, 1025, 1026, 1227 and 1250

8.40 A number of submissions seek the extension of the MDR zone in areas along Frankton Road and Queenstown Hill. These are areas that are currently zoned LDSR zone and are adjacent to the MDR Zone upzoned as part of the notified UIV. These areas are within the spatial extent of where the MDR Zone has been proposed in relation to the QTC, with expansion mainly occurring further up the hill from Frankton Road.

8.41 I have examined these submissions within the context of my assessment on the extent of intensification provision in the Whakatipu Ward in Paragraphs 6.15 to 6.26 and in my assessment on commercial feasibility in Section 5. From an economic perspective, I generally support the further extension to the MDR Zone across these areas. In my view, the MDR Zone would encourage development patterns that are aligned with the level of relative demand across the broad central parts of the urban environment and that would contribute to an efficient urban structure at a broader spatial scale.

8.42 Although I consider that the notified MDR Zone extent is likely to be sufficient to meet the level of demand for medium density development within the urban environment, I consider that further expansion to this zone could occur in this location without undermining the levels of intensification in parts of the HDR and MDR Zones that are closer to commercial centres. This is supported by updated higher growth projections that increase the overall market size. I also consider that it would encourage a greater level of medium density intensification to occur in parts of the urban environment that are relatively central at a broader spatial scale.

8.43 I consider that the LDSR Zone would reduce the feasibility of these areas and encourage a dwelling mix that has lower alignment with patterns of future demand than that encouraged by the MDR Zone. I note there may be other factors that affect the appropriateness of intensification on these sites.

MDR Zone – Fernhill: Submissions 439, 1263

8.44 Submissions 439 and 1263 seek further extension to the MDR Zone in Fernhill to cover specific properties at 45 Wynyard Crescent and 139 Fernhill Road.

8.45 I support further application of the MDR Zone on these sites for the same reasons as set out at paragraph 8.42.

Arthurs Point: Submissions 487, 500, 833, 1260

8.46 Several submissions (500, 833, 1260) seek upzoning with Arthurs Point through either spatial expansion of the HDR or MDR Zones or increased height provision within the MDR Zone. Submission 487 seeks either increasing the Arthurs Point MDR Zone height to 11m or decreasing the Arthurs Point HDR Zone height to increase consistency in height across these adjacent areas.

8.47 I have assessed these requests within the context of my assessment on the extent of intensification provision in the Whakatipu Ward in paragraphs 6.22 to 6.266.26. From my assessment:

- (a) I do not support application of the MDR Zone to the area in Submission 500. I consider lower density development patterns are better aligned to relative demand at this location, which is further from the central part of Arthurs Point;
- (b) I support the requested height increase of 11m in Submissions 487 and 833. I consider it would enable and increase the feasibility of dwelling typologies that are aligned with demand in this location; and
- (c) I support application of the HDR Zone across part of the Submission 1260 site that is closer to the central part of Arthurs Point, with the remainder better suited to medium density development when considering patterns of relative demand.
- (d) I consider that reducing the HDR Zone height to 12m (alternatively requested in Submission 487) is likely to reduce the feasibility of apartment dwellings, which may reduce the dwelling mix and yield at this location in the long-term. A reduced height would decrease the potential apartment dwelling yield and consequently the relativities in returns to developers in comparison to other dwelling typologies (such as terraced

dwellings). While a reduced height is still likely to provide significant opportunity for intensification and diversification of dwelling (from current patterns of development) in this location, it is likely to occur to a reduced extent from the notified HDR Zone height.

Wanaka Town Centre height: Submissions 662, 663

8.48 Submissions 662 and 663 seek increased height within part of the WTC Precinct 1.

8.49 I consider that additional height would have economic benefits through increasing the feasibility of higher density development in this location. Higher density development in this area would support the town centre and increase dwelling supply and housing choice in the medium to long-term.

Three Parks HDR Extent: Submissions 1039, 1040

8.50 Submissions 1039 and 1040 request further expansion of the HDR Zone in the north western area of Three Parks.

8.51 I generally support these requests, with my response covered above in my assessment in paragraphs 6.27 to 6.31 and 6.436.45 to 6.466.46.

Wanaka South: Submission 659

8.52 Submission 659 seeks further application of the UIV-proposed MDR Zone on two sites in Wanaka South at 45 Cardrona Valley Road and north of Avalon Station Drive that are currently zoned LDSR Zone.

8.53 I have considered these requests within the context of my assessment of intensification opportunities in Wanaka in paragraphs 6.27 to 6.31 and 6.47 to 6.496.276.30. I consider that intensification at a medium density scale on the site surrounding the medical centre is likely to be economically efficient (in terms of alignment with future demand and development potential) and support the viability of this smaller commercial centre. I also support further opportunity for medium density scale development on the northeastern site as sought in Submission 659 in the context of the updated higher demand projections.

Wanaka Three Parks BMUZ Zone: Submission 1055

8.54 Submission 1055 seeks an increase to the permitted height within the Three Parks BMUZ up to 20m.

8.55 I support the proposed increased as I consider that it would be likely to increase the feasibility for the commercial market to deliver higher density dwellings in this location. I consider this would increase dwelling supply and dwelling mix in the long-term with the associated economic benefits outlined in Section 7. I consider that additional development opportunity for attached dwellings is likely to be required (as outlined in paragraphs 6.27 to 6.31) and, on balance, beneficial for the WTC (as outlined in paragraphs 6.436.45 to 6.46).

9. CONCLUSION

9.1 Overall, I consider that the notified UIV is likely to have positive economic effects through enabling a level and type of feasible development opportunity that encourages development patterns that contribute to a well-functioning urban environment. These effects are likely to occur gradually and cumulatively through time, becoming more significant in the medium to long-term as more dwellings are constructed. The positive economic effects include increases in the commercial feasibility of development, increases in dwelling mix and housing affordability, and a more efficient urban form than is likely to occur under the current provisions.

9.2 I consider from my assessments that the level of development opportunity provided by the notified UIV generally aligns with the level of relative demand for different types of housing across most locations within the urban environment. I have made recommendations for changes in some locations as set out in my evidence, with the updated higher demand projections forming an important factor.

9.3 My assessments have shown that the notified UIV also substantially increases the level of dwelling capacity from that enabled under the current PDP. I consider the level of capacity is very large in comparison to projected demand in most locations. This indicates that the planning component of the development process is likely to

provide substantive opportunity to meet future growth needs across most parts of the District's urban environment.



Susan Michelle Fairgray

6 June 2025

APPENDIX 1 – Further Information on Updated Capacity and Demand Assessment

- 1.** This appendix contains further technical information and outputs from my capacity and demand assessment.

Updated Demand Projections Applied in Assessment

- 2.** My initial assessment (the M.E UIV Report) to inform the Section 32 Report was undertaken during 2022 and finalised in May 2023. It applied the QLDC May 2022 dwelling demand projections as a starting point. In 2025, QLDC produced updated dwelling demand projections for the district (adopting the High Plus projection series), which were supplied to me in May 2025 to update my assessment.
- 3.** The Table below summarises the differences in medium and long-term projected dwelling demand within the previous (May 2022) and updated projections (May 2025). In summary:
 - (a)** District level projected growth is 36% higher in the medium-term, resulting in an additional net increase of 2,600 dwellings (incl. a margin).
 - (b)** District level projected growth is 40% higher in the long-term, resulting in an additional net increase of 8,000 dwellings (incl. a margin); and
 - (c)** A larger portion of the additional growth occurs in the Wanaka Ward where the updated long-term projected growth is 63% higher than in the previous projections (and 55% higher in the medium-term). This results in an additional 4,800 net increase (incl. margin) in long-term dwelling demand above that of the earlier projections.
- 4.** There are differences in the patterns of demand across the district between the sets of projections. In the updated projections, a higher share (44%, compared to 38% previously) of demand growth is allocated to the Wanaka Ward.
- 5.** I consider that the higher share of projected growth allocated to the Wanaka Ward differs to patterns of growth observed in district over the past decade. Analysis of recent dwelling supply through building consent data (Stats NZ) shows that 36% of the district’s dwelling growth has occurred in Wanaka over the past decade; and

one-third (33%) of the District’s estimated population growth has occurred in the Ward over the last five years.

Table A: Queenstown Lakes District Dwelling Demand Projections: QLDC May 2022 Projections vs. QLDC May 2025 Projections (High Plus Scenario)

Time Period	Area	Net Change in Dwelling Demand by Typology							
		Detached	Duplex/Terrace	Apartments	TOTAL	Detached	Duplex/Terrace	Apartments	TOTAL
QLDC May 2022 Projections used in s32 Assessment									
Baseline Demand Scenario					Higher Market Substitution Demand Scenario				
Medium-Term Demand Growth	Wanaka Ward	1,900	800	200	2,800	1,600	900	400	2,800
	Whakatipu Ward	3,100	1,100	300	4,500	2,700	1,300	600	4,500
	Total District	5,000	1,900	400	7,300	4,200	2,100	900	7,300
Long-Term Demand Growth	Wanaka Ward	4,200	2,800	600	7,600	3,100	2,900	1,600	7,600
	Whakatipu Ward	6,600	4,800	1,000	12,300	5,000	4,700	2,700	12,300
	Total District	10,800	7,600	1,600	20,000	8,100	7,600	4,300	20,000
QLDC Updated May 2025 Projections									
Baseline Demand Scenario					Higher Market Substitution Demand Scenario				
Medium-Term Demand Growth	Wanaka Ward	2,900	1,200	300	4,300	2,500	1,300	500	4,300
	Whakatipu Ward	3,600	1,600	400	5,500	3,000	1,800	800	5,500
	Total District	6,500	2,800	600	9,900	5,400	3,100	1,300	9,900
Long-Term Demand Growth	Wanaka Ward	7,100	4,400	900	12,400	5,500	4,500	2,400	12,400
	Whakatipu Ward	7,800	6,400	1,300	15,500	5,800	6,100	3,500	15,500
	Total District	14,900	10,800	2,200	27,900	11,400	10,600	6,000	27,900
Net Difference Between Projection Series									
Baseline Demand Scenario					Higher Market Substitution Demand Scenario				
Medium-Term Demand Growth	Wanaka Ward	1,000	400	100	1,500	900	500	200	1,500
	Whakatipu Ward	400	500	100	1,000	300	500	200	1,000
	Total District	1,500	900	200	2,600	1,200	1,000	400	2,600
Long-Term Demand Growth	Wanaka Ward	2,900	1,500	300	4,800	2,400	1,600	800	4,800
	Whakatipu Ward	1,200	1,600	300	3,200	900	1,400	800	3,200
	Total District	4,200	3,100	700	8,000	3,300	3,000	1,600	8,000
% Change Between Demand Projection Series									
Baseline Demand Scenario					Higher Market Substitution Demand Scenario				
Medium-Term Demand Growth	Wanaka Ward	56%	54%	53%	55%	59%	55%	47%	55%
	Whakatipu Ward	14%	45%	44%	23%	11%	40%	39%	23%
	Total District	30%	48%	48%	36%	29%	46%	42%	36%
Long-Term Demand Growth	Wanaka Ward	70%	54%	54%	63%	77%	55%	50%	63%
	Whakatipu Ward	19%	34%	34%	26%	18%	31%	31%	26%
	Total District	39%	41%	41%	40%	41%	40%	38%	40%

Source: M.E QLD Dwelling Demand Model; QLDC Dwelling Projections (May 2022 and May 2025).

Alignment of Projected Dwelling Demand with QLD HBAs

- The following table summarises the updated projected dwelling demand applied in my assessment in comparison to the demand applied in the District’s 2017 and 2021 HBAs. It clarifies the alignment of dwelling demand by location type (urban environment and total district) and in relation to the application of the NPS-UD margin.

Table B: Queenstown Lakes District Medium and Long-Term Dwelling Demand Projections: May 2025 Projections and Previous HBAs

Dwelling Demand Component	Medium-Term			Long-Term		
	2017 HBA	2021 HBA	QLDC May 2025 Projections	2017 HBA	2021 HBA	QLDC May 2025 Projections
Urban Demand (No Margin)						
Whakatipu Ward		3,100	4,100		9,900	12,200
Wanaka Ward		2,100	3,400		6,500	10,400
Total Urban Environment	4,300	5,200	7,500	11,400	16,500	22,600
Total Demand (No Margin)						
Whakatipu Ward		3,200	4,600		10,300	13,300
Wanaka Ward		2,100	3,600		6,800	10,600
Total District	5,800	5,400	8,200	12,900	17,100	23,900
Total Demand (With Margin)						
Whakatipu Ward		3,900	5,500		11,900	15,500
Wanaka Ward		2,600	4,300		7,900	12,400
Total District	6,700	6,400	9,900	14,600	19,800	27,900

Source: M.E Ltd, 2017 and 2021 QLD HBAs; M.E Ltd Updated Demand Assessment using QLDC May 2025 Projections (Utility Ltd, 2025).

Capacity Outputs by Reporting Area, Dwelling Typology and Planning Provisions

- The following tables (C and D) provide a more detailed breakdown of modelled capacity by reporting area, dwelling typology and planning scenario. They include capacity within urban live zoned areas and exclude capacity from the ODP Special Zones and areas covered by Structure Plans.
- The table shows the maximum dwelling yield within each dwelling typology development option. The capacity is not additive across typologies as many parcels contain multiple development options. The Total column provides the maximum dwelling yield combination across typologies combined.

Table C: Modelled Plan Enabled Capacity (Net Additional Dwellings) by Dwelling Typology Maximum and Total Combined Maximum

Reporting Area	Current Provisions				UIV Proposed				Net Change			
	Detached	Horizontally Attached	Vertically Attached	Total	Detached	Horizontally Attached	Vertically Attached	Total	Detached	Horizontally Attached	Vertically Attached	Total
Arrowtown	1,100	1,100	-	1,100	1,200	2,100	10	2,100	100	1,000	10	1,000
Arthurs Point	1,700	1,800	1,400	2,900	1,800	2,100	1,800	3,400	70	200	400	500
Eastern Corridor	1,800	1,700	-	1,800	1,800	1,800	-	1,900	-	100	-	100
Frankton	1,000	1,000	200	1,100	1,400	2,700	400	3,000	400	1,700	200	1,900
Kelvin Heights	3,700	3,800	600	4,100	3,700	4,000	1,500	5,100	20	300	900	1,000
Outer Wakatipu	40	50	200	200	40	60	200	200	-	20	50	50
Quail Rise	400	700	4,600	4,700	600	1,100	5,200	5,500	100	400	600	700
Queenstown Town Centre	5,600	6,600	20,100	23,600	6,600	13,100	27,600	34,700	1,000	6,500	7,500	11,100
Small Township - Whakatipu	400	-	-	400	400	-	-	400	-	-	-	-
Southern Corridor	-	-	-	-	-	-	-	-	-	-	-	-
Whakatipu Ward	15,700	16,700	27,100	40,000	17,500	27,000	36,700	56,400	1,700	10,200	9,600	16,300
Cardrona	200	-	-	200	200	-	-	200	-	-	-	-
Lake Hawea	4,700	4,600	400	5,100	5,400	5,900	800	6,800	700	1,300	400	1,700
Luggate	600	500	-	600	600	500	-	600	-	-	-	-
Outer Wanaka	-	-	-	-	-	-	-	-	-	-	-	-
Wanaka Town Centre	14,200	13,300	1,700	15,600	15,000	17,500	2,900	20,800	800	4,200	1,200	5,200
Wanaka Ward	19,700	18,400	2,100	21,600	21,200	23,900	3,700	28,400	1,500	5,500	1,600	6,900
Total Urban Environment	35,400	35,200	29,200	61,600	38,700	50,900	40,400	84,800	3,300	15,700	11,200	23,200

Source: M.E QLD Urban Intensification Capacity Model, 2023-2024.

Table D: Modelled Commercially Feasible Capacity (Net Additional Dwellings) by Dwelling Typology Maximum and Total Combined Maximum

Reporting Area	Current Provisions				UIV Proposed				Net Change			
	Detached	Horizontally Attached	Vertically Attached	Total	Detached	Horizontally Attached	Vertically Attached	Total	Detached	Horizontally Attached	Vertically Attached	Total
Arrowtown	500	400	-	500	700	1,600	-	1,600	100	1,200	-	1,100
Arthurs Point	1,300	1,300	-	1,400	1,400	1,600	-	1,700	60	300	-	300
Eastern Corridor	1,000	700	-	1,000	1,000	800	-	1,100	-	90	-	70
Frankton	800	800	-	800	1,100	2,100	-	2,000	300	1,300	-	1,300
Kelvin Heights	3,200	3,200	600	3,600	3,200	3,500	200	3,700	20	300	-400	100
Outer Wakatipu	30	50	-	50	30	60	-	60	-	20	-	20
Quail Rise	400	500	-	30	500	1,000	-	700	200	400	-	700
Queenstown Town Centre	4,300	4,900	5,900	9,700	5,100	11,500	13,700	21,600	900	6,600	7,700	11,900
Small Township - Whakatipu	-	-	-	-	-	-	-	-	-	-	-	-
Southern Corridor	-	-	-	-	-	-	-	-	-	-	-	-
Whakatipu Ward	11,500	11,900	6,500	17,100	13,100	22,100	13,900	32,600	1,500	10,300	7,400	15,500
Cardrona	-	-	-	-	-	-	-	-	-	-	-	-
Lake Hawea	4,400	4,100	-	4,400	5,100	5,400	-	5,600	700	1,300	-	1,300
Luggate	500	300	-	500	500	300	-	500	-	-	-	-
Outer Wanaka	-	-	-	-	-	-	-	-	-	-	-	-
Wanaka Town Centre	11,200	9,600	600	11,600	12,100	14,100	800	16,000	900	4,500	200	4,400
Wanaka Ward	16,100	14,000	600	16,400	17,700	19,800	800	22,100	1,600	5,800	200	5,700
Total Urban Environment	27,600	25,900	7,100	33,500	30,800	41,900	14,700	54,700	3,200	16,000	7,600	21,200

Source: M.E QLD Urban Intensification Capacity Model, 2023-2024.

Alignment of Estimated Capacity Outputs with Previous QLD HBAs and Geographic Areas

9. The following tables clarify the geographic coverage and components of my 2024 Capacity Modelling (Table E) and its alignment with the areas of dwelling capacity covered in the District's 2017 and 2021 HBAs in accordance with the NPS-UD (Table F). Both tables contain the modelled capacity for both the baseline current PDP scenario and the notified UIV from my 2024 Capacity Modelling assessment.

Table E: 2024 Capacity Modelling Assessment by Capacity Component

Component of Capacity	Plan Enabled		Commercially Feasible		Commercially Feasible	
	Medium-Term	Long-Term	Medium-Term	Long-Term	Medium-Term	Long-Term
	Current PDP Baseline Scenario					
Modelled Capacity on Areas Covered by Notified UIV	61,600	61,600	33,500	33,500	41,400	51,300
Capacity from ODP Special Zones and Areas with Identified Dwelling Yields	21,300	23,400	7,200	7,200	17,100	23,400
Total Capacity	82,900	85,000	40,700	40,700	58,500	74,700
Feasible Capacity When Allocated to Max Profit Typology			34,600	41,800	48,400	59,700
	Notified UIV Scenario					
Modelled Capacity on Areas Covered by Notified UIV	84,800	84,800	54,700	54,700	62,900	74,200
Capacity from ODP Special Zones and Areas with Identified Dwelling Yields	21,300	23,400	7,200	7,200	17,100	23,400
Total Capacity	106,100	108,200	61,900	61,900	79,900	97,600
Feasible Capacity When Allocated to Max Profit Typology			48,700	55,900	62,300	73,400

Source: M.E Ltd, 2024. QLD Residential Capacity Modelling.

Table F: Dwelling Capacity (Net Additional Dwellings) by Modelled Capacity Assessment and Type of Capacity

Type of Capacity	Medium-Term				Long-Term			
	2017 HBA	2021 HBA	2024 Assessment		2017 HBA	2021 HBA	2024 Assessment	
			Current PDP	Notified UIV			Current PDP	Notified UIV
Plan Enabled Capacity								
Whakatipu Ward	25,900	30,100	54,500	70,800	25,900	38,700	56,500	72,900
Wanaka Ward	11,700	17,800	28,400	35,300	11,700	25,800	28,400	35,300
Total Urban Environment	37,600	47,900	82,900	106,100	37,600	64,500	85,000	108,200
Commercially Feasible Capacity (Current Prices)								
Whakatipu Ward	16,700	21,900	21,200	36,700			21,200	36,700
Wanaka Ward	7,500	10,200	19,500	25,200			19,500	25,200
Total Urban Environment	24,200	32,100	40,700	61,900			40,700	61,900
Commercially Feasible Capacity (Market Growth)								
Whakatipu Ward			35,600	50,900	25,100	32,500	48,800	65,200
Wanaka Ward			22,900	29,000	11,500	18,900	25,900	32,400
Total Urban Environment			58,500	79,900	36,500	51,400	74,700	97,600
Infrastructure-Served Capacity								
Whakatipu Ward		6,100	16,600			12,000	20,400	
Wanaka Ward		3,000	6,900			8,200	16,000	
Total Urban Environment		8,600	23,600			19,700	36,400	
Reasonably Expected to be Realised (RER) Capacity								
Whakatipu Ward		5,600				11,600		
Wanaka Ward		2,900				7,700		
Total Urban Environment		8,500				19,200		

Source: M.E Ltd 2017 and 2018 QLDC HBAs; M.E Ltd, 2024. Updated QLDC Capacity Assessment (Ms. Fairgray EIC); QLDC Infrastructure Capacity Data (2024).
Notes: Includes capacity for ODP Special Zones and areas covered by Structure Plans. HBA long-term outputs include capacity in Spatial Plan growth areas.

Comparison of Capacity and Demand by Dwelling Typology and Location

10. The following tables provide a breakdown of the comparison between feasible capacity and projected demand by dwelling typology and location within the District's urban environment. The tables are structured as follows:

- (a) The first set of columns show the projected dwelling demand (incl. margin) by dwelling typology and location;
- (b) The second set of columns contains the modelled commercially feasible capacity following the same structure. Feasible capacity has been calculated at the parcel level, with feasible capacity in each parcel allocated to the dwelling typology producing the greatest modelled profit margin. The final "Max Yield" column shows the maximum modelled feasible capacity instead based on the greatest dwelling yield. Capacity from ODP Special Zones and Structure Plan areas are included in this table;
- (c) The third set of columns shows the net difference between the modelled feasible capacity and projected demand; and
- (d) The final set of columns shows the further feasible dwelling capacity in each typology and location beyond that allocated on the basis of the development option with the greatest modelled profit margin.

11. The first table applies the baseline demand scenario, with the second table containing the higher market substitution demand scenario.

Table E: Comparison of Demand and Commercially Feasible Capacity by Dwelling Typology and Location: Baseline Demand Scenario

Catchment	Projected Demand				Capacity (Max Profit Allocation) ¹				Capacity less Demand				Additional Potential Development ²							
	Detached	Attached/ Terrace ³	Apartment s ⁴	TOTAL	Detached	Attached/T errace ³	Apartmen ts ⁴	TOTAL	TOTAL (Max Yield)	Detached	Attached/ Terrace ³	Apartment s ⁴	TOTAL	TOTAL (Max Yield)	Detached	Attached/ Terrace ³	Apartme nts ⁴	TOTAL		
	Short-Term: 2024				Short-Term: 2024					Short-Term: 2024				Short-Term: 2024						
Arrowtown	100	-	10	-	100	400	1,200	-	1,600	1,700	300	1,200	-	1,500	1,500	300	400	-	50	
Eastern Corridor	400	30	10	500	1,000	400	200	1,600	1,700	1,700	600	400	100	1,100	1,200	100	800	-	90	
Frankton/Quail Rise	300	10	10	300	800	1,700	1,700	4,300	4,600	4,600	600	1,700	1,700	4,000	4,300	800	1,500	-	300	
Arthurs Point	80	-	-	90	1,300	200	-	1,500	1,700	1,700	1,200	200	-	1,400	1,600	100	1,500	-	300	
Queenstown	200	-	70	-	200	2,300	8,400	2,300	13,000	24,100	2,100	8,400	2,300	12,800	23,900	2,800	3,200	14,100	11,100	
Kelvin Heights	10	-	-	10	2,900	600	-	3,500	4,200	4,200	2,900	600	-	3,500	4,200	300	2,900	900	700	
Southern Corridor	700	80	20	800	200	500	300	900	900	900	-	400	400	200	200	-	-	-	-	
Whakatipu - Other	100	50	10	200	300	100	-	500	500	500	200	80	-	10	300	300	-	60	30	
Lake Hawea	200	20	10	200	5,000	-	-	5,000	5,700	5,700	4,800	-	20	-	10	4,800	5,400	100	5,400	
Wanaka	800	50	30	900	10,500	5,500	1,000	17,000	19,000	19,000	9,700	5,500	900	16,200	18,200	2,700	9,800	800	2,000	
Luggate	40	10	-	50	500	-	-	500	500	500	500	-	10	-	500	500	20	300	-	
Cardrona	10	-	-	20	300	70	-	300	300	300	300	60	-	-	300	300	-	-	-	
Wanaka - Other	100	10	-	100	-	-	-	-	-	-	-	100	-	100	-	100	-	-	-	
Total Urban Environment	3,100	200	90	3,400	25,600	18,600	5,400	49,600	64,900	64,900	22,500	18,400	5,300	46,200	61,500	7,300	25,900	15,800	15,300	
	Medium-Term: 2031				Medium-Term: 2031					Medium-Term: 2031				Medium-Term: 2031						
Arrowtown	60	100	30	200	400	1,200	-	1,700	1,700	1,700	400	1,100	-	30	1,500	1,500	300	400	-	40
Eastern Corridor	500	200	60	800	1,200	1,100	600	2,900	3,000	3,000	700	900	500	2,100	2,200	100	900	-	90	
Frankton/Quail Rise	600	300	60	900	800	2,300	3,000	6,200	6,500	6,500	200	2,000	3,000	5,300	5,600	900	1,200	-	300	
Arthurs Point	200	100	20	300	1,300	200	-	1,500	1,800	1,800	1,100	100	-	20	1,100	1,400	200	1,500	-	300
Queenstown	500	400	100	1,100	2,300	8,600	3,600	14,500	27,600	27,600	1,800	8,100	3,500	13,400	26,500	2,900	3,100	16,700	13,100	
Kelvin Heights	300	20	10	300	2,900	600	-	3,500	4,600	4,600	2,700	500	-	10	3,200	4,200	300	2,900	1,400	1,000
Southern Corridor	1,100	100	30	1,300	1,100	2,500	1,400	5,000	5,000	5,000	-	2,300	1,300	3,700	3,700	-	-	-	-	
Whakatipu - Other	300	300	60	600	600	200	-	800	900	900	300	-	50	-	60	200	200	-	60	30
Lake Hawea	600	200	40	800	5,100	-	-	5,100	5,700	5,700	4,500	-	200	-	40	4,300	5,000	100	5,500	
Wanaka	2,000	800	200	2,900	11,500	6,500	2,100	20,200	22,100	22,100	9,500	5,700	2,000	17,200	19,200	2,900	10,100	800	2,000	
Luggate	100	50	10	200	500	-	-	500	500	500	400	-	50	-	10	300	300	30	500	
Cardrona	100	70	20	200	500	100	-	600	600	600	400	50	-	20	400	400	-	-	-	
Wanaka - Other	100	100	20	200	-	-	-	-	-	-	-	100	-	100	-	200	-	200	-	
Total Urban Environment	6,500	2,800	600	9,900	28,300	23,300	10,700	62,300	79,900	79,900	21,800	20,600	10,100	52,400	70,000	7,700	26,300	18,800	17,600	
	Long-Term: 2051				Long-Term: 2051					Long-Term: 2051				Long-Term: 2051						
Arrowtown	50	300	60	300	500	1,300	-	1,700	1,800	1,800	500	1,000	-	60	1,400	1,500	400	500	-	40
Eastern Corridor	1,000	900	200	2,000	1,300	1,500	700	3,500	3,600	3,600	300	600	500	1,400	1,500	100	1,100	-	100	
Frankton/Quail Rise	2,100	1,300	300	3,700	800	2,600	4,500	7,900	10,300	10,300	-	1,400	1,300	4,300	4,200	6,700	1,000	1,100	3,900	2,400
Arthurs Point	300	300	60	700	1,300	200	-	1,600	3,100	3,100	1,000	-	70	-	60	900	2,500	200	1,600	1,600
Queenstown	1,100	1,700	300	3,100	2,100	9,100	4,700	15,900	32,100	32,100	1,000	7,400	4,400	12,800	29,000	3,300	2,900	20,500	16,200	
Kelvin Heights	400	200	50	700	3,000	600	100	3,700	4,700	4,700	2,600	300	60	3,000	4,100	300	3,000	1,400	1,000	
Southern Corridor	2,600	1,000	200	3,800	1,900	4,100	2,300	8,300	8,300	8,300	-	600	3,100	2,000	6,500	4,500	-	-	-	
Whakatipu - Other	400	700	200	1,300	800	300	-	1,100	1,300	1,300	400	-	500	-	200	200	20	-	60	200
Lake Hawea	1,400	700	100	2,300	5,100	-	-	5,100	5,800	5,800	3,700	-	700	-	100	2,900	3,500	200	5,700	
Wanaka	5,100	3,100	700	8,900	12,500	7,500	3,400	23,300	25,200	25,200	7,300	4,300	2,700	14,400	16,300	3,200	10,500	1,000	1,900	
Luggate	200	100	30	400	500	-	-	500	500	500	300	-	100	-	30	200	200	30	500	
Cardrona	300	200	50	600	600	200	-	800	800	800	300	-	70	-	50	200	200	20	-	
Wanaka - Other	80	200	40	300	-	-	-	-	-	-	-	80	-	200	-	300	-	300	-	
Total Urban Environment	14,900	10,800	2,200	27,900	30,500	27,200	15,700	73,400	97,600	97,600	15,600	16,400	13,500	45,500	69,600	8,600	26,900	28,800	24,200	

Source: M.E Ltd, 2025: (M.E QLD Residential Intensification Capacity Model, 2022/2023; M.E analysis of March 2025 QLDC Demand Projections).

Notes:

¹ These outputs reflect a parcel level allocation of capacity to the typology with the greatest estimated profit margin.

² These outputs show the difference between the highest profit margin allocation to the typology and the total potential capacity enabled under the typology. The typology outputs are not additive, with the 'Total' column providing the maximum potential additional capacity.

³ This is a combination of the 'Attached' and 'Terraced Housing' typologies.

⁴ These include vertically-attached apartments. Horizontally-attached apartments are included under the 'Attached/Terrace' typology.

Table F: Comparison of Demand and Commercially Feasible Capacity by Dwelling Typology and Location: Higher Market Substitution Demand Scenario

Catchment	Projected Demand				Capacity (Max Profit Allocation) ¹				Capacity less Demand				Additional Potential Development ²					
	Detached	Attached/ Terrace ³	Apartment s ⁴	TOTAL	Detached	Attached/T errace ³	Apartment ts ⁴	TOTAL	TOTAL (Max Yield)	Detached	Attached/ Terrace ³	Apartment s ⁴	TOTAL	TOTAL (Max Yield)	Detached	Attached/ Apartment nts ⁴	TOTAL	
	Short-Term: 2024				Short-Term: 2024					Short-Term: 2024					Short-Term: 2024			
Arrowtown	100	-	-	100	400	1,200	-	1,600	1,700	300	1,200	-	1,500	1,500	300	400	-	50
Eastern Corridor	400	60	20	500	1,000	400	200	1,600	1,700	600	300	100	1,100	1,200	100	800	-	90
Frankton/Quail Rise	200	30	10	300	800	1,700	1,700	4,300	4,600	600	1,700	1,700	4,000	4,300	800	1,500	-	300
Arthurs Point	80	10	-	90	1,300	200	-	1,500	1,700	1,200	200	-	1,400	1,600	100	1,500	-	300
Queenstown	200	-	50	200	2,300	8,400	2,300	13,000	24,100	2,100	8,400	2,300	12,800	23,900	2,800	3,200	14,100	11,100
Kelvin Heights	-	10	-	10	2,900	600	-	3,500	4,200	2,900	600	-	3,500	4,200	300	2,900	900	700
Southern Corridor	600	100	30	800	200	500	300	900	900	-	400	400	200	200	-	-	-	-
Whakatipu - Other	100	70	20	200	300	100	-	500	500	200	60	-	20	300	60	-	-	30
Lake Hawea	200	30	10	200	5,000	-	-	5,000	5,700	4,800	-	30	-	10	4,800	5,400	-	700
Wanaka	700	100	40	900	10,500	5,500	1,000	17,000	19,000	9,800	5,400	900	16,200	18,200	2,700	9,800	800	2,000
Luggate	40	10	-	50	500	-	-	500	500	500	-	10	-	500	20	300	-	-
Cardrona	10	10	-	20	300	70	-	300	300	300	60	-	-	300	-	-	-	-
Wanaka - Other	90	20	10	100	-	-	-	-	-	-	90	-	10	-	100	-	-	-
Total Urban Environment	2,800	400	100	3,400	25,600	18,600	5,400	49,600	64,900	22,800	18,200	5,200	46,200	61,500	7,300	25,900	15,800	15,300
	Medium-Term: 2031				Medium-Term: 2031					Medium-Term: 2031					Medium-Term: 2031			
Arrowtown	60	90	50	200	400	1,200	-	1,700	1,700	400	1,100	-	50	1,500	300	400	-	40
Eastern Corridor	400	300	100	800	1,200	1,100	600	2,900	3,000	800	800	400	2,100	2,200	100	900	-	90
Frankton/Quail Rise	500	300	100	900	800	2,300	3,000	6,200	6,500	300	2,000	2,900	5,300	5,600	900	1,200	-	300
Arthurs Point	200	100	40	300	1,300	200	-	1,500	1,800	1,100	100	-	40	1,100	200	1,500	-	300
Queenstown	400	400	200	1,100	2,300	8,600	3,600	14,500	27,600	1,900	8,100	3,400	13,400	26,500	2,900	3,100	16,700	13,100
Kelvin Heights	200	70	30	300	2,900	600	-	3,500	4,600	2,700	500	-	30	3,200	300	2,900	1,400	1,000
Southern Corridor	1,000	200	80	1,300	1,100	2,500	1,400	5,000	5,000	200	2,200	1,300	3,700	3,700	-	-	-	-
Whakatipu - Other	200	300	100	600	600	200	-	800	900	400	-	80	-	100	200	200	-	30
Lake Hawea	500	200	70	800	5,100	-	-	5,100	5,700	4,600	-	200	-	70	4,300	5,000	-	700
Wanaka	1,700	900	400	2,900	11,500	6,500	2,100	20,200	22,100	9,800	5,600	1,800	17,200	19,200	2,900	10,100	800	2,000
Luggate	100	60	20	200	500	-	-	500	500	400	-	60	-	20	300	300	-	-
Cardrona	90	90	30	200	500	100	-	600	600	400	30	-	30	400	400	-	-	-
Wanaka - Other	70	100	40	200	-	-	-	-	-	-	70	-	100	-	40	-	-	-
Total Urban Environment	5,400	3,100	1,300	9,900	28,300	23,300	10,700	62,300	79,900	22,800	20,200	9,400	52,400	70,000	7,700	26,300	18,800	17,600
	Long-Term: 2051				Long-Term: 2051					Long-Term: 2051					Long-Term: 2051			
Arrowtown	60	200	200	300	500	1,300	-	1,700	1,800	500	1,100	-	200	1,400	400	500	-	40
Eastern Corridor	700	900	500	2,000	1,300	1,500	700	3,500	3,600	600	600	200	1,400	1,500	100	1,100	-	100
Frankton/Quail Rise	1,700	1,300	700	3,700	800	2,600	4,500	7,900	10,300	-	900	1,300	3,800	4,200	1,000	1,100	3,900	2,400
Arthurs Point	300	200	100	700	1,300	200	-	1,600	3,100	1,100	-	20	-	100	900	1,600	-	1,600
Queenstown	900	1,300	900	3,100	2,100	9,100	4,700	15,900	32,100	1,300	7,700	3,800	12,800	29,000	3,300	2,900	20,500	16,200
Kelvin Heights	200	300	200	700	3,000	600	100	3,700	4,700	2,800	300	-	50	3,000	300	3,000	1,400	1,000
Southern Corridor	2,000	1,200	600	3,800	1,900	4,100	2,300	8,300	8,300	-	100	2,900	1,700	4,500	-	-	-	-
Whakatipu - Other	100	700	400	1,300	800	300	-	1,100	1,300	700	-	400	-	200	20	60	200	200
Lake Hawea	1,200	700	400	2,300	5,100	-	-	5,100	5,800	3,900	-	700	-	400	2,900	3,500	-	700
Wanaka	4,000	3,100	1,700	8,900	12,500	7,500	3,400	23,300	25,200	8,500	4,300	1,600	14,400	16,300	3,200	10,500	1,000	1,900
Luggate	100	100	70	400	500	-	-	500	500	400	-	100	-	70	200	200	-	-
Cardrona	200	200	100	600	600	200	-	800	800	400	-	90	-	100	200	200	-	-
Wanaka - Other	10	200	100	300	-	-	-	-	-	-	10	-	200	-	100	-	-	-
Total Urban Environment	11,400	10,600	6,000	27,900	30,500	27,200	15,700	73,400	97,600	19,100	16,600	9,800	45,500	69,600	8,600	26,900	28,800	24,200

Source: M.E Ltd, 2025; (M.E QLD Residential Intensification Capacity Model, 2022/2023; M.E analysis of March 2025 QLDC Demand Projections).

Notes:

¹ These outputs reflect a parcel level allocation of capacity to the typology with the greatest estimated profit margin.

² These outputs show the difference between the highest profit margin allocation to the typology and the total potential capacity enabled under the typology. The typology outputs are not additive, with the 'Total' column providing the maximum potential additional capacity.

³ This is a combination of the 'Attached' and 'Terraced Housing' typologies.

⁴ These include vertically-attached apartments. Horizontally-attached apartments are included under the 'Attached/Terrace' typology.