

QLDC Council
1 September 2022**Report for Agenda Item | Rīpoata moto e Rāraki take [5]****Department: Planning & Development****Title | Taitara National Policy Statement on Urban Development– Implementation Update****PURPOSE OF THE REPORT | TE TAKE MŌ TE PŪRONGO**

The purpose of this report is to provide an update on work in train to implement the National Policy Statement on Urban Development 2020 (NPS-UD).

This report notes that the Council will not meet the timeframe set in the NPS-UD for notifying a plan change to implement Policy 5. It summarises the work that has been completed for the plan change and further work that is programmed as a high priority.

RECOMMENDATION | NGĀ TŪTOHUNGA

That Council:

1. **Note** the contents of the report;
2. **Note** that the Council will not meet the 20 August 2022 timeframe in the NPS-UD for the Policy 5 plan change, however the plan change is being progressed and will be reported to Council in the first quarter 2023; and
3. **Note** that the Council has multiple projects currently being progressed to meet the various requirements of the NPS-UD.

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CONTEXT | HOROPAKI

- 1 The NPS-UD contains objectives and policies that councils must give effect to when making resource management decisions. The Council is specified as a Tier 2 authority under the NPS-UD.
- 2 In summary, the NPS-UD recognises the national significance of:
 - Having well-functioning urban environments that enable all people and communities to provide for their social, economic and cultural wellbeing, and for their health and safety, now and into the future.
 - Providing sufficient development capacity to meet the different needs of people and communities¹.
- 3 The objectives and policies of the NPS-UD are required to be implemented by Council as soon as practicable, through changes to the district plan and through resource consent decisions. However, in respect of implementing Policy 5, the NPS-UD states that Tier 2 authorities must notify a plan change by 20 August 2022.
- 4 Policy 5 states the following:

Regional policy statements and district plans applying to tier 2 and 3 urban environments enable heights and density of urban form commensurate with the greater of:

 - a. *the level of accessibility by existing or planned active or public transport to a range of commercial activities and community services; or*
 - b. *relative demand for housing and business use in that location.*
- 5 This report summarises progress on implementing the NPS-UD, including progress on the Policy 5 plan change, next steps and the timeframe for notification. The timing of the local government election and consequential impacts on Councillor availability will influence the work programme.
- 6 Whilst the Council will not meet the timeframe set in the NPS-UD for notifying the Policy 5 plan change, this report seeks to highlight that significant work has been completed and further work is programmed as a high priority.

¹<https://environment.govt.nz/acts-and-regulations/national-policy-statements/national-policy-statement-urban-development/>

ANALYSIS AND ADVICE | TATĀRITANGA ME NGĀ TOHUTOHU

- 7 The following section summarises the work currently in train to implement the NPS-UD and to address matters relating to housing.

NPS-UD Policy 5 (Intensification) Plan Change

- 8 Work commenced on the Policy 5 plan change earlier this year, and workshops with Councillors have been held on 5 April, 19 July and 2 August 2022.
- 9 This plan change is being developed in the context of work already achieved through the district plan review, which commenced in 2014 and has had a focus on providing additional plan-enabled capacity.
- 10 The QLDC Housing Capacity Assessment 2021 identifies that the District has sufficient feasible plan enabled capacity, that can be infrastructure serviced, and is reasonably expected to be realised to provide for projected housing demand for the short, medium and long term. The plan-enabled capacity is based on current planning rules and infrastructure programmes.
- 11 However, it is anticipated that housing prices will continue to be affected by a range of local and national-level factors outside of Council's control which may place upwards pressure on housing prices across the District. This continues to impact on housing affordability. The Housing Capacity Assessment shows that there is a lack of capacity in the \$600,000 to \$800,000 price range.
- 12 Despite significant plan-enabled capacity, NPS-UD Policy 5 requires the Council to notify a plan change that enables intensification of development in appropriate urban locations. The plan change can also be broadened to achieve alignment with the outcomes sought by the Spatial Plan.
- 13 Work undertaken to date on the Policy 5 plan change has included the following key tasks:
- Preliminary relative demand and accessibility methodology and mapping;
 - Modelling of existing plan enabled and commercially feasible capacity; and
 - Sensitivity testing of changes to planning provisions to understand the commercial feasibility of intensification (infill and redevelopment).
- 14 The next steps for developing the plan change will include further work on the s32 Analysis, proposed planning provisions and maps, and will include regular engagement with the Grow Well Whaiora partnership.
- 15 The Policy 5 plan change will also incorporate changes to planning provisions that assist with implementing Policy 1 of the NPS-UD.

NPS-UD Policy 11 (Car Parking) Implementation

- 16 The ODP and PDP have been amended to remove minimum parking requirements, as required by Policy 11.
- 17 As a consequence of meeting the Policy 11 requirements, a plan change to retain the planning provisions for accessible parking was notified in November 2021. Decisions on the plan change have been made, the appeal period has closed, and the plan change is now treated as operative.
- 18 Work is underway by Council's Transport team to develop Comprehensive Parking Management Plans, which is encouraged by Policy 11 (b).

NPS-UD Subpart 5 - Housing and Business Capacity Assessment (HBA)

- 19 To support well-functioning urban environments, the NPS-UD requires territorial authorities to make informed decisions about planning for growth to improve the responsiveness and competitiveness of land and development markets. In particular, the NPS-UD requires local authorities to provide sufficient plan-enabled, infrastructure-ready, and commercially feasible development capacity so that more homes can be built in response to demand.
- 20 To demonstrate feasible development capacity, a Housing and Business Capacity Assessment (HBA) must be published every three years. The most recent HBA (housing 2020) was published in October 2021, and procurement will start in the latter half of 2022 on the HBA (business 2023) as well as an update to the HBA (housing 2023) that will align the two assessments.
- 21 Through the course of reviewing the PDP, which commenced in 2015, there has been significant emphasis on enabling opportunities for additional housing to meet anticipated demand. This ensures that housing supply is not inappropriately constrained by planning rules.
- 22 The HBA shows that there is significant Plan-enabled capacity for an additional 47,900 dwellings across the urban environment in the medium term. This capacity rises to 64,500 dwellings in the long term, taking into account the capacity signalled by the Queenstown Lakes Spatial Plan 2021². The current estimate of feasible and reasonably expected to be realised dwelling capacity is 19,200 additional dwellings in the long term. Council's most recent assessment is that, based on a high projection of population growth, there will be demand for an additional 17,000 dwellings by 2050.

NPS-UD Housing Bottom Lines

- 23 Clause 3.6(1) of the NPS-UD requires that "the amount of development capacity that is sufficient to meet expected housing demand plus the appropriate competitiveness margin" in the short-medium and in the long term is clearly stated in each district of a Tier

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

2 urban environment. Once determined, the Housing Bottom Lines must be inserted into the District Plan and Regional Policy Statement.

24 The HBA (housing 2020) calculated the following Housing Bottom Lines for the District urban environment. For the short – medium – long term assessments, the assessment is based on the Operative District Plan (short term), the Proposed District Plan (medium term) and Spatial Plan (long term):

- a. Short Term (2023): an additional 930 dwellings
- b. Medium Term (2030): an additional 6,220 dwellings
- c. Long Term (2050): an additional 19,200 dwellings

25 As the HBA (housing 2020) identifies that the District has sufficient feasible plan enabled capacity, that can be infrastructure serviced, and that is reasonably expected to be realised, no changes to Council planning rules (PDP) were required and the housing bottom lines can be inserted into the PDP without a Schedule 1 RMA process. The insertion of the housing bottom lines is currently being progressed as a c16 amendment to the PDP.

QLDC Spatial Plan

26 QLDC, Central Government and Kai Tahu have worked in partnership to produce a joint Spatial Plan that aims to set the strategic direction for the district's growth and development for the next 30 years plus.

27 The Spatial Plan which was approved in July 2021, promotes a consolidated and mixed-use approach to accommodating growth in the district, with future growth focusing on locations with good access to facilities, jobs and public transport. Development within these areas will require:

- a. enabling higher densities;
- b. enabling a greater mix of uses within existing urban areas; and
- c. efficiently developing new urban areas that are serviced by public transport.

28 It is intended that the Spatial Plan will form the basis of a Future Development Strategy (FDS), which is required by Subpart 4 of the NPS-UD. The FDS will be developed during the next 18 months.

29 Te Pūtahi – Ladies Mile is one of six Priority Development Areas identified in the Spatial Plan. The proposed Te Pūtahi Ladies Mile plan change was approved by Councillors on 30 June 2022 for notification via the Streamlined Planning Process. This is the first plan change to implement strategic growth signalled through the Spatial Plan.

30 The plan change will enable creation of a comprehensively planned urban development which includes a local centre and social infrastructure, and will yield approximately 2400 additional residential units with emphasis on delivering medium and high density housing. The aim is to see Te Pūtahi Ladies Mile develop in a way that improves community

outcomes, delivers improved transport solutions and offers a wide range of choices for current and future residents.

QLDC Homes Strategy and Joint Housing Action Plan

- 31 The Council prepared the QLDC Homes Strategy in 2021 which sets out a strategic approach for addressing the district's housing challenges. The actions include development of an Inclusionary Zoning plan change. The plan change has been prepared and was endorsed by Councillors for notification via Schedule 1 of the RMA at the 11 August 2022 Council meeting.
- 32 The Inclusionary Zoning plan change will assist with continuing to support the Queenstown Lakes Community Housing Trust to ensure it meets the needs of our community by providing a funding stream for retained affordable housing.
- 33 Another key action of the Homes Strategy is to develop a housing action plan with Central Government partners. The Joint Housing Action Plan working group has been formed, which includes representatives from the Ministry of Housing and Urban Development and Kāinga Ora. A series of workshops have been programmed for August and September 2022 to develop the Action Plan.
- 34 **This report is provided for noting.** The provision of options is not considered relevant in this instance and this report does not seek a decision from Councillors. Rather, it highlights that, whilst the NPS-UD Policy 5 plan change will not be notified in the timeframe set by the NPS-UD, it will be notified as soon as practicable (in early 2023). This report also highlights that significant work is in train to implement the requirements of the NPS-UD and to address issues relating to housing.
- 35 During the regular meetings with representatives from Central Government agencies on the Grow Well Whaiora partnership we have advised attendees that we will not be meeting the NPS-UD timeframe. No direct engagement has been undertaken with MfE.
- 36 The revised timeframes for the NPS-UD Policy 5 plan change will include time for workshops that will inform new Councillors of the requirements of the NPS-UD and the work undertaken to date. The draft provisions will also need to be workshopped with Councillors when they have been further developed. As the workshop and meeting times for the coming electoral term have not yet been set, a firm timeframe for notification has not yet been set. Progress on the plan change will be reported to Council in first quarter 2023.

CONSULTATION PROCESS | HĀTEPE MATAPAKI:

> SIGNIFICANCE AND ENGAGEMENT | TE WHAKAMAHI I KĀ WHAKAARO HIRAKA

- 37 This matter is of medium significance, as determined by reference to the Council's Significance and Engagement Policy because, although a decision is not sought from Councillors, this report does highlight that the Council will not be meeting the timeframe set by the NPS-UD for implementing Policy 5.

38 This update is not inconsistent with existing policy and strategy. It aligns to the Vision Beyond 2050 statements, the Ten-Year Plan and the Queenstown Lakes Spatial Plan insofar as is possible.

39 Once completed, the proposed plan change will be publicly notified in accordance with the requirements of Schedule 1 RMA, whereby anyone will have the opportunity to submit on the plan change and subsequently participate in a Council hearing and Environment Court appeal process.

> MĀORI CONSULTATION | IWI RŪNANGA

40 Through the course of development of the Policy 5 plan change regular ongoing meetings are being held with iwi representatives through the Grow Well Whaiora partnership.

41 Statutory consultation with iwi required by the RMA (including under cl4A of the First Schedule) will occur when the draft provisions have been developed.

42 Iwi representatives have stated support for the project timeframes to enable further discussions with their rūnaka.

RISK AND MITIGATIONS | NGĀ RARU TŪPONO ME NGĀ WHAKAMAURUTANGA

43 This matter relates to the Strategic/Political/Reputation risk type. It is associated with RISK00056 Ineffective provision for the future planning and development needs of the district within the QLDC Risk Register. This risk has been assessed as having a moderate inherent risk rating.

44 Mitigation of this risk shall be achieved by ensuring that the Policy 5 plan change is notified as soon as practicable (in early 2023).

FINANCIAL IMPLICATIONS | NGĀ RITENGA Ā-PŪTEA

45 Funding for the Policy 5 plan change will be sourced through the district plan budget, and cost sharing is occurring with Council's Strategic Growth team.

LEGAL CONSIDERATIONS AND STATUTORY RESPONSIBILITIES | KA TURE WHAIWHAKAARO, ME KĀ TAKOHAKA WAETURE

46 The Council will not be meeting the notification timeframe set by the NPS-UD. Further work on the Policy 5 plan change is required to complete the s32 Analysis required by the RMA. Project timeframes will be influenced by the local body election.

LOCAL GOVERNMENT ACT 2002 PURPOSE PROVISIONS | TE WHAKATURETURE 2002 O TE KĀWANATAKA Ā-KĀIKA

47 The recommended option:

- Can be implemented through current funding under the Ten-Year Plan and Annual Plan;
- Is consistent with the Council's plans and policies; and

- Would not alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the Council or transfer the ownership or control of a strategic asset to or from the Council.