



16 November 2021

Via Website

SUBMISSION TO THE MINISTRY FOR THE ENVIRONMENT'S RESOURCE MANAGEMENT (ENABLING HOUSING SUPPLY AND OTHER MATTERS) AMENDMENT BILL

Thank you for the opportunity to present this submission on the Resource Management (Enabling Housing Supply and Other Matters) Amendment Bill.

The Queenstown Lakes District Council (QLDC) is supportive of the principle of the Resource Management (Enabling Housing Supply and Other Matters) Amendment Bill (the Bill) to increase the supply of housing. However, the QLDC do not believe that the blunt measures outlined in the Bill would be appropriate to meet the needs of the district.

This bill is inconsistent with a transition toward whole of system spatial planning and causes significant complexities for councils that are mid-way through District Plan review processes.

This submission outlines key points and recommendations (also summarised in Annex One) including:

- Queenstown Lakes District faces unique challenges in housing affordability,
- The Bill is inconsistent with the objectives of the National Policy Statement on Urban Development 2020 and Aotearoa's emissions reduction commitments,
- The use of regulations to include Tier 2 Councils should be removed from the Bill,
- The current Bill may disincentivize intensification by precluding minimum lot sizes and encouraging ad hoc approaches,
- The lack of requirement for critical infrastructure proposed by the Bill could have negative impacts on our modal shift and infrastructure planning, and
- The Bill may create conditions where two separate processes are required in zones with mixed use.

QLDC would like to be heard at any hearings that result from this consultation process. It should be noted that due to the timeline of the process, this submission will be ratified by full council retrospectively at the next council meeting.

Thank you again for the opportunity to comment.

Yours sincerely,

Mike Theelen
Chief Executive

1.0 Context of the Bill in relation to QLDC

Housing affordability is a significant issue in the Queenstown Lakes District, where the housing affordability index is at 10.3, compared to a national average of 7.8¹. In 2020, 48.5% of household income was spent servicing mortgage payments. The rental market has become somewhat more affordable since the pandemic, but this is likely to be a temporary response to lower visitation numbers. In 2019, residential tenants were paying nearly 24% of their income to landlords, compared with a national average of 20%.

QLDC has undertaken a number of measures in recent years to improve housing affordability in the district. The solution for this district requires a greater level of nuance than simply increasing supply. The lifestyle and environmental appeal of the district has created a market that continues to rise even as supply increases. For a number of years, QLDC has issued some of the highest numbers of building consents in the country, yet the average house price in the district is currently nearly \$1.4m².

The district was one of few places that effectively created Special Housing Areas under the terms of the Housing Accord, securing greater density, a range of housing typologies and ensuring a fixed contribution to the Queenstown Lakes Community Housing Trust, a Community Housing Provider. QLDC is now seeking to extend its approach to Inclusionary Zoning within the District Plan, which if successful, could set an important and progressive precedent for the development community.

QLDC recently entered into a formal partnership with government to develop an holistic Spatial Plan for the district. This has involved the development of a detailed plan to grow well (Whaiora), identifying priority areas for growth, transport, community facilities, infrastructure, and economic development. Emissions reduction, sustainability, resilience, and community wellbeing underpin all aspects of the Spatial Plan, through to 2050. A key commitment within the partnership is to develop a Housing Strategy and Implementation Plan.

QLDC is supportive of the principle of the Resource Management (Enabling Housing Supply and Other Matters) Amendment Bill to increase the supply of housing but does not believe that the blunt measures outlined in the Bill would be appropriate to meet the needs of the district.

This bill is inconsistent with a transition toward whole of system spatial planning and causes significant complexities for councils that are mid-way through District Plan review processes.

Significant Matters

2.0 The Bill is inconsistent with the objectives of the National Policy Statement on Urban Development 2020 and Aotearoa's emissions reduction commitments

This amendment bill is counter to the National Policy Statement on Urban Development 2020 (NPS-UD) in which councils are required to align its infrastructure planning with its zoning to achieve well-functioning urban environments.

Sprawling medium density housing enabled by the Bill may not align with existing or planned public transport routes, resulting in the creation of denser communities on urban edges that are reliant on private transport to access all key services. This will result in more congestion on our roads. Through the spatial

¹ https://ecoprofile.infometrics.co.nz/queenstown-lakes%2bdistrict/StandardOfLiving/Housing_Affordability

² https://ecoprofile.infometrics.co.nz/queenstown-lakes%2bdistrict/StandardOfLiving/House_Prices

plan process, key growth areas have been identified which will help to focus joint investment and the provision of infrastructure (including social infrastructure). The Bill will enable ad hoc and out of sequence development making the supply of 3 waters and transport less efficient. It will potentially result in development that is inconsistent with the strategic direction of the Spatial Plan.

If QLDC was to be required to join Tier 1 Councils within the Bill, the measures outlined would be regressive in comparison to the potential offered by the work of the Spatial Plan partnership. Given the government has signalled the introduction of the Spatial Planning Act as part of the suite of resource management reforms, it would be counter-intuitive to introduce a Bill that will make any such transition far more complex.

3.0 The use of regulations to include Tier 2 Councils should be removed from the Bill

The Bill enables the Minister to require a Tier 2 territorial authority to incorporate the Medium Density Residential Standards (MDRS) into District Plans when there is deemed to be an acute housing need. There is limited information in the Bill regarding the determination of acute housing need. While QLDC supports the clarification that the MDRSs do not apply to Large Lot Residential Zones and Settlement Zones, applying the MDRS to most other residential zones, for example Low Density Residential Zones, in Tier 2 Councils like QLDC will not always be suitable. The Bill contains no guidance regarding the treatment of Special Zones.

QLDC therefore requests that the inclusion of Tier 2 Councils for MDRSs be removed from the Bill. The Natural and Built Environment Act and new Planning Framework under development with the Resource Management Act reform could be more suitable lever under which housing development could be accelerated and integrated with council infrastructure and planning. Given it will take some time to realise the goals of the NPS-UD, and the innovative solutions, QLDC has already implemented, the application of the proposed Bill to QLDC as a Tier 2 Council seems a blunt response.

QLDC requests that the Bill is amended so that the fast-track process (ISPP) can be used by Tier 2 Councils with an acute housing need when undertaking plan changes to implement policy 5. Having the ISPP process available to Tier 2 Councils would assist with the speed at which policy 5 can be implemented.

Recommendation:

R1 - Amend the Bill to remove the ability for the Minister to require Tier 2 Councils to include MDRSs in District Plans.

R2 - Include 'and/or' in 80E(1)(a) and under Section 2 amended (interpretation) 'interpretation of Intensification planning instrument' (a) so that local councils can implement policy 5 without the MDRS.

R3 - Support the Large Lot Residential Zone being excluded from MDRSs.

R4 - Seek confirmation that the MDRSs do not apply to the Settlement Zone, particularly given that National Planning Standard 4(8) gives councils discretion regarding where the Settlement Zone sits in the structure of the District plan and seek that the Bill is amended to make this clearer.

R5 – Recommend that a standard design guide is written to accompany the MDRS's to assist with achieving good design outcomes.

Additional Points

4.0 The current Bill may disincentivize intensification by precluding minimum lot sizes and encouraging ad hoc approaches

The Queenstown-Lakes District Council have invested significantly in a plan review that has a mixture of zones. Our Housing and Business Capacity Assessment has indicated that we have approximately 70,000 capacity over the next 30 years – this is significantly more than demand. The Bill will significantly increase our capacity. As a result, the assumptions and capacities that informed our infrastructure strategy and Ten-Year Plan will need to be revisited. There is not enough time for councils to align infrastructure spend with increased capacities. As result there is likely to be key infrastructure constraints.

The Te Pūtahi – Ladies Mile masterplan (relating to Greenfields development) has been predicated on minimum and maximum unit numbers. The minimum being 40 units per hectare, this has been based on comprehensive modelling that indicates this is the minimum numbers of units required to enable modal shift (predominantly the shift to public transport) and then maximum numbers (2400 units +/- 5%) as not to overwhelm the State Highway. If this area of land was rezoned with 1, 2 or 3 units per site being a permitted activity as per the current Bill with no minimum or maximum lot sizes, then some of the landowners who have already indicated their preference for lower density development are likely to develop the existing 2ha blocks into one, two or three units only, thereby discouraging intensification.

In areas where developers have identified a preference for larger standalone houses, the standards in the could be interpreted as enabling of these which seems at odds with the intensification goal and may not accelerate the supply of housing.

Recommendation:

R6 - Clarify that Councils can include minimum/maximum density requirements especially in relation to new greenfield developments.

R7 - Rather than not allowing minimum and maximum lot sizes, there should be a consideration of minimum yields per hectare, otherwise, there is a real risk with the Bill as drafted that intensification is discouraged with some developers just building a single/large standalone dwelling.

5.0 The Bill could encourage intensification of established suburbs but could have unintended consequences

The Bill has the potential to incentivise intensification of older, established suburban areas that are not regenerating. This Bill provides the opportunity to improve progress in these areas by removing some barriers to development, including the ability of third parties to intervene. However, the Queenstown-Lakes District has fewer such suburbs compared to Tier 1 Council areas including Auckland, Wellington and Christchurch. It could be of benefit, for example, in and around Queenstown town centre resulting in some, moderate intensification. This could have the unintended consequence of pushing well-designed intensification of these area out by a further 50 years due to the potential for dispersal of medium density housing away from urban centres.

Many district plans do allow for the type of development the Bill seeks to create, but equally there are usually a myriad of other rules that circumscribe the ability to deliver such development; much of that has to do with amenity and at its extreme, nimbyism. The changes proposed by the Bill could create significant social disruption particularly to established communities which is difficult to measure. For that reason, strategic location of intensification is a more preferable approach than that proposed by the bill.

6.0 The lack of requirement for critical infrastructure proposed by the Bill could have negative impacts on our modal shift and infrastructure planning

The permitted activity standards proposed in the Bill limit council ability to require the construction of critical infrastructure. For example, The Te Pūtahi – Ladies Mile planning provisions as drafted require the landowners to construct a number of transport infrastructure works prior to development in the area. These requirements are to encourage modal shift requiring bus infrastructure to be in place (i.e., bus stops, active travel networks to be constructed), as well as new roundabouts to facilitate traffic flow into a State Highway and safe crossing points across the state highway to connect into the neighbouring community. If a landowner decides to not intensify development or stages development by constructing three sections/townhouses at a time as per the Bill, we would have no ability to require these works to take place.

The lack of consent costs and no requirement to construct infrastructure could also incentivize an ad hoc approach that makes the most of the conditions set out in the Bill and deter developers from taking a more integrated and cohesive approach which is what is usually required.

The removal of accessibility from Policy 3d, appears to undermine intensification around transport corridors which may prevent modal shift from occurring. This may have negative effects on ensuring that we build well-functioning urban environments that reduce emissions and seems at odds with the objectives of the NPS-UD. NPS-UD requires us to make informed infrastructure investments based on known capacities. The Bill will result in planning the unknown.

The Bill fails to provide guidance on where the cost falls to upgrade aged or at capacity infrastructure. While the rules may support densification, they also need to ensure that the marginal infrastructural costs are borne by developers and that districts can manage the introduction of these areas to parts of their infrastructure networks (mainly sewerage and water) that can cope or are upgraded to cope.

Recommendation:

R8 - Recommend that the scope of the 'review of the financial contributions', include a Tier 1 (or T2) authority the use of the ISPP to process to include inclusionary zoning as a new financial contribution.

R9 - Recommend the use of the ISPP process to apply to Tier 2 Councils when implementing Policy 5 of the NPS-UD.

R10 - Recommend clarification on how councils will assess the demand for infrastructure (including 3 waters, transport, and social infrastructure i.e., parks and community centres) with no minimum lot sizes (or understanding of possible yields) be included in the Bill.

R11 – Ensure that Councils can manage densification in accordance with its infrastructure including allocating associated costs to developed where appropriate.

7.0 The Bill may create conditions where two separate processes are required in zones with mixed use

The Bill creates the potential for two separate plan changes. For example, The Te Pūtahi – Ladies Mile development also includes a town centre and commercial areas, which could mean we will be required to go through two planning processes, this seems highly inefficient and expensive.

Recommendation:

R12 - Recommend the Bill include guidance on completing a plan change that requires a Schedule 1 / SPP process and whether this could be replaced by using the ISPP process or whether two plan change processes are required.

8.0 The Bill could create implications for infrastructure and service provision planning does not align with the intention of the NPS-UD

This amendment bill is at odds with the NPS-UD in which councils are required to align its infrastructure planning with its zoning. Sprawling MDRS may not align with planned public transport routes, resulting in the creation of denser communities on urban edges that are reliant on private transport to access all key services, resulting in more congestion on our roads. Through the spatial plan process, key growth areas had been identified which helped to focus investment. Allowing pockets of growth to occur relatively ad-hoc, as the Bill would enable, could push density out, discouraging infill which could, in turn, make supplying 3 waters and transport infrastructure less efficient.

Recommendation:

R13 - Recommend clarification that settlement zones are not included in the definition of 'residential' (preference that they are treated the same as Large Lot Residential Zones).

R14 - Recommend that the Bill provides clarification and guidance on the issue of private covenants (existing and future) that limit densification.

R15 - Recommend that the MDRS do not apply to resort / special zones / special housing areas that are either outside of the urban environment and/or contain a mixture of residential / visitor accommodation.

Annex One: Recommendations

1.0 QLDC has several points of recommendation, summarised here:

R1 - Amend the Bill to remove the ability for the Minister to require Tier 2 Councils to include MDRSs in District Plans

R2 - Include 'and/or' in 80E(1)(a) and under Section 2 amended (interpretation) 'interpretation of Intensification planning instrument' (a) so that local councils can implement policy 5 without the MDRS

R3 - Support the Large Lot Residential Zone being excluded from MDRSs

R4 - Seek confirmation that the MDRSs do not apply to the Settlement Zone, particularly given that National Planning Standard 4(8) gives councils discretion regarding where the Settlement Zone sits in the structure of the District plan and seek that the Bill is amended to make this clearer, and

R5 – Recommend that a standard design guide is written to accompany the MDRS's to assist with achieving good design outcomes.

R6 - Clarify that Councils can include minimum/maximum density requirements especially in relation to new greenfield developments.

R7 - Rather than not allowing minimum and maximum lot sizes, there should be a consideration of minimum yields per hectare, otherwise, there is a real risk with the Bill as drafted that intensification is discouraged with some developers just building a single/large standalone dwelling.

R8 - Recommend that the scope of the 'review of the financial contributions', include a Tier 1 (or T2) authority the use of the ISPP to process to include inclusionary zoning as a new financial contribution.

R9 - Recommend the use of the ISPP process to apply to Tier 2 Councils when implementing Policy 5 of the NPS UD.

R10 - Recommend clarification on how councils will assess the demand for infrastructure (including 3 waters, transport, and social infrastructure i.e., parks and community centres) with no minimum lot sizes (or understanding of possible yields) be included in the Bill.

R11 - Ensure that Councils can manage densification in accordance with its infrastructure including allocating associated costs to developed where appropriate.

R12 - Recommend the Bill include guidance on completing a plan change that requires a Schedule 1 / SPP process and whether this could be replaced by using the ISPP process or whether two plan change processes are required.

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