

Planning & Strategy Committee

7 May 2024

Report for Agenda Item | Rīpoata moto e Rāraki take [1]

Department: Strategy & Policy

Title | Taitara: Update on the status of the priority initiatives and priority development areas associated with the Queenstown Lakes Spatial Plan 21 (QLSP 2021), and the development of the Spatial Plan Gen 2.0.

Purpose of the Report | Te Take mō te Pūroko

This report provides an update on progress on the implementation of the Queenstown Lakes Spatial Plan 2021 (QLSP 2021), the development of Te Tapuae / Southern Corridor structure plan and the Joint Housing Action Plan (JHAP) and the development of the Queenstown Lakes Spatial Plan Gen 2.0.

Recommendation | Kā Tūtohuka

That the Planning & Strategy Committee:

1. **Note** the contents of this report.

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18 April 2024

Reviewed and Authorised by:



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Title: GM – Strategy and Policy
19 April 2024

Context | Horopaki

1. The Queenstown Lakes Spatial Plan was prepared as part of an Urban Growth Partnership between Central Government, Kāi Tahu, Queenstown Lakes District Council (QLDC) and Otago Regional Council called the Grow Well Whaiora Partnership.
2. The partnership provides a forum to align decision-making and collaboration on the long-term direction for the Queenstown Lakes District. It acknowledges that the Queenstown Lakes District is facing growth-related challenges across housing, transport and the

environment that may have flow-on effects nationally, particularly given the importance of the Queenstown Lakes area to Aotearoa New Zealand's tourism sector.

3. Adopted in July 2021, Queenstown Lakes, first Spatial Plan (QLSP 2021) sets out the partnership's long-term approach to address these challenges providing a vision and framework for how and where the communities of the wider Whakatipu and Upper Clutha can grow well and develop to ensure our social, cultural, environmental, and economic prosperity. In order to grow well, five outcomes have been identified and these include:
 1. Consolidated growth and more housing choice;
 2. Public transport, walking and cycling is the preferred option for daily travel;
 3. A sustainable tourism system;
 4. Well-designed neighbourhoods that provide for everyday needs; and
 5. A diverse economy where everyone can thrive.
4. The work programmes that flow from the Spatial Plan address a broad range of disciplines, legislative contexts and areas of expertise. The Strategic Growth team supports delivery across a broad span of interest, building partnerships and collaborations to achieve good outcomes across complex networks and areas of responsibility.
5. To deliver on the five outcomes of QLSP 2021, the partnership developed a joint work programme focusing on 22 priority initiatives and six priority development areas. The six priority development areas were identified as strategically important locations to provide for future growth in a way that will contribute towards achieving the outcomes of the Spatial Plan. The delivery of the Priority Development Areas requires working in partnership with the Grow Well Whaiora Partners, developers and the community to unlock their potential.
6. Work has been progressing on a number of the priority initiatives and priority development areas and this report provides the Planning & Strategy Committee with an update on the progress of those workstreams.

Analysis and Advice | Tatāritaka me kā Tohutohu

Implementation of the QLSP 2021

7. QLSP 2021 implementation plan consists of 22 priority initiatives, and these are actively monitored via the QLSP Monitoring Report (**Attachment A**). This report is issued quarterly and discussed at the Grow Well Whaiora Partnership Steering Group meetings. The report dated 11 March 2024 has been used to inform this section.
8. Majority of project updates are progressing on track with a green status. The exceptions are:

Amber Status:

- **Draft Economic Diversification Plan** remains amber due to extended timeframes. The extended timeframe is in place to secure the final list of supporting and partner organisations prior to Council sign-off. The final plan will be brought to the Council meeting on 6 June.
- **Blue-Green Network** is amber due to extended timeframes.
- **Hāwea Infrastructure Acceleration Fund (IAF)** is amber due to delays with designing the solution.
- **Spatial Plan 2.0 development** remains amber due to the delay in the Housing and Business Capacity Assessment (HBA) work which informs this project.
- **Regenerative Tourism Plan** - An application has been made to Ministry of Business, Innovation and Employment (MBIE) to fund the development of an Emissions Reduction Plan (ERP) for the tourism system and to fund the optimum visitation project. Decision continues to remain outstanding but the project is progressing and procurement is underway. The uncertainty over the delay in the MBIE funding decision has led to an amber project status.
- **Active Trail Route A7: Jacks Point – Frankton** – Variation to original preferred route proposed due to geotechnical concerns and cost estimations significantly higher than expected. The two routes that are now being sought for approval are the Western route and the Hillside route.
- **NZUP Queenstown Stage 1 Package** of works includes: the State Highway 6/6A (BP) intersection; the adjacent bus hub and the Howards Drive roundabout.

Project status changed from red to amber as although there have been significant delays and the programme delivery has been refined due to cost escalations, a solution has been forthcoming, and Stage 1 began in April 2024.

- **Arterials Stage 1** - The project status is amber due to the scale and stage of the arterials project. There continues to be risk associated with time and cost.

Project budget amendments of \$17.65 million approved at QLDC Full Council meeting on 15 February 2024. The overall budget is now \$128.02 million. The reforecast has also factored in further cost escalations throughout the course of the project.

Red Status:

- **Urban Intensification Variation (Policy 5)** – remains a red project status due to extended timeframes.
- **Visitor Levy** remains red status due to uncertainty over its viability. New government yet to advise its position.

- **Active Trail Route A8: Lake Hayes Estate - Frankton (South)** – lack of funding to proceed.

The Joint Housing Action Plan (JHAP) - Community/Affordable Housing Stakeholder Deeds – Monitoring Update

9. The JHAP is one of the 22 priority initiatives, and the finalised plan was adopted by QLDC in August 2023 and subsequently endorsed by the Whaiora Grow Well Governance Group (Link to JHAP: [joint-housing-action-plan-final.pdf \(qldc.govt.nz\)](https://qldc.govt.nz/joint-housing-action-plan-final.pdf)). Work across the 34 actions is underway, including working with central government, local and nation-wide organisations, and across QLDC, to improve housing outcomes in the district. This paper provides an update on the implementation of Action 4B, to “Enforce existing Stakeholder Deeds”.

Background

10. In the period 2003-2013, when developers applied for land to be upzoned for residential housing developments, QLDC negotiated a land or financial contribution to go towards affordable/community housing for each development. These agreements are set out in a series of Stakeholder Deeds. From 2013-2019 similar agreements were negotiated for Special Housing Areas (SHAs) set up through the Housing Accords and Special Housing Areas Act (HASHAA). These agreements have been and continue to be an essential source of funding and land for the Queenstown Lakes Community Housing Trust (QLCHT), in total around \$48 million to date.
11. The deeds are all slightly different according to the different circumstances for each development. The housing developments are at different stages of completion and have different ‘triggers’ that signal when the housing contributions are due. Therefore, close monitoring is important to ensure QLDC receives the contributions in a timely manner and ensure compliance with the deeds. As a result, regular monitoring updates on these deeds will be provided to the Planning and Strategy Committee.

Status of developments as of April 2024

12. There are 26 deeds with the contributions in differing stages of development:
- 11 have been developed and settled in full:
 - Riverside Park, Peninsula Bay, Quail Rise, Shotover Country, Shotover Country SHA, Northlake Investments Ltd, Bullendale SHA, Onslow Rd SHA, Queenstown Country Club SHA, Arrowtown Retirement Village SHA, Hikuwai
 - 6 are under development and partially settled:
 - Jack’s Point, Kirimoko, Longview Hāwea SHA, Hanley’s Farm, Mt Cardrona Station
 - 9 are future contributions yet to be developed:
 - Kingston Village, Three Parks, Wānaka Industrial, Ballantyne Investments, Ballantyne Rd Industrial, Allanby Farms, Homestead Bay, Tomasi SHA, Coneburn SHA

Deeds with Outstanding Contributions

13. There are currently three deeds where community housing contributions are either due, about to be due or further clarification is required surrounding the compliance with the deeds. These are discussed below:

Deed	Update on monitoring
Three Parks	Meeting held with QLDC, developer and the QLCHT to discuss obligations under the deed. Developer and QLDC following up on various aspects of deeds. Contributions include both those to the QLCHT and the provision of affordable housing.
Ballentyne Road	
Jacks Point	This deed is unique in that the contributions are to go to a “Community Housing Trust or an alternative entity(ies)”, i.e. potentially but not necessarily the QLCHT. This Deed applies to various developers in the Te Tapuae Southern Corridor. An update on progress will be provided at the next meeting.

Affordable Housing Contributions

14. In addition to the community housing contributions, some deeds also require some houses to be sold at affordable prices and set conditions. Officers are actively following up these clauses and working with the developers. More detail on these investigations will be reported back to the next meeting.

Spatial Plan Gen 2.0 (Future Development Strategy)

15. Work on the Spatial Plan Gen 2.0 began in November 2022, building on the QLSP 2021, the second-generation Spatial Plan will meet the requirements of the National Policy Statement Urban Development and contain the district’s Future Development Strategy (FDS). A key benefit of a combined FDS and Spatial Plan is that the Spatial Plan will become the statutory document that Resource Management Act (RMA) documents (i.e., the District Plan) must have regard to when they are being prepared or changed. The document is also strongly encouraged to inform other long-term plans and infrastructure strategies in order to promote long term strategic planning and integration of planning, infrastructure and funding decisions.
16. In terms of progress, work on the Spatial Plan Gen 2.0 is underway, but the spatial scenarios cannot be completed until the housing and Business Assessment (HBA) has been completed. A HBA provides a highly detailed understanding of supply and demand for both residential and business capacity and whether there are any shortfalls in supply over the short-medium-long term.
17. This assessment enables councils to understand whether there are any insufficiencies as a result of not enough plan-enabled capacity, insufficient infrastructure supply or other market

conditions that may affect the commercial feasibility of developing a site. This evidence base then allows the Spatial Plan to respond with the appropriate solutions for the identified shortfalls.

18. Work is progressing on the HBA and is due to be completed November 2024. It is expected that interim results will be available in approximately August/September 2024. Further updates will be provided as work progresses.

Te Tapuae / Southern Corridor Structure Plan (Note this project is being jointly led with Planning Policy)

19. Priority Initiative 3 of the QLSP 2021 requires structure plans to be developed for all the priority development areas. Structure plans will include, for example:

- zoning,
- infrastructure triggers (including social infrastructure and the blue/green network),
- transport links/networks, and
- financial information.

20. The key purpose of the structure plans is to provide a concise overview of the timings, dependencies, and types of infrastructure investment (renewal, enhancement, and growth) required to complete the priority development area and outline funding, timings, and risk/barriers. The plans will also include the social infrastructure needs of each of the areas and ensure the prioritisation of the delivery of affordable housing through a mixture of lot sizes and housing choice.

21. Structure planning is part of the District Plan process and as such is being undertaken collaboratively between the Strategic Growth and Policy Planning teams. The Infrastructure Strategy and Asset team also has a considerable role to play in this work. Any plan change or variation requires an analysis as to the appropriateness of zoning; the structure planning process assists with this, especially over multiple ownerships.

22. Te Tapuae / Southern Corridor is the first priority development area to be structure-planned through this process. Noting Te Pūtahi / Ladies Mile was structure-planned at the same time the QLSP 2021 was developed. Funding is confirmed through Tranche 1 of the Three Waters Better Off Fund allowing the project to proceed at pace.

23. Both developers and the QLDC's infrastructure investment programme are moving at pace.

24. Update of the Structure Plan process so far:

1. All key developers and landowners have been contacted and updated on the process.

2. Significant amounts of information and reports have been submitted from landowners, which the project team is working through.
 3. Meetings have taken place with majority of the significant landowners. Meetings to be held with Kāi Tahu, Ministry of Education and Land Information NZ in the coming weeks.
 4. Working closely with ORC officers on ecology, natural hazards, geotechnical and transport issues.
 5. Stakeholder and community engagement has been undertaken. A report has been placed online and is contained in **Attachment B**.
 6. Option analysis has been completed. These are now being reviewed and input provided from the various experts. An update on this will be provided at the next meeting.
 7. Procurement for specialist infrastructure expertise due to be completed in next few weeks.
 8. Transport workshop due to be set in early May. From here a series of workshops will be set covering the following: landscape/ecology, natural hazards/geotechnical, infrastructure, and urban design / commercial.
25. It is noted that the Planning Policy Team will work through a potential District Plan variation in parallel with this process. A decision will need to be made by Council if this variation will relate to the entire Southern Corridor or parts of the Corridor.

Fast track Approvals Bill

26. There is a significant risk that some of the developers will apply for their land to be considered under the new fast track approvals bill. This has the potential to achieve a suboptimal outcome for our community, as there are significant issues that need a whole of corridor approach. It is very important the structure plan is progressed at pace. As a result, any future development of this area represents significant risk – the area is not infrastructure ready.

Consultation Process | Hātepe Matapaki

Significance and Engagement | Te Whakamahi I kā Whakaaro Hiraka

27. This matter is of low significance, as determined by reference to the Council's Significance and Engagement Policy 2021 as this paper is a noting paper.

28. The persons who are affected by or interested in this matter are those that have participated in the processes relating to the workstreams described within the report, as well as residents/ratepayers more generally of the Queenstown Lakes district community.

Māori Consultation | Iwi Rūnaka

29. Through the course of development of the Spatial Plan, its work programme and the Spatial Plan Gen 2.0, regular ongoing meetings are being held with Kāi Tahu who are part of the Grow Well Whaiora partnership.

Risk and Mitigations | Kā Raru Tūpono me kā Whakamaurutaka

30. This matter relates to the Strategic/Political/Reputation risk category. It is associated with RISK10056 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 low residual risk rating.

31. This matter relates to this risk because it is of importance in terms of the management of growth for the district. Mitigation of this risk shall be achieved by ensuring that all workstreams are co-ordinated in pursuit of the agreed outcomes.

Financial Implications | Kā Riteka ā-Pūtea

32. There are no financial implications to this noting paper.

33. The workstreams discussed have current funding under the Long-Term Plan, Annual Plan and through the Three Waters Better Off Fund.

Council Effects and Views | Kā Whakaaweawe me kā Tirohaka a te Kaunihera

34. The following Council policies, strategies and bylaws were considered:

1. The outcomes and principles of the Vision Beyond 2050
2. The QLDC Spatial Plan
3. The QLDC District Plan
4. The Climate and Biodiversity Plan
5. The Destination Management Plan
6. The Long-Term Plan
7. The Homes Strategy and draft Joint Housing Action Plan
8. The 30 Year Infrastructure Strategy.

35. This report doesn't contain any recommended options as it is a noting report, however the workstreams discussed is consistent with the principles set out in the named policy/policies.

Local Government Act 2002 Purpose Provisions | Te Whakatureture 2002 o te Kāwanataka ā-Kiaka

36. Section 10 of the Local Government Act 2002 states the purpose of local government is (a) to enable democratic local decision-making and action by, and on behalf of, communities; and (b) to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future. This report provides an update on the implementation of the QLSP 2021 and the development of Spatial Plan Gen 2.0. Strategically planning for the growth of our communities is critical to achieving the outcomes of the QLSP 2021.

37. This report doesn't contain any recommended options as it is a noting report, however the workstreams discussed:

- Can be implemented through current funding under the Long-Term Plan and Annual Plan.
- Is consistent with the Council's plans and policies; and
- Would not significantly alter 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

Attachments | Kā Tāpirihaka

A	QLSP Monitoring Report – March 2024
B	Community Engagement Summary – March 2024