

Susan Fairgray for QLDC – Summary Statement for Economics

1. I have been engaged by Queenstown Lakes District Council (**QLDC**) to provide evidence in relation to economic matters on the Urban Intensification Variation (**UIV**). I undertook detailed economic assessments on the levels of development opportunity, capacity and demand to inform the development of the UIV prior to its notification. These assessments have been updated in my EIC taking into account updated information, most notably higher demand projections.

Alignment of UIV Development Opportunity with Relative Demand and Feasibility

2. Overall, I consider that the response to Policy 5 of the NPS-UD taken through 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.
3. 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.
4. 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 incrementally through time as new dwellings are constructed rather than through a significant effect on dwelling prices across the overall market in the short-term.
5. My evidence covers the alignment of the development opportunity provided by the UIV with the relative demand for housing in different locations (NPS-UD Policy 5). This refers to the

patterns and levels of demand for different types of dwellings, which varies by location across the urban environment. The development opportunity describes the level and types of dwelling development options (including scale and size) enabled on each site. 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.

6. I have examined this alignment within both inner areas as well as less central parts of the urban environment. In inner areas, I have considered whether the notified HDR and MDR Zones align with housing demand in terms of their location, the scale of development opportunity provided (e.g. density, typology and height), and the spatial extent over which they are applied. I have assessed whether these factors are commensurate with the scale and timing of market demand, taking into account how the level and structure of demand translates into demand for different types of dwellings within the local economic context.
7. I consider that the UIV development opportunity is generally well aligned with the level of relative demand across most parts of the urban environment. 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 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 more variety in the dwelling mix may be limited as the LDSR Zone provisions do not incentivise the delivery of a component of attached dwellings.
8. 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 can be expected to provide substantial opportunity to meet future growth needs across most parts of the District’s urban environment (NPS-UD Policy 2).

9. The level of dwelling capacity produced by the development opportunity required to meet relative demand may exceed the amount needed only to accommodate projected growth in each location (eg Policy 2). However, If the UIV instead took the approach of providing *capacity* that was commensurate with expected demand, then it would likely result in lower levels of development opportunity in many locations that would not align with the patterns of housing demand.
10. I consider 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 across different parts of the urban area.

Summary of Recommended Changes – site specific / rezoning submissions

11. While I consider the notified UIV is generally appropriate, in my evidence I have supported changes in response to submissions and from my updated assessments:
 - (a) I support further increasing height limits within the Queenstown and Wānaka Town Centres to increase the commercial feasibility of higher density dwellings;
 - (b) I support further increasing enabled height within the HDR Zone in Queenstown, Wānaka 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 Hāwea 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 for 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 Wānaka. 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 Wānaka Town Centre immediate catchment area; and

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- (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 of my EIC.

Susan Fairgray

28 July 2025