

Property Council New Zealand

Submission on Queenstown Lakes District Council Long Term Plan 2024-34

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For more information and further queries, please contact

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1. Summary

1.1. Property Council South Island Branch (“Property Council”) welcomes the opportunity to provide feedback on Queenstown Lakes District Council Long Term Plan 2024-34.

2. Recommendations

2.1 At a high level, we recommend that Queenstown Lakes District Council (“the Council”):

- Implement a targeted rate on Queenstown Town Centre Properties (Street upgrades and arterials); and
- Reassess the proposed development contribution policy to ensure that housing in the Queenstown Lake district will be feasible and will not detrimentally impact supply.

3. Introduction

3.1. Property Council is the leading not-for-profit advocate for New Zealand’s most significant industry, property. Our organisational purpose is, “Together, shaping cities where communities thrive”.

3.2. The property sector shapes New Zealand’s social, economic and environmental fabric. Property Council advocates for the creation and retention of a well-designed, functional and sustainable built environment, in order to contribute to the overall prosperity and well-being of New Zealand.

3.3. Property is New Zealand’s largest industry and fastest growing source of employment. There are nearly \$1.6 trillion in property assets nationwide, with property providing a direct contribution to GDP of \$41.2 billion (15 percent) and employment for around 200,000 New Zealanders every year. We connect property professionals and represent the interests of 229 South Island based members across the private, public and charitable sectors.

3.4. This document provides Property Council’s feedback on the proposed changes to [Queenstown Lakes District Council Long Term Plan 2024-34](#). Comments and recommendations are provided on issues relevant to Property Council’s members.

4. Rates/alternative funding models/city regional deals

Rates increase

4.1. We are concerned to see that the Council has proposed a rates increase of 15.6% for 2024/25, which is higher than anticipated. While we understand this has been driven by tough economic conditions, we are concerned that such an increase could have a notable negative effect on local businesses and the Council’s efforts to revitalise Queenstown a vibrant place to live, work and to business.

Alternative funding models

- 4.2. In saying that, we are pleased to see that the Council is investigating alternative funding models, including using tools enabled by the Infrastructure Funding and Financing Act 2020.
- 4.3. Property Council advocates for all local authorities throughout New Zealand to investigate alternative funding methods. We support the use of transparent, user-pays funding models for local government. Examples of these models include targeted rates, user-pays and special purpose vehicles. These alternative models meet the legislative principles of transparency and objectivity for funding local government set out in both the *Local Government Act 2002* and *Local Governing (Rating) Act 2002*.
- 4.4. Our approach is also consistent with the recommendation of the New Zealand Productivity Commission that local government should adopt a more transparent approach to rating tools and other funding sources¹.

City and Regional Deals

- 4.5. We are also pleased to see that the Council is actively pursuing and preparing for a city deal with Government. Having greater financial support and investment from central government will drive improved infrastructure outcomes across the Queenstown district. This will also help unlock Queenstown as an exciting place to live, work, play and shop, as well an attractive destination for investment and development.

Visitor Levy

- 4.6. Property Council acknowledges the Council's position regarding the visitor levy. However, this is not a core business area for PCNZ and we leave it to other relevant bodies to make comment.

5. Targeted rate on Queenstown Town Centre Properties

- 5.1. As discussed in 4.3, Property Council supports the use of transparent, user-pays funding models. We therefore support a targeted rate for Queenstown Town Centre Properties – street upgrades and arterials. The targeted rate will ensure that those who benefit most from the investment, contribute in a fair and equitable way.

6. Development Contributions (DCs)

Increase in DCs - Impact on housing affordability

- 6.1. DCs can either enable or stifle development. It's easy to look at the DC increase in isolation and expect that it will have minimal impact, but collectively these increases could significantly increase the cost and risk of development. At a time when we

¹Local government funding and financing. Retrieved from <https://www.productivity.govt.nz/inquiries/local-government-funding-and-financing/>

desperately need to increase housing supply in the Queenstown Lakes district, high development contribution fees could result in less development and less houses.

- 6.2. For example, DCs in the Ladies Mile residential catchment are increasing to \$50,548 (from \$15,671). Large increases will make developers relook at the feasibility of their projects and consider either pausing or halting projects altogether.
- 6.3. Increased development contribution fees across the Queenstown Lakes district, particularly in the Ladies Mile catchment, will likely result in the following outcomes:
 - Additional costs being passed onto the eventual buyer or occupier, making housing and occupancy costs more expensive; and/or
 - Planned developments being postponed, re-evaluated, or cancelled, due to increased costs reducing the overall affordability of the development or project; and/or
 - Greater development of standalone housing reducing the delivery of more affordable housing.

Impact on business and employment

- 6.4. Property Council's Property Impact report², shows that the property sector provides employment for 200,000 people across New Zealand. A portion of these workers will be employed and/or live in the Queenstown Lakes district. Having a development contribution policy that may make development unfeasible will have direct implications for employment, with numerous flow-on effects to the multitude of professional services and sub-contractors (such as plumbers or electricians) that work on new developments.
- 6.5. A typical land development subdivision project might employ around 130 people over the life of the project. A typical 100-unit apartment development project might employ around 300 people over the life of the project. If development goes elsewhere, the flow on effects for Queenstown are enormous.

Impact on housing typology in the Queenstown Lakes District

- 6.6. High development contribution fees will impact housing typologies. There is a tipping point where developers cannot feasibly provide town houses or apartments at any level of affordability, forcing greater development of standalone housing and reducing the delivery of affordable housing across the Queenstown Lakes district. This will lead to greater housing supply challenges.

Collecting higher DCs upfront

- 6.7. The Council is investigating the use of Developer Agreements which require higher up-front payments from developers for new growth infrastructure costs. While Property

² [Property Industry Impact Report 2021](#), Property Council New Zealand.

Council supports the status quo in terms of how DCs are collected currently, we support Developer Agreements that may dictate different collection times, given that this is agreed upon via a contract voluntarily entered into between a developer or developers and the Council.

7. Conclusion

- 7.1. In conclusion, we appreciate the Council looking into alternative funding models that are more transparent and equitable to ratepayers and is something that Property Council has been a stronger advocate for. We also look forward to seeing the Council co-ordinate a city deal with Central Government. However, we are concerned that the significant increases to development contributions, will not see the development in the Queenstown Lakes district thrive.
- 7.2. Property Council members invest, own, and develop property in the Queenstown Lakes district. We wish to thank Queenstown Lakes District Council for the opportunity to submit on the Long-Term Plan 2024-34. This gives our members a chance to have their say in the future of our city. **We also wish to be heard in support of our submission.**
- 7.3. Any further enquires do not hesitate to contact Sandamali Ambepitiya, Senior Advocacy Advisor, via email: sandamali@propertynz.co.nz or cell: 0210459871.

Yours Sincerely,



James Riddoch
South Island Committee Chair
Property Council New Zealand