



Memorandum

To: Dan Wells, RCL Group

From: Adam Thompson, Brian Tusha

Date: 17 November 2025

Re: Homestead Bay Fast-Track Application - Response to Economic Matters Raised in Minute 4 of The Expert Panel Request for Further Information

This memo provides a response to two comments raised by The Expert Panel, in 'Minute 4 of the Expert Panel Request for Further Information' (10 November 2025), that relate to economic matters. These are addressed as follows.

RFI Query 1: Reduced Project Scope Scenario (1,438 Dwellings)

The Panel makes the following request:

"Update the economic assessment to address the following:

- a. The reduced project scope compared to the listed project (i.e., the scenario of 1,438 standalone residential lots). At paragraph 11 of the applicant's response, reference is made to Urban Economics having updated their assessment to consider this scenario; however, that updated assessment has not been provided." (Page 2)*

Economic Contribution to GDP & Employment

UE have estimated the economic contribution for a development scenario of 1,438 dwellings. The key findings are:

- The development is estimated to generate a total of \$399 million in value-added Construction sector GDP, supporting approximately 2,400 full-time equivalent (FTE) jobs.
- The development's direct impact on the construction sector is estimated to be \$187 million in GDP. This would support approximately 1,150 FTE jobs.
- The development's indirect impact on primary industries (supporting the construction sector) is estimated to be \$88 million in GDP. This would support approximately 540 FTE jobs.
- The total ongoing household expenditure from the residents is estimated to be approximately \$63.1 million per annum. This would generate a value-added contribution to GDP of approximately \$37 million per annum, supporting approximately 300 FTE jobs (based on a value-added per employee ratio of \$119,000).

The scenario of a reduced scope therefore continues to provide a regionally significant economic benefit.

RFI Query 2: Wastewater System Economies of Scale

The Panel makes the following request:



“b. Comments noting that the proposed standalone wastewater facility could fragment the Council’s intended network, undermining economies of scale and creating inefficiencies for future servicing of the wider corridor—both in terms of economic cost and opportunity cost. The Jardine comments (paragraphs 2.18 and 2.28.2) note that the standalone system would remove approximately one-third of the homes from the servicing calculus.” (Page 2)

The Panel’s request focuses on the economies of scale or efficiency of cost recovery, regarding the proposed wastewater system.

The Jardine submission raises the question of whether it is more efficient for Homestead Bay to connect to and support funding of the public wastewater system.

I have reviewed Stantec’s assessment of the relative cost per additional DUE, of the two servicing options, dated 17 November 2025. These options consider the cost per DUE of connecting into the public wastewater scheme whether Homestead Bay is included or not (due to pursuing a standalone system). Stantec conclude that the wastewater servicing cost per additional DUE without the Homestead Bay development is \$5,785, and with the Homestead Bay development is \$6,166. This indicates that the proposed wastewater system would offer approximately the same level of cost recovery, if Homestead Bay were to proceed.

In addition, a standalone (likely private) wastewater system at Homestead Bay would increase the certainty that housing can be delivered. By contrast, QLDC have provided an uncertain timeframe for Homestead Bay to connect into the existing public wastewater system, raising the prospect of delays to the project, along with its economic and housing supply benefits. Homestead Bay therefore offers the opportunity to meet the purpose of the FTAA with regard to facilitating the delivery of new housing.

The Jardine submission relies on the assumption that there is a fixed rate of growth or level of demand. UE have undertaken an assessment of whether the Homestead Bay development would be additive or redistributive with regard to growth. This finds that Homestead Bay would have an additive impact on growth of 124%. This means that the total rate of growth in Queenstown would be 150-200 units per annum faster with the Homestead Bay development, as it would generate and catalyse new demand, by offering a high quality development that responds to historical supply shortages. This relates to the economic concept of ‘price elasticity of supply’ where new supply results in higher demand, in markets that have historical supply constraints. This is evident in other towns across New Zealand, where new developments result in a dramatic increase in the rate of new construction. An important implication is that Homestead Bay would increase total growth, and in this regard would not detract from the efficient cost recovery for the public wastewater system. This is evident in other small towns across New Zealand, where new developments result in a dramatic increase in the rate of new construction.